

Further Tariff Reduction for Customers

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Customers of the St Lucia Electricity Services Limited (LUCELEC) are in line for a further reduction in the electricity tariff. The reduction comes as nearly eight hundred thousand dollars (\$800,000) is being made available by LUCELEC for redistribution to customers, in accordance with the requirements of the Electricity Supply Act.

Under the Electricity Supply Act as amended in 2006, LUCELEC is required to set aside 50% of profits above the Company's allowable rate of return each year to be redistributed to qualifying customers. Qualifying customers are identified by the Electricity Supply Act as "industrial and hotel consumers" and "consumers or groups of consumers in need of special protection" as determined by the Minister of Finance.

These funds are distributed equitably among all qualifying customers and reflected as a reduction in the price that customers pay per unit each month until the pool of funds are used up.

Over the years when the balance of funds in the account could not be equitably distributed among all qualifying customers, these funds remained in a suspense account since the legislation made no provision for how these remaining funds should be treated in the subsequent year.

Prime Minister and Minister for Finance, Hon. Dr. Kenny D. Anthony and LUCELEC have now agreed to distribute the accumulated balances of these funds, which total nearly \$800,000, through the tariff reduction mechanism to all qualifying customers.

Already, based on LUCELEC's financial performance for 2011, qualifying customers have been receiving a tariff reduction of \$0.0045 per unit or approximately half a cent per unit each month. The additional funds will effectively reduce what qualifying customers pay for electricity by \$0.0187 per unit (nearly 2 cents per unit) for the remainder of the year.

It has been agreed that for the future any remaining balances on the funds available for tariff reductions will be rolled over into the following year.

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