



SUMMARY OF GBPC 2025 - 2027 RATE APPLICATION

GBPA REGULATORY FRAMEWORK AND OPERATING PROTOCOL OVERVIEW

- The Operating Protocol & Regulatory Framework Agreement (Regulatory Framework) was implemented on the 17th January, 2013, between The Grand Bahama Port Authority, Limited (Regulator) and the Grand Bahama Power Company (GBPC) pursuant to the mandates and powers as provided in the Hawksbill Creek Agreement.
- The Framework was, and remains, the first of its kind and is the most advanced set of regulations within The Bahamas, which clearly outlines the expectations of GBPA as the Regulator
- The Framework documents:
 - An objective and transparent process for a fixed three-year rate setting
 - Establishes a regime of efficiency and customer service standards, against which the utility is measured, designed to secure greater levels of customer protection

GBPA'S REGULATORY OBLIGATION

- The Framework basis is a cost analysis model whereby GBPC is required to set forth a rate application every three years for review and consideration
- The Rate Case application must include, but not limited to, the following:
 - Five-year capital investment budget forecast
 - Plans for major operations
 - Operating and maintenance expenses
 - Amortization and depreciation
 - Financial cost of capital
 - Cost of fuel
- GBPA is required to perform the following obligations prior to ruling on the application :
 - Perform a comprehensive review of the Rate Case application
 - Publish the plan on the Regulator's website
 - Conduct a 45 day public consultation process
- At the end of the period the regulator will advise GBPC of its final decision



SUMMARY OF GBPC RATE CASE APPLICATION

- GBPC filed its proposed 2025-2027 based on a **“test year”* of 2023
- The GBPC filing proposes the following:
 - **Base Rates:** 6.32% increase for all components and all customers
 - **Fuel/Other Charges**
 - The charge associated with the PharaChem shutdown transfers to base rates
 - Matthew and Dorian cost recoveries are completed in 2024 & 2026 respectively
 - Proposed additional Regulatory asset recovery through the fuel charge to catch up on amortizations that were suspended after hurricane Matthew
 - 0.5 cents added for 2025
 - 1.0 cent added for 2026 and 2027
 - Forecast Fuel Rates
 - 2025: 12.44 cents per kWh
 - 2026: 13.83 cents per kWh
 - 2027: 14.39 cents per kWh

** A “test-year” is a recent year of actual data intended to represent an operational year as close to normal conditions as possible.*

GBPC PROPOSED NEW BASE RATE TARIFFS

kWh	Current	Proposed	% Change
Residential			
0 - 200	0.1756	0.1867	6.32%
201 - 350	0.1814	0.1929	6.32%
351 - 800	0.2287	0.2431	6.32%
> 800	0.2731	0.2904	6.32%
Temporary			
All kWh	0.2585	0.2748	6.32%
Commercial			
0 - 20,000	0.2020	0.2147	6.32%
20,001 - 100,000	0.1875	0.1993	6.32%
> 100,000	0.1730	0.1840	6.32%
Minimum Demand 5 KVA	9.41	10.01	6.32%

kWh	Current	Proposed	% Change
General Service Large			
0 - 100,000	0.1730	0.1840	6.32%
100,001 - 500,000	0.1586	0.1686	6.32%
500,001 - 1,300,000	0.1442	0.1533	6.32%
> 1,300,000	0.1155	0.1228	6.32%
Minimum Demand 1,000 KVA	9.41	10.01	6.32%
Industrial-Large			
0 - 100,000	0.1602	0.1703	6.32%
100,001 - 500,000	0.1468	0.1561	6.32%
500,001 - 1,300,000	0.1336	0.1420	6.32%
1,300,001 - 1,700,000	0.1069	0.1137	6.32%
> 1,700,000	0.0868	0.0923	6.32%
Minimum Demand 1,000 KVA	9.41	10.01	6.32%

2025 ESTIMATED BILL IMPACTS FROM PROPOSED RATES

	Current Rates					2025 Proposed Rates					Change from Existing Rates		
	Base	Fuel	HRSC	Total Bill	Cents per kWh	Base	Fuel	HRSC	Total Bill	Cents per kWh	Total Bill	Cents per kWh	% Change
Domestic Customers													
200 kWh per Month	\$ 35	\$ 27	\$ 3	\$ 65	32.6	\$ 37	\$ 25	\$ 3	\$ 65	32.4	\$ (0.31)	(0.15)	(0.47%)
350 kWh per Month	\$ 62	\$ 48	\$ 5	\$ 115	32.8	\$ 66	\$ 44	\$ 5	\$ 114	32.7	\$ (0.48)	(0.14)	(0.42%)
600 kWh per Month	\$ 120	\$ 82	\$ 8	\$ 210	34.9	\$ 127	\$ 75	\$ 8	\$ 209	34.9	\$ (0.03)	(0.01)	(0.01%)
800 kWh per Month	\$ 165	\$ 110	\$ 10	\$ 285	35.7	\$ 176	\$ 99	\$ 10	\$ 286	35.7	\$ 0.33	0.04	0.12%
1,000 kWh per Month	\$ 220	\$ 137	\$ 13	\$ 370	37.0	\$ 234	\$ 124	\$ 13	\$ 371	37.1	\$ 1.26	0.13	0.34%
Commercial Customers													
1,000 kWh per Month	\$ 249	\$ 137	\$ 8	\$ 394	39.4	\$ 265	\$ 124	\$ 8	\$ 397	39.7	\$ 3.10	0.31	0.79%
5,000 kWh per Month	\$ 1,198	\$ 685	\$ 40	\$ 1,923	38.5	\$ 1,274	\$ 622	\$ 40	\$ 1,935	38.7	\$ 12.51	0.25	0.65%
10,000 kWh per Month	\$ 2,443	\$ 1,370	\$ 80	\$ 3,893	38.9	\$ 2,597	\$ 1,244	\$ 80	\$ 3,921	39.2	\$ 28.00	0.28	0.72%
50,000 kWh per Month	\$ 11,075	\$ 6,850	\$ 400	\$ 18,325	36.7	\$ 11,775	\$ 6,218	\$ 400	\$ 18,393	36.8	\$ 67.97	0.14	0.37%

Note: The estimates for commercial customers will vary based on the customers kVa demand, typical values were assumed for these calculations

2026 ESTIMATED BILL IMPACTS FROM PROPOSED RATES

	Current Rates					2026 Proposed Rates					Change from Existing Rates		
	Base	Fuel	HRSC	Total Bill	Cents per kWh	Base	Fuel	HRSC	Total Bill	Cents per kWh	Total Bill	Cents per kWh	% Change
Domestic Customers													
200 kWh per Month	\$ 35	\$ 27	\$ 3	\$ 65	32.6	\$ 37	\$ 28	\$ 3	\$ 68	33.9	\$ 2.64	1.32	4.05%
350 kWh per Month	\$ 62	\$ 48	\$ 5	\$ 115	32.8	\$ 66	\$ 49	\$ 5	\$ 120	34.1	\$ 4.67	1.33	4.06%
600 kWh per Month	\$ 120	\$ 82	\$ 8	\$ 210	34.9	\$ 127	\$ 83	\$ 8	\$ 218	36.4	\$ 8.80	1.47	4.20%
800 kWh per Month	\$ 165	\$ 110	\$ 10	\$ 285	35.7	\$ 176	\$ 111	\$ 10	\$ 297	37.2	\$ 12.11	1.51	4.24%
1,000 kWh per Month	\$ 220	\$ 137	\$ 13	\$ 370	37.0	\$ 234	\$ 139	\$ 13	\$ 386	38.6	\$ 15.97	1.60	4.32%
Commercial Customers													
1,000 kWh per Month	\$ 249	\$ 137	\$ 8	\$ 394	39.4	\$ 265	\$ 139	\$ 8	\$ 412	41.2	\$ 17.82	1.78	4.52%
5,000 kWh per Month	\$ 1,198	\$ 685	\$ 40	\$ 1,923	38.5	\$ 1,274	\$ 695	\$ 40	\$ 2,009	40.2	\$ 86.11	1.72	4.48%
10,000 kWh per Month	\$ 2,443	\$ 1,370	\$ 80	\$ 3,893	38.9	\$ 2,597	\$ 1,391	\$ 80	\$ 4,068	40.7	\$ 175.19	1.75	4.50%
50,000 kWh per Month	\$ 11,075	\$ 6,850	\$ 400	\$ 18,325	36.7	\$ 11,775	\$ 6,954	\$ 400	\$ 19,129	38.3	\$ 803.91	1.61	4.39%

Note: The estimates for commercial customers will vary based on the customers kVa demand, typical values were assumed for these calculations

2027 ESTIMATED BILL IMPACTS FROM PROPOSED RATES

	Current Rates					2027 Proposed Rates					Change from Existing Rates		
	Base	Fuel	HRSC	Total Bill	Cents per kWh	Base	Fuel	HRSC	Total Bill	Cents per kWh	Total Bill	Cents per kWh	% Change
Domestic Customers													
200 kWh per Month	\$ 35	\$ 27	\$ 3	\$ 65	32.6	\$ 37	\$ 29	\$ -	\$ 66	33.1	\$ 0.99	0.50	1.52%
350 kWh per Month	\$ 62	\$ 48	\$ 5	\$ 115	32.8	\$ 66	\$ 50	\$ -	\$ 117	33.3	\$ 1.79	0.51	1.56%
600 kWh per Month	\$ 120	\$ 82	\$ 8	\$ 210	34.9	\$ 127	\$ 86	\$ -	\$ 213	35.6	\$ 3.87	0.65	1.85%
800 kWh per Month	\$ 165	\$ 110	\$ 10	\$ 285	35.7	\$ 176	\$ 115	\$ -	\$ 291	36.3	\$ 5.53	0.69	1.94%
1,000 kWh per Month	\$ 220	\$ 137	\$ 13	\$ 370	37.0	\$ 234	\$ 144	\$ -	\$ 378	37.8	\$ 7.76	0.78	2.10%
Commercial Customers													
1,000 kWh per Month	\$ 249	\$ 137	\$ 8	\$ 394	39.4	\$ 265	\$ 144	\$ -	\$ 409	40.9	\$ 14.60	1.46	3.71%
5,000 kWh per Month	\$ 1,198	\$ 685	\$ 40	\$ 1,923	38.5	\$ 1,274	\$ 719	\$ -	\$ 1,993	39.9	\$ 70.03	1.40	3.64%
10,000 kWh per Month	\$ 2,443	\$ 1,370	\$ 80	\$ 3,893	38.9	\$ 2,597	\$ 1,439	\$ -	\$ 4,036	40.4	\$ 143.04	1.43	3.67%
50,000 kWh per Month	\$ 11,075	\$ 6,850	\$ 400	\$ 18,325	36.7	\$ 11,775	\$ 7,193	\$ -	\$ 18,968	37.9	\$ 643.16	1.29	3.51%

Note: The estimates for commercial customers will vary based on the customers kVa demand, typical values were assumed for these calculations

AVERAGE BASE RATE REVENUE REQUIREMENT COMPONENTS

[\$ MILLIONS]

The table below summarizes the key components of the average annual proposed base rate for the three-year period compared to the 2023 test year

	2023 Test Year	Adjustments	2025-2027 Average
Operations & Maintenance Expense	29.3	0.7	30.0
Insurance Expense	5.4	1.9	7.3
Bad Debt Expense	0.1	0.2	0.3
Depreciation Expense	9.1	0.5	9.6
Amortization of Regulatory Assets	1.3	0.8	2.0
Return on Capital (*)	18.2	5.7	23.8
Total Revenue Requirement	63.4	9.7	73.1
Average Rate Base	269.9	7.5	277.5
Weighted Average Cost of Capital (*)	6.73%		8.59%

- The 2023 test year reflects actual results. Approved WACC under the 2022-2024 rate plan for 2023 was 8.22%; the actual return on rate base for 2023 fell short by 1.49%.

SALES FORECAST (mWh)

The table below presents the sales forecast used to determine the tariff needed to achieve the proposed GBPC revenue requirement

Sales by Class (MWH)	Test Year	2025	2026	2027
Residential	104,351	108,484	109,569	110,539
Commercial	88,580	95,560	96,516	101,601
General Service Large/Industrial	89,220	81,169	93,667	98,741
Street Lights	4,280	4,275	4,285	4,296
	286,431	289,489	304,037	315,177

AMORTIZATION OF REGULATORY ASSETS

[\$ MILLIONS]

The table below summarizes the proposed amortization of regulatory assets along with the remaining balances to be recovered at the end of 2027.

	2025	2026	2027
Dorian Restoration Costs (Fuel/Other)	3.0	1.3	-
Other Regulatory Assets			
Recovered through Base Rates	2.0	2.0	2.0
Recovered through Fuel/Other	1.4	1.7	3.1
Subtotal	3.4	3.7	5.1
Total Amortizations	6.4	5.0	5.1

- *With these proposed amortizations, at end of 2027 approximately \$27.9 million of regulatory assets would remain for future recoveries.*

Note: The costs associated with Matthew are forecast to be fully recovered in 2024, and therefore, do not appear in this table.

DEPRECIATION EXPENSE

- Base revenue depreciation expense increases somewhat in this proposal due to a number of significant investments that are proposed in the proposed investment budget that drive capital expenditures above depreciation expense.
 - **2025 & 2027** generation major maintenance projects
 - **2026 & 2027** battery investments to ensure peak availability of solar investments
 - **2025** substation expansion project
- There is a significant solar investment budgeted in 2027 but since solar investments are recovered through the fuel charge, with a net savings it has no impact on depreciation expenses that determine the base rate.

DEPRECIATION SUMMARY

[\$ MILLIONS]

	2023 Test Year	2025	2026	2027
Base Depreciation Expense				
Production	4.1	4.4	4.5	4.5
T&D	2.7	2.9	2.9	2.9
Other	2.4	2.2	2.3	2.3
Total	9.1	9.4	9.6	9.8

CAPITAL INVESTMENTS & RATE BASE

- Proposed capital investment are above base depreciation expense which increases the rate base
- The proposed increases to regulatory amortizations help to moderate the increase in rate base
- The level of working capital increases over the test year primarily due to a drop in the projected liabilities associated with payables

CAPITAL INVESTMENT PLAN

[\$ MILLIONS]

	2025	2026	2027
Base Capital Investments			
Production	4.8	11.3	18.7
T&D	5.2	2.4	2.2
Other	3.5	2.7	2.1
Subtotal	13.5	16.3	22.9
Solar Investments (Recovered Through Fuel)	-	-	7.0
Total Capital Expenditures	13.5	16.3	29.9

RATE BASE

[\$ MILLIONS]

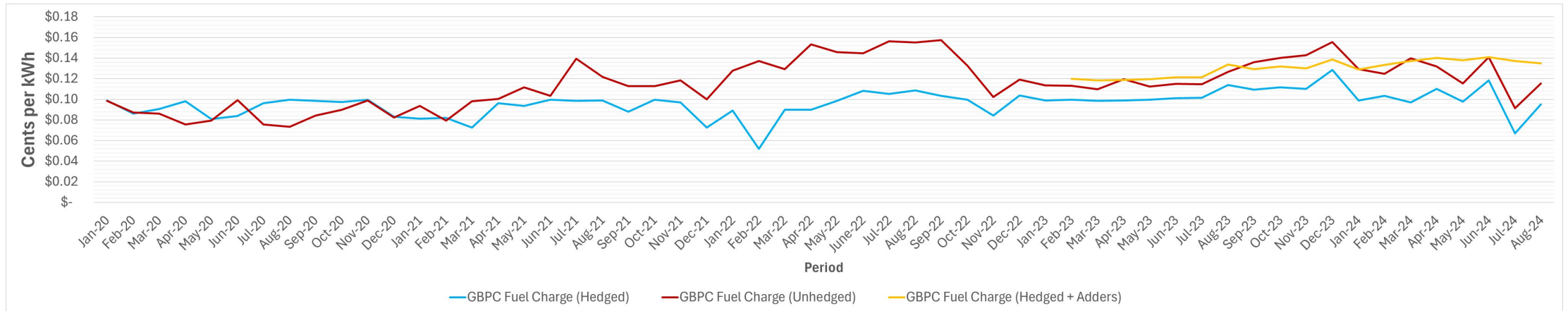
	2023 Test Year	2025	2026	2027
Rate Base				
Cost of Plant	373.4	406.2	421.4	437.6
Other	(160.4)	(178.9)	(188.5)	(198.2)
Net Plant	213.0	227.3	232.9	239.4
Regulatory Assets	62.6	41.3	35.5	30.5
Net Working Capital	(5.6)	10.8	7.7	7.0
Total Rate Base	269.9	279.3	276.2	276.9

WEIGHTED AVERAGE COST OF CAPITAL (WACC)

The table below summarizes the proposed weighted average cost of capital proposed by GBPC in the filed 2025-2027 rate plan

	Capital Cost Rate			Percent of Capital Structure			WACC		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
Equity	12.87%	12.87%	12.87%	50.45%	51.33%	49.67%	6.49%	6.61%	6.39%
Preferred Shares	6.52%	6.52%	6.52%	3.57%	3.61%	3.60%	0.23%	0.24%	0.23%
Customer Deposits	2.00%	2.00%	2.00%	2.86%	2.85%	2.84%	0.06%	0.06%	0.06%
Debt	4.04%	4.24%	4.29%	43.12%	42.21%	43.90%	1.74%	1.79%	1.88%
TOTAL				100.00%	100.00%	100.00%	8.52%	8.69%	8.57%

FUEL CHARGE HISTORY HEDGED VS ACTUAL SINCE RATE STABILIZATION



FUEL CHARGE HEDGING

- With hedging GBPC "locks in" some portion of its fuel supply at a fixed price. Future prices in the hedge are based on a futures market which will naturally either be above or below actual prices as actual prices are realized in real time.
- Hedging should not be viewed as something that either saves or costs customers money but rather as a means to avoid drastic swings in the fuel rate. Therefore, the key benefit of a hedged product is a more stable and predictable fuel rate for customers.
- The graph clearly shows that the overall hedged and unhedged fuel rates are similar since Jan 2020 with the hedged rate being more predictable and stable with rates that are lower in some periods and higher in others.

GBPC KEY INVESTMENTS FOR RATE CASE APPLICATION

- **Substation 3 Expansion (2025: \$3.0 million)**
 - Expansion of a substation to ensure system reliability in a critical area that is experiencing growth
- **Major Maintenance (2025:\$2.8 million & 2027:\$2.6 million)**
 - Production facility maintenance to ensure plant reliability and availability
- **Battery Solutions (2026: \$4.5 million & 2027:\$4.5 million)**
 - These investments increase the availability of solar power to days and times when power is required, and the solar projects are not able to produce due to weather and or time of day issues

5 YEAR CAPITAL INVESTMENT PLAN

(\$ MILLIONS)

Summary 5 Year Capital Budget (\$ millions)					
Category	2025	2026	2027	2028	2029
Grid Solutions	5.0	5.4	4.6	3.6	4.4
Energy	2.8	1.4	2.6	3.5	3.2
Customer Operations	2.2	2.4	2.2	2.4	2.2
Security	0.1	0.1	0.1	0.1	0.1
IT	1.0	1.0	0.8	1.2	1.0
Customer Solutions	1.1	0.1	0.0	0.1	0.0
Fleet Services	0.7	0.9	0.6	0.6	0.6
Facilities	0.6	0.6	0.5	0.4	0.5
Battery (External Finance)	-	4.5	4.5	-	-
Solar (External Finance)	-	-	7.0	-	-
	13.5	16.3	22.9	11.9	12.0