



A FORTIS COMPANY

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High World Oil Prices May Soon Trigger TERP – BEL Commits to Working with GOB in Addressing Crisis

“I must caution that if current oil price trends continue, it is very possible that we could have to increase rates again before the year is out.” BEL’s President and Chief Executive Officer Lynn Young.

Belize Electricity Limited (BEL) hosted its Annual General Meeting of Shareholders last night, during which BEL’s President and Chief Executive Officer Lynn Young informed meeting attendees that rising world oil prices continue to put a strain the Company’s operations.

Escalating world oil prices have driven average energy cost to 32.9 cents per kWh. This is 14.6 per cent greater than the amount BEL is requesting under the Annual Tariff Review Proceeding (ARP).

Young says that if BEL were applying for a rate increase today, the Company would be requesting a 23 per cent increase instead of the current 13.4 per cent increase under the ARP.

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Cost of Power (¢ per kWh)			
	<u>2000</u>	<u>2007</u>	<u>Increase</u>
BECOL	17.3 ¢	17.5 ¢	1%
Mexico (CFE)	12.2 ¢	21.1 ¢	73%
Diesel Generation	31.9 ¢	68.0 ¢	113%
World Oil Prices (per bbl)	US\$34	US\$96	182%

Cost of power from Mexico as of today is 40.8¢

“We continue to discuss this difficult situation with the Government and the Public Utilities Commission to try to find the best way to minimize the effects on consumers without jeopardizing the financial viability of BEL and the sustainability of our service,” says Young.

At the end of May, the balance in the Rate Stabilization Account (RSA) is expected to reach \$33 million and by the end of June approximately \$40 million.

Young adds that while the increase in the cost of power is beyond the Company’s control, much has been done to control other costs. Young refers to the latest benchmark study for similar sized utilities in the Caribbean which shows that despite having a very low customer density, the Company has excelled in having low overheads and high productivity.

In his presentation, Fortis’ President and Chief Executive Officer Stanley Marshall stated that from 2000 to 2007 there were also dramatic increases in prices for other materials used by the Company. Copper has increased by 265% and aluminum by 100%.

In addressing the cost of power issue, Marshall says a rate increase is necessary to ensure the Company has the cash to purchase power from Mexico in the coming months. “Without power from Mexico, BEL will be forced into rotating blackouts. Immediate action is required,” concluded Marshall.

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