



Press Release

What is the role of our regulatory agencies?

Cooperative Coalition Intervenors - BLPC Rate Case 2021

The September 8 edition of the Barbados Today News carried a story about the call from BLPC Rate Case Intervenor Mr Ricky Went and his team, for full disclosure on the financial performance of the BLPC as at the current time.

This call by Mr Went has the full support of the CoopEnergy team of Intervenors, and indeed, it calls into question the fundamental role of the various regulatory agencies in Barbados as they relate to safeguarding the public interests.

The Barbados Light & Power Co (BLPC) applied for a rate adjustment in 2021 - claiming then, that their financial situation was dire, and that any failure to get an immediate adjustment in rates could result in serious negative impact on its operations.

Ahead of the main public hearing BLPC requested that the rates be approved to take effect from 1 November 2022. All intervenors presented compelling arguments why BLPC should not be granted any adjustment prior to the main public hearing. Following procedural directions and a series of data request, FTC held a public hearing on 1 July 2022.

Among pertinent arguments presented by intervenors is the fact that BLPC had committed to replacing the old and obsolete steam plants to save ratepayers \$30m per year since 2012 and after 9 years had not done so. Also the Company still made a profit of \$28.7m in 2020 during the pandemic when most business recorded losses or were closing, and when several ratepayers were out of work.

Intervenors were surprised that, despite the arguments presented, the FTC granted BLPC interim rate relief of 50% in its Decision & Order of 16 September 2022. The interim rates took effect on 1 November 2022. As a result, customers have been paying increased 'interim' rates since then - on the promise that the situation would be regularized after completion of the hearings.

We are now approaching the end of 2025, and the hearings have been significantly extended, largely by unprecedented appeals from BLPC - to the FTC rulings; to the high courts; and even by strange attempts to intervene into the process by the Financial Services Commission (FSC). The Court dismissed the FSC's attempt to join the proceedings as well as their claim that the FTC had no jurisdiction in relation to the SIF (see below).

As a result, BLPC has continued to collect the exorbitant interim rates - at an ongoing burdensome expense to businesses and consumers in Barbados, and with obvious implications for the cost of doing business, cost of living, and the general competitiveness of the country as a whole.

Self Insurance Fund

Among the major issues that have engaged this particular rate hearing, has been the shocking removal of the \$100 million dollar from the BLPC's Self Insurance Fund (SIF), which was then distributed to EMERA shareholders as dividends in 2016.

BLPC indicated that its intention to withdraw the \$100m from the SIF was made known in writing to all of the regulatory agencies in Barbados at the time. This alone should have raised a red flag about this action.

Yet, it was not until the matter was raised in 2022 by intervenors during the oral hearings, and it was pointed out that the laws of Barbados specifically prohibited the use of these SIF funds for any other purposes than reinstatement after a catastrophe, that serious concerns were raised. Further, it was established that these funds were injected into the SIF by ratepayers, and also highlighted that, with increasingly intense natural disasters resulting from climate change, intervenors felt strongly that the SIF should not have been depleted.

So while all of our regulatory agencies had been aware for six years of this illegal misappropriation of SIF funds, not a single alarm was raised - until public intervenors did so in 2022 - based on financial information that was shared during the rate hearings. It is therefore, even more critical that the FTC should insist that the financial reports be provided to intervenors to assist in analyses of the results. The public would then be much more inclined to trust the process and to be assured that this company is not taking unfair advantage of consumers in Barbados.

In February 2023, the FTC finally agreed with intervenors that the SIF withdrawal was indeed illegal, and they ruled that the monies were to be reinstated. BLPC disagreed with the FTC's ruling and filed a Motion for Review. The FTC then held a public hearing on BLPC's Motion for Review. Upon hearing all the parties, the decision was upheld upon review by the FTC in November 2023. Subsequently, BLPC appealed the decision of the FTC, and the matter - among other issues, was taken to the court. The case is scheduled to heard in December 2025, after which final ruling will be given. In the mean time, customers continue to pay interim rates that are based solely on BLPC's claims of 'hardship' back in 2021, and on the FTC's decision to err on the side of caution.

In such particular circumstances, we would think that it is incumbent upon both the BLPC and the FTC to share information with the public, that would assure everyone that the interim rates are at least reasonable, and are not exploitative.

In response to the Went request however, the FTC seems to have taken the position that while they are in possession of this information, they do not feel obligated to share it, or to require BLPC to do so, with intervenors or with the public. With virtually everyone expressing concern about the high cost of living, FTC and BLPC should be

keen to share the financial reports with intervenors, the public's representatives. Everyone would then be satisfied that the interim rates are not unduly burdensome on ratepayers. Even though the FTC ordered that should the interim rates be proven to be too high, BLPC must reimburse ratepayers with interest, it is almost 4 years in which the public may have been facing unnecessary cash flow hardship.

The role of national regulatory agencies must be to ensure that monopolistic agencies are not allowed to take unfair advantage of helpless customers by biased, illegal or unprofessional practices. This process is best achieved through transparency, open dialogue, and public discussion. It is for exactly this reason that the law provides for the intervenors to participate fully in the process.

The intervenor team of the Cooperative Coalition therefore fully supports the call from fellow intervenor Ricky Went and team, and we join their call for BLPC to demonstrate clearly that, notwithstanding the extraordinarily long delays which, for the most part, they initiated, Barbados businesses and individual consumers are not currently being unfairly exploited by the 'interim rates' which they managed to convince the FTC to impose. We also urge the FTC to review its position, and to make BLPC's financial reports available to all intervenors - as a means of ensuring that trust and confidence remain in the regulatory process.

Trevor Browne

Intervenor

Cooperative Coalition BLPC Rate Hearing 2021