National Electric Power Regulatory Authority
Islamic Republic of Pakistan

Registrar

NEPRA Tower, Ataturk Avenue(East), G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/TRF-276/LESCO-2014/4102-4104
March 20, 2015

Subject: **Determination of the Authority in the matter of Petition filed by Lahore Electric Supply Company Ltd. (LESCO) for the Determination of its Consumer end Tariff Pertaining to FY 2014-2015 [Case # NEPRA/TRF-276/LESCO-2014]**

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority along with Annexure-I, II, III, IV, V, VI & VII (81 pages) in Case No. NEPRA/TRF-276/LESCO-2014.

2. The Determination is being intimated to the Federal Government for the purpose of notification of the approved tariff in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998.

3. Please note that Order part along with Annex-I, III, IV, V & VII of the Determination needs to be notified in the official Gazette.

Enclosure: As above

20.03.15

(Syed Safeer Hussain)

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

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

National Electric Power Regulatory Authority
(NEPRA)

PETITION NO: NEPRA/TRF-276/LESCO-2014

TARIFF DETERMINATION

FOR

LAHORE ELECTRIC SUPPLY COMPANY

(LESCO)

DETERMINED UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

March 20 , 2015

Abbreviations

CpGenCap	The summation of the capacity cost in respect of all CpGencos for a billing period minus the amount of liquidated damages received during the months
CPPA	Central Power Purchasing Agency
DISCO	Distribution Company
DM	Distribution Margin
FY	Financial Year
GOP	Government of Pakistan
GWh	Giga Watt Hours
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
O&M	Operation and Maintenance
PPP	Power Purchase Price
PYA	Prior Year Adjustment
RAB	Regulatory Asset Base
RORB	Return on Rate Base
SRO	Statutory Regulatory Order
T&D	Transmission and Distribution
TOU	Time of Use
USCF	The fixed charge part of the Use of System Charges in Rs./kW/Month

DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY LAHORE ELECTRIC SUPPLY COMPANY (LESCO) FOR THE DETERMINATION OF ITS CONSUMER END TARIFF

CASE NO. NEPRA/TRF-276/LESCO-2014

PETITIONER

Lahore Electric Supply Company Limited (LESCO), 22-A, Queens Road, Lahore.

INTERVENER

Nil

COMMENTATOR

1. All Pakistan Textile Mills Association (APTMA)
2. Nishat Chunian (Pvt) Limited

REPRESENTATION

1. Mr. Rao Zameer ud Din, Chief Executive Officer
2. Mr. Basharat Ali, Chief Financial Officer
3. Mr. Abdul Rehman, Technical Director
4. Mr. Javaid Iqbal Azad, Operation Director
5. Mr. Khalid Mahmood, Customer Services Director
6. Mr. Imtiaz Ahmad Butt, Human Resource & Admin Director
7. Legal Director & DG (IT)

The Authority, in exercise of the powers conferred on it under Section 7(3) (a) read with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Tariff Standards and Procedure Rules, 1998 and all other powers enabling it in this behalf, and after taking into consideration all the submissions made by the parties, issues raised, evidence/record produced during hearings, and all other relevant material, hereby issues this determination.

(Khawaja Muhammad Naeem)
Member

18/3/15
(Maj (Rtd) Haroon Rashid)
Member

(Himayatuallah Khan)
Member

19/3/2015
(Habibullah Khilji)
Vice Chairman

(Brig(Rtd) Tariq Soddozai)
Chairman

19/3

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20.03.15

1. BACKGROUND

1.1 Lahore Electric Supply Company Limited (LESCO), hereinafter called "the Petitioner", being a Distribution Licensee of NEPRA filed a petition for the determination of its consumer-end tariff pertaining to the FY 2014-15 in terms of Rule 3(1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules"). The Petitioner has sought the following relief:

- Proposed tariff be allowed and made applicable immediately upon admission of this petition subject to an order for refund for the protection of consumers during the pendency of this petition in terms of sub-Rule 7 of Rule 4 of NEPRA (Tariff Standards and Procedure) Rules, 1998;
- Distribution Margin amounting to Rs. 2,485 million be determined and allowed;
- Investment plan of Rs. 10,737 million including consumer contribution of Rs. 2,984 million be approved;
- Prior year adjustment of Rs. 13,549 million for the FY 2013-14 including annual, quarterly and monthly adjustments and impact of delayed notification, be determined and allowed;
- T&D losses target be considered as 12% provisionally for FY 2014-15 subject to its final fixation after considering the study by independent expert under the direction of the Authority;
- Redefining the baseline for determination of target of T&D losses by taking a realistic approach in view of the study to be submitted by the Petitioner.
- Fixing of the target of T&D losses according to the re-defined baseline.
- Allow the new hiring cost of Rs. 868 million over and above the salaries, wages and benefits requested;
- Allow the financing cost on loan obtained by Power sector for meeting the obligations towards the generation companies and oil companies;
- To resolve the issue of Post-Retirement Benefits pertaining to employees retired before June 30, 1998.
- Allow the cost for creation of new circles, Divisions, Sub-divisions and Customer Service.
- Allowing Rs. 605 Million for Compact Fluorescent Lamps (CFLs) for FY 2014-15 over & above O&M expenses requested for FY 2014-15.
- Ensure financial viability for the reliable supply of electricity to its 3.9 million consumers;
- Any other relief, order or directions which Authority may deem fit in respect of the tariff determination.

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2. PROCEEDINGS:

2.1 In terms of rule 4 of the Rules, the Petition was admitted by the Authority on 12th August, 2014.; and in compliance of the provisions of sub-rules (5) & (6) of the Rule 4 and Rule 5, notices of admission and hearing were sent to the parties which were considered to be affected or interested. An advertisement in this regard was also published in the leading national newspapers with the title and brief description of the petition on 27th August, 2014.

3. FILING OF OBJECTIONS/ COMMENTS:

3.1 Comments/replies and filing of intervention request, if any, was desired from the interested person/ party within 7 days of the publication of notice of admission, i.e., August 27, 2014 in terms of Rule 6, 7 & 8 of the Rules. In response thereof, neither any reply was filed nor any intervention request was filed within the prescribed time. However, comments were received from All Pakistan textile Mills Association (APTMA) on 05th September, 2014. In addition to aforementioned, comments were also made by representative of Nishat Chunian (Pvt) limited during the hearing process of the instant petition.

3.2 All Pakistan Textile Mills Association - Commentator

3.2.1 The comments received from All Pakistan Textile Association are as under:-

- The instant tariff petition has been filed on 23rd July, 2014 whereas the Petitioner was required to submit it well in time and before the actual financial year starts. Hence, the Petitioner's request of applying the proposed tariff immediately on admission is not justified. Further, the Authority's determination for the FY 2013-14, is yet to be notified which entailed reduction in tariff for quite a few categories of customers – especially B-3 and B-4 customers.
- The reason for increase in Distribution Margin for the FY 2014-15 have not been spelt out cogently and in detail. Consequently, only those envisaged expenditures can be allowed which relate to increase in salaries on account of GOP edicts etc. Similarly, some enhancements can be agreed which are based on the official data figures etc. In view thereof, the Authority is requested to be very strict in the audit of these figures. Further, DISCOs should be technology driven yet it is worth mentioning that the Petitioner's ERP system first launched in FY 2003-04 is still faulty and has brought no help for the utility and its customers. The issues of inordinate burning of transformers, the extra time expended in correcting inflated bills sent to the Petitioner's consumers each month are also worth-mentioning.

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- As the present service level of the Petitioner has considerably dropped as evident from the statistics of FY 2013-14 under the head of Transformers Damaged & Interruptions, hence the subject investment plan needs to be looked in detail. It appears that the plan may be skewed and benefiting specific areas / consumers, instead of truly benefiting the whole of the Petitioner's system. During the FY 2013-14, a total of 403 MVA capacity of distribution transformers got damaged against just 220 MVA capacity in 2012-13. Similarly, the unplanned long duration interruptions for the Petitioner during the FY 2013-14 increased to 15,000 from 11,500 (recorded last year) and the short term interruptions duration jumped from the earlier 18,000 to 59,000. In other words, both the Distribution Margin and investment plan are required to be audited.

- The Petitioner has requested for Rs. 13,549 million as prior year adjustment for year 2013-14, under the head of consumer mix and non adherence to the Authority's regulations regarding load shedding. The industrial supplies were inordinately cut, with maximum power being directed to the lower tariff general consumers. As all this has been done against the tenants of the NEPRA's guidelines, hence any loss on account of change of consumer mix etc. needs to be paid by the Petitioner itself or the owner viz. the GoP.

- The Petitioner is seeking provisional acceptance of 12% T&D losses for the FY 14-15, subject to some final fixation. The request is not justified as the Authority had directed the Petitioner for an independent study of T&D losses on 28th February, 2013 and nothing has done on this account. Here, it is requested that the T&D losses figure of 5.2% as fixed by the USAID Operational Audit Report of April 2011 should be considered as the level of T&D losses for the Petitioner . It is further reiterated that T&D losses other than standard technical ones cannot be allowed to be burden the paying customers.

- Under the new regulatory regime, the customers cannot be made to pay for the inefficiency, mismanagement, bad investments and even expenditures done on political considerations. As such, the T&D losses calculated by USAID on the basis of international software tools need to be made the basis for the Petitioner.

- As the customer services of the Petitioner is deteriorating on a daily basis with nearly 59,000 interruptions during FY 2013-14 against 48,000 similar tripping in the FY 2012-13. 15,000 long duration interruptions on 11 KV, 1003 on 66 KV & 6000 on 132 KV lines against much less interruptions in 2012-13. In view thereof, the customers cannot be made to pay for new

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hiring cost of Rs. 900 million over and above the Distribution Margin already asked for. It is considered and also upheld by experts that the Petitioner is already overstaffed, hence no new hiring should be allowed.

- With regard to the request for creation of new Circles, Divisions, Sub-divisions and Customer Services, the comments are same as above, but with the provision that the Petitioner must move towards automation instead of creating more inefficiencies through setting-up new Circles, DISCOs, Sub-divisions, and Customer Services etc.

- The Petitioner's resolution of post-retirement benefits pertaining to employees retired before 30th June, 1998 cannot be taken-up at this juncture. The Petitioner should demand and get its share of the pension funds from WAPDA for the obligations of employees retired before 30th June 1998. It is considered that in no way the customer can be burdened on account of the unmet obligations of WAPDA.

- The financial viability of the Petitioner cannot be assured through continued inefficiencies and burdening of its customer base of 3.9 million. As such, NEPRA is requested to fix strict efficiency standards for the Petitioner and its owners to meet, instead of burdening the consumers.

- The Government of Pakistan has proclaimed that the CFLs will be distributed free of cost to the customers and which also includes the O&M expenses. Incidentally, it is also a covenant signed between the GOP and the ADB, which provided the loan for the procurement of 30 million CFLs for distribution in Pakistan (including the K-electric areas) and as such the consumers cannot be burdened with the request for additional expense of Rs. 605 million under this head.

3.3 <u>Representative of Nishat Chunian (Pvt) Limited– Commentator</u>

3.3.1 The concern raised by the representative of Nishat Chunian (Pvt) Limited during the hearing is given as under:-

- In the last year tariff determination, the Authority reduced the tariff of categories B3 and B4, however, the same has not been notified to-date. This non-notification is heavily affecting the profitability of the company.

4. <u>FRAMING OF ISSUES</u>

4.1 Following issues were framed to be considered during the hearing and for presenting

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written as well as oral evidence and arguments:-

i. Whether the Petitioner has complied with the direction of the Authority passed in the last year's tariff determination?

ii. Whether the concerns raised by the Commentators are justified?

iii. Whether the Petitioner's projected purchases of 18,554GWhs and sales of 16,327GWhs units for the FY 2014-15 is reasonable?

iv. Whether the Petitioner's proposed transmission and distribution losses of 12 % for the FY 2014-15, are justified?

v. Whether the Petitioner's projected power purchase cost of Rs. 209,361 million (Rs. 12.82/kWh) for the FY 2014-15 is justified?

vi. Whether the Petitioner's projected O&M cost of Rs.20,239 million (Rs.1.24/kWh) for the FY 2014-15 after accounting for inflation/increments, is justified?

vii. Whether the Petitioner proposed depreciation charge of Rs. 2,930 million (0.18 /kWh) for the FY 2014-15 is justified?

viii. Whether the Petitioner projected Return on Regulatory Asset base of Rs. 9,521 million (Rs.0.58 /kWh) for FY 2014-15, is justified?

ix. Whether the Petitioner's projected other income of Rs. 4,206 million (Rs. 0.26/kWh) for the FY 2014-15, is reasonable?

x. Whether the Petitioner's proposed Investment plan of Rs. 10,737 million for the FY 2014-15 is justified?

xi. Whether the proposed revenue requirements of Rs. 251,394 at an average sale rate of Rs.15.40/kWh for the FY 2014-15 is justified?

xii. Whether the Prior Year Adjustment calculated by LESCO is accurate?

xiii. Whether Petitioner's request to allow creation of new circles, divisions and sub-divisions merit consideration?

xiv. Whether the existing financial, administration and technical powers concentrated at different layers of hierarchy is required to be developed in order to provide better services from the door step of the consumer?

xv. Whether the Petitioner has complied with Authority's direction given in the decision of Review motion to explain the credit entry of Rs. 3,280.46 million under the head of PPP pertaining to the last year to make necessary adjustments in PYA?

xvi. Whether the petitioner's claim for financial charges on loan obtained by Power sector for meeting fuel cost obligation towards the generation and oil companies is reasonable?

xvii. What are the concerns of Petitioner on changing terms and conditions of **lifeline consumers** and **Residential consumers?**

xviii. What are the concerns of the Petitioner on TOU metering of cellular company connections and similar connections?

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4.2 In addition to above, the Authority has decided to form an issue pertaining to the future tariff determination methodology in the matter of the Petitioner.

5. HEARING

5.1 The pleadings so available on record were examined by the Authority in terms of rule 9 of the Tariff Rules; accordingly in order to arrive at a just and informed decision, it was decided to conduct a hearing in the matter on 8th September, 2014. In compliance of Rule 5 of the Tariff Rules notice of admission/hearing were sent to the concerned parties and published in the leading newspapers on 27th August, 2014. In compliance thereof, the hearing was conducted on 8th September, 2014 at Pearl Continental Hotel, Lahore. During the hearing, the Petitioner was represented by Mr. Rao Zameer ud Din, Chief Executive Officer of the Petitioner along with his financial and technical team. The Interveners, commentators and general public also participated in the hearing.

5.2 On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under:

6. Issue #1. Future tariff determination methodology with respect to the consumer end tariffs of XWDISCOs.

Tariff Methodology for the FY 2014-15.

6.1 As per the Petitioner's petition and existing Tariff Methodology, the Authority has decided to continue with the determining of revenue requirement on annual basis and continue with the practice of projecting monthly PPP references, for the FY 2014-15 as;

- lesser revenue is generated in winter which is compensated by higher revenue generated in the summer;
- changes in generation mix resulting in lower PPP in wet seasons (with greater hydel generation) compensating high PPP in winter (with greater generation reliance on RFO);
- there is huge variation in T&D Losses due to seasonal fluctuation.

6.2 However, certain adjustments like impact of losses, variation in capacity transfer price and UoSC, impact of extra or lesser purchases of units would be made on quarterly basis for the FY 2014-15, as per the existing practice. Thus, following components of tariff are subject to annual assessment for the FY 2014-15;

- Assessment of T&D losses target.

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- Assessment of Sales target.
- Impact of Consumer mix variance.
- Month wise assessment of reference values with respect to PPP (including energy, capacity & transmission charges).
- Impact of extra and lesser units purchased.
- Assessment of Distribution Margin, and ;
- Assessment of prior period assessment, if any.

6.3 The Petitioner may file a review on the Authority's assessment as per Rules.

Quarterly Adjustments

6.4 The quarterly adjustments would also be done for the FY 2014-15 as per the following scope. Thus, the scope of quarterly adjustments would be limited to;

1. The adjustments pertaining to the capacity and transmission charges.
2. The impact of T&D losses on the components of PPP.
3. Adjustment of Variable O&M as per actual.

Monthly Fuel Adjustments

6.5 The existing practice with respect to the adjustments on account of variation in fuel cost component of PPP on monthly basis would continue for the FY 2014-15. This adjustment reflects in the consumers' monthly bill as Fuel Adjustment Charge.

6.6 In view of any abnormal changes the Authority may review these references along with any quarterly adjustment. Here it is pertinent to mention that PPP is pass through for all the DISCOs (variable cost) and its monthly references would continue to exist irrespective of the financial year, unless the new Schedule of Tariff (SOT) is notified by the GOP. The recovery of fixed cost Distribution Margin & Prior Year Adjustment (DM & PYA) would also be done on the currently notified regulated sales.

Future Tariff Methodology for the FY 2015-16 and onwards .

6.7 The Authority has notified the future tariff methodology pertaining to the FY 2015-16 and onwards. The Authority, while devising the aforementioned, has used a participatory approach whereby the process was started in December, 2013. The first draft of the methodology was uploaded on the website for comments on 20th February, 2014 inviting all the stakeholders to submit their comments. After incorporating the relevant comments, the Authority again uploaded the revised version of the draft on 12th August, 2014 for any additional comments/concerns An advertisement in this regard was also published on 12th August, 2014, intimating all

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the stakeholders about the uploading of the document on NEPRAs website. Further, individual letters were also sent to all the stakeholders considered to be affected, seeking their comments on the document.

6.8 The Authority after going through all the available documents and record, has finalized the aforementioned document and has notified it. All the XWDISCOs are directed to submit their future tariff petition in accordance with the notified tariff methodology.

7. <u>Issue #2. Whether the concerns raised by the commentators are justified?</u>

Response of the Authority on the Comments received from All Pakistan Textile Mills Association

7.1 The Responses of Authority on the concerns raised by the Commentator are as follows;

- There is no such specific requirement under the Rules and petition can be filed any time. Even for the sake of argument, if the Commentator's observation with respect to the late filing of petition is considered correct, the late filing of the instant petition does not make it time barred under the Tariff Standard & Procedure Rules, 1998. Also, during the period whereby the petition was delayed, a tariff did exist for the Petitioner. The Authority may include the impact of delayed filing as a part of prior period adjustment. The request of Petitioner for the immediate application of the proposed tariff was also made last year and declined by the Authority on the grounds that proper due diligence is performed on the proposed tariff prior to its approval as per the relevant statutes. Consequently, the same is denied this year as well and the concern of commentator is well addressed. The notification of tariff is the prerogative of Government of Pakistan and therefore, the non-notification is no excuse for non-filing of tariff petition or non-determination of tariff by the Authority.
- The Authority assures the Commentator that the expenses requested by the Petitioner are minutely checked and only prudently incurred cost is allowed which has a positive impact on the sustenance and development of the utility in particular and the sector in general. The Authority agrees to the concern of the Commentator regarding burnt transformers and inflated bills being sent to consumers and directs the Petitioner to minimize the consumer complaints in its area of jurisdiction and to share data of actual consumer complaints and nature of complaints filed in the FY 2013-14 not later than 30th June, 2015.
- The impact of the requested investment plan on the Petitioner's return, is not approved upfront, rather the request considered with the actual investments

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undertaken in the prior years as per the Audited financial statements. The actual trend of the T&D losses is also considered while evaluating the quality of any investments. As regard the area / region of the investments, the Authority considers that it is an operational issue and prerogative of the Petitioner's BOD.

- The prior year adjustment, if any is always allowed after carrying out necessary due diligence. The Petitioner may refer the relevant issue in this regard . As regard , the Petitioner concern with respect to the consumer mix , the Authority allows it on the principle that the Petitioner has no control over it .
- The Authority has been directing the Petitioner to conduct its losses study of the entire system by an independent evaluator, however, the Petitioner has failed to submit the same to-date. In the absence of the said study, the Authority carried out an in-house technical study of the Petitioner's T&D losses and allowed 9.01% T&D losses. The target is kept constant till the time of submission and review of actual losses study by the Petitioner. Thus, the concern of commentator is addressed. The USAID study of April, 2011 referred by the commentator has been reviewed by the Authority and referred to in para 11.9 of the tariff determination for the FY 2013-14. The study proposed losses level of LESCO as 6.20% comprising of 5.20% distribution losses and 1.00% transmission losses. The Authority considered that the study was based on selected feeders and the results may not be representative for the entire system and the chances of error cannot be ignored. Consequently, the same was not accepted as a benchmark.
- The Petitioner has been directed by the Authority in the past, to justify any request of new hiring by a concrete and comprehensive recruitment plan. In the absence of same, no relevant cost shall be allowed by the Authority.
- The Authority can allow creation of new circles and sub-divisions only if the Petitioner can justify the request with an improvement in customer service, better services, improvement in T&D losses and recovery.
- The issue of post retirement benefit obligation of ex-WAPDA pensioners has been settled in the instant decision. The same may be referred by the Commentator for rational.
- The Authority has deliberated on the matter of Compact Fluorescent Lamps (CFLs) under the relevant head where the Petitioner has requested the same.

Response on the concerns of Nishat Chunian (Pvt) Limited

7.2 The Authority's response on the concern of the commentator is:-

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- The notification of tariff is the prerogative of Government of Pakistan and the tariff referred to by the commentator has been notified vide SRO 986(I)/2014 dated 1st November, 2014 and therefore, the concern of Commentator stand addressed.

8. Issue #3 . Whether the Petitioner has complied with the directions of the Authority passed in the last year's tariff petition?

8.1 The Authority issued several directions in the tariff determination for the FY 2013-14. The compliance of which are discussed under relevant heads. However, few of the directions are discussed below;

TOU Meters

8.2 During the hearing the Petitioner has presented the following position of installation of TOU meters without specifying the cut-off date for its completion;

Customer Category	Total No. of Connections for Installation of TOU Meters	Connections with TOU meters installed	% installed	TOU meters yet to be installed
Residential	108,753	89,129	82%	19,624
Commercial	29,116	27,387	94%	1,729
Industrial	40,955	38,289	93%	2,666
Agricultural	32,480	32,161	99%	319
Others	2,060	1,794	87%	266
Total	**213,364**	188,760	88%	24,604

8.3 Subsequently, the Petitioner did not submit any update on the position of number of TOU meters installed. The Authority brings on record that in the prior year tariff determination hearing, the Petitioner informed the Authority that it has installed 178,624 TOU meters and completed installation of 84% of valid connections. The same has been re-produced in para 9.4 of the tariff determination for the FY 2013-14.

8.4 Based on the available information, it is observed that in a period of one year, the Petitioner has just installed 10,136 additional meters. In view of aforementioned , the Authority can construe that the Petitioner has not shown any seriousness in implementing the Authority's directions.

8.5 Keeping in view the non-serious attitude of the Petitioner in implementing the Authority's decision, the Authority has decided not to give any deadline for its

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compliance and it has further decided to initiate proceedings against the Petitioner under relevant law.

Excessive billing

8.6 The Authority had been discussing the issue of excessive billing in the tariff determinations from the FY 2010-11 to the FY 2013-14. The issue was raised on the acknowledgement of Ex-CEO of the Petitioner in the tariff determination hearing of the FY 2010-11, whereby he stated that all the consumers were previously issued excessive bills on the basis of 35 days instead of 30 days and this practice has now been discontinued; thus resulting in higher losses. The Authority thereby, taking notice of the statement, decided to conduct an Audit of the billing system of the Petitioner. On the basis of the Audit, the NEPRA team had following findings;

- Billing is done manually and has high risk of manipulation because of inadequacies in controls and accuracy of readings;
- Incorrect reporting and monitoring of feeder wise losses;
- Time lag between actual meter reading dates and scheduled dates of area wise batches resulting in excessive billing;
- Actual meter readings are ignored for billing purpose which means monthly billing is done on estimations rather than actual;
- Inadequate supervisory, controls;
- Inadequate field staff;
- CP21C preprinted meter reading list provided to RO offices, which contain previous consumption data, which may lead to fudging;
- Exception report identifying errors of 500 and more units leaves a chance of errors less than 500 units unidentified by the billing system;
- CP-22A report showing billed units more than units received in some feeders; thus showing incorrect position of feeder wise line losses;
- Disconnect between corporate financial accounts and source billing system;

8.7 The Authority issued directions to the Petitioner in the tariff determination of FY 2012-13 based on these findings and a letter of Chairman, Board of Directors of the Petitioner dated 14th July, 2012 in which he showed grave concern regarding overbilling citing an example of Kasur circle, where Rs. 679 million (from June, 2009 to December, 2011) overbilling was detected. Further, preliminary reports also indicated that in the Okara circle's excessive billing for the period from July, 2011 to March 2012 was in the range of Rs. 240 million. Consequently, the Authority issued following directions;

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- In view the observations of the Ex-Chairman, at para 8 of his letter dated 14th July, 2012 , which indicated that in an incidence, when overbilling is restored and bills are revised, the amount continue to appear as trade debtor, the Petitioner was directed to get a certificate from its Auditor on the reported debtors no later than 30th June, 2013.
- Petitioner to expand its study of T&D losses to 11 KV and below and submit the completion timelines by 31" March, 2013.
- Para 8 of the referred letter dated 14th July 2012, directed Internal Audit Department of the Petitioner to carry out audits of all the Circles on the same lines as the audit of Kasur. The Authority directed the Petitioner to submit that audit report to the Authority by 31st March, 2013.

8.8 The Petitioner failed to comply with any of the direction of the Authority and the same directions were repeated in the tariff determination for the FY 2013-14. Additionally, the Authority decided to initiate proceedings for non compliance of directions pertaining to the overbilling under the relevant law. Regardless of this, the Petitioner did not respond to the Authority and was directed to send compliances vide letters no. NEPRA/R/TRF-235/2238 dated 6th March, 2014 and NEPRA/R/TRF-235/8809 dated 25th July, 2014. However, the Petitioner did not respond. Subsequently, during the tariff hearing proceedings for the FY 2014-15, the Petitioner informed the Authority that its internal audit department is working on the report and will provide it shortly.

8.9 Till today the Authority has not received any information in this regard. In view thereof , the Authority concludes that the Petitioner is not making any effort to comply with this direction and to correct its billing mechanism. In view of aforementioned, the Authority has decided to initiate proceedings against the Petitioner under the relevant law.

8.10 The Authority also brings on record that Peshawar Electric Supply Company (PESCO) gave presentation on the subject of over billing and the issue was deliberated at length with the Authority. The representatives of PESCO informed that it has adopted a software designed by the young professionals of the University of Engineering and Technology, Peshawar, which facilitates the printing of snapshot of meter readings on the electricity bills of the consumers. With these bills, the consumers are more satisfied and the overbilling complaints have significantly reduced.

8.11 The Authority after careful evaluation of the solution provided by PESCO considers that such a measure if adopted would not only enhance the level of confidence of the consumers but would also create a quality check on the function of meter reading effectively. Consequently, the Authority directed all the XWDISCOs including the Petitioner vide its letter dated 17th October, 2014 to adopt the software and print bills

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accordingly. The Petitioner should implement the said software and print bills with the snap shots of meter readings (both previous and current) not later than 30th June, 2015 and send compliance report duly supported with the copy of actual bill accordingly.

Concrete Recovery Plan and Issue of Subsidy with GoP

8.12 Although the Authority determines the Petitioner's tariff on 100 % recovery basis yet considering the ongoing circular debt situation, the Authority decided to analyze the receivables of the Petitioner. In view of the aforementioned, the Authority reviewed the huge balances appearing as receivables in the financial statements of the Petitioner (keeping in view the claims of its Ex- Chairman as mentioned above) and directed it to get a certificate from its Auditor on the authenticity of the reported debtors. The Petitioner failed to comply with this direction and no report has been sent to-date.

8.13 The Authority also directed the Petitioner to come up with a concrete plan on the issue of recoveries in the tariff determination for the FY 2013-14. The Authority also suggested to the Petitioner to consider different options including outsourcing collection of these receivable to a debt colleting agency, which would be paid only, if they collect something. But in any case, the Petitioner was required to submit this plan no later than 31st March, 2014. Also, the Authority took note of the significant amount appearing as subsidy receivable from GoP and directed the Petitioner to take up the issue with GOP for the recovery of this amount and report back to the Authority before 31st March, 2014.

8.14 The Petitioner neither submitted any recovery plan nor indicated any efforts in this regard. Furthermore, no communication with GoP for the recovery of subsidy has been submitted. During the hearing for the determination of tariff for the FY 2014-15, the Petitioner did not give any update on compliance with these directions. The audited financial statements of the Petitioner for the FY 2013-14 reveal that the receivable as at June 30, 2014 are Rs. 37,574 million whereas the balance as at 30th June, 2013 has been restated to Rs. 30,679 million. This implies that the receivables have increased in one year by Rs. 6,895 million (22%). This increase is substantial. The Authority further observes that out of the reported figures the doubtful debt has increased from Rs. 5,914 million (as on 30th June, 2013) to Rs. 8,121 million (as on 30th June, 2014) . The increase is owing to the excess provision of doubtful debts as compared to the last year. Keeping in view the status of compliance and the aforementioned figures the Authority again directs the Petitioner to submit a comprehensive recovery plan of its receivables and submit the required certificate from its Auditor on the authenticity of its debtors, not later than 30th June , 2015.

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8.15 With regard to subsidy, the review of audited financial statements reveal that subsidy receivable from GoP has increased to Rs. 55,799 million from Rs. 50,332 million. This increase is noticeable. In view thereof, the Petitioner is directed to recover the amount of subsidy from the GoP and submit report not later than 30th June, 2015.

9. <u>Issue # 4. Whether the Petitioner's projected purchases of 18,554 GWhs and sales of 16,327 GWhs units for the FY 2014-15, is reasonable?</u>

9.1 As per the Petitioner, the projected units purchased for the FY 2014-15 shall be 18,554 GWh and units sold will be 16,327 GWh. The Petitioner stated that it estimated the growth in sales units to be 2.50% based on the average growth in last three years. The Petitioner also presented the following historic data with respect to sales and purchases;

Years	Purchase of units in GWh	Percentage Growth	Sale of units in GWh	Percentage Growth
2011	16,986	5.5%	14,741	6.2%
2012	16,727	(1.5%)	14,467	(1.9%)
2013	16,457	(1.6%)	14,285	(1.3%)
2014 (provisional)	**18,101**	**2.5%**	**15,929**	**11.5%**
2015 (projected)	**18,554**	**2.5%**	**16,327**	**2.5%**

9.2 Although, there is an inbuilt mechanism for adjusting actual variation in sales against the estimated sales, yet in order to avoid unnecessary fluctuations in the consumer-end tariff it is appropriate to make realistic assessment of the purchases and sales. Moreover, it is also important for the realistic assessment of monthly reference fuel cost for making monthly fuel cost adjustment pursuant to Section 31(4) of Regulation of Generation, Transmission and Distribution Act (XL 1997). In view thereof, the Authority has carried out a detailed exercise for estimating station wise generation pertaining to the FY 2014-15. An increase of 0.78% has been assumed over the actual generation pertaining to the FY 13-14, as generation growth. Here it pertinent to mention that the actual generation for the FY 2013-14 was 9% more than the actual generation for the FY 2012-13. After incorporating all the upcoming additional generation, it is estimated that in the FY 2014-15 the overall system generation will be about 95,892 GWh. After adjusting for the permissible transmission losses of 3.0% about 93,015 GWh are expected to be delivered to the distribution companies; the estimated share for the Petitioner from the pool for the FY 2014-15, is accordingly

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assessed as 18,458 GWh as against 18,554 GWh projected by it. After incorporating the T&D losses target for the FY 2014-15 (discussed below) the sales target in the instant case for the same period worked out as 16,289 GWhs.

10. **Issue #5. Whether the Petitioner's proposed transmission and distribution losses of 12% for the FY 2014-15, are justified?**

10.1 The Petitioner requested a T&D losses target 12% for the FY 2014-15 in the tariff petition and submitted that the losses target is assumed based on the clear understanding that the same shall be adjusted according to the determination of the Authority after considering the report on T&D losses pertaining to 11kV and below. The Petitioner also stated that the report on distribution losses will be submitted to the Authority as additional information to this petition. The Petitioner further stated that it informed the Authority during the hearing of the tariff determination for the FY 2013-14 that the study of 132 kV losses was conducted with the approval of NEPRA, which is already submitted to the Authority. According to the Petitioner, its transmission losses at 132kV are stated as 2.17%, using the standard software tool Power System Simulator. The Petitioner, also stated that on these grounds the Authority is requested to correct the benchmark of T&D losses and fix the target as 13.2% on actual basis for the FY 2013-14.

10.2 The Petitioner while referring to the tariff determination of FY 2013-14 stated that the report of operational audit carried out under PDIP funded by USAID, which indicates T&D losses of the Petitioner as 6.20% was rejected by the Authority based on the fact that without detailed study the exact quantum of T&D losses could not be assessed. The Petitioner thereafter stated that it is not rational / justified to assess the level of T&D losses in the light of USAID operational audit report. According to the Petitioner the Authority's determined losses target of 9.01% was irrational, which was not based upon the prudent utility practices in Pakistan.

10.3 The Petitioner further presented the following historic data of T&D losses during the hearing;

Years	T&D Losses in %
2010	13.8%
2011	13.3%
2012	13.5%
2013	13.2%
2014 (Provisional)	**13.4%**

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2015 (Projected)	12%

10.4 During the hearing, the Petitioner stated that the study of T&D losses 11KV and below is currently in process and initial report will be submitted as early as possible. The Petitioner again requested that the bench mark of T&D losses may be considered on actual basis & later on may be revised according to the findings of the 11kV and below losses study report.

10.5 The Petitioner's arguments with respect to the correction / redefining the benchmark in the findings of the technical study of 132 KV only has been comprehensively addressed under para 11.4 to 11.7 of the tariff determination pertaining to the FY 2013-14. The Authority keeping in view the statements of its EX- CEO and letter of EX- Chairman regarding overbilling and the actual performance of the Petitioner in terms of T&D losses over the years, rejected the Petitioner's request for fixing of T&D losses according to redefined baseline, in the findings of the report, which only deals with the 132 KV losses and does not cover losses pertaining to 11 KV and below (where the most of the overbilling and theft (if any) is taking place).

10.6 The Authority in its determination dated 2nd January, 2014 discussed in detail the rational for fixing T&D losses target as 9.8% under para 11.1 to para 11.11 of said decision. While setting the aforementioned target, the Authority showed its concern that the Petitioner has failed to comply with any of its direction on the issue of over billing , the study of T&D losses of its system and concluded that the Petitioner prima facie, is intentionally avoiding the compliances. Although the Authority has referred to the USAID report, however, the same was not the sole basis for fixing the target of 9.8%. The Authority used the report's finding a starting point and after acknowledging the limitations of the study, assessed a target which was higher than the report's findings.

10.7 The Authority, during the Motion for Leave for Review against the Authority's decision dated 2nd January, 2014, for the purpose of fairness, , conducted an in-house study of Petitioner's T&D losses. The study was based on (a) benchmarking (i) transmission losses (ii) Distribution transformer (iii) LT lines and (b) calculating 11KV feeder losses proportional to peak demand. The calculation based on the above parameters showed the Petitioner's losses at a level of 9.01%. The study also considered the parameter of actual demands of DISCOs. In view thereof, the same level of T&D losses of 9.01% was assessed in the matter of Petitioner for the FY 2013-14.

10.8 The Petitioner submitted an addendum vide letter no. 241/CEO/LESCO dated 21st January, 2015 and submitted additional grounds for its request for 'rational' target of Losses. As per the Petitioner, the assumptions and analysis adopted in the in-house assessment of 9.01% figure were not in a holistic manner. The Petitioner stated that the network and demographic mix of the Petitioner was compared with QESCO which

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was not comparable. As per the Petitioner, it is presently utilizing 21% of total generation and its network has stresses and strains; accordingly there is a lot of seasonal variation in technical losses. The Petitioner also stated that the assessment made by the committee constituted by the Authority mentioned a number of reasons of Technical and Administrative losses which requires huge investment and other interventions to control those reasons. Based on these grounds, the Petitioner prayed that the conclusion drawn in the report of committee may be reviewed in the light of parameters pertaining to the Petitioner. The Petitioner also gave update on the losses study and stated that it is complying with the direction of NEPRA and has awarded the study of 11 kV and LT distribution system to Power Planner International in October 2014 and according to the agreement the interim study report will be complete at the end of March 2015 and same will be furnished to the Authority and the final report will be submitted in April, 2016.

10.9 In the end, the Petitioner has prayed as follows;

- T&D losses for FY 2014-15 may be fixed at 13.2% instead of 9.01% keeping in view the historic trend of previous 5 years and taking into holistic review of parameters contributing to losses in the Petitioner's system. It was further prayed that the re-fixation of T&D losses at 13.2% may be subject to review, after the final outcome of the study by independent expert.

10.10 In addition to aforementioned the Petitioner on 26th February 2015, submitted a technical report for T&D Losses, which was analyzed by Technical Department of NEPRA. The study was based on 147 urban and 13 rural feeders out of a total of 1437 feeders, using Loss Analysis Programs developed by USAID , whereby simulation studies were carried out by the Petitioner. It was further stated that the study also calculates the loss due to Service Mains and submitted the following results;

• Transmission losses	2.17%
• 11 kV Distribution Feeder including T/F Losses	7.19%
• LT Line Losses	3.09%
• Administrative Losses	1.5%
TOTAL	13.95%

The Authority observed that although the sample size of the study undertaken by the Petitioner, is only 10.5%, which is not a considerable percentage, still the study includes sufficient number of urban and rural feeders which are representative of the overall consumer mix and loading conditions. The Authority considers that the study and software used by the Petitioner are acceptable however the authenticity of the

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results would only be possible when all the feeders are included in the study, which is under process and is being conducted by an Independent Consultant. The Authority considers that the proposed losses level, which also includes the impact of theft is prima facie is on the higher side; therefore, cannot be accepted as such. The Authority also considers that it will not be fair to allow the impact of theft in the T&D losses. The Authority further feels that Petitioner has not suggested any improvement in its losses despite the investments already made and proposed to be made. The Authority accordingly has decided to adjust T&D losses on account of improved efficiency in the system. In view of aforementioned , the Authority has decided to assess the level of T&D losses in the matter of Petitioner to the tune of 11.75% for the FY 2014-15 and at the same time directs the Petitioner expedite the independent study of its system as directed before.

11. <u>Issue #6. Whether the Petitioner's proposed Investment plan of Rs 10,737 million for the FY 2014-15, is justified?</u>

11.1 The Petitioner has requested Rs. 10,737 million to execute its development/ investment plan for the FY 2014-15 in the areas of Distribution of Power (DOP), Energy Loss-Reduction (ELR), Secondary Transmission & Grid (STG), TOU meters and others. The break-up of proposed investment provided by the Petitioner is as under:

Particulars	Rs. In Million
Distribution of Power (DOP)	3,634
- Own Resources	650
- Consumer Financing	2,984
Energy Loss Reduction (ELR)	650
- Own Resources	650
Secondary Transmission & Grid (STG)	5,451
- Own Resources	3,400
- ADB Loan	2,051
TOU Meters	150
Others	853
Total	10,737

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11.2 The Petitioner plans to fund the aforementioned investments through;

Loan	Rs. 2,051 million
PSDP/Own Resources	Rs. 5,703 million
Consumer Contribution	Rs. 2,984 million
Total	**Rs.10,737 million**

11.3 The Petitioner has submitted the details of requested investment as below:

11.3.1 **Distribution of Power (DOP)**
No details has been submitted with the petition or subsequently during or after the hearing.

11.3.2 **Energy Loss Reduction (ELR)**
The Petitioner has submitted a list of LT works to be completed with the Petition, however, the list relates to the FY 2013-14 and does not include any cost/benefit analysis or PC-1.

11.3.3 **Secondary Transmission & Grid (STG)**
The Petitioner has submitted a summary of works to be submitted under STG amounting to Rs. 5,451 million. As per the Petitioner, the works include new 132 kV grid stations and augmentation of existing grid stations, reconductoring and new works of transmission lines, works under ADB tranche II and III loan works. No cost benefit analysis or details of projects has been submitted.

11.3.4 **TOU Meters and other**
No relevant details or cost break-up has been submitted.

11.4 The Authority after careful consideration of the Petitioner's submitted information is of the view that the Petitioner has failed to provide a comprehensive reconciliation whereby the Petitioner would claim in advance that after carrying out the aforementioned investments, it would achieve a certain efficiency level with respect to T&D losses, customer service Or in terms of meeting the Authority's set Performance standards.

11.5 Despite the aforementioned, the Authority cannot ignore the importance of the investments which ensures smooth and reliable supply of electricity to the consumers. Based on the audited accounts of the Petitioner, it has incurred a capital expenditure of of Rs. 5,006 million & Rs. 4,820 million during the FY 2012-13 and FY 2013-14 respectively. The aforementioned amounts include the impact of consumer contribution to the extent of Rs. 2,192 million & Rs. 2,407 million respectively. Thus, net capital expenditure carried out through loans and own resources, works out as Rs.

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2,814 million and Rs. 2,413 million during the FY 2012-13 and FY 2013-14 respectively.

11.6 The Petitioner has also submitted an addendum to the tariff petition vide letter no. 241/CEO/LESCO dated January 21, 2015 and has requested the Authority to allow capital expenditure in respect of an Advance Metering Infrastructure (AMI) project to be deployed in the Southern and Central Circle of LESCO with the assistance of Asian Development Bank (ADB). The Petitioner has submitted final feasibility study and PC-1 of the proposal with the addendum. As per the Petitioner, the project is aimed at reducing distribution losses and improving revenue collection, enhance load control and load management, providing automated consumption data collection of all customers and modernizing the electricity metering and billing systems for entire company. The Petitioner has further submitted the scope of work as involving deployment of AMI meters for 1.1 million consumers, 11kV feeders, scanning transformers and establishment of AMI data centre. Also, the Petitioner stated the main objectives of AMI project as;

- Energy Loss Reduction;
- Improvement in Recovery;
- Demand Site Management;
- Operational Cost reduction; and
- Quality of service improvement.

11.7 The feasibility submitted by the Petitioner has given following estimate of the cost of project;

Amount in US$ million

Item	Total Cost	2015	2016	2017	2018	2019
A. Base Cost						
1. Metering Equipment	144.2	-	-	70.7	73.4	-
2. Communication Equipment	25.8	-	0.1	12.9	12.9	-
3. Systems	29.7	-	10.0	15.1	4.6	-
4. Installation	10.3	-	0.2	5.1	5.1	-
5. General Supervision	2.1	0.4	0.8	0.4	0.4	-
6. Implementation Consultant	3.4	0.7	1.4	0.7	0.7	-
7. Insurance	1.1	-	-	0.5	0.5	-
8. Training Costs	0.2	-	0.2	-	-	-
9. Social Information Program	0.6	-	0.1	0.3	0.1	-
10. Taxes and Duties	53.9	0.2	2.7	26.4	24.7	-

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Subtotal (A)	271.4	1.3	15.5	132.1	122.4	-
B. Contingencies	31.7	-	-	15.8	15.8	-
C. Financing Charges during Implementation	7.3	-	0.2	2.5	4.6	-
Total (A+B+C)	310.4	1.3	15.8	150.4	142.8	-

11.8 Furthermore, the financing of project shall be through following sources;

Source	Amount ($ million)	Share of Total (%)
Asian Development Bank (OCR)	238.0	76.7%
Asian Development Bank (ADF)	4.4	1.4%
Government of Pakistan	68.0	21.9%
Total	310.4	100.0%

11.9 In addition to the aforementioned, the Petitioner has requested for the following measures which are required to reduce T&D losses and enhance operational efficiency.

- Allow meter reading through HHU (Hand Held Unit) in all operation sub-divisions amounting to Rs. 309 million.
- Allow outsourcing of bill distribution in five operation circles and 3-rural divisions amounting to Rs. 30 million for 5 Months (Feb-June 2015).
- Allow outsourcing of meter reading in five operation divisions amounting to Rs. 114 million for 5 Months (Feb-June 2015).
- Allow securing of meters through special security slips/bonds amounting to Rs. 45 million.
- Allow reward for controlling theft of electricity.
- Allow reward for Rs. 72 million for collection from permanent disconnected defaulters.

11.10 On the request of AMI , the Authority considers that the project is an excellent initiative and encourages the Petitioner to undertake such investments which would lead to quality service , loss reduction, reduction in operational cost and improvement in recovery. The Authority while calculating the impact of investments on return has incorporated the relevant cost for the FY 2014-15. On the request of HHU , the Authority again consider it a very good initiative and direct the Petitioner to undertake the aforementioned investment on urgent basis and apprise the Authority on its completion timelines not later than 30th April, 2015.

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11.11 Based on the available record, arguments, evidence and the fact that these allowed investments indirectly affect the annual Return on Rate Base (RORB) for a DISCO, hence, while allowing investments for any control period the Authority has to keep in view the past trend of investment made by the Petitioner along with its funding arrangements and its previous trend of closing CWIP and transferring of useful assets from CWIP to operating assets. Based on the discussions in preceding paragraphs and the fact that the petitioner has failed to share any details of investment plans, the Authority has decided to allow the same amount of investments as allowed in the previous year. Consequently, it is expected that the Petitioner would be able to undertake the investment of Rs. 8,247 million during the FY 2014-15 (including the impact of consumer contributions of Rs. 3,495 million). Here it is pertinent to mention that the existing mechanism of determining RORB is self adjusting with respect to the benefits of investments, thus any investments beyond Authority's assessment, carried out by the Petitioner during the FY 2014-15, would be catered for in next year's returns.

11.12 The Authority hereby directs the Petitioner to submit the PC-1s of the investment plans requested in the Petition and actual investments undertaken last year not later than 30th June, 2015.

12. <u>Issue # 7. Whether Prior Year Adjustment calculated by the Petitioner is accurate?</u>

12.1 The Petitioner, in its petition requested an amount of Rs. 13,549 million under the head of Prior Period Adjustment. The Petitioner has provided the working of the requested Prior Period Adjustment. The Authority while evaluating the working observed that the Petitioner has not accounted for the difference between the impact of allowed prior year adjustment in the consumer- end tariff viz a viz the component of PYA already incorporated in the notified consumer-end during the FY 2013-14.

12.2 The Authority while deciding the motion for leave for review filed by the Petitioner against the tariff determination of the FY 2013-14, observed a credit entry of Rs. 3,084 million under the head of PPP in the financial statements pertaining to the FY 2013-14. The notes to accounts record it as an adjustment entry pertaining to the last year. From the available record, the Authority could not construe as on what account this credit note has been given to the Petitioner. In view thereof, the Authority directed the Petitioner to explain the reason thereof and otherwise it reserves the right to adjust the said cost in the next years determination. The Petitioner however failed to give any justification of the same. Considering the impact of the amount , the Petitioner is directed again to explain the reasons thereof not later than 30th June, 2015. Based thereon necessary adjustment, if any, will be made.

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12.3 The Authority after doing its own due diligence has worked out the following PYA;

		Rs. Million
	Notified reference PPP during the FY 2013-14	182,198
	Assessed Distribution Margin for the FY 2013-14	11,587
	Assessed PYA for the FY 2013-14	(2,766)
Add ;	1st Qrt's PPP adjustment pertaining to the FY 2013-14	3,400
Add;	2nd Qrt's PPP adjustment pertaining to the FY 2013-14	2,639
Add;	3rd Qrt 's PPP adjustment pertaining to the FY 2013-14	(326)
Add;	4th Qrt's PPP adjustment pertaining to the FY 2013-14	7,342
Less ;	Regulated PPP recovery on notified rates during the FY 2013-14	197,631
Less;	Regulated DM recovery on notified rates during FY 2013-14	10,658
Less;	Regulated PYA recovery on notified rates during FY 2013-14	18,990
Less;	Net impact of assessed & actual Other Income for the FY 2013-14	709
Add;	Impact of Consumer – Mix Variance for the FY 2013-14	(480)
Total Unrecovered/ (Over recovered) Costs for the FY 2013-14		**(24,150)**

13. <u>Issue #8. Whether the Petitioner's projected O&M Cost of Rs 20,239 million (Rs 1.24 /kWh) for the FY 2014-15 is justified?</u>

13.1 The Petitioner requested an amount of Rs. 20,239 million on account of O&M cost. According to the Petitioner its O&M expenses include salary and other benefits, cost of recoupment of HR, repair and maintenance, traveling allowance, vehicle maintenance allowance and other operating costs related to its distribution and supply business. A history of O&M expenses of the Petitioner is provided as here under:

Rs. In million

Description	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Audited	2015 Requested
Salaries & Other Benefits	7,547	8,733	11,119	13,360	14,114	15,754
Maintenance Expenses	1,220	1,109	964	996	1,472	1,579
Traveling Expenses	133	178	171	205	213	245
Vehicle Running Expenses	256	288	315	371	413	518

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Other Expenses	783	824	793	1,025	1,495	2,143
Total	**9,939**	11,132	13,362	15,957	**17,707**	20,239

13.2 Salaries Wages & Other Benefits

13.2.1 The Petitioner in its petition, submitted that since it was incorporated as a company in compliance with the power sector reform policy of the Government of Pakistan (GoP), and the WAPDA employees working in the Lahore Area Electricity Board gradually became employees of the Petitioner in terms of the Manpower Transition Plan, therefore, the Petitioner had to maintain the GOP pay scales and the terms of employment for the employees which were prevalent in WAPDA. The Petitioner further stated that for the purpose of this petition, it assumed an increase in basic pay @ 10% of running basic pay, along with the effect of annual increments which is 5% from December, 2014 onwards. The Petitioner stated that on these assumptions the working of salary and employee benefits comes out to be Rs. 9,382 million. The Petitioner also submitted a comparative view of actual expense in previous years and estimated expense for FY 2013-14 and FY 2014-15 as below;

Rs. In million

	2010-11	2011-12	2012-13	2013-14	2014-15
Description	Audited	Audited	Audited	Estimated	
Basic Pay and Adhoc Relief	1,738	2,862	3,003	3,031	3,181
Employee Benefits	3,631	3,471	4,752	5,563	5,892
Adhoc Relief 2014	-	-	-	-	309
Total	**5,369**	6,333	7,755	8,594	**9,382**
Percentage Change	-	18%	22%	11%	9%

13.2.2 The Petitioner in the Petition also stated that to cope up with the shortage of manpower in different functional areas, it has planned to initiate hiring against the vacant seats with reference to sanctioned strength based on best utility practices. The Petitioner further stated that it plans to hire against 3,023 vacant posts in different categories of functional areas. The Petitioner claimed the total financial impact of these hiring to be Rs. 868 million approximately. To support this estimate, the Petitioner has submitted a list of employees to be appointed in almost each cadre.

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13.2.3 The Petitioner further gave basis of estimation of employee's retirement benefits and stated that it has assumed the increase in each category of retirement benefits as 10% on the provisional figure of FY 2013-14. Accordingly, the year-wise comparison submitted by the Petitioner in the petition is as below;

Rs. In million

Description	2010-11	2011-12	2012-13	2013-14	2014-15
	Audited	Audited	Audited	Estimated	
Pension	2,317	2,919	3,685	3,532	3,886
Medical	380	650	727	786	865
Utility Expense	565	962	1,074	1,165	1,282
Leave Encashment	101	255	118	310	340
Total	**3,364**	**4,786**	**5,604**	**5,792**	**6,372**
Percentage Change	**1%**	**42%**	**17%**	**3%**	**10%**

13.2.4 The Authority has carefully evaluated Petitioner's request with respect to the additional recruitments ('replacement hiring within sanctioned yardstick' as referred by the Petitioner). It is matter of record that the Petitioner raised a similar request for additional recruitments against vacant posts in the tariff petition for the FY 2013-14 on the same grounds as in the current year. The Authority rejected the same in para 14.2.5 of the tariff determination for the FY 2013-14. The Authority has been explaining to the Petitioner that vacant posts is not the basis for requesting additional recruitments rather the Petitioner must quantify the benefits of additional recruitments in view of improved customer service, losses reduction, improvement in recovery etc. On these grounds, the Petitioner's request for allowing additional hiring within sanctioned yardstick of 3,023 vacant posts with total financial impact of approximately Rs. 868 million, is rejected. Here it is pertinent to mention that the Authority never approved any yard stick which is referred to by the Petitioner. Consequently, the Petitioner is directed to get the approval of the Authority its proposed strength yard stick justifying additional hiring with proper rationale and comprehensive recruitment plan based on best utility practices and its quantified benefits along with a comparison of existing state of affairs.

13.2.5 Here it is pertinent to mention that the Authority has already considered the Petitioner's contention that its work force is retiring each year and if their replacements are not made, the Company would not be able to meet the emerging

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growth and work efficiently and effectively, as valid. The Authority considering the importance of the issue has principally allowed the replacement hiring in the Petitioner's tariff determination pertaining to the FY 2012-13. The Petitioner intimated the Authority that as on 30th June, 2012, the financial impact of recruitments carried out during the FY 2009-10 and onwards is Rs. 599 million. Since the Petitioner's request was without any supported evidence therefore the Authority directed the Petitioner to get the reported figure verified by its Auditor and if it plans to carryout replacement hiring, a certificate from the Auditor of the Petitioner, certifying that the recruitment is done as replacement hiring with no additional/incremental cost impact. Any other recruitment, over and above the aforementioned, would only be allowed if it is substantiated with proper working and justifications, up to the satisfaction of the Authority. The Petitioner failed to submit any certificate to the Authority and also gave no update on compliance with this direction to date. The Authority keeping in view the quality of the compliance issued an audit frame work on the said direction, which is already communicated to the Petitioner vide its letter # NEPRA/R/TRF-100-DISCO/7332-41 dated 30th June, 2014. The framework was issued after the NEPRA Professional's several meetings with the representatives of different XWDISCOs and Auditor (M/s Deloitte & co). The revised format of report as per the applicable International Standard on Auditing (ISA) was agreed and consequently directions were given to all the XWDISCOs to submit the required certificate as per the agreed ISA and format of certificate.

13.2.6 The Authority had been deducting this cost in the last two tariff determinations, however, considering the fact that as per the approved future tariff methodology the Petitioner's reference/base expense would be established for a period of three years, the Authority consider it unjust on the part of the Petitioner if the same cost is disallowed again this year. In view thereof , the Authority has decided to allow this cost this year on a provisional basis. At the same time the Authority directs the Petitioner that if the required certificate is not provided before the finalization of the tariff determination pertaining to the FY 2015-16, the referred cost would be disallowed permanently and no further directions would be given to the Petitioner in this regard.

13.2.7 Considering the overall liquidity position in the power sector and in order to ensure that the Petitioner fulfils its legal liability with respect to the post retirement benefits, the Authority directed the Petitioner to create a separate fund in this regard before 30th June 2012. Subsequently, this deadline was extended by the Authority. The rationale was that the creation of funds would ensure that the Petitioner records it liability more prudently since the funds would be transferred to a separate legal entity. In addition to that these independent funds would generate their own profits, if kept separate from the company's routine operations and in the longer run reducing the Distribution Margin and eventually consumer-end tariff. The Petitioner has not

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submitted any compliance with this direction. During the tariff determination hearing for the FY 2014-15, the Petitioner informed the Authority that the fund has been created but pending with FBR division for final approval. The Petitioner subsequently shared no communication in this regard. The Petitioner has requested to allow provision of Rs. 6,372 million in respect of post retirement benefits fund. In view of the aforementioned arguments and the fact that no amount has been transferred in the fund, if created, the Authority has again decided not to allow provision in this regard and has decided to take actual payments as a base expense for future increases. Once the fund is created and evidence is shared in this regard, the amounts transferred to the fund shall be considered to be allowed as provision for retirement benefits.

13.2.8 The Petitioner has also requested the Authority to resolve the issue of post retirement benefits pertaining to employees retired before June 30, 1998. The Authority in its determination dated Jan 10, 2012, decided to hold separate meeting on the subject whereby the arguments of the Petitioner and WAPDA could be heard in the light of available evidences. Pursuant to which a presentation on the subject was given by the Petitioner on 30th May, 2013 and WAPDA's point of view was also heard separately. Subsequently, a final meeting on the subject was held on 22nd January, 2013. The following concluding and implementations points were emerged out of a long brain storming session;

- The matter not only pertains to the Petitioner but also to all the XWDISCOs, and GENCOs.
- In the light of Business Transfer Agreement (BTA) and subsequent Supplementary Business Agreement (SBTA), Pension SOPs 2002 and subsequent changes thereafter, the issue solely pertains between WAPDA , XWDISCOs and GENCOS.
- The issue has two components, one is the accumulated effect till 30th June, 2012 and the other is the subsequent ownership of these retired employees as the SBTA is not clear on it.
- Since aforementioned agreements were signed mutually between WAPDA and Others hence the Authority directed the WAPDA and Other (including Petitioner) to come up clearly on the settlement modality of accumulated costs in this regard till 30th June 2012 and a way forward for the future payments of these retired employees not later than 30th June, 2013.

13.2.9 During the last year's tariff determination the Petitioner along with other XDWDISCOs did not show any progress in this regard . In view thereof, the Authority decided to take the initiative at its own. In order to thrash out the issue, the Authority reviewed the documents (Business Transfer Agreement, Supplemental Business Transfer Agreement, Pension SOPs, Actuarial valuations at the time of unbundling of

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WAPDA etc) and held a consultative meeting with the representatives of WAPDA, Executive Director Legal, PEPCO and representatives of Ex-WAPDA DISCOs on 26th June, 2014. During the meeting, WAPDA maintained the stance that this cost needs to be borne by XWDISCOs from whose jurisdiction the pensioner is claiming pension, whereas DISCOs pleaded otherwise. During the meeting, representative of WAPDA and PEPCO referred to an Operation & Development Agreement (ODA) which was submitted vide letter no. MF/56/259 on 1st July, 2014.

13.2.10 After reviewing the submitted ODA and the documents mentioned above the Authority identified the following key facts ;

13.3 **Key Facts of the Case**

The Key Facts of the case are as below;

- That as per the 'Restructuring Reforms and Privatization of WAPDA-Executive Order' 24th October, 1998, WAPDA would only be in charge of water wing and the shares in the companies being set up to control WAPDA's power assets would be in the name of the President of Pakistan. Thus, WAPDA won't be having any interest in the XWDISCOs in the form of investment , once they are privatized.
- That upon unbundling of WAPDA, all the assets were transferred to DISCOs alongwith all related liabilities **with the exception of** post retirement benefit liability. The Accounting standard relevant to this liability, i.e., IAS-19, was not being implemented by WAPDA at the time of unbundling and its financial statements did not reflect any related obligation. Nevertheless, at the time of unbundling, an actuarial valuation was conducted to determine this post retirement liability of employees. The obligation related to existing WAPDA employees was transferred to XWDISCOs, however, the obligation related to retired employees was missed out and not shown in the financial statements of any XWDISCOs or WAPDA (Hydel).

13.3.1 Based on the principles of natural justice and on the fact that had WAPDA adopted IAS-19 at the time of unbundling , the liability of the retired employees would have been transferred to the XWDISCOs as the referred retired employees have served in the formations that are currently part of XWDISCOs. Further , in future WAPDA won't be having any interest in the form of investments, from where it would be generating any additional revenues. In view thereof , it can be fairly concluded that this cost needs to be borne by XWDISCOs.

13.3.2 Here it is pertinent to mention that since XWDISCOs have not booked the said cost in their financial statements. In view thereof, the Authority has principally decided that all cost of the XWAPDA retired employees upto 30th June, 2014, would be borne

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by WAPDA. However, any cost after 30th June, 2014 would be borne by XWDISCOs. Thus, the Petitioner is directed to submit its next tariff petition accordingly.

13.3.3 While assessing the Salaries, wages & other benefits (including post retirement benefits as discussed above), the GOP's recent announcement of 10% increase as adhoc allowance, the impact of replacement hiring carried out during FY 2009-10 and onwards (as discussed above), 5% annual increment, increase in Medical Allowance by 20% for employees in BPS 1-15 and the increase in Conveyance Allowance by 5% for employees in BPS 1-15, along with its effect on other benefits like inflationary increase on free electricity supply to employees has been accounted for.

13.3.4 Based on the discussion made in the preceding paragraphs, incorporating all the aforementioned increases, the Authority has assessed Rs. 10,733 million on account of salaries, wages and other benefits for the FY 2014-15.

13.4 Maintenance Expenses

13.4.1 The Petitioner requested Rs. 1,579 million on account of repair and maintenance. The Petitioner stated that the request is based on an increase in 5% over the provisional expense for the FY 2013-14. No further justification / break-up has been provided.

13.4.2 A review of audited financial statements of the Petitioner revealed that the actual expense under this head was Rs. 1,472 million in the FY 2013-14, which was 48% in excess of the actual expense for the FY 2013-14. The Petitioner has not provided any rational and justification for the increase; therefore the Authority directs the Petitioner to submit proper justification for this significant increase in repair and maintenance expense in FY 2013-14 from previous year not later than 30th June, 2015.

13.4.3 Despite the fact the Petitioner did not provide proper rational for increase in maintenance expenses the Authority cannot ignore the importance of routine maintenance for the Petitioner. Thus, keeping in view the impact of inflation, variation in the gross assets in operation due to addition of new consumers, new investments, past trend of actual costs and comparison with other DISCOs, the Authority has assessed repair and maintenance cost to the tune of Rs. 1,261 million for the FY 2014-15.

13.5 Traveling Expenses

13.5.1 The Petitioner in its Petition requested an amount of Rs. 245 million for the FY 2014-15. The requested amount is 15 % more than the audited figure for the FY 2013-14. The Petitioner has neither submitted any basis for requested increase nor substantiated its request with any evidence or details of the actual TA claims, designation wise,

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pertaining to the last year in order to justify its requested increase under this head. In view thereof , the Authority is constrained to rely on available record.

13.5.2 Based on the comparison with other DISCOs, Petitioner's submissions and its actual results in this regard, the Authority has decided to allow this cost to the tune of Rs 234 million for the FY 2014-15.

13.6 Vehicle Running Expenses

13.6.1 The Petitioner requested Rs. 518 million under the head of vehicle running expense for the FY 2014-15.The requested amount is 25% more than the audited expense for the FY 2013-14. The Petitioner has not submitted any basis of request nor substantiated its request with any evidence of actual fuel cost incurred etc.

13.6.2 The Authority is cognizant of the fact that vehicle maintenance cost is not only affected by the fuel prices but also with the variation in the number of vehicles of the Petitioner, which in turn is dependent on the distribution area of the Petitioner. In view of the aforementioned arguments, available evidence/information, past trend, fuel price fluctuations and comparison with other DISCOs, the Authority has decided to allow this cost to the tune of Rs. 422 million.

13.7 Other Expenses

13.7.1 The Petitioner requested Rs. 1,275 million for the FY 2014-15, pertaining to the expenses like rent, rates & taxes, power, light and water, bills collection charges, postage, telephone, office supplies, insurance expense, overhead expenses, Auditor's remuneration, NEPRA fee and charges, advertisement & publicity, provision of obsolete stores, miscellaneous expenses etc. The requested amount is 15% less than the audited expense for the FY 2013-14. However, the audited expense for the FY 2013-14 is 46% more than the audited expense for FY 2012-13. This increase is primarily owing to an expense recorded in respect of Energy Conservation. Note 13.4.1 of the audited financial statements explain this expense as incurred on Compact Fluorescent lamps (CFLs) pursuant to an agreement of Ministry of Water and Power, executed through Pakistan Electric Power (Private) Limited (PEPCO), with the supplier under ADB/AFO loan number 2552/8246 Pak Energy Efficiency Investment Program project-1. The note further states that as per the tender document, the quantity of CFLs purchased will be allocated to each XWDISCO as mentioned therein.

13.7.2 The Petitioner has also requested in the Petition to allow the cost of distribution of CFLs as 605 million under the head of O&M expenses. Here it is pertinent to mention that the Petitioner has not provided any further details or evidence to substantiate its request. In view thereof, the Authority has decided not to allow the same in the instant petition and directs the Petitioner that in order to substantiate its request , it may resubmit its request in the next year's petition along with all the relevant documents including agreement, communications and cost details in this regard.

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13.7.3 In view of the aforementioned and based on arguments, available evidence/information, past trend and comparison with the other DISCOs, the Authority has assessed the cost of Rs. 1,044 million on account of other expenses for the FY 2014-15.

14. Issue # 9. Whether the Petitioner's proposed depreciation charge of Rs 2,930 million (Rs 0.179 /kWh) for the FY 2014-15, is justified?

14.1 The Petitioner in its petition requested a depreciation charge of Rs. 2,930 million for the FY 2014-15 submitting that the request is based on the value of existing assets plus the addition in assets during FY 2013-14. The Petitioner further stated that as per the company policy, building and civil works are depreciated @ 2%, plant and machinery @ 3.5 %, office equipment, vehicles and other assets @ 10%.

14.2 The depreciation expense allowed to the Petitioner for the FY 2013-14 amounted to Rs. 2,214 million.

14.3 In order to make fair assessment, the Authority keeps in view the investments approved by it for the year. The Authority considers that after taking into account new investments, the Gross Fixed Assets in Operation for the FY 2014-15 will be Rs. 71,726 million. Accordingly the depreciation charge for the FY 2014-15 is assessed as Rs. 2,412 million.

14.4 After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2012-13 & FY 2013-14, the Authority has projected amortization of deferred credit to the tune of Rs.1,020 million for the FY 2014-15. Accordingly, the consumers would bear net depreciation of Rs. 1,392 million.

15. Issue # 10. Whether the Petitioner's projected Return on Regulatory Asset base of Rs 9,521 million (Rs 0.583 /kWh) for the FY 2014-15 is justified?

15.1 The return requested by the Petitioner for FY 2014-15 is Rs.9,521 million using a Rate of Return of 17.74%. The Petitioner has also submitted working of WACC, whereby it has assumed the Risk free rate as 12.83% as against the Authority's assessed rate of 9.2% for the FY 2013-14. Furthermore, the Petitioner has estimated cost of debt as 16.56%. The debt to equity ratio taken by the Petitioner is as 80:20 as determined by the Authority. Additionally the Petitioner has taken no impact of tax in computation of Cost of debt and submitted that Corporate tax has been treated as a pass-through item. The Petitioner explained that according to NEPRA tariff regime, taxes are a pass through item and are not absorbed by the Company and therefore, there is no tax shield effect and it is paying the same average cost of debt as given above i.e., 16.56%. The Petitioner additionally stated that tax rate

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reduction can only be used when tax is a liability of a Company and it gets a tax shield benefit on interest payment which is not the case with the Petitioner whose effective cost of debt is not lowered by tax rate. Here it is pertinent to mention that the issue of tax shield on the cost of debt was initially raised by the USAID PDP Team in the matter of all the XWDISCOs.

15.2 In addition to this, the Petitioner has included working capital requirement as part of Regulatory Asset base when calculating the Return on rate base. The Petitioner submitted the following working of RORB;

RORB = (RAB x WACC) + (Working Capital Requirement Base * 14%)

The Petitioner further stated working capital requirement base comprises of Trade Debts plus one month's O&M expenses and 6 months' Store and spares. The working capital requirement estimated by the Petitioner is Rs. 33,665 million and the cost requested is Rs. 4,713 million (Rs. 33,665 * 14%).

15.3 The Petitioner has used 10 years PIB Bond Yield of 12.83% as a risk free rate. The Authority has decided to reassess the risk free rate of return based on rate of return of Market Treasury bills having a maturity of one year as published by State Bank of Pakistan. The revised rate is 9.45%. As regard the cost of debt, the Authority has reviewed the details of loan re-payments submitted with the petition in the forms and audited financial statements of FY 2013-14 of the Petitioner. After careful evaluation of the same, the Authority has accepted the request and re-worked the cost of debt based on the weighted average cost of debt of all the loans appearing in the financial statements of the Petitioner. Consequently, the rate has been revised to 16.61%. Furthermore, the Authority had been taking post tax cost of debt based on the fact that any tax to be paid by Petitioner will be considered as pass through and would be adjusted as per actual payments made on this account. However, since the Petitioner is not taking any benefit of tax shield, the cost of debt to be taken in working shall be without any impact of tax shield i.e., 16.61%.

15.4 All the other factors remaining the same, the WACC has been re-worked as below;

$$
\begin{aligned}
ke &= RF + (RM - RF) \times \beta \\
&= 9.45\% + (8\% \times 1.33) \\
&= 20.09\%
\end{aligned}
$$

The cost of debt is taken as pre tax;

$$kd = 16.61\%$$
$$WACC = [ke \times (E / V)] + [kd \times (D / V)]$$

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Where E / V and D / V are equity and debt ratios respectively taken as 20% and 80%;

WACC = {20.09% x 20%} + {16.61% x 80%} = 17.31%

15.5 As regard the Petitioner's calculation and its treatment of working capital the Authority is of the view that the provided working ignores the critical factor of the date of invoicing from the CPPA to the Petitioner. In view thereof, the same is declined .

15.6 The Authority reiterates that in its opinion the Rate of Return should be reasonable enough to assure the confidence in the financial soundness of the utility company, and should be adequate to maintain and support its credit and enable it to raise money necessary for the proper discharge of public service. From the investor's or the company's point of view it is important that there be enough revenue not only for operating expenses but also for the capital cost of the business including the service of its debt. The Authority further considers that return to the equity should be commensurate with the return on investment of other enterprises having comparable risks. Thus, using the **Plain vanilla** WACC of **17.31%**, the Authority has assessed Rs. 3,086 million as return on rate base as per the following calculations:

Description	Rupees in Million	
	FY 2013-14 Audited	FY 2014-15 Projected
Opening fixed assets in operation	60,594	65,195
Assets Additions during the year	4,639	6,532
Closing Fixed Assets in Operation	65,195	71,726
Less: Accumulated Depreciation	20,792	23,204
Net Fixed Assets in operation	**44,403**	**48,523**
+ Capital Work in Progress (Closing)	3,621	5,336
Total Fixed Assets	48,023	53,858
Less: Deferred Credit	31,869	34,344
Total	16,155	19,515
Average Regulatory Assets Base		17,835
Return on Rate Base @ 17.31%		3,086

16. Issue # 11. Whether the Petitioner's projected Other Income of Rs 4,206 million (Rs 0.258 /kWh) for the FY 2014-15 is reasonable?

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16.1 The Petitioner has projected Rs. 4,206 million as other income for the FY 2014-15. The Petitioner stated that other Income includes markup on bank deposits, late payment surcharge, amortization of deferred credit and income from other sources. Explaining the basis for projection, the Petitioner submitted that due to declining KIBOR rates the profit on bank deposits is showing sharp decline and due to rising prices of material the income from non-utility operations is also declining sharply. The Petitioner stated that other than these two heads, it has assumed an increase in income of 10% from the last year's provisional expense. A detailed breakup as submitted by the Petitioner is as follows:

Rs. In million

Description	2010-11	2011-12	2012-13	2013-14	2014-15
	Actual			Prov./Est	Projected
Amortization of deferred credits	658	752	856	959	1,021
Late Payment Surcharge	1,433	1,786	1,226	1,348	1,483
Profit on bank deposits	1,385	938	840	840	840
Non-utility operations	274	384	315	315	315
Meter /Service rent	164	166	263	289	318
Service fee for collection of TV fee	129	132	144	148	153
Miscellaneous. income	112	49	76	76	76
Total	**4,155**	**4,208**	**3,720**	**3,976**	**4,206**

16.2 The XWDISCOs have been requesting to eliminate Late Payment charges from other income in the assessment. The request was based on the rational that the Authority has been disallowing markup on delayed payments to IPPs, at CPPA level, yet on the other hand late payment charges were included in the DISCO's other income passing on the benefit to this extent to the consumers affecting the DISCOs liquidity adversely. XWDISCOs requested to offset the two markups against each other. The Authority declined the request on the grounds that each company is different legal entity and in

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the absence of any bilateral agreements which govern the issue, the request cannot be accepted. Accordingly XWDISCOs were directed to enter into bilateral agreements with CPPA. The set deadline was passed and nothing concrete was on the ground. 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.

16.3 In view of aforementioned , the Authority decided to nominate a committee to be constituted from NEPRA professionals in order to conduct a brain storming session on draft PSA in the tariff 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 agreement, the XWDISCOs shall be obliged to pay CPPA late payment charge on delay payments of invoice.

16.4 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."

16.5 In view of aforementioned and disregarding the fact that the Petitioner has not mentioned about elimination of LPS from other income, the Authority hereby decides that the late payment charge recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA against respective DISCO only .i.e. CPPA cannot book late charge over and above what is calculated as per the relevant clause of the agreement to a respective DISCO only. The Petitioner is, therefore, directed to share the details of late payment charges recovered from consumers and any invoice raised by CPPA under the head of mark up on delayed payments for the FY 2014-15. The information must be submitted before the next tariff petition is filed. Here it is pertinent to mention that any remaining LPC, (i.e. after the off set) shall be adjusted from the revenue requirement of FY 2015-16 and in the event of non-submission of evidence of payment to CPPA, the entire amount of Late Payment charge recovered from consumers shall be made part of other income (and deducted from revenue requirement) in the FY 2015-16.

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16.6 In the light of above discussion, the Authority has assessed Rs. 3,118 million as Other Income which does not include late payment charge and includes amortization of deferred credit.

17. Issue # 12. Whether the proposed revenue requirement of Rs. 251,394 million at an average sale rate of Rs 15.40 /kWh for the FY 2014-15 is justified ?

17.1 Annual Revenue Requirement comprises of the following:

1. Power Purchase Price
2. Impact of T&D Losses
3. Distribution Margin
   i) O&M Expenses
   ii) Depreciation, RORB and Other Income
4. Prior Year Adjustment

17.2 For the assessment of annual revenue requirement each component of average tariff is discussed in detail in the previous paragraphs. However, the remaining components are discussed below;

17.3 Power Purchase Price (PPP)

17.3.1 The Petitioner has requested for a Power Purchase Price (PPP) of Rs. 12.82/kWh (Rs. 11.28/kWh unadjusted). As per the Petitioner, the projection is worked out based on multiplying the projected units purchased with the PPP rate determined by NEPRA for the FY 2013-14.

17.3.2 All the power generated from different sources is procured by the Central Power Purchasing Agency (CPPA) on behalf of DISCOs at the rates as per the Power Purchase Agreements (PPAs) as per the Authority's determination. The overall power purchase cost constitutes a pool price which is transferred to the DISCOs according to a mechanism prescribed by the Authority and notified by the Federal Government in the Official Gazette. The Power Purchase Price has been projected, which in turn formulates the reference values for the monthly fuel adjustments & quarterly adjustments with respect to Capacity and Transmission Charges.

17.3.3 From all the available sources i.e. hydel, thermal-gas, RFO, nuclear, coal and imports, a total gross of 95,892 GWh power is expected to be generated during the FY 2014-15. The estimated/projected source-wise generation and cost of electricity is given in the following table:

	Generation	Energy Charges

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Description	GWh	Share	Rs. Million	Share
Hydel	32,294	34%	3,224	0.46%
Coal	112	0.12%	419	0.06%
HSD	1,653	2%	32,888	5%
Thermal - RFO	37,277	39%	541,622	77%
Thermal - Gas	18,341	19%	101,684	14.50%
Nuclear	4,402	5%	5,820	0.83%
Mixed	1,108	1%	11,283	1.61%
Import from Iran	419	0.44%	4,416	0.63%
Wind	263	0.27%	0.5879	0.0001%
Bagasse	23	0.02%	143	0.02%
Total	95,892	100%	701,499	100%
Capacity Charge			228,145	
Total Generation Cost			929,644	

17.3.4 Here it is pertinent to mention that the aforementioned energy charge includes variable O&M charges. But as per the tariff methodology, variable O&M charges would not be made part of monthly fuel adjustment and would be adjusted as part of quarterly adjustment. From the above table it is clear that 39% of total generation is expected on Residual Fuel oil (RFO) but its share in overall energy cost is expected to be around 77%, which means that variation in generation mix and oil prices will have great impact on the cost of generation and will ultimately affect the consumer-end tariff. The RFO prices over the last year have shown a highly decreasing trend. During the FY 2013-14, the RFO price was projected at an average of Rs. 80,748 [excluding Sales Tax and including freight] per metric ton, whereby the RFO prices during the five months of the FY 2014-15 have remained an average of Rs. 69,610 [excluding Sales Tax and including freight] per metric ton and touched a low of Rs. 59,392 per metric ton. The RFO prices in Pakistan are not only affected by the international market but also by the Pak Rupee devaluation. Based on the international market condition, it can be presumed that this lower trend shall continue in the next seven months to come, consequently, for the FY 2014-15, RFO prices have been assumed on an average of Rs. 65,769 per metric ton [excluding Sales Tax and including freight] after incorporating the possible determinants of RFO prices. Following the previous generation trend, approximately 2% generation is expected to be generated on HSD due to the ongoing shortage of gas supply. The aforementioned generation is assumed in the light of ECC decision in the matter of Sapphire, Halmore, Orient and Saif whereby one turbine of these plants would run on HSD throughout the year. For the FY 2014-15, the HSD prices are being assumed on an average of Rs. 93.45 per litre [excluding Sales Tax]. The actual HSD price in first five months of FY 2014-15 remained on average Rs. 93.17 per

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litre. The gas prices are projected to increase by 30% w.e.f., July, 2014 based on an upcoming notification of OGRA that has been delayed due to unrest political situation in the Country. Consequently, the gas prices have been increased by 30% to Rs. 634.70/MMBTU for the entire FY 2014-15.

17.3.5 The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority in its latest determination with respect to NTDC.

17.3.6 NTDC shall charge the DISCOs formed consequent to the unbundling of WAPDA (termed as XWDISCOs) and K-Electric a transfer charge for procuring power from approved generating companies (termed as CPGENCOs) and its delivery to DISCOs for a billing period as under:

XTC = XCTC + XETC

Where:

XTC = Transfer charge to XWDISCOs & KESC

XCTC = Capacity Transfer Charge to XWDISCOs & KESC

XETC = Energy Transfer Charge to XWDISCOs & KESC

$$XCTC = \frac{CpGenCap + USCF}{XWD}$$

Where:

(i) CPGenCap = the summation of the capacity cost in respect of all CPGencos in Rs for a billing period minus the amount of liquidated damages received during the month.

(ii) XWD = the sum of the maximum demand of the XWDISCOs & KESC in kW recorded during a billing period at all the delivery metering points at which power is received by the XWDISCOs & KESC.

(iii) USCF = the fixed charge part of the use of system charges in Rs per kW per month.

$$XETC = \frac{CpGenE\ (Rs)}{XWUs\ (kWh)}$$

Where:

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(i)	CPGenE	=	the summation of the variable charge rate (Rs per kWh) approved for each of the CPGenCOs times the energy in kWh procured from the respective CPGENCO during the billing period.
(ii)	XWUs	=	the summation of the energy units (kWh) recorded at the delivery metering point of all the XWDISCOs & KESC during a billing period.

Energy transfer charge shall be calculated on the basis of units delivered after adjusting target transmission losses up to a maximum of 3%. NTDC shall, for the purpose of clarity intimate to all DISCOs the generation part of the Transfer Charge during a billing period by deducting from the Transfer Charge the Transmission Charge or Use of System Charges.

17.3.7 According to the above mechanism Rs. 45,758 million and Rs. 4,102 million is the share of the Petitioner on account of CpGenCap and USCF respectively for the FY 2014-15. The overall fixed charges comprising of CpGenCap and USCF in the instant case works out as Rs. 49,861 million, which translate into Rs. 1,245 /kW/month or Rs. 2.70/kWh.

17.3.8 The annual PPP for the FY 2014-15 in the instant case works out as Rs. 188,764 million. With the projected purchase of 18,458 GWh for the same period the average PPP turns out to be as Rs. 10.23/ kWh (Annex – IV). On the basis of 11.75% T&D losses, the PPP per kWh is assessed as Rs. 11.59/kWh.

17.3.9 Considering the timing of the determination the Authority has decided to include quarterly adjustment pertaining to the first quarter of the FY 2014-15. In the matter of Petitioner the 1st quarters PPP adjustment works out as Rs. 1,110 million .

17.4 Distribution Margin (DM)

17.4.1 The assessment of O&M Cost, Other Income, depreciation and RORB has been assessed in the preceding paragraphs.

17.5 Revenue Requirement

17.5.1 Based on the assessments made in the preceding paragraphs the Revenue Requirement for the FY 2014-15 is assessed as per the following details;

1.	Power Purchase Price		Rs. 188,764 Million
	CpGenE	Rs. 138,903 Million	
	CpGenCap	Rs. 45,758 Million	
	USCF	Rs. 4,102 Million	

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2.	Distribution Margin		Rs. 16,074 Million
	O&M Cost	Rs. 13,694 Million	
	Depreciation	Rs. 2,412 Million	
	RORB	Rs. 3,086 Million	
	Gross DM	Rs. 19,192 Million	
	Less: Other Income	Rs. 3,118 Million	
	Net DM	**Rs.16,074 Million**	
	Prior Year Adjustment		Rs. (24,150) Million
	1st Qrt PPP Adj		Rs. 1,110 Million
	Total Assessed Revenue Requirement		**Rs. 181,797 Million**

17.5.2 Based on the projected sales of 16,289 GWh for the FY 2014-15, the Petitioner's average sale rate works out as Rs. 11.16/kWh, consisting of Rs. 11.59/kWh of adjusted PPP, Rs. 0.9868/kWh of DM, Rs. 0.07/kWh of PPP Adjustment and Rs. (1.48) /kWh of Prior Year Adjustment.

17.5.3 This revenue would be recovered from the consumers during the FY 2014-15, through the projected units of 16,289 GWh, as per Annex – II.

18. Issue # 14. Whether Petitioner's request to allow creation of new circles, divisions and sub-divisions merits consideration?

18.1 The Petitioner, in the instant petition submitted that the cost of creation of new circles, divisions, sub-divisions and customer services be allowed. The Petitioner raised same request in the tariff petition for the FY 2013-14 and the Authority directed it to book an appointment for separate presentation on this issue.

18.2 Accordingly, the Petitioner was given an opportunity to present its case in a separate meeting planned on 9th July, 2014. The Petitioner failed to appear on the date and subsequently, gave the presentation on the date of hearing on tariff petition filed for the FY 2014-15. The Petitioner stated that it is filing request for the creation of 18 Sub Divisions, 6 Divisions and 2 Circles for the rationalization of existing Circles, Divisions and Sub-Divisions as per NEPRA's Standard and to deliver better service to customers. The Petitioner gave a detailed presentation and build up its case by stating that the excessive number of consumers merit creation of new circles. The Petitioner also submitted that the sub-division selected for bifurcation has line losses 5% in excess of the overall average line losses and the revenue 10% in excess of the average revenue calculated for each Sub Division of LESCO excluding the assessment of C2, C3 and B3, B4 connections. The Petitioner further stated that unmanageable area of jurisdiction of existing sub-division also merits its consideration for division.

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18.3 The Petitioner has not submitted any details of financial cost involved with the proposal. However, it enlisted following benefits of creation of new circles;

- Better Customer Service;
- Improvement in technical system;
- Decrease in customer complaints;
- Improvement in Power supply continuity;
- Efficiency in utility function and utility practices;
- Reduction in Administrative losses;
- Reduction in work burden on employees;
- Improvement in Recovery;
- Improvement in LESCO image.

18.4 During the presentation, the claimed benefits were discussed at length. The Petitioner has also requested for additional manpower for the new circles, divisions and sub-divisions. As per the Petitioner it would require 60 staff members for each sub-division (including 47 technical staff members and 13 general) .

18.5 The Authority considers that the proposal is beneficial for both .i.e. for the Petitioner's own operational management and for its consumers as well. In view thereof, the Authority sent the same proposal to all the XWDISCOs for their comments. Based upon the feedback from all XWDISCOs and the Authority's ongoing commitment to improve customer service, the Petitioner's proposal is principally accepted. However, the Petitioner is directed to send the cost estimates of the entire project to the Authority along with the completion timelines and quantified benefits not later than 30th June, 2015. The Authority also brings on record that this project of Petitioner shall be closely monitored by the Authority to check if it is achieving the claimed advantages. Consequently, the Petitioner is directed to also send the quarterly report of progress made on creation of new circles w.e.f., 30th June, 2015.

19. <u>Issue # 15. Whether the existing financial, administration and technical powers concentrated at different layers of hierarchy is required to be developed in order to provide better services from the door step of the consumer?</u>

19.1 In the meeting held on creation of new circles, the Petitioner also requested the Authority to consider its proposal for dissolution of powers to lower hierarchy of employees so that responsibility can be shared and delays in processing can be avoided. The Authority made the creation of new circles proposal and the instant proposal a separate issue in the tariff petition hearings of all DISCOs to get comments of DISCOs and other stakeholders.

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19.2 The Petitioner is directed to send the proposal on the delegation of administrative, financial and technical powers at different layers of hierarchy in writing no later than 30th June, 2015.

20. **Issue # 16. What are the concerns of the Petitioner on changing terms and conditions of lifeline consumers and Residential consumers?**

20.1 The matter of changing terms and conditions of lifeline and residential consumers was raised by Islamabad Electric Supply Company (IESCO) in the tariff petition for the FY 2012-13 and the Authority took comments of all XWDISCOs on the matter during the tariff determination process for the FY 2013-14. All the XWDISCOs agreed to the concern of IESCO and consequently, the Authority decided to conduct a separate hearing on this issue, ensuring that all the stakeholders are taken on board.

20.2 The hearing on this matter was scheduled on 8th July, 2014, inviting all the stakeholders, under a suo motto proceedings initiated by the Authority . The hearing was attended by representatives of IESCO and LESCO. The representatives of IESCO reiterated their stance and requested the Authority to modify the terms and conditions in the interest of well being of the consumers. No comments / intervention against the proposal were received. Consequently, the Authority proposes following modification to the terms and conditions of lifeline and residential consumers in Annex-V;

- The criteria for Lifeline consumers is modified to only those residential consumers having single phase electric connection with a limited sanctioned load upto 1 kW and consumption of less than 50 units.
- A floating average of six months consumption of lifeline consumers should not exceed 50 units.
- In case of detection billing under the category of lifeline consumers 1 year average floating billing must be less than 50 units.
- All government offices, educational institutes and mosques should be removed from the category of residential consumers.

20.3 Although the Authority has completed its consultative process but it still feels that before modifying the Terms & Conditions further analysis as to how much consumers will be reduced on monthly basis along with it financial implication from the Petitioner needs to be obtained. Accordingly the Petitioner is directed to give comments on the proposal before the next year's tariff petition for the settlement of this issue and also to share the financial impact of revision of criteria of lifeline consumers on its revenue.

21. **Issue # 17. What are the concerns of the Petitioner on TOU metering of cellular company connections and similar connections?**

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21.1 The matter of TOU Metering of cellular companies and the resulting losses claimed by DISCOs was raised by IESCO in the tariff petition for the FY 2012-13 and the Authority took comments of all XWDISCOs on the matter in the tariff determination hearings of FY 2013-14. All the XWDISCOs agreed to the concern of IESCO and consequently, the Authority decided to conduct a separate hearing on this issue, ensuring that all the stakeholders are taken on board.

21.2 Based on the Authority's decision, a hearing was held on 8th July, 2014, under a suo motto proceedings, inviting all the stakeholders. The hearing was attended by representatives of IESCO and legal representatives of Cellular Companies. The representatives of IESCO reiterated their stance and requested the Authority to discontinue the installation of TOU meters on these connections. Whereas, the legal representatives of Cellular companies objected to the proceedings and demanded that evidence of losses being faced by XWDISCOs should be produced and reviewed by cellular companies before they give any justification / evidence on the matter. The legal representatives further objected to the suo motto proceedings and named it as a brain storming session which needs to be followed by examination of evidence by cellular companies and further hearing opportunity. The legal representatives of IESCO objected to the concerns of cellular companies' representatives and offered to present all the facts to the Authority. The Authority, during the hearing, directed both XWDISCOs and cellular companies to provide their evidences in this regard to the Authority for consideration.

21.3 The parties to the proceedings have failed to submit any evidence before the Authority in support of their claim both during and after the hearing. The Cellular companies like Telenor, Mobilink and Ufone through their Counsel, M/s Aqlal Advocates later on submitted Motions in the matter of Suo moto proceedings vide letter dated 25th July, 2014 and made the following submissions;

- The respondent is unable to file proper evidence without the pleadings and summary of evidence of IESCO being shared with them;
- Contrary to Authority's understanding, there is no technical capability in the network operations centre (NOC) of the respondents to measure and record the peak vs off-peak consumption of the BTS sites;
- The consumption data as submitted with the motion shows lower consumption in peak hours and is available with IESCO. Consequently, Authority is requested to seek such data from IESCO and share the same with the Respondents for them to be able to file counter-comments thereon before the Authority proceeds to accept and act upon such IESCO data.

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- Rule 9(9) and 9(15) of the Tariff Standards and Procedure Rules, 1998 provides for establishing a detailed schedule for the orderly disposition of the proceeding, entailing, inter alia, for filing of interrogatories, discovery motions, objections and responses to objections and other procedural matters. Thus the instant proceedings have been conducted without summaries of evidence, any discovery, interrogatories or pleadings of the parties which precludes the Respondents from meaningful participation in the proceedings by presenting their case properly and effectively.

21.4 Based on aforementioned , the Petitioner sought the following relief;

- A detailed schedule for the orderly disposition of the proceeding, inter alia, for filing of interrogatories, discovery motions, objections and responses to objections and other procedural matters be established before further proceedings;
- After collection of all requisite evidence and giving adequate opportunities to the parties to consider and, if required, object to such evidence, declare close of evidence before the next hearing.

21.5 Although some initial information was provided by one of the Telecom sector company, however most of them went to the higher courts against the suo motto proceeding initiated by the Authority. The Honorable Islamabad High Court, dismissed their petition and the same was challenged before the Supreme Court of Pakistan. The decision of the Honorable Supreme Court is reproduced as here under given as hereunder;

> " This petition is, therefore, converted into appeal and is allowed. Consequently the impugned judgment dated 22.07.2014 is set aside. This however shall not prevent NEPRA from furnishing the information relevant to the notice issued in the press and to proceed with the hearing after adhering to the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rule, 1980."

21.6 In view of aforementioned, the Authority would proceed on the matter, in accordance with the decision of the Honorable Supreme Court.

22. Issue # 18. Whether the petitioner's claim for financial charges on loan obtained by Power sector for meeting fuel cost obligation towards the generation and oil companies is reasonable?

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22.1 The Petitioner has raised request before the Authority to allow the financial charges in respect of loan taken by Power Holding (Pvt) Limited and disbursed to XWDISCOs. As per the Petitioner, out of the disbursed amount, the share of LESCO is Rs. 9.3 billion and the Economic Coordination Committee (ECC) has decided that NEPRA shall allow the repayment and financing cost related to this loan in the tariff for recovery from the consumers.

22.2 The Authority denied the similar request of Petitioner made in the last year's tariff petition. The Authority considers that the loan was taken due to the inability of CPPA to pay to Power Producers which was caused due to the inability of XWDISCOs to pay CPPA on timely basis, which was in-turn related to inefficient recovery of bills from consumers. In view thereof, the Authority declines the Petitioner's request .As regard the ECC guidelines are concerned , the matter would be dealt separately.

23. Tariff based on Cost of Service Study model

23.1 The Power Development Program (PDP) of USAID has conducted a cost of service study for few DISCOs (IESCO, MEPCO, FESCO, LESCO and GEPCO) named as Fully Allocated cost of service study. This cost of service study is based on computation of cost of providing electricity to each consumer class and thereafter allocating the cost to each category and computation of tariff thereof. This study is based on international best practices and aims to map all the consumers of each DISCO with the cost centres and power distribution levels. The purpose of this study is to arrive at cost reflective tariffs giving proper price signals to the customers and to standardize the tariff-setting methodology and make it more understandable and agreeable.

23.2 The cost allocation model is based on certain standard assumptions as below;

- Energy Cost is 100% allocated on the basis of each customer class share in the total energy (kWh) received by DISCO at CDP points;
- Capacity Cost and Transmission cost is 100% allocated in the ratio of each customer class peak demand (kW) to the DISCO's computed peak demand.
- O&M cost to the extent of Repair and Maintenance, Depreciation, working capital (if any) and Other income is allocated to each level of power distribution (132/66kV, 11kV, 0.4/0.2kV) in accordance with the proportionate share of assets deployed to provide service at that voltage level divided by the total assets deployed for power distribution.
- Advertising expense and bill collection charges are allocated 100% on the basis of proportionate number of Customers in each customer class to the total number of customers.

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- Remaining heads of O&M cost, i.e., Salaries, wages and other miscellaneous expenses are allocated to each level of power distribution (132/66kV, 11kV, 0.4/0.2kV) based on the allocated distribution margin (excluding advertising, bill collection and administrative expenses) for that voltage level divided by DISCO's total distribution margin (excluding advertising, bill collection and administrative expenses).
- Other income and amortization of deferred credit is allocated to each level of power distribution (132/66kV, 11kV, 0.4/0.2kV) based on the allocated distribution margin (excluding administrative expenses) for that voltage level divided by DISCO's total distribution margin (excluding administrative expenses).
- Prior year adjustment is allocated on the basis of respective share of each customer category in every functionally classified item.

23.3 Based on these assumptions and actual data, a model has been worked out by PDP team and shared with NEPRA to assess the tariff based on cost of service. LESCO has also submitted the consumer end tariff computation based on this model.

23.4 The Authority has carefully evaluated the study conducted by the PDP Team and appreciates its efforts in this regard. The Authority sees that the Petitioner has complied with the directions of the Authority. This cost of service will be used to assess consumer category wise cross subsidization , which would help in minimizing tariff distortions if any , among the consumer categories.

24. Summary of Directions

24.1 The summary of all the directions passed in this determination are reproduced hereunder;

- To share data of actual consumer complaints and nature of complaints filed in the FY 2013-14 not later than 31st March, 2015.
- To minimize the consumer complaints in its area of jurisdiction and to share data of actual consumer complaints and nature of complaints filed in the FY 2013-14 not later than 31st March, 2015.
- To print bills with the snap shots of meter readings (both previous and current) not later than 30th April, 2015.
- The Authority had directed DISCOs vide Registrar's letter dated 21.12.2012 to submit their plans regarding introduction and expansion of Automatic Meter Reading System (AMR). DISCOs were also required to submit progress reports on NEPRA's directions. Subsequently vide letter No. NEPRA/R/L/LAD-

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21/9016-26 Dated 7th August 2014, the Authority also directed DISCOs to install AMR and Automatic Metering Infrastructure (AMI) at all of their Common Delivery Points (CDPs). It is noted that except for initiating certain pilot projects, DISCOs have not been able to show serious efforts on the installation of AMR and AMI systems.

- The Authority considers that one of the key reasons for high transmission and distribution losses in DISCOs is absence of any mechanism for tracking of electricity flow from the points of their electricity purchases (CDP) down to the final consumer. A reliable metering and recording system at every voltage level starting with the 132 kV grid, at the 11 kV and to 400 and 230 volts is therefore critical for not only elimination of theft, unaccounted for electricity and diagnosing technical problems, such systems would also enable NEPRA in analyzing DISCOs' genuine investment requirements. Consequently reduction in losses would help save billion of rupees annually and support GOP's efforts in eliminating circular debt. Reportedly the results through the model projects have been quite encouraging and noticeable reductions in the losses have been observed.
- The Authority therefore directs all DISCOs as follows:
  - To install AMR and AMI at all of their CDPs by December 31, 2015.
  - To install AMR and AMI on the receiving end of at least 30% of their 11 kV feeders (as existing on 30 June 2014) by 31st December 2015 and remaining 70% till June, 2016.
  - To initiate and install AMR/AMI at the consumer level in at least 10 of their high loss making subdivisions by 31st December, 2015 and remaining 70% by 30th June 2016.

- To submit a concrete recovery plan of its receivables and submit the required certificate from its Auditor on the authenticity of its debtors, not later than 30th June , 2015.
- To recover the amount of subsidy from the GoP and share communications not later than 30th April, 2015.
- To expedite the independent study of its system including 11 KV and below.
- To appraise the Authority on the completion timelines with respect to the investments pertaining to the HHU's, not later than 30th April, 2015.
- To submit the PC-1s of the investment plans requested in the Petition and actual investments undertaken last year not later than 30th April, 2015.

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- The Petitioner is again directed to explain the reasons of credit entry identified last year, not later than 30th April, 2015.
- To get the approval of the Authority on the proposed strength yard stick for additional recruitment justifying additional hiring with proper rationale and comprehensive recruitment plan based on best utility practices and its quantified benefits along with a comparison of existing state of affairs.
- To provide the replacement hiring certificate before the finalization of the tariff determination pertaining to the FY 2015-16,
- To submit reason for significant increase in repair and maintenance expense in FY 2013-14 from previous year not later than 30th April, 2015.
- Petitioner is directed to send the cost estimates of the entire project of creation of new circles, subdivisions to the Authority along with the completion timelines and quantified benefits not later than 30th April, 2015 and send quarterly report of progress made w.e.f., 30th April, 2015.
- To send the proposal on the delegation of administrative, financial and technical powers at different layers of hierarchy in writing no later than 30th April, 2015.
- To give comments on the proposal of life line consumer.
- To complete installations of TOU metering .
- To complete study of its Transmission and Distribution losses on 132 KV , 11KV and below .

25. ORDER

From what has been discussed above, the Authority hereby determines the tariff of the petitioner Company for the Financial Year 2014-15 as under:-

I. Lahore Electric Supply Company (LESCO) is allowed to charge its consumers such tariff as set out in the schedule of tariff for LESCO 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.

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

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i) Where only 132 kV system is involved

$$UOSC = DM \times \frac{(1-L)}{(1-0.01)} \quad Paisa/kWh$$

ii) Where only 11 kV distribution systems is involved.

$$UOSC = DM \times \frac{(1-L)}{(1-0.05)} \quad Paisa/kWh$$

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

$$UOSC = DM \times \frac{(1-L)}{(1-0.06)} \quad Paisa/kWh$$

Where:

Distribution Margin for FY 2014-15 is set at Rs 0.9868/kWh. 'L' will be the overall percentage loss assessment for the year set at 11.75% or FY 2014-15.

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

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

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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 Cost Component would include Energy Charge without Variable O&M.

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 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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Annex-II

Lahore Electric Supply Company (LESCO)
Estimated Sales Revenue on the Basis of New Tariff

(0)

Description	Sales GWh	Sales Mix	New Tariff (NEPRA) Fixed Charge Rs./kW/ Month	New Tariff (NEPRA) Variable Charge Rs./ kWh	Revenue (as per NEPRA) Fixed Charge Rs.Million	Revenue (as per NEPRA) Variable Charge Rs.Million	Revenue (as per NEPRA) Total
Residential							
Up to 50 Units	244	1.50%		4.00	-	975	975
For peak load requirement less than 5 kW							
01-100 Units	2075	12.74%		9.25	-	19,195	19,195
101-300 Units	2444	15.01%		11.00	-	26,889	26,889
301-700Units	986	6.05%		13.33	-	13,139	13,139
Above 700 Units	400	2.45%		15.00	-	5,995	5,995
For peak load requirement 5 kW & above	0				-	-	-
Time of Use (TOU) - Peak	37	0.23%		15.00	-	555	555
Time of Use (TOU) - Off-Peak	183	1.12%		9.50	-	1,736	1,736
Total Residential	**6,369**	**39.10%**			-	**68,485**	**68,485**
Commercial - A2							
For peak load requirement less than 5 kW	529	3.25%		16.00	-	8,471	8,471
For peak load requirement 5 kW & above							
Regular	227	1.39%	400.00	12.00	388	2,719	3,107
Time of Use (TOU) - Peak	96	0.59%		15.00	-	1,441	1,441
Time of Use (TOU) - Off-Peak	435	2.67%	400.00	9.50	910	4,135	5,045
Total Commercial	**1,287**	**7.90%**			**1,298**	**16,766**	**18,064**
Industrial							
B1	132	0.81%		12.00		1,586	1,586
B1 - TOU (Peak)	57	0.35%	-	15.00	-	851	851
B1 - TOU (Off-peak)	284	1.75%		9.50	-	2,702	2,702
B2	498	3.06%	400.00	11.50	650	5,728	6,378
B2 - TOU (Peak)	175	1.08%		15.00	-	2,629	2,629
B2 - TOU (Off-peak)	948	5.82%	400.00	9.30	1,465.27	8,815	10,280
B3 - TOU (Peak)	429	2.63%		15.00		6,436	6,436
B3 - TOU (Off-peak)	3630	22.28%	380.00	9.10	3,380	33,029	36,410
B4 - TOU (Peak)	104	0.64%		15.00		1,565	1,565
B4 - TOU (Off-peak)	645	3.96%	360.00	9.00	591	5,802	6,393
Total Industrial	**6,902**	**42.37%**			**6,086**	**69,144**	**75,230**
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts - less than 5 kW	1	0.01%		12.50	-	13	13
C1(b) Supply at 400 Volts - 5 kW and upto 500 KW	36	0.22%	400.00	12.00	36	431	467
Time of Use (TOU) - Peak	2	0.01%		15.00		30	30
Time of Use (TOU) - Off-Peak	9	0.06%	400.00	9.50	11	87	98
C2 Supply at 11, 33 kV upto & including 5000 KW	292	1.79%	380.00	11.80	253	3,441	3,694
Time of Use (TOU) - Peak	15	0.09%		15.00		221	221
Time of Use (TOU) - Off-Peak	66	0.41%	380.00	9.30	70	618	689
C3 Supply at 66 KV & above and sanctioned load above 5000 KW	59	0.37%	360.00	11.70	42	696	738
Time of Use (TOU) - Peak	0	0.00%		15.00		-	-
Time of Use (TOU) - Off-Peak	0	0.00%	360.00	9.10	-		-
Total Single Point Supply	**480**	**2.95%**			**412**	**5,537**	**5,950**
Agricultural Tube-wells - Tariff D							
Scarp	186	1.14%		12.00	-	2,230	2,230
Agricultual Tube-wells	80	0.49%	200.00	11.50	51	920	971
Time of Day (TOD) - Peak	134	0.82%		15.00		2,004	2,004
Time of Day (TOD) - Off-Peak	735	4.51%	200.00	9.10	557	6,691	7,248
Total Agricultural	**1,135**	**6.97%**			**608**	**11,846**	**12,454**
Public Lighting G	110	0.68%		14.00	-	1,541	1,541
Residential Colonies H	5	0.03%		14.00	-	66	66
Traction - I	1	0.00%		14.00	-	8	8
Total	**16,289**	**100.000%**			**8,405**	**173,392**	**181,797**

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SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
a)	For Sanctioned load less than 5 kW			
i	Up to 50 Units	-	4.00	
	For Consumption exceeding 50 Units			
ii	001 - 100 Units	-	9.25	
iii	101 - 300 Units	-	11.00	
iv	301 - 700 Units	-	13.33	
v	Above 700 Units		15.00	
b)	For Sanctioned load 5 kW & above			
			Peak	Off-Peak
	Time Of Use	-	15.00	9.50

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 customer charge 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

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
a)	For Sanctioned load less than 5 kW		16.00	
b)	For Sanctioned load 5 kW & above	400.00	12.00	
			Peak	Off-Peak
c)	Time Of Use	400.00	15.00	9.50

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

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SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)
B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
B1 (a)	Up to 25 kW (at 400/230 Volts)	-	12.00	
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00	11.50	
	Time Of Use		Peak	Off-Peak
B1 (b)	Up to 25 KW	-	15.00	9.50
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	15.00	9.30
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	15.00	9.10
B4	For All Loads (at 66,132 kV & above)	360.00	15.00	9.00

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.

C - SINGLE-POINT SUPPLY FOR PURCHASE IN BULK BY A DISTRIBUTION LICENSEE AND MIXED LOAD CONSUMERS NOT FALLING IN ANY OTHER CONSUMER CLASS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
C -1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-	12.50	
b)	Sanctioned load 5 kW & up to 500 kW	400.00	12.00	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00	11.80	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	11.70	
	Time Of Use		Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	15.00	9.50
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	15.00	9.30
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	15.00	9.10

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SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)
D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
D-1(a)	SCARP less than 5 kW	-		12.00
D-2	Agricultural Tube Wells	200.00		11.50
			Peak	Off-Peak
D-1(b)	SCARP and Agricultural 5 kW & above	200.00	15.00	9.10

Under this 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.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
E-1(i)	Residential Supply	-	15.00
E-1(ii)	Commercial Supply	-	16.00
E-2	Industrial Supply	-	12.00

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.

F - SEASONAL INDUSTRIAL SUPPORT 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 beginning of the season. Once exercised , the option remains in force for at least one year.

G - PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Street Lighting	-	14.00

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

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SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)
H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Residential Colonies attached to industrial premises	-	14.00

I - RAILWAY TRACTION

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Railway Traction	-	14.00

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Annex-IV

LESCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	1,839	1,849	1,827	1,613	1,407	1,362	1,181	1,269	1,254	1,315	1,672	1,867	18,458

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	**7.2561**
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	**0.2694**
CpGenCap	1.8750	1.8880	2.0255	2.3279	2.9619	2.8311	3.1588	2.5362	3.2753	3.1095	2.6015	2.0558	**2.4791**
USCF	0.1797	0.1851	0.1954	0.2188	0.2650	0.2485	0.2707	0.2138	0.2647	0.2551	0.2356	0.1904	**0.2223**
Total PPP in Rs. /kWh	**8.7917**	**8.7721**	**8.8830**	**10.1410**	**10.7975**	**11.4795**	**13.6083**	**10.3004**	**11.9435**	**11.2896**	**9.8896**	**9.3367**	**10.2268**

Rs in Million

Fuel Cost Component	11,944	11,939	11,751	11,835	10,277	11,041	11,657	9,217	10,158	10,029	11,333	12,750	**133,931**
Variable O & M	448	449	419	415	375	403	368	368	383	391	462	489	**4,972**
CpGenCap	3,449	3,492	3,700	3,755	4,167	3,857	3,732	3,220	4,108	4,089	4,351	3,839	**45,758**
USCF	331	342	357	353	373	339	320	271	332	335	394	356	**4,102**
PPP	**16,172**	**16,222**	**16,228**	**16,357**	**15,192**	**15,640**	**16,077**	**13,076**	**14,981**	**14,845**	**16,540**	**17,433**	**188,764**

It is clarified that PPP is pass through for all the DISCOs and its monthly references would continue to exist irrespective of the financial 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 Lahore Electric Supply Company (LESCO) 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

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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.

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 means Central Power Purchasing Agency (CPPA).

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%.

PART-II

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

A-1 RESIDENTIAL AND GENERAL SERVICES

1. This Tariff is applicable for supply to;

   i) Residences,
   ii) Places of worship,
   iii) Approved religious and charitable institutions,
   iv) Government and Semi-Government Offices and institutions,
   v) Government Hospitals and Dispensaries,
   vi) Educational institutions.

2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1 (a) tariff.

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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).

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 and also for water pumps and tube-wells operating on three phase 400 volts, other than those meant for the irrigation or reclamation of agricultural land.
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

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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.

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.
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

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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.

C SINGLE POINT (SINGLE-METERING) SUPPLY

"Single-Point Supply" for the purpose of this Tariff, means the supply given at one point:

i) To a licensee converted from a bulk supply status (who was procuring power from LESCO as a consumer prior to grant of license to LESCO) for the purpose of further distribution within its respective exclusive territory and jurisdiction.

ii) To a mix-load consumer not reselling 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-I SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having mix-load at a single 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-I(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-I(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

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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.

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 (a)

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.

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D-1 (b)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation and other consumers falling under Agriculture Supply having sanctioned load of 5 kW and above.
2. 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.
3. 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) for SCARP and D2 for Agricultural Supply, 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.

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

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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 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

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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.

"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.

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<u>Summary of Directions for LESCO</u>

The summary of all the directions passed in this determination are reproduced hereunder;

- To share data of actual consumer complaints and nature of complaints filed in the FY 2013-14 not later than 31st March, 2015.
- To minimize the consumer complaints in its area of jurisdiction and to share data of actual consumer complaints and nature of complaints filed in the FY 2013-14 not later than 31st March, 2015.
- To print bills with the snap shots of meter readings (both previous and current) not later than 30th April, 2015.
- The Authority had directed DISCOs vide Registrar's letter dated 21.12.2012 to submit their plans regarding introduction and expansion of Automatic Meter Reading System (AMR). DISCOs were also required to submit progress reports on NEPRA's directions. Subsequently vide letter No. NEPRA/R/L/LAD-21/9016-26 Dated 7th August 2014, the Authority also directed DISCOs to install AMR and Automatic Metering Infrastructure (AMI) at all of their Common Delivery Points (CDPs). It is noted that except for initiating certain pilot projects, DISCOs have not been able to show serious efforts on the installation of AMR and AMI systems.
    - The Authority considers that one of the key reasons for high transmission and distribution losses in DISCOs is absence of any mechanism for tracking of electricity flow from the points of their electricity purchases (CDP) down to the final consumer. A reliable metering and recording system at every voltage level starting with the 132 kV grid, at the 11 kV and to 400 and 230 volts is therefore critical for not only elimination of theft, unaccounted for electricity and diagnosing technical problems, such systems would also enable NEPRA in analyzing DISCOs' genuine investment requirements. Consequently reduction in losses would help save billion of rupees annually and support GOP's efforts in eliminating circular debt. Reportedly the results through the model projects have been quite encouraging and noticeable reductions in the losses have been observed.
    - The Authority therefore directs all DISCOs as follows:
        - To install AMR and AMI at all of their CDPs by December 31, 2015.
        - To install AMR and AMI on the receiving end of at least 30% of their 11 kV feeders (as existing on 30 June 2014) by 31st December 2015 and remaining 70% till June, 2016.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
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- To initiate and install AMR/AMI at the consumer level in at least 10 of their high loss making subdivisions by 31st December, 2015 and remaining 70% by 30th June 2016.

- To submit a concrete recovery plan of its receivables and submit the required certificate from its Auditor on the authenticity of its debtors, not later than 30th June , 2015.
- To recover the amount of subsidy from the GoP and share communications not later than 30th April, 2015.
- To expedite the independent study of its system including 11 KV and below.
- To appraise the Authority on the completion timelines with respect to the investments pertaining to the HHU's, not later than 30th April, 2015.
- To submit the PC-1s of the investment plans requested in the Petition and actual investments undertaken last year not later than 30th April, 2015.
- The Petitioner is again directed to explain the reasons of credit entry identified last year, not later than 30th April, 2015.
- To get the approval of the Authority on the proposed strength yard stick for additional recruitment justifying additional hiring with proper rationale and comprehensive recruitment plan based on best utility practices and its quantified benefits along with a comparison of existing state of affairs.
- To provide the replacement hiring certificate before the finalization of the tariff determination pertaining to the FY 2015-16,
- To submit reason for significant increase in repair and maintenance expense in FY 2013-14 from previous year not later than 30th April, 2015.
- Petitioner is directed to send the cost estimates of the entire project of creation of new circles, subdivisions to the Authority along with the completion timelines and quantified benefits not later than 30th April, 2015 and send quarterly report of progress made w.e.f. 30th April, 2015.
- To send the proposal on the delegation of administrative, financial and technical powers at different layers of hierarchy in writing no later than 30th April, 2015.
- To give comments on the proposal of life line consumer.
- To complete installations of TOU metering .
- To complete study of its Transmission and Distribution losses on 132 KV , 11KV and below .

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Annex-VII

List of Interested / Affected Parties to send the Notices of Admission /Hearing Regarding Petition filed by Lahore Electric Supply Co. Ltd. (LESCO) in respect of Consumer-end Tariff Determination

<u>Pertaining to the FY 2014-15</u>

*****

A. ***<u>Secretaries of various Ministries</u>***

1. Secretary
   Cabinet Division
   Cabinet Secretariat
   Islamabad

2. Secretary
   Ministry of Industries & Production
   'A' Block, Pak Secretariat
   Islamabad

3. Secretary
   Ministry of Water & Power
   'A' Block, Pak Secretariat
   Islamabad

4. Secretary
   Ministry of Finance
   'Q' Block, Pak Secretariat
   Islamabad

5. Secretary
   Ministry of Commerce
   A-Block, Pak Secretariat
   Islamabad

6. Secretary
   Privatization Commission
   EAC Building
   Islamabad

7. Secretary
   Planning and Development Division
   'P' Block, Pak Secretariat
   Islamabad

8. Secretary
   Ministry of Petroleum & Natural Resources
   'A' Block, Pak Secretariat
   Islamabad

9. Secretary
Irrigation & Power Department
Govt. of Punjab
Near Old Anarkali,
Lahore

10. Director General
National Tariff Commission
Ministry of Commerce
State Life Building No. 5,
Blue Area Islamabad

B. Chambers of Commerce & Industry, Telecom Companies, Interveners & General Public

1. President
The Federation of Pakistan
Chamber of Commerce and Industry
Federation House, Main Clifton
Karachi – 5675600

2. Chief Capital Office
The Federation of Pakistan
Chamber of Commerce & Industry
Aiwan-e-Sanat-o-Tijarat Road,
Sector G-8/1, Islamabad.

3. President
Lahore Chamber of Commerce & Industry
11, Shahrah-e-Awan-e-Tijarat
Lahore

4. President
Senior Citizen Foundation of Pakistan
5-P, Markaz G-7, Sitara Market
Islamabad

5. SHEHRI
206-G, Block – 2, P.E.C.H.S
Karachi – 75400

6. Chairman
All Pakistan Textile Mills Association (APTMA)
APTMA House, 44-A, Lalazar P.O. Box 5446
Moulvi Tamizuddin Khan Road

Karachi

7. Secretary
All Pakistan Textile Mills Association (APTMA)
97-A, Aziz Avenue,
Canal Bank Off Gulberg Road,
Lahore

8. Textile Working Group
30/7, Behind State Bank, Civil Lines,
Faisalabad.

9. Textile Working Group
97-A, Aziz Avenue, Canal Bank off Gulberg Road,
Lahore

10. Chairman
Pakistan Cotton Ginners Association, Karachi
1119-1120, 11th Floor, Uni Plaza,
I.I. Chundrigar Road,
Karachi.

11. Secretary
All Pakistan Textile Processing Mills Assocaition (APTPMA)
213 Main Susan Road
1st Floor, Ibrahim Plaza
Madina Town,
Faisalabad

12. All Pakistan CNG Association
Suite No. 6, 2nd Floor
Al-Mustafa Centre
Near Chandni Chowk,
Rawalpindi

13. TheNetwork for Consumer Protection
Flat No. 5, 40-A, Ramzan Plaza
G-9 Markaz, Islamabad

14. PTCL
Corporate Head Quarters, Block – E
G-8/4, Islamabad-44000

15. Chief Executive Officer
Mobilink
Mobilink House 1-A

Kohistan Road, F-8 Markaz
Islamabad

16. Chief Executive Officer
Ufone (Emirates Telecommunication Corporation Group)
13-B, F-7 Markaz
Jinnah Super, Islamabad

17. Chief Executive Officer
Telenor Pakistan (Pvt) Limited
13-K, Moaiz Centre Bhittai Road
F-7 Markaz, Islamabad

18. Chief Executive Officer
Zong
CMPak Limited
Kohistan Road, F-8, Markaz
Islamabad

19. Chief Executive Officer
Warid Telecom (Pvt) Limited
P.O. Box 3321
Lahore

20. Chairman
Pakistan Telecommunication Authority (PTA)
PTA Headquarters building
F-5/1, Islamabad

21. M/s Mohammad & Ahmed
Constitutional, Corporate & Tax Counsel
Ground Floor, Almas Tower, Begum Tassaduq Road
26-The Mall
Lahore

22. M/s Ittehad Chemicals Pvt Limited
39, Empress Road
Lahore

23. M/s Flying Board & Paper Products Limited
26 km, Lahore Sheikhupura Road
Sheikhupura

24. M/s Flying Paper Industries Limited
103 Fazal Road
St. John Park

Lahore Cant-54600

25. M/s Zaman Paper & Board Mills (Pvt) Limited
13-km, Sheikhupura Faisalabad Road
Sheikhupura

26. M/s Flying Cement Limited
103 Fazal Road
St. John Park
Lahore Cant-54600

27. M/s Pakistan Steel Melters Association, Lahore
30-S, Gulberg Centre
84-D/1
Main Boulevard, Gulberg-III
Lahore

28. M/s North Star Textile Mills
32-A, Garden Block
New Garden Town
Lahore

29. Pakistan hosiery manufacturers & Exporter Association
P-64/H, raja Road, Gulistan colony No. I
Faisalabad

C. Heads of Various Organizations

1. Managing Director
Pakistan Electric Power Company (PEPCO)
721-WAPDA House
Shahrah-e-Quaid-e-Azam
Lahore

2. Chief Operating Officer
CPPA
Room 107 WAPDA House
Shaharah-e-Qauid-e-Azam
LAHORE

3. Managing Director
Private Power and Infrastructure Board (PPIB)
House No. 50, Sector F-7/4
Nazimuddin Road
Islamabad

4 President

Institute of Electrical & Electronics Engineers of Pakistan (IEEEP)
4 – Lawrence Road
Lahore

5. President
The Institute of Engineers Pakistan
IEP Roundabout Engineering Centre
Gulberg – III
Lahroe – 54660

6. Chairman
Pakistan Engineering Council
Attaturk Avenue (East), G-5/2
Islamabad

D. **<u>Member Power WAPDA</u>**

1. Member Power
WAPDA
738 – WAPDA House
Shahra-e-Quaid-e-Azam
Lahore

E. **<u>Petitioner</u>**

1. Chief Executive Officer,
Lahore Electric Supply Company (LESCO)
22-A, Queens Road,
Lahore

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The News 27-08-14

National Electric Power Regulatory Authority (NEPRA)

NOTICE OF ADMISSION / HEARING

PETITION FILED BY LAHORE ELECTRIC SUPPLY COMPANY LIMITED (LESCO) FOR THE DETERMINATION OF ITS CONSUMER-END TARIFF PERTAINING TO THE FY 2014-15 BASED ON THE ACTUAL / ESTIMATED RESULTS OF THE FY 2013-14 AS TEST YEAR

All stakeholders, interested/affected persons and the general public are notified that Lahore Electric Supply Company Limited (LESCO) has filed a petition with the National Electric Power Regulatory Authority (NEPRA) for the determination of its consumer-end tariff pertaining to the FY 2014-15 based on actual / estimated results of the FY 2013-14 as test year.

SALIENT FEATURES OF THE PETITION

1. The petitioner has prayed for the determination of its consumer-end tariff pertaining to the Financial Year 2014-15, approval of Distribution Margin @ 1.745/kWh, Investment for Rs.10,737 million, line losses @ 12% and average sales rate/tariff at Rs.15.397/kWh with the following category-wise tariff: -

Description	Requested Tariff for the FY 2014-15		NEPRA Determined Tariff Pertaining to the FY 2013-14	
	Fixed Charges Rs./kW/M	Var. Charges Rs./KWh	Fixed Charges Rs./kW/M	Var. Charges Rs./KWh
Residential -A1				
For Peak Load Requirement less than 5 kW				
Up to 50 Units		4.00		4.00
1-100 Units		12.57		10.00
101-300 Units		14.90		12.33
301-700 Units		17.57		15.00
Above 700 Units		20.07		17.50
For Peak Load Requirement 5 kW & above				
Time of Day (TOU) - Peak		20.07		17.50
Time of Day (TOU) -Off-Peak		14.07		11.50
Total Domestic				
Commercial - A2				
For peak load requirement less than 5kW		20.07		17.50
For Peak load requirement 5 kW & above				
Regular	400	17.57	400	15.00
Time of Day (TOU) -Peak	-	20.07		17.50
Time of Day (TOU) - Off-Peak	400	14.07	400	11.50
Total Commercial				
Industrial				
B1 upto 25 kW (400/230 volts)		17.07		14.50
B1(b) upto 25 kW (Peak)		20.07		17.50
B1(b) upto 25 kW (Off-Peak)		14.07		11.50
B2(a) exceeding 25-500KW (400 volts)	400	16.57	400	14.00
B2(b) - TOU (Peak) (400 volts)	-	20.07		17.50
B2(b) - TOU (Off-Peak) (400 volts)	400	13.87	400	11.30
B3 - TOU (Peak) all loads upto 5000KW (11/33 Kv)	-	20.07		17.50
B3 - TOU (Off-Peak) all loads upto 5000KW (11/33 Kv)	380	13.77	380	11.20
B4 - TOU (Peak) all loads 66/132 kv and above	-	20.07		17.50
B4 - TOU (Off-Peak) all loads 66/132 kv and above	380	13.67	380	11.10

Continue on next page

Total Industrial				
Single Point Supply (Bulk)				
C1 (a) Supply at 400 Volts less than 5 KW		17.97		15.00
C1(b) Supply at 400 Volts- 5 KW& up to	400	17.07	400	14.50
Time of use (TOU) Peak	-	20.07		17.50
Time of use (TOU) Off Peak	400	14.07	400	11.50
C2 Supply at 11 Kv	380	16.87	380	14.30
Time of use (TOU) Peak	-	20.07		17.50
Time of use (TOU) Off Peak	380	13.87	380	11.30
C3 Supply above 11 Kv	380	16.77	380	14.20
Time of use (TOU) Peak	-	20.07		17.50
Time of use (TOU) Off Peak	380	13.77	380	11.20
Total Bulk Supply				
Agricultural Tube-wells - Tariff D				
Scarp D-1(a) less than 5 kW		17.07		14.50
D-2 Agricultural Tube Well	200	16.57	200	14.00
Scrap and Agriculture more than 20KW Time of use (TOU) Peak	-	20.07		17.50
Scrap and Agriculture more than 20KW Time of use (TOU) Off Peak	200	13.77	- 200	11.20
Total Agricultural Tubewell Tariff-D				
Temporary supply Tariff				
E-1 (i) Residential supply		20.07	-	-
E-1 (ii) Commercial supply		20.07		-
E-2 Industrial Supply		17.07		-
Total Temporary				
Public Lighting - Tariff -G		17.57		15.00
Housing Colonies - H		17.57		15.00
Railway Traction-I	-	17.57		15.00
Company Total				

In terms of rule 6 of NEPRA (Tariff Standards & Procedures) Rules, 1998, any interested person who desires to participate in the proceedings may file an intervention request within seven days from the date of publication of this notice. Such intervention request shall state the name and address of the person filing the same, objections and the manner in which such person is or is likely to be substantially and specifically affected by any determination in the proceedings. The intervention request may also contain the contentions of the person making the same, the relief sought and the evidence, if any, in support of the case. In the intervention request, the intervener may specifically admit, deny or explain the facts stated in the petition and may also state additional facts which are relevant and necessary for reaching a just and informed decision in the proceedings. The intervention request shall be signed verified and supported by means of an affidavit in the same manner as in the case of the petition. The intervener shall also serve a copy of the intervention request duly attested as true copy on the petitioner or his authorized representative and the petitioner may file a rejoinder to the intervention request which shall be filed before the commencement of the hearing.

3. Any person may also file the comments in the matter within 7 days of the publication and the Authority, if deemed fit, may permit participation of such person into the proceedings and also may consider those comments in the final determination.

4. All stakeholders and interested / affected persons are also informed that in order to arrive at a just and informed decision, the Authority has also decided to hold a hearing in the subject matter according to the date, time and venue as mentioned below:

Date:	September 9th, 2014 (Monday)
Time:	10:30 a.m.
Venue	Pearl Continental Hotel, Lahore

All communications should be addressed to:

Registrar NEPRA
NEPRA Tower Attaturk Avenue (East), Sector G-5/1, Islamabad.
Tele: 051-9206500/2013200; Fax 051-9210215/2600026
E-mail: office@nepra.org.pk

PID(I) No. 893/2014

For further information and to download the petition please visit www.nepra.org.pk

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Express: 27-08-14

نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (نیپرا)

نوٹس پذیرائی/عوامی سماعت

مالی سال 2013-14 بطور آزمائشی سال کے اصل/اندازاً نتائج کی بنیاد پر کنزیومر اینڈ ٹیرف برائے مالی سال 2014-15 کا تعین کرنے کیلئے لاہور الیکٹرک سپلائی کمپنی لمیٹڈ (LESCO) کی جانب سے دائر کردہ درخواست

تمام سٹیک ہولڈرز، دلچسپی کے حامل، متاثرہ افراد اور عوام کو مطلع کیا جاتا ہے کہ لاہور الیکٹرک سپلائی کمپنی لمیٹڈ (LESCO) نے مالی سال 2013-14 بطور آزمائشی سال کے اصل/اندازاً نتائج کی بنیاد پر کنزیومر اینڈ ٹیرف برائے مالی سال 2014-15 کا تعین کرنے کیلئے نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (نیپرا) میں ایک درخواست دائر کی ہے۔

درخواست کے اہم نکات

1۔ درخواست گزار نے کنزیومر اینڈ ٹیرف برائے مالی سال 2014-2015 کیلئے درج ذیل ٹیرف کیٹیگری کے لحاظ سے 1.745/kWh کے ڈسٹری بیوشن مارجن، 10,737 ملین روپے کی سرمایہ کاری، 12% لائن لاسز اور 15.397/kWh روپے کے اوسط سیلز ریٹ ٹیرف کی منظوری کی استدعا کی ہے۔

Description	Requested Tariff for the FY 2014-15		NEPRA Determined Tariff Pertaining to the FY 2013-14	
	Fixed Charges Rs./kW/M	Var. Charges Rs./KWh	Fixed Charges Rs./kW/M	Var. Charges Rs./KWh
Residential -A1				
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Up to 50 Units		4.00		4.00
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Time of Day (TOU) - Peak		20.07		17.50
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Total Domestic				
Commercial - A2				
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Time of Day (TOU) -Peak	-	20.07		17.50
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B3 - TOU (Peak) all loads upto 5000KW (11/33 Kv)	-	20.07		17.50
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B4 - TOU (Off-Peak) all loads 66/132 kv and above	380	13.67	380	11.10

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Total Industrial				
Single Point Supply (Bulk)				
C1 (a) Supply at 400 Volts - less than 5 KW		17.97		15.00
C1(b) Supply at 400 Volts- 5 KW & up to	400	17.07	400	14.50
Time of use (TOU) Peak	-	20.07		17.50
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Scrap and Agriculture more than 20KW Time of use (TOU) Peak	-	20.07		17.50
Scrap and Agriculture more than 20KW Time of use (TOU) Off Peak	200	13.77	200	11.20
Total Agricultural Tubewell Tariff-D				
Temporary supply Tariff				
E-1 (i) Residential supply		20.07		-
E-1 (ii) Commercial supply		20.07		-
E-2 Industrial Supply		17.07		-
Total Temporary				
Public Lighting - Tariff -G		17.57		15.00
Housing Colonies - H		17.57		15.00
Railway Traction-I	-	17.57		15.00
Company Total				

2- نیپرا کے (ٹیرف سٹینڈرڈز اینڈ پروسیجر) رولز 1998 کے رول 6 کے تحت دلچسپی کا حامل کوئی بھی فرد جو کارروائی میں شرکت کا خواہشمند ہو نوٹس ہذا کی اشاعت کے 7 روز کے اندر ایک دخل اندازی کی درخواست (intervention request) داخل کرسکتا ہے۔ دخل اندازی کی ایسی درخواست فرد کے نام اور فائل کرنے والے کے پتہ، اعتراضات اور طریقہ کار پر مشتمل ہوگی جس میں فرد درحقیقت یا بالخصوص کسی بھی طرح کارروائی کے فیصلے سے متاثر ہو یا اس کے متاثر ہونے کا اندیشہ ہو۔ کیس کی معاونت کیلئے دخل اندازی کی درخواست اسے داخل کرنے والے فرد کے دلائل، مطلوبہ مدد relief اور ثبوت، اگر ہو تو، پر بھی مبنی ہو سکتی ہے۔ دخل اندازی کی درخواست میں دخل انداز (intervener) درخواست میں درج حقائق کو بالخصوص تسلیم، انکار یا ان کی وجہ بیان کرسکتا ہے اور اضافی حقائق بھی پیش کرسکتا ہے جو کارروائی سے متعلق درست اور باخبر (Informed) فیصلہ کرنے کیلئے متعلقہ اور ضروری ہوں۔ دخل اندازی کی درخواست دستخط، تصدیق شدہ اور اسی حوالے سے ایک بیان حلفی کے ساتھ اسی طرح ہوگی جیسا کہ درخواست میں درج ہے۔ دخل انداز (intervener) بھی دخل اندازی کی درخواست کی ایک تصدیق شدہ نقل جمع کرائے گا جسے درخواست گزار یا اس کے مجاز نمائندے کی جانب سے اصل تصور کیا جائے گا اور درخواست گزار دخل اندازی کی درخواست کے عوض جواب الجواب (rejoinder) دخل اندازی کی درخواست جمع کروا سکتے ہیں جو سنوائی کے آغاز سے قبل جمع کروانی ہوگی۔

3- اس حوالے سے کوئی بھی فرد اشاعت کے 7 دن کے اندر تبصرہ داخل کرسکتا ہے اور اتھارٹی، اگر موزوں ہو، ایسے فرد کو کارروائی میں شرکت کی اجازت دے سکتی ہے اور ان کے حتمی تعین کیلئے ان تبصروں کو زیر غور لا سکتی ہے۔

4- علاوہ ازیں تمام ہم مفادکاران اور خواہشمند/متاثرہ افراد کو مطلع کیا جاتا ہے کہ انصاف اور آگہی پر مبنی فیصلہ تک پہنچنے کے لیے اتھارٹی نے درج ذیل تاریخ، وقت اور مقام کے مطابق زیر عنوان معاملہ کی سماعت کا بھی فیصلہ کیا ہے۔

تاریخ: ---------------- 08 ستمبر 2014 (بروز پیر)

وقت: ---------------- صبح 10:30

مقام: ---------------- پرل کانٹی نینٹل ہوٹل، لاہور

تمام خط و کتابت بنام مندرجہ ذیل کی جائے:

رجسٹرار نیپرا

نیپرا ٹاور عطا ترک ایونیو (ایسٹ)، سیکٹر G-5/1، اسلام آباد

فون: 200 2013-051، فیکس: 0215 921-051

ای میل: office@nepra.org.pk

www.nepra.org.pk