



GOVERNMENT OF BERMUDA  
Ministry of Economic Development

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**Energy Commission**

Our ref: EC/BEL-FAR1016

September 26, 2016

**By 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 – October 1, 2016 to October 31, 2016**

**BACKGROUND**

By way of Advisory Letter and supporting data submissions dated September 12, 2016 from Bermuda Electric Light Co. Ltd. ("BELCO") requesting to decrease the approved Fuel Adjustment Rate (FAR) from \$0.1050 to \$0.1020 and to decrease the Commercial Renewable System Excess Energy Rate (CRSEER) from \$0.1548 to \$0.1505 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.

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 a marginal over recovery position at the end of October 2016 in respect of the proposed rate decrease, and notes the under recovery position projected at the end of September as well.

The inclusion of the fuel full cost recovery projections for October 2016 and November 2016 were duly noted.

## **DIRECTION**

The Commission thereby does approve the request to decrease the FAR to 10.20 cents, and the request to decrease the CRSEER to 15.05 cents effective October 1, 2016 subject to the following conditions:-

1. A prominent message will accompany BELCO's billings (paper and email) for the months of informing its Customers that the Fuel Adjustment Rate and the Commercial Renewable System Excess Energy Rate have been approved at 10.20 cents and 15.05 cents kilowatt-hour respectively for the month of October 2016.
2. The Commission directs that the FAR will revert to 9.00 cents and the CRSEER will remain at 15.05 cents per Kilowatt-hour effective November 1, 2016 should a new tariff filing not be received before the close of business on October 31, 2016.
3. The Commission provides its approval of the \$0.1020 and \$0.1505 rates for October (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.
4. 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:
  - i. is approved to be retained; or
  - ii. is required to be varied; and may impose any term or condition required in connection therewith.
5. 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.
6. 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,



E. Michael Leverock  
Energy Commission Chairman