



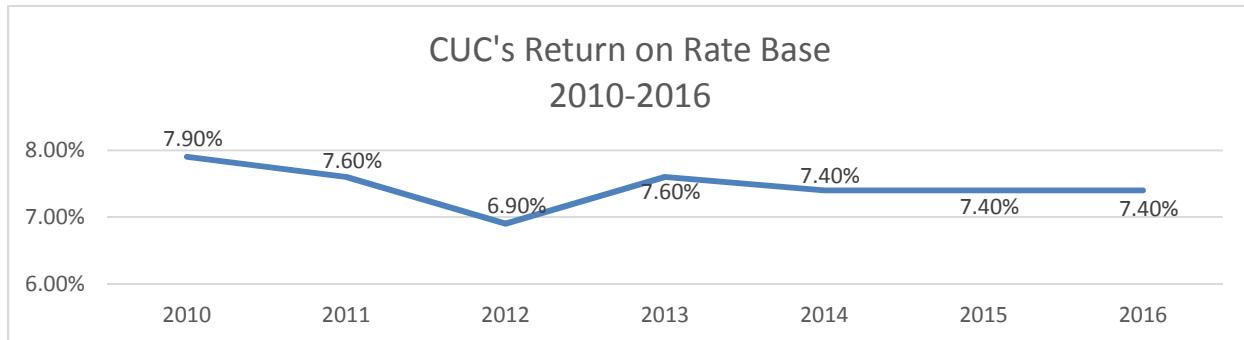
Friday, June 9, 2017

For Immediate Release

CUC Base Rate Adjustment – Effective June 1, 2017

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. Customers will see an increase in the energy charge component of their bills effective June 1st, 2017. The Base Rate increase will be 1.6% and will result in a total monthly bill increase of approximately \$1.83 for the average residential customer.

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.

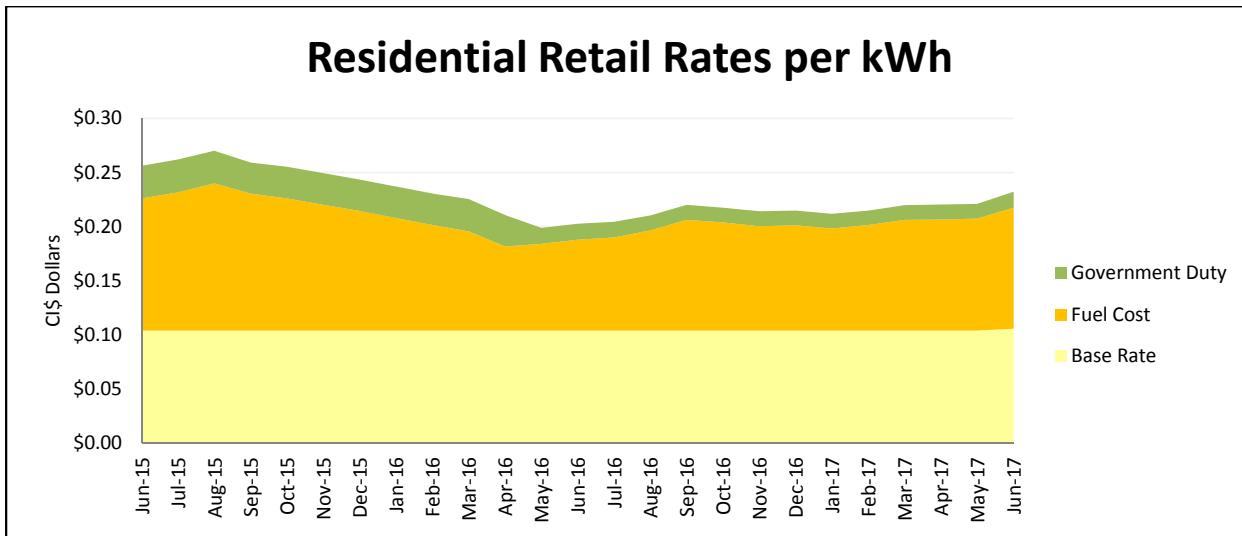


Upon review and confirmation of the CUC audited financial reports, the CI and US CPI reports, and the 2016 CUC Return on Rate Base of 7.4%, OfReg has approved the overall CUC 1.6% Base Rate increase which is a result of applying an 80% factor to a 2016 US CPI increase of 2.2% and a 2016 CI CPI increase of 1.9% (both excluding food and fuel).

This Base Rate increase does not impact the Fuel Cost Charge nor the Licence and Regulatory Fees Charge.

President and CEO of CUC, Mr. Richard Hew, stated that, “The efficiency of CUC’s operations has enabled CUC to keep base rate increases below the level of general inflation. The Company invested US\$46.5 million in 2016 on modern, efficient and reliable equipment which enabled CUC to post its highest ever fuel efficiency and, combined with lower world fuel prices, we were able to pass on the savings of US\$ 25.6 million to consumers in 2016 when compared to 2015.”

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



Mr. Louis Boucher, Acting Executive Director - Energy & Utilities of OfReg, noted that the increase in CUC's Base Rates would not significantly impact most consumers' bills and consumers should continue to see for some time yet, the positive impact that decreased fuel costs and Government duty have had over the past two years, especially during the hot summer months of increased electricity consumption to come. Noting that RCAM was intended to push CUC to constantly improve its efficiency, OfReg was pleased to see that CUC had managed to maintain its Return on Rate Base whilst continuing to ensure that the island has robust generation, transmission and distribution resources deployed.

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

Effective Date:	<u>To May 31, 2017</u>	<u>From June 1, 2017</u>
<u>Residential: Rate R</u>		
Monthly Facilities Charge	\$5.23 per customer account	\$5.31 per customer account
Plus:		
All kWh per month	\$0.1041 per kWh	\$0.1058 per kWh
<u>General Commercial: Rate C</u>		
Monthly Facilities Charge	\$28.89 per customer account	\$29.35 per customer account
Plus:		
All kWh per month	\$0.1164 per kWh	\$0.1183 per kWh
<u>Large Commercial: Rate L</u>		
Monthly Facilities Charge	\$151.50 per customer account	\$153.92 per customer account
Plus:		
First 30,000 kWh per month	\$0.1164 per kWh	\$0.1183 per kWh
Over 30,000 kWh per month	\$0.0962 per kWh	\$0.0977 per kWh

An informational insert detailing how this change will affect the various Consumer Classes will be included in CUC's June 2017 billings.

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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