# BELIZE ELECTRICITY LIMITED

A FORTIS COMPANY

2008 ANNUAL REPORT
*Focus on Service*

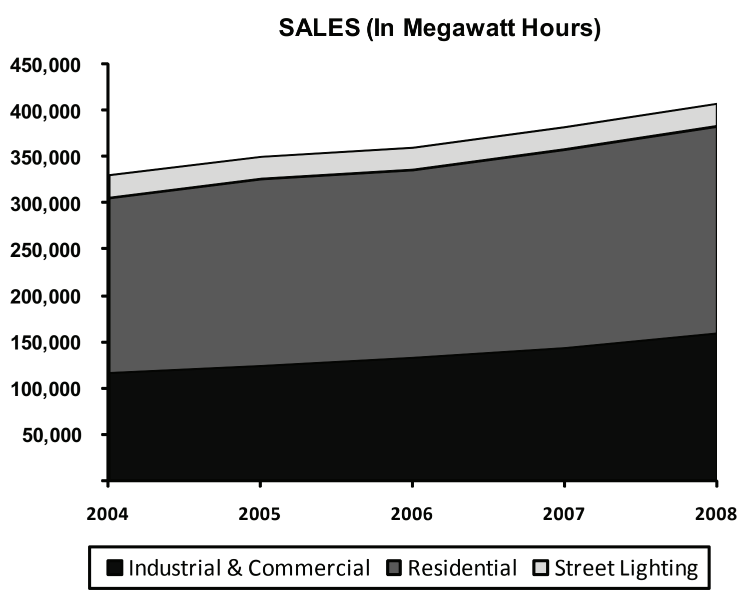
# CONTENTS

## CORPORATE PROFILE

| Annual Comparison<br>In Belize thousands of dollars | 2008 | 2007 |
|---|---|---|
| Operating Revenues | 140,577 | 159,607 |
| (Loss) Earnings applicable to Shareholders | (10,838) | 29,864 |
| Total Assets | 435,257 | 429,738 |
| Shareholders' Equity | 263,012 | 278,097 |
| Return on Net Fixed Assets | -1.1% | 10.3% |

Belize Electricity Limited (BEL) is the primary distributor of electricity in Belize, Central America. Serving a customer base of approximately 74,200 accounts, the Company meets a peak demand of 74 megawatts (MW) from multiple sources of energy including power purchases from Belize Electric Company Limited (BECOL), Hydro Maya Limited (HML), Comisión Federal de Electricidad (CFE), the Mexican state-owned power company and from its own diesel-fired and gas-turbine generation. All major load centers are connected to the country's national electricity system, which is interconnected with the Mexican National Grid, allowing the Company to optimize its power supply options. Fortis Inc. and the Belize Social Security Board hold a 70.2 per cent and 26.9 per cent interest in BEL, respectively.

## FINANCIAL HIGHLIGHTS



## REPORT TO SHAREHOLDERS

The year completed on December 31, 2008, was undoubtedly the most difficult experienced by Belize Electricity Limited (BEL) in recent times. Losses at year's end amounted to $10.8 million as compared to a profit of $29.9 million in 2007. This is a reduction of $40.7 million primarily as a result of a charge of $36.2 million imposed by the Public Utilities Commission (PUC) as a part of its 2008 Final Decision for the Annual Tariff Review Proceeding.

As record high oil prices drove up costs of goods and services throughout the economy, BEL was forced to absorb almost $20 million in excess cost of power after failing to get approval for a rate adjustment. Unable to meet its power supply bills and in breach of several loan covenants, the Company had to rely on the Government of Belize to guarantee its payments to Comisión Federal de Electricidad (CFE). The government also had to meet several debt service payments on BEL's behalf to avoid default.

Being in breach of its loan covenants, the Company cannot incur new debt and cannot pay dividends. Meanwhile, one of the Company's bankers withdrew its credit facilities and another bank has given notice that it may do likewise.

In response to the adverse Final Decision, BEL has had to take steps to maintain liquidity by cutting capital programs and requiring customers to pay upfront for line extensions and new connections. These measures, along with a six month credit on power purchases from CFE, helped the Company weather the first three quarters of 2008.

On July 25, 2008, BEL appealed the Final Decision to the Supreme Court but as of writing, no date has been set to hear the case. The Company challenged the government's repeal of the 2007 Tariff Setting Byelaws and also challenged the legality of the Rate Setting Methodology employed by the PUC. BEL also appealed an Order made by the PUC, instructing the Company to construct one and two pole line extensions for customers free of charge. On January 29, 2009, the Court denied the Company's claim against the repeal of the 2007 Tariff Setting Byelaws, but acknowledged that the Company's case is not without merit. BEL is appealing that decision to the Appeals Court.

As the year closed, there was a steep decline in oil prices. International prices fell from a high of $147 per barrel in July of 2008 to $38 per barrel at year's end. In addition, BEL enjoyed record hydro production due to above average rainfall. These two factors helped to reduce the cost of power in the last quarter so that the Company was able to meet its payment obligations and repay the government for the debt payments made on the Company's behalf.

Despite the challenges, BEL kept its focus on service. Several initiatives aimed at improving service were implemented along with loss reduction initiatives. As a result, the Company earned its highest ever Customer Satisfaction Rating, while distribution losses were reduced to a record low of 7.55 per cent. Transmission losses were held to 4.66 per cent, for a total system loss of 12.21 per cent, down from 12.98 per cent in the previous year.

2008 also saw the completion of negotiations with the Belize Energy Workers Union (BEWU), which began in 2006. Although the negotiations were drawn out and difficult, the BEWU and BEL were finally able to agree on salary adjustments amounting to 8 per cent for the periods 2006 to 2009. However, labor relations were again strained as the Company accelerated its program to close down high cost and antiquated diesel generation plants. The plant in Belize City was closed, resulting in the termination of several plant personnel. The closure of the plant contributed to reducing the cost of power. The Belmopan Power Plant is scheduled to be closed in 2009.

Regulatory issues will continue to dominate the Company's focus in 2009. Early in 2009, the PUC amended the 2008 Final Decision requiring a 15 per cent reduction in rates, retroactive to January 1, 2009. This amendment was made despite the legal challenges to the 2008 Final Decision that are pending and the difficult financial circumstances being experienced by the Company. The Company has appealed this amendment to the Supreme Court as it strives to obtain resolution of the myriad regulatory issues introduced by the repeal of the 2007 Tariff Setting Byelaws and the 2008 Final Decision. The Company will also continue its efforts to get the government to implement fair and sensible regulations. Without proper regulations in place and especially with the background of a global financial crisis and recession, the Company will not be able to access financing. Unless these issues are resolved, there is a very real risk that the electricity supply will be severely compromised with resulting negative consequences to the country's economy.


**Rodwell Williams**
Chairman of the Board
Belize Electricity Limited

**Lynn Young**
President and
Chief Executive Officer
Belize Electricity Limited

## *Earnings*

Consequent on the June 2008 Final Decision of the Public Utilities Commission (PUC) for the Annual Tariff Period (ATP) July 2008 to June 2009, a $36.2 million charge for "excess revenues" or disallowance of previously allowed costs was booked (*see Regulation section*). This resulted in a net loss of $10.8 million for 2008 as compared to $29.9 million net earnings for 2007. (Loss)/earnings per share decreased to ($0.16) from $0.43 for the previous year.


As at December 31, 2008, the Company was off-side two major financial ratio loan covenants with three of its main lenders. One bank had already called its operating facility and another bank had given notice that it would be closely reviewing the Company's financial performance, which may result in the reduction or termination of credit facilities.

The June 2008 Final Decision maintained the final average tariff to consumers at 44.1 cents per kilowatt hour (kWh) by significantly increasing the Cost of Power component of the tariff, significantly decreasing the Value Added of Delivery (VAD) component, significantly increasing the Rate Stabilization Account (RSA) recovery component and by introducing the negative $36.2 million charge to tariffs. The reduction in the Value Added of Delivery reduced gross revenues net of cost of power to the Company negatively impacting earnings. Earnings were also negatively impacted by an increase in depreciation and finance charges. Operating expenses were held somewhat constant, despite increases in activities related to loss reduction, revenue protection and customer services and increases in the cost of doing business, including labor related cost increases.

In 2008, the US dollar strengthened against the Euro currency by 4.6 per cent, resulting in a $241 thousand gain on foreign exchange. This gain on exchange is mainly related to the Company's Euro denominated loan. In 2007, a $899 thousand loss on foreign exchange was recorded.

Given the net loss on operations, tight cash flows experienced during most of the year and the off-side nature of key financial ratio loan covenants, the Board of Directors suspended dividends for 2008.

### *Energy Revenues and Sales*

Energy revenues for the year declined by 11.9 per cent to $140.6 million from $159.6 million for 2007. Energy sales grew by 6.6 per cent to 407 gigawatt hours (GWh) from 381.8 GWh sold in 2007. Energy revenues declined mainly as a result of the negative $36.2 million charge to revenues.

The sales increase was driven by a 52.6 per cent and 4.2 per cent growth in industrial and residential sales, respectively. Previously unserved industrial loads in the shrimp farming industry contributed to industrial sales growth. Energy consumption on a per customer basis increased 4.4 per cent over 2007 and customer accounts grew by 2.1 per cent in 2008 to 74,217.

### *Expenses*

Cost of power for the year increased by $18.7 million or 19.4 per cent to $115.3 million from $96.6 million in 2007, in line with energy sales growth and the increase in the Cost of Power component of the tariff as a result of the June 2008 Final Decision. Cost of power expense is regulated by the PUC to stabilize rates. Variances between actual and the reference cost of power, set by the PUC, are deferred to the Cost of Power Rate Stabilization Account (CPRSA). For 2008, actual cost of power was $2.9 million more than the reference cost of power. This amount, along with $1.8 million in interest, was deferred to the CPRSA accounts against a $19.7 million recovery resulting in a decrease in the balance in the CPRSA accounts as compared to the ending balance in 2007. The Rate Stabilization Accounts were also decreased by the $36.2 million charge as determined by the PUC in its 2008 Final Decision, that the Company is challenging in court.

Power purchased from Comisión Federal de Electricidad (CFE), the Mexican state owned power company, accounted for 54 per cent of total energy supply as compared to 51 per cent in 2007, while power purchased from Belize Electric Company Limited (BECOL) increased to 41 per cent as compared to 38 per cent in 2007. BECOL's hydro production was 192 GWh in 2008 as compared to 167 GWh in 2007, due to heavy rainfall and storage at the Chalillo Hydroelectric Facility. Power purchased from Hydro Maya Limited's hydroelectric generating facility in the Toledo District, was 13 GWh. The Company supplied the remaining 2 per cent of its energy requirements from its diesel-fired generation facilities. For the year, the cost of power purchased from CFE increased by 30.3 per cent to $0.27 per kWh, while cost of power purchased from BECOL remained relatively stable at $0.175 per kWh.

Operating expenses increased 1 per cent as compared to 2007, mainly as a result of additional resources targeted at revenue protection initiatives and improving customer services and a general increase in the cost of goods and services including labor costs.

Depreciation expense increased by 19.4 per cent as a result of new assets placed into service. Finance charges increased by 44.9 per cent, mostly due to greater use of overdraft facilities and less interest income set offs due to the lower Rate Stabilization Accounts and decrease in cash balances during the first three quarters of the year.

### *Capital Expenditure*

In 2008, BEL invested $41.7 million in expanding and improving its property, plant and equipment. The Power V Project, the connection of new loads and the need for continuous system improvements and refurbishments to strengthen the Company's aging infrastructure drove this significant capital expenditure.

In 2008, $14.2 million was spent on the Power V Project. Accomplishments during the year include an upgrade to the Customer Information and Billing System, which is improving customer service efficiency; the purchase of substation and transmission line equipment to construct interconnection facilities to connect with Independent Power Producers and the purchase of a $4 million mobile substation, to improve system reliability. The Power V Project covers transmission and distribution system expansions, improvements and upgrade requirements, as well as improved business processes, specialized equipment needs and new vehicle requirements. A total of $44.8 million has been spent on the project to date.

The final draw down from Scotiabank (Belize) Limited's committed Power V Project loan facilities was completed in December 2008. A total of $11.5 million was drawn down during the year to help finance the Company's 2008 capital expenditures. Financing plans for a new power project were drawn up during the year but were placed on hold as a result of the Company's off-side position with certain key financial ratio loan covenants.

## *Financing*

In September 2007, a new debenture series, the 10 per cent $25 million Series 4, was issued. By the end of the second quarter 2008, $2.7 million had been raised for the first half of the year. In late June 2008, the Series 4 debenture issue was suspended pending improvements in the Company's interest coverage ratio related to the issue of debentures.

During the first three quarters of the year, the Company maximized the use of its overdraft facilities, resulting in a negative cash position in order to meet cost of power and other operational cash requirements. The Company paid $3.8 million in dividends in February 2008, being the final dividend payout declared in 2007.

The table below summarizes the various lender facilities where as at December 31, 2008 certain key financial ratio loan/facility covenants were not being met. As a result of not meeting these covenants, the Company cannot incur new loans nor make dividend payments without the consent of lenders. Discussions are on-going with these lenders.

| Financial Institution | Financial Covenant | Facility Balance at December 31, 2008 |
|---|---|---|
| Caribbean Development Bank (CDB) Loan No. 14/OR – BZ ***[Applicable to issuing new debt and Event of Default]*** | Net Revenue to Debt Service Ratio of 1.5 times minimum. | $12.9 million Loan |
| | Return on Net Fixed Assets of 7% minimum | |
| World Bank Loan No. 3776A/S BEL ***[Applicable to issuing new debt and Event of Default]*** | Net Revenue to Debt Service Ratio of 1.5 times minimum. | $4.7 million Loan |
| | Return on Net Fixed Assets of 7% minimum | |
| Scotiabank Belize Limited ***[Applicable to declaring dividends and Event of Default]*** | Cash Flow Coverage Ratio of 1.6 times minimum. | $5.1 million Credit Facilities |
| All Series Debentures ***[Applicable to issuing new debt]*** | Times Interest Earned ratio of 1.5 times minimum | $69.6 million Debentures |

### *Regulation*

BEL is regulated under the amended 1992 Electricity Act, the amended Public Utilities Commission Act of 1999, and the Electricity (Tariffs, Fees and Charges) Byelaws. In December 2007 new Tariff Byelaws were promulgated that clarified and simplified certain issues contained in the old Byelaws of 2005. In March 2008, just four days prior to the Company filing its Annual Tariff Application, the Government repealed the 2007 Tariff Byelaws without the knowledge of and without any consultations with the Company. The Company is legally challenging this repeal. On November 26, 2008, the judicial review of the repeal of the 2007 Tariff Byelaws was heard by the Supreme Court. The Court dismissed the judicial review but commented that the Company's case was not altogether without merit. The Company is currently appealing this decision.

The Company's license to generate, transmit, distribute and supply electricity in Belize expires in 2015. Under the terms of the license, the Company has the right of first refusal on any subsequent license grant.

Under the Tariff Byelaws, the average electricity tariff is separated into three components; a fixed component to cover overhead expenses (Value Added of Delivery) and provide the Company with a reasonable return on investment, a variable component that reflects the cost of electricity and a deferred Cost of Power recovery or rebate component.

Pursuant to the Tariff Byelaws, the Company established a Cost of Power Rate Stabilization Account (CPRSA) effective January 1, 2000, designed to normalize changes in the price of electricity due to fluctuating fuel costs. The CPRSA stabilizes electricity rates for consumers while providing the Company with a mechanism that permits the recovery of its costs of electricity over time. Pursuant to its June 2008 Final Decision, the PUC implemented a cost of power adjustment mechanism to allow for faster recovery (rebate) of excess cost of power. The June 2008 Final Decision also established a $36.2 million negative charge to tariffs to be rebated to customers. All these accounts are amalgamated under a general Rate Stabilization Account (RSA) called Cost Receivable from (Payable to) Customers. At December 31, 2008, the balance in the RSA accounts was ($14.8) million payable to customers, compared to the balance of $19 million owed to the Company as at December 31, 2007. The Company is challenging the legality of the charges. If the $36.2 million charge is reversed, the balance in the RSA accounts would be $4 million owing to the Company from customers.

Effective July 1, 2002, a Hurricane Cost of Power Rate Stabilization Account (HCRSA) was established pursuant to the Tariff Byelaws to normalize storm reconstruction costs impacts on the consumer. This account was amalgamated with the CPRSA with effect from January 1, 2007.

#### *Pre-2008 Tariff Applications*

On March 31, 2006, the Company filed its Annual Tariff Review Application for the Annual Tariff Period July 1, 2006 to June 30, 2007, proposing that the average tariff and its components be kept the same. The PUC issued its Final Decision on May 9, 2006, keeping the average tariff the same at $0.441 per kWh. The Cost of Power component of the tariff was decreased to $0.253 per kWh, while the Rate Stabilization Account recovery component and the Value Added of Delivery component of the tariffs were kept the same. An Annual Correction component of $0.002 per kWh was introduced for differences in actual costs and sales as compared to projections as required under the tariff setting regulations.

On April 2, 2007, the Company filed its Annual Tariff Review Application for the Annual Tariff Period

July 1, 2007 to June 30, 2008, proposing that the average tariff be kept the same and shifting around the tariff components to account for a forecasted small increase in the cost of power. The PUC issued its Final Decision on June 26, 2007, keeping the average tariff the same at $0.441 per kWh. The Cost of Power component of the tariff was decreased to $0.252 per kWh, while the Value Added of Delivery component was increased to $0.168 per kWh and the Rate Stabilization Account recovery component was reduced to $0.019 per kWh. The Annual Correction was kept at $0.002 per kWh. The Company objected to the Final Decision and instituted legal challenges based on inconsistencies, misapplications and legality of the tariff setting methodology.

Subsequent to the Final Decision of 2007, in December 2007, new Tariff Byelaws were promulgated that simplified and clarified the Tariff Setting Methodology and incorporated the methodology into law. The new Tariff Byelaws clarified certain beginning balances for the tariff period and established the following tariff components for the tariff period July 1, 2007 to June 30, 2008: Cost of Power of $0.253 per kWh, Value Added of Delivery of $0.168 per kWh and Rate Stabilization Account recovery of $0.020 per kWh, keeping the average tariff at $0.441 per kWh. The new Tariff Byelaws also commenced a new Full Tariff Period with the next Full Tariff Review Proceeding to commence in early 2011.

*2008 Tariff Applications*

On March 13, 2008, BEL filed an application to the PUC for a Threshold Event Review Proceeding as required in the byelaws. The Threshold Event Review is a review mechanism established by the PUC to provide for the recovery of excess cost of power outside of the normal review proceedings when there is a rapid escalation in the cost of power. At the time a significant increase in excess cost of power was being caused by a rapid increase in the price of oil. The application was for an increase in the average tariff to $0.506 per kWh, due to an increase in the reference Cost of Power to $0.318 per kWh. The PUC issued its Final Decision on March 28, 2008, denying the application though acknowledging the escalating Cost of Power Rate Stabilization Account (CPRSA). The PUC in its explanations for its decision required that the Company manage its cash flows and financial obligations by reducing capital and operating expenses.

On April 2, 2008, the Company filed its Annual Tariff Application for the Annual Tariff Period proposing that the average tariff be increased to $0.50 per kWh sold. The Company filed under byelaws enacted in December 2007, wherein the CPRSA would be fully recovered by the end of the new four-year Full Tariff Period ending in 2011. At about the same time that the Company filed its application, the Government of Belize repealed the 2007 Tariff Byelaws, changing the end of the Full Tariff Period to 2009.

On May 2, 2008, the PUC issued its Initial Decision on the tariff application, denying a rate increase by increasing the Cost of Power component of the rate and significantly decreasing the Value Added of Delivery and RSA recovery components of the rate. The Value Added of Delivery was decreased by a reduction in the regulated asset base of the Company and an application of an 8.5 per cent return on regulated assets, a rate below the minimum allowed in the Rate Setting Methodology. The PUC arbitrarily reduced the RSA balance by a prior years' charge for "excess" depreciation and returns and by disallowing previously approved hurricane cost recoveries and "excess" cost of power for January and February 2008. The PUC's Initial Decision, recalculations and disallowances were done using a newly amended Rate Setting Methodology implemented at the same time of the Initial Decision.

On May 12, 2008, BEL filed its objection to the Initial Decision, mainly based on the PUC's 8.5 per cent return on regulated assets and the PUC's actions in dishonoring previous agreements, reversing previous decisions and changing regulatory rules in the middle of a tariff hearing. On June 11, 2008, the Independent Expert (Dr. Jonathan A. Lesser, Ph.D.), appointed to review the Initial Decision, as a result of the Company's objection, issued his final report on his review of the PUC's Initial Decision and the Company's objections. The expert agreed with most of BEL's objections and recommended a higher average tariff than that proposed by the PUC in its Initial Decision.

On June 26, 2008, the PUC issued its Final Decision maintaining the average tariff at $0.441 per kWh, mainly by increasing the CPRSA recovery component and implementing a significant negative charge component for prior years' "excess" depreciation, return and interest on the Hurricane Cost Rate Stabilization Account (HCRSA) and the Mollejon Transmission Line. The disallowed interest on the Mollejon Transmission Line was not included in the Initial Decision and was not reviewed by the Independent Expert.

The PUC's Final Decision included the following:

a. A 10 per cent allowed Rate of Return for calendar years 2008 and 2009 on a regulated asset base that excludes the Mollejon Transmission Line, construction work in progress and 50 per cent of assets placed into service in the respective year. The 10 per cent is below the target 12 per cent contained in the Rate Setting Methodology.

b. A total of $36,199,894 in prior years' charges comprised of: (i) excess depreciation for years 2005 to 2007 ($9,628,000), (ii) excess return on regulated assets for years 2005 to 2007 ($14,686,000), (iii) disallowance of interest on the HCRSA for years 2002 to 2006 ($1,552,664) and (iv) disallowance of interest paid on the Mollejon Transmission Line loan over the period 2001 to 2004 ($10,333,000).

The table below summarizes the changes in the components of the average tariff through the tariff review proceeding.

| Average Tariff Components | Previous | BEL Proposed | ARP 2008 Initial Decision | Expert Recommendation | ARP 2008 Final Decision |
|---|---|---|---|---|---|
| Reference COP | $0.253 | $0.287 | $0.307 | $0.298 | $0.312 |
| VAD | $0.168 | $0.168 | $0.130 | $0.154 | $0.135 |
| CPRSA Recovery | $0.020 | $0.045 | $0.004 | $0.025 | $0.080 |
| Correction | - | - | - | - | -$0.086 |
| **Mean Electricity Rate (MER)** | **$0.441** | **$0.500** | **$0.441** | **$0.477** | **$0.441** |

The Company is legally challenging the repeal of the 2007 Tariff Setting Byelaws, the PUC's Final Decision and the Rate Setting Methodology used to arrive at the Final Decision. Any final court rulings may require adjustments to the 2008 financial statements as it relate to the 2008 Final Decision. In the meantime a provision was made against revenues to account for the $36.2 million prior years' charges.

On November 26, 2008, the judicial review of the repeal of the 2007 Tariff Setting Byelaws was heard by the Supreme Court. On January 29, 2009, the Court dismissed the judicial review but noted that the Company's case was not fully without merit. The Company is now appealing this decision to the Court of Appeal. The hearing for the appeal of the 2008 Final Decision remains pending.

On February 6, 2009 (after allowing for a period of consultation consequent on an appeal to the Supreme Court by BEL), the PUC amended the 2008 Final Decision. The amended decision reduced the average tariff to $0.375 for the period January 1, 2009 to June 30, 2009, a 15 per cent reduction in the average tariff. It included a reduction in the Cost of Power component of the tariff to $0.223 and an increase in the Value Added of Delivery component to $0.158. The Value Added of Delivery increase was achieved by increasing the Rate of Return on regulated assets from 10 per cent to 12 per cent, reducing the regulated asset values and transferring the reduction to operating expenses and by other minor adjustments to other Value Added of Delivery components. The Company challenged this amended decision in light of the legal challenges to the 2008 Final Decision and on February 25, 2009, the Supreme Court granted an injunction against the PUC amendments.

## OUTLOOK

Electricity demand growth for 2009 is forecasted at around 4 per cent. Economic growth is expected to slow to approximately 2 per cent resulting in slower sales growth. Declining commodity prices for agricultural exports, decrease in tourism revenues as a result of the Global Financial Crisis and a decrease in oil revenues are expected to negatively impact the Belizean economy.

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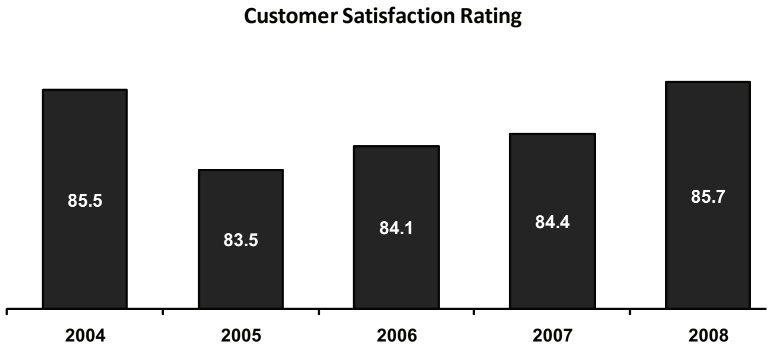
## KEY EVENTS & INITIATIVES

- On April 2, 2008, BEL applied for a 13.4 per cent average increase in the Mean Electricity Rate under the Annual Tariff Review Proceeding (ARP), in response to soaring oil prices.
- On June 26, 2008, the Public Utilities Commission (PUC) delivered its Final Decision for the period July 1, 2008 to June 30, 2009, maintaining the Mean Electricity Rate of $0.441 cents per kWh.
- The PUC, in its Final Decision, changed the Rate Setting Methodology as part of the rate review proceedings to disallow $36.2 million of previously allowed costs, effectively offsetting the recovery of the Rate Stabilization Account.
- Consequently, a provision against revenues for the disallowance of $36.2 million was made, resulting in a $10.8 million net loss to the Company for 2008.
- BEL filed an application for judicial review and appeal of the decision with the Supreme Court of Belize, challenging the repeal of the 2007 Tariff Setting Byelaws and challenging the new Rate Setting Methodology on which the Final decision is based.
- BEL experienced major cash flow difficulties during the year, which delayed several system expansion and service reliability initiatives.
- An alternate distribution line was constructed to serve the Placencia area.
- In January 2008, BEL and Belize Aquaculture Limited signed a 15-year Power Purchase Agreement (PPA) for the purchase of up to 15 megawatts (MW) of firm capacity and energy.
- A new Power Purchase Agreement with Comisión Federal de Electricidad (CFE) was finalized in August 2008.
- In December 2008, BEL received an award from the Ministry of Labour, Local Government and Rural Development, for being leaders in the fight against HIV/AIDS in the workplace.
- BEL employees, with the support of the Company, raised funds to help flood victims in Southern Belize, following Tropical Storm Arthur.

## OPERATIONS

### *Service Improvements*




In 2008, BEL received a record high Customer Satisfaction Rating of 85.7 per cent. Our investments in service improvements over the years, along with solid commitment from employees to our operational standards, prepared us well to buffer the challenges faced during the year and deliver high quality service to customers.

In support of our First Contact Resolution philosophy employees were trained to improve their quality of interaction with customers. Zone superintendents and a service-order management team were established to ensure customer service requests are met expeditiously and several new line vehicles were purchased and deployed to various load centers as necessary.

In 2008, approximately 67 per cent of customer bill payments were made via Bill Pay Agents. During the year, Belize Bank was brought online as another convenient option for customers to make payments. A Credit Rating System was implemented, which tracks customers' payment history, to ensure that customers with good credit are not disconnected at the first missed or late payment.

We are looking forward to the benefits of a $4 million mobile substation, which will allow us to maintain service, while substation repairs and maintenance are being carried out. The unit will be commissioned and energized in the first quarter of 2009.

Service in the Placencia area has improved following the completion of a new distribution line to serve the area. This new line is helping to meet load growth and since it provides an alternate distribution line to service the area, service upgrades can be carried out with fewer power interruptions.

We continue to concentrate on reducing system losses. In 2008, system losses were reduced to 12.21 per cent, with 7.55 per cent comprising distribution and commercial losses. During the year, transformers were resized according to demand requirements in the field and several feeders were rebuilt to minimize technical losses. The Company also continued with its Meter Inspection Program and is now using only tamper proof electronic meters.

### *System Reliability*

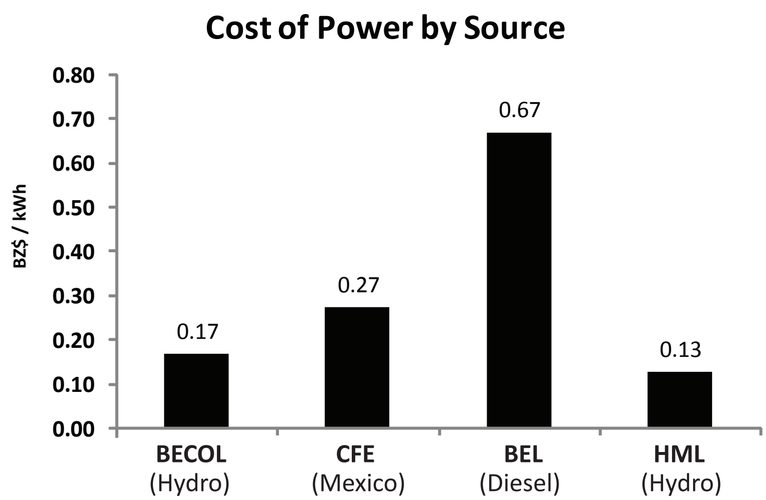
Many of our reliability improvement initiatives had to be postponed in 2008, due to the $25 million limit on capital expenditure imposed by the Public Utilities Commission (PUC) and the cash flow constraints, following the PUC's Final Decision. The PUC insist that these system upgrades are not to be capitalized and therefore refused to approve the Company's request to proceed with works under its Capital Program. BEL maintains that capitalizing major system upgrades is standard utility practice.

While BEL continues efforts to resolve these issues with the PUC, at year's end the Company had resumed works on its reliability initiatives. In 2009, BEL will focus on replacing deteriorated crossarms, poles, insulators and other equipment on power lines.

Copper theft was a major problem during the year, which often times affected service reliability. In 2008, we completed an economic evaluation of aluminium conductors as a potential substitute material for underground cable networks and have revised our underground construction standards as a means of curbing the problem.

### *Energy Supply*

Soaring world oil prices in the first half of the year had a tremendous impact on the cost of power worldwide. In Belize, oil prices drove higher cost from Mexico's Comisión Federal de Electricidad (CFE), which provided 53.6 per cent of our energy supply, and from diesel generation which provided 2.3 per cent in 2008. Fortunately, hydroelectric production in the second half of the year increased significantly due to higher rainfall levels, amounting to 44.1 per cent of energy supply in 2008. This, along with a dramatic fall in oil prices, also in the latter part of the year, helped to offset the earlier increases in cost of power. For the year, the total cost of power was $10 million greater than forecast.




On September 1, 2008, the PUC implemented a new Monthly Adjustment Mechanism to recover the cost of generating and purchasing wholesale power on a more timely basis.

In August 2008, BEL negotiated a new Power Purchase Agreement with CFE, under which it can purchase up to 50 megawatts (MW) of firm energy but has the option to purchase 50 MW of energy at an economic rate if available and less expensive. To enable the agreement, the Government of Belize caused a required letter of credit to be put in place as BEL was not in a financial position to do so.

BEL also signed a Power Purchase Agreement with Belize Aquaculture Limited (BAL) for the supply of approximately 15 MW of power sourced from a heavy-fuel oil-fired generating facility in Southern Belize. BAL will provide backup power to improve system reliability and will help to reduce reliance on BEL's diesel engines which are more costly to operate.

Construction of the interconnection facilities for BAL, as well as the Belize Cogeneration Energy Limited (BELCOGEN), was delayed during the year due to the limit on capital expenditure and cash flow challenges. The PUC approved construction of interconnection facilities in a "Clarification" to its Final Decision in the third quarter and with improved cash flows in the fourth quarter, work resumed on these projects. Connection of both facilities is now scheduled for the second quarter of 2009.

Vaca, a $106 million 19-MW hydroelectric facility, continued and is now scheduled for completion in early 2010. Vaca, a run-of-river plant situated approximately three miles downstream from the Mollejon Facility, is the final phase of BECOL's three-part hydroelectric development plan for the Macal River.

After 51 years of operations, the Magazine Road Plant was closed on September 25, 2008, leaving the Caye Caulker Diesel Generation Plant, as the only fully operational diesel plant in the country. The Belmopan Plant and Gas Turbine Facility, along with seven mobile units remain in place for backup power supply purposes. Since 1990, BEL commenced the closure of isolated diesel generation plants countrywide, with the objective to connect all load centers to a National Grid. To date, nine plants have been closed countrywide.

### *System Expansion*

The PUC's Final Decision continues to have a critical impact on our ability to meet demand for system expansion. With the cash flow challenges experienced following the decision, BEL was forced to temporarily suspend connections of new service and construction of line extension. In its "Clarification" to the Final Decision, the PUC approved new service installations as well as interconnection facilities to connect with Independent Power Producers, line extensions under Paid-for-Installations and all Government funded projects, subject to certain ambiguous conditions.

On November 11, 2008, the PUC issued an Order to not charge for service installations. BEL filed an appeal of the Order with the Supreme Court.

Under the Power III Rural Electrification Project, BEL completed the connection of several communities across the country, including several in the Belize and Cayo Districts. Power III is a joint initiative between BEL and the Government of Belize which commenced in 1999.

Royal Mayan and Texmar Shrimp Farms in Southern Belize were connected to the National Grid and in the Belmopan area, we connected residential communities including More Tomorrow and Loma de Las Flores. In San Pedro, both the Costa Del Sol and North San Pedro Projects have been rescheduled for completion in the second quarter of 2009. Costa Del Sol features the installation of a one-mile submarine cable to connect a real estate development in West San Pedro to BEL's system, while North San Pedro features a 10-mile overhead line to connect a large scale tourism development site.

The Banana Belt Electrification Project is an initiative to connect seven rural communities in the Stann Creek and Toledo Districts. The European Union is financing 75 per cent of the $4.5 million project. BEL had committed to financing the remaining 25 per cent, but could not meet that commitment because of cash flow problems. The Government of Belize subsequently agreed to finance the remaining 25 per cent. At year's end, bid evaluation and contract signing of tender documents were in progress.

In December 2008, BEL submitted another request to the PUC to approve several reliability and system expansion projects for 2009, amounting to approximately $38 million. The PUC has since approved only new service installations, rural electrification projects, streetlights and construction of interconnection facilities to connect with new generation sources, amounting to approximately $12 million.

### *Human Resources*

BEL strives to be one of the top employers in Belize by ensuring that it meets employees' needs in the workplace and also that they are properly recognized and compensated for their contributions to the Company's accomplishments. Flowing from these efforts, employee turnover rate in 2008 was relatively low at 2.6 per cent.

Significant resources are expended on supporting employees with career development and in 2008, employees were trained to further develop both their technical and non-technical skills. Areas of focus included, Customer Service, Information Technology, Safety, Performance Benchmarking, as well as Interpersonal Skills, Coaching and Supervision and Developing High Performance Teams.

A new non-management appraisal system was implemented on October 1, 2008, which has improved the performance evaluation process. In addition to appraisals, outstanding employee performance also continues to be recognized by releasing "*Thumbs Up*" publications featuring deserving employees and their accomplishments.

On July 8, 2008, BEL and the Belize Energy Workers Union (BEWU) signed a revised Collective Agreement, following several conciliation meetings organized by the Labour Commissioner. Prior to the conciliation meetings, BEL and BEWU had negotiated and agreed on all articles with the exception of the article on salary adjustments. In the revised Collective Agreement, both parties agreed to inflation adjustments to salaries for the periods 2006 to 2009. No further adjustment will be made until 2011 when the agreement is to be renegotiated.

### *Safety and Health*

BEL is proud to be one of the leading companies in Belize that actively promotes safety and health to both employees and the general public.

During the year employees were trained in a range of safety related areas such as defensive driving, First Aid/CPR and Grounding and Bonding.  The Grounding and Bonding session focused on the best work approaches in the field to ensure both employee and public safety.

Other accomplishments include the establishment of a Joint Workplace Safety and Health Committee to recommend improvements to the Company's Safety and Health Program and the establishment of a Near Miss Reporting System which requires employees to report a hazard or incident that has the potential under slightly different circumstances to cause personal injury.

Initiatives with a health focus included the "Get Movin Program" which promotes physical fitness through an active lifestyle. With diabetes and high blood pressure being prevalent diseases in Belize, healthy eating habits were promoted during safety meetings and the Safety and Health Week hosted in July 2008.

In December 2008, BEL was the proud recipient of an award from the Ministry of Labour, Local Government and Rural Development for being leaders in the fight against HIV/AIDS in the workplace. BEL employee, Eton Panton, an Environmental Technician, was also individually recognized for his personal contributions to this cause.

Under our Public Safety Awareness Program, we reminded building contractors of required clearance distances to avoid accidents, conducted electrical safety presentations for primary schools countrywide and promoted flood related safety tips during floods in Western and Southern Belize.

### *Environment*

BEL's Environmental Management System (EMS) was initially introduced in 2004 and since then, the system has been successfully implemented in all high risk areas of the Company. In 2008, BEL continued to reinforce sound environmental practices adopted over the years, through continuous training, monitoring and taking necessary corrective and preventive action.

An audit conducted during the year, indicated that while employees are knowledgeable of the EMS as it relates to their job functions, there was a need to review several procedures to ensure their applicability to Belize's environment. Several workplace inspections were conducted during the year to review actions taken to address this issue and other items identified for improvement.

Contractors for the Company were also introduced to BEL's Environmental Policy and related procedures that they are required to adhere to while carrying out work for the Company. Efforts to promote public care for the environment included school presentations, during which the students were educated on recycling tips and ways to reduce waste generation.

### *Community Involvement*

Even with a financially challenging year, BEL remained committed to making meaningful contributions to key community initiatives.

In August 2008, the Company awarded a full scholarship to a Belizean student to pursue a Diploma in Engineering Technology at the College of the North Atlantic in Newfoundland, Canada. The full scholarship covers tuition, books, travel and living expenses. Financial support was provided to a tutoring program initiative spearheaded by the Growing the Future Foundation to benefit underprivileged primary school students in Belize City.

BEL sponsored the Belize Association of Engineers symposium which focused on infrastructure development in Belize.

Employees, with the support of the Company, raised funds to help flood victims in Southern Belize, following Tropical Storm Arthur. Several affected families received food and household items to aid in their recovery. Employees again teamed up with the Company in December 2008 to provide Christmas hampers to deserving families throughout the country and breakfast on Christmas morning to the homeless.

For the 3$^{rd}$ consecutive year, the Company was a major sponsor of the Belize Band Festival. This competition serves to develop young musical talent and promotes wholesome activities for our youth.

In sports, the Company sponsored several employee teams which participated in softball, basketball and football competitions. In the Belmopan football inter-office competition, the Company won the championship title. BEL was also a major sponsor of a national cycling competition which hosted over 115 participants from Belize and other parts of the world.

## INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS

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# INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Belize Electricity Limited:

We have audited the accompanying balance sheets of Belize Electricity Limited as of December 31, 2008 and 2007 and the related statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those Standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Belize Electricity Limited as of December 31, 2008 and 2007, the results of its operations and retained earnings and its cash flows for the years then ended in conformity with Canadian generally accepted accounting principles.

Castillo, Sanchez & Burrell, LLP

Chartered Accountants
January 27, 2009

## *Balance Sheets*

December 31, 2008 and 2007

(In Belize thousands of dollars)

| | Notes | 2008 | 2007 |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and short term investments | | **$ 9,091** | $ 7,074 |
| Accounts receivable | 1g&2 | **15,292** | 21,046 |
| Current portion of cost receivable from customers | 1b | - | 8,088 |
| Inventories | 1f&4 | **11,187** | 7,028 |
| Prepayments | 3 | **1,499** | 1,783 |
| | | **37,069** | 45,019 |
| **PROPERTY, PLANT AND EQUIPMENT - net** | 1e&5 | **397,327** | 372,834 |
| **COST RECEIVABLE FROM CUSTOMERS** | 1b | - | 10,871 |
| **TRANSMISSION RIGHTS** | 1m | **833** | 978 |
| **GOODWILL** | 1h | **28** | 36 |
| | | **398,188** | 384,719 |
| **TOTAL** | | **$ 435,257** | $ 429,738 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **CURRENT LIABILITIES** | | | |
| Accounts payable and accruals | 7 | **$ 24,864** | $ 23,662 |
| Current portion cost payable to customers | 1b | **14,767** | - |
| Current portion of long-term debt | 9 | **11,983** | 10,014 |
| Corporate tax payable | 13 | **204** | 262 |
| | | **51,818** | 33,938 |
| **LONG-TERM LIABILITIES** | | | |
| LONG-TERM DEBT | 9 | **44,155** | 44,245 |
| DEBENTURES | 10 | **69,570** | 66,829 |
| | | **113,725** | 111,074 |
| **CONSUMER DEPOSITS** | 1o | **6,702** | 6,629 |
| **SHAREHOLDERS' EQUITY** | | | |
| Ordinary shares | 11 | **138,046** | 138,046 |
| Additional paid in capital | 11 | **5,741** | 5,741 |
| Capital contribution | 1l&15 | **20,314** | 20,764 |
| Insurance reserve | 16 | **5,000** | 5,000 |
| Retained earnings | | **93,911** | 108,546 |
| | | **263,012** | 278,097 |
| **TOTAL** | | **$ 435,257** | $ 429,738 |

**Rodwell Williams**
Chairman of the Board

**Lynn Young**
President and Chief Executive Officer/ Director

See accompanying notes to financial statements

## *Statements of Income and Retained Earnings*

Years Ended December 31, 2008 and 2007
(In Belize thousands of dollars)

| | Notes | 2008 | 2007 |
|---|---|---|---|
| **ELECTRICITY REVENUES** | 1c&16 | **$ 140,577** | $ 159,607 |
| **COST OF POWER** | | **(115,303)** | (96,585) |
| | | **25,274** | 63,022 |
| OTHER REVENUE | | **8,046** | 7,587 |
| OPERATING EXPENSES | | **(21,049)** | (20,838) |
| DEPRECIATION AND AMORTIZATION | 5 | **(13,584)** | (11,380) |
| FINANCE CHARGES | 9 | **(6,894)** | (4,758) |
| GAIN (LOSS) ON FOREIGN EXCHANGE | 1d&9 | **241** | (899) |
| **NET (LOSS) EARNINGS BEFORE TAXES** | | **(7,966)** | 32,734 |
| CORPORATE TAX | 1k&13 | **(2,872)** | (2,870) |
| **(LOSS) EARNINGS APPLICABLE TO SHAREHOLDERS** | | **$ (10,838)** | $ 29,864 |
| **(LOSS) EARNINGS PER SHARE** | 1i&14 | **$ (0.16)** | $ 0.43 |
| **RETAINED EARNINGS, BEGINNING OF YEAR** | | **$ 108,546** | $ 93,867 |
| Net (loss) earnings | | **(10,838)** | 29,864 |
| Dividends | | **(3,797)** | (15,185) |
| **RETAINED EARNINGS, END OF YEAR** | | **$ 93,911** | $ 108,546 |

See accompanying notes to financial statements

## *Statements of Cash Flows*

Years Ended December 31, 2008 and 2007

(In Belize thousands of dollars)

| | 2008 | 2007 |
|---|---|---|
| **CASH FROM OPERATIONS:** | | |
| **NET (LOSS) EARNINGS** | **$ (10,838)** | $ 29,864 |
| ITEMS NOT AFFECTING CASH: | | |
| DEPRECIATION AND AMORTIZATION (NET) | **13,584** | 11,380 |
| EXCHANGE (GAIN) LOSS ON LONG-TERM DEBT | **(241)** | 899 |
| CHANGE IN NON-CASH WORKING CAPITAL | **40,550** | 12,504 |
| | **43,055** | 54,647 |
| **CASH USED IN INVESTING:** | | |
| ACQUISITION OF PLANT AND EQUIPMENT | **(41,652)** | (47,119) |
| | **(41,652)** | (47,119) |
| **CASH FROM (USED IN) FINANCING:** | | |
| PROCEEDS FROM NEW LOANS | **11,459** | 4,237 |
| PAYMENT OF DEBT | **(9,339)** | (11,107) |
| CAPITAL CONTRIBUTION | **(451)** | 852 |
| PROCEEDS FROM SALE OF DEBENTURES | **2,747** | 6,570 |
| DIVIDENDS PAID | **(3,797)** | (15,185) |
| DEBENTURES REDEEMED | **(5)** | (58) |
| | **614** | (14,691) |
| **NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS** | **2,017** | (7,163) |
| CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR | **7,074** | 14,237 |
| **CASH AND SHORT-TERM INVESTMENTS, END OF YEAR** | **$ 9,091** | $ 7,074 |
| ITEMS PAID BY CASH: | | |
| Interest | **$ (9,993)** | $ (9,715) |
| Taxes | **$ (2,929)** | $ (2,796) |

See accompanying notes to financial statements

**1. Status and summary of significant accounting policies**

**Status** - Belize Electricity Limited (the "Company") is a public company incorporated in Belize on October 5, 1992 to carry on the business of generating and supplying electricity to the public. The Company's major shareholders are Fortis Inc. and the Belize Social Security Board.

**Significant accounting policies / regulations** - Accounting policies conform to Canadian generally accepted accounting principles and to accounting requirements established from time to time by the Public Utilities Commission of Belize (PUC). In order to comply with regulatory requirements, the Company follows accounting practices prescribed by the PUC. Accordingly, the timing of recognition of certain revenues and expenses may differ from that otherwise expected under Canadian generally accepted accounting principles applicable to non-regulated operations.

**a. Regulation** - The PUC is authorized under the Public Utilities Commission Act to serve as the regulator for the electricity sector in Belize. The primary duty of the PUC is to ensure that the services rendered by the Company are satisfactory and that the charges imposed in respect of those services are fair and reasonable. The PUC has the power to oversee the rates that may be charged in respect of utility services and the standards that 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.

Basic electricity rates of the Company are comprised of three components. The first component is Value Added of Delivery (''VAD''), the second is cost of fuel and purchase power ("COP"), including the variable cost of generation, which is a flow through in customer rates and the third is the deferred cost of power recovery/rebate component. The VAD component of the tariff allows the Company to recover its operating expenses, transmission and distribution expenses, taxes and depreciation, and rate of return on regulated asset base, in the range of 10 per cent to 15 per cent. The Company undergoes annual rate proceedings and full rate proceedings, every four years, with the PUC that determine the level of the VAD and COP components of electricity rates and any rate stabilization account ("RSA") recovery. The VAD component of the tariff is normally only reviewed every four years while the COP component and RSA recovery are reviewed at each annual rate proceeding and at Threshold Event Review Proceedings that can occur when deferrals of cost of power into the RSA exceed a threshold level.

**b. Cost Receivable from (Payable to) Customers** – The Electricity (Tariffs, Fees and Charges) Byelaws adopted by the PUC include a rate stabilization mechanism, which permits the Company to recover from customers charges that are deferred to a Cost of Power Rate Stabilization Account (CPRSA) and a Hurricane Cost Rate Stabilization Account (HCRSA). The rate of recovery is recalculated on July 1 of each year based on the balance in the CPRSA and HCRSA as of the preceding year-end but may be adjusted as a result of a threshold event. In the absence of this mechanism, these costs would not be deferred but would be recorded in the income statement in the period in which they were incurred. On January 1, 2007, the HCRSA account was amalgamated with the CPRSA as approved by the PUC. The Cost Receivable from (Payable to) Customers also includes any corrections to tariffs established by the PUC (See Note 16).

(In Belize thousands of dollars)

**1. Status and summary of significant accounting policies (Continued)**

On July 1 of each year, the rate charged to customers is recalculated to reflect changes in the account from year to year. This regulatory account is classified under other assets or liabilities. In 2008, a net ($32) million (2007 – $8.2 million) was deferred to this account and a net $1.7 million (2007 - $8.3 million) was recovered from customers during the year.

A $3,000,000 threshold level for the CPRSA was established with effect from July 1, 2005 which could result in additional tariff adjustments during a calendar year should the cost of power increase beyond this threshold level (See Note 16).

**c.** **Sale of electricity** - Sale of electricity is recognized on a twelve-month basis of meter readings taken during the financial year. Revenue in respect of unread consumption of electricity at December 31 is included in income of the subsequent financial year on a consistent basis.

Non-regulated operations under Canadian generally accepted accounting principles generally recognize revenue on an accrual basis. Revenue for 2008 includes $10.2 million (2007 - $9.2 million) billed to customers in 2008 for electricity provided for in December of 2007. An estimated $9.8 million (2007 - $10.2 million) in electricity sales was provided in December of 2008, but billed and recorded as revenue in 2009.

**d.** **Foreign currency translation and exchange gains and losses** - Foreign currency transactions are converted at the rate prevailing on the transaction date. Foreign currency balances at year-end are converted at the rates of exchange at that date with realized and unrealized exchange gains and losses included in net income (See Note 9).

**e.** **Property, plant and equipment and depreciation** - Property, plant and equipment are carried at cost and, with the exception of land and assets under construction, are depreciated under the straight line basis over their estimated useful lives which, for the major classes of assets, are as follows:

| | |
|---|---|
| Buildings | 20 - 40 years |
| Plant, machinery and equipment | 5 - 40 years |

Maintenance and repairs are expensed as incurred. Expenditures, which significantly increase value or extend useful asset life, are capitalized. The Company has adopted the composite depreciation policy consistent with North American industry practice whereby the cost of plant and equipment retired, less salvage value, is charged to accumulated depreciation.

On construction projects, interest at varying rates is capitalized and included as a cost in the appropriate property accounts (See Note 9).

Capital expenditures includes general expenses capitalized (GEC) which are overhead costs not directly attributable to specific capital assets but relate to the Company's overall capital program. In 2008, GEC totaled $4.6 million (2007 - $4.6 million).

**f.** **Inventories** – Inventories are valued at the lower of average cost and net realizable value. Full provision is made against materials specifically identified as damaged or obsolete.

**1. Status and summary of significant accounting policies (Continued)**

**g.** **Provision for doubtful debts** – Full provision is made in respect of disconnected consumer accounts after application of consumer security deposits, and a 3% general provision is made against active accounts net of deposits.

**h.** **Goodwill** – Goodwill represents excess of cost over net assets acquired when the Company was privatized in 1993. Permanent impairments in the value of the goodwill are written off against earnings.

**i.** **Earnings per share** - Earnings per share is calculated by dividing net income applicable to ordinary shares by the weighted average number of ordinary shares outstanding during the year.

**j.** **Installation fees** – Installation fees are consistently credited to income in respect of installations carried out by the Company.

**k.** **Corporate tax / business tax** – The Company records corporate tax as paid in the year. Deferred income tax does not arise from the recording of corporate tax (See Note 13).

**l.** **Capital contributions** – Contributed assets are recorded as capital contributions and amortized over the useful life of the related asset (See Note 15).

**m.** **Transmission rights** – Transmission rights represent the cost of transmission lines and substation extensions constructed across the Mexican border and used by the Company in purchasing energy from Mexico. The transmission rights are amortized over the 15-year life of the power purchase contract, which commenced in 1998.

**n.** **Pension costs** – A defined contribution plan is in effect for management and non-management staff. Pension costs are determined based on defined contributions to the plan that are funded by the Company. The scheme is administered by a separate Board of Trustees and the funds are held separately from those of the Company. Pension expense for the scheme amounted to $671,376 in 2008 ($1,041,838 in 2007).

**o.** **Consumer deposits** – The Company collects a deposit from customers for the provision of electrical services which is held as security against energy consumed.

**p.** **Use of accounting estimates** – The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

(In Belize thousands of dollars)

## 2. ACCOUNTS RECEIVABLE

| | **2008** | 2007 |
|---|---|---|
| Consumers | **$ 14,430** | $ 13,277 |
| Government of Belize (GOB) | **1,948** | 1,847 |
| Other | **1,148** | 7,804 |
| | **17,526** | 22,928 |
| Less: provision for doubtful accounts | **(2,234)** | (1,882) |
| | **$ 15,292** | $ 21,046 |

## 3. PREPAYMENTS

| | **2008** | 2007 |
|---|---|---|
| Insurance | **$ 374** | $ 427 |
| Other deferred charges | **1,125** | 1,356 |
| | **$ 1,499** | $ 1,783 |

## 4. INVENTORIES

| | **2008** | 2007 |
|---|---|---|
| Bulkstores | **$ 8,453** | $ 5,409 |
| Fuel and oil | **2,756** | 1,641 |
| | **11,209** | 7,050 |
| Less: provision for damaged and obsolete spares | **(22)** | (22) |
| | **$ 11,187** | $ 7,028 |

(In Belize thousands of dollars)

## 5. PROPERTY, PLANT AND EQUIPMENT

| | Land and Buildings | Plant, machinery and equipment | Assets under construction | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| January 1, 2008 | $ 17,675 | $ 399,766 | $ 31,654 | $ 449,095 |
| Additions | - | - | 41,652 | 41,652 |
| Transfers | 3 | 29,185 | (29,188) | - |
| Disposals | - | (9,183) | - | (9,183) |
| December 31, 2008 | 17,678 | 419,768 | 44,118 | 481,564 |
| **Accumulated Depreciation** | | | | |
| January 1, 2008 | 4,749 | 71,512 | - | 76,261 |
| Additions | 436 | 16,691 | - | 17,127 |
| Disposals | - | (9,151) | - | (9,151) |
| December 31, 2008 | 5,185 | 79,052 | - | 84,237 |
| **Net Book Value** | | | | |
| **December 31, 2008** | **$ 12,493** | **$ 340,716** | **$ 44,118** | **$ 397,327** |
| December 31, 2007 | $ 12,926 | $ 328,254 | $ 31,654 | $ 372,834 |

Depreciation expense shown in the statement of income for 2008 is reduced by $3,694,636 ($3,751,032–2007) representing amortization of capital contribution and other depreciation expense recoveries.

## 6. BANK OVERDRAFT

The Company has a $1,000,000 and a $5,100,000 overdraft facility with the Belize Bank Limited and Scotiabank (Belize) Limited, respectively. The overdrafts bear annual interest of 14% and 15% respectively and are payable on demand. During the year, the $4,000,000 overdraft facility from First Caribbean International Bank was called.

## 7. ACCOUNTS PAYABLE AND ACCRUALS

| | **2008** | 2007 |
|---|---|---|
| Trade payables | **$ 14,412** | $ 15,948 |
| Government of Belize | **1,552** | 1,552 |
| Banana Belt Project (Restricted Cash) | **2,006** | - |
| Accrued interest | **1,577** | 833 |
| Other | **5,317** | 5,329 |
| | **$ 24,864** | $ 23,662 |

(In Belize thousands of dollars)

## 8. RELATED PARTY TRANSACTIONS

| | 2008 | 2007 |
|---|---|---|
| Due from Related Parties: | | |
| Fortis Energy (Bermuda) Limited | $ - | $ 6,371 |
| Fortis Inc. | - | 107 |
| | $ - | $ 6,487 |

| | 2008 | 2007 |
|---|---|---|
| Due to Related Parties: | | |
| Belize Electric Company Limited (BECOL)– Power Purchases | $ 3,266 | $ 767 |
| Fortis Inc. | 443 | 1,343 |
| | $ 3,709 | $ 2,110 |

During the year ended December 31, 2008 the following transactions were recorded with related parties:

| | Fortis Energy (Bermuda) Limited | BECOL | Fortis Inc. |
|---|---|---|---|
| Energy Purchases | $ - | $ 32,141 | $ - |
| Debt Servicing | (155) | - | - |
| Miscellaneous reimbursable expenses: | | | |
| Intercompany invoicing to BEL | - | - | 1,297 |
| BEL invoicing to intercompany | - | 278 | 15 |

(In Belize thousands of dollars)

| **9. LONG - TERM DEBT** | **2008** | 2007 |
|---|---|---|
| **(1) Government of Belize:** | | |
| **a. Loan No 3776A/S BEL:** Unsecured loan of US$11,400,000 from the International Bank for Reconstruction and Development (IBRD) for on lending to the Company, approved as part of the Power II Project. Repayment is by 23 equal semi-annual installments of US$480,000, which commenced February 15, 2000, and a final installment of US$460,000 on August 15, 2011. Interest is 0.5% per annum above the Bank's "Cost of Qualified Borrowings" as defined in the loan agreement. The effective rate of interest as of December 31, 2008 is 7.44% (2007 – 6.89%) per annum. | **$ 4,730** | $ 5,847 |
| **b. Loan No. 7.0971/2:** Unsecured loan of EURO 3,700,000 from European Investment Bank for on lending to the Company, approved as part of the Power II Project. Repayment is by 15 annual installments, which commenced May 31, 2000. The loan bears interest at 5% per annum. | **4,504** | 5,459 |
| **c. Loan No 14/OR-BZ:** Unsecured loan of US$12,706,210 from the Caribbean Development Bank for on lending to the Company, approved as part of the Power II Project. Repayment is by 60 quarterly installments of US$193,935 and CDN$39,318, which commenced February 5, 2000. The loan bears interest at 6.10% (2007 – 6.03%) per annum. | **12,948** | 13,468 |
| **(2) RBTT Merchant Bank Limited:** Loan facility granted on October 1, 2002 for US$14,031,358 to finance the Gas Turbine Generator Project. The loan is comprised of two tranches – Tranche A for US$9,003,087 repayable in 14 semi-annual installments commencing October 2003 at 5.75% interest per annum and Tranche B for US$5,028,271 repayable in 18 semi-annual installments commencing October 2003 at 8.15% per annum. The loan is secured by a debenture over the assets comprising the project. | **7,836** | 11,532 |
| **(3) Toronto-Dominion Bank:** Loan of US$5,435,671 guaranteed by the Export-Import Bank of the United States for the purchase of electricity distribution, substation and transmission equipment. The loan is repayable in 10 semi-annual installments commencing October 20, 2004. Interest is payable at 5.75% per annum. | **1,094** | 3,268 |

(In Belize thousands of dollars)

### 9. LONG - TERM DEBT (CONTINUED)

| | 2008 | 2007 |
|---|---|---|
| (4) **The Bank of Nova Scotia (Canada):** Loan of US$10,152,591 guaranteed by the Export-Import Bank of the United States for the upgrade/refurbishment of the existing electrical grid in Belize. Loan was fully drawn down in 2008. Repayment is by 14 equal semi-annual installments commencing February 25, 2008. The loan bears interest at the prevailing six-month LIBOR plus 0.50% margin per annum. | **$ 19,026** | $ 8,685 |
| (5) **Scotiabank & Trust (Cayman) Limited:** Unsecured, non-revolving term loan of US$3,000,000 for the financing of other cost related to the upgrade/refurbishment of the existing electrical grid in Belize. Repayment is by one bullet payment of principal at maturity on December 15, 2010 (subject to refinancing). The loan bears interest at the prevailing six-month LIBOR plus 5.0% margin per annum and is payable semi-annually. | **6,000** | 6,000 |
| | **56,138** | 54,259 |
| Less: Current installments | **(11,983)** | (10,014) |
| | **$ 44,155** | $ 44,245 |

The loans are repayable as follows:

| | |
|---|---|
| 2009 | **$ 11,983** |
| 2010 | **13,373** |
| 2011 | **5,936** |
| 2012 | **4,267** |
| 2013 | **3,680** |
| Subsequently | **16,899** |
| | **$ 56,138** |

Loan No. 7.0971/2 is denominated in Euro and a portion of CDB Loan No. 14/OR-BZ is denominated in Canadian Dollars. For the year 2008, $241,175 in foreign exchange gains ($898,542 foreign exchange loss - 2007) has been recorded based on periodic revaluations of the loans.

Interest and related charges on loans capitalized during the year ended December 31, 2008 relating to capital expansion projects amounted to $2,555,640 ($2,326,692 - 2007).

| **Finance Charges** | 2008 | 2007 |
|---|---|---|
| Interest — long-term debt | **$ 3,289** | $ 3,468 |
| Interest – other | **7,821** | 6,168 |
| Interest on CPRSA and other interest recoveries | **(1,660)** | (2,551) |
| Interest capitalized | **(2,556)** | (2,327) |
| | **$ 6,894** | $ 4,758 |

(In Belize thousands of dollars)

## 10. DEBENTURES

| | 2008 | 2007 |
|---|---|---|
| **Series I:** | **$ 16,989** | $ 16,992 |
| 12,401 unsecured debentures of $76 each and 160,465 unsecured debentures of $100 each (12,432 of $76 and 160,475 of $100 - 2007) to mature December 31, 2012 with interest payable quarterly at 12% per annum. | | |
| **Series II:** | **19,391** | 19,393 |
| 193,914 unsecured debentures of $100 each (193,924 - 2007) to mature March 31, 2021 with interest payable quarterly at 9.5% per annum. | | |
| **Series III:** | **24,985** | 24,985 |
| 249,852 unsecured debentures of $100 each (249,852 - 2007) to mature July 31, 2022 with interest payable quarterly at 10% per annum. | | |
| **Series IV:** | **8,205** | 5,459 |
| 82,046 unsecured debentures of $100 each (54,587 - 2007) to mature September 30, 2027 with interest payable quarterly at 10% per annum. | | |
| | **$ 69,570** | $ 66,829 |

The Series I debentures can be called by the Company at any time after June 30, 2003 until maturity by giving holders not more than 60 days or not less than 30 days written notice, and are repayable at the option of the holders at any time on or after June 30, 2002 by giving 12 months written notice to the Company. Redemption by agreement between the Company and the debenture holder at any time is also allowed.

The Series II debentures can be called by the Company at any time after April 30, 2008 until maturity by giving holders not more than 60 days or not less than 30 days written notice, and are repayable at the option of the holders at any time on or after April 30, 2008, after giving 12 months written notice to the Company. Redemption by agreement between the Company and the debenture holder at any time is also allowed.

The Series III debentures can be called by the Company at any time after August 31, 2009 until maturity by giving holders not more than 60 days or not less than 30 days written notice, and are repayable at the option of the holders at any time on or after August 31, 2009 after giving 12 months written notice to the Company. Redemption by agreement between the Company and the debenture holder at any time is also allowed.

The Series IV debentures can be called by the Company at any time after September 30, 2014 until maturity by giving holders not more than 60 days or not less than 30 days written notice, and are repayable at the option of the holders at any time on or after September 30, 2014 after giving 12 months written notice to the Company. Redemption by agreement between the Company and the debenture holder at any time is also allowed.

The Indentures to the debentures contain covenants, which must be complied with by the Company. In the event of a default as defined in the Indentures, the Company through the Fiscal Agent or via a Trustee appointed by the debenture holders may be required to purchase the debentures at their face value.

The issue of Series IV debentures was suspended in June 2008 as a result of the Company not meeting at the time an interest coverage ratio level required for the issuance of new debt. The debenture interest reinvestment plan, which allowed debenture holders to reinvest their interest on their debentures in additional debentures was also suspended during the second quarter of 2008.

(In Belize thousands of dollars)

## 11. SHARE CAPITAL

| | 2008 | 2007 |
|---|---|---|
| Ordinary shares: | | |
| Authorized 100,000,000 shares of $2.00 each | **$ 200,000** | $ 200,000 |
| Issued and fully paid 69,023,009 shares of $2.00 each | **$ 138,046** | $ 138,046 |
| Convertible redeemable preference shares: | | |
| Authorized 12,000,000 shares of $2.00 each | **$ 24,000** | $ 24,000 |

## 12. SPECIAL SHARE

Special rights redeemable preference share:

Authorized, issued and fully paid 1 share of $1.00.

Rights attached to the Special Share:

Income – The Special Share is not entitled to participate in any income distributed by the Company.

Voting – The holder of the Special Share is entitled to receive notice of, and to attend and speak at, any general meeting or any meeting of any class of shareholders of the Company, but the Special Share does not carry a right to vote or any other rights at any such meeting.

Redemption – The holder of the Special Share may require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate to the Company. Any redemption is subject to the provisions of the statutes and the Articles of the Company.

Capital – The Special Share confers on the holder thereof the right, on a winding-up or other return of capital but not on a redemption, to repayment in priority to any payment to the holders of Ordinary Shares and at least in parity with the holders of the Preference Shares and the holders of any other preference shares of the Company from time to time, of the amount paid up on the Special Share.

Purchase and transfer – Purchase and transfer - The Company shall not purchase, but may redeem the Special Share. The Special Share may be transferred only to a Minister of the Government of Belize or any person acting on the written authority of the Government of Belize.

Right to appoint Chairman – Article 4(B) of The Articles of Association of the Company states that "when determining the rights attaching to any shares, the shares held by the Government of Belize shall be deemed to include shares held by the Social Security Board or any other Public Statutory Corporation." The holder of the special share is entitled to appoint two directors to the Board of Directors of the Company, one of whom is to serve as the chairman at any time during which the holder of the special share is the holder of Ordinary shares amounting to 25% or more of the issued share capital of the Company.

## 13. CORPORATE TAX

The Company pays tax under the Income and Business Tax Act of Belize. Income tax is charged at the rate of 25% but is capped at 1.75% of gross revenues as of March 1, 2005.

(In Belize thousands of dollars)

## 14. (Loss) EARNINGS PER SHARE

| | **2008** | 2007 |
|---|---|---|
| Net (loss)/earnings applicable to shareholders | **$ (10,838)** | $ 29,864 |
| Shares outstanding (Weighted Average) | **69,023,009** | 69,023,009 |
| (Loss) Earnings per share | **$ (0.16)** | $ 0.43 |

## 15. CAPITAL CONTRIBUTIONS

Capital contributions include Government of Belize contributions towards rural electrification programs and other similar contributions.

| | **2008** | 2007 |
|---|---|---|
| Capital contributions brought forward | **$ 27,004** | $ 25,579 |
| Additions | **136** | 1,425 |
| Capital contributions carried forward | **27,140** | 27,004 |
| Amortization brought forward | **6,240** | 5,667 |
| Additions | **586** | 573 |
| Amortization carried forward | **6,826** | 6,240 |
| Capital contributions – net | **$ 20,314** | $ 20,764 |

## 16. COMMITMENTS AND CONTINGENCIES

**Compliance with Covenants** – The indenture to the debentures and other loan agreements contain numerous covenants that must be complied with by the Company. As at December 31, 2008, the Company was in compliance with these covenants except for Bank of Nova Scotia, IBRD, and Caribbean Development Bank debt service coverage ratio and return on net fixed assets financial loan covenants. The Company was also not in compliance with the times interest earned ratio applicable to debentures that only restricts the ability of the Company to enter into new debt.

As a result of the 2008 Annual Review Proceeding Final Decision issued by the Public Utilities Commission, the Company booked a $36.2 million provision against revenues which resulted in the Company not meeting certain financial ratio debt covenants as noted above. The Company has informed these lenders of this situation and requested a waiver where applicable. Until such time that this request is approved or the covenant brought onside, the Company is no longer in a position to enter into new indebtedness.

The insurance coverage of the Company's transmission and distribution assets was discontinued in 1994 due to a limitation in the availability and a significant increase in the cost of this insurance. In 1995, the Company approved a self-insurance plan for transmission and distribution assets for a total of $5,000,000 and earmarked $500,000 of retained earnings per annum to be set aside for this plan. As at December 31, 2004, $5,000,000 of retained earnings has been appropriated. The Company also has established a stand-by secured non-revolving line of credit of $5,000,000 that forms part of this self-insurance plan.

## 16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

**Legal Issues** – The Company is subject to various legal proceedings and claims that arise in the ordinary course of business operations. Management believes that the amount of liability, if any, from these actions would not have a material effect on the Company's financial position or results of operations.

**Rate Stabilization Account/Cost Receivable from (Payable to) Customers** – As a result of byelaws adopted by the PUC governing the determination of electricity tariffs, charges and quality of service standards, the Company is allowed to defer excess costs of fuel, power purchases, and diesel operating and maintenance expenses, plus interest on the account balances, to be recovered from or rebated to customers over four years.

An account known as the CPRSA was established to regulate the manner in which these excess costs of power and changes in the CPRSA are passed on to customers. The Cost of Power component in $/kWh was $0.253 to June 30, 2008 and $0.312 to December 31, 2008. Net excess Cost of Power and interest and other corrections ordered by the PUC in its 2008 tariff decision for the period January 1, 2008 to December 31, 2008 amounted to ($32,037,486), (2007 – $8,217,432), while a net $1,689,127, (2007 - $8,340,556) was recovered for the same period as allowed by the PUC. A new $3,000,000 threshold level was established for the CPRSA with effect from July 1, 2005 that allows for adjustments to the tariff once new deferrals to the CPRSA reach this level. Adjustments to the tariff as a result of a "Threshold Event" may include adjustments to the COP component of the tariff and additional CPRSA recovery surcharges.

Effective July 1, 2002, the PUC also approved a Hurricane Cost Rate Stabilization Account (HCRSA) to regulate the manner in which extraordinary expenses associated with hurricane damage and recovery are passed on to the customers. With effect from January 1, 2007 the HCRSA was amalgamated with the CPRSA.

The PUC regulates the recovery of the balance in the CPRSA. The PUC will address subsequent balances in future annual rate submissions or threshold events, and recovery will be dependent on future operational circumstances that cannot be determined at this time.

**PUC Tariff Setting Mechanism (Annual & Full Tariff Period Corrections)** – The Company's tariffs are approved by the PUC based on certain forecasts and assumptions with respect to cost of service, sales and quality of service. At the completion of annual and full tariff period reviews, BEL's rates are adjusted based on the latest forecasts and assumptions. These rate adjustments also incorporate corrections for differences between the actual results and the last set of assumptions/forecasts laid out in the last PUC rate order delivered. These corrections are referred to as Annual and Full Tariff Period Corrections. Decisions by the PUC are handed down by way of an order that follows an approved rate setting methodology, and until such order is delivered, BEL is not deemed to have acquired any asset or liability with respect to possible Annual and Full Tariff Period Corrections that the PUC may or may not implement.

The 2008 tariff decision included a $36.2 million negative correction to tariffs. This amount was booked in a Regulatory Account Payable that is amalgamated with other regulatory accounts and is being rebated over the July 2008 to June 2009 tariff period as prescribed by the PUC. In the 2008 tariff decision, the PUC also implemented an automatic adjustment mechanism (AAM) whereby adjustments to the cost of power component of the tariff could be required on a monthly basis depending on a comparison of the actual cost of power deferrals versus forecast cost of power deferrals as determined by the PUC. The Company is presently challenging the 2008 tariff decision and the Rate Setting Methodology it was based on. The negative correction provision is subject to change when the Court rulings are finalized.

## 16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Summary of Contractual Obligations:
(In Belize millions of dollars)

| | Total | 2009 | 2010 to 2013 |
|---|---|---|---|
| Long-term debt (LTD) | 125.7 | 12.0 | 113.7 |
| Operating leases (rent) | 0.3 | 0.1 | 0.2 |
| Purchase obligations – energy (BECOL) | 220.0 | 27.0 | 193.0 |
| Purchase obligations – energy (Hydro Maya) | 19.5 | 2.0 | 17.5 |
| Purchase obligations – energy (CFE) | 6.6 | 4.4 | 2.2 |
| Interest obligations on LTD and Capital leases | 95.0 | 10.0 | 85.0 |
| Total obligations | 467.1 | 55.5 | 411.6 |

## 17. FINANCIAL INSTRUMENTS

**Fair Value:** The carrying amounts of cash, receivables, trade, other payables and short-term debt at the balance sheet date represent best estimates of fair values because of the relative short-term maturities of these assets and liabilities. Long-term obligations were contracted at market terms. Due to the unavailability of a long-term market in the country current fair values of long-term obligations are not determinable.

**Credit Risk:** The Company has a large and diversified customer base, which minimizes the concentration of this risk. The Company's credit risk is concentrated as follows:

| | |
|---|---|
| Government of Belize | 14% |
| Residential customers | 49% |
| Commercial customers | 31% |
| Industrial customers | 6% |

## 18. SUBSEQUENT EVENTS

On February 6, 2009, the PUC amended the 2008 tariff decision. This resulted in a new average tariff for the second half of the Annual Tariff Period (ATP), January 1, 2009 to June 30, 2009. The decision reduced the average tariff to $0.375, a 15 per cent reduction in the average tariff. It included a reduction in the cost of power component of the tariff to $0.223 and an increase in the VAD component of the tariff to $0.158. The Company is currently challenging this PUC decision in light of the legal challenges noted above (See Note 16).

# Financial and Operating Statistics

| | Years Ended December 31 | | | | | | | | | Year Ended March 31 |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 2000 |
| **FINANCIAL STATISTICS** | | | | | | | | | | |
| (Belize thousands of dollars except as noted) | | | | | | | | | | |
| Energy Revenues | 140,577 | 159,607 | 149,577 | 120,540 | 105,512 | 101,420 | 96,017 | 90,799 | 81,451 | 73,796 |
| Net (Loss) Profit | (10,838) | 29,864 | 26,084 | 18,883 | 15,822 | 14,079 | 13,045 | 12,061 | 10,728 | 10,045 |
| Net Fixed Assets | 397,327 | 372,834 | 340,737 | 322,163 | 310,536 | 296,609 | 252,658 | 238,070 | 208,822 | 193,916 |
| Capital Expenditures | 41,652 | 47,119 | 32,046 | 25,203 | 25,512 | 53,964 | 29,095 | 39,029 | 29,754 | 16,703 |
| Total Assets | 435,257 | 429,738 | 408,953 | 373,673 | 346,472 | 338,120 | 297,518 | 276,954 | 244,428 | 224,327 |
| Long Term Debt | 44,155 | 44,245 | 49,593 | 75,276 | 89,576 | 107,465 | 88,394 | 88,406 | 56,463 | 56,273 |
| Debentures | 69,570 | 66,829 | 60,317 | 56,016 | 53,062 | 49,346 | 38,394 | 36,615 | 17,100 | 17,160 |
| Shareholders' Equity (excluding Contributed Capital) | 242,698 | 257,333 | 242,654 | 154,721 | 136,096 | 120,546 | 108,040 | 100,490 | 93,055 | 90,367 |
| **Performance Indicators** | | | | | | | | | | |
| Rate of Return on Net Fixed Assets | -1.1% | 10.3% | 10.5% | 9.6% | 8.3% | 8.8% | 9.1% | 9.5% | 9.4% | 10.7% |
| Rate of Return on Shareholders' Equity | -4.3% | 11.9% | 13.1% | 13.0% | 12.3% | 12.3% | 12.5% | 12.5% | 11.9% | 12.8% |
| (Loss) Earnings per share ($) | (0.16) | 0.43 | 0.48 | 0.59 | 0.53 | 0.50 | 0.47 | 0.44 | 0.39 | 0.45 |
| **OPERATING STATISTICS** | | | | | | | | | | |
| **Sales (MWh)** | | | | | | | | | | |
| Industrial & Commercial | 158,992 | 143,118 | 132,553 | 123,701 | 116,075 | 109,075 | 98,509 | 117,828 | 110,193 | 110,973 |
| Residential | 224,030 | 214,925 | 203,361 | 202,419 | 189,498 | 175,817 | 159,229 [1] | 119,144 | 102,832 | 84,010 |
| Street Lighting | 23,963 | 23,716 | 23,679 | 23,606 | 24,404 | 22,661 | 21,208 | 19,743 | 16,327 | 13,547 |
| **Total** | 406,985 | 381,759 | 359,593 | 349,726 | 329,977 | 307,553 | 278,946 | 256,715 | 229,352 | 208,530 |
| **Customer Accounts (numbers)** | | | | | | | | | | |
| Industrial & Commercial | 724 | 698 | 677 | 593 | 536 | 531 | 452 | 483 | 518 [1] | 7,855 |
| Residential | 73,492 | 71,992 | 70,279 | 68,041 | 65,544 | 62,544 | 59,362 | 56,599 | 52,632 | 43,892 |
| Street Lighting | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| **Total** | 74,217 | 72,691 | 70,957 | 68,635 | 66,081 | 63,076 | 59,815 | 57,083 | 53,151 | 51,748 |
| **Net Generation (MWh)** | | | | | | | | | | |
| Net Diesel Generation | 10,704 | 36,078 | 30,136 | 81,553 | 78,850 | 97,889 | 46,491 | 43,367 | 41,171 | 60,134 |
| Purchased Power - BECOL | 191,589 | 166,727 | 177,733 | 68,275 | 63,215 | 61,154 | 88,243 | 91,374 | 93,615 | 67,809 |
| Purchased Power - Hydro Maya | 12,898 | 10,676 | - | - | - | - | - | - | - | - |
| Purchased Power - CFE | 248,396 | 225,227 | 209,814 | 253,995 | 235,796 | 188,714 | 180,510 | 158,634 | 126,807 | 107,039 |
| **Total** | 463,587 | 438,708 | 417,683 | 403,823 | 377,861 | 347,757 | 315,244 | 293,375 | 261,593 | 234,982 |
| **Other** | | | | | | | | | | |
| Losses | 12.2% | 13.0% | 13.9% | 13.4% | 12.7% | 11.5% | 11.5% | 12.5% | 12.3% | 11.3% |
| Peak Demand (MW) | 74.3 | 70.0 | 66.6 | 63.5 | 61.1 | 57.4 | 53.7 | 49.3 | 44.5 | 42.8 |
| Installed Capacity (Diesel Plant) (MW) | 27.0 | 36.2 | 36.9 | 43.5 | 43.6 | 49.3 | 27.0 | 27.0 | 26.3 | 30.8 |
| Employees (number) | 261 | 260 | 243 | 244 | 248 | 242 | 237 | 244 | 296 | 379 |

[1] Adjusted to reflect reclassification of certain commercial customers to residential.
Certain comparative figures may have been reclassified to confirm with the current year's presentation.

## CORPORATE DIRECTORY/ INVESTOR INFORMATION

### BOARD OF DIRECTORS

| | |
|---|---|
| Rodwell Williams | *Chairman* |
| H. Stanley Marshall | *Deputy Chairman* |
| Frank Crothers | |
| Richard Hew | |
| Anthony Michael | |
| Dylan Reneau | |
| Yasin Shoman | |
| Karl Smith | |
| Lynn Young | |

### EXECUTIVE MANAGEMENT

| | |
|---|---|
| Lynn Young | *President and Chief Executive Officer* |
| Rene Blanco | *Vice President, Finance and Administration and Chief Financial Officer* |
| Curtis Eck | *Vice President, Customer Care and Operations* |
| Joseph Sukhnandan | *Vice President, Engineering and Energy Supply* |
| Juliet Estell | *Manager, Executive Services & Company Secretary* |

### CORPORATE ADDRESS

Belize Electricity Limited
2 ½ Miles Northern Highway
P.O. Box 327
Belize City, Belize
Central America

### FISCAL AGENT

Platinum Trust Corporation Limited
28 Regent Street
Belize City, Belize
Central America

### SHAREHOLDER SERVICES

For general information, shareholder publications, and other requests, please contact:
Manager, Executive Services and Company Secretary
Belize Electricity Limited
2 ½ Miles Northern Highway
P.O. Box 327
Belize City, Belize
Central America
Tel: 501-227-0954 (ext. 1104)
E-mail: Corporate@bel.com.bz

### DIRECT DEPOSIT

Shareholders may obtain automatic electronic deposit of dividends to their designated Belizean financial institution by contacting the Securities Officer at the Corporate Headquarters.