PUBLIC UTILITIES REGULATORY COMMISSION

Grenada Electricity Services Limited

Interim Tariff Proposal Review

Determination Notice

29 August 2023

DOCUMENT TITLE AND APPROVAL PAGE
1. DOCUMENT NUMBER: 2023/ELEC/DET.001
2. DOCUMENT TITLE: Grenada Electricity Services Limited Interim Tariff Proposal Review: Determination Notice
3. PURPOSE OF DOCUMENT: This document presents the Commission's decisions on the Interim Tariff proposed by Grenada Electricity Services Limited as the first transitioning stage toward the implementation of a new tariff for the tri-island state of Grenada.
4. ANTECEDENT DOCUMENTS:

APPROVAL:

This document has been approved by the Public Utilities Regulatory Commission and this Determination shall become effective as of 1st October 2023.

On behalf of the Public Utilities Regulatory Commission:

A. Millet

Mr. Andrew Millet
Chairman

Public Utilities Regulatory Commission

29 August 2023

Abstract

On July 8th, 2016, the Electricity Act No. 19 and the Public Utilities Regulatory Commission Act No. 20 were promulgated and were later amended on December 22nd, 2017. The implementation of these Acts warranted, among other things, the enactment of regulations to determine reasonable rates and the regulatory body mandated to set these rates respectively.

The Electricity Tariff Setting Methodology (TSM) regulations SRO No. 20 was then promulgated on April 8th, 2022, outlining the steps toward adopting a price cap regime and the use of an interim tariff to transition from the current methodology used by the Utility.

In accordance with section 28 (4) of TSM SRO 20, on June 23, 2022, the Public Utilities Regulatory Commission issued a written request to the Grenada Electricity Services Limited for the submission of an Interim Tariff Proposal. The Utility's proposal was received by the Commission on August 16th, 2022.

On September 9, 2022, the PURC issued an official letter to the Utility, notifying them that the issuance of the Interim Tariff Determination Notice would be delayed. This delay was due to the need for the new Government Administration to establish a reconstituted Commission. The reconstituted Commission was Gazetted in the December 2, 2022, edition of the Government Gazette. The new Commission undertook to review the determination, and herein sets out their decision on the Interim Tariff proposed by GRENLEC.

Table of Contents

Definitions, Acronyms and Abbreviations

CPI	Consumer Price Index prepared and produced by the CSO
CSO	Central Statistical Office, Grenada
EA	Electricity Act (no. 19) of 2016 and its amendments
FAC	Fuel Adjustment Clause as defined in Schedule 4 of SRO.20 of 2022
GRENLEC/ Utility/Company	Grenada Electricity Services Limited
Prevailing rate	The rates that have remained in place in the absence of regulations as per Section 32 subsection 7(b) of the Electricity Act (no.19) of 2016
PURC/ Commission	Public Utilities Regulatory Commission
PURCA	Public Utilities Regulatory Commission Act (no. 20) of 2016 and its amendments
RE	Renewable Energy
Regulations/ TSM	Electricity (Tariff Setting Methodology) Regulations; SRO.20 of 2022
ROE	Return on Equity; is the metric used to determine a reasonable return to the Utility in the interim tariff as per Section 28 of SRO.20 of 2022.
RPI	The Reference Price Index means the CPI-adjusted to be neutral of the effects of changes in fuel costs used in the generation of electricity
SRO	Statutory Rules and Orders

1 Executive Summary

1.1 GRENLEC's Interim Tariff Proposal

In its interim tariff proposal submission to the Public Utilities Regulatory Commission (PURC), GRENLEC made the following recommendations:

a. An average increase of 1.4 percent for all customer classes on the 2016 non-fuel charges.
b. The monthly recovery of fuel losses incurred January-July 2022 at a rate of $0.0232/kWh is to be added to the fuel charge over 2 years.
c. A monthly recovery of the PURC regulatory fees for the periods 2021 and 2022 at a rate of $0.0079/kWh to be added to (a) above over 2 years.
d. An adjustment of the customer bill to reflect the implementation of a renewable charge and a fuel adjustment clause that will ensure fuel is a pass-through cost with an 18-week timeline for review and customer engagement and education.

1.2 Analysis of the Proposal

The Commission's review of the interim proposal for Grenada Electricity Service Limited has revealed the following determinations:

1.2.1 Updated Fuel Charge

The Commission's analysis has unveiled that during the period of 2016-2023 (Jan to June), GRENLEC experienced a surplus of EC $31.7 million in fuel cost collections (i.e., customer overpayments). Additionally, the Commission observes that subsequent to submitting its proposal in August 2022, the company amassed an estimated excess of EC $2 million in fuel cost recovery for the entirety of 2022.

Consequently, the Commission has determined that since the Utility managed to recoup the under-recovered fuel costs for January-July 2022 in the latter part of the same year, while the Interim Tariff Determination was pending, the previously proposed recovery plan is no longer applicable.

The revised fuel charge methodology will become effective at the initiation of the Interim Tariff implementation (October 2023), taking effect one (1) working day after GRENLEC receives invoices for fuel purchases for each calendar month. This fuel charge mechanism will encompass a Fuel Adjustment Clause (FAC) outlined in Schedule 4 (1.3) of the TSM, designed to prevent future occurrences of either under-recovery or over-recovery of fuel costs.

Given the universally recognized understanding that fuel costs are transferred as pass-through charges to consumers (with no profit intended for the Utility), the Commission anticipates that any surplus fuel costs the Utility has levied, be reimbursed to the people of Grenada, Carriacou, and Petite Martinique.

1.2.2 Adjusted Non-Fuel Charge

Upon the Commission's analysis, the appropriate non-fuel base to be used is the prevailing rate, as per Section 32 subsection 7(b) of the 2016 Electricity Act (as amended). Given the hold that was placed on the confirmation of the Interim Tariff Determination the Commission saw it necessary to update the RPI and CPI to use the most up to date data (December 2022) to adjust the base non-fuel; the resulting rates are 0.02 percent lower than the prevailing rate.

Given the result of the inflation-adjusted non-fuel charge across all classes of a $0.0001 cent per kWh reduction, the Commission has determined to keep the prevailing rates (2016 rates) for the implementation of this Interim Tariff. The prevailing or initial Interim Tariff non-fuel rates are given in Table 1.1:

Table 1.1: Initial Interim Non-fuel charge per customer class.

Customer Class	Prevailing Rates
Domestic	0.4057
Commercial	0.4375
Industrial	0.3207
Streetlight	0.3839

1.2.3 Appropriate return

Subsequent to its analysis, the Commission has concluded that the appropriate rate should lie within the range presented by GRENLEC, rather than being determined solely by an average within that range, as initially proposed. The endorsed range stands at 10.7 to 12.4 percent. Projections indicate that factoring in revenue to be generated from the interim tariff, excluding over recovered fuel costs, along with consideration for the Utility's recovery of regulatory fees (paid in 2023), the company will achieve a fuel-neutral Return on Equity (ROE) of 11.54 percent in 2023. This percentage falls well within the proposed range as indicated in Appendix B and it is the average ROE requested by the Utility in its proposal. The Commission strongly encourages the company to exhibit efficiency and prudency in managing its expenses, thereby guaranteeing the utmost value for the resources expended by consumers.

1.2.4 Renewable Energy Charge

The Commission agrees that the renewable energy charge shall be determined per Schedule 4 of the TSM. The Commission also determines that the Renewable Energy (RE) Savings and the share of renewable and fossil fuel energy used for electricity service shall be displayed on customer bills.

1.2.5 Service Charge

The Commission agrees that the service charge shall remain at EC$4.00 until the completion of the tariff studies and the implementation of the new retail tariff according to the TSM.

1.2.6 Other Regulatory Matters: Billing Mechanism/ Bill Formatting

Based on the Commission’s analysis, GRENLEC’s proposed 18-week timeline for executing the new bill shall be done while simultaneously allowing for the implementation of the updated fuel charge, FAC and renewable energy charge.

2 Overview of GRENLEC's Proposal Submission

2.1 Introduction

The previous methodology for determining the tariff has presented many challenges, inclusive of the inappropriate capture and classification of renewable energy, discrepancies in the calculation of the non-fuel charge, and the excessive under- and over-recovery of fuel costs. Given these challenges, the interim tariff is meant to bridge the gap between the current methodology and the way forward under the PURC and Electricity Acts[1]. Therefore, the interim tariff will ensure that the renewable energy supplied is appropriately captured within a correct rate category, the fuel cost will be a pass-through—to minimize excessive fluctuations in recovery, and the non-fuel will be appropriately adjusted for inflation.

The interim will aim to rectify the concerns of the current tariff and ensure that a more accurate and appropriate tariff is enforced; it is essentially the missing puzzle piece.

After extensive tariff engagements and discussions throughout the period 2021-2022, on 25 June 2022, the PURC invited GRENLEC to submit its interim tariff proposal. According to the Regulations, the proposal is due within one month of receipt of the invitation. However, due to extenuating circumstances, the Utility requested an extension of their proposal's deadline to August 10th, which the Commission granted.

On 16 August 2022, GRENLEC submitted its tariff proposal for an interim tariff under section 28 of the Electricity Tariff Setting Methodology Regulations.

2.2 Fuel Adjustment Clause and Fuel Charge

The Fuel charge is the per kWh charge on each fuel energy unit used by customers. It is a pass-through charge and is "…*based on the efficient fuel cost consumed in generating fuel energy (including shipping, storage, handling, and transportation costs) and the efficient conversion of fuel into electricity delivered to the consumer and is calculated in accordance with Schedule 4…*" (Section 9(a), TSM).

In the proposal, GRENLEC agreed to the implementation of the fuel charge as defined in Schedule 4 of the TSM along with the implementation of a Fuel Adjustment Clause (FAC) also defined within the same Schedule. This methodology will ensure the monthly settlement of any under or over recoveries of the fuel cost and bring the company to a fuel-neutral position.

The company noted that up until its proposal submission, it recorded an under-recovery of $9.93 million of its fuel costs and stated its intention to recover the losses over 2 years by adjusting (increasing) the fuel rate by $0.0232.

2.3 Non-Fuel Charge

The Base non-fuel charge is the cost of providing electricity services to customers. In the interim period, the non-fuel is determined as "…*an energized charge adjusted annually by the inflation rates of two (2) years prior…*" (Section 28.2(c), TSM). The base non-fuel charge is also

[1] Of 2016 (As Amended)

adjusted to ensure that the Utility company receives a reasonable return on its investment (Section 28.3, TSM).

GRENLEC proposes a 1.4 percent increase in the base non-fuel rate for all customer classes. This increase encompasses inflationary adjustments and the proposed return on investment.

The base chosen for the review is the prevailing or 2016 rates which have been constant for the period January 2016-2022. This was due to the repealing and replacement of the 1994 Electricity Supply Act methodology by the 2016 EA and PURCA.

Based on 2021 data presented by CSO, the inflationary adjustment to the base non-fuel rate would result in a 0.89 percent reduction. This decreased rate is still 32 percent higher than the reduced prices that were introduced on January 5th, 2022 (Table 2.1). The 2022 prices represent a 25 percent reduction in the non-fuel rate as proclaimed by the Government of Grenada—the company's majority shareholder.

Table 2.1: Inflation adjusted base non-fuel charge.

Class	Base Rate	*Inflation Adjusted Rate*	Rate Change	Current Rate	Rate Change
Domestic	0.4057	*0.4021*	-0.89%	0.3043	32%
Commercial	0.4375	*0.4336*	-0.89%	0.3281	32%
Industrial	0.3207	*0.3178*	-0.90%	0.2405	32%
Streetlight	0.3839	*0.3805*	-0.89%	0.2879	32%

Source: GRENLEC's Interim Tariff Proposal, 2022

2.3.1 Reasonable Rate of Return

As per Section 32 of the Electricity Act and 28(3) of the TSM, rates charged shall ensure that the company receives a reasonable return. In the interim period, "*…tariff shall reflect reasonable rates and shall ensure a reasonable return to the network licensee that may be measured by a suitable return on equity, or another metric as approved by the Commission…*" (Section 28(3), TSM). The metric approved by the Commission for the determination of a reasonable return is the Return on Equity (ROE).

In determining a reasonable return as per Section 28(3) of the TSM, the company proposed an 11.5 percent Return on Equity by comparing the returns to similar Utility companies within the region (Table 2.2) over the period 2019-2021. The company proposed the mid-point of the average ROE for selected companies including and excluding Grenada.

Table 2.2: Return on Equity Values for 2019-2021

Utility	2021	2020	2019	Average
Grenada - Grenlec	13.52%	15.13%	23.55%	17.4%
St. Lucia - Lucelec	10.80%	10.90%	12.7%	11.5%
Cayman	10.2%	9.0%	12.2%	10.5%
***Barbados**			10.2%	10.2%
Average				**12.4%**
Average excl. Grenada				**10.7%**
Required RoE				**11.5%**

*Data for 2021 and 2020 was unavailable

2.3.1.1 *Impact on non-fuel*

Without the interim tariff, the Company projects that by year-end (2022), the company's ROE is anticipated to be -7.64 percent. This is impacted primarily by the losses incurred from fuel purchases and the 25 percent reduction of the non-fuel charge.

The company presented estimates (Table 2.3) that highlight if the interim tariff rates were implemented in October, it would not be able to achieve the proposed ROE of 11.5 percent but would attain an ROE of -3.93 percent. The company, therefore, highlighted that to achieve the proposed rates, the average non-fuel rate has to increase by 189 percent to $0.9011 from the current rate (25 percent reduction of the base non-fuel).

Source: GRENLEC's Interim Tariff Proposal, 2022

The proposal also included a scenario that assumed a full year to arrive at the required revenue to earn a reasonable rate of return, taking into account the losses on the fuel. It was found that the average non-fuel rate would have to increase by 50.2 percent to $0.4682 from the current charge. However, when a fuel-neutral position is assumed with an adjusted non-fuel charge, the scenario achieves the required return.

Table 2.3: Return on Equity Scenarios

Return on Equity	2022	2022	2022	2022	2022	2021	2020	2019
	Tariff changed Oct	Inflation-adjusted Tariff (Fuel Netural)	Tariff (Fuel Netural)	Tariff	Projected	Audited	Audited	Audited
Net Profit After tax	(4,061,791)	12,808,369	13,998,554	13,922,622	(7,624,230)	14,846,835	16,106,214	23,603,498
Hurricane fund contributions			-	-	-	2,000,000	2,000,000	2,000,000
	(4,061,791)	**12,808,369**	**13,998,554**	**13,922,622**	**(7,624,230)**	**12,846,835**	**14,106,214**	**21,603,498**
Shareholders' Equity								
Stated Capital	32,339,840	32,339,840	32,339,840	32,339,840	32,339,840	32,339,840	32,339,840	32,339,840
Hurricane Insurance Reserve	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	30,000,000	28,000,000
Retained Earnings	45,494,347	45,494,347	45,494,347	45,494,347	45,494,347	42,527,513	39,893,890	28,170,393
Profit to Date after Dividends	(6,531,791)	10,338,369	11,528,554	11,452,622	(10,094,230)	2,966,835	4,226,214	11,723,498
Total Shareholders' Equity	**103,302,396**	**120,172,556**	**121,362,741**	**121,286,809**	**99,739,957**	**109,834,187**	**106,459,945**	**100,233,730**
Return on Equity (ROE)	**-3.93%**	**10.7%**	**11.5%**	**11.5%**	**-7.64%**	**11.70%**	**13.25%**	**21.55%**

Source: GRENLEC's Interim Tariff Proposal, 2022

2.3.1.2 *Concerns about the methodology*

GRENLEC presented several concerns about the use of the ROE as a suitable metric within its proposal:

1. Establishing a reasonable ROE.
2. Unlike the Return on Rate Base methodology, using the ROE does not consider future operating and capital expenditures requirements.
3. Methodology does not allow recovery of Regulatory Fees and studies.
4. The ROE ignores Company Risk

5. The historical ROEs used in this analysis include the impact of fuel under/over recovery, which may result in under-recoveries being subsidized by the non-fuel rate.

2.3.2 Regulatory Fees Recovery

In addition to adjusting the non-fuel base rate, the company proposes to recover the regulatory fees charged to it by the PURC under Section 14 of the PURCA. The company proposes to recover the annual assessment paid to the Commission for the periods 2020 and 2021 over a period of two (2) years at a rate of $0.0079/ kWh (Table 2.4).

Table 2.4: Proposed recovery of 2020 and 2021 regulatory fees

Estimated kWh unit sales 2021 & 2022	428,449,359
Regulatory Charges	
PURC Fees 2020	1,924,646.00
PURC Fees 2021	1,480,809.51
Total	**3,405,455.51**
Charge per Kilowatt	**0.0079**

Source: GRENLEC's Interim Tariff Proposal, 2022

2.3.3 Net Fuel Losses Recovery

GRENLEC also proposed a method (Table 2.5) to recover the net fuel losses incurred for the 2022 period (Jan-July) before the interim tariff; at a rate of $0.0232 per kWh over a two (2) year period.

Table 2.5: Proposed recovery of fuel losses for the period January-July 2022

Estimated Kwh sales 2021 & 2022	428,449,359
Fuel Under Recovery	9,930,540
Charge per Kilowatt	**0.0232**

Source: GRENLEC's Interim Tariff Proposal, 2022

2.4 Renewable Energy Charge

GRENLEC agrees with the implementation of the renewable energy charge as defined within Schedule 4 of the TSM. The charge will be implemented as an additional line item on the bill in line with Section 10 (3) of the TSM.

2.5 Minimum bill/ Service Charge

The company proposed that the minimum bill/ service charge remains the same with no changes.

2.6 Billing Mechanism/ Bill Formatting

GRENLEC notes in its proposal the following formatting and implementation timelines that need to be accounted for with the proposed changes in the interim tariff. The introduction of two (2) line items (RE and FAC) will require a change to the Customer Information Software (CIS) as well as a redesign of the bill since the current bill cannot accommodate these additions.

The company presented an 18-week-timeline for programming and testing the quality of the new bills. This timeline serves the aims of ensuring that the new bills are within standard and that customers are educated to understand both the new design and the meaning of the new line items:

a. Depletion of the existing bills stock (current bills) which has a stock duration of thirteen (13) weeks.
b. Confirmation and approval of the scope of works on the CIS programming changes - one (1) week.
c. Change the non-fuel rate and test- one (1) week.
d. Configuration of new rate elements on CIS - six (6) weeks
e. Testing with the billing team and additional configuration of new elements - four (4) weeks
f. Bill print redesign: mock-ups and focus groups (internal and external) - ten (10) weeks
g. Bill print redesign- configuration, set up, open format sample text file – six (6) weeks.
h. Testing bill print - two (2) weeks
i. Resolve other bill configuration matters – in-house bill prints -two (2) weeks.
j. Customer education - develop the concept and produce material -five (5) weeks.

Customer education – engage media, publish material, FAQ, internal team briefing - four (4) weeks.

3 Legal Framework

a. The Public Utilities Regulatory Commission (referred to throughout this document as the PURC or the Commission) is the regulatory body corporate established under the Public Utilities Regulatory Commission Act (no.20) of 2022, to fulfil the regulatory requirements conferred upon it by the PURCA and the EA.
b. The Commission has therefore established an office under Section 36 of the PURCA for technical assistance to the Minister and economic research. The Office is responsible for the collection and compiling of data, conducting studies, and other matters related to the Commission's functions regarding a public Utility.
c. GRENLEC is regulated by the Public Utilities Regulatory Commission under the provisions stated within the PURCA and EA and their respective amendments.
d. This Determination Notice is therefore issued under sections 4 and 32 of the Electricity Act, Sections 4 and 17 of the Public Utilities Regulatory Commission Act and Section 28 and Schedule 4 of the Electricity Sector Tariff Setting Methodology.
e. The Commission's functions under Section 4 of the Electricity Act no. 19 and its amendments include:

4. The Commission shall–

(a) set and review rates chargeable by licensees and in particular–

(i) set and review the rates that are chargeable by network licensees to consumers;

(ii) set and review the rates that are payable by a network licensee to a self-generator for the purchase of excess electricity generated from its generation facilities;

(iii) approve the rate provisions contained in any power purchase agreement;

(iv) set and review the rates that are chargeable by a person who holds a network licence and a generation licence; and

(v) adopt a social tariff by the policy established by the Minister;

(b) monitor through efficient and timely enforcement proceedings compliance by all licensees and permit holders of their respective obligations under this Act, the Public Utilities Regulatory Commission Act, 2016, any licence, any permit, any quality of service standards, any regulations, and any decision or Order of the Minister and the Commission; …

(d) hear and settle any dispute related to access and use of transmission of distribution systems, and any other dispute in accordance with section 59;

(e) hear and resolve complaints of consumers against a network licensee through efficient and timely proceedings;

(f) protect the interests of consumers, permit holders and licensees against any possible abuse of dominant position by a network licensee;

Section 17 (1) of the PURCA also highlights:

(f) carry out any other function that may be assigned to it under any enactment regulating the sector in which any public Utility subject to this Act operates, including to hear and determine any other matter designated to be under the jurisdiction of the Commission, and to perform any other function and exercise any other powers designated to it, under any other enactment, including to hear and resolve disputes between public utilities and consumers or other persons.

The Commission may also implement transitional procedures before the implementation of the retail tariff as defined within the TSM:

28. Interim tariff review. – (1) If the information available does not enable compliance with Part 3 and Schedules 1, 2 or 3, the Commission may initiate an interim tariff review and approve a new retail tariff in accordance with this regulation.

(2) Notwithstanding Part 3 and the schedules and having regard to the methodology already used by the network licensee, the Commission may apply during the interim tariff review a different tariff methodology than the methodology required by Schedules 1, 2, 3 and 4, which among others may include–

(a) the adjustment to the cost of service of the network licensee based on the expected costs of improved street lighting systems;

(b) the introduction of a modified Fuel Charge formula, which may include heat rate and system losses targets based on the Fuel Charge described in Schedule 4;

(c) the introduction of a modified Non-Fuel Charge, which will be an energised charge adjusted annually by the inflation rates of two (2) years prior.

(d) the introduction of a Renewable Charge to allow the network licensee's renewable electricity purchases to be treated as a pass-through to Consumers based on the definition in Schedule 4

(3) In accordance with section 32 of the Act, the interim tariff shall reflect reasonable rates and shall ensure a reasonable return to the network licensee that may be measured by a suitable return on equity or another metric as approved by the Commission.

(4) In case of initiating an interim tariff review, the Commission shall request the network licensee, in writing, to submit an application for an interim tariff application.

(5) The request under sub-regulation (4) shall indicate the factors that should be addressed in the interim tariff application of the network licensee.

(6) The application for an interim tariff shall be submitted by the network licensee within one month of the receipt of the request of the Commission.

(7) The Commission shall adopt a decision concerning the adoption of a new retail tariff no later than one (1) month of the receipt of the application submitted by the network licensee.

(8) If an interim tariff review is conducted and a new retail tariff is approved in accordance with this regulation, the Commission shall initiate afterwards and in accordance with sub-regulation 12 the first periodic tariff review.

(9) In the absence of any existing interim rate in accordance with section 32 (7) of the Act, section 28 of these Regulations may be enforced

The Rates provided under the guidance of the Commission, according to Section 32 of the EA shall be in part:

…(a) be fair and reasonable;

(b) provide licensees with a reasonable rate of return on their capital investment in their electrical system and other authorised activities;

(c) reflect reasonable and enforceable standards for the quality of the supply of electricity;

(d) subject to section 33(2), not be discriminatory or show undue preference between similarly situated persons…

The rates defined within the Interim Tariff, other than those stated within Section 28 of the TSM are defined within Schedule 4 of the TSM:

1.1 The Monthly Fuel Rate (FR) is calculated using the cost of Diesel Consumed (DC) in the generation of fuel energy during the month divided by the Calculated kWh Fuel Energy Consumption (CFEC) for that month to account for monthly fuel efficiency; as defined below–

$$\boldsymbol{FR = \frac{DC}{CFEC}}$$

*Where DC=∑ (Diesel consumed by each Generator) * Fuel Price and the Utility's Calculated kWh Fuel Energy Consumption (CFEC) for each month is defined by the following formula:*

$$\mathbf{CFEC = DG * (1 - AUX) * [1 - (\left[\frac{DG}{TG}\right] * RL)]}$$

Where:

CFEC= calculated fuel energy consumed for the month

DG = diesel-generated energy for the month

AUX= auxiliary usage of diesel-generated energy for the month (as a decimal)

TG= total gross generated energy for the month, i.e. generation from the Utility's diesel and renewal energy plants, generated energy purchased from consumers and prosumers

RL= 12 months rolling average loss (as a decimal)

1.2 ***The Average Monthly Fuel Rate*** *(FR'_m) is the three-month rolling average of the monthly fuel rate as shown below:*

$$\mathbf{FR'_m} = \left[\frac{\mathbf{FR_{m-1}} + \mathbf{FR_{m-2}} + \mathbf{FR_{m-3}}}{\mathbf{3}}\right]$$

Where:

FR_m = *Monthly Fuel Rate*

1.3 ***The Monthly Fuel Charge*** *(FCm) is the Fuel Rate adjusted by the Fuel Adjustment Clause (FAC). The FAC is any cumulative over or under-recovery of revenues from the previous month divided by the Calculated kWh sales (Fossil Fuel) of the previous month; the fuel charge is calculated as per below:*

$$\boxed{\boldsymbol{FC_m = FR'_m + \left[\frac{COUR_{m-1}}{CFEC_{m-1}}\right]}}$$

Where:

FC_m= *Fuel Charge in month m*

COURm-1 = Cost of fuel consumed in the prior month less Fuel charge collected from the prior month

CFECm-1 = Calculated fuel energy consumed from the prior month as defined in paragraph 1.1.

2. ***Renewable Charge*** (RC_n) *This is the network licensee's average monthly cost of renewable energy purchased from independent power producers (IPPs) and self-generators (SGs), in accordance with the terms of Power Purchase Agreements and Self-Generator Contracts, respectively, divided by the total renewable kWh purchased by the Network Licensee during the given month. This charge is applied to consumers' total consumption bills as a prorated share component of the combined renewables and fossil fuel-based electricity purchased and generated by the Network Licensee in the billed month.*

$$\boldsymbol{RC_n} = \left[\frac{(\sum_{i=1}^{m}[(\boldsymbol{RE_{n-1}} * \boldsymbol{kWh_{n-1}})}{\boldsymbol{kWh_{Cn-1}}}\right]$$

Where:

RC_n = *The renewable charge in month n*

RE_{n-1} = *The unit renewable energy charge paid by the Network Licensee to the respective IPP or SG in the previous month*

kWh_{n-1} = *The total kWh bought by the Network Licensee from IPPs and SGs in the previous month*

kWh_{Cn-1} = *The total quantity of renewable energy purchased by the Network Licensee in the previous month*

Subscripts i and m are the respective self-generators and IPPs.

Under Sections 4 and 32 of the Electricity Act, Section 17 of the Public Utilities Regulatory Commission Act, and Section 28 and Schedule 4 of the Electricity Sector Tariff Setting Methodology Regulations, the Commission makes the **DETERMINATIONS** set out below.

4 PURC's Analysis of the Interim Tariff Proposal

4.1 Updated Fuel Charge

The company proposes to implement the fuel charge as per Schedule 4 of the TSM; stating that the FAC will bring them closer to a fuel-neutral position. GRENLEC also mentioned its under-recovery of fuel costs amounting to $9.93 million for the period January - July 2022 and proposed that $0.0232 per kWh be included in the fuel charge methodology (added to the FAC) over two (2) years to enable them to recoup said cost.

The Commission acknowledges that following the proposal from the Utility, the company has now over-recovered approximately EC $2M for the year 2022 in fuel costs; this is reflected in Table 4.1 below.

Table 4.1: GRENLEC's Estimated 2022 Fuel Cost Recovery

2022	Fuel Revenue	Fuel cost	Cumulative Over (Under) Recovery
	$	$	$
Jan	8,571,572.73	7,749,998.08	821,574.65
Feb	8,538,161.29	8,523,628.25	836,107.69
Mar	9,333,996.69	10,838,371.03	(668,266.65)
Apr	9,534,788.14	10,530,673.04	(1,664,151.55)
May	11,382,589.32	14,763,356.48	(5,044,918.71)
Jun	11,790,557.92	14,363,178.04	(7,617,538.83)
Jul	13,443,840.17	15,751,220.78	**(9,924,919.44)** [2]
Aug	16,016,580.92	16,396,035.79	(10,304,374.31)
Sep	17,524,785.10	14,294,967.17	(7,074,556.38)
Oct	17,490,100.32	14,321,269.56	(3,905,725.62)
Nov	16,028,691.98	13,660,350.42	(1,537,384.06)
Dec	14,890,023.77	11,738,789.32	**1,613,850.39** [3]

Source: Monthly data reports from GRENLEC in 2022

Regarding the aforementioned points, the monthly data reports received from the Utility spanning January to June 2023 indicate an estimated excess fuel cost collection of around EC $16.1 million. By instituting a fuel charge mechanism that is equitable and consistent, consumers will not be obligated to pay more than their rightful share due to inaccuracies in the existing fuel charge calculation method.

Considering the Utility's proposal to recuperate its previously unmet fuel expenses for the January-July 2022 period and the establishment of the Tariff Setting Methodology, which dictates the treatment of fuel costs as pass-through expenses, it becomes apparent that surplus funds collected from consumers (customer overpayments) beyond the necessary amount should not be construed as legitimate earnings for the Utility, as has been done in the past.

[2] GRENLEC's estimated under recovered fuel cost is included in their interim tariff proposal.

[3] GRENLEC's 2022 Audited Financials reflects an over-recovery of just over $1.9 million.

Importantly, since the introduction of the Electricity Act 2016 (as amended), the Utility has amassed an over-collection in fuel cost of approximately $31.7 million (comprising an over-recovery of $37.2 million and an under-recovery of $5.4 million) over an eight-year span, from 2016 to 2023, as illustrated in Table 4.3 below.

Table 4.3: GRENLEC's Over/(Under)-Recovered Fuel Cost From 2016 to 2023

Source: Grenlec's Audited Financials

	2016	2017	2018	2019	2020	2021	2022	2023 Est. June	Total
Cost of Fuel	51,946,761	65,370,240	91,744,790	89,735,493	55,936,153	83,822,603	152,600,108	60,899,022	652,055,170
Revenue received	53,838,920	65,636,365	92,155,050	98,866,692	63,342,135	78,433,392	154,544,938	77,029,159	683,846,651
Over/(under) recovery	**1,892,159**	**266,125**	**410,260**	**9,131,199**	**7,405,982**	**- 5,389,211**	**1,944,830**	**16,130,137**	**31,791,481**

The Commission's repeated efforts to introduce the interim tariff in order to prevent fuel charge overages or shortages, as outlined earlier, have encountered significant resistance from the Utility. The provided table illustrates an already significant over-collection of fuel costs in 2023 (amounting to EC $16.1 million, roughly 26% of the total fuel cost incurred up to June 2023), reaching an unprecedented high. This over-collection is projected to escalate further under the current mechanism until the implementation of the interim tariff takes effect.

The existing fuel charge mechanism is inequitable for consumers, and in direct contradiction to GRENLEC's Mission Statement, which states "To *deliver excellent energy services in Grenada, Carriacou and Petite Martinique,* ***at the least possible cost*** *while maintaining the highest standards and values."* With the exception of the year 2021, as highlighted in Table 4.3 earlier, consumers have continuously been making payments exceeding the actual fuel costs. Even in 2023, where rates are declining but still relatively high, consumers have paid the Utility around 26% more than the authentic fuel cost requirements for the initial six months of the current year.

Given the universally recognized understanding that fuel costs are transferred as pass-through charges to consumers (with no profit intended for the Utility), the Commission anticipates that any surplus fuel costs the Utility has levied, be reimbursed to the people of Grenada, Carriacou, and Petite Martinique.

The implementation of the new fuel charge mechanism is of utmost importance to establish a more precise approach to the fuel charge mechanism. This approach aims to effectively redistribute or recuperate any instances of excessive or insufficient fuel charges on a monthly basis, avoiding any shortfalls to both the consumers and the Utility.

The Commission acknowledges and agrees with the company's proposal to implement the fuel charge methodology as proposed in SRO 20 TSM schedule four (4).

Determination 1
Consistent with the methodology defined in the TSM, the Commission has made the following determination:

1. The EC $0.0232 per kWh will not be added to the fuel charge for a two-year recovery since the Utility has over-recovered on fuel cost as at the end of 2022;
2. The fuel charge and the Fuel Adjustment Clause (FAC) shall be implemented during the interim tariff as defined in Schedule 4 of the TSM.
3. The initial fuel charge for the interim tariff is determined to be effective after one (1) working day following GRENLEC's receipt of the Fuel Invoices for September, 2023.
4. The fuel charge during the interim tariff will take effect after one (1) working day following GRENLEC's receipt of the Fuel Invoices of every calendar month.

4.2 Appropriate return

Under regulation 28(3) of Part IV of the TSM: … *the interim tariff shall reflect reasonable rates and shall ensure a reasonable return to the network licensee that may be measured by a suitable return on equity, or another metric as approved by the Commission.*

GRENLEC's proposal for its ROE utilized comparisons of the ROEs of selected regional utilities and their requested ROE of 11.5 percent was based upon the average ROEs of these entities. The Commission concurs with the choice of comparator countries and has concluded that the company has the potential to attain an appropriate and fair fuel-neutral return within the specified range of these countries (10.7 – 12.4 percent). This is particularly feasible if the company demonstrates efficiency and prudence in cost management while ensuring optimal value for the resources expended.

Determination 2
Having reviewed GRENLEC's proposal, the Commission makes the following determination:

1. GRENLEC is allowed to earn an ROE within the range of 10.7-12.4 percent.

4.3 Adjusted Non-Fuel Charge

GRENLEC recommends that the interim tariff reflect a 1.4 percent increase from the 2016 base rate for all customer classes.

The Commission agrees that the adjustment of the non-fuel charge should be on the basis of the prevailing rate as per section 32 subsection 7(b) of the Electricity Act 2016 (as amended
The Utility has stated that the basis for its request for a 1.4 percent increase of the non-fuel charge is the 2022 reduction of the same by 25%. It bears noting however, that the PURC raised concerns with the company about the extended implementation of this reduction. Notwithstanding these concerns, the reduction was agreed upon and implemented by GRENLEC for three months and further extended to eight months before it was returned to the prevailing rate in September 2022.

Moreover, the Commission also agrees with the CPI/RPI-adjusted non-fuel rates provided by the Utility. However, given the hold on the implementation of the Interim Tariff (expected implementation was October 2022) the Commission has considered the most updated CPI/RPI figures from CSO (December 2022). Using the 2021 and 2022 RPI and CPI data provided by CSO has produced non-fuel rates across all classes that are 0.02 percent lower than the prevailing rates (Table 4.4).

Table 4.4: non-fuel charge per customer class as adjusted by CPI and RPI values.

Customer Class	Prevailing Rate	Inflation-adjusted Interim Rate	Variance
Domestic	$0.4057	$0.4056	-0.02%
Commercial	$0.4375	$0.4374	-0.02%
Industrial	$0.3207	$0.3206	-0.02%
Streetlight	$0.3839	$0.3838	-0.02%

An important factor for determining an appropriate return to the Utility is customer class consumption. Customer consumption continues to increase post-COVID-19 lockdown and restrictions. Domestic consumption was the only customer category to remain on an upward trajectory amid the pandemic, due in large part to the fact that individuals and students remained at home for lengthier periods of time. (Table 4.5) The category's consumption grew an average of 2.8 percent annually from 2019-2022. Categories such as Commercial and Industrial were however, severely impacted during the restrictive periods but rebounded in 2021 and 2022. average, these categories grew by an annual rate of 2.3 percent and 4.9 percent respectively. Consumption growth is projected to continue in all customer categories except for street lighting.

Table 4.5: Customer Consumption by Class, 2019-2022

Customer Class	2019	2020	2021	2022	2019-2022
Domestic	82,679,980	84,377,072	86,011,856	89,981,589.00	2.8%
Commercial	123,008,954	105,622,442	110,167,815	125,643,876.00	2.3%
Industrial	6,750,491	6,167,168	6,652,162	7,082,429.00	4.9%
Streetlight	4,577,319	4,495,734	4,074,943	3,805,355.00	-4.9%
Total	**217,016,744**	**200,662,416**	**206,906,776**	**226,513,249**	

Given the result of a class-wide reduction of $0.0001 cent per kWh in the inflation-adjusted non-fuel charge, the Commission has determined to keep the prevailing rates for the implementation of this Interim Tariff.

Table 4.6 below shows the audited financials of 2019 through 2022 to account for fuel neutrality and any windfall revenues[4] that would classify the year as an "abnormal period". The Table also highlights the return on equity (ROE) of 5.76 percent (fuel neutral) received by the Utility following the approval for reducing the non-fuel charge which was in effect for eight (8) months (from January to August 2022) before reverting to the prevailing rates from September to December 2022. In the absence of the discounted non-fuel rate, the ROE would have been approximately 16.20 percent[5]—which would have brought the Utility outside of the approved ROE range for the interim tariff.

4 Inclusive of the insurance revenues received from the disposal of the Wartsila #4 generating unit.
5 Assuming all other factors remain constant.

Using the prevailing rate as the interim non-fuel rate for 2023, and GRENLEC's actual and projected consumption and expenses[6] the assessment in Table 4.6 was derived. This model yielded a fuel-neutral ROE of 11.54[7] percent, a return well within the Commission's approved range of 10.7 - 12.4 percent and the exact average that was proposed by the Utility.

The Commission's analysis of the reasonable return is in line with the methodology used by the Utility in determining the range of a reasonable return; therefore, the ROE considers the net profit after tax on total shareholders' equity.

Table 4.6: Expected Estimated Return on Equity with Fuel Neutral Consideration

Return on Equity	**2023**	**2022**	**2022**	**2021**	**2020**	**2019**
	Prevailing Non-fuel & Projected Cost (Fuel Neutral)[8]	**Prevailing Non-fuel (Fuel-Neutral)**	**Audit Adjusted (Fuel Neutral)**	**Audit Adjusted (Fuel Neutral)**	**Audit Adjusted (Fuel Neutral)**	**Audit Adjusted (Fuel Neutral)**
Net Profit After tax[9]	**13,972,926**	**19,316,491**	**6,558,255**	**11,274,930**	**8,700,232**	**14,472,298**
Shareholders' Equity						
Stated Capital	32,339,840	32,339,840	32,339,840	32,339,840	32,339,840	32,339,840
Hurricane Insurance Reserve	34,000,000	34,000,000	32,000,000	32,000,000	30,000,000	28,000,000
Retained Earnings[10]	51,527,433	45,494,347	45,494,347	30,762,691	30,762,691	28,170,393
Profit to Date after Dividends	3,232,926	7,436,491	4,088,255	-	-	2,592,298
Total Shareholders' Equity	**121,100,198**	**119,270,678**	113,922,443	**95,102,531**	**93,102,531**	**91,102,531**
Return on Equity (ROE)	**11.54%**	**16.20%**	**5.76%**	**11.86%**	**9.34%**	**15.89%**

Determination 3

Upon analysis, the Commission makes the following determinations:

1. The interim non-fuel charge for each customer class will be the prevailing rate from 2016, due to the insignificant inflation adjustment of -0.02 percent, it shall take effect from October 1, 2023.
2. The implemented non-fuel rate will be subject to inflationary adjustment going forward as per regulation 28 sub-regulation 2(c) of the TSM.

4.3.1 Concerns about the Methodology

GRENLEC presented several concerns surrounding the methodology for determining a reasonable return, stating that the metric does not consider operating and capital requirements, the recovery of fees, and includes the impact of fuel losses that may result in subsidization by the non-fuel.

[6] Production cost is estimated at its highest ever; GRENLEC states that it is due to necessary systems overhaul amounting to approximately EC $ 13 million.
7 GRENLEC's updated projected customer consumption for 2023 was used in the assessment.
[8] Figures does not include the estimated EC $13 million already over-recovered in the first 4 months of 2023.
[9] The net-profit after-tax accounts for the regulatory fees of $1.7 million to be recovered in 2023 (See Appendix B).
10 A continuous assessment was done in neutralizing the Audited financials from the year 2019 to 2021 (See Appendix B for details).

According to Brehl and Gallagher (1982), the definition of a fair and reasonable rate or what it constitutes "*…cannot be determined with precision, but must at least meet the following well-recognized guidelines:*

1. *The allowed rate of return should be comparable to those made on investments and other business undertakings attended by corresponding risks and uncertainties.*
2. *The return should be sufficient to enable the Utility to maintain its fiscal integrity; and*
3. *The return should be sufficient to attract new capital on reasonable terms…*" (Brehl and Gallagher 1982, William Mitchell Law Review Vol. 8, p.380).

Similarly, the court decision of Federal Power Company v. Hope Natural Gas Company (1944) required that regulatory policies provide a return to the equity holder "*…commensurate with returns on investments with corresponding risks*." (Leland 2014).

The return on equity (ROE) measures shareholders' rate of return on their shares. It assesses the profitability, financial structure, and asset management of the company (Firer et al. 2004; De Wet and Du Toit 2006). According to Boonin (2008), the goal of setting a return on equity in Utility regulation is to ensure:

1. the efficiency of the Utility's management to provide safe and reliable services at a reasonable cost,
2. that returns are consistent with the risk involved,
3. maintains investor confidence and,
4. that capital is effectively attracted for carrying out business functions.

An appropriate ROE will not be exceedingly high—this would lead to higher prices and Utility bills for all customer classes, cost-ineffective management, and can potentially lead to a slowing of economic growth, however, if the rate is too low, it would hinder the investment and service reliability (Boonin 2008). The Commission will therefore consider financial adjustments and comparable Utility returns when making its decision.

In general, the Return on Assets is a metric that is used to measure how profitable a business is in relation to its total assets; and it is considered a return-on-investment measure. In regulations, however, the return is referred to as the "allowed rate of return" since it only considers the regulatory-approved assets or the asset base. Some researchers and regulators have critiqued this type of return, noting that it does not encourage utilities to operate efficiently (Sappington 1996; Jamison 2008; Girouard 2015) and they are conversely motivated to make unnecessary investments to expand their asset base and by extension increase profits—known as the Averch-Johnson effect (Averch and Johnson 1962; Jamison 2008; Girouard 2015).

While one may argue that the Utility is regulated—including its asset base, there may be instances where the regulator approves a return that is more than what is needed by the company to ensure continued investment from its shareholders (Jamison 2008).
Additionally, since expenses are passed through, utilities have no incentive to ensure that their incurred expenses are kept in check (Girouard 2015)[11].

It is also noteworthy that there are no tariff studies required by the TSM that will be accounted for in the interim, the retail tariff as defined by Schedule 1 of the TSM accounts for both regulatory fees and tariff-required studies. Any study being conducted in the interim is for

[11] this however is a critique under all metrics.

the implementation of the retail tariff and the cost will be appropriately recovered within the respective component of the retail tariff's non-fuel revenue requirement.

Moreover, any analysis being undertaken by the Commission assumes a position of fuel neutrality. Therefore, the ROE is never impacted by any under, or over-recovery of fuel costs and subsidization of these costs is not included in non-fuel proposals or returns.

Determination 4

Therefore, based on the Commission's research and findings from various utilities, the Commission's position on the use of the ROE during the Interim Tariff period remains the same.

4.4 Renewable Energy Charge

The company agrees to the implementation of the RE charge based on the definition within Schedule 3 of the TSM.

Determination 5

1. The Commission determines that the Renewable Energy Charge will be calculated as defined within Schedule 4 of the TSM.
2. The Commission also determines that the Renewable Energy (RE) savings will be displayed on the bills of each customer.
3. The share of the Renewable and Fossil Fuel energy used for electricity services shall be displayed on all customer bills and this change will be made within the requested 18-week timeline.

4.5 Service Charge

The Commission acknowledges that in the absence of a Cost-of-Service study to determine the true cost of providing electricity services to all customer classes, no service charge adjustment can be made until the studies have been concluded.

Determination 6

The Commission accepts the proposal made by GRENLEC and therefore, the Commission agrees and determines that the Service Charge or minimum bill shall remain at EC$4.00.

4.6 Other Regulatory Matters

4.6.1 Billing Mechanism/ Bill Formatting

The company proposes an 18-week timeline for the execution of a new bill, reflecting the updated regulatory changes. While the Commission acknowledges that time is needed for the Utility to transition into a new bill format, it is crucial for both the Utility and customers to have two aspects of the tariff implemented as soon as possible; i.e., the new methodology for calculating fuel charge and the inclusion of a renewable charge.

1. The new methodology to calculate the fuel charge will create an avenue for the Utility to recover unrecovered fuel costs as well as reimbursements through reduced fuel charges for over-recovery of cost following its implementation.

Including a renewable charge will allow consumers to benefit from a gradual reduction in the cost of energy due to more renewable energy distribution in the electric grid.

Determination 7

The Commission has determined the following:

1. The implementation of the interim tariff—specifically, the fuel charge, FAC and RE charge shall occur simultaneously, effective after one (1) working day following GRENLEC's receipt of the invoices for fuel purchased in September 2023.
2. The fuel charge and the FAC shall be calculated using backend programming or manual calculation and shall be included in the monthly reports provided to the Commission.
3. The fuel charge calculation (inclusive of the FAC calculation) once approved can be made available to consumers on the Utility's website for transparency in the interim while the Utility makes the relative changes to include the FAC, renewable charge and energy ratio on the Utility bill.

Appendices

Appendix A: Table showing GRENLEC's proposal and justification for a reasonable return on Equity.

	Current (June 2022)	Inflation-adjusted Tariff (Fuel Neutral)	No Change To YE	Rate Change in Sept to YE	RoE 11.5%, Fuel Neutral	ROE 11.5%
ROE	0.17%	10.66%	-7.64%	-3.93%	**11.5%**	11.5%
Non-Fuel Revenue	35,710,403	92,229,269	70,305,366	75,410,081	**94,229,310**	103,720,747
Net Profit After tax	187,329	12,808,369	(7,624,230)	(4,061,791)	**13,998,554**	13,922,622
kWh unitsSold	108,106,757	221,542,583	221,542,583	221,542,583	**221,542,583**	221,542,583
Average Non-Fuel Charge	0.3303	0.4163	0.3173	0.3404	**0.4253**	0.4682
Required Non-Fuel Charge						0.9011

Appendix B: Table showing the estimated income statement of the Utility considering fuel neutrality from 2019 through 2022 and estimated for 2023.

	2023	2022	2022	2021	2020	2019
	Estimated	Audited Adjusted	Audited Adjusted	Audited Adjusted	Audited Adjusted	Audited Adjusted
	Fuel Neutral	100% Non-fuel	Fuel Neutral	Fuel Neutral	Fuel Neutral	Fuel Neutral
INCOME						
Sales - Non Fuel Charge	99,328,803	94,622,342	78,754,519	85,498,702	82,649,287	90,180,659
- Fuel Charge						
Unbilled Sales Adjustments	(28,193)	3,287,196	3,287,196	2,266,421	(1,990,506)	(136,068)
Net Sales	**99,300,610**	**97,909,538**	**82,041,715**	**87,765,123**	**80,658,781**	**90,044,591**
Other Income	2,603,730	2,636,927	2,636,928	3,113,399	4,080,035	3,554,631
TOTAL INCOME	**101,904,340**	**100,546,465**	**84,678,643**	**90,878,522**	**84,738,817**	**93,599,221**
OPERATING COSTS						
Production less Diesel Consumed	27,065,565	21,411,551	21,411,551	18,775,761	22,059,913	17,699,756
Diesel Consumed						
Planning & Engineering	3,358,375	3,451,519	3,451,519	3,381,859	2,818,214	3,029,991
Distribution	18,925,957	18,425,212	18,425,212	19,329,210	16,111,368	15,731,709
TOTAL OPERATING COSTS	**49,349,897**	**43,288,282**	**43,288,282**	**41,486,829**	**40,989,496**	**36,461,456**
						-
CORPORATE SERVICES	**22,325,830**	**20,712,615**	**20,712,615**	**22,250,768**	**19,142,819**	**19,289,460**
PROFIT BEFORE INTEREST	**30,228,613**	**36,545,568**	**20,677,746**	**27,140,925**	**24,606,502**	**37,848,306**
INTEREST						
Bank Loan Interest	2,149,144	2,396,143	2,396,143	1,837,367	1,812,989	1,892,684
Other Bank Interest				5,168	12,080	5,980
Consumer Deposit Interest				697,045	670,059	648,764
TOTAL INTEREST COSTS	**2,149,144**	**2,396,143**	**2,396,143**	**2,539,580**	**2,495,128**	**2,547,427**
PROFIT AFTER INTEREST	**28,079,469**	**34,149,425**	**18,281,603**	**24,601,345**	**22,111,375**	**35,300,878**
ALLOCATIONS						
Regulatory Fees (2023)	1,782,730	1,480,810	1,480,810	1,924,646		
Donations	1,214,837	1,011,322	1,011,322	1,231,615	1,375,868	2,121,604
Profit Sharing	6,452,838	5,606,612	5,606,612	5,671,886	6,182,043	7,910,137
TOTAL ALLOCATIONS	**9,450,405**	**8,098,744**	**8,098,744**	**8,828,148**	**7,557,911**	**10,031,741**
					-	
PROFIT BEFORE TAXES	**18,629,064**	**26,050,681**	**10,182,859**	**15,773,197**	**14,553,464**	**25,269,138**
Corporation Tax @ 28%	4,656,138	6,734,191	3,624,604	2,546,907	5,853,232	10,796,839
Deferred Tax				1,951,359	-	
PROFIT AFTER TAXES	**13,972,926**	**19,316,491**	**6,558,255**	**11,274,930**	**8,700,232**	**14,472,298**
Dividends	8,740,000	9,880,000	2,470,000	9,274,930	6,700,232	9,880,000
Hurricane Insurance	2,000,000	2,000,000		2,000,000	2,000,000	2,000,000
RETAINED (LOSS) PROFIT to date	**3,232,926**	**7,436,491**	**4,088,255**	**-**	**-**	**2,592,298**

Includes Hurricane Insurance Reserves

Return on Equity	2023	2022	2022	2021	2020	2019
	Estimated	Audited Adjusted	Audited Adjusted	Audited Adjusted	Audited Adjusted	Audited Adjusted
	Fuel Neutral	100% Non-fuel	Fuel Neutral	Fuel Neutral	Fuel Neutral	Fuel Neutral
Net Profit After tax	13,972,926	19,316,491	6,558,255	11,274,930	8,700,232	14,472,298
Shareholders' Equity						
Stated Capital	32,339,840	32,339,840	32,339,840	32,339,840	32,339,840	32,339,840
Hurricane Insurance Reserve	34,000,000	34,000,000	32,000,000	32,000,000	30,000,000	28,000,000
Retained Earnings	51,527,433	45,494,347	45,494,347	30,762,691	30,762,691	28,170,393
Profit to Date after Dividends	3,232,926	7,436,491	4,088,255	-	-	2,592,298
Total Shareholders' Equity	**121,100,198**	**119,270,678**	**113,922,442**	**95,102,531**	**93,102,531**	**91,102,531**
Return on Equity (ROE)	**11.54%**	**16.20%**	**5.76%**	**11.86%**	**9.34%**	**15.89%**

Exludes Hurricane Insurance Reserves

Return on Equity	2023	2022	2022	2021	2020	2019
	Estimated	Audited Adjusted	Audited Adjusted	Audited Adjusted	Audited Adjusted	Audited Adjusted
	Fuel Neutral	100% Non-fuel	Fuel Neutral	Fuel Neutral	Fuel Neutral	Fuel Neutral
Net Profit After tax	11,972,926	17,316,491	6,558,255	9,274,930	6,700,232	12,472,298
Shareholders' Equity						
Stated Capital	32,339,840	32,339,840	32,339,840	32,339,840	32,339,840	32,339,840
Retained Earnings	51,527,433	45,494,347	45,494,347	30,762,691	30,762,691	28,170,393
Profit to Date after Dividends	3,232,926	7,436,491	4,088,255	-	-	2,592,298
Total Shareholders' Equity	**87,100,198**	**85,270,678**	**81,922,442**	**63,102,531**	**63,102,531**	**63,102,531**
Return on Equity (ROE)	**13.75%**	**20.31%**	**8.01%**	**14.70%**	**10.62%**	**19.77%**