



THE BARBADOS
LIGHT & POWER
COMPANY LIMITED

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APPLICATION

PURSUANT TO SECTION 16
OF
THE UTILITIES REGULATION ACT
CAP. 282 OF THE LAWS OF BARBADOS

FOR A REVIEW OF ELECTRICITY RATES

VOLUME 2

FAIR TRADING COMMISSION

Received by: *Mr. Peter Williams*
Barbados Light & Power Co. Ltd

Date: *May 8, 2009*

Time: *4:30 p.m.*

Place: *Fair Trading Commission*
"Good Hope" Green Hill,
St. Michael's King's Highway

Received by: *[Signature]*
Langston

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J-1

J-1: EXISTING TARIFF FOR DOMESTIC SERVICE (DS)

APPLICATION

For service to residential customers for lighting, cooking, heating, refrigeration and incidental domestic power in individually metered dwelling houses and apartments occupied by a person or household and use only and entirely as their own personal fixed place of abode for long periods of time or altogether.

CHARACTER OF SERVICE

A.C., 50Hz. at specified nominal secondary voltage, 2 -wire or 3 wire, depending upon customer's requirements up to a maximum monthly consumption of 2,000 kWh.

CONDITION OF SERVICE

This rate cannot be applied to any dwelling house or apartment which is used for transient occupancy, or which is engaged in any hotel, guest house, restaurant, commercial, industrial or non-domestic activity.

MONTHLY RATE

Fixed Charge	\$3.00 per month
Energy Charge:	(Subject to Fuel Clause Adjustment)
First 100kwh	17.6 cents per kWh
Next 900kWh	19.6 cents per kWh
All over.1,000kWh	21.6 cents per kWh
Minimum Bill	\$3.00 per month

Discount: 10% for payment within 15 days of issue of bill, but not applicable to Fuel Clause Adjustment.

RULES AND REGULATIONS

Service under this schedule is subject to orders of the Public Utilities Board and to the currently effective "Information and Requirements Covering Installation of Electric Services and Meters". In any case of difference of interpretation between any provision of this schedule and said "Information and Requirements covering Installation of Electric Services and Meters" the provision of this schedule shall be deemed to apply.

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J-2

J-2: EXISTING TARIFF FOR GENERAL SERVICE (GS)

0241

APPLICATION

For lighting, combined lighting and power service to non-residential customers for which no other Rate Schedule is provided.

CHARACTER OF SERVICE

A.C., 50Hz. single phase, 2 wire or 3 wire service up to a maximum demand of 5KVA and or a monthly consumption of 1,000kWh. Three phase service may be furnished but only under special arrangements.

CONDITION OF SERVICE

Stand-by, seasonal or supplementary service not permitted hereunder.

MONTHLY RATE

Fixed Charge	\$5.00 per month
Energy Charge	(Subject to Fuel Clause Adjustment)
All kWh	22.6 cents per kWh
Minimum Bill	\$5.00 per month

RULES AND REGULATIONS

Service under this schedule is subject to orders of the Public Utilities Board and to the currently effective "Information and Requirements Covering Installation of Electric Services and Meters". In any case of difference of interpretation between any provision of this schedule and said "Information and Requirements covering Installation of Electric Services and Meters" the provision of this schedule shall be deemed to apply.

0242

J-3

J-3: EXISTING TARIFF FOR SECONDARY VOLTAGE POWER (SVP)

the Company depending upon the character of the service. If the demand is measured in kW then the maximum kW reading shall be divided by a correction factor of 0.85 for conversion to KVA for billing purposes.

(b) The Company shall reserve the right to assess the Billing Demand based on connected load for installations including lifts and cranes, X-Ray equipment and welders.

(c) For customers with a contracted demand, the billing demand shall be the higher of (a) or (b) or the contracted demand.

TERM OF SERVICE

Not less than one year.

RULES AND REGULATIONS

Service under this schedule is subject to orders of the Public Utilities Board and to the currently effective "Information and Requirements Covering Installation of Electric Services and Meters". In any case of difference of interpretation between any provision of this schedule and said "Information and Requirements covering Installation of Electric Services and Meters" the provision of this schedule shall be deemed to apply.

J4

*The Barbados Light & Power Company Limited***J-4: EXISTING TARIFF FOR LARGE POWER (LP)****APPLICATION**

This rate is applicable to all customers, (except domestic and street-lighting) receiving supply at primary voltage.

CHARACTER OF SERVICE

A.C., 50Hz., three phase, 24,900 or 11,000 volts primary

CONDITIONS OF SERVICE

Available for loads with a billing demand of not less than 100KVA. No service may be transmitted to other premises without the express consent of the Company.

MONTHLY RATE

Demand Charge:	\$3.00/KVA of Billing Demand
Energy Charge:	(Subject to Fuel Clause Adjustment)
All kWh	19.6 cents per kWh

Minimum Bill:

The demand charge but for not less than 100KVA of Billing Demand.

BILLING DEMAND

(a) Customers connected under this rate shall be metered as to demand and the billing demand shall be the maximum measured demand of the current month or the maximum measured demand of any of the previous 11 months whichever is greater.

(b) For customers with a contracted demand, the billing demand shall be the higher of (a) or the contracted demand.

TERMS OF SERVICE

Not less than one year.

RULES AND REGULATIONS

Service under this schedule is subject to orders of the Public Utilities Board and to the currently effective "Information and Requirements Covering Installation of Electric

J-4: EXISTING TARIFF FOR LARGE POWER (LP)

Services and Meters.". In any case of difference of interpretation between any provision of this schedule and the said "Information and Requirements Covering Installation of Electric Services and Meters" the provision of this schedule shall be deemed to apply.

J-5

J-5: EXISTING TARIFF FOR EMPLOYEES

8 cents per kWh for all Employees of the Company, who shall also pay the appropriate fuel charges under the fuel adjustment clause.

J-6

J-6: EXISTING TARIFF FOR FUEL CLAUSE

As the price of fuel increases or decreases, the monthly kWh charge for energy shall be increased or decreased by an amount, the Fuel Clause Adjustment, calculated according to the following formula:

Fuel Clause Adjustment =

$$\frac{\text{(Projected Cost of Fuel for the billing month)} - 2.64 \text{ cents}}{\text{(Projected kWh Sales for the billing month)}}$$

The Projected Cost of Fuel shall be calculated using the latest estimate from the fuel suppliers of fuel prices for the billing month and the projected fuel requirements for the billing month. It shall include:

- a) The Company's best estimate of Purchased Power for the billing month and
- b) the over or under-recovery amount from the previous month.

(Note. If the over or under-recovery is large and projected to result in a large spike or dip in the Fuel Clause Adjustment the addition to, or subtraction from, the Projected Cost of Fuel may be spread over two months to smooth the variations in the Fuel Clause Adjustment from month to month).

The Projected kWh Sales shall be the Company's best estimate of sales for the billing month.

A monthly reconciliation shall be made of the fuel revenue billed versus the actual cost of fuel used during the billing month and actual purchased power.

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J-7

J-7: EXISTING TARIFF FOR STREETLIGHTS

	FIXED RATE PER LAMP PER MONTH	kWh at FUEL CLAUSE ADJUSTMENT RATE
2 x 20 Watt Flourescent	\$5.82	21
2 x 40 Watt Flourescent	\$7.00	35
100W High Pressure Sodium	\$14.80	73
70W High Pressure Sodium	\$7.10	27
50W High Pressure Sodium	\$5.82	27
80 Watt Mercury	\$7.10	(33)
125W Mercury	\$10.22	52
160W Mercury	\$11.85	63
175W Mercury	\$14.80	73
300W Mercury	\$21.78	119
400W Mercury	\$30.61	158
Traffic Lights (60 Watt bulbs)	\$9.34	60
Pedestrian Lights (60 Watt bulbs)	\$6.29	60
PRIVATE LIGHTS		
ANNUAL PREPAYMENT	\$140.00	
50W High Pressure Sodium	\$5.82	27
100W High Pressure Sodium	\$14.80	60

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J-8

J-8: EXISTING TARIFF FOR SERVICE CHARGES

		<u>excl.</u> <u>VAT</u>	<u>VAT</u> <u>incl.</u>
NEW SERVICE	1-Phase	\$15.00	\$17.25
NEW SERVICE	3-Phase	\$75.00	\$86.25
RECONNECTION		\$15.00	\$17.25
SHIFT METER		\$15.00	\$17.25
UPGRADE SERVICE		\$15.00	\$17.25
DAMAGED METER		\$20.00	\$23.00
RETURNED CHEQUE		\$20.00	\$23.00
SPECIAL EVENTS	1-Phase	\$18.00	\$20.70
		kWh at GS Rate plus FCA	
SPECIAL EVENTS	3-Phase	\$75.00	\$86.25
		kWh at SVP or LP Rate plus FCA	
TEMPORARY SERVICE (flat fee) (straight through)			\$50.00
TAMPERING RECONNECTION FEE		\$75.00	\$86.25
PROVIDE and INSTALL A SEALING RING			\$10.00

FCA = Fuel Clause Adjustment

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MEMORANDUM ON PROPOSED TARIFFS

INTRODUCTION

1. The purpose of this memorandum is to present the electricity rates that The Barbados Light & Power Company Limited ("the Company") is proposing in its Application to the Fair Trading Commission ("the Commission") for a rate review and to provide the rationale for the rate design.
2. The memorandum sets out the proposed revisions to the existing tariffs, the fuel clause, the service charges for certain activities carried out by the Company ("Service Charges") and introduces a new Time-of-Use (TOU) tariff and two new tariff riders for Interruptible Service and Renewable Energy as shown in schedules K-1 to K-11. It also discusses several aspects of the rate design process.

RATE DESIGN PROCESS

3. The first step in the rate design process was to review the existing tariffs and examine the adequacy of the current rates and rate structure.
4. The Company also reviewed the tariff trends in the industry and met with different customer groups - including some of its key account customers, self-generators, residential customers and those interested in the use of renewable resources - to obtain feedback on a rate adjustment and to determine their rate needs. Information was also obtained from discussions with Government representatives on several of the issues being considered.
5. After consideration of the issues and before the finalisation of the design, the specific objectives of the design were set and, through an iterative process, new rates and rate structures were developed. The impact of these on the different customer groups was examined and further investigated with representatives from some customer groups.

EXISTING TARIFFS

6. The existing tariffs, which are shown in Schedules J-1 to J-5, were approved by the Public Utilities Board ("PUB") in its decision dated May 12, 1983 ("the PUB Decision"). These tariffs are:
 - i. Domestic Service (DS);
 - ii. General Service (GS);
 - iii. Employee (EMP);
 - iv. Secondary Voltage Power (SVP); and
 - v. Large Power (LP).

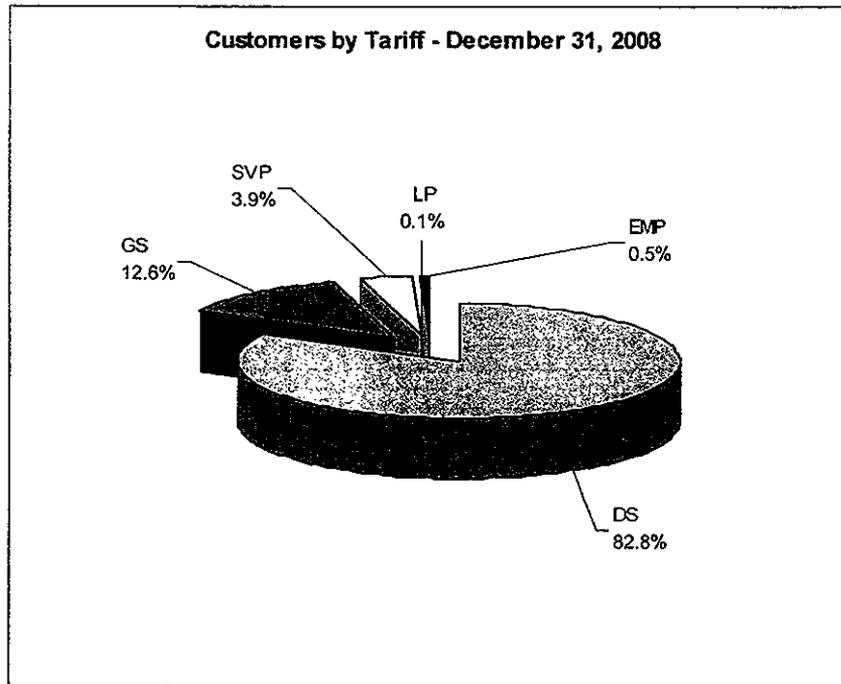
7. These rates are all subject to the Fuel Clause Adjustment ("the FCA"). The 2.64 cents/kWh of fuel cost that is collected through the base rates is excluded from the calculation of the FCA as shown in the Fuel Clause Schedule J-6.

8. Street Lights and Miscellaneous Charges were also approved at that time. The existing Street Lighting tariff is shown in Schedule J-7 and the existing Service Charges are set out in Schedule J-8. With changes in technology, it was subsequently agreed with the Ministry of Transport and Works, and accepted by the PUB, that the streetlights would all be changed to the more efficient High Pressure Sodium (HPS) lights at the approved rates.

THE CURRENT SITUATION

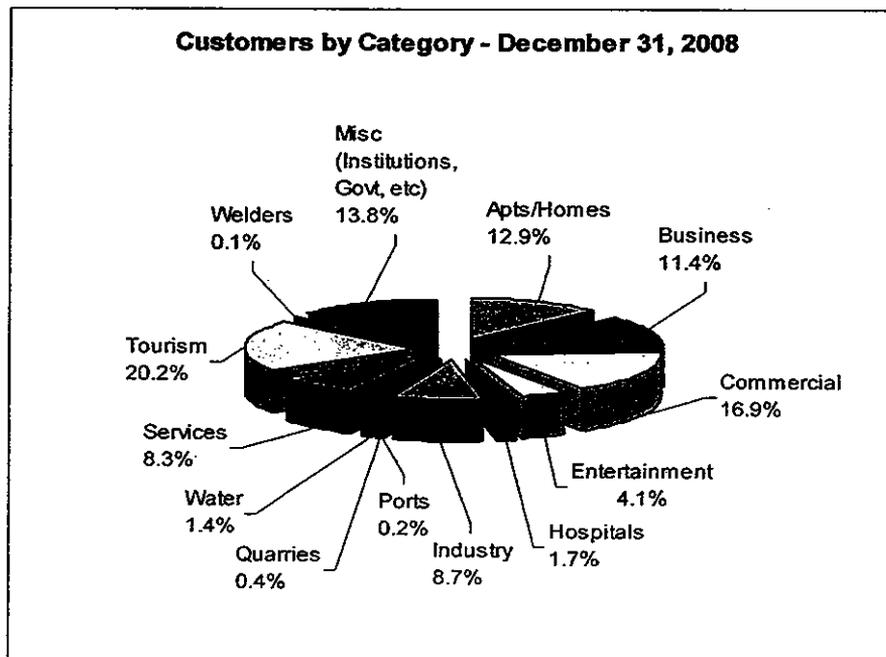
9. As at December 31, 2008, the Company was serving a total of 118,798 customers, 63% more than the 72,962 customers in December 1983, the year of the PUB Decision. For 2008, the distribution of customers by tariff is shown in Figure 1.

Figure 1: Proportion of Customers by Tariff



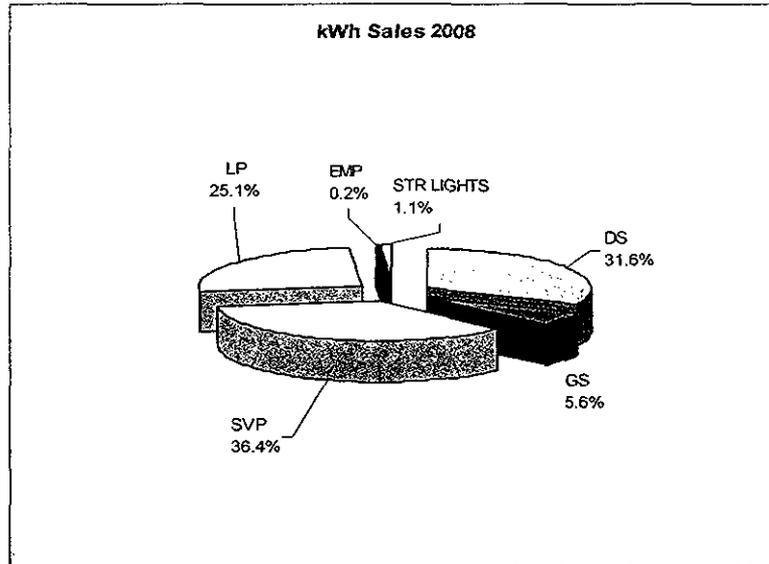
- The SVP and LP tariff groups consisting of approximately 4,800 customers, about 4.0% of the total number of customers, are further segmented into different categories, as shown in Figure 2.

Figure 2: Proportion of SVP and LP Customers by Category



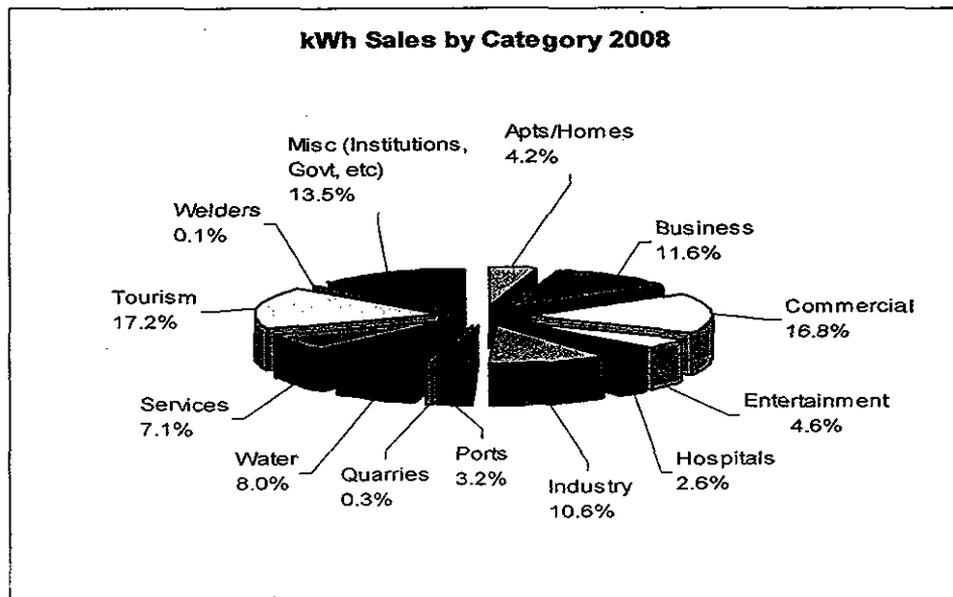
11. The total energy sales for 2008 were approximately 944.0 million kilowatthours (kWh), almost 3 times the sales of 317.4 million kWh in 1983. For 2008, the distribution of sales by tariff is as shown in Figure 3.

Figure 3: Proportion of kWh Sales by Tariff



12. The energy sales for the SVP and LP customers, totalling approximately 580 million kWh, about 61.4% of overall sales, are segmented into different categories, as shown in Figure 4.

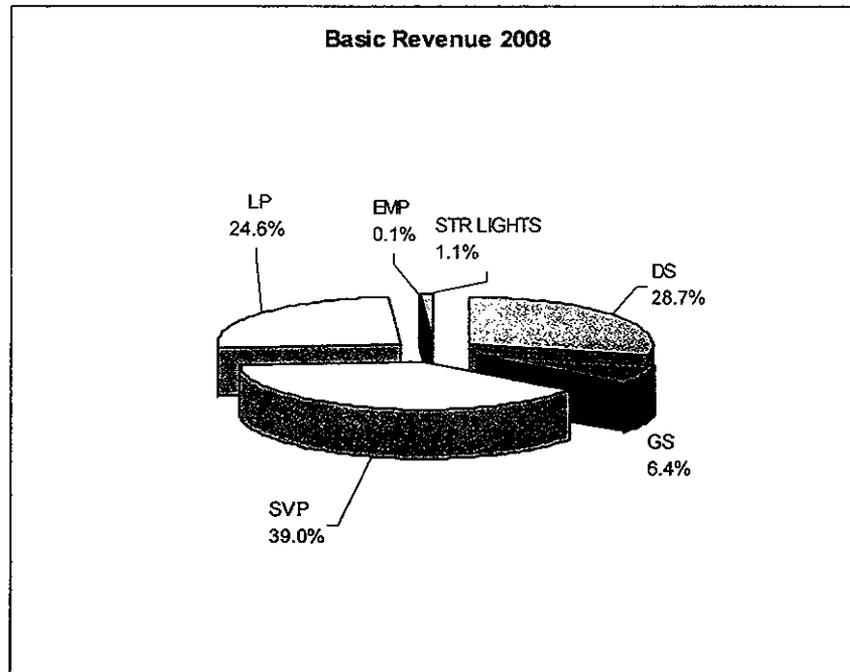
Figure 4: Proportion of SVP and LP kWh Sales by Category



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13. The basic revenue from sales for 2008 was approximately \$198.8 million, the distribution of which is shown by tariff in Figure 5.

Figure 5: Proportion of Basic Revenue by Tariff



14. The Miscellaneous revenue for 2008 was approximately \$2.2 million.

OBJECTIVES OF THE RATE DESIGN

15. The main objectives of the rate design are to:
- i. raise additional revenue of \$28.2 million to meet the revenue requirement as set out in the Memorandum on Revenue Requirement which is found at Schedule G and to produce a rate of return of 10.48% as set out in the Memorandum on the Rate of Return, which is found at Schedule F.
 - ii. provide fair rates and to apportion the total cost of service among the different classes of customers in a fair manner, sensitive to any impact on customers.
 - iii. encourage customers to use electricity more efficiently by:

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- a) revising the existing rates to more closely reflect the unit cost of serving customers, thereby reducing the inter and intra class subsidies that presently exist;
 - b) providing rates with an inclining block rate structure in the Domestic Service, General Service and Employee tariffs;
 - c) introducing a Time-of-Use tariff on a pilot basis for customers who qualify under the Large Power tariff; and
 - d) introducing an Interruptible Service Rider on a pilot basis for customers who have flexibility in their usage of electricity or who have standby capacity and who qualify under the Secondary Voltage Power and Large Power tariffs.
- iv. encourage the use of customer-owned renewable energy sources by introducing a Renewable Energy Rider on a pilot basis for customers in all tariffs, thereby encouraging and permitting customers to use grid-tied renewable energy sources and to sell any excess energy into the electricity grid;
 - v. shift the 2.64 cents per kWh of fuel cost from the base energy rate to the Fuel Clause Adjustment (FCA) as recommended in the "Fuel Adjustment Charge Findings Report"¹ by the Commission ("the FTC's Findings Report") so that the full fuel cost is collected through the Fuel Clause Adjustment;
 - vi. revise the Service Charges so that they may more closely reflect the cost of service; and
 - vii. lessen the rate impact of the overall revenue increase on customers in the lower income bracket.

BASIS FOR REVISIONS TO EXISTING TARIFFS

Adequacy of Returns from Tariff Categories

16. As part of the rate design, an Embedded Cost of Service Study was carried out by Christensen Associates Energy Consulting LLC ("Christensen") for the Company for the test year 2008. A copy of the Cost of Service Study report

¹ Fuel Adjustment Charge Findings Report by the Fair Trading Commission, 19 January 2007 – Document No. FTC/URD/FACREP/0107

("the COS Report") is attached to the Affidavit of Michael O'Sheasy as Exhibit "MO2".

17. The COS Report identified the following:

Table 1: Current Realised Return and Rate of Return by Tariff

	Realised Return	Rate of Return (ROR)
i) Overall	\$33,053,648	6.07%
ii) Domestic Service ²	\$4,146,009	2.58%
iii) General Service	\$1,517,226	4.02%
iv) Secondary Voltage Power	\$13,822,475	6.12%
v) Large Power	\$13,956,153	12.40%
vi) Street Lights	(\$388,214)	-5.42%

18. As can be seen from Table 1, the overall Rate of Return on Rate Base is 6.07% with the contribution from the tariff groups varying from 2.58% to 12.40%, except for Street Lights which was -5.42%. The overall rate of return for the Test Year 2008 is significantly lower than the 10.48% that the Company is requesting in its application.
19. The ideal objective would be to achieve fully parity for all tariffs, i.e. each tariff would be targeted to achieve the same rate of return as the overall rate of return of 10.48%. However, the Company has calculated that this would result in a substantial increase in electricity costs for some customers. The likely rate shock could pose significant hardship for these customers, particularly residential customers in the lower income bracket. Consequently, the Company has not chosen this option at this time.
20. During the rate design process various parity levels for the different tariff groups were examined. The objective was to determine the rates of return which would allow the Company to achieve the target rate of return, whilst taking into account the various rate design objectives and maintaining a

² Includes Employees which only make up 0.2% of overall kWh sales

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reasonable balance among these. The rates of return under the column heading "Target Rate of Return on Rate Base" in Table 2, is considered to reasonably achieve this objective. The information in Table 2 is taken from the COS Report.

Tariff Structures

21. In the provision of electricity service, there are three main cost-drivers. These are categorized in the COS Report as follows:

- a) **Customer-related costs:** These are the fixed costs associated with having a customer connected to the electric system regardless of whether the customer uses any electricity or not. These include, but are not limited to, costs associated with the metering and service installations, meter reading, customer service and billing.
- b) **Demand-related costs:** These costs are associated with the generating facilities, transmission and distribution lines, substations, transformers and other facilities required to meet individual customer peak demand and the combined peak demand of all customers throughout the year.
- c) **Energy-related costs:** These are costs that vary with the amount of energy used. These can be further divided into fuel costs and base energy costs (non-fuel and other operation & maintenance expenses that vary with energy usage).

22. Using the proposed rates of return shown in Table 2, Table 3 shows the unit costs for each of the three cost-drivers - customer, demand and energy (excluding fuel) – by tariff required to achieve fully allocated cost of service as shown in the COS Report:

TABLE 2: Summary of Results from Cost of Service Study

	Rate Base	Current Realized Return	Realized Rate of Return on Rate Base	Current Parity Ratio	Target Rate of Return on Rate Base	Target Returns	Deficiency in Revenue	Increase in Misc. Revenues from S/Charges	Net Deficiency in Sales Revenue	Change in Rates as % of Retail Sales less fuel	Proposed Parity Ratio
Overall	\$544,198,328	\$33,053,648	6.07%	100.0%	10.48%	\$57,031,500	\$28,209,238	\$220,000	\$27,989,238	14.08%	100.0%
Domestic Service	\$160,900,046	\$4,146,009	2.58%	42.4%	7.82%	\$12,582,384	\$9,925,147	\$183,945	\$9,741,202	16.99%	74.6%
General Service	\$ 37,704,071	\$1,517,226	4.02%	66.3%	9.00%	\$3,393,366	\$2,207,224	\$27,110	\$2,180,115	17.03%	85.9%
Secondary Voltage Power	\$225,852,843	\$13,822,475	6.12%	100.8%	10.99%	\$24,821,227	\$12,939,709	\$8,609	\$12,931,099	16.69%	104.9%
Large Power	\$112,583,376	\$13,956,153	12.40%	204.1%	14.42%	\$16,234,523	\$2,680,435	\$336	\$2,680,099	5.47%	137.6%
Street Lights	\$ 7,157,992	-\$388,214	-5.42%	-89.3%	0.00%	\$0	\$456,722	\$0	\$456,722	20.42%	0.0%

Table 3: Unit Costs by Tariff

	Customer \$/Cust	Demand ³ \$/kVA	Energy (excl all fuel) \$/kWh
a) Domestic Service ⁴	\$10.42		\$0.1555 ³
b) General Service	\$11.08		\$0.2210 ³
c) Secondary Voltage Power	\$19.20	\$46.01	\$0.0139
d) Large Power	\$300.52	\$44.20	\$0.0136
e) Street Lights ⁵	\$5.76		\$0.0458

23. The base energy charges for the current rates include 2.64 cents/kWh that goes towards the fuel cost. The FTC's Findings Report recommended that the 2.64 cents/kWh be shifted from the base energy rate to the FCA so that the full fuel cost is collected through the FCA. The 2.64 cents/kWh will therefore be removed from the base energy charge and will be incorporated into the FCA so that customers can easily identify the true cost of fuel and the true non-fuel cost (base energy rate) incurred to provide electricity service.

PROPOSED REVISIONS TO TARIFFS

24. Revisions are proposed for all of the existing tariffs - Domestic Service, Employee, General Service, Secondary Voltage Power, Large Power and Street Lights.
25. Consistent with the utility's cost to serve, the proposed rates are made up of two or more of the following four components, as appropriate:
- a) **The Customer Charge:** This is designed to recover the customer-related costs.

³ Typically demands are not measured for Domestic and General Service customers and, as a result, the Demand costs are combined with the Energy costs under Energy.

⁴ Domestic and Employees are combined under Domestic Service.

⁵ The Demand and Energy costs for Street Lights are combined under the Customer Costs.

- b) **The Demand Charge:** This is designed to recover expenses associated with the demand-related costs.
 - c) **The Base Energy Charge:** This is designed to recover the variable non-fuel energy-related costs. The demand-related costs are rolled into the energy charge for the Domestic Service, General Service and Employee tariffs since, as is common in the electric utility industry, the meters used for these tariffs do not register customer demand.
 - d) **The Fuel Charge:** This is designed to recover the total cost of fuel, which varies with the amount of energy supplied to the customer.
26. All charges are subject to Value Added Tax (VAT) as legislated.

DOMESTIC SERVICE

27. The proposed DS tariff will be available to customers using the service primarily (i.e. over 50% of their energy consumption) for domestic purposes and who occupy individually-metered dwelling houses, apartments or condominiums suitable for year-round family occupancy. It is being proposed to remove the present maximum usage limit of 2,000 kWh. Currently, customers exceeding this limit or using the service for other than domestic purposes are required to transfer to other tariffs and this has led to some dissatisfaction. It is being proposed that the only limit for qualifying customers will be that they have a single phase, 2 or 3 wire electrical installation up to a maximum capacity of 200 amps. Customers with larger installations will be classified under the SVP tariff.
28. It is proposed that the Rate of Return to be achieved from this tariff class be 7.82%. This will require \$9.7 million in additional sales revenue from this tariff group as outlined in Table 2, an overall increase of 16.99% in Basic Revenue (i.e. excluding all fuel). It is proposed that the revenue be collected through a Customer Charge, a Base Energy Charge and a Fuel Charge.

Customer Charge

29. It is proposed to change this charge from a fixed monthly charge, independent of the customer's usage level, to monthly charges that will vary depending upon the usage level. The charges proposed reflect the objective to move closer to cost of service. They will be based on an inclining block rate structure to encourage energy conservation and to lessen the impact of the increase on lower usage customers, many of whom are in the low income group. To achieve this, the charges for lower levels of usage will be below the unit cost as shown in the COS Report, while those at the higher usage levels will be above the unit cost. The average customer charge for all domestic customers would be below the unit cost.

30. The proposed customer charges are as follows:

a)	0 to 100 kWh	\$6 / month
b)	101 to 500 kWh	\$10 / month
c)	Over 500 kWh	\$14 / month

31. The amount to be charged to a customer in a particular month will be determined by the 30 day average kWh consumption calculated based on energy consumption as recorded over the previous 12 months or as many months within this period as are available.

Base Energy Charge

32. As with the existing rate, an inclining block rate structure is being proposed for the Base Energy Charge to encourage energy conservation.

33. The first block will remain at 100 kWh per month and the energy charge for this block will be maintained at about the existing level to lessen the impact on the low usage customers. The higher usage bands have been revised to provide a greater incentive for energy conservation and to minimise impact on some of the middle group of users who generally fall into the low to middle income brackets.

34. The proposed Base Energy Charges are as follows:

- a) First 100 kWh @ \$ 0.150 / kWh
- b) Next 400 kWh @ \$ 0.176 / kWh
- c) Next 1000 kWh @ \$ 0.200 / kWh
- d) Over 1500 kWh @ \$ 0.224 / kWh

35. The above Base Energy Charges exclude the 2.64 cents / kWh for fuel that is included in the current energy rate since it is being proposed that this now be allocated to the FCA.

Early Payment Discount

36. It is proposed to continue the 10% discount on the Customer and Base Energy charges for customers who pay their bills within 15 days of the date of issue.

Fuel Charge

37. This will be calculated based on the FCA as determined by the formula shown in Schedule K-6.

All kWh @ FCA (in cents/kWh)

Impact Analysis

38. The FCA for April 2009 of 15.8099 cents/kWh was used in calculating the impact of the changes on customers' bills. The calculation takes into account the 2.64 cents/kWh that is being transferred from the Base Energy Charge.

39. The average increase for customers under this tariff is approximately 3.2 cents /kWh, an average increase of approximately 9.3% on their bill.

40. While it is being proposed that the Base Energy Charge for customers using less than 100 kWh per month will remain virtually unchanged (taking into account the removal of 2.64 cents/kWh), the Customer Charge will be

increased from \$3 to \$6. This will result in an increase of approximately \$3 (\$3.45 including VAT) in the bill for a customer using less than 100 kWh.

- 41. Customers in the higher usage bands will be subject to both higher Customer and Base Energy charges.
- 42. The overall increase in the Customer Charge will move it closer to unit cost, but it will still be below the average unit cost of \$10.42.
- 43. Comparisons of the increases for customers for different usage levels and the number of customers within each usage band are shown in Figures 6 and 7. Figure 6 shows the impact on bills for customers with usages from 50 to 500 kWh per month. Over 90% of DS customers use less than 500 kWh per month.

Figure 6: Impact on Bills for DS Customers – 50 kWh to 500 kWh

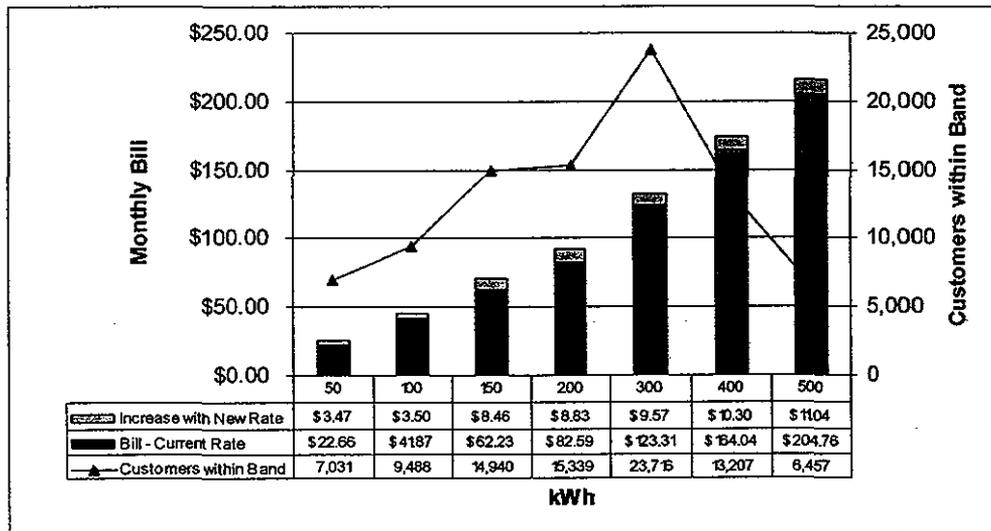
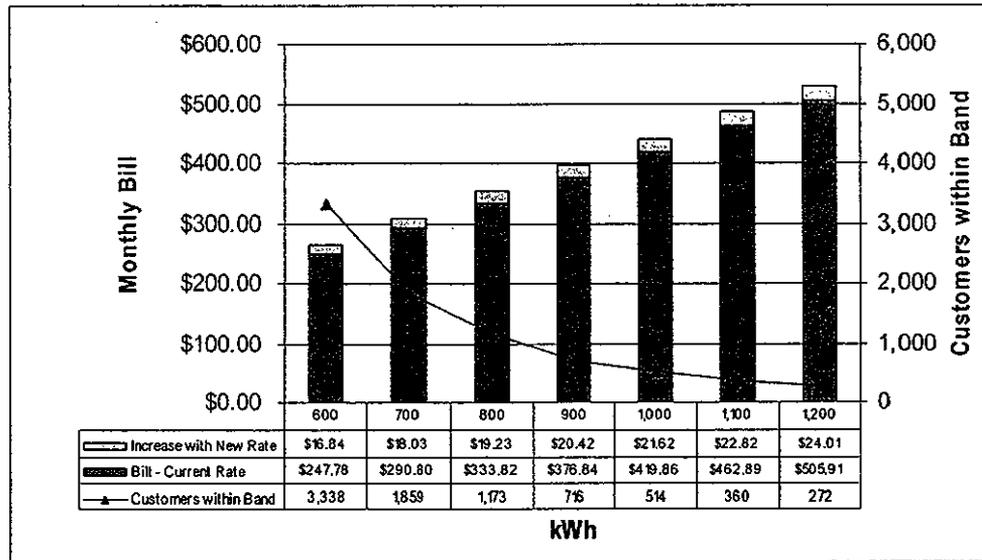


Figure 7 shows the impact on bills for customers with usages from 600 to 1,200 kWh per month.

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Figure 7: Impact on Bills for DS Customers - 600 kWh to 1,200 kWh



44. The proposed rate does not have a usage limit as does the existing rate. It only requires that the energy is being used primarily for residential purposes and that the size of the electrical installation does not exceed 200 Amps, single phase 3 wire. As a result, it is expected that some customers on the GS and SVP tariffs will transfer to this tariff. This could potentially result in a loss of revenue to the Company. It is, however, difficult at this time to estimate the financial impact on the Company of the transfer from GS and SVP tariffs and no adjustments have been made to compensate for this potential loss.

EMPLOYEES

45. The proposed tariff, like the existing one, will be available to employees and pensioners of the Company who are using their premises for domestic purposes as described under the DS tariff.

46. In their report to the FTC in 2006⁶, NERA recommended that the EMP rate should more closely reflect the price signals in the DS tariff.

⁶ Regulatory Audit of The Barbados Light & Power Co., Ltd. prepared for the Fair Trading Commission of Barbados – NERA Economic Consulting, April 2006

SPW

Base Energy Charge

47. It is proposed to change this from a single rate for all energy used to an inclining block rate structure in order to encourage energy conservation. The first block will reflect a 2.64 cent/kWh increase and the upper two blocks will be at the same prices as the two upper levels for the DS tariff with a 10% early payment discount, since payments for these accounts are generally payroll deductions.

- a. First 500 kWh @ \$ 0.080 / kWh
- b. Next 1,000 kWh @ \$ 0.180 / kWh
- c. Over 1,500 kWh @ \$ 0.202 / kWh

48. The above Base Energy Charges exclude the 2.64 cents / kWh for fuel that is included in the current energy rate since it is being proposed that this now be allocated to the FCA.

Fuel Charge

49. This will be calculated based on the FCA as determined by the formula shown in Schedule K-6.

All kWh @ FCA (in cents/kWh)

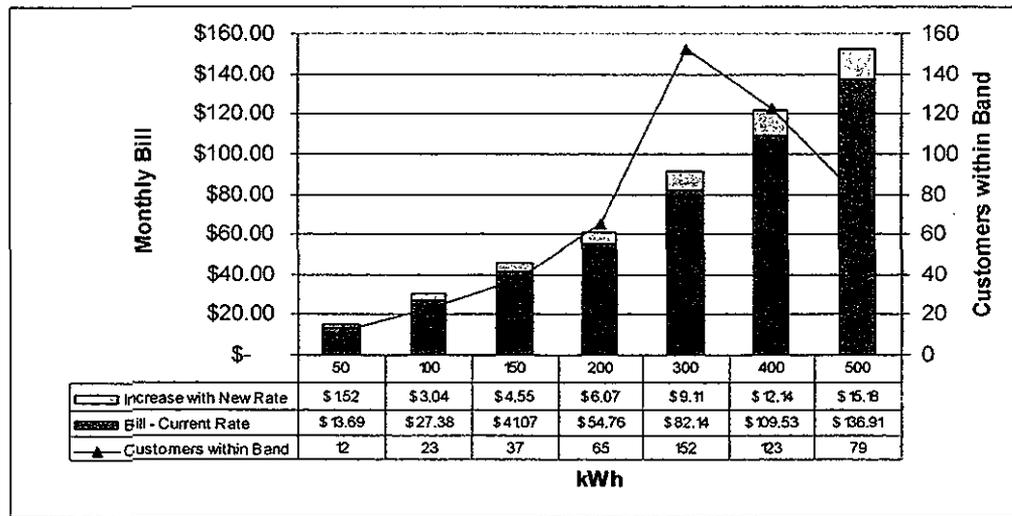
Impact Analysis

50. The FCA for April 2009 of 15.8099 cents/kWh was used in calculating the impact of the changes on employee bills.

51. The proposed rate will result in increases varying from 11% for employees using less than 500 kWh per month to over 40% for employees using in excess of 1,500 kWh per month.

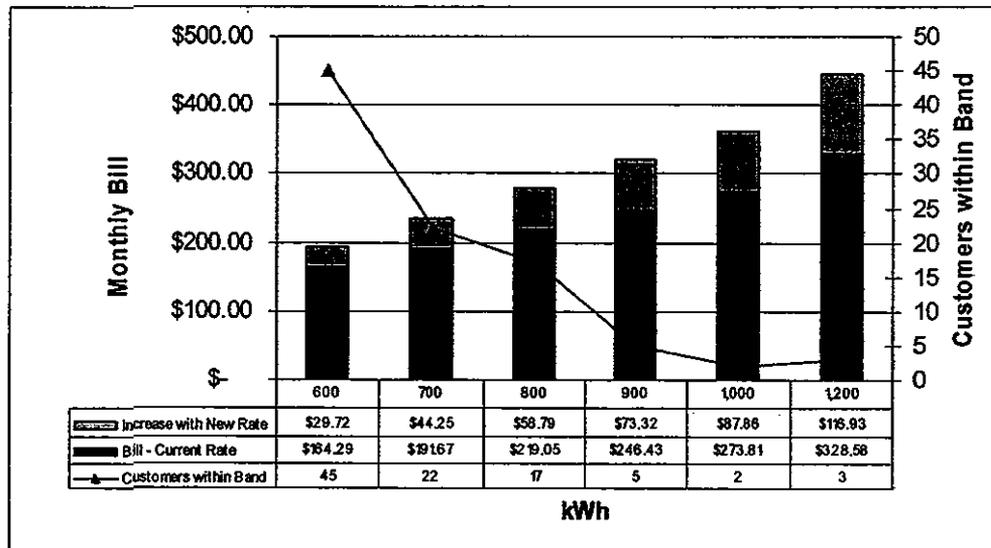
52. Figure 8 shows the impact on bills for employees using from 50 to 500 kWh per month. Over 80% of employees use less than 500 kWh per month.

Figure 8: Impact on Bills for Employees - 50 kWh to 500 kWh



53. Figure 9 shows the impact on bills for employees using 600 to 1,200 kWh per month.

Figure 9: Impact on Bills for Employees - 600 kWh to 1,200 kWh



GENERAL SERVICE

54. The proposed tariff will be available to non-residential customers for lighting and power service and to whom no other tariff schedule applies. It is proposed that the maximum usage limit of 1,000 kWh be removed and that

the tariff will apply to any customer with a single phase, 2 or 3 wire electrical installation with a maximum demand up to 10 kVA. Customers with larger demands will be classified under the SVP tariff. Three phase 4 wire service installations may be provided under this tariff under special arrangements.

55. It is proposed that the Rate of Return to be achieved from this tariff class be 9.00%. This will require \$2.2 million in additional sales revenue as outlined in Table 2, an overall increase of 17.03% in Basic Revenue (i.e. excluding all fuel). It is proposed that the revenue be collected through a Customer Charge, a Base Energy Charge and a Fuel Charge.

Customer Charge

56. It is proposed to change this charge from a fixed monthly charge, independent of usage level, to monthly charges that will vary depending upon the customer's usage level. The charges proposed reflect the objective to move closer to cost of service. They will be based on an inclining block rate structure to encourage energy conservation and to lessen the impact of the increase on lower usage customers, many of whom would be small business operators. To achieve this, the charges for lower levels of usage will be below the unit cost as shown in the COS Report while those at the higher usage levels will be above the unit cost. The average customer charge for all GS customers would be below the unit cost.

57. The proposed customer charges are as follows:

a)	0 to 100 kWh	\$8 / month
b)	101 to 500 kWh	\$11 / month
c)	Over 500 kWh	\$14 / month

58. The amount to be charged to a customer in a particular month will be determined by the 30 day average kWh consumption calculated based on energy consumption over the previous 12 months or as many months within this period as are available.

Base Energy Charge

59. It is proposed to change this from a single rate for all energy used to an inclining block rate structure, similar to the DS tariff, in order to encourage energy conservation.
- a. First 100 kWh @ \$ 0.184 / kWh
 - b. Next 400 kWh @ \$ 0.217 / kWh
 - c. Next 1000 kWh @ \$ 0.259 / kWh
 - d. Over 1500 kWh @ \$ 0.290 / kWh

60. The above Base Energy Charges exclude the 2.64 cents / kWh for fuel that is included in the current rates since it is being proposed that this now be allocated to the Fuel Clause Adjustment.

Fuel Charge

61. This will be calculated based on the FCA as determined by the formula shown in Schedule K-6.

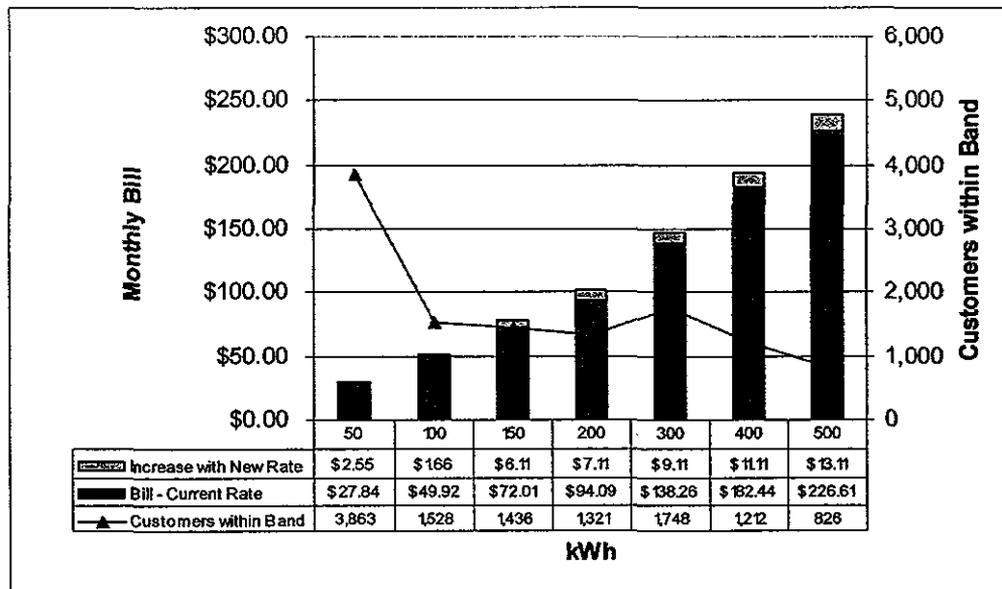
All kWh @ FCA (in cents/kWh)

Impact Analysis

62. The FCA for April 2009 of 15.8099 cents/kWh was used in calculating the impact of the changes on bills for GS customers.
63. The average increase for customers under this tariff is approximately 4.1 cents /kWh, an average increase of approximately 10.4% on their bill.
64. With the change from a flat energy rate to one with an inclining block structure, customers using up to 100 kWh per month would pay less for Base Energy than they did previously. However, this reduction will be offset by the increase in Customer Charge in this band from \$5 to \$8. The net increase for someone using 100 kWh is \$1.66, including VAT.

- 65. Customers in the higher usage bands will be subject to both higher Customer and Base Energy charges.
- 66. The overall increase in the Customer Charge will move it closer to unit cost, but it will still be below the average unit cost of \$11.08.
- 67. Comparisons of the increases for customers for different usage levels and the number of customers within each usage band are shown in Figures 10 and 11. Figure 10 shows the bills for usages from 50 to 500 kWh / month. Over 79% of the GS customers use less than 500 kWh / month.

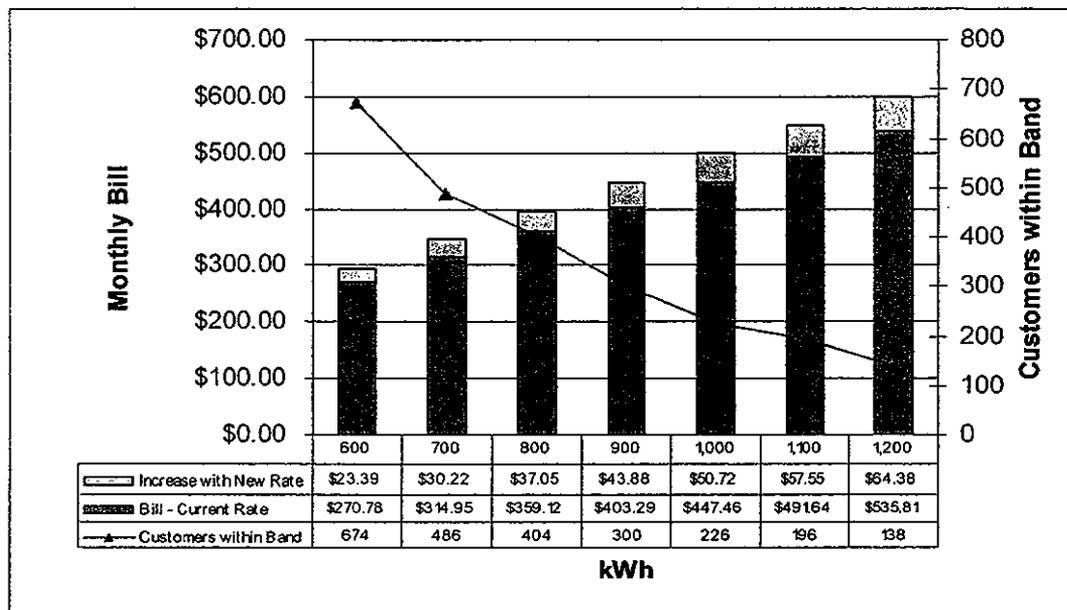
Figure 10: Impact on Bills for GS Customers - 50 kWh to 500 kWh



- 68. Figure 11 shows the impact for usages from 600 to 1,200 kWh per month.

STW

Figure 11: Impact on Bills for GS Customers - 600 kWh to 1,200 kWh



69. There are several customers who presently use their premises for residential purposes as well as carry on other non-residential activities or who have the service in the name of their landlord. These customers are presently classified under the GS tariff. With the proposed change in the application of the DS tariff, these customers may now be eligible for the DS tariff. It is expected that several of these customers will transfer to the DS tariff over time and it is likely to result in some revenue loss. It is, however, difficult at this time to estimate the financial impact on the Company of the transfer to DS tariff and no adjustments have been made to compensate for this potential loss.

SECONDARY VOLTAGE POWER

70. This proposed tariff will be available to all customers with a billing demand of 5 kVA or greater who require service at secondary level.

71. It is proposed that the Rate of Return to be achieved from this tariff class be 10.99%. This will require \$12.9 million in additional sales revenue as outlined in Table 2, an overall increase of 16.69% in Basic Revenue. To achieve this,

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it is being proposed that the revenue be collected through a Customer Charge, a Demand Charge, a Base Energy Charge and a Fuel Charge.

72. The COS Report indicates that the demand related unit cost is significantly higher than the existing demand charge of \$4/kVA and that the base energy related unit cost is significantly less than the current energy charge of 20.6 cents/kWh. As a result, a significant portion of the fixed demand cost is being presently collected through the Base Energy charge.
73. By moving these component prices closer to cost, better price signals are sent to customers enabling them to make more efficient usage decisions and their bills will more closely align with cost.
74. It is proposed to have the new rate more closely reflect the cost of providing service. However, it is not proposed to achieve full unit cost for the proposed rate of return. Moving to rates which fully match cost of service, while benefiting customers with high load factors (i.e. higher energy used in proportion to the maximum demand they impose on the system), would create significant rate shock for those with low load factors, many of whom would be the smaller business operations.

Customer Charge

75. It is proposed to introduce a Customer Charge for all usage levels, which closely reflects the cost of service for the proposed rate of return.

All customers \$20 / month

Demand Charge

76. It is proposed that the monthly Demand Charge will be as follows:
- a) Company-owned transformer:
All kVA @ \$ 27/ kVA of Billing Demand
 - b) Customer-owned transformer (not available to new customers):

All kVA @ \$ 25/ kVA of Billing Demand

where the Billing Demand is:

- (i) the maximum measured demand of the current month or the maximum measured demand of the previous 11 months whichever is greater, but not less than 5 kVA
- (ii) the higher of "(i)" or the contracted demand for those with a contracted demand.

Base Energy Charge

- 77. It is proposed to continue this as a flat rate, with the new rate being as follows:

All kWh @ \$ 0.110 / kWh

- 78. The above Base Energy Charge excludes the 2.64 cents / kWh for fuel that is included in the current rates since it is being proposed that this now be allocated to the FCA.

Fuel Charge

- 79. This will be calculated based on the FCA as determined by the formula shown in Schedule K-6.

All kWh @ FCA (in cents/kWh)

Impact Analysis

- 80. The FCA for April 2009 of 15.8099 cents/kWh and usage information from 2008 were used in calculating the impact of the changes on bills for SVP customers.

- 81. The average increase for customers on this tariff is approximately 3.8 cents /kWh, an average increase of approximately 9.9% on their bill.

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82. With the proposed change in the conditions of service for the DS tariff it is expected that some of the customers, who have a single phase service below 200 amps, a demand of less than 10 kVA and were previously transferred from DS and GS to SVP due to high usage and/or high demand, may now decide to return to these tariffs resulting in a possible loss of revenue. It is, however, difficult at this time to estimate the financial impact on the Company of the transfer to DS and/or GS tariffs and no adjustments have been made to compensate for this potential loss.

83. Under the existing rate, which has a low demand charge, a larger portion of the demand-related cost was incorporated in the energy charge. As a result, customers with low load factors (i.e. those who use a smaller amount of electricity in relation to their maximum demand) did not pay their fair share of the demand cost imposed. As the rates are moved closer to unit cost-based rates and the demand charge increases relative to the energy charge, the impact will be that customers with a low load factor will pay a relatively higher bill, and hence a greater contribution towards their demand cost, while customers with high load factors will pay a relatively lower bill. This will better match cost causation and hence promote a more efficient use of electricity.

84. Tables 4 and 5 below show that, at the proposed rates, about 14% (673) of SVP customers would receive a reduction in their electricity bills varying from zero to more than \$1,000 per month, while the remaining 86% (4,185) would receive increases from zero to over \$4,000 per month.

85. While 4.1% (197) of SVP customers' bills would decrease in excess of \$100 per month, the bills for approximately 48.2% (2,363) of these customers would increase by over 10% and would be in excess of \$100 per month. The numbers and percentages of customers in these bands are highlighted.

Table 4: No. of SVP Customers Impacted by Various Dollar and Percentage Changes in Bills

	Decrease			Increase						Total Customers in band	Cumulative Customers in band	Customers in highlighted sections		
	> 20%	5% to 20%	< 5%	< 5%	5% to 10%	10% to 20%	20% to 40%	40% to 100%	100% to 300%				> 300%	
Decrease														
>\$1,000												20	20	20
\$500 to \$1,000												20	40	20
\$100 to \$500												157	197	157
<\$100	22	115	339									476	673	197
Increase														
<\$100				597	308	374	44					1,323	1,323	
\$100 to \$300				132	211	400	623	293				1,559	2,882	1,216
\$300 to \$500				27	62	141	186	230	15			661	3,543	572
\$500 to \$1,500				25	50	119	123	136	68	4		525	4,068	450
\$1,500 to \$4,000				1	9	22	21	23	15	5		96	4,164	86
>\$4,000				1	1		8	10	3	3		21	4,185	19
Total Customers in Band	22	214	437	783	641	1,056	900	692	101	12		4,858	4,858	2,343
Cum. No. of Customers in Band	22	236	673	783	1,424	2,480	3,380	4,072	4,173	4,185		4,858		

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Table 5: Percentage of SVP Customers Impacted by Various Dollar and Percentage Changes in Bills

	Decrease				Increase						% Customers in band	Cumulative % Customers in band	% Customers in highlighted sections		
	> 20%	5% to 20%		< 5%	< 5%	5% to 10%	10% to 20%	20% to 40%	40% to 100%	100% to 300%				> 300%	
		0.5%	2.4%												7.0%
Decrease															
>\$1,000		0.1%	0.3%										0.4%	0.4%	0.4%
\$500 to \$1,000		0.1%	0.3%										0.4%	0.8%	0.4%
\$100 to \$500		1.8%	1.9%										3.2%	4.1%	3.2%
<\$100	0.5%	2.4%	7.0%										9.8%	13.9%	4.1%
Increase															
<\$100				12.3%	6.3%	7.7%	0.9%						27.2%	27.2%	
\$100 to \$300				2.7%	4.3%	8.2%	10.8%	6.0%					32.1%	59.3%	25.0%
\$300 to \$500				0.6%	1.3%	2.9%	3.8%	4.7%	0.3%				13.6%	72.9%	11.8%
\$500 to \$1,500				0.5%	1.0%	2.4%	2.5%	2.8%	1.4%	0.1%			10.8%	83.7%	9.3%
\$1,500 to \$4,000				0.0%	0.2%	0.5%	0.4%	0.5%	0.3%	0.1%			2.0%	85.7%	1.8%
>\$4,000				0.0%	0.0%	0.1%	0.1%	0.2%	0.1%	0.1%			0.4%	86.1%	0.4%
% Customers in Band	0.5%	4.4%	9.0%	16.1%	13.2%	21.7%	18.5%	14.2%	2.1%	0.2%			100.0%	100.0%	48.2%
Cum. % Customers in Band	0.5%	4.9%	13.9%	16.1%	29.3%	51.0%	69.6%	83.8%	85.9%	86.1%			100.0%	100.0%	

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86. Customers who will see reductions in their bills would be those who have higher load factors (i.e. high energy usage in relation to their maximum demand) while those receiving the larger increases would be those who have lower load factors.
87. Customers who are able to take measures to reduce their maximum demand, such as power factor correction and load shifting, may either improve the benefit they are getting through this new tariff or lessen the impact of the increase in their bill.
88. Participation in the Interruptible Service Rider pilot programme (as described below) can also benefit customers on this tariff who have flexibility in their usage of electricity through a reduced demand charge.

LARGE POWER

89. This tariff will be available to all customers who receive electricity at primary voltage with a billing demand of 50 kVA or greater.
90. It is proposed that the Rate of Return to be achieved from this tariff class be 14.42%. This will require \$2.7 million in additional sales revenue as outlined in Table 1, an overall increase of 5.47% in Basic Revenue (i.e. excluding fuel). To achieve this, it is proposed that the revenue be collected through a Customer Charge, a Demand Charge, a Base Energy Charge and a Fuel Charge.
91. The COS Report indicates that the demand related unit cost is significantly higher than the existing charge of \$3/kVA and that the energy related unit cost is significantly less than the current charge of 19.6 cents/kWh. As a result, a significant portion of the fixed demand cost is being presently collected through the Base Energy charge.

92. By moving these component prices closer to cost, better price signals are sent to customers enabling them to make more efficient usage decisions and their bills will more closely align with cost.
93. It is proposed to have the new rate more closely reflect the cost of providing service. However, it is not proposed to achieve full unit cost for the proposed rate of return. Moving to rates which fully match cost of service, while benefiting customers with high load factors (i.e. higher energy used in proportion to the maximum demand they impose on the system), would create significant rate shock for those with low load factors.

Customer Charge

94. It is proposed to introduce a monthly Customer Charge for all usage levels to reflect the cost of service, which is as follows:

All customers \$300 / month

Demand Charge

95. It is proposed that the monthly Demand Charge will be as follows:

All kVA @ \$ 25/ kVA of Billing Demand

where the Billing Demand is:

- (i) the maximum measured demand of the current month or the maximum measured demand of the previous 11 months whichever is greater, but not less than 50 kVA .
 - (ii) the higher of "(i)" or the contracted demand for those with a contracted demand.
96. There may be occasions, for example, where a customer's transformer fails and the Company installs its own transformer on a temporary basis. On such occasions, the customer will be required to pay an additional \$1/kVA of transformer capacity as shown in the Service Charges in Schedule K-8.

Base Energy Charge

97. It is proposed to continue this charge as a flat rate, with the new proposed rate being as follows:

All kWh @ \$ 0.094 / kWh

98. The above Base Energy Charge excludes the 2.64 cents / kWh for fuel that is included in the current rates since it is being proposed that this will be allocated to the FCA.

99. These services will normally be metered on the primary side of the transformer. However, there may be occasions when the Company, at its discretion, decides to meter a service on the low voltage side of the transformer. On these occasions, the Company will increase the maximum demand and energy consumed by a loss factor for the calculation of the Demand Charge, Base Energy Charge and Fuel Charge to account for the losses incurred in the customer's transformer.

Fuel Charge

100. This will be calculated based on the FCA as determined by the formula shown in Schedule K-6.

All kWh @ FCA (in cents/kWh)

Impact Analysis

101. The FCA for April 2009 of 15.8099 cents/kWh and usage information for 2008 were used in calculating the impact of changes on bills of LP customers.

102. The average increase for customers on this tariff is approximately 1.1 cents /kWh, an average increase of approximately 3.1% on their bill.

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103. Under the existing rate, which has a low demand charge, the majority of the demand-related cost is incorporated in the energy charge. As a result, customers with low load factors (i.e. those who use a smaller amount of electricity in relation to their maximum demand) do not pay their fair share of the demand cost imposed. As the rates are moved closer to unit cost-based rates and the demand charge increases relative to the energy charge, the impact will be that customers with a low load factor will pay a relatively higher bill, and hence a greater contribution towards their demand cost, while customers with high load factors will pay a relatively lower bill. This will better match cost causation and hence promote a more efficient use of electricity.

104. Tables 6 and 7 below show that, at the proposed rates, about 33% (60) of LP customers would receive a reduction in their electricity bills varying from zero to more than \$10,000 per month, while the remaining 67% (121) would receive increases from zero to over \$10,000..

105. While approximately 23% (42) of the LP customers' bills would decrease in excess of \$1,000 per month, the bills for approximately 36.4% (66) of these customers would increase by over 10% and be in excess of \$1,000 per month. The numbers and percentages of customers in these bands are highlighted.

SM

Table 6: No. of LP Customers Impacted by Various Dollar and Percentage Changes in Bills

	Decrease		Increase								Total Customers in band	Cumulative Customers in band	Customers in highlighted sections	
	> 5%	< 5%	< 5%	5% to 10%	10% to 20%	20% to 50%	50% to 100%	100% to 200%	200% to 500%	> 500%				
			18	7	1	10	6	4	3	4				2
Decrease	6	2										6	6	6
>\$10,000												16	22	16
\$3,000 to \$10,000												20	42	20
\$1,000 to \$3,000												18	60	42
<\$1,000		18										26	26	
Increase			18	7	1							59	85	36
<\$1,000			10	13	11	10	4	4	3	4		28	113	22
\$1,000 to \$3,000			2	4	6	6	3	4	1	2		8	121	8
\$3,000 to \$10,000												8	121	8
>\$10,000												181	181	66
Total Customers in Band	27	33	30	24	21	16	10	9	5	6		181	181	66
Cum. No. of Customers in Band	27	60	30	54	75	91	101	110	115	121		181	181	66

MW

0286

Table 7: Percentage of LP Customers Impacted by Various Dollar and Percentage Changes in Bills

	Decrease		Increase							% Customers in band	Cumulative % Customers in band	% Customers in highlighted sections
	> 5%	< 5%	< 5%	5% to 10%	10% to 20%	20% to 50%	50% to 100%	100% to 200%	200% to 500%			
Decrease												
>\$10,000	3.3%	-	-	-	-	-	-	-	-	-	3.3%	3.3%
\$3,000 to \$10,000	6.6%	2.2%	-	-	-	-	-	-	-	-	8.8%	12.2%
\$1,000 to \$3,000	5.0%	6.1%	-	-	-	-	-	-	-	-	11.0%	23.2%
<\$1,000	-	9.9%	-	-	-	-	-	-	-	-	9.9%	33.1%
Increase												
<\$1,000	-	-	9.9%	3.9%	0.6%	-	-	-	-	-	14.4%	47.0%
\$1,000 to \$3,000	-	-	5.5%	7.2%	6.1%	5.5%	2.2%	2.2%	1.7%	2.2%	32.6%	62.4%
\$3,000 to \$10,000	-	-	1.1%	2.2%	3.3%	3.3%	1.7%	2.2%	0.6%	1.1%	15.5%	77.9%
>\$10,000	-	-	-	-	1.7%	1.7%	0.6%	0.6%	0.6%	-	4.4%	82.3%
% Customers in Band	14.9%	18.2%	16.6%	13.3%	11.6%	8.8%	5.5%	5.0%	2.8%	3.3%	100.0%	36.5%
Cum. % Customers in Band	14.9%	33.1%	16.6%	29.8%	41.4%	50.3%	55.8%	60.8%	63.5%	66.9%	100.0%	36.5%

MDW

106. Customers who will see decreases in their bills will be those who have higher load factors (i.e. high energy usage in relation to their maximum demand) while those receiving the larger increases would be those who have lower load factors.
107. Customers who are able to take measures to reduce their maximum demand, such as power factor correction and load shifting, may either improve the benefit they are getting through this new tariff or lessen the impact of the increase in their bill.
108. Customers in this tariff, who have flexibility in their electricity usage, may be able to reduce their bill by participating in the new Interruptible Service Rider pilot programme.
109. Those customers who use a significant portion of their energy in "off-peak" periods and those who can shift a significant portion of their energy use to such periods may alternatively consider transferring to the new Time-of-Use Rate to reduce their bills.

STREET LIGHTS

110. Street lighting is an important social service provided for security and safety purposes for the benefit of the entire country. It is therefore proposed to limit the increase for this tariff. As a result, it is being proposed that the Rate of Return for this tariff be 0.00%. This will require \$456,722 in additional sales revenue as outlined in Table 2, an increase of 20.42% in Basic Revenue (i.e. excluding fuel). Since street lights provided by the Company are not metered, it is proposed that the total revenue be collected through a Customer Charge to recover the customer, demand and energy related costs, and a Fuel Charge.
111. The individual rates have been developed to achieve the required revenue, using the information from the COS Report and taking into account that there

is not much difference in the capital and maintenance costs per light for the different size lights, with the only variable being the energy cost per light.

Customer Charge

112. The rates proposed for the three types of street lights in operation at this time are:

- i) 50 W HPS @ \$7.08 / month
- ii) 70 W HPS @ \$7.44 / month
- iii) 100 W HPS @ \$7.90 / month

Fuel Charge

113. This will be calculated based on FCA as shown in Schedule K-6.

All kWh @ Fuel Clause Adjustment.

114. The fuel charge for each light will be based on the following usages:

- | | | |
|------|-----------|----------------|
| i) | 50 W..... | 25 kWh / month |
| ii) | 70 W..... | 33 kWh / month |
| iii) | 100W..... | 43 kWh / month |

Impact Analysis

115. With a realignment of the charges for the different types of street lights, the Customer Charge for the 50 Watt street light will increase from \$5.82 to \$7.08 per street light per month, while the Customer Charge for the 100 Watt street light will decrease from \$14.80 to \$7.90 per street light per month.

116. The overall impact on the cost per light, including fuel charge and VAT, using April 2009's FCA of 15.8099 cents/kWh, is an increase of \$1.84 per month for 50 Watt lights and a decrease of \$12.08 per month for 100 Watt street lights. Taking all street lights into account there would be an increase of around \$48,500 per month for 50 Watt street lights, an increase of 16%, and a decrease of around \$22,000 per month for all 100 Watt street lights, a decrease of 40%.

PROPOSED NEW TARIFFS & RIDERS**INTERRUPTIBLE SERVICE RIDER**

117. Interruptible loads provide the Company with the opportunity to reduce the overall demand on the system. As long as the interruptible demand can be relied upon, it is expected that the Company will be able to reduce its investment in the long term. This benefit can be passed on to the customers with interruptible loads through a capacity credit. A marginal cost analysis has guided the development of this credit.
118. It is proposed to introduce an Interruptible Service Rider as a pilot project for a period of three years. It will be available to SVP and LP customers who have flexibility in their use of electricity and who have a minimum billing demand of 300 kVA and minimum monthly interruptible demand of 100 kVA. Initially, this rider will be limited to a maximum of 20 customers whose total contracted interruptible capacity does not exceed 10 MVA. At the end of the pilot programme, this rider will be assessed and a decision made on its continuance.
119. To benefit from this rider, customers will be required to enter into a contract with the Company to reduce their load to a specified Firm Demand Level ("FDL") within 30 minutes of being notified to do so by the Company using an agreed communication method. The Company will be compensated when a customer does not meet this contracted level when called upon to do so.

Capacity Credit

120. The capacity credit proposed is as follows:
- i) \$12/kVA of Monthly Interruptible Demand for customers agreeing to interrupt between 8.00 am and 9.00 pm on Monday to Friday, except public holidays.
 - ii) \$9/kVA of Monthly Interruptible Demand for customers agreeing to interrupt between 8.00 am and 4.30 pm on Monday to Friday, except public holidays.

121. The Monthly Interruptible Demand ("MID") is the difference between the Monthly Average Demand ("MAD") and the FDL. The MAD is calculated as the total kWh billed in the month divided by (the number of days of the billing period multiplied by 24) and divided by 0.85 (the average power factor).
122. The proposed Interruptible Service Rider is shown in Schedule K-11. This rider will not be available for customers on the TOU tariff.

Impact Analysis

123. Special metering will be required for this tariff.
124. It is estimated that there are approximately 40 customers in the SVP and LP tariff groups who stand to benefit from this rate, approximately 21 of whom could also benefit from the TOU tariff. It is, however, expected that many of the customers who could qualify may not be interested in participating in this rider for operational and other reasons.
125. If the top 20 potential beneficiaries were to take up this credit and contract to reduce their demand to a FDL of 30% of their peak demand when called upon to do so. It is estimated that this could cost the Company over \$900,000 in lost revenue per annum via the credits paid to Interruptible Service customers. This would be an average saving of over \$3,750 per customer per month. The Company has made no adjustment to compensate for this potential loss.

TIME-OF-USE

126. TOU rates are designed to reflect the fact that a utility's cost of providing electricity varies depending on the time of day. The Company incurs its highest cost between the hours of 10 a.m. and 9 p.m. on weekdays (except public holidays). It is during this time that peaking plants which have higher operating costs are needed. This period is defined as 'Peak', with all other periods being 'Off-Peak'. Conversely, in Off-Peak periods the Company's

operating cost is lower because the majority of plant running is base load plant. TOU rates are designed to reduce "Peak" demand.

127. The development of the proposed TOU tariff is guided by a marginal cost analysis and is designed to send efficient cost-based price signals. TOU participants who can move their load from Peak to Off-Peak periods can save money while the utility's cost is reduced.

128. The Company proposes to introduce the TOU tariff on a pilot basis for a period of three years for customers who qualify under the LP tariff. During the pilot the TOU tariff will be limited to a maximum of 30 customers and to 6 services for one entity or their associated companies. The proposed TOU tariff is shown in Schedule K-9.

Customer Charge

129. It is proposed that the monthly customer charge for the TOU tariff will be the same as for the LP tariff:

All customers \$300 / customer

Demand Charge

130. It is proposed that the monthly Demand Charge will be as follow:

All kVA @ \$18.00 / kVA of Billing Demand

where the Billing Demand is:

(i) the maximum measured demand of the current month or the maximum measured demand of the previous 11 months whichever is greater, but not less than 50 kVA.

(ii) the higher of "(i)" or the contracted demand for those with a contracted demand.

131. There may be occasions, for example, where a customer's transformer fails and it becomes necessary for the Company to install its own transformer on a

AW

temporary basis. On these occasions, the customer will be required to pay an additional \$1 per kVA of transformer capacity as shown in the Service Charges in Schedule K-8.

Base Energy Charge

132. It is proposed that this tariff will have rates for two time periods, as follows:

- i) Peak kWh @ \$0.219 / kWh consumed during Peak period.
- ii) Off-Peak kWh @ \$0.044 /kWh consumed during Off Peak period.

where:

- The Peak period is defined as hours between 10.00 am and 9.00 pm weekdays except for annually published public holidays.
- The Off-Peak period is defined as all other hours.

133. These services will normally be metered on the primary side of the transformer. However, there may be occasions when the Company, at its discretion, decides to meter a service on the low voltage side of the transformer. On these occasions, the Company will increase the Billing Demand and energy consumed by a loss factor for the calculation of the Demand Charge, Base Energy Charge and Fuel Charge to account for the losses incurred in the customer's transformer.

Fuel Charge

134. It is proposed likewise to have two time-based fuel charges for the same TOU time periods as follows:

- i) **Peak kWh @ 1.12 times the FCA** (cents/kWh) for energy consumed during Peak Periods. The Fuel Clause Adjustment is calculated as shown in Schedule K-6.

- ii) **Off-Peak kWh @ 0.92 times the FCA** (cents/kWh) for energy used during Off-Peak periods. The Fuel Clause Adjustment is calculated as shown in Schedule K-6.

Impact Analysis

- 135. Although the Fuel Charge will vary depending on the period, the TOU rate is designed to reflect the average cost within that period and as a result this is expected to be neutral in its effect and hence not impact on other customers.
- 136. Special metering will be required for customers participating under this tariff.
- 137. This tariff is likely to attract customers in the LP tariff who have flexibility in their use of electricity or standby generation that would enable them to shift their usage to lower cost periods.
- 138. It is estimated that there are approximately 96 customers in the LP tariff that could immediately benefit from this rate. Experience in other jurisdictions has shown that it takes time for customers to migrate to this type of rate. If the top 30 potential beneficiaries were to adopt this rate, it is estimated that this could result in a loss of revenue to the Company of about \$840,000 per annum. This would be an average saving of over \$2,300 per customer per month. The Company has made no adjustment to compensate for this potential loss.

RENEWABLE ENERGY RIDER

- 139. The Company continues to look for opportunities to diversify its fuel mix. One opportunity is to purchase energy from customers who produce it for their own use from photovoltaic and/or wind renewable sources and have excess energy to sell to the grid.
- 140. Government provides tax incentives to encourage home owners and businesses to purchase renewable energy systems and several customers

have indicated an interest in purchasing these systems and selling electricity back into the Company's grid.

141. To meet these needs, the Company proposes to introduce a Renewable Energy Rider, initially on a pilot basis for three years, to give the Company an opportunity to determine the technical and economic impacts of this programme. It is expected that this rider would continue to be offered after the pilot programme for customers participating in the programme in such a way that it does not compromise the economics of their investment decision.
142. To make this pilot programme manageable the Company proposes to place the following limits on the rider:
- the maximum number of systems connected to the grid will be limited to 200;
 - the maximum size of an individual installation for customers on the DS, GS and EMP tariffs will be limited to 5 kW but not exceeding 50% of the ampere rating of the main breaker of the installation;
 - the maximum size of an individual installation for customers on the SVP, LP and TOU tariffs, will be 50 kilowatts but not exceeding 50% of the ampere rating of the main breaker of the installation;
 - an overall maximum of installed capacity of renewables of 1,600 kW, which is equivalent to approximately 1% of the Company's overall system peak demand for 2008.
143. The proposed Renewable Energy Rider is shown as Schedule K-10.
144. Customers will be required to sign Interconnection and Power Purchase agreements for this rider.

Energy Credit

145. The Renewable Energy Rider being proposed will provide a credit to the customer's bill, based on the amount of energy supplied to the grid. This credit will be used to offset subsequent bills and any net credit balance can be refunded at the end of the calendar year.

146. A review of the fuel cost expected to be displaced during the period of operation of a mix of renewable systems has determined that the avoided fuel cost would be in the region of 1.8 times the average fuel cost, which is represented by the FCA. It is proposed that the customer's bill would be credited as follows:
- All kWh supplied to the grid @ **1.8 times the FCA or 31.5 cents/kWh**, whichever is the greater.
147. Energy from renewable energy sources will off-set fuel costs and as a result the energy supplied to the grid from these systems is proposed to be treated as purchased power and passed through the FCA.
148. Since the credit is designed to reflect the approximate cost of fuel displaced by the renewable source, it is not expected to impact the FCA for the other customers, under normal circumstances. However, by setting a floor of 31.5 cents/kWh, if the FCA drops below 17.5 cents/kWh, the credits to the customers with renewable resources will be partially subsidised by other customers. These costs will be monitored during the pilot programme and consideration will be given to the possibility of developing a ceiling.

Impact Analysis

149. If 100% of the maximum capacity (1,600 kW) is taken up and the average output of the renewable systems is 30% of this, then the energy produced during the year by these systems is estimated at 4.2 million kWh. If the customers' electricity is supplied directly by the renewable energy sources, and these displace 60% of the electricity that would otherwise have been supplied to these customers by the Company, then the loss of sales to the Company is calculated as 2.5 million kWh. Using an average base energy rate of \$0.20 / kWh for April as a gauge, the loss in base revenue to the Company is calculated \$500,000. The Company has made no adjustment to compensate for this potential loss.
150. The potential benefit to participating customers would be approximately \$1.5 million, calculated as follows:

• Base energy savings	\$500,000
• Fuel charge savings (2.5 million kWh at 15.8099 cents/kWh + 2.64 cents/kWh)	\$461,248
• credit for energy sold to the grid (1.7 million kWh at 33.21 cents/kWh)	\$564,570

PROPOSED FUEL CLAUSE

151. It is proposed to revise the fuel clause adjustment to include the full fuel cost. It is therefore proposed that the 2.64 cents / kWh that is presently included in the base energy rate be transferred to the Fuel Clause Adjustment as recommended in the FTC's Findings Report.

152. The proposed Fuel Clause Adjustment is shown in Schedule K-6.

SERVICE CHARGES

153. The proposed Service Charges are shown in Schedule K-8.

Impact Analysis

154. If the services rendered remain at the same level as in 2008, the Company estimates that this would yield an additional \$220,000. This amount has been factored into the Company's revenue.

Dated the 6th day of May 2009

Paper Prepared by:



**Stephen Worme
Chief Marketing Officer
The Barbados Light & Power Company Ltd.**

K-1

K-1: PROPOSED TARIFF FOR DOMESTIC SERVICE (DS)

APPLICATION

This tariff is available to residential customers who occupy for domestic purposes individually-metered dwelling houses, apartments or condominiums suitable for year-round family occupancy. The residence shall be occupied by the owner or shall be the principal place of residence for the occupant.

TYPE OF SERVICE

Under this tariff, the Company will supply single-phase alternating current electricity at 50 Hz, and one of the secondary voltages specified in the latest revision of the Company's booklet entitled "Information and Requirements Covering Installation of Electric Services and Meters".

CONDITIONS OF SERVICE

Single phase, 2 or 3 wire services up to a maximum of 200 amperes are eligible for this tariff. This tariff is not applicable to customers who occupy dwelling units used or registered for the purpose of transient occupancy such as rooming houses, hotels, guest-houses or villas, or primarily for commercial, industrial or non-domestic activities. No service may be transmitted from a customer who receives electric service to another premises without the prior written consent of the Company.

GENERAL PROVISIONS

When two or more rates are available for certain classes of service the choice of such rates rests with the customer. The Company will at any time, upon request, advise any customer as to the rate best suited to existing or anticipated service requirements, as defined by the customer. The Company does not assume responsibility for the selection of such rate or the continuance of the lowest annual cost under the selected rate. A customer, having selected a rate, may not change to another rate within a 12-month period unless there is a substantial change in the character or conditions of the service. In the case of a new service, customers will be given reasonable opportunity to determine their service requirements before selecting their preferred rate.

*The Barbados Light & Power Company Limited***K-1: PROPOSED TARIFF FOR DOMESTIC SERVICE (DS)****MONTHLY RATE**

1) **Customer Charge** - This applies to each electricity service under this tariff for the fixed costs of providing service including the service installation, meter reading, billing and customer service costs. The monthly Customer Charge is determined by the customer's 30 day average kWh consumption over the previous 12 months, or as many months during the past 12 months as are available.

- i) 0 - 100 kWh \$ 6/ month+ VAT
- ii) 101- 500 kWh \$10/ month+ VAT
- iii) Over 500kWh \$14 / month+ VAT

2) **Base Energy Charge** – This applies to each electricity service under this tariff for all other costs associated with the provision of this service, except the cost of fuel.

- i) First 100 kWh @ \$ 0.150 /kwh+ VAT
- ii) Next 400 kWh @ \$ 0.176/kwh + VAT
- iii) Next 1000 kWh @ \$ 0.200/kwh + VAT
- iv) Over 1500 kWh @ \$ 0.224/kwh +VAT

3) **Fuel Charge** – This applies to each electricity service under this tariff for the cost of fuel associated with the provision of this service.

All kWh at the Fuel Clause Adjustment (cents/kWh) + VAT

The Fuel Clause Adjustment is calculated according to the Fuel Clause approved by the Fair Trading Commission and may vary from month to month.

MINIMUM BILL

The minimum bill shall be the applicable Customer Charge.

K-1: PROPOSED TARIFF FOR DOMESTIC SERVICE (DS)

DISCOUNT

A 10% discount on the Customer Charge and the Base Energy Charge is allowed if payment is made in full within 15 calendar days of the date of issue of the bill. The discount does not apply to the Fuel Charge portion of the bill.

METER READING AND BILLING

The meters of Domestic Service customers are normally read every other month but these accounts are billed monthly. In the month when the meters are not read, the customers' bills are estimated based on an average of their previous energy consumption.

RULES AND REGULATIONS

Service under this schedule is subject to the orders of the Fair Trading Commission and the latest publication of the "Information and Requirements Covering Installation of Electric Services and Meters". In case of a difference of interpretation between any provision of this schedule and the "Information and Requirements Covering Installation of Electric Services and Meters" booklet the provision of this schedule shall apply. A bill calculated under this tariff is subject to change under the provisions of such applicable rider(s) as may be approved and / or amended by the Fair Trading Commission.

0300

K-2

The Barbados Light & Power Company Limited

K-2: PROPOSED TARIFF FOR GENERAL SERVICE (GS)

APPLICATION

This tariff is available to all customers who meet the required conditions of service.

TYPE OF SERVICE

Under this tariff, the Company will supply single-phase alternating current electricity at 50 Hz, and one of the nominal secondary voltages specified in the latest revision of the Company's booklet entitled "Information and Requirements Covering Installation of Electric Services and Meters". Three-phase service may be furnished but only under special arrangements.

CONDITIONS OF SERVICE

Single phase, 2 or 3 wire services up to a maximum of 10 kVA are eligible for this tariff. No service may be transmitted from a customer who receives service to another premises without the prior written consent of the Company.

GENERAL PROVISIONS

When two or more rates are available for certain classes of service the choice of such rates rests with the customer. The Company will at any time, upon request, advise any customer as to the rate best suited to existing or anticipated service requirements, as defined by the customer. The Company does not assume responsibility for the selection of such rate or the continuance of the lowest annual cost under the rate selected. A customer, having selected a rate, may not change to another rate within a 12-month period unless there is a substantial change in the character or conditions of the service. In the case of a new service, customers will be given reasonable opportunity to determine their service requirements before selecting their preferred rate.

*The Barbados Light & Power Company Limited***K-2: PROPOSED TARIFF FOR GENERAL SERVICE (GS)****MONTHLY RATE**

1) **Customer Charge** - This applies to each electricity service under this tariff for the fixed costs of providing service including the service installation, meter reading, billing and customer service costs. The monthly customer charge is determined by the customer's 30 day average kWh consumption over the previous 12 months, or as many months during the past 12 months as are available.

- i) 0 -100 kWh \$ 8/month VAT
- ii) 101 - 500 kWh \$ 11/month + VAT
- iii) Over 500 kWh \$ 14/month + VAT

2) **Base Energy Charge** - This applies to each electricity service under this tariff for all other costs directly associated with the provision of this service, except the cost of fuel.

- i) First 100 kWh \$ 0.184/kWh VAT
- ii) Next 400 kWh \$ 0.217/kWh VAT
- iii) Next 1000 kWh \$ 0.259/kWh VAT
- iv) Over 1500 kWh \$ 0.290/kWh VAT

3) **Fuel Charge** - This applies to each electricity service under this tariff for the cost of fuel associated with the provision of this service.

All kWh at the Fuel Clause Adjustment (cents/kWh) + VAT

The Fuel Clause Adjustment is calculated according to the Fuel Clause approved by the Fair Trading Commission and may vary from month to month.

MINIMUM BILL

The minimum bill shall be the applicable Customer Charge.

K-2: PROPOSED TARIFF FOR GENERAL SERVICE (GS)

METER READING AND BILLING

The meters of General Service customers are normally read every other month but these accounts are billed monthly. In the month when the meters are not read, the customers' bills are estimated based on an average of their previous energy consumption.

RULES AND REGULATIONS

Service under this schedule is subject to the orders of the Fair Trading Commission and the latest publication of the "Information and Requirements Covering Installation of Electric Services and Meters". In case of a difference of interpretation between any provision of this schedule and the "Information and Requirements Covering Installation of Electric Services and Meters" booklet the provision of this schedule shall apply. A bill calculated under this tariff is subject to change under the provisions of such applicable rider(s) as may be approved and / or amended by the Fair Trading Commission.

0304

2000

K-3

*The Barbados Light & Power Company Limited***K-3: PROPOSED TARIFF FOR SECONDARY VOLTAGE POWER (SVP)****APPLICATION**

This tariff is available to all customers.

TYPE OF SERVICE

Under this tariff, the Company will supply single-phase or three-phase alternating current electricity at 50 Hz, at one of the nominal secondary voltages specified in the latest revision of the Company's booklet entitled "Information and Requirements Covering Installation of Electric Services and Meters".

CONDITIONS OF SERVICE

This tariff is available for customers with a billing demand of not less than 5 kVA. No service may be transmitted from a customer who receives this service to another premises without the express prior written consent of the Company.

GENERAL PROVISIONS

When two or more rates are available for certain classes of service the choice of such rates rests with the customer. The Company will at any time, upon request, advise any customer as to the rate best suited to existing or anticipated service requirements, as defined by the customer. The Company does not assume responsibility for the selection of such rate. A customer, having selected a rate, may not change to another rate within a 12-month period unless there is a substantial change in the character or conditions of the service. In the case of a new service, customers will be given reasonable opportunity to determine their service requirements before selecting their preferred rate.

The Barbados Light & Power Company Limited

K-3: PROPOSED TARIFF FOR SECONDARY VOLTAGE POWER (SVP)

MONTHLY RATE

- 1) **Customer Charge** - This applies to each electricity service under this tariff for the fixed costs of providing service, including service installation, meter reading, billing and customer services.

\$20.00/month + VAT

- 2) **Demand Charge** – This applies to each electricity service under this tariff for the costs associated with the generating facilities, transmission and distribution lines, substations, transformers and other facilities required to meet individual and combined customer peak demand.

(a) For Company-owned transformer(s):

\$27.00/kVA of Billing Demand+ VAT

(b) For Customer-owned transformer(s):

\$25.00/kVA of Billing Demand+ VAT

Note that (b) is not available for new connections or for expansion of existing customer transformer installations unless approved by the Company under special circumstances.

- 3) **Base Energy Charge** - This applies to each electricity service under this tariff for the variable energy costs associated with the provision of this service, except the cost of fuel.

All kWh @ 11.0 cents + VAT

K-3: PROPOSED TARIFF FOR SECONDARY VOLTAGE POWER (SVP)

- 4) **Fuel Charge** - This applies to each electricity service under this tariff for the cost of fuel associated with the provision of this service.

All kWh @ the Fuel Clause Adjustment (cents / kWh).

The Fuel Clause Adjustment is calculated monthly according to the Fuel Clause approved by the Fair Trading Commission and may vary from month to month.

BILLING DEMAND

- (a) Customers connected under this rate shall be metered as to demand and the billing demand shall be the maximum measured demand of the current month or the maximum measured demand of any of the previous 11 months, whichever is greater, but not less than 5 kVA. The measured demand may be measured in either kW or kVA at the option of the Company depending upon the character of the service. If the demand is measured in kW then the maximum kW reading shall be divided by a correction factor of 0.85 for conversion to kVA for billing purposes.
- (b) The Company shall reserve the right to assess the billing demand based on a connected load for installations with high momentary demands including lifts, cranes, X-ray equipment and welders.
- (c) For customers with a contracted demand, the billing demand shall be the higher of (a) or (b) or the contracted demand.

MINIMUM BILL

The minimum bill shall be the Billing Demand Charge plus the Customer Charge

TERMS OF SERVICE

Not less than one year.

*The Barbados Light & Power Company Limited***K-3: PROPOSED TARIFF FOR SECONDARY VOLTAGE POWER (SVP)****RULES AND REGULATIONS**

Service under this schedule is subject to the orders of the Fair Trading Commission and the latest publication of the "Information and Requirements Covering Installation of Electric Services and Meters". In case of a difference of interpretation between any provision of this schedule and the "Information and Requirements Covering Installation of Electric Services and Meters" booklet the provision of this schedule shall apply. A bill calculated under this tariff is subject to change under the provisions of such applicable rider(s) as may be approved and / or amended by the Fair Trading Commission.

K4

K-4: PROPOSED TARIFF FOR LARGE POWER (LP)

APPLICATION

This tariff is available to all customers receiving supply at primary voltage.

TYPE OF SERVICE

Under this tariff, the Company will supply three-phase alternating current electricity at 50 Hz, and one of the nominal primary voltages specified in the latest revision of the Company's booklet entitled "Information and Requirements Covering Installation of Electric Services and Meters".

CONDITION OF SERVICE

This tariff is available for customers with a billing demand of not less than 50 kVA. No service may be transmitted from a customer to another premises without the express written the prior consent of the Company.

GENERAL PROVISIONS

When two or more rates are available for certain classes of service the choice of such rates rests with the customer. The Company will at any time, upon request, advise any customer as to the rate best suited to existing or anticipated service requirements, as defined by the customer. The Company does not assume responsibility for the selection of such rate. A customer, having selected a rate, may not change to another rate within a 12-month period unless there is a substantial change in the character or conditions of the service. In the case of a new service, customers will be given reasonable opportunity to determine their service requirements before selecting their preferred rate.

MONTHLY RATE

- 1) **Customer Charge** - This applies to each electricity service under this tariff for the fixed costs of providing service, including service installation, meter reading, billing and customer services.

\$300.00 / month + VAT

The Barbados Light & Power Company Limited

K-4: PROPOSED TARIFF FOR LARGE POWER (LP)

- 2) **Demand Charge** - This applies to each electricity service under this tariff for the costs associated with the generating facilities, transmission and distribution lines, substations, transformers and other facilities required to meet individual and combined customer peak demand.

\$25.00 / kVA of Billing Demand + VAT

Note: In cases where a customer's transformer may fail, or otherwise be unavailable, the Company may provide a transformer on a temporary basis for an additional charge as set out in the Schedule of Service Charges.

- 3) **Base Energy Charge** - This applies to each electricity service under this tariff for the variable energy costs associated with the provision of this service, except the cost of fuel.

All kWh @ 9.4 cents / kWh + VAT

- 4) **Fuel Charge** - This applies to each electricity service under this tariff for the cost of fuel associated with the provision of this service.

All kWh @ the Fuel Clause Adjustment (cents/kWh) plus VAT

The Fuel Clause Adjustment is calculated according to the Fuel Clause approved by the Fair Trading Commission and may vary from month to month.

METERING ON LOW VOLTAGE SIDE

Normally the usage for customers under this tariff will be metered on the high voltage side of their transformer. However, under special circumstances, at the Company's discretion, their usage may be metered on the low voltage side of the transformer. On these occasions the Company shall increase the Billing Demand and energy consumed by a loss factor for the calculation of the Demand, Base

K-4: PROPOSED TARIFF FOR LARGE POWER (LP)

Energy and Fuel Charges to account for losses incurred in the customer's transformer.

MINIMUM BILL

The minimum bill shall be the Billing Demand Charge plus the Customer Charge.

BILLING DEMAND

- (a) Customers connected under this rate shall be metered as to demand and the billing demand shall be the maximum measured demand of the current month or the maximum measured demand of any of the previous 11 months, whichever is greater, but not less than 50 kVA. The measured demand may be measured in either kW or kVA at the option of the Company depending upon the character of the service. If the demand is measured in kW then the maximum kW reading shall be divided by a correction factor of 0.85 for conversion to kVA for billing purposes.
- (b) The Company shall reserve the right to assess the billing demand based on a connected load for installations with high momentary demands including lifts, cranes, X-ray equipment and welders.
- (c) For customers with a contracted demand, the billing demand shall be the higher of (a) or (b) or the contracted demand.

TERMS OF SERVICE

Not less than one year.

RULES AND REGULATIONS

Service under this schedule is subject to the orders of the Fair Trading Commission and the latest publication of the "Information and Requirements Covering Installation of Electric Services and Meters". In case of a difference of interpretation between any provision of this schedule and the "Information and Requirements Covering Installation of Electric Services and Meters" booklet the provision of this schedule shall apply. A bill calculated under this tariff is subject

The Barbados Light & Power Company Limited

K-4: PROPOSED TARIFF FOR LARGE POWER (LP)

to change under the provisions of such applicable rider(s) as may be approved and / or amended by the Fair Trading Commission.

K-5

*The Barbados Light & Power Company Limited***K-5: PROPOSED TARIFF FOR EMPLOYEES****APPLICATION**

This tariff is available to present and retired employees of The Barbados Light & Power Co. Ltd. It applies to an individually-metered dwelling house or apartment occupied for domestic purposes by the employee.

TYPE OF SERVICE

Under this tariff, the Company will supply single-phase alternating current electricity at 50 Hz, and one of the secondary voltages specified in the latest revision of the Company's booklet entitled "Information and Requirements Covering Installation of Electric Services and Meters".

CONDITIONS OF SERVICE

Single phase, 2 or 3 wire services up to a maximum of 200 amperes are eligible for this tariff. This tariff is not applicable to employees who occupy dwelling units used or registered for the purpose of transient occupancy such as rooming houses, hotels, guest-houses or villas, or primarily for commercial, industrial or non-domestic activities. No service may be transmitted from a customer who receives service to another premises without the prior written consent of the Company.

MONTHLY RATE

1. **Base Energy Charge** - This applies to each electricity service under this tariff for all costs associated with the provision of this service, except the cost of fuel.

i. First 500 kWh	\$0.080 / kWh + VAT
ii. Next 1000 kWh	\$0.180 / kWh + VAT
iii. Over 1500 kWh	\$0.202 / kWh + VAT

2. **Fuel Charge** - This applies to each electricity service under this tariff for the cost of fuel associated with the provision of this service.

All kWh at the Fuel Clause Adjustment (cents/kWh) + VAT

The Fuel Clause Adjustment is calculated according to the Fuel Clause approved by the Fair Trading Commission and may vary from month to month.

*The Barbados Light & Power Company Limited***K-5: PROPOSED TARIFF FOR EMPLOYEES****RULES AND REGULATIONS**

Service under this schedule is subject to the orders of the Fair Trading Commission and the latest publication of the "Information and Requirements Covering Installation of Electric Services and Meters". In case of a difference of interpretation between any provision of this schedule and the "Information and Requirements Covering Installation of Electric Services and Meters" booklet the provision of this schedule shall apply. A bill calculated under this tariff is subject to change under the provisions of such applicable rider(s) as may be approved and / or amended by the Fair Trading Commission.

K-6

K-6: PROPOSED TARIFF FOR FUEL CLAUSE

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1. The Fuel Clause Adjustment (FCA) shall be calculated according to the following formula:

Fuel Clause Adjustment = (the Projected Cost of Fuel + the Projected Cost of Purchased Power for the billing month + (or -) net amount under-recovered or over-recovered and brought forward from the previous month) divided by Projected kWh sales for the billing month.

2. In determining the FCA the Company will:
 - (i) use its best estimates of the Projected Cost of Fuel, the Projected Purchased Power and the Projected kilowatt hour (kWh) sales for the month.
 - (ii) reconcile monthly the revenue from the fuel charges billed in the previous month with the actual Cost of Fuel used during that month and calculate the under or over recovery, as the case may be, for that month. The net balance of the under or over recovery will be carried forward to the next billing month.
 - (iii) where the net under or over recovery in a previous billing month is of an amount, such that, when added or subtracted (as the case may be) to the Cost of Fuel and of Purchased Power, there may be significant fluctuations in the FCA in subsequent months the Company may spread the balance of the under or over recovery amount over one or more subsequent months, so as to smooth fluctuations in the FCA for these months.

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K-7

K-7: PROPOSED TARIFF FOR STREET LIGHTS

APPLICATION

This tariff is available for Street Lighting provided by the Company.

MONTHLY RATE

1. **Customer Charge** - This applies to each street light of the stated type and size under this tariff for the costs associated with the provision of this service, except the cost of fuel.

i	50W (HPS):	\$7.07/month + VAT
ii	70W (HPS):	\$7.43/month + VAT
iii	100W (HPS):	\$7.89/month + VAT

2. **Fuel Charge** - This applies to each street light of the stated type and size under this tariff for the cost of fuel associated with the provision of this service.

i	50W (HPS):	25 kWh x Fuel Clause Adjustment (cents/kWh) + VAT
ii	70W (HPS):	33 kWh x Fuel Clause Adjustment (cents/kWh) + VAT
iii	100W (HPS):	43 kWh x Fuel Clause Adjustment (cents/kWh) + VAT

The Fuel Clause Adjustment is calculated according to the Fuel Clause approved by the Fair Trading Commission and may vary from month to month.

RULES AND REGULATIONS

Service under this schedule is subject to the orders of the Fair Trading Commission and the latest publication of the "Information and Requirements Covering Installation of Electric Services and Meters". In case of a difference of interpretation between any provision of this schedule and the "Information and Requirements Covering Installation of Electric Services and Meters" booklet the provision of this schedule shall apply. A bill calculated under this tariff is subject to change under the provisions of such applicable rider(s) as may be approved and / or amended by the Fair Trading Commission.

0318

K=8

K-8: PROPOSED SERVICE CHARGE SCHEDULE

Charge	Service	Proposed Service Charge
New Service	Below 200 Amps	\$50
	Above 200 Amps	\$200
Reconnection/Transfer of Service	Below 200 Amps	\$20
	Above 200 Amps	\$40
Debt Reconnection	During Regular Working Hours	\$20
	After Hours	\$40
Shift Meter	Below 200 Amps	\$50
	Above 200 Amps	\$200
Upgrade Service	Below 200 Amps	\$50
	Above 200 Amps	\$200
Damaged Meter	1-PH Meter	\$50
	3-PH Meter	\$200
Special Events/Temporary Service	Below 200 Amps	\$60
	Above 200 Amps	\$210
One Day Event	One Day Event Service. 1-PH below 200 Amps	\$75
Tampering Fee	Each	\$250
Provide & Install Sealing Ring	Each	\$20
Special Read	Each	\$20
Meter Test	Each	\$50
Returned Cheque	Each	Bank Charge plus \$10
Transformer Rental	Primary voltage	\$1/kVA of Transformer rated capacity
Renewable Service-Application Fee	Each	\$50

AM

0320

K-9

K-9: PROPOSED TIME-OF-USE TARIFF (TOU)

APPLICATION

This tariff is available as a pilot program for three (3) years to customers who satisfy the criteria for the Large Power (LP) tariff on a first come first serve basis within the first twenty four (24) months of the pilot programme. This is available for a maximum of thirty (30) electricity services, with no more than six (6) services per entity subscribing unless otherwise approved by the Company.

TYPE OF SERVICE

Under this tariff, the Company will supply three-phase alternating current electricity at 50 Hz, and one of the nominal primary voltages specified in the latest revision of the Company's booklet entitled "Information and Requirements Covering Installation of Electric Services and Meters".

CONDITION OF SERVICE

This tariff is available for customers with a billing demand of not less than 50 kVA. No service may be transmitted from a customer to another premises without the express prior written consent of the Company.

GENERAL PROVISIONS

When two or more rates are available for certain classes of service the choice of such rates rests with the customer. The Company will at any time, upon request, advise any customer as to the rate best suited to existing or anticipated service requirements, as defined by the customer. The Company does not assume responsibility for the selection of such rate or the continuance of the lowest annual cost under the selected rate. A customer, having selected a rate, may not change to another rate within a 12-month period unless there is a substantial change in the character or conditions of the service. In the case of a new service, customers will be given reasonable opportunity to determine their service requirements before selecting their preferred rate.

K-9: PROPOSED TIME-OF-USE TARIFF (TOU)**MONTHLY RATE**

- 1) **Customer Charge** - This applies to each electricity service under this tariff for the fixed costs of providing service, including the service installation, meter reading, billing and customer service.

\$300.00/month + VAT

- 2) **Demand Charge** - This applies to each electricity service under this tariff for the costs associated with the generating facilities, transmission and distribution lines, substations, transformers and other facilities required to meet individual and combined customer peak demand.

\$18.00/kVA of Billing Demand + VAT

- 3) **Base Energy Charge** - This applies to each electricity service under this tariff for the variable energy costs associated with the provision of this service, except the cost of fuel, within the time periods shown below:

On-peak: 21.90 cents / kWh + VAT

Off-peak: 4.40 cents / kWh + VAT

- 4) **Fuel Charge** - This applies to each electricity service under this tariff for the cost of fuel associated with the provision of this service, within the time periods shown below:

On-peak: 1.12 times the Fuel Clause Adjustment (cents/kWh) plus VAT

Off-peak: 0.92 times the Fuel Clause Adjustment (cents/kWh) plus VAT

The Fuel Clause Adjustment is calculated according to the Fuel Clause approved by the Fair Trading Commission and may vary from month to month.

K-9: PROPOSED TIME-OF-USE TARIFF (TOU)

DEFINITION OF TIME PERIOD

- On-peak 10:00am to 09:00pm Monday through Friday, except annually published public holidays
- Off-peak All hours other than on-peak

METERING ON LOW VOLTAGE SIDE

Normally the usage for customers under this tariff will be metered on the high voltage side of their transformer. However, under special circumstances, at the Company's discretion, their usage may be metered on the low voltage side of the transformer. On these occasions the Company shall increase the Billing Demand and energy consumed by a loss factor for the calculation of the Demand, Base Energy and Fuel Charges to account for losses incurred in the customer's transformer.

MINIMUM BILL

The minimum bill shall be the Billing Demand Charge plus the Customer Charge.

BILLING DEMAND

- (a) Customers connected under this rate shall be metered as to demand and the billing demand shall be the maximum measured demand of the current month or the maximum measured demand of any of the previous 11 months, whichever is greater, but not less than 50 kVA. The measured demand may be measured in either kW or kVA at the option of the Company depending upon the character of the service. If the demand is measured in kW then the maximum kW reading shall be divided by a correction factor of 0.85 for conversion to kVA for billing purposes.
- (b) The Company shall reserve the right to assess the billing demand based on a connected load for installations with high momentary demands including lifts, cranes, X-ray equipment and welders.
- (c) For customers with a contracted demand, the billing demand shall be the higher of (a) or (b) or the contracted demand.

K-9: PROPOSED TIME-OF-USE TARIFF (TOU)**TERMS OF SERVICE**

The initial contract period for this tariff is for a minimum of one year. At the end of the pilot programme the Company will review the experience it has gained from the programme and determine whether to continue to offer this tariff. Customers will be advised accordingly. If the Company decides to continue to make this tariff available, customers who wish to remain on it with the new arrangements will not be required to take any further action. However, if the Company decides not to continue with it or the customer no longer wants to participate, the other party shall be advised and the customer will revert to the LP tariff.

RULES AND REGULATIONS

Service under this schedule is subject to the orders of the Fair Trading Commission and the latest publication of the "Information and Requirements Covering Installation of Electric Services and Meters". In case of a difference of interpretation between any provision of this schedule and the "Information and Requirements Covering Installation of Electric Services and Meters" booklet the provision of this schedule shall apply. A bill calculated under this tariff is subject to change under the provisions of such applicable rider(s) as may be approved and / or amended by the Fair Trading Commission.

K-10

K-10: PROPOSED RIDER FOR RENEWABLE ENERGY (REN)

APPLICATION

This rider is available as a pilot programme for a period of three (3) years to customers who qualify for the Domestic Service (DS), Employee (EMP), General Service (GS), Secondary Voltage Power (SVP), Large Power (LP) and Time-of-Use (TOU) tariffs. All of the provisions of the applicable DS, EMP, GS, SVP, LP and TOU tariffs will apply except as amended by this rider. This rider is specific to customers with renewable resource generation facilities (hereinafter collectively referred to as "customer-generators" and each as a "customer-generator") utilizing a wind turbine, solar photovoltaic or hybrid (wind/solar) power source located on the customer's owned or rented premises.

The customer-generator shall have a capacity of not greater than 5 kilowatts (kW) for services in the DS, EMP and GS tariffs and a capacity of not greater than 50 kW for other tariffs unless otherwise approved by the Company. This rider is available on a first-come first-serve basis up to a maximum of 200 eligible electricity services or a combined installed capacity of 1,600 kW, whichever occurs first. The Company reserves the right to limit the number of services per individual or entity.

This rider is applicable only to the energy supplied to the Company's electric grid by the customer-generator. All other services supplied to the customer-generator will be billed in accordance with the rates and charges under the customer's- applicable standard tariff. Service under this rider is conditional on the continuance of service to the customer under one of the applicable standard tariffs.

CONDITIONS OF SERVICE

The service under this rider will be provided to the entire premises through a single point of delivery at a single voltage in accordance with the terms of the standard tariff applicable to the customer. The customer-generator must be:

- (1) capable of providing single or three phase voltage at 50 Hz, with its rated output not exceeding 50% of the Ampere rating of the main breaker of the installation, and

K-10: PROPOSED RIDER FOR RENEWABLE ENERGY (REN)

- (2) manufactured, installed and operated to meet the Company's standards for interconnection as set out in the Company's "Renewable Energy Interconnection Agreement" and the "Requirements for Grid Interconnection of Renewable Generation Systems" and all applicable Government and industry safety and performance standards.

The Company reserves the right to disconnect the electricity supply to the entire premises to which the customer-generator is connected without notice and without incurring any liability, for failure to comply with the requirements of the interconnection agreement or for other reasons relating to safety and reliability.

Provision must be made for the measurement of energy produced by the customer-generator through a meter provided by the Company at the customer's expense or by the customer installing equipment suitable for this purpose, subject to the Company's prior written approval.

INTERCONNECTION

The customer must obtain approval in writing before any customer-generator is connected to the electric grid. Customers desirous of selling electricity to the electric grid should:

- (1) apply to the Company;
- (2) submit a certificate of approval from the Government Electrical Engineering Department (GEED) for connection of the customer-generator to the electrical installation;
- (3) demonstrate its ability to meet the Company's safety and performance standards and interconnection requirements;
- (4) enter into an interconnection agreement with the Company, stipulating the point of connection of the customer-generator to the electricity grid; and
- (5) enter into a separate power purchase agreement with the Company for a contracted period of not less than one year for electricity purchased by the Company.

K-10: PROPOSED RIDER FOR RENEWABLE ENERGY (REN)

MONTHLY RENEWABLE ENERGY CREDIT

All kWh supplied to the grid @ **1.8 times the Fuel Clause Adjustment** or **31.5 cents/kWh**, whichever is greater.

The Fuel Clause Adjustment is calculated according to the Fuel Clause approved by the Fair Trading Commission and may vary from month to month.

BILLING

The Company will utilize a Net Billing with Rolling Credit and Buyback methodology for billing purposes. At the end of each billing period, if the account is in debit after the renewable energy credits have been applied, the balance due will be billed and payable. If the account is in credit, the credit will be carried forward (rolled over) to the next billing period.

If at the end of each calendar year, the customer has accumulated a renewable energy credit and would like this to be refunded rather than rolling the credit forward, the customer may request a refund of the credit from the Company.

TERMS OF SERVICE

At the end of the pilot programme the Company will review the experience it has gained from the programme and determine whether to continue to offer this Rider. Customers will be advised accordingly. Once a determination is made the existing customers may be required to enter into revised interconnection and power purchase agreements.

RULES & REGULATIONS

Service under this schedule is subject to the orders of the Fair Trading Commission and the latest publication of the "Information and Requirements Covering Installation of Electric Services and Meters". In case of a difference of interpretation between any provision of this schedule and the "Information and Requirements Covering Installation of Electric Services and Meters" booklet the provision of this schedule shall be deemed to apply. A bill calculated under this Rider is subject to change as

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The Barbados Light & Power Company Limited

K-10: PROPOSED RIDER FOR RENEWABLE ENERGY (REN)

may be approved and / or amended by the Fair Trading Commission under the provisions of applicable riders.

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K-11

K-11: PROPOSED RIDER FOR INTERRUPTIBLE SERVICE (IS)

APPLICATION

This rider is available for three (3) years from the effective date of this tariff to customers in the Secondary Voltage Power (SVP) and Large Power (LP) tariffs ("eligible customers"), as follows:

- (a) to eligible customers with a Billing Demand in excess of 300 kVA and a Monthly Interruptible Demand of not less than 100 kVA, and
- (b) on a first-come first-serve basis up to a maximum of twenty (20) customers whose total installed capacity shall not exceed 10,000 kVA.

All of the provisions of the applicable SVP and LP tariffs will apply except as amended by this rider.

Customers on the Time-of-Use Tariff are not eligible to participate under this rider.

CONDITIONS OF SERVICE

To be eligible, customers must be able to demonstrate the ability to reduce their load to the Firm Demand Level (FDL) within 30 minutes of being notified to do so via the communication channel agreed between the customer and the Company. The minimum FDL shall be zero. The customer shall not be required to exceed 240 hours of interruption in a contractual year.

POWER INTERRUPTION NOTIFICATION

The Company will notify the customer, using an agreed method, of the time the customer will be required to interrupt their load at least thirty minutes in advance and will notify them, at an appropriate time, when the interruption will end.

K-11: PROPOSED RIDER FOR INTERRUPTIBLE SERVICE (IS)**INTERRUPTIBLE CAPACITY CREDITS**

The Company will credit the customer for their Monthly Interruptible Demand (MID) at the following rates:

- (a) \$12.00 / kVA of Monthly Interruptible Demand (MID) for customers agreeing to be interrupted between 8.00 am and 9.00 pm on any day except Saturdays, Sundays and public holidays.
- (b) \$9.00 / kVA of Monthly Interruptible Demand (MID) for customers agreeing to be interrupted between 8.00 am and 4.30 pm on any day except Saturdays, Sundays and public holidays.

where:

- a) The **Monthly Interruptible Demand (MID)** is the difference between the **Monthly Average Demand (MAD)** and the **Firm Demand Level (FDL)**

$$\text{MID} = \text{MAD} - \text{FDL}$$

- b) The **Monthly Average Demand (MAD)** is the number of kilowatt hours (kWh) consumed by the customer for the billing period divided by the number of days (DOS) in the billing period times 24 hours minus the number of hours interrupted in the month (Ih) and divided by power factor of 0.85:

$$\text{MAD} = (\text{kWh}/(\text{DOS} \times 24 - \text{Ih}))/0.85$$

- c) The **Firm Demand Level (FDL)** is the kVA demand level established between the Company and the customer that specifies the load limit of interruption. The customer must reduce the demand to this level or below during periods of required reductions.

SPECIAL PROVISIONS

In the event the Monthly Interruptible Demand (MID) is less than the minimum of 100 kVA no credit will be paid for that month.

K-11: PROPOSED RIDER FOR INTERRUPTIBLE SERVICE (IS)

INTERRUPTIBLE RIDER AGREEMENT

Customers who wish to participate in this program must register for this rider. Those eligible customers selected by the Company to participate in the pilot programme must enter into an interruptible rider agreement with the Company (the Agreement) for a contract period of not less than one year (the initial contract) provided that the initial contract must terminate by the end of the pilot program. A customer may request termination of the contract by giving the Company twelve months notice of its desire to terminate the contract.

In the event that the Company notifies the customer of an interruption and the customer fails to reduce power usage as required by the Agreement, no monthly credit will be issued for the month in which the customer failed to reduce power usage. In addition, the value of the credit that would otherwise have been afforded to the customer had it reached its FDL during an interruptible period for that billing month, will be added to the customer's bill for the current month.

TERMS OF SERVICE

The minimum contract period for this rider is one year. At the end of the pilot programme the Company will review the experience it has gained from the programme and determine whether to continue to offer this Rider. Customers will be advised accordingly. If the Company decides to proceed with new arrangements, the customer will be required to enter into a new contractual agreement with the Company.

RULES AND REGULATIONS

Service under this schedule is subject to the orders of the Fair Trading Commission and the latest publication of the "Information and Requirements Covering Installation of Electric Services and Meters". In case of a difference of interpretation between any provision of this schedule and the "Information and Requirements Covering Installation of Electric Services and Meters" booklet the provision of this schedule shall be deemed to apply. A bill calculated under this Rider is subject to change as may be approved and / or amended by the Fair Trading Commission under the provisions of applicable riders.

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MEMORANDUM ON FIVE YEAR FINANCIAL FORECASTS

1. The Company prepares a budget and five-year financial forecast as part of its annual planning cycle. The financial forecast is driven by the projected growth in customer demand for electricity, the requirement for new plant and equipment to meet the growth as well as to replace plant due to be retired, and assumptions regarding changes in the costs of other inputs e.g. labour and materials.
2. The forecast has been prepared in accordance with International Financial Reporting Standards, which are the same accounting principles used in preparing the financial statements as at December 31, 2008. The process used to prepare the financial forecast included adequate review and approval of the financial forecast by the Company's management. The major assumptions used in the forecast are shown in the attached appendix.

BALANCE SHEET

Fixed Assets

3. The forecast of the Company's fixed assets is determined on a long-term basis through capital expansion studies to cover generation, transmission and distribution requirements over a twenty-year horizon. The sales forecast which is shown in the Memorandum on Sales Projections at Schedule H, provides the information needed by the engineering departments to assist in evaluating the plant required annually to adequately supply electricity in order to meet customer demands. If demand increases or falls the pace of the expansion plan is amended accordingly. Utility plant additions are included in the capital forecast for each year, based on the capital projects that are forecast for that year. The program is as shown in Schedules I-1, I-2 and I-3 on Capital Expansion for the five-year period (2009-2013). Capital projects are treated as work in progress and are capitalized when the project is put into service. Interest during construction is charged on major projects.

4. Assets are shown at their depreciated value using a straight-line basis using rates approved by the Fair Trading Commission, which amortise the assets over their estimated useful lives.

CURRENT ASSETS

Cash on Hand

5. Cash on Hand is taken from the Cash Flow Statement which tracks the inflows and outflows relating to operating, investing and financing activities during the year.

Accounts Receivable

6. These consist primarily of trade receivables, which are estimated on the number of days outstanding. There is a provision for bad debts and discounts based on historical results. This head also includes prepaid expenses, which are principally insurance, land taxes and maintenance, which are calculated based on insurance premiums, land tax bills and maintenance contracts.

Inventories

7. Inventories consist of fuel stocks, spares for the generation units and vehicles, and transmission and distribution supplies such as poles and wire. Fuel stocks represent approximately two weeks usage. All inventories are determined on an average cost basis.

CURRENT LIABILITIES

Accounts Payable

8. Accounts Payable includes trade payables of which fuel is a significant amount. The Value Added Tax (VAT) liability is also included under this head and is paid in bi-monthly cycles. The payables are directly related to the fuel costs and operating and maintenance expenses.

Current Portion of Loans

9. The current portion of loans is the sum of the repayments due within the next 12 months from the end of each forecasted year, based on related repayment schedules.

NON-CURRENT LIABILITIES**Loans**

10. The Company has entered a number of financial arrangements with local and international lending institutions in order to finance its capital program. These borrowings are negotiated in either US or BBD currency and therefore limit the exposure of the Company to exchange rate risks. The Company currently has its borrowings in fixed rate instruments thus minimizing interest rate risk.

Customer Deposits

11. In order to secure electricity service, commercial and non-resident customers are required to make a security deposit, equivalent to three months usage. Where customers pay the security deposit in the form of cash, these funds attract interest at 8% and are refundable at the termination of service. The projected growth in customers' deposits is based on sales projection and customer growth.

Accumulated deferred income tax liability, accumulated investment tax credit and accumulated manufacturing tax credit

12. A deferred tax liability or asset results from temporary differences between the book value of assets and liabilities and their tax value, or timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation.
13. Timing differences result from the fixed assets, maintenance provisions, stock provisions, bad debt provision, environmental restoration and any unutilized

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tax losses and these are used in the calculation of the net deferred income tax amount.

14. The investment tax credit consist of tax credits from investment allowances and manufacturing allowances associated with the acquisition of plant and equipment which is being deferred and amortised to income over the estimated lives of the respective assets.

STATEMENT OF INCOME

Basic revenue

15. Basic revenue is based on the annual forecasted sales in the Memorandum on Sales Projections at Schedule H. Multiplying the forecasted sales by the average electricity tariff produces the basic revenue. The financial forecast on proposed rates is based on the Proposed Tariffs coming in to effect on October 1, 2009.

Fuel Revenue

16. For the forecast on existing rates, the fuel clause revenue is the fuel cost less 2.64 cents/kWh, which is included in the current basic electricity tariff.
17. For the forecast on the proposed rates, the fuel clause revenue is the same as the fuel costs since it is proposed that the full fuel cost be recovered through the Fuel Clause Adjustment.

Fuel Costs

18. Fuel costs are forecasted based on world market price and trends.

Operating and Maintenance Expenses

19. Operating and maintenance expenses are derived based on the departments needs to meet the sales forecast identified above and to satisfy customer requirements. These expenses primarily comprise labour, materials and

supplies. The forecast is prepared with respect to specific projects and planned maintenance costs.

20. With the exception of the generation department, the other department expenses are forecasted to grow at 3% per annum. Changes in the expenses for the generation department during the forecast period reflect the expenses associated with the proposed medium speed diesels and proposed wind farm as per the Schedule on Capital Expansion shown at Schedule I-1.

Depreciation

21. Depreciation is on the straight-line basis using rates approved by the Fair Trading Commission in its Order No. 1 of 2009, which amortises the assets over their estimated useful lives.

Interest and finance charges

22. These charges represent the interest on the Company's long-term liabilities. New loans have been forecasted at 7% interest rate over fourteen years. Finance charges incurred on these loans are amortised to income over the life of the respective loan. Interest payable on customer deposits is also included under this head at 8% per annum. Interest during construction is calculated on qualifying capital projects at 6%.

Other Taxes

23. Other Taxes category includes land tax and license fees. The land tax is prorated over the tax year of April 1st of one year to March 31st of the following year. The license fee is a fixed fee payable annually to the Accountant General.

Taxation

24. Income taxes are calculated in accordance with the Income Tax Act, using the current tax rate of 15% as applied to qualifying companies. Current tax is the expected tax payable on the taxable income for the period. Investment tax credit and manufacturing tax credit are computed according to the relevant

tax legislation and are deferred and amortised over the useful lives of the relevant assets.

Conclusion

25. The Five Year Financial Forecast based on existing rates shows that the Applicant's revenues would be insufficient to allow it to meet its financial obligations. The Five Year Forecast based on proposed rates shows that the Applicant is being given the opportunity to improve its rate of return, but will fall short of the requested rate of return during the five year period.
26. The Five Year Financial Forecast based on existing rates and on proposed rates may contain rounding differences.

Dated this 6th day of May, 2009

Paper Prepared by:



Hutson Best
Chief Financial Officer
The Barbados Light & Power Company Ltd.

APPENDIX
MAJOR FORECAST ASSUMPTIONS

Fixed assets

- Capital additions are as per the Memorandum on Capital Expansion – Schedule I
- Inflation from 2010 - 2013 is applied at 2% per annum for additions to imported generation and transmission equipment
- Interest during construction is at 6%
- Depreciation rates as are approved by the FTC Order #1 of 2009

Current assets

- Receivables are approximately 6 weeks of sales
- Fuel inventory is approximately 2 weeks

Equity

- No new issues of shares in the forecast period
- Dividend grows at \$400,000 per annum

Long-term liabilities

- New loans are at 7% per annum
- New loans time period 14 years
- New loans principal repayment 12 years
- Customer deposit interest rate 8%

Current liabilities

- Accounts payable are approximately 6 weeks of expenses

Statement of Income

- Sales as per forecast Memorandum on Sales Projections at Schedule H
- Fuel cost projections as per US Energy Information Administration Short-Term Energy Outlook March 2009 and the US Energy Information Administration Annual Energy Outlook 2009 (early release) - December 2008
- Depreciation rates as per FTC Order #1 2009
- Departmental expenses growth 3% per annum
- Taxation rates
 - Current corporation tax - 15%
 - Investment tax credit - 20%
 - Manufacturing tax credit - 50%

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L-1

THE BARBADOS LIGHT & POWER COMPANY LIMITED
L-1 Financial Forecast (Existing rates)

BALANCE SHEET (BDS 000s)
For the year ended December 31

	2009	2010	2011	2012	2013
NON-CURRENT ASSETS					
Generation	466,947	466,947	503,191	583,783	641,937
Transmission and distribution	435,277	448,583	470,098	542,907	557,775
Other	92,514	97,698	106,375	110,729	112,539
Work in progress	72,106	105,275	151,526	86,067	27,090
	<u>1,066,844</u>	<u>1,118,503</u>	<u>1,231,191</u>	<u>1,323,486</u>	<u>1,339,341</u>
Less Accumulated Depreciation	(461,388)	(496,824)	(534,941)	(577,587)	(573,100)
	<u>605,456</u>	<u>621,679</u>	<u>696,250</u>	<u>745,899</u>	<u>766,240</u>
CURRENT ASSETS					
Cash and cash equivalents	18,218	5,863	5,407	5,579	5,992
Trade and other receivables	41,848	46,384	64,079	65,717	61,858
Inventories - Fuel	6,133	7,393	12,666	12,994	11,626
Inventories - Other	23,892	24,244	25,774	29,836	31,770
	<u>90,091</u>	<u>83,884</u>	<u>107,926</u>	<u>114,126</u>	<u>111,245</u>
TOTAL ASSETS	<u>695,547</u>	<u>705,563</u>	<u>804,176</u>	<u>860,025</u>	<u>877,486</u>
EQUITY					
Share capital	200,000	200,000	200,000	200,000	200,000
Retained earnings	263,577	266,079	261,746	246,217	231,609
	<u>463,577</u>	<u>466,079</u>	<u>461,746</u>	<u>446,217</u>	<u>431,609</u>
NON-CURRENT LIABILITIES					
Borrowings	100,556	104,722	198,638	263,237	304,416
Customers' deposits	22,728	23,000	23,259	23,501	23,726
Deferred credits	42,678	42,157	43,038	47,154	49,561
Customer contributions for work not yet started	1,634	1,667	1,700	1,734	1,769
Deferred tax liability	16,321	13,104	6,536	(1,735)	(8,665)
	<u>183,918</u>	<u>184,651</u>	<u>273,171</u>	<u>333,891</u>	<u>370,807</u>
CURRENT LIABILITIES					
Trade and other payables	33,467	38,085	54,637	55,888	51,453
Current portion of borrowings	14,584	16,748	14,622	24,029	23,617
	<u>48,051</u>	<u>54,833</u>	<u>69,259</u>	<u>79,917</u>	<u>75,070</u>
TOTAL LIABILITIES & EQUITY	<u>695,547</u>	<u>705,563</u>	<u>804,176</u>	<u>860,025</u>	<u>877,486</u>

THE BARBADOS LIGHT & POWER COMPANY LIMITED
L-1 Financial Forecast (Existing rates)

STATEMENT OF RETAINED EARNINGS (BDS'000)
For the year ended December 31

	2009	2010	2011	2012	2013
Balance at January 1	257,692	263,577	266,079	261,746	246,217
Net income for Year	14,847	11,864	5,429	(5,367)	(4,046)
Dividends paid	(8,962)	(9,362)	(9,762)	(10,162)	(10,562)
Balance at December 31	<u>263,577</u>	<u>266,079</u>	<u>261,746</u>	<u>246,217</u>	<u>231,609</u>

THE BARBADOS LIGHT & POWER COMPANY LIMITED
L-1 Financial Forecast (Existing rates)

STATEMENT OF INCOME (BDS 000s)
For the year ended December 31

	2009	2010	2011	2012	2013
Operating Revenue					
Basic Revenue	200,756	204,772	209,891	215,138	220,517
Fuel Revenue	134,029	166,301	302,742	310,598	274,347
Miscellaneous	2,576	2,628	2,694	2,761	2,830
	<u>337,361</u>	<u>373,701</u>	<u>515,327</u>	<u>528,497</u>	<u>497,694</u>
Operating Expenses					
Fuel	159,450	192,230	329,320	337,840	302,270
Generation	52,259	57,930	62,661	63,313	58,724
General	39,888	41,086	42,317	43,586	44,895
Distribution	12,682	13,062	13,454	13,858	14,274
Depreciation	39,497	40,718	42,892	47,567	47,756
Insurance	12,362	12,716	12,970	13,230	13,494
	<u>316,138</u>	<u>357,741</u>	<u>503,614</u>	<u>519,393</u>	<u>481,414</u>
Operating Income	21,223	15,960	11,713	9,104	16,280
Finance Income	100	325	333	341	350
Finance Costs	(8,343)	(8,159)	(12,305)	(18,967)	(25,199)
Income before Taxation	<u>12,980</u>	<u>8,126</u>	<u>(258)</u>	<u>(9,522)</u>	<u>(8,569)</u>
Current portion	-	-	-	-	-
Deferred Portion	(2,038)	(3,217)	(6,568)	(8,271)	(6,930)
Deferred investment tax credit	(943)	(1,642)	(361)	2,444	1,429
Deferred manufacturing tax credit	1,113	1,121	1,242	1,672	978
	<u>(1,868)</u>	<u>(3,738)</u>	<u>(5,687)</u>	<u>(4,155)</u>	<u>(4,523)</u>
Net Income for the year	<u>14,847</u>	<u>11,864</u>	<u>5,429</u>	<u>(5,367)</u>	<u>(4,046)</u>

THE BARBADOS LIGHT & POWER COMPANY LIMITED
L-1 Financial Forecast (Existing rates)

STATEMENT OF CASH FLOWS (BDS 000's)
For the year ended December 31

	2009	2010	2011	2012	2013
Cash flows from operating activities					
Income before taxation	12,980	8,126	(258)	(9,522)	(8,569)
... Adjustments for non-cash items:					
Depreciation	39,497	40,718	42,892	47,567	47,756
Finance income	(100)	(325)	(333)	(341)	(350)
Finance costs	8,443	8,484	12,638	19,308	25,549
Operating income before working capital changes	60,820	57,002	54,938	57,012	64,387
Decrease/(increase) in trade and other receivables	7,452	(4,536)	(17,695)	(1,638)	3,859
Decrease/(Increase) in inventories	184	(1,612)	(6,803)	(4,390)	(566)
Increase in deferred revenue	-	33	33	34	35
(Decrease)/increase in trade and other payables	(963)	4,618	16,552	1,251	(4,435)
Cash generated from operations	67,493	55,505	47,025	52,269	63,280
Corporation tax paid	29	-	-	-	-
Interest paid	(8,343)	(8,159)	(12,305)	(18,967)	(25,199)
Net cash from operating activities	59,179	47,346	34,721	33,301	38,081
Cash flows used in investing activities					
Additions to property, plant and equipment	(48,684)	(61,117)	(121,665)	(101,502)	(72,470)
Net cash used in investing activities	(48,684)	(61,117)	(121,665)	(101,502)	(72,470)
Cash flows (used in)/from financing activities					
Repayments of borrowings	(13,608)	(14,615)	(17,210)	(14,994)	(24,233)
Dividends paid	(8,962)	(9,362)	(9,762)	(10,162)	(10,562)
Proceeds from borrowings	20,000	21,000	109,000	89,000	65,000
Customers' contributions to property, plant and equipment	4,039	4,120	4,202	4,286	4,372
Customer deposits	279	273	258	242	225
Net cash from/(used in) financing activities	1,748	1,415	86,488	68,372	34,802
Net increase/(decrease) in cash and equivalents	12,243	(12,356)	(456)	172	413
Cash and cash equivalents - beginning year	5,975	18,218	5,862	5,407	5,578
Cash and cash equivalents - end of year	18,218	5,862	5,407	5,578	5,991

L-2

THE BARBADOS LIGHT & POWER COMPANY LIMITED
L-2 Financial Forecast (Proposed rates)

BALANCE SHEET (BDS 000's)
As of December 31

	2009	2010	2011	2012	2013
NON-CURRENT ASSETS					
Generation	466,947	466,947	503,191	583,783	641,937
Transmission and distribution	435,277	448,583	470,098	542,907	557,775
Other	92,514	97,698	106,375	110,729	112,539
Work in progress	72,106	105,275	151,526	86,067	27,090
	1,066,844	1,118,503	1,231,191	1,323,486	1,339,341
Less Accumulated Depreciation	(461,388)	(496,824)	(534,941)	(577,587)	(573,100)
	605,456	621,679	696,250	745,899	766,240
CURRENT ASSETS					
Cash and cash equivalents	24,642	19,991	5,368	5,703	5,631
Trade and other receivables	42,766	50,129	67,917	69,651	65,890
Inventories Fuel	6,133	7,393	12,666	12,994	11,626
Inventories Other	23,892	24,244	25,774	29,836	31,770
	97,433	101,758	111,725	118,184	114,917
TOTAL ASSETS	702,889	723,437	807,975	864,084	881,157
EQUITY					
Share capital	200,000	200,000	200,000	200,000	200,000
Retained earnings	269,819	299,034	325,025	342,912	365,260
	469,819	499,034	525,025	542,912	565,260
NON-CURRENT LIABILITIES					
Borrowings	100,556	83,827	129,743	159,455	160,187
Customers' deposits	22,728	23,000	23,259	23,501	23,726
Deferred credits	42,678	42,157	43,038	47,154	49,561
Customer contributions for work not yet started	1,634	1,667	1,700	1,734	1,769
Deferred tax liability	17,422	18,918	17,701	15,327	14,918
	185,019	169,570	215,441	247,171	250,161
CURRENT LIABILITIES					
Trade and other payables	33,467	38,085	54,637	55,888	51,453
Current portion of borrowings	14,584	16,748	12,872	18,113	14,284
	48,051	54,833	67,509	74,001	65,737
TOTAL LIABILITIES & EQUITY	702,889	723,437	807,975	864,084	881,157

THE BARBADOS LIGHT & POWER COMPANY LIMITED
L-2 Financial Forecast (Proposed rates)

STATEMENT OF RETAINED EARNINGS (BDS 000's)

For the year ended December 31

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Balance at January 1	257,692	269,819	299,034	325,025	342,912
Net income for Year	21,089	38,577	35,753	28,049	32,910
Dividends paid	(8,962)	(9,362)	(9,762)	(10,162)	(10,562)
Balance at December 31	<u>269,819</u>	<u>299,034</u>	<u>325,025</u>	<u>342,912</u>	<u>365,260</u>

THE BARBADOS LIGHT & POWER COMPANY LIMITED
L-2 Financial Forecast (Proposed rates)

STATEMENT OF INCOME (BDS 000's)

For the year ended December 31

	2009	2010	2011	2012	2013
Operating Revenue					
Basic Revenue	201,743	208,799	214,018	219,369	224,854
Fuel Revenue	140,384	192,230	329,320	337,840	302,270
Miscellaneous	2,576	2,628	2,694	2,761	2,830
	<u>344,703</u>	<u>403,657</u>	<u>546,032</u>	<u>559,970</u>	<u>529,954</u>
Operating Expenses					
Fuel	159,450	192,230	329,320	337,840	302,270
Generation	52,259	57,930	62,661	63,313	58,724
General	39,888	41,086	42,317	43,586	44,895
Distribution	12,682	13,062	13,454	13,858	14,274
Depreciation	39,497	40,718	42,892	47,567	47,756
Insurance	12,362	12,716	12,970	13,230	13,494
Foreign exchange gain					
	<u>316,138</u>	<u>357,741</u>	<u>503,614</u>	<u>519,393</u>	<u>481,414</u>
Operating Income	28,565	45,916	42,418	40,577	48,540
Finance Income	100	325	333	341	350
Finance Costs	(8,343)	(6,689)	(7,335)	(11,127)	(13,982)
Income before Taxation	<u>20,322</u>	<u>39,552</u>	<u>35,417</u>	<u>29,791</u>	<u>34,908</u>
Current portion	-	-	-	-	-
Deferred Portion	(937)	1,496	(1,217)	(2,374)	(409)
Deferred investment tax credit	(943)	(1,642)	(361)	2,444	1,429
Deferred manufacturing tax credit	1,113	1,121	1,242	1,672	978
	<u>(767)</u>	<u>975</u>	<u>(336)</u>	<u>1,742</u>	<u>1,998</u>
Net Income for the year	<u>21,089</u>	<u>38,577</u>	<u>35,753</u>	<u>28,049</u>	<u>32,910</u>

THE BARBADOS LIGHT & POWER COMPANY LIMITED
L-2 Financial Forecast (Proposed rates)

STATEMENT of CASH FLOWS (BDS 000's)
For the year ended December 31

	2009	2010	2011	2012	2013
Cash flows from operating activities					
Income before taxation	20,322	39,552	35,417	29,791	34,908
... Adjustments for non-cash items:					
Depreciation	39,497	40,718	42,892	47,567	47,756
Finance income	(100)	(325)	(333)	(341)	(350)
Finance costs	8,443	7,014	7,668	11,468	14,332
Operating income before working capital changes	68,162	86,959	85,643	88,485	96,646
(Decrease)/increase in trade and other receivables	6,534	(7,363)	(17,788)	(1,734)	3,761
(Decrease)/increase in inventories	184	(1,612)	(6,803)	(4,390)	(566)
Increase in deferred revenue	-	33	33	34	35
(Decrease)/increase in trade and other payables	(963)	4,618	16,552	1,251	(4,435)
Cash generated from operations	73,917	82,634	77,638	83,645	95,442
Corporation tax paid	29	-	-	-	-
Interest paid	(8,343)	(6,689)	(7,335)	(11,127)	(13,982)
Net cash from operating activities	65,603	75,946	70,303	72,518	81,460
Cash flows (used in)/ from investing activities					
Additions to property, plant and equipment	(48,684)	(61,117)	(121,665)	(101,502)	(72,470)
Net cash used in investing activities	(48,684)	(61,117)	(121,665)	(101,502)	(72,470)
Cash flows (used in) / from financing activities					
Repayments of borrowings	(13,608)	(14,510)	(16,960)	(13,047)	(18,098)
Dividends paid	(8,962)	(9,362)	(9,762)	(10,162)	(10,562)
Proceeds from borrowings	20,000	-	59,000	48,000	15,000
Customers' contributions to property, plant and equipment	4,039	4,120	4,202	4,286	4,372
Customer deposits	279	273	258	242	225
Net cash from/(used in) financing activities	1,748	(19,480)	36,738	29,319	(9,063)
Net increase /(decrease) in cash and equivalents	18,667	(4,651)	(14,623)	336	(72)
Cash and cash equivalents - beginning year	5,975	24,642	19,991	5,367	5,703
Cash and cash equivalents - end of year	24,642	19,991	5,367	5,703	5,631

M

MEMORANDUM ON STANDARDS OF SERVICE

Application for Rates – Standards of Service

1. As part of the application to the Fair Trading Commission (“the Commission”) for a review of electricity rates, The Barbados Light & Power Company Limited (“the Company”) submits herewith its proposal for Standards of Service.

2. Standards of Service were introduced in 2002 as a function of the Commission under the **Utilities Regulation Act** (“the Act”). Specifically, section 3 states in part:

“The functions of the Commission under this Act are, in relation to service providers, to

...

- (d) determine the standards of service applicable;*
- (e) monitor the standards of service supplied to ensure compliance; and*
- (f) carry out periodic reviews of the rates and principles for setting rates and standards of service.”*

3. The close connection between rates and Standards of Service is highlighted by section 4 of the Act states:

“In determining standards of service, the Commission shall have regard to:

- (a) the rates being charged by the service provider for supplying a utility service;*
- (b) ensuring that consumers are provided with universal access to the services supplied by the service provider;*
- (c) the national environmental policy; and*
- (d) such other matters as the Commission may consider appropriate.”*

4. This close connection between rates and Standards of Service is also highlighted by rule 63 (1) of the **Utilities Regulation (Procedural) Rules, 2003** which states:

“Where a service provider makes an application for a rate review, proposed service standards must be presented as part of that request.”

Existing Standards of Service

5. On February 28, 2006 the Commission issued its Decision on Standards of Service for the Company. This is shown in Schedule M-1. These Standards of Service came into effect on June 1, 2006 and included Guaranteed Standards of Service and Overall Standards of Service.
6. On November 27, 2007 the Commission issued its Standard of Service Report on the Performance of the Company for the period June 1, 2006 to May 31, 2007. This is found at Schedule M-2.
7. On October 29, 2008 the Commission issued a Consultation Paper entitled "*Review of The Barbados Light & Power Company Ltd. Standards of Service*", ("the Consultation Paper") which included results referenced in Schedule M-2, plus results for the period up to May 31, 2008. This is found at Schedule M-3.
8. The results for the Standards of Service as prepared by the Company for the reporting period April 1, 2008 to March 31, 2009 as recently submitted to the Commission is found at Schedule M-4.

Review of Standards of Service

9. The Company conducts regular surveys to better understand its customers' needs and continues to seek ways in which it can improve on its operations to improve quality of service. The implementation of Standards of Service has been a positive influence in this regard.

10. Section 15 (1) of the Act states:

"The Commission may fix a period of time not exceeding 5 years in respect of which

(a) the rates for the supply of a utility service;

(b) the principles for determining rates for the supply of a utility service;
and

(c) the standards of service.
will apply"

11. Notwithstanding section 15(1) above, section 15(2) of the Act allows for a review at any time should the Commission considers that there has been a fundamental change in circumstances which warrant this.
12. In response to the Consultation Paper referred to above and found at Schedule M-2, the Company on November 26, 2008 submitted its comments to the Commission. The Company's submission is included at Schedule M-5.
13. Up to the time of submission of the Company's application for a review of electricity rates the Commission had not issued a decision on the revised Standards of Service for the Company.
14. The Company looks forward to discussing its comments as well as any other comments with the Commission.

Proposed Standards of Service

15. Until such time that the Commission decides on the revised Standards of Service, the Company proposes that the existing Standards of Service remain. The Company considers these Standards of Service to be consistent with the electricity rates being applied for in this application.

Dated this 6th day of May, 2009

Paper prepared by:



**Stephen T. Worme
Chief Marketing Officer
The Barbados Light & Power Co. Ltd.**

M-1



Fair Trading Commission

Decision on Standards of Service

for

The Barbados Light & Power Company Limited

No. FTC/UR/2006 - 2

Date: February 28, 2006

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* Revised May 15, 2006

SECTION 1. INTRODUCTION

1. BACKGROUND

This document sets out the Fair Trading Commission's "the Commission" conclusions on the determination and establishment of standards of service for The Barbados Light & Power Company Limited (BL&P) the sole entity responsible for the generation, transmission and distribution of electricity in Barbados.

Section 3(1) of the Utilities Regulation Act, CAP. 282 provides for the determination of Standards of Service by the Commission. In discharging this responsibility the Commission has sought to be transparent in its decision making processes and as such has consulted with service providers, representatives of consumer interest groups and other interested parties as mandated by the Fair Trading Commission Act, CAP. 326B.

The Standards of Service will be implemented on June 1, 2006.

2. LEGISLATIVE FRAMEWORK

The functions of the Fair Trading Commission encompass the important aspect of the setting of standards. Section 3(1) of the Utilities Regulation Act, CAP. 282 and section 3 of the Fair Trading Commission Act CAP.326B, state that the Commission shall in relation to the service provider:-

- (a) determine the standards of service applicable;*
- (b) monitor the standards of service supplied to ensure compliance; and*
- (c) carry out periodic reviews of the rates and principles for setting rates and standards of service.*

The Commission has an obligation to consult with interested parties in making determinations of rates and standards of service. Section 4(4) of the Fair Trading Act CAP 326B specifically sets this out:-

The Commission shall, in performing its functions under subsection (3) (a), (b), (d) and (f) consult with service providers, representatives of consumer interest groups and other parties that have an interest in the matter before it.

Section 4 of the Utilities Regulation Act, CAP. 282 notes that in determining standards of service the Commission shall have regard to:-

- (a) *the rates being charged by the service provider for supplying a utility service;*
- (b) *ensuring that consumers are provided with universal access to the service supplied by the service provider;*
- (c) *the national environmental policy; and*
- (d) *such other matters as the Commission may consider appropriate.*

Rule 63 of the Utilities Regulation (Procedural) Rules 2003, S.I. 2003 No. 104 states that Standards of Service may include issues such as:-

- (a) *Universality of service;*
- (b) *The provision of new services;*
- (c) *The extension of services to new customers;*
- (d) *The maximum response time permitted for responding to customer complaints; and*
- (e) *Standards related to service quality which are specific to each sector.*

The Commission therefore has responsibility for determining and monitoring standards of service offered and carrying out periodic reviews of the standards of service for utilities under its jurisdiction.

3. CONSULTATION PROCESS

The consultation process was initiated with the issuance of the consultation paper on Standards of Service for Electricity on September 13, 2004. Subsequent to the issuance of the consultation paper three consultation forums were held where interested parties were given the opportunity to make oral submissions. Both written and oral forms of consultation were utilized to facilitate feedback from a wide cross section of society.

The Commission thanks all those persons who responded to the consultation paper or took part in the consultation forums.

SECTION 2. THE DETERMINATION

4. POLICY DECISION

Having considered all responses, analysed the existing and publicly-available information on electricity Standards of Service, and compare standards from extra-regional jurisdictions the Commission believes that:

- The establishment of guaranteed and overall standards for the electricity sector are appropriate;
- Compensatory payments should be made for not achieving guaranteed standards; and
- The BL&P should be required to make public its compensation policy for damage caused by poor electricity service.

The following sections set out the guaranteed and overall standards which will be effective from June 1, 2006. This will allow for the Commission to advise the public and for the BL&P to sensitise its customers and prepare its staff for the administration of the Standards of Service.

The *Guaranteed Standards* require that the BL&P makes a compensatory payment to each individual customer who is affected by the company's failure to meet the defined targets.

The *Overall Standards* are designed to reflect the performance of the company on the whole and are not defined by the service which an individual customer receives. There is no compensation to customers for failure to meet these standards.

The standards also include details of exemptions. Exemptions refer to situations where the Commission considers that failure to meet the standard is outside the control of the BL&P.

5. GUARANTEED STANDARDS OF SERVICE FOR THE BARBADOS LIGHT & POWER COMPANY LIMITED

The Commission has made the following determination on the Guaranteed Standards of the BL&P. The standards are first presented in summarised form followed by a more detailed explanation of definitions and applicable exemptions. In all cases target times refer to the period (hour/day) between the receipt of the service call from the affected customers and completion of the relevant task.

The Power Quality Standard has been included with the guaranteed standards since the company may be required to compensate customers for equipment damaged as a result of the failure to meet this standard.

Guaranteed Standards

Standard	Description	Target	Compensatory Payments
GES 1	Restore supply after fault on customer's service (single customer)	Within 12 hours	\$45.00 (Domestic) \$90.00 (General Service) \$215.00 Secondary Voltage Power/Large Power (SVP/LP) \$45.00 for each additional 24 hours.(Domestic) \$90.00 for each additional 24 hours (General Service) \$215.00 for each additional 24 hours (SVP/LP)
GES2	Restore supply after fault on the distribution system (multiple customers)	Within 12 hours	\$45.00 (Domestic) \$90.00 (General Service) \$215.00 (SVP/LP) \$45.00 for each additional 24 hours (Domestic) \$90.00 for each additional 24 hours (General Service) \$215.00 for each additional 24 hours (SVP/LP))
GES3	Investigation of voltage complaints	Visit within 3 working days , correct within 3 months	\$45.00 (Domestic) \$90.00 (General Service) \$215.00 (SVP/LP).
GES4	Provide a simple service connection (connection point within 30 m)	Within 12 working days	Refund of installation fee
GES5	Provide cost estimate for complex connection requiring a service visit	Within 3 months	\$45.00 (Domestic) \$90.00 (General Service.) \$215.00 (SVP/LP)
GES6	Connect or transfer of service to an existing installation	Within 2 working days	\$45.00 (Domestic) \$90.00 (General Service.) \$215.00 (SVP/LP)
GES7	Reconnection of service on settling the bill after disconnection at the meter	Within 2 Working days	Refund of reconnection fee
GES8	Response to billing complaints	Provide assessment within 15 working days for those complaints which the Company deems require a service visit.	\$45.00 (Domestic) \$90.00 (General Service). \$215.00 (SVP/LP)

Power Quality Standard

This will be set at +/- 6% of nominal voltage. The Company may be required to pay compensation for damage to equipment if electricity is outside this range. The decision on whether the Company is liable will be made in accordance with the Company's policies and procedures for handling claims for damage to customer equipment.

Working Days

Working Days include Monday to Friday only and exclude public holidays. In measuring the response time for targets expressed in terms of working days, the day that the complaint is made is not counted.

5.1 DEFINITIONS AND SPECIFIC EXEMPTIONS

GES1 - Restore supply after a fault on the customer's service

Specific Exemption: Fault on customer's equipment eg: socket base, load ends, underground cable.

Definition - Supply is to be restored within 12 hours of it being reported to the Company. This includes problems /defects at the metering point, broken or defective service wires, low or high voltage conditions arising from service connections, which cause the interruption of supply to a single customer.

GES2 - Restore supply after fault on the electrical distribution system (multiple customers)

Definition - Supply should be restored within 12 hours of being reported.

Specific Exemptions:

- Where it would not have been reasonable for the BL&P to know that the customer's supply had been lost or that it had not been restored since loss occurred.

- Where the outage is due to a fault on an underground cable and the prevailing conditions are such that it is not practical for the company to be able to locate, excavate and repair the fault within the stipulated time frame.

GES3 - Investigation of voltage complaint

Definition - The BL&P is required to visit within 3 working days and complete its investigation, correct and notify the customer within 3 months.

Specific exemptions:

- Problems arising due to:
 - a significant increase in a customer's electricity demand where the Company has not been properly notified,
 - the inappropriate use of equipment (eg. Welding equipment, large motors) on a service not designed for such loads;
 - due to defects in the customer's installation in respect of grounding, wiring overload, unbalance, harmonics, or transient voltages.
- Delays, which may occur due to difficulties in obtaining the required permissions from property owners or the Town & Country Development Planning Office to carry out work.

GES4 - Provide a simple service connection (connection point within 30 metres)

Definition - The BL&P is required to connect all new services which are within 30 metres of an existing circuit within 12 working days, after signing the contract for connection and the presenting of a valid certificate of inspection from Government Electrical Engineering Department (GEED) by the customer.

GES5 - Provide a cost estimate for complex connection requiring a service visit

Definition - The BL&P is required to provide a cost estimate for providing a new or altered supply within 3 months of receipt of a customer request. The cost estimate includes provision for installation of equipment and changes to the distribution system.

Specific Exemptions:

- Where the customer fails to provide information required to determine the estimated Costs.
- Delays which may occur due to difficulties in obtaining required permissions from property owners or the Town & Country Planning Development Planning Office to carry out work.

GES6 - Connect or Transfer of a service to an existing installation

Definition - The BL&P is required to connect a service or transfer an electricity account where there is a meter already installed on the premises, no more than 2 working days after the customer has signed the contract with the company.

Specific Exemption: If the service is disconnected for more than 6 months and/or requires a valid certificate of inspection before it can be connected.

GES7- Reconnection of Service on settling the bill after disconnection at the meter

Definition - The BL&P is required to restore service to a customer within 2 working days after the bill, including the reconnection fee, has been settled by the customer.

GES8 - Response to billing complaints

Definition - The BL&P should normally respond to customer billing complaints within two working days. In situations where the BL&P considers that a service visit is necessary in order to resolve the complaint, the assessment must be made within 15 working days.

Compensatory Payments Claim Procedure: The Company will make readily available at their offices and electronically, forms which are required to be filled in and submitted by a customer wishing to make a claim. Customer claims must be submitted within 3 months of the event giving rise to the claim and the BL&P must accept or deny the claim within 2 months. If the Company accepts the claim the company shall indicate explicitly how this claim will be paid. Compensatory

payments will generally be made as credits on the customer's next bill after the claim has been accepted. If the claim is denied the Company must inform the customer on what basis the decision was made. The customer has the right to make a complaint to the Commission if he/she considers that he/she has been wrongfully denied compensation.

6. OVERALL STANDARDS OF SERVICE

The Commission has made the following determination on the Overall Standards of the BL&P. The standards are presented in the table in summarised form with a more detailed explanation of definitions and applicable exemptions below. The Commission has also included reliability indices that will be used to further monitor the performance of the Company.

Overall Standards of Service

Standard	Description	Target
OES1	Frequency of meter reading	100% of customers' meters to be read every two months
OES2	Response to Complaint high/low voltage	95 % of complaints to be responded to in 5 working days
OES3	Prior notice of outages	95% of customers to be notified of planned outages 48 hours before
OES4	Reconnection after payment of overdue amount	90 % of customers to be reconnected by the end of next working day.
OES5	Response to Written Claims related to Standards of Service	100 % of customers to receive acknowledgement of receipt of claim within 10 working days

System Reliability Indicator Indices

The Commission will require that the Barbados Light & Power adopt the following indices.

System Average Interruption Duration Index (SAIDI)

This index indicates the total duration of interruption for the average customer during a predefined period of time (e.g. monthly) and is measured in customer hours of interruption.

$$\text{SAIDI} = \frac{\text{Total Customer Hours Interruptions}}{\text{Total Number of Customers Served}}$$

System Average Interruption Frequency Index (SAIFI)

This indicates how often the average customer experiences a sustained interruption over a predefined period of time (e.g. monthly)

$$\text{SAIFI} = \frac{\text{Total Customer Interruptions}}{\text{Total Number of Customers Served}}$$

Customer Average Interruption Duration Index (CAIDI)

This represents the average time to restore service.

$$\begin{aligned} \text{CAIDI} &= \frac{\text{SAIDI}}{\text{SAIFI}} \\ &= \frac{\text{Total Customer Hours of Interruption}}{\text{Total Number of Customer Interruptions}} \end{aligned}$$

By collecting and comparing these indices on a monthly basis, the Commission will be able to determine whether there has been an improvement or deterioration in the standard of production and distribution of electricity in Barbados.

There have been no set targets for these indices but it is expected that the Company will strive to improve the level of performance. The Company will follow the IEEE standard 1366(2003) for determining System Reliability.

6.1 DEFINITIONS AND SPECIFIC EXEMPTIONS

OES1 - Frequency of meter reading

Definition - The BL&P is expected to read all meters at least once every two months.

Specific Exemptions: Situations where, owing to restrictions on access to the premises, the meter is inaccessible to the meter reader e.g. presence of dogs or fencing.

OES2 - Response to Voltage Complaints

Definition - This standard relates to GES 3, 95% of voltage complaints should be investigated within 5 working days.

Specific exemption - Delays which may occur due to difficulties in obtaining required permissions from property owners or the Town & Country Planning Development Planning Office to carry out work.

OES3 - Prior notice of Planned Outages

Definition - The BL&P is required to inform 95% customers by written notice at least 48 hours before any planned interruption which is expected to exceed 3 hours.

OES4 - Reconnection after payment of overdue amount

Definition - This relates to standard GES7, 90% of customers should be reconnected by the end of the following working day after the bill is settled.

OES5 - Response to written claims for breach of Standard of Service

Definition - 100 % of written complaints to the BL&P should be acknowledged by the Company within 10 working days.

7. GENERAL EXEMPTIONS

In certain conditions the BL&P may be unable to meet the standards due to circumstances outside the control of the Company. Under these conditions, the requirement to pay compensation for not meeting the Guaranteed Standard shall be waived. Below is a list of circumstances where such exemptions shall be applied.

- Acts of God;
- Riot;
- Civil commotion;
- Strikes, lockouts, and other industrial disturbances;
- Acts of terrorism;
- Wars;
- Blockades;
- Insurrections;
- Epidemics;
- Landslides;
- Hurricanes;
- Lightning;
- Earthquake;
- Storms;
- Floods;
- Trade restrictions;
- Inability to obtain any requisite Government permits;
- Breakdown of machinery or equipment or any other force or cause of similar nature not within the control of the Company and which by the exercise of diligence it is unable to avoid, prevent or mitigate;

8. OTHER EXEMPTIONS AND CONDITIONS

The Commission is cognisant that other circumstances may exist from time to time which might impede the Company's ability to meet the prescribed standards of service. In such circumstances, where a customer is dissatisfied with the Company's application of an exemption, that customer may seek the Commission's guidance. Thereafter, the Commission may authorise the Company's action or require the Company to honour the claim. Situations which might fall into this category may include but are not limited to the following:

- Inability to gain access to premises or the Company's facilities where needed;
- Where the customer's installation does not meet the Company's requirements for installation or is considered unfit for service. (The Company's installation requirements are published in its Information and Requirements booklet and on its website);
- Where the customer or his/her agent fails to fulfill his/her obligations;
- Where there are legal constraints that may prevent the Company from meeting the Standard;
- Where the customer informs the Company that he/she does not want further action to be taken on a matter;
- Where the customer requests the Company to take action at a later date than required by the standard;
- Where the Company reasonably considers that the customer's request or complaint is frivolous or vexatious;
- Where an offence has been committed through interference with the Company's metering equipment; and
- Where the customer's electricity account remains unpaid after the Company has given the customer notice of its intention to disconnect his/her supply for non-payment.

9. REASONS FOR DECISION

In determining the standards for the BL&P the Commission took into consideration the proposed standards submitted by the Company, these were later issued in the consultation paper. The Commission was of the view that since any standards developed would need to be achievable for the Company, their position regarding what is technically possible given their resources was critical to the decision. Other pertinent aspects considered were the degree of effort needed from the Company in meeting the stated targets, customer needs and the standards in place in other Caribbean and international jurisdictions.

General Comparisons of International Practices.

Although only a few jurisdictions, most notably the UK, have introduced a system of compensation to customers for non compliance with standards, many jurisdictions have standards of service programmes that are essential to regulation of the utility. In the United States for example performance indices and response time by electric utilities form an essential part of Performance Based Ratemaking schemes.

In South Africa there is a list of minimum standards which must be adhered to in order for the Company to have their operating license renewed in the following year. In Queensland Australia customers are offered rebates on the bill for breaches related to prior notice of outages and delays in reconnection after outages. In addition, if the customer suffers more than an agreed minimum number of outages in a region in a given year he is entitled to a partial rebate.

The Commission considered other systems in place for ensuring standards of service for utilities but was of the view that a system of guaranteed and overall standards similar to that which obtains in Britain, Trinidad and Jamaica was most appropriate for Barbados. The Commission will however monitor the standards programme over the next two years to determine if aspects of the system employed by other countries could be used in Barbados.

In the section below, the Commission has provided the rationale for the adoption of all standards which differ from those proposed during the Commission's consultation process.

GES1 and GES2 Restore Supply Due to Faults (single and multiple) on Distribution Line

This standard was reduced from 16 hours to 12 hours as a result of submissions made during the consultation. Analysis of the information submitted by the BL&P showed that in 2004 92.2 % of restoration to single customers due to faults occurred in less than 8 hours and 95.5 % of restoration to multiple customers in less than 8 hours. In addition, Trinidad has a similar standard of 12 hours.

GES3 - Voltage Complaint

This standard was reduced from 6 months to 3 months based on recommendations in the consultation. During discussions with the BL&P it was recognised that the instances where 6 months were required usually occurred when there was difficulty in securing permission of access to premises and make the necessary assessment. The Commission considered that the inclusion of the exemption to cover these circumstances was the best option.

Table 1
Comparison of Standard in International Jurisdictions

Service Description	Barbados	Jamaica ¹	Trinidad & Tobago ²	Hong Kong ³	United ⁴ Kingdom
Response to Service calls after forced outages	12 hours	None	12 hours	2 hours	18 hours
Connection of supply within 30 metres	12 working days	4 working days	3 working days	Next Day	30 working days
Connection of supply 30 to 250 metres	N/A	10-30 Working days	5-20 working days	None	30 working days
Billing punctuality. Time for first bill to be mailed after connection	None	30 working days	65 working days	None	30 working days
Reconnection after payment of overdue amounts	2 working days	2 Working days	24 hours	Same day	Same day
Response to emergencies	None	6 hours	N/A	21 minutes	3 hours
Notice of Supply interruption	48 hours	None	3 days notice	7 days notice	5 days notice

GES6 Reconnection

The Commission has added a standard for reconnection after payment of overdue amounts. A standard for this is included by both OUR in Jamaica and RIC in Trinidad and Tobago. Two working days is proposed which is similar to that used in Jamaica. In an effort to encourage the Company to aim for reconnection on the same day or next day as obtains in Hong Kong, U.S.A and Britain, the Commission has implemented an overall standard of 1 working day to be achieved in at least 90 % of the cases.

¹ Office of Utility Regulation, JPS Guaranteed Standards of Service 2004-2009, presented at 3rd OOCUR Workshop, May 29-31, 2005, Barbados.

² Regulated Industries Commission, Approved Quality of Service Standards for the Electricity Transmission and Distribution Sector, April 2004
www.ric.org.tt/home/legal/legal_notice_no_64_of_2004.pdf

³ Hong Kong Electric Company Ltd, Customer Service, Service Standards,,
http://www.hec.com.hk/hec/customer/service_3.htm

⁴ Reference Office of Gas & Energy Markets OFGEM, Competitive Energy Markets, Standards of service, http://www.dti.gov.uk/energy/inform/energy_indicators/ind08.pdf

OES1 Meter Reading

The increase in the target from 90% to 100% in this standard was considered appropriate due to the concerns raised by respondents during the Consultation. It is recognized that customers can be placed at a significant disadvantage if their meters are not read regularly; especially if an over estimated bill coincides with a month that has a high fuel adjustment charge. It is suggested that the statistics in regard to meter reading be monitored closely with a view to converting the once every two month reading closer to 100%. The Commission therefore recommends that the overall standard be set at 100% rather than 90%. A monthly reading would be ideal but may not be feasible based on manpower requirements from the Company. This standard was not converted to a guaranteed standard since there are circumstances which are outside the Company's control that may lead to a meter not being read on schedule.

GES8 and OES5 Response to Customer complaints

The Commission as well as respondents at the consultation considered that in most cases the Company was capable of providing responses to customer complaints if not on the spot very soon after. It was however recognized that responses to oral complaints and investigation times for these was difficult to track. The Commission has decided to limit the complaints to those dealing specifically with billing. The BL&P is expected to respond promptly to billing complaints, normally within two working days. However, on the occasions where BL&P determines that a visit is required to investigate the complaint, a target of 15 working days is set for an assessment, to be made. This assessment will be considered to be completed on the Company's first visit to the customer's premises and it is expected that the customer would be advised of the assessment either at that visit, if they are at the premises at the time or as soon as possible after that. This standard takes into consideration the time needed to schedule appointments and possible manpower resource constraints. In addition the Commission has included an overall standard of 10 working days, with a target of 100%, for acknowledgement of written claims related to service.

Compensatory Payments

During the consultation process the BL&P did not submit any recommendations for compensatory payments. In setting compensatory payments the Commission took into account the average monthly bills of customers. The Commission was of the opinion that the level of compensation should bear some relation to this. The domestic compensatory payment was set at a level which is approximately 50% of the average monthly domestic bill and the general service compensatory payment at about 68% for the average monthly bill for general service (business) customers.

Table 2 Average Monthly Bills by Customer Class

	2003/\$	2004/\$
Domestic	91.99	100.83
General Service	138.81	146.46
Small Voltage Power	2,429.79	2,626.47
Large Power	36,782.90	63,593.92

It was also recognised that commercial and industrial customers who stand to lose their economic livelihood from lack of access to electricity should have a higher level of compensation than residential users. The Commission also considered the levels of compensatory payments implemented by the Office of Utility Regulation (OUR) in Jamaica. The Jamaica Public Service Company is obliged to pay \$1,000 JAM (approx. \$32.00 BDS) for domestic customers for breaches of guaranteed standards which are close to the average monthly domestic bill. There is a fee of \$8,400 (approx. \$262.00 BDS) compensation in place for commercial and industrial customers.

The Commission took into account the difference between the average monthly bills for domestic, commercial classes and industrial classes in determining the scheme of compensatory payments. Accordingly the compensation for general service customers should be less than that for the industrial sector. However, the compensatory payment was set higher than that suggested for the residential

customers due to the loss of business which may occur if power is lost. As a result, the compensation payments were set as follows:

\$45.00 (Domestic)

\$90.00 (General Service)

\$215.00 (Secondary Voltage Power and Large Power)

10. MONITORING OF STANDARDS

The BL&P is required to submit monthly reports of the reliability indicator indices:

CAIDI (Customer Average Interruption Duration Index)

SAIDI (System Average Interruption Duration Index)

SAIFI (System Average Interruption Frequency Index)

In addition the Company should provide the average value of each index over the entire year at the end of each year.

The BL&P is required to submit quarterly regulatory reports. These reports shall include information on:

- The number of breaches under each Guaranteed Standard category;
- The level of compliance, as a percentage, of each Overall Standard category (OES1 to OES5); and
- Details of any extenuating circumstances that would have prevented the Company from achieving the targets of the overall standards.

The BL&P is required to submit annual reports. These reports shall include information on:

- The number of customers eligible for compensation during the previous financial year (except for GES2);
- The total amount of eligible compensation ; (except for GES2);
- The number of customers actually receiving compensation; and
- The amount of compensation actually paid.

The Commission reserves the right to conduct independent investigations that seek to determine the extent to which the service provider is meeting the standards of service.

It is expected that where an Overall Standard is not met the service provider will offer an explanation to the Commission. Where the service provider continually fails to meet an overall standard, to the point where service is severely hampered, and it appears that the service provider has not made a reasonable effort to rectify the breach, section 43 of the Fair Trading Commission Act, CAP. 326B and sections 31 and 38 of the Utilities Regulation Act, CAP. 282 may be invoked on issuing of the appropriate Order as required by these acts. Both Acts make provisions for the imposition of penalties when the service provider is deemed not to be in compliance with prescribed standards of service.

11. PUBLIC EDUCATION

The service provider shall make available to its customers a detailed list of the approved Guaranteed and Overall Standards of Service. This list shall include information on the service category, target times, and compensatory payment where applicable. The Company's fault reporting process is to be made known to the public and the appropriate contact numbers included. The service provider shall also widely publicize the means via which compensation for breaches may be sought.

Before implementation the Commission will seek to further educate the public as to their rights and responsibilities as they relate to these newly developed standards. The Commission will make public the yearly statistics related to the Company's performance in attaining Guaranteed and Overall Standards.

12. IMPLEMENTATION AND REVIEW

The Standards of Service for the BL&P as herein outlined will become effective on June 1, 2006. These standards are subject to the official Commission review every two years, at which time amendments to the standards, target times or compensatory payments may be made.

Dated this 28th day of February 2006.

Original signed by:

Vivian Ann Gittens
Deputy Chairman

Original signed by:

Michael Thompson
Commissioner

Original signed by:

Floyd Phillips
Commissioner

Original signed by:

Delisle Weekes
Commissioner

Original signed by:

Desiree Cherebin
Commissioner

FAIR TRADING COMMISSION
MANOR LODGE
LODGE HILL
ST. MICHAEL
BB 12002, BARBADOS
TEL: (246) 424-0260 FAX: (246) 424-0300
E-MAIL: info@ftc.gov.bb
WEBSITE: www.ftc.gov.bb

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FAIR TRADING COMMISSION

STANDARD OF SERVICE REPORT ON THE PERFORMANCE
OF THE BARBADOS LIGHT & POWER COMPANY LIMITED

June 1, 2006 to May 31, 2007

Date: November 27, 2007

**Report on the Standards of Service Barbados Light & Power Company Limited
June 2006- May 2007**

The Fair Trading Commission, by way of its decision dated February 28, 2006, implemented standards of service for the Barbados Light & Power Company Limited (BL&P) effective June 1, 2006. These standards established the minimum levels of service to be provided to consumers in Barbados.

Standards of service are categorized as either guaranteed or overall. Under the guaranteed standards scheme the utility is required to make a prescribed compensatory payment to each individual customer who is affected by the utility's failure to meet the defined target for a particular standard. Comparatively, overall standards are designed to reflect the general performance of the utility and are not defined by the service an individual customer receives. No compensation is associated with this category of standards.

The aforementioned decision mandates the Commission to publicly disclose the utility's level of compliance.

The tables below show the level of compliance as reported by the BL&P for Guaranteed and Overall Standards June 2006 - May 2007. A discussion on issues relevant to the standards follows.

Table 1 Guaranteed Standards

Standard	Description	Target	Compensatory Payments (Domestic Customers)	No. of Instances	Number of times target met	% Compliance
GES1	Restore supply after fault on customer's service (single customer)	Within 12 hours	\$45.00 \$45.00 for each additional 24 hours.	345	343	99.4
GES 2	Restore supply after fault on the distribution system (multiple customers)	Within 12 hours	\$45.00 \$45.00 for each additional 24 hours.	848	846	99.8
GES 3	Investigation of voltage complaints	(a) Visit and correct within 3 working days ,	\$45.00	2,082	2,066	99.2
		(b) Correct within 3 months for those not corrected within 3 days	\$45.00	24	20	83.3
GES 4	Provide a simple service connection (connection point within 30m)	Within 12 working days	Refund of installation fee	2,939	2,726	92.8
GES 5	Provide cost estimate for complex connection requiring a service visit	Within 3 months	\$45.00	1,002	990	98.8
GES 6	Connect or transfer of service to an	Within 2 working days	\$45.00	4,443	4,372	98.4

Standard	Description	Target	Compensatory Payments (Domestic Customers)	No. of Instances	Number of times target met	% Compliance
	existing installation					
GES 7	Reconnection of service on settling the bill after disconnection at the meter	Within 2 Working days	\$45.00	9,045	9,031	99.8
GES 8	Response to billing complaints	Provide assessment within 15 working days for those complaints which the Company deems require a service visit.	\$45.00	581	576	99.1

Table 2

Quarterly Trends % Compliance Guaranteed Standards Jun 2006- May 2007

	Jun-Aug 2006	Sep-Nov 2006	Dec 2006-Feb 2007	Mar-May 2007
GES 1	100 %	98.8%	99.2%	100%
GES 2	99.2%	99.6%	99.7%	100%
GES 3 (a)	99.0%	99.1%	99.1%	99.8%
(b)	88.9%	88.9%	81.8%	100%
GES 4	83.7%	88.1%	89.1%	98.4%
GES 5	97.4%	97.9%	98.5%	99.6%
GES 6	98.2%	98.0%	98.0%	99.7%
GES 7	100%	99.8%	99.8%	99.8%
GES 8	99.4%	99.3%	98.9%	99.1%

Guaranteed Standards

Compliance was over 99% with regards to fault repair and reconnections standards (GES 1, 2 & 7). The lowest levels of compliance (83.3% and 92.8%) were recorded in the areas of voltage complaints (GES 3) and providing a simple service connection (GES 4) respectively.

Regarding (GES 3), the figure for "corrected within 3 months" refers only to those voltage complaints that took more than three days to correct. This accounts for the relatively low percentage level (83.3%) of compliance displayed. Voltage complaints which required over three days to complete were 24 out of a total of 2106.

The BL&P has reported that figures for (GES 4) included exemption conditions and this would have affected the recorded number of times where the target was met. Following discussions with the Commission, the Company has committed to putting measures in place which will enable more accurate reporting in future.

Table 3 Overall Standards

Standard	Description	Target	No. of Persons Affected	No. of times Target met	% Compliance
OES 1	Frequency of meter reading	100% of customers' meters to be read every two months	*Not Available		93.8
OES 2	Response to Complaint high/low voltage	95 % of complaints to be responded to in 5 working days	2,082	2,076	99.7
OES 3	Prior notice of outages	95% of customers to be notified of planned outages 48 hours before	31,333	29,980	95.7
OES 4	Reconnection after payment of overdue amount	90 % of customers to be reconnected by the end of next	9,045	9,017	99.7

Standard	Description	Target	No. of Persons Affected	No. of times Target met	% Compliance
		working day.			
OES 5	Response to Written Claims related to Standards of Service	100% of customers to receive acknowledgement of receipt of claim within 10 working days	0	0	No claims received

* The figures submitted by BL&P do not indicate total numbers, but each month approximately half of residential and business customers' meters should be read. The percentage used in calculation is based on the number of meters due to be read each month.

Table 4 Quarterly Trends % Compliance Overall Standards Jun 2006- May 2007

	Jun- Aug 2006	Sep- Nov 2006	Dec 2006- Feb 2007	Mar- May 2007
OES 1	94.5%	93.9%	93.1%	94.6%
OES 2	99.3%	99.6%	100 %	100%
OES 3	94.7%	96.2%	97.3%	94.9%
OES 4	99.8%	99.4%	99.7%	99.9%
OES 5	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Overall Standards

The Company achieved the targets each month for the standards regarding reconnection after payment of overdue amount and response to voltage complaints (OES2 & OES 4). The company has, however, not been able to reach the target of reading every customer's meter once every two months (OES1). In some cases the inability to read a customer's meter was due to conditions outside the control of the company such as restriction of access to property and presence of dogs. The current Customer Information System (C.I.S) used by the company does not allow for exemption conditions to be separated from the totals. The company is in the process

of replacing this C.I.S and it is expected that the new system will be able to separate the exemption events from the totals.

There has been difficulty in the achievement of the target for prior notice of outages (OES 3) in some months, compliance ranged from 83.6 in December 2006 to 100% in June and August 2007. BL&P has given assurances that it will strive to meet the target in each month during the coming year.

Customer Claims

The Commission is concerned that during the year no claims were made under the guaranteed standards of service. The Commission recognizes that even though the compliance rate was high and opportunities for compensation were few, there were 339 instances where customers who were eligible for compensation did not make a claim. The Commission recognizes the need for further awareness in this area. We will continue to monitor the standards of service to ensure compliance as well as educate and inform the public of their rights and responsibilities.

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Fair Trading Commission

Consultation Paper

REVIEW OF THE BARBADOS LIGHT AND POWER COMPANY LTD. STANDARDS OF SERVICE

Document No. FTC/CONS2008/02

Date: October 29, 2008

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**PUBLIC CONSULTATION ON THE REVIEW OF THE STANDARDS
OF SERVICE FOR THE BARBADOS LIGHT & POWER CO. LTD.**

Purpose of Document

1. The Commission issued its decision on the standards of service for the Barbados Light & Power Company Ltd. "BL&P" on February 28, 2006 and it became applicable from June 1, 2006. The Commission in that Decision committed itself to a review after 2 years.
2. This paper provides an overview of the operations and performance of the Company as it relates to the standards of service over the past two years. It also gives an update of amendments made and new standards of service instituted regionally or internationally which may be of relevance to Barbados.
3. The purpose of this consultation is to determine among other things:
 - a) Whether the objectives for the implementation of the Standards of Service were met i.e. was it beneficial to both consumers and the service provider.
 - b) Whether any additional Guaranteed or Overall standards of service should be implemented
 - c) What time period is most appropriate before review of the standards of service, currently it is a two year period.
 - d) Whether any of the Guaranteed or Overall standards need to be modified or removed.
 - e) Whether the system of compensatory payment is adequate and whether the number of exemptions should be revised.
4. In the interest of transparency and accountability the Commission is obligated to seek public input on matters relating to the regulation of public utilities. The consultation process therefore

- a) brings to public attention important issues relating to utility regulation to promote public understanding and debate;
 - b) puts forward options and/or proposals as to the approach to adopt in dealing with these issues and seeks to resolve them in the best interests of the consumer, the service provider and the society at large; and
 - c) invites comments from interested parties, such as consumers, service providers, businesses, professionals and academics.
5. In general with consultation papers, the issues at hand will influence the nature of the document and its content. On some issues, the Commission may simply set out what it regards as the available options and, although there may be some analysis of the pros and cons of the options, it may be that no one option emerges as the favoured or proposed approach. In other consultation papers, the issues are such that the Commission may set out a clear preference for a particular approach and invite comments on this basis.
 6. The paper is intended to solicit comments from all interested parties on the performance of the Company specifically as it relates to the published reports on the standards of service and to identify areas for inclusion, deletion and or improvement.
 7. The Commission encourages the widest possible participation in this consultation process. In addition to making this document available at its offices, it will be posted on the Commission's website.
 8. The Consultation period will begin on **October 29, 2008** and end on **November 28, 2008 at 4.00 p.m.**

SECTION 1 - BACKGROUND

Legislative Framework

9. The issue of Standards of Service is extremely important in the regulation of utilities. In a competitive market, the consumer makes a choice of a service based on both price and quality. Competitors offering items of sub-standard quality at low prices may be forced out of the market in the same way as competitors offering reasonable standards at high prices. These natural competition forces "regulate" the market. Monopoly utilities such as the BL&P are not subject to these competitive forces; therefore the onus is on the Commission to establish standards that are reasonable to ensure adequate service is provided to customers.
10. The functions of the Commission encompass the important aspect of the setting of standards. Section 3(1) of the Utilities Regulation Act, CAP 282, states that the Commission shall, in relation to the service provider:-
 - determine the standards of service applicable;*
 - (a) monitor the standards of service supplied to ensure compliance; and*
 - (b) carry out periodic reviews of the rates and principles for setting rates and standards of service.*
11. The Commission therefore has responsibility for determining and monitoring the standards of service offered and for periodic reviews of the standards of service for utilities under its jurisdiction.
12. Section 4 of the Utilities Regulation Act CAP. 282 states that in determining standards of service the Commission shall have regard to:-

- (a) the rates being charged by the service provider for supplying a utility service;*
 - (b) ensuring that consumers are provided with universal access to the service supplied by the service provider;*
 - (c) the national environmental policy; and*
 - (d) such other matters as the Commission may consider appropriate.*
13. Rule 63 of the Utilities Regulation Procedural Rules 2003, S.I. 2003 No. 104 indicates that service standards may include issues such as:-
- (a) Universality of service;*
 - (b) The provision of new services;*
 - (c) The extension of services to new customers;*
 - (d) The maximum response time permitted for responding to customer complaints;*
and
 - (e) Standards related to service qualities which are specific to each sector.*

Update of Local Electricity Sector

14. As oil prices steadily increased over the past year, the BL&P has sought to explore the use of alternative energy sources such as wind energy in St. Lucy. There has also been some discussion of the use of bagasse to produce electricity. The government's 2008 budget presentation speaks to energy conservation and the diversification of the energy sector to incorporate renewable sources of energy. The allowance for individuals to produce their own energy from petroleum or alternate sources and the resale of excess to the BL&P grid is also important. The development of an independent power producer (IPP) base has therefore assumed greater importance as persons explore these business opportunities in the energy sector.
15. Notwithstanding this move towards the development of this new energy sub-sector, the BL&P currently remains the sole retail supplier of electricity service on the island. As such the BL&P will continue to be the universal service

provider, therefore the requirement for the adoption and maintenance of minimum standards of service remains critical.

SECTION 2 - THE BL&P STANDARDS OF SERVICE

16. The standards of services for regulated utility services came into effect on June 1, 2006. The standards were in respect of the Barbados Light and Power Company Ltd. the monopoly provider of electricity, and Cable & Wireless (Barbados) Ltd., the dominant provider of telecommunications services. Both these utilities are identified in the relevant legislation.

Objectives

17. The Commission is obligated to ensure that standards of service are established to fulfil the overall objectives of:

- Reliability and quality of supply; and
- Safety of supply to all users.

18. The Commission intends to continue on its path towards achieving these objectives through standards of service that will encourage the BL&P to:

- Maximise communication with customers;
- Maximise accessibility of customers to the service;
- Minimise response time to customer service requests; and
- Minimise inconvenience to customers.

19. The Commission in its 2006 Decision sought to fulfil these objectives through the establishment of Guaranteed and Overall Standards and also implemented a number of reliability indicators. In addition, the Commission decided that compensatory payments should be made for breaches of Guaranteed Standards.

Guaranteed Standards

20. Guaranteed Standards are applicable at the level of the individual customer. Thus, in each instance where the target for a particular standard is breached the utility is required to make a compensatory payment to the affected customer, except under force majeure or other extenuating circumstances.
21. The Commission determined that Guaranteed Standards are relevant in the following service categories:
- Restore service after fault on customer's line;
 - Restore supply after fault on distribution system;
 - Investigation of voltage complaints;
 - Provision of a simple service connection;
 - Provision of cost estimate for complex connection requiring a service visit;
 - Connection or transfer of service to an existing installation;
 - Reconnection of service on settling the bill after disconnection at the meter;
and
 - Response to billing complaints.

Overall Standards

22. Overall Standards are used as indicators for evaluating the general performance of the Company, including overall reliability of service within each customer class but are not geared towards assessing the level of service rendered to an individual customer. The targets for this category of standards are expressed in terms of percentage of occasions that the defined standard was achieved.
23. The service categories for the Overall Standards previously adopted by the Commission for the BL&P are as follows:

- Frequency of meter reading;
- Response to high/low voltage complaints;
- Prior Notice of Outages;
- Reconnection after payment of overdue amount; and
- Response to written claims relating to standards of service.

Reliability Indicators

24. In addition to monitoring the aforementioned aspects of overall performance, the Commission adopted the following indices as a further means of determining whether there has been an improvement or deterioration in the standard of production and distribution of electricity in Barbados. It should be noted that this system is also a requirement of the Ontario Energy Board for all electric utilities in Ontario, Canada.

a) System Average Interruption Duration Index (SAIDI)

This index is a measure of the average number of hours per year that a customer is without electricity service. It is a measure of the overall service reliability.

$$\text{SAIDI} = \frac{\text{Total Customer Hours Interruptions}}{\text{Total Number of Customers Served}}$$

b) System Average Interruption Frequency Index (SAIFI)

This is an indicator of the frequency of interruptions per year.

$$\text{SAIFI} = \frac{\text{Total Customer Interruptions}}{\text{Total Number of Customers Served}}$$

c) Customer Average Interruption Duration Index (CAIDI)

This is a measure of how quickly power is restored after an outage.

$$\text{CAIDI} = \frac{\text{SAIDI}}{\text{SAIFI}}$$

$$= \frac{\text{Total Customer Hours of Interruption}}{\text{Total Number of Customer Interruptions}}$$

25. These indices are useful indicators of the reliability and efficiency of electricity production and distribution and are relatively simple to calculate.
26. By collecting and comparing these measurements on a monthly basis, the Commission is able to determine whether there has been an improvement or deterioration in the standard of production and distribution of electricity in Barbados.

Q 1. What are your views on the service areas which the Commission has adopted as guaranteed and overall standards? Are there any other areas where standards should be established?

SECTION 3 - ANALYSIS OF STANDARDS OF SERVICE PERFORMANCE FOR THE TWO YEAR PERIOD JUNE 1, 2006 TO MAY 31, 2007 & JUNE 1, 2007 TO MAY 31, 2008

27. A comparison of the BL&P's performance in respect of the standards of service for the years June 1, 2006 to May 31, 2007 and June 1, 2007 to May 31, 2008 has been prepared based on the reports submitted by the company.

Guaranteed Standards

TABLE 1: GUARANTEED STANDARDS OF SERVICE PERFORMANCE FOR JUNE 2006 TO MAY 2008

Standard	Target	Average % Compliance	
		2006-2007	2007-2008
GES 1 Restore supply after fault on customer's service (single customer)	Within 12 hours	99.4	99.2
GES 2 Restore supply after fault on the distribution system (multiple customers)	Within 12 hours	99.8	99.6
GES 3 Investigation of voltage complaints	(a) Visit and correct within 3 working days,	99.2	98.6
	(b) Correct within 3 months for those not corrected within 3 days	83.3	95.0
GES 4 Provide a simple service connection (connection point within 30 m)	Within 12 working days	92.8	94.3
GES 5 Provide a cost estimate for complex connection requiring a service visit	Within 3 months	98.8	99.9
GES 6 Connect or transfer of service to an existing installation	Within 2 working days	98.4	99.6

Standard	Target	Average % Compliance	
		2006 - 2007	2007 - 2008
GES 7 Reconnection of service on settling the bill after disconnection at the meter	Within 2 working days	99.8	99.9
GES 8 Response to billing complaints	Provide assessment within 15 working days for those complaints which the Company deems require a service visit	99.1	98.1

Please see Appendix 1 for the current standards of service.

28. The 2007/2008 guaranteed standards of service compliance levels generally tracked those of the 2006/2007 period. The only major deviation (by more than two percentage points) was that of GES 3b (Investigation of a voltage complaint and correct within three months for those not corrected within three days) where there was an 11.7% increase in compliance over the inaugural year.
29. BL&P recorded slightly improved performances under GES 4, 5, 6 and 7 in the second year of operation of the standards while marginal declines were observed for GES 1, 2, 3a and 8 for the corresponding period. On average the Company has been able to attain compliance levels above 98% for the entire review period, except for the service categories GES 3b (correct within 3 months for those not corrected within 3 days) and GES 4 (provide a simple service connection).
30. The BL&P has reported that figures for GES 4 included exemption conditions and this would have had the effect to lower the number of recorded times that the target was met. Following discussions with the Commission, the Company

has committed to putting measures in place which will enable more accurate reporting.

31. Over the two year period under review 530 breaches of guaranteed standards were recorded, 339 in 2006/2007 and 191 in 2007/2008, respectively. In each instance the affected customer was eligible for compensation ranging from \$45.00 to \$215.00; however no claims for compensation were received. The lack of activity as it pertains to claims begs the question as to whether customers are aware of their right to compensation under the guaranteed standards, compensation levels are ineffective in motivating prospective claimants to claim, the claims process is too laborious and therefore acts as a deterrent, or a combination of the above.

Overall Standards

**TABLE 2: OVERALL STANDARDS OF SERVICE PERFORMANCE
FOR JUNE 2006 TO MAY 2008**

Standard	Target	Average % Achieved	
		2006 - 2007	2007 - 2008
OES 1 Frequency of meter reading	100% of customers' meters to be read every two months	93.8	93.0
OES 2 Response to complaints High/low voltage	95% of complaints to be responded to within 5 working days	99.7	99.3
OES 3 Prior notice of outages	95% of customers to be notified of planned outages 48 hours before	95.7	99.6
OES 4 Reconnection after payment of overdue amount	90% of customers to be reconnected by the end of next working day	99.7	99.9
OES 5 Response to written complaints related to standards of service	100% of customers to receive acknowledgement of receipt of claim within 10 working days	No claims received	No claims received

32. The compliance average over the two year review period indicates that BL&P has been able to exceed the overall standards of service targets for all service categories except OES 1 (frequency of meter reading - 100% of customers' meters to be read every two months). The data collected under this category includes all estimated readings as the Company was, up to the time of submission of the appropriate quarterly reports, unable to generate data which distinguished between read meters and estimates. Consideration must also be given to extenuating circumstances that have direct bearing on this category such as lack of access to premises. As the Company has already begun the process of installing the new Customer Information System, it is anticipated that the issues surrounding the timely reading of meters (OES1) and the separation of read and estimated bills will be corrected within the first half of the 2008 to 2009 reporting period.

Reliability Indices

TABLE 3: RELIABILITY RESULTS FOR THE PERIOD JUNE 2006 TO MAY 2008

Equations	2006/2007	2007/2008
SAIDI = $\frac{\text{Total Customer Hours Interruptions}}{\text{Total Number of Customers Served}}$	0.386	0.266
SAIFI = $\frac{\text{Total Customer Interruptions}}{\text{Total Number of Customers Served}}$	0.935	0.510
CAIDI = $\frac{\text{SAIDI}}{\text{SAIFI}}$	0.432	0.601

33. Comparison of the SAIDI for 2006/2007 and 2007/2008 indicate that BL&P was able to reduce the average outage time per customer. The index that monitors average interruption frequency, SAIFI, also showed an improvement in the second year over year one with results of 0.510 and 0.935 being recorded respectively. The CAIDI index which is a measure of how quickly power is

restored after an outage dropped in the second year. An average of 0.432 was recorded in 2006/2007 while 2007/2008's average was 0.601.

Q2: Do you agree with the continued use of the reliability indicators to evaluate the performance of the Barbados Light & Power Co. Ltd? Are there other indicators that could be used?

SECTION 4 - COMPARISON OF STANDARDS OF SERVICE IN BARBADOS WITH OTHER JURISDICTIONS

34. As is standard practice within the regulatory discipline, the Commission seeks to benchmark the standards of service that are currently applicable in other jurisdictions with those of the BL&P. This comparison allows for an assessment of the application of best practices. It is worthy to note that the appropriate use of any given service category is based on the structure of the economy, for example, population density, the dispersion of the network relative to the location of the power grid, growth in electricity demand and the type of regulation, among other factors. The following tables will present comparisons of guaranteed and overall standards respectively.
35. Table 4 compares the current guaranteed standards of the BL&P with those in other jurisdictions.

Table 4: Comparison of Barbados' Guaranteed Standards with Selected Regional and International Jurisdictions

Description of Standard	Existing BL&P	Jamaica ^{1,2}	Trinidad & Tobago ³	Hong Kong ^{4,5}	United Kingdom ⁶	New South Wales, Australia ⁷
Restore supply after fault on customer's service (single customer)	Within 12 hours	N/A	N/A	N/A	N/A	N/A
Restore supply after fault on the distribution system (multiple customers)	Within 12 hours	N/A	12 hours	2 hours	18 hours	N/A
Investigation of voltage complaints	Visit within 3 working days, correct within 3 months	N/A	N/A	N/A	N/A	N/A
Provide a simple service connection (connection point within 30 m)	Within 12 working days	4 working days	3 working days	Next Day	30 working days	Connect customer by date agreed with customer
Provide a cost estimate for complex connection requiring a service visit	Within 3 months	N/A	N/A	N/A	N/A	N/A
Connect or transfer of service to an existing installation	Within 2 working days	N/A	N/A	N/A	N/A	N/A

¹ Office of Utility Regulation, Annual Report 1997 provided by, Standards determined for 1998-1999.

² Jamaica Public Service Guaranteed Standards Booklet 2008.

³ RIC News June 2004 Vol. 1, Issue 1, Standards of Service for Electricity Sector 2004.

⁴ Hong Kong Electric Company Ltd, Customer Service, Service Standards, http://www.hec.com.hk/hec/customer/service_3.htm

⁵ HK Electric. Customer Service brochure. <http://www.heh.com/>

⁶ Reference Office of Gas & Energy Markets OFGEM, Competitive Energy Markets, Standards of service, http://www.dti.gov.uk/energy/inform/energy_indicators/ind08.pdf

⁷ Independent Pricing and Regulatory Tribunal of New South Wales. Review of Guaranteed Customer Service Standards and Operating Statistics. Final Recommendations. 2004.

Description of Standard	Existing BI&P	Jamaica ^{1,2}	Trinidad & Tobago ³	Hong Kong ^{4,5}	United Kingdom ⁶	New South Wales, Australia ⁷
Reconnection of service on settling the bill after disconnection at the meter	Within 2 working days	1-2 working days	24 hours	Same Day	Same Day	N/A
Response to billing complaints	Provide assessment within 15 working days for those complaints which the Company deems require a service visit	N/A	N/A	N/A	N/A	N/A
Billing punctuality. Time for first bill to be mailed after connection	N/A	30 working days	65 working days	N/A	30 working days	N/A
Notice of supply interruption	N/A	N/A	3 days	7 days	5 days	2 working days
Response to emergencies	N/A	6 hours	N/A	21 minutes	3 hours	

Table 5: Comparison of Barbados' Overall Standards with Selected Regional and International Jurisdictions

Description of Standard	BL&P	Jamaica⁸	Trinidad & Tobago⁹	United Kingdom
Frequency of meter reading	100% of customers' meters to be read every two months	99% monthly for non-domestic customers, bi-monthly for domestic	90% of industrial read monthly, 90% residential and commercial read as per schedule	N/A
Response to high/low voltage complaint	95% of complaints to be responded to within 5 working days	N/A	100% to be responded to within 24 hrs	100%
Prior notice of outages	95% of customers to be notified of planned outages 48 hours before	48 hrs minimum prior notice	At least 72 hrs advanced notice 100% of the time	N/A
Reconnection after payment of overdue amount	90% of customers to be reconnected by the end of next working day	N/A	N/A	N/A
Response to written claims related to standards of service	100% of customers to receive acknowledgment of receipt of claim within 10 working days	N/A	Within 5 working days	100% of customers to receive acknowledgment of receipt of claim within 10 working days

⁸ Office of Utilities regulation (OUR). Jamaica Public services Company Limited. Tariff Review for Period 2004 - 2009. Determination Notice. June 25, 2004.

⁹ Regulated Industries Commission (RIC). Regulation of Electricity Transmission and Distribution. June 01, 2006 to May 31, 2011. Final determination (Rates and Miscellaneous Charges). Determination No. 1, 2006.

Power Quality Supply

36. The BL&P adopted the voltage tolerance standard of + or – 6Volts which is used jointly with GES 3 to assess voltage complaints. A similar allowable voltage range is used throughout the USA. Such a standard is important within the Barbadian context particularly in light of complaints from consumers in relation to equipment damage caused by voltage spikes. This standard is also important in ensuring the safety of persons using electrical equipment.
37. Table 6 below compares the voltage standard of BL&P with that of other jurisdictions¹⁰.

Table 6: Voltage Tolerances from Selected Countries

Country	Allowed voltage tolerance	
Australia	- 10%	+ 10%
Barbados	- 6%	+ 6%
Trinidad & Tobago	- 6%	+6%
United Kingdom	-6%	+10 %

Q3. Do you believe the proposed voltage tolerance range is an appropriate voltage tolerance for the BL&P? Please give reasons for your response.

¹⁰ Energy Australia, *Electrical Supply Standards*, www.energy.com.au Australia , Trinidad & Tobago, T&TEC, *Electricity Supply Rules, Section 15 , Electricity Inspection Act , Chapter 54:72*, www.ttec.co.tt, www.powernetworks.co.uk , United Kingdom.

Proposed Changes to the Standards of Service

Reconnections

38. In keeping with regional and international standard operating procedure, it is recommended that the target for the reconnection of service on settlement of the bill after disconnection at the meter (GES 7) be changed to one (1) working day. As the performance data shows the Company has thus far performed well under this service category. It is the considered opinion of the Commission that bringing this target in line with what obtains in the previously mentioned jurisdictions will not pose an undue burden.

Q4. What do you believe is an appropriate reconnection target time?

Customer Service Response

39. The Commission is minded to introduce an overall standard which stipulates an acceptable time within which a minimum percentage of consumer calls are to be answered. Customers are discouraged by long wait times and often terminate their calls without having their queries addressed. It is against this background that this service category is being considered. The intent is to *improve the quality of the interface between the customer service representative and the customer.*

5. What do you consider to be an acceptable time within which 95% of consumer calls should be answered?

SECTION 5 - COMPENSATORY PAYMENTS AND EXEMPTIONS

Compensation

40. It is proposed that GES1 and GES2 be amended to allow for compensation on a continual basis and not in discrete 24 hour time segments. Under the current arrangement discrete 24 hour time blocks beyond the target of 12 hours have to transpire before additional compensation becomes applicable. This may be considered punitive to the customer. A phrase to the effect of "or part thereof" should be included under each service category where compensation is dependent on the length of the breach.
41. It is also proposed that under the service categories where compensation is linked to the duration of a breach, as in GES1 and GES2, the additional time periods for which compensation is applicable should be commensurate with the target time. For example, compensation under GE1 should be prorated on a 12 hour basis and not a 24 hour basis as is currently the case.
42. The objective of a compensatory payment is to provide the incentive for the Company to ensure that specified levels of service quality are met. The need to provide an incentive for customers to claim and the comparison of the BL&P's proposed levels of compensation with other regional and international jurisdictions were all factors that influenced the levels of compensatory payments applied. The Commission recommends that payments be commensurate with the initial penalties and prorated on outage time beyond target time where appropriate.

Q6. What are your views on the continuous prorating of compensation under service categories where compensation is dependent on the duration of the breach?

43. During the first year the annual reports on claims submitted by the company were for the period June 1, 2006 to May 31 2007. However, the Commission adjusted the reporting period for C&W submission of reports to April 1 to March 31 to correspond to the financial year of the Commission. Consequently the reporting period for the 2006/2007 (May 31, 2006 to June 1, 2007) year differs from that for the 2007/2008 (April 1, 2007 to March 31, 2008) year.
44. Reports submitted by the BL&P indicate that between June and May 2007, 339 customers were eligible for compensation and between April 2007 and March 2008, 191 were eligible. However to date no customer has made a claim for compensation. In view of this the Commission is considering that compensation be made automatic. The automation of compensatory payments will act as an incentive for the Company to improve its performance; and remove the need for consumers to submit claims. It is however noted that this automation may require technical changes to the Company's billing, tracking and reporting systems.

Q7. What would you propose as an effective means of encouraging eligible claimants to seek compensation?

Q8. What is your view on the automation of compensation under the guaranteed standards scheme?

General Exemptions

45. The Commission is of the view that failure to meet guaranteed standards should not require compensatory payments to be made by the service provider in situations where conditions outside the control of the service provider make it impossible to meet the targets.
46. The conditions for exemptions from standards are currently as follows:

- Acts of God;
 - a) Landslides
 - b) Hurricanes
 - c) Lightning
 - d) Earthquake
 - e) Storms
 - f) Floods
- Riot;
- Civil commotion;
- Strikes, lockouts, and other industrial disturbances;
- Acts of terrorism;
- Wars;
- Blockades;
- Insurrections;
- Epidemics;
- Trade restrictions;
- Inability to obtain any requisite Government permits; and
- Breakdown of machinery or equipment or any other force or cause of similar nature not within the control of the Company and which by the exercise of diligence it is unable to avoid, prevent or mitigate.

47. The Commission considers that these exemptions remain relevant.

Other Exemptions and Conditions

48. The Commission is cognisant that other circumstances may exist from time to time which might impede the Company's ability to meet the prescribed standards of service. In such instances the Company is required to request authorisation from the Commission for exemption. Situations which might fall into this category may include but are not limited to the following:

- The service provider is requested by a public authority to provide emergency electricity supply to assist in emergency action and the provision of such services restricts the connection of a customer to a specified service or the rectification of a fault or service difficulty;
- The service provider is prevented from providing a connection to a specified service, or the rectification of a fault or service difficulty due to the service provider being unable to obtain lawful access to the land or a facility;
- A law of Barbados prevents the service provider from complying with the service standard;
- After following the Company's credit and disconnection guidelines, the customer has not paid applicable charges and remains disconnected;
- The customer is required to pay a charge to the service provider for the connection to the service or for the use of the service; and
- The service provider has reasonable grounds to believe that the customer would be unwilling or unable to pay the charge as it becomes due.

Q9: Do you believe that the type of general and other exemptions should be revised? Give reasons.

SECTION 6 - MONITORING AND ENFORCEMENT OF STANDARDS

49. The Commission has instituted a monitoring system for the Standards of Service which requires the BL&P to submit quarterly regulatory reports. These reports shall include information on:

- The number of breaches under each guaranteed service category;
- The actual average times taken to respond to and/or rectify issues referred to under each guaranteed service category;
- The level of compliance, as a percentage, of each overall service category; and
- Details of any extenuating circumstances that would have prohibited the Company from achieving the targets of the overall standards.

50. The BL&P is required to submit annual reports. These reports include information on:

- The number of customers eligible for compensation during the previous financial year;
- The total value of eligible compensation;
- The number of customers actually receiving compensation; and
- The value of compensation remitted.

51. The annual reports submitted by the Company were originally from June 1 to May 31 each year. However, the Commission has subsequently decided to adjust the reporting period to April 1 to March 31 each year to allow the reporting period to correspond to the financial period of the Commission.

Q10. What changes would you suggest in regard to monitoring the standards of service?

SECTION 7 - CONSULTATION PROCESS

52. The Fair Trading Commission ("the Commission") established by the Fair Trading Commission Act, CAP 326B, is the regulator of international and domestic telecommunications services and electricity services.
53. In carrying out its duties as a regulator, the Commission must operate in a *transparent, accountable and non-discriminatory manner*. Consultative documents and the public consultation process are the main ways in which the Commission discharges its responsibilities relating to transparency and accountability.
54. In addition, the Commission is specifically charged under the Fair Trading Commission Act CAP 326B to consult with interested persons when it is discharging certain functions. 1.
55. Section 4(4) of the Fair Trading Commission Act, CAP. 326B states:
"The Commission shall, in performing its functions under subsection (3)(a), (b), (d) and (f) , consult with the service providers, representatives of consumer interest groups and other parties that have an interest in the matter before it."

Consultative Documents

56. On important issues that arise in the regulation of the utility industries, the Commission may issue a consultative document, a public discussion paper, in which the Commission:
- (a) brings to public attention important issues relating to utility regulation to promote public understanding and debate;
 - (b) puts forward options and/or proposals as to the approach to adopt in dealing with these issues, to seek to resolve them in the best interests of the consumer, the service provider and the society at large; and

- (c) invites comments from interested parties, such as consumers, service providers, businesses, professionals and academics.
57. In general with consultation papers, the issues at hand will influence the nature of the document and its content. On some issues, the Commission may simply set out what it regards as the available options and, although there may be some analysis of the pros and cons of the options, it may be that no one option emerges as the favoured or proposed approach. In other consultation papers, the issues are such that the Commission may set out a clear preference for a particular approach and invite comments on this basis.
58. The views and analysis set out by the Commission in a consultative document are intended to invite comments which may cause the Commission to revise its views.
59. The consultative document generally includes a series of specific questions on which the Commission is particularly seeking comments. To ease the task of analysing comments, respondents should reference the relevant question numbers in the document. If they consider it appropriate, respondents may wish to address other aspects of the document for which the Commission has not prepared specific questions. Failure to provide answers to all questions will in no way reduce the consideration given to the entire response. Commercially sensitive material should be clearly marked as such and included in an annex to the response.

Responding to this Consultation Paper

60. The Commission invites and encourages written responses in the form of views or comments on the matters discussed in the Paper from all interested parties including the Barbados Light and Power Co. Ltd., other regulated or soon to be regulated utilities, other licensed operators, government ministries, non-governmental organisations (NGO'S), consumer representatives, residential consumers, businesses and academics .

Consultation Timetable

61. The Consultation period will begin on **October 29, 2008** and end on **November 28, 2008 at 4.00 p.m.** All written submissions should be submitted by this deadline. The Commission is under no obligation to consider comments received after 4:00 p.m. on November 28, 2008.
62. Copies of this Consultation Paper can be collected between the hours of 9.00 a.m. to 4.00p.m, Mondays to Fridays from the Commission's offices at the following address:

Fair Trading Commission
Good Hope
Green Hill
St. Michael
BARBADOS

63. The Consultation Paper can also be downloaded from the Commission's website at <http://www.ftc.gov.bb>
64. Respondents to the Consultation may submit responses in electronic format. The Commission would prefer that emailed responses be prepared as Word documents, attached to an email cover letter and forwarded to: info@ftc.gov.bb

65. Responses can be faxed to the Commission using fax number (246) 424-0300. Mailed or hand delivered responses should be addressed to the Chief Executive Officer at the above mailing address.

Confidentiality

66. The Commission is of the view that this consultation is largely of a general nature. The Commission expects to receive views from a wide cross section of stakeholders and believes that views and comments received should be shared as widely as possible with all respondents.
67. **Respondents should therefore ensure that they indicate clearly to the Commission any response or part of a response that they consider to contain confidential or proprietary information.**

Analysis of Responses

68. The Commission expects, in most consultations, to receive a range of conflicting views. In such circumstances, it would be impossible for the Commission to agree with all respondents. Through its decision the Commission will seek to explain the basis for its judgments and where it deems appropriate give the reasons why it agrees with certain opinions and disagrees with others. Sometimes analysis of new evidence presented to the Commission will cause it to modify its view. In the interests of transparency and accountability, the reasons for such modifications will be set out and, where the Commission disagrees with major responses or points that were commonly made, it will in most circumstances, explain why.

List of Questions

Q1. What are your views on the service areas which the Commission has adopted as guaranteed and overall standards? Are there any other areas where standards should be established?

Q2. Do you agree with the continued use of the reliability indicators to evaluate the performance of the Barbados Light & Power Co. Ltd? Are there other indicators that could be used?

Q3. Do you believe the proposed voltage tolerance range is an appropriate voltage tolerance for the BL&P? Please give reasons for your response.

Q4. What do you believe is an appropriate reconnection target time?

Q5. What do you consider to be an acceptable time within which 95% of consumer calls should be answered?

Q6. What are your views on the continuous prorating of compensation under service categories where compensation is dependent on the duration of the breach?

Q7. What would you propose as an effective means of encouraging eligible claimants to seek compensation?

Q8. What is your view on the automation of compensation under the guaranteed standards scheme?

Q9: Do you believe that the type of general and other exemptions should be revised? Give reasons.

Q10. What changes would you suggest in regard to monitoring the standards of service?

APPNDIX 1



Guaranteed Standards for Barbados Light & Power Co. Ltd.

Effective June 01, 2006

	SERVICE CATEGORY	TARGET	COMPENSATORY PAYMENT
GES1	Restore supply after fault on customer's service (single customer)	Within 12 hours	\$45.00 (Domestic) \$90.00 (General Service) \$215.00 Secondary Voltage Power/Large Power (SVP/LP) \$45.00 for each additional 24 hours.(Domestic) \$90.00 for each additional 24 hours (General Service) \$215.00 for each additional 24 hours (SVP/LP)
GES2	Restore supply after fault on the distribution system (multiple customers)	Within 12 hours	\$45.00 (Domestic) \$90.00 (General Service) \$215.00 (SVP/LP) \$45.00 for each additional 24 hours (Domestic) \$90.00 for each additional 24 hours (General Service) \$215.00 for each additional 24 hours (SVP/LP)
GES3	Investigation of voltage complaints	Visit within 3 working days , correct within 3 months	\$45.00 (Domestic) \$90.00 (General Service) \$215.00 (SVP/LP).
GES4	Provide a simple service connection (connection point within 30 m)	Within 12 working days	Refund of installation fee
GES5	Provide cost estimate for complex connection requiring a service visit	Within 3 months	\$45.00 (Domestic) \$90.00 (General Service.) \$215.00 (SVP/LP)
GES6	Connect or transfer of service to an existing installation	Within 2 working days	\$45.00 (Domestic) \$90.00 (General Service.) \$215.00 (SVP/LP)
GES7	Reconnection of service on settling the bill after disconnection at the meter	Within 2 Working days	Refund of reconnection fee
GES8	Response to billing complaints	Provide assessment within 15 working days for those complaints which the Company deems require a service visit.	\$45.00 (Domestic) \$90.00 (General Service). \$215.00 (SVP/LP)

0422



FAIR TRADING COMMISSION

**STANDARD OF SERVICE REPORT ON THE PERFORMANCE
OF THE BARBADOS LIGHT & POWER COMPANY LIMITED**

June 1, 2006 to May 31, 2007

Date: November 27, 2007

Report on the Standards of Service Barbados Light & Power Company Limited
June 2006- May 2007

The Fair Trading Commission, by way of its decision dated February 28, 2006, implemented standards of service for the Barbados Light & Power Company Limited (BL&P) effective June 1, 2006. These standards established the minimum levels of service to be provided to consumers in Barbados.

Standards of service are categorized as either guaranteed or overall. Under the guaranteed standards scheme the utility is required to make a prescribed compensatory payment to each individual customer who is affected by the utility's failure to meet the defined target for a particular standard. Comparatively, overall standards are designed to reflect the general performance of the utility and are not defined by the service an individual customer receives. No compensation is associated with this category of standards.

The aforementioned decision mandates the Commission to publicly disclose the utility's level of compliance.

The tables below show the level of compliance as reported by the BL&P for Guaranteed and Overall Standards June 2006 - May 2007. A discussion on issues relevant to the standards follows.

Table 1 Guaranteed Standards

Standard	Description	Target	Compensatory Payments (Domestic Customers)	No. of Instances	Number of times target met	% Compliance
GES1	Restore supply after fault on customer's service (single customer)	Within 12 hours	\$45.00 \$45.00 for each additional 24 hours.	345	343	99.4
GES 2	Restore supply after fault on the distribution system (multiple customers)	Within 12 hours	\$45.00 \$45.00 for each additional 24 hours.	848	846	99.8
GES 3	Investigation of voltage complaints	(a) Visit and correct within 3 working days ,	\$45.00	2,082	2,066	99.2
		(b) Correct within 3 months for those not corrected within 3 days	\$45.00	24	20	83.3
GES 4	Provide a simple service connection (connection point within 30m)	Within 12 working days	Refund of installation fee	2,939	2,726	92.8
GES 5	Provide cost estimate for complex connection requiring a service visit	Within 3 months	\$45.00	1,002	990	98.8
GES 6	Connect or transfer of service to an	Within 2 working days	\$45.00	4,443	4,372	98.4

Standard	Description	Target	Compensatory Payments (Domestic Customers)	No. of Instances	Number of times target met	% Compliance
	existing installation					
GES 7	Reconnection of service on settling the bill after disconnection at the meter	Within 2 Working days	\$45.00	9,045	9,031	99.8
GES 8	Response to billing complaints	Provide assessment within 15 working days for those complaints which the Company deems require a service visit.	\$45.00	581	576	99.1

Table 2

Quarterly Trends % Compliance Guaranteed Standards Jun 2006- May 2007

	Jun- Aug 2006	Sep- Nov 2006	Dec 2006- Feb 2007	Mar- May 2007
GES 1	100 %	98.8%	99.2%	100%
GES 2	99.2%	99.6%	99.7%	100%
GES 3 (a)	99.0%	99.1%	99.1%	99.8%
(b)	88.9%	88.9%	81.8%	100%
GES 4	83.7%	88.1%	89.1%	98.4%
GES 5	97.4%	97.9%	98.5%	99.6%
GES 6	98.2%	98.0%	98.0%	99.7%
GES 7	100%	99.8%	99.8%	99.8%
GES 8	99.4%	99.3%	98.9%	99.1%

Guaranteed Standards

Compliance was over 99% with regards to fault repair and reconnections standards (GES 1, 2 & 7). The lowest levels of compliance (83.3% and 92.8%) were recorded in the areas of voltage complaints (GES 3) and providing a simple service connection (GES 4) respectively.

Regarding (GES 3), the figure for "corrected within 3 months" refers only to those voltage complaints that took more than three days to correct. This accounts for the relatively low percentage level (83.3%) of compliance displayed. Voltage complaints which required over three days to complete were 24 out of a total of 2106.

The BL&P has reported that figures for (GES 4) included exemption conditions and this would have affected the recorded number of times where the target was met. Following discussions with the Commission, the Company has committed to putting measures in place which will enable more accurate reporting in future.

Table 3 Overall Standards

Standard	Description	Target	No. of Persons Affected	No. of times Target met	% Compliance
OES 1	Frequency of meter reading	100% of customers' meters to be read every two months	*Not Available		93.8
OES 2	Response to Complaint high/low voltage	95 % of complaints to be responded to in 5 working days	2,082	2,076	99.7
OES 3	Prior notice of outages	95% of customers to be notified of planned outages 48 hours before	31,333	29,980	95.7
OES 4	Reconnection after payment of overdue amount	90 % of customers to be reconnected by the end of next	9,045	9,017	99.7

Standard	Description	Target	No. of Persons Affected	No. of times Target met	% Compliance
		working day.			
OES 5	Response to Written Claims related to Standards of Service	100% of customers to receive acknowledgement of receipt of claim within 10 working days	0	0	No claims received

* The figures submitted by BL&P do not indicate total numbers, but each month approximately half of residential and business customers' meters should be read. The percentage used in calculation is based on the number of meters due to be read each month.

Table 4 Quarterly Trends % Compliance Overall Standards Jun 2006- May 2007

	Jun- Aug 2006	Sep- Nov 2006	Dec 2006- Feb 2007	Mar- May 2007
OES 1	94.5%	93.9%	93.1%	94.6%
OES 2	99.3%	99.6%	100 %	100%
OES 3	94.7%	96.2%	97.3%	94.9%
OES 4	99.8%	99.4%	99.7%	99.9%
OES 5	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Overall Standards

The Company achieved the targets each month for the standards regarding reconnection after payment of overdue amount and response to voltage complaints (OES2 & OES 4). The company has, however, not been able to reach the target of reading every customer's meter once every two months (OES1). In some cases the inability to read a customer's meter was due to conditions outside the control of the company such as restriction of access to property and presence of dogs. The current Customer Information System (C.I.S) used by the company does not allow for exemption conditions to be separated from the totals. The company is in the process

of replacing this C.I.S and it is expected that the new system will be able to separate the exemption events from the totals.

There has been difficulty in the achievement of the target for prior notice of outages (OES 3) in some months, compliance ranged from 83.6 in December 2006 to 100% in June and August 2007. BL&P has given assurances that it will strive to meet the target in each month during the coming year.

Customer Claims

The Commission is concerned that during the year no claims were made under the guaranteed standards of service. The Commission recognizes that even though the compliance rate was high and opportunities for compensation were few, there were 339 instances where customers who were eligible for compensation did not make a claim. The Commission recognizes the need for further awareness in this area. We will continue to monitor the standards of service to ensure compliance as well as educate and inform the public of their rights and responsibilities.

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M4

SCHEDULE M-4

THE BARBADOS LIGHT & POWER COMPANY LTD.

SUMMARY OF REPORT OF THE BARBADOS LIGHT & POWER CO. LTD. TO THE FAIR TRADING COMMISSION:

STANDARDS OF SERVICE APRIL 2008 - MARCH 2009

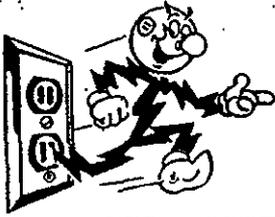
Standard	DESCRIPTION	TARGET	April 2008 to March
GES1	Restore supply after fault on customer's service (<i>single</i>)	Within 12 hours	99.7%
			309 / 310
GES2	Restore supply after fault on the distribution system (<i>multiple customers</i>)	Within 12 hours	99.9%
			765 / 766
GES3	Investigation of voltage complaints	Visit: Within 3 working days	98.8%
			2,020 / 2,044
		Correct: Within 3 months	100.0%
			12 / 12
GES4	Provide a simple service connection (connection point within 30 metres)	Within 12 working days	91.2%
			1,648 / 1,807
GES5	Provide cost estimate for complex connection requiring a service visit	Within 3 months	99.8%
			828 / 830
GES6	Connect or transfer of service to an existing installation	Within 2 working days	93.9%
			3,389 / 3,610
GES7	Reconnection of service on settling the bill after disconnection at the meter	Within 2 working days	99.9%
			8,033 / 8,040
GES8	Response to billing complaints	Provide assesment within 15 working days for those complaints which the Company deems require a service visit.	92.4%
			402 / 435

Standard	DESCRIPTION	TARGET	April 2008 to March
*OES1	Frequency of meter reading	100% of customer's meters to be read every two months	94.4% 579,889 / 606,824
OES2	Response to Complaint high/low voltage	95% of complaints to be responded to in 5 working days	99.4% 2,031 / 2,044
OES3	Prior notice of outages	95% of customers to be notified of planned outages within 48 hours before	99.3% 28,818 / 29,026
OES4	Reconnection after payment of overdue amount	90% of customers to be reconnected by the end of next working day	99.6% 8,009 / 8,040
OES5	Response to written claims related to Standards of Service	100 % of customers to receive acknowledgement of receipt of claim within 10 working days	100.0% 1 / 1

Note: * OES1 excludes exemptions from June 2008.

Reliability Index	DESCRIPTION	TARGET	April 2008 to March 2009
SAIDI	System average interruption duration index - Hours		12.504
SAIFI	System average interruption frequency index		10.339
CAIDI	Customer average interruption duration index		1.209

M-5



CABLE: *KILOWATT*
 PHONE: (809) 436-1800
 FAX: NO: (809) 436-9933



THE BARBADOS
LIGHT & POWER
 COMPANY LIMITED

P.O. BOX 142
 GARRISON HILL, ST. MICHAEL, BARBADOS, W.I.

November 26, 2008

Ms Peggy Griffith
 Chief Executive Officer
 Fair Trading Commission
 Good Hope
 Green Hill
 ST MICHAEL

Dear Ms Griffith,

Re: Response of The Barbados Light & Power Company Limited ("the Company" / "BL&P") to the Fair Trading Commission's Public Consultation Paper on the Review of the Standards of Service for the Company.

We acknowledge receipt of your letter dated October 29, 2008, in which you enclosed a copy of the Fair Trading Commission's ("the Commission") Consultation Paper on a Review of the Company's Standards of Service ("the Paper"). The Company would like to thank the Commission for its thorough and clear Paper and now takes this opportunity to provide a detailed response to the matters raised in the Paper.

The Company's response is in the following three main sections:

- (a) Section One sets out some general comments on the purpose of the consultation;
- (b) Section Two responds to the specific questions that have been posed by the Commission; and
- (c) Section Three outlines the Company's proposals for revision to the Standards of Service.

SECTION ONE: COMMENTS ON THE PURPOSE OF THE CONSULTATION

The Commission has stated its purpose for the consultation and the Company would like to offer the following comments:

- (a) *Whether the objectives for the implementation of the Standards of Service were met i.e. was it beneficial to both consumers and the service provider.*

BL&P Comment:

Yes, it was beneficial to the Company.

- (b) *Whether any additional Guaranteed or Overall standards of service should be implemented.*

BL&P Comment:

This is addressed later in this document. Please see Section Two.

- (c) *What time period is most appropriate before review of the standards of service, currently it is a two year period.*

BL&P Comment:

As you are aware, Section 15 (1) of the Utilities Regulation Act ("the Act") states:

"The Commission may fix a period of time not exceeding 5 years in respect of which

(a) the rates for the supply of a utility service;

(b) the principles for determining rates for the supply of a utility service; and

(c) the standards of service.

will apply"

Section 15(2) of the Act allows for a review at any time should the Commission consider that there has been a fundamental change in circumstances which warrants this.

Section 4 of the Act provides for the Commission to have regard to the rates being charged by the service provider for supplying a utility service, in the determination of standards of service. This close connection between rates and standards of service is also highlighted in rule 63 of the Utilities Regulation (Procedural) Rules, 2003 in which rule 63(1) requires the service provider to present its proposed service standards, where the service provider makes an application for a rate review.

In view of these provisions, the Company takes the view that it would seem reasonable for rates and standards of service to be reviewed together and that a two year period may at times be too short a period for such a review.

- (d) *Whether any of the Guaranteed or Overall standards need to be modified or removed.*

BL&P Comment:

This is addressed later in this document. Please see Section Two.

- (e) *Whether the system of compensatory payment is adequate and whether the number of exemptions should be revised.*

BL&P Comment:

This is addressed later in this document. Please see Section Two.

SECTION TWO: RESPONSES TO QUESTIONS POSED BY THE COMMISSION

- Q 1. *What are your views on the service areas which the Commission has adopted as guaranteed and overall standards? Are there any other areas where standards should be established?***

BL&P considers the areas covered by the standards to be adequate. However, BL&P is willing to discuss any additional areas that the Commission and customers may propose.

- Q2: *Do you agree with the continued use of the reliability indicators to evaluate the performance of the Barbados Light & Power Co. Ltd? Are there other indicators that could be used?***

BL&P agrees with the continued use of the reliability indicators and does not propose any new indicators at this time. For completeness, BL&P would however like to indicate that as stated in the FTC's Decision on Service Standards dated 28 February 2006, the Company follows the IEEE Standard 1366 (2003) for determining System Reliability and it should be noted that this standard excludes momentary outages (less than 5 minutes) and major events. BL&P is willing to include reference to any "major event" that may have occurred and that was not included in the reliability indices, in its quarterly reports.

- Q3. *Do you believe the proposed voltage tolerance range is an appropriate voltage tolerance for the BL&P? Please give reasons for your response.***

The voltage tolerance standard is intended for steady state voltage variation due to changing load conditions over time. BL&P believes that this tolerance range is appropriate and in line with those of other jurisdictions. To our knowledge and experience customers only experience problems working within this range when their equipment voltages are not compatible with BL&P supply, for example, when they are using 220 Volt equipment on a 200 Volt system.

Damage to equipment from voltage spikes is related to transient conditions caused by switching and/or lightning, the effects over which BL&P has little control. The effects of surges (and by extension, the survival of equipment to its designed lifespan) can be mitigated by good wiring and grounding practices, when these are installed according to local regulations, international electrical codes such as the National Electric Code (NEC) of the National Fire Protection Association of the USA and they are provided with adequate transient voltage surge suppression devices at the load. Since the NEC is primarily a safety code, the issue of safety is addressed once the installation is compliant with the Code.

- Q4. *What do you believe is an appropriate reconnection target time?***

The Commission has recommended that the target for the reconnection of service on settlement of the bill after disconnection at the meter (GES 7) be changed to one (1) working day.

BL&P agrees with a revision to this target and suggests that the new target should be: "Reconnection the next working day after the payment of the bill, including the payment of the reconnection fee, and in the case of payments that are not made at a BL&P business office, after the customer has notified the Customer Service Department that reconnection is requested".

A customer may make payment at an external collection agency and the Company will not be aware that a reconnection is required unless the customer contacts the Customer Service Department at the Company and requests reconnection.

The Company is prepared to investigate the possibility of offering a priority after hour reconnection service for an appropriate fee.

Q5. *What do you consider to be an acceptable time within which 95% of consumer calls should be answered?*

BL&P agrees that this is a measure of quality of service. However, it would like to discuss this proposal with the Commission to determine how the target and exemptions would be defined and how this would impact on the Company's resources.

Q6. *What are your views on the continuous prorating of compensation under service categories where compensation is dependent on the duration of the breach?*

The Commission has proposed that GES1 and GES2 be amended to allow for compensation on a continual basis and not in discrete 24 hour time segments.

BL&P is in agreement and proposes that after 12 hours, compensation be prorated by the hour or part thereof. Therefore, if a customer is out for 12 ½ hours they will be paid 13/12 of the compensatory payment.

Q7. *What would you propose as an effective means of encouraging eligible claimants to seek compensation?*

BL&P believes it is necessary to educate customers as to their role in the process. We will continue to work with the Commission in communicating to customers (e.g. posters in office and voice messages on telephone while customers are on hold) about the standards. BL&P can also ensure that claim forms and leaflets are readily accessible to customers at its business offices and collection agencies.

Q8. *What is your view on the automation of compensation under the guaranteed standards scheme?*

BL&P does not think that the payment should be automatic. We think that customers should be given the option to decide if they received bad service even if a target is not met.

Ms. Peggy Griffith
Chief Executive Officer
Fair Trading Commission

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November 26, 2008

Automation of compensation will create additional administrative costs since someone will have to be monitoring to make sure that whenever there is a breach, compensation is made.

Interestingly, BL&P understands that in Jamaica, the Office of Utility Regulation did a survey and customers indicated they preferred to claim rather than it being automatic.

Q9: Do you believe that the type of general and other exemptions should be revised? Give reasons.

The Commission provided a list of situations that may impede the Company's ability to meet the prescribed standards of service. These were as follows:

- The service provider is requested by a public authority to provide emergency electricity supply to assist in emergency action and the provision of such services restricts the connection of a customer to a specified service or the rectification of a fault or service difficulty;
- The service provider is prevented from providing a connection to a specified service, or the rectification of a fault or service difficulty due to the service provider being unable to obtain lawful access to the land or a facility;
- A law of Barbados prevents the service provider from complying with the service standard;
- After following the Company's credit and disconnection guidelines, the customer has not paid applicable charges and remains disconnected;
- The customer is required to pay a charge to the service provider for the connection to the service or for the use of the service; and
- The service provider has reasonable grounds to believe that the customer would be unwilling or unable to pay the charge as it becomes due.

BL&P considers the existing General Exemptions and Other Exemptions and Conditions still appropriate. Of the additional situations raised by the Commission, BL&P's comments are as follows:

Bullet 1: - This should be added to the existing list.

Bullet 2: - This appears to largely duplicate the existing Other Exemption - "Inability to gain access to premises or the Company's facilities where needed". Revising this to "Inability to gain lawful access to premises or the Company's facilities where needed" may be more appropriate.

Bullet 3: - This should be added to the existing list.

Bullet 4: - This should be added to the existing list.

Bullets 5 and 6: - It appears that these two bullets should be combined to read: "The customer is required to pay a charge to the service provider for the connection to the service or for the use of the service and the service provider has reasonable grounds to believe that the customer would be unwilling or unable to pay the charge as it becomes due". BL&P sees this exemption as being applicable to cases where there is a requirement for a customer to provide security for payment and this could be included as an example, to clarify the paragraph.

Q10. *What changes would you suggest in regard to monitoring the standards of service?*

The FTC now monitors BL&P's compliance with the Service Standards by requiring that it submits quarterly regulatory reports which should among other things provide details on the number of breaches under each guaranteed service category and the level of compliance, as a percentage of each overall service category. BL&P is also required to submit an annual report which includes amongst other things, information on the number of customers eligible for compensation during the previous financial year and the number of customers actually receiving compensation.

In BL&P's view, the level of reporting by the Company to the FTC on its performance appears to be adequate.

SECTION THREE: PROPOSALS FOR REVISIONS TO THE STANDARDS OF SERVICE

BL&P would like to suggest a few revisions to existing definitions and targets. These are as follows:

(i) GES 3a -- Investigation of Voltage Complaints

Existing Definition:

"The BL&P is required to visit within 3 working days and complete its investigation, correct and notify the customer within 3 months".

Suggested Revision:

"The BL&P is required to visit the source of the problem within 3 working days and complete its investigation, correct and notify the customer within 3 months".

Comment:

The existing definition may be interpreted to require BL&P to visit the customer when it may only be necessary to visit the source of the problem. As required under the definition, the customer must be notified of the correction, but this may be by telephone or mail rather than a visit.

Ms. Peggy Griffith
Chief Executive Officer
Fair Trading Commission

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November 26, 2008

(ii) **OES 1 – Frequency of Meter Reading**

We suggest that separate targets should be introduced for Domestic Service and General Service (DS/GS) customers whose meters are read bi-monthly, and Secondary Voltage Power and Large Power (SVP/LP) customers whose meters are read monthly.

Existing Target:

"100% of customers' meters to be read every two months".

Proposed Targets:

- (a) 100% of DS/GS customers' meters to be read every two months
- (b) 100% of SVP/LP customers' meters to be read monthly.

(iii) **OES 3 – Prior Notice of Planned Outages**

Suggested Specific Exemption: Situations where in BL&P's opinion a condition exists that requires urgent attention to prevent an equipment failure or to correct a potentially dangerous situation.

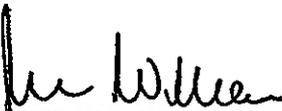
Comment:

The present General Definitions exempt an outage caused by a breakdown. There are cases however where there is no outage but urgent remedial work is required to correct a dangerous condition. This work will be "planned" but "prior written notice" to customers is not practical.

BL&P looks forward to discussing the above comments with the Commission as well as any comments received from the public.

Yours faithfully

THE BARBADOS LIGHT & POWER COMPANY LIMITED



PETER W.B. WILLIAMS
Managing Director

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THE BARBADOS LIGHT & POWER COMPANY LIMITED
 N STATEMENT OF EARNINGS COVERAGE TESTS
 December 31, 2008

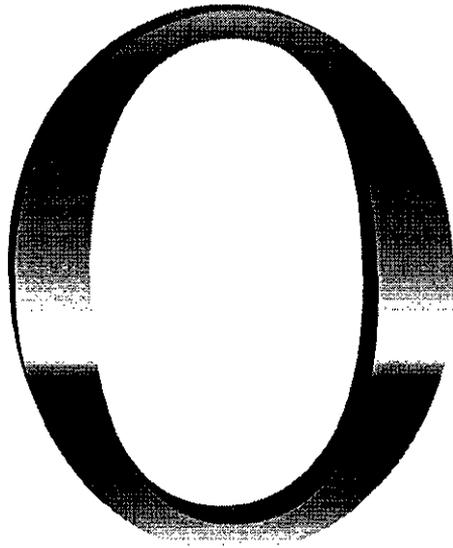
	ACTUAL	Adjustment	Sch.	Test Year
	31-Dec-08			Earnings coverage 31-Dec-08
Income before interest charges	28,064,412	4,622,398	D-1	32,686,810
Depreciation	37,260,519		D-5	37,260,519
Deferred income taxes	(1,928,060)	723,357	D-3	(1,204,703)
Deferred investment tax credit	(1,195,962)		D-3	(1,195,962)
Deferred manuf. tax credit	2,043,811		D-3	2,043,811
	<u>\$ 64,244,720</u>	<u>5,345,755</u>		<u>\$ 69,590,475</u>

Aggregate sum payable in the following year:

Loan repayments - current portion	13,252,635	13,252,635
Interest on long term loans	7,197,000	7,197,000
Interest on other borrowings	1,712,000	1,712,000
	<u>\$ 22,161,635</u>	<u>\$ 22,161,635</u>

Earnings coverage ratio	2.90	3.14
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0442



THE BARBADOS LIGHT & POWER COMPANY LIMITED
STATEMENT OF DIVIDENDS
At December 31, 2008

	2008
Common shares at January 1	3
Repurchased during the year	
Issued during the year	
Balance at December 31	<u>3</u>
Dividends Paid (Common Shares)	\$8,562,000

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