



A FORTIS COMPANY

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BEL Rejects PUC's Allegation

Belize Electricity Limited (BEL) is disappointed with the rash actions of the Public Utilities Commission (PUC) as evidenced by the recent announcement that it intends to issue an Order against the Company.

BEL categorically rejects the PUC's allegation that the Company has contravened the conditions of its licence.

Background

As far back as 2005, BEL submitted a draft proposal to the PUC, whereby the Company would discontinue charging prospective customers for the installation of *one and two pole line extensions* to provide new service. This would be on the understanding that, as other customers are connected to the line extension, BEL would be allowed to recover such costs in the tariff at the then approved return of 12 per cent. That draft policy was never finalized nor approved by the PUC.

Current Situation

Now, BEL is experiencing severe financial difficulties and has had to require customers to pay the full cost of service installation upfront, with refunds to be provided, as other customers connect to the line extension.

On average, it costs \$3,600 to supply power to a residential customer who needs two poles installed. BEL spends approximately \$1.4 million per year on these installations. The average bill for a residential customer is currently \$100 per month, of which approximately \$93 is for cost of power and other services such as meter reading, billing and maintenance. The average bill for more than 7,000 residential customers on the social rate is \$7.50 per month and the cost of serving these customers is approximately \$20 per month.

BEL continues to experience serious cash flow challenges and in fact the Government of Belize has had to provide the Company with security to enable the Company to maintain power supply from Comision Federal de Electricidad in Mexico. Also pointing to BEL's financial problems, one of the Company's main bankers recently withdrew its credit facilities

from BEL, citing concerns about BEL's financial health. BEL is also in breach of several of its loan covenants and is prevented from raising capital and cannot finance its operations.

On PUC's Approach

Meeting the costs of power remains BEL's priority to avoid losing power supply.

The law requires the PUC to make decisions that balance the interest of both customers and the utility. BEL is deeply concerned that the PUC's actions have not demonstrated that required balance. BEL has publicly stated its willingness to work with the PUC to resolve these difficult challenges to ensure the health of the electricity supply and is disappointed that the PUC continues to pursue such a confrontational approach that will not ultimately benefit any of the stakeholders.

BEL is seeking to have the matter reviewed by the courts. In the meantime, the Company will continue to do its best under these difficult circumstances to maintain acceptable service to customers.

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