

The Municipal Manager
MSUKALIGWA MUNICIPALITY
PO Box 48
ERMELO
0850

Tel no: (017) 819 3500
Fax no: (017) 819 3210

Attention: Mr H Boers

Dear Sir

ELECTRICITY TARIFFS FOR THE PERIOD 01 JULY 2010 – 30 JUNE 2011

On 29 April 2010, the National Energy Regulator of South Africa (NERSA) approved the 2010/11 guideline increase for municipalities as follows:

- 22% increase applicable to municipalities who implemented a 25% increase in the 2009/10 financial year;
- 19.0% applicable to municipalities who previously implemented a 34% increase

The Energy Regulator considered your application for a tariff increase for the period 01 July 2010 – 30 June 2011 as per your application dated 14 May 2010 and decided that:

1. All proposed tariffs are approved as follows:

- **Inclining Block Rate Tariffs**

- *Domestic Conventional & Prepaid 20A:*

<u>Tariffs blocks</u>	<u>Munic Proposed c/kWh</u>	<u>RED Benchmarks c/kWh</u>	<u>Tariffs NERSA Approved c/kWh</u>
Block 1 (0-50 kWh)	62.00	54 – 60	60.00
Block 2 (51 – 350 kWh)	65.00	58 - 62	62.00
Block 3 (351 – 400 kWh)	75.00	72 - 77	77.00

- **Domestic Prepaid (Above 20A)**

<u>Tariffs blocks</u>	<u>Munic Proposed c/kWh</u>	<u>RED Benchmarks c/kWh</u>	<u>Tariffs NERSA Approved c/kWh</u>
Block 1 (0-50 kWh)	65.00	54 – 60	60.00
Block 2 (51 – 350 kWh)	75.00	58 - 62	62.00
Block 3 (351 – 600 kWh)	85.00	72 - 77	77.00
Block 4 (>600)kWh	95.00	88 - 93	93.00

○ **Domestic Conventional**

<u>Tariffs blocks</u>	<u>Munic Proposed c/kWh</u>	<u>RED Benchmarks c/kWh</u>	<u>Tariffs NERSA Approved c/kWh</u>
Block 1 (0-50 kWh)	62.00	54 – 60	60.00
Block 2 (51 – 350 kWh)	65.00	58 - 62	62.00
Block 3 (351 – 600 kWh)	75.00	72 - 77	77.00
Block 4 (>600)kWh	90.00	88 - 93	93.00
Basic Charge: R/month	90.00	54 – 60	90.00

● **Commercial**

➤ **Conventional :**

- Basic Charge : R600.00/month
- Energy Charge : 56.00c/kWh

➤ **Prepaid:**

- Energy Charge: 90.00c/kWh

● **Industrial**

- Basic Charge: R2 625.00/month
- Energy Charge: 37.00c/kWh
- Demand Charge: R100.00/kVA

● **All other Tariffs**

- That all the other tariffs are approved as requested.

2. You are requested to submit a progress report every six months on the reduction of the system losses.
3. You are requested to submit six monthly reports regarding the revenue impact of implementing the Inclining Block tariffs to your domestic customers.

Should you have any further questions please do not hesitate to contact Tabisa Nkopo / Juwith Magabe in the Electricity Pricing and Tariffs Department.

Please note that in terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004) National Energy Regulator is entrusted to perform all the functions that the National Electricity Regulator used to perform, and amongst others to review and approve tariff increase proposals by all licensed distributors of electricity in South Africa. Implementation without approval of the National Energy Regulator is a contravention of the license issued to you. It is therefore important that provision is made in your planning / budgeting cycle to allow time for the submission of applications for future changes or increases to NERSA for consideration

Yours sincerely,

Smunda Mokoena
CHIEF EXECUTIVE OFFICER