

7/89

JAMAICA PUBLIC SERVICE COMPANY LIMITED
ANNUAL REPORT - APRIL, 1987 TO MARCH, 1988

shelved
serials
with
2/95

Attached for the information of the House is the annual Report of the Jamaica Public Service Company Limited, for the financial year ending 31st March, 1988.

GENERAL

The period covered by this report has recorded a net profit of \$78.9 million before tax as compared with \$60.7 million for the 15-month period ended, March 31, 1987.

Three main factors accounted for the company's improved financial performance during this period, namely:

- a) significant growth in sales of electricity - 8.4% over 1987;
- b) stability in the rate of exchange of the Jamaican dollar against the US dollar;
- c) the maintenance of a high level of operating efficiency throughout the Jamaica Public Service system.

Jamaica Public Service continued to consolidate the gains resulting from the rehabilitation programme for steam units by re-conditioning two gas turbines at Hunt's Bay Power Station and carried out maintenance on all other generating units under a maintenance programme planned in consultation with the World Bank.

With the completion of the 69/24 KV/10 MVA sub-station at Port Antonio, the previously completed Annotto Bay/Port Antonio 69/KV Steel Tower Line was brought into service. This has enabled electricity supply to Port Antonio and its environs with provision to meet future growth in electricity demand.

FINANCE

During the period under review, the company's operating revenue totalled \$907.6 million as compared with \$971.6 million for the 15-month period ended March 1987.

MAY 1989

/.....2

Operating expenses totalled \$667.9 million with expenditure on fuel at \$326.6 million accounting for 48.2% of this amount.

Operational and maintenance costs showed an increase of \$83.4 million over the 12-month period - an increase of 24.8% over the 15-month period. This was due mainly to the company's adherence to a comprehensive plant maintenance following the completion of the generating plant Rehabilitation Programme.

During the year, the Government increased its equity in the company by \$27.4 million, with the conversion into ordinary shares of accrued interest owing to it.

Proceeds from the Power Project Loan and other loans and lines of credit totalled \$76.4 million, a reduction of \$39.2 million when compared with the figure of \$115.6 million recorded at the end of March 1987.

Funds totalling \$216.5 million were mainly used for financing construction expenditure of \$145.4 million and debt repayments of \$70.9 million.

Working capital increased by 115.7 million. The company was able to meet its requirements for local funds and all its debt service obligations.

Jamaica Public Service concluded negotiations with the International Bank for Reconstruction and Development (The World Bank) for a Fourth Power Project Loan of US\$18 million to be used mainly for expansion of transmission and distribution facilities. The Company also submitted to the Inter-American Development Bank an application for a loan to assist in financing its capital expansion and development programme through 1992/93.

CUSTOMER RELATIONS

During the year some 10,445 customers were added to the system, bringing the total number of customers now being served to 276,732.

There were extensive re-organizations to the Electric Operations Department and the establishment of a Revenue Protection Department responsible for the auditing of the accounts of customers and the adjustment of revenues where applicable.

A new branch office was opened in Christiana to serve customers in Manchester, Trelawny, Clarendon and St Ann.

STAFF

Relative calm prevailed in the areas of industrial relations during the year, reflecting only one instance of work stoppage lasting one day.

/.....3

Several local and overseas training programmes were held during the year to continue to upgrade employees' skills and improve effectiveness. A total of 508 employees participated.

In December 1987 the traditional long service Awards Function took on new dimensions with the recognition of those persons with fifteen and thirty-five years of service and the addition of new awards for Safety, Customer Services and Sports. Six employees received awards for forty years service to the organization.

HUGH SMALL
Minister of Mining and Energy
March 16, 1989

MME File No. 3/174^{II}