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BUSINESS e-NEWSLETTER



FTC's hearing on Light & Power rate filing

The Fair Trading Commission's (FTC's) substantive hearing on Light & Power's October 2021 general rate filing took place over fifteen days beginning on September 21 and concluding on October 14. The Commission's panel, led by Chairman Dr. Donley Carrington, guided the process, enabling the questioning of witnesses by intervenors representing several groups and organizations including the Barbados Association for Retired Persons (BARP) and the Barbados Renewable Energy Association (BREA).



Witnesses appearing for Light & Power included Roger Blackman, Managing Director, Ricardo Jennings, Director of Finance, Johann Greaves, Director of Operations, Rohan Seale, Director of Asset Management and Adrian Carter, Manager of Regulatory Affairs. The team, represented by lead counsel Ramon Alleyne, KC and supported by three expert witnesses, responded to questions by intervenors throughout the fifteen-day hearing on topics including the Clean Energy Bridge, insurance, rate structure, depreciation and much more. All sessions of the hearing were live-streamed, and daily summaries and recordings are available to the public on the FTC's Facebook page.

Light & Power awaits the FTC's decision on its application, which is expected in the next several weeks.

Wood poles the right choice for reliability, cost

The topic of wood versus concrete poles arises in discussion from time to time, including in recent media stories. Our overhead transmission and distribution infrastructure is built using wooden poles, and we want to take this opportunity to share the relevant facts so you can understand why wood is our material of choice.

We use treated poles exclusively and follow a robust plan to keep T&D infrastructure well-maintained, which helps ensure a long life. Wood is safer and easier for line crews to climb, attach and manage electrical infrastructure onto, as well as being easier to install, repair and replant.

Concrete poles, from a safety perspective, are more dangerous at the roadside when struck by vehicles, an occurrence that is far too commonplace. Concrete poles are heavy and difficult to handle, and affixing equipment to them is challenging. They require significant energy to produce and transport, thus are a less environmentally-friendly choice.

Overall, wood is a more economical and sustainable choice. A change to concrete poles would increase electricity costs to customers, and we believe that the additional costs far exceed the benefits.

Over the past two decades, Light & Power has undertaken several measures to improve the resilience and sustainability of the power grid, among them:

- Undergrounding transmission and critical distribution infrastructure in concert with capital projects
- Rerouting transmission and distribution infrastructure and increasing class/strength of poles
- In-dooring substations
- Constructing buildings and power stations to withstand at least category 3 wind speeds
- Employing binding wire construction methods so that conductors separate from poles in severe storm conditions rather than snapping poles.

The benefits of these measures were realised during Hurricane Elsa where very few poles (less than 1%) were impacted and needed replacement, and overall supply restoration timelines were comparable with other territories impacted by similar category 1 hurricanes.

HR Department news: a new leader at the helm

Light & Power was pleased to welcome Dr. Denise Greaves to the role of Human Resources (HR) Manager with effect from Monday, October 03, 2022.

We're committed to building and developing strong, capable teams who anticipate and meet the evolving needs of employees and customers, and we have certainly found a perfect fit in Dr. Greaves, an Attorney with an MBA in Human Resource Management and a PhD in Educational Leadership. Denise is a Certified Human Resources Professional (SHRM-CP) and holds certifications in Workplace Investigation, Law for HR Practitioners, Talent Acquisition and Coaching.

She comes to us from the Yello Media Group where she functioned as HR Manager, Eastern Caribbean and Country Manager for Barbados. Prior to that, she held roles in academia. Welcome, Denise!



Fast facts on rates and more

During the Fair Trading Commission's fifteen-day oral hearing of Light & Power's rate review application, a broad range of topics related to the Company's operations, proposed rates and more was raised and, in some cases, shared in media stories. We're capturing and sharing some 'fast facts' here for your information.

- Light & Power has been prudent in all its undertakings over the years. We have sought to keep rates affordable for all customers and to minimize the impact on the country's most vulnerable. Again, in this rate filing, we have sought to mitigate the impact on vulnerable customers through rate design.
- Electricity rates for residential customers increased less than 8% since 1983 in contrast to a 259% increase in inflation for the same period.
- Without some type of rate relief, Light & Power would be challenged to attract capital which is necessary to facilitate the funding of its future planned investments to meet customer requirements, perform all the necessary upgrades required to meet the Barbados National Energy Policy (BNEP) 2030 goals, and would be at risk of not having the resources to respond to financial, economic or environmental crises or shocks.
- The recent 15-day hearing on the rate review application was a necessary and a fair process, with the Commission and intervenors critical parties to the process. Light & Power presented its case, and we now await the FTC's decision.
- We presented evidence that reflects safety, efficiency and reliability of service to customers, and demonstrated that we deliver service that is affordable and, in fact, according to a recent benchmark study, is among the lowest cost in the region.

According to Ramon Alleyne, KC, the Company's legal counsel for the rate filing, "What the 15 days of hearings proved is that, despite Light & Power's commendable performance, despite managing its affairs in a manner that increased efficiencies and contained expenses, despite investing in a plant and improvements, and growing its rate base by over \$250 million in the face of flat to negative sales, the Company still faced criticisms that were sometimes uninformed or blatantly prejudiced.

"We did not have the benefit of hindsight," he continued. "The Company made the best decisions possible with the information available to the leadership and management teams. They can attest to running an efficient and stable utility, which ranks with the best within the region and, in some measures, the world. They can attest to being a true partner with Government as it relates to BNEP and the country's goals for 2030."

Reaching out to our kids on health and safety

Safety is Light & Power's first priority and when we get the opportunity to spread safety knowledge in our communities – especially to our Island's youth – we're all over it.

This past August, members of our team visited six school summer camp programs including Summer Reading Camp at West Terrace School, Eagles Academy, Bright Sparks Academic Camp, Calvary Moravian VBS, Camp Adventure at the old Gooding Private School and Clever Minds Summer Academic Enrichment. During those visits, Light & Power Linesmen demonstrated the importance of safety using their PPE (personal protective equipment) including helmets, gloves, boots and fire-resistant clothing as a 'show and tell'.

Ingrid Garrett, Camp Coordinator and Educator of Summer Reading Camp, appreciated the visit. "I particularly liked the new perspective that this visit gave to the children and to me. It brought new understanding of the business of transmitting electricity, a process that we oftentimes take for granted. We are truly grateful to the gentlemen that gave of their time, and to the company for their dedication to our children. Learning is far more than the classroom and textbooks, and that was clearly demonstrated here today."

Investing in Barbados' youth is central to our social responsibility program, and we were pleased to support the camps and provide each child with a backpack, reading material on health and wellness, healthy snacks and drinks.

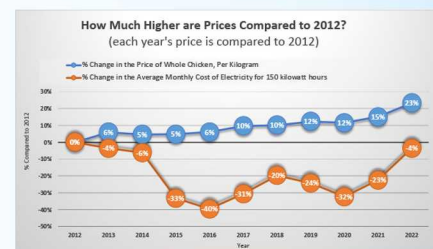
Fiction vs Fact

Consumers and critics often say that the cost of electricity is much higher these days than it used to be. The truth is that it isn't.

The average electricity bill for a customer consuming 150 kWh per month is 3.5% less today than in 2012. The average monthly bill fell by 40% between 2012 and 2016 and, through we have seen increases in the fuel portion of the bill in recent times due to the global price of oil, the cost of electricity remains 3.5% below what was recorded in 2012 for these customers.

Comparing electricity to chickens might seem a little odd, and perhaps even kind of funny, but the comparison works as both are consumed regularly in many households across Barbados. Whole chicken, as a representative item among the many goods Barbadians consume on a regular basis, is one of many food and household items that has seen significant price increases over the years. When compared to the monthly cost of energy over the period 2012 to 2022, as illustrated in the diagram above, we can see how significant the price gap becomes. (Assumes weekly consumption of one-2kg chicken.)

Whether you're comparing apples to apples or chickens to electricity, the numbers speak for themselves.



November brings a welcomed drop in the Fuel Clause Adjustment

The Fuel Clause Adjustment (FCA) for November is 36.2733 cents/kWh, a drop from the three prior months where the fuel cost was consistent at 39.0819 cents/kWh. This welcomed decrease in fuel costs reflects lower global oil costs as well as fuel savings from the Company's new, efficient Clean Energy Bridge plant, commissioned in late June.

For more information on the FCA, visit the Customer Care page at www.blpc.com.bb.



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