



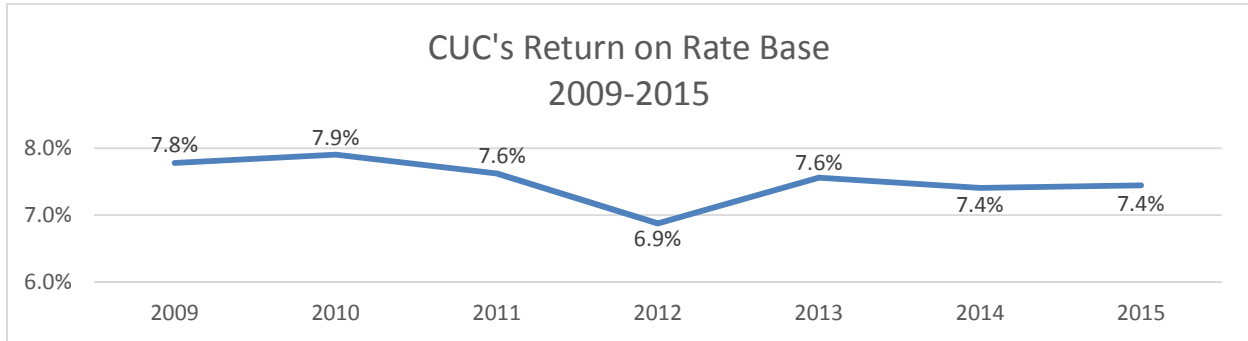
May 25th 2016

For Immediate Release

CUC Base Rate Adjustment – Effective June 1, 2016

The Board of the Electricity Regulatory Authority (ERA) has approved a Base Rate adjustment for Caribbean Utilities Company, Ltd. (CUC) in accordance with the Rate Cap Adjustment Mechanism (RCAM) mandated by 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, 2016. The Base Rate increase will be 0.1% and will result in a total monthly bill increase of approximately \$0.11 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 Price Level Index. The annual increase in the Price Level Index is adjusted by an appropriate factor, which may provide for a rate increase less than, equal to, or greater than the increase in the Price Level Index, for no increase or for a decrease. The RCAM change to Base Rates is calculated using the most recent CUC audited financial statements to calculate CUC's Return on Rate Base and 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.



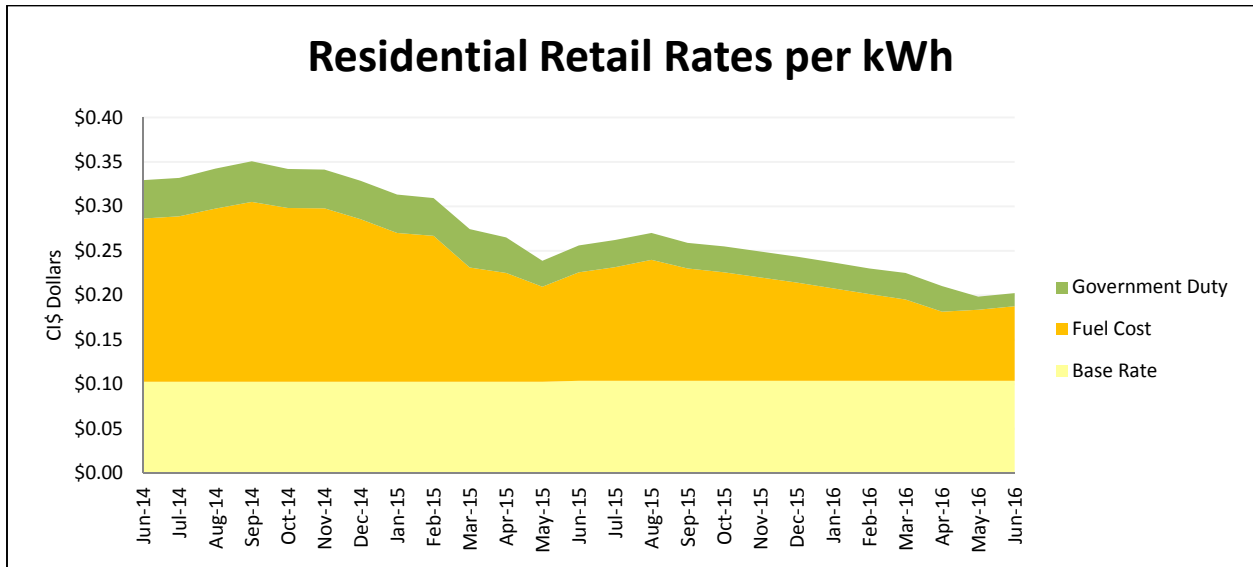
Upon review and confirmation of the CUC audited financial reports, the CI and US CPI reports, and the 2015 CUC Return on Rate Base of 7.4%, the ERA has approved the overall CUC 0.1% Base Rate increase which is a result of applying an 80% factor to a 2015 US CPI increase of 2.1% and a 2015 CI CPI decrease of 1.2% (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, “This marginal increase in Base Rates will support CUC’s ongoing investment in infrastructure necessary to provide safe, reliable and cost effective electricity service to all consumers. CUC’s Base Rates remain at or below most other utilities in the region. More significantly the overall rate, including the fuel cost charge rate, is currently at an 8-year low, assisted by the decline in world fuel oil prices and a reduction in Government fuel duties. However, we continue to encourage our customers to become as energy efficient as possible, particularly for the upcoming summer months when temperatures and air-conditioning use normally rise.”



The chart below shows the trending of residential retail rates per kWh over the past two years.



ERA Managing Director, Mr. Charles Farrington, noted that the small 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 2 years. Noting that RCAM was intended to push CUC to constantly improve its efficiency, the ERA 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, 2016</u>	<u>From June 1, 2016</u>
<u>Residential: Rate R</u>		
Monthly Facilities Charge	\$5.22 per customer account	\$5.23 per customer account
Plus:		
All kWh per month	\$0.1040 per kWh	\$0.1041 per kWh
<u>General Commercial: Rate C</u>		
Monthly Facilities Charge	\$28.86 per customer account	\$28.89 per customer account
Plus:		
All kWh per month	\$0.1163 per kWh	\$0.1164 per kWh
<u>Large Commercial: Rate L</u>		
Monthly Facilities Charge	\$151.35 per customer account	\$151.50 per customer account
Plus:		
First 30,000 kWh per month	\$0.1163 per kWh	\$0.1164 per kWh
Over 30,000 kWh per month	\$0.0961 per kWh	\$0.0962 per kWh

An informational insert detailing how this change will affect the various Consumer Classes will be included in CUC's June 2016 billings.

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

For further information, please contact:

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