

**Comments related to the Final Decision
Issued by the Commission in respect of the 2021 Annual Tariff Review
Proceeding (ATRP) for Belize Electricity Limited (BEL)**

Comments related to and Rationale for the Commission's various Decisions

Approved Investment Plan and Approved Regulated Values, Tariffs, Fees and Charges

In its 2021 ATRP submission, BEL indicated to the Commission that there should be no adjustments to the Mean Electricity Rate (MER) and tariffs. BEL also did not recommend any adjustments to other currently approved fees and charges. BEL did not include any proposed tariffs for the Industrial I class of customers.

BEL's submissions, including supplemental information requested by the Commission, supported an increase in the Cost of Power (COP) projected for the remainder of the 2020|24 Full Tariff Period (FTP); plus an increase in the Value-added of Delivery (VAD) as a consequence of assets added to the Regulated Asset Value (RAV) in an environment where electricity sales and revenues are lower than expected.

The Commission reviewed the submission and various historical and forecast data, then made revisions to the recommended regulated values, tariffs, fees and charges and forecast data before approving them. The Commission then applied the Rate Setting Methodology (RSM) that it had refined in the 2020 Full Tariff Review Proceedings (2020 FTRP) to determine the regulated values, tariffs, fees and charges to be applied over the remaining 2021|24 Tariff Period.

In applying the RSM for the Initial Decision, the Commission has adjusted the current schedule of Tariffs, Fees and Charges in light of its assessment of the MER at \$0.3999 per kilowatt-hour, resulting in a reduction in rates payable by customers.

On May 10, 2021 BEL issued an Objection to the Initial Decision on the following grounds:

- 1) The PUC's decision to lower tariffs that were recently adjusted downwards, in the face of a significant rate stabilization account (RSA) balance of an estimated \$25.7 million may result in continued non-compliance with the legal requirement to zero the RSA at the close of the FTP.
- 2) The PUC's willingness to supplant its own energy supply and capital investment plans for BEL is inconsistent with internationally accepted best practices for utility regulation.
- 3) The PUC's proposed penalty for delays with the Caye Caulker interconnection project is arbitrary and disproportional to the anticipated performance outcome and does not fully consider factors outside of BEL's control legitimately excusing delays.
- 4) The PUC intimates an increase in regulatory fees but has not previously engaged BEL on this matter, even though this is set in the license and the law requires prior consent of the licensee to make amendments.

However, after subsequent discussions with the Commission that Objection raised by BEL has been withdrawn.

Consequently, pursuant to Section 31-(3) of the Tariff Byelaw the Initial Decision is adopted as the **Final Decision** and BEL tariff schedule will be adjusted effective July 1, 2021