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Commonwealth Utilities Corporation

An Equal Opportunity Provider and Employer

Third Floor, Joeten Dandan Building
P. O. Box 501220
Saipan, MP 96950

Telephone No. (670) 664-4282
Fax No. (670) 235-5131

Rise in Fuel Prices Result in Fuel Adjustment Charge Increase

September 29, 2017 - Saipan, CNMI – The Commonwealth Utilities Corporation (CUC) has been notified by Mobil Oil Mariana Islands, Inc. that there has been a rise in the average fuel prices. Accordingly, CUC is required, pursuant to an order previously issued by the Commonwealth Public Utilities Commission (CPUC), to increase the Fuel Adjustment Charge (FAC) pass-through rate, previously known as the Levelized Energy Adjustment Clause (LEAC).

The FAC rate of \$0.15917 per kWh will be increased to \$0.16886 per kWh effective October 1, 2017. As a result, residential customers who use 500 kWh of power per month will pay approximately \$4.85 more in their monthly billing.

CPUC ordered CUC to adjust the FAC rate based on the price of oil. Adjustments are made when the Mean of Platts Singapore (MOPS) monthly pricing equals or exceeds 4.5 percent of the average per gallon cost of fuel used in the calculation of the FAC rate.

CUC first instituted LEAC in 2009 to recover fuel and fuel related costs, a system also used by power providers in Guam and the Virgin Islands. In May 2015, the CPUC authorized CUC to change the name of LEAC to FAC to provide customers a more accurate description of the rate.

The FAC is used to purchase fuel and serves as one of the two components that make up a CUC power bill. The second rate component is the electric base rate, which is used to fund operations, projects, and debt servicing.

About CUC

The Commonwealth Utilities Corporation is a non-profit autonomous agency of the CNMI government which provides electric power, water, and wastewater services to the islands of Saipan, Tinian, and Rota.