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PLEASE QUOTE OUR REF.

Our Ref: B-R35

BY EMAIL

30 June 2017

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

Attention: Matthew Copeland, Chief Executive

Dear Sirs,

We write pursuant to Section 73(2) of the Regulatory Authority Act 2011 (the "RAA") following a meeting held at the offices of the Regulatory Authority (the "Authority") at 10:00 am on 28 June 2017 (the "Meeting") between representatives of Bermuda Electric Light Company Limited ("BELCO") and Authority staff.

The following individuals were in attendance:

For the Authority

Matthew Copeland
Monique Lister
Jozelle Escolastica
Nigel Burges
Tristy Smith
Tansae Pearman

For BELCO

Mark Takahashi (telephonically)

David Faries
Lakilah Spencer

Also in Attendance

Paul Byrne, Partner, PricewaterhouseCoopers Ltd. (“BELCO’s auditor”)

In connection with the document entitled, “TD&R Licence: Preliminary Report, Preliminary Decision and Order” dated 16 June 2017 (the “Consultation Document”), BELCO had requested the Meeting to discuss with the Authority certain recommendations it would make in its response to the Consultation Document.

In summary, during the Meeting, BELCO explained that, in connection with the accounting requirements condition set out in the updated draft transmission, distribution and retail (“TD&R”) licence included in the Consultation Document (the “Updated Draft Licence”) – Condition 11 – BELCO would be recommending or noting the following:

1. That the accounting requirements in Condition 11 be amended to mirror the regulatory accounting framework the Bermuda Monetary Authority has had in place within the insurance sector for decades. It was explained that such a framework would offer a greater cost-benefit than the proposed requirements.
2. That BELCO be asked to provide limited financial statements for each of its TD&R and bulk generation businesses that would include a balance sheet and income statement but not statements of changes in equity or cash flow. These limited financial statements would be reconciled to its full set of audited financial statements.
3. That, given that the Auditor’s report required under Condition 11.4 of the Updated Draft Licence would be based on specific requirements of the licence and not an internationally recognized basis of accounting, it would be of restricted use and could not be shared with anyone other than the Authority.
4. That accounting separation between BELCO’s businesses would take time to achieve.

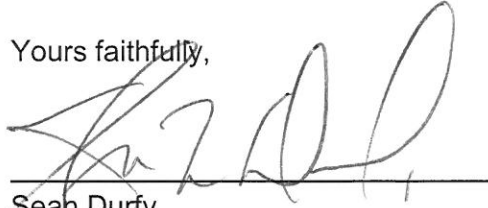
BELCO also suggested that Condition 12.5 of the Updated Draft Licence – Availability of Resources – be deleted because the certificate required thereunder cannot be provided (as BELCO’s auditor is unable to provide an opinion on forward projections).

The Authority asked a few clarifying questions but made it clear that, as BELCO was engaging in ex parte communications, it had little to say in response.

BELCO trusts that the above accurately summarizes the ex parte communications that have taken place, but should the Authority feel that BELCO is required to do anything further to comply with

any obligations under Section 73(2) of the RAA, please contact Lakilah Spencer at lspencer@ascendant.bm.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Seah Durfy', written over a horizontal line.

Seah Durfy
President and Chief Executive Officer