

## Press Release - Barbados Light & Power Rate Review Application

### PRESS RELEASE

#### APPLICATION BY THE BARBADOS LIGHT & POWER COMPANY LIMITED FOR A REVIEW OF ELECTRICITY RATES

The Fair Trading Commission (Commission) has accepted for filing an Application from the Barbados Light & Power Company Limited (BLPC) for the review of electricity rates.

The Commission is aware of, and acknowledges the concern of Barbadians regarding the possible rate increase requested by the BLPC. Against this background, and in keeping with the tenets of transparency, the Commission deems it vitally important for Barbadians to be reminded of its usual process for Applications of this nature.

Submitting an Application does not mean it is approved - On receipt of an Application, the Commission ordinarily makes an assessment to ensure it complies procedurally with the enabling legislation and applicable rules. The length of time for this assessment varies, depending on the volume and other matters before the Commission. Once satisfied that the Application is complete, the Commission accepts it for filing and assigns a reference number. Incomplete Applications may be rejected. This part of the process has been completed.

The Application - Once accepted for filing, Applications, excluding confidential information are placed on the public record. On a request for confidentiality by a service provider, the Commission ordinarily determines whether the request would be granted or whether the information would be placed on the public record. A hearing on the confidentiality request will commence shortly.

Request for Interim Relief - The BLPC has requested that interim rate relief, using the proposed rates, come into effect from November 1, 2021 and be applied to all bills from November 1, 2021 and remain in place until the Commission issues its final Decision and Order. The public is advised that, to date, the Commission has not made a determination on this request.

Public Notification - Customarily, the Commission issues a notice of Application to the public providing details of the Applicant, the Application and directing the public to its website or to its offices to access the information. The notice ordinarily stipulates there will be a Hearing of the Application and invites members of the public to participate in the process by filing a letter of intervention requesting intervenor status.

Who can apply to be an intervenor? - Any member of the public may apply to be an intervenor at a rate review hearing. Once granted intervenor status such participation allows intervenors to, inter alia, submit evidence, present arguments, issue interrogatories (questions) and cross examine witnesses. Members of the public who wish to be intervenors can be represented by Public Counsel, who would assist them in preparing for the hearing and presenting arguments before the Commission.

What happens at the Hearing? - In any proceeding before the Commission involving an existing or proposed rate of a service provider, the burden of proof to show that the rate is fair and reasonable and in accordance with the principles established by the Commission, shall be upon the service provider. The Commission routinely issues Procedural Directions and Orders which govern the conduct of the proceeding. All parties to the proceeding are given full opportunity to present their cases before the Commission. Information to be considered under a Rate Review Application would ordinarily include inter alia:

(a) Rate Base - the value of useful assets, including plant, equipment, working capital, and deductions for depreciation on which the utility is permitted to earn a specified rate of return;

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(b) Rate of Return - the approved percentage rate to be earned on rate base in order to cover the utility's cost of capital;

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(c) Cost of Capital - the minimum return that the utility needs to justify the cost of capital projects;

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(d) Revenue Requirement - the total revenue that must be collected annually to cover the utility's costs, including the return on investment; and

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(e) Customer Impact - an assessment of the financial impact that a proposed and or approved rate adjustment is likely to have on ratepayers.

The Commission assesses the aforementioned and other pertinent information before reaching its determination and issuing its written Decision and Order.

remains cognizant of the implications any decision regarding rates can have on consumers and service providers, and the need to balance those interests is critical. The public is assured that our processes will be fair, transparent and in keeping with good regulatory practice, as is customary. The public is further advised to visit the Commission's website [www.ftc.gov.bb](http://www.ftc.gov.bb) and follow its social media pages for credible information during the proceeding.