



# FAIR TRADING COMMISSION

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BARBADOS

No. 1 of 2009

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

**IN THE MATTER** of the 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;

**APPLICANT**

The Barbados Light & Power Company Limited

**INTERVENORS**

Barbados Association of Non-Governmental Organisations

Olson Robertson

**BEFORE:**

Sir Neville Nicholls  
Mr. Floyd Phillips  
Mr. Michael Thompson  
Mr. Delisle Weekes  
Mr. Andrew Brathwaite

Chairman  
Commissioner  
Commissioner  
Commissioner  
Commissioner

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**ORDER**

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In recognition of the issues that have been considered and determined at the Depreciation Hearing by the Commission.

**UPON** hearing Sir Henry de B Forde Q.C., Attorney-at-Law and Ms. Tanya Goddard, Attorney-at-Law in association with Mr. Ramon Alleyne, Attorney-at-Law, Mrs. Debbie Fraser, Attorney-at-Law and Ms. Nicola Berry, Attorney-at-Law of the firm of Clarke Gittens and Farmer for the Applicant;

**AND UPON** hearing The Barbados Association of Non Governmental Organisations and Mr. Olson Robertson;

**AND UPON** hearing the Submissions of the Applicant and the Intervenors.

**IT IS HEREBY ORDERED AS FOLLOWS:**

1. That the Application submitted pursuant to Section 16 of the Utilities Regulation Act, CAP 282 of the Laws of Barbados for approval of the Depreciation Policy of the Barbados Light & Power Company Limited is hereby approved.
2. That the Policy using the straight-line method, remaining life technique and historic cost valuation is hereby approved.
3. That the capital balances, remaining lives and depreciation rates arising from the policy and set out at Schedule 1 of this Decision are hereby approved.
4. That the Applicant shall at all times seek the approval of the Commission if it requires a change in the depreciation rates used for regulatory reporting purposes.

5. That the Applicant is hereby required to submit reports on an annual basis showing the financial results reflecting the depreciation rates that have been determined in this Decision as part of its regulatory reporting.

# SCHEDULE 1

**The Barbados Light & Power Company Limited**

Spreadsheet based on Pages 1 and 2 of Exhibit A - American Appraisal - Depreciation Study

AS OF DECEMBER 31, 2006  
DEPRECIATION FACTORS AND RATES

ACCOUNT NO.	ACCOUNT NAME	ORIGINAL 'HISTORIC' COST	"CAPITAL BALANCES" (ACCUMULATED DEPRECIATION) at 2006/12/31	AVERAGE REMAINING LIFE	RATE
		\$	\$	Years	%
<b>GENERATION PLANT</b>					
<b>GARRISON</b>					
	GAS TURBINE GT02	21,320,842	13,579,806	8.5	4.51%
	<b>TOTAL GARRISON</b>	<b>21,320,842</b>	<b>13,579,806</b>		
<b>SPRING GARDEN</b>					
	STEAM PLANT - Building	2,163,517	2,163,517	4.50	2.78%
	STEAM PLANT - Equipment	44,557,529	43,049,952	4.50	3.53%
	FUEL TANK	1,349,749	1,009,350	28.50	1.41%
	LOW SPEED DIESEL NO. 10 - 13 - Building	24,641,467	18,112,755	11.00	2.77%
	LOW SPEED DIESEL NO. 10 - 13 - Equipment	127,639,773	93,648,613	11.00	2.69%
	LOW SPEED DIESEL NO. 14 - 15 - Building	22,600,000	1,017,000	28.50	3.49%
	LOW SPEED DIESEL NO. 14 - 15 - Equipment	122,864,064	8,853,681	28.50	3.36%
	35 KVA EQUIPMENT	33,005	33,005	4.50	0.00%
	<b>TOTAL SPRING GARDEN</b>	<b>345,849,104</b>	<b>167,887,873</b>		
<b>SEAWELL</b>					
	GAS TURBINE - Building	2,243,207	832,008	20.50	3.31%
	GAS TURBINE GT03	23,507,943	11,384,717	14.50	3.69%
	GAS TURBINE GT04	23,071,223	8,052,636	17.50	3.83%
	GAS TURBINE GT05	23,206,083	5,480,359	19.50	4.02%
	GAS TURBINE GT06	19,467,112	4,131,251	20.50	3.94%
	FUEL TANK	1,120,579	437,504	20.50	3.71%
	<b>TOTAL SEAWELL</b>	<b>92,616,147</b>	<b>30,318,475</b>		
	<b>TOTAL GENERATION PLANT</b>	<b>469,786,093</b>	<b>211,786,164</b>		
<b>TRANSMISSION &amp; DISTRIBUTION PLANT</b>					
	361.0 SUBSTATION BUILDINGS	11,648,875	3,335,347	28.50	2.86%
	362.0 SUBSTATION EQUIPMENT	68,729,528	27,925,325	19.65	3.28%
	364.0 POLES	66,691,618	32,911,483	12.39	5.70%
	365.0 OVERHEAD CONDUCTORS	34,235,204	14,718,119	17.05	3.93%
	367.0 UNDERGROUND CABLES	91,030,111	15,464,321	26.92	3.08%
	368.0 TRANSFORMERS	40,259,795	14,422,710	14.05	4.92%
	369.0 SERVICES	23,660,436	9,603,693	12.31	5.23%
	373.0 STREETLIGHTS	9,997,577	5,744,877	8.28	5.74%
	370.0 METERS	10,745,160	5,081,359	11.68	4.94%
	<b>TOTAL - TRANSMISSION AND DISTRIBUTION</b>	<b>366,998,304</b>	<b>129,207,234</b>		
<b>GENERAL PLANT</b>					
	390.1 BUILDINGS - Haggatt Hall & Spring Garden	5,485,072	1,673,185	30.96	2.41%
	390.2 BUILDINGS - Other (Garrison)	12,810,789	3,321,232	26.33	2.81%
	392.1 TRANSPORT - Heavy	10,028,173	6,513,012	5.69	5.28%
	392.2 TRANSPORT - Light	2,728,088	1,508,122	3.79	7.58%
	391.1 FURNITURE & EQUIPMENT	6,819,325	3,140,153	7.48	7.21%
	391.2 COMPUTER EQUIPMENT	3,135,076	3,135,076	2.56	16.67%
	391.3 COMPUTER SOFTWARE	12,245,422	12,245,422	2.08	14.29%
	<b>TOTAL GENERAL PLANT</b>	<b>63,261,946</b>	<b>31,636,202</b>		
<b>Note:</b>					
	1. Reference page 10 of the Depreciation Rate Study carried out by American Appraisal for The Barbados Light & Power Company Limited.				Note 1 Note 1

HB

Dated this 25<sup>th</sup> day of February 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

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Andrew Brathwaite  
Commissioner