



June 27th 2018

For Immediate Release

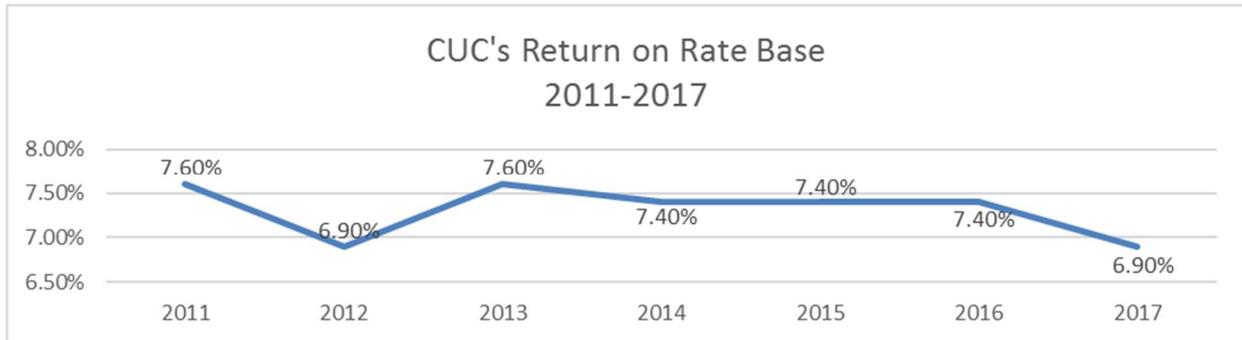
CUC Base Rate Adjustment – Effective June 2018

The Utility Regulation and Competition Office (“OfReg”) has approved a Base Rate adjustment for Caribbean Utilities Company, Ltd. (“CUC”) in accordance with the Rate Cap Adjustment Mechanism (RCAM) contained in CUC’s Transmission & Distribution (“T&D”) Licence issued in April 2008.

Through the improvement in the running of its operations and increased efficiency, CUC has been working hard to keep rates down. However, customers will see a marginal increase in the energy charge component of their bills for meter readings at the end of June for June electricity consumption billed in early July.

The Base Rate adjustment will be 1.8% and will result in a total monthly bill increase of approximately \$2.12 for the average residential customer. This Base Rate increase does not impact the Fuel Cost Charge nor the Licence and Regulatory Fees Charge.

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 which consists of a weighted average consisting 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”), (both indices adjusted to remove the effects of prices of food and fuel) as reported by independent authorities for the most recent calendar year.

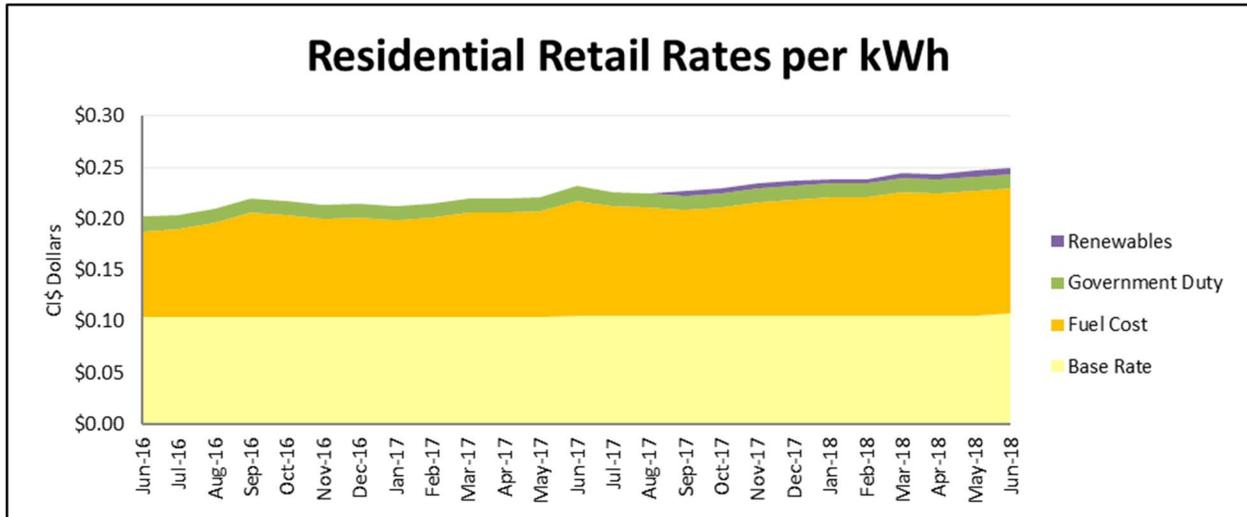


Upon review and confirmation of the CUC audited financial reports, the CI and US CPI reports, and the 2017 CUC Return on Rate Base of 6.9%, OfReg has approved the 1.8% Base Rate adjustment which is a result of applying an 80% factor to a 2017 US CPI increase of 1.8% and a 2017 CI CPI increase of 2.5% (both excluding food and fuel).

President and CEO of CUC, Mr. Richard Hew, stated that, “In 2017, as approved by OfReg, the Company’s invested \$US52.4 million on modern, efficient and reliable equipment. The efficiency of CUC’s operations has enabled CUC to keep any required base rate adjustments below the level of general inflation. The Company remains focused on increasing the reliability of its service and continues to seek ways to keep costs at a reasonable level which will ultimately benefit our customers.”



The chart below shows the trending of residential retail rates per Kilowatt hour (“kWh”) over the past two years.





As a result of the base rate increase, CUC's Billing Rates schedule has been updated as below:

Effective Date:	To May 31, 2018	From June 1, 2018
<u>Residential: Rate R</u>		
Monthly Facilities Charge	\$5.31 per customer account	\$5.41 per customer account
Plus:		
Energy Charge per kWh	\$0.1058 per kWh	\$0.1077 per kWh
<u>General Commercial: Rate C</u>		
Monthly Facilities Charge	\$29.35 per customer account	\$29.88 per customer account
Plus:		
Energy Charge per kWh	\$0.1183 per kWh	\$0.1204 per kWh
<u>Large Commercial: Rate L</u>		
Monthly Facilities Charge	\$153.92 per customer account	\$156.69 per customer account
Plus:		
Energy Charge per kWh	\$0.06997 per kWh	\$0.07123 per kWh
Monthly Demand Charge per kW	\$3.25 per kW	\$4.17 per kW
Additional Capacity Charge per kW	\$4.84 per kW	\$10.09 per kW

Note: The large customer rates effective June 1, 2018 are inclusive of the approved adjustments to demand rates.

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 July 2018.

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



For further information, please contact:

Pat Bynoe-Clarke
1-345-914-1107