



GOVERNMENT OF BERMUDA

Ministry of Economic Development
Bermuda Energy Commission

Our ref: EC/BEL-FAR0316

February 22, 2016

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, 2016 to March 31, 2016

BACKGROUND

By way of Advisory Letter and supporting data submissions dated February 8, 2016 from Bermuda Electric Light Co. Ltd. ("BELCO") requesting to decrease the approved Fuel Adjustment Rate (FAR) from \$0.10 to \$0.0975 and to increase the Commercial Renewable System Excess Energy Rate (CRSEER) from \$0.1483 to \$0.1486 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.



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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 February 2016.

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

DIRECTION

The Commission thereby does approve the request to decrease the FAR to 9.75 cents and increase the CRSEER to 14.86 cents effective March 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 9.75 and 14.86 cents kilowatt-hour respectively for the month of March 2016.
2. The Commission directs that the FAR will revert to 8.50 cents and the CRSEER will remain at 14.86 cents per Kilowatt-hour effective March 1, 2016 should a new tariff filing not be received before the close of business on March 31, 2016.
3. The Commission provides its approval of the \$0.0975 and \$0.1486 rates for February (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.

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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.
7. BELCO is not required to make a FAR filing for the month of December as rates have been approved by the Commission as indicated in this directive.

Sincerely,

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

E. Michael Leverock
Energy Commission Chairman