



A FORTIS COMPANY

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Independent Expert Recommends Adjustment in Electricity Rates to 47.7 cents per kWh to Address Rising Energy Cost

The Public Utilities Commission (PUC) today released the Independent Expert's Report, which reviewed the PUC's initial decision under the Annual Rate Review Proceeding (ARP). The Independent Expert, Jonathan Lesser Ph.D. of Bates White LLC, Washington D.C, recommends that the Mean Electricity Rate be increased to 47.7 cents per kilowatt hour (kWh).

The Independent Expert echoed BEL's concerns, pointing out that "whilst some of the findings made by the PUC may provide short-term rate relief to ratepayers, the longer term consequences of those findings, if enacted, are likely to exacerbate future rate increases and economic harm to those same ratepayers."

Tariff Component	PUC Initial Decision (\$/kWh)	Independent Expert's Recommendations (\$/kWh)
Cost of Power*	\$0.307	\$0.298
Value Added of Delivery	\$0.131	\$0.154
Cost of Power Rate Stabilization Account	\$0.004	\$0.025
Mean Electricity Rate	\$0.441	\$0.477

* *This is a direct pass through cost to customers*

SUMMARY OF REPORT

Rate of Return

The report states that setting BEL's Rate of Return below the risk-free rate for bonds issued by the Government of Belize does not allow the Company the opportunity to recover its financing costs. "A Rate of Return of 8.5% will clearly not be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit

and attract capital,” the report states. The report states that the target Rate of Return should be 12% as outlined in the 2008 Rate Setting Methodology.

Value Added Delivery

The report recommends the exclusion of construction work in progress and the undepreciated value of the Mollejon Transmission Line from BEL’s rate base, in line with the PUC’s initial decision.

Cost of Power

The report confirms that increasing oil prices have caused the cost of power to increase significantly since the rates from Mexico are indexed to oil prices. The report also confirms that BEL’s drawdown from the Chalillo Reservoir was in the best interest of consumers and recommends that the PUC allow all cost of power disallowed in the PUC’s initial decision.

Disallowance of Hurricane Cost

The report confirms that BEL’s treatment of its hurricane cost self-insurance program is appropriate and in line with industry practice and therefore recommends that the PUC allows all previously incurred hurricane recovery cost.

Social Rate

The report recommends that the social rate of \$0.26 per kWh remains the same.

The report states that the introduction of the 2008 Rate Setting Methodology, which implements rules that make retroactive adjustments to BEL’s results, does not confirm with Good Utility Practice and cautions that these new regulations “may adversely affect BEL’s financial stability.” These retroactive adjustments, in BEL’s opinion, were illegally applied against the Cost of Power Rate Stabilization Account.

“Since the ARP commenced on April 2, 2008, oil prices have increased over 40%, further driving up the cost of energy as well as the cost of many other goods and services,” said BEL’s President and Chief Executive Officer Lynn Young. “This is an international crisis which requires everyone to work together to try to minimize the impact on consumers who are being hit by significant increases in food and fuel prices. The report from the Independent Expert provides a critical and in-depth assessment of the relevant issues and makes some realistic recommendations such as the suggestion that rates should be adjusted quarterly to reduce the size of the adjustments needed and to ensure that the Company can meet its financial obligations.”

A full copy of the Independent Expert’s report can be accessed from BEL’s website at www.bel.com.bz and the PUC’s website at www.puc.bz. The PUC will announce its final decision on June 26, 2008 for implementation on July 1, 2008.

END