

**ISSUES FRAMED FOR HEARING IN THE MATTER OF PETITION FILED BY PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED (PESCO) FOR THE DETERMINATION OF ITS CONSUMER-END TARIFF PERTAINING TO THE FY 2015-16 TO 2019-20 UNDER MULTI-YEAR TARIFF REGIME.**

For the purpose of hearing the following issues have been framed to be considered during the hearing and for presenting written as well as oral evidence and arguments: -

- i. Whether the petitioner has complied with the directions of the Authority given in the tariff determination for the FY 2014-15.
- ii. Whether the petitioner's projected energy purchases & energy sales for the FY 2015-16 to FY 2019-20, is reasonable?
- iii. Whether the petitioner's proposed transmission and distribution losses and gradual decrease of 2% each year for FY 2015-16 to FY 2019-20, are justified?
- iv. Whether the petitioner's projected power purchase cost for the FY 2015-16 to FY 2019-20, is justified?
- v. Whether the petitioner's reference O&M cost of for the FY 2015-16 is justified for future adjustments till FY 2019-20?
- vi. Whether the petitioner's reference depreciation charge for the FY 2015-16 is justified for future adjustments till FY 2019-20?
- vii. Whether the petitioner's reference Return on Regulatory Asset base based on projected rate of return of 14.56% for FY 2015-16 is justified for future adjustments till FY 2019-20?
- viii. Whether the petitioner's projected other income for the FY 2015-16 to 2019-20, is reasonable?
- ix. Whether the petitioner's proposed Investment plan for the FY 2015-16 to FY 2019-20, is justified, keeping in view the prospective benefits?
- x. Whether the prior year adjustment calculated by PESCO of Rs. 1,318 Million for the FY 2015-16 is accurate?
- xi. Whether the proposed revenue requirements and average sale rate for FY 2015-16 to FY 2019-20, is justified?
- xii. What will be the mechanism of charging Wheeling/Use of System Charges (UOSC) in case of network of XW-DISCOs are used for Wheeling?
- xiii. Whether the request of petitioner to allow reduction made by the Authority during last three years' reduction in the Post Retirement O&M expenses may be allowed in the FY 2015-16 as prior year adjustment (PYA), is merit consideration?
- xiv. Whether the petitioner request to allow the new hiring cost against existing vacant position of Rs. 1200 million including new hiring cost for expansion related to new offices is accurate?
- xv. Whether the requested repair and maintenance cost, calculated @ 2% of net fixed assets and WPI is justified?
- xvi. Whether there is any major deviation in the petition from the NEPRA guidelines for determination of consumer-end tariff (Methodology & Process) notified vide SRO. 34(I) 2015 dated 16.01.2015?

- xvii. What is the financial impact / loss of revenue due to TOU metering for cellular company connections and other similar connections?
- xviii. What is the criteria considered by the petitioner for segregation between controllable and uncontrollable costs?
- xix. Whether adjustment on following cost on the basis of CPI is justified?
- Allowance/benefits of employees.
  - Travelling expenses.
  - Vehicle running expenses.
  - Other operating expenses.
- xx. Whether there should be any penalty as a cut on Distribution Margin (D.M) if desired level of performance standards is not achieved by the Petitioner?
- xxi. Whether provision for bad debts @ 2.4% of the projected sales, merit consideration?
- xxii. Whether the financial charges on TFCs on loans approved by MOF and GOP through PHPL with sovereign guarantee of GOP to ensure the un-interrupted power supply, merit consideration?
- xxiii. Whether petitioner request to allow working capital on account of delay in determination and notification of tariff to compensate petitioner from any loss that may arise due to non-recovery of determined revenue during the revenue control period is justified?
- xxiv. Whether there should be any mechanism for sharing of profits/benefits by the Petitioner with the consumers if the petitioner performance exceeds the desired level?
- xxv. Whether petitioner request to consider T&D losses @ 32% provisionally for FY 2015-16 subject to its final fixation after considering the study of independent expert is justified?
- xxvi. Whether the concerns raised by the intervenor / commentator are justified?
- xxvii. Whether the relief sought by the petitioner is justified?
- xxviii. The issues regarding 5-Years IGTD are given below: -
- a. Whether the base line conditions identified by PESCO in its 5 years investment plans are true to the extent on which expansion and rehabilitation projects, for improvement in existing network, are selected?
  - b. Whether the cumulative addition of 1410700 new consumers in next 5 years as per identified forecasted category wise consumer growth is justified? Whether this forecasting is based on recently conducted PMS or on the basis of PMS conducted in FY 2012-13?
  - c. Whether the forecasted category wise demand in MW and energy sales in GWh are justified? PESCO may provide a detailed reply on this issue.
  - d. Whether PESCO will achieve the stated 5 year targets in reducing its losses up to 23% in next 5 years as compared to 32% losses claimed for base year 2015-16?

- e. PESCO showed a 5 years cumulative reduction in transmission losses as 66.5 MW and subsequent energy savings as 320.4 GWh in its investment plans. What is the basis of these assumptions made by PESCO? Under what criteria these projects are selected?
- f. Equipment failure data over the next 5 years is also to be provided by PESCO.
- g. As PESCO submitted that after completion of the 5 years distribution expansion and rehabilitation projects under optimally achievable case, the HT/LT ratio will improve to 1:1 as compared to current HT/LT ratio of 1:1.5 and the average length of 11 kV feeder will reduce to 30 KM per 11 kV feeder as compared to existing average length of 40 KM per 11 kV feeder. What are the outcomes/cost-benefits in respect of reduction in T&D losses will PESCO get in next 5 years?
- h. Whether the cost of Rs. 12103.63 million for proposed grid station projects and Rs. 8588 million for proposed transmission line projects under STG expansion and rehabilitation best case scenario for next 5 years is justified?
- i. Whether the cost of Rs. 7768.87 million for proposed grid station projects and Rs. 4855 million for proposed transmission line projects under STG expansion and rehabilitation optimally achievable scenario for next 5 years is justified?
- j. Whether the costs against expansion and rehabilitation of distribution system under optimally achievable and best case are justified? PESCO may submit a comprehensive analysis in terms of project selection and costs incurred.
- k. Whether the total capital and operational expenditure cost of Rs. 5216 million showed against improvements in commercial, financial, human resource and communication plans is justified?
- l. The linkage between investment plans and performance standards is the core component of investment plans as per DIIP Form 49 which is not provided therefore PESCO needs to provide a comprehensive year wise analysis about improvement in SAIFI, SAIDI and other performance standards achieved through its investments.
- m. Whether the proposed HR improvement plan submitted by PESCO aligned with 5 years investment plans is justified? How PESCO will justify the engagement of additional manpower in implementation of its investment plans?