National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/TRF-332/MEPCO-2015/2697-2699
February 29, 2016

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 Financial Year 2015-2016 Based on Actual/Estimated Results for the FY 2014-15 as Base Year [Case # NEPRA/TRF-332/MEPCO-2015]**

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority along with Annexure-I, II, III, IV, V & VI (91 pages) in Case No NEPRA/TRF-332/MEPCO-2015.

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. The Order part along with Annexure-I, II, III, IV, V & VI of the Determination needs to be notified in the official Gazette.

Enclosure: As above

29.02.16
(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-332/MEPCO-2015

TARIFF DETERMINATION

FOR

MULTAN ELECTRIC POWER COMPANY

(MEPCO)

DETERMINED UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

29th February, 2016

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
ADB	Asian Development Bank
AMI	Advance Metering Infrastructure
AMR	Automatic Meter Reading
BoD	Board of Director
BTS	Base Transceiver Station
CAPM	Capital Asset Pricing Model
CDP	Common Delivery Point
COSS	Cost of Service Study
CPPA (G)	Central Power Purchasing Agency Guarantee Limited
CWIP	Closing Work in Progress
DIIP	Distribution Company Integrated Investment Plan
DISCO	Distribution Company
DM	Distribution Margin
DOP	Distribution of Power
ELR	Energy Loss Reduction
ERC	Energy Regulatory Commission
ERP	Enterprise resource planning
FCA	Fuel Charges Adjustment
FY	Financial Year
GIS	Geographical Information System
GOP	Government of Pakistan
GWh	Giga Watt Hours
HHU	Hand Held Unit
HT/LT	High Tension/Low Tension
HSD	High Speed Diesel
IGTDP	Integrated Generation Transmission and Distribution Plan
IESCO	Islamabad Electric Supply Company Limited
KIBOR	Karachi Inter Bank Offer Rates
KSE	Karachi Stock Exchange
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
LPC	Late Payment Charges

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MDI	Maximum Demand Indicator
MEPCO	Multan Electric Power Company Limited
MMBTU	One million British Thermal Units
MoWP	Ministry of Water and Power
MVA	Mega Volt Amp
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
NOC	Network Operation Centre
NTDC	National Transmission & Despatch Company
O&M	Operation and Maintenance
OGRA	Oil and Gas Regulatory Authority
PEPCO	Pakistan Electric Power Company
PESCO	Peshawar Electric Supply Company Limited
PDEIP	Power Distribution Enhancement Investment Program
PDP	Power Distribution Program
PPA	Power Purchase Agreement
PPAA	Power Procurement Agency Agreement
PPP	Power Purchase Price
PYA	Prior Year Adjustment
R&M	Repair and Maintenance
RAB	Regulatory Asset Base
RE	Rural Electrification
RFO	Residual Fuel Oil
RLNG	Regasified Liquefied Natural Gas
RoE	Return on Equity
RORB	Return on Rate Base
ROR	Rate of Return
SBP	State Bank of Pakistan
SOT	Schedule of Tariff
STG	Secondary Transmission Grid
SYT	Single Year Tariff
T&D	Transmission and Distribution
TFC	Term Finance Certificate
TOU	Time of Use
TOR	Term of Reference
TPM	Transfer Price Mechanism

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USCF	The fixed charge part of the Use of System Charges in Rs./kW/Month
UOSC	Use of System Charges
WACC	Weighted average cost of capital
WAPDA	Water and Power Development Authority
XWDISCO	Ex-WAPDA Distribution Company

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DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY THE MULTAN ELECTRIC POWER COMPANY (MEPCO) FOR THE DETERMINATION OF ITS CONSUMER END TARIFF FOR FY 2015-16 BASED ON ACTUAL/ESTIMATED RESULTS FOR THE FY 2014-15 AS BASE YEAR.

CASE NO. NEPRA/TRF/332/MEPCO-2015

PETITIONER

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

INTERVENER

Anwar Kamal Law Associates (AKLA)

COMMENTATOR

M/s Ahmad Hassan Textile Mills Limited, Consumer.

REPRESENTATION

- 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)

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

Khawaja Muhammad Naeem
Member

Himayat Ullah Khan
Member

Syed Masood-ul-Hassan Naqvi
Member

Maj (R) Haroon Rashid
Vice Chairman

Brig (R) Tariq Saddozai
Chairman
9/2/16

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NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

29.02.16

1. Background

1.1 Multan Electric Power Company Limited (MEPCO), hereinafter called "the Petitioner", being a Distribution Licensee of NEPRA filed a petition for the determination of its consumer-end tariff pertaining to the period from FY 2015-16 to FY 2019-20 under multi-year regime in terms of Rule 3(1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules").

1.2 The Petitioner, vide its letter No.12962-64/CE/MEPCO/FD/M(CPC) dated November 12, 2015 requested the Authority to consider its aforementioned petition, filed under the MYT regime, as Single Year Petition to the extent of FY 2015-16 only. The Authority acceded to the request of the Petitioner.

2. RELIEF SOUGHT

2.1 The Petitioner has sought the following reliefs:

- Proposed tariff be allowed and made applicable immediately upon admission of this petition subject to an order for refund for the protection of consumers during the pendency of this petition in terms of Sub-Rule 7 of Rule 4 of NEPRA (Tariff Standards and Procedure) Rules, 1998;
- Distribution Margin as requested be determined and allowed;
- Investment plan including consumers' contribution be approved.
- Post Retirement reduction made by the Authority during last three years reduction in the O & M Expenses be allowed in the FY 2015-16 as prior period adjustment as the Petitioner has created Pension Fund in compliance to Authority's Direction. It is further respectfully, prayed that the Petitioner be allowed such expenses in O&M so that after collecting the same through tariff it would be able to deposit the same into the fund created for the purpose.
- Allow the new hiring cost against existing vacant position of Rs.1,101 million and further new hiring cost of Rs. 236 million also be allowed for expansion related new offices including the sustainability related costs of project implemented through USAID-PDP in MEPCO.
- Allow the True-up mechanism for O&M as proposed.
- Financial viability of the petitioner for the reliable supply of electricity to its 5.1 million consumers be ensured;

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- UoSC (wheeling Charges) = DM + {Difference of PPP (wheeled power) adjusted for loss allowed at level (power is being supplied) i.e. (PPP-PPP/(1-L))} * kwh wheeled (difference of input and output). Where L be the level at which power is being supplied like at 132kv, 11kv and or of both.
- Any other relief, order or direction which NEPRA may deem fit in respect of tariff determination;

3. PROCEEDINGS

3.1 In terms of rule 4 of the Tariff standard and Procedure Rules, 1998 (hereinafter referred to as "Rules"), the petition was admitted by the Authority on 08th October, 2015. In compliance of the provisions of rules 5 & 6 of the Rules, notice of admission / hearing along-with the title and brief description of the petition was published in newspapers on 28th November 2015 and separate notices were also sent to the parties which were considered to be affected or interested. Comments /replies and filing of intervention petition was desired from any interested person within 7 days of the publication. Here it is pertinent to mention that the Petitioner's request of immediate application of proposed consumer end tariff was rejected by the Authority as the same included some abnormal requests, which if implemented might have resulted in subsequent heavy adjustments. Thus, the request was declined, however the petition was admitted by the Authority for its hearing.

3.2 Hearing in the matter was initially scheduled on December 18, 2015 at NEPRA Tower Islamabad. Due to the busy schedule of the Authority, the venue of the hearing was changed to Avari Hotel, Lahore. However, the date of hearing was unchanged i.e. December 18, 2015. Advertisement regarding change in venue of the hearing was also published in the newspaper on December 10, 2015. In compliance of the provisions of sub-rules (5) & (6) of Rule 4 and Rule 5 of the Rules, revised notices of admission / hearing, with regard to change in venue of the hearing, were also sent to the parties which were considered to be affected or interested.

4. FILING OF OBJECTIONS/ COMMENTS:

4.1 Comments/replies and filing of Intervention Request (IR), if any, were desired from the interested person/ party within 7 days of the publication of notice of admission in terms of Rule 6, 7 & 8 of the Rules. Neither any reply was filed nor any IR was received within the prescribed time, however, delayed IR was filed by M/S Anwar Kamal Law Associates and comments were submitted from M/s Ahmed Hassan Textile Mills during the hearing. The Authority, following the principle of natural justice and to provide opportunity to the stakeholders, condoned the delay in filing the intervention request and the request was allowed accordingly.

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4.2 INTERVENER

4.3 Anwar Kamal law Associates (AKLA)– Intervener

4.3.1 Anwar Kamal Law Associates (AKLA) in its Intervention request submitted vide letter No. R/NEPRA/740/15 dated December 07, 2015 raised certain concerns. A brief of the concerns, raised by AKLA, are reproduced as hereunder;

- Tariff for 2015-16 should have been determined prior to the commencement of the Financial Year. Admitting the Tariff Petition so late is not only against the applicable law, but also has adverse Financial Impact on the consumers.

- Approval of IGTDP is a precondition for the submission of the petition as per the Tariff Guidelines but same is not done in the instant case.

- The Authority increased the T&D losses of Petitioner in last year's determination, whereas with the Investment amount paid by the consumers during the last 4 to 5 years, the losses should have decreased / been reduced.

- The Accounts for retaining the over-recovered amount on account of FCA and profit thereon during the reference Base Year are not stated in the Petition.

- The month wise details of payable amount on account of electricity purchases from CPPA (G) and the amount paid to CPPA (G) is not stated in the Petition.

- Month wise details of Late Payment Surcharge (LPS) recovered from the consumers and its' ultimate utilization is not mentioned.

- Outcome of the Over-billing issue initiated in 2008-09, is still not known to the consumers.

- Month wise amount collected from the consumers on account of various Surcharges and the ultimate use on account of each Surcharge is not stated in the Petition.

- The Capacity charges for Plants which are not supplying electricity to CPPA(G), and as a result of which consumers of MEPCO are suffering from Load-Shedding, should not be paid by MEPCO?

- Audit of CPPA (G), should be conducted by MEPCO considering the fact that CPPA (G) is purchasing high-cost electricity from Wind, Solar and other high-cost Power Plants for MEPCO, while low cost electricity Plants are / were not utilized to their full capacity and due to Transmission Line constraints?

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- Supply of 650 MW electricity to K-Electric results in high-cost electricity and Load-Shedding for MEPCO consumers.

- Has the Government of Pakistan conveyed the details of the Surcharges which will be added on to the Tariff to be determined by NEPRA?

- A Period of seven days (5 working days only) is not enough for meaningful participation by the consumers.

- Non-compliance with time-lines renders the whole exercise of Tariff-setting unlawful and subject to correction by the superior Courts.

4.4 **REJOINDER BY THE PETITIONER**

4.4.1 The concerns so raised by the intervener were communicated to the Petitioner and the Petitioner has filed rejoinder to the following effect;

4.4.2 The Petitioner with regards to the Investment plan stated that it has submitted the requested plan separately to the Authority on 24th August, 2015, before filing the Tariff Petition. The same was resubmitted along with the tariff petition as well.

4.4.3 The Petitioner with regards to bad governance in the power sector has stated that it is committed to bring about efficiencies in its system through good governance and has always been compliant with the instructions/ guidelines of the Authority imparted from time to time.

4.4.4 The Petitioner regarding the concern raised about increase in T&D losses has submitted that its T&D losses have not increased rather have improved from 18.30% (during the FY 2010-11) to 16.80% (during the FY 2014-15) through effective investments carried out over the period.

4.4.5 The Petitioner regarding over recovered amount of FCA has stated that as FCA being an eventual part of cost of electricity purchased is transferred to CPPA (MEPCO's Power Supplier) as collected from the consumers. Further the Petitioner has stated that due to the aforementioned reason no separate account is maintained in banks for such collections. Thus, whatever amount on account FCA/FPA is collected the same is reflected and adjusted.

4.4.6 The Petitioner regarding the over-recovered amount of FCA pertaining to the domestic consumers of 300 Units and profit earned thereon, has stated that since the consumer of

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units up to 300 are charged on subsidized rates of electricity, hence no impact of fuel price fluctuation is passed on to these consumers.

4.4.7 On the concern of non-submission of payable amount on account of electricity purchases from CPPA (G) has stated that detail of electricity purchased from CPPA has been given in Tariff Petition Form No. 15-16.

4.4.8 Regarding the concern of LPC and its ultimate utilization, the Petitioner has submitted that, up till June 2015 under the instructions of NEPRA, the benefit of late Payment Surcharge has been passed on to the consumers. However, from July 2015 onwards, under the new mechanism devised by NEPRA, the amounts collected on account of LPC are remitted to CPPA for ultimate payment to Power Generators against their claims.

4.4.9 The Petitioner regarding payment of Capacity charges for Plants which are not supplying electricity has stated that the status of closed generation plants is not known to it, However, the capacity charges are paid to CPPA for onward payment to Generation Companies, from where the electricity is purchased.

4.4.10 The Petitioner regarding Audit of CPPA (G) and NTDC has stated that it is not concerned with the audit of other organizations.

4.4.11 Regarding the issue of CPPA (G) sale of electricity to K-Electric has stated that the said concern dose not pertinent to its business, rather, it is the domain of CPPA which purchases the electricity from Generation Companies.

4.5 COMMENTATOR

4.5.1 <u>M/s Ahmad Hassan Textile Mills Limited</u>

4.5.2 A brief of the comments submitted by M/s Hassan Textile Mills is as under;

i. The increase of 19.45% in fixed cost and 23.56% in energy charges, demanded by the Petitioner is exorbitant and industry cannot afford this hike.

ii. Oil reference price for tariff calculation be fixed to nearest to current market rates.

iii. The Petitioner is applying 16.22% Line Losses on all industry, while Industry is having minimal losses of around 2.75% and 95% recovery. Actual Line losses be considered in Industrial Tariff of B4 rather than flat 16.22% Losses.

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iv. Fixed Charges should not be increased considering the fact that B4 grids are financed by the consumers and minimal investment is done by the Petitioner. Secondly energy too is not supplied continuously for the whole year by the Petitioner, therefore, fixed charges be charged according to the energy hours supplied.

v. Industrial rates should be in line with our regional competitors, so we should remain competitive in the market.

vi. In Punjab, we are facing total gas shutdown, while in same country other provinces are receiving gas 24 hours and 6 days a week. This makes Punjab industry un viable. Therefore, for tariff fixation, gas shut down to Punjab Industry be also considered, to make textile industry competitive in the international market.

vii. The Petitioner be asked to reduce its mark-up rates on loans obtained, to current KIBOR rates (which is around 6%), which in turn will affect the tariff price calculation.

4.6 REJOINDER BY THE PETITIONER

4.6.1 The concerns so raised by the Commentator were communicated to the Petitioner and the Petitioner has filed rejoinder to the following effect;

4.6.2 The Petitioner regarding oil prices reference submitted that NEPRA while determining the consumer end tariff assesses the fuel reference prices based on past and future trend.

4.6.3 The Petitioner mentioned that Authority keeps in view the T&D loss of each company and category while determining the consumer end tariff.

4.6.4 The Petitioner for increase in fixed charges stated that in order to provide continuous power supply to consumers, it has to incur expenditure to maintain its system and also has to pay capacity charges to CPPA(G). Now a days, the industries are exempted from load shedding and being provided uninterrupted power supply. The fixed charges are a part of average sale rate to recover the revenue requirement.

4.6.5 On the issue of regional competitors, the Petitioner submitted that it falls under the Authority's prerogative, however, in our opinion NEPRA keeps in view this factor while determining the tariff.

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4.6.6 The Petitioner on the issue of reducing the markup cost cleared that at present, MEPCO has taken foreign relent loans from Asian Development Bank and World Bank with sovereign guarantee of GOP.

5. Whether the concerns raised by the Interveners are justified?

5.1 It may be observed at the very outset that for filing an intervention request, the time period prescribed in terms of rule 6 of the Rules is 7 days from the date of publication of notice of admission. It is also the requirement of said rule that the intervention request should contain the objections, the manner in which such person is likely to be affected by the determination, the contentions of the person, the relief sought and the evidence, if any, in support of the case. On the basis of the pleadings, the issues are to be framed to be considered during the course of hearing. Now once the prescribed time is lapsed and on the basis of available record, issues are framed, then any delayed filing of intervention request may not be maintainable and it is also not possible to share the issues, as per stance taken by the intervener in the present case.

5.2 Further that instead of providing grounds and justifications in the intervention request, raising the questions of providing any information is nowhere provided in the Rules. In case the petitioner requires any information, it may either approach the petitioner directly or may file a motion of discovery in terms of rule 10 of the Rules. Anyhow, in order to meet with the ends of natural justice and to provide opportunity of raising the respective concerns by the interveners, the delay in filing the requests was condoned and all the interveners were allowed to participate in the proceedings.

5.3 As per the concerns so raised by the interveners and the rejoinder filed by the petitioner, the findings of the Authority are as under:-

5.4 <u>ANWAR KAMAL LAW ASSOCIATES</u>

5.4.1 The Authority, on the issue of late submission of the Tariff Petitions, considers that the Tariff Standard & Procedures Rules 1998 (The Rules) do not provide any time frame for submission of the Tariff Petitions. However, in order to ensure timely determination of consumer end tariff, the Authority has issued the NEPRA guidelines for determination of consumer-end tariff (Methodology & Process) notified vide SRO. 34(I) 2015 dated 16.01.2015, wherein, timelines for the submission of Tariff Petitions have been prescribed. The Intervener has rightly pointed out that the Petitions have been

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submitted late, however, non-admission of the Petitions by the Authority on the grounds of late submission, would not result in the interest of consumers, keeping in view the declining trend of oil prices in the international market.

5.4.2 As far the concern of the Intervener regarding adverse financial impact on consumers due to late admission of the petitions, resulting in late determination of the consumer end tariff is concerned, it is pertinent to mention that any such financial impact is adjusted through monthly FCA and Prior Year Adjustments. Accordingly the consumers as well as DISCOs interest is protected against downward or upward variations in Fuel prices or any other adjustments.

5.4.3 The Intervener is correct, in submitting that IGTDP requires prior approval of the Authority, since as per the Methodology, the submission of IGTDP by XWDISCOs and its approval by the Authority, is required before filing of the tariff petition. The timelines for the submission of IGTDP, as per the Methodology, is September 01 each year. Since the Methodology was notified in January 2015 and separate submission of IGTDP and its subsequent approval by the Authority would have resulted in considerable delay bearing financial implications for the Petitioner. In view thereof, the Authority, on the request of the XWDISCOs, allowed to file the IGTDP along with their Consumer-end Tariff Petitions. Here it is pertinent to mention that submission of the IGTDP by XWDISCOs with their tariff petitions, does not mean that the same has been accepted by the Authority as such. The Authority grants approval of the IGTDP after carrying out its required due diligence, keeping in view the prospective benefits in terms of reduction in level of losses and improvement in the overall distribution system.

5.4.4 On the concern of increasing T&D loss target in last year's tariff determination, it appears that the Intervener is not fully aware of the decision of the Authority in this regard, as the T&D loss target was maintained at 15.00% for FY 2014-15, in the matter of Petitioner. The same T&D losses target was assessed for the FY 2013-14. Thus, the impression that the level of T&D losses was increased, is not correct. The Intervener's concern of allowing considerable investment to the Petitioner (around Rs.27 billion was allowed to the Petitioner during last three year's period), whereas the Petitioner has shown minor reduction in its T&D losses, is valid. The Authority is cognizant of the fact and in order to ensure the prudence and effectiveness of the Investments Program, the Authority has already issued the Methodology which prescribes filing of IGTDP which would ensure qualitative results in terms of reduction in level of T&D losses and improvement in the overall distribution system. The Authority provides annual review of the IGTDP, which will address the intervener's concerns with respect to effective monitoring of the investment and corresponding improvement.

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5.4.5 On the issue of over recovered amounts on account of FCA, the Authority is of the view that the Governing document for XWDISCOs for maintaining their Financial Accounts is the IFRS /IAS and XWDISCOs maintain their accounts as per the aforementioned standards. However, the Authority ensures that the benefit of extra recovery, if any made by XWDISCOs is passed on to the relevant consumers through adjustment in the tariff.

5.4.6 The rationale/relevance for the requirement of information pertaining to the month wise payable amount on account of electricity purchases from CPPA (G) and the amount paid to CPPA (G), is not provided by the Intervener. Here it is pertinent to mention that the Petitioner has filed its petition in accordance to the Rules and the "Methodology".

5.4.7 Regarding the issue of LPC, the Authority in the tariff determination for the FY 2014-15, decided that the late payment charge recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective DISCO only .i.e. CPPA (G) cannot book late charge over and above what is calculated as per the relevant clause of the agreement to a respective XWDISCO only. The Petitioner has attached a detail of LPC recovered from the consumers with its petition whereby an amount of Rs.1,335 million, has been recovered from the consumers during FY 2014-15. The matter is also discussed in detail under the relevant issue.

5.4.8 The Authority is cognizant of the overbilling issue and therefore had already issued directions to all the XWDISCOs to print snap shots on bills and also under take the project of Hand Handled Units (HHU).

5.4.9 Regarding the issue of surcharges, the Authority is of the view that surcharges are levied by the Federal Government from time to time under Section 31 (5) of the NEPRA Act 1997 and therefore the matter does not pertain to NEPRA.

5.4.10 The Authority on the points raised by the Intervener, regarding payment of capacity charges to the plants not supplying electricity and purchase of high cost electricity from Wind, Solar and other high cost power plants, noted that point of the intervener although is valid but the intervener needs to understand the technological constraints. In the case of wind and solar, no fuel is used whereas the Merit order is prepared on the basis of fuel cost and variable O&M. Technically speaking, wind and solar are to be operated first being high in the merit order. As regard the payment of capacity charges to these plants, which do not supply electricity it is to be kept in view that since plants are operated in accordance with the Merit Order and their operation is dependent upon the varying demand situation in the country, therefore, it may not be possible to operate all the plants round the clock. The Power Purchaser, however, has to make payment of capacity charges in accordance with the terms of the PPA, in case the plants are available.

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otherwise it recovers Liquidated Damages from the producers. On the point of carrying out of Audit of cheaper power plants not being utilized to their full capacity, the Authority has decided to strengthen its performance monitoring cell to make it more effective. In this regard the Authority has directed NPCC to submit merit order fortnightly. The Authority has further issued directions to NPCC to strictly follow the merit order, and in case of any deviation it needs to submit rational / justification. This will address the Intervener's concern regarding operation of cheaper plants at their maximum.

5.4.11 On the issue related to K-Electric, the Petitioner is advised to participate in the tariff setting process of K-Electric and submit its contentions in relevant the proceedings.

5.4.12 Regarding the details of surcharges, the Authority considers that the matter pertains to GoP and does not fall under the ambit of the Authority.

5.4.13 The time of seven days for filing of Intervention Request is as per the sub-rule 3 of the Rule 6 of NEPRA (Tariff Standards and Procedures) Rules 1998.

5.5 M/s Ahmad Hassan Textile Mills Limited

5.5.1 The issue of fixing oil prices nearest to the current market rates has been addressed under the issue of Power Purchase Cost in the instant decision. Moreover, the monthly FCA mechanism also takes care of the commentator's concern and the consumers pay according to the actual fuel prices.

5.5.2 The Authority while designing the consumer end tariff for different consumer categories keeps in view the level of T&D losses at different voltage levels at which a consumer is connected. The impact thereof is evident from the rate difference between B1 and B4 industrial consumers categories; hence the commentator's concern in this regard has already been addressed.

5.5.3 On the issue of charging fixed charges, the Authority is of the view the fixed charges being recovered from the consumers are one third of the actual fixed charges, therefore, the contention of Petitioner to charge fixed charges according to the energy hours supplied is already taken care of in the tariff design.

5.5.4 The issue of gas allocation does not come under the purview of the NEPRA.

5.5.5 The issue of reduction of mark-up cost as proposed by the Petitioner has been discussed under the relevant issue.

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6. FRAMING OF ISSUES

6.1 On the basis of pleadings and available record, the following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments:-

- ✓ Whether the petitioner has complied with the directions of the Authority given in the tariff determination for the FY 2014-15?
- ✓ Whether the Petitioner's proposed transmission and distribution losses for FY 2015-16, are justified?
- ✓ What are the details of the requested UOSC by the Petitioner and whether the requests are justified?
- ✓ Whether the concerns raised by the Petitioner regarding inadequacy of the current system for the calculation Wheeling charges, is justified?
- ✓ Whether the request of the Petitioner for additional hiring cost of Rs. 1,337 million, is justified?
- ✓ Whether the Petitioner's projected power purchases & sales for the FY 2015-16, is reasonable?
- ✓ Whether the Petitioner's request to allow the last three years reduction made in the O&M expenses with regard to provision of postretirement benefits after creation of Post Retirement Fund is justified?
- ✓ Whether the Petitioner's projected power purchase cost for the FY 2015-16, is justified?
- ✓ Whether the Petitioner's requested O&M cost of for the FY 2015-16, is justified?
- ✓ Whether the Petitioner's requested depreciation charge for the FY 2015-16, is justified?
- ✓ Whether the Petitioner's requested Return on Regulatory Asset Base for the FY 2015-16, is justified?
- ✓ Whether the Petitioner projected other income for the FY 2015-16, is reasonable?

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- ✓ Whether exclusion of Late Payment Surcharge completely from other income, is justified?
- ✓ Whether the Petitioner's proposed Investment plan for the FY 2015-16 is justified, keeping in view the prospective benefits?
- ✓ Whether the Petitioner's proposed prior year adjustment is justified?
- ✓ Whether the proposed revenue requirements and average sale rate for FY 2015-16, is justified?
- ✓ What will be the mechanism of charging Wheeling/Use of System Charges (UOSC) in case of network of XW-DISCOs are used for Wheeling?
- ✓ Whether there is any major deviation in the petition from the NEPRA guidelines for determination of consumer-end tariff (Methodology & Process) notified vide SRO. 34(I) 2015 dated 16.01.2015?
- ✓ What is the financial impact / loss of revenue due to TOU metering for cellular company connections and other similar connections?
- ✓ Whether the concerns raised by the intervener / commentator are justified?
- ✓ What are the concerns of the Petitioner on the application of domestic tariff for Government office, educational institutions and mosques?
- ✓ Any other relief sought by the Petitioner.

7. HEARING

7.1 In order to arrive at a just and informed decision, it was decided to conduct a hearing in the matter on December 18, 2015. Hearing in the matter was initially scheduled on December 18, 2015 at NEPRA Tower Islamabad, for which advertisement was published in Newspapers on November 28, 2015, however, later on venue of the hearing was changed from NEPRA Tower Islamabad to Avari Hotel Lahore. Advertisement regarding change in venue of the hearing was also published in the newspaper on December 10, 2015. Notices of hearing were sent to the concerned parties and published in the leading newspapers on December, 10 2015. In addition, the stakeholders were also informed through individual letters well before the time of hearing.

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7.2 During the hearing, the Petitioner was represented by its Chief Executive Officer along with his financial and technical team.

7.3 Having gone through the record of the case, examination of evidence/documents so produced and arguments advanced by the parties, the issue wise findings of the Authority are discussed hereunder.

8. <u>Issue # 1: Whether the Petitioner has complied with the directions of the Authority given in the Tariff Determination for FY 2014-15.</u>

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

8.1.1 In order to protect the interest of consumers in the matter of excessive billing, the Authority while considering the proposals floated by different DISCOs, during the proceedings of the tariff determination for the FY 2014-15, agreed with the proposal submitted by PESCO regarding printing of snapshots of meter reading on the electricity bills of the consumers not only to enhance the level of confidence of the consumers but also to create an effective quality check on the Meter Readers. Accordingly, the Petitioner was also directed to implement the said plan not later than 30th April 2015.

8.1.2 The Petitioner during the hearing submitted that Hand Held Units (HHUs) and mobile with capability of snap shots of meter reading has been implemented in 154 Sub divisions out of 165 sub divisions.

8.1.3 The Petitioner also submitted that for implementation in the remaining sub divisions following steps have been taken:

- Investment requirement for procurement of HHUs has been requested in DIIP;
- Procurement has been initiated;
- New induction against the sanctioned posts of meter readers has already been initiated and same will be finalized shortly.

8.1.4 As far as induction of meter readers are concerned, the issue is dealt under the head of Salaries, wages & other benefits. The Authority while appreciating the efforts of the Petitioner, has noted several complaints to the effect that snap shots appearing on the bills are not clear and readable. In view thereof, therefore the petitioner needs to ensure the visibility of the snap shot on the bills and also to maintain its record in soft form for at least a period of twelve (12) months.

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8.2 To submit its investment requirements for the implementation of Hand Handled Units (HHU) the completion timelines along with its next tariff petition.

8.2.1 In view of the aforementioned direction regarding printing of snap shot of meter reading on the electricity bills, the Authority also considered the proposal of IESCO & the Petitioner for allowing the cost of hand held meter reading units and principally decided to allow the cost of the hand held units and directed it to submit its investment requirements for the implementation of the said plan along with the completion timelines in its next tariff petition.

8.2.2 The Petitioner has submitted during the hearing that the same is included in its Distribution Companies Integrated Investment Plan (DIIP) and the procurement has been initiated.

8.2.3 The Petitioner, although, has started printing snap shots through smart phones in different sub-divisions, yet, the importance of HHUs cannot be denied which is the sustainable solution and will eventually replace the mobile phones. Further adjudication on the issue is done under the head of investments.

8.3 To install AMR and AMI at all of their CDPs by December 31, 2015.

8.4 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.

8.5 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.

8.5.1 The Authority considers that one of the key reasons for high transmission and distribution losses in DISCOs is the lack of any tracking mechanism for electricity flow from the points of their electricity purchases (CDP) down to the final consumers. A reliable metering and recording system at every voltage level starting with the 132 kV grid, at the 11 kV and to 440 and 220 volts is therefore critical for the elimination of theft, unaccounted electricity and diagnosing technical problems. In view thereof, the Authority directed all DISCOs to install AMR and AMI Systems. The Authority considered that such systems would also enable it in analyzing the XWDISCOs' genuine investment requirements. Consequently, reduction in losses would help in saving billions of rupees annually and support GOP's efforts in eliminating circular debt. Thus, the Authority directed all DISCOs;

- To install AMR and AMI at all of their CDPs by December 31, 2015.

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- 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.

8.5.2 The Petitioner in compliance to the Authority's direction has presented that AMRs and AMI at all Common Delivery Points (CDPs) and all 1,137 11 KV feeders have been implemented.

8.5.3 Regarding progress of installation of AMRs at consumer end, the Petitioner has submitted the following;

- All Tube well connections in Multan, Vehari and Khanewal circles and remaining 6 circles will be completed by 31.12.2016;
- Installation of AMRs at all high load consumers (20 kW and above) has been done.

8.5.4 While appreciating the efforts made by the Petitioner, the Authority still feels that further efforts are required to complete the installation of AMRs/ AMIs System within the given time lines.

8.6 The Petitioner was directed to submit comments and proposal of life line consumers before the next year tariff petition and also to share the financial impact of revision of criteria of life line consumers on its revenue.

8.6.1 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. Accordingly, the following modifications to the terms and conditions of lifeline and residential consumers were proposed;

- The criteria for Lifeline consumers is modified and only those residential consumers having single phase electric connection with a limited sanctioned load upto 1 kW and consumption of less than 50 units will qualify to be the life line consumers.

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- 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.

8.6.2 However, the Authority also felt 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 Authority directed the Petitioner to share the financial impact of proposed revision of criteria of lifeline consumers on its revenue with the next year's tariff petition.

8.6.3 The Petitioner has provided the following comments on the issue in its instant petition.

- The life line consumers are considered as low income group having consumption up to 50 units being billed at subsidized rate on the basis of "50 units".

- The criteria for life line consumers is based on consumption which do not truly reflect the eligibility for availing electricity at subsidized rate. It is experienced that consumer managed to get installed second meter in order to avail low price electricity or the consumers having big houses being supervised by their servants and not in use of the owners.

8.6.4 The Petitioner has accordingly requested for re-evaluation of the low consumption consumers and proposed of following criteria for declaration and registration of life line consumers with distribution companies.

- ✓ Consumers registered with local Zakat committee as eligible for Zakat.

- ✓ Consumers registered under income support program of Government.

- ✓ Local Income People not claiming Zakat are supported by the Government may file an application to claim as a Life Line Consumer on the basis of proof of monthly income and survey may be conducted for Authentication and registration as life line consumers through third party.

- ✓ Consumers having residential area over 250 Sq. Yrds may not be allowed in life line.

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- ✓ Consumers having consumption of more than total of 500 units in preceding 11 months may not be allowed in life line consumers.

8.6.5 The Authority noted that although the Petitioner has submitted its comments on the issue however nothing has been mentioned in terms of financial impact on its revenue by the Petitioner.

8.6.6 The Authority after careful consideration has decided to modify the terms & conditions of the lifeline consumers to the extent of the following;

- The criteria for Lifeline consumers is modified to only those residential consumers having single phase electric connection with a sanctioned load up to 1 kW.
- At any point of time, if the floating average of last six months consumption exceed 50 units, then the said consumer would not be classified as life line for billing month even if its consumption is less than 50 units. For the purpose of calculating floating average, the consumption charged as detection billing would also be included.

8.7 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.

8.7.1 In the tariff determination for the FY 2012-13, the Petitioner was directed to submit a concrete recovery plan for its receivables. The Petitioner submitted a recovery action plan with the tariff petition for the FY 2013-14. The Petitioner envisaged Rs.15,000 million to be recovered under the plan during FY 2013-14. However, after analyzing the audited financial statements of the Petitioner, for FY 2013-14, no improvement was observed and it failed to show that it recovered Rs.15,000 million as per its submitted recovery plan.

8.7.2 Accordingly, the Petitioner was again directed 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.

8.7.3 The Petitioner has provided the following detail in this regard as on June 2015;

Receivable against Federal Government	-36.14 million
Receivable against Provincial Government	864.53 million
Total Government	828.39 million
Receivable against Private	26,493.42 million
Total Receivables	27,321.86 million

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8.7.4 Breakup of private receivables

Spillover	5,344.82 million
GOP subsidy	5,774.89 million
Deferred	2,349.04 million
Unpaid Debt (T.well)	2,634.07 million
Credit Balance	(-) 500.07 million
UT	(-) 330.60 million
P.Disc	2,837.61 million
Running	8,383.67 million

8.7.5 Aging of Defaulting Amount

	Up-to 2 months	2-3 months	4-6 months	6-12 months	1-3 years	Above 3 years	Total
Running	2,261.14	283.36	5,600.49	200.19	35.44	0.06	838.67
P. Disc	145.61	5.75	27.61	168.03	995.71	1,495.33	2,837.61

8.7.6 Future strategy to recover Receivables

- Billing of Govt. connections through accurate billing
- Reconciliation of Govt. department billing every month.
- Disconnect Govt. connections without any discrimination on non-payment.
- Arrange meeting with departments to resolve the disputed issues.
- Timely and correct meter reading
- Monitoring of batch wise recovery and settlement of billing disputes on priority.
- Follow up of payment by consumers on due date.
- Prompt implementation of ERP.
- Vigilance with activity premises through special teams.
- Adjustment of security deposit against arrear.
- Creation of demand through Tehsildar for payment of arrear under Land Revenue Act.
- Providing incentive to staff for recovery of arrear.
- Initiating punitive disciplinary action against employee with stealers.

8.7.7 The Petitioner has claimed that in result of its aforementioned strategic plan, it has decreased its receivables by Rs.3,200.97 million from June 2014.

8.7.8 The Authority observed that the aforementioned information provided by the Petitioner, could not be reconciled from its financial statements for the FY 2014-15, which raises doubts about the credibility of the information provided by the Petitioner.

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8.7.9 The Authority has also observed that instead of decreasing, the Gross trade debtors figure of the Petitioner has increased from Rs.21,525 million as on 30th June 2014 to Rs.23,121 million as on 30th June, 2015 *(as per the draft financial statements of the Petitioner).* Moreover, the Petitioner was expected to submit a concrete recovery plan to ensure recovery of its arrears, whereas the aforementioned strategy proposed by the Petitioner seems to be an effort to reduce its future receivables and nothing concrete has been suggested in terms of recovery of the existing receivables.

8.7.10 At the same time, the Authority appreciates the effort of the Petitioner in terms of reduction on account of subsidy receivables from Federal Government.

8.7.11 The Authority feels that the Petitioner needs to adopt extra-ordinary measures to ensure recovery of its outstanding dues which are continuously piling. In view of the aforementioned, the Petitioner is again directed to submit a concrete recovery plan clearly highlighting the problem areas, targets for its improvements along with its intended strategies/tools to achieve the same latest by June 30, 2016. The Authority has also taken a serious notice of non-compliance of its direction in true letter & spirit by the Petitioner, which is serious violation of licensing terms that may lead to initiation of proceedings against the licensee under the relevant rules.

8.8 To get its strength yard stick approved by the Authority based on proper justifications and its quantified benefits.

8.8.1 The matter is discussed under relevant issue.

8.9 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.

8.9.1 FESCO requested 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.

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

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8.9.3 The Petitioner stated that existing financial, administrative and technical powers need to be reviewed/enhanced however it could not provide any detail or weaknesses encountered in its current power structure. Accordingly, the Petitioner was directed to submit comments and proposal on this issue not later than 30th April, 2015 for consideration in the next year's tariff determination.

8.9.4 The Petitioner during the hearing of its instant petition i.e. FY 2015-16 has submitted that existing financial, administration and technical powers are under revision and will be submitted in due course of time.

8.10 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.

8.10.1 As per the clause 9.3(d) of the Electricity supply agreement dated 29th June, 1998 between DISCOs & NTDC, the XWDISCOs are obliged to pay CPPA (G) late payment charge on delay payments of invoice. 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 three hundred sixty-five (365) Day Year."

8.10.2 In view thereof, the Authority in the tariff determination for FY 2014-15, decided that the late payment charge recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective DISCO only i.e. CPPA (G) cannot book late charge over and above what is calculated as per the relevant clause of the agreement to a respective DISCO only. The Petitioner was, therefore, directed to share the details of late payment charges recovered from consumers and any invoice raised by CPPA (G) under the head of mark up on delayed payments for the FY 2014-15. The Petitioner was directed to submit the requisite information before filing of the next tariff petition. Any remaining LPC, (i.e. after the offset) shall be adjusted from the revenue requirement of FY 2015-16 and in the event of non-submission of evidence of payment to CPPA (G), the entire amount of LPC recovered from consumers shall be made part of other income *(and deducted from revenue requirement)* in the FY 2015-16.

8.10.3 In compliance to the Authority direction the Petitioner stated that CPPA (G) has not yet raised any Invoice on account of mark up for the FY 2014-15.

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8.10.4 However, the Petitioner has submitted that during the financial year FY 2014-15, an amount of Rs.1,152.24 (M) has been charged to the consumers.

8.10.5 The issue has been discussed under the relevant head.

8.11 To submit the details of investment expense undertaken in the FY 2013-14.

8.11.1 Although the Petitioner has mentioned that the detail of investment carried out in FY 2013-14 is attached with the petition, however no such information was attached with the Petition. The Authority considers that in order to arrive at an informed decision, the detailed information was required. The Authority has taken a serious notice of non-compliance of its direction by the Petitioner, which is serious violation of licensing terms that may lead to initiation of proceedings against the licensee under the relevant rules. Notwithstanding the aforesaid, the Petitioner is once again directed to provide project wise detail of actual investment made in FY 2013-14 and FY 2014-15 along-with the cost benefit analysis.

8.12 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.

8.12.1 The Authority in order to protect the interest of the employees regarding post-retirement benefits and also keeping in view the liquidity crunch of XWDISCOs, had directed the Petitioner to create an independent fund in the best interest of Petitioner's work force. The Petitioner in its tariff petition for the FY 2014-15, mentioned that it has created the Post Retirement Fund in compliance with the Authority's direction.

8.12.2 The Petitioner during the hearing of its instant petition i.e. FY 2015-16, has mentioned that it has opened Post Retirement Benefit Fund account with an amount of Rs.100 million. The Petitioner further requested that Post Retirement reduction made by NEPRA during last three years may be allowed in the FY 2015-16 as prior period adjustment as it has created Pension Fund in compliance to Authority's direction. The Petitioner further stated that it has no other source of funding, therefore it may be allowed such expenses in O&M so that after collecting the same through tariff, it would be able to deposit into the fund the amount equivalent to pension liability of employees appearing in the balance sheet.

8.12.3 The matter is discussed under relevant issue.

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8.13 **To submit a recruitment plan for the requested hiring of staff containing cost/benefit analysis based on best practices and to submit its investment requirements for the implementation of the said plan along with the completion timelines along with its next tariff petition.**

8.13.1 The matter is discussed under relevant issue.

8.14 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.

8.14.1 The Petitioner mentioned during presentation of its instant petition that it has already submitted Distribution Integrated Investment Plan (DIIP) as per the format finalized by NEPRA and guidelines provided in NEPRA guidelines for determination of consumer end tariff.

8.14.2 The Authority while going through Petitioner's provided DIIP observed that it has provided some details with respect to the creation of circles along-with some additional staff required thereof. However, the Petitioner has failed to specifically correlate the required costs with the perceived benefits. In view thereof the Authority is constrained to conclude that the referred document fails to establish the prudence of the requested cost hence the Authority has decided not to allow the cost requested by the Petitioner in this regard.

8.15 <u>To take a separate presentation on Cost of Service Study along with PDP team and requesting Authority for appointment in advance.</u>

8.15.1 In response to the Authority direction, the Petitioner during presentation of its petition has submitted that it has already submitted its Cost of Service study.

8.15.2 The Authority has observed that the Petitioner has totally ignored the COSS while submitting its proposed consumer end tariff for the FY 2015-16. The Authority considers that COSS is the prerequisite for filing of tariff petition as per the prescribed required filing requirements indicated in the tariff guidelines. The Authority expects that in future, the Petitioner needs to comply with the filing requirements as given in the guidelines for determination of DISCOs tariff in letter and spirit failing which the will be constrained not to accept the tariff petition. In view thereof, the Authority directs the Petitioner to submit COSS based proposed consumer end tariff along with its next tariff petition.

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9. **Issue # 2. Whether the Petitioner's projected energy purchase & energy sales for the FY 2015-16 is reasonable?**

9.1 As per the Petitioner, the projected units purchased for the FY 2015-16 shall be 14,368 GWh and units sold shall be 12,036 GWh. The Petitioner has based its purchases for the FY 2015-16 assuming 2% growth from the actual units purchased during FY 2014-15.

9.2 The NEPRA determination of Consumer-end-Tariff (Methodology & Process) Guidelines, 2015, (herein referred to as "The Methodology") prescribes the submission of generation plan by NTDC and procurement plan by CPPA (G) and its approval by the Authority prior to the filing of the tariff petition by the XWDISCOs. Since both NTDC and CPPA (G) did not submit the generation and the procurement plans, the Authority in order to avoid any delays in the determination of XWDISCOs tariff petitions for FY 2015-16 and onward, considered the power purchases and their corresponding cost as projected by XWDISCOs, along with the instant tariff petitions.

9.3 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 to have a realistic assessment of the monthly references of 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 2015-16. An increase of around 2.05% has been assumed over the actual generation pertaining to the FY 2014-15, as generation growth. Here it is pertinent to mention that the actual generation for the FY 2014-15 was 1.94% more than the actual generation for the FY 2013-14. After incorporating all the expected upcoming additional generation, it is estimated that in the FY 2015-16 the overall system generation will be about 98,989 GWh. After adjusting for the NTDC's permissible transmission losses of 3.0%, about 96,019 GWh are expected to be delivered to the distribution companies; the estimated share for the Petitioner from the pool for the FY 2015-16, is accordingly assessed as 14,223 GWh for the FY 2015-16, as against 14,368 GWh projected by it. After incorporating the T&D losses target for the FY 2015-16 (discussed below) the sales target in the instant case for the same period works out as 12,090 GWhs.

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10. **Issue # 3: Whether the Petitioner's projected power purchase cost for the FY 2015-16 is justified?**

10.1 The Petitioner has requested for a Power Purchase Price (PPP) of Rs.133,531 million (Rs.9.293/kWh) for the FY 2015-16.

10.2 The Petitioner has not given any basis for the aforementioned projection and only stated that the PPP has been projected following the previous generation trend. The Petitioner submitted the component wise detail as below:

Description	FY 15-16 (Projected)	
	Amount Rs. In million	Rate in Rs./kWh*
Energy Transfer Charges	93,047	6.476
Capacity Transfer Charges	37,114	2.583
Use of System Charges	3,370	0.234
PPP	**133,531**	**9.293**

* Rate is unadjusted price /kWh

10.3 In order to make fair assessment of the PPP, an in-house evaluation was done. As per the existing mechanism all the power generated from different sources is procured by the Central Power Purchasing Agency (CPPA-G) 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 & biannual PPP adjustment with respect to T&D losses, Capacity and Transmission Charges. Here it is pertinent to mention that while making biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.

10.4 From all the available sources i.e. Hydel, Thermal-Gas, RFO, Nuclear, Coal, Solar, Wind, Bagasse and Imports, a total gross of 98,989 GWh power is expected to be generated during the FY 2015-16. The estimated/projected source-wise generation and cost of electricity is given in the following table:

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Fuel Type	Gen.	Share	Cost	Share	Rate
	MkWh	%	Mln. Rs.	%	Rs./kWh
Hydel	32,563	32.90%	3,124	0.56%	0.10
Coal	102	0%	382	0%	3.74
HSD	1,702	2%	22,168	4%	13.02
F.O.	30,881	31.2%	332,651	59%	10.77
Gas	26,218	26%	177,129	32%	6.76
Nuclear	4,995	5%	6,609	1%	1.32
Mixed	1,015	1%	10,332	2%	10.18
Import from Iran	443	0%	4,669	1%	10.55
Wind Power	724	1%	975	0%	1.35
Bagasse	319	0%	1,977	0%	6.20
Solar	26	0%	64	0%	2.47
Total	**98,989**	**100%**	**560,080**	**100%**	**5.66**
Energy Charges [Net of NTDC Losses]	**96,019**		**560,080**		**5.83**
Cap. Charge [Rs. /kWh]			239,695		2.50
UOSC [Rs. /kWh]			30,520		0.32
Total Cost [Rs. /kWh]	**96,019**		**830,295**		**8.65**

10.5 Here it is pertinent to mention that the aforementioned energy charge includes variable O&M charges. But as per the tariff methodology, variable O&M charges would not be made part of monthly fuel adjustment and would be adjusted as part of biannually adjustments. From the above table it is clear that 31% of total generation is expected on Residual Fuel oil (RFO) but its share in overall energy cost is expected to be around 59%, 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 decreasing trend, whereby the actual average RFO prices during the FY 2014-15 remained at around Rs. 56,121 [excluding Sales Tax and including freight] per metric ton and touched a low of Rs. 40,411 per metric ton as against the last years average projected price of Rs. 65,769 [excluding Sales Tax and including freight] per metric ton. The RFO prices in Pakistan are not only affected by the international market but also by the exchange rate parity. Based on the international market condition, it can be presumed that this lower trend shall continue in the future as well, consequently, for the FY 2015-16, RFO prices have been assumed on an average of Rs. 47,981 per metric ton [excluding Sales Tax and including freight] after incorporating the possible determinants of RFO prices. The HSD prices for the FY 2015-16, are being assumed on an average of Rs. 61.29 per litre [excluding Sales Tax], keeping in view the declining trend of HSD price in FY 2014-15, which remained on average Rs. 76.89 per litre during the FY 2014-15, against the projection of Rs. 93.45/ litre. Keeping in view the recent developments regarding the import of RLNG and the notification by OGRA regarding provisional price of RLNG, it is quite obvious that gas based power plants will

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also be run on RLNG especially in the months where there is gas shortage as has been the case in the past. Accordingly, impact of RLNG has also been considered while projecting the gas prices for the FY 2015-16, which has been assumed at Rs.900/ MMBTU.

10.6 The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority.

10.7 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.

10.8 According to the above mechanism Rs.35,512 million and Rs.4,517 million is the share of the Petitioner on account of CpGenCap and USCF respectively for the FY 2015-16. The overall fixed charges comprising of CpGenCap and USCF in the instant case works out as Rs.40,028 million, which translate into Rs.1,223 /kW/month or Rs.2.814/kWh.

10.9 The annual PPP for the FY 2015-16 in the instant case works out as Rs.122,750 million. With the projected purchase of 14,223 GWh for the same period the average PPP turns out to be as Rs.8.63/ kWh (Annex – IV). On the basis of 15.00% T&D losses, the PPP per kWh is assessed as Rs. 10.15/kWh.

10.10 As far as the assessment for the FY 2016-17 and onwards is concerned, as per the Methodology, the Petitioner would submit data for its generation plan before or on 1st September, each year. The Authority after due diligence may consider revising the current projection of PPP. Accordingly, the impact of revised prices on the SOT, would be done by the Authority. Here it is pertinent to mention that the references of power purchases would continue to exist irrespective of the financial year unless the revised references are notified by the GoP.

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11. **Issue # 4: Whether the Petitioner's proposed transmission and distribution losses of 16.22% for the FY 2015-16, are justified?**

11.1 The Petitioner has requested a Transmission and distribution (T&D) losses target of 16.22% for the FY 2015-16.

11.2 During the hearing, the Petitioner submitted the following summary of T&D losses, in the last five years;

Years	Transmission	Distribution	T&D Losses in %
2010-11	3.84%	14.46%	18.30%
2011-12	3.60%	14.27%	17.87%
2012-13	2.63%	14.50%	17.13%
2013-14	3.40%	14.07%	17.47%
2014-15	3.06%	13.74%	16.80%
2015-16 Proj.	3.50%	12.72%	16.22%

11.3 The Petitioner also stated that 15% T&D losses determined by NEPRA in its determination for FY 2014-15 are on the lower side since the trend of the distribution losses during last 5 years remains in the range of 16.80% to 18.30%.

11.4 Further, in response to the direction of the Authority 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, the Petitioner submitted the following information;

EXPECTED SAVING IN LOSSES I.R.O COMPLETED HT REHABILITATION PROPOSALS F.Y 2014-15

Account Head	Completed HT Proposals	Saving
	Nos	(MKWH)
ELR	20	21.593
DOP	4	2.281
World Bank (ELR)	13	15.016
Connectivity	23	-
Total	**60**	**38.89**

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11.5 The Petitioner's performance over the last five years in terms of T&D losses and investments is indicated in the following table;

Years	Actual Transmission	Actual Distribution	T&D Losses in %	Allowed Losses	Investment Allowed	Actual Investment
2012-13	2.63%	14.80%	17.13%	15.00%	8,697	9,603
2013-14	3.40%	14.07%	17.47%	15.00%	7,492	8,262
2014-15	3.06%	13.74%	16.80%	15.00%	8,697	8,788
2015-16 Proj.	3.50%	12.73%	16.23%			

11.6 The Authority has observed that the T&D losses projected for FY 2015-16, shows an increase in Transmission Losses by 0.46% as compared to last year, for which no specific reason has been provided. Further, the Petitioner's actual T&D losses for the FY 2014-15, as reported by the Petitioner, remained at 16.80%, which is higher than the Authority's determined level of 15% and also from the Petitioner's own requested level of 16.50%. The only justification put forward by the Petitioner during the hearing was that its T&D losses have increased because of overloading of system due to increase in supply of electricity.

11.7 The Authority after careful consideration of the Petitioner's arguments is of the view that although the Petitioner has managed to reduce its level of T&D losses over a period of three year, however, the argument put forward by the Petitioner to justify its requested level of T&D losses (that its system is overloaded as it is used for the import and export of the electricity by other DISCOs) does not reconcile with the actual reported decrease in the transmission losses from 3.40% to 3.06% during the last two years. Even if the argument of overloading is accepted, the effectiveness of the investments already carried out by the Petitioner becomes debatable. As regard the issue of inter DISCO wheeling, the same is discussed under its respective head.

11.8 In compliance of Authority's direction, the Petitioner carried out a study, which was submitted to the Authority in the tariff determination for the FY 2012-13, whereby, 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 the type of software used in the study carried out by M/s Barqaab, the Authority directed the Petitioner to address the concerns raised by its Technical Division. In response to the direction of the Authority, the Petitioner conducted sample technical study on SynerGEE and the same

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was conducted on a small sample size of feeders only. The Authority did not accept the sample size of feeders and the Petitioner was directed to extend the study on all of its feeders and submit the report by the end of June 30, 2015.

11.9 In the instant petition the Petitioner has not provided any update on the issue. In view thereof, the Authority cannot evaluate the Petitioner's claim/justifications with respect to the requested level of T&D losses. Further, the finding of the study would also quantify the impact of theft in the Petitioner's system, if any.

11.10 Accordingly, the Authority, based on the submissions, arguments and evidence provided by the Petitioner and the fact that the Petitioner has not provided any update on the finding of the study using the SynerGEE software, the Authority, has decided to maintain the existing level of T&D losses, i.e.15.00% for the FY 2015-16 and at the same time directs the Petitioner to update the Authority on the finding of the study using SynerGEE software not later than 30th June, 2016. It is further to be noted that the study must be carried out by an Independent Party.

12. **Issue # 5. Whether the Petitioner's proposed Investment plan for the FY 2015-16 is justified?**

12.1 As per the NEPRA guidelines for determination of consumer end tariff (Methodology and Process), 2015 (The Methodology) notified vide S.R.O. 34 (I)/2015 dated January 16, 2015, the submission of IGTDP by XWDISCOs and their approval by the Authority is required before filing of the tariff petition. The timelines for submission of the IGTDP, as per the Methodology, is September 01 each year. Since the Methodology was notified in January 2015, and separate submission of IGTDP and their subsequent approval by the Authority, would have resulted in considerable delays bearing financial implications for the Petitioner, therefore, the Authority, on the request of the XWDISCOs, allowed to file the IGTDP along with their Consumer-end Tariff Petitions.

12.2 The Petitioner submitted a comprehensive investment plan for five years, including the improvement targets along with the proposed investment, as a part of its Multiyear tariff petition. The Authority understands that although IGTDP is the more relevant and detailed document regarding the Investments, however, considering the fact that the Petitioner subsequently requested to consider the submitted petition to the extent of FY 2015-16 only, the Authority has decided to consider the information provided in the Petition and during the hearing of the instant petition, while working out the investment requirement of the Petitioner for FY 2015-16.

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12.3 The Petitioner has requested Rs.14,781 million to execute its development/ investment plan for the FY 2015-16 in the areas of Distribution of Power (DOP), Energy Loss-Reduction (ELR), Secondary Transmission & Grid (STG), Rural Electrification (RE) and installation of TOU / AMR meters. The break-up of proposed investment provided by the Petitioner is as under:

Description	2015	2016
	Million Rupees	
Investment Plan		
DOP	456	476
ELR	551	588
STG	2,934	7,106
Sub-Total	**3,941**	**8,170**
Village Electrification/Deposit Work	937	1,689
Others (Capital receipts)	2,300	2,669
Vehicles (Utility & Others)		380
Other Functional Investment	306	30
1. Commercial		1,027
2. HR		95
3. Communication		4
4. Finance		0
5. Safety		717
Total	**7,484**	**14,781**

12.4 The Petitioner plans to fund the aforementioned investments as under;

Source of Financing	Amount (Rs. in M)
Foreign Relent Loans	6,686
PSDP / Own Resources	3,737
Consumer Contribution	2,669
Grant (USAID)	689
Other	1,000
Total	**14,781**

12.5 As per the available information, the Petitioner made a total additions in the fixed assets of Rs.8,262 million & Rs.8,503 million during the FY 2013-14 and FY2014-15 respectively. The aforementioned amounts also include the impact of consumer contribution to the extent of Rs.4,074 million & Rs.4,839 million respectively. Thus, net

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addition in fixed assets carried out through loans and own resources, works out as Rs.4,188 million and Rs.3,665 million during the FY 2013-14 and FY 2014-15 respectively.

12.6 Based on the available record, arguments, evidence and the fact that these allowed investments indirectly affect the annual Return on Rate Base (RORB) for a DISCO, hence, while allowing investments for any control period the Authority has to keep in view the past trend of investment made by the Petitioner along with its funding arrangements and its previous trend of closing CWIP and transferring of useful assets from CWIP to operating assets. Based on the discussions in preceding paragraphs and the actual investments carried out by the Petitioner during the FY 2014-15, the Authority considers that the Petitioner's requested demand of Rs. 14,781 million for the FY 2015-16 (including the impact of consumer contributions of Rs. 4,358 million) is on the higher side. Accordingly, based on the aforementioned arguments, the Authority, has decided to allow an investment of Rs.10,546 Million for the FY 2015-16, including the investments requested under the head of HHU and the amount of consumer contribution. 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 2015-16 (which is desirable), would be catered for in next year's returns.

12.7 The Petitioner on the issue of village electrification is being directed to undertake village electrification after carrying out its technical evaluation and positive NPV. Accordingly the Authority directs the Petitioner to spend at least 20% of the village electrification funds for improvement / up-gradation of the grid. The Petitioner is further directed to not to undertake any village electrification which would result in overloading of its system. The village electrification would only be undertaken without augmentation of the grid, if it already has spare MVAs.

13. Issue # 6.Whether the prior year adjustment calculated by the Petitioner of Rs.1,318 Million for the FY 2015-16 is accurate?

13.1 The Petitioner, in its petition requested prior year adjustments of Rs.9,246 million including impact of Rs. 3,104 million on account of sales mix variance. The Petitioner neither provide any detail in its petition nor in its presentation during the hearing.

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13.2 The Authority while going through the record observed that the Petitioner has not provided any working or calculations to justify its requested cost. In view thereof, the Authority after doing its own due diligence has worked out the following PYA;

		Mln. Rs.
	Notified reference PPP during the FY 2014-15	139,800
	Assessed Distribution Margin for the FY 2014-15	13,003
	Assessed PYA for the FY 2014-15	(19,736)
Add ;	1st Qrt's PPP adjustment pertaining to the FY 2014-15	5,419
Add;	2nd Qrt's PPP adjustment pertaining to the FY 2014-15	2,238
Add;	3rd Qrt 's PPP adjustment pertaining to the FY 2014-15	(712)
Add;	4th Qrt's PPP adjustment pertaining to the FY 2014-15	5,332
Less ;	Regulated PPP recovery on notified rates during the FY 2014-15	157,807
Less;	Regulated DM recovery on notified rates during FY 2014-15	11,275
Less;	Regulated PYA recovery on notified rates during FY 2014-15	2,677
Less;	Net impact of assessed & actual Other Income for the FY 2014-15	1,476
Add;	Impact of Consumer – Mix Variance for the FY 2014-145	2,457
Add;	Impact of Previous Adjustment	382
	Total Unrecovered/ (Over recovered) Costs for the FY 2014-15	**(25,051)**

13.3 Here it is pertinent to mention, as per the previous practice, the impact of any decrease in (negative) monthly FCA, was not passed on to the Life line and Agriculture Consumers of XWDISCOs. The same relief was adjusted by the Authority in the annual tariff determinations of XWDISCOs, through the Prior Year Adjustment mechanism, whereby the impact of such amount is adjusted in the tariff design across all the consumer categories.

13.4 MoWP vide its letter No.5-PF/02/2013-Subsidy dated May 21, 2015 issued the policy guidelines under Section 31 (4) of the NEPRA Act, 1997 with regard to the Fuel Charge Adjustments and subsidy rationalization of Ex-WAPDA Distribution Companies.

13.5 MoWP in its aforementioned policy guidelines, inter alia, mentioned that ECC of the Cabinet has been pleased to approve the issuance of the following Policy Guidelines under Section 31 (4) of the NEPRA Act, 1997 on 21.05.2015 i.e. that

"Any negative adjustment on account of monthly FCA will not be passed on to the Domestic consumers who have subsidized electricity tariff."

13.6 The Authority considered the policy guidelines of the GoP with respect to the Fuel Price Adjustment being consistent with the GoP Policy for phasing out the subsidy which are

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also consistent with the standards and guidelines as per Rule 17 of Tariff Standards and Procedure Rules -1998.

13.7 Accordingly, the Authority decided that any negative monthly FCA shall not be applicable to lifeline consumers, domestic consumers consuming up to 300 units and Agriculture Consumers of all the XWDISCOs being already subsidized by the GoP. The impact of such negative FCA not passed on to the aforementioned consumer categories, in the matter of the Petitioner, for the FY 2014-15, works out to be as Rs.8,548 Million.

13.8 The Authority in view of the above referred policy guidelines of GoP regarding rationalization of subsidy in the matter of XWDISCOs, has decided not to adjust the impact of negative FCA across different consumer categories, as it was doing in the past. Thus, the negative FPA impact on lifeline consumers, domestic consumers (consuming up to 300 units) and Agriculture Consumers amounting to Rs. 8,548 Million, which is still lying with the Petitioner, must be adjusted by GoP, against the overall Tariff Differential Subsidy claim in the matter of the Petitioner eventually reducing GOP's overall Tariff Differential Subsidy burden. This decision of the Authority is only applicable under a subsidy regime, whereby aforementioned classes of consumers are receiving subsidy directly in their base tariff.

14. **Issue # 7. Whether the Petitioner projected O&M cost for the FY 2015-16 is justified?**

15. **Issue # 8. Whether the request of the Petitioner for additional hiring cost of Rs. 1,337 million, is justified?**

16. **Issue # 9. Whether the Petitioner's request to allow the last three years reduction made in the O&M expenses with regard to provision of postretirement benefits after creation of Post Retirement Fund is justified?**

16.1 The Petitioner, in its petition, requested an amount of Rs.17,334 million on account of O&M cost for the FY 2015-16. The O&M cost, as per the Petitioner, includes pay & allowances, repair & maintenance, mandatory social insurance payments, administrative, management and other operating costs related to Petitioner's distribution and supply business. The Petitioner submitted that its O&M cost is Rs.15,972 million, without the impact of the new hiring cost i.e. hiring against existing vacant positions and hiring to support new expansion of network and offices including hiring required for new technologies being implemented / completed by USAID-PDP. The Petitioner has included an amount of Rs.1,101 million for new hiring cost against the existing vacant positions and Rs.236 million for the expansion related projects & the projects implemented by USAID-PDP in the O&M cost.

16.2 The Petitioner during the hearing submitted that, in the petition, it had requested new hiring cost of Rs.1,337 million for 5,051 number of employees, which owing to the lapse

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of ½ year time, and reduction in number of employees to 3,531, has been reduced to Rs.370.0 million for the existing vacant positions and Rs.118 million for positions against projects under DIIP. Accordingly the Petitioner, during the hearing, requested for an O&M cost of Rs.17,453 million as detailed below;

ACCOUNT HEADS	Estimated	Actual Audited	Determined	Actual Audited	Determined
	2016	2015	2015	2014	2014
Salaries & Benefits	13,619	12,245	6,649	8,668	6,322
Repair & Maintenance	2,007	1,825	835	986	726
Traveling Expenses	682	649	600	617	558
Transportation	386	336	307	346	279
Others	1,054	1,523	835	4,024	759
TOTAL	17,453	16,232	9,226	14,641	8,644

16.3 The Authority has observed that the Petitioner revised its total O&M cost under all heads during the presentation of the hearing. Since the hearing was held subsequent to the submission of the Petition, therefore, the Authority considers that the figures presented during the hearing are full and final and accordingly same have been considered for the purpose of assessing the O&M cost of the Petitioner for FY 2015-16.

16.4 Salaries Wages & Other Benefits

16.4.1 As per the Petitioner, Salaries Wages & Other Benefits is the major component of the O & M costs which have been projected as Rs.13,619 million for FY 2015-16 including impact for new hiring of 3,531 employees which consists of Rs.370 million for the existing vacant positions and Rs.118 million for the expansion related projects & the projects implemented by USAID-PDP.

16.5 Pay & Allowances and other benefits (excluding postretirement benefits)

16.5.1 The Petitioner has projected an amount of Rs.7,448 million for the Pay & Allowances and other Benefits for the FY 2015-16 *(excluding postretirement benefits)*, including Rs.478 million for new hiring of 3,531 employees which consists of Rs.370 million for the existing vacant positions and Rs.118 million for the expansion related projects & the projects implemented by USAID-PDP, as given below.

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Description	Requested for.2015-16 (Rs. in M)
Pay & Allowances (Regular)	6,179
Other Allowances	701
Total Salaries & Wages	**6,880**

16.5.2 The Petitioner presented the following recruitment plan;

Sr. No.	Categories	BPS	No. of Posts to be filled
1	A.M (CS) / RO	17	13
2	A.M (Op) / Junior Engineer	17	74
3	A.M (Computer)	17	3
4	A.M (P/SA)	17	1
5	A.M (MM)	17	4
6	Fire Protection Officer	16	1
7	Data Entry Operator	15	52
8	Data Coder	15	47
9	Test Inspector	15	6
10	Test Assistant	14	6
11	Lab Assistant	14	6
12	LS-II	14	115
13	Commercial Assistant	14	94
14	SSO-II	14	62
15	Sub Engineer Civil	14	3
16	Jr. Store Keeper	14	11
17	Audit Assistant	14	44
18	Accounts Assistant	14	73
19	Steno-II	14	10
20	Assistant Draftsman	12	19
21	Senior Clerk	9	40

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22	Meter Reader	7	248
23	Junior Clerk / LDC	7	200
24	Stock Clerk	7	14
25	TCC / Telephone Operator	7	10
26	Fitter-II	7	24
27	Tracer	7	48
28	Driver (LTV)	6	100
29	Assistant Lineman	5	1163
30	ASSA	5	213
31	Bill Distributor	5	732
32	Helper (M&T)	5	35
33	Store Helper	3	30
34	Lorry Cleaner	3	30
			3,531

16.5.3 The Petitioner has submitted that since it was incorporated as a Company, as part of power sector reform policy of Government of Pakistan, hence the WAPDA employees working in the area gradually became employees of the Company as a result of Man Power Transition Plan. Consequently, it has to maintain the GoP pay scales and the terms of employment for the employees which were prevalent in WAPDA. The Petitioner further stated that it has estimated salaries and wages expense for the FY 2015-16 based on the expenses for the FY 14-15, duly enhanced by the following factors;

- ✓ 10% increase in the Running Basic Pay
- ✓ 5% impact of annual increment

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NOMENCLATURE	Reqd.	Actual			
	2015-16	2015	2014	2013	2012
Basic Pay	3155	2402	2356	2426	2185
Adhoc Relief	747	817	658	652	419
Cash Medical Allowance	223	192	162	163	166
Conveyance Allowance	386	341	320	298	181
House Rent Allowance	267	231	233	230	227
Job Allowance	159	159	131	117	110
Livery Allowance	31	31	25	27	25
Other Allowance	1211	1204	1058	914	690
TOTAL	**6179**	**5377**	**4943**	**4827**	**4003**

NOMENCLATURE	Requested	Actual			
	2015-16	2015	2014	2013	2012
Group Life Insurance	14	14	9	9	11
Other Allowances	550	550	528	470	351
Over Time & Off Day	164	164	89	67	48
Qualification Pay	6	6	5	5	4
Shift Allowance	10	10	5	5	5
Special Pay	24	19	26	20	19
Washing Allowance	24	24	23	26	23
Leverage Allowance	9	9	11	13	12
Adhoc Relief Allowance (20%-25%)	410	408	362	299	217
Total	**1211**	**1204**	**1058**	**914**	**690**

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16.5.4 The Authority after careful review of the Petitioner's request to allow Rs.478 million for new hiring of 3,531 employees is of the view that the Petitioner has not quantified the benefits of additional recruitments. The Petitioner should have substantiated its request with a comprehensive recruitment plan whereby a cost benefit analysis would have justified the need of the additional recruitments. This would also include a comparison of existing state of affairs. The Petitioner's provided information pertaining to new recruitment, only includes category wise number of employees, however it does not provide any information with respect to the benefits. The only justification provided by the Petitioner is that the recruitments are against vacant posts as provided by WAPDA's sanctioned strength. Here it is pertinent to mention that the same was never approved by the Authority and the Petitioner was directed to get its strength yard stick approved by the Authority based on proper justifications and its quantified benefits. In view thereof, the Authority has decided not to allow requested additional recruitments and disallow the requested cost of Rs.370 million by the Petitioner. On the issue of project related recruitments, the Authority has gone through the Petitioner provided information and observed that it seriously lacks the analysis with respect to the existing state of affairs e.g. the Petitioner has requested around 1,479 staff regarding HHU project including 1,269 meter readers and has mentioned to procure 1,788 HHUs. The Authority fails to understand the purpose of new recruitment of meter readers with respect to HHU project as it already has 1,647 meter readers. The submitted information is silent about the utilization of the exiting staff. In addition the Petitioner has not linked its additional recruitment with improvement in the collections and performance standard etc . In view of the foregoing the Authority has decided not to allow the requested project related recruitments.

16.5.5 The Petitioner in compliance of the Authority's direction provided the certificate of the replacement hiring as discussed under para 15.2.4 of the Authority's decision dated 27th March, 2015 pertaining to the FY 2014-15. In the aforementioned decision, the Authority while evaluating the provided certificate has mistakenly misunderstood the impact of over recovery. The Petitioner's provided certificate from the auditor M/s Yousaf Adil Saleem & Co (Deloitte) certifying that as on 30th June, 2014 , the total financial impact of recruitments remained as Rs.789 million and the total financial impact of retirements remained as Rs.1,140 million for the period starting from 1st July, 2009 to 30th June , 2014 . Thus, the Authority can conclude that the all the hirings which were made during the aforementioned period were replacement hirings. In view thereof, the Authority has decided to allow the already deducted amount of Rs.382.39 million as a prior period adjustment and has decided to consider the actual cost of

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Salaries, Wages and other benefits (excluding post-retirement benefits) appearing in the financial statements of the Petitioner pertaining to the FY 2014-15 for its future assessment.

16.5.6 The Authority while assessing the Pay & Allowances & other benefits *(excluding post-retirement benefits, discussed below)*, has taken into account the impact of GOP's recent announcement of 7.5% increase as ad-hoc allowance, 5% annual increment, merging ad-hoc relief of 2011 & 2012 in running basic pay and increase in Medical Allowance by 25% as per GOP notification.

16.5.7 Based on the discussion made in the preceding paragraphs and incorporating all the aforementioned increases, the Authority has assessed Rs.6,122 million on account of Pay & Allowances and other benefits (excluding postretirement benefits) for the FY 2015-16.

16.6 <u>Post-Retirement Benefits</u>

16.6.1 The Authority considering the overall liquidity position in the power sector and in order to ensure that the Petitioner fulfils its legal liability with respect to the post-retirement benefits, the Authority directed the Petitioner to create a separate fund in this regard before 30th June 2012. Subsequently, this deadline was extended by the Authority. The rationale was that the creation of funds would ensure that the Petitioner records it liability more prudently since the funds would be transferred into 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.

16.6.2 The Petitioner has requested an amount of Rs.6,739 million in its petition postretirement benefits have been based on average increase in last five years over FY 2014-15.During the hearing the Petitioner submitted that it has opened Post Retirement Fund as per directions of the Authority and an amount of Rs.100 million has been deposited into the fund, hence Post Retirement reduction made by the Authority during previous years may be allowed in the FY 2015-16 as prior period adjustment. The Petitioner further mentioned that it has no other source of funding to deposit in the said Fund, therefore it may kindly be allowed such expenses in O&M.

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Description	Reqd.	Actual			
	2016	2015	2014	2013	2012
Leave Encashment	272	239	314	230	360
Utility Allowance	305	267	275	292	308
Medical	268	235	183	168	177
Pension	3,504	3,074	2,321	1,928	1,681
WAPDA Retired Employee	2,390	2,390	-	-	-
Total	**6,739**	**6,205**	**3,092**	**2,618**	**2,526**

16.6.3 On the issue of retired WAPDA employees before 1998, the Authority in its determination of the Petitioner for FY 2014-15, decided that the post retirement benefit cost until 30th June, 2014 shall be borne by WAPDA (Hydel) and subsequent cost shall be borne by XWDISCOs without claiming any receivables from WAPDA (hydel). The petitioner in its instant petition has included the amount of post-retirement benefits amounting to Rs. 2,390 million for the retired WAPDA employees before 1998.

16.6.4 The Petitioner has complied with the direction of the Authority to the extent of creation of the separate Post Retirement Fund and has transferred an amount of Rs. 100 million into the fund. However, it is pertinent to mention here that the Authority had been allowing the provision for post-retirement benefits to the Petitioner as a part of its O&M cost till FY 2011-12. It was only for the last three years that the Authority decided to allow the actual amount on account of pension benefits, due to non-compliance of the Authority's directions. Thus, any post retirement liability pre FY 2011-12, is with the Petitioner. In view thereof, the Authority directs the Petitioner to transfer the already collected provision into the fund. In view thereof, for the purpose of assessment pertaining to the FY 2015-16, the Authority has decided to allow only actual payments of post-retirement benefits made for the FY 2014-15 along-with GOP's notified increases for FY 2015-16 on the actual payments. In addition, actual payments on account of retired WAPDA employees before 1998, is also allowed separately. Thus, for the FY 2015-16, an amount of Rs.1,743 million is hereby allowed to the Petitioner under the head of postretirement benefits including the impact of retired WAPDA employees before 1998. Here it is pertinent to mention that since the post-retirement benefits include other liabilities in addition to Pension, hence it directed to create separate accounts or fund (as the case may be) for each head of post retirement liability. It would be mandatory for the Petitioner to deposit the whole amount into separate funds and accounts (as the case may be).

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16.6.5 In view of the foregoing, after incorporating all the aforementioned increases, the Authority has assessed an amount of Rs.7,865 million on account of Salaries, wages and other benefits including the postretirement benefits for the FY 2015-16.

16.7 Maintenance Expenses

16.7.1 The Petitioner requested Rs.2,007 million on account of repair and maintenance. The Petitioner stated that the request is calculated @ 1.5% of gross Fixed Assets without accounting for the additional repair and maintenance required for expansion related projects including sustainability cost of USAID related projects. If the same is included then the requested repair and maintenance expenses works out as 1.7% of gross fixed assets in operation.

16.7.2 A review of financial statements of the Petitioner reveals an erratic behavior. It is also noted that the expense under this head has increased significantly in the FY 2013-14 and FY 2014-15 as compared to the actual expenses pertaining to period starting from the FY 2010-11 to FY 2012-13. The repair & maintenance expenses for the FY 2014-15 is Rs. 1,825 million which is 108% higher as compared to average (Rs.877 million) from FY 2010-11 to FY 2012-13.

Particular	Expenses (Mln. Rs.)	Inc. (%)
FY 2014-15 (Prov)	1,825	85%
FY 2013-14	986	-2%
FY 2012-13	1,007	6%
FY 2011-12	952	42%
FY 2010-11	671	12%

16.7.3 Since the Petitioner failed to provide any rational and justification for this increase, therefore, the Authority itself conducted a detailed analysis of the repair & maintenance expense of the Petitioner. The Authority observed that for the FY 2014-15, around 97% of repair and maintenance expenses related to Distribution plants and the remaining 3% relates to the repair and maintenance of other items as mentioned below;

Category	Expense FY 2014-15 [Mln. Rs.-]	[%]
R&M Office Building	19	1.05%
R&M General Plant	22	1.20%

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R&M Other Physical Property	22	1.23%
R&M Distribution Plant	1,761	96.53%
Total	**1,825**	**100%**

16.7.4 The Distribution plant includes 132KV grid station Equipment & Distribution Lines, 11KV Distribution Lines, 220V Low tension lines, Distribution Transformers, Service Drop and Meters, as per the draft financial statements of the Petitioner for FY 2014-15. A further break down of the cost incurred revealed that out of total expenditure of Rs.1,761 million incurred on R&M of Distribution Plants, an amount of Rs.894 million has been incurred on Distribution transformers and Rs.484 million on Meters.

16.7.5 The available information was further scrutinized and as per the information, number of total transformer damaged during FY 2014-15 were 2,863 which translates into 250 MVAs. When the claimed cost per damaged transformer was calculated, it worked out around Rs. 312,000 per transformer and around Rs.3,600,000 per MVA which generally speaking, is very close to the average cost per MVA of new transformer. In view of aforementioned, it appears that the Petitioner may be expensing out a cost which needs to be capitalized. The specific head of repair and maintenance is exclusively for the routine expenses pertaining to maintenance and repair. Here it is pertinent to mention that during the hearing process of other XWDISCOs, it was revealed that the fixed assets like transformers and meters are not tagged, hence there is a strong possibility of expensing out some of the capitalized costs. The Authority is of the view that proper tagging of the assets is of utmost importance in order to enable the Petitioner to properly classify its cost in terms of capital or expense. The Authority, therefore, directs the Petitioner to maintain a proper record of its assets by way of tagging each asset for its proper tracking. Although, the Authority has noticed abnormal increase in repair & maintenance cost, however, the Authority cannot adjudicate on the issue unless proper explanation from the Petitioner is received on the concerns cited by the Authority. The Petitioner is therefore directed to provide an explanation on the concerns raised by the Authority in terms of its R&M cost not later than 30th June, 2016 for consideration of the Authority.

16.7.6 Despite the fact the Petitioner did not provide proper rational for increase in maintenance expenses, the Authority cannot ignore the importance of routine maintenance for the Petitioner. The Authority also understands that the adherence to service standards and improvement of customer services is only possible through continuous repair and maintenance of distribution network, therefore, the Authority, keeping in view the impact of inflation, variation in the gross assets in operation due to addition of new consumers, new investments and past trend of actual costs, has decided to assess repair and maintenance cost of the Petitioner to the tune of Rs.1,002 million for the FY 2015-16.

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16.8 Travelling Expenses

16.8.1 The Petitioner has requested an amount of Rs.682 million for Travelling for the FY 2015-16, which is 22.50% higher than the amount as per the financial statements of the Petitioner FY 2014-15. The Petitioner, while requesting the amount of Rs.682 million for the FY 2015-16, has not substantiated its request with any evidence or details of the actual T.A claims, designation wise, pertaining to the last year to justify its requested increase under this head. In view thereof, the Authority is constrained to rely on the available record and therefore, based on the comparison with other XWDISCOs, Petitioner's submissions and its actual results in this regard, the Authority has decided to allow this cost to the tune of Rs.599 million for the FY 2015-16.

16.9 Vehicle Running Expenses

16.9.1 The Petitioner requested Rs.366 million under the head of vehicle running expense for the FY 2015-16. The requested amount is around 9% more than the expense as per the financial statements of the Petitioner for the FY 2014-15.

16.9.2 A review of financial statements of the Petitioner as per the table given below revealed that around 88% of total vehicle running expenses are related to fuel cost. Since the last two years, the fuel prices have more than halved; therefore the Petitioner request of significant increase under this head based on overhauling expenditure is irrational and without any basis.

Particular	Vehicle Running Expenses			(%)	
	Fuel Cost	R&M	Total	Fuel Cost	R&M
FY 2014-15 (Prov)	294	42	**336**	87.50%	12.50%
FY 2013-14	300	46	**346**	86.71%	13.29%
FY 2012-13	285	39	**324**	87.96%	12.04%

16.9.3 In view of the aforementioned arguments, available evidence/information, past trend, present trend in fuel prices and comparison with other XWDISCOs, the Authority has decided to allow this cost to the tune of Rs.307 million.

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16.10 Other Expenses

16.10.1 The Petitioner requested Rs.1,054 million for the FY 2015-16, pertaining to the expenses like rent, rates & taxes, power, light and water, bills collection charges, postage, telephone, office supplies, insurance expense, overhead expenses, Auditor's remuneration, NEPRA fee and charges, advertisement & publicity, provision of obsolete stores, miscellaneous expenses etc. The requested expense for the FY 2015-16 is about 26% more than the amount allowed by the Authority for FY 2014-15. However, no reasons to substantiate this increase has been provided by the Petitioner.

16.10.2 The Authority has carefully considered Petitioner's request and in view of the available evidence/information, past trend and comparison with other XWDISCOs, the Authority has assessed other expenses to the tune of Rs. 834 million for the FY 2015-16.

17. **Issue # 10. Whether the Petitioner's proposed depreciation charge for the FY 2015-16, is justified?**

17.1 The Petitioner in its petition requested a depreciation charge of Rs. 3,835 million for the FY 2015-16 worked out on the basis of:

(i) The value of assets existing prior to the determination

(ii) New investment in assets by the Petitioner during each of the years in the tariff control period.

17.2 The assets will be depreciated for a specified number of years based on a straight-line method as per company policy i.e. Land (0%), buildings & civil works (2%), plant and machinery (3.5%), office equipment (10%), mobile plant & equipment (10%) and other assets (10%).

17.3 In order to make fair assessment, the Authority accounts for the investments approved by it for the year. After taking into account new investments, the Gross Fixed Assets in Operation for the FY 2015-16 have been worked out Rs.104,941 million. Accordingly, the depreciation charge for the FY 2015-16 has been assessed as Rs.3,719 million, calculated on actual depreciation rates for each category of Assets as per the Company policy.

17.4 After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2014-15, the Authority has assessed amortization of deferred credit to the tune of Rs.2,144 million for the FY 2015-16. Accordingly, the consumers would bear net depreciation of Rs.1,575 million.

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18. <u>Issue # 11. Whether the Petitioner's projected Return on Regulatory Asset base or the FY 2015-16 is justified?</u>

18.1 The return requested by the Petitioner for FY 2015-16 is Rs.6,225 million using a Rate of Return of 17.83%. The Petitioner has mentioned that the average rate of return is calculated under WACC, with cost of equity being calculated under CAPM. The investment is typically financed with a combination of debt and equity, therefore the appropriate rate of return would be a market-based weighted average of the cost of capital. However, the Authority has started using post tax return on the plea that Distribution Company is not in profit.

18.2 The petitioner submitted that it has calculated return on investment Rs. 6,225 million @ 17.83% which includes the country risk also. Detail is as under;

Return on Equity (20% financing)	19.86%	3.97%
Return on Loans (80% financing)	14.83%	11.86%

18.3 The Petitioner has further stated that under the situation of negative equity (including deposit for shares and accumulated losses) the debt equity ratio of 80:20 has been assumed.

18.4 The Authority has observed that based on the aforementioned information provided by the petitioner, its WACC works out to be 15.83% (19.86%*0.2+14.83*0.8), as against 17.83% requested by the petitioner. This questions the authenticity of the information provided by the Petitioner, therefore, the Petitioner is directed to explain the reasons for varying number of WACC.

18.5 The Authority uses the Capital Asset Pricing Model (CAPM) for calculation of Return of Equity (RoE) component of the WACC, being the most widely accepted model, which is applied by regulatory agencies all over the world to estimate the cost of capital for regulated utilities. Since the Authority uses Plain Vanilla WACC, hence the impact of tax shield is taken as zero, and in case any tax is paid it is treated as pass through. As per the methodology, in case of negative equity the Authority would consider a minimum of 20% equity and any equity in excess of 30% would be considered as debt. The reason was the GOPs on going privatization program, as it is anticipated that in addition to private equity, GOP would also bring in some additional equity (e.g. may convert loans into equity etc.). Hence, the Authority, in accordance with the approved methodology has decided to change the Petitioner's current optimum capital structure of 80:20 (debt : equity) ratio to 70: 30 (debt : equity) ratio.

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18.6 For the assessment of RoE component, weighted average yield on 05 Years Pakistan Investment Bond (PIB) as of July 16, 2015 has been considered as risk free rate which is 8.9652%.

18.7 The Authority understands that the expected return on any investment is the sum of the risk-free rate and an extra return to compensate for the risk. This extra return or 'risk premium' is the difference between market rate of return and risk free rate. Generally, the return on stock market index is taken as a measure of market rate of return. The Authority in order to have an appropriate measure of the market rate of return, analyzed KSE-100 Index return over a period of 8 years and also considered Analysts' consensus/ research houses estimates in this regard. The rate of return on KSE-100 index during the period from 2008-2015 was around 16.5%, which translates into risk premium of around 7.53% (with risk free rate of 8.9652%). The risk premium used by different leading brokerage houses of the country ranges between 6 % – 7 %.

18.8 Thus, keeping in view the aforementioned, the Authority considers Market Risk Premium of 7% as reasonable for calculation of cost of equity component.

18.9 The Authority, in order to have an appropriate measure of the Beta, carried out an in-house own study and detailed analysis, whereby not only the local but International Markets were also explored. The Authority also considered a recent study undertaken by Castalia for the ERC in the Philippines using 111 firms selected from the Damodaran (a professor in Stern Business School at New York University) data set. The average Beta from this sample was 0.997 for the transmission and distribution companies and 1.073 for the whole sample. The average gearing of the sample is 67%. If the same is worked out on 70/30 gearing, the beta of 0.997 works out as 1.10. A few examples of Beta used by different Regulators in the world are given as hereunder;

Regulator	**Beta**	**Gearing**
Ofgem	0.9-0.95	65/35
AER	0.7	60/40
NZ Com	0.61	60/40
Northern Ireland	0.74	60/40

18.10 A beta of 0.75 at a gearing of 60/40 – which is around the mid-point of the above estimates – equates to a beta of 1.0 at a gearing of 70/30. A beta of 0.8 at 60/40 equates to a beta of 1.07 at 70/30. A beta of 0.95 at a gearing of 65/35 works out as 1.11 at 70/30 gearing.

18.11 Thus, keeping in view the finding of the study undertaken by Castalia for the ERC in the Philippines using 111 firms, range of betas used by international Regulators and

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findings of the Authority's in house study, it has decided to assess the beta in the instant case as 1.10.

18.12 As regard the cost of debt, the Authority understands that it is the interest rate on which a company would get borrowing from the debt market / commercial banks i.e. a rate at which banks lend to their customers. The Authority during its determination in the matter of XWDISCOs pertaining to the FY 2014-15, decided to use the actual rate of debt appearing in the balance sheets of the DISCOs (excluding the loans which were disallowed by the Authority) considering the fact that the payment of these loans were due in the FY 2014-15 and onwards. All of these loans were relent loans whose interest ranged between 15%-18%. When this decision was made, the Privatization scenario was not active and the decision was primarily based keeping in view continuous and ongoing public sector ownership of the XWDISCOs. Considering the future privatization policy of GoP, a forward looking approach has been used for the estimating cost of debt of these loans for WACC calculation. Here it is pertinent to mention that historically when State Owned Enterprises were privatized e.g. K- Electric, the relent loans on the balance sheet of K-Electric were converted into equity by the GoP. Further, the Authority was also anticipating some additional equity from the GOP in some form, that's the reason why the Authority raised the optimum capital structure from 80:20 to 70:30. In view of aforementioned, the Petitioner's request of setting cost of debt at 14.56% does not merit consideration, hence rejected by the Authority.

18.13 The Authority, in order to do a fair evaluation of the cost of debt, considered recent TFCs / Sukkuk launched by K-Electric Limited with a 5 year's term maturity, whereby Rs.1,500 million were raised by K-Electric on a rate of 3 month KIBOR + 2.75% during FY 2013-14. Here it pertinent to mention that the K-Electric also raised Rs.22 billion on 7 years TFC on a rate of 3 Months KIBOR plus 1% during 2014-15.

18.14 In view of the aforementioned, the Authority has decided to take cost of debt as 3 month's KIBOR + 2.75% spread. Consequently, the cost of debt has been worked out as 9.76% i.e. 3 Months KIBOR of 7.01% as of 2ndJuly 2015 plus 2.75% spread.

18.15 Consequent to the aforementioned discussion, the Authority has re-worked the WACC as below;

$$ke = RF + (RM - RF) \times \beta$$
$$= 8.9652\% + (7\% \times 1.1)$$
$$= 16.67\%$$

The cost of debt is taken as ; Kd = 9.76%

$$WACC = [Ke \times (E / V)] + [Kd \times (D / V)]$$

Where E/V and D/V are equity and debt ratios respectively taken as 30% and 70%;

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WACC = {16.67% x 30%} + {9.76% x 70%} = 11.83%

18.16 Thus, using rate of return of 11.83%, the Authority has assessed Rs.2,606 million as return on rate base as per the following calculations:

Description	Rupees in Million	
	FY 2014-15 Actual	FY 2015-16 Projected
Opening fixed assets in operation	87,282	95,785
Assets Additions during the year	8,503	9,156
Closing Fixed Assets in Operation	**95,785**	**104,941**
Less: Accumulated Depreciation	30,019	33,738
Net Fixed Assets in operation	**65,766**	**71,203**
+ Capital Work in Progress (Closing)	9,234	10,624
Total Fixed Assets	**75,000**	**81,828**
Less: Deferred Credit	55,278	57,492
Total	**19,722**	**24,336**
Average Regulatory Assets Base		**22,029**
Return on Rate Base @ 11.83%		**2,606**

18.17 The Authority while going through the Financial Statements of the Petitioner for the FY 2014-15 noted that the Petitioner has insufficient cash balance as on 30th June 2015 against its pending liability of receipt against deposit works and consumer security deposits. The insufficient cash balance indicates that the amount received against the aforementioned heads has been utilized somewhere else and the Petitioner failed to provide details in this regard. The Authority considers that the amount collected as security deposit cannot be utilized for any other reason and any profit earned thereon has to be distributed to the consumers. Similarly, the amount collected under the head of receipt against deposit works has to be spent for the purpose for which it has been collected. The utilization of the money collected against deposit works and security deposits other than the works for which it has been received is illegal and unlawful. The Petitioner has to provide rational / justification for improper utilization of the money because the consumers have to suffer unnecessary delay on this account.

18.18 In view of the aforementioned reasons the Authority considered that it will be unfair and unjust for the consumers to suffer due to the unlawful act of the Petitioner.

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Accordingly, the Authority has decided, to include the entire amount of receipts against deposit works as a part of Deferred Credits for the assessment of RAB for FY 2015-16. The Authority directs the Petitioner to ensure that in future consumer's deposits are not utilized for any other purpose. The Petitioner is also being directed to restrain from unlawful utilization of receipts against deposit works and security deposits, failing which, the proceedings under the relevant law shall be initiated against the Petitioner. The Petitioner is also directed to give clear disclosures in its Financial Statements with respect to the consumer financed spares and stores, work in progress and cash & bank balance.

19. **<u>Issue # 12. Whether the Petitioner's projected Other Income for the FY 2015-16 is reasonable?</u>**

20. **<u>Issue # 13. Whether exclusion of Late Payment Surcharge completely from other income, is justified?</u>**

20.1 The Petitioner has projected Rs.2,630 million as other income for the FY 2015-16. The Petitioner has submitted that other Income includes Mark up on bank deposits, amortization of deferred credit and income from other sources. The Petitioner has projected other income considering the Amortization of Deferred Credits on the basis of useful life of the related assets i.e. 3.5% p.a. while other operating revenues have been assumed to increase by average increase in last five years.

20.2 As per the Tariff Methodology, Other Income may be determined in a manner that is consistent with the base year. Other income may be considered to be a negative other cost which may include, but not be limited to, amortization of deferred credit, meter and rental income, late-payment charges, profit on bank deposits, sale of scrap, income from non-utility operations, commission on PTV fees and miscellaneous income. Other income will be monitored to identify trends. The Authority considers the amount of other Income of Rs.2,630 million requested by the Petitioner for FY 2015-16 as reasonable.

20.3 The Authority in consistent with its earlier decision, on the issue, has not included the amount of LPC while assessing the other income for FY 2015-16. Here it is pertinent to mention that the LPC recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective XWDISCO only and in the event of non-submission of evidence of payment to CPPA (G), the entire amount of Late Payment charge recovered from consumers shall be made part of other income and deducted from revenue requirement in the subsequent year. In this regard the Petitioner is directed to share the details of late payment charges recovered from consumers and any invoice raised by CPPA (G) under the head of mark up on delayed payments for the FY 2014-15 and FY 2015-16 along with next year's tariff petition.

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22. **Issue # 14. What are the details of the requested UOSC by the Petitioner and whether the requests are justified?**

23. **Issue # 15. Whether the concerns raised by the Petitioner regarding inadequacy of the current system for the calculation Wheeling charges, is justified?**

24. **Issue # 16. What will be the mechanism of charging Wheeling / Use of System Charges (UOSC) in case of network of XW-DISCOs are used for Wheeling?**

24.1 The Petitioner has mentioned 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 MEPCO's transmission assets are used and for this service. The Petitioner has been allowed use of system charges but regretfully the UoSC claims by it has not been catered for by other Companies despite the fact that these are also the licensee of NEPRA. The regulator while allowing 15% target of T&D Losses, duly supported by studies, acknowledges this loss impact of 1.1% and decided that its compensation will be made through these payments but these payments never materialize. The Petitioner stated that currently it has issued UoSC claims amounting to Rs. 9,442 (m) for the period from F.Y. 2009-10 to F.Y. 2013-14 (March 2014) and again requested the Authority to resolve this long outstanding issue.

24.2 The Petitioner during the hearing also reiterated its aforementioned stance and also stated that this issue was discussed in couple of determinations by NEPRA, but is still unresolved. The Petitioner provided the following ending claims of UOSC since 2006;

Sr.#	DISCOs / Others	Amount (Mln. Rs.)
1	LESCO	4,171
2	FESCO	5,403
3	PESCO	3,640
4	QESCO	1,735
5	GENCO-II	1,520
6	GENCO-III	70
7	NTDC	1,073
8	OTHERS	740
Total		**18,352**

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24.3 The Petitioner on the issue of wheeling charges submitted that the Authority has allowed private to private sale of power where MEPCO will only act as transporter of power for the power generator. The Petitioner also submitted that the issue of just and adequate wheeling charge needs to be decided through NEPRA determination and MEPCO did bring this issue up in its tariff review motion but the same has not been addressed in review motion determination. Therefore, the same is again submitted before the Regulator so that the Petitioner does not suffer any loss in this regard. The Petitioner also delineated that current wheeling charges formula does not cover the losses incurred by power wheeler in wheeling of power as evident from formula already given by NEPRA, whereas NEPRA has been allowing these losses for general consumers but the same has not been allowed for this arrangement. Furthermore, it has been observed that in countries other than Pakistan where this arrangement is allowed, losses in wheeling of power have been allowed to power wheeler. Therefore, it is submitted that technical losses for each level (i.e. 132 kv and 11 kv for wheeling of power may also be allowed to save MEPCO from loss in this regard. The Petitioner has proposed the following formula for calculation of wheeling charges;

> UoSC (wheeling Charges) = DM + {Difference of PPP (wheeled power) adjusted for loss allowed at level (power is being supplied) i.e. (PPP-PPP/(1-L))} * kwh wheeled (difference of input and output). Where L will of the level at which power is being supplied like at 132kv, 11kv and or of both.

The Authority has considered the proposed formula for calculation of wheeling charges and it understands that there is some conceptual misunderstanding on the part of the Petitioner with respect to PPP losses. It is pointed out that the PPP losses are to be taken care of by the Power Purchaser and the power producer as per their agreements. The Petitioner should be only concerned to the extent of use of system charges / wheeling charges. Since the petitioners concerns in this regard are not valid therefore are not accepted.

24.4 CPPA (G) (through email dated 21st September, 2015) on the issue of Wheeling and during the hearing of the instant petition stated that while invoicing to DISCOs, it

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excludes the transmission cost(s) as well as generation capacity cost depending on MDI and MEPCO was requested not to raise any invoice to NTDC/Generators/DISCOs in this regard in future, being at source adjustments, made by CPPA (G) in the monthly Energy Invoices to all.

24.5 It was also suggested that the confusion may be resolved through NEPRA. In view thereof, the Authority has decided to conduct a meeting on the subject matter with all the stakeholders not later than 30th June, 2016.

25. Issue # 17. What is the financial impact / loss of revenue due to TOU metering for cellular company connections and other similar connections?

25.1 The Petitioner during the hearing submitted that ultimate purpose of time of use billing is the prudent use of electricity and that the tariff mechanism is indiscriminately allowed to all such consumers, however, it is the prerogative of the Authority to decide.

25.2 The Authority observed that IESCO, in its tariff petition for the FY 2012-13, contended that by installing TOU meters on the connections that operate on a 24 hour basis, an undue benefit of lesser off peak rate is enjoyed by these sort of consumers as their demand remains constant throughout the day, irrespective of the differential tariff being offered in different time spectrum. IESCO presented a negative billing impact of Rs. 9 million per month approx. due to the installation of TOU meters on cellular company connections (who according to IESCO maintains constant load throughout the day). The same concern was noted and addressed in para 6.5 of the tariff determination of IESCO for the FY 2012-13 dated 27th March, 2013.

25.3 Consequently, the Authority decided to deal the matter separately and directed all the XWDISCOs for comments on the issue. Subsequently, comments were filed by XWDISCOs and they supported the stance of IESCO in their tariff petitions for the FY 2013-14. The following arguments were presented by the XWDISCOs;

26. Risks

- Conversion to a TOU meter is only viable for consumers who are aware of the rules and are able to alter their consumption patterns to maximize plan benefits.
- The main objective of TOU tariff was reduced demand on the power system during peak hours by introducing TOU metering.

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- Cellular companies run their business round the clock during peak hours as well thus do not contribute toward the reduction in power demand during the peak hours.

- A separate tariff may be introduced for cellular companies as they do not deserve TOU tariff due constant load behavior.

- The consumer of cellular companies are enjoying the cross subsidy because they are availing the benefits resulting from application of TOU tariff consequently causing a negative impact on revenue as well as average sale rates.

- GEPCO also submitted a negative billing impact of TOU metering of cellular connections of Rs. 13.88 million affecting the revenues of the company;

Comparison of TOU/ Normal Billing to the Cellular Companies for the Month of June, 2013				
Name of Company	No. Of Connections	TOU Billing	Billing under Normal Tariff	Difference
Cellular Companies	1,955	Rs.38.42 million	Rs. 52.30 million	Rs. 13.88 million

- XWDISCOs suggested discontinuation of TOU metering on all such connections and more specifically on cellular company connections. FESCO also requested for a separate tariff category for these connections.

26.1 Keeping in view the aforementioned arguments / comments submitted by the XW-DISCOs, the Authority decided to hold a separate hearing on the issue by taking all stakeholder onboard. Accordingly, a hearing was held on 8th July, 2014. 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 DISCOs should be produced to review by cellular companies in order to provide further justification / evidence.

26.2 The legal representatives further objected to the suo-moto proceedings and named it as a brain storming session which needs to be followed by examination of evidence by cellular companies and a 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, required both DISCOs and cellular companies to provide their evidences in this regard to the Authority

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for consideration. As per directions of the Authority during the hearing, IESCO submitted data vide letter No. 7617-20/CE/IESCO/CD(S) dated 21st July, 2014. In the meantime some initial information was provided by Warid Telecom Company.

26.3 A number of cellular companies instead of providing data, went to the higher court against the suo-motto proceedings initiated by the Authority. The Honorable Islamabad High Court, dismissed their petition and the same was challenged by cellular companies before the Supreme Court of Pakistan. The decision of the Honorable Supreme Court is reproduced here as under;

"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, 1998."

26.4 The representatives of Cellular companies Telecom, Mobilink and Ufone, M/s Aqlal Advocates later on submitted Motion for leave for review 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

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meaningful participation in the proceedings by presenting their case properly and effectively.

26.5 On the afore stated submissions, the Cellular companies made following pleas;

- 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.

26.6 As per decision of Supreme Court of Pakistan the Authority again started proceedings, the Authority vide letter No. 1085-91 dated 23-01-2015 shared the information provided by IESCO with cellular companies for their comments. In response only M/s Mobilink provided their comments vide letter dated 9th March, 2015.

26.7 Consequently a letter was issued to the concerned stakeholders dated July 06, 2015 for their comments on the data provided by IESCO. However, no comments have been received so far.

26.8 In view of aforementioned and as per the statutory requirements, the Authority framed the same issue in the instant petitions and the relevant data was sought from the DISCOs for the onwards comments from the cellular companies. Accordingly, the data was provided by XWDISCOs during the hearings of their consumer end tariff petitions for FY 2015-16 and onward and the same has been forwarded to the concerned stakeholders vide letter dated December 22, 2015 for provision of their comments.

26.9 The Authority keeping in view the sensitivity of the issue has decided to constitute an in house-committee having Technical and financial representation for the review/evaluation of the comments and arguments of the parties. The Authority in light of the findings of the committee may change terms and conditions, if any along with the biannual PPP adjustments.

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27. **Issue # 18. Whether there is any major deviation in the petition from the NEPRA guidelines for determination of consumer-end tariff (Methodology & Process) notified vide SRO. 34(I) 2015 dated 16.01.2015?**

27.1 The Authority has observed several deviations from the filing requirements indicated in the Methodology particularly with respect to CoSS, investments, Generation plan and losses etc. The Petitioner is required to fulfil all the requirements as provided in the Methodology while filing the next tariff petition failing which the Petitioner's petition will not be entertained.

28. **Issue # 19. What are the concerns of the Petitioner on the application of domestic tariff for Government office, educational institutions and mosques?**

28.1 The Petitioner during the hearing submitted that the tariff design for residential consumers may be differentiated from non-residential category of consumers as the domestic tariff is highly subsidized and therefore, the educational institutions, offices etc. do not fall under the definition of residential category

28.2 On the issue of that whether all government offices, educational institutes and mosques should be removed from the category of residential consumers, the Authority has decided to create a New General Services Category by changing terms & conditions of the residential consumers and has decided to restrict residential category as Residences and Places of worship, excluding thereby all government and other offices, educational institution. Thus, the consumer category A3 General services shall include;

- o Approved charitable/religious institutions
- o Government and semi – Government Offices and institutions
- o Government Hospitals and dispensaries
- o Educational Institutions
- o Water supply schemes including water pumps and tube wells operating on three phase 400 volts other than those meant for the irrigation or reclamation of Agricultural land.

29. **Issue # 20. Whether the proposed revenue requirements and average sale rate for FY 2015-16, is justified?**

29.1 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

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29.2 For the assessment of annual revenue requirement each component of average tariff is discussed in detail in the previous paragraphs.

29.3 Based on the assessments made in the preceding paragraphs the Revenue Requirement for the FY 2015-16 is assessed as per the following details;

1.	**Power Purchase Price**		**Rs. 122,750 Million**
	CpGenE	Rs.82,722 Million	
	CpGenCap	Rs. 35,512 Million	
	USCF	Rs. 4,517Million	
2.	**Distribution Margin (Net)**		**Rs.14,302 Million**
	O&M Cost	Rs.10,607 Million	
	Depreciation	Rs. 3,719 Million	
	RORB	Rs. 2,606 Million	
	Gross DM	**Rs. 16,932 Million**	
	Less: Other Income	Rs. 2,630 Million	
3.	**Prior Year Adjustment**		**Rs. (25,051) Million**
4.	**Total Assessed Revenue Requirement**		**Rs.112,001 Million**

29.4 Based on the projected sales of 12,090 GWh for the FY 2015-16, the Petitioner's average sale rate works out as Rs.9.26/kWh, consisting of Rs.10.15/kWh of adjusted PPP, Rs. 1.18/kWh of DM and Rs. (2.07) /kWh of Prior Year Adjustment.

29.5 This revenue would be recovered from the consumers during the FY2015-16, through the projected units of 12,090 GWh, as per Annex – II.

30. ORDER

30.1 From what has been discussed above, the Authority hereby determines the tariff of the petitioner Company for the Financial Year 2015-16 as under:-

I. Multan Electric Power Company (MEPCO) is allowed to charge its consumers such tariff as set out in the schedule of tariff for MEPCO annexed to the determination.

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

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that while making biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.

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

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

ii) Where only 11 kV distribution systems is involved.

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

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

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

Where:

Gross Distribution Margin for FY 2015-16 is set at Rs. 1.40/kWh (without excluding impact of other income)

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

AFI (T) = Adjustment factor for investment at 132 kV level i.e. 23%

AFI (D) = Adjustment factor for investment at 11 kV level i.e. 40%.

AFI (TD) =Adjustment factor for investment at both 132 kV & 11 kV level i.e. 63%.

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

V. MEPCO is hereby allowed the T&D losses target for the FY 2015-16 of 15.00%.

VI. MEPCO is hereby allowed a total investment of Rs.10,546 million

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

VIII. The Authority hereby determines and approves the following component wise cost and their adjustments mechanism in the matter of MEPCO's tariff petition for the FY 2015-16.

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TARIFF COMPONENT	Assessed Cost FY 2015-16	ADJUSTMENTS/ ASSESSMENT	TIME LINES
POWER PURCHASE PRICE			
Energy Purchase Price			
Fuel Cost	78,376	Monthly, as per the approved mechanism.	Data to be provided by CPPA (G) by 3rd of close of the month
Variable O&M	4,346	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10th July and 10th January, as the case may be.
Capacity Charges	35,512	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10th July and 10th January, as the case may be.
Use of System Charges	4,517	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10th July and 10th January, as the case may be.
T&D Losses	15.00%	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10th July and 10th January, as the case may be.
NET DISTRIBUTION MARGIN	**14,302**		
O&M Cost			
Salaries, wages & other benefits	6,122	Annually	On the basis of next year tariff petition.
Post-Retirement benefits	1,743	----do-----	----do-----
Repair and Maintenance	1,002	----do-----	----do-----
Other operating expanses	1,740	----do-----	----do-----
Depreciation	3,719	----do-----	----do-----
Return on Rate Base	2,606	----do-----	----do-----
Other Income	(2,630)	----do-----	----do-----
Prior Year Adjustment	(25,051)	----do-----	----do-----

31. **Summary of Direction**

The summary of all the directions passed in this determination by the Authority are reproduced hereunder. The Authority has directed the Petitioner;

- To complete the pending installation of ToU meters at the earliest
- To ensure the visibility of the snap shot on the bills and also to maintain its record in soft form for at least a period of twelve (12) months.

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- To finalize the procurement process of HHUs at the earliest and convert its billing process on HHU basis in order to eliminate inefficiencies.

- To complete the installation of AMRs/ AMIs System within the given time lines.

- To submit a concrete recovery plan clearly highlighting the problem areas, targets for its improvements along with its intended strategies/tools to achieve the same latest by June 30, 2016.

- To provide project wise detail of actual investment made in FY 2013-14 and FY 2014-15 along-with the cost benefit analysis.

- To submit Cost of Service Study based proposed consumer end tariff along with its next tariff petition.

- To complete study of its Transmission and Distribution losses on 132 KV, 11KV and below and to update the Authority on the finding of the study using SynerGEE software not later than 30th June, 2016. It is further to be noted that the study must be carried out by an Independent Party.

- To undertake village electrification after carrying out the technical evaluation and positive NPV of the Project and to spend at least 20% of the village electrification funds for improvement / up-gradation of the grid. Not to undertake any village electrification which would result in overloading of its system. The village electrification would only be undertaken without augmentation of the grid, if it already has spare MVAs.

- Since the post-retirement benefits include other liabilities in addition to Pension, hence the Petitioner is directed to create separate accounts or fund (as the case may be) for each head of post retirement liability and to deposit the whole amount into separate funds and accounts (as the case may be).

- To maintain a proper record of its assets by way of tagging each asset for its proper tracking and to provide explanation on the concerns raised by the Authority in terms of its R&M cost not later than 30th June, 2016 for consideration of the Authority.

- To ensure that in future consumer's deposits are not utilized for any other purpose. The Petitioner is also directed to restrain from unlawful utilization of receipts against deposit

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works and security deposits, failing which, the proceedings under the relevant law shall be initiated against the Petitioner.

- To give clear disclosures in its Financial Statements with respect to the consumer financed spares and stores, work in progress and cash & bank balance.
- To fulfil all the requirements as provided in the Methodology while filing the next tariff petition failing which the Petitioner's petition will not be entertained.
- To share the details of late payment charges recovered from consumers and any invoice raised by CPPA (G) under the head of mark up on delayed payments for the FY 2014-15 and FY 2015-16.

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Annex-I

FUEL PRICE ADJUSTMENT MECHANISM

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

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

Where:

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

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

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

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

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

Description	Sales		Tariff		Revnue		
	GWh	% Mix	Fixed Charge	Variable Charge	Fixed Charge	Variable Charge	Total
			Rs./kW/ M	Rs./ kWh		Mln. Rs.	
Residential							
Up to 50 Units	1012	8.37%		4.00	-	4,047	4,047
For peak load requirement less than 5 kW							
01-100 Units	2311	19.11%		7.10	-	16,403	16,403
101-200 Units	977	8.08%		11.20	-	10,946	10,946
201-300 Units	860	7.12%		11.20	-	9,636	9,636
301-700Units	472	3.90%		13.50	-	6,372	6,372
Above 700 Units	114	0.94%		14.50	-	1,655	1,655
For peak load requirement exceeding 5 kW)							
Time of Use (TOU) - Peak	19	0.16%		14.50	-	272	272
Time of Use (TOU) - Off-Peak	79	0.65%		7.10	-	560	560
Temporary Supply	1	0.01%		14.00	-	15	15
Total Residential	**5,846**	**48.35%**			-	**49,907**	**49,907**
Commercial - A2							
For peak load requirement less than 5 kW	372	3.08%		13.80	-	5,138	5,138
For peak load requirement exceeding 5 kW							
Regular	1	0.01%	400.00	11.80	1	8	9
Time of Use (TOU) - Peak	68	0.56%		14.50	-	985	985
Time of Use (TOU) - Off-Peak	236	1.95%	400.00	7.10	639	1,675	2,314
Temporary Supply	2	0.01%		13.80	-	24	24
Total Commercial	**679**	**5.61%**			**640**	**7,831**	**8,471**
General Services-A3	**353**	**3.00%**	-	**11.05**	-	**4,008**	**4,008**
Industrial							
B1	39	0.33%		11.30	-	445	445
B1 Peak	61	0.50%		14.50	-	678	678
B1 Off Peak	220	1.82%		7.10	-	1,561	1,561
B2	3	0.02%	400.00	10.80	7	29	36
B2 - TOU (Peak)	194	1.61%		14.50	-	2,819	2,819
B2 - TOU (Off-peak)	719	5.95%	400.00	6.90	1,828	4,964	6,792
B3 - TOU (Peak)	269	2.22%		14.50		3,897	3,897
B3 - TOU (Off-peak)	1215	10.05%	380.00	6.80	1,181	8,264	9,445
B4 - TOU (Peak)	87	0.72%		14.50		1,263	1,263
B4 - TOU (Off-peak)	362	2.99%	360.00	6.70	298	2,424	2,723
Temporary Supply	0	0.00%		11.30	-	5	5
Total Industrial	**3,170**	**26.22%**			**3,313**	**26,550**	**29,863**
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts-less than 5 kW	0	0.00%		11.80	-	2	2
C1(b) Supply at 400 Volts-exceeding 5 kW	2	0.02%	400.00	11.30	2	23	25
Time of Use (TOU) - Peak	8	0.06%		14.50	-	112	112
Time of Use (TOU) - Off-Peak	22	0.18%	400.00	7.10	40	155	195
C2 Supply at 11 kV	4	0.03%	380.00	11.10	4	40	44
Time of Use (TOU) - Peak	37	0.30%		14.50	-	531	531
Time of Use (TOU) - Off-Peak	102	0.85%	380.00	6.90	107	707	814
C3 Supply above 11 kV	0	0.00%	360.00	11.00	-	-	-
Time of Use (TOU) - Peak	5	0.04%		14.50	-	76	76
Time of Use (TOU) - Off-Peak	27	0.22%	360.00	6.80	26	184	210
Total Single Point Supply	**207**	**1.71%**			**180**	**1,829**	**2,009**
Agricultural Tube-wells - Tariff D							
Scarp	4	0.03%		11.95	-	50	50
Time of Use (TOU) - Peak	14	0.12%		14.50	-	208	208
Time of Use (TOU) - Off-Peak	80	0.66%	200.00	6.80	83	541	624
Agricultual Tube-wells	1	0.01%	200.00	11.45	4	10	14
Time of Use (TOU) - Peak	342	2.83%		14.50	-	4,962	4,962
Time of Use (TOU) - Off-Peak	1360	11.25%	200.00	6.80	2,343	9,251	11,595
Total Agricultural	**1,802**	**14.90%**			**2,431**	**15,022**	**17,453**
Public Lighting - Tariff G	17	0.14%		11.80	-	197	197
Residential Colonies	8	0.07%		11.80	-	100	100
Railway Traction	0	0.00%		11.80	-	-	-
Sub-Total	**25**	**0.21%**			-	**297**	**297**
Special Contract - Tariff-J							
J-1 For Supply at 66 kV & above	-	0.00%	360.00	11.00	-	-	-
Time of Use (TOU) - Peak	-	0.00%		14.50	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	6.80	-	-	-
J-2 (a) For Supply at 11, 33 kV	-	0.00%	380.00	11.10	-	-	-
Time of Use (TOU) - Peak	-	0.00%		14.50	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	380.00	6.90	-	-	-
J-2 (b) For Supply at 66 kV & above	-	0.00%	360.00	11.00	-	-	-
Time of Use (TOU) - Peak	-	0.00%		14.50	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	6.80	-	-	-
J-3 (a) For Supply at 11, 33 kV	-	0.00%	380.00	11.10	-	-	-
Time of Use (TOU) - Peak	-	0.00%		14.50	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	380.00	6.90	-	-	-
J-3 (b) For Supply at 66 kV & above	-	0.00%	360.00	11.00	-	-	-
Time of Use (TOU) - Peak	-	0.00%		14.50	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	6.80	-	-	-
Total Revenue	**12,090**	**100.00%**			**6,564**	**105,443**	**112,001**

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Annex-III

SCHEDULE OF ELECTRICITY TARIFFS
MULTAN ELECTRIC POWER COMPANY LIMITED (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	001 - 100 Units	-		7.10
iii	101 - 200 Units	-		11.20
iv	201 - 300 Units	-		11.20
v	301 - 700 Units	-		13.50
vi	Above 700 Units	-		14.50
b)	For Sanctioned load 5 kW & above			
			Peak	Off-Peak
	Time Of Use	-	14.50	7.10

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

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

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

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
a)	For Sanctioned load less than 5 kW			13.80
b)	For Sanctioned load 5 kW & above	400.00		11.80
			Peak	Off-Peak
c)	Time Of Use	400.00	14.50	7.10

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

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

A-3 GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
a)	General Services	-	11.05

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
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SCHEDULE OF ELECTRICITY TARIFFS
MULTAN ELECTRIC POWER COMPANY LIMITED (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)	-		11.30
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00		10.80
	Time Of Use		Peak	Off-Peak
B1 (b)	Up to 25 KW		14.50	7.10
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	14.50	6.90
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	14.50	6.80
B4	For All Loads (at 66,132 kV & above)	360.00	14.50	6.70

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	-		11.80
b)	Sanctioned load 5 kW & up to 500 kW	400.00		11.30
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		11.10
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00		11.00
	Time Of Use		Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	14.50	7.10
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	14.50	6.90
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	14.50	6.80

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	-		11.95
D-2 (a)	Agricultural Tube Wells	200.00		11.45
			Peak	Off-Peak
D-1(b)	SCARP 5 kW & above	200.00	14.50	6.80
D-2 (b)	Agricultural 5 kW & above	200.00	14.50	6.80

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

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SCHEDULE OF ELECTRICITY TARIFFS
MULTAN ELECTRIC POWER COMPANY LIMITED (MEPCO)
E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
E-1(i)	Residential Supply	-	14.00
E-1(ii)	Commercial Supply	-	13.80
E-2	Industrial Supply	-	11.30

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

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

Note:

Tariff-F consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the 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	-	11.80

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

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	-	11.80

I - RAILWAY TRACTION

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Railyway Traction	-	11.80

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

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
J -1	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	11.00	
J-2				
(a)	For supply at 11,33 kV	380.00	11.10	
(b)	For supply at 66 kV & above	360.00	11.00	
J-3				
(a)	For supply at 11,33 kV	380.00	11.10	
(b)	For supply at 66 kV & above	360.00	11.00	
	Time Of Use		Peak	Off-Peak
J -1(b)	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	14.50	6.80
J-2 (c)	For supply at 11,33 kV	380.00	14.50	6.90
J-2 (d)	For supply at 66 kV & above	360.00	14.50	6.80
J-3 (c)	For supply at 11,33 kV	380.00	14.50	6.90
J-3 (d)	For supply at 66 kV & above	360.00	14.50	6.80

Annex-IV

MEPCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	1,392	1,477	1,353	1,320	1,120	969	863	933	923	1,065	1,395	1,413	14,223

kWh

Fuel Cost Component	4.9811	4.7552	5.1217	5.2366	5.0497	5.8619	7.1241	5.7493	6.6429	6.7227	5.2908	4.9927	**5.510**
Variable O & M	0.2727	0.2678	0.2825	0.2891	0.2916	0.3337	0.3711	0.3234	0.3467	0.3577	0.3050	0.2891	**0.306**
CpGenCap	1.9816	1.8917	2.0426	2.3477	2.4621	3.0046	3.7181	2.9246	3.2049	2.5718	2.5343	2.3045	**2.4967**
USCF	0.2503	0.2556	0.2803	0.3130	0.3428	0.3720	0.4268	0.3783	0.3666	0.3320	0.2894	0.3090	**0.3175**
Total PPP in Rs. /kWh	**7.4857**	**7.1702**	**7.7271**	**8.1863**	**8.1462**	**9.5721**	**11.6400**	**9.3756**	**10.5611**	**9.9842**	**8.4196**	**7.8953**	**8.6302**

Rs in Million

Fuel Cost Component	6,935	7,022	6,930	6,913	5,658	5,681	6,151	5,362	6,133	7,158	7,380	7,054	**78,376**
Variable O & M	380	395	382	382	327	323	320	302	320	381	425	408	**4,346**
CpGenCap	2,759	2,793	2,764	3,099	2,758	2,912	3,210	2,728	2,959	2,738	3,535	3,256	**35,512**
USCF	348	377	379	413	384	360	368	353	338	354	404	437	**4,517**
PPP	**10,421**	**10,588**	**10,456**	**10,806**	**9,127**	**9,276**	**10,050**	**8,744**	**9,750**	**10,631**	**11,745**	**11,155**	**122,750**

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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AUTHORITY

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

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means Multan Electric Power Company Limited (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

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

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12. "Consumer" means a person of his successor-in-interest as defined under Section 2(iv) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).
14. NTDC means the National Transmission and Dispatch Company.
15. CPPA(G) means Central Power Purchasing Agency Guarantee Limited (CPPA)(G).
16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

GENERAL CONDITIONS

1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.
2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment Charge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 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%.

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PART-II

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

A-1 RESIDENTIAL

Definition

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

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

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

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:
   i) Shops,
   ii) Hotels and Restaurants,
   iii) Petrol Pumps and Service Stations,
   iv) Compressed Natural Gas filling stations,
   v) Private Hospitals/Clinics/Dispensaries,
   vi) Places of Entertainment, Cinemas, Theaters, Clubs;
   vii) Guest Houses/Rest Houses,
   viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.
2. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
3. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
4. The existing and prospective consumers having load of 5 kW and above can opt for T.O.U metering arrangement and A-2(c) tariff.
5. All existing consumers under tariff A-2 shall be provided T.O.U metering arrangement by the Company and convert it to-A-2 (c) Tariff.
6. All new connections having load requirement 5 kW and above shall be provided T.O.U meters and shall be billed under tariff A-2(c).

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A-3 GENERAL SERVICES

1. This tariff is applicable to;

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

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

B INDUSTRIAL SUPPLY

Definitions

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

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

Conditions

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

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

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

B-2 SUPPLY AT 400 VOLTS

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

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

B-3 SUPPLY AT 11 kV AND 33 kV

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

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

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

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C BULK SUPPLY

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

General Conditions

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

C-I SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having a metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-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.

C-2 SUPPLY AT 11 kV AND 33 kV

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

C-3 SUPPLY AT 66 kV AND ABOVE

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

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D AGRICULTURAL SUPPLY

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

Special Conditions of Supply

1. This tariff shall apply to:

   i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP):
   ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
   iii) Tube-wells meant for aqua-culture, viz. fish farms, fish hatcheries and fish nurseries.
   iv) Tube-wells installed in a dairy farm meant for cultivating crops as fodder and for upkeep of cattle.

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

3. The lamps and fans consumption in the residential quarters, if any, attached to the tube-wells shall be charged entirely under Tariff A-1 for which separate metering arrangements should be installed.

4. The supply under this Tariff shall not be available to consumer using pumps for the irrigation of parks, meadows, gardens, orchards, attached to and forming part of the residential, commercial or industrial premises in which case the corresponding Tariff A-1, A-2 or Industrial Tariff B-1, B-2 shall be respectively applicable.

D-1

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation having sanctioned load of less than 5 kW.

2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1(a) tariff given in the Schedule of Tariff.

3. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D-1(b) given in the Schedule of Tariff.
4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-1(a) till that time.

D-2

1. This tariff is applicable to consumers falling under Agriculture Supply having sanctioned load less than 5 kW excluding SCARP related installations.

2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-2(a) tariff given in the Schedule of Tariff.

3. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D- 2(b) given in the Schedule of Tariff.
4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-2(a) till that time.

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E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

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

Special Conditions of Supply

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

E -2 TEMPORARY INDUSTRIAL SUPPLY

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

SPECIAL CONDITIONS OF SUPPLY

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

F SEASONAL INDUSTRIAL SUPPLY

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

Definitions

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

Special Conditions of Supply

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY ★ NEPRA AUTHORITY seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.

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

G PUBLIC LIGHTING SUPPLY

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

Definitions

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

Special Conditions of Supply

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

H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

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

Definitions

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

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

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

Special Conditions of Supply

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

I. TRACTION

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

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

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

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

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

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

J-1 SUPPLY TO LICENSEE

1. This tariff is applicable to a Licensee having sanctioned load of 20 MW and above receiving supply at 66 kV and above.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-1(b).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-1(b) as set out in the Schedule of Tariff.

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SUPPLY UNDER O&M AGREEMENT

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

1. This tariff is applicable to an O&M operator receiving supply at 11 kV or 33 kV under the O&M Agreement duly approved by the Authority.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-2(c).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-2(c) as set out in the Schedule of Tariff.

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

1. This tariff is applicable to an O&M operator receiving supply at 66 kV & above under the O&M Agreement duly approved by the Authority.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-2(d).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-2(d) as set out in the Schedule of Tariff.

SUPPLY TO AUTHORIZED AGENT

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

1. This tariff is applicable to an authorized agent receiving supply at 11 kV or 33 kV.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-3(c).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-3(c) as set out in the Schedule of Tariff.

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

1. This tariff is applicable to an authorized agent receiving supply at 66 kV & above.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-3(d).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-3(d) as set out in the Schedule of Tariff.

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Annex – VI

<u>**List of Experts and interested/affected persons/parties**</u>

in case of Petition filed by Multan Electric Power Company Limited (MEPCO) for the determination of its consumer-end tariff pertaining to FY 2015-16 based on actual/estimated results of FY 2014-15 as base 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

28. M/s Anwar Kamal Law Associates
1-Turner Road
Lahore - 54000

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

Note: In addition to above list letters may be sent to all Energy Secretaries and Chief Secretaries of all provinces.

Annex - VII (1/2)

National Electric Power Regulatory Authority (NEPRA)

NOTICE OF ADMISSION / HEARING

PETITION FILED BY MULTAN ELECTRIC POWER COMPANY LIMITED (MEPCO) FOR THE DETERMINATION OF ITS CONSUMER-END TARIFF PERTAINING TO THE FY 2015-16 BASED ON THE ACTUAL/ESTIMATED RESULTS OF THE FY 2014-15 AS BASE 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 2015-16 based on actual/estimated results of the FY 2014-15 as base year.

MEPCO initially filed a Multi Year Tariff (MYT) Petition vide letter No. FDM/BS/Tariff/5808 dated August 24th, 2015 but has now requested, vide its letter No. 12962-64/CE/MEPCO/FD/M(CPC) dated November 12, 2015, to consider its subject mentioned petition, filed under the MYT regime, as Single Year Petition for FY 2015-16 only. Accordingly all stakeholders, interested/affected persons and the general public are hereby notified that hearing in the matter has now been scheduled as mentioned below;

SALIENT FEATURES OF THE PETITION

1. The petitioner has prayed for the determination of its consumer-end tariff pertaining to the Financial Year 2015-16, requesting approval of following components.

Sr.	Description	2015-16
1	Distribution Margin [Rs./kWh]	2.12
2	Investment [Mln. Rs.]	14,781
3	Line Losses [%]	16.22
4	Average Sale Rate [Rs. / kWh]	14.00

2. Based on above tariff components the petitioner requested following category-wise tariff: -

Description	NEPRA Determined Tariff Pertaining to the FY 2014-15		Requested Tariff for the FY 2015-16	
	Fixed Charges Rs./kW/M	Var. Charges Rs./KWh	Fixed Charges Rs./kW/M	Var. Charges Rs./KWh
	2014-15	2014-15	2015-16 to 2019-20	2015-16
Residential -A1				
For Peak Load Requirement less than 5 kW				
Up to 50 Units		4.00		4.94
1-100 Utnits		9.52		11.76
101-200 Units		12.00		14.83
201-300 Units		12.00		14.83
301-700 Units		15.00		18.53
Above 700 Units		16.00		19.77
For Peak Load Requirement 5 kW & above				
Time of Day (TOU) – Peak		16.00		19.77
Time of Day (TOU) -Off-Peak		10.50		12.97
Total Domestic				
Commercial - A2				
For peak load requirement less than & up to 5kW		16.00		19.77
For Peak load requirement (<20KW) exceeding 5 kW				
Regular	400	14.00	500	17.30
Time of Day (TOU) --Peak		16.00	500	19.77
Time of Day (TOU) - Off-Peak	400	10.50	500	12.97
Total Commercial				
Industrial				
B1 up to 25 kW (400/230 volts)		13.50		16.68
B1(b) up to 25 kW (Peak)		16.00		19.77
B1(b) up to 25 kW (Off-Peak)		10.50		12.97
B2(a) exceeding 25-500KW (400 volts)	400	13.00	500	16.06
B2(b) - TOU (Peak) at 400 volts		16.00	500	19.77
B2(b) - TOU (Off-Peak) at 400 volts	400	10.30	500	12.73
B3 - TOU (Peak) all loads up to 5000KW at 11/33 kV		16.00	450	19.77
B3 - TOU (Off-Peak) all loads up to 5000KW at 11/33 kV	380	10.20	450	12.60
B4 - TOU (Peak) all loads 66/132 kV and above		16.00	430	19.77
B4 - TOU (Off-Peak) all loads 66/132 kV and above	360	10.10	430	12.48
Total Industrial				
Single Point Supply (Bulk)				
C1 (a) Supply at 400/230 Volts less than 5 kW		14.00		17.30
C1(b) Supply at 400/230 Volts- 5 KW& up to 500 kW	400	13.50	500	16.68
Time of use (TOU) Peak		16.00	500	19.77
Time of use (TOU) Off Peak	400	10.50	500	12.97
C2 Supply at 11 KV ,33 kV up to and including 5000 kW	380	13.30	450	16.43
Time of use (TOU) Peak		16.00	450	19.77
Time of use (TOU) Off Peak	380	10.30	450	12.73
C3 Supply at 66 KV & above	360	13.20	430	16.31
Time of use (TOU) Peak		16.00	430	19.77
Time of use (TOU) Off Peak	360	10.20	430	12.60
Total Bulk Supply				
Agricultural Tube-wells - Tariff D				
Scarp D-1(a) less than 5 kW		13.50		16.68
D-2 Agricultural Tube Well	200	13.00	300	16.06
Scrap and Agriculture 5 kW and above Time of use (TOU) Peak		16.00	300	19.77
Scrap and Agriculture 5 kW and above Time of use (TOU) Off Peak	200	10.20	300	12.60
Total Agricultural Tube well Tariff-D				
Public Lighting - Tariff –G		14.00		17.30
Residential Colonies - H		14.00		17.30
Railway Traction		14.00		17.30
Company Total				

3. 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 this notice. Such intervention request shall state the name and address of the person filing the same, objections and the manner in which such person is or is likely to be substantially and specifically affected by any determination in the proceedings. The intervention request may also contain the contentions of the person making the same, the relief sought and the evidence, if any, in support of the case. In the intervention request, the intervener may specifically admit, deny or explain the facts stated in the petition and may also state additional facts which are relevant and necessary for reaching a just and informed decision in the proceedings. The intervention request shall be signed verified and supported by means of an affidavit in the same manner as in the case of the petition. The intervener shall also serve a copy of the intervention request duly attested as true copy on the petitioner or his authorized representative and the petitioner may file a rejoinder to the intervention request which shall be filed within 7 days of receipts of copy of intervention request.
4. 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.
5. 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: 18th December, 2015
Time: 11:00 a.m.
Venue: NEPRA TOWER G/5-1 ISLAMABAD

All communications should be addressed to:

Annex VII 2/2

National Electric Power Regulatory Authority (NEPRA)

NOTICE OF ADMISSION / HEARING

CHANGE IN VENUE OF HEARING IN THE MATTER OF PETITION FILED BY MULTAN ELECTRIC POWER COMPANY LIMITED (MEPCO) FOR THE DETERMINATION OF ITS CONSUMER-END TARIFF PERTAINING TO THE FY 2015-16 BASED ON THE ACTUAL/ESTIMATED RESULTS OF THE FY 2014-15 AS BASE YEAR.

It is notified to all the stakeholders and the general public that the hearing on the subject matter scheduled for December 18, 2015 at NEPRA Tower Islamabad, as published in daily newspapers on November 28, 2015, has been rescheduled as below.

Date: December 18, 2015 (Friday)

Time: 02:30 p.m.

Venue: Avari Hotel, Lahore

All other information will remain the same. A copy of petition and Issues framed for the hearing can be obtained from NEPRA office or downloaded from website: www.nepra.org.pk

All other information/conditions remain the same.

PID(I) 2942/15

Registrar NEPRA

NEPRA Tower, G-5/1, Islamabad.
Phone: 051-2013200 Fax: 051-921 0215
E.mail: office@nepra.org.pk