BERGRIVIER MUNICIPALITY

REPORT TO THE MUNICIPAL COUNCIL

SUBJECT:	**2026/27 ELECTRICITY TARIFF APPLICATION TO NERSA**
DIRECTORATE:	**FINANCIAL SERVICES**
AUTHOR:	**PW ERASMUS (CHIEF FINANCIAL OFFICER)**
DATE:	**11 MARCH 2026**

1. PURPOSE OF THE REPORT

The purpose of the report is to submit the proposed **2026/27 electricity tariffs** to Council, which will be used to apply to **NERSA** for approval, and to comply with the **Court Order of 4 December 2025** between **AFRIFORUM NPC (Applicant)**, **NERSA**, **SALGA**, **Eskom Holdings SOC Limited**, and the **192 municipalities in South Africa (Respondents)**, which stipulates the following:

2. COURT ORDER

The Court order reads, *inter alia*, the following:

"Every municipality that submits an electricity tariff application must take all reasonable steps to ensure that the participation process NERSA chooses regarding municipal tariffs application is brought to the attention of the public within its jurisdiction."

"Eskom and each municipality are directed to comply timeously with the aforesaid timeline; provided that, on good cause shown to the satisfaction on the court, the court may sanction a deviation on such terms as it deems meet."

The Court Order of 4 December 2025 included specific dates that must be adhered to. The timeframes were amended on 20 February 2026 by way of a Court Order and are as follows:

- Eskom to give written notice to municipalities of the bulk electricity tariffs for the new financial year by 31 January of every year – amended to **6 March 2026.**
- Municipalities to submit their electricity tariff applications to NERSA by 20 March annually – amended to **31 March 2026**.
- NERSA to communicate its decision on the tariff applications of municipalities by 5 May annually – amended to **11 May 2026.**

If a municipality does not submit its electricity tariff application by **31 March 2026**, it runs the risk of **no tariff increase being approved**.

For the purposes of meaningful public participation, **NERSA** is directed to publish every municipal electricity tariff application, together with its cost-of-supply study for the relevant financial year, in a manner that makes it accessible to the public. Provided that, where a municipal electricity tariff application does not include a cost-of-supply study for the financial year, **NERSA** must specifically state the absence of such a cost-of-supply study.

NERSA is directed to finalise the process of considering the municipal electricity tariff applications received timeously and communicate its decisions **on or before 11 May 2026**.

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3. PUBLIC PARTICIPATION REQUIREMENTS

In South Africa, public participation in local government and the setting of electricity tariffs is governed by various constitutional and legal frameworks. Recent case law has emphasized the importance of transparency and public participation in the tariff-setting process, including the following:

- The Constitution of South Africa, 1996
- Local Government: Municipal Systems Act, Act 32 of 2000
- Local Government: Municipal Structures Act, Act 117 of 1998
- Local Government: Municipal Finance Management Act, Act 56 of 2003
- Various court rulings – AfriForum and NERSA
- Public participation processes
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4. 2026/27 PROPOSED ELECTRICITY TARIFF

The Municipality intends to apply to **NERSA** for a **7.5% electricity tariff increase** for the 2026/27 financial year. Refer to the **Application to NERSA for Approval** document attached as **Annexure A1**. The calculation of how this increase was derived is also included and is self-explanatory.

The primary driver for the tariff adjustment is the direct pass-through of the **NERSA-approved increase** in the **Eskom bulk supply tariff**, which has been established at **9.33%** for the 2026/27 financial year. This component ensures that the Municipality maintains financial sustainability by recovering the mandated cost of purchasing electricity.

This application is firmly based on the original and comprehensive **Cost of Supply (COS) Study** performed and submitted to **NERSA** in **May 2025**. The Municipality asserts that this application is fully cost-reflective, compliant with NERSA principles, and aligned with the requirements of the **Municipal Finance Management Act (MFMA)**.

The updated **Cost of Supply Study** will be submitted to **NERSA on 31 March 2026**, as required by NERSA.

Bergrivier Municipality will therefore apply for an **increase of 7.5% to its overall revenue requirement for the 2026/27 financial year**, resulting in the detailed tariff adjustments presented below.

5. PUBLIC PARTICIPATION ON THE 2026/27 ELECTRICITY TARIFF APPLICATION

Bergrivier Municipality's public participation process will commence on **11 March 2026** and will remain open until **30 March 2026**. During this period, all electricity consumers within the municipal area will be afforded the opportunity to submit comments and inputs on the proposed **Cost of Supply (COS) submission to NERSA**.

All comments received during the public participation process will be compiled and tabled before **Council on 31 March 2026** for consideration as part of the Municipality's COS submission to **NERSA**. Following the Council meeting at which the report will be considered, all relevant documentation will be published on the Municipality's official website and social media platforms to ensure transparency and public access to the information.

Council will consider all inputs received prior to **31 March 2026**, after which the final tariff application, incorporating Council's consideration of the submissions, will be submitted to **NERSA no later than 31 March 2026**.

Annexure A

To: NERSA
Kulawula House
526 Madiba Street
Arcadia 0083
Pretoria, South Africa
Tel: 012 401 4794
E-mail:

11 March 2026

APPLICATION TO NERSA FOR APPROVAL OF PROPOSED ELECTRICITY TARIFFS 1 July 2026 to 30 June 2027

The Bergrivier Municipality has just completed its comprehensive cost of supply (COS) and tariff study. This is to comply with the Electricity Pricing Policy (EPP) of South Africa and to meet the NERSA requirement for any tariff structure changes. The detailed report is attached for your consideration and approval.

The details relating to the average price increase, due to introduction of Municflex and normal inflationary cost increases and the financial situation for the municipality as a result of the proposed changes are illustrated in this application.

The following should also be noted:

- The study was approved by the Bergrivier municipality and is being submitted as part of the public participation process. Feedback will be provided to NERSA.
- Feedback is thus awaited from NERSA and the public participation process.
- Council will make a final decision on implementation once this feedback has been obtained.

NERSA is hereby requested to approve the:

- The proposed average annual increase
- The proposed tariffs, which feature phase 3 of a three-year phase in plan plus the average price increase.

Please call me if you have any questions in this respect.

Regards

Adv. H Linde
Municipal Manager

BERGRIVIER ELECTRICITY: ELECTRICITY PRICE INCREASE

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Table of contents:

1. INTRODUCTION.

1 July 2026 is the time for the next annual electricity price increase. This paper will address all issues relating to the annual increase and the phase in of the cost-based tariffs as proposed in the detailed cost of supply study.

2. ESKOM IMPACT.

Bergrivier Municipality (Bergrivier) buy electricity from 6 main points of supply. Accordingly, to the draft ERTSA Municflex will increase on average by 9.01%. As from 1 July 2026 Municflex is again restructured with the Generation Access charge increasing substantially and energy rates increasing by slightly less than the average increase. The existing and proposed Municflex rates for Bergrivier Municipality are shown in the table below.

Table 1

MUNICFLEX IMPACT		Actual 2025/2026				Proposed 2026/2027		0		% increase	0%	0%	0%
All rates include surcharges.		BASIC	ACCESS	MAXIMUM	REACTIVE ENERGY	BASIC	ACCESS	MAXIMUM	ENERGY	BASIC	ACCESS	MAXIMUM	REACTIVE ENERGY
SEGMENT		CHARGE	DEMAND	DEMAND	CHARGE	CHARGE	DEMAND	DEMAND	CHARGE	CHARGE	DEMAND	DEMAND	CHARGE
Tariff Name	**Code**	R/C/m	R/kVA/m	R/A/m	R/kvarh	R/C/m	R/kVA/m	R/A/m	R/kWh	R/C/m	R/A/m	R/A/m	R/kvarh
TOU TARIFFS		Basic	Access	Demand		Basic	Access	Demand					
Municflex	Basic: MD (Hi / Low): MD/Acc	6 730.90	55.43	24.67		7 337.41	63.74	26.89		9.0%	15.0%	9.0%	9.0%
≥ 500V & < 66kV, > 600km	Energy: High: P/St/OP (R/kWh)	7.2677	2.0269	1.4448	0.3220	7.8686	2.1961	1.5660	0.3510	8.3%	8.3%	8.4%	8.4%
Municflex≥ 500V & < 66kV, > 600km	Energy: Low: P/St/OP : R/kvarh	3.1799	1.9105	1.4448	-	3.4441	2.0701	1.5660	-	8.3%	8.4%	8.4%	8.4%

A summary of the consumption quantities is shown in Table 2. It contains the following data:

- July 2025/January 216 data.
- For the period Feb to June 2026 the Feb to June 2025 data was used.
- For Arora, Redelinghuys, Eendekuil, the TOU ratios of the period July 2025 to January 2026 were used to apportion the non-TOU kWh for the periods February 2026 to June 2026,

Table 2

Veldrift		ENERGY			DEMAND					TOTAL	TOTAL
		P	S	O	MD - KVA ALL	MD - KW ALL	MD P&S	MD highest	MD highest	ENERGY	P&S
MONTH	Days	kWh (for)	kWh (for)	kWh (for)	kVA	kW	kVA	kVA	kW	kWh (for)	kvarh
2024/07/31	31	590 912	1 415 167	1 365 529	8 363.00		8 363.00	9 730		3 371 608	1 182
2024/08/31	31	668 007	1 492 511	1 278 717	8 353.00		8 353.00	9 730		3 439 235	-
2024/09/30	30	617 904	1 409 950	1 288 015	7 653.00		7 653.00	9 730		3 315 869	-
2024/10/31	31	491 322	1 157 241	1 196 959	6 226.00		6 226.00	9 730		2 845 522	-
2024/11/30	30	531 128	1 189 546	1 125 133	5 706.00		5 706.00	9 730		2 845 807	-
2024/12/31	31	457 742	1 132 392	1 217 357	5 635.00		5 635.00	9 730		2 807 491	-
2025/01/31	31	471 561	1 161 761	1 563 019	6 782.00		6 782.00	9 730		3 196 341	-
2025/02/29	29	581 563	1 491 092	1 364 184	7 525.00		7 525.00	9 730		3 436 839	7 525
2025/03/31	31	605 543	1 438 911	1 445 576	7 602.00		7 602.00	9 730		3 490 030	7 602
2025/04/30	30	652 005	1 445 398	1 317 868	7 824.00		7 824.00	9 730		3 415 271	7 824
2025/05/31	31	508 700	1 208 676	1 395 574	8 182.00		8 182.00	9 730		3 112 950	8 182
2025/06/30	30	591 780	1 349 772	1 329 093	8 153.00		8 153.00	9 730		3 270 645	8 153
TOTALS		6 768 167	15 892 417	15 887 024	88 004	-	88 004.00	9 730		38 547 608	40 468

De Hoek Piketberg		ENERGY			DEMAND					TOTAL	TOTAL
		P	S	O	MD - KVA ALL	MD - KW ALL	MD P&S	MD highest	MD highest	ENERGY	P&S
MONTH	Days	kWh (for)	kWh (for)	kWh (for)	kVA	kW	kVA	kVA	kW	kWh (for)	kvarh
2024/07/31	31	394 762	873 889	902 811	5 003.00		5 003.00	6 500		2 171 462	1 476
2024/08/31	31	452 112	888 529	794 550	4 862.00		4 862.00	6 500		2 135 191	-
2024/09/30	30	383 533	759 471	778 226	6 237.00		6 237.00	6 500		1 921 230	-
2024/10/31	31	334 590	708 168	775 249	4 605.00		4 605.00	6 500		1 818 007	-
2024/11/30	30	358 696	744 200	703 087	4 262.00		4 262.00	6 500		1 805 983	-
2024/12/31	31	304 013	709 361	742 888	4 179.00		4 179.00	6 500		1 756 262	-
2025/01/31	31	357 750	866 801	1 117 575	5 079.00		5 079.00	6 500		2 342 126	-
2025/02/29	29	463 665	1 046 430	1 054 845	5 419.00		5 419.00	6 500		2 564 940	-
2025/03/31	31	373 532	862 888	875 745	5 505.00		5 505.00	6 500		2 112 165	-
2025/04/30	30	330 232	769 874	924 532	4 425.00		4 425.00	6 500		2 024 638	-
2025/05/31	31	327 090	742 365	861 501	4 565.00		4 565.00	6 500		1 930 956	-
2025/06/30	30	426 019	874 416	867 988	4 987.00		4 987.00	6 500		2 168 423	10 066
TOTALS		4 505 994	9 846 392	10 398 997	59 128	-	59 128.00	6 500		24 751 383	11 542

Porterville		ENERGY			DEMAND					TOTAL	TOTAL
		P	S	O	MD - KVA ALL	MD - KW ALL	MD P&S	MD highest	MD highest	ENERGY	P&S
MONTH	Days	kWh (for)	kWh (for)	kWh (for)	kVA	kW	kVA	kVA	kW	kWh (for)	kvarh
2024/07/31	31	195 892	457 494	432 690	2 649.00		2 649.00	4 500		1 086 076	11 785
2024/08/31	31	234 368	490 926	404 683	2 600.00		2 600.00	4 500		1 129 977	-
2024/09/30	30	209 399	461 161	405 051	2 438.00		2 438.00	4 500		1 075 611	-
2024/10/31	31	171 444	388 981	398 194	3 155.00		3 155.00	4 500		958 619	-
2024/11/30	30	211 023	459 966	422 174	2 893.00		2 893.00	4 500		1 093 163	-
2024/12/31	31	183 547	483 496	466 644	2 562.00		2 562.00	4 500		1 133 687	-
2025/01/31	31	169 770	448 880	554 867	2 509.00		2 509.00	4 500		1 173 517	-
2025/02/29	29	206 437	512 667	482 282	3 300		3 300.00	4 500		1 201 386	-
2025/03/31	31	188 983	453 714	426 324	3 300		3 300.00	4 500		1 069 021	1 476
2025/04/30	30	169 967	414 509	503 665	3 300		3 300.00	4 500		1 088 141	-
2025/05/31	31	161 196	398 938	436 513	3 300		3 300.00	4 500		996 647	-
2025/06/30	30	213 225	459 450	423 244	3 300		3 300.00	4 500		1 095 919	-
TOTALS		2 315 251	5 430 182	5 356 331	35 306	-	35 306.00	4 500		13 101 764	13 261

AURORA VELDDRIF F1		ENERGY			DEMAND					TOTAL	TOTAL
		P	S	O	MD - KVA ALL	MD - KW ALL	MD P&S	MD highest	MD highest	ENERGY	P&S
MONTH	Days	kWh (for)	kWh (for)	kWh (for)	kVA	kW	kVA	kVA	kW	kWh (for)	kvarh
2024/07/31	31	6 174	62 417	11 145	296.85	290.81	296.85	500	291	79 736	-
2024/08/31	31	15 957	31 818	30 349	283.49	276.76	283.49	500	291	78 124	-
2024/09/30	30	16 360	32 682	28 547	229.71	220.26	229.13	500	291	77 589	-
2024/10/31	31	12 341	27 705	29 651	227.61	217.35	227.61	500	291	69 697	-
2024/11/30	30	13 637	28 800	27 374	248.94	240.24	248.94	500	291	69 811	-
2024/12/31	31	13 273	30 097	29 502	213.98	203.25	213.98	500	291	72 872	-
2025/01/31	31	9 687	26 056	39 586	246.13	234.93	246.13	500	291	75 329	-
2025/02/29	29	13 936	38 276	28 067	220.75	209.04	220.75	500	291	80 279	
2025/03/31	31	12 613	34 640	25 401	208.01	197.82	208.01	500	291	72 654	-
2025/04/30	30	14 316	39 320	28 832	180.59	170.76	180.59	500	291	82 469	-
2025/05/31	31	13 732	37 714	27 655	184.99	179.35	184.99	500	291	79 101	-
2025/06/30	30	15 109	41 497	30 428	205.39	201.47	205.39	500	291	87 034	-
TOTALS		157 135	431 023	336 538	2 746.44	2 642.04	2 745.86	500	291	924 695	-

REDELINGHUYS VREDELUS F3		ENERGY			DEMAND					TOTAL	TOTAL
		P	S	O	MD - KVA ALL	MD - KW ALL	MD P&S	MD highest	MD highest	ENERGY	P&S
MONTH	Days	kWh (for)	kWh (for)	kWh (for)	kVA	kW	kVA	kVA	kW	kWh (for)	kvarh
2024/07/31	31	18 117	62 606	8 642	428.72	312.97	428.72	500	313	89 365	
2024/08/31	31	18 565	37 678	35 185	385.11	282.26	353.29	500	313	91 428	
2024/09/30	30	15 605	34 974	35 235	310.42	225.82	310.42	500	313	85 814	
2024/10/31	31	13 742	30 143	29 406	316.15	228.96	278.30	500	313	73 291	
2024/11/30	30	18 538	42 252	39 603	407.35	293.96	407.35	500	313	100 393	
2024/12/31	31	17 405	43 713	47 642	263.85	191.98	263.85	500	313	108 760	
2025/01/31	31	16 011	41 465	56 441	343.44	249.51	343.44	500	313	113 917	
2025/02/29	29	22 212	54 753	42 631	296.82	224.51	296.82	500	313	119 596	
2025/03/31	31	19 112	47 111	36 680	317.50	234.55	317.50	500	313	102 903	
2025/04/30	30	18 944	46 697	36 358	358.17	262.21	358.17	500	313	101 999	
2025/05/31	31	16 416	40 466	31 507	295.78	218.82	295.78	500	313	88 388	
2025/06/30	30	16 122	39 741	30 942	280.88	207.15	280.88	500	313	86 805	
TOTALS		210 788	521 599	430 272	4 004.19	2 932.70	3 934.51	500	313	1 162 659	

Eendekuil Farmers 1		ENERGY			DEMAND					TOTAL	TOTAL
		P	S	O	MD - KVA ALL	MD - KW ALL	MD P&S	MD highest	MD highest	ENERGY	P&S
MONTH	Days	kWh (for)	kWh (for)	kWh (for)	kVA	kW	kVA	kVA	kW	kWh (for)	kvarh
2024/07/31	31	5 176	21 965	6 513	155.64	153.35	155.64	315	153	33 654	
2024/08/31	31	7 964	13 396	13 646	139.16	136.75	139.16	315	153	35 006	
2024/09/30	30	8 002	15 003	12 076	146.58	144.90	143.18	315	153	35 081	
2024/10/31	31	6 401	14 072	12 838	131.55	128.30	131.55	315	153	33 311	
2024/11/30	30	7 182	14 353	14 151	119.14	115.35	119.14	315	153	35 686	
2024/12/31	31	6 812	14 595	14 218	129.64	125.10	129.64	315	153	35 625	
2025/01/31	31	5 738	13 090	18 623	125.63	120.55	117.59	315	153	37 451	
2025/02/29	29	6 791	15 267	12 007	139.70	136.25	134.10	315	153	34 064	
2025/03/31	31	5 923	13 317	10 473	140.49	136.20	140.49	315	153	29 714	
2025/04/30	30	6 587	14 809	11 647	141.83	139.50	118.21	315	153	33 043	
2025/05/31	31	6 225	13 994	11 006	127.43	125.25	110.63	315	153	31 225	
2025/06/30	30	6 585	14 803	11 642	134.48	132.10	116.68	315	153	33 030	
TOTALS		79 385	178 665	148 840	1 631.26	1 593.60	1 556.00	315	153	406 890	

The calculation of the effective impact on the Eskom bills is shown in Table 3.

Table 3

TOU TARIFF IMPACT STUDY								
	Old to New TOU		Annual	Monthly				
IMPACT	Old to New TOU	Diff %	LF	LF	Energy cost	kWH	c/kWh	Highest MD
Veldrift	9 272 806	9.29%	20.0%	60.0%	89 813 072	38 547 608	232.99	22 001
De Hoek Piketberg	6 042 072	9.28%	19.1%	57.3%	58 151 095	24 751 383	234.94	14 782
Porterville	3 323 888	9.47%	16.9%	50.8%	30 627 481	13 101 764	233.77	8 827
AURORA VELDDRIF F1	246 765	9.56%	15.4%	46.1%	2 142 336	924 695	231.68	686
REDELINGHUYS VREDELUS	324 310	9.67%	13.5%	39.8%	2 730 816	1 162 659	234.88	984
Eendekuil Farmers 1	124 174	9.75%	11.9%	34.2%	969 940	406 890	238.38	389
Total	**19 334 016**	**9.33%**	**18.9%**	**56.6%**	**184 434 741**	**78 894 999**	**233.77**	**47 669**

This shows that Municflex is estimated to increase by 9.33% and not the average increase of 9.01% as stipulated in the ERTSA. This increase will be used for RR calculations.

3. AVERAGE PRICE IMPACT.

In absence of a NERSA RR templet the approach proposed below will be used for the 2026/2027 year. Table 4 shows the following which are directly from the trial balances and budget information.

- 2024/2025:
  - Actuals
- 2025/26:
  - Budget and forecasted / adjusted budget.
  - The variance between 2024/2025 actuals and 2025/2026 forecasted.
  - This is an indication of actual increases year on year.
- 2026/2027:
  - Draft budget for public consideration in April 2026.
  - The variance between 2025/2026 forecast and 2026/2027 budget.
- Some explanation of assumptions and big changes.

The following key observations can be made from this:

2024/2025 actuals to 2025/2026 forecast.

- Bulk costs increased by 12.1% more than in 2024/2025. This is in line with the estimated impact of Municflex.
- Contracts on networks has been re-allocated to Netwerke (preventative - condition).
- Depreciation increased substantially due to R35 mill electrification projects completed in the past two financial years.
- Revenue increased similar to the average increase.

2026/2026 forecast to 2026/2027 budget.

- Bulk purchase cost increase based on the assessment of the proposed Municflex tariff which comes to **9.33%**. No consumption change is expected.
- Labour costs are expected to increase due to new personnel appointed: 5 junior electricians, a millwright and a technician.
- Revenue is forecasted with average increase of 7.5% with no sales growth.
- Capital grants are estimated but will be removed as it is a capital grant.

Table 4

TRIAL BALANCE DATA	Sum of Audited Outcome 2024/25	Sum of Audited Outcome 2024/25	Change: Budget to Actual	Sum of Original Budget 2025/26	Sum of Final adjusted Budget 2025/26	2024/2025 to 2025/2026	Sum of Final Budget 26/27	2025/2026 to 2026/2027 change %	Explanations
Exp	**193 787 219**	**193 787 219**	**0.0%**	**219 547 000**	**219 137 500**	**13.1%**	**239 115 551**	**8.913%**	
Bulk purchases - electricity	**168 133 519**	**168 133 519**	**0.0%**	**188 520 000**	**188 520 000**	**12.1%**	**206 108 551**	**9.330%**	9.330%
GROOTMAAT : ELEKTRISITEIT	168 133 519	168 133 519	0.0%	-	-		-		Based on detailed analysis.
GROOTMAAT:ELEKTRISITEIT (TERUGKOOP VAN ELEK)	-	-		-	-		-		
GROOTMAAT:ELEKTRISITEIT	-	-		188 520 000	188 520 000		206 108 551	9.330%	
Contracted Services	**2 738 756**	**2 738 756**	**0.0%**	**1 170 000**	**1 627 327**	**-40.6%**	**1 222 000**	**-24.908%**	This item moved to NETWERKE (PREVENTATIVE - CONDITION)
GEBOUE GRONDE	47 291	47 291	0.0%	107 000	55 327	17.0%	112 000	102.433%	
MASJINERIE	78 865	78 865	0.0%	90 000	90 000	14.1%	94 000	4.444%	
NETWERKE (CONTRACTORS)	877 945	877 945	0.0%	-	500 000	-43.0%	-		
PROF DIENS (VERHOOG AANVRAAG NA 10 MVA)	87 693	87 693	0.0%	-	130 000	48.2%	-		
PROF DIENS: (SSEG ONDERSOEK)	477 310	477 310	0.0%	300 000	170 000	-64.4%	313 000	84.118%	
PROFESIONELE DIENSTE (CONTOUR - R M)	-	-		-	-		-		
PROFESIONELE DIENSTE (COST OF SUPPLY STUDY)	570 500	570 500	0.0%	200 000	200 000	-64.9%	209 000	4.500%	
PROFESIONELE DIENSTE (OUTSOURCED - SECURITY)	18 171	18 171	0.0%	21 000	30 000	65.1%	22 000	-26.667%	
PROFESIONELE DIENSTE (SMART METERING)	313 910	313 910	0.0%	-	-		-		
RADIOS	-	-		-	-		-		
VERVERSINGS	5 560	5 560	0.0%	2 000	2 000	-64.0%	2 000	0.000%	
VOERTUIE	261 511	261 511	0.0%	450 000	450 000	72.1%	470 000	4.444%	
Debt impairment	**605 928**	**605 928**	**0.0%**	**569 000**	**569 000**	**-6.1%**	**627 000**	**10.193%**	
ONINBARE SKULD	605 928	605 928	0.0%	569 000	569 000	-6.1%	627 000	10.193%	
Depreciation and amortisation	**2 633 614**	**2 633 614**	**0.0%**	**3 893 000**	**3 718 000**	**41.2%**	**4 293 000**	**15.465%**	
WAARDEVERMINDERING - COMPUTER EQUIPMENT	3 793	3 793	0.0%	4 000	4 000	5.5%	4 000	0.000%	
WAARDEVERMINDERING - ELECTRICAL INFRASTRUCTURE - LV NETWORKS	-	-		-	-		-		
WAARDEVERMINDERING - ELECTRICAL INFRASTRUCTURE - MV SUBSTATI	2 333 284	2 333 284	0.0%	3 159 000	3 326 000	42.5%	3 570 000	7.336%	This was due to large electrification project R35 mill.
WAARDEVERMINDERING - FURNITURE AND OFFICE EQUIPMENT	18 922	18 922	0.0%	18 000	15 000	-20.7%	17 000	13.333%	
WAARDEVERMINDERING - MACHINERY AND EQUIPMENT	42 673	42 673	0.0%	545 000	33 000	-22.7%	553 000	1575.758%	
WAARDEVERMINDERING - TRANSPORT ASSETS	234 943	234 943	0.0%	167 000	340 000	44.7%	149 000	-56.176%	
Employee Related Costs	**10 398 440**	**10 398 440**	**0.0%**	**14 713 000**	**13 595 000**	**30.7%**	**15 855 000**	**16.624%**	
BEHUISING	59 063	59 063	0.0%	74 000	58 000	-1.8%	81 000	39.655%	
BONUS	459 128	459 128	0.0%	720 000	620 000	35.0%	776 000	25.161%	
BYSTAND	1 051 014	1 051 014	0.0%	914 000	1 201 000	14.3%	987 000	-17.818%	
DIVERSE TOELAE (SKAARSVAARDIGHEID)	214 248	214 248	0.0%	270 000	224 000	4.6%	291 000	29.911%	
GROEPVERSEKERING	145 215	145 215	0.0%	172 000	158 000	8.8%	186 000	17.722%	
MEDIES	241 234	241 234	0.0%	424 000	358 000	48.4%	457 000	27.654%	
NYWERHEIDSRAAD	2 868	2 868	0.0%	5 000	5 000	74.3%	7 000	40.000%	
OORTYD (NON-STRUCTURED)	706 859	706 859	0.0%	709 000	716 000	1.3%	766 000	6.983%	
PENSIOEN / VOORSORG	864 375	864 375	0.0%	1 392 000	1 239 000	43.3%	1 499 000	20.985%	New peronel appointed 5 junior elec, milrite, technition.
SALARIS / LONE : BASIES	4 822 111	4 822 111	0.0%	7 732 000	6 894 000	43.0%	8 324 000	20.743%	
TYDELIKE WERKERS	282 219	282 219	0.0%	149 000	284 000	0.6%	161 000	-43.310%	
VERLOF AFKOOP	161 065	161 065	0.0%	141 000	161 000	0.0%	152 000	-5.590%	
VERVOER	509 520	509 520	0.0%	703 000	500 000	-1.9%	757 000	51.400%	
W . V . F .	37 420	37 420	0.0%	52 000	48 000	28.3%	56 000	16.667%	
WAARNEMINGSTOELAAG	143 155	143 155	0.0%	176 000	171 000	19.5%	190 000	11.111%	
Interest	**1 602 268**	**1 602 268**	**0.0%**	**2 183 000**	**2 280 500**	**42.3%**	**2 133 000**	**-6.468%**	
EKSTERNE RENTE	1 602 268	1 602 268	0.0%	2 183 000	2 280 500	42.3%	2 133 000	-6.468%	
Inventory consumed	**3 366 116**	**3 366 116**	**0.0%**	**3 348 000**	**3 699 673**	**9.9%**	**3 497 000**	**-5.478%**	
CHEMIKALIE	423	423	0.0%	4 000	4 000	845.8%	4 000	0.000%	
GEBOUE & GRONDE	16 086	16 086	0.0%	-	51 673	221.2%	-		
KERSLIGTE	239	239	0.0%	1 000	1 000	318.2%	1 000	0.000%	
MATERIAAL ONDERDELE	1 836 443	1 836 443	0.0%	942 000	1 242 000	-32.4%	984 000	-20.773%	
NETWERKE (CORRECTIVE - EMERGENCY)	93 143	93 143	0.0%	115 000	115 000	23.5%	120 000	4.348%	
NETWERKE (ELECTRICITY METERS)	279 144	279 144	0.0%	125 000	625 000	123.9%	131 000	-79.040%	
NETWERKE (PREVENTATIVE - CONDITION)	1 018 381	1 018 381	0.0%	2 027 000	1 527 000	49.9%	2 118 000	38.703%	Moved From conytractors.
NETWERKE (PREVENTATIVE - INTERVAL)	108 871	108 871	0.0%	115 000	115 000	5.6%	120 000	4.348%	
ONKRUIDDODER	3 175	3 175	0.0%	10 000	10 000	215.0%	10 000	0.000%	
SKRYFBEHOEFTES	10 210	10 210	0.0%	9 000	9 000	-11.9%	9 000	0.000%	
TEGNIESE BOEKE	-	-		-	-		-		
Operational Costs	**4 308 579**	**4 308 579**	**0.0%**	**5 151 000**	**5 128 000**	**19.0%**	**5 380 000**	**4.914%**	
ADVERTENSIE (KENNISGEWING)	-	-		1 000	1 000		1 000	0.000%	
BRANDSTOF (NEW VOTE)	419 911	419 911	0.0%	433 000	395 000	-5.9%	452 000	14.430%	
DIENSTE	-	-		1 490 000	1 490 000		1 557 000	4.497%	
DRUK BINDWERK	15 749	15 749	0.0%	12 000	12 000	-23.8%	13 000	8.333%	
GEREEDSKAP TOERUSTING	82 353	82 353	0.0%	52 000	52 000	-36.9%	54 000	3.846%	
HUUR : MASJIENE	-	-		-	-		-		
KONGRESFOOIE	3 477	3 477	0.0%	10 000	-		10 000		
LEDEGELD	4 496	4 496	0.0%	6 000	24 000	433.9%	6 000	-75.000%	
LISENSIE : ALGEMEEN	-	-		-	-		-		
LISENSIE : VOERTUIE	40 008	40 008	0.0%	47 000	47 000	17.5%	49 000	4.255%	
OPLEIDING	77 000	77 000	0.0%	49 000	49 000	-36.4%	51 000	4.082%	
OPLEIDINGSHEFFING	83 946	83 946	0.0%	98 000	101 000	20.3%	102 000	0.990%	
POSGELD	307	307	0.0%	-	-		-		
PROFESIONELE DIENSTE (CONTOUR - COM)	3 316 665	3 316 665	0.0%	2 615 000	2 615 000	-21.2%	2 733 000	4.512%	
REIS EN VERBLYF (ACCOMODATION)	3 873	3 873	0.0%	6 000	6 000	54.9%	6 000	0.000%	
REIS EN VERBLYF (CAR RENTAL)	-	-		1 000	1 000		1 000	0.000%	
REIS EN VERBLYF (DAILY ALLOWANCE)	3 479	3 479	0.0%	13 000	13 000	273.7%	14 000	7.692%	
REIS EN VERBLYF (FOOD AND BEVERAGES - SERVED)	-	-		1 000	1 000		1 000	0.000%	
REIS EN VERBLYF (OWN TRANSPORT)	4 610	4 610	0.0%	6 000	18 000	290.4%	6 000	-66.667%	
REIS EN VERBLYF (PUBLIC TRANSPORT - AIR TRANSPORT)	2 175	2 175	0.0%	4 000	4 000	83.9%	4 000	0.000%	
REKENAAR	-	-		6 000	6 000		6 000	0.000%	
SELFOONKOSTE	65 622	65 622	0.0%	74 000	74 000	12.8%	77 000	4.054%	
SUBSKRIPSIE FOOIE	29 609	29 609	0.0%	42 000	34 000	14.8%	44 000	29.412%	
TEKENS - (VERKEER INLIGTING)	1 487	1 487	0.0%	7 000	7 000	370.8%	7 000	0.000%	
VEILIGHEIDSKLERE	90 411	90 411	0.0%	90 000	90 000	-0.5%	94 000	4.444%	
VERSEKERING : ALGEMEEN	62 706	62 706	0.0%	79 000	79 000	26.0%	83 000	5.063%	
VERSEKERING: BYBETALING	694	694	0.0%	9 000	9 000	1196.3%	9 000	0.000%	
Inc	**- 191 122 647**	**- 191 122 647**	**0.0%**	**- 229 293 000**	**- 229 747 000**	**20.2%**	**- 243 852 625**	**6.140%**	
Fines, penalties and forfeits	**- 13 407**	**- 13 407**	**0.0%**	**- 56 000**	**- 56 000**	**317.7%**	**- 59 000**	**5.357%**	
DIVERSE (ILLEGAL CONNECTIONS)	- 13 407	- 13 407	0.0%	- 56 000	- 56 000	317.7%	- 59 000	5.357%	
Interest earned from Receivables (Exchange)	**- 430 175**	**- 430 175**	**0.0%**	**- 477 000**	**- 445 000**	**3.4%**	**- 498 000**	**11.910%**	
RENTE : DIENSTEREKENINGS (ELEK)	- 430 175	- 430 175	0.0%	- 477 000	- 445 000	3.4%	- 498 000	11.910%	
Operational Revenue	**- 213 040**	**- 213 040**	**0.0%**	**- 381 000**	**- 742 000**	**248.3%**	**- 398 000**	**-46.361%**	
DIVERSE (GROOTMAAT BYDRAE)	- 213 040	- 213 040	0.0%	- 339 000	- 700 000	228.6%	- 354 000	-49.429%	
PRIVAATWERKE	-	-		- 3 000	- 3 000		- 3 000	0.000%	
VERSEKERINGSEISE	-	-		- 39 000	- 39 000		- 41 000	5.128%	
Operational Revenue (Non-Exchange)	**- 3 818 824**	**- 3 818 824**	**0.0%**	**- 3 943 000**	**- 4 341 000**	**13.7%**	**- 4 666 575**	**7.500%**	
BESKIKBAARHEID (ELEKTRISITIEIT)	- 3 818 824	- 3 818 824	0.0%	- 3 943 000	- 4 341 000	13.7%	- 4 666 575	7.500%	
Service charges - electricity	**- 183 929 055**	**- 183 929 055**	**0.0%**	**- 211 597 000**	**- 210 434 000**	**14.4%**	**- 225 472 050**	**7.146%**	
AANSLUITKOSTE	- 1 297 956	- 1 297 956	0.0%	- 995 000	- 1 089 000	-16.1%	- 1 040 000	-4.500%	Tariff increase %
BASIES (ELEKTRISITEIT)	-	-		- 7 418 000	- 8 889 000		- 9 555 675	7.500%	7.50%
ELEKTRISITEIT : HEFFINGS (COMM CONV - 3 PHASE)	- 10 095 821	- 10 095 821	0.0%	- 11 881 000	- 10 878 000	7.7%	- 11 693 850	7.500%	
ELEKTRISITEIT : HEFFINGS (COMM PREPAID)	- 1 308 441	- 1 308 441	0.0%	-	- 36 000	-97.2%	- 38 700	7.500%	
ELEKTRISITEIT : HEFFINGS (DOM HIGH - CONV)	- 5 495 998	- 5 495 998	0.0%	- 7 148 000	- 6 380 000	16.1%	- 6 858 500	7.500%	
ELEKTRISITEIT : HEFFINGS (DOM HIGH - PREPAID)	- 99 800 744	- 99 800 744	0.0%	- 113 915 000	-114 572 000	14.8%	- 123 164 900	7.500%	This includes FBE discount, added with journal from PP reports.
ELEKTRISITEIT : HEFFINGS (DOM LOW - CONV)	- 3 523 458	- 3 523 458	0.0%	- 3 063 000	- 4 980 000	41.3%	- 5 353 500	7.500%	
ELEKTRISITEIT : HEFFINGS (INDUSTRIAL - 400 VOLTS - LOW VOLTAGE)	- 64 510 783	- 64 510 783	0.0%	- 69 715 000	- 67 038 000	3.9%	- 72 065 850	7.500%	
HERAANSLUITING	-	-		- 1 000	- 1 000		- 1 075	7.500%	
INKOMSTE PRYSGAWE (DOM LOW - DOM INGIDENT)	2 104 145	2 104 145	0.0%	2 539 000	3 429 000	63.0%	4 300 000	25.401%	FBE.
Transfer and subsidies - Operational	**- 2 184 232**	**- 2 184 232**	**0.0%**	**- 3 882 478**	**- 4 772 478**	**118.5%**	**- 5 403 348**	**13.219%**	
SUBSIDIE:DEERNIS	- 2 104 145	- 2 104 145	0.0%	- 2 539 000	- 3 429 000	63.0%	- 4 300 000	25.401%	
SUBSIDIE:STAAT BEDRYFS	- 80 087	- 80 087	0.0%	- 1 343 478	- 1 343 478	1577.5%	- 1 103 348	-17.874%	This is the VAT portion of Dora/Inip grant.
Transfers and subsidies - capital (monetary allocations)	**- 533 913**	**- 533 913**	**0.0%**	**- 8 956 522**	**- 8 956 522**	**1577.5%**	**- 7 355 652**	**-17.874%**	
SUBSIDY:PROVINSIE KAPITAAL	-	-		-	-		-		
SUBSIDY:STAAT KAPITAAL	- 533 913	- 533 913	0.0%	- 8 956 522	- 8 956 522	1577.5%	- 7 355 652	-17.874%	
Internal Charges	**6 103 935**	**6 103 935**	**0.0%**	**7 295 000**	**7 097 000**	**16.3%**	**7 629 000**	**7.496%**	
Internal Charges	**6 103 935**	**6 103 935**	**0.0%**	**7 295 000**	**7 097 000**	**16.3%**	**7 629 000**	**7.496%**	
ADMIN KOSTE	12 579 000	12 579 000	0.0%	12 579 000	12 579 000	0.0%	13 150 000	4.539%	Will be replaced with own shared cost calculations.
DIENSTE (ELECTRICITY)	1 922 232	1 922 232	0.0%	1 100 000	1 773 000	-7.8%	1 150 000	-35.138%	
DIENSTE (REFUSE)	4 404	4 404	0.0%	1 000	5 000	13.5%	1 000	-80.000%	
DIENSTE (SEWERAGE)	1 944	1 944	0.0%	3 000	2 000	2.9%	3 000	50.000%	
DIENSTE (WATER)	848	848	0.0%	12 000	1 000	17.9%	13 000	1200.000%	
ELEKTRISITEIT : INTERNE HEFFINGS	- 8 404 493	- 8 404 493	0.0%	- 6 400 000	- 7 263 000	-13.6%	- 7 807 725	7.500%	
Grand Total	**8 768 508**	**8 768 508**	**0.0%**	**- 2 451 000**	**- 3 512 500**	**-140.1%**	**- 5 033 328**	**43.298%**	
Total income (inc internal)	- 197 597 712	- 197 597 712	0.0%	- 234 577 000	- 235 229 000	19.0%	- 249 373 625	6.013%	
Total expenditure	193 787 219	193 787 219	0.0%	219 547 000	219 137 500	13.1%	239 115 551	9.117%	
Surplus / Deficit	- 3 810 492	- 3 810 492	0.0%	- 15 030 000	- 16 091 500		- 10 258 074		

The following be noted in this respect:

- Before adjustments for prudency, it looks like electricity will make a loss.

Table 5. shows adjustments which are considered not part of electricity costs or income and in line with NERSA approach of disallowing imprudent costs:

Revenue:

- The ENIP capital grant is removed from operating income.
- The Other operational grant is also removed as this is the Vat portion of a Capital grant.
- Capital charges are also reversed as this is capital income.
- Because streetlights and internal services are not charged at the cost-based tariff, the shortfall is shown as additional revenue. This is calculated based on the shortfall in streetlight and internal tariffs from the COS study and then escalated by the annual price increases.

Costs:

- The municipal admin charges are removed and replaced by the overhead costs' calculation.
- The overheads / shared costs are the value calculated as part of the cost of supply study completed in 2024 and then escalated annually by 5%.
- The shared cost is then limited to 30% of the total cost minus bulk purchase costs.
- Excess access charges are considered imprudent by NERSA as municipalities must notify the maximum demands and upgrade the substations so as not to exceed the notified demands: no change.
- Eskom interest is considered imprudent by NERSA as the accounts should not be in arrears: no change.
- Bad debt > 5% of revenue exceeds the NERSA limit:

Table 5

SUMMARY VALUES		Sum of Audited Outcome 2024/25			Sum of Final adjusted Budget 2025/26		Sum of Final Budget 26/27	2025/2026 to 2026/2027 change %	
Bulk	168 133 519	168 133 519		188 520 000	188 520 000		206 108 551	9.330%	
Operating cost	10 877 177	10 877 177		13 092 500	12 739 164		13 918 500	9.258%	
Depreciation	2 633 614	2 633 614		3 893 000	3 718 000		4 293 000	15.465%	
Interest	1 602 268	1 602 268		2 183 000	2 280 500		2 133 000	-6.468%	
Repairs and Maintance actual	9 934 714	9 934 714		11 289 500	11 310 837		12 035 500	6.407%	
Bad debt	605 928	605 928		569 000	569 000		627 000	10.193%	
Sub-total cost	**193 787 219**	**193 787 219**		**219 547 000**	**219 137 500**		**239 115 551**	9.117%	
Current revenue	- 197 597 712	- 197 597 712		- 234 577 000	- 235 229 000		- 249 373 625	6.013%	
Shortfall (+) SURPLUS (-)	- **3 810 492**	- **3 810 492**		- **15 030 000**	- **16 091 500**		- **10 258 074**	-36.252%	
	-	-	-	-	-	-	-	-36.252%	
REVENUE ADJUSTMENTS (-) Revenue shown as (-)					Sum of Final adjusted Budget 2025/26		Sum of Final Budget 26/27		
Deduct capital income (Gapital grants)		533 913			8 956 522		7 355 652	-17.874%	From trial balance
Deduct VAT		213 040			1 343 478		1 103 348	-17.874%	From trial balance
DIVERSE (GROOTMAAT BYDRAE)		213 040			700 000		354 000	-49.429%	From trial balance
Connection/Reconnection fee		-			-		-		Already provided and the connection costs included
Electricity Sales corrected		-			-		-		No correction required
Interest on consumer deposits		-			-		-		From financial in trial balance
FBE income foregone					-		-		To remove equitable share that exceed FBE
Equitable share					-				To cover grant items to consumers.
Equitable share to cover FBE to Eskom					-				Free energy, FBE to Eskom.
Streetlight revenue under recovery	From 2023/24 COS	- 5 882 214			-6 176 325		-6 485 141	5.000%	Unrecovery of internal tariffs.
Internal tariffs underrecovery	From 2023/24 COS	- 4 868 040			-5 354 844		-5 756 457	7.500%	Unrecovery of internal tariffs.
TOTAL REVENUE		- **9 790 260**			**-531 168**		**-3 428 598**	545.482%	
EXCLUSIONS / ADJUSTMENTS	**Limit**	**Actual**	Trial balance		Adjust		Adjust		
Eskom bulk cost correction						0.0%	-		This was once off-error in trial balance
Eskom excess access charges					-		-		As per NERSA practice
Eskom interest		-	0.0%		-	0.0%	-		Eskom waived interest due to debt arrangement.
Shared cost	From 2023/24 COS	8 396 660			8 816 493		9 257 317	5.000%	From 2023/2024 cost of supply escalated.
Shared cost > 30% of own cost (exc bulk)	30%	- 229 295		-	-		-		As per detailed ringfencing calculation and within limit.
Bad debt > 5% of sales revenue	5%	- 1 858			- 1 376		- 1 576		As per NERSA practice
FBE paid to Eskom					-				Done directly from finance to Eskom.
ADMIN KOSTE		-12 579 000			-12 579 000	-	-13 150 000		
Sub-Total		- **4 413 494**			**-3 763 884**		**-3 894 259**	3.464%	
kWh sales		35 819 242			71 161 387	98.7%	70 335 839		Based on load forecast
Purchases		39 440 737			80 631 282	104.4%	77 721 102	-3.609%	Based on load forecast
% losses		0			11.7%		9.5%		
Eskom costs reduced (losses > 8%)	**0**	- **1 987 538**			**-7 059 492**		**-3 096 291**		Used in NERSA method.
Revenue increased (losses >8%)	**0**	- **2 335 840**			**-8 808 599**		**-3 746 246**		Used in alternative method.
Actual capital expenditure not covered by grants.									Capital covered by surplus / CRC depreciation.

The last two lines show the changes to Bulk cost and sales used in the two RR options.

The calculation and determination of the proposed price increase will be followed:

Calculate the effective surplus using the NERSA method with various corrections and prudency adjustments.

- Bulk costs be reduced by the losses exceeding 8% not NERSA 12%.
- Apply historic depreciation as in the trial balances of municipalities.
    - In many cases municipalities have done some sort of revaluing of assets and adjusted depreciation accordingly.

  - This distorts the calculation of the surplus based on trial balance-based depreciation.
- Makes prudence costs adjustments.
- Allow for fair overhead charges.
- Use the actual revenue including various prudency adjustments.
- Calculate the effective surplus.

After doing the calculation of the surplus using the modified NERSA method, calculate the ideal increase to cover CRC depreciation using an alternative method.

- **Apply the full bulk costs**. The reason for this is that it must reflect all the energy flowing though the network which is required to determine the unit network costs.
- **Apply adjusted revenue**: This is done by increasing the revenue to the extent to which losses exceeded 8%. This is instead of reducing the bulk cost as in the NERSA method.
- Apply CRC depreciation instead of historic cost (distorted) as in the NERSA method.
- Apply all the prudency adjustments to costs and revenues.
- The difference between the full prudent costs, RR and the current adjusted revenue determine the extent to which tariffs should be increased to be able to provide for the full annual CRC depreciation.

The results of these two calculations are shown in Table 6.

Table 6

REVENUE REQUIREMENT		Sum of Final adjusted Budget 2025/26		2026/2027 Budget. NERSA method: Bulk cost reduced, historic depreciation		2026/2027 Budget. Full Bulk, adjusted revenue, CRC depreciation	Description
Bulk - losses (>8%)		*181 460 508*		*203 012 260*	*11.877%*	*206 108 551*	Bulk Actual
Operating cost		12 739 164		13 918 500	9.258%	13 918 500	Operating cost
Shared cost adjusted to 30% of own cost		*8 816 493*		*9 257 317*	*5.000%*	*9 257 317*	Shared cost adjusted
Historic cost depreciation		3 718 000		4 293 000	15.465%	30 707 074	CRC Depreciation From adjusted asset register.
Interest (excluding Eskom)		2 280 500		2 133 000	-6.468%	2 133 000	Interest (excluding Eskom)
Repairs and Maintance actual		11 310 837		12 035 500	6.407%	12 035 500	Repairs & Maintance actual
Bad debt provision / write off		567 624		625 424	10.183%	625 424	Bad debt Limited to 5% of revenue.
Remaining Cost adjustments		-		-13 150 000		-13 150 000	Remaining Cost adjustments
Total Allowed revenue before surplus		220 893 125		232 125 001	5.085%	261 635 366	Total Allowed revenue
Revenue: prudent:		- 235 760 168	13.7%	- 252 802 223	7.229%	-256 548 469	Revenue: Prudent adjusted
Surplus (-) Loss (+)		-14 867 044		-20 677 222		5 086 897	Shortfall
Surplus(-) Loss (+)%		-6.3%		-8.2%		2.0%	Shortfall %

One of the objectives of the surplus is to cover for refurbishment of existing assets and attempt. This is normally set at the annual CRC depreciation. The following deductions can thus be made from the above calculations:

- A surplus of 8.3% or R20.7 mill is made using the modified NERSA method.
- To cover the prudent costs including CRC, Capital Restoration Cost, depreciation the tariffs should be structurally (before annual inflationary cost increase) raised by 2.%.
- It is thus proposed to consider using the calculated surplus using the modified NERSA method to provide for capital expenditure that should be covered by sales revenue.

4. CAPITAL EXPENDITURE.

A detailed capital plan was prepared by the municipality as shown in Table 7. The following in this respect:

- Cr refers to projects funded from the surplus equal to R12.6 mill.
- Doe refers to projects funded by DEO grants equal to R2.6 mill.
- El refers to projects funded from loans equal to R5.9 mill.

It thus shows that a significant portion of the surplus will be spent on capital expenditure.

Table 7

Row Labels	Sum of Original Budget 2024/25	Sum of Final Budget 2025/26	Sum of Final Budget 26/27
cr	**4 400 000**	**2 400 000**	**12 600 000**
Bergrivier Bulk Services Upgrade/RDP Houses	-	-	-
Bergrivier Bulk Services Upgrade/RDP Houses (Own Funding)	-	-	-
Blackout Projects	-	-	-
Bulk meter replacement	-	-	-
Christmas lights	300 000	300 000	-
Elektrisiteit Interne Dienste Behuisingsprojek	-	-	-
Extending Electrical Store PV	-	-	-
Extending Electrical Store PV & PB	-	-	-
Furniture , Equipment - Electricity	-	-	-
GIS route mapping	-	-	-
High tension circuit breakers	-	-	-
High tension pole replacements	-	-	-
Installation of new street lights	100 000	100 000	150 000
Larger HT Switches - standby battery cell	-	-	-
Metering Main intake substation	400 000	400 000	400 000
Mid block lines	1 000 000	1 000 000	500 000
Mid block lines Noordhoek, VD	-	-	-
Minisub in Basson Street Porterville Increase Demand	-	-	-
Netwerk Opgradering Waterkant Straat	-	-	-
Network Renewals (CRR)	-	-	-
New LDV	-	-	-
Omheining Elektriese Stoor	-	-	100 000
Piketberg Main Feeder line replacement	-	-	-
Porterville Dorp feeder replacement and upgrades	-	-	1 000 000
Power Quality metering at Main intake substations	300 000	300 000	300 000
Radios	-	-	-
Redelinghuys Transformer	-	-	-
Replace aged MV cables	-	-	600 000
Replace Dwarskerbos O/H lines with Cable	-	-	-
Replace Minisubstations and transformers	2 000 000	-	1 200 000
Replace MV cable to Koelkamers RMU	-	-	600 000
Replace MV cable to Loop street RMU	-	-	1 000 000
Replace O/H feeder to Monte Bertha	-	-	450 000
Replace streetlights - EEDSM	-	-	-
Replacing conventional electricity meters with prepaid	-	-	-
Smart Metering	300 000	300 000	300 000
Velddrif Main feeder line replacement	-	-	6 000 000
Vervang CBY 11834	-	-	-
Vervang CBY 11835	-	-	-
Vervang CBY 3501 (Crane Truck)	-	-	-
DoE	**8 956 522**	**8 956 522**	**2 592 174**
Bergrivier Bulk Services Upgrade/RDP Houses	8 956 522	8 956 522	2 592 174
VD Bulk Upgrading switching station and feeders	-	-	-
el	**1 850 000**	**4 745 275**	**5 900 000**
AUR Solar Assist (Own Conribution)	-	-	-
Install mini -replace sub with mini sub Keerom Street	-	-	-
Mid block lines	-	-	-
Network Renewals	750 000	750 000	900 000
PB Genset WWTW (Own Conribution)	-	799 378	-
PV Genset WWTW (Own Conribution)	-	-	-
Replace CEX 6454 (cherry picker)	-	-	-
Replace Dwarskerbos O/H lines with Cable	1 100 000	1 100 000	1 500 000
Replace O/H feeder to Monte Bertha	-	-	-
Replace Switchgear C/O Lang and Kloofstreet PB	-	-	-
Replace Switchgear Peperstreet Station P/B and Minisub	-	-	-
Replace swithgear at Museum sub Porterville	-	-	-
Replacing conventional electricity meters with pre	-	-	-
Retro-fit main substation oil circuit breakers	-	2 095 897	3 000 000
RH Solar Assist (Own Conribution)	-	-	-
Security of electrical assets	-	-	500 000
Smart Metering	-	-	-
VD Genset WWTW (Own Conribution)	-	-	-
Vervang CBY 5621 (cherry picker)	-	-	-
Housing	**2 300 000**	**-**	**-**
Bergrivier Bulk Services Upgrade/RDP Houses	-	-	-
Retro-fit main substation oil circuit breakers	2 300 000	-	-
LERG	**-**	**-**	**-**
Blackout Projects (Loadshedding Emergency Relief Grant)	-	-	-
mig	**-**	**-**	**-**
Aur Water Security through Solar Assist at Water PS	-	-	-
PB Permanent Genset at WWTW	-	-	-
PV Permanent Genset at WWTW	-	-	-
RH Water Security through Solar Assist at Water PS & WTW	-	-	-
VD Permanent Genset at Albatros Sewerage Pump Station	-	-	-
VD Permanent Genset at WWTW	-	-	-
Grand Total	**17 506 522**	**16 101 797**	**21 092 174**

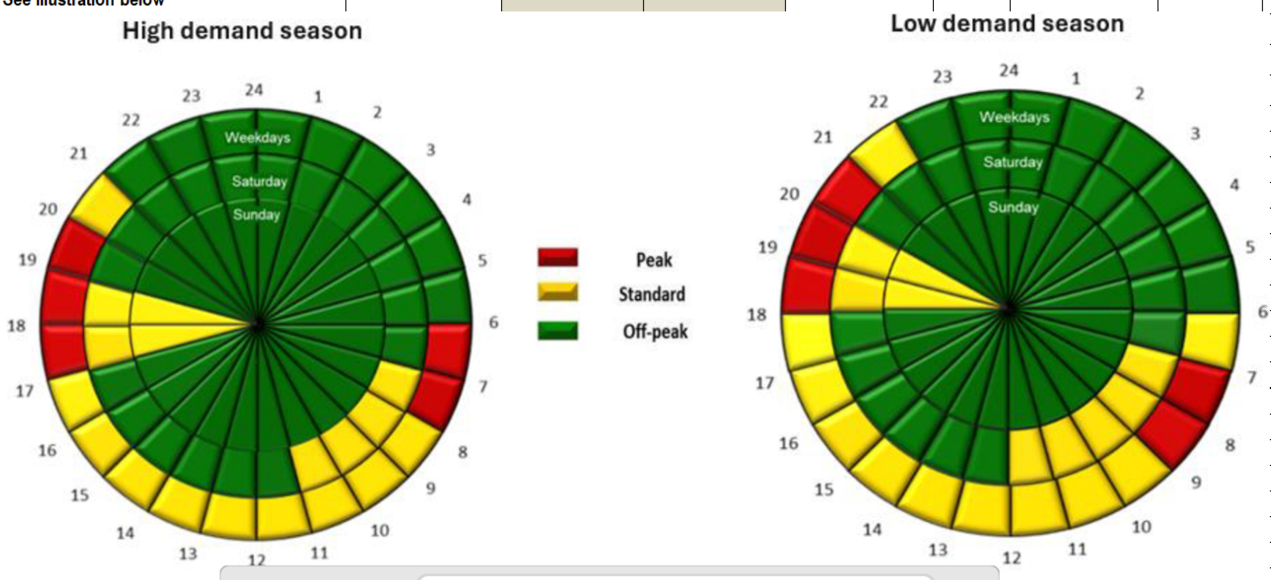
5. TARIFF SCHEDULE.

Table 8 shows the proposed tariffs for 2026/2027. The following should be noted in this respect:

- The municipality is not ready to implement the fully cost based tariffs this year.
- All tariffs will thus be increased by 7.5%.
- All SSEG consumers, large and small, will however be moved to the fully cost reflective TOU tariffs.

Table 8

ELECTRICITY TARIFF SCHEDULE: Applicable 1 July 2026 to 30 June 2027				
Tariffs mentioned under 5.1 and 5.2 take effect from		Average increase for the year		
ABBREVIATIONS				
V	Volt	**NMD**		Notified maximum Demand
kV	kilovolt	**PF**		Power Factor
W	Watt	**R/kVA**		Rand/KVA
kW	kilowatt	**TOU**		Time Of Use
A	Ampere	**VAT**		Value Added tax
kVA	kilovolt-ampere	**R/kvarh**		Rand/kvarh
kWh	Kilowatt-hour	**MD**		maximum Demand
kvarh	kilovar-hour	**POS**		Point of Supply
DEFINITIONS				
Maximum demand.	Highest average demand measured in kVA at the point of supply during a 30-minute integrating period in a billing month.			
MD (TOU)	For TOU tariffs this only applies during the Peak and Standard periods.			
NMD	Maximum demand notified by the customer and accepted by the municipality per point of supply applicable for all hours of the day. (KVA)			
Access Demand	Highest of the NMD, installed capacity or Highest Maximum demand during the previous 12 months.			
High voltage (HV)	Networks at a voltage greater than 22kV.			
Medium voltage (MV)	Networks above 1 kV up to 22 kV.			
Low voltage (LV)	Networks less than 1 kV (<1000 V). Single phase 230 V, 3 phase 400 V.			
Basic charge.	Monthly fixed charge payable per point of supply to recover customer services costs such as meter reading, billing and service connection and			
Capacity charge	Fixed network charge to recover network costs based on the installed / limited capacity. (R/Amp/m)			
Access charge	Fixed network charge to recover mainly dedicated network costs based on the Access Demand. (R/kVA/m)			
Demand charge	Variable network charge to recover the mainly shared network costs based on the chargeable demand.			
Energy charge.	Charge for each unit of active energy consumed during the billing month (R/kWh)			
Reactive energy charge.	Charge based on the reactive energy supplied in excess of 30% (0,96 power factor or less) of the kWh recorded during the peak and standard			
Basic, Capacity and Access charges.	Fixed charges as prescribed, is levied in respect of every separate electricity connection or erf. If two or more buildings or structures on the same erf are supplied with electricity from only one meter connection, the registered owner of such property will be held liable for the payment of the prescribed charges.			
Time Of Use (TOU) Seasons				
High demand season		June to	August	
Low demand season		September to	May	
Public holidays will be treated as the day of the week on which they fall.				
See illustration below				



BERGRIVIER ELECTRICITY TARIFFS		2024/25 Exc	2025/2026 Exc Vat	2025/2026 COST based	%	Year 1 (2026/2027)	% Change
Increase			13.95%			7.50%	
Domestic Indigent: Pre-paid (20 Amps single phase)							
Basic charge:	R/month/POS			`		`	
Energy charge 0-50 kWh/m	R/kWh						
Energy charge 50-350 kWh/m	R/kWh	R2.1311	R2.4284	R 2.4284	13.9%	R 2.6105	7.5%
Energy charge 350-600 kWh/m	R/kWh	R2.2801	R2.5982	R 2.5982	13.9%	R 2.7930	7.5%
Energy charge>600 kWh/m	R/kWh	R3.7293	R4.2495	R 4.2495	13.9%	R 4.5682	7.5%
Domestic Life line tariff: Pre-paid (20 Amps single phase)							
Basic charge:	R/month/POS		R76.00	`		R 81.70	7.5%
Energy charge 0-50 kWh/m	R/kWh	R2.1311	R2.4284	R 2.4284	13.9%	R 2.6105	7.5%
Energy charge 50-350 kWh/m	R/kWh	R2.1311	R2.4284	R 2.4284	13.9%	R 2.6105	7.5%
Energy charge 350-600 kWh/m	R/kWh	R2.2801	R2.5982	R 2.5982	13.9%	R 2.7930	7.5%
Energy charge>600 kWh/m	R/kWh	R3.7293	R4.2495	R 4.2495	13.9%	R 4.5682	7.5%
Small:1 phase Conventional							
Basic charge:	R/kWh	R378.59	R431.40	R 43.31	-88.6%	R 463.7547	7.5%
Capacity charge	R/Amp/Ph/m			R 12.09	New	R -	
Energy charge 0-50 kWh/m	R/kWh	R1.7900	R2.0397	R 2.6780	49.6%	R 2.1927	7.5%
Energy charge 50-350 kWh/m	R/kWh	R2.2807	R2.5988	R 2.6780	17.4%	R 2.7937	7.5%
Energy charge 350-600 kWh/m	R/kWh	R2.6358	R3.0035	R 2.6780	1.6%	R 3.2287	7.5%
Energy charge>600 kWh/m	R/kWh	R2.9144	R3.3209	R 2.6780	-8.1%	R 3.5700	7.5%
Small:1 phase Pre-paid							
Basic charge:	R/kWh		R76.00	R 43.31	New	R 81.7000	7.5%
Capacity charge	R/Amp/Ph/m			R 12.09	New	R -	
Energy charge 0-50 kWh/m	R/kWh	R1.7900	R2.0397	R 2.6780	49.6%	R 2.1927	7.5%
Energy charge 50-350 kWh/m	R/kWh	R2.3017	R2.6228	R 2.6780	16.3%	R 2.8195	7.5%
Energy charge 350-600 kWh/m	R/kWh	R3.1752	R3.6181	R 2.6780	-15.7%	R 3.8895	7.5%
Energy charge>600 kWh/m	R/kWh	R3.7293	R4.2495	R 2.6780	-28.2%	R 4.5682	7.5%
Small:1 phase Munic							
Basic charge:	R/kWh	R378.59	R431.40	R 43.31	-88.6%	R 463.7547	7.5%
Capacity charge	R/Amp/Ph/m			R 12.09	New	R -	
Energy charge	R/kWh	R1.5724	R1.7917	R 2.6780	70.3%	R 1.9261	7.5%
Small:3 phase Conventional;							
Basic charge:	R/kWh	R1 351.22	R1 539.70	R 66.58	-95.1%	R 1 655.1801	7.5%
Capacity charge	R/Amp/Ph/m			R 12.09	New	R -	
Energy charge	R/kWh	R2.8866	R3.2893	R 2.6780	-7.2%	R 3.5359	7.5%
Small:3 phase Pre-paid							
Basic charge:	R/kWh	R0.00	R76.00	R 66.58	New	R 81.7000	7.5%
Capacity charge	R/Amp/Ph/m			R 12.09	New	R -	
Energy charge	R/kWh	R3.1964	R3.6423	R 2.6780	-16.2%	R 3.9154	7.5%
Small:3 phase Munic							
Basic charge:	R/kWh	R1 351.22	R1 539.70	R 66.58	-95.1%	R 1 655.1801	7.5%
Capacity charge	R/Amp/Ph/m			R 12.09	New	R -	
Energy charge	R/kWh	R1.5724	R1.7917	R 2.6780	70.3%	R 1.9261	7.5%

BERGRIVIER ELECTRICITY TARIFFS		2024/25 Exc	2025/2026 Exc Vat		2025/2026 COST based	%		Year 1 (2026/2027)	% Change
Increase			13.95%					7.50%	
Bulk: Medium Voltage: 11kV Bulk									
Basic charge:	R/month/POS	R3 523.84	R4 015.38	R	469.28	-86.7%	R	4 316.54	7.5%
Network Access charges	R/kVA/month			R	124.65	New	R	-	New
Network Demand charge	R/kVA/month	R370.38	R422.04	R	97.68	-73.6%	R	453.70	7.5%
Reactive energy charge	R/kvarh			R	0.3220	New	R	-	New
Active Energy charge				R	-		R	-	
High demand: Peak	R/kWh	R2.0080	R2.2881	R	7.5145	274.2%	R	2.4597	7.5%
High demand: Standard	R/kWh	R2.0080	R2.2881	R	2.3108	15.1%	R	2.4597	7.5%
High demand: Off-Peak	R/kWh	R2.0080	R2.2881	R	1.7328	-13.7%	R	2.4597	7.5%
Low demand: Peak	R/kWh	R2.0080	R2.2881	R	3.4557	72.1%	R	2.4597	7.5%
Low demand: Standard	R/kWh	R2.0080	R2.2881	R	2.1953	9.3%	R	2.4597	7.5%
Low demand: Off-Peak	R/kWh	R2.0080	R2.2881	R	1.7328	-13.7%	R	2.4597	7.5%
Bulk: Low Voltage: > 50 kVA (400V) Bulk									
Basic charge:	R/month/POS	R3 523.84	R4 015.38	R	469.28	-86.7%	R	4 316.54	7.5%
Network Access charges	R/kVA/month			R	124.65	New	R	-	
Network Demand charge	R/kVA/month	R370.38	R422.04	R	97.68	-73.6%	R	453.70	7.5%
Reactive energy charge	R/kvarh			R	0.3220	New	R	-	
Active Energy charge				R	-		R	-	
High demand: Peak	R/kWh	R2.0080	R2.2881	R	7.5145	274.2%	R	2.4597	7.5%
High demand: Standard	R/kWh	R2.0080	R2.2881	R	2.3108	15.1%	R	2.4597	7.5%
High demand: Off-Peak	R/kWh	R2.0080	R2.2881	R	1.7328	-13.7%	R	2.4597	7.5%
Low demand: Peak	R/kWh	R2.0080	R2.2881	R	3.4557	72.1%	R	2.4597	7.5%
Low demand: Standard	R/kWh	R2.0080	R2.2881	R	2.1953	9.3%	R	2.4597	7.5%
Low demand: Off-Peak	R/kWh	R2.0080	R2.2881	R	1.7328	-13.7%	R	2.4597	7.5%
Bulk: TOU Medium Voltage: 11kV Bulk SSEG									
Basic charge:	R/month/POS	R3 523.84	R4 015.38	R	2 152.23	-38.9%	R	2 313.64	-42.4%
Network Access charges	R/kVA/month			R	91.68	New	R	98.55	New
Network Demand charge	R/kVA/month	R370.38	R422.04	R	61.02	-83.5%	R	65.60	-84.5%
Reactive energy charge	R/kvarh			R	0.3220	New	R	0.3461	New
Active Energy charge									
High demand: Peak	R/kWh	R2.0080	R2.2881	R	7.5145	274.2%	R	8.0781	253.0%
High demand: Standard	R/kWh	R2.0080	R2.2881	R	2.3108	15.1%	R	2.4842	8.6%
High demand: Off-Peak	R/kWh	R2.0080	R2.2881	R	1.7328	-13.7%	R	1.8628	-18.6%
Low demand: Peak	R/kWh	R2.0080	R2.2881	R	3.4557	72.1%	R	3.7149	62.4%
Low demand: Standard	R/kWh	R2.0080	R2.2881	R	2.1953	9.3%	R	2.3599	3.1%
Low demand: Off-Peak	R/kWh	R2.0080	R2.2881	R	1.7328	-13.7%	R	1.8628	-18.6%
Bulk: TOU Low Voltage: > 50 kVA (400V) Bulk SSEG									
Basic charge:	R/month/POS	R3 523.84	R4 015.38	R	469.28	-86.7%	R	504.48	-87.4%
Network Access charges	R/kVA/month			R	124.65	New	R	134.00	New
Network Demand charge	R/kVA/month	R370.38	R422.04	R	97.68	-73.6%	R	105.00	-75.1%
Reactive energy charge	R/kvarh			R	0.3220	New	R	0.3461	New
Active Energy charge									
High demand: Peak	R/kWh	R2.0080	R2.2881	R	7.5145	274.2%	R	8.0781	253.0%
High demand: Standard	R/kWh	R2.0080	R2.2881	R	2.3108	15.1%	R	2.4842	8.6%
High demand: Off-Peak	R/kWh	R2.0080	R2.2881	R	1.7328	-13.7%	R	1.8628	-18.6%
Low demand: Peak	R/kWh	R2.0080	R2.2881	R	3.4557	72.1%	R	3.7149	62.4%
Low demand: Standard	R/kWh	R2.0080	R2.2881	R	2.1953	9.3%	R	2.3599	3.1%
Low demand: Off-Peak	R/kWh	R2.0080	R2.2881	R	1.7328	-13.7%	R	1.8628	-18.6%
Small consumer TOU:Low Voltage: ≤ 50 kVA (400V) Compulsary for SSEG									
Basic charge:	R/month/POS		R273.10	R	298.70	New	R	54.94	-79.9%
Network Access charges	R/Amp/phase/month		R3.67	R	12.09	New	R	12.09	229.5%
Reactive energy charge	R/kvarh			R	-	New	R	-	
Active Energy charge						New			
High demand: Peak	R/kWh		R7.74	R	7.9033	New	R	8.4960	9.8%
High demand: Standard	R/kWh		R2.45	R	2.6996	New	R	2.9021	18.5%
High demand: Off-Peak	R/kWh		R1.86	R	2.1216	New	R	2.2807	22.6%
Low demand: Peak	R/kWh		R3.61	R	3.8445	New	R	4.1328	14.5%
Low demand: Standard	R/kWh		R2.33	R	2.5841	New	R	2.7779	19.2%
Low demand: Off-Peak	R/kWh		R1.86	R	2.1216	New	R	2.2807	22.6%
SMALL-SCALE EMBEDDED GENERATION (SSEG)		2024/25 Exc			2025/2026 COST based			Year 1 (2026/2027)	
Additional Basic Charge	R/m/POS			R	100.00	New	R	-	
Feed Inn energy credit									
High demand: Peak	R/kWh	-R0.7500	-R5.7746	-R	5.7746	669.9%	-R	6.2949	9.0%
High demand: Standard	R/kWh	-R0.7500	-R1.6117	-R	1.6117	114.9%	-R	1.7569	9.0%
High demand: Off-Peak	R/kWh	-R0.7500	-R1.1493	-R	1.1493	53.2%	-R	1.2528	9.0%
Low demand: Peak	R/kWh	-R0.7500	-R2.5275	-R	2.5275	237.0%	-R	2.7553	9.0%
Low demand: Standard	R/kWh	-R0.7500	-R1.5192	-R	1.5192	102.6%	-R	1.6561	9.0%
Low demand: Off-Peak	R/kWh	-R0.7500	-R1.1493	-R	1.1493	53.2%	-R	1.2528	9.0%
ELECTRICITY STREETLIGHTS									
Fixed charge	R/Luminaire/mont	R0.00	R87.30	R	81.21	New	R	87.30	New
Energy charge	R/kWh	R0.00	R3.6847		R 3.4276	New		R 3.6847	New
ELECTRICITY AVAILABILITY									
Fixed charge	R/stand/month	R234.05	R266.6997	R	705.57	201.5%	R	286.7021	7.5%

6. CONCLUSIONS.

The following in terms of these calculations:

- An annual increase of 7.5% is proposed but may be adjusted depending on the draft budget to be submitted to council for approval by 31 March 2026.
- A surplus of R20.78 mill is calculated using the modified NERSA method and to be utilised to fund the capital expenditure.
- After doing various prudency adjustments in costs and revenues.
- This is based on Eskom Bulk costs increasing by 9.33%.
