



PUBLIC UTILITIES
COMMISSION

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

April 30, 2018

Mr. Jeffrey Locke
Chief Executive Officer
Belize Electricity Limited
Belize City

Dear Mr. Locke,

Enclosed please find the **Belize Electricity Limited 2018 Annual Review Proceeding Initial Decision** (the **Initial Decision**) as made by the Public Utilities Commission (PUC; the Commission) on April 30, 2018.

The **Initial Decision** includes adjustments to Regulated Values and a general 4.4% increase to the tariffs to be charged for electricity sales for the period July 1, 2018, to June 30, 2020.

Please note that Belize Electricity Limited (BEL) now has until May 12, 2018, to submit written comments, including any objections, with respect to the **Initial Decision**. Where no objections are received by that date from BEL or Interested Parties representing users of at least 10% of electricity supplied in the previous calendar year, the **Initial Decision** shall be adopted as the **Belize Electricity Limited 2018 Annual Review Proceeding Final Decision**.

Written comments explaining the Commission's rationale on the **Initial Decision** will follow in due course.

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

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**INITIAL DECISION
(2018 ANNUAL REVIEW PROCEEDING)**

for

Belize Electricity Limited

April 2018

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

Summary of BEL's Submission

The submission made by BEL contained the following key points:

- Increased total direct investments over the FTP from some \$172.7 million to \$193.7 million (2016 FTRP).
- Total Operational Expenditure over the FTP of some \$118.3 million
- Decreased total electricity sales over the FTP from some 2.29 billion KWhrs to 2.24 billion KWhrs (2016 FTRP).
- Decreased total electricity purchased and generated over the FTP from some 2.57 billion KWhrs to 2.55 billion KWhrs.
- Increases to the currently approved Mean Electricity Rate from \$0.3699 per KWhr to \$0.3954 and \$0.3875 for the next two ATP's of the current FTP.

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 2018 ANNUAL REVIEW PROCEEDING INITIAL DECISION

Decisions and Orders. 2. (1) In respect of the application made April 1, 2018, 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 Periods (ATPs) 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) 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 each 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 30th day of April, 2018.



(JOHN P. AVERY)

Chairman, Public Utilities Commission



Schedule 1

Belize Electricity Limited (BEL) Annual Corrections - July 1, 2016 - June 30, 2017

General Corrections - July 1, 2016 - June 30, 2017

| | |
|---|-------------|
| Approved Tariff Basket Revenue - \$: | 213,309,985 |
| Realized Tariff Basket Revenue - \$ | 207,168,616 |
| Variance (Total Approved less Total Realized) - \$: | 6,141,369 |

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 | 306,238,282 | 319,048,612 | 347,646,480 | 355,082,261 | 363,881,461 |
| Depreciation | | | | 14,253,506 | 14,558,373 | 14,919,140 |
| Work In Progress | | | 12,036,000 | 47,354,888 | 47,633,256 | 41,883,246 |
| Additions | | | 53,890,979 | 12,036,000 | 47,354,888 | 47,633,256 |
| Contributed Capital | | | | 11,274,203 | 6,337,872 | 4,360,784 |
| Ending RAV | 306,238,282 | 319,048,612 | 347,646,480 | 355,082,261 | 363,881,461 | 392,095,609 |

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 | 624,409,753 | 640,161,321 | 653,450,834 |
| Reference Cost of Power - \$ | 135,224,408 | 141,251,527 | 141,372,809 | 140,273,781 |
| Approved Consumption/Demand - KWHrs | 553,433,283 | 549,178,467 | 564,030,249 | 577,660,456 |
| Reference Cost per KwHr Consumed - \$/KWHr | 0.2443 | 0.2572 | 0.2506 | 0.2428 |

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 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | Totals - FTP |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue Components of TBR: | | | | | | | |
| Value Added of Delivery (VAD) | | | | | | | |
| OPEX | 25,623,689 | 25,879,926 | 28,924,449 | 29,358,316 | 29,798,691 | 30,245,671 | 118,327,126 |
| Return | 30,703,430 | 29,335,337 | 30,623,828 | 31,904,861 | 34,764,648 | 31,957,403 | 129,250,741 |
| Depreciation | 12,572,492 | 13,590,385 | 13,853,989 | 14,253,506 | 14,558,373 | 14,919,140 | 57,585,007 |
| Net Annual Corrections - FTRP | (1,399,360) | (24,374,125) | 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 | | | | | 3,034,025 | 3,107,344 | 6,141,369 |
| Cost Reimbursements - ARP 17 | | | 1,607,904 | | | | 1,607,904 |
| Taxes/Licence Fees | 4,508,267 | 3,970,282 | 4,799,475 | 4,843,900 | 4,996,459 | 4,923,918 | 19,563,751 |
| Sub-Total (VAD) | 72,008,518 | 48,401,805 | 81,563,119 | 77,238,073 | 83,945,241 | 81,869,024 | 324,615,456 |
| Reference Cost of Power | 131,645,316 | 131,287,221 | 135,224,408 | 141,251,527 | 141,372,809 | 140,273,781 | 558,122,525 |
| RSA Recovery | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Other Income | 3,286,415 | 3,232,050 | 3,477,542 | 3,205,148 | 3,253,225 | 3,302,024 | 13,237,939 |
| Tariff Basket Revenue | 200,367,419 | 176,456,976 | 213,309,985 | 215,284,452 | 222,064,824 | 218,840,781 | 869,500,042 |
| 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 - June 30, 2020 - \$: | | | | 0.3862 | | | |

Schedule 5

Belize Electricity Limited (BEL)

Approved Tariffs for Full Tariff Period (FTP) - July 1, 2018, to June 30, 2020

| Customer Class | Service Type/ Consumption Block | Rate/Tariff \$/Mth; \$/KVA; \$/KWhr |
|----------------|---|--|
| Social | 0 - 60 KWhrs Minimum Charge | 0.22 3.50 |
| Residential | 0 - 50 KWhrs 51 - 200 KWhrs > 200 KWhrs Minimum Charge | 0.31 0.38 0.42 5.00 |
| Commercial 1 | 0 - 50 KWhrs 51 - 200 KWhrs > 200 KWhrs Minimum Charge | 0.31 0.38 0.42 5.00 |
| Commercial 2 | Service Charge 0-10,000 KWhrs 10,001-20,000 KWhrs > 20,000 KWhrs | 125.00 0.40 0.39 0.38 |
| Industrial 1 | Service Charge Demand (KVA) Energy | 150.00 34.00 0.30 |
| Industrial 2 | Service Charge Demand (KVA) Energy | 150.00 23.00 0.25 |
| Street Lights | Energy | 0.44 |