



Wednesday, February 10th, 2021

For Immediate Release

Caribbean Utilities Company, Ltd. Announces Rate Adjustment After 7 month Deferral Approved by OfReg.

Caribbean Utilities Company, Ltd. (“CUC”) today announced that in accordance with the Rate Cap Adjustment Mechanism (“RCAM”) contained in the Company’s Transmission & Distribution (“T&D”) Licence issued by the Cayman Islands Government in April 2008, the Company will implement a base rate adjustment of 6.6% effective for bills to be rendered from January 1, 2021.

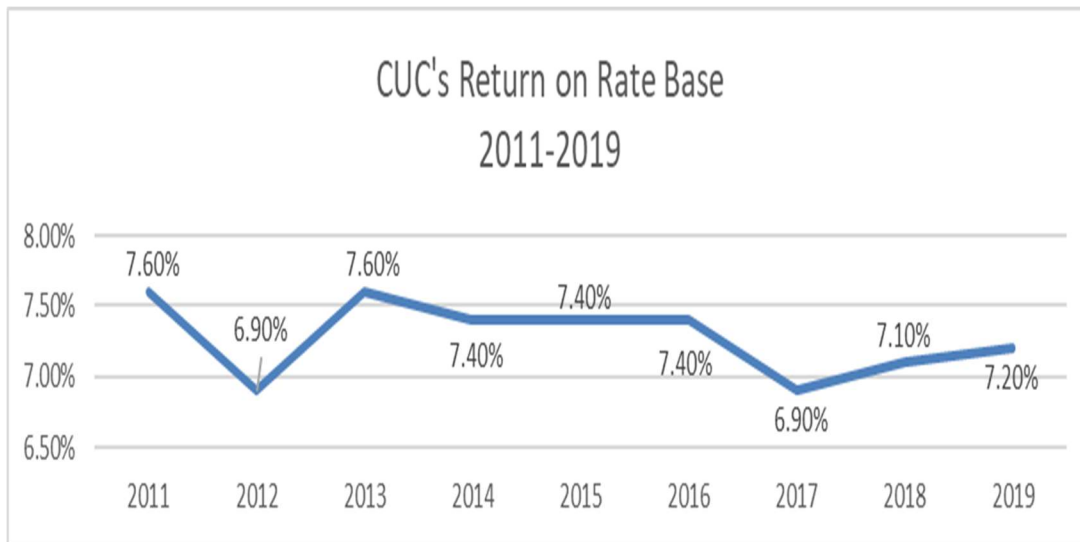
On an annual basis, the Company adjusts its base rates charged to customers in the month of June in accordance with its T&D Licence. The base rate adjustment of 6.6% was initially approved and scheduled to go into effect on June 1, 2020 as per the T&D Licence. However, due to the COVID-19 pandemic, the Company and the Cayman Islands Utility Regulation and Competition Office (“OfReg”) agreed to defer the rate increase and the collection of the incremental 6.6% revenue until January 1, 2021. The recovery of related lost revenues from June 2020 through December 2020, and other approved direct COVID-19 related costs, will be recovered within two years from January 1, 2021 to December 31, 2022.

Commencing from the January 2021 electricity consumption cycle, which is billed to customers in early February 2021, customers can expect to see a marginal increase in the energy charge component of their bills compared to the rates seen in 2020.

The Base Rate adjustment will result in a total monthly bill increase of approximately \$5.26 for the residential customer who uses approximately 500 kilowatt hours (kWh) per month. The portion representing the 6.6 % base rate adjustment is \$3.96 and the COVID-19 recovery cost represents \$1.30. This Base Rate increase does not impact the Fuel Cost Charge.

CUC and OfReg have also agreed to reduce the current Licence and Regulatory Charge per kWh rate by 59% from \$0.0125 to \$0.0051.

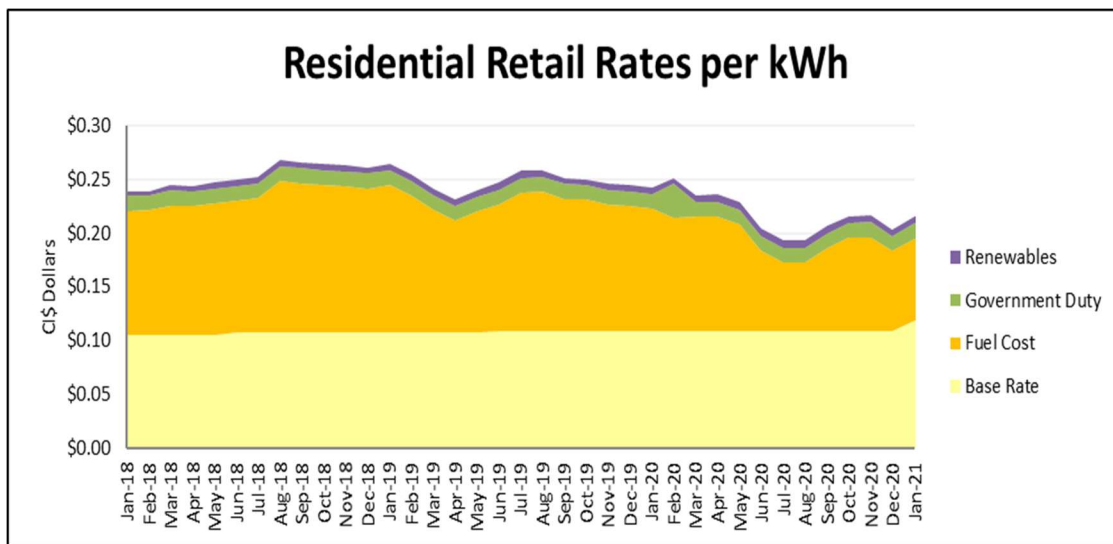
As per Condition 25 of the T&D Licence, the RCAM is based on a formula, which incorporates readily available external data to determine a relevant Inflation Factor or Price Level Index. This consists of a weighted average of 60% of the change in the Cayman Islands Consumer Price Index (“CI CPI”) and 40% of the change in the United States of America Consumer Price Index (“US CPI”), (with both indices adjusted to remove the effects of prices of food and fuel) as reported by independent authorities for the 2019 calendar year.



President and CEO of CUC, Mr. Richard Hew, stated that, “During the height of the COVID-19 pandemic, we made the submission to the regulator to delay the rate increase which was due to take effect on June 1, 2020. We were well aware of the hardships facing many of our customers at the time. However, it is now critical for the Company to recoup these costs in order to maintain the financial stability of the Company as well as continue to meet the Company’s ongoing obligations to invest in infrastructure and provide a safe, reliable and sustainable electricity service. CUC’s financial health plays an important role in keeping electricity rates as low as reasonably possible in subsequent annual rate adjustments. In 2019, the company spent US\$60.6M in capital expenditure to ensure its infrastructure was expanded and upgraded to meet the reliability and efficiency performance expected from our customers.”

The Company ceased disconnections and waived payments during the height of the COVID-19 pandemic and CUC has continued to assist those customers who have been struggling to pay their bills by offering extended payment plans as well as Pre-payment options.

The chart below shows the trending of residential retail rates per kWh over the past two years with the overall Residential Retail Rate declining 10% from \$0.2391 in January 2018 to \$0.2149 in January 2021. Over the same period, CUC has invested \$144 million in capital infrastructure.



As a result of the 6.6% base rate adjustment, the new billing rate schedule is as below:

Effective Date:	To December 31, 2020	From January 1, 2021
<u>Residential: Rate R</u>		
Monthly Facilities Charge	\$5.46 per customer account	\$5.82 per customer account
Plus:		
All kWh per month	\$0.1087 per kWh	\$0.1159 per kWh
<u>General Commercial: Rate C</u>		
Monthly Facilities Charge	\$30.15 per customer account	\$32.14 per customer account
Plus:		
All kWh per month	\$0.1215 per kWh	\$0.1295 per kWh
<u>Large Commercial: Rate L</u>		
Monthly Facilities Charge	\$158.10 per customer account	\$168.53 per customer account
Plus:		
Energy Charge per kWh	\$0.03505 per kWh	\$0.0374 per kWh
Monthly Demand Charge per kW	\$8.42 per kW	\$8.98 per kW
Additional Capacity Charge per kW	\$20.36 per kW	\$21.70 per kW

An informational insert detailing how this change will affect the various Consumer Classes will be included in CUC's billings that will be mailed in early February 2021.

For more information about the terms of the CUC T&D Licence, the Rate Cap Adjustment Mechanism, the Energy Smart programme or the OfReg, please visit the CUC or the OfReg websites at www.cuc-cayman.com or www.ofreg.ky

For further information, please contact:

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