National Electric Power Regulatory Authority
Islamic Republic of Pakistan

Registrar

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No. NEPRA/TRF-329/FESCO-2015/15608-15610
September 18, 2017

Subject: **Re-determination of the Authority in the matter of Request for Reconsideration pertaining to the Tariff Determination dated December 31, 2015 and Review Decision dated May 11, 2016 with respect to Faisalabad Electric Supply Company Ltd. (FESCO) for the FY 2015-16 to 2019-20 under Section 31(4) of NERPA Act 1997** [Case # NEPRA/TRF-329/FESCO-2015]

Dear Sir,

Enclosed please find herewith the subject Re-determination of the Authority along with Annex-I, II, III, IV, V, VI, VII (total 67 pages including Additional Note of Mr. Himayat Ullah Khan, Member NEPRA at page 40) in Case No. NEPRA/TRF-329/FESCO-2015.

2. The Re-Determination is being intimated to the Federal Government pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

3. The Order Part along with Annex-I, II, III, IV, V, VI and VII of Re-determination of the Authority are to be notified in the official Gazette.

Enclosure: As above

18 09 17
(Syed Safeer Hussain)

Secretary
Ministry of Energy
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

RE-DETERMINATION OF THE AUTHORITY IN THE MATTER OF REQUEST FOR RECONSIDERATION PERTAINING TO THE TARIFF DETERMINATION DATED DECEMBER 31, 2015 AND REVIEW DECISION DATED MAY 11, 2016 WITH RESPECT TO FESCO FOR THE FY 2015-16 TO FY 2019-20 UNDER SECTION 31(4) OF NEPRA ACT 1997

1. As per Section 31 (4) of the NEPRA Act, notification of the Authority's approved tariff, rates, charges and other terms & conditions for the supply of electric power services by the generation, transmission and distribution companies is to be made in the official gazette by the Federal Government.

2. Faisalabad Electric Supply Company Limited (FESCO)'s tariff was determined in accordance with the procedure provided under NEPRA Tariff (Standards & Procedure) Rules, 1998 vide tariff determination # NEPRA/TRF-329/FESCO-2015/18462-18464 dated December 31, 2015. The same was intimated to the Federal Government under Section 31(4) of the NEPRA Act, for notification in the official gazette.

3. FESCO, being aggrieved from the aforesaid determination, filed a Motion for Leave for Review (MLR) which was accordingly disposed-of vide decision # NEPRA/TRF-329/FESCO-2015/6369-6371 dated May 11, 2016. The MLR decision was also intimated to the Federal Government under Section 31(4) of the NEPRA Act for notification in the official gazette.

4. Under the first proviso to the Section 31(4) of NEPRA Act, 1997, when a tariff is intimated by NEPRA to the Federal Government for notification in the official gazette, the same is to be notified within 15 days or alternatively a re-consideration request could be filed by the Federal Government within 15 days of receipt of such determination or decision, whereupon the Authority has to determine the same anew within 15 days.

5. In the instant case, the tariff determination for FESCO was intimated by the Authority on December 31, 2015 and the reconsideration request, if any, should have been filed within 15 days from the date of such intimation. A reconsideration request was, however, filed by the Federal Government on May 27, 2016, which was barred by time. The Authority, however, in the interest of justice, condoned the delay and the request was admitted on May 30, 2016. The request was filed for reconsideration of the tariff determination on the following issues:-

    a. The deduction and quantum of Prior Period Adjustment

    b. The target for distribution losses be set forth as per the third party technical study and its gradual reduction be as proposed in the petition of MYT linked with execution of investments and its implementation, including arrangement of finances and

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c. The assumption of 100% recovery be re-fixed as per the sound business practices, ground realities prevalent in Pakistan and including the aspects with respect to area specific situation leading to non-collection by Distribution Companies.

6. Although, there is no specific requirement in section 31(4) of the NEPRA Act, 1997 to conduct any hearing for the consideration of re-consideration request, yet it was decided to conduct a hearing on 14th of June, 2016. In order to consider the request of the Federal Government, hearings were scheduled but was not attended by the parties. In the meanwhile, order dated 23.06.2016 passed by Lahore High Court Multan Bench in Writ Petition No. 6565/2016 was received whereby it was directed by the Court that NEPRA should decide the request filed by the Federal Government within 7 working days. Accordingly, the reconsideration request filed by the Federal Government was declined by the Authority vide its decision dated July 07, 2016.

7. Thereafter, FESCO filed a Writ Petition No.3148/2016 in the Honorable Islamabad High Court (IHC), Islamabad whereby the decisions of the Authority for determination of tariff dated December 31, 2015 and the decision given upon motion for leave for review dated May 11, 2016 were assailed.

8. The Honorable High Court decided the said WP No.3148/2016 vide its judgment, announced on June 22, 2017, received in the office of Registrar NEPRA on July 13, 2017. The crux of the decision of the Honorable High Court is as under;

- The Writ Petition is allowed, consequently the redetermination order passed by NEPRA is set aside.
- NEPRA to provide an opportunity of hearing to the Federal Government as well as the DISCOs, while adjudicating/deciding redetermination petition filed by the Federal Government.
- DISCOs / Federal Government shall not obtain adjournments /postponements and shall facilitate NEPRA to decide the matter within time frame provided in proviso to sub-section (4) of Section 31 of the Act.
- NEPRA while deciding the redetermination petition, shall keep in view the observations made in the judgment.

9. It may be observed that the decision of NEPRA given upon re-consideration request (which has been set aside by the Honorable Islamabad High Court) was never challenged by the Federal Government and the findings of Honorable Islamabad High Court may be considered to be beyond the pleadings and NEPRA reserves its right to challenge the decision before Honorable

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Supreme Court of Pakistan. Without prejudice to the given situation, the re-consideration request of the Federal Government is being re-considered accordingly as per directions of Honorable Islamabad High Court.

10. Pursuant of the directions of Honorable Islamabad High Court, hearing of the parties to the re-consideration request was scheduled for which notices were sent to the Federal Government and all the parties which participated at the time of determination of tariff dated April 01, 2016 and thereafter, a hearing was conducted on July 24, 2017 at NEPRA Tower Islamabad;

11. **Hearing**

11.1 The hearing was held as per the Schedule i.e. on July 24, 2017 at NEPRA Tower and was attended by representatives from the Ministry of Water & Power and the representative of FESCO as well as other XWDISCOs. The MoWP was represented by Mr. Zargham Ishaque Khan, Joint Secretary and Mr. Abid Latif Lodhi, CEO CPPA-G, whereas XWDISCOs were represented by their counsel Mr. Munawar-us-Salam.

11.2 Written submissions vide letter dated July 24, 2017 were also made; crux whereof is given as under:-

- Through the IHC Judgment it has been held that when the petition for redetermination of tariff is made, the matter has to be decided anew, as if no previous decision on the same has been rendered.

- With respect to the rules and regulations framed by NEPRA, it has been held in the judgment that the same are subservient to the parent statute i.e., Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the "NEPRA Act'), and thus imposition of restriction on the right of any party to seek review is violation of the NEPRA Act and NEPRA has been directed to amend the relevant rules and regulations so as to bring the same in harmony with the NEPRA Act.

- In respect of the policies framed by Council of Common Interest (CCI) vis-a-vis the subject of electricity; the same have a binding effect on NEPRA.

- The Guidelines issued by the Federal Government from time to time cannot be ignored by NEPRA and, in so far as the same are not explicitly inconsistent with the NEPRA Act, the same are to be applied and followed in order to balance the interests of the consumers and the power sector companies.

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- The Petitions filed by Ex-WAPDA Distribution Companies have been allowed as prayed for and the Tariff Petitions filed by DISCOs have been directed to be decided anew after providing opportunity of hearing to all concerned.

11.3 In the backdrop of the above mentioned decision of the IHC, the Federal Government made a reference to the Power Policy, 2013, duly approved by CCI dated 31-07-2013, which prescribes policy methodology to alleviate, inter alia, market inefficiencies and financial burdens from the national power sector by:

(i) *Promoting world class efficiency power generation;*
(ii) *Creating a cutting-edge transmission network;*
(iii) *Minimizing inefficiencies of the distribution system; and*
(iv) *Minimizing financial losses across system."*

11.4 The Federal Government stated that the Power Policy 2013 prescribes thresholds for standards of efficiencies to be attained and observed within the Power Sector of Pakistan, which, inter alia, includes;

i. *The distribution market would be deemed efficient, affordable and financially viable, if, Transmission and Distribution losses incurred by DISCOs decreased from 23-25% in 2013-2014 to 16% by 2017;*

ii. *The distribution market would be deemed efficient, affordable and financially viable, if, recovery/collection by DISCOs was increased from 85 in 2013-2014 to 95% by 2017.*

11.5 The Federal Government also mentioned that in furtherance whereof the Federal Government has formulated National Power Tariff and Subsidy Policy Guidelines duly approved by ECC dated 28-01-2014 and the Policy Guidelines to Rationalize T&D Losses 2013-2014 duly approved by ECC dated 28-05-2014.

11.6 The Federal Government further submitted that NEPRA, while determining the Consumer-End Tariff for DISCOs since 2013-2014, did not adhere to such targets/benchmarks set out in the Power Policy, 2013 duly approved by CCI and instead, proceeded to determine the Tariffs on assumptions of 100% recovery and assumed lesser targets for Transmission and Distribution Losses, purportedly on the pretext of prudence in terms of Rule 17 of the Tariff Rules, whereas, the more circumspect, judicious and cautious way forward is enshrined in the targets set by CCI, which NEPRA is obligated to implement.

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11.7 The Federal Government also submitted that while determining the Prior Year Adjustment component of Revenue Requirement of a DISCO, in a subsequent Tariff determination, NEPRA does not take into account the component of subsidy provided by the Federal Government and by doing so, NEPRA, in essence, puts additional financial burden on the Federal Government as the subsidy component is again passed on to the consumers leading to double burden, which is resulting in lesser cost recovery and consequent damage to the Power Sector.

11.8 The Federal Government further mentioned that while deciding the instant Tariff Petitions, NEPRA is required to determine the adjustments on account of:

a. Capacity and Transmission charges as per the notified Transfer Pricing Mechanism;
b. Impact of T&D losses on the components of PPP as per the 2014-2015 Tariff determination;
c. Variable O&M as per actuals as per the notified Transfer Pricing Mechanism; and
d. Impact of Extra or Lesser Purchase of Units.

11.9 The Federal Government pleaded that these adjustments are of crucial significance so as to pass through the prudent cost already determined by NEPRA, therefore a mechanism for future quarterly adjustments be developed in line with the mechanism for Fuel Price Adjustment by way of billing adjustment, subject only to the modification that such decision shall be notified by the Federal Government.

11.10 In view of the above, the Federal Government submitted that:

a. NEPRA may determine the Tariff for each of the DISCO "anew" in light of the directions contained in IHC Judgment and submissions made herein;

b. While determining the Tariff anew, NEPRA is bound to follow the policies framed by CCI as well as the Guidelines framed by the Federal Government, and in pursuance thereof adopt the benchmarks provided therein for making the distribution market efficient, affordable and financially viable;

c. While determining the revenue requirement of each DISCO, NEPRA may duly take into account the amount of subsidy provided by the Federal Government in relation to the "Prior Year Adjustment" component of such "revenue requirement" of each DISCO;

d. In the Tariff Determination to be made in pursuance of the IHC Judgment, NEPRA is to ensure recovery of costs incurred, which were/have not been allowed to be recovered on account of pendency of the Petitions;

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e. Individual issues of each of the DISCO as well as CPPA-G may also be considered and determined in the Tariff Determination.

11.11 Having considered the available record, submissions made by the Federal Government in its original reconsideration request, during hearing held on July 24, 2017 & letter dated July 24, 2017, the Authority observed that the Federal Government's request for reconsideration of FESCO's tariff determination is on the following grounds:-

a. NEPRA in pursuance of CCI guidelines should adopt the benchmarks provided therein for making the distribution market efficient, affordable and financially viable;

b. The deduction and quantum of Prior Period Adjustment should also take into account the amount of subsidy provided by the Federal Government, while determining the revenue requirement of each DISCO in relation to the "Prior Year Adjustment" component of such "revenue requirement";

c. The target for distribution losses be set forth as per the third party technical study and its gradual reduction be as proposed in the tariff petition linked with execution of investments and its implementation, including arrangement of finances;

d. The assumption of 100% recovery be re-fixed as per the sound business practices, ground realities prevalent in Pakistan and including the aspects with respect to area specific situation leading to non-collection by Distribution Companies;

e. To ensure recovery of the costs which have been incurred but were/have not been allowed to be recovered on account of pendency of the Petitions and a mechanism for future quarterly adjustments be developed in line with the mechanism for Fuel Price Adjustment by way of billing adjustment, subject only to the modification that such decision shall be notified by the Federal Government;

f. Individual issues of each of the DISCOs as well as CPPA may be considered and determined in the decision of reconsideration request;

g. NEPRA may determine the Tariff for each of the DISCO "anew" in light of the directions contained in IHC Judgment and submissions made herein.

12. Applicability of Power Policy 2013 (Without Prejudice)

12.1 It has been pleaded by the GoP/ XWDISCOs that Constitution of Pakistan confers the power /authority to the Council of Common Interests to regulate and formulate policies for the Federation in relation to a number of subjects including electricity and regulatory bodies. The

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decision of the Council of Common Interests has a binding/obligatory effect unless the same is modified by the Parliament as provided in Article 154(7) of the Constitution, hence any policy viz-a-viz the electricity and NEPRA formulated by the Council of Common Interests, has a binding effect on NEPRA.

12.2 It is believed that no policy can override the statutory provisions of law, however, without going into the controversy; the policy being referred has been gone through. That policy set out the following goals:-

i. Build a power generation capacity that can meet Pakistan's energy needs in a sustainable manner.

ii. Create a culture of energy conservation and responsibility

iii. Ensure the generation of inexpensive and affordable electricity for domestic, commercial, and industrial use by using indigenous resources such as coal (Thar coal) and Hydel.

iv. Minimize pilferage and adulteration in fuel supply

v. Promote world class efficiency in power generation

vi. Create a cutting edge transmission network

vii. Minimize inefficiencies in the distribution system

viii. Minimize financial losses across the system

ix. Align the ministries involved in the energy sector and improve the governance of all related federal and provincial departments as well as regulators

12.3 Regarding the targets, it is stated in the policy as under:-

TARGETS

Pakistan has set key targets in terms of the demand-supply gap, affordability, efficiency, financial viability and governance of the system. The extent to which the policy can meet these targets will measure the success of the policy and the nation's ability to overcome the key problems afflicting the power sector.

Supply Demand Gap: Goals i and ii pertain to this target

- Target: Decrease supply demand gap from 4500 - 5000 MW today to 0 by 2017

Affordability: Goal iii pertains to this target

- Target: Decrease cost of generation from 12c / unit today to ~10c / unit by 2017

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Efficiency: Goals iv to vii pertain to this target

- Target: Decrease transmission and distribution losses from ~23-25% to ~16% by 2017

Financial Viability and Collections: Goal viii pertains to this target

- Target: Increase collection from ~85% to 95% by 2017.

Governance: Goal ix pertains to this target

- Target: Decrease decision making processing time at the Ministry, related departments and regulators from long to short durations

12.4 A bare reading of the aforementioned goals and targets set out in the policy, it reveals that although the Power Policy 2013 prescribes the thresholds for standards of efficiencies, whereby certain targets in terms of T&D losses and Recovery have been fixed, however, a thorough reading of the Policy clearly depicts that the mentioned targets are not meant to be incorporated in the tariff by NEPRA rather the same have been fixed for the DISCOs to minimize the inefficiencies in the distribution system and financial losses across the system. It is, nowhere provided in the policy that if the concerned quarters failed to achieve the goals and targets set out in the policy, then the burden of inefficiency and mismanagement should be passed on to the consumers; as claimed by the petitioner. Therefore, there is no force in the argument advanced by the petitioner for the fixing the tariff as per claimed targets. It is, however, to be emphasized that the petitioner, being the 100% owner of the Distribution Companies, including FESCO should ensure fulfillment of policy objectives through improving efficiencies and ensuring recoveries from the defaulting consumers. The petitioner cannot shift the burden of its own inefficiencies to the consumers who are paying their bills regularly.

12.5 If the petitioner's contention with respect to burdening the law abiding consumers, who pay their bills, for the unrecovered amount and pilferage, it will be against the principle of equity, fairness and justice. This has to be seen in the context of responsibility and accountability. In the instant case, whether it is the responsibility of paying consumers to ensure recovery from non-paying consumers or to prevent theft/pilferages or it is the responsibility of the Petitioner itself. Even if the Petitioner's contention is accepted it would be counterproductive and will encourage the culture of non-payment and pilferage; thus will further aggravate the circular debt issue.

13. **Prior Period Adjustment (PYA)**

13.1 The Federal Government, in its reconsideration request dated May 26, 2016 stated that the Authority while determining PYA did not apply the target of distribution losses assessed by the Authority for the FY 2014-15, causing serious financial hardship to the sector.

13.2 The Federal Government argued that FESCO requested for a positive PYA, whereas, the Authority based on its own calculations determined a negative PYA of Rs.16,787 million, which consequently was deducted from the assessed cost for FY 2015-16.

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13.3 It was further stated that paragraph No. 30.9 of the determination dated December 31, 2015, shows that quarterly adjustment is on account of the difference between the notified reference PPP during FY 2014-15 quantified as Rs.105,270 million, less regulated PPP recovery on notified rates during the FY 2014-15 quantified as Rs.124,133 million. Thus, the quantum of regulated PPP recovery on notified rates during the FY 2014-15 fails to adjust / deduct the amount of FPA, which is contrary to the tariff setting mechanism and is tantamount to double deduction leading to shortfall in legitimate cost of the distribution company and is contrary to the Act and the Tariff Standard Rules as well as the policy guidelines. It was also stated that quantum of notified reference PPP adopted for the purpose of calculating PYA is contrary to the assessment of PPP for the FY 2014-15. In view thereof, the Federal Government requested the Authority to reconsider the upfront deduction of PYA from the assessed adjusted PPP being contrary to the law and fact.

13.4 In the original reconsideration request and in the instant submissions dated July 24, 2017, the Federal Government stated that while determining the Prior Year Adjustment component of Revenue Requirement of a DISCO, in a subsequent Tariff determination, NEPRA does not take into account the component of subsidy provided by the Federal Government. By doing so, NEPRA, in essence, puts additional financial burden on the Federal Government as the subsidy component is again passed on to the consumers leading to double burden, which is resulting in lesser cost recovery and consequent damage to the Power Sector.

13.5 FESCO also in its presentation mentioned that due to inconsistent application of the previous MYT it borne the cost of Rs.4,827 million through adjustment of Revaluation Surplus which reduced the RORB for FY 2010-11 & 2011-12, Other Income and O&M for FY 2009-10, 2010-11 and 2011-12. FESCO submitted that being a legitimate cost, the same may be allowed and the plea was never time barred.

13.6 The Authority while reviewing the Federal Government's contentions regarding the amount of PYA, observes that it has failed to provide any alternative workings which would substantiate its claim and at the same time would refute the Authority's assessment in this regard.

13.7 The argument of the Federal Government to apply assessed target of T&D losses while working out the PYA for respective year is not logical, since the assessed regulatory targets do not become binding on the utility unless it is notified with an exception to the assessed Distribution Margin and prior year adjustment as both represent the fixed cost pertaining to the specific Financial Year. The Authority considers that if PYA is calculated on the assessed regulatory targets instead of notified regulatory targets for a period, it would be unfair and unjust for the XWDISCOs without giving reasonable time for achieving the assessed targets.

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13.8 There has been instances in the past where the assessed regulatory targets of DISCOs were more challenging vis-a-vis the notified targets, on which the PYA was calculated yet the same methodology was adopted by the Authority. In addition, the Federal Government has itself argued that if the tariff is notified late it is not left with required time to achieve the targets set by the Authority. In view thereof, the Authority considers it just, fair and equitable to calculate PYA in the matter of XWDISCOs on the notified regulatory targets.

13.9 On the point of the Federal Government that the regulated PPP recovery on notified rates fails to adjust / deduct the amount of FCA and tantamount to double deduction leading to shortfall in legitimate cost of the distribution company, the Authority observed that the reference notified PPP of FESCO for the FY 2014-15 was Rs.105,270 million. By including therein Rs.18,819 million, on account of variation between actual vis-a-vis reference PPP pertaining to Capacity, UoSC, Var. O&M and impact of FCA on units lost *(as per the allowed level of T&D losses)*, the PPP of FESCO works out as Rs.124,089 million. However, FESCO passed on an amount of Rs.17,256 million on account of monthly FCA to its consumers during the FY 2014-15, thus, the actual PPP to be recovered by FESCO for the FY 2014-15 works out as Rs.106,834 million.

13.10 Against the aforementioned actual PPP to be recovered, FESCO recovered Rs.124,133 million based on the rates which remained notified during the FY 2014-15. However, as FESCO already passed on an amount of Rs.17,256 million on account of monthly FCA to its consumers during the FY 2014-15, thus, net recovery made by FESCO is Rs.106,877 million. Accordingly, Rs.43 million is to be returned to the consumers through PYA, being difference between the actual PPP cost of Rs.106,834 million and the net amount of Rs.106,877 million recovered by FESCO during the FY 2014-15. Detailed working in this regard is as under;

	Rs. in Million
Notified Reference PPP for FY 2014-15	**105,270**
PPP Adjustments	18,819
Monthly FCA already passed on to consumers	(17,256)
Actual PPP to be recovered for the FY 2014-15	**106,834**

PPP recovered by FESCO	**124,133**
Monthly FCA already passed on to consumers	(17,256)
Net PPP recovered during the FY 2014-15	**106,877**
(Over Recovery) / Under Recovery	**(43)**

13.11 From the aforementioned workings, it is evident that impact of monthly FCA has been adjusted from both the actual PPP to be recovered as well as from the PPP recovered by FESCO, thus nullifying its impact, meaning thereby that there is no double deduction on account of FCA. In

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addition, the Authority observed that the Federal Government has not substantiated its claim of double deduction with any working, calculation or reconciliation.

13.12 On the point of the Federal Government that use of notified reference PPP, for the purpose of calculation of PYA, is contrary to the assessment of PPP for the FY 2014-15, the Authority observed that during the FY 2014-15, three different tariff determinations remained notified. Accordingly, the amount of notified reference PPP used in the calculation of PYA, has been worked out from three different tariffs, and thus do not match with the assessed PPP for the FY 2014-15. The amount of notified reference PPP i.e. Rs.105,270 million has been worked out as under;

FY 2014-15	Notified Tariffs	Reference PPP (Rs. Million)
July 2014 to September 2014	Determined for FY 2012-13	26,338
October 2014 to May 2015	Determined for FY 2013-14	68,960
June 2015	Determined for FY 2014-15	9,972
Total Notified Reference PPP for the FY 2014-15		**105,270**

13.13 The Authority is also of the view that full recovery of PPP, being a pass through item, is only ensured if it is calculated as difference between notified reference cost and the actual cost. If assessed PPP is used, instead of notified, it would lead to either over or under recovery of the PPP, thus making PPP as non-pass through item. Considering the same analogy, the Authority while working out the monthly Fuel Charges Adjustment (FCA), also uses the notified reference Fuel Cost Components (FCCs) instead of assessed reference FCCs.

13.14 The contention of the Federal Government that the subsidy amount which is made available by the Federal Government and not charged from the consumers hence cannot be made part and parcel of the PYA, is not logical as PYA is conceptually the over or under recovery of the assessed revenue requirement of DISCO pertaining to a specific period and is independent of the mode that how the assessed revenue requirement is recovered. The revenue requirement and the consequent calculation of PYA would not change whether the DISCO recovers its entire revenue requirement either through subsidy or from consumers or through a mix of both. The Authority determines/ assesses revenue requirement of a DISCO and designs the consumer end tariff for the Utility. Currently, the Authority's assessed consumer end tariff is recovered by the Utility, partly through subsidy and partly from consumers.

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13.15 In view of aforementioned discussion, the Authority considers that the exiting mechanism of PYA ensures fairness between the consumers and the DISCOs. It prevents DISCO from getting undue benefit from the consumers in the shape of overcharging and vice versa. Moreover, a reduction in the assessed revenue requirement by way of PYA will result in lower consumer end tariff thus eventually decreasing the future subsidy to be provided by the Federal Government.

13.16 Here it is pertinent to mention that owing to the delayed filing of the tariff petition by FESCO and delayed reconsideration request filed by the Federal Government, the Authority vide its decision dated July 04, 2016 in the matter of Biannual Adjustment regarding Power Purchase Price (PPP) and Annual adjustment on account of PYA pertaining to FY 2015-16, decided to allow the impact of PPP and PYA pertaining to the period from July 2015 till May 2016, ensuring timely recovery of the same i.e. during the FY 2016-17, thus, making the consumer end tariff more predictable for the consumer's and utility as provided under rule 17(3) of the Tariff Standards and Procedure, Rules 1998. Consequent thereupon, the Schedule of Tariff of FESCO was revised after incorporating therein the impact of above mentioned adjustments.

13.17 However, the tariff of FESCO determined for the FY 2015-16 and the subsequent biannual adjustment dated July 04, 2016 were not notified by the Federal Government. Now pursuant to the judgment of the honorable Islamabad High Court, the tariff is being re-determined as per the reconsideration request of the Federal Government. It is also a matter of fact that the period for which the tariff was earlier determined has elapsed, therefore, the Authority has decided to include the impact of any over/under recovery on account of PPP, assessed Distribution Margin & previously allowed prior year adjustment along-with other relevant adjustments pertaining to the whole FY 2015-16 in the instant decision.

13.18 As explained at para 30.10 to 30.15 of the consumer end Tariff determination of FESCO dated December 31, 2015 *(in accordance with Federal Government's policy guidelines dated May 21, 2015 with regard to fuel charges adjustment and subsidy rationalization of XWDISCOs)*, the Authority decided not to adjust the impact of negative FCA of Rs.5,707 Million, for the FY 2014-15, pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers, across different consumer categories while determining the consumer end tariff for the FY 2015-16, as it was doing in the past. The Authority in line with the objective of guideline, mentioned at para 5 of the letter No. 5-PF/02/2013-Subsidy dated 21st May 2015, decided that negative FPA impact of Rs.5,707 Million, lying with the FESCO, is to be adjusted by Federal Government, against the Tariff Differential Subsidy claim in the matter of FESCO pertaining to the FY 2014-15. Thus, eventually reducing Federal Government's overall Tariff Differential Subsidy burden for the FY 2014-15.

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13.19 The Authority in accordance with the aforementioned decision, calculated the impact of FPA for the FY 2015-16 pertaining to lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers. The Authority also considered the relevant clauses of the S.R.O. 189 (I)/2015 dated March 05, 2015 issued by Federal Government. In addition, the Authority also considered the amount of subsidy claims filed by the FESCO for the FY 2015-16.

13.20 After considering all the aforementioned factors, the Authority observed that FESCO has retained an amount of Rs.15,694 Million on account of negative FCA for the period from July, 2015 to June, 2016 pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers, which is still lying with FESCO. The Authority further observed that as per the Tariff Differential Subsidy claims of FESCO pertaining to the FY 2015-16, FESCO has recovered net surcharges during the FY 2015-16. Thus, the concern of the Federal Government that subsidy amount which is made available by the Federal Government and not charged from the consumers, cannot be made part and parcel of the PYA is not relevant in the instant case as FESCO has recovered net surcharges during the FY 2015-16. Consequently, the entire amount of Rs.15,694 million retained by FESCO on account of negative FCA for the period from July, 2015 to June, 2016, pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers, which is still lying with FESCO has been adjusted in the PYA. Here it is pertinent to mention that the above figures have been worked on the basis of information provided by the FESCO.

13.21 The request of FESCO for allowing financial impact due to inconsistent application of tariff during the previous MYT regime, does not merit consideration in the instant determination, as any such observations regarding adjustment mechanism of previous MYT should have been raised before the Authority during the earlier MYT regime period. Any adjustment now demanded cannot be entertained being time barred. Here it is pertinent to mention that FESCO for the very first time raised the issue of inconsistent application of MYT in the Motion for Review filed against the Authority's decision dated 15th March, 2012 pertaining to the FY 2011-12, which was also rejected by the Authority on the grounds that it was out of scope of the Review Motion. Further, FESCO has not substantiated its claim with any detailed workings. Thus the Authority reiterates its earlier decision on the issue.

13.22 The Authority, accordingly, after careful consideration of the arguments put forth by the Federal Government in the Reconsideration Request, FESCO's working of PYA, available actual data and after carrying out its own due diligence hereby re-determines the following PYA for the FY 2015-16;

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	Description	FESCO
		Mln. Rs.
	A: Bi-Annual Adjustment	
	Notified reference PPP during the FY 2015-16	113,415
Add ;	1st Bi-Annual PPP adjustment pertaining to the FY 2015-16 (Jul-Dec)	2,318
Add;	2nd Bi-Annual PPP adjustment pertaining to the FY 2015-16 (Jan-Jun)	11,975
Less ;	Regulated PPP recovery on notified rates during the FY 2015-16	123,841
	Unrecovered / Over Recovered Cost For FY 2015-16	**3,867**
	B: Other Components Adjustment	
	Assessed Distribution Margin for the FY 2015-16	11,937
	Assessed PYA for the FY 2015-16	(16,787)
Less;	Regulated DM recovery on notified rates during FY 2015-16	13,093
Less;	Regulated PYA recovery on notified rates during FY 2015-16	(20,443)
	Unrecovered / Over Recovered Cost For FY 2015-16	**2,500**
	A+B = Total Unrecovered/ (Over recovered)	**6,367**
Add;	Net impact of assessed & actual Other Income for the FY 2015-16	-
Add;	Impact of Consumer – Mix Variance for the FY 2015-16	(968)
Add;	Impact of Negetive FPA (300 Units+Agriculture+ Life Line)	(15,694)
	C: Sub-Total	(16,662)
	A+B+C = Net PYA Unrecovered / (Over Recovered)	**(10,295)**

14. **Assumption of 100% Recovery**

14.1 The Federal Government in its reconsideration request mentioned that in order to ensure safe and reliable provision of electric power in the Country, it is of paramount significance that the distribution companies are allowed to recover their revenue requirements (total cost of service), through fair assessment of revenue requirements. The Federal Government, further stated that if a distribution company fails to recover its revenue requirement, it will not be able to pay its liabilities with respect to power producers which will result in circular debt and non-production of electricity in certain cases.

14.2 The Federal Government also submitted that the tariff setting mechanism is based on 100% recovery from the consumers of the determined revenue requirement, whereas, presently the sector recoveries are in the range of 85-89% per annum. Resultantly, shortfall always accrues on account of less payment to the power producers leading to circular debt situation, therefore the assumption of 100% recovery be reconsidered by the Authority, keeping in view the sound business practices as well as situation prevalent in Pakistan, including the aspects with respect to area specific situation leading to non-collection by distribution companies. It was also stated that it is contrary to the Act, rules and regulations as well as the policy guidelines.

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14.3 Accordingly, the Federal Government requested to reconsider the Tariff Determination dated December 31, 2015 and Review Decision dated May 11, 2016 of FESCO for the FY 2015-16 to FY 2019-20 and to re-issue the schedule of tariff of FESCO, by way of reconsidering the assumption of 100% recovery as per the sound business practices, ground realities prevalent in Pakistan and including the aspects with respect to area specific situation leading to non-collection by distribution companies.

14.4 A Policy of CCI dated 31-07-2013 was also referred by the petitioner with the contentions that said policy provides methodology to alleviate, inter alia, market inefficiencies and financial burdens from the national power sector by:

i. *Promoting world class efficiency power generation;*
ii. *Creating a cutting-edge transmission network;*
iii. *Minimizing inefficiencies of the distribution system; and*
iv. *Minimizing financial losses across system.*

14.5 It also stated that the Power Policy 2013, prescribes thresholds for standards of efficiencies to be attained and observed within the Power Sector of Pakistan, which, inter alia, includes;

i. *The distribution market would be deemed efficient, affordable and financially viable, if, Transmission and Distribution losses incurred by DISCOs decreased from 23-25% in 2013-2014 to 16% by 2017;*

ii. *The distribution market would be deemed efficient, affordable and financially viable, if, recovery/collection by DISCOs was increased from 85 in 2013-2014 to 95% by 2017.*

14.6 It has been further pleaded that in respect of the policies framed by Council of Common Interest (CCI) vis-a-vis the subject of electricity; the same have a binding effect on NEPRA, as mentioned in the IHC judgment.

14.7 The Federal Government also provided a working showing financial impact of non-implementation of CCI targets in respect of billing vis a vis collection whereby the financial impact has been worked out as Rs.98 billion, Rs.104 Billion and Rs.53 billion for the FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

14.8 The Authority after careful review of the Federal Government contentions on the issue of recovery is of the view that it has not specifically discussed FESCO's recovery issue in its reconsideration request rather has pleaded it as a general power sector issue, whereby a national

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range of recovery level is submitted as evident form the fact that FESCO's actual recovery for the FY 2015-16, as per the available information, remained at 100%.

14.9 Thus, the argument of Federal Government that presently the sector recoveries are in the range of 85-89% per annum, resulting in the shortfall on account of less payment to the power producers leading to circular debt situation, is not relevant in the instant case. Moreover. FESCO itself in its presentation has submitted that this issue is not relevant in case of FESCO as its recovery remained 100 % in previous years.

14.10 Here it is pertinent to mention that the recovery figure mentioned includes both i.e. recoveries from private and government consumers. The Authority never disallowed the actual write offs against the private defaulters given that the due process of law has been followed while writing off the receivables. However, the write off against receivables of any Government cannot be allowed considering the fact the Government is a "going concern". The Authority considers that if the provision for doubtful debts is considered at national level it would provide no incentive to the efficient companies, whose recoveries are already near 100%. As regard the companies which operate in so called hard areas, the Authority has already taken cognizance of the fact and allowed a margin of law & order in their T&D losses. Thus, effectively encouraging them to report their actual level of recoveries.

14.11 The decision of the Authority for setting 100% recovery is based on the documents required for new connection/extension and reduction of load or change of name in terms of Chapter 2.3 (b) & (h) of the Consumer Service Manual (CSM) and in view of the fact that the risk of credit sales transfers to the third party i.e. Owner of the premises or purchaser of the property as mentioned in Chapter 8 (8.1) of the CSM, reproduced hereunder;

"a premises is liable to be disconnected if the consumer is defaulter in making payment of the energy consumption charges bill(s), or if he is using the electric connection for a purpose other than for which it was sanctioned, or if he has extended his load beyond the sanctioned load even after receipt of a notice in this respect from DISCOs".

14.12 Currently DISCOs are functioning in a monopolized environment and in case of default, the connection of the premises, if disconnected, cannot be restored till the outstanding dues are paid and as per the referred Chapter of Consumer Service Manual thus transferring the risk to third party which is occupant of the premises. Further the distribution company always has the option to recover the outstanding amount through sale of the property after following the due process of law. In addition to this, at the time of connection, DISCOs also collects one month's

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billing from the consumers in the shape of security deposits, which also serves as deterrence for a consumer to default.

14.13 The Authority in Human Rights case No. 7734-G/2009 & 1003-G/2010 regarding Alleged Corruption in Rental Power Plants and case No.56712/2010 regarding fraud in payment of rental power plants submitted before the Honorable Supreme Court of Pakistan that the Tariff determined by the Authority is free of any inefficiencies and mismanagement on the part of DISCOs and the impact thereof in not passed on to the consumers through tariff.

14.14 The Court under para 84 (ii) and (viii) of its aforementioned decision dated 30-03-2012 decided that;

84 (ii) "The Federal Government/WAPDA/PEPCO/GENCOs had failed to control pilferage of electricity from the system because of bad governance and failure of the relevant authorities to enforce the writ of the Government. Therefore, the Government is required to improve the existing system of generation and transmission of electricity by taking all necessary steps, including clearing of circular debt, etc., so that electricity can be generated to the maximum capacity".

84 (viii) "………In terms of Constitution and Act, 1997, the NEPRA is mandated to safeguard the interests of the consumers, but the concerned officials of NEPRA failed to perform their duties diligently;

14.15 The Honorable Court through its aforementioned order has clarified that it is the Federal Government which needs to improve its affairs rather than asking NEPRA to built-in the inefficiencies of the system in the tariff. The Court in fact adjudged NEPRA's failure to protect the interest of the consumers, therefore, passing on inefficiencies of the XWDISCOs / Government to the consumers would be contradictory to the Court orders.

14.16 The Honorable Supreme Court in other Human right cases No.14392/2013 & 790-G/2009 in the matter of unprecedented load shedding and increase in electricity prices dated 26-11-2013 under para 36 (ii) decided as under;

36 (ii). "The competent authority shall take steps to control all kind of losses after supply of the generation like line losses, theft, etc, by using modern devices like introducing smart meters and supplying electricity only to the consumers, if need be, in advance or without any default after submission of the bills. As far as all kind of unauthorized consumers are concerned, efforts should be made to persuade them to make payments of the bills, failing which action as

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envisaged under the electricity act, 1910, the Electricity Rules, 1937 and NEPRA act, 1997 as well as other enabling laws / rules, should be taken. A policy has to be announced by the NTDC / DISCOs under which this supply of electricity to the consumers to believe in law and make payments in time, if encouraged and supply of unauthorized consumers is discouraged."

14.17 It is evident from the aforementioned decision, that supply of electricity to the paying consumers has been encouraged, meaning thereby that burden of non- paying consumers may not be passed on to the paying consumers rather the unauthorized consumers be discouraged. Therefore, the request of Federal Government to allow any margin for non-recoveries in the tariff does not merit consideration and if allowed will be in violation of the orders of Honorable Supreme Court of Pakistan as referred above.

14.18 The Authority on the point of efficiency thresholds prescribed in the Power Policy, observed that although the Policy prescribes thresholds for standards of efficiencies, whereby certain targets in terms of T&D losses and Recovery have been fixed, however, a thorough reading of the Policy clearly depicts that the mentioned targets are not meant to be incorporated in the tariff by NEPRA rather the same have been fixed for the DISCOs to minimize the inefficiencies in the distribution system and financial losses across the system.

14.19 The Power Policy 2013 clearly stipulates improvement in recovery/ collections by XWDISCOs through minimizing inefficiencies, creating independence and through privatization. It also highlights punishing private defaulters and proposes disconnecting the electric connections of defaulters after 60 days of non-payment and only reconnecting them to the grid with pre-paid meters. It also emphasizes focusing of load shedding in high theft and low collections areas. Similarly, the Tariff and Subsidy Policy Guidelines 2014 also referred by the Federal Government/ XWDISCOs encourages disallowing of inefficiencies to be passed on to the consumers and requires the Distribution companies to meet the cost parameters in the NEPRA tariffs and make every effort to comply with NEPRA directives concerning technical and commercial losses. Thus, both the Power policy as well as the Guidelines obligate XWDISCOs to reduce their inefficiencies rather than passing on the same to the consumers.

14.20 Here it is pertinent to mention that as of June 2016, the private receivables of XWDISCOs were over Rs.318 billion, including running defaulters of Rs.250 billion for more than three years, thus, the Federal Government being owner of the distribution companies is itself not complying with the Policy approved by the CCI and taking actions required therein.

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14.21 In view of the aforementioned discussion, while re-determining the tariff, the Authority re-iterates its earlier decision on the issue of 100% recovery target and restrict its assessment to the extent of write offs only.

14.22 FESCO, however, vide letter dated August 22, 2017 submitted that it has initiated the process of writing off for receivables relating to private permanently disconnected consumers which is likely to be completed prior to next tariff determination and accordingly requested that an amount of Rs.249.81 million pertaining to private permanently disconnected defaulters of overs three years may be incorporated in its Revenue Requirement on provisional basis, subject to adjustment at the time of next year determination based on the record to be submitted after completion of the process.

14.23 The Authority considers that it is for the very first time that FESCO has initiated the process of write offs against private defaulters, which is in line with the Authority's principle decision in this regard. However, neither the Federal Government nor any XWDISCO have ever requested to allow such write offs on "provisional basis subject to the adjustment if the criteria set by the Authority is not met". In the instant case, although the amount requested by FESCO has not actually been written off as yet, however as claimed by FESCO, the process for writing off the receivables has already been initiated. Considering the very fact that the requested amount pertains to the private receivables, disconnected permanently for more than three years having little chance of recovery, and the submissions of FESCO that process for writing offs has been initiated, the Authority has decided to allow an amount of Rs.161 million as write offs, instead of the requested amount of Rs.249.81 million, strictly on provisional basis, after adjusting for the impact of GST and other Government charges from the requested amount, subject to fulfillment of the laid down criteria by June 30, 2018. The amount of Rs.161 million has been allowed based on PEPCO's DISCOs Performance Statistics Report for the FY 2015-16, wherein FESCO's permanent private defaulters of over 3 years age have been reported as Rs.187 million, however, the impact of GST and other Government charges has been excluded from the said amount while working out the provisional write offs. The Authority would observe the following criteria with respect to write offs.

i. The connection has to be permanently disconnected for more than 3 years and due process of law to recover the outstanding dues as arrears of Land Revenue has been followed.

ii. The amount to be written off shall be duly approved by the Board of Directors (BOD) of FESCO.

iii. The amount of write off shall be duly supported with the details pertaining to the name & address of the premises/consumers, CNIC etc.

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14.24 In case the aforementioned criteria is not followed and the required evidence is not provided by FESCO, the amount so allowed shall be adjusted back subsequently. It is also pertinent to mention that being a onetime cost, the impact of amount being allowed in respect of write offs shall be applicable only for a period of one year from the date of notification of the instant determination. Here it is pertinent to mention that these provisionally allowed arrears are accumulated amounts that pertain to several past financial years and allowing the same as onetime adjustment would cause distortion in the consumer end tariff. However, in future, in case of abnormal write offs, which may distort the consumer end tariff, the Authority may consider imposition of a cap on write offs on case to case basis.

15. Transmission &Distribution Losses (T&D Losses)

15.1 On the issue of T&D losses targets, the Federal Government pleaded that historically, DISCOs in their petitions propose losses, based on previous year data and the Authority based on such information had envisaged investments for energy loss reduction, sets out the target of distribution losses. The Federal Government further pointed out that the Authority's determined T&D losses are always lower as compared to the average power sector losses and that the losses target setting is always for the period which has already lapsed, thus there is no co-relation with the envisaged investments for energy loss reduction during the base period.

15.2 It was also stated in the reconsideration request that the Authority while maintaining the lesser target of losses, directed the XWDISCOs to conduct the T&D losses study of their 132KV, 11KV and below network based on reasonable sampling by the independent experts and maintained its assessed level of losses subject to adjustment as per the study.

15.3 The Federal Government further submitted that the Authority, in view of the non-completion of the study within the requisite time frame and while acknowledging the limitations of an operational audit carried out by PDIP (on a very limited sample) and treating the same as the starting point, assessed target for distribution losses not technically possible for FY 2013-14 and this target, on the basis of in-house study conducted by the Authority, was further reduced in review motion. This drastically reduced the distribution losses as mentioned hereunder, resulting in additional shortfall of Rs.45 billion less recovery of adjusted PPP for all the XWDISCOs:

Year	Losses Target by Authority	Actual Losses
2012-13	16.00	18.76
2013-14	13.02	18.60

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15.4 The Federal Government further mentioned that the matter was considered by ECC, leading to policy guidelines by the Federal Government to the Authority that the losses of DISCOs be reflective of the system losses, however, the Authority recommended to conduct the third party technical studies for ascertainment of distribution losses.

15.5 The Federal Government also stated in the reconsideration request that for the Multi Year Tariff (MYT) petition for the FY 2015-16 to 2019-20, FESCO submitted the technical study carried out by the independent third party, approved by the Authority, for 132 KV and 11 KV and below thus the direction of the Authority and requirement with respect to the policy guidelines of the Federal Government was complied with.

15.6 The Federal Government also stated that FESCO requested a T&D losses target of 10.00% for the FY 2015-16 which gradually reduces to 9.98% by the end of the control period i.e. FY 2019-20, therefore, keeping in view the previous determinations as well as the policy guideline and the position of the Authority with respect to third party report of technical losses, it was only logical that the third party technical study should have been adopted for the purposes of assessment of the technical losses and also the same should have been adopted for the adjustments in the previous years, as previously decided by the Authority. However, the Authority disregarded the study being incomplete i.e. not 100%.

15.7 The Federal Government further stated that the technical study on sample basis ranging from 25% and above (e.g., in case of FESCO it is more than 47% of 11KV) by third party independent expert, was submitted by the distribution companies therefore, this aspect needs reconsideration, as it is not only contrary to previous position of the Authority but is also contrary to the established position for such kind of studies and also contrary to the policy guideline of the Federal Government.

15.8 It was further stated in the reconsideration request that being a MYT Petition, it was proposed that the target for losses, keeping in view the IGTDP, be gradually reduced in five years, however, the Authority declined the proposed plan and instead determined an overall reduction of quantum of losses commencing from FY2016-17, which is not technically possible to be achieved and is contrary to all the established practices.

15.9 In view thereof, the Federal Government requested for reconsideration of the above assessments keeping in view the fact that period has already lapsed and the investment which has been made basis for reduction plan may or may not materialize. The Federal Government also highlighted the adverse financial implication of the target set by the Authority for the

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previous years and to the extent of FESCO amounting to Rs.1.4 Billion for the FY 2015-16 and in aggregate Rs.23.911 Billion for FY 2015-16.

15.10 In its written submissions dated July 24, 2017, the petitioner while referring to the Power Policy 2013, approved by CCI dated 31-07-2013, stated that the said Policy provides methodology to alleviate, inter alia, market inefficiencies and financial burdens from the national power sector by:

i. Promoting world class efficiency power generation;
ii. Creating a cutting-edge transmission network;
iii. Minimizing inefficiencies of the distribution system; and
iv. Minimizing financial losses across system."

15.11 It was also pleaded that the Policy 2013, prescribes thresholds for standards of efficiencies to be attained and observed within the Power Sector of Pakistan, which, inter alia, includes;

i. The distribution market would be deemed efficient, affordable and financially viable, if, Transmission and Distribution losses incurred by DISCOs decreased from 23-25% in 2013-2014 to 16% by 2017;

ii. The distribution market would be deemed efficient, affordable and financially viable, if, recovery/collection by DISCOs was increased from 85 in 2013-2014 to 95% by 2017.

15.12 FESCO in its presentation submitted that it proposed a cumulative reduction of 1.02 % (from 11% to 9.98%) in its tariff petition during the five year tariff control period whereas NEPRA determined a cumulative reduction of 1.40% (from 9.5% to 8.10%) during that period. FESCO also stated that the proposed reduction was based on the cumulative effect of Integrated Generation, Transmission and Distribution Plan (IGTDP), approved by NEPRA, thus, the reduction of 1.40% is not justified. FESCO also referred Rule 57 (c) of NEPRA Tariff Guidelines which provides that all future costs shall be consistent with the rolling 5-year IGTDP.

15.13 FESCO further submitted that the Authority, in Para 19.2.17 of the MYT determination, has acknowledged that existing state of affairs of the utility is considered as benchmark for future efficiencies. Therefore, the existing state of affairs of FESCO with respect to T&D losses needs consideration of Authority as actual losses for the base year i.e. 2014-15 as well as of FY 2015-16 and FY 2016-17 are 11.00%, 10.20 % and 10.60 % respectively.

15.14 FESCO also stated that study of T&D losses by third party has been carried out as per instructions of NEPRA and findings of the study are as under;

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Transmission Losses:	2.55%
Distribution Losses:	8.39%
T&D Losses:	**10.94%**

15.15 FESCO also mentioned that since it is stepping into a lock-in period of five years, therefore, establishing a fair quantum of permissible losses is critical for its commercial existence and accordingly requested to review the target of T&D Losses and re-fix as projected by FESCO.

15.16 The Authority, on the contention of assessing lower target of T&D losses in the matter of distribution companies as compared to its actual level of T&D losses, is of the firm view that the actual reported level of T&D losses of XWDISCOs include the impact of inefficiencies, poor governess and theft etc. and the Authority's assessment has always been based on the principle of prudence, which ensures that consumers are not burdened with the costs that arise due to XWDISCOs inefficiencies and poor management. That is the reason why the assessed level of T&D losses has always been lower than the actual reported level of T&D losses in the matter of DISCOs.

15.17 It is pertinent to mention here that the Authority in its determination in the matter of review motion of FESCO for the FY 2013-14 increased the allowed level of T&D losses to 9.5% as compared to 9.13% allowed in the original determination for the FY 2013-14. Thus, the claim of the Federal Government regarding reduction in target of T&D losses of FESCO in the review motion for the FY 2013-14 in not correct.

15.18 The Federal Government's contention regarding non-correlation of investment allowed and target assessed in terms of reduction of T&D losses, owing to the fact that the relevant period always stand lapsed, is not maintainable as the Authority's determination only becomes effective for the period after its notification. That is the reason why PYA is always calculated on notified targets of T&D losses and allowed investments.

15.19 Here it is pertinent to clarify that the Authority's referred decision by Federal Government with respect to the review of assessed T&D losses, the review if any would be done on prospective basis and not on retrospective basis.

15.20 The Authority, keeping in view the increasing gap between the assessed and the actual level of T&D losses, the issue of overbilling & theft, directed all the XWDISCOs to conduct study of its distribution network of 132KV, 11KV and below by an independent expert.

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15.21 FESCO during proceedings of its MYT petition and subsequent MLR failed to submit a complete study as per the Authority's direction and only submitted a partial study. In view thereof, the Authority decided to maintain the level of T&D losses of the FESCO for FY 2015-16 i.e. 9.50% to be considered as base line for setting future T&D losses target of the during the control period. Further, during the proceedings of FESCO's Motion for Leave for Review of its MYT determination, FESCO submitted that with increase in the sample size of study from 45% to 62%, its distribution losses have reduced from 10.29% to 9.49%, thus reducing the overall T&D losses as per study from 12.84% to 12.04%. Considering the fact that the level of T&D losses of distribution network may vary with the change in sample size, as evident from the status presented by FESCO in the MLR hearing, the Authority decided not to rely on the intermediate results of the study, and decided that it may consider the results of the study once it is complete and the Authority is satisfied with quality of study.

15.22 Further, in order to evaluate the quality of the study submitted by FESCO, the Authority held meetings with the representatives of the consultants wherein it was observed and also agreed by the consultants that losses in an electricity distribution company can be accurately measured only through metering equipment at different voltage levels from high voltage (132 kV) to the consumer-end and the results of the studies depend on the set of approximations which can exactly replicate the actual operational conditions over different periods. It was also observed that the results of the studies depend on the suitability of the software being used for the studies, size of the database and comparing results of the study with actual in-field monitoring and data collection. The consultants used PSSE software for analyzing 132 kV losses. PSSE software was a standard software for simulation studies however it was noted that system operational conditions under different periods were not modeled adequately. For 11 kV feeder level studies, Synergy software was being used which is a refined version of FDRANA which was used by the XWDISCOs earlier, for evaluating loading position of individual feeders for making improvements and/or induction of new feeders. It is observed that although the software may allow accurate modeling of a feeder it cannot be considered as ideal software for calculating the losses of all feeders collectively. The XWDISCOs did not appear to have clear criteria for selecting sample feeders for the studies as only general guiding instructions were provided to the consultants by the XWDISCOs. For the low voltage analysis also, it was noted that the XWDISCOs and the consultants did not develop a clear criteria and guidelines for selecting the samples. Most importantly the consultants failed to corroborate its results by putting up metering equipment and measuring actual losses over selected circuits at high voltage and low voltage levels. It was also noted that modeling of loads at different voltages is also very important in addition to the accuracy of data. No clear statements were available that the XWDISCOs carried out detailed scrutiny of the data and modeling of loads. In view thereof,

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the Authority directed FESCO to address the above observations/ concerns while completing its losses study.

15.23 XWDISCOs, in view of the instant reconsideration request of the Federal Government, have submitted their final losses studies. The following table shows details in terms of sample size, Transmission and distribution losses as per the third party study carried out by FESCO;

S. #	Study	Study Status / % Sample	Conducted by	Date of submission	Losses as per Study
1	Transmission	Completed	M/s PPI	30.03.2016	2.55%
2	Distribution	92%	M/s PPI	05.09.2016	8.39%

15.24 On the issue of software, FESCO pleaded that although Synergy is not the ideal software, however, FESCO's professionals and the third party Consultants were fully trained on it. It was also argued that by using some other software might have diluted the quality of work owing to lack of exposure of both FESCO and the Consultants to such software. Lastly, it was submitted that even the Authority's approved TORs did not specify any particular software which must be used for the study. The Authority having considered the FESCOs argument feels that FESCO's contentions in this regard merit consideration; therefore has decided to accept the same.

15.25 On the issue of criteria for the selection of sample, the Authority observed that FESCO's initially submitted study was only 45% complete, which now has been improved to 94%. Initially the reported T&D losses were 12.84% which now after covering over 90% sample size are 10.94%. Owing to the accepted principles of statistical analysis, whereby an outcome of sample size of 80% - 90% represents significant confidence level, the Authority is of the view that results, based on the studies having sample size of more than 90%, are fairly representative of the true distribution losses of DISCOs. However other concern noted by the Authority would require further and detailed scrutiny of the report. In view thereof, for the purpose of instant reconsideration request, the Authority has decided to provisionally accept the distribution losses of FESCO as per the third party studies, till scrutiny of the report is completed.

15.26 On the transmission losses study, the Authority observed that FESCO submitted its transmission loss study carried out in 2016. FESCO has claimed a total T&D loss of 10.94% comprising of transmission losses of 2.55% and distribution loss of 8.39%. The Authority, while considering the T&D losses of FESCO, noted that actual T&D losses of FESCO during FY 2015-16 were recorded as 10.24%, however FESCO did not provide any breakup of the same.

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15.27 Keeping in view FESCO's actual T&D losses of 10.24% for the FY 2015-16, and the fact that FESCO's distribution losses of 8.39%, as per the third party study, have been provisionally accepted by the Authority, the Authority has decided to set an overall T&D losses target of 10.24% for FESCO, as per actual, for the FY 2015-16. Thus, resultantly, FESCO's transmission losses have been worked out as 1.85%.

15.28 Having considered the respective contentions of the Federal Government contained in the reconsideration request and during the hearing, perusal of the record and considering the point of view of FESCO, the Authority hereby allows FESCO T&D losses of 10.24%, on provisional basis for the FY 2015-16, till scrutiny of the report is completed. It is further clarified that the Authority determines overall level of T&D losses for FESCO, which is based on overall Transmission and Distribution network.

15.29 Consequent thereupon, the future T&D losses targets of FESCO during the MYT control period have been revised by the Authority as under;

Year	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Transmission Losses	1.85%	1.81%	1.77%	1.67%	1.57%
Distribution Losses	8.39%	8.29%	7.99%	7.67%	7.27%
T&D losses target	**10.24%**	**10.10%**	**9.76%**	**9.34%**	**8.84%**

15.30 The Authority on the point of efficiency thresholds prescribed in the Power Policy, observed that although the Policy prescribes thresholds for standards of efficiencies, whereby certain targets in terms of T&D losses and Recovery have been fixed, however, a thorough reading of the Policy clearly depicts that the mentioned targets are not meant to be incorporated in the tariff by NEPRA rather the same have been fixed for the DISCOs to minimize the inefficiencies in the distribution system and financial losses across the system.

15.31 The Power Policy 2013 clearly stipulates improvement in recovery/ collections by XWDISCOs through minimizing inefficiencies, creating independence and through privatization. It also emphasizes focusing of load shedding in high theft and low collections areas. Similarly, the Tariff and Subsidy Policy Guidelines 2014 also referred by the Federal Government/ XWDISCOs encourages disallowing of inefficiencies to be passed on to the consumers and requires the Distribution Companies to meet the cost parameters in the NEPRA tariffs and make every effort to comply with NEPRA directives concerning technical and commercial losses.

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Thus, both the Power policy as well as the Guidelines obligate XWDISCOs to reduce their inefficiencies rather than passing on the same to the consumers.

16. **Quarterly / Biannual Adjustments Mechanism**

16.1 The Federal Government has submitted that NEPRA shall ensure recovery of the costs which have been incurred but were/have not been allowed to be recovered on account of pendency of the Petitions and a mechanism for future quarterly adjustments be developed in line with the mechanism for Fuel Price Adjustment by way of billing adjustment, subject only to the modification that such decision shall be notified by the Federal Government.

16.2 The Authority understands that Power Purchase Price (PPP) is a pass through item, and any variation therein needs to be passed on to the consumers in a timely manner in order to ensure financial viability of the sector, which otherwise would result in huge prior period adjustments. That is the reason the Authority vide its decision dated July 04, 2016 in the matter of Biannual Adjustment regarding Power Purchase Price (PPP) and Annual adjustment on account of PYA pertaining to FY 2015-16, decided to allow the impact of PPP and PYA pertaining to the period from June 2015 till May 2016 in order to ensure its timely recovery during the FY 2016-17. Consequent thereupon, the Schedule of Tariff of FESCO was revised after incorporating therein the impact of mentioned above adjustments.

16.3 However, the tariff of FESCO determined for the FY 2015-16 and the subsequent biannual adjustment dated July 04, 2016 was not notified by the petitioner itself. As now, the reconsideration request of the Federal Government, is being determined anew, pursuant to the judgment of the honorable Islamabad High Court and the fact that FY 2015-16 has already lapsed, the Authority has included the impact of any over/under recovery on account of PPP, assessed Distribution Margin & previously allowed prior year adjustment along-with Sales Mix variance for the FY 2015-16 i.e. July 2015 to June 2016 in the tariff for the whole FY 2015-16, as Prior Year Adjustment, while deciding the instant reconsideration request of the Federal Government.

16.4 Regarding recovery of the costs i.e. Capacity Charges, Uosc etc., that have been incurred post June 2016 i.e. during FY 2016-17, which have not yet been recovered, the Authority cannot allow such costs in the instant tariff determination, being beyond the period under consideration. However, keeping in view that PPP is a pass through, required to be recovered in timely manner, coupled with the request of the Federal Government to develop a mechanism

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for future quarterly adjustments, in line with the mechanism for Fuel Price Adjustment, the Authority prescribes the following formula for calculation of quarterly/ biannual adjustments;

$$\text{Quarterly/Biannual}_{(Adj)} = \frac{PPP_{(Act)}\ (\text{excluding FCC}) - PPP_{(Ref)}\ (\text{excluding FCC})}{1 - \text{T\&D Loss \%} - \text{Life line\%}}$$

Where;

$PPP_{(Act)}$ is actual cost in Rs./kWh invoiced by CPPA-G to XWDISCOs, excluding any cost disallowed by the Authority.

$PPP_{(Ref)}$ is reference cost in Rs./kWh as per the Annex-IV of the XWDISCOs determination that remained notified during the period.

T&D Loss % is percentage of T&D losses that remained notified during the period.

17. **Other issues**

17.1 The Federal Government in its written submissions of July 24, 2017 also pleaded that individual issues of each of the DISCO as well as CPPAG may also be considered. As already stated, these further submissions are totally beyond the pleadings because as per directions of Honorable Islamabad High Court, the reconsideration request earlier declined is being re-considered. No further grounds could be added by the petitioner; yet in order to meet with the ends of justice, further contentions are also considered by the Authority.

17.2 FESCO in its presentation has pleaded to reconsider the issues of recruitment plan, creations of Divisions/ Sub-Divisions, bifurcation of O&M costs, X-Factor, K-Factor, Z-Factor, WACC percentage and mark-up on delayed payments.

17.3 Regarding recruitment plan, FESCO submitted that NEPRA dis-allowed Rs.476 Million against hiring of 3,094 employees. FESCO stated that the proposed hiring is based on the yardstick/SOP of WAPDA which has also been acknowledged by the Authority vide letter No. 12654-63 dated August 26, 2015, whereby the Authority issued directions to all the DISCOs to follow this yardstick / SOP for creation of new field offices (sub-divisions/divisions). FESCO pleased that hiring is one of the basis of the improvement in the performance standards such SAIFI/SAIDI and consumer complaints etc. It has further been stated that the required hiring is, in consonance with the IGTDP, and will strengthen the existing work force of field offices. FESCO further submitted that the MYT Petition was filed in the background of anticipated privatization which does not seem possible at this stage, therefore, hiring is required for efficacious service to extended number of consumers and creation of new Circles, Divisions, Sub-Divisions. Accordingly, FESCO has requested to allow hiring of 3,094 personnel.

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17.4 On the point of creation of divisions/ sub-divisions, FESCO stated that it has not been allowed cost of Rs.1,432 million (costs for all 3 phases) as a part of reference cost for future increases in view of the anticipated management change, multiyear tariff regime and its failure to comply with the Authority's direction, however, change of management on account of proposed privatization is not being made in the current state of affairs and FESCO shall operate as a Public Sector Entity (PSE). FESCO also stated that creation of new field offices is another ground of improvement in the performance standards such as improvement in SAIFI/SAIDI, better customer service and reduction in consumer complaints etc. Accordingly, FESCO requested to allow the cost of creation of new field offices.

17.5 On the issue of segregation of Controllable an Un-controllable costs, FESCO mentioned that un-controllable costs are those costs which it cannot influence and such costs are entirely dependent on factors beyond control of the entity e.g. increase in Salaries relating to any directive of GoP which FESCO cannot influence. Therefore, in the present situation, when FESCO is not being privatized, any increase in Salaries is required to be passed on to the employees. FESCO also requested that the Guidelines issued in this regard by NEPRA may be amended to build in this concept and the Authority may kindly review the determination and allow the segregation as suggested by FESCO.

17.6 Regarding efficiency factor "X", FESCO has requested that since the first two years of the tariff Control Period are already elapsed, for which X-Factor was kept at 0% by the Authority, and also there is no chance of change in management, therefore, the time line may accordingly be adjusted. FESCO further pointed out that utility sector in Pakistan may not be ready at this stage for effective implementation of such a benchmarking exercise to determine the "X" factor. Accordingly FESCO has requested to apply X-Factor only in the last two years of the tariff control period @ 0.5% and 1% respectively.

17.7 FESCO has also requested to reconsider the percentage of WACC by revisiting the beta factor, calculated by the Authority using a set of 111 firms (Transmission and Distribution Companies) selected from Damodaran, by narrowing down the sample size to comparable set of companies operating in the same sector and with market conditions close to that in which FESCO operates. It further stated that inclusion of the transmission companies in the sample used by the Authority may cause distortion as risk associated with the transmission business is expected to be lower than that faced by the distribution companies.

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17.8 FESCO has further submitted that average gearing of the sample used was 67% and the gearing used by different regulator as indicated was mostly 60:40 as against the 70:30 gearing ratio used by the Authority. This indicates that the contribution of debt in the overall capital structure of power distribution is lower than that applied by the Authority and with average depreciation rate of approximately 4.0% per annum, indicating recovery of capital investment over a period of 25 years, it is unlikely that FESCO, or any other utility in Pakistan with similar depreciation charge would be able to achieve the 70:30 debt equity structure. In view thereof, FESCO requested to review the debt to equity ratio to 60:40 while calculating the WACC. FESCO also highlighted to revise the formula for trueing up of the RoRB by incorporating therein the impact of change in KIBOR.

17.9 FESCO on the issue of floor on the RoE, stated that there are significantly higher risks in the power distribution sector as compared to the IPPs which also have the benefit of sovereign guarantees and further the power market may change during the control period as the market moves away from the single-buyer model. FESCO in this regard also quoted example of Turkey, by mentioning that change in electricity markets by introduction of electricity retail markets has increased the risk and impacted the returns to the distribution companies. Thus, to incentivize potential investors, a minimum floor on the return on equity is required.

17.10 FESCO has requested to allow K-Factor i.e. linkage of the R&M cost with the GFAs by citing the example of India, whereas per FESCO, as per Regulation 5.5 of Delhi Electricity Regulation Commission Regulation, 2011; the R&M expense (part of O&M) is determined as the constant, "K" (or K factor), multiplied by the opening GFA of the current year (R&M cost = K x GFA). Accordingly FESCO requested to allow R&M as "K" Factor linked with GFAs.

17.11 FESCO has further requested to allow Z-factor to cover/ finance its loss caused by any extraordinary events.

17.12 FESCO has also pleaded to adjust the amount of Rs.408.324 million pertaining to the invoice raised by CPPA-G on account of markup on delayed payments against late payment surcharges recovered from the consumers for the FY 2014-15.

17.13 In compliance of the honorable Islamabad High Court decision to hear Discos contentions, while determining the Reconsideration Request of the Federal Government anew, and keeping in view the fact that FY 2015-16 has already lapsed, the Authority does not see any issue in actualizing the already allowed costs to the extent of Salaries and Wages, Depreciation, RoRB and other income.

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17.14 Since the Authority has decided to actualize FESCO's salaries & wages cost as per its Audited Accounts for the FY 2015-16, thus, the impact of increases announced by GoP regarding Salaries as well as any new hiring made by FESCO till 30th June, 2016 has been accounted for in the reference / base tariff of FESCO. On the concern of FESCO to allow GoP increases regarding Salaries & wages for the future period, being beyond FESCO's control, the Authority has decided to allow the impact of increases in salaries & wages, as announced by GOP, in the tariff for the respective year, till the time, FESCO remains in the public sector.

17.15 On the point of allowing cost of additional hiring, the Authority considers that allowing any such cost upfront would be unfair with the consumers, without analyzing the benefits of such recruitment. The Authority understands that it will be in a position to adjudicate on the issue once the FESCO provides details of the actual cost incurred in this regard and substantiates the same with the quantified benefits accrued. Accordingly, the Authority has decided to widen the scope of mid-term review of the FESCO's O&M cost by including therein the financial impact of any additional hiring also. The mid-term review would be carried out in case the privatization program is deferred and FESCO remains in the Public sector. This also addresses the concern of FESCO in terms of salaries & wages cost being uncontrollable.

17.16 On the point of allowing O&M cost of creation of divisions/ sub-divisions, the Authority reiterates its earlier stance that allowing upfront O&M cost regarding creation of new circles, divisions and subdivisions, without having the progress reports in not in the interest of consumers. The Authority understands that it will be in a position to adjudicate on the issue once the FESCO provides details of the actual cost incurred in respect of creation of new circles, divisions and sub-divisions and substantiates the same with the quantified benefits achieved. Accordingly, the Authority has decided to carry out a mid-term review of the FESCO 's O&M cost to the extent of creation of new circles, divisions and sub-divisions only. The mid-term review would be carried out in case if the privatization program is deferred and FESCO remains in the Public sector.

17.17 On the issue of X-Factor, the Authority observed that FESCO has not provided any rationale or basis for the requested efficiency factor of 0.5% and 1% for the last two years of the control period respectively, neither it has refuted the Authority's worked out efficiency factors with any workings /analysis. Although as per the benchmarking exercise carried out by the Authority, the efficiency factor has been assessed as 4.9%, however, in order to save FESCO from any negative adjustment on account of O&M cost, the Authority has decided that efficiency factor X, in any year of the control period, should not be greater than 30% of increase in CPI for the relevant control year. Thus, 4.9% efficiency factor would only apply if 30%of

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CPI increase in any year is more than 4.9%. If 30% of CPI increase in any year, is less than 4.9%, then the efficiency factor would be 30% of the increase in CPI, in any year, during the control period. Accordingly, the Authority reiterates its earlier decision on the issue.

17.18 On the issue of time lines for future X-Factor the Authority considers that this tariff would only become valid once it is notified and five years of control period would start from the date of notification of tariff.

17.19 On the point of FESCO regarding use of comparable companies while setting beta, the Authority noted that a comprehensive study and detailed analysis was carried out whereby not only local but International Markets were also explored. The referred study was not the sole basis for the determination, the range of betas used by the International Regulators and findings of the in house study on beta was also considered. The Authority also noted that while reviewing FESCO's working with respect to Beta of 1.77, it was observed that initially 36 entities were selected by FESCO, however for the purpose of Beta calculation, data of only seven (7) entities out of 36 was analyzed. Further, FESCO, while re-gearing the average beta of the proxy companies, used average debt to equity ratio of the proxy companies instead of the capital structure prescribed by the Authority, which is not only contradictory to FESCO's argument but is also not the appropriate method to work out the Beta. On the point of inclusion of transmission companies in the sample which may cause distortion as risk associated with the transmission business is expected to be lower, the Authority observed that its assessed beta primarily reflects the risk of distribution business. Further, FESCO, while claiming that the distribution business is more risky than the transmission business, has not substantiated its claim with any numbers so that it could be compared with the Authority's assessment. Here it is pertinent to mention that the sample provided by the FESCO along-with its tariff petition was also not exclusively based on distribution companies. Accordingly, the Authority reiterates its earlier decision on the issue.

17.20 The argument of FESCO that the depreciation rate of the regulated assets works out approximately 4.0% per annum, indicating recovery of capital investment over a period of 25 years, therefore it is unlikely for FESCO or any other utility in Pakistan with similar depreciation charge would be able to achieve the 70:30 debt equity structure, the Authority is of the view that for different projects in the generation, transmission and distribution businesses an optimal capital structure (debt:equity) ranging from 80:20 to 70:30 has been allowed. The actual debt equity ratio of entities keep on changing with the payment of debts and changing gearing profiles, hence, may or may not be of optimal mix at any specific point in time. That is the reason why Authority allows a mix of capital structure which it considers to be optimum. Accordingly, the Authority has decided to adopt debt equity structure of 70:30,

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in the instant case for the purpose of calculating WACC. Further, the plea of FESCO to lower the weight assigned to debt while determining the WACC cannot be treated in isolation since with change in the capital structure, the beta has to be re-geared as per the new capital structure which will result in lower Beta (a lower gearing results in a lower equity beta for a given asset beta), thus resulting in lower RoRB. Using the same analogy, debt equity ratio of 70:30 has been prescribed in the notified Guidelines for determination of Consumer end tariff (Methodology and Process) 2015, which was formulated after following the due process of law. Accordingly, the Authority reiterates its earlier decision on the issue.

17.21 On the point of FESCO to incorporate the impact of fluctuations in KIBOR in the formula for trueing up of the RoRB, the Authority being already cognizant of the issue has developed detailed illustrations for all adjustments prescribed in the MYT, which will be shared with FESCO, once the instant tariff determination is notified by the Federal Government.

17.22 Regarding floor on equity, the Authority has observed that since FESCO has been allowed a fixed percentage of RoE of 16.67%, which shall not be subject to change due to fluctuations in any component of RoE i.e. Risk Free rate, Beta and market risk premium, thus the point of allowing any floor on return on equity does not merit consideration. Accordingly, the Authority reiterates its earlier decision on the issue.

17.23 With respect to other cost heads of the Distribution Margin, since no new grounds/ rationale has been submitted by FESCO, hence the Authority while determining the respective cost heads of the distribution margin "anew" has arrived at the same assessment which was done in the MLR decision of FESCO dated May 11, 2016, whereby an incentive of reducing actual cost or vice versa should be provided to the FESCO. Accordingly, the Authority reiterates its earlier decision on the issue.

17.24 On the issue of adjusting mark-up on delayed payments of Rs.408 million against the LPC received from consumers, the Authority, observed that FESCO was allowed in its MYT determination to retain the amount of LPC recovered from the consumers to be offset against the mark-up on delayed payments to CPPA-G. As per the Audited Financial statements of FESCO for the FY 2014-15 and 2015-16, an amount of around Rs.25,785 million and Rs.33,850 million is shown as receivables from CPPA-G *(note 11)* for the FY 2014-15 and FY 2015-16 respectively, whereas, nothing is reported as payables towards CPPA-G. In the given situation, the Authority fails to understand, how FESCO has accepted any late payment invoice from CPPA-G, rather, FESCO should have claimed interest on the amount receivable from CPPA-G. In view thereof, the Authority has decided to adjust the entire amount of Rs.2,206 million and Rs.3,318 million recovered from the consumers on account of late payment charges for the

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FY 2014-15 and FY 2015-16 respectively from the other income of FESCO pertaining to the FY 2014-15 and FY 2015-16.

18. **Late Payment Charges**

18.1 CPPA-G vide letter dated July 20, 2017 has submitted that in 2010 while determining the FCA, the Authority disallowed the impact of markup cost in tariff and determined that the supplemental charges on account of markup on delayed payments to IPPs shall not be passed on to the consumers and resultantly XWDISCOs did not book cost of Rs.110.63 billion in their books and it remained as reconciling item between books of CPPA-G and XWDISCOs.

18.2 CPPA-G further submitted that in 2015, NEPRA determined that XWDISCOs shall be obliged to pay CPPA-G late payment charge on delayed payment invoices. The Authority further decided that *"the late payment charge recovered from the consumers on utility bills shall be off set against the late payment invoices raised by CPPA against the respective DISCO only".*

18.3 CPPA-G accordingly requested the Authority to consider the un-booked mark up of Rs.110.63 Billion and allow the same in XWDISCO tariff.

18.4 FESCO also in its presentation requested for supplemental charges of Rs.6,186 million pertaining to FY 2010-11 to FY 2013-14.

18.5 The Authority on the issue of late payment charge considers that this issue emanated from the discussion of energy purchase agreement which the DISCOs had been stating (in the past) that no such agreement exists.

18.6 The Authority took an initiative whereby GEPCO was directed to draft a proposed agreement which was complied with by GEPCO and the same was sent to all the XWDISCOs for their comments. XWDISCOs rather than giving their comments on the draft submitted the Electricity Supply Agreement signed between DISCOs and WAPDA on 29th June, 1998. As per XWDISCOs, a novation of the same agreement was also signed between individual DISCOs and NTDC. The Authority after going through the claimed agreement observed some clauses which were required to be revisited.

18.7 The Authority had earlier decided to nominate a committee to be constituted from NEPRA professionals in order to conduct a brain storming session on draft ESA in the tariff

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determinations for FY 2013-14. Two brain storming sessions were conducted during the current year. The brain storming sessions were attended by nominees of XWDISCOs and CPPA and it was mutually agreed by CPPA and XWDISCOs in the final session that the existing Electricity Supply Agreement dated 29th June, 1998 is valid and the same shall be implemented in letter and spirit. As regard the improvements if any, the same would be incorporated at a later stage. As per the clause 9.3(d) of the said Agreement, the XWDISCOs shall be obliged to pay CPPA late payment charge on delay payments of invoice.

18.8 The clause 9.3 (d) of the agreement deals with Late Payment charge as below:

"Late Payments by WAPDA or the Company, as the case may be, shall bear mark-up at a rate per annum equal to the Base Rate plus four percent (4%) per annum compounded semi-annually, and shall be computed for the actual number of Days on the basis of a three hundred sixty-five (365) Day Year"

18.9 Thus, the Authority in the tariff determination of FESCO for the FY 2014-15, decided that the late payment charge recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective XWDISCO only i.e. CPPA (G) cannot book late charge over and above what is calculated as per the relevant clause of the agreement to a respective DISCO only.

18.10 Here it is pertinent to mention that the decision of the Authority for excluding Late Payment Charges from other income of the FESCO, was decided during the tariff determination of FY 2014-15, therefore, any claim on account of supplementary charges before FY 2014-15 were not allowed. The rationale of the Authority's decision in this regard was on account of non-compliance by FESCO with respect to signing ESA during that period (as per the statement of DISCOs). Here it is pertinent to mention that the tariff period to which the CPPA-G/ DISCOs claimed cost relates has lapsed and the relief to the extent of LPC has already been passed to the consumers in the tariff determination of respective DISCOs.

19. **Revenue Requirement**

19.1 In view of the discussion made in the preceding paragraphs, the Authority hereby re-determine the revenue requirement of FESCO as under;

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	Description	Mln. Rs.	Mln. Rs.
A	**POWER PURCHASE PRICE**		**99,785**
	Fuel Cost	62,823	
	Variable O&M	3,483	
	Capacity Charges	29,704	
	Use of System Charges	3,775	
B	**DISTRIBUTION MARGIN [net]**		**11,937**
	Operation and Maintenance Cost (O&M)	10,828	
	Depreciation	1,905	
	Return on Rate Base (RORB)	2,522	
	GROSS DISTRIBUTION MARGIN	**15,255**	
	Other Income	(3,318)	
C	**PRIOR YEAR ADJUSTMENT**		**(10,295)**
D	**Write-off (On Provisional Basis)**		**161**
	(A+B+C+D)		**101,587**

20. <u>ORDER</u>

From what has been discussed above, the Authority hereby re-determines the tariff of FESCO for the Financial Year 2015-16 as under;

I. Faisalabad Electric Supply Company Limited (FESCO) is allowed to charge its consumers such tariff as set out in the schedule of tariff for FESCO annexed to the determination.

II. The actual variation in fuel cost component of power purchase price against the reference fuel cost component shall be adjusted on monthly basis without taking into account the T&D losses. The monthly fuel price adjustment shall be based on the actual information submitted by CPPA (G), adjustment of remaining components of PPP will be adjusted biannually. Here it is pertinent to mention that while making biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.

III. FESCO is allowed to charge the users of its system a "Use of system charge" (UOSC) equal to:

i) Where only 132 kV system is involved

$$UOSC \quad = \quad DM(Gross) \quad \times \quad \frac{(1-L)}{(1-0.02)} \times \text{AFI(T)} \qquad Paisa/kWh$$

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ii) Where only 11 kV distribution systems is involved.

$$UOSC = DM(Gross) \times \frac{(1-L)}{(1-0.069)} \times \text{AFI(D)} \quad Paisa/kWh$$

iii) Where both 132 kV and 11 kV distribution systems are involved.

$$UOSC = DM(Gross) \times \frac{(1-L)}{(1-0.089)} \times \text{AFI(TD)} \quad Paisa/kWh$$

Where:

Gross Distribution Margin for FY 2015-16 is set at Rs.1.49/kWh (without excluding impact of other income)

'L' is the overall percentage loss assessment for the respective year.

AFI (T) = Adjustment factor for investment at 132 kV level i.e.29%

AFI (D) = Adjustment factor for investment at 11 kV level i.e. 21%.

AFI (TD) =Adjustment factor for investment at both 132 kV & 11 kV level i.e. 52%.

IV. The residential consumers will be given the benefit of only one previous slab.

V. FESCO is hereby allowed the T&D losses of 10.24% for the FY 2015-16 and the following target of T&D losses for the tariff control period;

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Transmission Losses	1.85%	1.81%	1.77%	1.67%	1.57%
Distribution Losses	8.39%	8.29%	7.99%	7.67%	7.27%
T&D losses target	**10.24%**	**10.10%**	**9.76%**	**9.34%**	**8.84%**

VI. FESCO is hereby allowed a total investment of Rs. 44,625 million, including Rs.13,060 million from consumer financing, as given hereunder. Detail attached as Annexure-VII;

Description	2015-16	2016-17	2017-18	2018-19	2019-20	Total
STG	2828	3252	2722	2616	1637	**13056**
Distribution (Expansion & Rehabilitation)	994	1210	1443	1670	1993	**7309**
Vehicles and Tools &Plants	254	269	240	218	199	**1180**
Civil Works	380	382	344	146	148	**1400**
ERP Implementation	300	0	0	0	0	**300**
ELR & Commercial Improvement	42	525	525	900	1200	**3192**

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Sub-Total	4798	5638	5274	5550	5177	26437
ADB Funded	4,214	914	0	0	0	5,128
Total	9,012	6,552	5,274	5,550	5,177	31,565
Consumer Financing	2,072	2,251	2,583	2,867	3,287	13,060
GRAND TOTAL	11,084	8,803	7,857	8,417	8,464	44,625

VII. Tariff under Colum 'A' and 'D' of Annex-III shall remain applicable for one year from the date of notification. Colum 'C' of Annex-III shall cease to exist after one year and only Colum 'A' and 'B' of Annex-III would remain applicable till the same is superseded by next notification.

VIII. The Authority hereby determines and approves the following component wise cost & its adjustments mechanism in the matter of FESCO for the FY 2015-16.

TARIFF COMPONENT	Assessed Cost FY 2015-16	ADJUSTMENTS/ INDEXATION	TIME LINES
POWER PURCHASE PRICE			
Energy Purchase Price			
Fuel Cost	62,823	Monthly, as per the approved mechanism.	Data to be provided by CPPA (G)by 3rd of close of the month
Variable O&M	3,483	Biannually, as per the approved mechanism.	Request to be furnished by the FESCO not later than 10th July and 10th January, as the case may be.
Capacity Charges	29,704	Biannually, as per the approved mechanism.	Request to be furnished by the FESCO not later than 10th July and 10th January, as the case may be.
Use of System Charges	3,775	Biannually, as per the approved mechanism.	Request to be furnished by the FESCO not later than 10th July and 10th January, as the case may be.
T&D Losses	10.24%	Biannually, as per the approved mechanism.	Request to be furnished by the FESCO not later than 10th July and 10th January, as the case may be.
NET DISTRIBUTION MARGIN	**11,937**		
O&M Cost			
Salaries, wages & other benefits	5,936	Annually, as per Annex-VI	Request to be submitted by FESCO by 7th July every year.
Post-Retirement benefits	3,242	As per the decision	

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Repair and Maintenance	576	Annually, as per Annex-VI	Request to be submitted by FESCO by 7th July every year.
Other operating expanses	1,074	Annually, as per Annex-VI	Request to be submitted by FESCO by 7th July every year.
Depreciation	1,905	Annually, as per Annex-VI	Request to be submitted by FESCO by 7th July every year.
Return on Rate Base	2,522	Annually, as per Annex-VI	
Other Income	(3,318)	Annually, as per Annex-VI	
Prior Year Adjustment	(10,295)	Annually, as per existing Mechanism	
Provisional Write Offs	161		
KIBOR Spread	2.75%	Annually, as per decision	
KIBOR (In case of foreign financing the Authority may allow the adjustment of LIBOR)	7.01%	Bi-Annually, as per the decision.	

IX. The Order part, Annex-I, II, III, IV, V, VI and VII annexed with determination is intimated to the Federal Government for notification in the official gazette under Section 31(4) of the NEPRA Act.

AUTHORITY

Additional note attached.

Himayat Ullah Khan
Member

Maj (R) Haroon Rashid
Member

Syed Masood ~~ul Hassan Naqvi~~
Member
18/9

Saif Ullah Chattha
Vice Chairman

18.9.2017

Brig (R) Tariq Saddozai
Chairman

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ADDITIONAL NOTE

Subject: **REDETERMINATION OF THE AUTHORITY IN THE MATTER OF REQUEST FOR RECONSIDERATION PERTAINING TO THE TARIFF DETERMINATION DATED DECEMBER 31, 2015 AND REVIEW DECISION DATED MAY 11, 2016 WITH RESPECT TO FESCO FOR THE FY 2015-16 to FY 2019-20 UNDER SECTION 31(4) OF NEPRA ACT 1997**

I agree with the re-determination of the Authority with the exception of Para 14.23 and Para 14.24 wherein an amount of Rs. 161 million has been allowed as "write offs on provisional basis". It is my contention that write offs on a provisional basis will further facilitate / reinforce the rampant inefficiencies within the system, and put an upfront burden on the consumers. In my view, write-offs could be considered by the Authority, after the criteria listed at para 14.23 (i) (ii) & (iii) have first been met by the DISCO.

(Himayat Ullah Khan)
Member (Tariff)

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Annex-I

FUEL PRICE ADJUSTMENT MECHANISM

Actual variation in fuel cost component against the reference fuel cost component for the corresponding months will be determined according to the following formula

Fuel Price variation = Actual Fuel Cost Component - Reference Fuel Cost Component

Where:

Fuel Price variation is the difference between actual and reference fuel cost component

Actual fuel cost component is the fuel cost component in the pool price on which the DISCOs will be charged by CPPA (G) in a particular month; and

Reference fuel cost component is the fuel cost component for the corresponding month projected for the purpose of tariff determination as per Annex-IV of the determination;

The fuel price adjustment determined by the Authority shall be shown separately in the bill of the consumer and the billing impact shall be worked out on the basis of consumption by the consumer in the respective month.

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Faisalabad Electric Supply Company (FESCO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales		Tariff		Revnue			Write off		Total Tariff	
	GWh	% Mix	Fixed Charge	Variable Charge	Fixed Charge	Variable Charge	Total	Amount	Variable Charge	Fixed Charge	Variable Charge
			Rs./kW/ M	Rs./ kWh		Mln. Rs.		Mln. Rs.	Rs./ kWh	Rs./kW/ M	Rs./ kWh
Residential											
Up to 50 Units	293	2.87%		4.00	-	1,172	1,172	-	-	-	4.00
For peak load requirement less than 5 kW											
01-100 Units	1958	19.17%		8.95	-	17,520	17,520	39	0.02	-	8.97
101-200 Units	859	8.42%		12.45	-	10,696	10,696	26	0.03	-	12.48
201-300 Units	966	9.46%		13.20	-	12,743	12,743	29	0.03	-	13.23
301-700Units	491	4.81%		13.65	-	6,702	6,702	15	0.03	-	13.68
Above 700 Units	108	1.05%		14.75	-	1,587	1,587	3	0.03	-	14.78
For peak load requirement exceeding 5 kW)											
Time of Use (TOU) - Peak	14	0.13%		14.75	-	203	203	0	0.01	-	14.76
Time of Use (TOU) - Off-Peak	64	0.63%		7.60	-	490	490	1	0.01	-	7.61
Temporary Supply	0	0.00%		14.75	-	4	4	0	0.01	-	14.76
Total Residential	**4,752**	**46.55%**			**-**	**51,117**	**51,117**	**113**			
Commercial - A2											
For peak load requirement less than 5 kW	301	2.95%		13.65	-	4,106	4,106	3	0.01	-	13.66
For peak load requirement exceeding 5 kW											
Regular	3	0.03%	400.00	12.45	7	36	43	0	0.01	400	12.46
Time of Use (TOU) - Peak	40	0.39%		14.75	-	584	584	0	0.01	-	14.76
Time of Use (TOU) - Off-Peak	182	1.78%	400.00	7.60	456	1,384	1,839	2	0.01	400	7.61
Temporary Supply	11	0.11%		14.75	-	168	168	0	0.01	-	14.76
Total Commercial	**537**	**5.26%**			**462**	**6,277**	**6,740**	**5**			
General Services-A3	**41**	**0.40%**	**-**	**12.25**	**-**	**500**	**500**	**0**	**0.01**	**-**	**12.26**
Industrial											
B1	109	1.07%		10.77	-	1,173	1,173	1	0.01	-	10.78
B1 Peak	43	0.43%		14.47	-	629	629	0	0.01	-	14.48
B1 Off Peak	266	2.61%		6.70	-	1,786	1,786	3	0.01	-	6.71
B2	13	0.13%	400.00	10.27	17	138	155	0	0.01	400	10.28
B2 - TOU (Peak)	210	2.06%		14.47	-	3,043	3,043	2	0.01	-	14.48
B2 - TOU (Off-peak)	1375	13.47%	400.00	6.60	2,303	9,079	11,382	14	0.01	400	6.61
B3 - TOU (Peak)	107	1.04%		14.47		1,544	1,544	1	0.01	-	14.48
B3 - TOU (Off-peak)	1006	9.85%	380.00	6.50	1,143	6,543	7,685	10	0.01	380	6.51
B4 - TOU (Peak)	79	0.78%		14.47		1,147	1,147	1	0.01	-	14.48
B4 - TOU (Off-peak)	559	5.48%	360.00	6.40	528	3,581	4,109	6	0.01	360	6.41
Temporary Supply	0	0.00%		14.75	-	1	1	0	0.01	-	14.76
Total Industrial	**3,769**	**36.91%**			**3,990**	**28,665**	**32,655**	**38**			
Single Point Supply for further distribution											
C1(a) Supply at 400 Volts-less than 5 kW	0	0.00%		11.27	-	2	2	0	0.01	-	11.28
C1(b) Supply at 400 Volts-exceeding 5 kW	2	0.02%	400.00	10.77	4	17	21	0	0.01	400	10.78
Time of Use (TOU) - Peak	3	0.03%		14.47	-	40	40	0	0.01	-	14.48
Time of Use (TOU) - Off-Peak	13	0.12%	400.00	6.70	25	85	109	0	0.01	400	6.71
C2 Supply at 11 kV	4	0.04%	380.00	10.57	4	42	46	0	0.01	380	10.58
Time of Use (TOU) - Peak	17	0.17%		14.47	-	245	245	0	0.01	-	14.48
Time of Use (TOU) - Off-Peak	87	0.86%	380.00	6.50	104	569	672	1	0.01	380	6.51
C3 Supply above 11 kV	20	0.20%	360.00	10.47	40	213	253	0	0.01	360	10.48
Time of Use (TOU) - Peak	33	0.32%		14.47	-	475	475	0	0.01	-	14.48
Time of Use (TOU) - Off-Peak	165	1.61%	360.00	6.40	121	1,054	1,175	2	0.01	360	6.41
Total Single Point Supply	**343**	**3.36%**			**297**	**2,742**	**3,039**	**3**			
Agricultural Tube-wells - Tariff D											
Scarp	11	0.11%		10.57	-	116	116	0	0.01	-	10.58
Time of Use (TOU) - Peak	3	0.03%		14.47	-	47	47	0	0.01	-	14.48
Time of Use (TOU) - Off-Peak	32	0.31%	200.00	6.60	35	210	245	0	0.01	200	6.61
Agricultual Tube-wells	5	0.05%	200.00	10.57	7	57	65	0	0.01	200	10.58
Time of Use (TOU) - Peak	118	1.16%		14.47	-	1,710	1,710	1	0.01	-	14.48
Time of Use (TOU) - Off-Peak	586	5.74%	200.00	6.60	1,191	3,871	5,062	6	0.01	200	6.61
Total Agricultural	**756**	**7.40%**			**1,233**	**6,012**	**7,245**	**8**			
Public Lighting - Tariff G	8	0.08%		10.50	-	81	81	0	0.01	-	10.51
Tariff H - Residential Colonies attached to industries	5	0.04%		10.50	-	47	47	0	0.01	-	10.51
Sub-Total	**12**	**0.12%**			**-**	**128**	**128**	**0**			
Special Contract - Tariff-J											
J-1 For Supply at 66 kV & above	-	0.00%	360.00	10.47	-	-	-	-	0.01	360	10.48
Time of Use (TOU) - Peak	-	0.00%		14.47	-	-	-	-	0.01	-	14.48
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	6.40	-	-	-	-	0.01	360	6.41
J-2 (a) For Supply at 11, 33 kV	-	0.00%	380.00	10.57	-	-	-	-	0.01	380	10.58
Time of Use (TOU) - Peak	-	0.00%		14.47	-	-	-	-	0.01	-	14.48
Time of Use (TOU) - Off-Peak	-	0.00%	380.00	6.50	-	-	-	-	0.01	380	6.51
J-2 (b) For Supply at 66 kV & above	-	0.00%	360.00	10.47	-	-	-	-	0.01	360	10.48
Time of Use (TOU) - Peak	-	0.00%		14.47	-	-	-	-	0.01	-	14.48
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	6.40	-	-	-	-	0.01	360	6.41
J-3 (a) For Supply at 11, 33 kV	-	0.00%	380.00	10.57	-	-	-	-	0.01	380	10.58
Time of Use (TOU) - Peak	-	0.00%		14.47	-	-	-	-	0.01	-	14.48
Time of Use (TOU) - Off-Peak	-	0.00%	380.00	6.50	-	-	-	-	0.01	380	6.51
J-3 (b) For Supply at 66 kV & above	-	0.00%	360.00	10.47	-	-	-	-	0.01	360	10.48
Time of Use (TOU) - Peak	-	0.00%		14.47	-	-	-	-	0.01	-	14.48
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	6.40	-	-	-	-	0.01	360	6.41
Total Revenue	**10,210**	**100.00%**			**5,983**	**95,443**	**101,426**	**161**			

Tariff under Colum "Total Tariff" shall remain applicable for one year from the date of notification. Write-off shall cease to exist after one year and only Colum 'Tariff' would remain applicable till the same is superseded by next notification.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
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SCHEDULE OF ELECTRICITY TARIFFS
FOR FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Write-off Charges Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D	
a)	For Sanctioned load less than 5 kW							
i	Up to 50 Units	-	4.00		-		4.00	
	For Consumption exceeding 50 Units							
ii	001 - 100 Units	-	8.95		0.02		8.97	
iii	101 - 200 Units	-	12.45		0.03		12.48	
iv	201 - 300 Units	-	13.20		0.03		13.23	
v	301 - 700 Units	-	13.65		0.03		13.68	
vi	Above 700 Units	-	14.75		0.03		14.78	
b)	For Sanctioned load 5 kW & above							
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
	Time Of Use	-	14.75	7.60	0.01	0.01	14.76	7.61

As per the Authority's decision residential consumers will be given the benefits of only one previous slab.

Under tariff A-1, there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections: Rs. 75/- per consumer per month
b) Three Phase Connections: Rs. 150/- per consumer per month

Note:- Tariff Under Colum 'A' and 'D' shall remain applicable for one year from the date of notification. Colum 'C' shall cease to exist after one year and only Colum 'A' and 'B' would remain applicable till the same is superseded by next notification.

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Write-off Charges Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D	
a)	For Sanctioned load less than 5 kW	-	13.65		0.01		13.66	
b)	For Sanctioned load 5 kW & above	400.00	12.45		0.01		12.46	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
c)	Time Of Use	400.00	14.75	7.60	0.01	0.01	14.76	7.61

Under tariff A-2, there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections; Rs. 175/- per consumer per month
b) Three Phase Connections: Rs. 350/- per consumer per month

Note:- Tariff Under Colum 'A' and 'D' shall remain applicable for one year from the date of notification. Colum 'C' shall cease to exist after one year and only Colum 'A' and 'B' would remain applicable till the same is superseded by next notification.

A-3 GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	Write-off Charges Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D
a)	General Services	-	12.25	0.01	12.26

Under tariff A-3, there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections; Rs. 175/- per consumer per month
b) Three Phase Connections: Rs. 350/- per consumer per month

Note:- Tariff Under Colum 'A' and 'D' shall remain applicable for one year from the date of notification. Colum 'C' shall cease to exist after one year and only Colum 'A' and 'B' would remain applicable till the same is superseded by next notification.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
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SCHEDULE OF ELEC[illegible]TY TARIFFS
FOR FAISALABAD ELECTRIC SU[illegible]Y COMPANY (FESCO)
B- INDUSTRIAL SU[illegible] TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Write-off Charges Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D	
B1	Upto 25 kW (at 400/230 Volts)	-	10.77		0.01		10.78	
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00	10.27		0.01		10.28	
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
B1 (b)	Up to 25 KW		14.47	6.70	0.01	0.01	14.48	6.71
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	14.47	6.60	0.01	0.01	14.48	6.61
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	14.47	6.50	0.01	0.01	14.48	6.51
B4	For All Loads (at 66,132 kV & above)	360.00	14.47	6.40	0.01	0.01	14.48	6.41

For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.
For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.
For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.
For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.

Note:- Tariff Under Colum 'A' and 'D' shall remain appiicabie for one year from the date of notification. Colum 'C' shall cease to exist after one year and only Colum 'A' and 'B' would remain applicable till the same is superseded by next notification.

[illegible] SUPPLY FOR PURCHASE IN BULK BY A DISTRIBUTIO[illegible]ENSEE AND MIXED LOAD CONSUMERS NOT FALLING IN ANY OTHER CONSU[illegible]ASS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Write-off Charges Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D	
C -1	For supply at 400/230 Volts							
a)	Sanctioned load less than 5 kW	-	11.27		0.01		11.28	
b)	Sanctioned load 5 kW & up to 500 kW	400.00	10.77		0.01		10.78	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00	10.57		0.01		10.58	
C -3(a)	For supply at 66 kV & above and sanctioned	360.00	10.47		0.01		10.48	
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	14.47	6.70	0.01	0.01	14.48	6.71
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	14.47	6.50	0.01	0.01	14.48	6.51
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	14.47	6.40	0.01	0.01	14.48	6.41

Note:- Tariff Under Colum 'A' and 'D' shall remain applicable for one year from the date of notification. Colum 'C' shali cease to exist after one year and only Colum 'A' and 'B' would remain applicable till the same is superseded by next notification.

D - AGRICULTU[illegible]ARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Write-off Charges Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D	
D-1(a)	SCARP less than 5 kW	-		10.57		0.01		10.58
D-2 (a)	Agricultural Tube Wells	200.00		10.57		0.01		10.58
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-1(b)	SCARP 5 kW & above	200.00	14.47	6.60	0.01	0.01	14.48	6.61
D-2 (b)	Agricultural 5 kW & above	200.00	14.47	6.60	0.01	0.01	14.48	6.61

Under Agriculture tariff, there shall be minimum monthly charges Rs.2000/- per consumer per month, even if no energy is consumed.
Note:- The consumers having sanctioned load less than 5 kW can opt for TOU metering.

Note:- Tariff Under Colum 'A' and 'D' shall remain applicable for one year from the date of notification. Colum 'C' shall cease to exist after one year and only Colum 'A' and 'B' would remain applicable till the same is superseded by next notification.

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SCHEDULE OF ELECTRICITY TARIFFS
FOR FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)
E- TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	Write-off Charges Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D
E-1(i)	Residential Supply	-	14.75	0.01	14.76
E-1(ii)	Commercial Supply	-	14.75	0.01	14.76
E-2	Industrial Supply	-	14.75	0.01	14.76

For the categories of E-1(i&ii) above, the minimum bill of the consumers shall be Rs. 50/- per day subject to a minimum of Rs.500/- for the entire period of supply, even if no energy Is consumed.

Note:- Tariff Under Colum 'A' and 'D' shall remain applicable for one year from the date of notification. Colum 'C' shall cease to exist after one year and only Colum 'A' and 'B' would remain applicable till the same is superseded by next notification.

F- SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

Note:

Tariff-F consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the beainnina of the season. Once

G- PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	Write-off Charges Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D
	Street Lighting		10.50	0.01	10.51

Under Tariff G, there shall be a minimum monthly charge of Rs.500/- per month per kW of lamp capacity installed.

Note:- Tariff Under Colum 'A' and 'D' shall remain applicable for one year from the date of notification. Colum 'C' shall cease to exist after one year and only Colum 'A' and 'B' would remain applicable till the same is superseded by next notification.

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	Write-off Charges Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D
	Residential Colonies attached to industrial	-	10.50	0.01	10.51

Note:- Tariff Under Colum 'A' and 'D' shall remain applicable for one year from the date of notification. Colum 'C' shall cease to exist after one year and only Colum 'A' and 'B' would remain applicable till the same Is superseded by next notification.

J - SPECIAL CONTRACTS UNDER NEPRA (SUPPLY OF POWER) REGULATIONS 2015

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Write-off Charges Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D	
J -1	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	10.47		0.01		10.48	
J-2								
(a)	For supply at 11,33 kV	380.00	10.57		0.01		10.58	
(b)	For supply at 66 kV & above	360.00	10.47		0.01		10.48	
J-3								
(a)	For supply at 11,33 kV	380.00	10.57		0.01		10.58	
(b)	For supply at 66 kV & above	360.00	10.47		0.01		10.48	
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
J -1(b)	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	14.47	6.40	0.01	0.01	14.48	6.41
J-2 (c)	For supply at 11,33 kV	380.00	14.47	6.50	0.01	0.01	14.48	6.51
J-2 (d)	For supply at 66 kV & above	360.00	14.47	6.40	0.01	0.01	14.48	6.41
J-3 (c)	For supply at 11,33 kV	380.00	14.47	6.50	0.01	0.01	14.48	6.51
J-3 (d)	For supply at 66 kV & above	360.00	14.47	6.40	0.01	0.01	14.48	6.41

Note:- Tariff Under Colum 'A' and 'D' shall remain applicable for one year from the date of notification. Colum 'C' shall cease to exist after one year and only Colum 'A' and 'B' would remain applicable till the same is superseded by next notification.

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IESCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	999	966	889	771	661	664	594	595	589	637	802	889	9,057

kWh

Fuel Cost Component	6.4933	6.4562	6.4326	7.3369	7.3040	8.1037	9.8670	7.2603	8.0985	7.6273	6.7764	6.8283	**7.246**
Variable O & M	0.2436	0.2429	0.2295	0.2574	0.2667	0.2961	0.3118	0.2901	0.3050	0.2977	0.2762	0.2621	**0.269**
CpGenCap	1.9235	2.0001	1.7690	2.1207	2.1127	2.1887	2.6630	2.9967	2.5282	2.5029	2.2632	1.9001	**2.1935**
USCF	0.1844	0.1960	0.1707	0.1993	0.1890	0.1921	0.2282	0.2526	0.2043	0.2054	0.2049	0.1760	**0.1976**
Total PPP in Rs. /kWh	**8.8448**	**8.8951**	**8.6018**	**9.9143**	**9.8724**	**10.7806**	**13.0700**	**10.7997**	**11.1361**	**10.6333**	**9.5207**	**9.1666**	**9.9063**

Rs in Million

Fuel Cost Component	6,488	6,239	5,716	5,657	4,829	5,381	5,864	4,323	4,770	4,859	5,436	6,070	**65,633**
Variable O & M	243	235	204	198	176	197	185	173	180	190	222	233	**2,435**
CpGenCap	1,922	1,933	1,572	1,635	1,397	1,453	1,583	1,784	1,489	1,594	1,815	1,689	**19,867**
USCF	184	189	152	154	125	128	136	150	120	131	164	156	**1,790**
PPP	**8,838**	**8,596**	**7,644**	**7,644**	**6,528**	**7,159**	**7,768**	**6,430**	**6,560**	**6,774**	**7,637**	**8,148**	**89,725**

It is clarified that PPP is pass through for all the DISCOs and its monthly references would continue to exist irrespective of the financiol year, unless the new SOT is revised and notified by the GOP

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TERMS AND CONDITIONS OF TARIFF (FOR SUPPLY OF ELECTRIC POWER TO CONSUMERS BY DISTRIBUTION LICENSEES)

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means Faisalabad Electric Supply Company (FESCO) engaged in the business of distribution of electricity within the territory mentioned in the licence granted to it for this purpose.

1. "Month or Billing Period", unless otherwise defined for any particular tariff category, means a billing month of 30 days or less reckoned from the date of last meter reading.
2. "Minimum Charge", means a charge to recover the costs for providing customer service to consumers even if no energy is consumed during the month.
3. "Fixed Charge" means the part of sale rate in a two-part tariff to be recovered on the basis of "Billing Demand" in kilowatt on monthly basis.
4. "Billing Demand" means the highest of maximum demand recorded in a month except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load.
5. "Variable Charge" means the sale rate per kilowatt-hour (kWh) as a single rate or part of a two-part tariff applicable to the actual kWh consumed by the consumer during a billing period.
6. "Maximum Demand" where applicable, means the maximum of the demand obtained in any month measured over successive periods each of 30 minutes' duration except in the case of consumption related to Arc Furnaces, where "Maximum Demand" shall mean the maximum of the demand obtained in any month measured over successive periods each of 15 minutes' duration.
7. "Sanctioned Load" where applicable means the load in kilowatt as applied for by the consumer and allowed/authorized by the Company for usage by the consumer.
8. "Power Factor" means the ratio of kWh to KVAh recorded during the month or the ratio of kWh to the square root of sum of square of kWh and kVARh,.
9. Point of supply means metering point where electricity is delivered to the consumer.
10. Peak and Off Peak hours for the application of Time Of Use (TOU) Tariff shall be the following time periods in a day:

	* PEAK TIMING	OFF-PEAK TIMING
Dec to Feb (inclusive)	5 PM to 9 PM	Remaining 20 hours of the day
Mar to May (inclusive)	6 PM to 10 PM	-do-
June to Aug (inclusive)	7 PM to 11 PM	-do-
Sept to Nov (inclusive)	6 PM to 10 PM	-do-

* To be duly adjusted in case of day light time saving

11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load exceeding 4 kW supply shall be given at three-phase.

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12. "Consumer" means a person of his successor-in-interest as defined under Section 2(iv) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).

14. NTDC means the National Transmission and Dispatch Company.

15. CPPA(G) means Central Power Purchasing Agency Guarantee Limited (CPPA)(G).

16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

GENERAL CONDITIONS

1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.
2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment Charge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 7^{th} day from the date of delivery of bill.
3. The supply provided to the consumers shall not be available for resale.
4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.

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PART-II

(Definitions and Conditions for supply of power specific to each consumer category)

A-1 RESIDENTIAL

Definition

"Life Line Consumer" means those residential consumers having single phase electric connection with a sanctioned load up to 1 kW.

At any point of time, if the floating average of last six months' consumption exceed 50 units, then the said consumer would not be classified as life line for the billing month even if its consumption is less than 50 units. For the purpose of calculating floating average, the consumption charged as detection billing would also be included.

1. This Tariff is applicable for supply to;
   i) Residences,
   ii) Places of worship,
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1(a) tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-l(b) as set out in the Schedule of Tariff.
4. All existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and converted to A- 1(b) Tariff by the Company.

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:

   i) Shops,
   ii) Hotels and Restaurants,
   iii) Petrol Pumps and Service Stations,
   iv) Compressed Natural Gas filling stations,
   v) Private Hospitals/Clinics/Dispensaries,
   vi) Places of Entertainment, Cinemas, Theaters, Clubs;
   vii) Guest Houses/Rest Houses,
   viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.

2. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
3. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
4. The existing and prospective consumers having load of 5 kW and above can opt for T.O.U metering arrangement and A-2(c) tariff.
5. All existing consumers under tariff A-2 shall be provided T.O.U metering arrangement by the Company and convert it to-A-2 (c) Tariff.
6. All new connections having load requirement 5 kW and above shall be provided T.O.U meters and shall be billed under tariff A-2(c).

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A-3 GENERAL SERVICES

1. This tariff is applicable to;

   i. Approved religious and charitable institutions
   ii. Government and Semi-Government offices and Institutions
   iii. Government Hospitals and dispensaries
   iv. Educational institutions
   v. Water Supply schemes including water pumps and tube wells operating on three phase 400 volts other than those meant for the irrigation or reclamation of Agriculture land.

1. Consumers under General Services (A-3) shall be billed on single-part kWh rate i.e. A-3(a) tariff.

B INDUSTRIAL SUPPLY

Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices and for normal working of the industry.
2. For the purposes of application of this tariff an "Industry" means a bona fide undertaking or establishment engaged in manufacturing, value addition and/or processing of goods.
3. This Tariff shall also be available for consumers having single-metering arrangement such as;

   i) Poultry Farms
   ii) Fish Hatcheries and Breeding Farms and
   iii) Software houses

Conditions

An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates previously deposited and those applicable to tariff-F at the time of acceptance of option for seasonal tariff. Seasonal tariff will be applicable from the date of commencement of the season, as specified by the customers at the time of submitting the option for Tariff-F. Tariff-F consumers will have the option to convert to corresponding Regular Industrial Tariff category and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.

B-1 SUPPLY AT 400 VOLTS THREEPHASE AND/OR 230 VOLTS SINGLE PHASE

1. This tariff is applicable for supply to Industries having sanctioned load upto a 25 kW.
2. Consumers having sanctioned load less than 25 kW shall be billed on single-part kWh rate.
3. All existing consumers under tariff B-1 shall be provided T.O.U metering arrangement by the Company and convert it to-B1 (b) Tariff.

B-2 SUPPLY AT 400 VOLTS

1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.

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2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable T.O.U tariff.

B-3 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 5000 kW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the NEPRA eligibility criteria.
4. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

B-4 SUPPLY AT 66 kV, 132 kV AND ABOVE

1. This tariff is applicable for supply to Industries for all loads of more than 5000 kW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5000 kW or below who opt to receive supply at 66 kV or 132 kV and above.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.
4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

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C BULK SUPPLY

"Bulk Supply" for the purpose of this Tariff, means the supply given at one point for self-consumption not selling to any other consumer such as residential, commercial, tube-well and others.

General Conditions

If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate basis for actual number of days between the date of old reading and the new reading.

C-1 SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having a metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-1(a) tariff'.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-1(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements.

C-2 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable to consumers receiving supply at 11 kV or 33 kV at one-point metering arrangement and having sanctioned load of up to and including 5000 kW.
2. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the NEPRA eligibility criteria.
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-2(b) as set out in the Schedule of Tariff.
4. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-2(b).

C-3 SUPPLY AT 66 kV AND ABOVE

1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.
2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.
3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b).
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

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D AGRICULTURAL SUPPLY

"Agricultural Supply" means the supply for Lift Irrigation Pumps and/or pumps installed on Tube-wells intended solely for irrigation or reclamation of agricultural land or forests, and include supply for lighting of the tube-well chamber.

Special Conditions of Supply

1. This tariff shall apply to:
   i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP):
   ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
   iii) Tube-wells meant for aqua-culture, viz. fish farms, fish hatcheries and fish nurseries.
   iv) Tube-wells installed in a dairy farm meant for cultivating crops as fodder and for upkeep of cattle.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The lamps and fans consumption in the residential quarters, if any, attached to the tube-wells shall be charged entirely under Tariff A-1 for which separate metering arrangements should be installed.
4. The supply under this Tariff shall not be available to consumer using pumps for the irrigation of parks, meadows, gardens, orchards, attached to and forming part of the residential, commercial or industrial premises in which case the corresponding Tariff A-1, A-2 or Industrial Tariff B-1, B-2 shall be respectively applicable.

D-1

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation having sanctioned load of less than 5 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1(a) tariff given in the Schedule of Tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D-1(b) given in the Schedule of Tariff.
4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-1(a) till that time.

D-2

1. This tariff is applicable to consumers falling under Agriculture Supply having sanctioned load less than 5 kW excluding SCARP related installations.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-2(a) tariff given in the Schedule of Tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D- 2(b) given in the Schedule of Tariff.
4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-2(a) till that time.

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E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

Temporary Residential/Commercial Supply means a supply given to persons temporarily on special occasions such as ceremonial, religious gatherings, festivals, fairs, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction works for all kinds of single phase loads. For connected load exceeding 4 kW, supply may be given at 400 volts (3 phase) to allow a balanced distribution of load on the 3 phases. Normally, temporary connections shall be allowed for a period of 3 months which can be extended on three months basis subject to clearance of outstanding dues.

Special Conditions of Supply

1. This tariff shall apply to Residential and Commercial consumers for temporary supply.
2. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.

E -2 TEMPORARY INDUSTRIAL SUPPLY

"Temporary Industrial Supply" means the supply given to an Industry for the bonafide purposes mentioned under the respective definitions of "Industrial Supply", during the construction phase prior to the commercial operation of the Industrial concern.

SPECIAL CONDITIONS OF SUPPLY

1. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.
2. Normally, temporary connections shall be allowed for a period of 3 months, which may be extended on three months basis subject to clearance of outstanding dues.

F SEASONAL INDUSTRIAL SUPPLY

"Seasonal Industry" for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a particular season of the year. However, any seasonal industry running in combination with one or more seasonal industries, against one connection, in a manner that the former works in one season while the latter works in the other season (thus running throughout the year) will not be classified as a seasonal industry for the purpose of the application of this Tariff.

Definitions

1. "Year" means any period comprising twelve consecutive months.
2. All "Definitions" and "Special Conditions of Supply" as laid down under the corresponding Industrial Tariffs shall also form part of this Tariff so far as they may be relevant.

Special Conditions of Supply

1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the

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seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.

3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
4. All seasonal loads shall be disconnected from the Company's Supply System at the end of the season, specified by the consumer at the time of getting connection, for which the supply is given. In case, however, a consumer requires running the non-seasonal part of his load (e.g., lights, fans, tube-wells, etc.) throughout the year, he shall have to bring out separate circuits for such load so as to enable installation of separate meters for each type of load and charging the same at the relevant Tariff.
5. Where a "Seasonal Supply" consumer does not come forward to have his seasonal industry re-connected with the Company's Supply System in any ensuing season, the service line and equipment belonging to the Company and installed at his premises shall be removed after expiry of 60 days of the date of commencement of season previously specified by the consumer at the time of his obtaining new connection/re-connection. However, at least ten clear days notice in writing under registered post shall be necessary to be given to the consumer before removal of service line and equipment from his premises as aforesaid, to enable him to decide about the retention of connection or otherwise. No Supply Charges shall be recovered from a disconnected seasonal consumer for any season during which he does not come forward to have his seasonal industry re-connected with the Company's Supply System.

G PUBLIC LIGHTING SUPPLY

"Public Lighting Supply" means the supply for the purpose of illuminating public lamps.

Definitions

"Month" means a calendar month or a part thereof in excess of 15 days.

Special Conditions of Supply

The supply under this Tariff shall be used exclusively for public lighting installed on roads or premises used by General Public.

H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

This tariff is applicable for one-point supply to residential colonies attached to the industrial supply consumers having their own distribution facilities.

Definitions

"One Point Supply" for the purpose of this Tariff, means the supply given by one point to Industrial Supply Consumers for general and domestic consumption in the residential colonies attached to their factory premises for a load of 5 Kilowatts and above. The purpose is further distribution to various persons residing in the attached residential colonies and also for perimeter lighting in the attached residential colonies.

"General and Domestic Consumption", for the purpose of this Tariff, means consumption for lamps, fans, domestic applications, including heated, cookers, radiators, air-conditioners, refrigerators and domestic tube-wells.

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"Residential Colony" attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bonafide employees of the factory, the establishment or the factory owners or partners, etc.

Special Conditions of Supply

The supply under this Tariff shall not be available to persons who meet a part of their requirements from a separate source of supply at their premises.

I. TRACTION

Supply under this tariff means supply of power in bulk to Railways for Railway traction only.

J. SPECIAL CONTRACTS UNDER NEPRA (SUPPLY OF POWER) REGULATIONS 2015

Supply for the purpose of this tariff means the supply given at one or more common delivery points;

i. To a licensee procuring power from FESCO for the purpose of further supply within its respective service territory and jurisdiction.

ii. To an O&M operator under the O&M Agreement within the meaning of NEPRA (Supply of Power) Regulations 2015 duly approved by the Authority for the purpose of further supply within the service territory and jurisdiction of the FESCO

iii. To an Authorized agent within the meaning of NEPRA (Supply of Power) Regulations 2015, procuring power from the FESCO for further supply within the service territory and jurisdiction of the FESCO

J-1 SUPPLY TO LICENSEE

1. This tariff is applicable to a Licensee having sanctioned load of 20 MW and above receiving supply at 66 kV and above.

2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-1(b).

3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-1(b) as set out in the Schedule of Tariff.

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SUPPLY UNDER O&M AGREEMENT

J-2 (a) SUPPLY AT 11 KV AND 33 KV

1. This tariff is applicable to an O&M operator receiving supply at 11 kV or 33 kV under the O&M Agreement duly approved by the Authority.

2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-2(c).

3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-2(c) as set out in the Schedule of Tariff.

J-2 (b) SUPPLY AT 66 KV AND ABOVE

1. This tariff is applicable to an O&M operator receiving supply at 66 kV & above under the O&M Agreement duly approved by the Authority.

2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-2(d).

3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-2(d) as set out in the Schedule of Tariff.

SUPPLY TO AUTHORIZED AGENT

J-3 (a) SUPPLY AT 11 KV AND 33 KV

1. This tariff is applicable to an authorized agent receiving supply at 11 kV or 33 kV.

2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-3(c).

3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-3(c) as set out in the Schedule of Tariff.

J-3 (b) SUPPLY AT 66 KV AND ABOVE

1. This tariff is applicable to an authorized agent receiving supply at 66 kV & above.

2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-3(d).

3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-3(d) as set out in the Schedule of Tariff.

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O&M EXPENSE

The O&M part of Distribution Margin shall be indexed with CPI subject to adjustment for efficiency gains (X factor). Accordingly the O&M will be indexed every year according to the following formula:

$$O\&M_{(Rev)} = O\&M_{(Ref)} \times [1 + (\Delta CPI - X)]$$

Where:

$O\&M_{(Rev)}$	=	Revised O&M Expense for the Current Year
$O\&M_{(Ref)}$	=	Reference O&M Expense for the Reference Year
ΔCPI	=	Change in Consumer Price Index published by Pakistan Bureau of Statistics latest available on 1st July against the CPI as on 1st July of the Reference Year in terms of percentage.
X	=	Efficiency factor

RORB

RORB assessment will be made in accordance with the following formula/mechanism:

$$RORB_{(Rev)} = RORB_{(Ref)} \times \frac{RAB_{(Rev)}}{RAB_{(Ref)}}$$

Where:

$RORB_{(Rev)}$	=	Revised Return on Rate Base for the Current Year
$RORB_{(Ref)}$	=	Reference Return on Rate Base for the Reference Year
$RAB_{(Rev)}$	=	Revised Rate Base for the Current Year
$RAB_{(Ref)}$	=	Reference Rate Base for the Reference Year

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DEPRECIATION EXPENSE

Depreciation expense for future years will be assessed in accordance with the following formula/mechanism:

$$DEP_{(Rev)} = DEP_{(Ref)} \times \frac{GFAIO_{(Rev)}}{GFAIO_{(Ref)}}$$

Where:

$DEP_{(Rev)}$	=	Revised Depreciation Expense for the Current Year
$DEP_{(Ref)}$	=	Reference Depreciation Expense for the Reference Year
$GFAIO_{(Rev)}$	=	Revised Gross Fixed Assets in Operation for the Current Year
$GFAIO_{(Ref)}$	=	Reference Gross Fixed Assets in Operation for the Reference Year

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OTHER INCOME

Other income will be assessed in accordance with the following formula/mechanism:

$$OI_{(Rev)} = OI_{(1)} + \left(OI_{(1)} - OI_{(0)}\right)$$

Where:

$OI_{(Rev)}$	=	Revised Other Income for the Current Year
$OI_{(1)}$	=	Actual Other Income as per latest Financial Statements.
$OI_{(0)}$	=	Actual/Assessed Other Income used in the previous year.

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A. Target Projects in Next 5 Years:

A-1 Number of sub-projects under STG is as follows:

A-1.1 Grid Station Projects to Overcome Overloading and Low Voltage Problems at 132 kV Level:

S. #	Description	Total No.	Total Capacity (MVA)	2015-16 (Nos.)	2016-17 (Nos.)	2017-18 (Nos.)	2018-19 (Nos.)	2019-20 (Nos.)
1	**New**							
a)	132 kV	15	719.00	3	4	3	4	1
2	**Conversion**							
a)	66 to 132 kV	5	81.22	3	1	1	0	0
3	**Augmentation**							
a)	132 kV	33	459.00	1	10	4	9	9
b)	66 kV	-	13.80	-	-	-	-	-
4	**Extension (T/Bay)**							
a)	132 kV	13	261.00	2	4	1	1	5
5	**Extension (L/Bay)**							
a)	132 kV	35	-	13	10	6	4	2
6	**Sub-Total**	**101**	**1534**	**22**	**29**	**15**	**18**	**17**

A-1.2 New Transmission Line Projects to Overcome Power Evacuation Constraints:

S. #	Description	Total Length (KM)	2015-16 (KM)	2016-17 (KM)	2017-18 (KM)	2018-19 (KM)	2019-20 (KM)
1	132 kV D/C	**367.5**	68.5	91	100	98	10
2	132 kV SDT	**80**	31	-	34	-	15
3	**Sub-Total**	**447.5**	**99.5**	**91**	**134**	**98**	**25**

A-1.3 2nd Circuit Stringing of Existing SDT Transmission Lines:

S. #	Description	Total Length (KM)	2015-16 (KM)	2016-17 (KM)	2017-18 (KM)	2018-19 (KM)	2019-20 (KM)
1	132 kV SDT	**186.3**	49.3	135	2	-	-

A-1.4 Reconductoring/Up-Gradation of Existing Transmission Lines:

S. #	Description	Total Length (KM)	2015-16 (KM)	2016-17 (KM)	2017-18 (KM)	2018-19 (KM)	2019-20 (KM)
1	132 kV D/C	**73**	50	16	7	-	-

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A-1.5 Capacitor Installation Projects to Improve Power Factor:

S. #	Description	Total MVAR	2015-16 (MVAR)	2016-17 (MVAR)	2017-18 (MVAR)	2018-19 (MVAR)	2019-20 (MVAR)
1	11 kV Fixed Capacitors	**414**	88.8	121.2	67.2	75.6	61.2
2	132 kV Fixed Capacitors	**72**	36	-	36	-	-
3	**Sub-Total**	**486**	**124.8**	**121.2**	**103.2**	**75.6**	**61.2**

A-2 Names of New 132 kV Grid Stations and Transmission Lines under STG in Next 5 Years:

Year	New 132 kV Grid Stations	New 132 kV Transmission Lines
2015-16	Chenab Nagar KotShakir Jaranwala Road	F/F Lundianwala F/F Chenab Nagar F/F KotShakir F/F Jaranwala Rd. F/F Fazal F/F PathanKot F/F Nia Lahore F/F FSD City F/F ShahbazKhel
2016-17	UsmanGani Bandala-II (RasoolPura) MamuKanjan Dijkot	F/F UsmanGani F/F RasoolPura F/F MamuKanjan F/F Dijkot F/F Trug 132 kV Chak-126/SB-Liberty Power (In & Out at 220 kVLalian) 132 kVChiniot Ind.-Lalian (In & out at 220 kVLalian)
2017-18	Awagat College Rd. FSD Silanwali Rd. Sargodha-IV	F/F Awagat F/F College Rd. F/F Silanwali Rd. Sargodha F/F AdhiKot 132 kVNarwala Rd-Jhang Rd. (In & Out at 500 kV FSD West) 132 kVJhang Rd-Factory Area (In & out at 500 kV FSD West)
2018-19	Bukharian Sargodha-III (SabziMandi) Aminpur Rd. FSD Darya Khan Rd. Bhakkar	F/F Bukharian F/F Sargodha-III F/F Aminpur F/F Darya Khan Rd. Bhakkar 132 kV D/C Barana-Bhumb 220 kVSammundri-Gojra (In & out at Sammundri)
2019-20	Bagh T.T Singh	F/F Bagh T.T Singh 132 kV SDT Bhowana-Khewa

A-3 Number of sub-projects under DOP Expansion and Rehabilitation are as follows:

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A-3.1 DOP Expansion Projects to Cater Future Demand:

S. #	Description	Unit	Quantities 2015-16	2016-17	2017-18	2018-19	2019-20	Total
A.	**Scope of work for 11 kV Expansion**							
1	**New HT Lines**							
	Length of New HT Lines	KM	265	290	315	345	370	**1585**
2	**Transformers**							
	a. 10 KVA	Nos.	451	451	501	551	551	**2505**
	b. 15 KVA	Nos.	350	351	401	451	451	**2004**
	c. 25 KVA	Nos.	2004	2005	2505	2505	3005	**12024**
	d. 50 KVA	Nos.	910	950	1000	1050	1100	**5010**
	e. 100 KVA	Nos.	350	351	401	451	451	**2004**
	f. 200 KVA	Nos.	140	145	150	155	161	**751**
	g. 400 KVA	Nos.	12	14	15	16	17	**75**
	h. 630 KVA	Nos.	4	5	5	5	6	**24**
	Sub Total							**24397**
B.	**Scope of work for LT Expansion**							
1	**New LT Lines**							
	Length of New LT Lines	KM	158	168	178	188	200	**892**
C.	**Service Connections**							
1	Single Phase	Nos.	127410	132310	137210	142410	145416	684756
2	Three Phase	Nos.	22454	29554	39654	52454	70448	214564
3	TOU Meter	Nos.	136	136	136	136	136	680
Sub-Total		Nos.	**150000**	**162000**	**177000**	**195000**	**216000**	**900000**

A-3.2 DOP Rehabilitation Projects to Reduce Overloading at 11 kV Level:

S. #	Description	Unit	Quantities 2015-16	2016-17	2017-18	2018-19	2019-20	Total
A.	**Scope of work for 11 kV Distribution System Rehabilitation**							
1	**New HT Lines**							
	Number of Proposals	Nos.	30	35	40	45	50	200
	Bifurcation	KM	340	330	320	360	400	1750
	Reconductoring	KM	300	335	320	320	350	1625
	Re-Routing	KM	10	-	-	-	-	10
2	**Replacement of Over Loaded Transformers**							
	a. 50 KVA	Nos.	150	175	200	225	250	1000
	b. 100 KVA	Nos.	150	175	200	225	250	1000
	c. 200 KVA	Nos.	100	100	100	100	100	500
	Sub Total		**400**	**475**	**500**	**550**	**600**	**2500**
3	**Replacement of defective/burnt Transformers**							
	a. 50 KVA	Nos.	535	490	450	410	350	2235
	b. 100 KVA	Nos.	613	550	505	435	365	2468
	c. 200 KVA	Nos.	555	490	450	400	300	2195
	d. Other KVA	Nos.	200	180	150	120	100	750
	Sub Total	Nos.	1903	1710	1555	1365	1115	7648

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4	11 kV Panels for replacement and Bifurcation of feeders	Nos.	20	17	16	17	15	85
B.	**Scope of work for LT Rehabilitation**							
1	**LT Line Rehabilitation**							
	Number of Proposals	Nos.	700	750	800	850	900	4000
	New LT Lines	KM	530	557	592	629	666	2974

A-4 Number of sub-projects under ELR Program is as follows:

A-4.1 Energy Loss Reduction Projects to Reduce T&D Losses through GIS Mapping:

S. #	Description	Unit	Quantities					
			2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**
1	**HT Mapping**							
	Number of 11 KV Feeders	Nos.	165	331	83	83	83	**898**
	Length of HT Lines mapped	KM	9600	19200	4800	4800	4800	**48083**
2	**LT Mapping**							
	Number of LT Lines	Nos.	-	-	4500	5600	8400	**18500**
	Length of LT Lines mapped	Nos.	-	-	1900	2400	3600	**7900**
3	**Tools Required**							
	GIS mapping software Licences	Nos.	1	1	1	-	-	**3**
	Hardware including plotters, computers, GPS devices etc.	Nos.	1	1	1	-	-	**3**

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Study Based Planning using GIS Maps with Modern Planning Tools-Transition Plan								
1	**HT**							
	Circles	Nos.	165	331	83	83	83	**898**
2	**LT Mapping**							
	Number of LT Lines	Nos.	-	-	4500	5600	8400	**18500**
3	**Tools Required**							
	Simulation software Licences	Nos.	2	2	2	2	2	**10**
	Hardware including plotters, computers etc.	Nos.	1	1	1	1	1	**5**

A-5 Sub-projects under Commercial Improvement Plan are as follows:

A-5.1 Projects to Reduce Metering Complaints/Errors

(Rs. in Million)

S. #	Description	Nos.	2015-16	2016-17	2017-18	2018-19	2019-20	Total
A	AMR/AMI Metering	1010000	30.00	450.00	450.00	900.00	1200.00	**3030.00**
B	New CIS system	Cost is included in ERP						
C	HHUs for meter reading (Mobile Unit for Meter Reading)	600 mob units/ 1500HHUs	12mln. For 600 Mobile Units	75 mln. For 750 HHUs	75 mln. For 750 HHUs	0	0	**162.00**
D	Consumer Census	4.3 Mln. Cnsmrs.		Census of 1st circle consumer		Census of remaining consumers		**0.00**
E	Anti-theft efforts	Checking of 100% Industrial connection and 25% others through FESCO staff						**0.00**
F	IT infrastructure to support new initiatives	Setting of control for reading of AMR/AMI meters						**0.00**

A-6. Sub-projects under the head of Vehicle, Mechanical Tolls and Plants are as follows:

A-6.1 Vehicles Required for STG, DOP and ELR Operations:

S. #	Description	Unit	Quantities											
			2015-16		2016-17		2017-18		2018-19		2019-20		Total	
			STG	ELR/ DOP	STG	ELR/ DOP	STG	ELR/ DOP	STG	ELR/ DOP	STG	ELR/ DOP	STG	ELR/ DOP
1	Single Cabin Pick-up	No.	02	14	02	11	01	04	01	05	01	05	07	40
2	Double Cabin Pick-up	No.	01	01	0	01	01	01	0	0	0	0	02	03
3	Trucks	No.	02	03	04	06	04	06	04	06	02	03	16	24
4	Crane 20 Tons	No.	0	01	0	0	0	0	0	0	0	0	0	01
5	Crane 40 Tons	No.	01	0	0	0	0	0	0	0	0	0	01	0
	Total	**No.**	**07**	**24**	**12**	**21**	**12**	**12**	**08**	**13**	**04**	**12**	**43**	**82**

A-6.2 Vehicles for Operation at Sub-Division Level:

S. #	Description	2015-16	2016-17	2017-18	2018-19	2019-20	Total
1	Bucket Mounted Trucks	30	30	30	30	30	150

A-6.3 Vehicles Required for Officers and Staff:

S. #	Description	Unit	Quantities											
			2015-16		2016-17		2017-18		2018-19		2019-20		Total	
1	Suzuki Cultus Car	No.	02	02	02	02	01	02	00	00	00	0	05	06
2	Toyota Car (XLI)	No.	00	00	01	01	01	01	00	00	00	0	02	02
3	Motor Cycle	No.	00	20	10	10	05	05	00	00	0	0	15	35
	Total	**No.**	**02**	**22**	**13**	**13**	**07**	**08**	**00**	**04**	**00**	**00**	**22**	**43**

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A-6.4 Tools and Plants:

(Rupees)

S. #	Description	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Tools & Plants							
1	Earthing Set	155346	155346	155346	155346	109656	731040
2	Earth Tester	44251	44251	44251	44251	31236	208240
3	Magger (1000 Volts)	290462	290462	290462	290462	205032	1366880
4	Measuring Tape	22049	22049	22049	22049	15564	103760
5	Fiber Glass Extension Ladder	881739	881739	881739	881739	622404	4149360
6	Cuffing Hoist (1500 kg)	167637	167637	167637	167637	118332	788880
7	Cuffing Hoist (750 kg)	125358	125358	125358	125358	88488	589920
8	Galvanized Steel Bucket	19224	17088	19224	17088	10680	83304
9	Fire Extinguisher	9764	12205	9764	9764	7323	48820
10	Clip On Volt Ampt Meter	131804	164755	131804	131804	98853	659020
11	Clip On kW Meter	131804	164755	131804	131804	98853	659020
12	Stop Watch	26860	26860	26860	26860	18960	126400
12	Black Smith Anvil (76 kg)	38896	38896	38896	38896	27456	183040
13	Chain Pullley Block (3 Ton)	25942	25942	25942	25942	18312	122080
14	Chain Plley Block (5 Ton)	124335	110520	124335	110520	69075	538785
15	Nylon Rope (19mm Dia)	351458	351458	351458	351458	248088	1653920
16	Pick Axes	2482	2482	2482	2482	1752	11680
17	Kassies	6222	6222	6222	6222	4392	29280
18	First Aid Box	23341	23341	23341	23341	16476	109840
19	DEO J Spanner (9/6" X 5/8")	16864	16864	16864	16864	11904	79360
20	DEO J Spanner (5/8" X 3/4")	16864	16864	16864	16864	11904	79360
21	Pulling Grip (6-10')	47243	47243	47243	47243	33348	222320
22	Pulling Grip (12-15')	62067	62067	62067	62067	43812	292080
23	Hammers	2074	2074	2074	2074	1464	9760
24	Adjustable Screw Wrench	13498	13498	13498	13498	9528	63520
25	Line Man Tool Bag	9860	9860	9860	9860	6960	46400
26	Line Man Knife	884	884	884	884	624	4160
27	Torch 3 Cells	4862	4862	4862	4862	3432	22880

(Rupees)

S. #	Description	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Personal Protective (T&P)							
1	Safety Hat Insulated	12975	12975	12975	12975	10380	62280
2	Line Man Safety Belt	18250	18250	18250	18250	14600	87600
3	Protective Rubber Gloves (Pair)	26925	26925	26925	26925	21540	129240
4	Protective Lather Globes (Pair)	15975	15975	15975	15975	12780	76680
5	Line Man Safety Boots (8,9,10 Size)	28650	28650	28650	28650	22920	137520

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6	Live Wire Tester (4000 Volts)	368	368	460	368	276	1840
7	Insulated Screw Driver	1975	1975	1975	1975	1580	9480
8	Rain Coat	63920	63920	63920	79900	47940	319600
9	D-Operating Rod	29288	29288	36610	29288	21966	146440
10	Insulated Plyer	5725	5725	5725	5725	4580	27480
Total (Rs.)		**2957241**	**3009633**	**2964655**	**2957270**	**2092470**	**1398126 9**
In Millions		**2.96**	**3.01**	**2.96**	**2.96**	**2.01**	**13.9**

A-7. Sub-projects under **Civil Works** are as follows:

Enhancement in the number of sub-divisions, divisions, revenue offices and operation circles is essential to provide prompt/effective services to the prospective new consumers in next 5 years. The restraining instructions are that FESCO will not claim additional amount on recruitment of new employees. The number of employees may vary but the allowance in salaries etc. will remain the same.

There is no need for construction circles, construction division and construction sub-division as the job of construction would be out sourced and for the purpose of supervision, the existing strength of supervisory staff is ample. The following projects under the Civil Works are allowed:

(Rs. in Million)

S. #	Description	No.	2015-16	2016-17	2017-18	2018-19	2019-20	Total
1	New Circle Offices	2	50	50	0	0	0	**100**
2	New Division Offices	8	90	60	90	0	0	**240**
3	New Sub-Divisional Offices	29	90	100	100	0	0	**290**
4	Revamping of Training Centers / Provision of Safety T&P and Promoting Safety Culture		30.20	50.20	30.21	20.22	20.16	**151**
5	Improvement required in existing buildings		120	122	124	126	128	**620**
	Total		**380.2**	**382.2**	**344.21**	**146.22**	**148.16**	**1401**

A-8. Sub-projects under **Human Resource Improvement Plan** are as follows:

S. #	Description	2015-16	2016-17	2017-18	2018-19	2019-20	Total
1	Human Resource Information System Implementation	ERP Module of HR, cost included in Capital Expenditure Summary					
2	IT Infrastructure to support new initiatives	ERP Implementation is under progress					

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