



41 Gabourel Lane
P.O. Box 300
Belize City
Belize

July 1, 2019

Mr. John Mencias
Chief Executive Officer
Belize Electricity Limited
Belize City

Dear Mr. Mencias,

Enclosed please find the **Belize Electricity Limited 2019 Annual Review Proceeding Final Decision** (the **Final Decision**) as made by the Public Utilities Commission (PUC; the Commission) on June 29, 2019.

The **Final Decision** includes adjustments to Regulated Values and a general 0.31% increase to the Mean Electricity Rate (MER), resulting in subsequent tariffs to be charged for electricity sales for the period July 1, 2019, to June 30, 2020.

The Commission received no objections to the **Initial Decision** made on April 30, 2019. As required by law, the **Initial Decision** is therefore adopted as the **Final Decision**.

If you have any questions, please feel free to contact the PUC at your convenience.

Best regards,

John P. Avery
Chairman, PUC

C: Honourable Frank Mena – Minister of State for Public Utilities



PUBLIC UTILITIES
COMMISSION

PUBLIC UTILITIES COMMISSION

**FINAL DECISION
(2019 ANNUAL REVIEW PROCEEDING)**

for

Belize Electricity Limited

June 2019

Legal Framework

The Public Utilities Commission (PUC) is authorized under the Public Utilities Commission Act (No. 39 of 1999) to serve as the economic regulator for the electricity, water and telecommunications sectors in Belize.

The primary duty of the PUC is to ensure that the services rendered by public utility providers in all three sectors are satisfactory and that the charges imposed in respect of those services are reasonable. The PUC has the power to determine and prescribe rates that may be charged in respect of utility services and the standards which must be maintained in relation to such services. In addition, the PUC is responsible for the award of licenses and for monitoring and enforcing compliance with license conditions.

Sector specific legislation provides the legal framework for the PUC to carry out its duties and functions in a particular utility sector, as obtains in the regulation of the electricity sector, the Electricity Act (No. 13 of 1992), (the "Act"), as amended by Electricity (Amendment) Act 2007 (No. 12 of 2007) and Electricity (Amendment) Act 2011 (No. 4 of 2011) and the Electricity (Tariffs, Fees and Charges) Byelaws (Statutory Instrument No. 145 of 2005; the "Byelaws"), as amended by Statutory Instruments No. 116 of 2009 and No. 21 of 2012. The Byelaws govern the tariffs, rates, charges and fees for the transmission and supply of electricity and for existing and new services to be charged by a licensee to consumers in Belize, and the mechanisms, formulas, and procedures whereby such tariffs, rates, charges and fees shall be calculated and determined for all purposes. They also govern the quality of service standards (service reliability) for existing and new services at any time provided or to be provided by a licensee, and the mechanisms, formulas and procedures whereby such services shall be calculated and determined for all purposes. Further, the Byelaws reference the methodology used for Review Proceedings.

Annual Review Proceeding

The Annual Review Proceeding (ARP) for the Annual Tariff Period (ATP) July 1, 2019, to June 30, 2020, commenced on April 1, 2019, upon the submission by Belize Electricity Limited (BEL) to the PUC requesting the PUC's approval of proposed regulated values, mean electricity rates, tariffs, charges and fees for the period July 1, 2019, to June 30, 2020, as previously approved in the 2016 Full Tariff Review Proceeding (2016 FTRP) and amended in the 2017 ARP and 2018 ARP.

Summary of BEL's Submission

The submission made by BEL contained the following key proposals:

- Increased total direct investments over the FTP from some \$172.7 (2016 FTRP) million to \$195.7 million.
- Total Operational Expenditure over the FTP of some \$118.3 million
- Decreased total electricity sales over the FTP from some 2.319 billion KWhrs (2016 FTRP) to 2.245 billion KWhrs.
- Decreased total electricity purchased and generated over the FTP from some 2.662 billion KWhrs (2016 FTRP) to 2.557 billion KWhrs.
- No increase to the currently approved Mean Electricity Rate (MER) of \$0.4138 per KWhr for the next ATP of the current FTP.

Initial Decision

The Initial Decision of the PUC was made and issued on April 30, 2019, with approved Regulated Values that resulted in a MER of \$0.4151 per KWhr, representing a 0.31% increase in the MER of \$0.4138 approved in the 2018 ARP Final Decision Amendment. This increase in the MER did not result in any increases in tariffs approved in the 2018 ARP Final Decision Amendment. The PUC received no objections to the Initial Decision, which is therefore adopted as the Final Decision.

Decision of the Commission

BELIZE:

ORDER made by the Public Utilities Commission (hereinafter referred to as “the Commission”) in exercise of the powers conferred upon it by the Public Utilities Commission Act, Chapter 223 of the Laws of Belize, Revised Edition 2000, the Electricity Act, Chapter 221 of the Laws of Belize, the Electricity (Tariff, Fees and Charges) Byelaws, and all other powers thereunto the Commission enabling.

Short title. 1. This Order may be cited as the:

BELIZE ELECTRICITY LIMITED 2019 ANNUAL REVIEW PROCEEDING FINAL DECISION

Decisions and Orders. 2. (1) In respect of the application made April 1, 2019, by the Belize Electricity Limited (BEL) for the determination of Regulated Values, Mean Electricity Rates, Tariffs, Fees and Charges in its Annual Review Proceeding (ARP) Submission for the remaining Annual Tariff Period (ATP) of the Full Tariff Period (FTP) of July 1, 2016, to June 30, 2020, the Commission hereby makes the following Decisions and Orders:

- (a) The Commission hereby approves the Annual Corrections (AC) contained in Schedule 1;
- (b) The Commission hereby approves the Regulated Asset Value (RAV) for each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 2;
- (c) The Commission hereby approves the Reference Cost of Power (COP) and Consumption/Demand for each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 3;
- (d) The Commission hereby approves the Value Added of Delivery (VAD), the Other Income and the Tariff Basket Revenue (TBR) for each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) and the Mean Electricity Rates (MERs) for the Full Tariff Period (FTP) as contained in Schedule 4;
- (g) The Commission hereby approves the Tariffs to be applied during the remaining Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 5, and hereby orders the Belize Electricity Limited (BEL) to levy the said Tariffs in respect of the electricity services it is licensed to provide;

(h) The Commission approves no adjustments to any other previously approved Regulated Values, Fees and Charges, and hereby orders the Belize Electricity Limited (BEL) to continue to levy the said previously approved Fees and Charges in respect of the relevant electricity services it is licensed to provide.

**Amend-
ment.**

3. This Order may be amended at any time during an Annual Review Proceeding (ARP) within the Full Tariff Period (FTP), subject to the provisions of the Electricity (Tariff, Fees and Charges) Byelaws.

MADE by the Public Utilities Commission this 29th day of June, 2019.



(JOHN P. AVERY)

Chairman, Public Utilities Commission

Schedule 1

Belize Electricity Limited (BEL) Annual Corrections - July 1, 2017 - June 30, 2018

General Corrections - July 1, 2017 - June 30, 2018

Approved Tariff Basket Revenue - \$:	220,504,556
Realized Tariff Basket Revenue - \$	207,821,944
Variance (Total Approved less Total Realized) - \$:	12,682,612

Schedule 2

Belize Electricity Limited (BEL)

Approved Regulated Asset Value (RAV) for Full Tariff Period (FTP) July 1, 2016, to June 30, 2020

Regulated Asset Value (RAV) as at December 31 of each year - \$:

Year	2015	2016	2017	2018	2019	2020
Starting RAV	293,353,366	306,789,004	318,940,061	348,149,329	369,640,959	381,812,417
Depreciation		12,716,634	13,954,634	15,712,634	15,155,279	15,654,309
Work In Progress		32,369,000	12,036,278	14,086,229	18,835,580	16,396,323
Additions		39,972,650	53,890,979	28,554,049	37,671,160	32,792,647
Contributed Capital					5,785,868	4,754,153
Ending RAV	306,789,004	318,940,061	348,149,329	369,640,959	381,812,417	396,635,858

Schedule 3

Belize Electricity Limited (BEL)

Approved Cost of Power (COP) Parameters and Demand for Full Tariff Period (FTP) July 1, 2016, to June 30, 2020

Approved Generation and Purchase of Power and Reference Cost of Power (COP), and Demand for each ATP of the FTP:

Year	2016-2017	2017-2018	2018-2019	2019-2020
KWHrs Purchased and Generated - KWHrs	629,484,002	622,275,917	644,348,241	665,535,014
Reference Cost of Power - \$	135,224,408	144,023,301	179,959,419	145,304,987
Approved Consumption/Demand - KWHrs	553,433,283	544,035,975	565,793,637	586,250,359
Reference Cost per kWh Consumed - \$/kWh	0.2443	0.2647	0.3181	0.2479

Schedule 4

Belize Electricity Limited (BEL)

Approved Tariff Basket Revenue (TBR) and Components and Mean Electricity Rate (MER) for Full Tariff Period (FTP) July 1, 2016, to June 30, 2020

Approved Tariff Basket Revenue (TBR) and Revenue Components for each ATP of the FTP and Mean Electricity Rate for the FTP - \$:

Year	2016-2017	2017-2018	2018-2019	2019-2020	Totals - FTP
Revenue Components of TBR:					
Value Added of Delivery (VAD)					
OPEX	28,924,449	29,358,316	29,798,691	30,245,671	118,327,126
Return	31,894,006	34,814,933	36,964,096	38,181,242	141,854,277
Depreciation	12,716,634	13,954,634	15,712,634	15,155,279	57,539,181
Net Annual Corrections - FTRP	1,753,474	1,739,993	1,787,049	1,830,234	7,110,749
- ARP 17		(4,862,503)	(4,994,002)	(5,114,686)	(14,971,191)
- ARP 18			3,101,154	3,176,095	6,277,249
- ARP 19				12,682,612	12,682,612
Cost Reimbursements - ARP 17	1,607,904				1,607,904
Taxes/Licence Fees	4,802,532	4,961,353	5,963,382	5,190,003	20,917,269
Sub-Total (VAD)	81,698,999	79,966,725	88,333,002	101,346,450	351,345,177
Reference Cost of Power	135,224,408	144,023,301	179,959,419	145,304,987	604,512,116
RSA Recovery					
Less: Other Income	3,477,542	3,485,471	3,253,225	3,302,024	13,518,262
Tariff Basket Revenue	213,445,865	220,504,556	265,039,196	243,349,414	942,339,030
Approved Mean Electricity Rate (MER) - July 1, 2016 - June 30, 2017 - \$:			0.3699		
Approved Mean Electricity Rate (MER) - July 1, 2017 - June 30, 2018 - \$:			0.3692		
Approved Mean Electricity Rate (MER) - July 1, 2018 - December 31, 2018 - \$:			0.3930		
Approved Mean Electricity Rate (MER) - January 1, 2019 - June 30, 2020 - \$:			0.4138		
Proposed Mean Electricity Rate (MER) - July 1, 2019 - June 30, 2020 - \$:			0.4151		

Schedule 5

Belize Electricity Limited (BEL)

Approved Tariffs for Remainder of Full Tariff Period (FTP) - July 1, 2019, to June 30, 2020

Customer Class	Service Type/ Consumption Block	Rate/Tariff \$/Mth; \$/KVA; \$/KWhr
Social	0 - 60 KWhrs	0.23
	Minimum Charge	5.00
Residential	0 - 50 KWhrs	0.34
	51 - 200 KWhrs	0.40
	> 200 KWhrs	0.45
	Minimum Charge	10.00
Commercial 1	0 - 50 KWhrs	0.34
	51 - 200 KWhrs	0.40
	> 200 KWhrs	0.45
	Minimum Charge	10.00
Commercial 2	Service Charge	150.00
	0-10,000 KWhrs	0.43
	10,001-20,000 KWhrs	0.41
	> 20,000 KWhrs	0.40
Industrial 1	Service Charge	250.00
	Demand (KVA)	37.00
	Energy	0.31
Industrial 2	Service Charge	250.00
	Demand (KVA)	25.00
	Energy	0.27
Street Lights	Energy	0.47