



A FORTIS COMPANY

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BEL Objects to PUC's Initial Decision on its Tariff Application

Belize Electricity Limited (BEL) has officially objected to the Public Utilities Commission's (PUC) initial decision on its Tariff Application for the Annual Tariff Review Proceeding (ARP).

In its application, BEL at the request of the Government and after consultation with the Public Utilities Commission, proposed the removal of the \$10 service charge from residential customer bills and replacing it with a flat rate of \$5. The flat rate would only apply to residential customers whose consumption falls below \$5 for the month.

In addition to accommodating the Government's request, BEL, following discussions with the PUC, also applied for increases in the reconnection and disconnection fee and the recovery of damages for meter tampering. These requests were driven by the fact that the PUC has set targets and penalties for BEL to reduce power theft and increase the efficiency of its operations.

On May 2, 2007, the PUC issued its initial decision disapproving BEL's proposal. The Company has since submitted several grounds of objection to the Commission's decision, including the fact that the PUC acted illegally in reducing the Mean Electricity Rate (MER) and the Rate Stabilization Account (RSA) balances. The PUC did this based on a calculation methodology that wrongly adjusts variances in cost of power which has already been corrected for in the Annual Correction.

BEL is especially concerned that the PUC disallowed certain actual and forecast costs from Comisión Federal de Electricidad, when these extra costs were the result of the PUC refusing to approve a previous contract with CFE. The PUC made it a condition that they would not approve any other Power Purchase Agreements (PPA) unless BEL signed what in effect was a take or pay PPA with a would be supplier who planned to burn high sulphur fuel under conditions that would make that supplier the most expensive option. BEL refused to comply with the PUC's directives and took the matter to court.

A copy of BEL's objection in full is available on the Company's website at www.bel.com.bz.

With BEL's objection, the PUC must now appoint an independent expert to review the initial decision by May 22, 2007. The independent expert is to deliver his written report no later than 20 days after his appointment. The PUC will then make its final decision not more than 15 days after the submission of the independent expert's report for implementation on July 1, 2007.

END