

# ***PUBLIC NOTICE***



## **Notice for Public Comments on DOMLEC's Petition for Reconsideration on the IRC's Decision Document Weighted Average Cost of Capital for Dominica Electricity Services Limited (DOMLEC) - Document Reference 2015/001/D**

**Take notice that DOMLEC has filed a Petition for Reconsideration of the Decision of the Independent Regulatory Commission on Weighted Average Cost of Capital (Document Reference 2015/001/D), which was issued on April 23<sup>rd</sup>, 2015.**

The Public is requested to submit comments on this Petition within Ten (10) days of publication of this Notice.

### **Description of DOMLEC's Request:**

**IRC Decision 1: DOMLEC's capital structure shall be 40% debt and 60% equity for the tariff period 2015 – 2017.**

**DOMLEC requests 33.1% debt and 66.9% equity**

**IRC Decision 3: The Commission determined that the risk free rate shall be the US 10 Year Treasury Bond rate as at December 2014 – that is 2.17%.**

**DOMLEC requests a US 30 Year Treasury Bond rate at 3.34%**

**IRC Decision 4: The Commission proposes that there will be no risk premium due to DOMLEC's size.**

**DOMLEC requests a risk premium for size**

**IRC Decision 5: The Commission will use the group of 35 companies in the power sector used by Professor Damodaran as the proxy utilities.**

**DOMLEC proposes 15 power utilities**

**IRC Decision 6: The Commission determines the Mature Market Risk Premium of 5.21%, stated by Professor Damodaran as the implied equity risks approach**  
**DOMLEC requests a Risk Premium of 8%**

**IRC Decision 7: The Commission has determined that, based on the results of the application of the DCF and CAPM methodologies, DOMLEC's cost of equity for the tariff period shall be 10.44%.**  
**DOMLEC requests 14.5%**

**IRC Decision 8: The Commission has determined that the WACC to be applied to DOMLEC's regulatory asset base shall be 8.56%.**  
**DOMLEC requests 11.6%**

Pursuant to the conditions outlined in Part 8 (Reconsideration of Commission Decisions); of the Commission's Decision Document Reference No: 2008/004/D: Regulatory Policy and Procedure – Rules of Practice and Procedures, the Public is therefore being asked to submit comments on the application within TEN (10) days of the said publication.

**The Deadline for Receipt of comments is June 3, 2015.**

Please forward Comments to the Executive Director at [admin@ircdominica.org](mailto:admin@ircdominica.org), or address envelopes to:

The Independent Regulatory Commission  
42 Cork Street  
P. O. Box 1687  
Roseau  
Commonwealth of Dominica

*Copies of the Application are available at the IRC's Office or on its website at [www.ircdominica.org](http://www.ircdominica.org).*