



GOVERNMENT OF BERMUDA

Ministry of Economic Development
Bermuda Energy Commission

Our ref: EC/BEL-FAR03-15

March 6, 2015

By Mail and Email

Bermuda Electric Light Co. Ltd.
P.O. Box HM 1026
Hamilton HM DX
Attn: David Faries, VP Finance & Financial Controller

Re: Fuel Adjustment Rate Filing – March 1, 2015 to March 31, 2015

BACKGROUND

By way of Advisory Letter and supporting data submissions dated 17th February, 2015 from Bermuda Electric Light Co. Ltd. ("BELCO") requesting to increase the approved Fuel Adjustment Rate (FAR) from \$0.120 to \$0.125 and to decrease the Commercial Renewable System Excess Energy Rate (CRSEER) from \$0.1745 to \$0.1730 with the Energy Commission ("Commission"), the Commission acknowledges receipt of your correspondence.

The Commission reviewed the tariff filing which included all of the calculations, graphs, tables, charts, and commentary accompanying the submission regarding the Projected Over/Under Recovery of Fuel Costs account ("FAR account") as required by the FAR Minimum Filing Requirements (MFR) document.

The Commission reviewed the previous monthly fuel adjustment rate submissions made by BELCO.

The Commission did examine this tariff filing's cover letter commentary from BELCO.

The Commission's deliberations were conducted in accordance with Section 13(2 & 3) of the Energy Act 2009.

FINDING/REASONING

It is noted that BELCO's submission was fully compliant with the FAR Minimum Filing Requirements (MFR) document.

Corner House, 4th Floor, 20 Parliament Street, Hamilton HM 12, Bermuda
PO Box HM 101, Hamilton HM AX, Bermuda
Phone: 1 (441) 202-4595 FAX: 1 (441) 292-1462 Email: energy@gov.bm Website: www.energy.gov.bm



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The Commission continues to find at this time that the FAR mechanism is in the public interest by way of facilitating “smooth” fluctuations of fuel prices above the \$30.00 per barrel cost that is embedded in BELCO’s base rates.

The Commission reasons that the FAR account is projected to be in an under recovery position at the end of March 2015.

The inclusion of the fuel full cost recovery projections for March 2015 and April 2015 were duly noted.

DIRECTION

The Commission thereby approves the request to increase the FAR to 12.5 cents and decrease CRSEER to 17.3 cents effective March 1, 2015 subject to the following conditions:-

1. A prominent message will accompany BELCO’s billings (paper and email) for the month of informing its Customers that the Fuel Adjustment Rate and the Commercial Renewable System Excess Energy Rate have been approved at 12.5 and 17.3 cents kilowatt-hour respectively.
2. The Commission directs that BELCO give more attention to the variability of its projections going forward with a view to minimizing the fluctuations as noted in its recent submissions. In addition, in the best interest of all stakeholders the Commission suggests that BELCO take full advantage of the benefits presented by the current lower oil prices as much as practically possible.
3. The Commission directs that the FAR will revert to 10.0 cents and the CRSEER will remain at 17.3 cents per Kilowatt-hour effective March 1, 2015 should a new tariff filing not be received before the close of business on March 31, 2015.
4. The Commission provides its approval of the \$0.125 and \$0.173 rates for March (the “approved FAR” and “approved CRSEER”) on the condition that BELCO:
 - a. Continues to fully fulfill the requirements of the Far MFR document and submits all information in accordance with the document;
 - b. Is required to notify the Commission in writing of its intention every month after such approval has been given to retain the approved FAR.
5. Upon written notice made by BELCO to the Commission for approval to retain the approved FAR and CRSEER for the next month, the Commission shall if satisfied; confirm in writing to BELCO that such rate:

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- i. is approved to be retained; or
 - ii. is required to be varied; and may impose any term or condition required in connection therewith.
6. The Commission shall have regard to the matters set out under section 13 (2) of the Energy Act 2009 (the "Act") in relation to any notice made by BELCO prior to issuing any of the foregoing approvals.
7. BELCO shall continue to notify the Commission in accordance with Section 12 of the Act in relation to any approval for variation of the price or charge for a specified commodity or in relation to any published schedule of prices or charges for that commodity, which shall be submitted in accordance with the Commission's FAR Minimum Filing Requirements (MFR) document.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Michael Leverock'.

E. Michael Leverock
Energy Commission Chairman