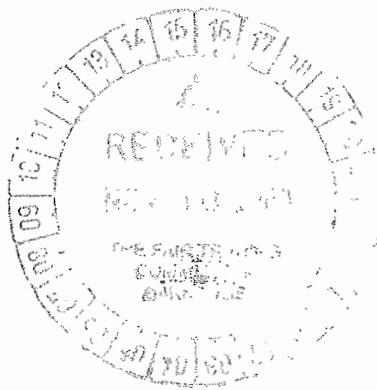


CABLE: * KILOWATT *
PHONE: (809) 436 - 1800
FAX: NO: (809) 436 - 9933



THE BARBADOS
LIGHT & POWER
COMPANY LIMITED

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

November 10, 2008

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

Dear Ms Griffith,

Re: Application pursuant to Section 16 of the Utilities Regulation Act, Cap 282 for approval of the depreciation policy of The Barbados Light & Power Company Limited (the Applicant)

We refer to previous correspondence in which we requested that the issue of depreciation be heard and decided by the Fair Trading Commission (the Commission) prior to the hearing of any application for a review of the Applicant's existing electricity rates.

1. Pursuant to section 16 of the **Utilities Regulation Act**, Cap 282, of, the Applicant hereby seeks approval of a depreciation policy that results in a convergence of the depreciation policy used for regulatory purposes and setting electricity prices and that used for financial reporting purposes.
2. This letter sets out :
 - (a) the background and general context of the Application relating to the depreciation policy;
 - (b) the evidence that the Applicant intends to rely on at the hearing;
 - (c) the nature of the orders being applied for; and
 - (d) the persons affected by this Application.

BACKGROUND AND GENERAL CONTEXT

3. The Applicant was incorporated on May 6, 1955 and continued on December 30, 1986 under the Companies Act, Cap 308 and has its registered office at Garrison Hill, St. Michael, Barbados. Pursuant to the Barbados Light and Power Company (Extension of Franchise) Act, Cap 278, the Applicant was given the right to supply energy for all public and private purposes for a period of forty-two years from August 1, 1986. The Applicant currently services over 116, 000 customers.
4. The Decision of your predecessor, the Public Utilities Board (the "PUB") dated May 12, 1983, on the Applicant's last Application for a Rate Review (the "PUB Decision"), sets out the depreciation rates for generating plant & buildings, transmission & distribution equipment, and general property of the Applicant on a straight line method. There is however, a difference in the lives of the assets allowed by the PUB twenty-five (25) years ago and those that are now being used by the Applicant.
5. It is the Applicant's view that actual experience and best practices have demonstrated that from time to time, it is necessary, reasonable, fair and just to review and adjust the Applicant's depreciation rates. The Applicant has, since the PUB Decision, caused a number of depreciation studies to be undertaken to determine the remaining lives of the assets, including the general property used in the generation, transmission, and distribution of electricity to its customers. The depreciation studies have shown that periodic changes in depreciation rates should be made and, going forward, corresponding changes were required in the levels of depreciation expense and accumulated depreciation as recorded in the Applicant's audited financial statements. These studies have also demonstrated that the remaining lives of the Applicant's assets have changed from the lives stated in the PUB Decision.
6. The Applicant is seeking regulatory approval of the remaining lives and depreciation rates as shown in Exhibit A of the most recent Depreciation Study dated April 1, 2008, and which was prepared for the Applicant by its external consultants, American Appraisal Associates, Inc. ("the Depreciation Study"). A copy of the Depreciation Study is submitted with this letter. Over the years the Applicant has depreciated its capital assets, for financial reporting purposes, in a

manner that accorded with the depreciation studies conducted by external and independent depreciation experts. If the depreciation rates are approved as requested, the depreciation policy used for regulatory purposes and that used for financial reporting purposes will be the same.

EVIDENCE

7. The following documents constitute some of the material that the Applicant intends to introduce as evidence at the hearing and are attached as Exhibits 1 – 4:
 - (a) The Depreciation Study – Exhibit 1
 - (b) Affidavit of Hutson Best dated November 10, 2008 – Exhibit 2;
 - (c) Affidavit of Mark King dated November 10, 2008 – Exhibit 3; and
 - (d) Unsworn Affidavit of Peter Huck – Exhibit 4. This Affidavit is currently unsworn but the sworn notarised copy will be submitted shortly and will be substantially in the form and terms as this unsworn Affidavit.
8. The Applicant reserves the right to file further Affidavits prior to the hearing.
9. The Applicant also reserves the right to claim confidentiality of documents produced in accordance with the **Fair Trading Commission Act**, Cap. 326B and rule 13 of the **Utilities Regulation (Procedural) Rules, 2003**.

NATURE OF THE ORDER APPLIED FOR

- 10
 - (a) the Applicant seeks regulatory approval of the capital balances, remaining lives and depreciation rates as shown in Exhibit A of the Depreciation Study. If the depreciation rates are approved as requested, the depreciation policy used for regulatory purposes and that used for financial reporting purposes will be the same;
 - (b) accordingly, the Applicant hereby requests that the Fair Trading Commission adopt depreciation rates which the Applicant uses for financial reporting purposes, and which themselves have been based on depreciation studies prepared by independent consultants retained by the Applicant and that the Applicant be allowed to continue to calculate its depreciation rates using the remaining life method.

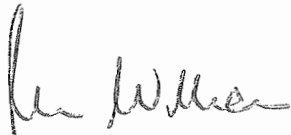
(c) there be an early hearing of the Application.

PERSONS AFFECTED BY THE APPLICATION

11. Pursuant to Rule 26 (4) of the Rules, the Applicant advises that it is impractical to set out all the names and addresses of each customer affected by the Application because they are too numerous. However, the persons affected can generally be described as the customers of the Applicant.

Yours faithfully,

THE BARBADOS LIGHT & POWER COMPANY LIMITED



**PETER W.B. WILLIAMS
MANAGING DIRECTOR and THE APPLICANT'S REPRESENTATIVE
AND DULY AUTHORIZED OFFICER**

THE APPLICANT'S ADDRESS:

THE BARBADOS LIGHT & POWER COMPANY
LIMITED
GARRISON HILL
ST. MICHAEL
BARBADOS
TELEPHONE NUMBER: (246) 430-4200
FACSIMILE NUMBER: (246) 429 - 6000