



PUBLIC UTILITIES COMMISSION

INITIAL DECISION

(2026 – 2031 FULL TARIFF REVIEW PROCEEDING)

for

Belize Water Services Limited

November 2025

1.0 Legal Framework

1.1 The Public Utilities Commission

The Public Utilities Commission Act (the “**PUC Act**”) establishes the Public Utilities Commission (the “**PUC**” or “**Commission**”) as the economic regulator for the water, electricity, and telecommunications sectors in Belize.

The primary duty of the PUC is to ensure that the services rendered by public utility providers are satisfactory and that the charges imposed in respect of those services are reasonable. Specifically, Section 22 (1) of the PUC Act states:

“It shall be the duty of the Commission to ensure that the services rendered by... a public utility provider are satisfactory and that the charges imposed in respect of those services are reasonable and for this purpose, notwithstanding anything to the contrary in any law, the Commission shall have the power –

- (a) to determine and prescribe ... **the standards** which must be maintained in relation to such services;*
- (b) to determine and prescribe... **the rates** which may be charged in respect of utility services.” (Emphasis ours)*

1.2 The Water Industry Act

Section 8 of the Water Industry Act empowers the PUC to exercise any of its functions assigned or transferred to it under the Act or in a manner which it considers is best calculated to–

- “(a) secure that all reasonable demands for water and sewerage are satisfied;*
 - (b) secure that Licensees are able to finance the carrying on of the activities which they are authorized by their licences to carry on;*
 - (c) promote competition in the supply of water and sewage services;*
 - (d) protect the interests of consumers of water and sewage services supplied by persons authorized by licences to supply such services in respect of–*
 - (i) the prices charged and the other terms of supply;*
 - (ii) the continuity of supply; and*
 - (iii) the quality of the services provided by Licensees;*
 - (e) promote efficiency and economy on the part of persons authorized by licences to supply water and sewage services and the efficient use of water supplied to consumers;*
 - (f) promote research into and the development and use of, new techniques by or on behalf of persons authorized by a licence to supply water and provide sewage services;*
 - (g) protect the public from dangers arising from the supply of water and sewage services;*
 - (h) secure the establishment and maintenance of machinery for promoting the health and safety of persons employed in the supply of water and sewage services;*
 - (i) conserve water and avoid undue consumption; or*
 - (j) prevent misuse or contamination of water supplied by a Licensee, and the P.U.C. has a duty to take into account, in exercising those functions, the effect on the physical environment of activities connected with the supply of such services by Licensees.*
- (2) In performing its duty under sub-section (1) (d) (i), the P.U.C. shall take into account, in particular, the protection of the interests of consumers of water in rural areas.*
- (3) In performing its duty under sub-section (1) (d) (iii), the P.U.C. shall take into account, in particular, the interests of those who are disabled or are of pensionable age.”*

1.3 Rate Review Proceedings

The Water Industry (Tariffs) Byelaws, as amended (the “**Byelaws**”), provides for Full Tariff Review Proceedings (“**FTRP**”) every five years and Annual Review Proceedings (“**ARP**”) on the basis of exceptional circumstances, which is defined as, “*any act, event or circumstance beyond the reasonable control of a Licensee, which has a material effect on the financial position of the Licensee.*”

1.4 Licensing Regime

The PUC grants licenses and monitors and enforces compliance with licence conditions. Specifically, the Commission issues licenses to persons in the water and wastewater sub-sector for the purpose of:

- (i) **Bulk Water Supply**– extract water from the environment, treat for human consumption, then deliver to persons within a designated service area;
- (ii) **Sewage Treatment Services** - collect and treat sewage from persons within a designated service area for safe return to the environment;
- (iii) **Retail Water Supply** – operate and maintain storage and distribution infrastructure within a designated service area; for the provision of water of acceptable standards to residential, commercial, agricultural, and industrial users; and for provision of water for fire protection through a network of fire hydrants;
- (iv) **Sewage Collection Services** - collect sewage from households and businesses, in a designated service area, to send for proper sewage treatment.

On March 23, 2001 the Belize Water Services Limited (“**BWSL**”) was issued operating licence for a period of twenty-five (25) years, inclusive of all licensed utility services stated above.

2.0 BWSL's Submission

On October 1, 2025, BWSL submitted its 2026 – 2031 Business Plan to initiate the FTRP to determine tariffs, fees, and charges for the upcoming Full Tariff Period (*FTRP*) which will run from April 1, 2026 through to March 31, 2031. **Table 1** below outlines the specific matters BWSL requested the Commission to address during this FTRP.

TABLE 1: Outline of BWSL's FTRP Submission Requests

Item	Description
Rate Increase	A 20% increase in the average tariffs (or Mean Water Rate) with effect from April 1, 2026.
Amended Tariff Structure	Amend the tariff structure used in customer billing by: <ol style="list-style-type: none"> (1) Reducing the number of consumption blocks, outside the minimum 1000 US gallons, from 8 to 5; (2) Segmenting customers into residential and non-residential categories with differentiated rates; and (3) Introducing a Social Rate Block.
Capital Investments	Approve \$130 million in capital investments for infrastructure upgrades and expansion and other critical projects.
Revise Other Charges and Fees	Revise the prescribed administrative fees and charges that BWSL can apply to customers, specifically: <ol style="list-style-type: none"> (1) By increasing security deposits held in default of bill payment from \$50 to \$75 residential customers; (2) By introducing late fees and charges for late and non-payment of bills, though no specific fee proposal was made; (3) By introducing heavier penalties for water theft, illegal connections and meter tampering, though no specific fee proposal was made; and (4) By revising fees for sewerage infrastructure connection and sewer connection fees to reflect the current costs of installing these connections, with reference being made to a bill of quantities as evidence of current costs.
Commercial Abstraction Licenses	To define clear rules about abstraction within service areas.
Water Main Expansion Costs	Approve up to \$6,000 and \$10,000 per 100 feet of water main expansion as a contribution from BWSL to residential customers for mainland and island customers, respectively.

The main objective of any rate proceeding is the review of the Licensee's reasonable cost of doing business to determine fair and reasonable prices that the Licensee may charge customers to recover those costs. It follows then, that the Licensee has an obligation to demonstrate that its costs are reasonable, and any

proposal to introduce new fees or to increase fees must be shown by the Licensee to be reasonable and necessary in the submission itself.

BWSL's substantive application was its Business Plan. The Licensee did not present its business costs in the form and manner as set out in the Rate Setting Methodology. In addition, the Commission could not consider those cases in which BWSL sought to increase or introduce costs where they did not submit a clear proposal.

Also, it must be noted for completeness that BWSL had applied to the Commission for tariff adjustments in May 2022 on the basis of Exceptional Circumstances, requesting increases to Tariffs for the period August 1, 2022 to March 31, 2025. At the time of its application, BWSL cited revenue shortfalls, declining cash collections, and rising operating and capital costs above what was provided for in the rates. The PUC reviewed the submission, applying the Rate Setting Methodology, and did not find sufficient justification for a rate increase (See *Final Decision 2022 – 2025 Annual Review Proceedings*).

Contextually relevant as well is the fact that the outgoing FTP for BWSL should have terminated on March 31, 2025 with the new FTP commencing on April 1, 2025. However, BWSL subsequently requested additional time to complete their submission and, with the support of the PUC and approval of the Minister responsible for water, the FTP was enlarged by Statutory Instrument No. 21 of 2025. This means that tariffs, fees, and charges remain unchanged until the Final Decision is issued under this present proceeding, and changes in rates will only take effect as of April 1, 2026.

3.0 The Commission’s Review and Analysis

The Commission reviewed and considered BWSL’s submission with reference to the Rate Setting Methodology (*RSM*). The RSM provides statutory guidance on cost recovery by the utility, outlining the scope and extent of expenditures that may flow through to the tariffs, fees, and charges to customers. The RSM is summarized below.

3.1 The Rate-Setting Methodology (RSM)

The RSM provides for the recovery of the total capital and operating costs to the Licensee in the provision of water and sewage services for each Annual Tariff Period (“*ATP*”) in the Full Tariff Period (“*FTP*”); these sums collectively may be referenced as the Tariff Basket Revenues (“*TBR*”).

The TBR includes the regulated cost parameters set out in **Table 2** below and is divided by the total forecasted consumption of water and sewage services in Thousands of US gallons (“*KUSG*”) of water to derive the Mean Water Rate (“*MWR*”) or average price per KUSG chargeable to all customers to recover the approved total utility costs or TBR.

TABLE 2: Regulated Parameters and Formula for Rate Setting

Regulated Parameters	Unit	Description
Operating Expenses	\$	Cost of daily operations and other short-term activities
Plus: Return	\$	Cost of Licensee’s capital funding (debt and equity)
Plus: Depreciation	\$	Infrastructure investments and other long-term expenditures
Plus: Corrections	\$	Variance between revenues collected and the approved TBR
Plus: Other Costs	\$	Allowance for other regulated and recoverable costs
Less: Other Revenues	\$	Other income earned using regulated assets
Plus: Taxes & License Fees	\$	Corporate tax and regulatory expenses
Tariff Basket Revenues (TBR)	\$	Total allowed costs subject to recovery through rates
TBR Divide by:		
Consumption	KUSG	Total consumption of services in Thousands of US gallons
Mean Water Rate	\$/KUSG	Price per KUSG applicable throughout FTP

In any tariff review proceeding, the Commission will first determine the MWR to all customers and thereafter determine the tariffs to be applied by the Licensee in customer billing for each class or category of customers by allocating the costs across each customer class or category in such a manner that the Licensee should collect revenues at a rate equivalent to the MWR.

The approved Tariff Basket Review and Mean Water Rate and Tariffs for this rate proceeding can be found in Schedule 5 and 6 of the attached Initial Decision of the Commission, respectively. The Commission's findings and rationale relating to its Decision on each of the regulated cost parameters now follows.

3.2 General Corrections – FTP 2021 through 2025

Corrections are adjustments which allow the Licensee to recover shortfalls in revenue where actual revenues collected were less than allowed costs (approved TBR); alternatively, where revenues are collected by the Licensee in excess of the TBR, corrections allow for the rebate of those monies to customers by reducing the TBR going forward.

At each rate proceeding, the Commission will review the most recently completed Annual Tariff Period and compare the actual revenues collected by the Licensee to date, as certified in their audited financials, with the total approved revenues (TBR) and determine any corrections due. Note that the Commission necessarily updates its final decision on the TBR to reflect actual costs as since the TBR would have included forecasts. As this is an FTRP, the Commission seeks to close out the FTP by reviewing the revenue variances for the entire period.

BWSL did not provide an estimate of any corrections due as part of its submission.

The findings of the Commission as to Corrections are as follows:

1. The Commission, having reviewed its *2022 ARP Final Decision*, approves \$208,136,552 in Tariff Basket Revenues for the period April 1, 2021 through to March 31, 2025.
2. BWSL, as per its audited financial statement of comprehensive income, actually collected \$207,161,598 in tariff revenues for the period April 1, 2021 through to March 31, 2025.
3. The variance between the approved TBR and actual revenues is \$974,954 in favour of BWSL.
4. The Commission, in its *2022 ARP Final Decision*, approved and earmarked \$1.8 million in operational expenses for the rehabilitation of sewerage facilities during the remainder of the outgoing FTP. BWSL was asked to fully account for the use of this funding and reported that the Belmopan sewerage upgrades have been completed and the desludging project for the facultative

cells in Belize City advanced but the works for the San Pedro facilities were delayed. Consequently, the Corrections are reduced by the sum of \$600,000 in respect of BWSL's delay in rehabilitating San Pedro sewerage works. This decision reduces the corrections of \$974,954 to \$374,954 in favour of BWSL.

5. The sum of \$374,954 is to be applied as positive corrections to TBR with effect from April 1, 2026.

The Initial Decision of the Commission regarding the values for Corrections is set forth in Schedule 1 of the attached Decision.

3.3 Operating Expenses (OPEX)

Operating Expenses (OPEX) is an allowance in the rates for the reasonable costs of running the day-to-day operations of the utility including, indicatively, the direct costs of water and sewage treatment, water purchases, routine operations and maintenance expenses for plant and equipment, staff costs, and other general and administrative expenses.

During a Full Tariff Review Proceeding, the Commission will scrutinize the past and proposed operating expenses of a utility to assess operational efficiency and, based on its findings, the Commission will fix the total sum of OPEX for the Full Tariff Period.

The approved OPEX includes provisions for economic inflation and anticipated increases in the production of water and sewage services as well as other factors such as efficiency gains from investments. Any costs actually incurred by the utility in excess of OPEX is presumed to be the result of cost inefficiencies and is typically not recoverable through the rates, that is, the utility will pay out of pocket for those over expenditures.

BWSL submitted, by way of its Business Plan 2026|2031, the full scope of forecasted expenses in its proforma Statement of Comprehensive Income for the period September 1, 2026 through to March 31, 2031. BWSL's submission also included actual OPEX from April 1, 2021 through to August 30, 2025. BWSL's OPEX submission is summarized in **Table 3** below.

TABLE 3: BWSL’s submission for OPEX

	Actuals					Forecasted					
	FY 2020 21	FY 2021 22	FY 2022 23	FY 2023 24	FY 2024 25	FY 2025 26	FY 2026 27	FY 2027 28	FY 2028 29	FY 2029 30	FY 2030 31
Direct Costs	5,222,538	5,842,942	6,707,254	5,916,814	6,637,330	6,762,000	7,464,407	7,546,657	7,714,927	7,926,201	8,140,566
Staff Costs	13,175,323	13,615,446	14,913,048	15,108,308	16,814,170	17,119,000	17,720,031	18,356,877	18,864,831	19,266,078	19,665,448
O&M for PPE	3,447,309	3,897,451	5,712,524	5,636,633	5,168,956	5,459,000	4,898,943	5,157,932	5,259,511	5,382,106	5,440,927
General Admin	7,511,175	6,699,218	6,759,007	8,862,285	10,384,767	9,650,000	10,923,117	11,236,782	11,513,150	11,724,714	11,921,544
Total OPEX	29,356,346	30,055,057	34,091,833	35,524,039	39,005,223	38,990,000	41,006,499	42,298,248	43,352,418	44,299,099	45,168,485
% Change YoY		2.4%	13.4%	4.2%	9.8%	0.0%	5.2%	3.2%	2.5%	2.2%	2.0%

Note that Licensees may include the following items in their record of OPEX that the Commission excludes as they are provided for separately and specifically in the RSM: (1) Depreciation, (2) Financing Costs (Interest Expense), and Business (Corporate) Taxes and Regulatory (License) Fees. Separately, expenses that do not relate to the provision of licensed services is not provided for in the rate setting methodology (e.g., corporate donations).

The findings of the Commission as to OPEX are as follows:

1. The Commission, in its *2022 ARP Final Decision*, approved the annual sums for OPEX as set out in **Table 4** below for the period April 1, 2021 through to March 31, 2025 (FTP 2021). At the start of the period, the PUC-approved OPEX was sufficient to cover BWSL’s operational expenses with the Licensee spending 2% to 3% below approved costs; however, costs began to diverge significantly in 2023 through to the end of the FTP, with BWSL spending \$4.59 million in excess of approved costs by March 31, 2025.

TABLE 4: Variance between BWSL Actual OPEX and Approved OPEX FTP 2021

	FY 2020 21	FY 2021 22	FY 2022 23	FY 2023 24	FY 2024 25
BWSL OPEX	29,356,346	30,055,057	34,091,833	35,524,039	39,005,223
Approved OPEX	30,045,875	30,947,251	32,475,669	33,431,939	34,416,897
\$ Variance	689,529	892,194	- 1,616,164	- 2,092,100	- 4,588,326
% Variance		2.3%	3.0%	-4.7%	-5.9%

2. BWSL’s submission proposes to increase OPEX by a further \$6.15 million from \$39.01 million at the end of the current FTP in March, 2025 to \$45.17 million at the end of the upcoming FTP in March, 2031.
3. Naturally, the Commission must first satisfy itself that the divergence from approved costs was reasonable and necessary and started its analysis by scrutinizing the operating expenses in fiscal

year 2022|2023 when OPEX spending recorded by BWSL first diverged from the approved sum by \$1.61 million. **Table 5** below breaks down BWSL’s OPEX into further sub-categories for closer inspection.

4. The analysis straightway reveals three sub-categories of sharp increases driving the overspending: (1) maintenance expenses related to property/buildings, (2) maintenance expenses on network infrastructure (water mains and the like), and (3) general administrative expenses. Following questions put to BWSL, it was identified that extensive repair works were conducted on property, plant and equipment assets which may have appropriately qualified as asset improvements chargeable directly to property, plant and equipment rather than operating expenses. *This is a strategic accounting decision that every utility subject to rate-of-return regulation must bear in mind; capital asset improvements treated as OPEX will cost the company when, in fact, the value-added to the asset in service of customers could otherwise earn the company returns if properly recorded.* Increases in General and Administrative expenses appear driven by increases in security and IT related costs and the Commission also notes that staff costs have increased by 27% or \$3.6 million over the period.

TABLE 5: Variance between BWSL Actual OPEX and Approved OPEX FTP 2021

	Actuals				
	FY 2020 21	FY 2021 22	FY 2022 23	FY 2023 24	FY 2024 25
Direct Costs	5,222,538	5,842,942	6,707,254	5,916,814	6,637,330
Staff Costs	13,175,323	13,615,446	14,913,048	15,108,308	16,814,170
<i>Salaries & Wages</i>	<i>10,147,680</i>	<i>10,812,477</i>	<i>11,217,908</i>	<i>11,950,523</i>	<i>13,238,228</i>
<i>Benefits</i>	<i>3,941,080</i>	<i>4,017,587</i>	<i>4,734,162</i>	<i>4,897,571</i>	<i>5,335,161</i>
<i>Staff Costs Capitalized</i>	- 913,437	- 1,214,618	- 1,039,022	- 1,739,786	- 1,759,219
O&M for PPE	3,447,309	3,897,451	5,712,524	5,636,633	5,168,956
<i>O&M - Property</i>	<i>344,426</i>	<i>434,135</i>	<i>1,043,946</i>	<i>663,647</i>	<i>623,679</i>
<i>O&M - Plant & Equipment</i>	<i>2,322,581</i>	<i>2,498,653</i>	<i>3,524,389</i>	<i>3,885,444</i>	<i>4,329,162</i>
<i>O&M - Infrastructure</i>	<i>1,112,288</i>	<i>1,569,170</i>	<i>1,800,722</i>	<i>1,839,676</i>	<i>1,173,896</i>
<i>O&M - Capitalized</i>	- 331,985	- 604,507	- 656,533	- 752,134	- 957,782
General Admin	7,511,175	6,699,218	6,759,007	8,862,285	10,384,767
Total OPEX	29,356,346	30,055,057	34,091,833	35,524,039	39,005,223
PUC Approved OPEX	30,045,875	30,947,251	32,475,669	33,431,939	34,416,897
Variance	689,529	892,194	- 1,616,164	- 2,092,100	- 4,588,326

5. **Table 6** below shows the result of normalizing costs for the three sub-categories. Normalizing simply involved removing the outlier years and substituting those years with period averages and applying the inflation, as measured by Belize’s Consumer Price Index (“*CPI*”) to carry through to the end of the period where applicable. Once costs are normalized it became clear that the approved OPEX was sufficient to cover reasonable expenses during the period.

TABLE 6: Variance between BWSL Actual OPEX and Approved OPEX FTP 2021

	Actuals Normalized				
	FY 2020 21	FY 2021 22	FY 2022 23	FY 2023 24	FY 2024 25
Direct Costs	5,222,538	5,842,942	6,707,254	5,916,814	6,637,330
Staff Costs	13,175,323	13,615,446	14,913,048	15,108,308	16,814,170
<i>Salaries & Wages</i>	10,147,680	10,812,477	11,217,908	11,950,523	13,238,228
<i>Benefits</i>	3,941,080	4,017,587	4,734,162	4,897,571	5,335,161
<i>Staff Costs Capitalized</i>	- 913,437	- 1,214,618	- 1,039,022	- 1,739,786	- 1,759,219
O&M for PPE	3,447,309	3,897,451	4,071,277	4,267,873	3,439,528
<i>O&M - Property</i>	344,426	434,135	516,472	663,647	623,679
<i>O&M - Plant & Equipment</i>	2,322,581	2,498,653	2,410,617	2,516,684	2,599,735
<i>O&M - Infrastructure</i>	1,112,288	1,569,170	1,800,722	1,839,676	1,173,896
<i>O&M - Capitalized</i>	- 331,985	- 604,507	- 656,533	- 752,134	- 957,782
General Admin	7,511,175	6,699,218	6,759,007	7,297,351	7,146,837
Total OPEX	29,356,346	30,055,057	32,450,586	32,590,345	34,037,865
PUC Approved OPEX	30,045,875	30,947,251	32,475,669	33,431,939	34,416,897
Variance	689,529	892,194	25,083	841,594	379,032
Inflation (CPI)	0.1%	3.2%	6.3%	4.4%	3.3%

6. The Commission, having satisfied itself that the approved OPEX was sufficient its purposes, then turned its attention to the Licensee’s forecast to assess whether there was a need to increase OPEX beyond the normal provision for expected economic inflation. In particular, the Commission considered staff costs, general administrative expenses and direct expenses which, as seen in **Table 3** above, is forecast to increase considerably in the upcoming FTP.
7. All things considered, given the anticipated increases in production to meet forecasted demand for water and sewage services, and the related investments in capacity and infrastructure expansion requiring maintenance, the Commission sees fit to increase OPEX allowances by \$2 million annually (\$10 million totally over the FTP) tied to direct expenses and O&M costs.
8. IT related expenses, primarily software subscriptions, and staff and other costs will be subject to normal inflation as BWSL has not provided any clear evidence that these costs are not outsized relative to the benefits expected in favour customers; that is, without clear and convincing evidence

that costs are reasonable – necessarily incurred at cost-effective or competitive market prices – then the Commission cannot pass them through to the rates chargeable to customers.

9. The application of the annual \$2 million increased allowance and annual inflation provision of 1.5% increases OPEX from \$34.4 million presently to \$39.1 million at the close of the upcoming FTP. **Table 7** below compares the BWSL request with the PUC OPEX allowance.

TABLE 7: Variance between BWSL Actual OPEX and Approved OPEX FTP 2021

	Actuals					Forecasted					
	FY 2020 21	FY 2021 22	FY 2022 23	FY 2023 24	FY 2024 25	FY 2025 26	FY 2026 27	FY 2027 28	FY 2028 29	FY 2029 30	FY 2030 31
BWSL OPEX	29,356,346	30,055,057	34,091,833	35,524,039	39,005,223	38,990,000	41,006,499	42,298,248	43,352,418	44,299,099	45,168,485
Approved OPEX	30,045,875	30,947,251	32,475,669	33,431,939	34,416,897	34,416,897	36,933,150	37,487,148	38,049,455	38,620,197	39,199,500
\$ Variance	689,529	892,194	- 1,616,164	- 2,092,100	- 4,588,326	- 4,573,103	- 4,073,348	- 4,811,100	- 5,302,964	- 5,678,902	- 5,968,985
% Variance	2.3%	3.0%	-4.7%	-5.9%	-11.8%	-11.7%	-9.9%	-11.4%	-12.2%	-12.8%	-13.2%

10. While the Licensee may choose to spend beyond the approved OPEX allowance, the Commission's determination reflects the discipline of replicating a competitive market. In a competitive environment, a utility would be forced to strategically choose between containing costs (cost-leadership) or investing in premium services (differentiation), bearing the full risk of either strategy.
11. As a cost leader, BWSL would focus on containing and/or reducing costs and may end up forgoing higher profits for greater market share (that is, assume OPEX it otherwise would pass onto its customers). BWSL might also invest in technologies that increase efficiencies so more output could be had a same or lower costs; the Licensee proposes to do exactly this with some IT investments in workflow management. As a differentiation leader, BWSL invest in innovative products and services, again, the utility proposes to do something akin to this by investing in new water treatment technology to improve water quality and compete with bottled water suppliers. In both cases, in a competitive market, the company would bear the risks of these investments so if the technology doesn't reduce costs, then it reduces profit. It is no different for BWSL in a regulated market; since the Licensee's profits are guaranteed by a fixed rate-of-return, overspending beyond what is reasonable is done at risk of their profits.

The Initial Decision of the Commission regarding the values for OPEX is set forth in Schedule 4 of the attached Decision.

3.4 Return on Regulated Asset Value

The law entitles BWSL to a reasonable Rate of Return (ROR) on investment when operating in a manner compatible with international standards of an efficiently operated water and sewerage system of similar characteristics to that of Belize.

The Commission interprets a reasonable ROR with reference to established conventions in corporate finance and aims for an ROR at least equal to the Weighted Average Cost of Capital (WACC) of the Licensee, assuming, of course, an efficient capital structure. This ensures that the Licensee is able to meet its cost of debt and equity and sustainably finance infrastructure expansion and service growth.

The ROR is applied on the Regulated Asset Value (RAV) which is the year-end net value of assets deployed in the provision of water and sewage services. The RAV may differ from the company's book value of assets to the extent that the Commission has disallowed the recovery of certain assets deemed not used for or useful to customers. The Commission may also reduce the book value of assets to reflect grant-funding exclusions which do not attract a return as they are not the Company's own funding at risk (See discussion on invested capital at **Section 3.5** on how the RAV is determined.)

BWSL did not provide any target ROR in its submission; the business plan only calls for a "...fair return to shareholders who have invested hard earned funds." Ideally, the utility would have submitted values for the following parameters to calculate its WACC as its target ROR:

TABLE 8: Values for Target ROR

WACC =	$(E/V * Re) + (D/V * Rd)$
E	Value of the Licensee's equity capital
D	Value of the Licensee' debt capital
V	Total Value of Capital (E+D)
Re	Cost of Equity (%)
Rd	Cost of Debt (%)

The findings of the Commission as to Return are as follows:

1. The Commission finds that a Gearing Ratio (Debt to Capital or D/V in the WACC equation) of 50% remains an appropriate estimate of an efficient capital structure for the water industry in

Belize. This finding is supported by regulatory practice in other jurisdictions which shows that, on average, leverage is typically between 50% to 60%; the regulatory agency in the United Kingdom sets notional gearing at 55% for water utilities within their jurisdiction for 2025 through to 2030 ([OfWat, 2024](#)).

2. Utilities are generally observed as capital intensive operations with high-levels of debt financing for their investments with Gearing Ratios many times averaging above 60%. At the end of fiscal year 2025, BWSL's book value of equity stood at approximately \$220 million, against long-term debt obligations of almost \$100 million - a gearing ratio of 32%, which is well below the 50% benchmark established in previous rate proceedings. Given the capital expenditure program of \$150 million over the five-year period fixed in this Decision, BWSL's existing capital structure has sufficient capacity to absorb this investment without needing to exceed the target gearing ratio.
3. The Cost of Equity is typically determined by the Capital Asset Pricing Model (“*CAPM*”) however this relies on market data which is not currently available for Belize. However, Return on Equity (“*ROE*”) data in other jurisdictions can be helpful here. ROE measures the actual profits a company generates using shareholder equity and can help benchmark what is a reasonable expectation for earnings by shareholders (i.e., the Cost of Equity).
4. Water Utilities in the United States for instance earn an average of 9.8% ROE ([NYU, 2025](#); [S&P Global, 2022](#)). Similarly, in the United Kingdom, the more efficient water utilities earned between 7.8% and 8.9% ROE ([Fidante, 2024](#)).
5. The Commission therefore finds that a Cost of Equity of 9.5% is reasonable target for the upcoming FTP. Admittedly, this is likely higher than what it should be given that the majority shareholder, the Government of Belize (GOB), operates BWSL more as a “public good” organization than a “profit-driven” entity. GOB’s decision to forgo its entitlement to dividends and instead pass on that for the benefit of the minority shareholders (mainly pensioners, customers, and employees) is a clear example of this and indication that their expectation as to return is currently low. Nonetheless, equal regard must be given to the interest of the minority shareholders whose expectations would more likely be on par with that of investors in referenced economies.
6. The Cost of Debt for BWSL at the end of fiscal year 2025 is approximately 5.2%, assessed as the ratio of total interest expense to long-term loans and debentures as recorded in the company’s audited financial statements. The company issued \$40 million in debentures as recent as June 2023 at a rate of 4.5% and has been able to borrow from International Financial Institutions at rates

between 2.0% and 5.5% historically. It is likely that the Cost of Debt for BWSL will remain below 6.0% during the upcoming FTP as a lack of an active capital market domestically would mean anything above the Central Bank's mandated 2.5% interest on bank savings would be an attractive alternative investment for local institutional and larger retail investors enabling the Licensee to issue further debentures at interest rates between 4.0% and 6.0%, all else being equal.

7. The Commission therefore finds that a Cost of Debt of 6.0% is a reasonable target for the upcoming FTP. The extent to which BWSL is able to secure interest rates lower than this target will be to their credit and, conversely, taking on more costly debt would reduce their profits.
8. Applying the values for Gearing (D/V), Cost of Debt (Rd), and Cost of Equity (Re) as per these findings, the Commission derives a WACC of 8.0% (rounded to nearest whole number) as the target Rate of Return for BWSL. This figure is bound by an Upper and Lower Limit of plus 2% and minus 1.5% respectively as a reasonable margin of error.

$$\begin{array}{l} \text{WACC} = \frac{(E/V * Re) + (D/V * Rd)}{(0.50 * 9.5\%) + (0.50 * 6.0\%) = 7.8\%} \end{array}$$

The Initial Decision of the Commission regarding values for Rate of Return is set forth in Schedule 4 of the attached Decision.

3.5 Recovery of Invested Capital (Depreciation)

Invested Capital or Capital Expenditures are monies spent on long-term assets such as buildings, water distribution networks, water production and treatment plants and the like. Provided these assets are deemed used and useful in the provision of water and sewage services by the Commission, then they will increase the Regulated Asset Value of the Licensee.

The Commission follows the financial accounting convention expressed in the “matching principle” when incorporating the recovery of capital expenditures into the water rates. Following this principle, while capital expenditures are paid upfront when the assets are being built or acquired, the final asset cost is spread over the life of the asset and is only recognized as an expense when the asset is “used up” or depreciates from year to year to “match it” to the revenues it helps generate in any given year. Consequently, a \$20 million investment in a 10-year asset will be recognized as \$2 million per year depreciation expense against revenues collected in that year. The RSM mirrors this practice so that the

asset cost is recovered over time with Tariff Basket Revenue providing for a depreciation allowance rather than a capital expenditure cost.

The Commission will first review the schedule of capital projects and budgeted costs and provisionally approve the scope and sum of each investment if, on balance, it is likely that the benefits to customers would outweigh the costs and/or the investment is necessary for the creation, maintenance, or enhancement of licensed services required by customers. Otherwise, if the resulting asset would not be useful to customers or the cost oversized relative to the benefits, the Commission is obliged to deny, defer or reduce the scope of project to assure prudent investments.

BWSL proposed \$558.1 million for invested capital in their Business Plan submission, of which the Licensee indicated it would be responsible for financing approximately \$130 million from a \$20MN debenture to be issued in 2026, approximately \$75MN from the proposed increase in tariffs on customers and \$35MN from its current operations. Following questions from the Commission put to the Licensee during the Public Hearing, BWSL provided the set of projects amounting to the \$130 million subject to these tariff review proceedings which is summarized in **Table 9** below.

TABLE 9: Investment Areas and Sums proposed by BWSL

Investment Projects	Investment Sum
Development Capex	2,700,000
Distribution Expansion - Water	14,965,000
New Service Connections - Water	4,675,000
Non-Revenue Water	9,175,000
Buildings & Compounds	7,450,000
Pipelines & Valves (New & Replacement)	22,175,000
Plant & Equipment	9,530,000
Raw Water Resources	7,740,000
Renewal Mains & Services	5,250,000
Reservoirs & Boosters	11,365,000
Fencing & Security	815,000
Wastewater Service Connections	750,000
Sewer Expansion/Replacement	2,500,000
Collection & Treatment Works - Sewerage	5,180,000
Water Quality	1,285,000
Water Treatment Production Works	1,560,000
Furnishing	375,000
Other CapEX	22,510,000
Total	130,000,000

The findings of the Commission as to Invested Capital and Depreciation are as follows:

1. The Commission finds that \$130 million in investments over the FTP, averaging \$26 million per year aligns with the historical implementation capacity of the company is a reasonable rate of investment or project delivery.
2. The additional \$428.1 million proposed as externally-sponsored projects fall outside the Commission's rate-setting consideration as these are capital contributions not subject to a return on investment. However, the Commission did put a question to the Licensee as the additional projects would vastly exceed the known project-delivery capacity of the company, increasing investments to over \$100 million per year. The Licensee responded that the externally-sponsored projects would be delivered by project-sponsored staff and not rely on BWSL resources for implementation; BWSL resources would be largely reserved for project execution of the \$130 million BWSL-finance projects.
3. BWSL later provided the full list of projects and major sub-components constituting the \$130 million of proposed investments. The Commission considered each line of capital expense and found the proposed projects reasonable and so approved the plan in full.
4. Furthermore, the Commission, having taken notice that the demand for water services in Placencia, Caye Caulker and San Pedro is forecasted to exceed existing capacity in the medium term, authorized and earmarked an additional \$20 million for the development of reverse osmosis plants and storage facilities to serve these municipalities. The additional investments will ensure sufficient water production and storage capacity is in place to meet demand in these fast-growing services areas.
5. The Commission notes that decisions regarding the expansion of water treatment and supply and sewage treatment facilities to meet future demand should be guided by a Least Cost Expansion Plan which should be prepared by the licensee and submitted as a key document during the FTRP. The Commission therefore intends to order BWSL to prepare this document as a matter of utmost urgency.

The Initial Decision of the Commission regarding Capital Expenditures subject to recovery by way of depreciation cost is set forth in Schedule 8 and the forecasted depreciation cost can be found in Schedule 2 of the attached Decision.

3.6 Regulated Asset Value (RAV)

The Commission takes the Licensee's Fixed Asset Value ("**FAV**") for Property, Plant, and Equipment, as recorded in the Licensee's audited financial statements as a starting point. The Commission then reduces the FAV by any disallowed sums, such as capital contributions and works-in-progress, to arrive at the Regulated Asset Value ("**RAV**"). Construction Works-in-Progress ("**CWIP**") are not included in the RAV as these investments are not yet completed and so not yet productive Assets-in-Service of customers.

Transfers from CWIP into the Assets-in-Service in any given year is incorporated at half its value in that year and the other half in the subsequent year. Transfers are treated on this pro-rated basis in recognition of the fact that only some projects would have been fully completed at the start of the year, others throughout the course of the year, and yet others at the end of the year. Only Assets-in-Service at the start of the year should attract the full Rate of Return and, in the absence of detailed project completion data, the Commission adopts a standard, even assumption of 50% of the value of assets moved into service in any given year earning the Rate of Return.

BWSL did not include an estimate of its RAV in its submission.

The findings of the Commission as to Regulated Asset Value are as follows:

1. The Commission was forced to forecast the Licensee's FAV from the last validated data set (FY 2025) by assuming increases in the FAV equal to forecasted capital expenditures and applying an average annual rate of depreciation of 4.4% generally. No assumptions as to disposals were imposed on the forecast. The Commission accepted, without amendment, the forecasted capital contributions as submitted by the Licensee.
2. The Commission also found that BWSL's capital outlays in the outgoing FTP exceeded what was approved in the *2022 ARP Final Decision*. Capital expenditures in excess of total sums approved is ground for disallowance and is discouraged. However, the Commission was of the view that the justifications put to it by BWSL were reasonable. Thus, all prudent and useful capital additions will be recovered in rates and no further disallowances to FAV were made in this proceeding beyond what was previously determined and recorded.

3. **Table 10** below shows the results of the Commission forecast for RAV, after applying reductions for disallowed FAV. The forecast for return, calculated at the rate of 8% on the average RAV balance, and the forecast for depreciation is also presented.

TABLE 10: Forecasted RAV and Related Values

	Validated	Forecast (Preliminary)					
	FY 2024 25	FY 2025 26	FY 2026 27	FY 2027 28	FY 2028 29	FY 2029 30	FY 2030 31
Year-End RAV Balance	204,211,979	221,199,379	234,675,184	251,960,358	270,255,082	288,867,421	306,875,908
Depreciation Allowance	8,281,828	8,985,327	9,732,773	10,325,708	11,086,256	11,891,224	12,710,167
Return	16,462,730	18,079,983	18,234,983	19,465,422	20,888,618	22,364,900	23,829,733

The Initial Decision of the Commission regarding RAV and Return is set forth in Schedule 2 and Schedule 5 of the attached Decision, respectively.

3.7 Other Revenues (Fees and Charges)

Other Revenues are income derived from fees and charges other than tariffs levied for the consumption of water and sewage services using assets or resources otherwise already provided for through the tariffs. Consequently, Other Revenues will be subtracted from the TBR to avoid double counting or duplication in cost recovery.

Generally, the Commission relies on the Licensee’s forecast for other revenues and will accept it at face value provided that it aligns with historical patterns or otherwise if the Licensee is able to justify any significant changes in the sum.

BWSL’s Business Plan submission included the following forecast for other revenues as set out in the **Table 11** below.

TABLE 11: Other Revenues Forecast proposed by BWSL

	Actuals			Forecasted					
	FY 2022 23	FY 2023 24	FY 2024 25	FY 2025 26	FY 2026 27	FY 2027 28	FY 2028 29	FY 2029 30	FY 2030 31
Water Connection Charges	535,795	538,056	555,380	43,058	625,973	640,389	654,787	669,203	683,610
Water Infrastructure Charges	570,608	423,165	555,477	42,180	538,922	551,618	564,020	576,437	588,847
Other Income	48,462	52,009	-12,492	2,844	115,385	115,385	115,385	115,385	115,385
	1,154,865	1,013,230	1,098,366	88,082	1,280,280	1,307,392	1,334,192	1,361,025	1,387,842

Additionally, BWSL made the following requests to amend the underlying fees and charges impacting other revenues:

- (1) Increase late fees and finance charges to discourage late payments and so reduce the need for disconnections;
- (2) Implement heavy penalties for water theft, illegal connections, or tampering to reduce such occurrences and thereby reduce non-revenue water and associated financial losses;
- (3) Revise (increase) the sewerage connection fees to reflect the true cost to collect and treat sewage from individual connections;
- (4) Revise (increase) the sewerage infrastructure fee as the current fee of \$1,695 does not reflect the true cost of sewerage connections given the increase in concreted or paved streets.

The findings of the Commission as to Other Revenues are as follows:

1. The Commission finds that forecast for the sum of other revenues is reasonable and aligned with historical numbers expect for 2026 which is abnormally low. The Commission therefore normalized the 2026 forecast by increasing it by \$1million to derive a value of \$1,088,082 which was substituted for the outlier of \$88,082. These amended values are used for Other Revenues in the Tariff Basket Revenue.
2. The Commission was unable to fully consider the request to amend any of the associated fees and charges as requested since BWSL’s submission included no firm proposal as to a revised fee therefore consideration for this request was deferred.
3. Regarding the request for heavy penalties for theft, the Commission finds merit with BWSL’s complaint and concerns around illegal connections and water theft but the issue is outside the jurisdiction of the Commission. Section 105 of the Water Industry Act provides for a fine not exceeding \$5,000 on summary conviction for “*any person fraudulently alters the index of any meter used by a Licensee for measuring the water supplied by him, or prevents any such meter from registering correctly the quantity of water supplied, or fraudulently abstracts or uses the water of a Licensee...*”. The Commission, however, is not empowered to hear proceedings for summary conviction as that is matter for the courts.
4. The Act also provides that “*...the Licensee may do all such work as is necessary for securing the proper working of the meter and may recover the expenses reasonably incurred by him in so doing from the offender as a civil debt.*” The Commission may be able to authorize a fee for the recovery

for the work necessary for replacing or restoring the meter to proper working order but cannot do much more. Again, BWSL did not propose a specific cost-based fee relating to reconnection following tampering/theft and so the Commission would have to defer a determination on new rates until a future ARP when such information is provided.

The Initial Decision of the Commission regarding values for Other Revenues is set forth in Schedule 5 and the Charges the associated Fees and Charges can be found in Schedule 6 of the attached Decision.

3.8 Forecasted Consumption and Production of Water and Sewage services

The forecasted demand/consumption of water and sewage services is a critical parameter of the rate-setting model. The total recoverable cost or TBR is divided by this forecast to derive the average price per KUSG. An overly conservative forecast will overestimate the average price per gallon of water and result in overcharging customers while an overly optimistic forecast will underestimate the average price per gallon of water to the detriment of the Licensee. The forecast will also drive other cost elements such as the water treatment and production costs, and in some cases, where demand exceeds the installed capacity, the Licensee may have to provide for capital investment to expand water treatment, production, and/storage facilities. Given the criticality and centrality of this component, the Commission prefers to independently forecast water consumption to verify the Licensee’s submission.

BWSL submitted the following forecast for demand and production of water and sewage services as set out in **Table 12** below.

TABLE 12: Water Consumption and Production KUSG Trends BWSL

	Actuals					Forecasted					
	FY 2020 21	FY 2021 22	FY 2022 23	FY 2023 24	FY 2024 25	FY 2025 26	FY 2026 27	FY 2027 28	FY 2028 29	FY 2029 30	FY 2030 31
Water Consumption	2,593,487	2,704,512	2,805,712	2,984,797	3,087,661	3,186,239	3,310,828	3,444,330	3,569,226	3,698,398	3,822,115
Water Production	3,495,700	3,625,900	3,739,500	3,943,100	3,999,400	4,115,000	4,228,146	4,367,180	4,494,242	4,626,084	4,749,706
Non-Revenue Water	-25.8%	-25.4%	-25.0%	-24.3%	-22.8%	-22.6%	-21.7%	-21.1%	-20.6%	-20.1%	-19.5%
% Growth Consumption		4.3%	3.7%	6.4%	3.4%	3.2%	3.9%	4.0%	3.6%	3.6%	3.3%

The findings of the Commission as to Water Demand and Supply Forecast are as follows:

1. BWSL’s submission was congruent with the Commission’s own forecast for annual water consumption/demand. Nonetheless, the decision uses the Commission’s own forecast since the

detailed service area data was readily available and necessary for further analyses. The variance between the two forecast however is non-material and there is consensus that water demand is expected to grow at a rate of 3.6% on average over the next five years.

2. Non-Revenue Water (NRW) is the difference between water production and water consumption. NRW, or water lost before billing is, to an extent, controllable where the cause is damaged or defective water mains and leaking pipes that can be improved by replacement or refurbishment and illegal abstractions or theft to the extent that those can be detected and adequately discouraged. BWSL presents an optimistic production outlook driven by declining levels of losses, with NRW reducing from 22.9% at the start to 19.5% by the end of the upcoming FTP and averaging around 20% over the period.
3. It should be noted that BWSL's performance in containing water losses is exceptional, ranking well below the global range of 35% to 40%. The extent to which BWSL continues to reduce NRW is helpful to customers in that it will reduce production costs and helpful to the Licensee in that it will help assure profits.
4. BWSL's future submissions would be improved by a clear linking of demand and supply forecast for water and sewage services with the forecast for capital investments. For example, BWSL, in response to the Commission's written questions following the Public Hearing, provided that 2.44% of NRW is attributable to aged infrastructure across 7 service areas. However, the Licensee did not present a cost benefit analysis quantifying the 2.44% in terms of revenues and comparing those savings to the proposed investments to determine the net benefits and fully justify the project.
5. Furthermore, the licensee did not adequately demonstrate how its planned investments are integrated across its business segments to optimize service delivery in the face of growing market demand, aging infrastructure and limited resources. The Commission considered that the way to achieve this objective is through a Least Cost Expansion Plan.

The Initial Decision of the Commission regarding values for Water Consumption and Production is set forth in Schedule 3 of the attached Decision.

3.9 The Mean Water Rate (MWR)

The Mean Water Rate (MWR) is the average price per thousand gallons of water and sewage services sold to customers by BWSL. It is derived by dividing the total costs the Commission approves as recoverable

(the TBR) by the total gallons of water and sewage services expected to be sold to consumers over the tariff period.

BWSL, as previously explained, did not present an estimate for the MWR following the rate setting methodology in its submission. Instead, the Licensee made anecdotal reference to an “initial average tariff increase” of 20% based on their forecasted business costs to take effect 01 April 2026.

Table 13 below presents the revenues (water charges), as presented in BWSL’s proforma Statement of Comprehensive Income, that the Licensee expects to collect with the application of their proposed tariffs. Table 8 further divides the forecasted revenues by BWSL’s forecasted sales to derive the average price per KUSG of water set out in their Business Plan.

TABLE 13: Water Revenues and Average Prices as per BWSL Submission

	Actuals			Forecasted						
	FY 2022 23	FY 2023 24	FY 2024 25	FY 2025 26	FY 2026 27	FY 2027 28	FY 2028 29	FY 2029 30	FY 2030 31	FTP
Water Revenues \$	50,539,953	53,762,523	56,767,421	58,330,075	73,416,916	76,993,314	80,366,592	83,976,866	87,228,397	401,982,085
Water Consumption (KUSG)	2,805,712	2,984,797	3,087,661	3,186,239	3,310,828	3,444,330	3,569,226	3,698,398	3,822,115	17,844,896
Avg. Price\$/KUSG	18.01	18.01	18.39	18.31	22.17	22.35	22.52	22.71	22.82	22.53
% Change in Price		0.0%	2.1%	-0.4%	21.1%	0.8%	0.7%	0.8%	0.5%	22.5%

The findings of the Commission as to the Mean Water Rate are as follows:

1. BWSL’s is currently collecting at a rate of approximately \$18.39/KUSG of water at the end of fiscal year 2025; this is 5% above the approved rate of \$17.48/KUSG and is the natural and expected effect of the tariff structure whereby the actual billing rates vary across different blocks of consumption. Recall that revenue variances are subject to correction in every rate proceeding so this does not present an issue in practice.
2. The application of BWSL’s tariffs to forecasted sales indicates an average rate of cost recovery of \$22.53/KUSG of water between April 1, 2026 and March 31, 2031; this works out to a 22.5% increase from the present average price of \$18.39/KUSG as opposed to the 20% referenced in the Licensee’s submission.
3. The Commission, in the absence of the proper presentation of costs using the rate setting methodology, is unable to comment on the variances between BWSL’s estimated TBR and the Commission’s own assessment of regulated costs. Instead, the Commission relied, as far as

possible, on the Licensee’s business plan data as well BWSL’s historical data and, as relevant, international benchmarks and made its initial determination on the cost parameters (as previously explained in the respective sections).

4. Taxes and Licence Fees are calculated at the standard mandated business tax rate of 1.75% on gross revenues and licensee fees at 1% on gross revenues as stipulated in BWSL’s licence.
5. The Commission finds that a Mean Water Rate of \$19.84 per KUSG, or an increase of 13.5% from the its last ruling, is adequate to recover the expected total regulated costs over the period April 1, 2026 through to March 31, 2031. **Table 14** below summarizes the values for each cost parameter and the derivative Mean Water Rate for the upcoming full tariff period subject to these proceedings.

TABLE 14: FTP Regulated Costs and Average Price as determined by the Commission

Regulated Parameters	Values
Operating Expenses	190,289,450
Plus: Return	104,783,655
Plus: Depreciation	55,746,127
Plus: Corrections	374,954
Plus: Other Costs	-
Less: Other Revenues	-6,670,731
Plus: Taxes & Licence Fees	9,589,185
Tariff Basket Revenues (TBR)	354,112,639
TBR Divide by: Consumption	17,844,896
Mean Water Rate \$/KUSG	19.84

The Initial Decision of the Commission regarding values for the Mean Water rate for each ATP of the FTP and for the FTP is set forth in Schedule 5 of the attached Decision.

3.10 Profitability Outlook

Table 15 presents BWSL’s pro-forma income statements for the FTP assuming all their costs, sales, and revenues at their request average tariffs as per their submitted Business Plan without amendment. The table also includes their forecasted cash balances.

TABLE 15: Annual Profits and Cash Balances as per BWSL’s Submission

	Actuals			Forecasted						
	FY 2022 23	FY 2023 24	FY 2024 25	FY 2025 26	FY 2026 27	FY 2027 28	FY 2028 29	FY 2029 30	FY 2030 31	FTP
Water Revenues	50,539,953	53,762,523	56,767,421	58,330,075	73,416,916	76,993,314	80,366,592	83,976,866	87,228,397	401,982,085
Other Income	1,574,397	1,899,266	2,347,195	1,974,259	1,676,638	1,658,913	1,694,865	1,730,677	1,769,322	8,530,416
Gross Revenue	52,114,350	55,661,789	59,114,616	60,304,334	75,093,554	78,652,227	82,061,457	85,707,543	88,997,720	410,512,501
Operating	- 34,091,833	- 35,524,039	- 39,005,223	- 38,990,000	- 41,006,499	- 42,298,248	- 43,352,418	- 44,299,099	- 45,168,485	- 216,124,748
Non-operating	- 13,435,461	- 15,504,503	- 17,166,017	- 16,956,540	- 20,213,090	- 21,776,590	- 21,942,755	- 21,395,478	- 21,232,681	- 106,560,595
Profits	4,587,057	4,633,247	2,943,376	4,357,794	13,873,966	14,577,389	16,766,283	20,012,967	22,596,553	87,827,158
Cash Balance	6,853,694	37,122,104	25,157,049		39,955,000	43,084,000	39,141,000	33,897,000	33,030,000	33,030,000

Table 16 presents the impact of the Commission’s rate decision only, that is, if all BWSL’s costs materialize against the revenues forecasted using the approved MWR for each ATP in the FTP. The simulation shows that BWSL would remain profitable, outperforming previous years, though not excessively or unwarrantedly so. The analysis also shows that the company would maintain a reduced but healthy cash balance, assuming that the negative variance in profits flows through to their cash balances – while this is not a one-to-one relationship it is sufficiently representative of the financial flows to inform the decision.

TABLE 16: BWSL’s Annual Profits and Cash Balances with Approved MWR

	Actuals			Forecasted						
	FY 2022 23	FY 2023 24	FY 2024 25	FY 2025 26	FY 2026 27	FY 2027 28	FY 2028 29	FY 2029 30	FY 2030 31	FTP
Water Revenues	50,539,953	53,762,523	56,767,421	58,330,075	65,191,225	67,950,468	70,747,370	73,653,177	76,570,400	354,112,639
Other Income	1,574,397	1,899,266	2,347,195	1,974,259	1,676,638	1,658,913	1,694,865	1,730,677	1,769,322	8,530,416
Gross Revenue	52,114,350	55,661,789	59,114,616	60,304,334	66,867,863	69,609,381	72,442,235	75,383,854	78,339,722	362,643,056
Operating	- 34,091,833	- 35,524,039	- 39,005,223	- 38,990,000	- 41,006,499	- 42,298,248	- 43,352,418	- 44,299,099	- 45,168,485	- 216,124,748
Non-operating	- 13,435,461	- 15,504,503	- 17,166,017	- 16,956,540	- 20,213,090	- 21,776,590	- 21,942,755	- 21,395,478	- 21,232,681	- 106,560,595
Profits	4,587,057	4,633,247	2,943,376	4,357,794	5,648,275	5,534,543	7,147,062	9,689,278	11,938,556	39,957,713
Variance	-	-	-	-	- 8,225,691	- 9,042,846	- 9,619,222	- 10,323,689	- 10,657,997	- 47,869,446
Cash					31,729,309	34,041,154	29,521,778	23,573,311	22,372,003	22,372,003
<i>MWR</i>					19.69	19.73	19.82	19.91	20.03	19.84
<i>Sales</i>					3,310,828	3,444,330	3,569,226	3,698,398	3,822,115	17,844,896

4.0 Other Regulated Matters

4.1 Amending the Tariff Structure

BWSL proposes to amend the existing tariff structure by (1) simplifying the block segmentation from 8 blocks down to 5 blocks, not including the minimum consumption block; (2) implementing differentiated tariffs for residential and non-residential customers; and (3) introducing a Social Customer Block applicable to small residential dwellings, including rental homes and apartments, which uses water of an average 600 gallon or less monthly, solely for domestic use. This modified tariff structure is proposed to be implemented April 1, 2026. The new tariff structure as proposed by BWSL is pictured below.

Description	Category	Gallons	Mainland (Water Only)	Belize and Belmopan (Water and Sewer)	San Pedro	Caye Caulker
Social Customer Block	Social	0-600	\$ 9.01	\$ 10.81	\$ 24.17	\$ 22.28
Residential						
Consumption Block 1	Minimum	0 - 1,000	\$ 10.01	\$ 12.01	\$26.86	\$24.75
Consumption Block 2	Efficient	1,001-3,000	\$ 15.02	\$ 19.36	\$40.29	\$37.13
Consumption Block 3	Normal	3,001-5,000	\$ 17.52	\$ 23.03	\$47.01	\$43.31
Consumption Block 4	Exceeding	5,001-9,000	\$ 20.91	\$ 26.52	\$57.05	\$51.69
Consumption Block 5	Abnormal	9,001-20,000	\$ 23.52	\$ 29.97	\$64.18	\$58.15
Consumption Block 6	Unusual	>20,000	\$ 28.54	\$ 37.73	\$76.55	\$70.55
Non - Residential						
Consumption Block 1	Minimum	0 - 1,000	\$ 10.45	\$ 12.75	\$28.52	\$25.85
Consumption Block 2	Efficient	1,001-5,000	\$ 18.29	\$ 23.08	\$49.91	\$45.23
Consumption Block 3	Normal	5,001-9000	\$ 21.52	\$ 30.37	\$57.75	\$53.21
Consumption Block 4	Exceeding	9,001-20,000	\$ 25.03	\$ 34.05	\$67.15	\$61.88
Consumption Block 5	Unusual	>20,000	\$ 28.54	\$ 37.73	\$76.55	\$70.55

While the Licensee refers to a "...review of several tariff structures" and cost-based analysis as objectives of the proposal, BWSL did not submit a cost-of-service study in support of its proposal. Instead, the Commission received a "2024 Tariff Review Report" prepared by Moore Belize LLP that simply reviewed average per unit costs and cost variances over time.

The findings of the Commission as to the proposal for an Amended Tariff Structure are as follows:

1. The Commission finds merit in the request to simplify the number of consumption blocks for billing; however, BWSL did not provide an adequate model to simulate the yield of the tariff and

the Commission therefore defers consideration of this request until a future rate case where such a model is provided.

2. The Commission finds merit generally in the proposal from BWSL for differentiated tariffs in as far as regulatory best practice supports differentiated prices to reflect the differences in relative costs to serve distinct categories of customers. However, differentiated tariffs must be informed by a proper Cost-of-Service Study.
3. The Commission finds that BWSL did not provide sufficient analysis of the type required to amend the tariff structure and introduce differentiated tariffs and requests that a proper Cost-of-Service Study be completed to support the proposal so that the Commission may make an informed decision regarding differentiated rates for residential versus non-residential customers.
4. The Commission finds merit in the request for the social rate; however, the definition proposed by the Licensee for classifying social rate customers was impractical to implement. Under the proposed scheme, “eligibility for the social block classification may be determined based on household income, property type, consumption level, or senior citizen in accordance with the utility’s approved tariff structure and social policy guidelines.” This is too wide a definition and runs the risk of unequal application.
5. The Commission therefore determined a straightforward alternative by removing the minimum block of 1000 US gallons at a fixed sum so that customers will now only pay for the actual gallons of water used within that first block.

The Initial Decision of the Commission regarding the tariff structure and Water and Sewer Tariffs for each ATP of the FTP and for the FTP is set forth in Schedule 6 of the attached Decision.

4.2 Water Main Expansion Costs

BWSL requested that the Commission approve \$6,000 and \$10,000 per 100 feet of water main expansion as a contribution from BWS to residential customers for mainland and island customers respectively.

The findings of the Commission as to the proposal for specific Licensee contributions to Water Main Expansion Costs are as follows:

1. BWSL is authorized to make reasonable investments in network system expansion to meet customer demand for licensed services.

2. The request to increase the licensee's contribution to water main extension costs directly benefits the customer by reducing the upfront cost burden to access water services in developing communities.
3. The Commission therefore grants the request of the Licensee as stipulated in the attached Decision and Order.

4.3 Commercial Abstraction Licenses

BWSL requested that the Commission to define clear rules about abstraction within service areas.

The findings of the Commission as to the request regarding Commercial Abstraction Licenses as follows:

1. Water abstraction is governed by the National Integrated Water Resources Act and falls outside the purview of the Commission.

5.0 THE COMMISSION’S FINDINGS AND CONCLUSIONS

5.1 After complete and careful consideration of the Licensee’s submission, public comments received, and the Commission’s own internal analyses, the determinations, as outlined below, were made as an Initial Decision and is now subject to further public consultation before a Final Decision.

The Licensee’s Submission Requests:	The Commission’s Determinations:
A 20% increase in the average tariffs (or Mean Water Rate) with effect from April 1, 2026.	An increase in the average Mean Water Rate of 13.5% with effect from April 1, 2026.
Amend the tariff structure used in customer billing by: <ol style="list-style-type: none"> (1) Reducing the number of consumption blocks; (2) Segmenting customers into residential and non-residential categories with differentiated rates; and (3) Introducing a Social Rate Block. 	<ol style="list-style-type: none"> (1) Consideration for reduced blocks deferred due to lack of tariff yield simulation. (2) Consideration of differentiated tariffs for residential and non-residential customers is deferred until a Cost-of-Service Study is completed. (3) Approval granted to substitute the 0 to 1000 gallons block with a per gallon rate for consumption below 1000 gallons, thus removing the minimum charge.
Approve \$130 million in capital investments for infrastructure upgrades and expansion, energy and physical security, plant and equipment, buildings and IT and OT enhancements.	<ol style="list-style-type: none"> (1) Approved \$130 million as requested. (2) Approved and earmarked a further \$20 million for water production and storage for growing communities Placencia, Caye Caulker and SP.
Revise the prescribed administrative fees and charges that BWSL can apply to customers, specifically: <ol style="list-style-type: none"> (1) By increasing security deposits held in default of bill payment from \$50 to \$75 residential customers; (2) By introducing late fees and charges for late and non-payment of bills, though no specific fee proposal was made; (3) By introducing heavy penalties for water theft, illegal connections and meter tampering, though no specific fee proposal was made; and (4) By revising fees for sewerage infrastructure connection fees to reflect the current costs of installing these connections, with reference being made to a bill of quantities as evidence of current costs. 	<ol style="list-style-type: none"> (1) No increases were approved to security deposits as the mechanism prescribed in the Byelaws gives BWSL more stringent measures for customers who repeatedly default on their payment obligation. (2) No new fees or charges for late payment or non-payment of bills were approved as no fee proposal was received. (3) No penalties for water theft, illegal connections or meter tampering were approved as the Commission does not have the authority to determine whether a theft has occurred. (4) No revised fees were approved for sewerage connection as these fees are outside the scope of the FTRP.
To define clear rules about commercial abstraction within service areas	No decision was taken regarding commercial abstraction as this is currently the jurisdiction of the National Integrated Water Resources Authority under the National Integrated Water Resources Act.
Approve \$6,000 and \$10,000 per 100 feet of water main expansion as a contribution from BWSL to residential customers for mainland and island customers, respectively.	Approval granted for contributions to water main extension costs of \$6,000 for mainland customers and \$10,000 for San Pedro and Caye Caulker Customers.

4.2 The Commission expresses its gratitude to the Management of BWSL for their efforts in putting together the submission and supplying additional information as required throughout the process.


DEAN MOLINA
Chairman
Public Utilities Commission

BELIZE:

ORDER made by the Public Utilities 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 Water Industry Act, Chapter 222 of the Laws of Belize, Revised Edition 2020, the Water Industry (Tariffs) Byelaws, and all other powers thereunto the Commission enabling.

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

**BELIZE WATER SERVICES LIMITED 2026-2031 FULL TARIFF
REVIEW PROCEEDING INITIAL DECISION ORDER.**

**Decisions
and
Order.**

2. In respect of the application made October 1, 2025, by the Belize Water Services Limited (“**BWSL**”) for approval of Regulated Values and Tariffs, Fees and Charges contained in its Full Tariff Review Proceeding (“**FTRP**”) Submission for the Full Tariff Period of April 1, 2026 to March 31, 2031, the Public Utilities Commission (the “**Commission**”) hereby makes the following Decisions and Order:

- (a) The Commission hereby approves the General Corrections contained in Schedule 1, which are to be applied over the Full Tariff Review Period 2026|2031;
- (b) The Commission hereby approves the Regulated Asset Value for each Annual Tariff Period (“**ATP**”) of the Full Tariff Period (“**FTP**”) as contained in Schedule 2;
- (c) The Commission hereby approves the Cost of Water parameters and Demand for each ATP of the FTP as contained in Schedule 3;
- (d) The Commission hereby approves the Target Rate of Return (“**ROR**”), the Rate of Return Lower Limit (“**RORLL**”), the Rate of Return Upper Limit (“**RORUL**”), the total Operating Expenditure (“**OPEX**”), and the Gearing Ratio (“**G**”) for each ATP of the FTP as contained in Schedule 4;
- (e) The Commission hereby approves the Tariff Basket Revenue (“**TBR**”) for each ATP of the FTP and the Mean Water Rate (“**MWR**”) for the FTP as contained in Schedule 5;
- (f) The Commission hereby approves the Tariffs to be applied for each ATP of the FTP as contained in Schedule 6 and hereby orders BWSL

to levy the said tariffs in respect of water and sewage services it is licensed to provide;

- (g) The Commission hereby approves the Fees and Charges to be applied for each ATP of the FTP as contained in Schedule 7 and hereby orders BWSL to levy the said fees and charges in respect of water and sewage services it is licensed to provide;
- (h) The Commission hereby approves all capital works contained in Schedule 8 and hereby orders BWSL to seek prior written approval for any projects not listed, or any investments exceeding the quantum as allocated in the said Schedule 8;
- (i) The Commission hereby orders that, effective April 1, 2026, BWSL may discount up to \$6,000 for water main extension costs to mainland customers and \$10,000 for water main extension costs to customers in island municipalities;
- (j) The Commission hereby orders BWSL to complete, within 18 months of the date of this Order, a Least Cost Expansion Plan (LCEP) to show how it intends to meet the anticipated future needs, capacity or otherwise, of its customers through a least-cost and least-risk combination of supply-side and demand-side resources.

MADE by the Public Utilities Commission this 17th day of November, 2025.

(DEAN MOLINA)
Chairman, Public Utilities Commission

Schedule 1
Belize Water Services Limited (BWSL)
FTRP 2026|2031
Annual Corrections for the Annual Tariff Period - April 1, 2021 to March 31,
2025

General Corrections -April 1, 2021 to March 31, 2025

Approved Tariff Basket Revenue - \$	208,136,552
Realized Tariff Basket Revenue - \$	207,161,598
Variance (Total Approved less Total Realized) - \$	974,954
less: Sewage Rehabilitation - \$	600,000
Approved Corrections for ATP's 2021/22, 2022 23, 2023 24 and 2024 25 - \$	374,954

Schedule 2
Belize Water Services Limited (BWSL)
FTRP 2026 | 2031

Approved Regulated Asset Value (RAV) for Full Tariff Period (FTP) April 1, 2026, to March 31, 2031

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

Year	Validated 2025	Preliminary 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	Forecast 2031
Starting RAV	183,146,368	204,211,979	221,199,379	234,675,184	251,960,358	270,255,082	288,867,421
Depreciation	- 8,281,828	- 8,985,327	- 9,732,773	- 10,325,708	- 11,086,256	- 11,891,224	- 12,710,167
Work In Progress	4,620,634	27,495,000	28,830,000	31,060,000	31,100,000	31,515,000	
Additions	33,029,815	20,000,000	27,495,000	28,830,000	31,060,000	31,100,000	31,515,000
Cumulative Contributed Capital	48,577,084	49,119,265	49,658,187	50,209,805	50,773,825	51,350,262	51,939,109
Ending RAV	204,211,979	221,199,379	234,675,184	251,960,358	270,255,082	288,867,421	306,875,908
Approved RAV by Business Segment	2025	2026	2027	2028	2029	2030	2031
<i><u>Water Production & Supply</u></i>							
Starting RAV	36,428,854	41,713,759	43,278,353	46,048,256	48,923,233	52,050,810	55,047,575
Depreciation	- 1,501,599	- 1,835,405	- 1,904,248	- 2,026,123	- 2,152,622	- 2,290,236	- 2,422,093
Additions	6,786,504	3,400,000	4,674,150	4,901,100	5,280,200	5,287,000	5,357,550
Ending RAV	41,713,759	43,278,353	46,048,256	48,923,233	52,050,810	55,047,575	57,983,031
<i><u>Sewage Treatment & Disposal</u></i>							
Starting RAV	8,019,190	8,391,015	8,757,329	9,770,823	10,748,844	11,032,634	11,306,492
Depreciation	- 277,947	- 293,686	- 306,507	- 341,979	- 376,210	- 386,142	- 395,727
Additions	649,772	660,000	1,320,000	1,320,000	660,000	660,000	660,000
Ending RAV	8,391,015	8,757,329	9,770,823	10,748,844	11,032,634	11,306,492	11,570,765
<i><u>Corporate, Water & Sewerage Networks</u></i>							
Starting RAV	138,698,324	154,107,205	169,163,696	178,856,105	192,288,282	207,171,638	222,513,355
Depreciation	- 6,502,282	- 6,856,236	- 7,522,019	- 7,957,606	- 8,557,424	- 9,214,846	- 9,892,346
Additions	25,593,539	15,940,000	21,500,850	22,608,900	25,119,800	25,153,000	25,497,450
Net Capital Contributions	48,577,084	49,119,265	49,658,187	50,209,805	50,773,825	51,350,262	51,939,109
Ending RAV	154,107,205	169,163,696	178,856,105	192,288,282	207,171,638	222,513,355	237,322,111

Schedule 3
Belize Water Services Limited (BWSL)
FTRP 2026|2031

Approved Cost of Water (COW) Parameters and Demand for Full Tariff Period (FTP) April 1, 2026, to March 31, 2031

Approved Production and Supply of Water and Sewage Services and the Associated Costs for each ATP of the FTP:

Year	2024 25	2025 26	2026 27	2027 28	2028 29	2029 30	2030 31	FTP Totals
Approved Consumption/Demand - '000 US Gals.	3,087,661	3,186,239	3,310,828	3,444,330	3,569,226	3,698,398	3,822,115	17,844,896
Water Production & Supply - '000 US Gals	3,999,816	4,098,056	4,228,146	4,367,180	4,494,242	4,626,084	4,749,706	22,465,358
Reference Cost of Production, Bulk Water - \$	17,000,301	18,623,853	18,314,962	19,132,144	20,042,769	21,006,858	21,762,078	100,258,810
Of which, <i>Operating Costs</i>	12,177,641	13,176,283	12,837,650	13,307,161	13,851,185	14,432,687	14,818,760	69,247,443
<i>Depreciation</i>	1,501,599	1,835,405	1,904,248	2,026,123	2,152,622	2,290,236	2,422,093	10,795,322
<i>Return</i>	3,321,061	3,612,165	3,573,064	3,798,860	4,038,962	4,283,935	4,521,224	20,216,045
Unit Production Cost of Water - \$/'000-USG	4.250	4.545	4.332	4.381	4.460	4.541	4.582	4.463
Sewage Collected and Treated - '000 US Gals	691,636	713,718	741,625	771,530	799,507	828,441	856,154	3,997,257
Reference Cost of Sewage Treatment - \$	2,456,553	2,846,026	2,994,670	3,232,091	3,772,235	3,922,995	4,031,130	17,953,121
Of which, <i>Operating Costs</i>	1,481,172	1,823,536	1,947,037	2,069,325	2,524,767	2,643,288	2,720,313	11,904,730
<i>Depreciation</i>	277,947	293,686	306,507	341,979	376,210	386,142	395,727	1,806,564
<i>Return</i>	697,434	728,805	741,126	820,787	871,259	893,565	915,090	4,241,827
Unit Cost of Sewage Treated - \$/'000-USG	3.552	3.988	4.038	4.189	4.718	4.735	4.708	4.491
Reference - Cost of Water (R-COW) - \$/k-USG	6.301	6.738	6.436	6.493	6.672	6.741	6.748	6.624

Schedule 4
Belize Water Services Limited (BWSL)
FTRP 2026|2031

Approved Rate of Return (ROR), OPEX and Gearing Ratio (G) for Full Tariff Period (FTP) April 1, 2026, to March 31, 2031

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

Period	2025 26	2026 27	2027 28	2028 29	2029 30	2030 31
ROR Lower Limit	7.5	6.5	6.5	6.5	6.5	6.5
ROR Target Value	8.5	8	8	8	8	8
ROR Upper Limit	11	10	10	10	10	10

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

Period	2025 26	2026 27	2027 28	2028 29	2029 30	2030 31
OPEX	34,416,897	36,933,150	37,487,148	38,049,455	38,620,197	39,199,500
Of which,						
<i>Water Production & Supply</i>	11,199,486	12,837,650	13,307,161	13,851,185	14,432,687	14,818,760
<i>Wastewater Treatment & Disposal</i>	2,342,119	1,947,037	2,069,325	2,524,767	2,643,288	2,720,313
<i>OPEX - Delivery</i>	20,875,292	22,148,464	22,110,661	21,673,504	21,544,221	21,660,427
Approved Gearing Ratio (G)- FTP:	0.5					

Schedule 5

Belize Water Services Limited (BWSL)

Approved Tariff Basket Revenue (TBR) and Components and Average Tariff for Full Tariff Period (FTP) April 1, 2026, to March 31, 2031

Approved Tariff Basket Revenue (TBR), Revenue Components and Forecast Consumption for each ATP of the FTP - \$:

ATP (Year)	2024-25	2025 26	2026 27	2027 28	2028 29	2029 30	2030 31	FTP Totals
<i>Consolidated</i>								
Return	16,462,730	18,079,983	18,234,983	19,465,422	20,888,618	22,364,900	23,829,733	104,783,655
Depreciation	8,281,828	8,985,327	9,732,773	10,325,708	11,086,256	11,891,224	12,710,167	55,746,127
OPEX	34,416,897	34,416,897	36,933,150	37,487,148	38,049,455	38,620,197	39,199,500	190,289,450
Corrections - FTRP	-1,471,702		74,991	74,991	74,991	74,991	74,991	374,954
- ARP 2022	-111,090							
Gross TBR	57,578,664	61,482,207	64,975,896	67,353,268	70,099,319	72,951,311	75,814,390	351,194,186
Taxes/Licence Fees	1,325,340	1,415,191	1,495,609	1,904,591	1,982,243	2,062,891	2,143,852	9,589,185
less: Other Income	-1,098,366	-1,088,082	-1,280,280	-1,307,392	-1,334,192	-1,361,025	-1,387,842	-6,670,731
Net TBR	57,805,638	61,809,316	65,191,225	67,950,468	70,747,370	73,653,177	76,570,400	354,112,639
Total Consumption - '000 gals	3,087,661	3,186,239	3,310,828	3,444,330	3,569,226	3,698,398	3,822,115	17,844,896
Mean Water Rate (MWR) - \$/1000 gals	18.72	19.40	19.69	19.73	19.82	19.91	20.03	19.84
<i>Corporate, Water & Wastewater Services</i>								
Return - Delivery	12,444,235	13,739,013	13,920,792	14,845,775	15,978,397	17,187,400	18,393,419	80,325,783
Depreciation - Delivery	6,502,282	6,856,236	7,522,019	7,957,606	8,557,424	9,214,846	9,892,346	43,144,240
OPEX - Delivery	20,758,084	19,417,078	22,148,464	22,110,661	21,673,504	21,544,221	21,660,427	109,137,277
Cost of Delivery	39,704,601	40,012,328	43,591,274	44,914,043	46,209,324	47,946,467	49,946,192	232,607,300
Water Production & Supply	17,000,301	18,623,853	18,314,962	19,132,144	20,042,769	21,006,858	21,762,078	100,258,810
Sewage Treatment & Disposal	2,456,553	2,846,026	2,994,670	3,232,091	3,772,235	3,922,995	4,031,130	17,953,121
Cost of Water and Sewage Services	19,456,854	21,469,879	21,309,631	22,364,235	23,815,004	24,929,854	25,793,208	118,211,931
Taxes/Licence Fees	1,325,340	1,415,191	1,495,609	1,904,591	1,982,243	2,062,891	2,143,852	9,589,185
Revenue Requirements	60,486,795	62,897,398	66,396,515	69,182,869	72,006,571	74,939,211	77,883,251	360,408,417
Average Costs - \$/1000 gals	19.59	19.74	20.05	20.09	20.17	20.26	20.38	20.20
Of which,								
Water Production & Supply	5.51	5.85	5.53	5.55	5.62	5.68	5.69	5.62
Sewage Treatment & Disposal	0.80	0.89	0.90	0.94	1.06	1.06	1.05	1.01
Delivery	12.86	12.56	13.17	13.04	12.95	12.96	13.07	13.03
Taxes/Licence Fees	0.43	0.44	0.45	0.55	0.56	0.56	0.56	0.54
Corrections	-1,582,791	0	74,991	74,991	74,991	74,991	74,991	374,954
Other Revenues	-1,098,366	-1,088,082	-1,280,280	-1,307,392	-1,334,192	-1,361,025	-1,387,842	-6,670,731
Net TBR	57,805,638	61,809,316	65,191,225	67,950,468	70,747,370	73,653,177	76,570,400	354,112,639
Mean Water Rate (MWR) - \$/1000 gals	18.72	19.40	19.69	19.73	19.82	19.91	20.03	19.84

Schedule 6

Belize Water Services Limited (BWSL)

Approved Water & Sewer Tariffs for Full Tariff Review Proceeding (FTRP) April 1, 2026, to March 31, 2031

Approved Tariffs for each ATP of FTP - \$/1000 US Gallons:

	April 1, 2026 - March 31, 2031			
Service Classification:	Water Only	Water and Sewer	Water and Sewer	Water Only
Branches:	Mainland	Belize, Belmopan	San Pedro	Caye Caulker
Consumption Blocks:				
0 - 1,000	9.20	11.05	26.98	24.75
1,001 - 2,000	14.72	19.01	31.88	28.46
2,001 - 3,000	15.95	20.85	34.33	31.24
3,001 - 4,000	16.55	22.07	36.79	34.29
4,001 - 5,000	17.16	23.30	39.24	37.63
5,001 - 6,000	18.40	24.53	46.60	41.29
6,001 - 7,000	19.62	25.13	55.19	45.32
7,001 - 8,000	20.22	25.75	61.31	49.74
>8,000	20.85	26.36	67.45	54.60

Schedule 7

Belize Water Services Limited (BWS)

Approved Water & Sewer Fees and Charges for Full Tariff Review Proceeding (FTRP) April 1, 2026, to March 31, 2031

Approved Fees and Charges for each ATP of FTP - \$:

Service Classification	Approved Fee/Charge	
Reconnection fee (Belize City & Belmopan)	25.00	
Reconnection fee (other Areas excluding San Pedro)	25.00	
Reconnection fee (San Pedro)	25.00	
Transfer of Account	20.00	
Transfer of Service (location)	20.00	
Transfer New Connection	20.00	
Water Connection Fee	Residential	85.00
	Commercial	85.00
	Government	85.00
	Essential Services	85.00
	Others	85.00
Water Connection Fee (San Pedro)	Residential	127.50
	Commercial	637.50
	Government	637.50
	Essential Services	637.50
	Others	637.50
Water Connection Fee (Caye Caulker)	Residential	100.00
	Commercial	300.00
	Government	300.00
	Essential Services	300.00
	Others	300.00
Sewer Connection Fee (Belize City and Belmopan)	Residential	100.00
	Commercial	variable
	Government	variable
	Essential Services	variable
	Others	variable
Sewer Connection Fee (San Pedro)	Residential	150.00
	Commercial	variable
	Government	variable
	Essential Services	variable
	Others	variable
Water Infrastructure Fee	Residential	150.00
	All Others	150.00
Sewer Infrastructure	Residential	1,695.00
	All Others	150.00
Security Deposit*	Residential	50.00
	Commercial	200.00
	Others	200.00
Security Deposit (San Pedro and Caye Caulker)*	Residential	50.00
	Commercial	300.00
	Others	300.00

*Pursuant to the Water Industry (Tariffs) Byelaws R.E. 2020, where a customer is disconnected for nonpayment of tariffs more than twice within a twelve-month period the licensee shall require that the security deposit be an amount equivalent to three times the average monthly bill rounded up to nearest \$10 (based on the last six months or the full customer history if the customer has been connected for less than six months). The customer shall not be required to pay any additional amount where the existing deposit meets or exceeds the above calculation.

Schedule 8
Belize Water Services Limited (BWSL)

FTRP 2026 | 2031

Approval for CAPEX

Sub-total for CAPEX Projects (\$'000)	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	5 Year Total
Development Capex	500,000	1,150,000	850,000	100,000	100,000	2,700,000
Distribution Expansion - Water	2,760,000	3,555,000	3,000,000	2,515,000	3,135,000	14,965,000
New Service Connections - Water	935,000	935,000	935,000	935,000	935,000	4,675,000
Non-Revenue Water	1,975,000	1,950,000	1,750,000	1,750,000	1,750,000	9,175,000
Buildings & Compounds	2,685,000	2,145,000	875,000	1,250,000	495,000	7,450,000
Pipelines & Valves (New & Replacement)	4,095,000	4,945,000	4,945,000	4,095,000	4,095,000	22,175,000
Plant & Equipment	730,000	125,000	125,000	4,400,000	4,150,000	9,530,000
Raw Water Resources	1,505,000	2,020,000	1,515,000	1,800,000	900,000	7,740,000
Renewal Mains & Services	150,000	150,000	1,000,000	2,100,000	1,850,000	5,250,000
Reservoirs & Boosters	565,000	400,000	4,600,000	1,900,000	3,900,000	11,365,000
Fencing & Security	370,000	365,000	80,000	-	-	815,000
Wastewater Service Connections	150,000	150,000	150,000	150,000	150,000	750,000
Sewer Expansion/Replacement	500,000	500,000	500,000	500,000	500,000	2,500,000
Collection & Treatment Works - Sewerage	1,000,000	950,000	1,730,000	900,000	600,000	5,180,000
Water Quality	230,000	365,000	180,000	230,000	280,000	1,285,000
Water Treatment Production Works	410,000	150,000	500,000	150,000	350,000	1,560,000
Furnishing	75,000	75,000	75,000	75,000	75,000	375,000
Other CapEX	4,860,000	4,900,000	4,250,000	4,250,000	4,250,000	22,510,000
Total (BWS submitted detailed list to the PUC)	23,495,000	24,830,000	27,060,000	27,100,000	27,515,000	130,000,000
CAPEX for Improving Water Production Capacity and Reservoirs (Requires detailed list of projects to be submitted to the PUC before final approval)	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	20,000,000
Total Regulated CAPEX	27,495,000	28,830,000	31,060,000	31,100,000	31,515,000	150,000,000