

PRESS RELEASE

LEC Tariff Adjustment Application...1

EMBARGO: 15h30, 30 OCTOBER 2008

THE DETERMINATION OF THE LESOTHO ELECTRICITY COMPANY TARIFF ADJUSTMENT APPLICATION FOR 2008/9 BY THE BOARD OF THE LESOTHO ELECTRICITY AUTHORITY (LEA)

The public is reminded that in early October 2008, the Lesotho Electricity Authority (LEA) received a tariff review application by the Lesotho Electricity Company (LEC) for an increase in tariffs. A public notice was issued the following week for stakeholders to submit their comments. Comments were received from stakeholders that included business and customer forums. A public consultation session was held on Monday October 27, 2008 to engage stakeholders in a transparent regulatory process. This was followed by a meeting of the Tariffs and Pricing committee of the Board.

On Thursday, 30 October 2008, the LEA Board considered and decided at its meeting on the (LEC) application for an increase in the bulk costs tariff for 2008/09.

The LEA decided as follows:

- The LEC should be allowed to recover its costs for bulk electricity supply of M11.9 million; and
- The recovery will be over a period of 17 months, not five as proposed by the Company. This will enable electricity customers time to adjust to the increase accordingly, while ensuring that LEC is fully compensated for its bulk supply costs.

The increase also accommodates future increases in Eskom bulk tariffs.

The LEC had applied for an increase in tariffs that would assist it in meeting the increased bulk supply costs from the South African utility Eskom. The other reason is the maintenance operations which are currently going on at the

country's only generation plant 'Muela, which have necessitated increased imports from Eskom..

A table on the charges are attached to this release.

The effective date shall be 01 November, 2008

Ends.

Issued by LEA

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