



PLETTENBERG BAY RATEPAYERS AND RESIDENTS ASSOCIATION

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Chairman: Tony Blignaut

3 September 2026

National Energy Regulator of South Africa (NERSA)

526 Madiba Street

Arcadia

Dear Sir/Madam,

The Plettenberg Bay Ratepayers' and Residents' Association (PBRA) has considered Bitou Municipality's attached response to our letter to you of 4 August and notes that, while the Municipality has provided additional explanatory information, several of the fundamental evidentiary matters raised in our submission remain unresolved. In particular, the response does not provide the underlying calculations necessary for NERSA to independently test whether the proposed tariffs are based on prudent, efficient and cost-causal costs.

Bitou's statement that the CoS includes only Electrical Division costs does not, in itself, demonstrate that those costs have been subjected to prudence nor efficiency testing. Similarly, the reference to a 10% surplus as the "lowest possible surplus" does not demonstrate quantitatively why 10% is the minimum required level.

Most significantly, the response does not address the use of the 2021/22 test year or provide a quantified reconciliation demonstrating how historical costs have been normalised to produce an efficient and representative 2026/27 cost base.

The response also explains the proposed fixed charges by reference to Eskom's increases but does not demonstrate the customer-related and capacity-related cost allocation underlying those charges.

In relation to SSEG, the Municipality provides useful hourly margin calculations, but appears to equate lost retail margin with the cost imposed by SSEG customers. PBRA respectfully submits that a proper cost-to-serve assessment should distinguish between lost retail revenue and the actual incremental costs and avoided costs associated with SSEG.

PBRA therefore respectfully requests that NERSA require the Municipality to provide the underlying CoS schedules, prudence/efficiency testing, customer-cost allocation calculations, 2021/22-to-2026/27 normalisation, annual tariff-class surplus/deficit calculations and SSEG

cost-to-serve analysis before relying on the Municipality's response as demonstrating compliance with the applicable Cost of Supply requirements.

Kind regards,

Tony Blignaut

Chairman

Cc: Jannie Fourie, Bitou Electrical and Mechanical Engineering Manager