National Electric Power Regulatory Authority

Islamic Republic of Pakistan

Registrar

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No. NEPRA/TRF-273/PESCO-2014/3170-3172
March 10, 2015

Subject: **Determination of the Authority in the matter of Petition filed by Peshawar Electric Supply Company Ltd. (PESCO) for the Determination of its Consumer <u>end Tariff Pertaining to FY 2014-2015 [Case # NEPRA/TRF-273/PESCO-2014]</u>**

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority along with Annexure-I, II, III, IV, V, VI & VII (82 pages) in Case No. NEPRA/TRF-273/PESCO-2014.

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

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

Enclosure: <u>As above</u>

10.03.15

(Syed Safeer Hussain)

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

CC:

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

National Electric Power Regulatory Authority

(NEPRA)

PETITION NO: NEPRA/TRF-273/PESCO-2014

TARIFF DETERMINATION

FOR

PESHAWAR ELECTRIC SUPPLY COMPANY

(PESCO)

DETERMINED UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

10th March 2015

Abbreviations

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

DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY THE PESHAWAR ELECTRIC SUPPLY COMPANY (PESCO) FOR THE DETERMINATION OF ITS CONSUMER END TARIFF FOR FY 2014-15

CASE NO. NEPRA/TRF/273/PESCO-2014

PETITIONER

Peshawar Electric Supply Company Limited (PESCO), WAPDA House, Shami Road, Peshawar.

INTERVENER

Pakistan Steel Melters Association
Energy Monitoring Cell, Finance Department, Government of Khyber Pakhtunkhwa

COMMENTATOR

Nil

REPRESENTATION

1. Brig (R) Tariq Saddozai, Chief Executive Officer
2. Mr. Yaser Naseem, Manager Finance (Acting Finance Director)
3. Engr. Abdul Latif Khan, Chief Operating Officer
4. Engr. Musarrat Gul, Chief Commercial Officer
5. Engr. Muhammad Fida Khan, Chief Technical Officer / Chief Engineer T&G (O&M)
6. Engr. Aftab Ahmed Sethi, Chief Engineer (Development)
7. Mr. Khurshid Ahmed Orakzai, DG (HR)

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.

10 3 15

(Khawaja Muhammad Naeem)
Member

10/3/15

(Maj (Rtd) Haroon Rashid)
Member

10.3.15

(Himayatuallah Khan)
Member

10/3/2015

(Habibullah Khilji)
Vice Chairman

5-2-2015

(Brig(Rtd) Tariq Saddozai)
Chairman

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10.03.15

1. BACKGROUND

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

- To determine the tariff on the basis of anticipated sale of 8,217 MkWh, to recover the revenue requirement as mentioned in the petition including:-
    - Distribution Margin of Rs. 18,000 Million;
    - Prior Year Adjustment of Rs. 17,809 Million for FY 2014-15; and
    - Prior Year Adjustment of Rs. 25,340 Million for FY 2013-14.
- To allow Investment plan of Rs. 7,962 Million.
- To allow other periodical adjustments as per determinations of NEPRA
- To allow the cost of Working Capital.
- Any other relief, order or direction which the Authority deems fit.

2. PROCEEDINGS:

2.1 In terms of rule 4 of the Rules, the Petition was admitted by the Authority on 10th July, 2014. In compliance of the provisions of sub-rules (5) & (6) of Rule 4 and Rule 5 of the Rules, notices of admission and hearing were sent to the parties which were considered to be affected or interested. An advertisement in this regard was also published in the leading national newspapers with the title and brief description of the petition on 8th August, 2014.

3. FILING OF OBJECTIONS/ COMMENTS:

3.1 Comments/replies and filing of intervention request, if any, was desired from the interested person/ party within 7 days of the publication of notice of admission, i.e., August 8, 2014 in terms of Rule 6, 7 & 8 of the Rules. In response thereof, intervention requests were filed by Pakistan Steel Melters Association and Energy Monitoring Cell, Finance Department, Government of Khyber Pakhtunkhwa Peshawar.

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3.2 **Pakistan Steel Melters Association - Intervener**

3.2.1 The Intervention Request from Pakistan Steel Melters Association was filed on August 15, 2014 throughM/s Seerat Law Associates with the sole aim to correct the quantum of Fuel Price Adjustment (FPA) for the Petitioner 's consumers pertaining to the period between 5th August 2013 and 25th April 2014. As the FPA charged by the Petitioner, must be different from the rest of the country since the rate charged by the Petitioner is also different from what the rest of the country is charging. Fixing of such a quantum shall ensure equality and non-discrimination for the consumers of other DISCO's, as this would make up for the differential amount charged for the period between 05th August 2013 and 25th April 2014. The Intervener additionally stated that the requested revisiting of FPA for the Petitioner's consumers would:

i. Stabilize the pricing of products of all the industries in the market as all would have incurred almost the same overhead costs in producing their products.

ii. Prevent industrial consumers of the Petitioner from having a monopoly in the market due to low pricing which they would inevitably have, if they have incurred less overhead costs in producing their products.

iii. Ensure a healthy and competitive market environment for all the industries.

3.2.2 Based on these objectives, the Intervener prayed for the following relief;

- To fix the quantum of Fuel Price Adjustment (FPA) for PESCO consumers for the period between August 2013 to April 2014 by calculating it on the basis of the same tariff applicable for PESCO in the said period and not on the basis of the tariff with which the consumers of other DISCOs were charged during said period.; or
- To calculate the amount which consumers of other DISCOs would have paid if they were also charged with the same tariff as applicable for PESCO from August, 2013 to April, 2014 and then refund the excess money paid by the consumers of other DISCOs for the said period.

3.3 **Energy Monitoring Cell, Finance Department, Government of Khyber Pakhtunkhwa–Intervener**

3.3.1 The following concerns were raised by Energy Monitoring Cell, Government of Khyber Pakhtunkhwa in its intervention request;-

- The Province of Khyber Pakhtunkhwa is badly hit by terrorism and needs special relief in all the categories of consumer- end tariff and particularly that of

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industrial tariff, so that the distorted economic status of the general public is provided some relief and jobs are created which would improve the industrial/commercial activities of Khyber Pakhtunkhwa. The Hydel Generation of Khyber Pakhtunkhwa has sufficient generating capacity and is enough to meet power demand of the province. Hence the determination of tariff be based on Hydel Generation which is cheaper among all the power resources. The Petitioner should be rational and prudent in investment planning with special focus on components of Energy Loss Reduction (ELR),Development of Power (DOP) and Secondary Transmission and Grids (STG) to reduce technical losses. Political pressure should not affect viable investment planning to achieve better results in reduction of line losses.

- The Petitioner is already charging one of the highest DMs across the system and over and above that, their insistence on further escalation of DM would result in further miseries of the public. In the matters of Repairs and Maintenance (R&M). Travelling Expense, Vehicle repairing expense and other expenses, the Petitioner has not placed before Authority any new grounds and rather has repeated the old stance with respect to the different components of O&M. As regards the depreciation and return on asset, the Authority has discussed in detail and the reasoning advanced by the Authority has not been negated by the Petitioner during the tariff determination for the year 2013-14. This Authority has been consistently refusing large figures for "Bad Debts" since FY 2011-12. Furthermore, in administrative costs, increase is being justified on past Government notifications of 2011-12 & 2012-13, which are not correct, yet Petitioner is still implementing the same..

- The petitioner has inducted in bulk incompetent and non-technical staff with high cost input wherein only "replacement hiring" was allowed by NEPRA. The Petitioner has no control over operation staff of lower formations and has closed its eyes on all the wrong doing / illegal activities under the pressure of labour union. No harsh/major punishments including dismissal from service is awarded to the staff involved in illegal activities. As on 31st June, 2011, 882 defective meters on Government connections were to be replaced, which were older than 6 months. According to NEPRA Rules, average billing should not be for more than two billing cycles. Non-replacement of defective meters results in fictitious billing and financial loss to Provincial Government. The grievances of private sector should also be redressed in this regard.

- Due to the inefficiency of the Petitioner, it has never achieved the targets especially of T&D losses, fixed by the Authority and even their own proposed targets are not achieved, which is the main cause of losses incurred by the petitioner. All the projected calculations claimed by the Petitioner are proved

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wrong at the end of every financial year and then they try to justify their failures on mere assumptions. That the line losses of the Petitioner are worst among all the companies which must be brought in the limits, compatible with other DISCOs. In case the affairs are beyond the control of the company, privatization/outsourcing process be given top priority. Sales growth is directly connected to target of T&D losses determined by NEPRA and the Petitioner is wrongly insisting on lesser sale growth target to indirectly get the increase / high target of T&D losses.

- In Khyber Pakhtunkhwa, above 45% of the population lives below the poverty line. With the increase in tariff, the Government policy for reduction of poverty will be adversely affected. As this increase in tariff will not only directly but indirectly affect general public due to increase in cost of production of Agriculture and Industrial Sector. The economy of the Khyber Pakhtunkhwa Government is already under tremendous pressure because of the law and order situation and insurgency. The Province is fighting the war of nation and is bearing the expenditure on deployment of army and Para-military forces etc. The rates of off peak hours are still on very high side and further relief in the normal day hours tariff is required just to encourage people to use electricity during off peak hours.

- DISCOs have not been given complete autonomy, but are run through dual control. Top management of PEPCO has got no liaison with the Provincial Government to control the theft of energy or improvement of the system. Line losses in DISCOs of Punjab are less as compared to HESCO, PESCO and QESCO. A detailed study of line losses is required. Provincial Government has always offered full support to the Petitioner for control of theft. In order to control theft through direct hooking to the LT lines, it was previously proposed to install small capacity transformers to group of consumers instead of constructing lengthy LT lines. No practical steps have been taken by the Petitioner so far in this regard.

- The main objective of increase in tariffs is to enhance the income of the company, on the contrary, theft of electric energy (line losses) always increases whenever tariffs are revised. Further that neither the Petitioner is paying any attention to provide better services to the consumers nor any efforts are made to reduce line losses and to control administrative expenses. WAPDA power wing was corporatized into companies with the purpose of increasing the efficiency and improvement but unfortunately there is no improvement rather inefficiency has increased.

- Furthermore, in Profit & Loss Account (Form-2), the Petitioner has projected Rs. 14,174 million as profit in FY 2014-15 against the loss of Rs. 33,253 million in

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FY 2013-14. It means that the company has no reason to justify the requested increase in tariff. In addition, the Petitioner has also not included the amount of subsidy & FPA in the subject statement which may push its profit to more than Rs. 50,000 Million.

- the Petitioner has tried to build its case on presumptive figures for FY 2013-14. Actual figures may be provided in the month of August , 2014 to the Authority and the stakeholders, for their analysis. Development budget of the company for the closing year may be evaluated critically. Based on its finding the budget for the FY 2014-15 may be assessed.

- The Petitioner since its inception has tried to conceal its failures and inefficiency and has benefitted from the increases in consumer-end tariffs, allowed by the Authority. However, the losses have remained at higher levels despite many such increases in the past. Increasing the tariffs for the Petitioner, is no solution to the ills of the company and its viability cannot be warranted, even if the existing consumer-end tariffs are increased.

- The company may be directed to increase its efficiency and control T&D losses instead of taking refuge in escalation of consumer-end tariffs for the sustainable profitability.

4. FRAMING OF ISSUES

4.1 The pleadings so available on record was examined by the Authority in terms of rule 9 of the Tariff Rules and it was decided to conduct a hearing in order to arrive at a just and informed decision. Accordingly, it was decided to conduct the hearig on 19th August, 2014. On the basis of leadings, following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments:-

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

ii. Whether the concerns raised by Interveners are justified?

iii. Whether the Petitioner's projected purchases of 11,574GWhs and sales of 8,217 GWhs units for the FY 2014-15, is reasonable?

iv. Whether the Petitioner's proposed transmission and distribution losses of 29 % for the FY 2014-15 are justified?

v. Whether the Petitioner projected power purchase cost of Rs.120,943 million (Rs.14.72/kWh) for the FY 2014-15, is justified for the FY 2013-14?

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vi. Whether the Petitioner projected O&M cost of Rs.13,412 million (Rs.1.63/kWh) for the FY 2014-15 after accounting for inflation/increments, is justified?

vii. Whether the Petitioner proposed depreciation charge of Rs.2,100 million (0.26 /kWh) for the FY 2014-15 after accounting for projected additions to fixed Assets, is justified?

viii. Whether the Petitioner projected Return on Regulatory Asset base of Rs.2,641 million (Rs.0.32 /kWh) for FY 2014-15, is justified?

ix. Whether the Petitioner projected other income of Rs.2,964 million (Rs.0.36/kWh) for the FY 2014-15, is reasonable?

x. Whether the Petitioner's proposed Investment plan of Rs.7,962 million for the FY2014-15,is justified?

xi. Whether the Proposed revenue requirements of Rs. 164,853 at an average sale rate of Rs.20.06/kWh for the FY2014-15, is justified as against Authority's approved average sale rate of Rs.14.9661/kWh for the FY2013-14?

xii. Whether the Petitioner's claim for provision for bad debts amounting Rs.2,812 million (Rs.0.38/kWh) for the FY 2014-15, is justified?

xiii. Whether the Petitioner's claim of working capital requirement amounting Rs.2,708 million (Rs.0.37/kWh) for the FY 2014-15?

xiv. Whether the Petitioner's request of allowing financial charges on TFC amounting Rs.8,101 million (Rs.1.09/kWh) for FY2014-15 is reasonable?

xv. Whether the prior year adjustment calculated by the Petitioner for the FY 2014-15 is Accurate?

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

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

4.2 In addition to above, the Authority has decided to form the following additional issues;

i. Future tariff determination methodology in the matter of the Petitioner.
ii. Whether the existing Service delivering structure of circles, divisions and sub-divisions etc can provide satisfactory services for supply of electric power to the consumer with the substantial expansion in the system?
iii. Whether the existing financial, administration and technical powers concentrated at different layers of hierarchy is required to be developed in order to provide better services from the door step of the consumer?

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5. <u>HEARING</u>

5.1 The date of hearing was fixed as 19th of August, 2014 and notices of hearing were published in the national newspapers on 8th of August, 2014. Owing to law and order situation, the hearing was re-scheduled for 28th August, 2014 and a notice to that effect was also published on 26th August, 2014.

5.2 A hearing into the matter was conducted on 28th August, 2014 at NEPRA Head Office , Islamabad. During the hearing, the Petitioner was represented by the Chief Executive Officer of the Petitioner Company along with his financial and technical team. The Interveners, commentators and general public also participated in the hearing.

5.3 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 is given as under:-

6. <u>Additional Issue . Future tariff determination methodology with respect to the consumer end tariffs of XWDISCOs.</u>

Tariff Methodology for the FY 2014-15.

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

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

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

- Assessment of T&D losses target.
- Assessment of Sales target.
- Impact of Consumer mix variance.

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

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

Quarterly Adjustments

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

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

Monthly Fuel Adjustments

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

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

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

6.7 The Authority is in the process of notifying the future tariff methodology pertaining to the FY 2015-16 and onwards. The Authority, while devising the aforementioned , has used a participatory approach whereby the process was started in December, 2013. The first draft of the methodology was uploaded on the website for comments on 20th February, 2014 inviting all the stakeholders to submit their comments. After incorporating the relevant comments, the Authority again uploaded the revised

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version of the draft on 12th August , 2014 for any additional comments/concerns . An advertisement in this regard was also published on 12th August , 2014, intimating all the stakeholders about the uploading of the document on NEPRAs website. Further, individual letters were also sent to all the stakeholders considered to be affected, seeking their comments on the document.

6.8 The Authority after going through all the available documents and record , has finalized the aforementioned document and is in the process of notifying the same., All the XWDISCOs are accordingly directed to submit their future tariff petitions in accordance with that methodology.

7. Issue #1. Whether the concerns raised by the Interveners are justified?

7.1 The Authority has carefully considered the Intervener's contention. As a matter of fact, the tariff determined by the Authority for FY 12-13 was notified by the Federal Government with retrospective effect, i.e., from Ist July, 2012 for all ex-W DISCOs except PESCO. The Petitioner 's consumer end tariff was not notified due to restraining orders of Honorable Peshawar High Court. Upon conclusion of the proceedings, the notification of the PESCOs tariff was issued by the Federal Government for FY 2012-13, with immediate effect on 25th April, 2014 (S.R.O 325 (1)/2014 dated April 25, 2014) . The different effective dates of notifications in the matter of Petitioner and the rest of DISCOs created the issue referred by the Intervener. The Authority taking cognizant of the fact, highlighted the issue and recommended to GOP to notify the Petitioner's consumer end tariff in line with other DISCOs.

7.2 On the basis of Authority's recommendation the Government issued a notification vide S.R.O. 1014 (1)/2014 dated 31st October, 2014, whereby the earlier tariff notification vide S.R.O 325 (1)/2014 dated April 25, 2014 was deemed to have taken effect from 1st July, 2012. This implies that the Authority's determined consumer -tariff of the Petitioner has become at par with other DISCOs consumer -end tariff pertaining the FY 2012-13. In view thereof , the Intervener's contention with respect to the revision of FPAs in the matter of Petitioner stands addressed.

7.3 As regard the concerns raised by the Govt. of Khyber Pakhtunkhwa, the Authority has carefully perused the same and is of the following views:-

- The Intervener's request of providing special relief to the industrial consumers is principally not in line with the Rue 17 (1)(vii) and (ix) of the Tariff Standard & Procedure Rules 1998, as provision of relief to one consumer category would

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result in burdening of other consumer categories , thus increasing the cross subsidies. In addition, it would also be unjust for the other consumers of the Petitioner. The Intervener's concern that since hydel electricity produced within the Province is sufficient for the demand of the Province , hence its consumer-end tariff must be based on cost of hydle only , is not correct. The Authority is aware of the fact that although the generating facilities located in KPK are generating greater portion of the hydel energy in the country but it may also be kept in view that almost all these facilities are built up through the national resources, whereby a resident of Karachi has also contributed (in the shape of taxes paid) in its construction. It is also to be noted that the consumers of all the country have contributed to pay of the entire cost of the hydel projects through tariff; hence, the benefit should also be passed on to all the consumers of Pakistan. Accordingly the electricity generated through all the available resources of the country is pooled up and a basket price is then transferred to all the consumers of Pakistan, which is an entirely judicious and fair treatment. Moreover, as per the constitution KPK is also given net hydel profit. In view thereof, the Intervener's contention in this regard being without any basis does not merit consideration.

- The concern of intervener regarding investment is justified and it is pointed out that the Authority has been monitoring the investment activities of the Petitioner and taking the impact of those investments in the allowed return of the Petitioner, which the Petitioner is able to justify through proper rationale of funding. While considering the investments in the matter of Petitioner the Authority also considers the Petitioner's latest available financial statements. Further, the Authority has always discouraged imprudent village electrifications. The Petitioner, was directed in the previous tariff determination, not to undertake any rural electrification which is not supported by technical evaluation and positive Net Present value (NPV).

- The Authority exercises utmost prudence and due diligence in approving any cost / expense requested by the Petitioner. The Intervener is assured that the increase in expenses requested by the Petitioner or for that matter all XWDISCOs are never approved upfront, rather a detailed analysis is undertaken on the necessity of expense, evidences given by the Petitioner, previous years' trend and comparison with other DISCOs. The same exercise has been undertaken in approving distribution margin for the FY 2014-15.

- On the issue of "replacement hiring" the Authority has principally allowed the said cost considering the fact that the Petitioner's work force is retiring each year and if the same is not recouped, it would seriously hamper the Petitioner's operations and eventually it would be the Petitioner's consumers who would be affected the most. As regard , the additional recruitment the Authority has never

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allowed it unless the Petitioner substantiate it with proper working and rationale. The Intervener has made general remarks about illegal activities being undertaken by the operational staff of the Petitioner. The Authority considers that it should have been supported with evidence.

- On the issue of defective meters , the grievance, if any, could be brought through a complaint before the appropriate forum. The Authority while designing the consumer-end tariff of the Petitioner, incorporates only assessed level of T&D losses. If the actual T&D losses are greater than the assessment, it results in financial losses in the matter of Petitioner. Hence, the sales figure projected by the Petitioner, is not used in final tariff determination of the Authority, therefore the concern of Intervener is not valid.
- The Intervener's request on encouraging the consumption during off peak hours would be given due consideration, while designing the consumer- end tariff for the FY 2014-15.
- The Authority has already directed the Petitioner to conduct a study of its T&D losses in the tariff determination for the FY 2012-13. Once that is available the Authority would also share it with the Intervener.
- The Intervener has failed to understand the information provided by the Petitioner in Form 2 of the tariff petition for the FY 2013-14. The Profit and loss account prepared by the Petitioner is after incorporating all the requested increase in the tariff petition and thereafter, the Petitioner has showed a profitable situation. The same is not final and subject to the Authority's assessment in this regard.
- The Authority has already obtained the audited financial statements of the Petitioner for the FY 2013-14 and while doing the assessment for the instant petition , the Authority gave due consideration to the Petitioner's concerns.

8. **Issue #2 . Whether the Petitioner has complied with the directions of the Authority passed in the last year's tariff petition?**

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

TOU Meters

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8.2 While deciding the tariff determination for the FY 2013-14, the Authority discussed in detail the non-compliance of the Petitioner with the Authority's direction of installing TOU meters on all connections with load 5kW and above in Para 9.1 to 9.5. The Authority decided not to extend the deadline for installation of TOU meters in the tariff determination for FY 2013-14.

8.3 The Petitioner submitted the following position of TOU meters installed vide its letter no. 2508/FD/PESCO/CP&C dated 6th June, 2014;

Customer Category	Total No. of Connections for Installation of TOU Meters	Connections with TOU meters installed upto April, 2014	% installed	TOU meters yet to be installed
Residential	21,560	19,695	91%	1,865
Commercial	9,364	9,325	99.6%	39
Industrial	11,338	11,022	97%	316
Bulk Supply	718	718	100%	-
Agricultural	12,523	12,061	100%	462
Residential Colonies attached to Industries	27	10	37%	17
Total	**55,530**	**52,831**	**95%**	**2699**

8.4 Additionally, the Petitioner submitted that about 500 connections qualifying for installation of TOU meters have been disconnected by the Petitioner due to default in payment of bills, therefore, TOU meters could not be installed on these connections. The Petitioner further stated that the remaining connections pending TOU meters installation mostly relate to hard areas like Shabqadar, Hangu, Bannu and rural areas of district Peshawar where consumers bypass meters and resist the replacement of meters. The Petitioner claimed that law & order situation is deteriorating in these areas and the role of law enforcement agencies is limited which cause difficulties in replacement of TOU meters by staff.

8.5 During the last year's tariff determination, the Petitioner had informed the Authority that it had installed 77% meters, i.e., 42,955 meters up to June, 2013. It is commendable, that the Petitioner has shown seriousness in the implementation of Authority's direction and has installed 9,872 additional meters and has just 5% connections pending installation of TOU meters. The Authority appreciates the efforts

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of the management and directs the Petitioner to complete the pending installation at earliest.

8.6 In addition to the aforementioned, the Authority also directed the Petitioner in tariff determination of FY 2013-14 to continue the campaign of consumer awareness and share the information regarding the training sessions of its concerned staff from the manufacturing companies of TOU meters. The Petitioner submitted that it is carrying out consumer awareness campaign and publishing advertisements on the back of electricity bills and submitted sample bills.

8.7 Since the Petitioner is facing resistance in certain areas where it is trying to install TOU meters, the Authority reiterates its earlier direction to continue with the consumer awareness campaign on a large scale by help of other media channels like radio, pamphlets distribution, bill boards etc and share the evidence of the same along with the next tariff petition.

Directions regarding Receivables from TESCO and Trade Receivables

8.8 During the tariff determination for the FY 2013-14, the Authority observed that the Petitioner has not shown any serious efforts in order to recover old outstanding dues from consumers or from Tribal Electric Supply Company (TESCO). Consequently, the Petitioner was directed to take up the matter of recovering outstanding dues seriously and assign extra personnel from the existing staff for recovery purposes. Also, the Petitioner was required to submit progress report w.e.f., 30th May, 2014.

8.9 The Petitioner vide letter no. 2508/FD/PESCO/CP&C dated 6th June, 2014, the Petitioner informed the Authority that a meeting was held between its management and TESCO on this issue, wherein it was principally agreed that TESCO will start making payments in installments to PESCO. The Petitioner further stated that an amount of Rs. 2 million has been paid by TESCO on 30th May, 2014.

8.10 An analysis of the Petitioner's audited financial statements for the FY 2013-14 reveals that the balance outstanding in respect of TESCO has increased to Rs. 28 billion from Rs. 26.8 billion. Here it is pertinent to mention that the Authority has approved wheeling charges in respect of TESCO in its tariff determination for the FY 2013-14, enabling it for making payment to the Petitioner. In view thereof, the Authority again directs the Petitioner to put in serious efforts in claiming the receivables from TESCO and also submit a progress report to the Authority.

8.11 The Authority also discussed in detail the receivables position of the Petitioner in paras 21.1 to 21.7 of the tariff determination for the FY 2013-14 and consequently, the Petitioner was directed to involve government at federal and provincial level for assistance in this regard and share relevant communication with the Authority.

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Furthermore, the Petitioner was also directed to submit concrete/quantifiable recovery action plans and progress report to the Authority. The Petitioner had been pleading its inability in improving the recovery ratio owing to law and order situation and consequently, he was directed to explore the option of outsourcing of feeders with heavy accumulated receivables for recovery with an incentive and share progress in this regard with the Authority not later than 30th June, 2014.

8.12 The Petitioner vide its letter no. 2508/FD/PESCO/CP&C dated 6th June, 2014 informed the Authority that on the advice of Federal Government and in accordance with the decision in meeting of Council of Common Interest (CCI), the Provincial Government has initially provided the Petitioner with three Police Stations one each for Peshawar, Charsadda and Bannu Districts. The Petitioner claimed that Raids are being conducted and FIRs lodged on daily basis and its employees are facing tough resistance from defaulters. Additionally, with regard to recovery action plans, the Petitioner submitted that the prevailing condition of the Petitioner is quite different than that of other DISCOs. As per the Petitioner, the domain of the Petitioner is divided into two major Groups i.e. soft area including 3 circles namely Hazara, Mardan and Swat where recovery in the private sectors remained almost 100% of billing and the other is hard area including Peshawar, Khyber and Bannu where the writ of the government is not established and the Peitioner faces tough resistance in carrying out operations. The Petitioner stated that due to the high number of defaulters in these areas, coupled with resistance it has adopted, an alternate strategy which is based on targeting areas with high AT&C losses as per the following action plan;

- Load management on the basis of AT&C losses, with greater load shedding on high AT&C loss areas;
- Disconnection of supplies from transformers or selected lines;
- Removal of Transformer in case of no response or illegal connection;
- Disconnection of electricity from feeder. Recently 8 feeders were disconnected having more than 95% AT&C loss which are being restored gradually after making some payment by defaulters.

8.13 The Petitioner also submitted compliance on the outsourcing of feeders vide the aforementioned letter. As per the Petitioner, it had called press tenders for outsourcing of six 11kV feeders having AT&C losses of more than 60%. However, as per the Petitioner, its CBA union started a protest due to which the activity has been deferred. The Petitioner further stated that CBA has alternatively suggested that control of two sub divisions may be handed over to external company on experimental basis for a period of 3 month w.e.f 1st April 2014.The Petitioner claimed that as a result of this outsourcing the initial results of April, 2014 were very encouraging and stated that correct results will be shared with the Authority after monitoring of three months.

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8.14 The Petitioner, during the hearing also presented a break-up of Recovery as below;

Years	Billing (Rs. In million)	Collection (Rs. In million)	Recovery Ratio in %
2011	52,427.7	43,104.9	82.2%
2012	64,354.3	53,079.8	82.5%
2013	71,749.2	60,699.7	84.6%
2014 (Provisional)	**82,921.4**	**71,537.2**	**86.3%**

8.15 A review of audited financial statements for the FY 2013-14 reveals that the receivables have increased to Rs. 77,983 million from last year's balance of Rs. 64,627 million. Accordingly, the provision for doubtful debts has also increased to Rs. 40,667 million from Rs.35,034 million over the last year's balance. Although the recovery has also improved, yet the Authority considers that the Petitioner must put further efforts on the recovery side. The Authority has observed with great concern that the receivables of the Petitioner are huge and are increasing by significant percentage with each passing year. The need of the hour is that Petitioner segregates the receivables into various categories based on their ageing, area or nature and thereby divide its task force for direct efforts towards recovering outstanding dues from each category. The efforts should be made for recovery from both active connections as well as permanently disconnected consumers. In view thereof, the Authority considers that the Petitioner needs to develop a comprehensive recovery plan. Therefore, the Petitioner is again directed to submit concrete and detailed recovery action plan to the Authority not later than 31st March, 2015.

8.16 The Authority noted that the Petitioner was asked to share the results of outstanding of certain feeders but the Petitioner did not provide any information in this regard. The Authority once again directs the Petitioner to submit the same for its consideration.

8.17 In addition to the aforementioned, a review of audited financial statements of the Petitioner reveals that an amount of Rs. 8,604 million is pending as receivable from the Government of Azad Jammu and Kashmir (AJK). The auditor in its note 17.2 of the financial statements for FY 2013-14, explains the receivables as difference between amount billed to AJK by the Petitioner on NEPRA's determined tariff and the tariff approved by sub-committee constituted at the time of presentation given to the Chief Executive of Pakistan in September 2002 on Raising of Mangla Dam which was Rs. 2.32 / kWhand subsequently raised to Rs. 2.59 / kWh. The note further states that the Petitioner has not been able to recover the differential amount from AJK despite the

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involvement of Ministry of Water and Power and other forums. The total amount outstanding of Rs. 8,604 million includes Rs. 6,295 million relating to previous years and Rs. 2,309 million relating to the FY 2013-14. The Authority feels that in order to recover the outstanding amount extra ordinary efforts are required; therefore the Petitioner is directed to take up this matter with the sub-committee constituted in this regard and the Authority be informed accordingly.

9. **Issue # 3. Whether the Petitioner's projected purchase of 11,574 GWhs and sales of 8,217 GWhs units for the FY 2014-15, is reasonable?**

9.1 As per the Petitioner, the projected units purchased for the FY 2014-15 shall be 11,574 GWh and units sold shall be 8,217 GWh. The Petitioner submitted that the units projected for sale in FY 2014-15 are based on an increase of 10% from the actual units sold of FY 2013-14. The Petitioner has computed units purchased based on a requested loss target of 29% for the FY 2013-14.

9.2 Although, there is an inbuilt mechanism for adjusting actual variation in sales against the estimated sales, yet in order to avoid unnecessary fluctuations in the consumer-end tariff it is appropriate to make realistic assessment of the purchases and sales. Moreover, it is also important for the assessment of monthly reference fuel cost for making monthly fuel cost adjustment pursuant to Section 31(4) of Regulation of Generation, Transmission and Distribution Act (XL 1997). In view thereof, the Authority has carried out a detailed exercise for estimating station wise generation pertaining to the FY 2014-15. An increase of 0.78% has been assumed over the actual generation pertaining to the FY 13-14, as generation growth. Here it is pertinent to mention that the actual generation for the FY 2013-14 was 9% more than the actual generation for the FY 2012-13. After incorporating all the upcoming additional generation, it is estimated that in the FY 2014-15 the overall system generation will be about 95,892 GWh. After adjusting for the permissible transmission losses of 3.0% about 93,015 GWh are expected to be delivered to the distribution companies; the estimated share for the Petitioner from the pool for the FY 2014-15, is accordingly assessed as 11,350 GWh as against 11,574 GWh projected by it. After incorporating the T&D losses target for the FY 2014-15 (discussed below) the sales target for the same period worked out as 8,626 GWhs.

10. **Issue #4. Whether the Petitioner's proposed transmission and distribution losses of 29% for the FY 2014-15, are justified?**

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10.1 The Petitioner has requested a Transmission and distribution (T&D) losses target of 29% for the FY 2014-15. The Petitioner agitated in the Petition that the 20% T&D losses determined by the Authority in its determination for the FY 2013-14 was unjustified and unrealistic keeping in view the law and order situation in the Petitioner's territory. The Petitioner further stated that the actual provisional T&D losses during FY 2013-14 were 33%, therefore, the target for FY 2014-15 may be fixed as 29%.

10.2 The Petitioner further stated that the Authority has been comparing its level of T&D losses, with that of the other DISCOs, whereas the load of other DISCOs especially those of Punjab mainly comprises of big loss free consumers, which is a major contributing factor towards lesser T&D losses. To corroborate the statement, the Petitioner has given example of the Hazara Circle which comprises of the consumers of Hattar Industrial Estate and stated that the T&D losses of this circle, are very much comparable with those of other DISCOs. The Petitioner further argued that its main load comprises of small domestic consumers, which are fed through scattered LT Distribution network and lengthy 11 KV feeders, emanating from distantly located Grids. The Petitioner also highlighted the hard area of the Petitioner which comprises of 5 Circles that have boundaries with FATA and comprises of domestic customers fed through scattered and lengthy distribution networks. In view thereof, the Petitioner stated that the losses of these circles cannot be compared with those of other DISCOs.

10.3 The Petitioner also listed certain reasons for not reducing Technical losses to the desired level:

- Lengthy Transmission Lines.
- Undersize Conductor of the Transmission Lines.
- Over loaded grid system.
- High ratio of 11 KV Distribution line to 400 volts line (1:14)
- Partially damaged distribution transformers.
- Very high percentage of Technical losses because of lengthy and out dated distribution and Grid System.

10.4 The Petitioner stated that the T&D losses target of 20% determined by the Authority would be achieved through a sustained long term efforts in a time span of 8 to 10 years since huge finances are required for renovating and upgrading the existing Distribution & Transmission System, beside other efforts for controlling the pilferage of energy.

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

Years	T&D Losses in %
2011	37.3%
2012	36.0%
2013	34.2%
2014 (Provisional)	**33.5%**

10.6 The Petitioner also linked recovery with the improvement in T&D losses and submitted following details of Aggregate Technical and Commercial losses;

Years	T&D losses in %	Recovery Ratio in %	Aggregate Technical & Commercial (AT&C) losses in %
2011	37.3%	82.2%	48.4%
2012	36.0%	82.5%	47.2%
2013	34.2%	84.6%	44.4%
2014 (Provisional)	33.5%	86.3%	42.6%

10.7 The Petitioner submitted that the overall AT&C losses decreased by 5.8% in the last four years. The Petitioner also compared its performance with K-Electric, whose AT&C was decreased by 1.7% when compared with the pre-privatization period of 2004-05. The Petitioner has also submitted feeder wise details of AT&C losses segregated into areas with AT&C losses as low as 4.2% in Kohati Gate Peshawar and into areas with AT&C losses as high as 99.5% such as WARSAK-I, Bannu.

10.8 In the tariff determination for the FY 2013-14 , the Authority directed the Petitioner to share a workable plan with regard to involvement of media in theft reduction. In this regard, the Petitioner vide his letter no. 2508/FD/PESCO/CP&C dated 6th June, 2014 submitted the following actions taken in this regard;

- banners and posters have been displayed at different locations of PESCO's jurisdiction referring to the punishments available in law for theft of electricity.
- Advertisements in local print media highlighting disadvantages of stealing electricity.

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- Actions taken against thieves of electricity published in local press through special press releases and tickers;
- Programs arranged regularly on FM radio channels in this regard.

10.9 Another direction on the issue of T&D losses, was to conduct the study of its system including 132 KV , 11 KV and below from an Independent Consultant . The Petitioner was directed to submit the TORs of the study for it's approval. The Authority was informed vide letter no. 2508/FD/PESCO/CP&C dated 6th June, 2014 that the Petitioner has started GIS mapping with the help of USAID-PDP team and the study shall be carried out after the completion of this mapping exercise . As per the Petitioner total 225 feeders have been geographically mapped and the process is continuing. The Petitioner further stated that with the help of software SYnerGee Electric, 39 feeders have been analyzed and HT losses of these feeders have been computed as 6.1%. Subsequently, the Petitioner vide letter no. 173/FD/PESCO/CP&C dated 26th August, 2014 informed the Authority that the TORs in this respect have been prepared and shall be submitted shortly to the Authority for its approval.

10.10 The Authority considers that the GIS mapping of USAID would be helpful for the Petitioner in terms of identifying potential improvements in its system. However, the requirement of the independent study of system is equally important. The Authority directs the Petitioner to conduct the study of its system, on a parallel basis as the direction of study is a regulatory compliance which is independent and separate from what the Petitioner is carrying out with USAID. On the issue of involving media in the theft campaign the Authority appreciates Petitioners efforts and directs it to continue with it in this regard.

10.11 The Authority has carefully considered the Petitioner's justifications put forward to substantiate its requested T&D losses level of 29%. The Authority had assessed a T&D losses target of 20% (including law and order margin of 5%) in the matter of Petitioner for the FY 2013-14. As regard the Petitioner 's arguments with respect to the enhanced technical losses and zero loss consumers , the Authority while assessing the AT&C losses level of 15% , had duly considered all the factors which the Petitioner is referring to. In addition to that a margin of 5% was allowed to the Petitioner particularly with respect to the law and order situation. As regard the overloaded grid system, damaged transformers and outdated distribution system, the Authority had been allowing the Petitioner the routine repair and maintenance and investments to cater for its needs in this regard. In view thereof, the Petitioner's argument in this regard is not sustainable.

10.12 While appreciating the improvement of the Petitioner in terms of AT&C losses in the last four years the Authority considers that the Petitioner need to adopt extra-ordinary

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measures to convert PESCO into a going concern. In order to achieve the objective, the Petitioner need to consider the option of outsourcing of high loss feeders. Similarly, the Petitioner should also evaluate other options like allowing re-sale to the housing colonies, high rise buildings and Industrial complex.

10.13 Despite what has been discussed in the aforementioned paras, the Authority acknowledges the fact that the Petitioner is operating in one of the most difficult areas of the country as highlighted the Petitioner when substantiating it through a feeder wise data . Here it is pertinent to mention that the worst law and order situation of the Province was also highlighted by the Intervener. The situation has further worsened after operation against the terrorists in the northern area. In view thereof, and accepting the argument of the Petitioner to the extent of law and order situation only, the Authority has decided to allow additional 4% margin of law and order situation to the Petitioner. Thus, the T&D losses in the instant case have been assessed as 26 % for the FY 2014-15. The assessment is comprised of 15% of Technical level of losses (AT&C losses) and 11% margin for law and order situation. The assessment of losses is being made on provisional basis; therefore the Petitioner need to expedite the study of its T&D losses as early as possible failing which the Authority would be constrained to exclude the allowed margin for law and order situation. As regard the increase in technical losses due to village electrification, the Petitioner should substantiate its claim on the basis of working. The financial impact on this account should be made part of the project cost.

11. <u>Issue #5. Whether the Petitioner's proposed Investment plan of Rs. 7,962 million for the FY 2014-15, is justified?</u>

11.1 The Petitioner has requested Rs. 7,962 million to execute its development/ investment plan for the FY 2014-15 in the areas of Distribution of Power (DOP), Energy Loss-Reduction (ELR), Secondary Transmission & Grid (STG), Rural Electrification (RE) and installation of TOU / AMR meters. The break-up of proposed investment provided by the Petitioner is as under:

Particulars	Rs. In Million
Development of Power (DOP)	2,001
Rural Electrification (RE)	2,861
Energy Loss Reduction (ELR)	1,000
Installation of TOU / AMR meters	500

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Secondary Transmission and Grid (STG)	1,600
Total	7,962

11.2 The Petitioner plans to fund the aforementioned investments through;

Loans	Rs. 500 million
PSDP / Own Resources	Rs. 3,600 million
Consumer Contribution	Rs. 3,862 million
Total	Rs.7,962 million

11.3 Although some information is provided yet the Petitioner has failed to quantify the perceived benefits of aforementioned investments e.g. correlation between ELR and reduction/maintenance of losses, augmentation and maintenance of transmission lines with STG, DOP with better customer services etc. In this regard the objective of FORM 27 (B) needs to be understood by the Petitioner. Despite the aforementioned reasons, the Authority cannot ignore the requirement of investments in order to improve the system. It is to be noted that the purpose of the required information is to monitor the effectiveness of these investments.

11.4 The information provided by the Petitioner revealed that it carried out capital expenditure of Rs. 5,085 million & Rs. 8,140 million during the FY 2012-13 and FY 2013-14 respectively. The aforementioned amounts also include the impact of consumer contribution to the extent of Rs. 1,423 million & Rs. 4,055 million respectively. Thus, net capital expenditure carried out through loans and own resources, works out as Rs. 3,662 million and Rs. 4,085 million during the FY 2012-13 and FY 2013-14 respectively.

11.5 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 2013-14, the Authority considers that the Petitioner 's requested demand of Rs. 7,962 million for the FY 2014-15 (including the impact of consumer contributions of Rs. 3,862 million) is reasonable. Here it is pertinent to mention that the existing mechanism of determining RORB is self adjusting with respect to the benefits of investments, thus any investments beyond Authority's assessment, carried out by the Petitioner during the FY 2014-15 (which is desirable), would be catered for in next year's returns.

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12. Issue # 6. Whether Prior Year Adjustment calculated by the Petitioner is accurate?

12.1 The Petitioner, in its petition requested prior year adjustments in respect of FY 2013-14 and FY 2012-13 amounting to Rs. 17,809 million and Rs. 25,340 million respectively. The request of Petitioner was based on the fact that the NEPRA determined tariff of the Petitioner for the FY 2013-14 and FY 2012-13 had not been notified by Government till the filing of Petition and the Petitioner had been charging its consumers on the tariff of FY 2011-12 during the period of July, 2012 to April, 2014 and the tariff of FY 2012-13 during May and June, 2014. The Petitioner further stated that NEPRA determined tariff for the FY 2012-13 was notified for all XWDISCOs w.e.f., 1st July, 2012. However, for the Petitioner, the notification was made on a prospective basis, i.e., w.e.f., from 25th April, 2014.

12.2 The Authority after careful assessment of the Petitioner's request is of the view that it had calculated the Prior Year Adjustment (PYA) for the FY 2013-14 based on the assumption that the tariff shall be notified on retrospective basis, in uniformity with other XWDISCOs as tabulated under para 14.2 of the tariff determination for FY 2013-14. Owing to the different notification, the Petitioner filed a review motion against the determination of the Authority for the FY 2013-14 and requested a revision in the computation. The Authority while deciding upon the review motion, determined that in order to rework the already assessed PYA along with the assessment of FPAs, the Authority would have to follow the legal procedures by involving the relevant stakeholders. Thus, the Authority decided to take up this matter separately and decided to initiate a Suo motto proceeding under Rule 3 (1) of NEPRA Tariff Standard & Procedure Rules, 1998 on the subject of FPA and Prior Period Adjustments.

12.3 The Authority took up the issue with the GOP and recommended to revise the notification of tariff in respect of the Petitioner in order to bring the Petitioner at par with other XWDISCOs. Subsequently, the Government vide its notification No. S.R.O. 1014 (1)/2014 dated 31st October, 2014, revised the earlier tariff notification and stated that the notification no. S.R.O. 325 (1)/2014 dated April 25, 2014 shall be deemed to have taken effect from 1st July, 2012. Subsequent to the GOP's notification the concern of the Petitioner stand addressed and there remains no need to revise the previous year's PYA or FPAs.

12.4 After considering the available information pertaining to the FY 2013-14, the following Prior Period Adjustment is assessed in the matter of Petitioner;

	Rs. Million
Notified reference PPP during the FY 2013-14	115,738
Assessed Distribution Margin for the FY 2013-14	10,949
Assessed PYA for the FY 2013-14	(392)

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Add ;	1st Qrt's PPP adjustment pertaining to the FY 2013-14	2,893
Add;	2nd Qrt's PPP adjustment pertaining to the FY 2013-14	(848)
Add;	3rd Qrt 's PPP adjustment pertaining to the FY 2013-14	(1,640)
Add;	4th Qrt's PPP adjustment pertaining to the FY 2013-14	2,360
Less ;	Regulated PPP recovery on notified rates during the FY 2013-14	115,470
Less;	Regulated DM recovery on notified rates during FY 2013-14	9,644
Less;	Regulated PYA recovery on notified rates during FY 2013-14	9,062
Less;	Net impact of assessed & actual Other Income for the FY 2013-14	153
Add;	Impact of Consumer – Mix Variance for the FY 2013-14	453
Total Unrecovered/ (Over recovered) Costs for the FY 2013-14		(4,816)

12.5 The Petitioner, in its petition, has again agitated its stance against the decision of the Authority for disallowing consumer mix variance for the previous three financial years. As per the Petitioner, this deduction has badly affected the already weak liquidity position of PESCO. The Petitioner further stated that it had explained the reason for abnormality in the data relating to residential class of consumers vide letter no. 15074-75/Tariff dated 7th May, 2012 and requested that the Authority may consider disallowing the cost of consumer mix variance to the extent of residential class of consumers and not the entire cost.

12.6 The Authority considered the Petition's above request and reiterates its observation given in the tariff determination pertaining to the FY 2011-12, where it was noted with great concern that the consumer-mix data as submitted by petitioner for the FY 2010-11 showed abnormal consumption patterns related to residential class of consumers particularly Life line consumers, whereby the consumption by life line consumers was about 9% of the total Petitioner's sales. The analysis of the monthly data indicated that the monthly consumption per consumer in the case of life line consumers ranged between minimum of 57 to 86 kWhs per month. As a matter of principle the average monthly consumption of life line consumers should have less than 50 kWhs. It was further noted that the actual average rate for the life line consumers without subsidy was Rs. 4.67/ kWh as against the applicable rate of Rs. 1.83/ kWh.

12.7 While observing as above and considering the Petitioner's information inaccurate was relied upon for making fair assessment of the Petitioner's requirement on the basis of consumption mix given by the Petitioner. The Authority therefore decided to shift consumption from life line consumers to first 100 slab category, applying 50 kWh to the number of consumers falling under 100 slab category. The Authority also decided to initiate a separate case for wrong application of tariff under relevant rule.

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12.8 Subsequent to the aforementioned a briefing on the subject of lifeline was given by the Petitioner on 18th May, 2012 which was followed by a letter dated 7th May, 2012, ***received on 12th June, 2012***, wherein the Petitioner tried to explain the reasons for high consumption for the life line consumers. The Petitioner attributed the abnormal consumption patterns to adjustment billing as per the detection policy in vogue. It was further stated that if the consumption is seen with adjustments, it would present a logical picture. Thus, the Authority's apprehension with respect to charging wrong tariff is not correct.

12.9 The Authority, after careful consideration of the Petitioner's argument, was of the view that even if the adjustment is charged as per the existing detection policy, it should not end up in overall per kWh charges per consumer greater than the determined rates. The Petitioner's statement further supports Authority's concerns with respect to charging of wrong tariff as it is still not clear that if a theft or detection is identified, which eventually classifies that consumer as a regular residential consumer from its existing life line consumer status, whether the tariff of that consumer is charged as of a regular residential consumer or the whole detection is charged at a tariff of Life line consumer? The Authority recorded that it is aware of the fact that mostly detection bills are worked back from the amount of detections, yet the same does not translate into changing the classification of consumer category. In view thereof, the Authority directed the Petitioner to conduct an investigative audit of the matter from the External Auditor of its company and submit a report in this regard not later than 30th June, 2013. The Authority, in the findings of the audit would take the case further as per Rules.

12.10 In the instant petition the Petitioner has again referred the same letter on which the Authority has already adjudicated. Here it is pertinent to mention that considering the quality of compliance , the Authority has already issued an audit frame work in this regard. The same issue was also highlighted in the matter of HESCO as well. The frame audit frame work was issued after a team of NEPRA professional visited HESCO and thoroughly examined their existing billing system.

12.11 This year the Petitioner has provided the data whereby the consumption of lifeline consumers is 3.6% of the total actual sales pertaining to the FY 2013-14. This share was 9% of total sales in the FY 2011-12 which was abnormally high and consequently, the Authority had been disallowing consumer mix variance to the Petitioner. Considering the liquidity position of the Petitioner, the fact that the Authority has already issued the required audit frame work in this regard and the Petitioner has provided the required data in a form as desired by the Authority, it has decided to allow the impact of consumer mix to the Petitioner in the instant petition. Yet at the same time, directs the Petitioner to submit the required certificate from its external Auditor before the

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next tariff petition is filed. If the Petitioner failed to submit the required certificate the Authority may consider disallowing consumer mix variance to the Petitioner in future unless the desired certificate is submitted .

13. **Issue #7. Whether the petitioner projected O&M cost of Rs.13,412 million (Rs.1.63/kWh) for the FY 2014-15 is justified?**

13.1 The Petitioner requested an amount of Rs. 13,412 million on account of O&M cost. According to the Petitioner its O&M expenses include salary and wages, repair and maintenance, traveling allowance, vehicle maintenance allowance and other operating costs including O&M cost of ERP. A history of O&M expenses of the Petitioner is provided as here under:

Description	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Audited	2015 Requested
	Rs. in million					
Salaries & Other Benefits	4,950	6,346	7,950	10,108	9,630	11,639
Maintenance Expenses	417	425	480	521	767	770
Traveling Expenses	104	117	116	132	144	200
Vehicle Running Expenses	115	122	136	155	168	191
Other Expenses	430	469	634	398	391	613
Total	**6,016**	**7,479**	9,316	11,314	11,100	13,413

13.2 **Salaries Wages & Other Benefits**

13.2.1 The Petitioner 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 electricity board Peshawar gradually became employees of the company as a result of Man power Transition plan. Consequently, the Petitioner has to maintain the GOP pay scales and the terms of employment for the employees which

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were prevalent in WAPDA. The Petitioner further stated that it has estimated salaries and wages expense based on the actual expense for the FY 13-14 duly enhanced by the following factors:

- Increase in pay and pension of government employees @ 10% as proposed by the Government in annual budget for FY 2014-15.
- Increase @ 20% in Medical allowance of employees in Grade 1-15 drawing fixed medical allowance of Rs. 1,000 per month.
- Increase @ 5% in conveyance allowance of employees in Grade 1-15.
- One permanent increment to be given to employees from Grade 1-4, in the light of Supreme Court decision.
- Increase in pension from Rs. 5,000 to Rs. 6,000 per month.
- An annual incremental @ 5% from December, 2014 onwards.
- Permanent increment on up gradation of posts as allowed by the Finance Division Government of Pakistan vide letter no. GM(HR)/HRD/A-332/2962-90 dated 30th July, 2013 to be applicable from 28th January, 2002 i.e. from the date of Honorable Supreme Court Of Pakistan.
- Encashment of 365 days in Lieu of LPR on retirement at the age of 60 years instead of 180 days as per PEPCO office order no. GM(HR)/HRDA/A-554/9129-58 dated 16th November, 2012.
- Revision of up-gradation policy for Officers as per PEPCO office order No. GM(HR)/HRD/A-693(M)/2032-63 dated 29-09-2011 on the basis of the following criteria;
    - A total service of 10 years in BPS -17 for up gradation from BPS -17 to BPS -18.
    - Either 10 Years' service in BPS -18 or an aggregate of 20 years' service in BPS-17 and BPS-18, whichever is applicable for up-gradation from BPS-18 to BPS-19.
    - Either 05 Years' service in BPS -19 or an aggregate of 25 years' service in BPS-17, BPS 18 & BPS 19, whichever is applicable for up-gradation from BPS 19 to BPS 20.
    - Employees Retirement Benefits have been based on the average of annual increase in the last three years audited figures

13.2.2 During the tariff determination for the FY 2013-14, the Authority again directed the Petitioner to create an independent post retirement benefit fund. The Petitioner vide its letters no. 2508/FD/PESCO/CP&C dated 6th June, 2014 and 173/FD/PESCO/CP&C dated 26th August, 2014 informed the Authority that due to its weak cash flow position and non-implementation of NEPRA's determined tariff, it does not have the resources to create a separate fund. The Petitioner explained that it has suffered losses of Rs. 66 billion from September, 2008 to date due to;

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- Stay on tariff w.e.f., September, 2008 to September, 2010;
- Stay on Fuel Price Adjustment (FPA) from March, 2011 to February, 2014; and
- Prospective notification of NEPRA Determined tariff of the Petitioner for the FY 2012-13 from April, 2014 onwards for the Petitioner as against retrospective notification for other XWDISCOs.

13.2.3 The Petitioner further stated that on the appeal filed by the Petitioner, the stay order on FPA was vacated and the recovery has been started, yet it will take time to recover the entire cost in this regard.

13.2.4 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. The Authority is aware of the liquidity crunch being faced by the Petitioner. However, the referred liquidity crunch did not bar the Petitioner from the registration of the independent fund. The transfer of cash is something which comes at a later stage. Here it pertinent to mention that over the years the Petitioner has a practice of withholding distribution margin (DM) and transferring the remaining amount to CPPA. The DM always includes provision OR actual payments with respect to post retirement benefits , as allowed by the Authority. The Authority attributes this non-compliance with the non-seriousness attitude of the Petitioner, in implementation of the Authority's decision.

13.2.5 Considering the fact that the Petitioner has not complied with the directions of the Authority, it has been decided not to allow provision in this regard. It is further decided to take actual payments as a base expense for future increases. Once the fund is created the amounts transferred to the fund shall be considered to be allowed as provision for retirement benefits. In view of aforementioned, the Authority once again directs the Petitioner to make relevant legislations and register the required fund at earliest.

13.2.6 On the issue of retired WAPDA employees before 1998, the Authority in its determination dated Jan 10, 2012, decided to hold separate meeting on the subject whereby the arguments of the Petitioner and WAPDA could be heard in the light of available evidences. Pursuant to which a presentation on the subject was given by the

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Petitioner on 30th May, 2013 and WAPDA's point of view was also heard separately. Subsequently, a final meeting on the subject was held on 22nd January, 2013. The following concluding and implementations points were emerged out of a long brain storming session;

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

13.2.7 During the last year's tariff determination the Petitioner along with other XDWDISCOs did not show any progress in this regard. In view thereof, the Authority decided to take the initiative at its own. In order to thrash out the issue, the Authority reviewed the documents (Business Transfer Agreement, Supplemental Business Transfer Agreement, Pension SOPs, Actuarial valuations at the time of unbundling of WAPDA etc) and held a consultative meeting with the representatives of WAPDA, Executive Director Legal, PEPCO and representatives of Ex-WAPDA DISCOs on 26th June, 2014. During the meeting, WAPDA maintained the stance that this cost needs to be borne by XWDISCOs from whose jurisdiction the pensioner is claiming pension, whereas DISCOs pleaded otherwise. During the meeting, representative of WAPDA and PEPCO referred to an Operation & Development Agreement (ODA) which was submitted vide letter no. MF/56/259 on 1st July, 2014.

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

13.2.9 <u>Key Facts of the Case</u>

The Key Facts of the case are as below;

- That as per the 'Restructuring Reforms and Privatization of WAPDA-Executive Order' 24th October, 1998, WAPDA would only be in charge of water wing and the shares in the companies being set up to control WAPDA's power assets would be in the name of the President of Pakistan. Thus, WAPDA

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won't be having any interest in the XWDISCOs in the form of investment , once they are privatized.

- That upon unbundling of WAPDA, all the assets were transferred to DISCOs alongwith all related liabilities with the exception of post retirement benefit liability. The Accounting standard relevant to this liability, i.e., IAS-19, was not being implemented by WAPDA at the time of unbundling and its financial statements did not reflect any related obligation. Nevertheless, at the time of unbundling, an actuarial valuation was conducted to determine this post retirement liability of employees. The obligation related to existing WAPDA employees was transferred to XWDISCOs, however, the obligation related to retired employees was missed out and not shown in the financial statements of any XWDISCOs or WAPDA (Hydel).

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

13.2.11 The matter was discussed in separate consultative sessions held with representatives of WAPDA hydel, PEPCO and DISCOs. Based on the findings and review of documentary evidences submitted by WAPDA(hydel), the Authority has decided that this cost needs to be borne by XWDISCOs from whose jurisdiction the pensioner is claiming pension. Further elaborating on this issue, the post retirement benefit cost uptil 30th June, 2014 shall be borne by WAPDA(hydel) and subsequent cost shall be borne by XWDISCOs without claiming any receivables from WAPDA (hydel). An actuarial valuation was required from WAPDA (hydel) which has been duly submitted and consequently, the Pensioner is directed to record the year end balance and annual expense in respect of post retirement benefits of Ex-WAPDA pensioners in its financial statement for the FY 2015-16. The Petitioner may obtain the report from NEPRA or from WAPDA (Hydel). The gross expense to be recorded by the Petitioner is Rs. 24 million and the obligation amounts to Rs. 4,529 million. The Authority shall allow this payment to the Ex-WAPDA DISCOs as part of DM from FY 2015-16.

13.2.12 The Authority had been directing the Petitioner to submit the Auditor's certificate in respect of replacement hiring for the last two tariff determinations. The Petitioner submitted the TORs of engagement to the Authority vide letter dated 6th June, 2014 for further action. Keeping in view the quality of compliance in this regard, the

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Authority had already issued an audit frame work on the compliance, which is already communicated to the Petitioner vide its letter # NEPRA/R/TRF-100-DISCO/7332-41 dated 30th June, 2014. .The framework was issued after the Tariff Professionals of the Authority held several meetings with the representatives of different XWDISCOs and Auditor (M/s Deloitte & co). The revised format of report as per the applicable International Standard on Auditing (ISA) was agreed and consequently directions were given to all the XWDISCOs to submit the required certificate as per the agreed ISA and format of certificate, which was also shared with all the XWDISCOs on 30th June, 2014.

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

13.2.14 The Authority has reviewed the Petitioner's audited accounts for the FY 2013-14 and observed that the actual expense under the head of salaries, wages & other benefits decreased by Rs. 478 million (5%) from the actual expense of the FY 12-13. This decrease also includes the decrease in provision for retirement benefits by Rs. 128 million (4%).

13.2.15 While assessing the Salaries, wages & other benefits (including post retirement benefits as discussed above), the GOP's recent announcement of 10% increase as adhoc allowance, the impact of replacement hiring carried out during FY 2009-10 and onwards (as discussed above), 5% annual increment, increase in Medical Allowance by 20% for employees in BPS 1-15 and the increase in Conveyance Allowance by 5% for employees in BPS 1-15, along with its effect on other benefits has been accounted for. The Petitioner's contention with respect to one permanent increment in the light of Supreme Court's decision is already accounted for as the Authority has taken the actual expense of salaries, wages & other benefits (excluding provision for post retirement benefits) as base expense for the proposed increase for the FY 2014-15. On the contention of enhancing leave encashment from 180 to 360 days and increase in minimum pension from Rs.5,000 /month to Rs. 6,000/month , both stand addressed once the actual payments in this regard are used as reference for proposed increases. As regard the issue of upgrading policy, the Authority considers it is the mandate of

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the Petitioner's BOD as how they intend to uplift the morale of their workforce . Here it is pertinent to mention that the base expense taken includes the impact of additional recruitments of Rs. 197 million [Rs. 170 million + Rs. 13 million + Rs. 14 million (impact of annual increment)].

13.2.16 Based on the discussion made in the preceding paragraphs, incorporating all the aforementioned increases, the Authority has assessed Rs. 8,134 million on account of salaries, wages and other benefits for the FY 2014-15.

13.3 Maintenance Expenses

13.3.1 The Petitioner requested Rs. 770 million on account of repair and maintenance, which is almost equal to the last year's audited expense of Rs. 767 million. The Petitioner stated that the request is calculated as 2% of the net fixed assets. The Petitioner further stated that it has to maintain its old and over loaded system in order to ensure un-interrupted power supply to the consumers, moreover cost of material has also increased due to inflationary pressure. The Petitioner also gave details of Repair and Maintenance budget for the FY 2014-15 as below;

- Repairs and Maintenance of 3,293 KM Transmission Lines.
- Purchase of materials for Repair and Maintenance of 90 Nos Grid Stations including 132 KV, 66 KV and 33 KV Grid Stations due to break down.
- Repair & Maintenance of 792 Nos 1 1 KV feeders.
- Repair & Maintenance of 33,158 KMs I-IT Lines.
- Repair & Maintenance of 43,750 KMs LT Lines.
- Repair & Maintenance of 57,163 Nos of Distribution Transformers which are frequently damaged due to over loading.
- Power Transformers damaged at Grid Stations and controlling Breakers, Isolators etc.
- Replacement of defective meters.
- Repair & Maintenance of Office and Residential Buildings.

13.3.2 An analysis of the audited financial statements of the Petitioner reveals that the actual expense under this head has increased by 246 million (47%) in the FY 2013-14 vis-a-vis FY 2012-13.

13.3.3 The Authority after careful consideration of the Petitioner's submission is of the view that the routine repair and maintenance is very crucial and important for any DISCO. However, the Petitioner's requested amount in this regard is quite high and is needed

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to be rationalized. Here it pertinent to mention that the Petitioner has not substantiated the 47% increase in its actual expense ,with any justification or rationale. Thus, keeping in view the impact of inflation, variation in the gross assets in operation due to addition of new consumers, new investments, past trend and comparison with other DISCOs, the repair and maintenance cost of Rs. 695 million has been assessed for the FY 2014-15

13.4 Traveling Expenses

13.4.1 The Petitioner in its Petition requested an amount of Rs. 200 million for the FY 2014-15. The requested amount is 39 % more than the audited figure for the FY 2013-14. The Petitioner, while requesting the amount of Rs. 271 million for the FY 2014-15, has not substantiated its request with any evidence or details of the actual TA 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 available record.

13.4.2 Based on the comparison with other DISCOs, Petitioner's submissions and its actual results in this regard, the Authority has decided to allow this cost to the tune of Rs. 158 million for the FY 2014-15.

13.5 Vehicle Running Expenses

13.5.1 The Petitioner requested Rs. 191 million under the head of vehicle running expense for the FY 2014-15.The requested amount is 14% more than the audited expense for the FY 2013-14. As per the Petitioner, it has a fleet of more than 700 vehicles of which the majority is old and has completed useful life of 10 years requiring major overhauling. The Petitioner further stated that its financial position does not permit it to replace them with new vehicles, leaving it with the only option of maintaining them. The Petitioner also submitted that the cost of POL & spare parts for its vehicles are increasing due to inflation and its distribution system is spread all over Khyber Pakhtunkhwa Province.

13.5.2 The Authority is cognizant of the fact that vehicle maintenance cost is not only affected by the fuel prices but also with the variation in the number of vehicles of the Petitioner, which in turn is dependent on the distribution area of the Petitioner. In view of the aforementioned arguments, available evidence/information, past trend, trend in fuel prices and comparison with other DISCOs, the Authority has decided to allow this cost to the tune of Rs. 175 million.

13.6 Other Expenses

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13.6.1 The Petitioner requested Rs. 613 million for the FY 2014-15, pertaining to the expenses like rent, rates & taxes, power, light and water, bills collection charges, postage, telephone, office supplies, insurance expense, overhead expenses, Auditor's remuneration, NEPRA fee and charges, advertisement & publicity, provision of obsolete stores, miscellaneous expenses etc. The requested expense for the FY 2014-15 is 57% more than the audited expense for FY 2013-14. The Petitioner did not explain the reason for requesting this increase. However, vide letter no. 173/FD/PESCO/CP&C dated 26th August, 2014, the Petitioner stated that it has included the annual O&M expense in respect of ERP plan in the tariff petition of FY 2014-15.

13.6.2 The Authority having considered the Petitioner's request is of the view that the Petitioner had requested for an approval of Enterprise Resource Plan (ERP) in the tariff petition for FY 2013-14 which was funded by USAID. The Authority directed the Petitioner, to request the amount to be used for the maintenance of the ERP in the tariff petition for the FY 2014-15. Although the Petitioner has not requested the required amount specifically under any head, yet the Authority considering the very nature of the expense has decided to allow the cost of the same under the instant head. In view thereof, the Authority hereby approves an amount of Rs. 72 million in respect of ERP plan's annual maintenance cost as per information tabulated under para 13.5 of the tariff determination for the FY 2013-14. In addition to the aforementioned, based on the arguments, available evidence/information, past trend, comparison with the other DISCOs, and incorporating the afore stated amount, the Authority has assessed other expenses to the tune of Rs. 502 million for the FY 2014-15.

14. <u>Issue # 8. Whether the Petitioner's proposed depreciation charge of Rs 2,100 million (Rs 0.26 /kWh) for the FY 2014-15, is justified?</u>

14.1 The Petitioner in its petition requested a depreciation charge of Rs. 2,100 million for the FY 2014-15 submitting that as per company policy building and civil works are depreciated @ 2%, Plant and Machinery @ 3.5 %, office equipment, vehicles and other assets @ 10%.

14.2 The depreciation expense allowed to the Petitioner for the FY 2013-14 amounted to Rs. 1,676 million whereas the amortization of deferred credit was assessed as Rs. 794 million, therefore, net depreciation charge passed on to the consumers was assessed as Rs. 882 million.

14.3 In order to make fair assessment, the Authority keeps in view the investments approved by it for the year. The Authority considers that after taking into account new investments, the Gross Fixed Assets in Operation for the FY 2014-15 will be Rs. 59,359 million. Accordingly, the depreciation charge for the FY 2014-15 is assessed as Rs.

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2,011 million.

14.4 After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2012-13 & FY 2013-14, the Authority has assessed amortization of deferred credit to the tune of Rs. 997 million for the FY 2014-15. Accordingly, the consumers would bear net depreciation of Rs. 1,014 million.

15. <u>Issue # 9. Whether the Petitioner's projected Return on Regulatory Asset base of Rs 2,641 million (Rs 0.32 /kWh) for the FY 2014-15 is justified?</u>

15.1 The return requested by the Petitioner for FY 2014-15 is Rs. 2,641 million using a Rate of Return of 11.25%. The Petitioner has used the same rate of return as approved by the Authority for the FY 2013-14.

15.2 The Authority has received requests from other XWDISCOs for a revision in the assessed the Return on Rate computed using Weighted Average Cost of Capital (WACC) mechanism. Although the Petitioner has not requested the same in its petition, yet as a matter of principle, the Authority has decided to incorporate the same in the matter of Petitioner. The foremost factor of the risk free rate of return is based on rate of return of Market Treasury bills having a maturity of one year as published by State Bank of Pakistan. The rate previously used in case of PESCO had been 9.2% which is being revised to 9.45%. As regard the cost of debt, the Authority has re-worked the cost of debt based on the weighted average cost of debt of loans appearing in the financial statements of the Petitioner. Thus, for the purpose calculating weighted cost of capital, the following loans appearing in the financial statements of the Petitioner were considered;

Description	Loan Amount (Rs. In million)	Rate of Interest
Loan from GoP	125	0%
Asian Development Bank - Trench I	1,933	17%
Asian Development Bank - Trench II	1,150	15%

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Earthquake Reconstruction and Rehabilitation Authority	800	1%
Total	**4,008**	**12.70%***

* Weighted Average Cost of Debt

It must be noted that the Term Finance Loans obtained by Power Holding Private Limited (PHPL) and distributed among DISCOs has been recorded as long term loan by the Petitioner in the financial statements, however, the same has not been considered while calculating the weighted average cost of debt as the Authority has disallowed it , (kindly refer the determination of the Authority pertaining to the FY 2012-13).

15.3 Consequently, the rate has been revised to 12.70% from 9.10% (post-tax). Furthermore, the Authority had been taking post tax cost of debt based on the fact that any tax to be paid by Petitioner will be considered as pass through and would be adjusted as per actual payments made on this account. However, since the Petitioner is not taking any benefit of tax shield, as pointed out by other XWDISCOs, in view thereof, the cost of debt is assumed with out the impact of tax shield . i.e., 12.70%.

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

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

The cost of debt is taken as pre tax;

$$kd = 12.70\%$$
$$WACC = [ke \times (E / V)] + [kd \times (D / V)]$$

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

$$WACC = \{20.09\% \times 20\%\} + \{12.70\% \times 80\%\} = 14.18\%$$

15.5 The Authority considers that the Rate of Return should be reasonable enough to assure the confidence in the financial soundness of the utility company, and should be adequate to maintain and support its credit and enable it to raise money necessary for the proper discharge of public service. From the investor's or the company's point of view it is important that there be enough revenue not only for operating expenses but also for the capital cost of the business including the service of its debt. The Authority further considers that return to the equity should be commensurate with the return on investment of other enterprises having

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comparable risks. Thus, using Post tax rate of return, the Authority has assessed Rs. 3,169 million as return on rate base as per the following calculations:

Description	Rupees in Million	
	FY 2013-14 Audited	FY 2014-15 Projected
Opening fixed assets in operation	45,594	52,334
Assets Additions during the year	6,740	7,025
Closing Fixed Assets in Operation	52,334	59,359
Less: Accumulated Depreciation	17,637	19,648
Net Fixed Assets in operation	34,697	39,711
+ Capital Work in Progress (Closing)	9,504	10,442
Total Fixed Assets	44,201	50,152
Less: Deferred Credit	23,392	26,257
Total	20,809	23,895
Average Regulatory Assets Base		22,352
Return on Rate Base @ 14.18%		3,169

16. **<u>Issue # 10. Whether the Petitioner's projected Other Income of Rs. 2,964 million (Rs. 0.36/kWh) for the FY 2014-15 is reasonable?</u>**

16.1 The Petitioner has projected Rs. 2,964 million as other income for the FY 2014-15. The Petitioner stated that other Income includes markup on bank deposits, sale of scrap, amortization of deferred credit and income from other sources. The Petitioner has not submitted or explained any basis of projection.

16.2 The XWDISCOs have been requesting to exclude Late Payment Charge from other income in the assessment. The request was based on the rational that the Authority has been disallowing markup on delayed payments to IPPs, at CPPA level, yet on the other hand disallowing late payment charge, charged by XWDISCOs to late paying consumers. XWDISCOs requested to offset the two markups against each other. The Authority declined the request on the grounds that each company is different legal entity and in the absence of any bilateral agreements which governs the issue, the request cannot be accepted. Accordingly XWDISCOs were directed to enter into bilateral agreements with CPPA. The set deadline was passed and nothing concrete

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

16.3 In view of aforementioned , the Authority decided to nominate a committee to be constituted from NEPRA's professionals in order to conduct a brain storming session on draft PSA in the tariff determinations for FY 2013-14. Two brain storming sessions were conducted during the current year. The brain storming sessions were attended by nominees of XWDISCOs and CPPA and it was mutually agreed by CPPA and XWDISCOs in the final session that the existing Electricity supply agreement dated 29th June, 1998 is valid and the same shall be implemented in letter and spirit. As regard the proposed improvements. The same would be incorporated at a later stage. As per the clause 9.3(d) of the agreement, the XWDISCOs shall be obliged to pay CPPA late payment charge on delay payments of invoice.

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

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

16.5 In view of aforementioned, the Authority hereby decides that the late payment charge recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA against respective DISCO only .i.e. CPPA cannot book late charge anything over and above what is calculated as per the relevant clause of the agreement to a respective DISCO only. The Petitioner is, therefore, directed to provide 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 duly supported with backup working. The information must be submitted before the next tariff petition is filed. Here it is pertinent to mention that any remaining LPS, (i.e. after the off set) shall be adjusted from the revenue requirement of FY 2015-16 and in the event of non-submission of evidence of payment to CPPA, the entire amount of Late Payment charge recovered from consumers shall be made part of other income (and deducted from revenue requirement) in the FY 2015-16. As regard the cost of working capital shown by the Petitioner as deduction from other income, the same is discussed under the relevant head .

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16.6 In view thereof, the Authority has assessed Rs. 1,644 million as Other Income which does not include late payment charge, wheeling charges from TESCO and includes amortization of deferred credit.

17. **Issue # 11. Whether the Petitioner's claim of working capital requirement amounting to Rs. 2,708 million (Rs. 0.37/kWh) is reasonable?**

17.1 The Petitioner has requested for approval of cost of working capital in the Tariff Petition for FY 2013-14. The Petitioner has worked out an amount of Rs. 2,708 million assuming ten months' delay in the notification of tariff based on nine months Kibor @ 9.5% plus 3% spread. The detailed working as submitted by the Petitioner is as below;

Description	Values
Proposed Rate Ex-EPP (Rs. /kWh)	Rs. 5.34 /kWh
Notified Rate Ex-EPP (Rs. /kWh)	Rs. 2.19 /kWh
Difference in Rates (Rs. /kWh)	Rs. 3.15 /kWh
Projected units for 10 months of FY 2014-15	6,878 MkWh
Interest on Working Capital	Rs. 1,546 million
Revenue at Proposed Rate Ex-EPP (Rs. In Million)	Rs. 36,278 million
Revenue at Notified Rate Ex-EPP (Rs. In Million)	Rs. 15,063 million
Revenue Shortfall (Rs. In Million)	21,665
9 Months Kibor plus 3% spread (9.5% + 3%)	12.50%
Working Capital Requirement (Rs. In million)	Rs. 2,708 million

17.2 The Petitioner submitted similar working in the tariff petition for the FY 2013-14 and the same was discussed by the Authority in para 22.3 and 22.5 of the tariff determination of the FY 2013-14. The Authority reiterates that the working presented by the Petitioner is based on non-notification of tariff which is a temporary phenomenon. Additionally, with the latest notification of tariff determined by NEPRA for FY 2013-14 of all XWDISCOs w.e.f., 1st October, 2014, the working of Petitioner assuming a ten months' delay in notification of tariff becomes inaccurate. Consequently, the Authority rejects the request of additional cost under working capital and also clarifies that since the Petitioner is now being allowed late payment charge, therefore, need for working capital cost does not exist as such.

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18. Issue # 12. Whether the proposed revenue requirement of Rs. 164,853 million at an average sale rate of Rs 20.06 /kWh for the FY 2014-15 is justified ?

18.1 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

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

18.3 Power Purchase Price (PPP)

18.3.1 The Petitioner has requested for a Power Purchase Price (PPP) of Rs. 14.72/kWh (Rs. 10.45/kWh unadjusted). The Petitioner has not given any basis for projection. The Petitioner submitted the component wise detail as below:

Description	**FY 14-15 (Projected)**	
	Amount Rs. In million	**Rate in Rs./kWh***
Energy Transfer Charges	94,126	8.13
Capacity Transfer Charges	24,447	2.11
Use of System Charges	2,369	0.20
PPP	**120,943**	**10.45**

* Rate is unadjusted price /kWh

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

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

Description	Generation		Energy Charges	
	GWh	Share	Rs. Million	Share
Hydel	32,294	34%	3,224	0.46%
Coal	112	0.12%	419	0.06%
HSD	1,653	2%	32,888	5%
Thermal - RFO	37,277	39%	541,622	77%
Thermal - Gas	18,341	19%	101,684	14.50%
Nuclear	4,402	5%	5,820	0.83%
Mixed	1,108	1%	11,283	1.61%
Import from Iran	419	0.44%	4,416	0.63%
Wind	263	0.27%	0.5879	0.0001%
Bagasse	23	0.02%	143	0.02%
Total	93,015	100%	701,499	100%
Capacity Charge			228,145	
Total Generation Cost			929,644	

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

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approximately 2% generation is expected to be generated on HSD due to the ongoing shortage of gas supply. The aforementioned generation is assumed in the light of ECC decision in the matter of Sapphire, Halmore, Orient and Saif whereby one turbine of these plants would run on HSD throughout the year. For the FY 2014-15, the HSD prices are being assumed on an average of Rs. 93.45 per litre [excluding Sales Tax]. The actual HSD price in first five months of FY 2014-15 remained on average Rs. 93.17 per litre. The gas prices are projected to increase by 30% w.e.f., July, 2014 based on an upcoming notification of OGRA that has been delayed due to unrest political situation in the Country. Consequently, the gas prices have been increased by 30% to Rs. 634.70/MMBTU for the entire FY 2014-15.

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

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

$$XTC = XCTC + XETC$$

Where:

XTC	=	Transfer charge to XWDISCOs & KESC
XCTC	=	Capacity Transfer Charge to XWDISCOs & KESC
XETC	=	Energy Transfer Charge to XWDISCOs & KESC

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

Where:

(i)	CPGenCap	=	the summation of the capacity cost in respect of all CPGencos in Rs for a billing period minus the amount of liquidated damages received during the month.
(ii)	XWD	=	the sum of the maximum demand of the XWDISCOs & KESC in kW recorded during a billing period at all the delivery metering points

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			at which power is received by the XWDISCOs & KESC.
(iii)	USCF	=	the fixed charge part of the use of system charges in Rs per kW per month.

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

Where:

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

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.

18.3.7 According to the above mechanism Rs. 26,409 million and Rs. 2,378 million is the share of the Petitioner on account of CpGenCap and USCF respectively for the FY 2014-15. The overall fixed charges comprising of CpGenCap and USCF in the instant case works out as Rs. 28,787 million, which translate into Rs.1240 /kW/month or Rs. 2.54/kWh.

18.3.8 The annual PPP for the FY 2014-15 in the instant case works out as Rs. 114,473 million. With the projected purchase of 11,350 GWh for the same period the average PPP turns out to be as Rs. 10.09/ kWh (Annex – IV). On the basis of 26.00% T&D losses, the PPP per kWh is assessed as Rs. 13.63/kWh.

18.3.9 Considering the timing of the determination the Authority has decided to include quarterly adjustment pertaining to the first quarter of the FY 2014-15. In the matter of Petitioner the 1st quarters PPP adjustment works out as Rs. 627 million .

18.4 Distribution Margin (DM)

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

18.5 Revenue Requirement

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

1.	Power Purchase Price		Rs. 114,473 Million
	CpGenE	Rs. 85,686 Million	
	CpGenCap	Rs. 26,409 Million	
	USCF	Rs. 2,378 Million	
2.	Distribution Margin		Rs. 13,353 Million
	O&M Cost	Rs. 9,781 Million	
	Depreciation	Rs. 2,011 Million	
	RORB	Rs. 3,169 Million	
	Write off of bad debt*	Rs. 35 Million	
	Gross DM	Rs.14,996 Million	
	Less: Other Income	Rs. 1,644 Million	
	Net DM	**Rs. 13,353 Million**	
	Prior Year Adjustment		Rs. (4,816) Million
	1st Qrt PPP Adj		Rs. 627 Million
	Total Assessed Revenue Requirement		**Rs.123,789 Million**

* the Write off of bad debts is discussed under Issue No. 14 below.

18.5.2 Based on the projected sales of 8,399 GWh for the FY 2014-15, the Petitioner's average sale rate works out as Rs. 14.73/kWh, consisting of Rs. 13.63/kWh of adjusted PPP, Rs. 1.60/kWh of DM, Rs. 0.07/kWh of PPP Adjustment and Rs. (0.57) /kWh of Prior Year Adjustment.

18.5.3 This revenue would be recovered from the consumers during the FY 2014-15, through the projected units of 8,399 GWh, as per Annex – II.

19. <u>Issue # 13. Whether the Petitioner's claim for provision for bad debts amounting Rs.2,812 million (Rs.0.38/kWh) for the FY 2014-15</u>, is justified?

19.1 The Petitioner has requested for approval of provision for bad debts amounting to Rs. 2,812 million (Rs. 0.38/kWh) for the FY 2014-15, worked out as 1.70% of the projected sales to the consumers and 95% recovery. The Petitioner stated in the petition that the provision for doubtful debts is made on the basis of ageing formula agreed with the Auditors and approved by it's Board of Directors in its meeting. The Petitioner further

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stated that it is pursuing the recovery of arrears from its consumers but due to the worst law and order situation in Khyber Pakhtunkhwa, non-payment culture particularly in the consumers residing in areas adjacent to TESCO and the Administrative and Political obligations hinder the taking up of severe action against the defaulters. The Petitioner also stated that the disconnection of defaulters lead to law and order situation in terms of road blockade, blast of transmission towers and attacks on its staff, Grid Stations and offices. Consequently, on these grounds, the Petitioner has raised a request for Provision for Bad debts.

19.2 The Authority has considered the Petitioner's request and it is of the opinion that it has already given its clear verdict on this issue and it has principally decided that the cost on this will be considered to the extent of actual write off as approved by the Petitioner's BOD. The decision was based considering the documents required for new connection/extension and reduction of load or change of name in terms of Chapter 2.3 (b) & (h) of the Consumer Service Manual, the risk of credit sales transfers to the third party, i.e., Owner of the premises or purchaser of the property. Currently DISCOs are functioning in a monopolized environment and in case of default the connection of the premises, if disconnected, cannot be restored till the outstanding dues are paid. Electricity in today's life is a basic necessity and the consumers cannot afford to live without it and as per referred Chapter of Consumer Service Manual, the risk transfers to the occupant of the premises. In addition to this, at the time of connection, DISCO also collects one months billing from the consumers in the shape of security deposits, which also serves as a deterrence for a consumer to default.

19.3 In view of aforementioned, the Authority considering the previous trend of actual write-offs, has decided to continue with the practice of allowing actual write offs of debtors on actual basis rather than allowing provision for doubtful debts. Thus, for the FY 2013-14, the actual write offs were Rs.35 million hence the same amount is allowed on this account.

20. <u>Issue # 14. Whether the Petitioner's request of allowing financial charges on TFC amounting Rs.8,101 million (Rs.1.09/kWh) for FY2014-15 is reasonable?</u>

20.1 The Petitioner has requested the Authority to allow financial charges due on the loan approved by Ministry of Finance, Government of Pakistan through Power Holding Private Limited amounting to Rs. 69.299 billion. As per the Petitioner, this loan carries interest of Kibor plus a spread of 1% to 3.5% and consequently the financial charges amounting to Rs. 8,101 million be allowed for FY 2014-15 that includes interest charges of loan from ADB / ERRA.

20.2 The Authority while deciding the tariff petition for the FY 2012-13, has already adjudicated on the matter, after a comprehensive discussion. The Authority considers

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that the Petitioner has not submitted any new rationale or evidence on which the Authority can adjudicate. In view thereof, the Authority maintains it earlier decision in this regard. The issue of financial charges on TFC was raised in the past by the Petitioner.

21. <u>Issue # 15. Whether the existing Service delivering structure of circles, divisions and sub-divisions etc can provide satisfactory services for supply of electric power to the consumer with the substantial expansion in the system?</u>

21.1 Faisalabad Electric Supply Company (FESCO) , Multan Electric Supply Company (MEPCO)and Lahore Electric Supply Company (LESCO) raised requests for creation of new circles, divisions and sub-divisions. The Authority considering the nature of the issue decided to take comments from all the XWDISCOs in this regard. In view thereof, all the XWDISCOs including the Petitioner were directed to file comments on the matter vide letter no. NEPRA/R/SAT-I/TRF-100-DISCOs/13653-61 dated 31st October, 2014.

21.2 The Petitioner has not responded to the letter as yet and consequently, the Petitioner is directed to submit comments and proposal on this issue not later than 31st March, 2015 for consideration in the next year's tariff determination.

22. <u>Issue # 16. What are the concerns of the Petitioner on changing terms and conditions of lifeline consumers and Residential consumers?</u>

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

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

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

22.3 The Petitioner is directed to give comments on the proposal before the next year's tariff petition for the settlement of this issue and also to share the financial impact of revision of criteria of lifeline consumers on its revenue.

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

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

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

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

- The respondent is unable to file proper evidence without the pleadings and summary of evidence of IESCO being shared with them;

- Contrary to Authority's understanding, there is no technical capability in the network operations centre (NOC) of the respondents to measure and record the peak vs off-peak consumption of the BTS sites;

- The consumption data as submitted with the motion shows lower consumption in peak hours and is available with IESCO. Consequently, Authority is requested to seek such data from IESCO and share the same with the Respondents for them to be able to file counter-comments thereon before the Authority proceeds to accept and act upon such IESCO data.

- 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 far the instant proceedings have been conducted without summaries of evidence, any discovery, interrogatories or pleadings of the parties which precludes the Respondents from meaningful participation in the proceedings by presenting their case properly and effectively.

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

- A detailed schedule for the orderly disposition of the proceeding, inter alia, for filing of interrogatories, discovery motions, objections and responses to objections and other procedural matters be established before further proceedings;

- After collection of all requisite evidence and giving adequate opportunities to the parties to consider and, if required, object to such evidence, declare close of evidence before the next hearing.

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

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

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

24. Summary of Directions

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

- To continue with the consumer awareness campaign on a large scale by help of media channels like radio, pamphlets distribution, bill boards etc
- To put in serious efforts in claiming the receivables from TESCO and also submit a progress report to the Authority.
- To submit concrete and detailed recovery plan to the Authority not later than 31st March, 2015.
- To print bills with the snap shots of meter readings (both previous and current) not later than 30th April, 2015.
- To submit its investment requirements for the implementation of Hand Handled Units (HHU) the completion timelines along with its next tariff petition.
- The Authority had directed DISCOs vide Registrar's letter dated 21.12.2012 to submit their plans regarding introduction and expansion of Automatic Meter Reading System (AMR). DISCOs were also required to submit progress reports on NEPRA's directions. Subsequently vide letter No. NEPRA/R/L/LAD-21/9016-26 Dated 7th August 2014, the Authority also directed DISCOs to install AMR and Automatic Metering Infrastructure (AMI) at all of their Common Delivery Points (CDPs). It is noted that except for initiating certain

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pilot projects, DISCOs have not been able to show serious efforts on the installation of AMR and AMI systems.

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

- To take up the matter of recovery from AJK, with the sub-committee constituted in this regard and the Authority may be informed accordingly.
- To share the results of outsourcing with the Authority .
- To continue involving media as measure of theft control.
- To share the details of late payment charges recovered from consumers and any invoice raised by CPPA under the head of mark up on delayed payments for the FY 2014-15. The information must be submitted before the next tariff petition is filed
- The Petitioner has not responded to the letter as yet and consequently, the Petitioner is directed to submit comments and proposal on this issue not later than 31st March, 2015 for consideration in the next year's tariff determination.
- The Petitioner is directed to give comments on the proposal that whether the existing Service delivering structure of circles, divisions and sub-divisions etc

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can provide satisfactory services for supply of electric power to the consumer before the next year's tariff petition.

- To give comments on the proposals of lifeline consumers.
- To complete the pending installation of TOU meters.
- To not to undertake any village electrification that is not supported by technical evaluation and positive NPV in future.
- To submit the details of investment expense undertaken in the FY 2013-14.
- To create post retirement benefit fund at earliest .
- To submit the certificate of replacement hiring before the finalization of the tariff determination pertaining to the FY 2015-16
- To submit the investigative audit certificate from external auditor in respect of consumer mix variance to claim the amount of consumer mix variance pertaining to previous years from the Authority.

25. ORDER

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

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

II. The actual variation in fuel cost component of power purchase price against the reference fuel cost component shall be adjusted on monthly basis without taking into account the T&D losses. The monthly fuel price adjustment shall be based on the actual information submitted by CPPA.

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

i) Where only 132 kV system is involved

$$UOSC = DM \times \frac{(1-L)}{(1-0.04)} \; Paisa/kWh$$

ii) Where only 11 kV distribution systems is involved.

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

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

$$UOSC = DM \times \frac{(1-L)}{(1-0.09)} \quad Paisa/kWh$$

Where:

Distribution Margin for FY 2013-14 is set at Rs 1.63/kWh. 'L' will be the overall percentage loss assessment for the year set at 26% or FY 2014-15.

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

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

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Annex-I

FUEL PRICE ADJUSTMENT MECHANISM

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

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

Where:

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

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

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

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

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

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Peshawar Electric Supply Company (PESCO)
Estimated Sales Revenue on the Basis of New Tariff

0

Description	Sales	Sales Mix	New Tariff (NEPRA)		Revenue (as per NEPRA)		
	Sales GWh	Sales Mix	Fixed Charge Rs./kW/ Month	Variable Charge Rs./ kWh	Fixed Charge Rs.Million	Variable Charge Rs.Million	Total
Residential							
Up to 50 Units	337	4.01%		4.00	-	1,348	1,348
For peak load requirement less than 5 kW							
01-100 Units	2,157	25.69%		12.50	-	26,975	26,975
101-300 Units	1,329	15.82%		16.50	-	21,922	21,922
301-700Units	723	8.61%		17.90	-	12,939	12,939
Above 700 Units	244	2.91%		19.00	-	4,645	4,645
For peak load requirement 5 KW & above	-						-
Time of Use (TOU) - Peak	4	0.05%		19.00		77	77
Time of Use (TOU) - Off-Peak	20	0.24%		13.30		264	264
Total Residential	**4,814**	**57.32%**			**-**	**68,172**	**68,172**
Commercial - A2							
For peak load requirement less than 5 kW	309	3.67%		19.00	-	5,863	5,863
For peak load requirement 5 kW & above							
Regular	64	0.76%	400.00	15.00	175	957	1,131
Time of Use (TOU) - Peak	50	0.59%		19.00		942	942
Time of Use (TOU) - Off-Peak	236	2.81%	400.00	13.30	782	3,135	3,916
Total Commercial	**658**	**7.83%**			**956**	**10,896**	**11,853**
Industrial							
B1	196	2.34%		14.50		2,847	2,847
B1 - TOU (Peak)	9	0.11%		19.00		169	169
B1 - TOU (Off-peak)	49	0.59%		13.30	-	656	656
B2	154	1.84%	400.00	14.00	372	2,163	2,534
B2 - TOU (Peak)	38	0.46%		19.00		727	727
B2 - TOU (Off-peak)	285	3.39%	400.00	13.10	777	3,728	4,506
B3 - TOU (Peak)	63	0.75%		19.00		1,199	1,199
B3 - TOU (Off-peak)	626	7.46%	380.00	13.00	516	8,140	8,656
B4 - TOU (Peak)	92	1.09%		19.00		1,745	1,745
B4 - TOU (Off-peak)	601	7.15%	360.00	12.90	446	7,749	8,195
Total Industrial	**2,114**	**25.17%**			**2,111**	**29,123**	**31,234**
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts-less than 5 kW	1	0.02%		15.00	-	21	21
C1(b) Supply at 400 Volts- 5 KW & upto	126	1.50%	400.00	14.50	173	1,831	2,004
Time of Use (TOU) - Peak	4	0.04%		19.00		69	69
Time of Use (TOU) - Off-Peak	19	0.22%	400.00	13.30	30	246	277
C2 Supply at 11 kV	60	0.72%	380.00	14.30	102	860	963
Time of Use (TOU) - Peak	12	0.14%		19.00		227	227
Time of Use (TOU) - Off-Peak	53	0.63%	380.00	13.10	62	696	757
C3 Supply above 11 kV	-	0.00%	360.00	14.20			
Time of Use (TOU) - Peak	3	0.03%		19.00		55	55
Time of Use (TOU) - Off-Peak	15	0.18%	360.00	13.00	14	196	210
Total Single Point Supply	**293**	**3.49%**			**381**	**4,201**	**4,582**
Agricultural Tube-wells - Tariff D							
Scarp	49	0.58%		14.50		710	710
Agricultual Tube-wells	68	0.81%	200.00	14.00	110	955	1,065
Time of Use (TOU) - Peak	8	0.09%		19.00		151	151
Time of Use (TOU) - Off-Peak	44	0.53%	200.00	13.00	84	575	659
Total Agricultural	**169**	**2.02%**			**194**	**2,390**	**2,584**
Public Lighting - Tariff G	25	0.30%		14.00	-	354	354
Tariff H - Residential Colonies attached to industries	3	0.03%		14.00	-	37	37
Special Contracts - Tariff K (AJK)	41	0.49%	360.00	14.00	41	577	618
Time of Use (TOU) - Peak	49	0.58%		19.00	-	923	923
Time of Use (TOU) - Off-Peak	233	2.78%	360.00	13.30	278	3,104	3,382
Total	**8,399**	**100.000%**			**3,961**	**119,778**	**123,739**

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SCHEDULE OF ELECTRICITY TARIFFS
FOR PESHAWAR ELECTRIC SUPPLY COMPANY (PESCO)

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	01-100 Units	-		12.50
iii	101-300 Units	-		16.50
iv	301-700Units	-		17.90
v	Above 700 Units	-		19.00
b)	For Sanctioned load 5 kW & above			
			Peak	Off-Peak
	Time Of Use	-	19.00	13.30

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			19.00
b)	For Sanctioned load 5 kW & above	400.00		15.00
			Peak	Off-Peak
c)	Time Of Use	400.00	19.00	13.30

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

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

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SCHEDULE OF ELECTRICITY TARIFFS
FOR PESHAWAR ELECTRIC SUPPLY COMPANY (PESCO)

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)	-		14.50
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00		14.00
	Time Of Use		Peak	Off-Peak
B1 (b)	Up to 25 KW		19.00	13.30
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	19.00	13.10
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	19.00	13.00
B4	For All Loads (at 66,132 kV & above)	360.00	19.00	12.90

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 PURCHAS[illegible] LICENSEE AND MIXED LOAD CONSUM[illegible]

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	-		15.00
b)	Sanctioned load 5 kW & up to 500 kW	400.00		14.50
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		14.30
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00		14.20
	Time Of Use		Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	19.00	13.30
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	19.00	13.10
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	19.00	13.00

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SCHEDULE OF [illegible]
FOR PESHAWAR ELECTRIC [illegible]

D - AGRICULTU[illegible]

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
D-1(a)	SCARP less than 5 kW	-		14.50
D-2	Agricultural Tube Wells	200.00		14.00
			Peak	Off-Peak
D-1(b)	SCARP and Agricultural 5 kW & above	200.00	19.00	13.00

Under this tariff, there shall be minimum monthly charges Rs.2000/- per consumer per month, even if no energy is consumed.

Note:- The consumers having sanctioned load less than 5 kW can opt for TOU metering.

E - TEMPORARY [illegible]

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
E-1(i)	Residential Supply	-	19.00
E-1(ii)	Commercial Supply	-	19.00
E-2	Industrial Supply	-	14.50

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

[illegible] SEASONAL INDU[illegible]

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.

[illegible]

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

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

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SCHEDULE OF ELECTRICITY TARIFFS
FOR PESHAWAR ELECTRIC SUPPLY COMPANY (PESCO)

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

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

K - SPEC [illegible]

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
	Azad Jammu & Kashmir (AJK)	360.00	14.00	
			Peak	Off-Peak
	Time of Day	360.00	19.00	13.30

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Annex-IV

PESCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	1,225	1,164	1,092	968	784	834	852	815	771	749	973	1,122	11,350

kWh

Fuel Cost Component	6.4933	6.4562	6.4326	7.3369	7.3040	8.1037	9.8670	7.2603	8.0985	7.6273	6.7764	6.8283	**7.280**
Variable O & M	0.2436	0.2429	0.2295	0.2574	0.2667	0.2961	0.3118	0.2901	0.3050	0.2977	0.2762	0.2621	**0.270**
CpGenCap	1.9755	2.0053	2.1159	2.2972	2.5648	2.6787	2.4913	2.6804	2.5846	2.8494	2.1989	2.0499	**2.33**
USCF	0.1894	0.1966	0.2042	0.2159	0.2295	0.2352	0.2135	0.2259	0.2089	0.2338	0.1991	0.1899	**0.21**
Total PPP in Rs. /kWh	**8.9018**	**8.9009**	**8.9822**	**10.1073**	**10.3650**	**11.3137**	**12.8836**	**10.4567**	**11.1970**	**11.0083**	**9.4506**	**9.3302**	**10.0856**

Rs in Million

Fuel Cost Component	7,955	7,516	7,023	7,102	5,727	6,761	8,410	5,916	6,246	5,713	6,593	7,663	**82,625**
Variable O & M	298	283	251	249	209	247	266	236	235	223	269	294	**3,060**
CpGenCap	2,420	2,334	2,310	2,223	2,011	2,235	2,124	2,184	1,993	2,134	2,139	2,301	**26,409**
USCF	232	229	223	209	180	196	182	184	161	175	194	213	**2,378**
PPP	**10,905**	**10,362**	**9,807**	**9,783**	**8,128**	**9,439**	**10,982**	**8,521**	**8,635**	**8,245**	**9,195**	**10,471**	**114,473**

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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Annex-V

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 Peshawar Electric Supply Company (PESCO) engaged in the business of distribution of electricity within the territory mentioned in the licence granted to it for this purpose.

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

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

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

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

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

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

14. NTDC means the National Transmission and Dispatch Company.

15. CPPA means Central Power Purchasing Agency (CPPA).

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

GENERAL CONDITIONS

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

PART-II

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

A-1 RESIDENTIAL AND GENERAL SERVICES

1. This Tariff is applicable for supply to;

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

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

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3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-l(b) as set out in the Schedule of Tariff.
4. All existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and converted to A- 1(b) Tariff by the Company.

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:
   - i) Shops,
   - ii) Hotels and Restaurants,
   - iii) Petrol Pumps and Service Stations,
   - iv) Compressed Natural Gas filling stations,
   - v) Private Hospitals/Clinics/Dispensaries,
   - vi) Places of Entertainment, Cinemas, Theaters, Clubs;
   - vii) Guest Houses/Rest Houses,
   - viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.

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

B INDUSTRIAL SUPPLY

Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices and for normal working of the industry and also for water pumps and tube-wells operating on three phase 400 volts, other than those meant for the irrigation or reclamation of agricultural land.
2. For the purposes of application of this tariff an "Industry" means a bona fide undertaking or establishment engaged in manufacturing, value addition and/or processing of goods.
3. This Tariff shall also be available for consumers having single-metering arrangement such as:
   - i) Poultry Farms
   - ii) Fish Hatcheries and Breeding Farms and
   - iii) Software houses

Conditions

An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates previously deposited and those applicable to tariff-F at the time of acceptance of option for seasonal tariff. Seasonal tariff will be applicable from the date of commencement of the

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

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

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

B-2 SUPPLY AT 400 VOLTS

1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable T.O.U tariff.

B-3 SUPPLY AT 11 kV AND 33 kV

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

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

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

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

C SINGLE POINT (SINGLE-METERING) SUPPLY

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

i) To a licensee converted from a bulk supply status (who was procuring power from PESCO as a consumer prior to grant of license to PESCO) for the purpose of further distribution within its respective exclusive territory and jurisdiction.
ii) To a mix-load consumer not reselling to any other consumer such as residential, commercial, tube-well and others.

General Conditions

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

C-I SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having mix-load at a single metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-I(a) tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-1(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements.

C-2 SUPPLY AT 11 kV AND 33 kV

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

C-3 SUPPLY AT 66 kV AND ABOVE

1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.
2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval

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

3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b).
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

D AGRICULTURAL SUPPLY

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

Special Conditions of Supply

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

D-1 (a)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation having sanctioned load of less than 5 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1(a) tariff given in the Schedule of Tariff.

D-1 (b)

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1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation and other consumers falling under Agriculture Supply having sanctioned load of 5 kW and above.
2. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D- 1(b) given in the Schedule of Tariff.
3. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-1(a) for SCARP and D2 for Agricultural Supply, till that time.

D-2

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

E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

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

Special Conditions of Supply

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

E -2 TEMPORARY INDUSTRIAL SUPPLY

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

SPECIAL CONDITIONS OF SUPPLY

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

F SEASONAL INDUSTRIAL SUPPLY

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

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Definitions

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

Special Conditions of Supply

1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.
3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
4. All seasonal loads shall be disconnected from the Company's Supply System at the end of the season, specified by the consumer at the time of getting connection, for which the supply is given. In case, however, a consumer requires running the non-seasonal part of his load (e.g., lights, fans, tube-wells, etc.) throughout the year, he shall have to bring out separate circuits for such load so as to enable installation of separate meters for each type of load and charging the same at the relevant Tariff.
5. Where a "Seasonal Supply" consumer does not come forward to have his seasonal industry re-connected with the Company's Supply System in any ensuing season, the service line and equipment belonging to the Company and installed at his premises shall be removed after expiry of 60 days of the date of commencement of season previously specified by the consumer at the time of his obtaining new connection/re-connection. However, at least ten clear days notice in writing under registered post shall be necessary to be given to the consumer before removal of service line and equipment from his premises as aforesaid, to enable him to decide about the retention of connection or otherwise. No Supply Charges shall be recovered from a disconnected seasonal consumer for any season during which he does not come forward to have his seasonal industry re-connected with the Company's Supply System.

G PUBLIC LIGHTING SUPPLY

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

Definitions

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

Special Conditions of Supply

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NEPRA
AUTHORITY

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

H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

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

Definitions

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

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

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

Special Conditions of Supply

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

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Annex-VI

Summary of Directions for PESCO

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

- To continue with the consumer awareness campaign on a large scale by help of media channels like radio, pamphlets distribution, bill boards etc
- To put in serious efforts in claiming the receivables from TESCO and also submit a progress report to the Authority.
- To submit concrete and detailed recovery plan to the Authority not later than 31st March, 2015.
- To print bills with the snap shots of meter readings (both previous and current) not later than 30th April, 2015.
- To submit its investment requirements for the implementation of Hand Handled Units (HHU) the completion timelines along with its next tariff petition.
- The Authority had directed DISCOs vide Registrar's letter dated 21.12.2012 to submit their plans regarding introduction and expansion of Automatic Meter Reading System (AMR). DISCOs were also required to submit progress reports on NEPRA's directions. Subsequently vide letter No. NEPRA/R/L/LAD-21/9016-26 Dated 7th August 2014, the Authority also directed DISCOs to install AMR and Automatic Metering Infrastructure (AMI) at all of their Common Delivery Points (CDPs). It is noted that except for initiating certain pilot projects, DISCOs have not been able to show serious efforts on the installation of AMR and AMI systems.
    - The Authority considers that one of the key reasons for high transmission and distribution losses in DISCOs is absence of any mechanism for tracking of electricity flow from the points of their electricity purchases (CDP) down to the final consumer. A reliable metering and recording system at every voltage level starting with the 132 kV grid, at the 11 kV and to 400 and 230 volts is therefore critical for not only elimination of theft, unaccounted for electricity and diagnosing technical problems, such systems would also enable NEPRA in analyzing DISCOs' genuine investment requirements. Consequently reduction in losses would help save billion of rupees annually and support GOP's efforts in eliminating circular debt. Reportedly the results through the model projects have been quite encouraging and noticeable reductions in the losses have been observed.
    - The Authority therefore directs all DISCOs as follows:
        - To install AMR and AMI at all of their CDPs by December 31, 2015.

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AUTHORITY

- To install AMR and AMI on the receiving end of at least 30% of their 11 kV feeders (as existing on 30 June 2014) by 31st December 2015 and remaining 70% till June, 2016.
- To initiate and install AMR/AMI at the consumer level in at least 10 of their high loss making subdivisions by 31st December, 2015 and remaining 70% by 30th June 2016.

- To take up the matter of recovery from AJK, with the sub-committee constituted in this regard and the Authority may be informed accordingly.
- To share the results of outsourcing with the Authority .
- To continue involving media as measure of theft control.
- To share the details of late payment charges recovered from consumers and any invoice raised by CPPA under the head of mark up on delayed payments for the FY 2014-15. The information must be submitted before the next tariff petition is filed
- The Petitioner has not responded to the letter as yet and consequently, the Petitioner is directed to submit comments and proposal on this issue not later than 31st March, 2015 for consideration in the next year's tariff determination.
- The Petitioner is directed to give comments on the proposal that whether the existing Service delivering structure of circles, divisions and sub-divisions etc can provide satisfactory services for supply of electric power to the consumer before the next year's tariff petition.
- To give comments on the proposals of lifeline consumers.
- To complete the pending installation of TOU meters.
- To not to undertake any village electrification that is not supported by technical evaluation and positive NPV in future.
- To submit the details of investment expense undertaken in the FY 2013-14.
- To create post retirement benefit fund at earliest .
- To submit the certificate of replacement hiring before the finalization of the tariff determination pertaining to the FY 2015-16
- To submit the investigative audit certificate from external auditor in respect of consumer mix variance to claim the amount of consumer mix variance pertaining to previous years from the Authority.

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Annex-VII

List of Interested / Affected Parties to send the Notices of Admission/ Hearing regarding Petition filed by Peshawar Electric Supply Co. Ltd. (PESCO) for the determination of Consumer-end tariff for the FY 2014-15based on actual/estimated results of FY 2013-14 as test year

***

A. ***Secretaries of various ministries***

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 Deptt.
Govt. of KPK
KPK Sectt.
Peshawar

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

11. Project Director
Energy Monitoring Cell
Finance Department
Govt. of KPK
Benevolent Fund Building,
Saddar Road,
Peshawar

12. Secretary
Energy & Power Department
H. No. 69, St. No. 3,
Defence Officers Colony,
Shami Road,
Peshawar

13. Secretary
Finance Department
Government of KPK
KPK Secretariat
Peshawar

B. Chambers of Commerce and 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
Khyber Pakhtunkhwa Chamber of Commerce & Industry,
Khyber Pakhtunkhwa Chamber G.T. Road
Peshawar

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

8. Industrials Association of Peshawar
I.A.P. Office Plot No. 77
Hayatabad Industrial Estate, Jamrud Road,
Peshawar

9. Rashid Law Associates on behalf of
All Pakistan Textile Mills Association
5th Floor, Ajmal House, 27-Egerton Road,
Lahore.

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

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

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

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

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

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

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

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

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

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

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

21. Haripur Chamber of Commerce and Industry
Chamber House
General Post Office Road
Haripur

22. CEO
Dewan Cement Ltd Hattar
Village Kamilpur near hattar village

Tehsil & District Haripur, KPK

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 Executive Officer
NTDC
414 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. Chief Operating Officer
CPPA
Room 107 WAPDA House
Shaharah-e-Qauid-e-Azam
LAHORE

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

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

D. **Petitioner**

1. Chief Executive Officer,

Peshawar Electric Supply Company (PESCO)
WAPDA House, Shami Road, Sakhi Chashma,
Peshawar

The News 8-8-2014

National Electric Power Regulatory Authority (NEPRA)

NOTICE OF ADMISSION / HEARING

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

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

SALIENT FEATURES OF THE PETITION

1. The petitioner has prayed for the determination of its consumer-end tariff pertaining to the Financial Year 2014-15, approval of Distribution Margin @ 2.18/kWh, investment for Rs.7,282 million, line losses @ 29% and average sales rate/tariff at Rs.20.08/kWh with the following category-wise tariff:-
2. It is also clarified that the Notice of the petition filed by PESCO for determination of its consumer-end tariff pertaining to FY 2014-15 may not be construed as the approval of tariff by NEPRA.

Description	Requested Tariff for the FY 2014-15		NEPRA Determined Tariff Pertaining to the FY 2013-14	
	Fixed Charges Rs./kW/M	Var. Charges Rs./kWh	Fixed Charges Rs./kW/M	Var. Charges Rs./kWh
Residential -A1				
For Peak Load Requirement less than 5 kW				
Up to 50 Units		4.00		4.00
1-100 Units		[illegible]		13.00
101-200 Units		[illegible]		[illegible]
201-700 Units		[illegible]		[illegible]
Above 700 Units		[illegible]		[illegible]
For Peak Load Requirement 5 kW & above				
Time of Day (TOU) - Peak		[illegible]		[illegible]
Time of Day (TOU) -Off-Peak		[illegible]		[illegible]
Total Domestic				
Commercial - A2				
For peak load requirement less than 5kW		[illegible]		[illegible]
For Peak load requirement 5 kW & above				
Regular	400	[illegible]	400	[illegible]
Time of Day (TOU) -Peak	400	[illegible]		[illegible]
Time of Day (TOU) - Off-Peak	400	[illegible]	400	[illegible]
Total Commercial				
Industrial				
B1 upto 25 kW (400/230 volts)		21.00		[illegible]
B1(b) upto 25 kW (Peak)		[illegible]		[illegible]
B1(b) upto 25 kW (Off-Peak)		[illegible]		[illegible]
B2(a) exceeding 25-500kW (400 volts)	400	[illegible]	400	[illegible]
B2(b) - TOU (Peak) (400 volts)	400	[illegible]		[illegible]
B2(b) - TOU (Off-Peak) (400 volts)	400	[illegible]	400	[illegible]
B3 - TOU (Peak) all loads upto 5000kW (11/33 kv)	380	[illegible]		[illegible]
B3 - TOU (Off-Peak) all loads upto 5000kW (11/33 kv)	380	[illegible]	380	[illegible]
B4 - TOU (Peak) all loads (66/132 kv and above	360	[illegible]		[illegible]
B4 - TOU (Off-Peak) all loads (66/132 kv and above	360	[illegible]	360	[illegible]
Total Industrial				
Single Point Supply (Bulk)				
C1(a) Supply at 400 Volts less than 5 kW		[illegible]		[illegible]
C1(b) Supply at 400 Volts-5 kW up to	400	[illegible]	400	[illegible]
Time of use (TOU) Peak	400	[illegible]		[illegible]
Time of use (TOU) Off Peak	400	[illegible]	400	[illegible]
C2 Supply at 11 kv	380	[illegible]	380	[illegible]
Time of use (TOU) Peak	380	[illegible]		[illegible]
Time of use (TOU) Off Peak	380	[illegible]	380	[illegible]
C3 Supply above 11 kv	360	[illegible]	360	[illegible]
Time of use (TOU) Peak	360	[illegible]		[illegible]
Time of use (TOU) Off Peak			360	13.00
Total Bulk Supply				
Agricultural Tube-wells - Tariff D				
Scarp D-1(a) less than 5 kW		[illegible]		[illegible]
D-2 Agricultural Tube Well	200	[illegible]	200	[illegible]
Scarp and Agriculture 5kW&above Time of use (TOU) Peak	200	24.75		[illegible]
Scarp and Agriculture 5kW&above Time of use (TOU) Off Peak	200	[illegible]	200	[illegible]
Total Agricultural Tubewell Tariff-D				
Public Lighting - Tariff -G		[illegible]		[illegible]
Housing Colonies Attached to Industries - H		[illegible]		[illegible]
AJK - Tariff -K(a)	380	[illegible]	380	[illegible]
Time of Day (TOU) - K (b) Peak	380	24.75		[illegible]
Time of Day (TOU) - K (b) Off-Peak	380	[illegible]	380	13.00
Company Total				

3. In terms of rules 6 of NEPRA (Tariff Standards & Procedures) Rules, 1998, any interested person who desires to participate in the proceedings may file an intervention request within seven days from the date of publication of this notice. Such intervention request shall state the name and address of the person filing the same, objections and the manner in which such person is or is likely to be substantially and specifically affected by any determination in the proceedings. The intervention request may also contain the contentions of the person making the same, the relief sought and the evidence, if any, in support of the case. In the intervention request, the intervener may specifically admit, deny or explain the facts stated in the petition and may also state additional facts which are relevant and necessary for reaching a just and informed decision in the proceedings. The intervention request shall be signed verified and supported by means of an affidavit in the same manner as in the case of the petition. The intervener shall also serve a copy of the intervention request duly attested as true copy on the petitioner or his authorized representative and the petitioner may file a rejoinder to the intervention request which shall be filed within 7 days of receipt 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:	19th August, 2014 (Tuesday)
Time:	11:00 a.m.
Venue:	NEPRA Tower, G-5/1, Islamabad

All communications should be addressed to:

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

PID(I) No. 571/2014

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

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Express - 8-8-2014

نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (نیپرا)

نوٹس پذیرائی / سماعت

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

تمام متعلقہ، مفاد رکھنے والے افراد اور عوام کو مطلع کیا جاتا ہے کہ پشاور الیکٹرک سپلائی کمپنی نے مالی سال 14-2013 بطور آزمائشی سال کے اصل نتائج کی بنیاد پر کنزیومر اینڈ ٹیرف برائے مالی سال 15-2014 کا تعین کرنے کیلئے نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (نیپرا) میں ایک درخواست دائر کی ہے۔

درخواست کے اہم نکات

1۔ درخواست گزار نے کنزیومر اینڈ ٹیرف برائے مالی سال 2014-2015 مسترد ٹیرف کیٹگری کے علاوہ 2.19/kWh سے ڈسٹری بیوشن مارجن، 7.962 ملین روپے کی سرمایہ کاری، 29% ٹرانسمیشن لاسز اور 20.06/kWh روپے کے اوسط سیل ریٹ ٹیرف کی منظوری کی استدعا کی ہے۔

2۔ یہ بھی واضح کیا جاتا ہے کہ پشاور الیکٹرک سپلائی کمپنی (پیسکو) کی طرف سے درخواست برائے کنزیومر اینڈ ٹیرف کا تعین برائے مالی سال 15-2014 کو نیپرا کی جانب سے منظوری تصور نہ کیا جائے۔

Description	Requested Tariff for the FY 2014-15		NEPRA Determined Tariff Pertaining to the FY 2013-14	
	Fixed Charges Rs./kW/M	Var. Charges Rs./kWh	Fixed Charges Rs./kW/M	Var. Charges Rs./kWh
Residential - A1				
For Peak Load Requirement less than 5 kW				
Up to 50 Units		[illegible]		4.00
1-100 Units		[illegible]		[illegible]
101-300 Units		[illegible]		[illegible]
301-700 Units		[illegible]		[illegible]
Above 700 Units		[illegible]		[illegible]
For Peak Load Requirement 5 kW & above				
Time of Day (TOU) - Peak		[illegible]		[illegible]
Time of Day (TOU) - Off-Peak		[illegible]		[illegible]
Total Domestic				
Commercial - A2				
[illegible]		[illegible]		[illegible]
[illegible]				
[illegible]	400	[illegible]	400	[illegible]
Time of Day (TOU) - Peak	400	[illegible]		[illegible]
Time of Day (TOU) - Off-Peak	400	[illegible]	400	[illegible]
Total Commercial				
Industrial				
[illegible]		[illegible]		[illegible]
[illegible]		[illegible]		[illegible]
[illegible]		[illegible]		[illegible]
[illegible]	400	[illegible]	400	[illegible]
[illegible]	400	[illegible]		[illegible]
[illegible]	400	[illegible]	400	[illegible]
[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Industrial				
Single Point Supply (Bulk)				
[illegible]		[illegible]		[illegible]
[illegible]	400	[illegible]	400	[illegible]
[illegible]	400	[illegible]		[illegible]
[illegible]	400	[illegible]	400	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Bulk Supply				
[illegible]				
[illegible]		[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]				
Public Lighting - Tariff G		[illegible]		[illegible]
Housing Colonies Attached to Industrial - H		[illegible]		[illegible]
AJK - Tariff K(a)	[illegible]	[illegible]	[illegible]	[illegible]
Time of Day (TOU) - Peak	[illegible]	[illegible]		[illegible]
Time of Day (TOU) - Off-Peak	[illegible]	[illegible]	[illegible]	[illegible]
Company Total				

3۔ نیپرا کے لائسنس، ٹیرف، ریگولیشنز، 1999 کے رول 6 کے تحت کسی بھی فرد یا کاروبار میں شرکت کا خواہشمند اس نوٹس کی اشاعت کے 7 روز کے اندر ایک دخل اندازی کی درخواست (intervention request) داخل کر سکتا ہے۔ دخل اندازی کی ایسی درخواست فرد کے نام، پتہ، درخواست گزار کا دلچسپی اور طریقہ کار پر مشتمل ہوگی جس میں فرد یا خصوصاً کسی بھی طرح کارروائی کے فیصلے سے متاثر ہونے کا اندیشہ ہو، کیس کی سماعت کیلئے دخل اندازی کی درخواست دائر کرنے والے فرد کے وکیل، متعلقہ relief کے، اگر ہو تو، بھی شامل ہو سکتی ہے۔ دخل اندازی کی درخواست میں دخل انداز (intervener) درخواست میں درج حقائق کو بالخصوص تسلیم، انکار یا ان کی وجہ بیان کر سکتا ہے اور اضافی حقائق بھی پیش کر سکتا ہے جو کارروائی سے متعلق، درست اور باخبر (informed) فیصلہ کرنے کیلئے متعلقہ اور ضروری ہوں۔ دخل اندازی کی درخواست دستخط شدہ اور تصدیق شدہ اسی حوالے سے ایک حلف نامے کے ساتھ اسی طرح ہوگی جیسا کہ درخواست میں درج ہے۔ دخل انداز (intervener) بھی دخل اندازی کی درخواست کی ایک تصدیق شدہ نقل جمع کرائے گا جسے درخواست گزار پاس کے پتہ ٹھکانے کی جانب سے اصل تصور کیا جائے گا اور درخواست گزار دخل اندازی کی درخواست کے عوض جواب الجواب (rejoinder) دخل اندازی کی درخواست وصول ہونے کے 7 روز کے اندر جمع کرا سکتے ہیں۔

4۔ اس حوالے سے کوئی بھی فرد اشاعت کے 7 دن کے اندر تبصرہ داخل کر سکتا ہے اور اتھارٹی، اگر مناسب ہو، ایسے فرد کو کارروائی میں شرکت کی باقاعدہ سے کئی جانب ان کے حتمی تعین کیلئے ان تبصروں کو زیر غور لا سکتی ہے۔

5۔ علاوہ ازیں تمام اہم متعلقہ ماہرین اور عوام الناس کو مطلع کیا جاتا ہے کہ انصاف اور آگہی پر مبنی فیصلہ تک پہنچنے کے لیے اتھارٹی نے درج ذیل تاریخ، وقت اور مقام کے مطابق زیر عنوان معاملہ کی سماعت کا بھی فیصلہ کیا ہے۔

تاریخ: ———— 19 اگست 2014 (بروز منگل)

وقت: ———— دوپہر 11:00

مقام: ———— نیپرا ٹاور G-5/1 اسلام آباد

تمام خط و کتابت بنام مندرجہ ذیل کی جائے:

رجسٹرار نیپرا

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

فون: 200 2013-051، فیکس: 0215 921-051

ای میل: office@nepra.org.pk

PID(I)No.671/2014

The News: 26-08-14

National Electric Power Regulatory Authority (NEPRA)

NOTICE OF RE-SCHEDULING

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

It is in continuation of our subject matter advertisement published on 8th August, 2014 it is hereby to inform all stakeholders, interested/ affected persons and the general public that the subject matter hearing was adjourned on 19th August, 2014 due to law and order situation in Islamabad. All stakeholders and interested / affected persons are informed that the Authority, has decided to re-conduct the subject matter hearing according to the date, time and venue as mentioned below:

Date:	**August 28, 2014 (Thursday)**
Time:	**10:30 a.m.**
Venue	**NEPRA Tower, G-5/1, Islamabad**

All other information will remain the same.

All communications should be addressed to:

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

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

PID(I) No. [illegible]/2014

Express: 26-08-14

نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (نیپرا)

پذیرائی عوامی سماعت کا دوبارہ نوٹس

2013-14

2014-15

مندرجہ بالا موضوع پر ہمارا اشتہار جو 08 اگست 2014 کو شائع ہوا، کے تواتر میں تمام سٹیک ہولڈرز، خواہشمند/متاثرہ افراد اور عوام الناس کو مطلع کیا جاتا ہے کہ مندرجہ بالا موضوع پر ہونے والی شنوائی جو 19 اگست 2014 کو ہونی تھی اسلام آباد میں امن وامان کی صورت حال کے پیش نظر ملتوی کردی گئی ہے۔ تمام سٹیک ہولڈرز اور خواہشمند/متاثرہ افراد کو مطلع کیا جاتا ہے کہ اتھارٹی نے مندرجہ بالا موضوع پر شنوائی درج ذیل تاریخ، وقت اور مقام پر کرنے کا فیصلہ کیا ہے۔

تاریخ: ———— 28 اگست 2014 (بروز جمعرات)
وقت: ———— صبح 10:30
مقام: ———— نیپرا ٹاور، G-5/1، اسلام آباد

دیگر معلومات حسب سابق رہیں گی۔

تمام خط و کتابت درج ذیل پتہ پر کی جائے:

رجسٹرار نیپرا
نیپرا ٹاور، اتاترک ایونیو (ایسٹ)، سیکٹر G-5/1، اسلام آباد
فون: 051-2013200، فیکس: 051-9210215
ای میل: office@nepra.org.pk

www.nepra.org.pk

PID(I) No. [illegible]/2014

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