

August 13, 2018

Regulatory Authority of Bermuda
Craig Appin House, 1st Floor
8 Wesley Street
Hamilton HM 11

Attention: Mr. Aaron Smith, Chief Executive

TARIFF FILING

Dear Sirs,

This is to advise you that we wish to make the following changes to the fuel adjustment rate ("FAR"):

Increase from the existing rate of 12.90 cents per kilowatt-hour sold for August 2018 to 13.50 cents per kilowatt-hour sold for September 2018.

Our current submission is provided using the minimum filing report (MFR) format established by the former Energy Commission. Please note the Commercial Renewable System Excess Energy Rate (CRSEER) representing the rate BELCO would pay commercial owners for excess energy generated but not consumed and exported to BELCO no longer used has been calculated and included in our August 2018 FAR MFR submission as directed per Regulatory Authority letter dated 18 April 2017.

The actual fuel adjustment cost recovery position as at 31st July 2018 was \$154,683 under recovered as compared to the \$161,832 over recovery position projected in our last filing. The \$316,515 unfavorable variance is due to:

- The total actual barrels of fuel consumed in July were 730 barrels lower than projected, resulting in a positive impact on the recovery position of \$63,995;
- Net price variance positively impacted the recovery position by \$1,510; and
- Actual July electric sales were 2,804,015 KWH's lower than projected. This variance resulted in a net negative impact on the fuel recovery position of \$382,020. This decrease is attributed to cooler average temperature experienced in July 2018 as compared to the prior two years used to forecast KWH sales.

The logo for BELCO, featuring the word "BELCO" in white capital letters on a green and blue geometric background.

441 295 5111

P.O. BOX HM 1026
HAMILTON, HM DX
BERMUDA

27 SERPENTINE RD
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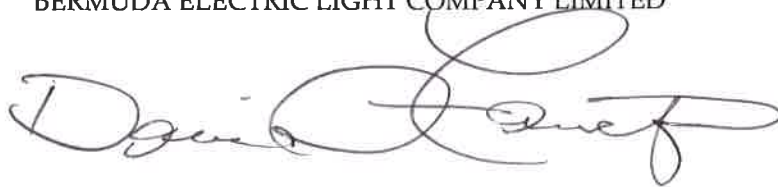
BELCO.BM

Our detailed working paper supporting this analysis has been included in the MFR (please refer to Page 17 "FAR Recovery Variance Analysis") as requested per the Authority's email dated 25 January 2017.

Should you have any questions concerning the above, please do not hesitate to contact us.

Yours sincerely,

BERMUDA ELECTRIC LIGHT COMPANY LIMITED



David Faries, CPA, CA, JP
Vice President, Finance & Group Controller

441.295.5111

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BELCO



Bermuda Electric Light Company Limited

Fuel Adjustment Submission

FOR PUBLIC DISCLOSURE

September 2018

This submission is filed by Bermuda Electric Light Company Limited (“BELCO”) with the Regulatory Authority of Bermuda (the “Authority”) using the minimum filing requirements (“MFR”) format established by the Energy Commission in its directive letter sent to BELCO dated December 30, 2013.

In accordance with Section 33 of the Regulatory Authority Act 2011, BELCO claims confidentiality over certain information provided to the Authority. That information is therefore excluded from the redacted version of this filing on the grounds that disclosure of the information would have, or could reasonably be expected to have, an adverse effect on BELCO’s commercial interests

Fuel Adjustment Submission

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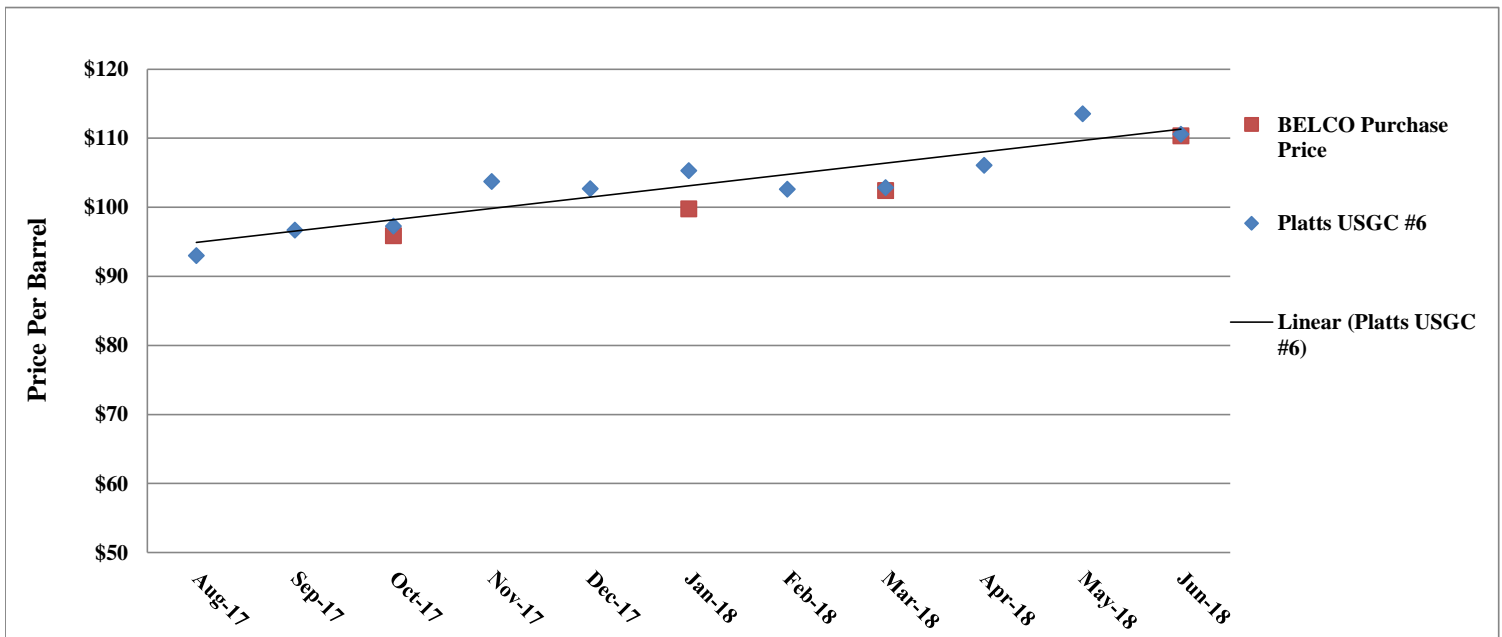


Heavy Fuel Oil Purchased

Versus

Platt's U.S. Gulf Coast Waterborne mid-No. 6, 3% Sulfur Heavy Fuel Oil

Previous Twelve Months

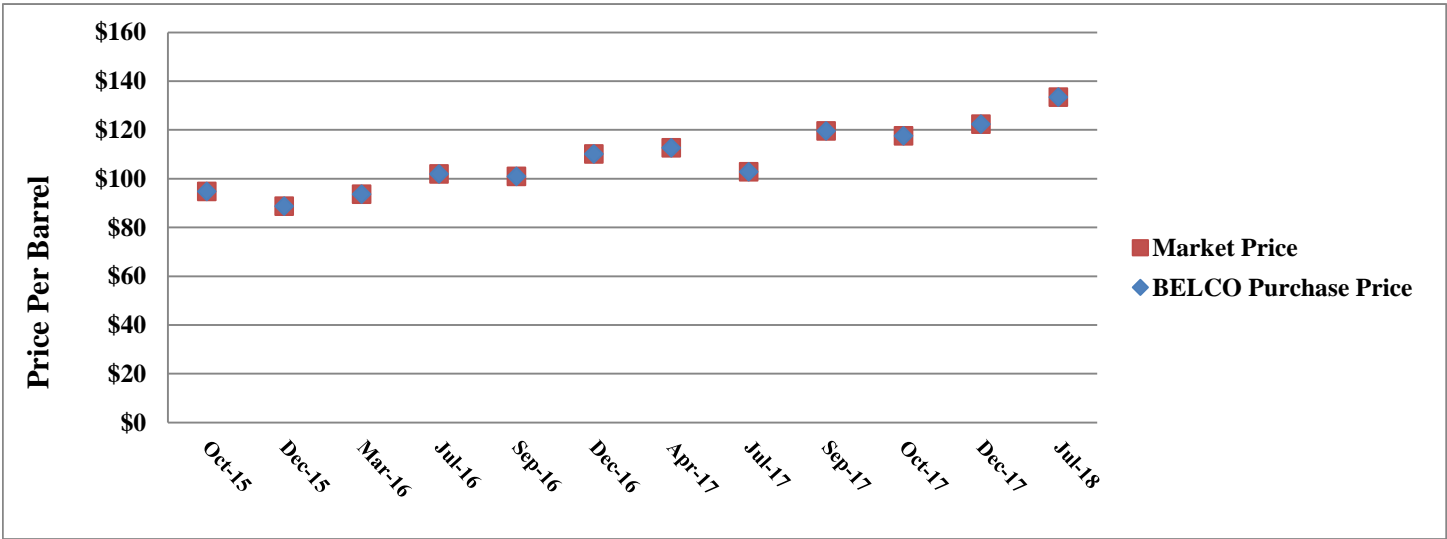


N.B. In accordance with the Fuel Supply Agreement for Platt's U.S. Gulf Coast Waterborne mid-No. 6, 3% Sulfur Heavy Fuel Oil between BELCO and Shell Western Trading Limited, the contracted price is stipulated as the 30-day average for Platt's U.S. Gulf Coast Waterborne mid-No. 6, 3% Sulfur Heavy Fuel Oil.



Diesel Fuel Oil Purchased

Previous Twelve Shipments



N.B. In accordance with the Fuel Supply Agreement for No. 2 Diesel Oil between BELCO and Coral Petroleum Company Limited, the contracted price is stipulated as the Platt's U.S. Gulf Coast Waterborne mid Ultra Low Sulfur Diesel, 3-day average center Bill of Lading Date which is the date the fuel is loaded on to the vessel. As BELCO does not enter into forward contracts for the supply of diesel fuel, the price BELCO pays is equal to the Platt's price.

BELCO

Heavy Fuel Oil Inventory Activity

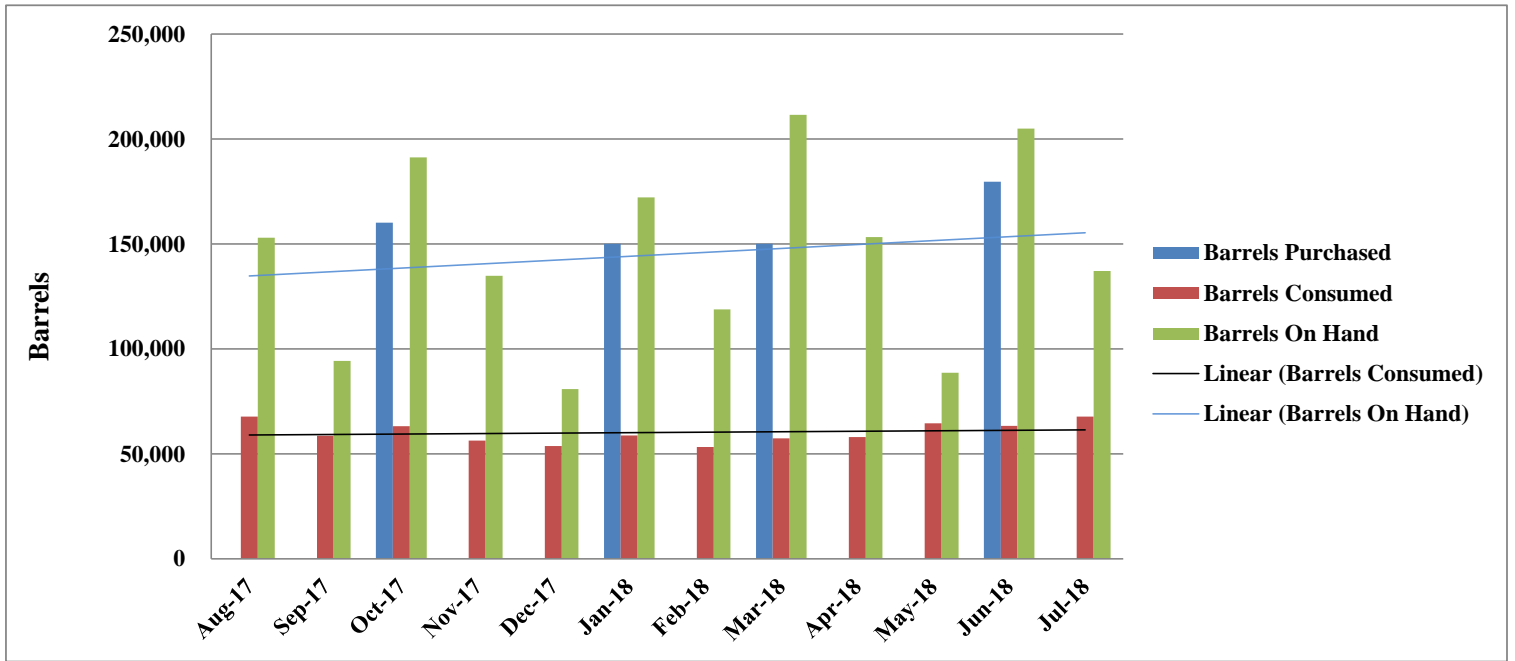
Previous Twelve Months

<u>Date</u>	<u>Barrels Purchased</u>	<u>Barrels Consumed</u>	<u>Barrels On Hand</u>
August, 2017	-	67,834.00	152,963.80
September, 2017	-	58,670.00	94,293.80
October, 2017	160,225.96	63,314.00	191,205.76
November, 2017	-	56,357.00	134,848.76
December, 2017	-	53,872.50	80,976.26
January, 2018	150,085.77	58,870.00	172,192.03
February, 2018	-	53,291.00	118,901.03
March, 2018	150,091.50	57,494.00	211,498.53
April, 2018	-	58,121.00	153,377.53
May, 2018	-	64,615.00	88,762.53
June, 2018	179,633.98	63,386.00	205,010.51
July, 2018	-	67,766.00	137,244.51



Graph of Heavy Fuel Oil Inventory Activity

Previous Twelve Months





Diesel Fuel Oil Inventory Activity

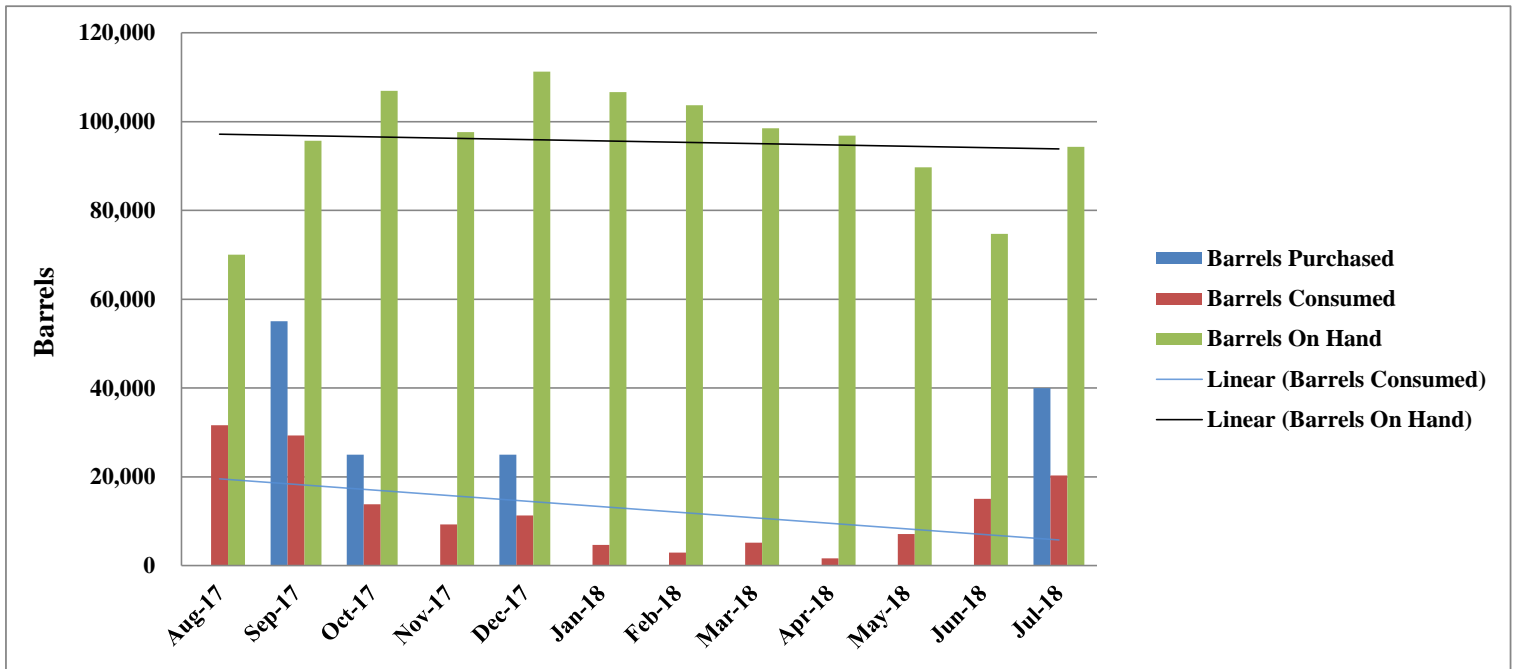
Previous Twelve Months

<u>Date</u>	<u>Barrels Purchased</u>	<u>Barrels Consumed</u>	<u>Barrels On Hand</u>
August, 2017	-	31,613.35	70,033.39
September, 2017	55,047.45	29,352.15	95,728.69
October, 2017	25,022.67	13,840.55	106,910.81
November, 2017	-	9,292.15	97,618.66
December, 2017	24,991.00	11,332.18	111,277.48
January, 2018	-	4,642.56	106,634.92
February, 2018	-	2,951.47	103,683.45
March, 2018	-	5,150.31	98,533.14
April, 2018	-	1,650.35	96,882.79
May, 2018	-	7,154.97	89,727.82
June, 2018	-	15,027.01	74,700.81
July, 2018	39,967.59	20,336.75	94,331.65



Graph of Diesel Fuel Oil Inventory Activity

Previous Twelve Months





Heavy Fuel Oil Costs Per Shipment

In accordance with Part 4, Paragraph 26A Clause (1)(c)(i) of the Bermuda Energy Act 2009, certain information provided to the Bermuda Energy Commission has been designated as confidential on the grounds that it could result in material financial loss or gain to any person and therefore has been excluded.

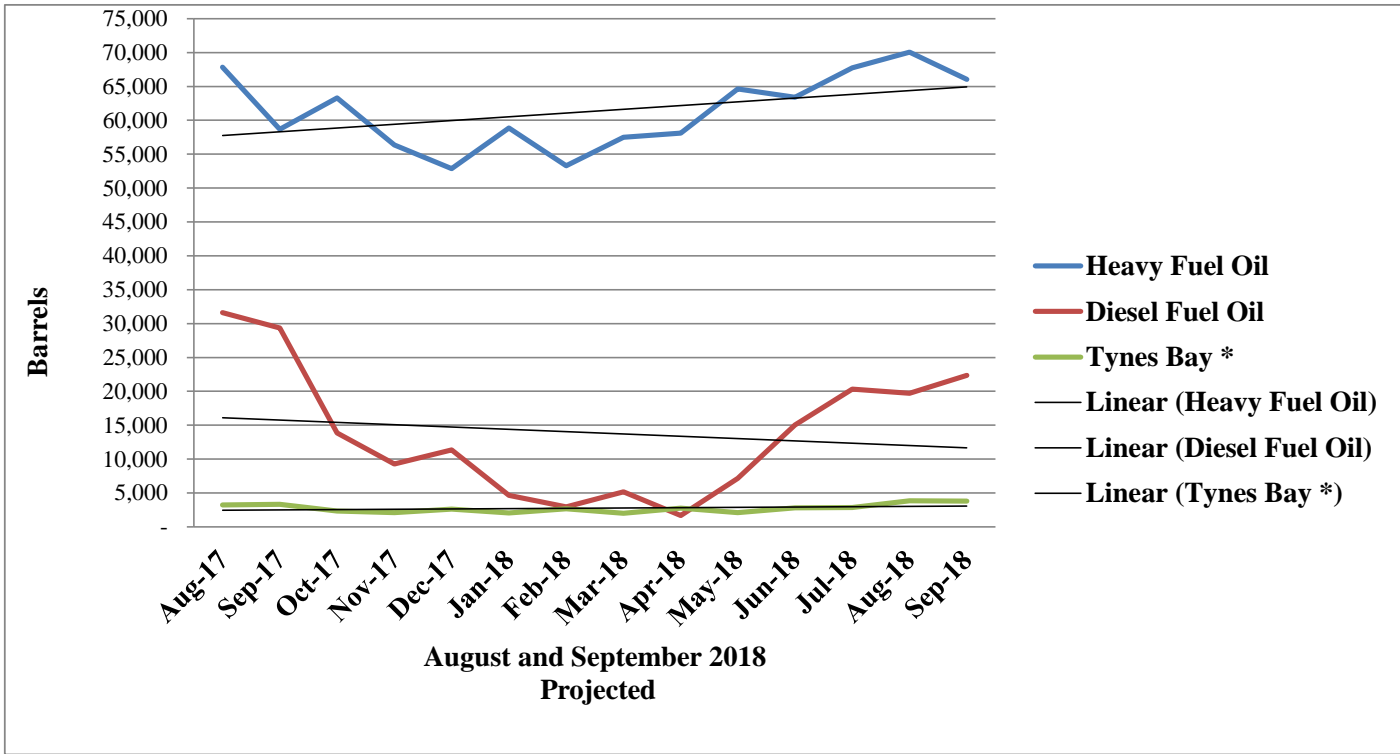


Diesel Fuel Oil Costs Per Shipment

In accordance with Part 4, Paragraph 26A Clause (1)(c)(i) of the Bermuda Energy Act 2009, certain information provided to the Bermuda Energy Commission has been designated as confidential on the grounds that it could result in material financial loss or gain to any person and therefore has been excluded.



Barrels of Fuel Consumed
Previous Twelve Months
Plus Two Month Forward Projection



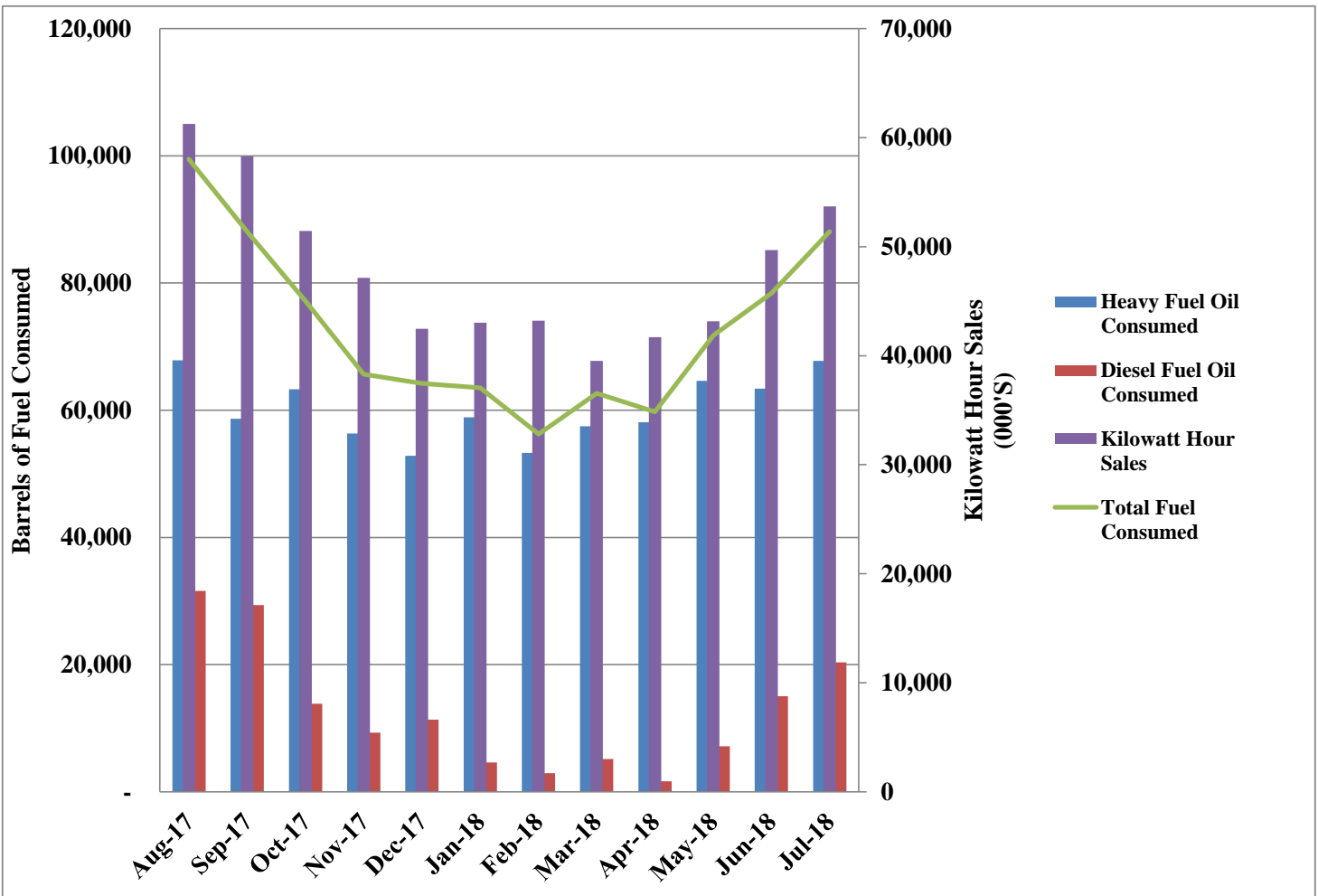
* BELCO calculates an efficiency rating for its generators on a monthly basis. This is calculated as the estimated kilowatt hours that will be generated that month divided by the estimated number of barrels of fuel that will be used. Therefore, the equivalent barrels of fuel is calculated for Tynes Bay as the amount of kilowatt hours delivered by Tynes Bay to BELCO divided by this budgeted efficiency rating.



Fuel Consumption

Versus

Kilowatt Hour Sales

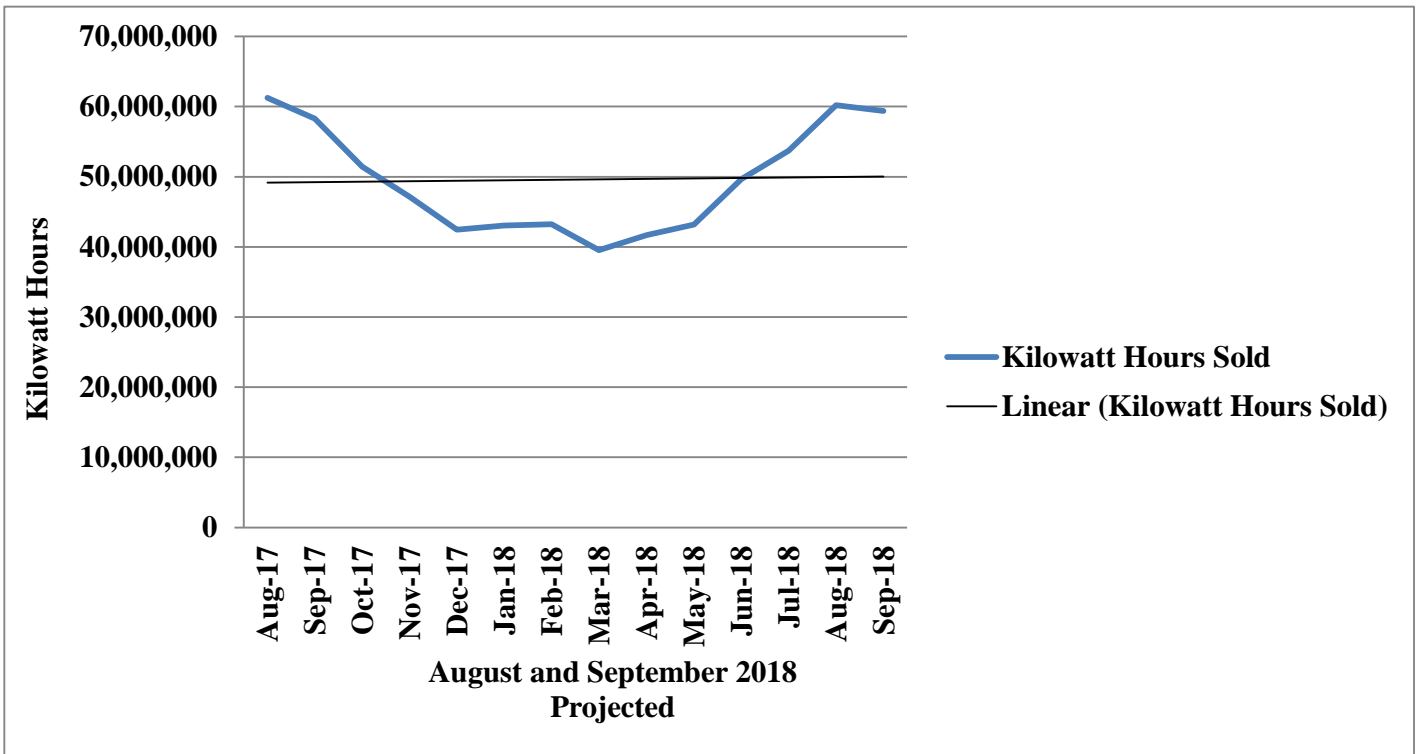




Kilowatt Hour Sales

Previous Twelve Months

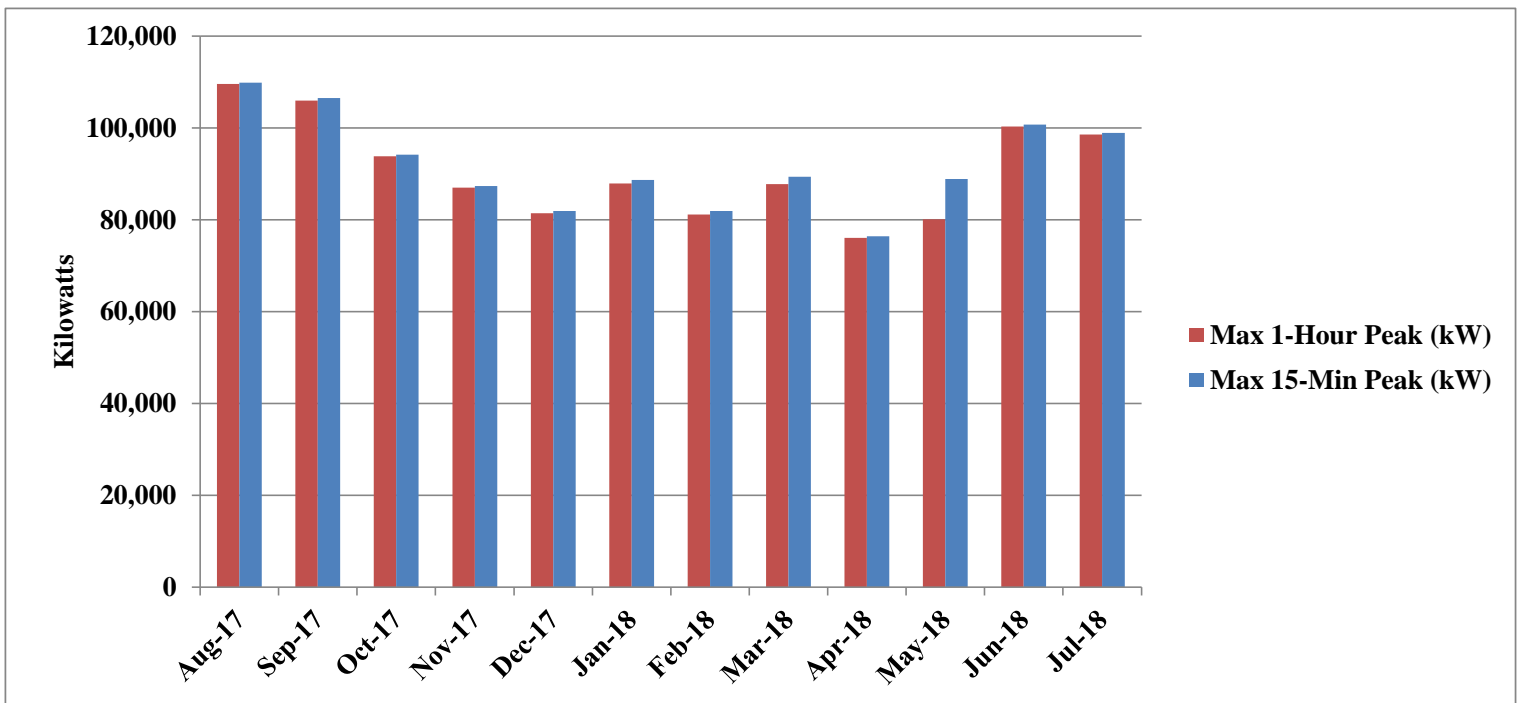
Plus Two Month Forward Projection





Maximum 15-Minute & Hourly Peak Kilowatt Hour Demand

Previous Twelve Months

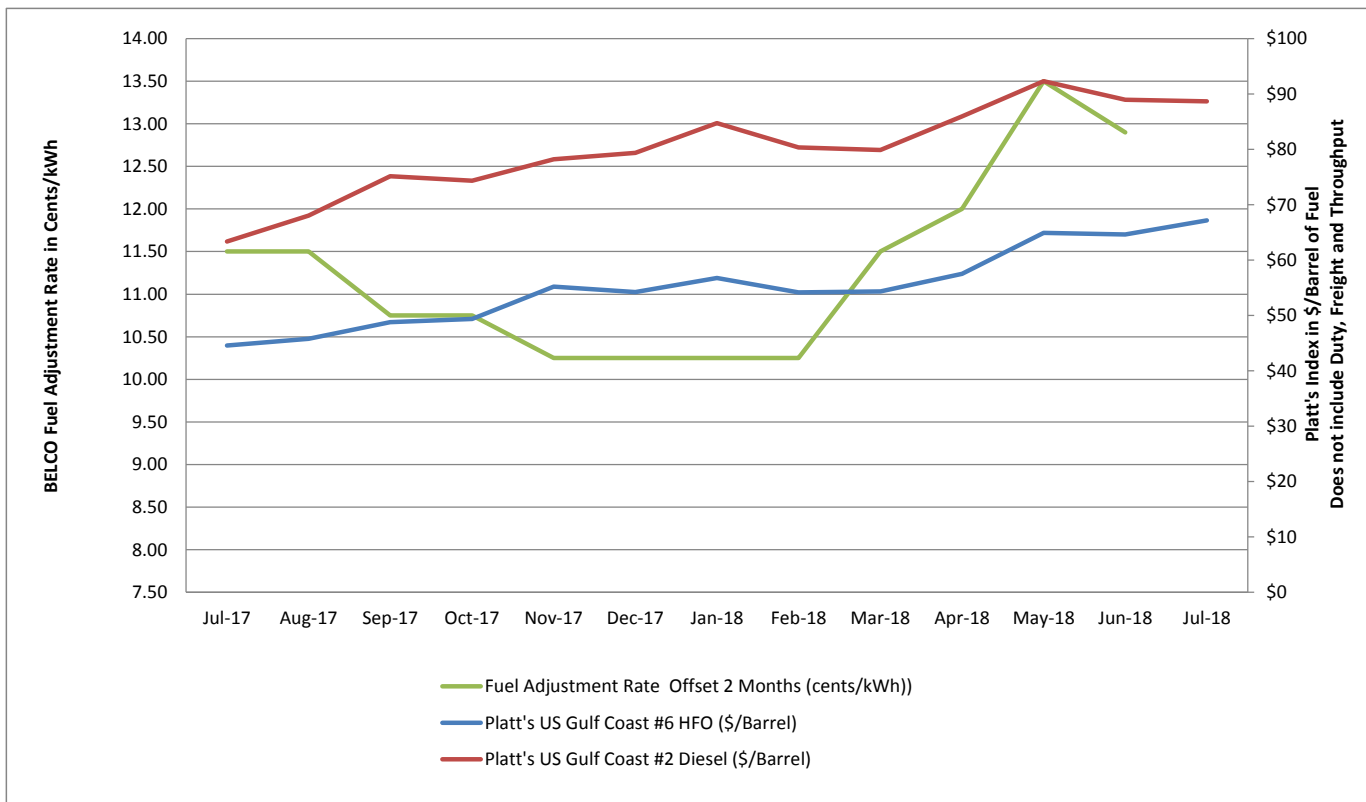




Fuel Adjustment Rate

Versus

Platt's Indices for Heavy and Diesel Fuel Oils



BELCO

Fuel Adjustment Over / (Under) Recovery

For the Month Ended 31 July 2018

	\$	\$	\$
Opening Balance at 1 July 2018			(16,694)
 <u>Fuel Consumption</u>			
Diesel - 20,336.75 @ \$119.58000	2,431,869		
Less: Fuel Consumption @ \$30/bbl	<u>(610,103)</u>	1,821,766	
Heavy -25,376.53 bbls @ \$104.1037	2,641,791		
Heavy -42,389.47 bbls @ \$110.3247	4,676,606		
Less: Fuel Consumption @ \$30/bbl	<u>(2,032,980)</u>	5,285,417	
Tynes Bay - 1,961,672 kWh @ \$0.185	362,909		
Less: (1,961,672 kWh /683.5)2,870.04 bbls @ \$30/bbl	<u>(86,101)</u>	276,808	
		7,383,991	
Deduct: Fuel Adjustment Revenue		<u>7,246,003</u>	
July over / (under) recovery			(137,988)
Ending Balance at 31 July 2018			<u>(154,683)</u>



Fuel Adjustment Over / (Under) Cost Recovery Variance Analysis

For the Month Ended 31 July 2018

Cost Analysis:

Projections:

	Diesel	Heavy	Tynes Bay	Total
Barrels	19,504	68,425	3,774	91,703
Total Fuel Adjustment Cost	\$ 1,747,168	\$ 5,338,350	\$ 363,978	\$ 7,449,497
Fuel Adjustment Cost / Barrel	\$ 89.58	\$ 78.02	\$ 96.44	\$ 81.24

Actual:

Barrels	20,337	67,766	2,870	90,973
Total Fuel Cost	\$ 2,431,868	\$ 7,318,393	\$ 362,909	\$ 10,113,171
Total Fuel Adjustment Cost	\$ 1,821,765	\$ 5,285,413	\$ 276,808	\$ 7,383,987
Fuel Adjustment Cost / Barrel	\$ 89.58	\$ 78.00	\$ 96.45	\$ 81.17

Sales Analysis:

FAR (cents/kwh)

13.50 Requested

13.50 Approved

Fuel Adjustment Sales

Projected:
Actual:
Variance
% Variance

Total KWH Sales	Total \$ Sales
56,503,874	\$ 7,628,023
53,699,859	\$ 7,246,003
(2,804,015)	\$ (382,020)
-4.96%	-5.01%

Summary - projected vs. actual variances:

	Diesel	HFO	Tynes Bay	Total (Rounded)
Quantity (Barrels):	(833)	659	904	730
Costs:				
Price variance	\$ -	\$ 1,521	\$ (11)	\$ 1,510
Quantity variance	\$ (74,600)	\$ 51,414	\$ 87,181	\$ 63,995
Total variance	\$ (74,600)	\$ 52,935	\$ 87,170	\$ 65,505
Sales:				\$ (382,020)
Total projected vs. actual variance (June 2018)				\$ (316,515)

Fuel Adjustment Over / (Under) Cost Recovery (General Ledger Account 24205)	Projected \$	Actual \$
Opening Balance at 1 July 2018	(16,694)	(16,694)
Projected change in over / (under) recovery position	178,526	178,526
Variance (Actual vs. Projected) - see above		(316,515)
Actual change in over / (under) recovery position	178,526	(137,989)
Ending Balance at 31 July 2018	161,832	(154,683)



Fuel Consumption Projections

Forward Three Months

Shipment Date	Type	Hedged	Amount (Barrels)	Total Cost/Barrel*	FADJ (less \$30/bbl)
June 2018	Heavy	No	137,244.51	110.3247	80.3247
September 2018	Heavy	No	180,000.00	113.9000	83.9000
September 2017	Diesel	No	4,350.39	119.5800	89.5800
October 2017	Diesel	No	25,022.67	117.8308	87.8308
December 2017	Diesel	No	24,991.00	122.3334	92.3334
July 2018	Diesel	No	39,967.59	133.7894	103.7894

*September shipment estimated



Fuel Adjustment Over/(Under) Recovery Projections

At Existing Fuel Adjustment Rate

Three Months Forward

Over (Under) Recovery account as at end of previous month:						\$ (154,683)
Projected kWh Sales - August 2018	60,204,300		FADJ	12.90		\$ 7,766,355
Projected fuel consumed		Shipment Date	Barrels	FADJ Cost/Barrel	Total Cost	
	Diesel	September 2017	4,350	\$ (89.58)	\$ (389,707.94)	
	Diesel	October 2017	15,344	\$ (87.83)	\$ (1,347,641.54)	
	Heavy	June 2018	70,036	\$ (80.32)	\$ (5,625,620.69)	
	Tynes Bay	N/A	3,824	\$ (94.77)	\$ (362,454.30)	
	Total Barrels		93,554			40,930
Projected Over (Under) Recovery account as at end of this month:						(113,753)
Projected kWh Sales - September 2018	59,387,701		FADJ	12.90		\$ 7,661,013
Projected fuel consumed		Shipment Date	Barrels	FADJ Cost/Barrel	Total Cost	
	Diesel	October 2017	9,679	\$ (87.83)	\$ (850,119.58)	
	Diesel	December 2017	12,681	\$ (92.33)	\$ (1,170,873.84)	
	Heavy	June 2018	66,029	\$ (80.32)	\$ (5,303,759.62)	
	Tynes Bay	N/A	3,780	\$ (96.23)	\$ (363,781.20)	
	Total Barrels		92,169			(27,521)
Projected Over (Under) Recovery account as at end of this month:						(141,274)
Projected kWh Sales - October 2018	51,270,581		FADJ	12.90		\$ 6,613,905
Projected fuel consumed		Shipment Date	Barrels	FADJ Cost/Barrel	Total Cost	
	Diesel	December 2017	12,310	\$ (92.33)	\$ (1,136,629.25)	
	Diesel	July 2018	3,318	\$ (103.79)	\$ (344,367.00)	
	Heavy	June 2018	1,180	\$ (80.32)	\$ (94,743.79)	
	Heavy	September 2018	63,835	\$ (83.90)	\$ (5,355,797.61)	
	Tynes Bay	N/A	3,802	\$ (95.52)	\$ (363,142.50)	
	Total Barrels		84,445			(680,775)
Projected Over (Under) Recovery account as at end of this month:						(822,049)



Fuel Adjustment Over/(Under) Recovery Projections

At Requested Fuel Adjustment Rate

Three Months Forward

Over (Under) Recovery account as at end of previous month:						\$ (154,683)
Projected kWh Sales - August 2018	60,204,300		FADJ	12.90		\$ 7,766,355
Projected fuel consumed		Shipment Date	Barrels	FADJ Cost/Barrel	Total Cost	
	Diesel	September 2017	4,350	\$ (89.58)	\$ (389,707.94)	
	Diesel	October 2017	15,344	\$ (87.83)	\$ (1,347,641.54)	
	Heavy	June 2018	70,036	\$ (80.32)	\$ (5,625,620.69)	
	Tynes Bay	N/A	3,824	\$ (94.77)	\$ (362,454.30)	
	Total Barrels		93,554			40,930
Projected Over (Under) Recovery account as at end of this month:						(113,753)
Projected kWh Sales - September 2018	59,387,701		FADJ	13.50		\$ 8,017,340
Projected fuel consumed		Shipment Date	Barrels	FADJ Cost/Barrel	Total Cost	
	Diesel	October 2017	9,679	\$ (87.83)	\$ (850,119.58)	
	Diesel	December 2017	12,681	\$ (92.33)	\$ (1,170,873.84)	
	Heavy	June 2018	66,029	\$ (80.32)	\$ (5,303,759.62)	
	Tynes Bay	N/A	3,780	\$ (96.23)	\$ (363,781.20)	
	Total Barrels		92,169			328,805
Projected Over (Under) Recovery account as at end of this month:						215,053
Projected kWh Sales - October 2018	51,270,581		FADJ	13.80		\$ 7,075,340
Projected fuel consumed		Shipment Date	Barrels	FADJ Cost/Barrel	Total Cost	
	Diesel	December 2017	12,310	\$ (92.33)	\$ (1,136,629.25)	
	Diesel	July 2018	3,318	\$ (103.79)	\$ (344,367.00)	
	Heavy	June 2018	1,180	\$ (80.32)	\$ (94,743.79)	
	Heavy	September 2018	63,835	\$ (83.90)	\$ (5,355,797.61)	
	Tynes Bay	N/A	3,802	\$ (95.52)	\$ (363,142.50)	
	Total Barrels		84,445			(219,340)
Projected Over (Under) Recovery account as at end of this month:						(4,287)



Commercial Renewable System Excess Energy Rate ("CRSEER")

At Requested Fuel Adjustment Rate - Full Cost

Projected Over (Under) Recovery account as at end of August:						\$ (113,753)
Projected kWh Sales - September 2018	59,387,701		CRSEER	18.16		\$ 10,784,806
Projected fuel consumed		Shipment Date	Barrels	FADJ Cost/Barrel	Total Cost	
	Diesel	October 2017	9,679	\$ (117.83)	\$ (1,140,491.38)	
	Diesel	December 2017	12,681	\$ (122.33)	\$ (1,551,302.04)	
	Heavy	June 2018	66,029	\$ (110.32)	\$ (7,284,629.62)	
	Tynes Bay	N/A	3,780	\$ (126.23)	\$ (477,189.00)	
	Total Barrels		92,169			331,194
Projected Over (Under) Recovery account as at end of this month:						217,442
Projected kWh Sales - October 2018	51,270,581		CRSEER	18.74		\$ 9,608,107
Projected fuel consumed		Shipment Date	Barrels	FADJ Cost/Barrel	Total Cost	
	Diesel	December 2017	12,310	\$ (122.33)	\$ (1,505,931.05)	
	Diesel	July 2018	3,318	\$ (133.79)	\$ (443,905.20)	
	Heavy	June 2018	1,180	\$ (110.32)	\$ (130,129.09)	
	Heavy	September 2018	63,835	\$ (113.90)	\$ (7,270,862.31)	
	Tynes Bay	N/A	3,802	\$ (125.52)	\$ (477,189.00)	
	Total Barrels		84,445			(219,910)
Projected Over (Under) Recovery account as at end of this month:						(2,468)

Note: CRSEER is calculated to have no impact on the FAR over (under) recovery balance

BELCO

Generators Available for Service

July 2018

Generator	Available	Type of fuel Consumed	Barrels of Fuel Consumed	Efficiency Rating*
E1	Yes	HFO	5524	687
E2	Yes	HFO	10721	691
E3	Yes	HFO	4141	710
E4	Yes	HFO	5971	722
E5	Yes	HFO	11428	735
E6	Yes	HFO	10075	748
E7	Yes	HFO	10739	750
E8	Yes	HFO	11414	767
D3	Yes	LFO	4420	601
D8	Yes	LFO	4579	625
D10	Yes	LFO	628	604
D14	Yes	LFO	2310	577
GT4	Yes	LFO	47	402
GT5	Yes	LFO	5145	409
GT6	Yes	LFO	424	446
GT7	Yes	LFO	701	457
GT8	Yes	LFO	539	444

* Efficiency Rating = Amount of kilowatt hours generated per barrel consumed



Generators Out of Service

July 2018

Unit	Type	Forced Outage Details	Outage Date	Return Date
D14	MO	Unit to MO @ 08:00	7/29/18	8/1/18
E7	MO	E7 B bank charge air cooler repair	7/28/18	7/29/18
GT5	FO (Immediate)	LO FO Pressure	7/25/18	7/25/18
GT8	FO (Immediate)		7/25/18	7/27/18
E3	MO	HT water leaking from cylinder 5R liner into scavenge space and out the tell tale	7/22/18	7/24/18
E6	MO	cylinder 6A head leak	7/18/18	7/22/18
E4	MO	liner inspection	7/18/18	7/18/18
E7	FO (Immediate)	cylinder 3 R injector failure	7/18/18	7/18/18
E5	MO	E5 sealing air, nutshell pipe and indicator cock.	7/12/18	7/13/18
E4	MO	HT leaks from cylinder 2R liner and TC outlet pipe	7/10/18	7/17/18
GT8	FO (Immediate)	Gt6 fire system ground fault. emd called	7/6/18	7/6/18
D10	FO (Immediate)	D10 T/C surging inspection of cyl 2A and crankcase	7/5/18	8/1/18
D3	MO	fuel leak repairs, alternator filters and rad fan belts	7/4/18	7/5/18
E5	MO	E5 t/c drains and sealing air repairs	7/1/18	7/1/18
E8	FO (Immediate)	E8 cyl 2A fuel leak	7/1/18	7/2/18



Scheduled Generator Maintenance

Jul-18

Generator	Maintenance Type	Outage Date	Return Date
E5	9K service	8/6/2018	8/18/2018
E6	12k Service	8/20/2018	9/3/2018



Other Events Affecting the Fuel Adjustment Rate

1. **Details of any insurance claims submitted by BELCO which directly impact the Fuel Adjustment Rate.**
No insured losses have been incurred by BELCO during the filing period that would result in a potential insurance claim.

2. **Any major events that have a direct impact on the Fuel Adjustment Rate.**
None