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OFFICE OF THE REGULATOR, SAMOA

DETERMINATION

Summary

The Electric Power Corporation ("EPC") submitted a Multi-Year Tariff proposal to the Office of the Regulator on the 27th March 2015 with proposed changes to electricity tariffs for the three regulated financial years 2015/2016, 2016/2017 and 2017/2018. Overall, the proposal requested continuous reductions on end-use customer tariffs for the three regulated financial years. As per EPC's proposal, total reductions on end-use customer tariffs by the third regulated financial year 2017/2018 are as follows:

- 21% for low use domestic customers,
- 17% for moderate use domestic customers,
- 16% for high use domestic customers, and
- 16% for non-domestic customers.

After review and consideration of stakeholder input from public consultations, the Regulator determines total reduction on end-use customer tariffs by the third regulated financial year 2017/2018 as follow:

- 24% for low use domestic customers,
- 18% for moderate use domestic customers,
- 17% for high use domestic customers, and
- 17% for non-domestic customers.

The Regulator also determines continuation of the 2% discount for Cash Power customers. In recognition of the request by EPC for annual reviews of electricity tariffs instead of three-yearly, the Regulator determines Provisional Tariffs for the regulated three financial years 2015/2016, 2016/2017 and 2017/2018 and will be subject to review at the end of each financial year of the three year regulated period. The tariff is inclusive of a full monthly energy charge that may vary on a monthly basis depending on diesel price fluctuations and feed in power capacities of Independent Power Producers ('IPPs'), and will be subject to review and approval of the Regulator on monthly basis.

Section 1 Background

EPC was initially established under the Electric Power Corporation Act 1972 and continued to be in existence by virtue of section 4 of the Electric Power Corporation Act 1980. EPC is the sole owner, operator and manager of electricity generation and distribution in Samoa. EPC's current electricity tariff structure and rates were approved by the Regulator on 24th March 2014 through Order No.2014/E23 and became effective on 23rd April 2014. The 2014 tariff approved a 'modified tariff structure' that included three components of the electricity tariff: debt charge, fuel charge and usage charge. The fuel charge is reviewed and adjusted monthly. In accordance with Section 19 of the Electricity Act 2010 ("the Act"), all tariff changes are subject to the jurisdiction of Regulator.

EPC's application is based on tariff structure and methodology established in EPC's Cost of Service and Tariff Study 2013 (the "COST Study") and the following assumptions:

- Actual expenditure of the Financial Year 2014 is used as basis of forecasting
- Proposed Financial Year 2015 budget
- The forecasts are based on 'break-even' estimates
- The 7% Return on Equity requirement for SOEs is not included in the estimates
- The new rates reflect reduction in interest rate on the Power Sector Expansion Project ('PSEP') loan from 6.5% to 2% per annum. The reduction in interest was approved by Cabinet through F.K.(15)02
- The new rates reflect an estimated 2% escalation per annum on price of fuel. Fuel efficiency at generation is estimated at 4.2 kWh per litre of diesel. EPC is subsidised by Government on VAGST paid by EPC on purchase of diesel fuel used for generation of electricity.
- A 2% discount applies to all Cash Power customers and induction or post paid meter customers who pay their monthly bills before due dates.
- Generation parasitic power usage and losses inside power stations is estimated at 5% of total gross generation.
- System losses are estimated at 10% of total net generation - 7% technical and 3% non-technical.

The existing tariff structure provides for two classes of customers: 'domestic' and 'non-domestic'. In 2013, domestic customers used 28% of the electricity and non-domestic customers used 72%. Domestic customers include all residential consumers. Non-domestic customers include commercial, government, hotels, industry, religion and schools.

Domestic customers are categorised into three tiers based on 'usage'; 1 to 50 kWh users per month, 51 to 100 kWh users per month, and 101 and above kWh users per month. The rate design is justified by EPC because it allows low use customers a lower rate, which is considered fair and reasonable; and by charging a higher rate to higher use customers because it is believed that it sends price signal to encourage more efficient use of electricity. Under the existing tariff, low and moderate use domestic customers pay a discounted usage charge; high use domestic and all non-domestic customers pay the same usage charge. EPC was forecasted to have 34,445 customers in 2014. This number is expected to increase in future years.

There is a pre-paid electricity service under the Cash Power Meter initiative. The purpose is to improve EPC's debt collection and assist customers to control their usage and bills. Cash Power has both domestic and non-domestic customers. EPC intends that all new customers, domestic and non-domestic, over the next decade be on Cash Power accounts. All Cash Power customers receive a 2% discount on 'usage' charge.

There is a 'debt charge' component of the existing tariff allocated for recovery of interest and principal amounts paid on borrowings of EPC for the Power Sector Expansion Project ('PSEP') and other major infrastructure improvement projects. The debt charge is fixed for all classes of customers, both domestic and non-domestic.

On a monthly basis, a 'fuel charge' is assessed for all customers to replace a previously determined fuel charge for the purpose of offsetting periodic fuel price fluctuations. The fuel charge was approved by the Regulator in 2014 to replace the fuel surcharge and includes all fuel costs and cost of electricity purchased from Independent Power Producers. The fuel charge changes monthly and is assessed on a monthly basis by EPC, and subject to approval of the Regulator.

Section 2 Filing from EPC

Sub-sections 19 (1)-(3) of the Electricity Act 2010 ("the Act") requires the Regulator to set all tariffs charged by a licensee taking into account a number of criteria including:

- ability of licensee to recover its costs with a reasonable rate of return,
- ability of low income households to pay the tariff,
- efficient delivery of services,
- avoidance of price discrimination and
- ease of comprehension of the new tariff.

EPC filed an application with the Regulator on 27th March 2015 that proposed changes to the electricity tariffs for the three years; 1st July 2015 to 30th June 2018.

First, EPC requested to retain the existing tariff structure but proposed changes to terminology of debt charge and fuel charge.

➢ ***'Investment Charge' to replace 'Debt charge'***

EPC proposes the term 'investment charge' to replace the existing 'debt charge'. The change better reflects the purpose for borrowing which is investment in new infrastructure and improvement projects required to improve and expand services of EPC.

The recommended change is not accepted. The Regulator deems it just and reasonable for the debt charge to remain as it is for transparency purposes and ease of comprehension as required by the Act.

➢ ***'Energy Charge' to replace Fuel Charge***

EPC proposes the term 'energy charge' to replace the existing 'fuel charge'. The energy charge includes not only fuel and oil cost for generation of electricity by EPC but also cost of purchasing electricity generated from renewable energy sources by Independent Power Producers.

The Regulator has no objection to the proposed change.

Secondly, EPC proposes 41% reduction on debt charge and 27% reduction on energy charge for all customers. EPC also proposes 3% increase on usage charge for low use domestic customers (1 to 50 kWh users per month) for each year of the regulated three year period. For moderate use customers (51 to 100 kWh per month); high use domestic customers (101 and above kWh per month) and all non-domestic customers, EPC proposes 6% increase on usage charge for the first year, 2015/2016; and 3% increase for each of the two remaining years, 2016/2017; 2017/2018 of the regulated three year period.

- ***Debt charge***

The debt charge is fixed on all customer classes and EPC proposes reduction from the current 0.17 sene to 0.11 sene to be effective from 1st July 2015 to 30th June 2017, and a further reduction to 0.10 sene to be effective from 1st July 2017 to 30 June 2018; a total reduction of 0.07 sene or 41% over the regulated three year period. The proposed reduction is based on lowering of interest rate on the Power Sector Expansion Project ('PSEP') loan, from 6.5% to 2% per annum. The reduction on interest rate was approved by Cabinet through F.K. (15)02 dated 22nd January 2015.

Table 1: EPC Proposed "Debt charge" for the regulated 3 year period

DOMESTIC	**Current**	**2015-2016**	**2016-2017**	**2017-2018**
Induction Meters	**sene/unit**	**sene/unit**	**sene/unit**	**sene/unit**
1 to 50 kwh	0.17	0.11	0.11	0.10
51 to 100 kwh	0.17	0.11	0.11	0.10
101 kwh and over	0.17	0.11	0.11	0.10
Cash Power Meters (2% Discount)				
1 to 50 kwh	0.17	0.11	0.11	0.10
51 to 100 kwh	0.17	0.11	0.11	0.10
101 kwh and over	0.17	0.11	0.11	0.10
NON DOMESTIC				
Induction Meters				
All Units	0.17	0.11	0.11	0.10

Cash Power Meters (2% Discount)				
All Units	0.17	0.11	0.11	0.10

Loan to Grant Conversion

EPC noted in the proposal a request by EPC to Government under Subsidiary Financial Agreement between the Ministry of Finance ('MOF') and EPC to convert up to 7% of loan disbursed or up to USD$10 million from loan to grant. OOTR understands the request is being considered and currently negotiated between the MoF and the Asian Development Bank ('ADB'). The request is not reflected in the proposed debt charge for the regulated three year period however, if approved; will reduce loan principal and hence reduce debt repayment and a further reduction on debt charge shall be expected. If there is any change under this agreement, EPC shall so inform the Regulator within five business days

Loan Buy-Down Mechanism

EPC also noted in the proposal a request by EPC to MoF for a USD$4 million AusAid grant that is invested by ADB to be utilised for repayment of principal amounts on PSEP loan upon maturity of the investment in May 2016. The request is not reflected in the proposed debt charge for the regulated three year period however, if approved; a further reduction on debt charge shall be expected. When a decision is finalised on this matter, EPC shall so inform the Regulator within five business days.

Upon submission of decisions on the above requests by EPC, the Regulator has the authority to make necessary adjustment to the debt charge.

- ***Energy Charge***

The energy charge is to recover cost of fuel and oil used for generation of power by EPC; and also includes the cost of purchasing electricity generated from renewable energy sources by Independent Power Producers ("IPP"). The energy charge levied on all customer classes is assessed on a monthly basis by EPC and subject to the Regulator's approval. The energy charge may vary monthly depending on fuel and oil price fluctuations; and feed in power capacity of IPPs. The energy charge is calculated using the following formula:

{[total cost of fuel and lube oil to generate electricity] + [total invoice from IPP paid by EPC for feed in power]} / {total kWh electricity sold to all consumers that month}.

EPC proposes reduction from 0.55 sene that was approved in March 2014 to 0.54 sene to be effective from 1st July 2015 to 30th June 2016; a further reduction to 0.51 sene to be effective from 1st July 2016 to 30th June 2017; and another further reduction to 0.40 sene to be effective from 1st July 2017 to 30th June 2018; a total reduction of 0.15 sene or 27%

over the regulated three year period. However, actual energy charge that will be charged to all customers will depend on variables as discussed above on a monthly basis. EPC asserts the proposed reductions are to reflect temporary drop in fuel prices and continuous feed in of cheaper and cleaner electricity from renewable energy sources of EPC and those purchased from IPPs.

Table 2: EPC proposed "Energy Charge" for the regulated 3 year period

DOMESTIC	2014	2015-2016	2016-2017	2017-2018
Induction Meters	**sene/unit**	**sene/unit**	**sene/unit**	**sene/unit**
1 to 50 kwh	0.55	0.54	0.51	0.40
51 to 100 kwh	0.55	0.54	0.51	0.40
101 kwh and over	0.55	0.54	0.51	0.40
Cash Power Meters (2% Discount)				
1 to 50 kwh	0.55	0.54	0.51	0.40
51 to 100 kwh	0.55	0.54	0.51	0.40
101 kwh and over	0.55	0.54	0.51	0.40
NON DOMESTIC				
Induction Meters				
All Units	0.55	0.54	0.51	0.40
Cash Power Meters (2% Discount)				
All Units	0.55	0.54	0.51	0.40

- ***Usage Charge***

Usage charge for domestic customers is assessed in three tiers based on kWh 'usage' per month. The 3 tiers are: 1 to 50 kWh users per month, 51 to 100 kWh users per month, and 101 and above kWh users per month. The rate design is justified by EPC as fair and reasonable since it allows low use customers a lower rate and high use customers a higher rate. The rate design sends price signals to encourage more efficient use and conservation of electricity.

EPC proposes 3% increase on usage charge for low use domestic customers (1 to 50 kWh users per month) for each year of the regulated three year period. For moderate use customers (51 to 100 kWh per month); high use domestic customers (101 and above kWh per month) and all non-domestic customers, EPC proposes 6% increase on usage charge for the first year, and 3% increase for each of the two remaining years of the regulated three year period. EPC asserts that the increase reflects inflation on operation costs in the three year period. EPC proposes to continue having high use domestic customers (i.e. 101 and above kWh per month) pay the same usage charge as non-domestic customers. EPC proposes to continue the 2% discount on usage charge for all cash power customers, domestic and non-domestic. A 2% discount applies for advance payment of electricity bills by all induction meter consumers.

Table 3: EPC proposed "Usage Charge" for the regulated 3 year period

DOMESTIC	**Current**	**2015-2016**	**2016-2017**	**2017-2018**
Induction Meters	**sene/unit**	**sene/unit**	**sene/unit**	**sene/unit**
1 to 50 kwh	0.20	0.21	0.22	0.23
51 to 100 kwh	0.34	0.36	0.37	0.38
101 kwh and over	0.39	0.41	0.42	0.43
Cash Power Meters (2% Discount)				
1 to 50 kwh	0.19	0.20	0.21	0.22
51 to 100 kwh	0.33	0.35	0.36	0.37
101 kwh and over	0.38	0.39	0.40	0.41
NON DOMESTIC				
Induction Meters				
All Units	0.39	0.41	0.42	0.43
Cash Power Meters (2% Discount)				
All Units	0.38	0.39	0.40	0.41

Section 3 Consultations

Section 19(4) of the Act requires the Regulator to conduct consultations with the applicant and the public prior to making a decision on setting and changing tariffs. The Regulator conducted consultation workshops with representatives of key stakeholders including government ministries, state-owned enterprises, village mayors/representatives and women representatives (sui tamaitai) from both Upolu and Savaii; representatives from civil societies and members of the Samoa chamber of commerce and industry. The media also participated and contributed through releases for public awareness. Two stakeholders responded with written submissions.

The major issues raised by the Stakeholders are as follows:

- "Time of Use" rates for non-domestic customers and net metering

- Impact of Renewable Energy sources
- Soundness of investment
- Cash power issues
- System losses
- Regulating IPP feed-in tariff
- Concerns with EPC outsourcing its functions
- Validity of costs underlying revenue requirement
- EPC improvement & sustainability of Service
- Tariff Structure to reflect Efficiency
- Tariff Subsidies
- Impact of Daylight Saving
- Discount rate for Tourism and Education Sector

The Regulator continues to work with EPC on efforts to address issues raised. The Regulator intends to develop mechanisms to facilitate these efforts going forward.

For the purposes of this determination, the majority of bodies and individuals consulted supported the proposal by EPC.

Public consultations held by the Regulator during this tariff review are listed below.

Table 4: Consultation Workshops on EPC Tariff Proposal

No.	Focus Group	Date	Venue	Number of Participants
1	Govt Ministries and SOEs	14/5/2015	Millennia Hotel Conference Room	43
2	Civil Societies	15/5/2015	Millennia Hotel Conference Room	4
3	Pulenuu and Sui Tamaitai – Upolu_1	19/5/2015	Millennia Hotel Conference Room	20
4	Pulenuu and Sui Tamaitai – Upolu_2	20/5/2015	Millenia Hotel Conference Room	22
5	Samoa Chamber of Commerce & Manufacturer Association	22/5/2015	Millennia Hotel Conference Room	21
6	Pulenuu and Sui Tamaitai – Savaii_1	26/5/2015	Vaisala Hotel Conference Room	45
7	Pulenuu and Sui Tamaitai – Savaii_2	27/5/2015	Apita o Pisaga Hall Salelologa	51

Section 4 Analysis

Section 20 (1) and (2) of the Act requires a licensee to apply in writing for approval to change a tariff and to provide all of the supporting information requested relating to the reasons for the change. Thus, the burden of proof to justify a tariff change is the responsibility of the applicant.

In the evaluation of the EPC proposal the Regulator will:

1. Examine the EPC proposal
2. Review the relation of the proposed tariff increase and resulting increase in revenues for EPC.
3. Revise the 2014 usage tariff and relate it to present day requirements.
4. Ensure that the proposed tariffs are sufficient to enable EPC, if operating effectively, to meet its debt obligations, both local and international;
5. Review the impact of renewable energy usage, where appropriate, and provide incentives for EPC to increase the use of renewable energy;
6. Ensure that a lifeline rate is maintained to ease the burden on low use customers, especially lower income users, in a transparent manner.
7. Determine the impact of any tariff rate change on consumers.

The Regulator notes the absence of Rules of Procedure. Such Rules would serve as a road map for EPC, stakeholders and the Regulator. They would serve as a vital tool in directing a future tariff rate case. The Regulator intends that such rules be in place for the next tariff filing.

4.1 Review

In order for the requested tariff to be approved, it will be necessary for the Regulator to confirm the link between EPC's revenue requirement and the proposed changes in tariff. The Regulator would prefer to have a clear connection between EPC's reasonable costs and revenue generated from proposed tariffs. EPC provided little evidence in support of the application in this respect and the Regulator is unclear as to whether the proposed tariffs will produce revenue required by EPC to meet its costs.

The Regulator has a duty to determine that expenditures are reasonably estimated and incurred in order to set tariffs. Limited evidence has been adduced to show that EPC's expenditures are reasonable.

The Regulator does not intend to conduct a comprehensive review of EPC's capital investments and operating costs; the concern is with costs going forward. The Regulator finds that EPC's proposal and assumptions allow for allocation of costs by function but those underlying costs were neither audited nor questioned.

The Regulator is concerned about operational, administrative and overhead efficiencies for which little data has been offered. The Regulator received limited information as to the breakdown of estimated costs or rationale for their inclusion. Limited data has been presented to link the costs identified to sound management practices. Therefore, there is insufficient evidence upon which to base a finding that the proposed costs are just and reasonable.

The following tables present the Regulator's recommended rates for the 3 components of the electricity tariff: debt charge, energy charge and usage charge, for the regulated 3 year period 2015/2016; 2016/2017; and 2017/2018.

➢ ***Debt charge***

EPC's proposed debt charge for the regulated 3 year period subject to annual review is recommended and supported by the Regulator

Table 5: The Regulator's Recommended "Debt charge" for the regulated 3 year period

DOMESTIC	**Current**	**2015-2016**	**2016-2017**	**2017-2018**
Induction Meters	**sene/unit**	**sene/unit**	**sene/unit**	**sene/unit**
1 to 50 kwh	0.17	0.11	0.11	0.10
51 to 100 kwh	0.17	0.11	0.11	0.10
101 kwh and over	0.17	0.11	0.11	0.10
Cash Power Meters (2% Discount)				
1 to 50 kwh	0.17	0.11	0.11	0.10
51 to 100 kwh	0.17	0.11	0.11	0.10
101 kwh and over	0.17	0.11	0.11	0.10
NON DOMESTIC				
Induction Meters				
All Units	0.17	0.11	0.11	0.10
Cash Power Meters (2% Discount)				
All Units	0.17	0.11	0.11	0.10

➢ ***Energy Charge***

The Regulator determines the energy charge of 0.41 sene that was approved through Regulator's Order No. 2015/E28 to be effective from 1st July 2015 to 30 June 2017, and EPC's proposed 0.40 sene to be effective from 1 July 2017 to 30 June 2018. The Regulator deems it reasonable to make determination based on 'actual' costs rather than the proposed estimates. The determination of the 0.41 sene energy charge is based on May 2015 actual figures submitted by EPC and shall be effective from 1 July 2015. The energy charge may vary from month to month as it will be assessed based on actual costs by EPC on a 'monthly basis' and subject to review and approval of the Regulator throughout the 3 year regulated period.

The energy charge shall be calculated using this formula:

{[total cost of fuel and lube oil to generate electricity] + [total invoice from IPP paid by EPC for feed in power]} /{ total kWh electricity sold to consumers that month}.

Table 6: The Regulator's recommended "Energy Charge" for the regulated 3 year period

DOMESTIC	**2014**	**2015-2016**	**2016-2017**	**2017-2018**
Induction Meters	**sene/unit**	**sene/unit**	**sene/unit**	**sene/unit**
1 to 50 kwh	0.55	0.41	0.41	0.40
51 to 100 kwh	0.55	0.41	0.41	0.40
101 kwh and over	0.55	0.41	0.41	0.40
Cash Power Meters (2% Discount)				
1 to 50 kwh	0.55	0.41	0.41	0.40
51 to 100 kwh	0.55	0.41	0.41	0.40
101 kwh and over	0.55	0.41	0.41	0.40
NON DOMESTIC				
Induction Meters				
All Units	0.55	0.41	0.41	0.40
Cash Power Meters (2% Discount)				
All Units	0.55	0.41	0.41	0.40

Energy Charge rates, even though published above, may change each month based on "actual" cost of fuel and lubrication oil for electricity generation, cost of electricity purchased from Independent Power Producers and total kilowatt-hour of electricity sold to all customers each month.

- Energy charge of the new Tariff that will be effective on 1 July 2015 is based on 'actual' energy costs of May 2015.
- Energy charge for the month of August 2015 will be based on 'actual' energy costs of June 2015;
- Energy charge for the month of September 2015 will be based on 'actual' energy costs of July 2015; and so forth.

➢ ***Usage Charge***

Usage charge for domestic customers is assessed in three tiers based on kWh 'usage' per month. The 3 tiers are: 1 to 50 kWh users per month, 51 to 100 kWh users per month, and 101 and above kWh users per month.

EPC proposes the following changes to usage charge:

- ➢ 3% increase on usage charge for low use domestic customers (1 to 50 kWh users per month) for each year of the regulated three year period;
- ➢ 6% increase on usage charge for moderate use customers (51 to 100 kWh per month) for the first year 2015/2016, and 3% increase for each of the two remaining years, 2016/2017; 2017/2018, of the regulated three year period;
- ➢ 6% increase on usage charge for high use domestic customers (101 and above kWh per month) for the first year, 2015/2016, and 3% increase for each of the two remaining years of the regulated three year period, 2016/2017; 2017/2018,
- ➢ 6% increase on usage charge for all non-domestic users for the first year 2015/2016, and 3% increase for each of the two remaining years of the regulated three year period, 2016/2017 and 2017/2018.

EPC asserts the increases are to reflect inflation on operation costs in the three year period.

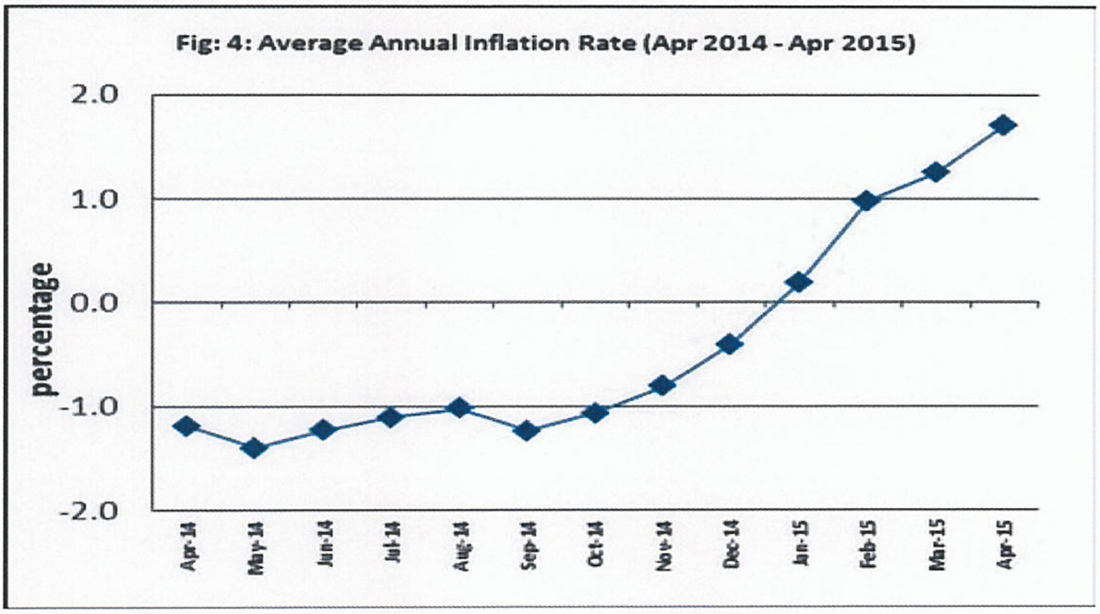
EPC also proposes to continue the 2% discount on usage charge for all cash power customers, domestic and non-domestic.

The Regulator finds that limited evidence has been provided by EPC to show the 6% increase to reflect inflation on usage charge is reasonable, for the first year for moderate use customers; high use customers and non-domestic customers. The Regulator also finds that limited evidence has been adduced to show the 3% increase for low use customers is reasonable. Nevertheless, the Regulator finds adequate basis to establish reasonable increases on usage charge.

Inflation Rate

The Regulator finds that the average annual inflation rate for the year ended April 2015 was at 1.7% and is expected to increase 'conservatively' within the next three years. Inflation is forecasted to be at 2.5% by year 2018.

The following abstract depicts average monthly inflation rate from April 2014 to April 2015.



Source: Samoa Bureau of Statistics, 2015

In view of the above findings on inflation trends, the Regulator determines the following on usage charge:

- there be no increase on usage charge for low use domestic customers (1 to 50 kWh users),
- 3% increase on usage charge for moderate use domestic customers (51 to 100 kWh users),
- 3% increase on usage charge for high use domestic customers (101 and above kWh); and
- 3% increase on usage charge for all non-domestic customers.

The Regulator determines to continue the 2% discount on usage charge for all cash power customers, both domestic and non-domestic.

Table 7: The Regulator's recommended "Usage Charge" for the regulated 3 year period

DOMESTIC	Current	2015-2016	2016-2017	2017-2018
Induction Meters	**sene/unit**	**sene/unit**	**sene/unit**	**sene/unit**
1 to 50 kwh	0.20	0.20	0.20	0.20
51 to 100 kwh	0.34	0.35	0.36	0.37
101 kwh and over	0.39	0.40	0.41	0.42
Cash Power Meters (2% Discount)				
1 to 50 kwh	0.19	0.19	0.19	0.19
51 to 100 kwh	0.33	0.34	0.35	0.36
101 kwh and over	0.38	0.39	0.40	0.41
NON DOMESTIC				
Induction Meters				
All Units	0.39	0.40	0.41	0.42
Cash Power Meters (2% Discount)				
All Units	0.38	0.39	0.40	0.41

Section 5 Findings

The Regulator is required by the Act to determine tariffs that are just and reasonable. The Regulator has full authority to determine tariffs for EPC. This is the second Tariff Determination issued by the Regulator. It is a step in regulatory overview of the power sector. The process will grow into a natural and logical system of regulation that will benefit everyone.

In this case, the findings are based on the evidence before the Regulator. Stakeholders had the opportunity to provide input. Many stakeholders gave valuable information about the impact of EPC's application on their businesses and their lives.

The Regulator recognizes the need to develop Rules of Procedure that will be specific about tariff filing requirements. In the absence of a full evidentiary filing, the decision must be based on what is just and reasonable for "ALL" stakeholders.

The Regulator seeks to determine tariffs that provide a balance between determining that customers only pay for just and reasonable costs while ensuring that EPC has enough revenue to meet its obligations. In the absence of Rules of Procedures, the Regulator finds that "just and reasonable rates" mean criteria described above from Section 19(1)-(3) of the Electricity Act 2010 ("the Act").

In this Determination, the Regulator makes findings for the regulated 3 financial years 2015/2016; 2016/2017; and 2017/2018. Provisional Tariffs are set for the 3 three years and will be subject to review at the end of each year of the 3 year period.

The Regulator makes these additional findings:

1. EPC shall continue to work towards best practice and reflect outcome of implementation of recommendations from their comprehensive studies of efficiencies and operational costs of the Corporation and include their results in the next tariff filing.

2. EPC shall continue to plan for decreasing losses and increasing efficiencies starting 1 July 2015.

3. In their next tariff filing EPC shall continue to report on efforts of maintaining system losses at acceptable levels, and EPC's ability to do so in that tariff period.

Section 6 Determination

1. The Regulator determines that the term 'Debt Charge' remains as is for transparency purposes and ease of comprehension.

2. The Regulator determines the term 'Energy Charge' to replace 'fuel charge'. The energy charge includes fuel cost for generation of EPC and cost of purchasing electricity generated from renewable energy sources by Independent Power Producers.

3. The Regulator determines the following total reductions on 'end-use' customer tariffs over the regulated 3 year period; 1 July 2015 to 30 June 2018:

- Total reduction of $0.22 sene per unit or 24% for low use domestic customers (1 to 50 kWh)
- Total reduction of $0.19 sene per unit or 18% for moderate use domestic customers (51 to 100 kWh)
- Total reduction of $0.19 sene or 17% for high use domestic customers (101 and above kWh), and
- Total reduction of $0.19 sene or 17% for all non-domestic customers.

4. The Regulator also determines continuation of the 2% discount for Cash Power customers.

The following table summarises the approved end-use tariffs:

Table 8: Approved End-Use Customer Tariffs for 3 year period: 2015-2016; 2016-2017; 2017-2018

DOMESTIC CUSTOMERS	Current 2014	1 July 2015 to 30 June 2016	1 July 2015 to 30 June 2016	1 July 2015 to 30 June 2016	Total Decrease	Total Decrease
Induction Meters	**sene/unit**	**sene/unit**	**sene/unit**	**sene/unit**	**sene/unit**	**%/unit**
1 to 50 kwh	0.92	0.72	0.72	0.70	**0.22**	**24%**
51 to 100 kwh	1.06	0.87	0.88	0.87	**0.19**	**18%**
101 kwh and over	1.11	0.92	0.93	0.92	**0.19**	**17%**
Cash Power Meters (2% Discount)						
1 to 50 kwh	0.91	0.71	0.71	0.69	**0.22**	**24%**
51 to 100 kwh	1.05	0.86	0.87	0.86	**0.19**	**18%**
101 kwh and over	1.10	0.91	0.92	0.91	**0.19**	**17%**
NON-DOMESTIC CUSTOMERS	**Current 2014**	**1 July 2015 to 30 June 2016**	**1 July 2015 to 30 June 2016**	**1 July 2015 to 30 June 2016**	**Total Decrease**	**Total Decrease**
Induction Meters						
All Units	1.11	0.92	0.93	0.92	**0.19**	**17%**
Cash Power Meters (2% Discount)						
All Units	1.10	0.91	0.92	0.91	**0.19**	**17%**

5. In recognition of the request by EPC for annual reviews of electricity tariffs instead of three-yearly, the Regulator determines the following tariffs for each year of the regulated three financial years 2015/2016, 2016/2017 and 2017/2018 and will be subject to review at the end of each financial year of the regulated three year period. The tariff is inclusive of a monthly energy charge that is assessed by EPC on monthly basis and may vary monthly depending on diesel price fluctuations and feed in power capacity of IPPs, and will be subject to review and approval of the Regulator on monthly basis.

To be effective from 1 July 2015 to 30 June 2016

DOMESTIC	Debt charge	Usage Charge	Energy Charge	Total Tariff
Induction Meters	**sene/unit**	**sene/unit**	**sene/unit**	**sene/unit**
1 to 50 kwh/units	0.11	0.20	0.41	**0.72**
51 to 100 kwh/units	0.11	0.35	0.41	**0.87**
101 kwh/units and over	0.11	0.40	0.41	**0.92**
Cash Power Meters (2% Discount)				
1 to 50 kwh	0.11	0.19	0.41	**0.71**
51 to 100 kwh	0.11	0.34	0.41	**0.86**
101 kwh and over	0.11	0.39	0.41	**0.91**
NON DOMESTIC				
Induction Meters				
All Units	0.11	0.40	0.41	**0.92**
Cash Power Meters (2% Discount)				
All Units	0.11	0.39	0.41	**0.91**

To be effective from 1 July 2016 to 30 June 2017

DOMESTIC	Debt charge	Usage Charge	Energy Charge	Total Tariff
Induction Meters	**sene/unit**	**sene/unit**	**sene/unit**	**sene/unit**
1 to 50 kwh	0.11	0.20	0.41	**0.72**
51 to 100 kwh	0.11	0.36	0.41	**0.88**
101 kwh and over	0.11	0.41	0.41	**0.93**
Cash Power Meters (2% Discount)				
1 to 50 kwh	0.11	0.19	0.41	**0.71**
51 to 100 kwh	0.11	0.35	0.41	**0.87**
101 kwh and over	0.11	0.40	0.41	**0.92**
NON DOMESTIC				
Induction Meters				
All Units	0.11	0.41	0.41	**0.93**

Cash Power Meters (2% Discount)				
All Units	0.11	0.40	0.41	**0.92**

To be effective from 1 July 2017 to 30 June 2018

DOMESTIC	**Debt charge**	**Usage Charge**	**Energy Charge**	**Total Tariff**
Induction Meters	**sene/unit**	**sene/unit**	**sene/unit**	**sene/unit**
1 to 50 kwh	0.10	0.20	0.40	**0.70**
51 to 100 kwh	0.10	0.37	0.40	**0.87**
101 kwh and over	0.10	0.42	0.40	**0.92**
Cash Power Meters (2% Discount)				
1 to 50 kwh	0.10	0.19	0.40	**0.69**
51 to 100 kwh	0.10	0.36	0.40	**0.86**
101 kwh and over	0.10	0.41	0.40	**0.91**
NON DOMESTIC				
Induction Meters				
All Units	0.10	0.42	0.40	**0.92**
Cash Power Meters (2% Discount)				
All Units	0.10	0.41	0.40	**0.91**

The Regulator in consideration of all relevant factors, as set out within the Determination; now issues Order No. 2015/E29 with regards to EPC's proposal of March 2015.

Signed and Dated

Unutoa Auelua Fonoti
INTERIM REGULATOR