National Electric Power Regulatory Authority

Islamic Republic of Pakistan

Registrar

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No. NEPRA/TRF-283/MEPCO-2014/4264-4266
March 27, 2015

Subject: **Determination of the Authority in the matter of Petition filed by Multan Electric Power Company Ltd. (MEPCO) for the Determination of its Consumer end Tariff Pertaining to FY 2014-2015 [Case # NEPRA/TRF-283/MEPCO-2014]**

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority along with Annexure-I, II, III, IV, V, VI & VII (75 pages) in Case No. NEPRA/TRF-283/MEPCO-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

27.03.15

(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-283/MEPCO-2014

TARIFF DETERMINATION

FOR

MULTAN ELECTRIC POWER COMPANY

(MEPCO)

DETERMINED UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad
March 27, 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

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DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY MULTAN ELECTRIC POWER COMPANY (MEPCO) FOR DETERMINATION OF ITS CONSUMER END TARIFF

CASE NO. NEPRA/TRF-283/MEPCO-2014

PETITIONER

Multan Electric Power Company Limited (MEPCO),
MEPCO Headquarter,
Khanewal Road, Multan.

INTERVENERS

1. Multan Chamber of Commerce & Industry,
   Shahra-e-Aiwan-e-Tijarat O Sanat,
   Multan.

2. Anwar Kamal Law Associates,
   1-Turner Road, Lahore.

COMMENTATOR

1. Pakistan Cotton Ginner's Association
   PCGA House, M-D-A Road, Multan.

REPRESENTATION FOR PETITIONER

• Engineer Muzaffar Ali Abbasi	Chief Executive Officer
• Mian Ansar Mahmood	Finance Director.
• Mr. Rao Ziaurrahman Khan	C.E./ Customer Services director
• Mr. Malik Imtiaz Ahmad	Addl. Customer Services Director
• Mr. Jahangir Bhutta	Manager Finance (CP&C)

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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.

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25 3 KV

(Khawaja Muhammad Naeem)
Member

26.3.15

(Himayatuallah Khan)
Member

25/3/15

(Maj (Rtd) Haroon Rashid)
Member

(Habibullah Khilji)
Vice Chairman

(Brig (Rtd) Tariq Soddozai)
Chairman

26/3

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27.03.15

1. Background

1.1 Multan Electric Power Company Limited ("MEPCO") (hereinafter referred as petitioner) being a distribution licensee of NEPRA filed a tariff Petition for the determination of its consumer-end tariff pertaining to the FY 2014-15 based on actual/estimated results for FY 2013-14 as test year in terms of Rule 3(1) of Tariff Standards & Procedure Rules-1998 ("Rules"). The grounds and basis of the Petition along with relief sought as per Rule 3(2)(b) & (c) of Rules are described as under:

2. Grounds of Petition

2.1 The Petitioner submitted that the tariff has two components i.e. pass through cost and distribution margin. The major portion of pass through cost is power purchase which the company must pay on regular basis to ensure continuous flow of power in its distribution system. Distribution margin is equally important; the Petitioner must earn sufficient distribution margin and adequate stream of cash flow to maintain its system, discharge its financial commitments, invest on the augmentation and expansion of network and reasonable return to sponsors on their investment. MEPCO sought for the following relief:-

- Determine consumer end tariff as submitted.
- Accept revenue requirement computed by the Petitioner.
- Ensure recovery of required revenue by timely determination.
- Allow adequate O & M.
- Resolution of UOSC
- Acceptance of Investment Plan.
- Any Other relief which the Authority may deem proper.

3. Proceedings

3.1 In terms of rule 4 of the Rules, the Petition was admitted by the Authority on 30th September, 2014. 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 02nd November 2014 for hearing to be held on November 17, 2014 at Ramada Hotel, Multan. Due to logistics reasons the hearing was rescheduled and conducted on 14the November, 2014 at Avari hotel Lahore and notice of rescheduling was also published on November 9, 2014 in the newspaper and notices were also sent to all stakeholders accordingly.

4. Filing of objections/comments:

4.1 Comments/replies and filing of intervention request, if any, were desired from the interested person/ party within 7 days of the publication of notice of admission i.e. November 09, 2014, in terms of Rule 6 & 8. In response thereof, two intervention requests from Multan Chamber of Commerce & Industry and Anwar Kamal Law Associates along with the comments of

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Pakistan Cotton Ginner's Association were filed. The salient features of the contentions raised by the interveners and commentators as well as the reply given by the petitioner are given herein below:-

5. Multan Chamber of Commerce & Industry (MCCI)- Intervener.

5.1 The Intervener submitted its concerns as per following:-

- That in other provinces i.e. Sindh and KPK natural gas is available and industry is making self generation which is costing at Rs. 7/kWh and cost of the Petitioner is Rs. 18/kWh for Industry.

- That in the tariff petition, the Petitioner proposed Fix Charges of Rs. 500/kW from Rs. 400/kW and further the Petitioner is supplying electricity from 14 to 16 hours to the industry.

- Then Petitioner has asked for funding to improve services, quality and network expansion; the Authority to see that in previous years huge loans were taken and used but the result is in negative.

- That the line losses of the Petitioner are about 17 to 18% whereas the losses of other DISCOs like FESCO, IESCO and LESCO are around 10%. The Petitioner should be asked to give detail of line losses for at least 50 independent feeders in the Petitioner's area.

5.2 The Petitioner's reply to Multan Chamber of Commerce & Industry (MCCI):

The petitioner responded to MCCI as per following:-

- That the concern of the intervener is not valid as there is a uniform tariff policy of GoP throughout the country and the same tariff is applied in all DISCOs for all categories of consumers.

- That the industry is exempt from load shedding and there is no question of supplying 14 or 16 hours of electricity.

- That Petitioner has 149 dedicated out of 1070 feeders and the dedicated feeder is being provided on the cost deposit basis. Industrial connections installed on the distribution feeders cannot be provided supply through isolated / dedicated feeder as being cost oriented. For dedicated feeders, huge investment is required after taking into consideration of cost/Benefits Moreover, MEPCO is planning to invest on its overloaded feeders to provide relief/quality supply to its consumers.

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- The Petitioner submitted that the information regarding feeder-wise losses is forwarded to the Authority on quarterly basis.

6 <u>Anwar Kamal Law Associates (Intervener)</u>

- The intervener submitted that the public hearing was scheduled to be held at Ramada Hotel, Multan on 17th November 2014 but shifted to Lahore on 14th November 2014. Shifting of hearing is against the accepted principle that the hearing would be held to facilitate the consumers of the Petitioner.
- The intervener submitted that it has got too little time to submit its concerns regarding citizens/ consumers to participate meaningfully in proceedings being conducted by NEPRA, ostensibly in public interest and in order to come to at a just & informed decision. The consumers are severely handicapped by lack of both expertise and information. The Authority is requested to keep this in view.
- The Intervener stated that it has been reported in the business recorder on 10th November, 2014 that Auditor General of Pakistan (AGP) has given a finding that Ex WAPDA DISCOs have been burdened with loans, which are unlawful and which they have not taken at their own. The Intervener requests that an issue be framed for the hearing on the 14th as to how this loan has been booked by the Petitioner, how it is reflected in Petitioner's financial statements and what has been NEPRA's treatment of it?
- The Intervener further submitted that this issue is of paramount importance and holds for all XWDISCOs. Since the Authority has yet to approve tariffs of all XWDISCOs for FY 2014-15, it is requested that information be sought from all XWDISCOs and conveyed to the intervener. The Intervener submitted that it is also counsel of Mr. Ihsan Ullah Khan, a representative of farmers of the 'hard areas' of Khushab-Mianwali, and an intervener in FESCO's tariff petition for 2014-15.
- The Intervener showed a concern that its question, raised in QESCO's Tariff Petition for FY 2013-14 are still un-answered. Once NEPRA determines expenditures under particular heads, how do the DISCOs manage to change it? In other words. What is the legal Authority for the re-appropriations? An Issue, common to all EX-WAPDA DISCOs merits to be framed on these inter-related questions.?

6.1 <u>The Petitioner's reply to Anwar Kamal Law Associates:</u>

- In response to the concerns raised by the intervener, the petitioner replied that the intervener did not have any objection regarding any issue of the tariff petition. Therefore the petitioner can not respond to any concern which is not relevant to the tariff petition.

7. <u>Pakistan Cotton Ginner's Association (Commentator)</u>

- The Commentator submitted that the Petitioner has requested to increase Fixed charges from Rs. 400/kW to Rs. 500/kW. The Petitioner on average giving supply to our industry 12-16

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hours daily therefore, there is no justification to increase in fixed charges as Petitioner is not in position to supply 24 hour per day (30) days to industry.

- The Commentator stated that the rate to be increased for industrial tariff B-2, B-3 is very high as it has become very difficult to run the industry in Petitioner's area due to which the poverty level and un-employment is increasing day by day in Southern Punjab.

7.1 The Petitioner's reply to Pakistan Cotton Ginner's Association

- The Petitioner replied that fixed charges are built in the tariff. Moreover, the industry has been exempted from load shedding, therefore the concern of the commentator does not stand valid.
- The Petitioner stated that it has requested justified costs in its tariff petition for FY 2014-15.

8 FRAMING OF ISSUES

8.1 The following issues were framed for consideration. The same were communicated to the Petitioner and commentator for presenting written as well as oral evidence and arguments:-

I. Whether the petitioner has complied with the directions of the Authority given in the tariff determination for the FY 2013-14 in respect of following issues;

- To get the reported figures of replacement recruitments verified by its auditors and submit a certificate thereof from auditors if any.
- To expedite the settlement mechanism of retired employees with WAPDA.
- To ensure that PPA is complied with clause by clause in all sales and purchase of power and if there is any change required should be brought into the knowledge of the Authority.
- To submit quarterly progress report on the recovery of receivables against the proposed plan in the year 2013-14.
- To prepare cost/benefit analysis of investments being made showing a technical/financial analysis for loss reduction/savings etc.
- To ensure establishing control over O&M expenditures as per assessment by the Authority .

II. Whether the petitioner's projected purchases of 14,077 GWhs and sales of 11,751 GWhs for the FY 2014-15, are reasonable?

III. Whether the petitioner's proposed transmission and distribution losses of 16.50 % for the FY 2014-15 based on Actual/ provisional losses of 17.47 % for FY 2013-14, are justified?

IV. Whether the petitioner projected power purchase cost of Rs.148,046 million (Rs.12.599/kWh) for the FY 2014-15, is justified as against Actual/ provisional cost of Rs.145,798 million (12.75/kWh) for FY 2013-14?

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V. Whether the petitioner's projected O&M cost of Rs.13,346 million (Rs.1.135/kWh) for the FY 2014-15 based on the Actual/provisional cost of Rs.11,443 million (Rs.1.000/kWh) for FY 2013-14 after accounting for inflation/increments, is justified?

VI. Whether the petitioner's proposed depreciation charge of Rs.3,908 million (0.332 /kWh) for the FY 2014-15 as against the Actual/ provisional cost of Rs. 3,235 million (Rs.0.283/kWh) for FY 2013-14 after accounting for projected additions to fixed Assets, is justified?

VII. Whether the petitioner's projected Return on Regulatory Asset Base of Rs.6,767 million (Rs.0.5758 /kWh) for FY 2014-15 as against the Authority's approved return of Rs.2,595 million (Rs.0.249 /kWh) for FY 2013-14, is justified?

VIII. Whether the petitioner's projected other income of Rs.2,671 million (Rs.0.23/kWh) for the FY 2014-15 as against the Authority's approved Rs.3,796 million (Rs.0.35/kWh) for the FY 2013-14, is reasonable?

IX. Whether the petitioner's proposed Investment plan of Rs.20,458 million for the FY2014-15,is justified and keeping in view the prospective benefits as against the Authority's approved Investment of Rs.7,492 million for FY 2013-14?

X. Whether the Proposed revenue requirement of Rs. 199,902 million at an average sale rate of Rs.17.01 /kWh for the FY2014-15, is justified as against Authority's approved average sale rate of Rs.14.61/kWh for the FY2013-14?

XI. Whether the petitioner's claim of working capital requirement amounting Rs.1,040 million (Rs.0.09/KWh) for the FY2014-15 is reasonable and as per Authority directions?

XII. Whether the petitioner's Interest on loan obtained from PHPL amounting Rs.3,769 million for the FY2014-15,is justified?

XIII. Whether the prior year adjustment calculated by MEPCO Rs.23,528 million for the FY 2013-14 is accurate?

XIV. Whether the sales mix variance of Rs.2,169 million due to increase in life line consumer during the FY 2013-14 is justified?

XV. Whether the claim of UOSC Rs.9,442 million for the period from FY2009-10 to the FY 2013-14 is Justified?

XVI. Whether the existing service delivering structure of circles, divisions and sub-divisions etc can provide satisfactory services for supply of electric power to the consumer with the substantial expansion in the system?

XVII. 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?

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

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

8.2 On the basis of pleadings, evidence/record produced and argument raised during the hearing, issue-wise discussion and recommendation is given hereunder:

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9. HEARING

9.1 In order to arrive at a just and informed decision the hearing on the matter was conducted on 14th November 2014 at Avari Hotel Lahore. . The Interveners and general public also participated in the hearing. During the hearing, the Petitioner was represented by Chief Executive Officer of the Petitioner along with his financial and technical team.

10. Issue# 1 Whether the petitioner has compiled with the directions of the Authority given in the tariff determination for the FY 2013-14 in respect of following issues;

10.1 The Authority issued several directions in the tariff determination for the FY 2013-14; the compliance of each has been discussed under the relevant issues except the following:-

11. Direction # 5: To submit quarterly progress report on the recovery of receivables against the proposed plan in the year 2013-14.

11.1 In the determination of FY 2012-13, the petitioner was given direction for submitting a concrete recovery plan of its receivables for reducing circular debt. The petitioner submitted a recovery action plan with tariff petition of FY 2013-14. The petitioner envisaged Rs. 15,000 million to be recovered under the plan during FY 2013-14. In response to the direction, the Petitioner submitted that it is complying with the direction and submitting report to the Authority on quarterly basis.

11.2 On the basis of report submitted by the Petitioner, it is quite pertinent to mention that reported data does not provide any useful information regarding the recovery of receivables. The Petitioner did not reconcile either with its financial statements for the year or its action plan which was submitted along with tariff petition of FY 2013-14. It shows that the Petitioner did not comply with the direction of the Authority in its true spirit rather has been filing a raw data in this regard. The Authority issued this direction to the Petitioner with a purpose of bringing improvement in its liquidity and reducing the circular debt. After analyzing the audited financial statements of the Petitioner for FY 2013-14, it was observed that the amount of receivables is piling up since FY 2011-12 to FY 2013-14. The Petitioner failed to show that it recovered Rs. 15,000 million as per its submitted recovery plan.

11.3 The Petitioner is again directed to submit the progress of receivables by the end of April 30, 2015 duly reconciled with its audited financial statements and recovery action plan. The Petitioner needs to submit the reasons/justification for non-compliance of the Authority direction. The Authority expects that the report shall provided meaningful professional analysis.

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12. **Issue # 2. Whether the petitioner's projected purchases of 14,077 GWhs and sales of 11,751 GWhs units for the FY 2014-15, is reasonable?**

12.1 The Petitioner has projected its sales for the FY 2014-15 as 11,751 GWh assuming purchase of 14,077 GWhs. The Petitioner stated that its provisional sales during the FY 2013-14 remained around 11,437 GWh with provisional purchase of 13,859 GWhs as against the Authority's assessment of 12,250 GWhs and Sales of 10,413 GWhs after incorporating the T&D losses of 15% allowed by the Authority. The Petitioner informed that there was a sales growth of 15% during the FY 2013-14 against FY 2012-13, it has assumed 2.74% growth in its sales over the provisional sales of FY 2013-14. In support of its contention with respect to 2.74% sales growth for FY 2014-15 the petitioner did not provide any detail/justification regarding its projected units. It was further stated that the petitioner assumed T&D losses of 16.50% for estimating its sales. In support of its contention the following data was provided;

Electricity Purchased History & Forecast

YEAR	PURCHASED (MKWH)	GROWTH
2005-06	11250	14.03
2006-07	11767	4.60
2007-08	11517	(2.12)
2008-09	11091	(3.70)
2009-10	12245	10.40
2010-11	12471	1.85
2011-12	12453	(0.14)
2012-13	11962	(3.94)
2013-14 (Prov)	13,859	16
2014-15(Proj)	14,077	1.54

Electricity Sold History & Forecast

YEAR	SALES (MKWH)	GROWTH
2005-06	8941	12.52
2006-07	9571	7.04
2007-08	9388	(1.91)

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2008-09	9051	(3.59)
2009-10	9916	10.00
2010-11	10189	2.75
2011-12	10218	0.28
2012-13	9913	(2.98)
2013-14 (Prov)	10409	5.00
2014-15 (Proj)	11,751	2.74

12.2 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 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 assessed as 13,888 GWh as against 14,077 GWh projected in the instant case. After incorporating the 15% T&D losses target for the FY 2014-15 (discussed below) the sales target for the same period worked out as 11,804 GWhs.

13. <u>Issue # 3. Whether the petitioner's proposed transmission and distribution losses of 16.50 % for the FY 2014-15 based on Actual/ provisional losses of 17.47 % for FY 2013-14, are justified?</u>

13.1 The Petitioner has requested to set 16.5% T&D losses for FY 2014-15 against the actual T&D losses calculated as 17.47%. The Petitioner's performance for the last three years is indicated in the following table;

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YEAR	T&D Losses %	Transmission Losses %	Distribution Losses %	Investments Allowed Rs.(Mln)
Actual 2010-11	18.15	3.80	14.35	
Determined 2011-12	15.00	3.50	11.50	6,932
Actual 2011-12	17.94	3.74	14.20	
Determined 2012-13	15.00	3.50	11.50	8,697
Actual 2012-13	17.13	2.63	14.80	
Determined 2013-14	15.00	-	-	7,492
Provisional 2013-14	17.47	3.49	14.49	
Projected 2014-15	16.50	3.50	13.00	

13.2 While considering the above mentioned information submitted by the petitioner, it is evident that T&D losses have increased to 17.47% from determined 15% for FY 2013-14. In the tariff petition, the Petitioner did not provide the basis of its projected losses of 16.5%. The Petitioner has also not given reason for increase in losses despite the continued investments for the last many years. the Authority also failed to understand that the increase in Petitioners technical losses from 2.63% to 3.49% over FY 2012-13. The Petitioner's justification that T&D losses increased because of overloading of system due to 5% increase in supply of electricity in FY 2013-14 is also not supported with any evidence . The Petitioner reiterated that the lengthy transmission and distribution network has always been the main reason for such increase in losses.

13.3 It is quite pertinent to mention here that in the tariff petition of FY 2011-12, the Petitioner had requested T&D loss of 16.5% and even in the instant tariff petition for FY 2014-15 the Petitioner requesting the same level of losses. The Authority noted that huge investment of Rs. 23,121 million were made in the last three years for the improvement/expansion of the distribution network of the Petitioner, but there has been no improvement in the T&D losses rather the situation has further deteriorated. The Petitioner failed to correlate the investments with reduction in T&D losses as per above information. In response to the direction of the Authority to prepare cost/benefit analysis of investments being made showing a technical/financial analysis for loss reduction/savings etc., the Petitioner submitted the following information;

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COST BENEFIT ANALYSIS OF INVESTMENT MADE ON DEVELOPMENT PROJECTS (STG)

Year	Head	HT Proposal	Capacitor HT	LT Proposal	Avg: Cases(T/Fs)	Estimated Cost (MRs)	Technical Losses (MKWH)		Saving (MKWH)	Saving (MRs)
							Before Rehab	After Rehab		
2010-11	ELR /DOP Completed	16	18	165	610	522.02	38.14	16.38	21.76	181.69
2011-12	ELR /DOP Completed	39	31	786	324	1,085.07	88.24	44.72	43.52	348.18
2012-13	ELR /DOP WB/ADB Completed	44	38	313	626	834.397	92.1	66.15	25.95	216.69
2013-14	ELR /DOP WB/ADB Completed	50	50	500	1,000	908.423	137.03	70.67	66.36	662.25

COST BENEFIT ANALYSIS OF INVESTMENT MADE ON DEVELOPMENT PROJECTS (STG)

Financia l Year	A/C Head	Investment (Rs. Mln)	MVA Added (Rs.Mln)	Estimated Annual Increase in Sale (MkWh)	Estimated Annual Increase in Sale (Rs.Mln)
2011-12	ADB	425	78	53	160
	Own Resources	430	126	86.	258
	PM Package	510	78	53	160
	Total	**1365**	**282**	**193**	**578**
2012-13	World Bank	1442	208	142	427
	ADB	995	233	159	478
	Own Resources	1110	359	245	736
	Total	**3547**	**800**	**547**	**1640**
2013-14	World Bank	1296	78	53.	160
	Own Resources	1284	221	151	453
	PM Package	109	13	9	27
	Total	**2689**	**312**	**213**	**640**

13.4 During the hearing, the Petitioner explained that it achieved savings of 66.36 MkWh with a financial saving of Rs.662.25 million against investment in ELR/DOP for the FY 2013-14.
On the basis of information submitted above, the Petitioner has never been able to justify the statistics with its total investment allowed, reconciliation with its audit financial statements specially with cash flows statement. The information provided by the Petitioner lacks the

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authenticity and there is no logical sequence against the determined investments. The Authority strongly feels that the information provided by the petitioner can not be relied upon in arriving at an informed decision. In view thereof the petitioner is directed to submit the future report of cost/benefit analysis with all of its reconciliations i.e. total investment allowed with audited financial statements indicating the improvement in efficiency.

13.5 The concern raised by the intervener (MCCI) regarding high T&D losses of the Petitioner comparing other DISCOs has to be seen in view of the distribution network of each DISCO and the flow of electricity.

13.6 In compliance of Authority's direction the petitioner carried out a study, which was submitted to the Authority in the tariff determination of FY 2012-13 the issue of T&D losses along with its study was discussed in detail at Para 11 of Issue # 5. On the basis of concerns raised by the technical division regarding issue of software in the study carried out by M/s Barqaab, the Authority directed the Petitioner to address the concerns raised by the technical division. In response to the direction of the Authority, the Petitioner conducted sample technical study on new software i.e. synerGEE provided by USAID. The Petitioner based its technical study on SynerGEE and conducted for small sample feeders only. The Authority in the last determination of FY 2013-14 did not accept the small sample size of feeders and assessed T&D losses on target losses on benchmarks and fixed at 15% accordingly.

13.7 In the absence of independent study, the Authority would keep on relying the evaluation of the results of the studies carried out by the technical division for all DISCOs unless and until studies of T&D losses are not completed. However, the study conducted by the Petitioner on SynerGEE with a small sample size, the Authority on the recommendation of the technical division directs the Petitioner to extend the study on all of its feeders and submit the report by the end of June 30, 2015.

13.8 Based on the submission, arguments and evidence by the petitioner and evaluation of the results of the studies carried out by the technical division, the Authority rejects the claim of the petitioner and assesses the T&D losses as 15% for the FY 2014-15 in the instant case.

14. Issue # 4 Whether the petitioner projected power purchase cost of Rs.148,046 million (Rs.12.599/kWh) for the FY 2014-15, is justified as against Actual/ provisional cost of Rs.145,798 million (12.75/kWh) for FY 2013-14?

14.1 The matter has been discussed at Para # 20.3

15. Issue # 5 Whether the petitioner projected O&M cost of Rs.13,346 million (Rs.1.14/kWh) for the FY 2014-15 based on the Actual cost of Rs. 14,641 million (Rs.1.24/kWh) for FY 2013-14 after accounting for inflation/increments, is justified?

15.1 The Petitioner requested an amount of Rs. 13,346 million on account of Operations and Maintenance (O&M) expenses for FY 2014-15. It was stated that the actual O&M expenses

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during FY 2013-14 were Rs. 14,641 million as against the allowed O&M cost of Rs. 8,644 million for FY 2013-14. The Petitioner submitted the following breakup;

Rs. Million

S. No.	Expense Head	Determined 2013-14	Actual (Audited) 2013-14	Projected 2014-15
1	Salaries, wages and employees cost	6,322	8,668	9,924
2	Travelling Allowance	558	617	600
3	Repair and Maintenance	726	986	1,300
4	Vehicle Running	279	346	345
5	Miscellaneous Expenses	759	1,040	1,177
	Total	**8,644**	**11,657**	**13,346**

For making fair assessment of the O&M expenses, the head wise analysis is given in the following paragraphs.

15.2 Salaries, Wages & Other Benefits:

15.2.1 The analysis of the actual expenditure on Salaries, Wages and Benefits for the last three years indicates that the petitioner's projected cost for Salaries, wages and Benefits for FY 2014-15 is 14.50 % higher than the actual expenditure of FY 2013-14 whereas it is 57% higher than the determined figure of FY 2013-14 as indicated in the following table:

Rs. Million

Head of Account	2011-12		2012-13		2013-14		2014-15
	Determined by NEPRA	Actual	Determined by NEPRA	Actual	Determined by NEPRA	Actual	Proposed
Salaries, Wages & Benefits	4,616	6,740	5,405	8,016	6,322	8,668	9,924
+/- over actual			-19.81%	19%	-21.13%	8.13%	14.50%
+/- over NEPRAs allowed cost		46%	17.09%	48.30%	16.97%	37%	57%

15.2.2 During the hearing, the Petitioner explained the major attributors for increase in Salaries & Wages for the year 2014-15. The increase has been projected in Adhoc relief of 10% announced by GOP having an impact of Rs.241 million, Rs.63 million increase on account of annual increments, Rs. 58 million increase in medical and utility expenses, other expenses Rs. 91 million, an increase of Rs. 986 million as a result of new induction and provision for retirement benefits comes to Rs. 842 million.

15.2.3 While justifying the recruitment of staff in the year 2013-14, the petitioner contended that its total sanctioned strength is 22,967 personnel whereas its working strength is 16,625

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employees; thus it has 6,342 positions vacant. As per the bifurcation provided by the petitioner in technical cadre 76 positions are vacant in the officers' category whereas 3,027 positions are vacant in the official category. Similarly in the non-technical cadre 34 positions of officers and 3,205 positions of officials are vacant. The following is the detail of current strength as provided by the petitioner;

Technical/Non Technical Working Strength under MEPCO:-

Sr.No.	Category	Cadre	Sanctioned	Working	Vacant
1	Officers	Technical	437	361	76
		Non-Technical	164	130	34
2	Officials	Technical	14,093	11,066	3,027
		Non-Technical	8,273	5,068	3,205
			22,967	16,625	6,342

15.2.4 In order to verify the petitioner's claim for allowing additional cost on account of additional recruitment during the period from 2009 to 2014, the petitioner was given direction in the tariff determination 2012-13 to submit a certificate from external auditor in this regard. The petitioner has furnished a certificate from the auditor M/s Yousaf Adil Saleem & Co (Deloitte) certifying that 3,912 employees were inducted from 2009 to 2014 having a financial impact of Rs. 2,049.83 million against 3,321 employees retired during the same period which has the financial impact of Rs. 2,332.22 million. From the analysis of the statement of financial impact of Recruitment and Retirement from July 1, 2009 to June 30, 2014 as furnished by the Auditor, the Petitioner has over-recovered Rs. 382.39 million on account of additional hiring against retirement cost which is required to be adjusted as a reduction in the head of Salaries & Wages during the FY 2014-15.

15.2.5 As per the submission of the Petitioner regarding sanctioned and working positions, it is hereby clarified that since the Authority has never accepted WAPDA 's approved yardstick on which the Petitioner is arguing and based its proposed additional recruitments in the determination of FY 2012-13, the Authority while disallowing the Petitioner's request on approval of yardstick in April 2013 highlighted that international reference should have been included in the overall working with an important question that if the Authority allows such yardstick then how it will have a positive impact in the life of the consumers along with efficiency improvement in the operations of the company specially in sales/profit. The Petitioner did not follow the direction of the Authority and could not justify its yardstick thereafter.

15.2.6 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

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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. Finally, the Petitioner has complied with the Authority's direction of creation of fund in respect of which the deadline given by the Authority.

15.2.7 On the issue of retired WAPDA employees before 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.

15.2.8 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 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.

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

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15.2.10 **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).

15.2.11 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.

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

15.2.13 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 2009-14 (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 has been accounted for.

15.2.14 Based on the discussion made in the preceding paragraphs, incorporating all the aforementioned increases, the Authority has assessed Rs.6,649 million on account of salaries, wages and other benefits for the FY 2014-15.

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15.3 Maintenance Expenses:

15.3.1 The petitioner requested Rs.1,300 million for FY 2014-15 on account of maintenance expenses. In support of its request the petitioner submitted the following comparative breakup of its expenses since FY 2009-10;

Description	Projected	Actual	Actual	Actual	Actual	Actual
	2015	**2014**	**2013**	**2012**	**2011**	**2010**
Offices & Res. Buildings	35	30	26	10	21	18
Grid Stations	250	45	45	67	52	33
Transmission Lines	50	8	8	4	5	6
Distribution Transformers	375	370	540	463	253	161
Service Drops	200	185	117	108	132	83
Meters etc.	350	318	247	283	345	285
General Equipments	30	15	21	11	8	6
Others	10	15	7	6	5	5
Total:-	**1,300**	**986**	**1,007**	**952**	**821**	**597**

15.3.2 From the above table it is evident that the petitioner's audited maintenance expenses were Rs.986 million for FY 2013-14, which are 31% more than the Authority's allowed number of Rs.752 million for the FY 2013-14. The same are 2% less as compared to actual of Rs.1,007 million for FY 2012-13. While justifying its request the petitioner submitted Repair & Maintenance expenditure has been projected on account of increase in prices of construction materials, repair of office equipments and extension in distribution network.

15.3.3 After analyzing the Petitioner's submission, it is observed that 75% of the total expenditure consists of maintenance of Grid Stations, Distribution Transformers and Meters etc. Having considered the petitioner's arguments, the Authority considers that the petitioner's request is substantially higher than the assessment of Rs.752 million for the FY 2013-14 but still merits consideration particularly in the context of envisaged improvement and reliability of the petitioner's system and keeping in view the inflationary trend. Accordingly the Authority has assessed Rs. 835 million in the instant case for the FY 2014-15.

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15.4 Traveling Expenses:

15.4.1 The Petitioner has projected Travelling expense of Rs.600 million for FY 2014-15, which is about 7.53% higher than the Authority's assessed cost of Rs. 558 million for FY 2013-14. This is about 2.75% less than the actual cost Rs.617 million as per the audited accounts for the FY 2013-14.

15.4.2 While justifying its request the Petitioner stated that it has the largest network in the country, the employees have to travel long to attend the complaints of the consumers, to maintain the system to ensure un-interrupted supply of electricity and other related matters for which they are paid TA/DA as per rates announced by Federal Government. The Petitioner further submitted that the number of consumers is increasing day by day and the new division/sub-division are expected to be operative in financial year 2014-15.

15.4.3 Having analyzed the submission, the Petitioner's request seems reasonable keeping in view the past trend of the expenditure, the Authority in the instant case allows Rs. 600 million for travelling expenses for FY 2014-15.

15.5 Vehicle Running Expenses:

15.5.1 The Petitioner requested Rs. 345 million under the head of Vehicle maintenance for the FY 2014-15. The actual cost on this account as per the audited accounts for the FY2013-14 is Rs.346 million as against the allowed cost of Rs.279 million.

15.5.2 While justifying the requested, the Petitioner stated that its service area comprises of 13 districts of southern Punjab having largest network and consumers in the country. The vehicles have to run for attending complaints, maintenance of the system and other related matters of the company. There is continuous upsurge in the prices of the petrol, diesel, Mobil oil and spare parts of the vehicles. According to the petitioner since its service area is the largest among all the DISCOs in the Punjab province and it has the largest network in the country; therefore the comparison of vehicle expense with other DISCOs does not seem appropriate. Moreover, the petitioner's Board of Directors has approved new operation sub-divisions; therefore it has requested Rs. 345 million for FY 2014-15.

15.5.3 The petitioner's request and arguments have been considered in the context of service territory of the petitioner. While making fair assessment the fact that the vehicle running cost is not only affected by the increase in fuel prices but also with the variation in the number of vehicles of the Petitioner cannot be ignored. However, oil prices have been showing a significant downward trend for the last many months, therefore considering such decrease, the expenditure should be less than before. The petitioner is also expected to adopt efficiency measures to remain within reasonable limit. In view of the aforementioned reason, past trend, the Authority has assessed vehicle running cost to the tune of Rs. 307 million for FY 2014-15 in the instant case.

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15.6 Other Expenses:

15.6.1 The Petitioner requested Rs.1,177 million for FY 2014-15 pertaining to the Other 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 projected expenditure is 13.17% higher than the actual expenditure of Rs.1,040 million (audited) for FY 2013-14 and 55.07%% higher than the Authority's assessment of Rs.759 million for FY 2013-14. The Petitioner further stated that to provide the full security at Grid Stations and other installations of Petitioner 394 new security guards have been decided to be deployed through outsourcing @ 12,500/- per month per security guard (394×12,500×12= 59.100 million per annum but requested Rs. 55 million under the head of Other Expenses. Similarity it has been decided that the electricity bills of the whole company will be distributed through outsourcing which has been estimated as Rs. 115 million for the FY 2014-15.

15.6.2 The Petitioner's request was considered keeping in view the past actual expenses as well as inflationary trend. In view of the prevailing inflation in the country and rupee devaluation it becomes more important to enforce strict financial discipline to keep the increase in costs within reasonable limit so as to avoid unnecessary increase in the consumer-end rate. In view thereof the petitioner's request in this regard cannot be accepted as such and needs to be rationalized. Accordingly in the instant case, Rs. 835 million is allowed for FY 2014-15 on the account of other expenses.

16. <u>Issue # 6 Whether the petitioner proposed depreciation charge of Rs.3,908 million (0.332 /kWh) for the FY 2014-15 as against the Actual/ provisional cost of Rs. 3,235 million (Rs.0.283/kWh) for FY 2013-14 after accounting for projected additions to fixed Assets, is justified?</u>

16.1 The Petitioner has estimated a depreciation charge of Rs 3,908 million for the FY 2014-15 as compared to the depreciation charge of Rs.2,754 million assessed by the Authority for FY 2013-14. The petitioner's request is based on the expected transfer of Rs.8,262million to Gross Fixed Assets in Operation during the FY 2014-15.

16.2 During the hearing, the Petitioner revised its projected depreciation amount from Rs. 3,908 to Rs. 3,434 million.

16.3 In order to make fair assessment the estimated transfer of assets from the Capital Works in Progress (CWIP) to the Gross Fixed Assets in Operation (GFAIO) is done. In the instant case the estimated transfer from CWIP to GFAIO during FY 2014-15 is Rs.8,346 million; thus increasing the GFAIO to Rs.95,628 million. Based on the revised GFAIO the depreciation charge for the FY 2014-15 has been assessed as Rs. 3,106 million.

16.4 After carefully examining the relevant details and information pertaining to the deferred

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credit and amortization as per the audited accounts for the FY 2013-14 & estimated additional contributions from the consumers during FY 2014-15, the deferred credit has been worked out as Rs.95,627 million. Accordingly the amortization for the FY 2014-15 has be assessed on the basis of revised amount of Rs. 1,901 million of deferred credit; thus passing on the benefit to this extent to the consumers. Accordingly, the consumers would bear net depreciation of Rs.1,205 million.

17. **Issue # 7 Whether the petitioner projected Return on Regulatory Asset base of Rs.6,767 million (Rs.0.5758 /kWh) for FY 2014-15 as against the Authority's approved return of Rs.2,595 million (Rs.0.249 /kWh) for FY 2013-14, is justified?**

17.1 The return requested by the Petitioner for FY 2014-15 is Rs. 6,767 million using a Rate of Return of 17.83%. 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 17% as against the interest rate of 14% used in the matter of other XWDISCOs by the Authority in the tariff determination of FY 2013-14. The debt to equity ratio is taken by the Petitioner 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 cost of debt as given above i.e., 17%. The Petitioner additionally stated that tax rate 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.

17.2 The Petitioner has used 10 years PIB Bond Yield of 12.83% as a risk free rate instead of Authority's assessed rate of 9.2%. The same rate was used by the Petitioner in previous year's tariff petition and it was clarified that when a 10 year PIB Bond Yield is taken, it is used keeping in view a maturity period of 10 years and the Authority keeps on monitoring its trend in the secondary markets (along with the historic data from the reference point) in order to assess the ongoing money market conditions. The Authority has consequently, decided not to revise the rate considering the tight liquidity conditions and informed the Petitioner that from next year it might think of matching the duration of risk free rate instrument with the duration of the tariff determination. In view thereof, 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 Petitioner requested to revise the cost of debt in previous year's tariff petition as well which the Authority denied based on the fact that the review of available financial statements of Petitioner revealed that he has not started making payments of loan and failed to provide term sheet of loan to justify the request. In the instant petition the Petitioner has provided the relevant documents . The Authority has reviewed the details of loan re-payments

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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 16.62%. Furthermore, the Authority had been taking post tax cost of debt based on the fact that any tax to be paid by the 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., 16.62%. Here it is pertinent for

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

$$ke = RF + (RM — RF) \times \beta$$
$$= 9.45\% + (8\% \times 1.33)$$
$$= 20.09\%$$

The cost of debt is taken as pre tax;

$$kd = 16.62\%$$
$$WACC = [ke \times (E / V)\} + [kd \times (D / V))$$

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

$$WACC = \{20.09\% \times 20\%\} + \{16.62\% \times 80\%\} = 17.31\%$$

17.4 The Authority considers 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. 3,183 million as return on rate base as per the following calculations:

Description	Rupees in Million	
	FY 2013-14 Audited	FY 2014-15 Assessed
Opening fixed assets in operation	79,019.23	87,281.63
Assets Additions during the year	8,262.40	8,346.25
Closing Fixed Assets in Operation	**87,281.63**	**95,627.88**
Less: Accumulated Depreciation	26,892.06	29,997.68
Net Fixed Assets in operation	**60,389.57**	**65,630.20**
+ Capital Work in Progress (Closing)	8,404.31	8,755.06
Total Fixed Assets	68,793.88	74,385.26
Less: Deferred Credit	51,652.00	54,751.09

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Total	**17,141.89**	**19,634.17**
Average Regulatory Assets Base		**18,388.03**
Return on Rate Base @ 17.31%		**3,183**

18. **Issue # 8 Whether the petitioner projected other income of Rs.2,671 million (Rs.0.23/kWh) for the FY 2014-15 as against the Authority's approved Rs.3,796 million (Rs.0.35/kWh) for the FY 2013-14, is reasonable?**

18.1 During the hearing, the Petitioner has revised its estimated Other Income from Rs. 2,671 million to Rs.3,062 million for the FY 2014-15, which is about 17% less than assessed Other Income of Rs. 3,675 million for the FY 2013-14. The other income as per the audited accounts for the FY 2013-14 remained Rs.3,073 million. According to the information provided, the other income includes amortization of deferred credit, meter and rental income, late payment charge profit on bank deposit, sale of scrap, income from non-utility operations and commission on PTV fees and miscellaneous.

18.2 The XWDISCOs have been requesting to eliminate Late Payment Charge 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 disallowing late payment charge, charged by XWDISCOs to late paying consumers. 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 the absence of any bilateral agreements which governs 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 the same was compiled by GEPCO and the same was sent to all the XWDISCOs for their comments. XWDISCOs rather than giving their comments on the draft submitted the Electricity Supply Agreement signed between DISCOs and WAPDA on 29th June, 1998. As per XWDISCOs, a novation of the same agreement was also signed between individual DISCOs and NTDC. The Authority after going through the claimed agreement observed some clauses which were required to be revisited.

18.3 In view of aforementioned , the Authority decided to nominate a committee to be constituted from NEPRA's 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 proposed improvements the same would be

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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.

18.4 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."

18.5 In view of aforementioned, 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 anything 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. As regard the cost of working capital shown by the Petitioner as deduction from other income, the same is discussed under the relevant head .

18.6 In view thereof, the Authority has assessed Rs. 2,512 million for FY 2014-15 as Other Income which does not include late payment charge and includes amortization of deferred credit.

19. Issue # 9 Whether the petitioner's proposed Investment plan of Rs.20,458 million for the FY2014-15,is justified and keeping in view the prospective benefits as against the Authority's approved Investment of Rs.7,492 million for FY 2013-14?

19.1 The Petitioner requested Rs.20,458 million to execute its development/ investment plan for the FY 2014-15 . As against the Authority's assessed investment of Rs. 7,492 million for the FY 2013-14, the actual investment made by the petitioner was Rs.8,262 million. The petitioner has provided the following breakup of the proposed investment for the FY 2014-15:-

STG	2013-14 (Allowed)	2013-14 (Actual)	2014-15 (Proposed)
6th STG		1,377	1,000
AB Tranche-II		1,080	1,024
AB Tranche-III			1,000
AB Tranche-II			1,000

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Grid Station (Southern Punjab)		232	132
Other (Own Source)			600
Connectivity			1,510
132 KV Transmission Lines (IGTDP)			3,500
Sub-Total	**2,332**	**2,689**	**9,766**
System Augmentation Programme			
DOP	540	466	600
ELR	1,440	543	625
Replacement of 2 leg Transformers			350
Replacement of overloaded Transformers			350
Vehicles			100
Other Civil Works(GSO & Others)		20	210
Energy Conservation/(CFLs)Efficiency		793	
DOP (IGTDP)			1800
Sub-Total	**1,980**	**1,822**	**4,035**
Consumer Contrib. & Deposit Work			
Capital Receipts	1,800	2,300	2,310
Deposit Works		937	2,100
AMR Meter	1,250		
Sub-Total	**3,050**	**3,237**	**4,410**
ERP			
Software, License & Implementation	130		90
Hardware			150
Material USAID			2,000
Sub-Total	**130**		**2,240**
TOTAL	**7,492**	**7,748**	**20,458**

2013-14 (Allowed)	**2013-14 (Actual)**	**2014-15 (Proposed)**
7,492	7,748	20,458

19.2 The detail of proposed financing arrangement of investment expenses in FY 2014-15 is as below:

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Sr #	Source of Financing	Requested Investment in FY 2013-14	Projected Investment in FY 2014-15
		(Rs. In million)	
1	Loan	1,670	5,502
2	PSDP/Own resources	3,064	7,796
3	Grant(USAID)	-	2,240
4	Consumer Contribution	2,300	2,820
5	Others(Deposits work)	937	2,100
	Total	**7,971**	**20,458**

19.3 The petitioner during the hearing stated that the target of Rs. 20,458 million is achievable although actual spending under investment was Rs. 7,748 million against the allowed investment of Rs. 7,492 million for FY 2013-14. However, the Petitioner could not substantiate its target of investment for FY 2014-15 by providing any authentic fact/evidence thereof.

19.4 Further the Petitioner mentioned that it would be able to complete its DOP category for Rs. 600 million for work under PSDP and Rs. 1,807 million would be spent for extension of the system. The amount of deposit work is mainly based on the proposed village electrification program by the Federal, Provincial and Local Governments, Electrification of Colonies etc. The Petitioner submitted that STG investment comprised of ADB loan works agreed under loan agreement under Tranche ll, lll and lV for Rs.3,024 million ,Rs. 1,000 million under sixth STG programme, Rs.1,510 million for connectivity to captive power producer and solar park at Bahawalpur, Rs.132 million under PM package southern Punjab, Rs.600 million for other works and Rs.3,501 million for Transmission Lines.

19.5 The Authority after careful consideration of the Petitioner's submitted information is of the view that the Petitioner did not provide PC-1 of all investments to be undertaken, further it failed to provide a concrete 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 and customer service in terms of meeting Authority's set Performance standards.

19.6 Despite the aforementioned, the Authority cannot ignore the importance of the investments which ensures smooth and reliable supply of electricity to the consumers. For the matter of record, the Authority while allowing the return on Regulatory Asset Base had taken an impact of investments to the tune of Rs. 8,697 million and Rs. 7,492 million for the FY 2012-13 and FY 2013-14 respectively. However, based on the audited accounts of the Petitioner, it has incurred a capital expenditure of of Rs. 9,603 million & Rs. 8,262 million during the FY 2012-13 and FY 2013-14 respectively . The aforementioned amounts include the impact of

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consumer contribution to the extent of Rs. 2,756 million & Rs. 3,237 million respectively. Thus, net capital expenditure carried out through loans and own resources, works out as Rs. 5,941 million and Rs. 4,255 million during the FY 2012-13 and FY 2013-14 respectively.

19.7 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 thereon, it is expected that the Petitioner would be able to undertake the investment of Rs. 8,697 million during the FY 2014-15. 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(which is desirable), would be catered for in next year's returns.

20 Issue # 10 Whether the Proposed revenue requirements of Rs. 199,902 million at an average sale rate of Rs.17.01 /kWh for the FY2014-15, is justified as against Authority's approved average sale rate of Rs.14.61/kWh for the FY2013-14?

20.1 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

20.2 For the assessment of annual Revenue Requirement, each of the components of average tariff is discussed in detail in the succeeding paragraphs.

20. 3 Power Purchase Price (PPP)

20.3.1 The Petitioner has requested for a Power Purchase Price (PPP) of Rs. 12.60/kWh. As per the Petitioner, the projection is based on an increase of 5% over the Power Purchase Price of the previous financial year. The Petitioner submitted the component wise detail as below:

Description	Request of petitioner for FY 2014-15	Approved rate of Authority for FY 2013-14
	Rs/kWh	
Power purchase price(PPP)	12.60	12.75

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Distribution Margin(DM)	2.23	1.25
Sales mix	0.18	
Prior Year Adjustment	2.00	1.26
Less /(Excess) Recovery	-	(0.55)
Total Average sale rate	**17.01**	**14.71**

* Rate is unadjusted price /kWh

20.3.2 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.

20.3.3 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:

Description	Generation		Energy Charges	
	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	

20.3.4 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

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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 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.

20.3.5 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.

20.3.6 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

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

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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:

(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.

20.3.7 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.

20.3.8 According to the above mechanism Rs. 33,683 million and Rs. 3,032 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. 36,715 million, which translate into Rs. 2.6437/kWh.

20.3.9 The annual PPP for the FY 2014-15 in the instant case works out as Rs. 141,120 million. With the projected purchase of 13,888 GWh for the same period the average PPP turns out to be as Rs. 10.16/ kWh (Annex – IV). On the basis of 15% T&D losses, the PPP per kWh is assessed as Rs. 11.95/kWh.

20.3.10 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. (373) million .

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20.4. Distribution Margin (DM):

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

20.5 Revenue Requirement:-

20.5.1 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. 141,120 Million
	CpGenE	Rs. 104,405 Million	
	CpGenCap	Rs. 33,683 Million	
	USCF	Rs. 3,032 Million	
2.	Distribution Margin		Rs. 13,003 Million
	O&M Cost	Rs. 9,226 Million	
	Depreciation	Rs. 3,106 Million	
	RORB	Rs. 3,183 Million	
	Gross DM	Rs. 15,515 Million	
	Less: Other Income	Rs. 2,512 Million	
	Net DM	**Rs. 13,003 Million**	
	Prior Year Adjustment		Rs. (19,736) Million
	1st Qrt PPP Adj		Rs. (373) Million
	Total Assessed Revenue Requirement		**Rs. 134,014 Million**

20.5.2 Based on the projected sales of 11,804 GWh for the FY 2014-15, the Petitioner's average sale rate works out as Rs. 11.3529/kWh, consisting of Rs. 11.95/kWh of adjusted PPP, Rs. 1.10/kWh of DM, Rs.(0.03) /kWh of PPP Adjustment and Rs. (1.67) /kWh of Prior Year Adjustment.

20.5.3 This revenue would be recovered from the consumers during the FY 2014-15, through the projected units of 11,804 GWh, as per Annex – II.

21. <u>Issue # 11 Whether the petitioner's claim of working capital requirement amounting Rs.1,040 million (Rs.0.09/KWh) for the FY2014-15 is reasonable and as per Authority directions?</u>

21.1 In the tariff petition of FY 2013-14, the Petitioner requested cost of working capital and submitted working capital requirement. The Authority after considering the working submitted by the Petitioner as discussed at Para 17 of the determination of FY 2013-14, declined the request for allowing cost of working capital.

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21.2 The Petitioner has requested again for allowing cost of working capital for Rs. 1,040 million in the tariff petition for FY 2014-15 and submitted the working as below;

Description	Values (Rs in Million)
Power Purchase Price (Avg 1/2 monthly)	7,000
O&M Expenses (1-1/2 month basis)	1,000
Total working capital required	8,000
Rate of Interest (KIBOR+3%)	13%
Interest on Working Capital	1,040

21.3 In the instant petition, the Petitioner submitted that it is of the view that the cost of power and other obligatory payments like O&M are to be settled within 15 days to 45 days respectively. Based on these grounds, the Petitioner pleaded that managing the cash flow in such adverse conditions becomes difficult, which ultimately end up in compromising the reliable and consistent supply of electricity and creates circular debt.

21.4 The Authority has already addressed the matter of late payment charge which, as per the Petitioner, would cater for its need of required working capital. As regard the instant working of the Petitioner is concerned, the Petitioner while claiming the 45 days cycle, has failed to correlate between its date of invoice from CPPA and its billing to the consumers. In view thereof, the Authority rejects the Petitioner's request in this regard. Further, since the issue of late payment charge is resolved, the Authority don't see any additional need of working capital for the Petitioner. The same is also endorsed by the Petitioner

22. <u>Issue # 12 Whether the petitioner's Interest on loan obtained from PHPL amounting Rs.3,769 million for the FY2014-15,is justified?</u>

22.1 The Petitioner requested to allow financial cost of Rs. 3,769 million against the share of loan allocated by Power Holding Private Limited (PHPL) on behalf of the petitioner i.e. Rs.31,596 million. During the hearing it was stated that this amount of interest/finance cost has been calculated at 3 months KIBOR plus 2%. The petitioner justified this loan facility arranged by PHPL on its behalf and submitted that it has been caused due to delayed determinations/notification, non payment to CPPA, delayed payment of subsidy amounts, litigation of FPA and exemption of FPA up to 350 units of domestic consumers etc.

22.2 The Authority while deciding the tariff petition for the FY 2012-13 & FY 2013-14 has already adjudicated on the matter, after a comprehensive discussion. The Authority considers that the Petitioner has not submitted any new rationale or evidence on which the Authority can adjudicate.

22.3 Since the same amount has not been recorded by any other XWDISCOs, the Authority considers that this a serious matter and requires more deliberation with the stakeholders.

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particularly PEPCO, CPPA and NTDC. In view thereof this adjustment is not being considered in the instant case.

23. <u>Issue # 13 Whether the prior year adjustment calculated by MEPCO Rs.23,528 million for the FY 2013-14 is Accurate?</u>

23.1 The Petitioner has requested a Prior Year Adjustment (PYA) of Rs. 23,528 million in the tariff petition for FY 2013-14. During the hearing, the Petitioner revised its working and the amount of PYA comes to Rs. 23,952 million. To justify the PYA, the Petitioner incorporated the following costs;

- Mark Up on Loan allocated
- Supplemental Charges
- Cash Loss
- Stuck up arrear of Tube well Consumers
- Depreciation on Compact Fluorescent Lamps (CFLs)

23.2 The Petitioner has submitted the summary of PYA for FY 2013-14 as per following table:-

<u>Summary of Prior Period</u>

Head of Account	<u>Rs. Million</u>
Markup on loan allocated by CPPA	6,920
Supplemental Charges	9,600
Cash Loss	727
Receivables from Tube Well Consumers	5,881
Depreciation on CFLs	798
O&M cost approved in review motion.	26
Total:-	**23,952**

23.3 <u>Markup On Loan allocated</u>

23.3.1 The Petitioner submitted that the power sector is experiencing acute liquidity crunch resulted in taking loans in order to bridge the gap of shortage of cash to mitigate load shedding. The CPPA has allocated a share of loan received on behalf of the Petitioner and charging markup on it. The Petitioner requested to the Authority for allowing markup in the tariff as a financial cost and to be recovered accordingly. The Petitioner calculated an amount of Rs. 6,920 million for FY 2012-13 and FY 2013-14 as per following;

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Year	Amount (Rs Million)
2012-13	2,379
2013-14	4,541
Total	**6,920**

23.3.2 The matter of markup on loan allocated by CPPA has been discussed at Para 22 above.

23.4 <u>Supplemental Charges</u>

23.4.1 The Petitioner submitted that the power distribution company bills amount of electricity sold to consumers and if the consumer does not pay the same to power distribution company then late payment charge is levied on them but the Authority while determining the tariff includes LPS as other income and effectively gives back the penalized amount to the consumer thus nullifying the penalty. Whereas, CPPA due to delay in funds for payment to IPPs is faced with penalties which in turn are allocated by CPPA to DISCOs as supplemental charges but the Petitioner cannot accept these charges as there is no recovery of the same in tariff being determined by the Authority. The Petitioner has given a detail as under:-

Year	Amount (Rs in Million)
2009-10	968
2010-11	3,565
2011-12	2,844
2012-13	2,223
TOTAL	**9,600**

23.4.2 The matter of late payment charge has been discussed at Para 18 above.

23.5 <u>Cash Loss</u>

23.5.1 The Petitioner submitted that the Authority has disallowed salaries & wages from FY 2009-10 onward with a view that new induction cost was not approved by the Authority and the Petitioner suffered cash loss of Rs. 727 million in this regard. Whereas, the Petitioner submitted that in fact it did not exceed its cost even after recruitment against replacement hiring.

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23.5.2 The claim of the petitioner regarding cash loss has been discussed in detail at Para 15.2 above.

23.6 Stuck up of Arrear of Tubewell consumers

23.6.1 The Petitioner submitted that the Authority does not allow any non recovery but the Petitioner having large Tube Well consumers could not recover long standing arrears from Tube Well consumers (Kissan Ittahad). The Petitioner therefore requests that these stuck arrears be allowed in tariff as a onetime adjustment.

23.6.2 The claim of the petitioner is not valid one as the Authority does not consider non-recovery of any receivable to be passed onto the consumers. Non-recovery of the receivable is an inefficiency on the part of the Petitioner, therefore being the regulator of the power sector, the Authority has many times reiterated that the petitioner must recover its receivables which will ensure reduction in circular debt accordingly. The Authority declines the request of the petitioner in this regard.

23.7 Depreciation of Compact Fluorescent Lamps (CFLs)

23.7.1 The Petitioner invested Rs. 798 million on CFLs and distributed among the domestic consumers as per GoP energy conservation policy. The life of CFLs is about two years. The Petitioner has to book this expenditure in two years which comes to about Rs.400 million for FY 2013-14. The amount is being claimed in PYA as depreciation of CFLs on its useful life.

23.7.2 Here it is pertinent to mention that the Petitioner has claimed the depreciation of distributing compact fluorescent lamps under Prime Minister's Energy Savers Program under the head of Prior Year Adjustment which could not be substantiated or justified as well. Having gone through the audited financial statements of the Petitioner for FY 2013-14, it is quite evident to mention here that the amount has been charged as operating expense for Rs.798 million. Therefore it is contrary to fact that the amount is to be booked as claimed by the Petitioner. The Authority declines the request of the Petitioner in this regard.

23.8 O&M cost approved in review motion.

23.8.1 The Petitioner claimed Rs. 26 million against the O&M cost which was approved by the Authority in its review motion decision for FY 2013-14. The Authority has already incorporated the approved amount in the decision to be recovered in FY 2013-14 and therefore the duplicate request can not be considered in the instant petition. Therefore the Authority declines the request in this regard.

23.9 The Authority after careful consideration of the Petitioner's working has observed that it has based its calculations totally ignoring the regulatory assessments. The Authority considers since the Petitioner's working of revenue is not correct; therefore needs to be corrected. In view thereof, the Authority has assessed the following Prior Period Adjustment;

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Prior Year Adjustments

	Assessed PPP during the FY 2013-14	137,997.30
	Assessed Distribution Margin for the FY 2013-14	10,344.14
	Assessed PYA for the FY 2013-14	(29.32)
Add	1st Qtr's PPP adjustment pertaining to the FY 2013-14	3,740.76
	2nd Qtr's PPP adjustment pertaining to the FY 2013-14	3,576.76
	3rd Qtr's PPP adjustment pertaining to the FY 2013-14	(453.65)
	4th Qtr's PPP adjustment pertaining to the FY 2013-14	1,034.31
Less	Regulated PPP recovery on notified rates FY 2013-14	151,461.57
	Regulated DM recovery on notified rates FY 2013-14	9,372.87
	Regulated PYA recovery on notified rates FY 2013-14	14,900.46
	Net impact of Other Income	1,131.11
Add	Impact of consumer Mix variance for the FY 2013-14	921.87
	Net Prior Year Adjustment	(19,735.85)

23.10 Based on submission, arguments, presentation and checking of calculations of prior year's adjustments, the Authority assessed Rs.(19,735.85) million justified and accurate for the year FY 2013-14.

24. Issue # 14 Whether the sales mix variance of Rs.2,169 million due to increase in life line consumer during the FY 2013-14 is justified?

24.1 The Petitioner has claimed Rs.2,169 million under sales mix variance due to increase in life line consumers during FY 2013-14.

Determined F.Y. 2013-14				**Actual F.Y. 2013-14**			**Variance (Rs. Kwh)**
Tariff Category	Units Mkwh	Revenue (Rs.Mill)	Average Rate (Rs. Kwh)	Units Mkwh	Revenue (Rs. Mill)	Average Rate (Rs. Kwh	
Residential	5268	71620	13.595	5518	73243	13.273	**-0.322**
Commercial	639	12747	19.948	640	11838	18.496	**-1.452**
Industrial	2704	42555	15.738	2991	46061	15.402	**-0.336**

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Bulk	167	2641	15.874	173	2752	15.942	**0.068**
Agricultural	1991	30415	15.276	2090	33467	16.013	**0.737**
Public lighting	20	314	15.700	17	276	16.000	**0.724**
Res. Colonies Attached Ind. Units	7	105	15.000	8	134	16.000	**1.00**
Total:-	**10795**	**160397**	**14.858**	**11437**	**167771**	**14.669**	**-0.189**

24.2 The Authority after careful consideration of the Petitioner's working has observed that it has already been assessed in the calculation of Prior Year Adjustment above.

25. <u>Issue # 15 Whether the claim of UOSC Rs.9,442 million for the period from FY2009-10 to the FY 2013-14 is Justified?</u>

25.1 The Petitioner submitted that it is situated in an area where major thermal generation of country takes place and NTDC does not evacuate all power directly from these power plants resultantly the Petitioner's transmission lines are used and for this service the Petitioner has been allowed use of system charges but regretfully the UoSC claimed by the Petitioner has not been catered for by other Distribution Companies (DISCOs) despite the fact that these are also the licensees of NEPRA. The Authority while allowing T&D loss of 15% duly supported by studies acknowledged having loss impact of 1.1% because of wheeling and decided that its compensation will be made through these payments but these payments never materialized. During the hearing, the Petitioner has revised its overall UoSC claim from Rs. 9442 million to Rs. 10,153 million from FY 2009-10 to FY 2013-14 (March 2014). The Petitioner therefore requests again to resolve this long outstanding issue of the Petitioner. The Petitioner submitted the following detail against its claim.

<u>USE OF SYSTEM CHARGES CLAIMED (UOSC)</u>
<u>Jul-2009 to Jun-2014</u>

DISCOs	F.Y. 2009-10		F.Y. 2010-11		F.Y. 2011-12		F.Y. 2013-14		F.Y. 2013-14		Total	
	Unist (M KWH)	Amount (Mil. Rs)	Unist (M KWH)	Amount (Mil. Rs)	Unist (M KWH)	Amount (Mil. Rs)	Unist (M KWH)	Amount (Mil. Rs)	Unist (M KWH)	Amount (Mil. Rs)	Unist (M KWH)	Amount (Mil. Rs)
LESCO	751	415	343	211	379	242	412	280	585	531	**2,470**	**1,680**
FESCO	789	436	920	537	917	555	802	518	1,046	901	**4,474**	**2,946**
PESCO	728	403	385	225	564	341	524	345	502	433	**2,703**	**1,747**
QESCO	335	185	393	230	391	236	402	262	367	317	**1,888**	**1,231**

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GENCO-II	205	114	602	352	744	450	270	181	174	152	**1,996**	**1,249**
GENCO-III	28	15	9	5	10	6	5	3	4	3	**56**	**34**
NTDC	98	54	333	194	568	344	220	145	130	111	**1,349**	**848**
TOTAL	**2,941**	**1,626**	**2,995**	**1,760**	**3,578**	**2,176**	**2,789**	**1,837**	**3,163**	**2,754**	**15,465**	**10,153**

25.2 While considering the request of the Petitioner, the Authority shows its concern that the request is genuine and the amount is piling up which ultimately adding up in circular debt. As the Authority already allowed such transaction under Para 11.8 of tariff determination for FY 2012-13 vide Case # NEPRA/TRF-220/MEPCO-2012 and at Para 19.5 of tariff determination for FY 2013-14 accordingly. In view of the request by the Petitioner, the Authority hereby directs the Petitioner to bring this issue separately for its earliest resolution.

26. <u>Issue # 16 Whether the existing service delivering structure of circles, divisions and sub-divisions etc can provide satisfactory services for supply of electric power to the consumer with the substantial expansion in the system?</u>

26.1 Faisalabad Electric Supply Company (FESCO) and Lahore Electric Supply Company (LESCO) raised requests for creation of new circles, divisions and sub-divisions in the tariff petitions for FY 2013-14. The Authority directed both the DISCOs to take appointments for a separate presentation on this issue and deferred the decision till that time. Also, the Authority made this issue a matter for discussion for all XWDISCOs in the tariff petition for the FY 2014-15. All the XWDISCOs including the Petitioner were directed to file comments on the matter vide letter no. NEPRA/R/SAT-I/TRF-100-DISCOs/13653-61 dated 31st October, 2014.

26.2 The Petitioner has not responded to the letter as yet and consequently, the Petitioner is directed to submit comments and proposal on this issue not later than 30th April, 2015 for consideration in the next year's tariff determination.

27. <u>Issue # 17 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>

27.1 FESCO presented its request for new circles in a meeting held on 9th July, 2014, and additionally 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.

27.2 Consequently, the Authority directed FESCO to bring forward its proposal in writing and made this proposal a separate issue in the tariff petition hearings of all DISCOs for the FY 2014-15 to get comments of DISCOs and other stakeholders.

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27.3 The Petitioner stated that existing financial, administrative and technical powers need to be reviewed/enhanced. The Petitioner could not provide any detail or weaknesses encountered in its current power structure.

27.4 Consequently, the Petitioner is directed to submit comments and proposal on this issue not later than 30th April, 2015 for consideration in the next year's tariff determination.

28. <u>Issue # 18 What are the concerns of Petitioner on TOU metering of cellular company connections and similar connections?</u>

28.1 The Petitioner could not grasp the very purpose of the issue raised by the Authority regarding concerns on TOU metering of cellular company connections and similar connections. The Petitioner submitted the working of revenue lost for all categories of the consumers as against the direction of the Authority to work out any adverse financial impact on its revenue because of specific connections i.e. cellular companies and similar connections, therefore the Petitioner could not reply as directed.

28.2 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.

28.3 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.

28.4 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

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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.

- 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.

28.5 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.

28.6 Although some initial information was provided by one on 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;

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"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."

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

29. Issue # 19 What are the concerns of Petitioner on changing terms and conditions of lifeline consumers and Residential consumers?

29.1 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.

29.2 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.

29.3 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

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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.

30. Issue # 20 Whether the concerns raised by interveners and commentators are justified?

30.1 Response of the Authority in the matter of concerns raised by interveners & commentators.

a. The concern of the intervener regarding shifting of venue is against the principle of facilitation of consumers. The intervener was clarified at the start of the hearing that due to logistic problems the venue was shifted from Multan to Lahore. The Authority does take into consideration the participation of all stakeholders and publishes the notice of hearing in different newspapers with full transparency.

b. The concern of the intervener regarding not allowing enough time to the concerned citizens for preparation to participate in the proceedings is not justified as enough time is given to all stakeholders from the notice of admission/hearing till the hearing, so the Authority has been holding hearings and there has been no complaint by any stakeholder of not allowing enough time for preparation.

c. The objection by the intervener regarding a newspaper's report i.e. Business Recorder on November 10, 2014 which stated that DISCOs have been overburdened with loans. The intervener submitted that this transaction is unlawful and which they have not taken of their own volition. The intervener is informed that the Authority has already framed issue on the loans transferred to DISCOs by Power Holding Company Ltd., (PHPL) and markup on the such loans has already been declined to be included in the tariff.

d. The intervener requested for some further information related to the tariff petition of the Petitioner which was provided accordingly.

e. The intervener raised a concern that few of its queries remained unanswered in the determination of QESCO for FY 2013-14, although it could not specifically give any example of its query. The Authority reiterates that it always encourages and addresses the genuine concerns of the interveners and commentators to arrive at a just and informed decision.

f. The reply of the Petitioner to the commentators is reasonable and justified. Here it is pertinent to mention that being the regulator of the power sector in the country, the Authority always ensures that consumers are well protected against any imprudent cost/expense and inefficiencies on the part of the Petitioner.

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31. **<u>Issue #21. Future tariff determination methodology with respect to the consumer end tariffs of XWDISCOs.</u>**

31.1 Tariff Methodology for the FY 2014-15.

31.1.1 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.

31.1.2 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.
- 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.

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

31.2 Quarterly Adjustments

31.2.1 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.

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31.3 Monthly Fuel Adjustments

31.3.1 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.

31.3.2 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.

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

31.4.1 The Authority is in the process of notifying 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 the stakeholders about the uploading of the document on NEPRAs website. Further, individual letters were also send to all the stakeholders considered to be affected, seeking their comments on the document.

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

32. Tariff based on Cost of Service Study model

32.1 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.

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32.2 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.
- 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.

32.3 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. MEPCO has also submitted the consumer end tariff computation based on this model.

32.4 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.

33. <u>Summary of Directions</u>

33.1 The summary of all the directions are hereunder;

- To print bills with the snap shots of meter readings (both previous and current) not later than 30th April, 2015.

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- To submit its investment requirements for the implementation of Hand Handled Units (HHU) along with its completion timelines with its next tariff petition.
- 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.
        - 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 provide break-up of receivables with aging and nature of receivables and a concrete plan of their recovery not later than 30th April, 2015.
- To get its strength yard stick approved by the Authority based on proper justifications and its quantified benefits
- to submit comments and proposal on the issue of the existing financial, administration and technical powers concentrated at different layers of hierarchy in order to provide better services from the door step of the consumer?

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- not later than 30th April, 2015 for consideration in the next year's tariff determination.
- 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
- The Petitioner is directed to give comments on the proposal of lifeline consumers before the next year's tariff petition. and also to share the financial impact of revision of criteria of lifeline consumers on its revenue.
- To submit the details of investment expense undertaken in the FY 2013-14.
- To transfer amount in the post retirement benefit fund and claim the amount so transferred from the Authority in the next year's tariff determination by submission of evidence of transfer of amount.
- To submit a recruitment plan for the requested hiring of staff containing cost/benefit analysis based on best practices.
- To submit its investment requirements for the implementation of the said plan along with the completion timelines along with its next tariff petition.
- to submit comments and proposal along with the expansion plan for consideration of the Authority regarding existing service delivering structure of circles, divisions and sub-divisions etc with next tariff petition.
- To provide break-up along with the nature of receivables and a concrete plan of their recovery not later than 30th April, 2015.
- To take a separate presentation on Cost of Service Study along with PDP team and requesting Authority for appointment in advance.

34. ORDER

I. Multan Electric Power Company (MEPCO) is allowed to charge its consumers' such tariff as set out in the schedule of tariff for MEPCO as per Annex-III.

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

i) Where only 132 kV system is involved

$$UOSC = DM \times \frac{(1-L)}{(1-0.035)} \quad Paisa/kWh$$

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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.

$$UOSC = DM \times \frac{(1-L)}{(1-0.085)} \quad Paisa/kWh$$

Distribution Margin for FY 2014-15 is set at Rs 1.10/kWh. 'L' will be the overall percentage loss assessment for the year set at 15% for FY 2014-15.

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

V. 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 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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Multan Electric Power Company (MEPCO)
Estimated Sales Revenue on the Basis of New Tariff

1

Description	Sales GWh	Sales Mix	Tariff (NEPRA) Fixed Charge Rs./kW/ Month	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 Rs. Million
Residential							
Up to 50 Units	679	5.75%		4.00	-	2,717	2,717
For peak load requirement less than 5 kW							
01-100 Units	2477	20.98%		9.52	-	23,573	23,573
101-300	2041	17.29%		12.00	-	24,488	24,488
301-700Units	501	4.24%		15.00	-	7,513	7,513
Above 700 Units	119	1.01%		16.00	-	1,907	1,907
For peak load requirement 5 kW & above					-	-	-
Time of Use (TOU) - Peak	10	0.09%		16.00	-	161	161
Time of Use (TOU) - Off-Peak	55	0.47%		10.50	-	577	577
Total Residential	**5,881**	**49.824%**			-	**60,934**	**60,934**
Commercial - A2							
For peak load requirement less than 5 kW	381	3.227%		16.00	-	6,094	6,094
For peak load requirement 5 kW &							
Regular	2	0.01%	400.00	14.00	3	24	26
Time of Use (TOU) - Peak	74	0.63%		16.00	-	1,191	1,191
Time of Use (TOU) - Off-Peak	232	1.97%	400.00	10.50	460	2,438	2,898
Total Commercial	**689**	**5.838%**			**463**	**9,747**	**10,210**
Industrial							
B1	53	0.45%		13.50		718	718
B1 Peak	45	0.38%		16.00	-	719	719
B1 Off Peak	247	2.09%		10.50	-	2,590	2,590
B2	12	0.10%	400.00	13.00	26	161	187
B2 - TOU (Peak)	140	1.19%		16.00	-	2,247	2,247
B2 - TOU (Off-peak)	775	6.57%	400.00	10.30	1,817.63	7,984	9,801
B3 - TOU (Peak)	114	0.96%		16.00		1,817	1,817
B3 - TOU (Off-peak)	1205	10.21%	380.00	10.20	1,261	12,288	13,550
B4 - TOU (Peak)	73	0.62%		16.00		1,165	1,165
B4 - TOU (Off-peak)	466	3.95%	360.00	10.10	428	4,711	5,138
Total Industrial	**3,130**	**26.517%**			**3,533**	**34,398**	**37,931**
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts-less than 5 kW	0	0.00%		14.00	-	2	2
C1(b) Supply at 400 Volts- 5 kW & above	2	0.02%	400.00	13.50	2	29	31
Time of Use (TOU) - Peak	5	0.04%		16.00		82	82
Time of Use (TOU) - Off-Peak	24	0.20%	400.00	10.50	29	248	277
C2 Supply at 11 kV	13	0.11%	380.00	13.30	13	174	187
Time of Use (TOU) - Peak	24	0.20%		16.00		386	386
Time of Use (TOU) - Off-Peak	111	0.94%	380.00	10.30	122	1,147	1,269
C3 Supply above 11 kV	0	0.00%	360.00	13.20	-	-	-
Time of Use (TOU) - Peak	1	0.01%		16.00		16	16
Time of Use (TOU) - Off-Peak	5	0.04%	360.00	10.20	5	49	54
Total Single Point Supply	**185**	**1.5711%**			**170**	**2,134**	**2,304**
Agricultural Tube-wells - Tariff D							
Scarp	11	0.09%		13.50	-	147	147
Agricultural Tube-wells	1	0.01%	200.00	13.00	1	14	15
Time of Use (TOU) - Peak	291	2.46%		16.00		4,651	4,651
Time of Use (TOU) - Off-Peak	1588	13.45%	200.00	10.20	1,240	16,199	17,439
Total Agricultural	**1,891**	**16.018%**			**1,241**	**21,011**	**22,252**
Public Lighting - Tariff G	19	0.16%		14.00	-	271	271
Tariff H - Residential Colonies attached to industries	8	0.07%		14.00	-	113	113
Tariff I- Railway Traction	0	0.00%		14.00	-	1	1
Sub-Total	**27**	**0.2328%**			-	**385**	**385**
Total Revenue	**11,804**	**100.00%**			**5,407**	**128,608**	**134,015**

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SCHEDULE OF ELECTRICITY TARIFFS FOR MULTAN ELECTRIC POWER COMPANY (MEPCO)

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	1 - 100 Units	-	9.52	
iii	101 - 300 Units	-	12.00	
iv	301 - 700 Units	-	15.00	
v	Above 700 Units	-	16.00	
b)	For Sanctioned load 5 kW & above			
			Peak	Off-Peak
	Time Of Use	-	16.00	10.50

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

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

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

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

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	14.00	
			Peak	Off-Peak
c)	Time Of Use	400.00	16.00	10.50

Under this tariff, 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 MULTAN ELECTRIC POWER COMPANY (MEPCO)

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
B1	Upto 25 kW (at 400/230 Volts)	-	13.50	
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00	13.00	
	Time Of Use		Peak	Off-Peak
B1 (b)	Up to 25 KW		16.00	10.50
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	16.00	10.30
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	16.00	10.20
B4	For All Loads (at 66,132 kV & above)	360.00	16.00	10.10

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	-	14.00	
b)	Sanctioned load 5 kW & up to 500 kW	400.00	13.50	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00	13.30	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	13.20	
	Time Of Use		Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	16.00	10.50
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	16.00	10.30
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	16.00	10.20

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SCHEDULE OF ELECTRICITY TARIFFS FOR MULTAN ELECTRIC POWER COMPANY (MEPCO)

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	-	13.50	
D-2	Agricultural Tube Wells	200.00	13.00	
			Peak	Off-Peak
D-1(b)	SCARP and Agricultural 5 kW & above	200.00	16.00	10.20

Under this tariff, there shall be minimum monthly charges Rs.2,000/- 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.

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
E-1(i)	Residential Supply	-	16.00
E-1(ii)	Commercial Supply	-	16.00
E-2	Industrial Supply	-	13.50

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.

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

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 MULTAN ELECTRIC POWER COMPANY (MEPCO)

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
	Railyway Traction	-	14.00
		-	- -

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MEPCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	1,400	1,462	1,434	1,243	1,096	1,010	884	920	926	980	1,202	1,330	13,888

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	**7.2490**
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	**0.2689**
CpGenCap	2.0742	2.0601	2.2839	2.2985	2.2906	2.8576	3.2559	2.8419	3.0726	2.6179	2.1820	2.0378	**2.4254**
USCF	0.1988	0.2019	0.2204	0.2160	0.2050	0.2509	0.2790	0.2396	0.2483	0.2148	0.1976	0.1888	**0.2183**
Total PPP in Rs. /kWh	**9.0100**	**8.9611**	**9.1663**	**10.1088**	**10.0662**	**11.5083**	**13.7137**	**10.6319**	**11.7244**	**10.7578**	**9.4322**	**9.3170**	**10.1616**

Rs in Million

Fuel Cost Component	9,093	9,439	9,226	9,117	8,003	8,183	8,725	6,678	7,503	7,478	8,147	9,080	**100,671**
Variable O & M	341	355	329	320	292	299	276	267	283	292	332	349	**3,734**
CpGenCap	2,905	3,012	3,276	2,856	2,510	2,885	2,879	2,614	2,847	2,567	2,623	2,710	**33,683**
USCF	278	295	316	268	225	253	247	220	230	211	238	251	**3,032**
PPP	**12,618**	**13,101**	**13,146**	**12,561**	**11,030**	**11,620**	**12,126**	**9,779**	**10,862**	**10,547**	**11,340**	**12,389**	**141,120**

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 MULATN ELECTRIC POWER TO CONSUMERS BY DISTRIBUTION LICENSEES)

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means Multan Electric Power Company (MEPCO) 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 Surcharge 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 7th 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 no later than 31st March 2012.

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 converted to-A-2 (c) Tariff no later than 31st March 2012.
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

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seasonal tariff. Seasonal tariff will be applicable from the date of commencement of the season, as specified by the customers at the time of submitting the option for Tariff-F. Tariff-F consumers will have the option to convert to corresponding Regular Industrial Tariff category and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.

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

1. This tariff is applicable for supply to Industries having sanctioned load upto a 25 kW.
2. Consumers having sanctioned load less than 25 kW shall be billed on single-part kWh rate.

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 no later than 31st March 2012.
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,

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Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.

4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

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 MEPCO as a consumer prior to grant of license to MEPCO) 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-1(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements by 31st March 2012.

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) by 31st March 2012.

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

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available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.

3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b) by 31st March 2012.
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 by 31st March 2012 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.
2. The fixed charges under this Tariff shall be recovered on the basis of sanctioned load in kilowatt as the billing demand and such charges will be applicable even if no energy is consumed during a month.

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

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one or more seasonal industries, against one connection, in a manner that the former works in one season while the latter works in the other season (thus running throughout the year) will not be classified as a seasonal industry for the purpose of the application of this Tariff.

Definitions

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

Special Conditions of Supply

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

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Special Conditions of Supply

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

H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

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

Definitions

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

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

"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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Annex-VI

Summary of Directions for MEPCO:

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

- To print bills with the snap shots of meter readings (both previous and current) not later than 30th April, 2015.
- To submit its investment requirements for the implementation of Hand Handled Units (HHU) along with its completion timelines with its next tariff petition.
- 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.
        - 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 provide break-up of receivables with aging and nature of receivables and a concrete plan of their recovery not later than 30th April, 2015.
- To get its strength yard stick approved by the Authority based on proper justifications and its quantified benefits

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- to submit comments and proposal on the issue of the existing financial, administration and technical powers concentrated at different layers of hierarchy in order to provide better services from the door step of the consumer?
- not later than 30th April, 2015 for consideration in the next year's tariff determination.
- 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
- The Petitioner is directed to give comments on the proposal of lifeline consumers before the next year's tariff petition. and also to share the financial impact of revision of criteria of lifeline consumers on its revenue.
- To submit the details of investment expense undertaken in the FY 2013-14.
- To transfer amount in the post retirement benefit fund and claim the amount so transferred from the Authority in the next year's tariff determination by submission of evidence of transfer of amount.
- To submit a recruitment plan for the requested hiring of staff containing cost/benefit analysis based on best practices.
- To submit its investment requirements for the implementation of the said plan along with the completion timelines along with its next tariff petition.
- to submit comments and proposal along with the expansion plan for consideration of the Authority regarding existing service delivering structure of circles, divisions and sub-divisions etc with next tariff petition.
- To provide break-up along with the nature of receivables and a concrete plan of their recovery not later than 30th April, 2015.
- To take a separate presentation on Cost of Service Study along with PDP team and requesting Authority for appointment in advance.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
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List of Experts and interested/affected persons/parties

in case of Petition filed by Multan Electric Power Company Limited (MEPCO) for the determination of its consumer-end tariff pertaining to FY 2014-15 based on actual/estimated results of FY 2013-14 as test year.

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
   Tel: 9222242

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
   Tele: 042-5760120

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

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

2. President
   Islamabad Chamber of Commerce & Industry
   Chamber House, Aiwan-e-Sanat-o-Tijarat Road,
   G-8/1, Islamabad

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

4. President
   Multan Chamber of Commerce & Industry
   Shahrah-e-Aiwan-e-Tijarat-o-Sanat,
   Multan

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

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

7. Chairman
   S.I.T.E. Association of Industry
   H-16, S.I.T.E.
   Karachi

8. SHEHRI
   206-G, Block – 2, P.E.C.H.S

Karachi – 75400

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

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

11. Chief Executive Officer
Mobilink
Mobilink House 1-A
Kohistan Road, F-8 Markaz
Islamabad

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

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

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

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

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

17. President,
    Pakistan Cotton Ginners' Association
    PCGA House
    MDA Road
    Near State Bank of Pakistan Building
    Multan

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

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

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

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

22. Roomi Cotton Ginning Industries
    15 & 16 Ground Floor, Muhammad Arcade
    L.M.Q Road, Multan

23. Masood Spinning Mills Limited
    Mehr Manzil
    P.O.Box 28, O/S Lohari Gate
    Multan

24. Ahmed Hassan Textile Mills Limited
    46-Hassan Parwana Colony
    Multan

25. Pakistan Chamber of Small Traders, (PCST) Multan

26. President
    All Pakistan Anjuman Tajran
27. Taunsa Farmers
    Muhammad Ibrahim Dasti

Tehsile Taunsa Sharif Disst. D.G.Khan
P/O Vohowa ba-muqam Basti chattri

C. Power Companies

1. Member Power
   WAPDA
   738 – WAPDA House
   Shahra-e-Quaid-e-Azam
   Lahore
   Tel: 042-9202225
   Fax: 042-9202454, 9202486

2. Chief Executive
   Pakistan Electric Power Company (PEPCO)
   721-WAPDA House
   Shahrah-e-Quaid-e-Azam
   Lahore

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

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

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

D. Petitioner

1. Chief Executive Officer
   Multan Electric Power Co. Ltd.
   MEPCO Headquarter, Khanewal Road
   Multan

Express: 23-11-14

National Electric Power Regulatory Authority (NEPRA)

PETITION FILED BY MULTAN ELECTRIC POWER COMPANY LIMITED (MEPCO) 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 Multan Electric Power Company Limited (MEPCO) 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 @ 2.23/kWh, Investment for Rs 20,458 million, line losses @ 16.50% and average sales rate/tariff at Rs.17.01/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		6.6		4.00
1-100 Units		15.61		13.00
101-300 Units		17.98		16.50
301-700 Units		20.20		17.50
Above 700 Units		22.44		19.00
For Peak Load Requirement 5 kW & above				
Time of Day (TOU) - Peak		22.29		19.00
Time of Day (TOU) -Off-Peak		16.16		13.30
Total Domestic				
Commercial - A2				
For peak load requirement less than & up to 5kW		22.44		19.00
Commercial (<100)	500	18.45		
For Peak load requirement (<20KW) exceeding 5 kW	500	18.45		
Regular	500	18.45	400	16.00
Time of Day (TOU) -Peak	500	22.30		19.00
Time of Day (TOU) - Off-Peak	500	19.08	400	13.30
Total Commercial				
Industrial				
B1 up to 25 kW (400/230 volts)		17.80		15.50
B1(b) up to 25 kW (Peak)		22.29		19.00
B1(b) up to 25 kW (Off-Peak)		16.08		13.30
B2(a) exceeding 25-500KW (400 volts)	500	17.28	400	15.00
B2(b) - TOU (Peak) at 400 volts	500	22.34		19.00
B2(b) - TOU (Off-Peak) at 400 volts	500	15.98	400	13.10
B3 - TOU (Peak) all loads up to 5000KW at 11/33 Kv	450	22.39		19.00
B3 - TOU (Off-Peak) all loads up to 5000KW at 11/33 Kv	450	15.86	380	13.00
B4 - TOU (Peak) all loads 66/132 kv and above	430	22.34		19.00
B4 - TOU (Off-Peak) all loads 66/132 kv and above	430	15.78	380	12.80
Total Industrial				
Single Point Supply (Bulk)				
C1 (a) Supply at 400/230 Volts less than 5 KW		17.30		16.00
C1(b) Supply at 400/230 Volts- 5 KW& up to 500KW	500	16.78	400	15.50
Time of use (TOU) Peak	500	22.34		19.00
Time of use (TOU) Off Peak	500	16.08	400	13.30
C2 Supply at 11 Kv ,33 Kv up to and including 5000 Kw	450	16.58	380	15.30
Time of use (TOU) Peak	450	22.34		19.00
Time of use (TOU) Off Peak	450	15.98	380	13.10
C3 Supply at 66 Kv & above	430	16.48	380	15.20
Time of use (TOU) Peak	430	22.39		19.00
Time of use (TOU) Off Peak	430	15.81	380	13.00
Total Bulk Supply				
Agricultural Tube-wells - Tariff D				
Scarp D-1(a) less than 5 kW		17.90		15.50
D-2 Agricultural Tube Well	300	17.20	200	15.00
Time of use (TOU)				-
Scrap and Agriculture 5 KW and above Time of use (TOU) Peak	300	22.29		19.00
Scrap and Agriculture 5 KW and above Time of use (TOU) Off Peak	300	15.98	200	13.00
Total Agricultural Tubewell Tariff-D				
Public Lighting - Tariff –G		18.35		15.00
Housing Colonies - H		18.35		15.00
Railway Traction-I		18.35		15.00
Company Total				

2. In terms of rules 8 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 the 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 authorised representative and the petitioner may file a rejoinder to the intervention request which shall be filed within 7 days of receipts of copy of intervention request.

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: 17 November,2014(Monday)
Time: 10:30 a.m.
Venue: Ramada Hotel, Multan

All communications should be addressed to:

[illegible] NEPRA [illegible]
A copy of petition can be obtained from NEPRA office or their website [illegible]

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National Electric Power Regulatory Authority (NEPRA)

RE-SCHEDULING OF HEARING

PETITION FILED BY MULTAN ELECTRIC POWER COMPANY LIMITED (MEPCO) FOR THE DETERMINATION OF ITS CONSUMER-END TARIFF PERTAINING TO THE FY 2014-15

All the stakeholders are notified that the hearing in the matter of petition filed by Multan Electric Power Company Ltd. (MEPCO) for its Consumer End Tariff for FY 2014-15 scheduled on November 17, 2014 (Monday) at 10:30 am in Ramada Hotel, Multan as per the notice of hearing published in the newspaper daily The News & Express dated November 2, 2014 is re-scheduled according to the new date, time and venue as mentioned below:-

Date:	**November 14, 2014 (Friday)**
Time:	**02:00 pm**
Venue:	**Avari Hotel, Lahore**

All other information will remain the same.

PID(I)2144/14

Registrar NEPRA
NEPRA Tower, Attaturk Avenue (East), Sector G-5/1, Islamabad
Phone: 051 920 6500, Fax: 051 260 0026, E-mail: office@nepra.org.pk
Website: www.nepra.org.pk

Express 08-11-14

نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی

دوبارہ سماعت

سال 2014-15 کیلئے کنزیومر End ٹیرف تعین کیلئے ملتان الیکٹرک پاور کمپنی لمیٹڈ (میپکو) کی دائر کردہ پٹیشن

تمام سٹیک ہولڈرز کو مطلع کیا جاتا ہے کہ سال 2014-15 کیلئے کنزیومر End ٹیرف تعین کیلئے ملتان الیکٹرک پاور کمپنی لمیٹڈ (میپکو) کی دائر کردہ پٹیشن کیلئے سماعت جو 17 نومبر 2014 (پیر) دن 10:30 بجے رامدا ہوٹل، ملتان کیلئے مورخہ 2 نومبر 2014 کو روزنامہ دی نیوز اور ایکسپریس میں مشتہر کیا گیا، کو درج ذیل تاریخ، وقت اور مقام کے مطابق منعقد کیا جائے گا:

تاریخ:	14 نومبر 2014 (جمعہ)
وقت:	دن 02:00 بجے
مقام:	آواری ہوٹل، لاہور

دیگر تمام معلومات حسب سابق برقرار رہیں گی۔

PID(I)2144/14

رجسٹرار نیپرا
نیپرا ٹاور، اتاترک ایونیو (ایسٹ)، سیکٹر G-5/1، اسلام آباد
فون نمبر: 920 6500 فیکس نمبر: 260 0026، ای میل: office@nepra.org.pk
Website: www.nepra.org.pk