



# **Public Notice**

FOR IMMEDIATE RELEASE

JUNE 30, 2023

## **FINAL DECISION OF THE ANNUAL REVIEW PROCEEDINGS 2023 (ARP 2023) FOR BELIZE ELECTRICITY LIMITED (BEL)**



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2nd Floor, Marina Towers,  
Belize City, Belize



June 30, 2023


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

Dear Mr. Mencias,

Enclosed please find the **Belize Electricity Limited 2023 Annual Review Proceeding Final Decision and supporting commentary** as made by the Public Utilities Commission on June 30, 2023.

The **Belize Electricity Limited 2023 Annual Review Proceeding Final Decision** provides for no amendments to the tariffs, fees and charges to be levied for electricity services for the period July 1, 2023 to June 30, 2024.

Best regards,

  
Dean Molina Chairman,  
PUC

Cc: Honourable Michel Chebat – Minister of Energy, Public Utilities and Logistics

## PUBLIC UTILITIES COMMISSION

### IN THE MATTER OF the Final Decision of the Annual Review Proceedings 2023 (ARP 2023) for Belize Electricity Limited (BEL)

June 2023

1. On April 2, 2023, BEL filed its Rate Case Submission to the Public Utilities Commission in its 2023 Annual Review Proceedings (the “ARP 2023”). This is pursuant to the Electricity (Tariffs, Fees and Charges Standards) Byelaws, S.I. 145 of 2005 as amended by S.I. 116 of 2009 and S.I. 21 of 2012 (the “Byelaw”).
2. On May 5, 2023, the Commission issued its Initial Decision, which provides for no adjustments to the tariffs, fees and charges to be levied for electricity services for the period July 1, 2023, to June 30, 2024 in accord with BEL’s filing.
3. Between May 5, 2023 and May 15, 2023, the Commission held publicly advertised consultation in an effort to generate commentary on its Initial Decision.
4. At the close of the consultation period, the Commission had received only one (1) comment in the form of a letter dated May 18, 2023 from BEL. According to BEL’s cover letter, “...while there are “no formal objections that would trigger an Independent Expert Review, BEL requests that the Commission reconsiders its Initial Decision on issues highlighted in our comments with a view to reflecting the company’s recommendation in the Final Decision...BEL reserves the right to call on an Independent Expert and invoke other remedies available under law to resolve any and all matters previously raised in its comments to the PUC decisions in this FTP which remains unresolved, including cost of power changes that have been dismissed by the PUC without merit or due cause and which understate the regulatory account balance” (PUC Emphasis).
5. Specifically, BEL suggests that the previous and current Commission erred in its Decisions as follows:
  - (a) In ARP 2018, the previous Commission should not have imposed a penalty for BEL’s failure to interconnect Caye Caulker to the grid. The impact of this Decision is implemented in the ARP’s 2021, 2022 and 2023;
  - (b) BEL accepts the Decision in FTRP 2020 but suggests that subsequent ARPs that complied with that Decision were unreasonable;
  - (c) BEL objects to the Commission’s decision to disallow COP claims in ARP 2022 and ARP 2023 that were unsupported; and
  - (d) BEL objects to the Commission’s decision to disallow unapproved expenditures that affect the RAV that were fixed in the FTRP 2020. This was particularly evident in the ARP-2023.

6. BEL requests that the Final Decision in ARP 2023 should reflect the Company's recommendations on these previous Decisions. Effectively, then, the Commission should re-determine these issues that BEL's finds contentious.
7. In reaching its Final Decision on the matter, the Commission took into consideration the request made by BEL in its letter of May 18, 2023. The request from BEL raises an important question as to whether and in what circumstances it is appropriate to reopen past rate determinations?
8. In answering the question, it is necessary to account for the decision-making framework provided for under the laws governing rate-setting as follows:

(1) Section 31 and 32 of the Bylaws expressly provide a licensee with the power to challenge decisions of the Commission after the Initial Decision is taken, as stated below:

Determination of Commission	<p>31. <i>(1) Within thirty days of the date of the licensee's submission set out in Byelaws 29 and 30 above, the Commission shall issue an initial written decision setting out the regulated values, mean electricity rate, tariffs, rates, charges and fees for the next ATP.</i></p> <p><i>(2) Within ten days of the date of issuance of the initial decision the licensee and interested parties may file with the Commission written comments on the initial decision.</i></p> <p><i>(3) Where there is no objection to the Commission's initial decision by the licensee or an interested party, the Commission shall issue a final decision adopting its initial decision.</i></p>
Appointment of Independent expert	<p>32. <i>(1) Where the licensee or an interested party objects in writing to the initial decision of the Commission in accordance with Byelaw 31, the Commission shall appoint an independent expert to review the regulated values, mean electricity rate, tariffs, rates, charges and fees no earlier than eleven days and no later than twenty days after the date of issuance of the initial decision of the Commission.</i></p>

9. In the view of the Commission, Sections 31 and 32 is designed to prevent the Commission from setting rates retrospectively. As such, the drafters provided for objections to be made by the licensee following the Commission's initial decision. If the Commission does not receive an objection, as is the current case in ARP 2023, then it is mandated by Section 31(3) to adopt its initial decision.
10. The Commission does have the power to review, vary and rescind any decision or Order made by it under section 32 of the Public Utilities Commission Act. The Commission is prepared to exercise these discretionary powers given to it under the Act once BEL puts forward a fully supported and justified case.
11. The Commission therefore urges BEL to show good cause why these previous Decisions ought to be reviewed, varied or rescinded. Any such submissions should be done outside the standard rate-setting proceedings so that these matters could be ventilated properly and completely.
12. Given the above, the Commission **HEREBY APPROVES** its Initial Decision made on May 5, 2023.

## DECISION OF THE COMMISSION

**BELIZE:**

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*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 2020, 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.*

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

### **BELIZE ELECTRICITY LIMITED 2023 ANNUAL REVIEW PROCEEDING FINAL DECISION**

2. In respect of the application made on April 2, 2023 by the Belize Electricity Limited (“BEL”) for the Commission to:

**Decisions and  
Orders.**

- 2.1 determine the Regulated Values, Mean Electricity Rates, Tariffs, Fees and Charges in its Annual Review Proceedings Submission for the remaining Annual Tariff Period of the Full Tariff Period from July 1, 2023 to June 20, 2024;
- 2.2 to approve new customer classifications and associated tariff schedules for Distributed Generation, Electric Vehicle charging, Spanish Lookout and Tourism;
- 2.3 to adopt/approve the Least Cost Expansion Plan (LCEP) filed on March 22, 2023 and refiled on April 28, 2023; and

## 2.4 to adopt/approve BEL's new Connection Policy

The Commission hereby makes the following DECISIONS and ORDERS:

- i.* The Commission hereby approves the Annual Corrections (AC) contained in Schedule 1;
- ii.* 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;
- iii.* The Commission hereby approves the Reference Cost of Power (COP) for each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 3;
- iv.* The Commission hereby reaffirms the Target Rate of Return (ROR), the Rate of Return Lower Limit (RORLL), the Rate of Return Upper Limit (RORUL), the Operational Expenditure (OPEX), the Generalized Expenditures Capitalized (GEC) and the Gearing Ratio (G) for each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 4;
- v.* 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 5;
- vi.* The Commission hereby approves the Tariffs to be applied during each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 6, and hereby orders the Belize Electricity Limited (BEL) to levy the said Tariffs in respect of the electricity services it is licenced to provide;
- vii.* The Commission hereby fixes a maximum system loss of 12.5% to be applied to the remaining Annual Tariff Period (ATP) of the Full Tariff Period (FTP);
- viii.* Subject to para (a) to (g) above, the Commission does not adjust 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 licenced to provide.
- ix.* The Commission ORDERS BEL to commence the implementation of a system of accounting and reporting to ensure that all financial records for commercial activities that fall outside the Company's core business are maintained separately from the financial records of the Company's core business of providing electricity to consumers.
- x.* The Commission ORDERS BEL that with immediate effect, all charges applied to COP Overhead must be supported by invoices even when such expenditure falls within the range of the cap of \$950,000 set by the Commission.

- xi.* The Commission reserves its Decision on all new customer classifications proposed by BEL and associated tariff schedules for Distributed Generation, Electric Vehicle charging, Spanish Lookout and Tourism;
- xii.* The Commission reserves its Decision on BEL's Least Cost Expansion Plan (LCEP) filed on March 22, 2023 and refiled on April 28, 2023;
- xiii.* The Commission reserves its Decision on BEL's proposed new Connection Policy;
- xiv.* Pursuant to sub-regulation 33(2)(b) of Statutory Instrument 145 of 2005, as amended by Statutory Instrument 116 of 2009, the Commission's written determinations for the enforcement of this Decision, once finalized, shall be binding on the Belize Electricity Limited (BEL) and any other licensee.

Amendment.

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

**MADE** by the Public Utilities Commission this 30<sup>th</sup> day of June, 2023.

  
(DEAN MOLINA)  
*Chairman, Public Utilities Commission*



## Schedule 1

### Belize Electricity Limited (BEL)

Rate Review for ARP 2023|2024

Annual Corrections - July 1, 2021 to June 30, 2022

#### General Corrections - July 1, 2020 - June 30, 2021

<sup>1</sup> Approved Tariff Basket Revenue - \$	253,530,191
<sup>2</sup> Realized Tariff Basket Revenue - \$	236,251,598
Variance (Total Approved less Total Realized) - \$	17,278,594
<sup>3</sup> less: Disallowed Costs - CCK Penalty	-3,780,324
Approved Corrections for 2020 21 ATP - \$	13,498,270

#### Notes—

<sup>1</sup> **Approved Tariff Basket Revenue** is the total revenues to be derived from sales of electricity that BEL must receive from its customers to cover its operating costs, capital recovery & financing costs, statutory charges and earn a reasonable return (profit)

<sup>2</sup> **Approved Tariff Basket Revenue** is the revenues BEL derived, from its customers, in respect of electricity sales

<sup>3</sup> **Disallowed Costs** is as a penalty regime applied for BEL's failure to meet standards of performance set by the PUC, in respect of the interconnection of Caye Caulker to the National Grid.



**Schedule 2**  
**Belize Electricity Limited (BEL)**

Rate Review for ARP 2023| 2024

**Approved Regulated Asset Value (RAV) for Full Tariff Period (FTP) July 1, 2020, to June 30, 2024**

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

Year	2019	Validated	Validated	Prelim	Forecast	2024
		2020	2021	2022	2023	
<b>Starting RAV</b>	<b>369,640,959</b>	<b>373,256,368</b>	<b>386,061,108</b>	<b>378,032,416</b>	<b>396,357,100</b>	<b>365,633,188</b>
<b>Depreciation</b>	17,458,394	17,492,707	17,492,707	18,056,340	20,993,298	29,510,786
<b>Work In Progress</b>	16,654,000	34,708,449	41,781,449	66,591,147	0	33,288,364
<b>Additions</b>	53,061,000	22,029,955	37,083,000	0	108,372,596	0
<b>Net Contributed Capital</b>		-732,000	-1,968,000	701,977	9,730,614	5,919,319
<b>Ending RAV</b>	<b>373,256,368</b>	<b>386,061,108</b>	<b>378,032,416</b>	<b>396,357,100</b>	<b>365,633,188</b>	<b>438,575,679</b>

**Notes:**

1. The Depreciation and RAV for 2022 could not be properly calculated because BEL's Fixed Assets Register ending December 31, 2022 has not been filed with the PUC. As a consequence, the Commission updated the 2022 depreciation with the value from 2021 and updated the 2022 RAV to account for \$0 in capital additions made in 2021.
2. The Depreciation and RAV for 2021, 2022 and 2023 were recalculated to be the forward-looking business results from BEL, while significantly trimming capital additions to stay within the level of capital spending and related additions in those years, as per the 2020-FTRP Final Decision.
3. The Commission adopted BEL's updated Capital Contributions schedule, but requires clarity on the negative value incurred in May 2021.

### Schedule 3

#### Belize Electricity Limited (BEL)

Updated Cost of Power (COP) Parameters and Demand for Full Tariff Period (FTP) July 1, 2020, to June 30, 2024  
Rate Review for ARP 2023|2024

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

Year	2020-2021	2021-2022	2022-2023	2023-2024
KWHrs Purchased and Generated - KWHrs	611,437,802	669,368,687	696,061,283	753,231,844
Reference Cost of Power - \$	118,067,620	154,610,675	160,333,916	159,989,341
Approved Consumption/Demand - KWHrs	534,376,841	585,706,369	614,614,608	660,521,472
Reference Cost per KwHr Consumed - \$/KWHr	0.2209	0.2640	0.2609	0.2422

#### Notes—

1. **KWHrs Purchased and generated** is electricity supplied by IPP's and BEL-operated power plants for resale to customers expressed in units of kWhs. The PUC recalculated these monthly values utilizing BEL's projected system losses, as **Consumption/(1- Losses)**.
2. **Reference Cost of Power** is the total costs for the electricity supplied by IPP's and BEL-operated power (Actuals to Feb-2023 and Projected) expressed in BZ Dollars.
3. **Approved Consumption/Demand** is electricity sales expressed in units of kWhs. In its RSM modeling, the Commission adopted BEL's monthly values, after correcting computational errors, for the entirety of the FTP

## Schedule 4

### Belize Electricity Limited (BEL)

Rate Review for ARP 2023|2024

Approved Rate of Return (ROR), OPEX and Gearing Ratio (G) for Full Tariff Period (FTP) July 1, 2020, to June 30, 2024

Approved Rate of Return (ROR) for each ATP of the FTP - %:

Period	2020-21	2021-22	2022-23	2023-24
ROR Lower Limit	8	8	8	8
ROR Target Value	10	10	8	8.5
ROR Upper Limit	12	12	12	12

Approved OPEX for each ATP of the FTP - \$:

Period	2020-21	2021-22	2022-23	2023-24
OPEX	32,524,967	33,012,258	33,506,842	34,008,830
GEC	2,615,387	2,654,419	2,708,677	2,751,442

Approved Gearing Ratio (G)- FTP:	0.6
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Interest Rate for IDC (after approved Gear Ratio)	8%
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**Notes:**

1. The Commission adjusted the Target Rate of Return (t-ROR) used in the RSM for determining the Return (profitability) on the BEL's RAV (rate base):
  - (i) In its FTRP 2020 Final Decision, the Commission had approved a ROR of 10% applicable for each ATP;
  - (ii) In its 2022 ARP Initial Decision the Commission has fixed the ROR for the 2022\23 ATP at 8% and the ROR for the 2023|24 ATP at 8.5%.
  
2. All other regulated values in Schedule 4 remain unchanged as approved in the FTRP 2020 Final Decision.

**Schedule 5  
Belize Electricity Limited (BEL)**

**BEL 2023-ARP Initial Decision** Tariff Basket Revenue (TBR) and Components and Mean Electricity Rate (MER) for Full Tariff Period (FTP) July 1, 2020, to June 30, 2024

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

Year	Actual	Actual	forecast	forecast	Total FTP
	2020 2021	2021 2022	2022 2023	2023 2024	
<b>Revenue Components of TBR:</b>					
Value Added of Delivery (VAD)					
OPEX	32,524,967	33,012,258	33,506,842	34,008,830	133,052,897
Return	38,606,111	37,803,242	31,708,568	31,078,821	139,196,741
Depreciation	17,492,707	18,195,859	18,056,340	20,993,298	74,738,203
Taxes/Licence Fees	4,863,197	5,704,429	6,220,771	7,308,775	24,097,172
Sub-Total (VAD)	93,486,982	94,715,788	89,492,521	93,389,723	371,085,014
Reference Cost of Power	118,067,620	154,610,675	160,333,916	159,989,341	593,001,551
Corrections - FTRP	8,842,163	8,842,163	8,842,163	8,842,163	35,368,653
- ARP 21 + IE 2020	-	-338,486	-338,486	-338,486	-1,015,457
- ARP 22	-	-	-5,315,848	-5,315,848	-10,631,696
- ARP 23	-	-	-	13,498,270	13,498,270
Less: Other Income	-4,254,659	-4,299,949	-4,183,426	-4,291,542	-17,029,577
<b>Tariff Basket Revenue</b>	<b>216,142,105</b>	<b>253,530,191</b>	<b>248,830,840</b>	<b>265,773,622</b>	<b>984,276,758</b>
Demand [MWhs]	534,377	585,706	614,615	660,521	2,395,219
Mean Electricity Rate (MER) - July 1, 2020 - June 30, 2024 - \$:	\$ 0.4045	\$ 0.4329	\$ 0.4049	\$ 0.4024	\$ 0.4109
Direct Cost of Delivery (COD) - \$:	\$ 0.1658	\$ 0.1520	\$ 0.1355	\$ 0.1303	\$ 0.1449
Corrections + Taxes - Other Income - \$:	\$ 0.0177	\$ 0.0169	\$ 0.0085	\$ 0.0298	\$ 0.0185
Cost of Power (COP) - \$:	\$ 0.2209	\$ 0.2640	\$ 0.2609	\$ 0.2422	\$ 0.2476
<b>Note: Figures in Colour Red are verified and fixed. These figures will not change in the future</b>					

**MER Approved by PUC**

Realized TBR (Actuals and as per Sales Report Calculations)  
Difference (Realized Value is less than what the FTRP requires)

\$ 0.4084	\$ 0.3999	\$ 0.3999	\$ 0.3999	
\$ 222,913,189	\$ 236,251,598	\$ 246,956,029	\$ 264,142,537	\$ 970,263,352.8082
				Amount to be carried over on the next FTRP
				\$ 14,013,405.18



## Schedule 6

### Belize Electricity Limited (BEL) Rate Review for ARP 2023 | 2024

Approved Tariffs for Full Tariff Period (FTP) - July 1, 2023, to June 30, 2024

#### FULL SERVICE TARIFFS

Customer Class	Service Type/ Consumption Block	Rate/Tariff \$/Mth; \$/KVA; \$/KWhr
<b>Social</b>	0 - 60 KWhrs	0.22
	Minimum Charge	5.00
<b>Residential</b>	0 - 50 KWhrs	0.33
	51 - 200 KWhrs	0.38
	> 200 KWhrs	0.43
	Minimum Charge	10.00
<b>Commercial 1</b>	0 - 50 KWhrs	0.33
	51 - 200 KWhrs	0.38
	> 200 KWhrs	0.43
	Minimum Charge	10.00
<b>Commercial 2</b>	Service Charge	150.00
	0-10,000 KWhrs	0.41
	10,001-20,000 KWhrs	0.39
	> 20,000 KWhrs	0.38
<b>Industrial 1</b>	Service Charge	250.00
	Demand (KVA)	35.82
	Energy	0.30
<b>Industrial 2</b>	Service Charge	250.00
	Demand (KVA)	23.00
	Energy	0.26
<b>Street Lights</b>	Energy	0.45

**Schedule 7**

**Belize Electricity Limited (BEL)  
Approved Fees and Charges effective July 1, 2020**

<b>Service Fees and Charges/Penalties:</b>		
<b>Description</b>	<b>Customer Classification</b>	<b>Fee/Charge (\$, %)</b>
New Connection		200.00
Temporary Supply		200.00
Service Upgrade / Service Relocation		55.00
Move In/Activation/Transfer		40.00
Temporary Disconnection by Request	Social	10.00
Reconnection (after Temporary Disconnection by Request)	Residential, Commercial 1 & 2	15.00
	Commercial 2 with CT Meter & Industrial	100.00
Reconnection (Disconnection for Non-payment)	Social	10.00
	Residential, Commercial 1	15.00
	Commercial 2	25.00
	Commercial 2 with CT Meter & Industrial	150.00
Reconnection at Pole (Disconnection for Non-Payment or Tampering)		150.00
Returned Cheque		25.00
Replacement of damaged Meter		150.00
Replacement of damaged Meter Cover		50.00
Replacement of Meter due to Service/Meter Tampering*		40.00
Pole Rental (Monthly Fees per attachment per Pole)	Telecommunications Operators (PSTN, Etc.)	2.75
	Cable Operators - Cities/Towns	1.50
	Cable Operators - Rural	1.20
Late Payment Penalty (Applied to Arrears over 30 days less Deposit)	Commercial 2, Industrial	0.83%/Month
<b>Deposits:</b>		
<b>Service Size</b>	<b>Customer Classification</b>	<b>Fee/Charge (\$)</b>
60 Amps Service	Residential	50.00
	Commercial 1	100.00
100 Amps Service - 45 kVA Dedicated Service	Residential	100.00
	Commercial 1	200.00
	Commercial 2	1,000.00
112.5 kVA Dedicated Service		3,000.00
225 kVA Dedicated Service		8,000.00
500 kVA Dedicated Service		15,000.00
1000 kVA Dedicated Service		30,000.00

**Notes:**

The Commercial 1 category shall be applied to commercial customers with average monthly consumption less than 2,500 kilo-watthours.

The Commercial 2 category shall be applied to commercial customers who are not classified as Commercial 1 or Industrial.

Where any requested service requires that extraordinary costs be incurred by a Licensee, the Licensee may recover some or all of such costs as determined according to a relevant methodology contained in any relevant and approved Code of Practice required by the Conditions of the Licence granted to such Licensee.

\* To be applied, together with other applicable fees/charges/penalties, after summary conviction for Service/Meter Tampering.