



BELIZE ELECTRICITY LIMITED

2 ½ Miles Philip Goldson Highway | P.O. Box 327
Belize City, Belize
Corporate: 501.227.0954 | Customer Care: 0.800.235.2273
Fax: 501.223.0891

December 27, 2013

BEL Statement on PUC Initial Decision on Amendment to Electricity Rates

On December 10, 2013, Belize Electricity Limited (BEL) applied for a 3 cents per kilowatt hour (kWh) reduction in electricity rates, to come into effect on January 1, 2014. The application was a result of an increase in hydroelectricity production in Belize and Mexico and subsequent reduction in the Cost of Power. The proposed rate reduction is intended to save customers approximately \$15 million in 2014.

On December 18, 2013, the Public Utilities Commission (PUC) announced its initial decision for a further 1 cent reduction in rates. BEL has reviewed the PUC's initial decision and has determined that, with the efficiencies achieved over the last two years, the Company can maintain quality service and supply to customers even with this additional \$5 million reduction in revenue.

The Company, however, has notified the PUC that whilst it has no objection to the intended Mean Electricity Rate (MER) of 44.65 cents, it is objecting to the proposed tariff basket, which would further erode BEL's operating margins. The projected revenue from PUC's proposed tariff basket is \$23.5 million below the revenue expected from the current MER. This would also significantly impact the Company's ability to finance its operations and the quality of service delivered to customers.

BEL remains committed to providing the lowest possible rates to customers; however, the Company must always ensure that these rates are sustainable.

In BEL's response to the PUC's initial decision, the Company reiterated that it remains open to continued consultation with the PUC regarding its position.

The Company takes this opportunity to extend Seasons' Greetings for a safe and enjoyable Holidays to all customers and the public.

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