

FAIR TRADING COMMISSION

IN THE MATTER of the Utilities Regulation Act, Cap 282 of the Laws of Barbados;

IN THE MATTER of Utilities Regulation (Procedural) Rules, 2003;

AND IN THE MATTER of the Application by the Barbados Light & Power Company Limited for approval of the depreciation policy;

The Barbados Light & Power Company Limited

APPLICANT

Barbados Association of Non-Governmental Organisations
Olson Robertson

INTERVENORS

BEFORE:

Sir Neville Nicholls

Chairman

Mr. Floyd Phillips

Commissioner

Mr. Michael Thompson

Commissioner

Mr. Delisle Weekes

Commissioner

Mr. Andrew Brathwaite

Commissioner

PROCEDURAL ORDER NO.2

In recognition of the issues that have been determined at the Issues Conference in this matter, the following issues are agreed by the Parties and will be considered and determined at the Depreciation Hearing scheduled to commence on January 27, 2009 at the Lloyd Erskine Sandiford Centre.

UPON HEARING Legal Counsel for the Applicant;

AND UPON HEARING the Intervenors, the Barbados Association of Non Governmental Organisations and Mr Olson Robertson;

AND UPON READING the Submissions of the Applicant.

IT IS HEREBY ORDERED AS FOLLOWS:-

ISSUES AGREED FOR DEPRECIATION HEARING

The following issues will be considered and determined at the Depreciation Hearing:

1. Elements for computing the depreciation
 - (a) The method used for calculating depreciation rates – remaining life, whole life (average service life);
 - (b) The depreciation rates – new rates are proposed for all of the assets.
 - (c) Expected residual value or net salvage value of assets.
2. Capital recovery of cost over the useful lives of assets.
3. Presentation of Depreciation Study and confidence in the techniques used by the BL&P consultant to derive the new asset lives.
4. The stability of new depreciation rates.
5. Treatment of difference in values of asset categories that result from the use of the depreciation rates from depreciation studies since 1983 being applied in financial reporting instead of the depreciation rates set by PUB.
6. Reasons for convergence of depreciation rates for regulatory reporting to those used for financial reporting.

ISSUES NOT FOR DEPRECIATION HEARING

The following issues will not be considered and determined at the Depreciation Hearing:

1. Valuation of the asset base.

2. Effect of new depreciation charges on end user tariffs.
3. Effect of new depreciation rates on profitability of the Company.
4. Reflecting Depreciation rates in tariffs.
5. Prudent investment in assets by the Barbados Light & Power Company Limited.
6. Consideration of the depreciation hearing separate to a rate hearing.
7. Revenue Requirements.

Dated this 20th day of January 2009

Original Signed by

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Neville Nicholls
Chairman

Original Signed by

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Floyd Phillips
Commissioner

Original Signed by

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Michael Thompson
Commissioner

Original Signed by

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Delisle Weekes
Commissioner

Original Signed by

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Andrew Brathwaite
Commissioner