



January 19, 2016

Press Release

## **Electricity Customers Benefit from Low Fuel Prices**

Customers across Grand Cayman continue to pay less for electricity. That's because they are enjoying the benefit of lower fuel costs resulting from reduced global fuel prices.

The average price per Imperial Gallon of fuel decreased 32% to \$2.15 at the end of December when compared to \$3.16 for the same period in 2014. Fuel costs are passed through to customers by CUC on a two-month lag basis with no mark-up.

For the three months ended December 2015 ("Fourth Quarter 2015"), the reduced fuel costs translated to an average Fuel Cost Charge rate of \$0.15 per kilowatt-hour (kWh) for residential consumers, compared to an average Fuel Cost Charge rate of \$0.23 per kWh for the same period in 2014.

This means that the residential consumer who consistently uses 1,000 kWh per month would have seen their monthly bills decline by approximately \$85.00 during the Fourth Quarter 2015 when compared with the same period in 2014.

CUC's President and CEO, Mr. Richard Hew says, "We are pleased that customers are benefitting from the current lower fuel prices. However, we also continue to push towards getting alternative energy sources to be connected to the grid and with improving our overall plant fuel efficiency. This includes the 5 megawatt (MW) Solar Project in Bodden Town which is on schedule to start operations in October this year, the Customer Renewable Energy (CORE) programme, which is

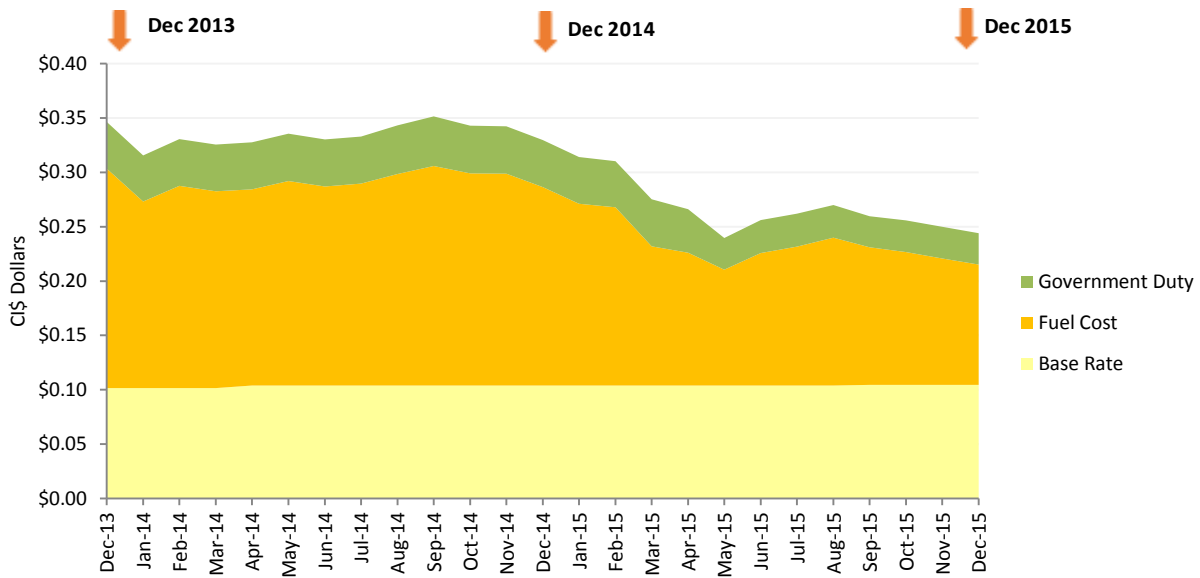
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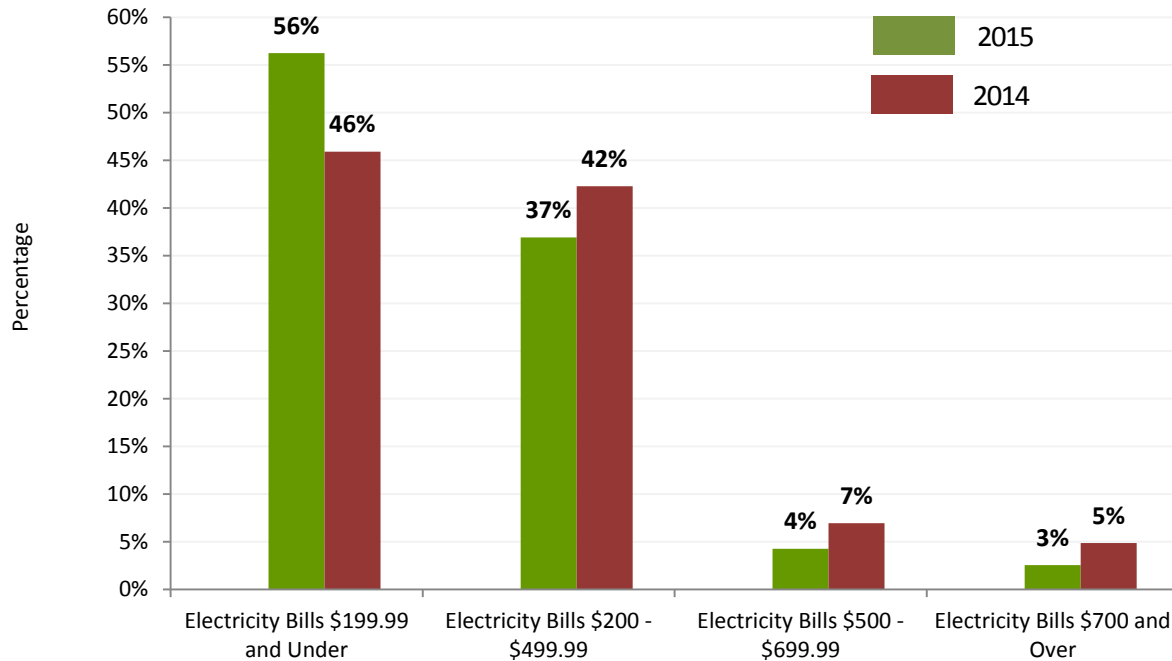
nearing 4 MW and the installation of our 39.7 MW diesel plant in June 2016, which comprises the most fuel efficient diesel generators in the Caribbean. ”

The chart below shows the trending of the fuel price over the past three years.



There is a perception that electricity bills are extremely high across the board.

The chart below shows the average residential customer’s bill during the December billing period, of which 93% had monthly bills which were under \$500.00 and 56% had bills of less than \$200.00.



On a monthly basis, CUC submits information regarding its fuel costs and its calculation of the per kWh rate used to recover those fuel costs to the Electricity Regulatory Authority (“ERA”) to be reviewed in advance of billing customers. The fuel costs are recovered from electricity consumers two months in arrears in order to allow for a thorough review process by the ERA. For example, fuel costs incurred in October are billed to consumers in December.

The Fuel Cost Charge that will appear on customer’s January 2016 bills is \$0.13 per kwh. Customer bills will be further reduced when the 25 cents Government reduction in fuel duty is passed through in March.

Our customers expect a reliable electricity service and good value for money and we believe CUC provides that. We continue to encourage customers to take steps to reduce their energy usage which will result in lower electricity bills.



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