



# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/TRF-330/PESCO-2015/2708-2710  
February 29, 2016

**Subject: Determination of the Authority in the matter of Petition filed by Peshawar Electric Supply Company Ltd. (PESCO) for the Determination of its Consumer end Tariff Pertaining to the Financial Year 2015-2016 [Case # NEPRA/TRF-330/PESCO-2015]**

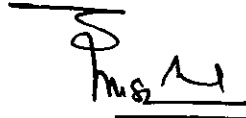
Dear Sir,

Please find enclosed herewith the subject Determination of the Authority along with Annexure-I, II, III, IV, V, VI, & VII (99 pages) in Case No. NEPRA/TRF-330/PESCO-2015.

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

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

Enclosure: As above

  
29.02.16  
( Syed Safeer Hussain )

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

CC:

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



**National Electric Power Regulatory Authority**  
**(NEPRA)**

PETITION NO: NEPRA/TRF-330/PESCO-2015

**TARIFF DETERMINATION**  
**FOR**  
**PESHAWAR ELECTRIC SUPPLY COMPANY**  
**(PESCO)**  
**DETERMINED UNDER**  
**NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998**

Islamabad

29th February, 2016

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### 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 (G)	Central Power Purchasing Agency Guarantee Limited
DISCO	Distribution Company
DM	Distribution Margin
FY	Financial Year
GOP	Government of Pakistan
GWh	Giga Watt Hours
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
O&M	Operation and Maintenance
PPP	Power Purchase Price
PYA	Prior Year Adjustment
RAB	Regulatory Asset Base
RORB	Return on Rate Base
SRO	Statutory Regulatory Order
T&D	Transmission and Distribution
TOU	Time of Use
USCF	The fixed charge part of the Use of System Charges in Rs./kW/Month
IGTDP	Integrated Generation Transmission and Distribution Plan



DIIP	Distribution Company Integrated Investment Plan
CDP	Common Delivery Point
AMR	Automatic Meter Reading
AMI	Advance Metering Infrastructure
COSS	Cost of Service Study
FCA	Fuel Charges Adjustment
CPI	Consumer Price Index
SOT	Schedule of Tariff
TPM	Transfer Price Mechanism
PPA	Power Purchase Agreement
MDI	Maximum Demand Indicator
SYT	Single Year Tariff
MYT	Multi Year Tariff



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**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 PERTAINING TO THE FY 2015-16**

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**CASE NO. NEPRA/TRF/330/PESCO-2015**

**PETITIONER**

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

**INTERVENER**

Energy & Power Department, Government of KP.

**COMMENTATOR**

Mr. Waqar, Consumer.

**REPRESENTATION**

1. Syed Hassan Fazil , Chief Executive Officer, PESCO
2. Engr. Muhammad Fida Khan, General Manager Technical, PESCO
3. Mr. Anwar ul Haq Yousafzai, General Manager Finance, PESCO
4. Engr. Niaz Muhammad Khan, General Manager (O&M) T&G, PESCO
5. Engr. Amjad Khan, Chief Commercial Officer/CE (Dev.), PESCO
6. Engr. Nadeem Anwar, Chief Operation Officer, PESCO
7. Mr. Iqbal Haider, DG (HR), PESCO



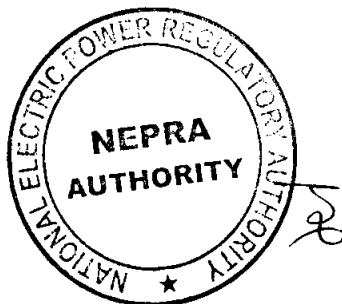
The Authority, in exercise of the powers conferred on it under Section 7(3) (a) read with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Tariff Standards and Procedure Rules, 1998 and all other powers enabling it in this behalf, and after taking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

(Khawaja Muhammad Naeem)  
Member

  
(Syed Masood ul Hassan Naqvi)  
Member  
(Himayatullah Khan)  
Member  
(Maj (Rtd) Haroon Rashid)  
Vice Chairman  
(Brig. (Rtd) Tariq Soddozai)  
Chairman  
29.02.16

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 for the FY 2015-16 to FY 2019-20 under multi-year tariff regime in terms of Rule 3(1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules").
- 1.2 In terms of rule 4 of the Tariff standard and Procedure Rules, 1998 (hereinafter referred to as "Rules"), the petition was admitted by the Authority on 1<sup>st</sup> September, 2015. In compliance with the provisions of rules 6 & 7 of the Rules, notice of admission / hearing along-with the title and brief description of the petition was published in newspapers on 16<sup>th</sup> September 2015 and separate notices were also sent to the parties which were considered to be affected or interested. Comments /replies and filing of intervention request was desired from any interested person within 7 days of the publication.
- 1.3 Hearing in the matter was initially scheduled on October 01, 2015, however, the same was postponed on the request of stakeholders. Advertisement regarding postponement of hearing was also published in the newspaper on October 01, 2015.
- 1.4 Later on, the Petitioner vide its letter No.5757-62/FD/PESCO/CP&C dated October 19, 2015 requested the Authority to consider its submitted petition, filed under the MYT regime, as Single Year Tariff Petition i.e. the submitted petition may be considered to the extent of FY 2015-16 only. Keeping in view the fact that the existing tariff methodology caters for both the regimes i.e. SYT and MYT, the Authority acceded to the request of the Petitioner and decided to determine the instant petition under the single year tariff regime based on the data provided in the submitted petition relevant to the FY 2015-16.
- 1.5 The Petitioner sought the following reliefs: -
- Timely determination of Tariff along with adjustments as proposed, providing sufficient time to the petitioner for recovery of the determined Revenue Requirement.
  - Fixation of target of T&D losses by taking a realistic approach.
  - To allow immediate application of the proposed tariff upon admission of the petition subject to an order for refund for the protection of consumers during the pendency of this petition.
  - To determine and allow the Distribution Margin for the FY 2015-16.
  - To approve the Investment plan, including consumers' contribution.



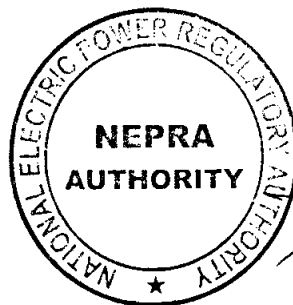
- vi. To consider T & D losses target @ 32% provisionally for FY 2015-16 subject to its final fixation after considering the study by the independent expert.
- vii. To allow the Post Retirement reductions, made by Authority during last three years' reduction in the O&M Expenses, in the FY 2015-16 as prior period adjustment as the Petitioner has created Pension Fund in compliance to Authority's Direction. Such expenses may be allowed in O&M so that PESCO after collecting the same through tariff would be able to deposit into the fund created for the purpose.
- viii. To allow the new hiring cost against existing vacant position of Rs.1,200 million for FY 2015-16 including new hiring cost for expansion related to new offices and the sustainability related costs of project implemented through USAID-PDP.
- ix. To allow the cost of Working Capital.
- x. To ensure financial viability of the petitioner for the reliable supply of electricity to its 2.9 million consumers.
- xi. Any other relief which the Authority deems fit.

2. **PROCEEDINGS:**

- 2.1 In compliance of the provisions of sub-rules (5) & (6) of Rule 4 and Rule 5 of the Rules, revised notices of admission / hearing were sent to the parties which were considered to be affected or interested. Here it is pertinent to mention that the Petitioner's request of immediate application of proposed consumer end tariff was rejected by the Authority as the same included some abnormal reliefs, which if implemented might have resulted in subsequent heavy adjustments. Thus, the request was declined, however the petition was admitted by the Authority for its hearing. An advertisement in this regard was also published in the leading national newspapers with the title and brief description of the petition on October 31, 2015.

3. **FILING OF OBJECTIONS/ COMMENTS:**

- 3.1 Comments/replies and filing of Intervention Request (IR), if any, were desired from the interested persons/ parties within 7 days of the publication of notice of admission in terms of Rule 6, 7 & 8 of the Rules. Neither any reply was filed nor any IR was received within the prescribed time, however, delayed IR was filed by Energy & Power Department, Government of KP. The Authority decided to condone the delay in filing of the IR and accepted the same for its consideration .

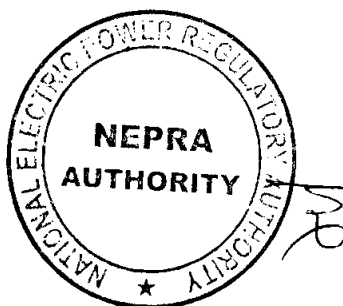




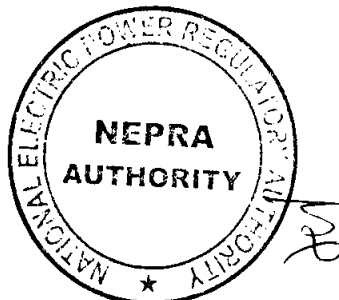
3.2 **Energy & Power Department, Government of KP-- Intervener**

3.2.1 The Energy & Power Department, Government of KP submitted its Intervention request vide letter No. E&P SO (Energy)/1-59/ O&G/2015 dated November 16, 2015. A brief of the information requested and concerns raised by GoKP is as under;

- To provide the breakup of Investment plan for the last 5 years along with subjective, objective analysis and Statement of Revenue Requirement.
- Investment has not been explained at all and no comprehensive investment plan has been provided. The proposed investment is low which should be at least Rs.25 billion each year or more, with the following objectives;
  - a. receive and distribute 13.5% of the National Power Generation.
  - b. receive and distribute power generated by PEDO and other GoKP corporate bodies.
  - c. wheel the power generated by PEDO and other GoKP Corporate Bodies
  - d. reduce T&D Losses.
  - e. improve customer service.
- GoKP has serious concerns over lack of investment in the Petition to debottleneck its power system. The level of investment must be carried out which would enable the Petitioner to distribute at least 13.5% of the national power generation in KP, reduce technical losses, upgrade the grid stations and conductors and install meters to awaiting applicants.
- The basis for the sales projected for the next 5 years is missing .
- What would be the Petitioner's strategy to cope with the 10%+ economic growth envisaged by the Government of KP?
- The Petitioner's planned growth in sales in KP from 5.6% to 3.2% over the 5 years, is not acceptable. The investment and sales plan needs to match the projected economic growth or about 15% increase in sales.
- The Petitioner's needs to prepare its Petition on best practices basis, which may include objectives, plan, analysis, back up material etc. The Petitioner may revise the Petition with proper analysis and the GoKP can assist the Petitioner to develop an acceptable Multi-Year Petition.
- The Tariff Petition filed by the Petitioner is ambiguous as proper table numbering and references have not been provided.



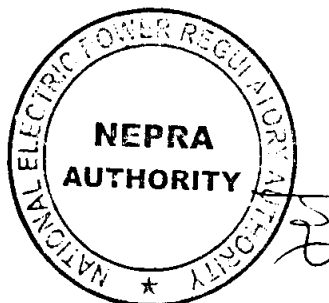
- There seems to be no effort to reduce the Bad Debts instead it is on the increase, the same should not be more than 1% of the overall revenue.
- Figure for the provision for bad debts for the FY 2014-15 is contradictory in the petition and the table attached with the petition. In addition, the bad debt trend is declining since the FY 2013-14 and contrary to the trend, the Petitioner is forecasting increase in bad debts over the period of MYT.
- The repair and maintenance of less than a billion is on a very low side. At least 5% of the Revenue be kept for the repair and maintenance, otherwise the system will totally collapse.
- Increase in Medical expenses is alarming which needs to be kept at Rs.300 Million.
- Financial Charges claimed by the Petitioner are not understandable and needs to be elaborated.
- There seems to be no efforts to reduce the receivables. The Petitioner may give a comprehensive plan to reduce the receivables.
- The Petitioner is proposing to reduce the T&D Losses to 24% by the FY 2019-20 at para 3.6 of its petition whereas at para 3.8 it is proposing to reduce the same to 26% by FY 2019-20.
- The Petitioner needs to take most of the blame for its inefficiency, lethargic and sluggish management, rather than blaming political interference, law & order situation and Kunda.
- Justification with subjective and objective analysis of assuming R&M cost of 2% on the net Fixed Assets in operation be provided.
- Proposed travelling expenses of Rs.200 Million and projected increase of Rs.93 Million by FY 2019-20 is abnormal and lacks justification.
- Increase of 38% in "Other' expenses" for the FY 2015-16 is astonishing with respect to FY 2014-15 and needs to be justified. Past 5 years breakup of "Management Fee", "Miscellaneous Expenses", "Collection Charges", "Store Handling" and "General Plant Assets" be provided for analysis.



### 3.3 REJOINDER BY THE PETITIONER

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

- 3.3.1 On the issue of IGTD, the Petitioner has denied the concerns raised by the Intervener. The Petitioner has stated that the objection raised by the Intervener is baseless as it has prepared Tariff Petition for the FY 2015-16 on the basis of Five Year Distribution Investment Plan from FY 2015-16 to FY 2019-20 in accordance with the guidelines, formats, tables as approved by NEPRA Investments Standards and Procedures (Transmission and Distribution) Rules, 2015 and NEPRA Guidelines for the Determination of Consumer End Tariff (Methodology and Process), 2015. These guidelines, forms and table provide the basis for the process of preparation of Investment Plan that will cater for the requirements of DISCOs as well as consumers.
- 3.3.2 The Petitioner also stated that the Intervener has made reference to page 21 of the Tariff Petition which is only the summary of Investment requirement and instead should refer to the detailed investment plan (DIIP) submitted along with the Petitioner's Tariff Petition. Moreover, the Intervener's request to increase capitalization to a constant amount of Rs.25 billion each year is practically not possible. The Petitioner explained that it has considered two main aspects for the inclusion of investments i.e. the availability of cash and the time required to physical complete the planned projects. Both the elements are very important as any un-necessary high investment will increase the consumer end tariff, which is not desirable. A constant capitalization of Rs.25 billion is not possible as on one hand the distribution network requires considerable time for financial and physical completion, which may not be possible every year and on the other hand it will unnecessarily increase the return on rate base resulting in increase in consumer end tariff. The Petitioner argued that it has only requested for optimum achievable investment that can be actually completed during the fiscal year.
- 3.3.3 The Petitioner stated that it has prepared its Investment plan in the light of newly issued directives of the Authority in the form of NEPRA Investments Standards and Procedures (Transmission and Distribution) Rules, 2015.



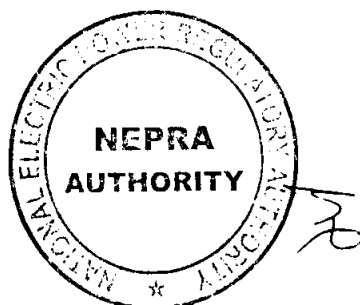
Investment requirements for the immediate reduction of losses, up-gradation of the grid systems and conductors has been given as best case scenario of DIIP which not only requires huge amount of investment but also it is not physically possible to achieve the same in one year. The quantities of each individual item e.g. Grid Stations, Transmission Lines etc. are required to be mentioned in the same.

- 3.3.4 A comparison of the Investment requirements for the best and optimally achievable case, as provided by the Petitioner, is as under:

	2015-16	2016-17	2017-18	2018-19	2019-20	Mln. Rs. Total
<b>STG</b>						
Best	4042	4267	3977	3479	10501	26266
Achievable	4503	3366	3676	3479	4010	19034
<b>Distribution</b>						
Best	13098	18203	19355	20201	21097	91954
Achievable	4469	4909	5611	6283	6814	28086
<b>Total</b>						
Best	17140	22470	23332	23680	31598	118220
Achievable	8972	8275	9287	9762	10824	47120

As per the Petitioner, DIIP covers the concerns raised by the Intervener. Page 24 referred by the Intervener is only the summary of qualifying investment and the detailed Investment plan (DIIP) is already submitted to NEPRA, the Intervener may study the same.

- 3.3.5 The Petitioner has further mentioned that its Distribution network has the capacity and ability to transmit 13.5% of the national power generation in Khyber Pakhtunkhwa (KP), however it is forced to draw less generation between at least 10% to 13.5% because it is operating in those difficult areas where theft and nonpayment culture is rampant. The Petitioner is a utility company and due to certain administrative and political obligations, it is not in a position to cut off supplies to its defaulting consumers. Moreover, in most areas T&D losses are higher than the target set by NEPRA & recovery position is also less than 100%, any commercial organization would have cut off supply to the loss making and non-paying areas but it is still providing electricity to its

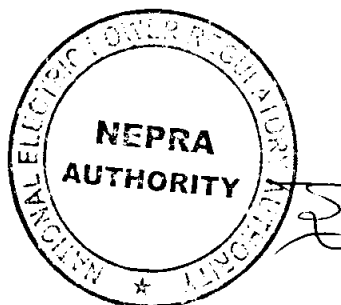


consumers even at the cost of its profitability. The fact remains that severe action against defaulters in the form of mass disconnections etc. creates law & order situation in terms of road blockade, blast of transmission towers and attacks on its staff, grids stations and offices, which is not desirable.

3.3.6 On the advice of Federal Government and in accordance with the decision taken in CCI, the Provincial Government has initially provided it with three Police Stations, one each for Peshawar, Charsadda and Bannu Districts. Raids are being conducted and FIRs lodged on daily basis. Tough resistance is faced by its staff from the general public & political leadership while attempting to disconnect electricity on default or theft. The Petitioner stated that while doing so, the police along with their employees had been attacked several times. In May 2014, a team consisting of our officials and police were attacked at Bannu city, injuring 4 persons and one passerby died due to bullet shots. Recently on 26<sup>th</sup> January, 2015, the Office of Executive Engineer, Tank was set on fire by mob and all the records and assets such as furniture, other equipment were burnt in front of the police. FIR has been lodged against the attackers.

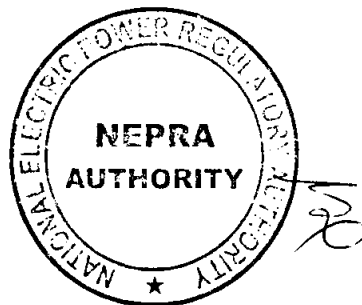
3.3.7 On the issue of Economic Growth and Projected Sales, the Petitioner has mentioned that it has already considered the impact of Economic growth at 10.6% for FY 2015-16 translated into increase in Units Sales at 5.6% for the FY 2015-16 (adjusted on the basis of AT&C losses). The Petitioner argued that economic growth and increase in unit sales are two different parameters and may not be confused with one another. Moreover, it has already exempted all types of industries from any load shedding and is carrying out AT&C losses based load shedding with other categories of consumers and complete exemption is given to industries. The number of unit sales is based on the Power Market Survey and is given in DIIP.

3.3.8 The Petitioner further stated that the Intervener has made an attempt to malign it by stating that for the last 2.5 years, it has hindered the economic growth of Khyber Pakhtunkhwa. The Petitioner elaborated that it is due to Management's effort, that the line losses of the Petitioner, has reduced to 33% and recovery has improved to 86% during the FY 2013-14 as compared to 34% and 84.6% during FY 2012-13 respectively. It was further stated that during the FY 2014-15, it suffered a loss of Rs.15 billion ( the same was reduced from the level of Rs. 34 billion ) and recovery increased to 88%. The Petitioner contended that the Govt.



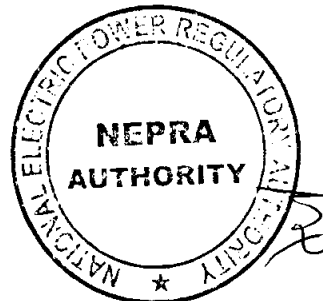
of Khyber Pakhtunkhwa itself had not been able to utilize the budget and the budget had elapsed without utilization. The Government of KPK should improve its own investment plan to change the current miserable economic conditions, adversely affecting the Petitioner. Finally, the Petitioner explained that the PC-I for 6<sup>th</sup> STG, DOP, ELR and ADB Trench I, II, III and IV loan projects, are already approved by the Government of Pakistan after considering the economic growth of the country and includes project detailed description, cost benefit analysis and other required parameters. The PC-I of 7<sup>th</sup> STG project, is under the process for approval.

- 3.3.9 On the contention of preparing Petition on the best practices, the Petitioner has rejected the concerns of the Intervener and argued that the Authority, under the regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter NEPRA Act), is responsible for regulating the electricity sector in Pakistan, which includes determining the Revenue Requirement, tariffs and other terms and conditions for the supply of electricity by the Generation, Transmission and Distribution Companies. After determining the same, the Authority recommends it to the Federal Government for its notification. For this purpose NEPRA has laid down certain guidelines and procedures under the NEPRA Tariff Standards and Procedures Rules, 1998. NEPRA is also responsible for the amendments in the filing requirements, in line with the international best practices, which the Authority has recently issued updated version of the filing requirements regarding the determination of consumer end tariff. The submitted Petition is in conformity with NEPRA Guidelines for Determination of Consumers End Tariff (Methodology and Process), 2015 duly approved by Authority on 5<sup>th</sup> January, 2015. In view thereof, the international best practices have already been incorporated in the Forms approved by the Authority and the Petitioner has complied with the same.
- 3.3.10 The Petitioner rejected the concern of the Intervener regarding ambiguity in the Petition and explained that all the forms, table and references are properly referenced as per the requisite filing requirements issued by NEPRA.
- 3.3.11 On the issue of bad debts, the Petitioner stated that Intervener has confused the concept of Provision for bad debts with the actual write offs. Page 22 of the Tariff Petition shows only the Provision for Bad Debts which is calculated on the basis of aging formula as approved by its BoD and agreed with its Auditors. The



provision of Rs.3,250 million has been requested for the FY 2015-16, based on 2.40% of the projected sales and 90% recovery. The main reason for the requested provision is the worst law and order situation in Khyber Pakhtunkhwa and nonpayment culture in the areas adjacent to TESCO. Administration & Political obligations does not allow it to take severe action against the defaulters. Moreover, disconnections creates law and order situation in the shape of road blockage and attacks on the Petitioner's staff, Grid Stations & Offices. The Petitioner further clarified that the actual provision for bad debts during FY 2014-15 & FY 2013-14 was Rs. 6,976 million and Rs. 5,668 million respectively. The provision for bad debts are calculated on the basis of approved formula and the Petitioner has only claimed half of the amount that comes out from the formula in the petition.

- 3.3.12 The Petitioner denied Intervener comments regarding the requested R&M expenses and has stated that it has requested the Authority to allow Repairs and Maintenance expense of Rs.800 million for the FY 2015-16 based on the past trend and is sufficient to meet its requirements.
- 3.3.13 The Petitioner further stated that the para 8 of its Intervention Request has desired that at least 1 billion or 5% of revenue be kept for Repairs and maintenance and on the other hand is objecting on the Petitioner's request for Rs. 800 Million on account of repairs and maintenance. The Petitioner elaborated that the basis of its requested amount is 2% of its net fixed assets on account of Repair & Maintenance of Grid stations, Power & Distribution Transformers, Meters, Service Drops and maintenance of 132, 66 & 11 KV Lines. It was submitted that it has to maintain its old and overloaded system in order to ensure uninterrupted power supply to the consumers, more over cost of material has also increased due to inflationary trend. Due to law & order situation in the province of Khyber Pakhtunkhwa & attacks on its installations, the restoration cost has drastically increased due to substantial damages to the system. Hence a provision for such contingencies is also been made in the projection for FY 2015-16. Moreover, the distribution system is also expanding & No. of feeders, HT/LT lines, distribution transformers are increasing every year, accordingly cost of the maintenance has also been increased due to increased numbers. It was submitted that Repair and Maintenance budget is required for the following:



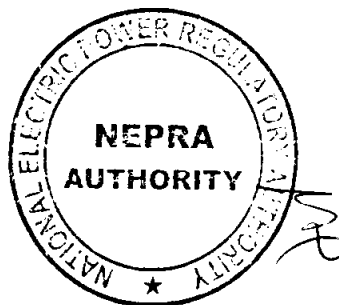
- i. Replacement of Power Transformers damaged at Grid Stations and controlling Breakers, Isolators etc.
- ii. Repairs and Maintenance of 3,130 KM Transmission Lines.
- iii. Purchase of materials for Repair and Maintenance of 92 Nos Grid Stations including 132 KV, 66 KV and 33 KV Grid Stations.
- iv. Repair & Maintenance of 857 Nos 11KV feeders.
- v. Repair & Maintenance of 33,335 KMs HT Lines.
- vi. Repair & Maintenance of 43,957 KMs LT Lines.
- vii. Repair & Maintenance of 58,458 Nos of Distribution Transformers which are frequently damaged due to over loading.
- viii. Replacement of defective meters.
- ix. Repair & Maintenance of Office and Residential Buildings.

3.3.14 On the issue of Travelling allowance, the Petitioner submitted that it has requested Rs.200 Million for the FY 2015-16 because it is a large company with its distribution system spread in an area of around 74,521 Sq Km & the staff has to travel to far flung areas, while performing their duties. Travelling Allowance is claimed by those employees deputed by the Controlling officer/drawing disbursing officer for official work. Since the petition has been converted into single year Tariff Petition for the FY 2015-16 only, hence the comparison up to the FY 2019-20 does not arise. A copy of board resolution regarding conversion of MYT to single year Petition is also provided .

3.3.15 The Petitioner has mentioned that main reason for increase in other expenses is the maintenance cost of the new ERP/CIS system. Breakup of "Management Fee", Miscellaneous Expenses" "Collection Charges" "Store Handling" and "General Plant Assets" of last five years is provided with this rejoinder.

3.3.16 The Petitioner denied Intervener comments regarding Medical expenses by stating that Medical Expenses are for the entire 17,053 serving employees as well as retired employees.

3.3.17 The Petitioner on the issue of Financial Charges has submitted that detail of the loans has also been mentioned at Pg-22 of the Petition, however following loans were approved by Ministry of Finance, GoP, through PHPL with sovereign guarantee of GoP to ensure the un-interrupted power supply across the country.





Rs. in Billion		
S. No	Loan Amount	PESCO Share (Original)
1	136	39.473
2	82	23.720
3	15	4.339
4	6	1.755

TFC's carry interest of KIBOR plus a spread of 1% to 3.5%, moreover interest charges of loan from ADB / ERRA are also included for which it has requested Rs.5,530 million for FY 2015-16.

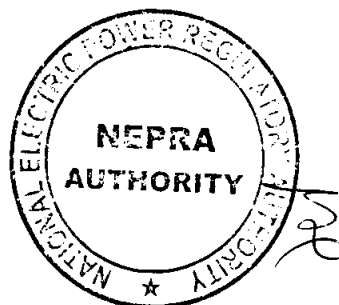
3.3.18 The Petitioner on the issue of Recovery Plan has submitted that the same has already been provided to NEPRA.

3.3.19 The Petitioner has submitted that Para 3.6 of its Tariff Petition is regarding its five year plan to reduce T&D losses from 32% to 24%, whereas, para 3.8 of Tariff Petition relates to the current NEPRA determined target of 26%.

#### 4. FRAMING OF ISSUES

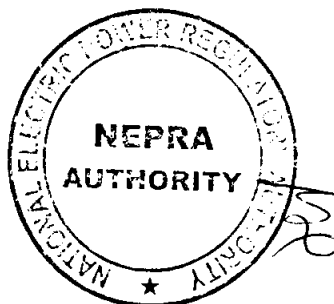
4.1 The pleadings so available on record were examined by the Authority in terms of rule 9 of the Tariff Rules and it was decided to conduct a hearing in order to arrive at a just and informed decision. On the basis of pleadings, following issues were framed to be considered during the hearing and for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

- Whether the petitioner has complied with the directions of the Authority given in the tariff determination for the FY 2014-15?
- Whether the concerns raised by the Intervener are justified ?
- Whether the petitioner's projected energy purchases & energy sales for the FY 2015-16 is reasonable?
- Whether the petitioner's proposed transmission and distribution losses for FY 2015-16 are justified?
- Whether the petitioner's projected power purchase cost for the FY 2015-16 is justified?





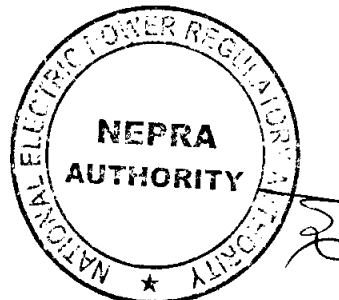
- Whether the petitioner's projected O&M cost for the FY 2015-16 is justified?
- Whether the petitioner's projected depreciation charge for the FY 2015-16 is justified?
- Whether the petitioner's projected Return on Regulatory Asset base based on projected rate of return @ 14.56% for FY 2015-16 is justified?
- Whether the petitioner's projected other income for the FY 2015-16 is reasonable?
- Whether the petitioner's proposed Investment plan for the FY 2015-16 to FY 2019-20, is justified, keeping in view the prospective benefits?
- Whether the prior year adjustment calculated by PESCO of Rs. 1,318 Million for the FY 2015-16 is accurate?
- Whether the proposed revenue requirements and average sale rate for FY 2015-16 is justified?
- What will be the mechanism of charging Wheeling/Use of System Charges (UOSC) in case of network of XW-DISCOs are used for Wheeling?
- Whether the request of petitioner to allow reduction made by the Authority during last three years' reduction in the Post Retirement O&M expenses may be allowed in the FY 2015-16 as prior year adjustment (PYA) merits consideration?
- Whether the petitioner request to allow new hiring cost against existing vacant position of Rs.1,200 million including new hiring cost for expansion related to new offices is accurate?
- Whether the requested repair and maintenance cost calculated @ 2% of net fixed assets is justified?
- Whether there is any major deviation in the petition from the NEPRA guidelines for determination of consumer-end tariff (Methodology & Process) notified vide SRO. 34(I) 2015 dated 16.01.2015?



- What is the financial impact / loss of revenue due to TOU metering for cellular company connections and other similar connections?
- Whether provision for bad debts @ 2.4% of the projected sales, merits consideration?
- Whether the financial charges on TFCs on loans approved by MOF and GOP through PHPL with sovereign guarantee of GOP to ensure the un-interrupted power supply, merit consideration?
- Whether petitioner request to allow working capital on account of delay in determination and notification of tariff to compensate petitioner from any loss that may arise due to non-recovery of determined revenue during the revenue control period is justified?
- Whether petitioner request to consider T&D losses @ 32% provisionally for FY 2015-16 subject to its final fixation after considering the study of independent expert is justified?
- Whether the provision for bad debts requested by the Petitioner is justified?

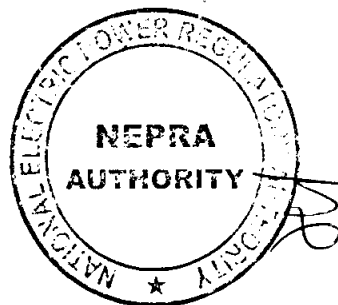
5. **HEARING**

- 5.1 The date of hearing was fixed as 17<sup>th</sup> November, 2015 to be held at PC Hotel Peshawar and notices of hearing were published in the national newspapers on October 31, 2015. The hearing was held as per the schedule.
- 5.2 During the hearing, the Petitioner was represented by the Chief Executive Officer along with his financial and technical team. In addition, representatives from Government of KP, KP Oil & Gas Company Limited (KPOGCL), TESCO and Consumers were present during the hearing. Mr. Waqar, a consumer submitted following verbal comments during the hearing:-
- The Authority must take reasoned position before determining the tariff by not passing the inefficiencies of Petitioner on the consumer.
  - There should be a check on the new meters being installed as they are fast and not accurate.
  - The amount charged to consumer are not as determined by the Authority as it includes surcharge which should not be recovered by the consumer.
  - Most of the time meter readers did not do proper reading that results in charging estimated units in bill which is needed to be eliminated.





- 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. **Issue # 1 . Whether the Petitioner has complied with the directions of the Authority passed in the last year's determination?**
- 6.1 **To continue to involving media as a measure of theft control;**
- 6.1.1 The Authority in its tariff determinations for the FY 2013-14, directed the Petitioner to come up with a workable plan with respect to involving media to discourage theft and identify people involved in electricity theft. However, no practical steps were taken by the Petitioner in this regard. Accordingly, the Authority in its tariff determination for the FY 2014-15, again directed the Petitioner to come up with a workable plan with respect to theft control through media campaigns.
- 6.1.2 The Petitioner has submitted that it has taken the following initiatives in this regard.
- i. Banner & posters have been displayed mentioning the punishment available in law for theft of electricity.
  - ii. Advertisement in local print media for general awareness of public highlighting disadvantage of stealing of electricity.
  - iii. The actions taken against thieves of electricity are published in local press through press releases.
  - iv. Tickers are also arranged in electronic media.
  - v. Programs are arranged on FM Radio channels regularly.
- 6.1.3 The Authority after careful consideration of the Petitioner's response is of the view that although it has launched the media campaign aimed at reducing the level of theft, however, the Authority did not see any visible improvements in this regard as the losses of the Petitioner have shown an increasing trend. In view thereof, it can be construed that the media campaign launched by the Petitioner either lacks the proper media channel or/and the frequency of the media campaign is not that intense. Thus, the Authority again directs the Petitioner to include most viewed/read media channels in addition to the existing ones and also increase the frequency of the media campaign and submit the results not later than 30<sup>th</sup> June, 2016.



**6.2 To complete the pending installation of ToU Meters**

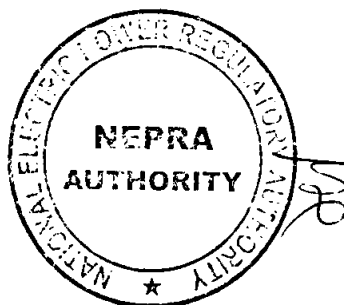
- 6.2.1 During the tariff determination of the FY 2012-13, the Authority observed that the Petitioner only managed to install 43% of TOU meters with 32,104 meters pending for installation as on 31<sup>st</sup> August, 2012. Accordingly the Petitioner was directed to complete the installation of ToU Meters by March 31, 2013.
- 6.2.2 While deciding the tariff petition for the FY 2013-14, the Authority discussed in detail the non-compliance of the Authority's direction of installing TOU meters on all connections with load 5kW and above and accordingly the Authority decided not to extend the deadline for installation of TOU meters.
- 6.2.3 During the hearing of the instant tariff petition, the Petitioner submitted that out of total 55,530 connections qualified for installation of TOU meters, 55,190 TOU meters have been installed. The Petitioner also mentioned that the remaining Non-ToU meters are mostly disconnected/ related to hard areas or court cases.
- 6.2.4 The Authority appreciates the efforts of the Petitioner whereby installation of around 99% of the total qualified connections, as reported by the Petitioner, have been completed and only 340 ToU connections are left. The Authority directs the Petitioner to complete the pending installation of ToU meters at the earliest.

**6.3 To continue with the consumer awareness campaign on a large scale by help of media channels like radio, pamphlets distribution, billboards etc. regarding ToU meters.**

- 6.3.1 The Petitioner submitted that it is carrying out Consumer awareness campaigns by publishing advertisements on the back of bills. The Petitioner has also submitted that ToU meters are properly billed with respect to peak and off-peak hours. The Petitioner also stated that the training session with manufactures were also arranged for concerned staff and the training of additional staff is in progress which is a continuous process as per the needs of the staff.
- 6.3.2 The Authority appreciates Petitioner's efforts with respect to media campaign on the TOU metering awareness. Considering the fact that it is a continued effort hence the Petitioner is again directed to continue the training of its meter readers pertaining to TOU meters and continue consumer awareness campaign in this regard at least on the back of the bill.

**6.4 To put in serious efforts in claiming the receivables from TESCO and also submit a progress report to the Authority.**

- 6.4.1 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 its long outstanding dues

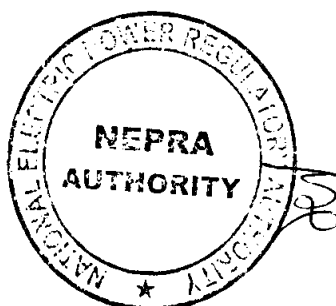


from Tribal Areas Electricity Supply Company Limited (TESCO). Consequently, the Petitioner was directed to take up the matter of recovery of outstanding dues seriously to the relevant fora. The Petitioner was also directed to submit progress report in this regard w.e.f. 30<sup>th</sup> May, 2014.

- 6.4.2 However, during the tariff determination process for FY 2014-15, the Authority observed that the balance outstanding in respect of TESCO was increased. 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.
- 6.4.3 In view thereof, the Authority again directed the Petitioner to put in serious efforts in claiming the receivables from TESCO and also submit a progress report to the Authority.
- 6.4.4 The Petitioner vide its letter dated July 16, 2015 submitted that it is continuously making efforts to recover receivable from TESCO and has recovered Rs.10 million up-till now, however, due to financial constraints and liquidity shortfall, TESCO is unable to make regular payment.
- 6.4.5 The review of the financial statement of the Petitioner for the FY 2014-15 reveals that its receivables from TESCO have further increased from Rs. 28,144 million in FY 2013-14 to Rs. 29,674 million in FY 2014-15 as mentioned hereunder;

Description	Rs. in Millions	
	2014-15	2013-14
Other Receivables		
TESCO	29,674	28,144
Other Receivable	41,058	37,453
Total Receivables	70,732	65,597

- 6.4.6 In view of the foregoing, the Authority again directs the Petitioner to put in serious efforts in claiming the receivables from TESCO by taking up the matter with the management of TESCO at earliest and submit a progress report to the Authority.
- 6.5 To take up the matter of recovery from AJK, with the sub-committee constituted in this regard and the Authority may be informed accordingly.
- 6.6 To submit concrete and detailed recovery plan to the Authority not later than 31<sup>st</sup> March, 2015 and to share the results of outsourcing with the Authority.
- 6.6.1 The Authority during the tariff determination for the FY 2014-15 directed the Petitioner to submit concrete/quantifiable recovery plans for the receivables appearing in its





Financial Statements and progress report thereof may be submitted to the Authority. The Petitioner was also directed to explore the option of outsourcing of feeders with heavy accumulated receivables for its recovery and to share progress in this regard with the Authority.

- 6.6.2 The Petitioner in response to the Authority direction, vide its letter dated May 05, 2015 has stated the following;

**6.7 RECOVERY PLAN**

- 6.7.1 Fixing responsibility on SDOs/XENs and SEs for the recovery of arrears against running and Permanently Disconnected defaulters as per following limit:

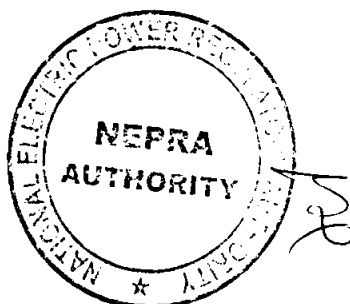
Officers	Defaulters	
	Running	P.D
SDOs	Up-to 50,000/-	Up-to 50,000/-
XENs	Above 50,000 to 1 Lac	Above 50,000 to 1 Lac
SEs	Above 10 Lacs	Above 1 Lac to 10 Lacs

**6.8 In case of Running Defaulters, the officer will be responsible for;**

- Obtaining account wise list from Manager (MIS) every month.
- Disconnection & removal of meters and other materials from the running defaulters.
- Settlement of dispute, if any, causing non-payment of dues.

**6.9 In case of Disconnected Defaulters, the officer will be responsible for;**

- Maintaining separate file for each defaulter containing billing detail & other proceedings to recover the defaulter amount.
- Confirmation that all the material equipment, transformers stand removed and returned to store.
- Adjustment of security deposit against outstanding dues.
- Arranging disconnection of all other connection (in case of other than domestic connection) in the name of same defaulter.
- Creation of demand for P/Disc connections.
- Arranging issuance of notices under land Revenue Act to all P/Disc defaulters through Tehsildar recovery.
- Issuance of arrest warrants and their execution.
- Submission of claims for arrears before official liquidator for industries under liquidation before courts.
- CE/CSD will coordinate for execution /implementation of the above plan.



- j. Coordinated efforts of the Law Enforcing Agencies, administration and awareness drive campaign through print and electronic media.

6.9.1 In addition to above, the Recovery Magistrate for recovery of outstanding arrears in circles have been posted and recovery from defaulter consumers through Police deployed is also under way.

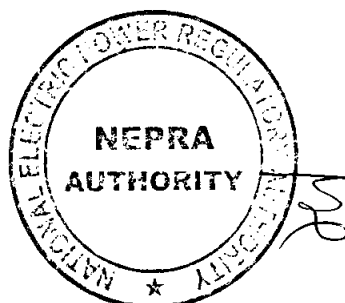
**6.10 Recovery through Revenue Protection Cell-USAID**

6.10.1 A cell under PDP-USAID project is also working in Peshawar Circle for the purpose of theft control and recovery from defaulters. Under this project a team is constituted for making raids on the premises of the persons involved in energy theft or against whom electricity bills are outstanding. The team comprising of Petitioner's staff, USAID and Police personals, after ascertaining the site of electricity theft, arranges raids and arrests the person involved in theft. The arrested persons are presented before WAPDA Magistrate (deployed from Provincial Govt.) for prosecution under section 39 & 39A of Electricity ACT 1910. Similarly the team issues notices to the defaulters, visits their premises/houses and recovers the outstanding amount from them.

6.10.2 The Petitioner has also submitted that by taking the above measures, its progressive %age recovery increased by 1.7% during current FY (up-to March 2015) as compared to corresponding period of the last year. The Petitioner further mentioned that its progressive % age recovery from July 2014 to March 2015 is 87.3% while for the corresponding period of the last year it was 85.6%.

6.10.3 A review of the draft financial statements of the Petitioner for the FY 2014-15 reveals that the receivables have increased to Rs. 89,746million from last year's balance of Rs. 77,983 million. Accordingly, the provision for doubtful debts has also increased to Rs. 47,636 million from Rs. 40,667 million over the last year's balance. Although the recovery has also improved, as highlighted by the Petitioner, 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 every passing year.

Description	2014-15	2013-14
Trade Debtors- Considered good	42,110	37,316
Trade Debtors- Considered doubtful	47,636	40,667
<b>Trade Debtors- Total</b>	<b>89,746</b>	<b>77,983</b>
Provision for bad debts	47,636	40,667
<b>Net Receivables</b>	<b>42,110</b>	<b>37,316</b>

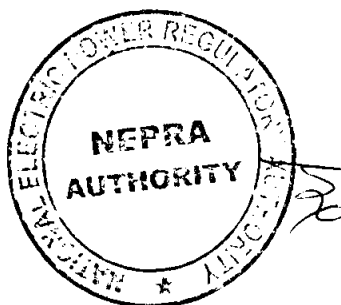






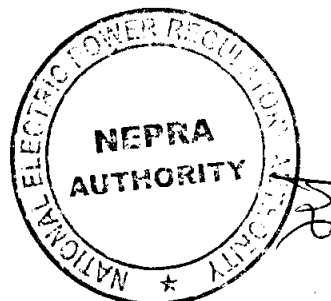
In view of the aforementioned, the Authority directs the Petitioner to continue its recovery plan in its real spirit and submit a quarterly report in this regard to the Authority.

- 6.10.4 During review of the financial statements of the Petitioner pertaining to the FY 2014-15, it was also revealed that an amount of Rs.11,696 million is pending as receivable from the Government of Azad Jammu and Kashmir (AJK). In note 16.2 of the financial statements for FY 2014-15, the Petitioner 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 / kWh and 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 involvement of Ministry of Water and Power and other forums. The total amount outstanding has increased from Rs.8,604 million in FY 2013-14 to Rs.11,696 million in the FY 2014-15. The Authority feels that in order to recover the outstanding amount extra ordinary efforts are required; therefore, the Petitioner is again directed to take up the matter of recoveries in the sub-committee, constituted in this regard, not later than 30th March, 2016 and the Authority be apprised about the progress in this regard as soon as possible.
- 6.10.5 The Petitioner has not shared any information with respect to the results of outsourcing of certain feeders with heavy accumulated receivables. The Authority once again directs the Petitioner to submit the same for its consideration.
- 6.11 To print bills with the snapshots of meter readings (both previous and current) not later than 30<sup>th</sup> April, 2015.
- 6.11.1 In order to protect the interest of consumers in the matter of excessive billing, the Authority while considering the proposals floated by different XWDISCOs, during the proceedings of the tariff determination for the FY 2014-15; agreed with the proposal submitted by the Petitioner regarding printing of snapshot of meter reading on the electricity bills of the consumers not only to enhance the level of confidence of the consumers but also to create an effective quality check on the Meter Readers. Accordingly, the Petitioner was directed to implement the said plan not later than 30<sup>th</sup> April 2015.
- 6.11.2 In response to the above direction, the Petitioner has submitted that it is not practically possible to print snapshot on all bills up-to April 2015, as to run this system proper training of at least two months is required for meter readers, meter reading supervisors, IT personnel and SDOs. Further printing of snapshots for current month and previous month is difficult due to space constraints on bills format. The Petitioner has also



highlighted that is rather impossible in case of TOU meters where two snapshots for current month are printed i.e. peak and off peak hours.

- 6.11.3 The Petitioner further submitted that at present snapshots are being printed in 22 Sub-Divisions of PESCO. However, efforts are being made to print snapshots on bills of additional 32 Sub-Divisions by October 2015 and 43 Sub-Divisions by or before March 2016 (97 out of 150 Sub-Divisions) gradually. The Petitioner stated that keeping in view the peculiar law order situation of KPK, it has preferred soft areas in first phase.
- 6.11.4 The Authority after careful consideration of the Petitioner's arguments of staff training, limited space on the bill regarding Peak and Off Peak readings, rejects all the aforementioned arguments and consider them as lame excuses for not implementing the Authority's directions as other DISCOs has started implementing the same and most of them are in their completion stage. It can be construed that the direction has not been fully complied with, which is matter of great concern for the Authority. It is further noted that there were several complaints from the consumers that the snapshots appearing on the bills are not clear and readable. In view thereof, the Petitioner is directed to adopt necessary measures to address problems being faced by the consumers and further the Petitioner is directed to keep the record of snapshots till one year. In addition, the Petitioner is directed to complete the process of snapshots not later than 30<sup>th</sup> June, 2016.
- 6.12 **To submit its investment requirements for the implementation of Hand Handled Units (HHU) the completion timelines along with its next tariff petition.**
- 6.12.1 The Authority while considering the proposal of IESCO & MEPCO on the issue of overbilling principally decided to allow the cost of the hand held units to all the XWDISCOs. In view thereof, the Petitioner was directed it to submit its investment requirements for the implementation of the said plan along with the completion timelines in its next tariff petition.
- 6.12.2 The Petitioner has submitted that HHUs for 41 Sub-divisions have been arranged with support of PDP-USAID. Smart phones for 13+43 Sub-divisions have been/ are being arranged from its own resources for which an amount of Rs.1.5 Million (approx.) will be arranged by the Petitioner. The Petitioner, however, has not submitted any detailed working with respect to its investment needs in this regard.
- 6.12.3 The Petitioner, although, has started printing snapshots through smart phones in different sub-divisions, yet, the importance of HHU cannot be denied which is the sustainable solution and will eventually replace the mobile phones. Therefore, the Authority again directs the Petitioner to submit its investment needs in this regard not later than 30<sup>th</sup> June, 2016.



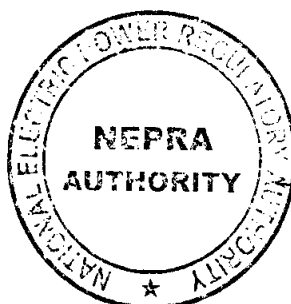
**6.13 To submit the details of Investment expense undertaken in the FY 2013-14**

6.13.1 The Petitioner in response to the Authority's direction, provided the following information, during the hearing of the instant petition, regarding the investment carried out for the FY 2013-14.

Description	Rs. in Mln
DOP	2,734
RE	1,074
ELR	632
STG Financed by ADB	598
6 <sup>th</sup> STG	1,034
<b>Total Investment</b>	<b>6,072</b>
<b>PSDP</b>	
DOP	227
ELR	632
STG Financed by ADB	598
STG	1,034
<b>Total Investment</b>	<b>2,491</b>
<b>Consumer Financing</b>	
DOP	2,507
RE	1,074
<b>Total</b>	<b>3,581</b>

6.13.2 The Authority observed that the aforementioned information provided by the Petitioner could not be reconciled from its financial statements for the FY 2013-14, which raises doubts about the credibility of the information provided by the Petitioner.

6.13.3 The Authority also noted that the provided information is incomplete as it does not provide the details of the projects that were carried out and the benefits that have accrued by making investment of Rs.8,140 million during the FY 2013-14 (*as per the financial statements provided by the petitioner*). In view thereof the Authority again directs the Petitioner to provide project wise detail of actual investments made in FY 2013-14 and FY 2014-15 along-with the cost benefit analysis and also explain the reasons for variation in numbers reported in the presentation and its financial statements. The



Authority has also taken a serious notice of non-compliance of its direction in true letter & spirit by the Petitioner, which is serious violation of licensing terms that may lead to initiation of proceedings against the licensee under the relevant rules.

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

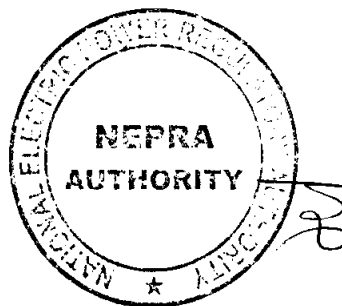
**To install AMR and AMI on the receiving end of at least 30% of their 11 kV feeders (as existing on 30 June 2014) by 31st December 2015 and remaining 70% till June, 2016.**

**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.**

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

- 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.

6.14.2 In response, the Petitioner vide its letter dated May 05, 2015 and during the hearing submitted that AMR meters are being installed with support of PDP-USAID at consumer level having load of 20 KW or more and expected to be completed by or before September 2015. The AMI facility is also being provided along with installation of AMR meters by PDP. The Petitioner submitted the following status of installation of AMRs;





S.#	Description	No.	AMR Meters installed
1	PESCO CDPs	127	127
2	11kV Incomings	204	204
3	11kV Outgoings	830	830
4	Consumers with Load 20KW and above	12,352	11,814

6.14.3 The efforts of the Petitioner are appreciable however, the Authority directs it to complete the installation of AMRs/ AMIs System within the time lines given by the Authority.

6.15 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.

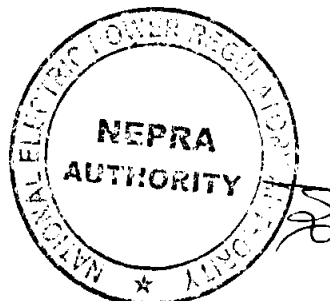
6.15.1 The Petitioner in its petition has mentioned that the Authority in FY 2014-15 has allowed to offset the Late Payment Charges (LPC) recovered from the consumers against the Late Payment Invoices of markup on delayed payments i.e. supplemental charges raised by CPPA. However, the same is not sufficient to meet the requirements of the Petitioner as the LPC recovered by it during FY 2012-13 and FY 2013-14 was Rs.1,386 Million and Rs.1,373 Million respectively as compared to supplemental charges charged by CPPA during the same period of Rs.5,563 Million and Rs.9,639 Million. The total supplemental charges charged by CPPA to the Petitioner amounts to Rs.25 Billion up to June 2014.

The issue has been discussed under relevant head.

6.16 To submit comments and proposal on the issue of life line consumers not later than 31<sup>st</sup> March, 2015 for consideration in the next year's tariff determination.

6.16.1 The matter of changing terms and conditions of lifeline and residential consumers was raised by Islamabad Electric Supply Company Limited (IESCO) in the tariff petition for the FY 2012-13 the Authority also sought comments of all XWDISCOs in the matter during the tariff determination process for the FY 2013-14. Accordingly, the following modifications to the terms and conditions of lifeline and residential consumers were proposed;

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



- 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.

6.16.2 Accordingly the Authority directed the Petitioner to submit 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.

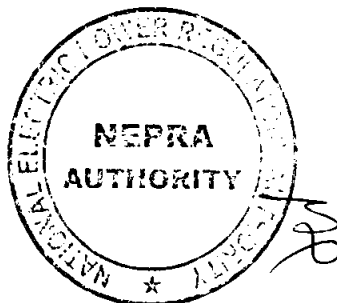
6.16.3 The Petitioner neither submitted any reply in its petition nor during the hearing.

6.16.4 The Authority after careful consideration has therefore decided to modify the Terms & Conditions to the extent of the following;

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

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

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



**6.17 Not to undertake any village electrification that is not supported by technical evaluation and positive NPV in future.**

6.17.1 The Petitioner was directed by the Authority to undertake village electrification after carrying out its technical evaluation and positive NPV. Since the Petitioner has not submitted any response on the issue, the Authority again reiterates its earlier direction not to undertake any village electrification that is not supported by technical evaluation and positive NPV in future i.e. the village electrification must not be limited to the extent of poles, lines and transformers yet the Petitioner must spend at least 20 percent of the project cost on the augmentation of the grid, where the existing back up system is already overloaded.

**6.18 To create post-retirement benefit fund at earliest.**

6.18.1 The Authority in order to protect the interest of employees regarding post-retirement benefits and also keeping in view the liquidity crunch of XWDISCOs, had directed the Petitioner to create an independent fund in the best interest of Petitioner's work force. During the tariff determination for the FY 2014-15, the Authority, considering past replies from the Petitioner unsatisfactory, again directed it to complete the process of creation of separate post retirement funds and also transfer the already allowed amount into the fund.

6.18.2 The Petitioner in compliance to the Authority's direction submitted vide its letter dated October 05, 2015 that the Post Retirement Benefit Fund has already been created on May 06, 2015. However, no details with respect to the transfer of funds have been shared with the Authority.

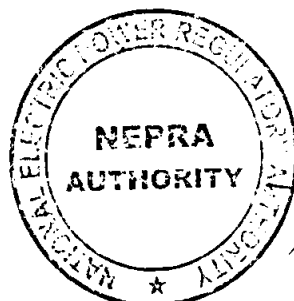
6.18.3 The matter is discussed in detail under the relevant issue.

**6.19 To submit the certificate of replacement hiring before the finalization of the tariff determination pertaining to the FY 2015-16.**

6.19.1 The Authority, keeping in view the network expansion of the Petitioner allowed only replacement hiring subject to the completion of audit as per framework provided by the Authority. The Auditors after the completion of their audit would submit a certificate endorsing the replacement hiring starting from FY 2009-10. The same was required for the Petitioner in order to justify all the recruitments carried out by it since FY 2009-10 are replacement hiring and not additional hiring.

6.19.2 In response to the Authority's direction regarding replacement hiring, the Petitioner vide its letter dated October 05, 2015 has submitted that it has hired M/s Avais Hyder Liaquat Nauman, Chartered Accountants for the certificate on replacement hiring and will be provided in due course of time.

6.19.3 The matter is discussed in detail under the relevant issue.

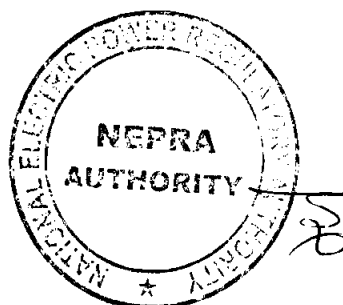


**6.20 To submit the investigative audit certificate from an external auditor with respect to the abnormal consumption in the life line category of consumers pertaining to the previous years.**

6.20.1 The Authority in its determination for the FY 2011-12 observed abnormal consumption pattern 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 been 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. The Authority considered it as mis-statement of fact and needed to be further investigated.

6.20.2 The Petitioner in its letter dated 7<sup>th</sup> May, 2012, 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 concern of the Authority with respect to the wrong charging of tariff was not valid. The Authority rejected the Petitioner's argument by stating 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 Authority's concerns with respect to charging of wrong tariff was, when a theft or detection is identified in case of a life line consumer, 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 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 30<sup>th</sup> June, 2013. The Authority, in light of findings of the audit would take the case further as per Rules.

6.20.3 During tariff determination for the FY 2014-15, the Petitioner provided the data whereby the consumption of lifeline consumers was rationalized. The Authority allowed the consumer mix variance and directed the Petitioner to submit the required certificate. In the instant petition the Petitioner although did not submit any certificate, but the percentage of the life line consumer is 2.88% of the total actual sales pertaining to the FY 2014-15. In the FY 2011-12 life line consumption of 9% of total sales was abnormally high which appears to be reasonable and consequently, consumer mix variance on this account was not allowed. Considering the liquidity position of the Petitioner, the fact that the Authority has already issued the required audit frame work





in this regard, the Petitioner is again directed to submit the required certificate from its external Auditor before the next tariff petition is filed.

**6.21 Whether the concerns raised by the Commentator and the Intervener is justified?**

6.21.1 The Authority after careful consideration of the concerns raised by the Intervener and the rejoinder filed by the Petitioner, is of the view that the Intervener's prime concern is with respect to the investments aimed at removing Petitioner's existing system constraints, enabling the Petitioner to support the economic growth of the Province. The Authority appreciates the Intervener's concerns on investments, however as the impact of the same affects the consumer- end tariff hence the Authority has to ensure the rationality of the allowed investment in order to protect the consumer interest. The figure of Rs.25 billion is not elaborated into subsequent specific investments along with Petitioner's capacity to carry out such huge investments. Here it is pertinent to mention that principally there is no bar on the level of investments. The Authority considers that since the Intervener's projected figure of investment lacks proper rationale and working hence the Authority has decided not take the impact of the same while assessing the return for the Petitioner pertaining to the FY 2015-16.

6.21.2 The issues of provision for bad debts, repair and maintenance, medical expenses, financial charges, traveling, T&D losses and Other expenses are discussed under relevant paras.

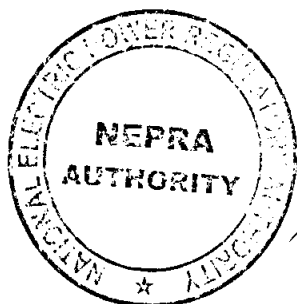
6.21.3 On the Commentator's complaint of meter being fast, the Authority requests the Commentator to report any specific incidence, under the relevant Rules, so the matter may be investigated further.

6.21.4 The levy of surcharges is the prerogative of GOP under Section 31(5) of the Act, and the same does not come under NEPRA purview.

6.21.5 On the issue of training of meter readers, the Authority has already directed the Petitioner in its previous determinations and also in the instant decision, to carry out the training of its meter reading staff.

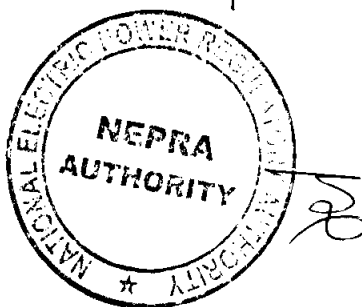
**7. Issue # 2. Whether the Petitioner's projected energy purchase & energy sales for the FY 2015-16 is reasonable?**

7.1 As per the Petitioner, the projected units purchased for the FY 2015-16 shall be 11,801 GWh and units sold shall be 8,205 GWh. The Petitioner has projected its sales for the FY 2015-16 as 8,205 GWh by applying an increase of around 6% from the actual units sold during FY 2014-15 and has subsequently worked out its purchases for the FY



2015-16 based on the requested T&D losses target of 32% for the FY 2015-16 and worked out the purchases as 11,801 GWh for the FY 2015-16.

- 7.2 The NEPRA determination of Consumer-end-Tariff (Methodology & Process) Guidelines, 2015, (herein referred to as "The Methodology") prescribes the submission of generation plan by NTDC and procurement plan by CPPA (G) and its approval by the Authority prior to the filing of the tariff petition by the XWDISCOs. Since both NTDC and CPPA (G) did not submit the generation and the procurement plans, the Authority in order to avoid any further delays in the determination of XWDISCOs for the FY 2015-16, decided to consider the power purchases and their corresponding cost as estimated by the XWDISCOs, along with the instant tariff petitions.
- 7.3 Although, there is an inbuilt mechanism for adjusting actual variation in sales against the estimated sales, yet in order to avoid unnecessary fluctuations in the consumer-end tariff it is appropriate to make realistic assessment of the purchases and sales. Moreover, it is also important to have a realistic assessment of the monthly references of fuel cost for making monthly fuel cost adjustment pursuant to Section 31(4) of Regulation of Generation, Transmission and Distribution Act (XL 1997). In view thereof, the Authority has carried out a detailed exercise for estimating station wise generation pertaining to the FY 2015-16. An increase of around 2.05% has been assumed over the actual generation pertaining to the FY 2014-15, as generation growth. Here it is pertinent to mention that the actual generation for the FY 2014-15 was 1.94% more than the actual generation for the FY 2013-14. After incorporating all the expected upcoming additional generation, it is estimated that in the FY 2015-16 the overall system generation will be about 98,989 GWh. After adjusting for the NTDC's permissible transmission losses of 3.0%, about 96,019 GWh are expected to be delivered to the distribution companies; the estimated share for the Petitioner from the pool for the FY 2015-16, is accordingly assessed as 11,926 GWh for the FY 2015-16, as against 11,801 GWh projected by it. After incorporating the T&D losses target for the FY 2015-16 (discussed below) the sales target in the instant case for the same period works out as 8,825 GWhs.
8. **Issue # 3. Whether the petitioner's projected power purchase cost for the FY 2015-16 is justified?**
- 8.1 The Petitioner has requested for a Power Purchase Price (PPP) of Rs.107,389 million (Rs.9.10/kWh) for the FY 2015-16.
- 8.2 The Petitioner has not given any basis for the aforementioned projection and only stated that the PPP has been projected following the previous generation trend. The Petitioner submitted the component wise detail as below:





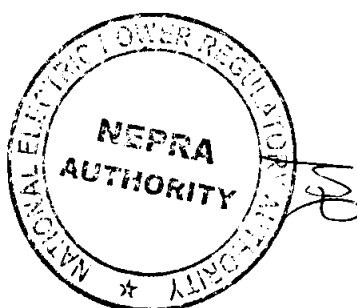
Description	FY 15-16 (Projected)	
	Mln. Rs	* Rs. /kWh
Energy Transfer Charges	77,710	6.59
Capacity Transfer Charges	27,145	2.30
Use of System Charges	2,534	0.21
PPP	107,389	9.10

\* Rate is unadjusted price /kWh

- 8.3 All the power generated from different sources is procured by the Central Power Purchasing Agency [CPPA (G)] on behalf of XWDISCOs 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 XWDISCOs according to a mechanism prescribed by the Authority and notified by the Federal Government in the Official Gazette. The Power Purchase Price has been projected, which in turn formulates the reference values for the monthly fuel adjustments & biannual PPP adjustment with respect to T&D losses, Capacity and Transmission Charges. Here it is pertinent to mention that while making biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.
- 8.4 From all the available sources i.e. Hydel, Thermal-Gas, RFO, Nuclear, Coal, Solar, Wind, Bagasse and Imports, a total gross of 98,989 GWh power is expected to be generated during the FY 2015-16. The estimated/projected source-wise generation and cost of electricity is given in the following table:

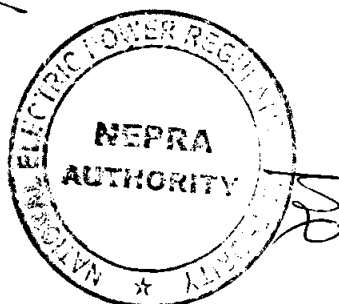
Fuel Type	Gen.	Share	Cost	Share	Rate
	MkWh	%	Mln. Rs.	%	Rs./kWh
Hydel	32,563	32.90%	3,124	0.56%	0.10
Coal	102	0%	382	0%	3.74
HSD	1,702	2%	22,168	4%	13.02
F.O.	30,881	31.2%	332,651	59%	10.77
Gas	26,218	26%	177,129	32%	6.76
Nuclear	4,995	5%	6,609	1%	1.32
Mixed	1,015	1%	10,332	2%	10.18
Import from Iran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

- 8.5 Here it is pertinent to mention that the aforementioned energy charge includes variable O&M charges. But as per the tariff methodology, variable O&M charges would not be



made part of monthly fuel adjustment and would be adjusted as part of biannually adjustments. From the above table it is clear that 31% of total generation is expected on Residual Fuel oil (RFO) but its share in overall energy cost is expected to be around 59%, which means that variation in generation mix and oil prices will have great impact on the cost of generation and will ultimately affect the consumer-end tariff. The RFO prices over the last year have shown a decreasing trend, whereby the actual average RFO prices during the FY 2014-15 remained at around Rs. 56,121 [excluding Sales Tax and including freight] per metric ton and touched a low of Rs.40,411 per metric ton as against the last years average projected price of Rs.65,769 [excluding Sales Tax and including freight] per metric ton. The RFO prices in Pakistan are not only affected by the international market but also by the exchange rate parity. Based on the international market condition, it can be presumed that this lower trend will continue in the future as well, consequently, for the FY 2015-16, RFO prices have been assumed on an average of Rs. 47,981 per metric ton [excluding Sales Tax and including freight] after incorporating the possible determinants of RFO prices. The HSD prices for the FY 2015-16, are being assumed on an average of Rs.61.29 per litre [excluding Sales Tax], keeping in view the declining trend of HSD price in FY 2014-15, which remained on average Rs.76.89 per litre during the FY 2014-15, against the projection of Rs.93.45/ litre. Keeping in view the recent developments regarding the import of RLNG and the notification by OGRA regarding provisional price of RLNG, it is quite obvious that gas based power plants will also be run on RLNG especially in the months where there is gas shortage as has been the case in the past. Accordingly, impact of RLNG has also been considered while projecting the gas prices for FY 2015-16, which has been assumed at Rs.900/ MMBTU.

- 8.6 The generation cost is transferred to the XWDISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority.
- 8.7 Energy transfer charge shall be calculated on the basis of units delivered after adjusting target transmission losses up to a maximum of 3%. NTDC shall, for the purpose of clarity intimate to all XWDISCOs 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.
- 8.8 According to the above mechanism Rs.26,289 million and Rs. 3,352 million is the share of the Petitioner on account of CpGenCap and USCF respectively for the FY 2015-16. The overall fixed charges comprising of CpGenCap and USCF in the instant case works out as Rs.29,641 million, which translate into Rs.1,220 /kW/month or Rs.2.49/kWh.
- 8.9 The annual PPP for the FY 2015-16 in the instant case works out as Rs.99,093 million. With the projected purchase of 11,926 GWh for the same period the average PPP turns out to be as Rs. 8.31/ kWh (Annex- IV). On the basis of 26.0% T&D losses, the PPP per kWh is assessed as Rs.11.23/kWh.



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

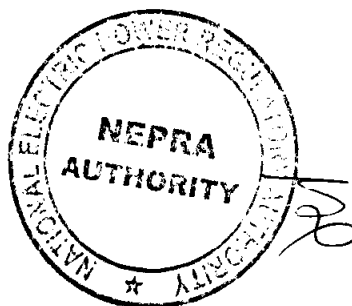
**9. Issue # 4. Whether the Petitioner's proposed transmission and distribution losses of 32% for the FY 2015-16, are justified?**

9.1 The Petitioner has requested a Transmission and distribution (T&D) losses target of 32% for the FY 2015-16. The Petitioner has stated that 26% T&D losses determined by the Authority in its determination for the FY 2014-15 was unjustified and unrealistic keeping in view the trend of the actual distribution losses for the last 7 years, which remained within the range of 31% to 35%. As per the Petitioner, it could not manage to reduce the distribution losses to the desired level because of the adverse law and order situation, war on terror, kunda (direct hooks) culture and non-cooperation by the local MPAs and MNAs. During the hearing of the instant petition, the Petitioner presented the following data with respect to the actual T&D losses position pertaining to the last five years;

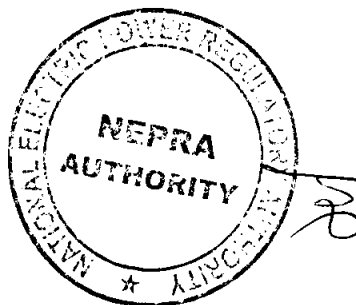
Years	T&D Losses in %
2011	37.3%
2012	36.0%
2013	34.2%
2014	33.9%
2015	34.8%

9.2 In order to build its case, the following data with respect to the Aggregate Technical and Commercial (AT&C) losses was also submitted;

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	33.9%	86.3%	43.0%
2015	34.8%	88.0%	42.6%

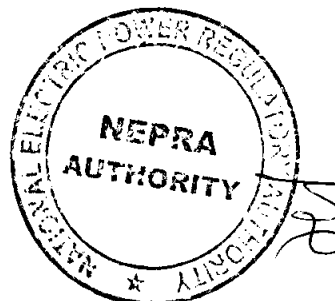


- 9.3 The Petitioner submitted that although its actual T&D losses during the FY 2013-14 (which were 33.90%) has increased when compared with the T&D losses for the FY 2014-15 (which are 34.83%), yet when the overall figure of AT& C losses is considered, it shows an overall improvement of 0.4% . The Petitioner contended that keeping in view the actual level of its T&D losses for the last two years, its target of T&D losses for the FY 2015-16 may be set as 32%.
- 9.4 It was submitted that the Authority had been comparing the T&D losses position of the Petitioner with the other XWDISCOs whereas the load of other XWDISCOs especially those of Punjab mainly comprises of big loss free consumers, which is a major contributing factor towards reduced percentage of T&D losses. The Petitioner contended 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 compared level of its T&D losses of Hazara Circle (which includes Hattar Industrial State) which as per the Petitioner are 13.7% for the FY 2014-15, with the other XWDISCO's. The Petitioner argued that the remaining 5 Circles comprise of hard area with FATA boundaries having primarily domestic customers, where the feeding arrangements are through scattered and lengthy distribution networks and as such the T&D losses of those circles cannot be compared with those of other XWDISCOs.
- 9.5 The Petitioner listed the following 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.
- 9.6 In view of aforementioned arguments, the Petitioner requested that T & D losses target may be considered @ 32% provisionally for the FY 2015-16 subject to its final fixation after considering the study by the independent expert under the directions of the Authority given through its determination.
- 9.7 The Petitioner was directed in its tariff determination for FY 2014-15 and in the previous determinations, to conduct the study of its system including 132 KV, 11 KV and below from an Independent Consultant as early as possible. The Petitioner during the hearing



of tariff petition for FY 2014-15, informed the Authority that study shall be carried out after the completion of the GIS mapping exercise of all the Feeders. The Petitioner presented during hearing of its instant petition i.e. FY 2015-16, that out of 843 Feeders, GIS mapping of 318 Feeders i.e. 38% has been completed and the process is continuing. Here it is pertinent to mention that the Petitioner during its tariff determination process for FY 2014-15 mentioned that 225 feeders have been geographically mapped. Thus, during the FY 2014-15, only 11% additional mapping was carried out.

- 9.8 The Authority considers that the GIS mapping 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 therefore again directs the Petitioner to complete 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.
- 9.9 The Authority has carefully considered the Petitioner's justifications put forward to substantiate its requested T&D losses level of 32%. The Authority had assessed a T&D losses target of 26% (including margin for law and order of 11%) in the matter of Petitioner for the FY 2014-15, with the direction to complete the study of its T&D losses as early as possible. The current status of the compliance is not encouraging at all. The Petitioner has not carried out study of its T&D Losses despite repeated directions of the Authority. The Authority considers that non-compliance of its direction is a serious violation of licensing terms that may lead to initiation of proceedings against the licensee under relevant rules.
- 9.10 As regard the argument of zero loss customers in other XWDISCOs, the Authority, while assessing the technical losses level of 15%, had duly considered all the factors which the Petitioner is referring to. In addition to that a margin of 11 % was also allowed to the Petitioner particularly with respect to the law and order situation. On the issue of 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.
- 9.11 The Authority appreciates Petitioner's efforts in reducing its AT&C losses from 48.4% to 42.6% during the last five years, however, at the same time the Authority feels that the Petitioner needs to adopt extra-ordinary measures to convert itself into a going concern, since its reported losses have increased to 34.8% in FY 2014-15 as compared to 33.9% during the last year.



9.12 The Authority also keeping in view of the arguments put forward by the Intervener, during the hearing is of the view that the Petitioner must have done Load Flow analysis viz a viz investment to reduce the T&D Losses and the Petitioner has to take some blame for its inefficiencies instead of simply arguing on the political interference, law & order situation and Kunda culture. In addition to aforementioned, the Petitioner has also failed to submit the required study of its system for the determination of its T&D losses. In view thereof, the Authority has decided to maintain its last year assessment of T&D losses. Thus an overall T&D losses target of 26% has been set for the FY 2015-16 (including margin for law and order of 11%).

10. **Issue # 5. Whether the Petitioner's proposed Investment plan of Rs.8,969 million for the FY 2015-16 is justified?**

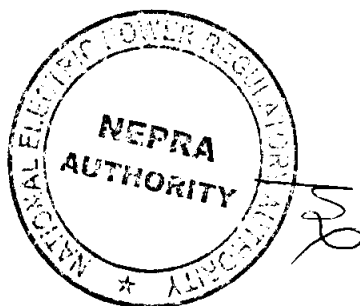
10.1 The Petitioner has requested Rs.8,969 million to execute its development/ investment plan for the FY 2015-16 in the areas of Distribution of Power (DOP), Energy Loss-Reduction (ELR), Secondary Transmission & Grid (STG), Rural Electrification (RE) and installation of TOU / AMR meters. The break-up of proposed investment provided by the Petitioner is as under:

Particulars	Rs. In Million
Development of Power (DOP)	2,500
Rural Electrification (RE)	769
Energy Loss Reduction (ELR)	1,200
Installation of TOU / AMR meters	2,800
Secondary Transmission and Grid (STG)	1,700
<b>Total</b>	<b>8,969</b>

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

Loans	Rs. 2,800million
PSDP / Own Resources	Rs. 4,100 million
Consumer Contribution	Rs. 2,069 million
<b>Total</b>	<b>Rs. 8,969million</b>

10.3 Although the Petitioner submitted a comprehensive investment plan for five years, which includes the improvement targets along with the proposed investment, however, the same document was submitted along with the Multiyear tariff petition. The Petitioner subsequently requested to convert the submitted petition to the extent of FY



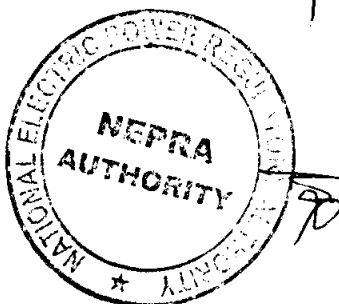


2015-16 only. In view thereof, the Authority has decided to consider the information with respect to the investments as provided by the Petitioner in its petition.

- 10.4 As per the available information, the Petitioner made additions in the fixed assets (net of deletions) of Rs.6,740 million & Rs.3,177 million during the FY 2013-14 and FY 2014-15 respectively. The aforementioned amounts also include the impact of consumer contribution to the extent of Rs.4,055 million & Rs.2,039 million respectively. Thus, net addition in fixed assets carried out through loans and own resources, works out as Rs.2,685 million and Rs.1,131 million during the FY 2013-14 and FY 2014-15 respectively. A history of the Investments allowed and actual spending by the Petitioner during last three years is as under;

Description	FY 2014-15	FY 2013-14	FY 2012-13
Investment Allowed	7,962	6,549	5,128
Actual Investment	5,049	8,140	5,085

- 10.5 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 XWDISCO, 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 discussions in the preceding paragraphs and the actual investments carried out by the Petitioner during the FY 2014-15, the Authority considers that the Petitioner's requested demand of Rs. 8,969 million for the FY 2015-16 (including the impact of consumer contributions of Rs.2,069 million) is on the higher side. Accordingly for FY 2015-16, the Authority has assessed an investment of Rs.6,059 Million for the Petitioner, which includes Rs.2,069 Million on account of consumer contribution. The allowed investment of Rs.6,059 million also includes Rs.350 million on account of new CIS System. Here it is pertinent to mention that the existing mechanism of determining RORB is self-adjusting with respect to the benefits of investments, thus any investments beyond Authority's assessment, carried out by the Petitioner during the FY 2015-16 (which is desirable), would be catered for in next year's returns.
- 10.6 The Authority also has seriously observed from the available information that the Petitioner, due to its system constraints, is unable to fully evacuate available power to the tune of around 200 to 300 MW. The Authority, therefore, directs the Petitioner that the allowed investment must be spent on priority basis for the removal of system constraints. Keeping in view the sensitivity of the issue, the Authority further directs the Petitioner to submit quarterly reports in this regard.

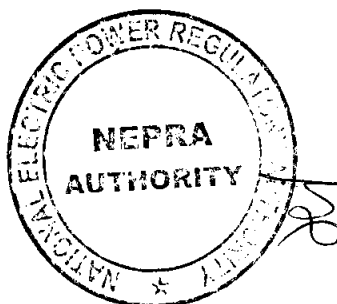


11.6 The Petitioner on the issue of village electrification has been directed to undertake village electrification after carrying out its technical evaluation and positive NPV. Accordingly the Authority directs the Petitioner to spend at least 20% of the village electrification funds for improvement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

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

11.1 The Petitioner, in its petition requested prior year adjustments of Rs.1,318 million. The request of the Petitioner is based on the delayed impact of the Authority determined tariff for the FY 2014-15 and variations in sales mix. The Petitioner has submitted that decision of Fuel Price Adjustment notified by the Authority on Monthly Basis clearly specifies that any decision of higher courts may be complied with and the XWDISCOs shall be held accountable for non-compliance, however the same is ignored by the Authority for the calculation of Prior Year Adjustment which is not only self-contradictory but has also resulted in financial losses to the Petitioner. The Petitioner also mentioned that CPPA (G) imposes financial charges on account of late payment made by the Petitioner and the same is being disallowed by the Authority, however contrary to that the Authority does not allow any charges on cash shortfall due to late determination / notification of Tariff by NEPRA / GoP and stay order of courts and in order to minimize the financial impact of Prior Year Adjustments on XWDISCOs, the Authority should consider the impact of late notification of tariff, stay order issued by the respective courts and impact of stay order on the FPA decisions to avoid financial losses. The Petitioner delineated that it has claimed subsidy of Rs.33 Billion for the period July 2012 to April 2014 on account of court stay and late notification of Tariff but payment of the same is yet to be released by Ministry of Finance and similarly it has recovered the outstanding FPA from March 2011 onwards during FY 2013-14 & FY 2014-15 amounting to Rs.11 Billion. The Petitioner further submitted that it has been hit hard by these Cash Flow delays and has absorbed larger portion of loan raised by GoP as well as the supplemental charges paid to IPPs because the same were allocated on the basis of payables of XWDISCOs to CPPA (G) and the Petitioner's payables were on the higher side because of the above said factors that were beyond its control.

11.2 The Authority has carefully evaluated Petitioner's "Comments" on the Prior Year Adjustments. Other than cash flow delays, the Authority cannot find any specific pleadings from the Petitioner on the subject. Here it is pertinent to mention that the Petitioner has been able to claim subsidy of Rs.33 billion on the basis of the Authority's decision. As regard the cash flow disadvantage arising due to stays in Courts, the current



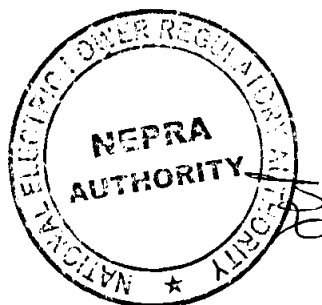
legal frame work of the country provides sufficient remedies to compensate the aggrieved party in this regard. The Petitioner may sue the parties for damages, which started undue litigation causing financial loss to the Petitioner. As regard the loans, the Authority never allowed the referred loans by the Petitioner, hence any claim/pleadings under the referred head is also considered unjustified.

- 11.3 While evaluating the Petitioner's working of PYA, the Authority has observed that it has based its working on the nine month's data. Further, it also appears that the Petitioner has used the overall target of T&D losses for the FY 2014-15 irrespective of the date of notification of the consumer end tariffs during the FY 2104-15. In addition the Petitioner while calculating the consumer mix variance has not based its working on the monthly subsidy claims by the Petitioner. In view of aforementioned, the Authority after doing its own due diligence has worked out the following PYA;

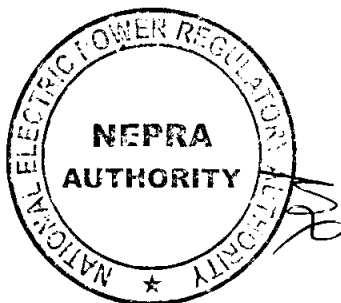
	Mln Rs.
Notified reference PPP during the FY 2014-15	117,169
Assessed Distribution Margin for the FY 2014-15	13,353
Assessed PYA for the FY 2014-15	(4,816)
Add ; 1st Qrt's PPP adjustment pertaining to the FY 2014-15	6,257
Add; 2nd Qrt's PPP adjustment pertaining to the FY 2014-15	1,821
Add; 3rd Qrt 's PPP adjustment pertaining to the FY 2014-15	(1,699)
Add; 4th Qrt's PPP adjustment pertaining to the FY 2014-15	(610)
Less ; Regulated PPP recovery on notified rates during the FY 2014-15	125,369
Less; Regulated DM recovery on notified rates during FY 2014-15	11,454
Less; Regulated PYA recovery on notified rates during FY 2014-15	2,387
Less; Net impact of assessed & actual Other Income for the FY 2014-15	1,534
Add; Impact of Consumer – Mix Variance for the FY 2014-15	(696)
Total Unrecovered/ (Over recovered) Costs for the FY 2014-15	(9,965)

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

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



- 11.6 MoWP in its aforementioned policy guidelines, inter alia, mentioned that ECC of the Cabinet has been pleased to approve the issuance of the following Policy Guidelines under Section 31 (4) of the NEPRA Act, 1997 on 21.05.2015 i.e. that
- "Any negative adjustment on account of monthly FCA will not be passed on to the Domestic consumers who have subsidized electricity tariff."
- 11.7 The Authority considered the policy guidelines of the GoP with respect to the Fuel Price Adjustment being consistent with the GoP Policy for phasing out the subsidy which are also consistent with the standards and guidelines as per Rule 17 of Tariff Standards and Procedure Rules -1998.
- 11.8 Accordingly, the Authority decided that any negative monthly FCA shall not be applicable to lifeline consumers, domestic consumers consuming up to 300 units and Agriculture Consumers of all the XWDISCOs, being already subsidized by the GoP. The impact of such negative FCA not passed on to the aforementioned consumer categories, in the matter of the Petitioner, for the FY 2014-15, works out to be as Rs.3,974 Million.
- 11.9 The Authority in view of the above referred policy guidelines of GoP regarding rationalization of subsidy in the matter of XWDISCOs, has decided not to adjust the impact of negative FCA across different consumer categories, as it was doing in the past. Thus, the negative FPA impact on lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers i.e. Rs.3,974 Million, which is still laying with the Petitioner, must be adjusted by GoP, against the overall Tariff Differential Subsidy claim in the matter of the Petitioner eventually reducing GOP's overall Tariff Differential Subsidy burden.
12. **Issue # 7. Whether the Petitioner projected O&M cost of Rs. 16,096 million (Rs.2.01/kWh) for the FY 2015-16 is justified?**
- 12.1 The Petitioner requested an amount of Rs.16,096 million on account of O&M cost for the FY 2015-16. According to the Petitioner its O&M expenses include Salaries & wages, Repair & maintenance, Traveling allowance, Vehicle maintenance and Other expenses including O&M cost of ERP as detailed hereunder;



Description	Mln. Rs.
Salaries and Benefits	14,108
Repair And Maintenance	800
Traveling Expenses	200
Vehicle Expenses	201
Other Expenses	787
<b>Total</b>	<b>16,096</b>

A history of O&M expenses as provided by the Petitioner, is as under:

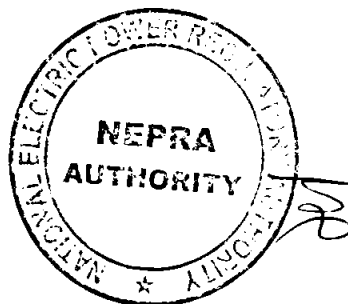
Description	Mln. Rs.				
	2012	2013	2014	2015	2016
		Audited		Act. / Prov.	Req.
Salaries & Other Benefits	7,950	10,108	9,630	11,708	14,108
Maintenance Expenses	480	521	767	716	800
Traveling Expenses	116	132	144	173	200
Vehicle Running Expenses	136	155	168	153	201
Other Expenses	634	398	391	413	787
<b>Total</b>	<b>9,316</b>	<b>11,314</b>	<b>11,100</b>	<b>13,163</b>	<b>16,096</b>

## 12.2 Salaries Wages & Other Benefits

12.2.1 The Petitioner's requested Salaries Wages and Other Benefits include Pay & Allowances for the existing staff, new hiring and postretirement benefits. The Petitioner has requested an amount of Rs.14,108 million for the FY 2015-16 under this head.

## 12.3 Pay & Allowances and other benefits (excluding postretirement benefits)

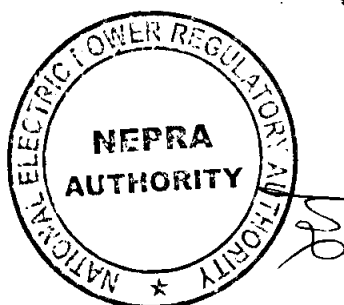
12.3.1 The Petitioner has projected an amount of Rs.9,667 million for the Pay & Allowances and other benefits for the FY 2015-16, including Rs.1,200 million for new hiring as mentioned below;



Description	Requested 2015-16 (Mln. Rs.)
Pay & Allowances (Regular)	7,670
Pay & Allowances (New Hiring)	1,200
Other Benefits	797
<b>Total Salaries &amp; Wages</b>	<b>9,667</b>

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

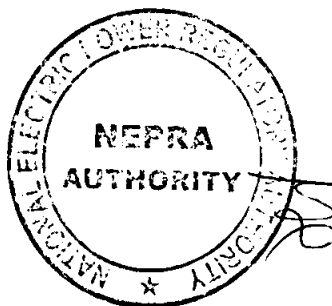
- Increase in pay of government employees @ 7.5% as proposed by the Government in annual budget for FY 2015-16.
- Adhoc Relief increase as Adhoc Relief 2011 & 2012 has been merged into basic pay scale of 2015.
- Two steps time scale up-gradation has been allowed to employees in BPS 1 to 15;
- One premature increment has been allowed to employees of grade 5 and last year pre-mature increment was allowed to employees of grade 1-4.
- A uniform Ph.D. Allowance of Rs. 10,000 per month with effect from 1<sup>st</sup> July 2015 will be allowed.
- The rate of orderly allowance and special additional pension is also being increased to Rs.12,000 per month.
- The minimum wage rate is also being increased from Rs. 12,000 to Rs. 13,000 per month.
- Increase @ 25% in medical allowance of all government employees.
- The medical allowances of pensioners also being enhanced by 25%.
- Increase in Ex-Gratia grant to Rs. 2.5 Million from 1.0 Million in case of fatal accident to bereaved family of the employee as per PEPCO office order No. GM(HR)/HRD/A-693/2241-60 dated 03-07-2015.





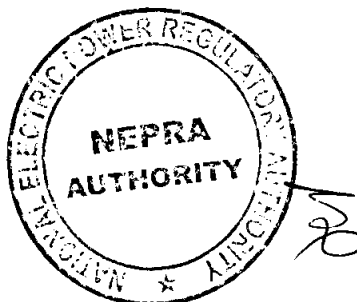
- Impact of 3,446 No. new employees (posts advertised and recruitment is under process) Rs.1,200 million for FY 2015-16 against existing vacant positions and as per permission granted by NEPRA vide their office letter No. Nepra /R/SA(M&E)/LAD-07/307 dated 5<sup>th</sup> March 2015, including new hiring cost for expansion related to new offices including the sustainability related costs of project implemented through USAID-PDP in PESCO.

- 12.3.3 The Petitioner in its petition, although has requested to allow Rs.1,200 million for the FY 2015-16 under the head of new hiring cost against vacant positions of 3,446 employees, however, the Petition itself does not contain any further information in this regard. The Petitioner during the hearing presented that all the recruitments are being done in accordance with the vacant positions as per PEPCO yardstick. Further, slides were also presented whereby the Petitioner tried to correlate instant strength of recruitments with the upcoming retirements in the next five years.
- 12.3.4 The Petitioner has also submitted that the salaries and wages allowed by the Authority for FY 2014-15 amounting to Rs.8,134 Million were less than the determined salaries of FY 2013-14 amounting Rs.8,519 Million i.e. 5% less. The Petitioner apprised that NEPRA on one hand is allowing the replacement hiring by allowing the impact of additional recruitment of Rs.197 Million along with the direction to absorb the cost of EX-WAPDA pensioners yet on the other hand had deducted a handsome amount of Rs.385 Million from the base line of Rs.8,519 Million determined for FY 2013-14 and allowed only Rs. 8,134 Million for FY 2014-15, which is not sufficient to meet the requirements in the light of Authority's directives.
- 12.3.5 The Authority after careful consideration of the Petitioner's argument with respect to the new hiring, is of the view that it has mixed up the concepts of replacement hiring and additional hiring with each other. The Authority has principally allowed replacement hiring subject to the provision of certificate from its external Auditor, on which an audit frame work was issued by the Authority. As regard the additional hiring, the Petitioner is required to substantiate the same with a comprehensive recruitment plan whereby a cost benefit analysis would justify the need of the additional recruitments, which would also include a comparison of existing state of affairs. The Petitioner's provided information pertaining to "new" recruitment, does include the bifurcation/details of the costs, however it does not provide any information with respect to the benefits. The only justification provided by the Petitioner is that the recruitments are against vacant posts as provided by WAPDA's sanctioned strength. Here it is pertinent to mention that the same was never approved by the Authority. If the Authority considers all the "new" recruitments as replacement hiring, then the Petitioner was supposed to justify it with the required External Auditors certificate. The same was not submitted. In view thereof, the Authority has decided not to allow



requested additional recruitments and disallow the requested cost of Rs.1200 million by the Petitioner.

- 12.3.6 Here it pertinent to mention that the Authority had been directing the Petitioner to submit the Auditor's certificate in respect of replacement hiring carried out during FY 2009-10 and onwards, for the last three tariff determinations. Keeping in view the quality of compliance in this regard, the Authority had already issued an audit framework, which is already communicated to the Petitioner vide its letter # NEPRA/R/TRF-100-DISCO/7332-41 dated 30<sup>th</sup> June, 2014. The framework was issued after the Tariff Professionals of the Authority held several meetings with the representatives of different XWDISCOs and the Auditor (M/s Deloitte & Co, Chartered Accountants). 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 30<sup>th</sup> June, 2014. The Authority in the tariff determination for the FY 2014-15, allowed this cost on provisional basis and also directed that if the required certificate is not provided before the finalization of the tariff determination for FY 2015-16, the referred cost would be disallowed permanently and no further direction would be given to the Petitioner in this regard. Since the Petitioner has failed to comply with the direction of the Authority and did not submit the required certificate along-with its tariff petitioner for FY 2015-16, therefore, as per the decision of the Authority in its tariff determination for FY 2014-15, the replacement hiring cost has been disallowed while assessing salaries and wages cost of the Petitioner for FY 2015-16 i.e. Rs.232 million.
- 12.3.7 The Authority while assessing the Pay & Allowances & other benefits (excluding post-retirement benefits, discussed below), has taken into account the impact of GOP's recent announcement of 7.5% increase as ad-hoc allowance, 5% annual increment, merging ad-hoc relief of 2011 & 2012 in running basic pay and increase in Medical Allowance by 25% as per GOP notification. As regard increases pertaining to up-gradation, premature increment and minimum wage rate are concerned, these are already accounted for as the Authority has taken the actual expense of salaries, wages & other benefits (excluding provision for postretirement benefits) as base expense for the proposed increase for the FY 2015-16.
- 12.3.8 On the point of allowing lesser salaries and wages in FY 2014-15 as compared to FY 2013-14, the Authority has observed that while making assessment of Salaries and Wages cost of the Petitioner for the FY 2014-15, it had relied upon the figures appearing in the Audited Financial Statements of the Petitioner and applying thereby the GoP's allowed increases if any.





12.3.9 Based on the discussion made in the preceding paragraphs, incorporating all the aforementioned increases, the Authority has assessed Rs.8,080 million on account of Pay & Allowances and other benefits (excluding postretirement benefits) of the Petitioner for the FY 2015-16.

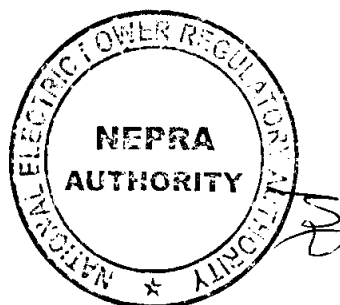
#### 12.4 Post Retirement Benefits

12.4.1 The Authority considering the overall liquidity position in the power sector and in order to ensure that the Petitioner fulfils its legal liability with respect to the post-retirement benefits, directed the Petitioner to create a separate fund in this regard before 30<sup>th</sup> June 2012. Subsequently, this deadline was extended by the Authority. The rationale was that the creation of funds would ensure that the Petitioner records its 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 long run reducing the Distribution Margin and eventually consumer-end tariff.

12.4.2 During the tariff determination for the FY 2013-14, the Authority again directed the Petitioner to create an independent postretirement benefit fund. The Petitioner vide its letters no. 2508/FD/PESCO/CP&C dated 6<sup>th</sup> June, 2014 and No.173/FD/PESCO/CP&C dated 26<sup>th</sup> 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.

12.4.3 The Authority in its tariff determination for FY 2014-15, mentioned that it 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 is 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. Accordingly, the Authority in its aforementioned determination for FY 2014-15, again directed the Petitioner to create an independent post-retirement benefit fund at the earliest.

12.4.4 The Petitioner in its tariff petition for FY 2015-16 has submitted that Post Retirement reduction made by Authority during last three years reduction in the O&M Expenses may be allowed in the FY 2015-16 as prior period adjustment as the Petitioner has created Pension Fund in compliance to Authority's Direction, however, no details regarding transfer of amount, if any, into the fund have been shared with the Authority.



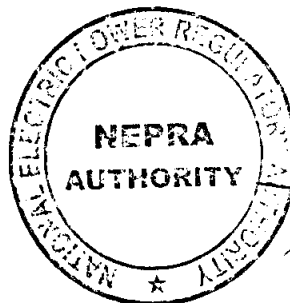
12.4.5 On the issue of retired WAPDA employees before 1998, the Authority in its determination of the Petitioner for FY 2014-15, decided that the post retirement benefit cost until 30<sup>th</sup> June, 2014 shall be borne by WAPDA (Hydel) and subsequent cost shall be borne by XWDISCOs without claiming any receivables from WAPDA (hydel). The Petitioner in its instant petition has requested the amount of post-retirement benefits for FY 2015-16 including the figure of retired WAPDA employees before 1998.

12.4.6 The Petitioner has mentioned that GoP in its Budget for FY 2015-16, has announced the following with regard the Post-Retirement Benefits;

- 7.5% increase in net pension to all pensioners of federal government with effect from 1st July 2015;
- Medical Allowances of pensioners is being enhanced by 25%.
- Extension of family pension to widowed / divorced daughter for life or till re-marriage with effect from July 1, 2015;
- Increase in Ex-Gratia grant to Rs. 2.5 Million from 1.0 Million in case of fatal accident to bereaved family of the employee as per PEPCO office order No. GM(HR)/HRD/A-693/2241-60 dated 03-07-2015.
- Restoration of commuted portion of pension has been allowed to all those employees retired after 01-12-2001.

12.4.7 The Petitioner has further submitted that its employees Retirement Benefits have been based on the average of annual increase in the last three years audited figures as per the assumption used by the Valuer, M/s Zahid & Zahid, Actuaries in the Employee Benefit Report, 2014. Accordingly, a pension increase of 7.50% has been assumed, equivalent to discount rate of 13% by the Petitioner. The Petitioner has requested an amount of Rs.4,442 million under the head of Postretirement benefits including the WAPDA Pensioners for FY 2015-16.

12.4.8 Although the Petitioner has complied with the direction of the Authority to the extent of creation of the separate Pension Fund only yet no information has been shared with the Authority pertaining to any transfer of amount in to the fund. Here it is pertinent to mention that the Authority had been allowing the provision for post-retirement benefits to the Petitioner as a part of its O&M cost till FY 2011-12. It was only for the last three years that the Authority decided to allow the actual amount on account of pension benefits, due to non-compliance of the Authority's directions. Thus, any post retirement liability pre FY 2011-12, is with the Petitioner. In view thereof, the Authority directs the Petitioner to transfer the already collected provision into the fund and for the purpose of assessment pertaining to the FY 2015-16, the Authority has decided to allow



only actual payments in this regard and allow GOP's notified increases on the actual payments of post-retirement benefits for the FY 2014-15. In addition, actual payments on account of retired WAPDA employees before 1998, is also allowed separately. In view thereof, for FY 2015-16, an amount of Rs.1,562 million is hereby allowed to the Petitioner for the postretirement benefits including the impact of retired WAPDA employees before 1998. Here it is pertinent to mention that since the post-retirement benefits include other liabilities in addition to Pension, hence it directed to create separate accounts or fund (as the case may be) for each head of post retirement liability. It would be mandatory for the Petitioner to deposit the whole amount into separate funds and accounts (as the case may be).

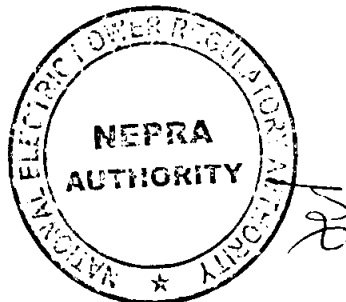
12.4.9 In view of the foregoing, after incorporating all the aforementioned increases, the Authority has assessed an amount of Rs. 9,642 million on account of Salaries, wages and other benefits including the postretirement benefits for the FY 2015-16.

## 12.5 Maintenance Expenses

12.5.1 The Petitioner requested Rs.800 million on account of repair and maintenance. The Petitioner stated that the request is calculated as a percentage of net fixed assets i.e. around 2%. 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 as below;

- Repairs and Maintenance of 3,316 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 843 Nos. 11 KV feeders.
- Repair & Maintenance of 33,506 KMs I-IT Lines.
- Repair & Maintenance of 43,957 KMs LT Lines.
- Repair & Maintenance of 58,458 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.

12.5.2 A review of financial statements of the Petitioner reveals that the expense under this head has increased significantly in the FY 2013-14 and FY 2014-15 as compared to the



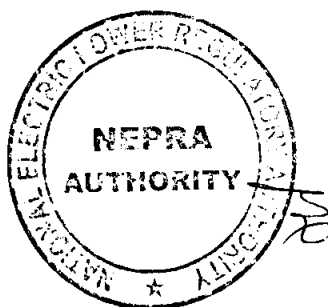
actual expenses for the FY 2010-11 to FY 2012-13. The expenses for FY 2014-15 is Rs. 716 million which is 51% higher as compare to average (Rs. 475 million) from FY 2010-11 to FY 2012-13.

Particular	Expenses (Mln. Rs.)	Inc. (%)
FY 2014-15 (Prov)	716	-7%
FY 2013-14	767	47%
FY 2012-13	521	9%
FY 2011-12	480	13%
FY 2010-11	425	-

12.5.3 Since the Petitioner has not provided any rational and justification for this increase, therefore, the Authority itself conducted a detailed analysis of the repair & maintenance expense of the Petitioner. The Authority observed that for the FY 2014-15, around 74% of repair and maintenance expenses related to the cost of distribution transformers and around 11% related to the meters' replacements cost. The remaining 15% related to the repair and maintenance of distribution network as mentioned below;

Category	Expense FY 2014-15 [Mln. Rs.-]	[%]
R&M Office Building	20	3%
R&M General Plan	8	1%
R&M Other Physical Property	-	0%
132,66 & 33 KV Grid Station & Lines	65	9%
11 KV and Below Distribution Line	14	2%
Distribution Transformers	531	74%
Meters	78	11%
Others Miscellaneous	-	0%
<b>Total</b>	<b>716</b>	<b>100%</b>

12.5.4 The available information was further scrutinized and as per the information, number of total transformer damaged during FY 2014-15 were 2,543 which translates into 242



MVAs. When the claimed cost per damaged transformer was calculated, it worked out around Rs. 200,000 per transformer and around Rs.2,200,000 per MVA which generally speaking, is very close to the average cost per MVA of new transformer. In view of aforementioned, it appears that the Petitioner may be expensing out a cost which needs to be capitalized. The specific head of repair and maintenance is exclusively for the routine expenses pertaining to maintenance and repair. Here it is pertinent to mention that during the hearing process of other XWDISCOs, it was revealed that the fixed assets like transformers and meters are not tagged, hence there is a strong possibility of expensing out some of the capitalized costs. The Authority is of the view that proper tagging of the assets is of utmost importance in order to enable the Petitioner to properly classify its cost in terms of capital or expense. The Authority, therefore, directs the Petitioner to maintain a proper record of its assets by way of tagging each asset for its proper tracking. Although, the Authority has noticed abnormal increase in repair & maintenance cost, however, the Authority cannot adjudicate on the issue unless proper explanation from the Petitioner is received on the concerns cited by the Authority. The Petitioner is therefore directed to provide an explanation on the concerns raised by the Authority in terms of its R&M cost not later than 30<sup>th</sup> March, 2016 for consideration of the Authority.

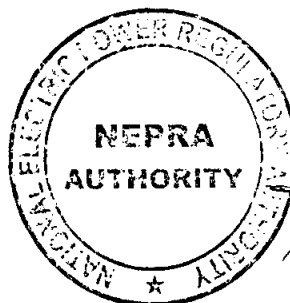
- 12.5.5 Despite what has been discussed above, the Authority believes that adherence to the service standards and improvement of customer services is only possible through continuous repair and maintenance of distribution network, therefore, the Authority has decided to allow Rs.800 million to the Petitioner under the repair and maintenance cost for FY 2015-16.

## 12.6 Traveling Expenses

- 12.6.1 The Petitioner in its Petition requested an amount of Rs.200 million for the FY 2015-16. The Petitioner, while requesting the amount of Rs.200 million for the FY 2015-16, although has not substantiated its request with any evidence or details of the actual T.A claims, designation wise, pertaining to the last year under this head, however, based on the comparison with other XWDISCOs, Petitioner's submissions and its actual results in this regard, the Authority has decided to allow this cost to the tune of Rs.200 million for the FY 2015-16.

## 12.7 Vehicle Running Expenses

- 12.7.1 The Petitioner requested Rs.201 million under the head of vehicle running expense for the FY 2015-16. The requested amount is 31% more than the actual expense for the FY 2014-15. As per the Petitioner, it has a fleet of more than 700 vehicles of which 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.

- 12.7.2 A review of financial statements of the Petitioner as per the table given below revealed that around 90% of total vehicle running expenses is related to fuel cost. Since the last two years, the fuel prices have more than halved. The Petitioner request of significant increase under this head based on overhauling expenditure is irrational.

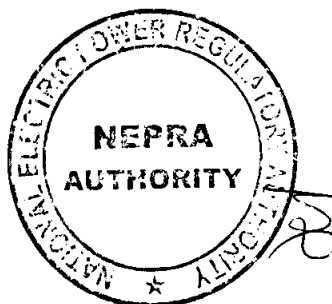
Particular	Vehicle Running Expenses			(%)	
	Fuel Cost	R&M	Total	Fuel Cost	R&M
FY 2014-15 (Prov.)	137	16	153	90%	10%
FY 2013-14	133	17	149	89%	11%
FY 2012-13	125	14	139	90%	10%

- 12.7.3 In view of the aforementioned discussion, available evidence/information, past trend, trend in fuel prices and comparison with other XWDISCOs, the Authority has decided to allow this cost to the tune of Rs.158 million.

## 12.8 Other Expenses

- 12.8.1 The Petitioner requested Rs.787 million for the FY 2015-16, pertaining to the expenses like rent, rates & taxes, power, light and water, bills collection charges, postage, telephone, office supplies, insurance expense, overhead expenses, Auditor's remuneration, NEPRA fee and charges, advertisement & publicity, provision of obsolete stores, miscellaneous expenses etc. The Petitioner has also mentioned that an amount of Rs.180 million in respect of ERP / CIS Maintenance has been included in the O&M expenses requested for the FY 2015-16. The requested expense for the FY 2015-16 is about 90% more than the actual expense for FY 2014-15. However, no reasons to substantiate this exorbitant increase has been provided by the Petitioner.

- 12.8.2 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. Accordingly the Petitioner was allowed Rs.72 Million in respect of ERP plan's annual maintenance cost in its tariff determination for FY 2014-15. The Petitioner has not provided any details with regard to the expenditure incurred in respect of ERP plan's annual maintenance cost neither the same could be verified from the Actual / provisional accounts of the Petitioner for the FY 2014-15. Keeping in view the importance of ERP, the Authority has decided to principally allow the requested cost of Rs.180 million however, the same has not been included in the





assessed other expenses for the Petitioner pertaining to the FY 2015-16. The Petitioner may claim the same cost in its next year's tariff petition as prior period adjustment once the actual expense is incurred.

- 12.8.3 In view thereof and based on the arguments, available evidence/ information, past trend, comparison with the other XWDISCOs, the Authority has assessed other expenses to the tune of Rs.426 million for the FY 2015-16.

**13. Issue # 8. Whether the Petitioner's proposed depreciation charge of Rs 2,432 million (Rs 0.30 /kWh) for the FY 2015-16, is justified?**

- 13.1 The Petitioner in its petition requested a depreciation charge of Rs.2,432 million for the FY 2015-16 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%.

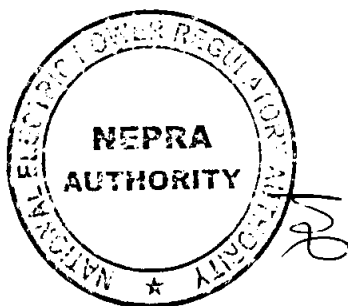
- 13.2 The depreciation expense allowed to the Petitioner for the FY 2014-15 amounted to Rs.2,011million.

- 13.3 In order to make fair assessment, the Authority accounts for the investments approved by it for the year. After taking into account new investments, the Gross Fixed Assets in Operation, for the FY 2015-16, have been worked out Rs.59,121 million. Accordingly, the depreciation charge for the FY 2015-16 has been assessed as Rs.2,108 million, calculated on actual depreciation rates for each category of Assets as per the Company policy.

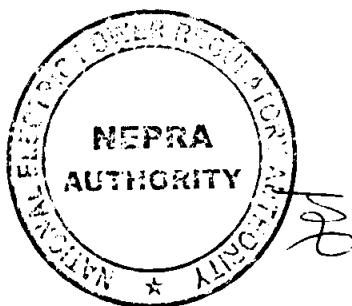
- 13.4 After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2014-15, the Authority has assessed amortization of deferred credit to the tune of Rs.1,099 million for the FY 2015-16. Accordingly, the consumers would bear net depreciation of Rs.1,009 million.

**14. 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?**

- 14.1 The return requested by the Petitioner for the FY 2015-16 is Rs.4,494 million using a Rate of Return of 14.56%. The Petitioner has mentioned that return of 14.56%, for the calculation of RORB for FY 2015-16 has been worked out, after adjustment of the interest on Exchange Risk Coverage on ADB loans, in the NEPRA allowed WACC of 14.18% for the FY 2014-15. No further details have been provided by the Petitioner in this regard.



- 14.2 The Authority uses the Capital Asset Pricing Model (CAPM) for calculation of Return of Equity (RoE) component of the WACC, being the most widely accepted model, which is applied by regulatory agencies all over the world to estimate the cost of capital for regulated utilities. Since the Authority uses Plain Vanilla WACC, hence the impact of tax shield is taken as zero, and in case any tax is paid it is treated as pass through. As per the methodology, in case of negative equity the Authority would consider a minimum of 20% equity and any equity in excess of 30% would be considered as debt. The reason was the GOPs on going privatization program, as it is anticipated that in addition to private equity, GOP would also bring in some additional equity (e.g. may convert loans into equity etc.). Hence, the Authority, in accordance with the approved methodology has decided to change the Petitioner's current optimum capital structure of 80:20 (debt:equity) ratio to 70: 30 (debt : equity) ratio.
- 14.3 For the assessment of RoE component, weighted average yield on 05 Years Pakistan Investment Bond (PIB) as of July 16, 2015 has been considered as risk free rate which is 8.9652%.
- 14.4 The Authority understands that the expected return on any investment is the sum of the risk-free rate and an extra return to compensate for the risk. This extra return or 'risk premium' is the difference between market rate of return and risk free rate. Generally, the return on stock market index is taken as a measure of market rate of return. The Authority in order to have an appropriate measure of the market rate of return, analyzed KSE-100 Index return over a period of 8 years and also considered Analysts' consensus/ research houses estimates in this regard. The rate of return on KSE-100 index during the period from 2008-2015 was around 16.5%, which translates into risk premium of around 7.53% (with risk free rate of 8.9652%). The risk premium used by different leading brokerage houses of the country ranges between 6 % – 7 %.
- 14.5 Thus, keeping in view the aforementioned, the Authority considers Market Risk Premium of 7% as reasonable for calculation of cost of equity component.
- 14.6 The Authority, in order to have an appropriate measure of the Beta, carried out an in-house own study and detailed analysis, whereby not only the local but International Markets were also explored. The Authority also considered a recent study undertaken by Castalia for the ERC in the Philippines using 111 firms selected from the Damodaran (a professor in Stern Business School at New York University) data set. The average Beta from this sample was 0.997 for the transmission and distribution companies and 1.073 for the whole sample. The average gearing of the sample is 67%. If the same is worked out on 70/30 gearing, the beta of 0.997 works out as 1.10. A few examples of Beta used by different Regulators in the world are given as hereunder;

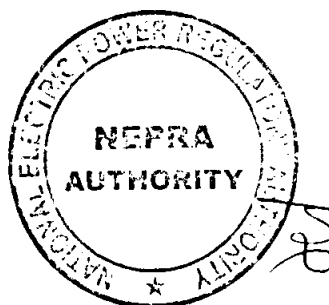






<i>Regulator</i>	<i>Beta</i>	<i>Gearing</i>
<i>Ofgem</i>	0.9-0.95	65/35
<i>AER</i>	0.7	60/40
<i>NZ Com</i>	0.61	60/40
<i>Northern Ireland</i>	0.74	60/40

- 14.7 A beta of 0.75 at a gearing of 60/40 – which is around the mid-point of the above estimates – equates to a beta of 1.0 at a gearing of 70/30. A beta of 0.8 at 60/40 equates to a beta of 1.07 at 70/30. A beta of 0.95 at a gearing of 65/35 works out as 1.11 at 70/30 gearing.
- 14.8 Thus, keeping in view the finding of the study undertaken by Castalia for the ERC in the Philippines using 111 firms, range of betas used by international Regulators and findings of the Authority's in house study, it has decided to assess the beta in the instant case as 1.10.
- 14.9 As regard the cost of debt, the Authority understands that it is the interest rate on which a company would get borrowing from the debt market / commercial banks i.e. a rate at which banks lend to their customers. The Authority during its determination in the matter of XWDISCOs pertaining to the FY 2014-15, decided to use the actual rate of debt appearing in the balance sheets of the DISCOs (excluding the loans which were disallowed by the Authority) considering the fact that the payment of these loans were due in the FY 2014-15 and onwards. All of these loans were relent loans whose interest ranged between 15%-18%. When this decision was made, the Privatization scenario was not active and the decision was primarily based keeping in view continuous and ongoing public sector ownership of the XWDISCOs. Considering the future privatization policy of GoP, a forward looking approach has been used for the estimating cost of debt of these loans for WACC calculation. Here it is pertinent to mention that historically when State Owned Enterprises were privatized e.g. K- Electric, the relent loans on the balance sheet of K-Electric were converted into equity by the GoP. Further, the Authority was also anticipating some additional equity from the GOP in some form, that's the reason why the Authority raised the optimum capital structure from 80:20 to 70:30. In view of aforementioned, the Petitioner's request of setting cost of debt at 14.56% does not merit consideration, hence rejected by the Authority.
- 14.10 The Authority, in order to do a fair evaluation of the cost of debt, considered recent TFCs / Sukkuk launched by K-Electric Limited with a 5 year's term maturity, whereby Rs. 1,500 million were raised by K-Electric on a rate of 3 month KIBOR + 2.75% during



FY 2013-14. Here it pertinent to mention that the K-Electric also raised Rs. 22 billion on 7 years TFC on a rate of 3 Months KIBOR plus 1% during 2014-15.

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

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

$$\begin{aligned} k_e &= R_F + (R_M - R_F) \times \beta \\ &= 8.9652\% + (7\% \times 1.1) \\ &= 16.67\% \end{aligned}$$

The cost of debt is taken as ;  $K_d = 9.76\%$

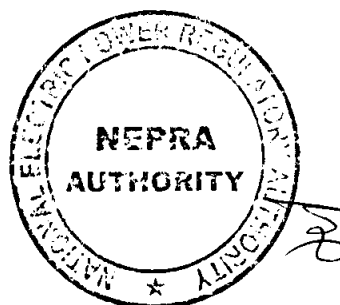
$$WACC = [K_e \times (E / V)] + [K_d \times (D / V)]$$

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

$$WACC = \{16.67\% \times 30\% \} + \{9.76\% \times 70\% \} = 11.83\%$$

14.13 By using 11.83% WACC, the Authority has assessed Rs.2,329 million as return on rate base as per the following calculations:

Description	Rupees in Million	
	FY 2014-15 Actual	FY 2015-16 Projected
Opening fixed assets in operation	52,334	55,511
Assets Additions during the year	3,177	3,610
<b>Closing Fixed Assets in Operation</b>	<b>55,511</b>	<b>59,121</b>
Less: Accumulated Depreciation	19,532	21,639
<b>Net Fixed Assets in operation</b>	<b>35,980</b>	<b>37,482</b>
+ Capital Work in Progress (Closing)	11,574	14,024
<b>Total Fixed Assets</b>	<b>47,554</b>	<b>51,505</b>
Less: Deferred Credit	29,356	30,326
<b>Total</b>	<b>18,198</b>	<b>21,179</b>
Average Regulatory Assets Base		<b>19,688</b>
Return on Rate Base @ 11.83%		<b>2,329</b>





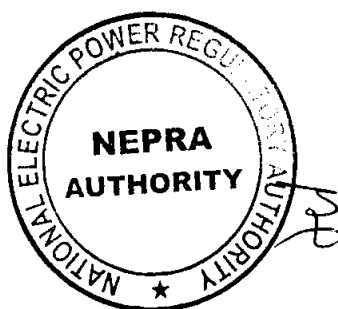
14.14 The Authority while going through the Financial Statements of the Petitioner for the FY 2014-15 noted that the Petitioner has insufficient cash balance as on 30<sup>th</sup> June 2015 against its pending liability of receipt against deposit works and consumer security deposits. The insufficient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

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

15. Issue # 10. Whether the Petitioner's projected Other Income of Rs.1,676 million (Rs. 0.21/kWh) for the FY 2015-16 is reasonable?

15.1 The Petitioner has projected Rs.1,676 million as other income for the FY 2015-16. The Petitioner has submitted that other Income includes Interest Income, sale of scrap, amortization of deferred credit etc., whereas, late payment charges and wheeling charges have been excluded as per decision of the Authority. The Petitioner has not submitted or explained any basis of projection.

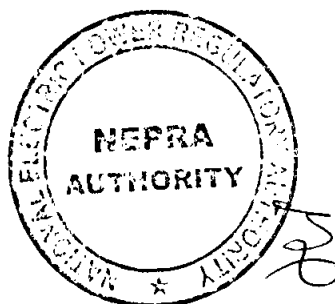
15.2 As per the Tariff Methodology, Other Income may be determined in a manner that is consistent with the base year. Other income may be considered to be a negative other





cost which may include, but not be limited to, amortization of deferred credit, meter rental income, late-payment charges, profit on bank deposits, sale of scrap, income from non-utility operations, commission on PTV fees and miscellaneous income. Other income will be monitored to identify trends. The Authority has assessed other Income for the petitioner as Rs.1,676 Million for FY 2015-16.

- 15.3 The Authority consistent with its earlier decision, on the issue, has not included the amount of Late Payment Charge while assessing the other income for FY 2015-16. Here it is pertinent to mention that the LPC recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective XWDISCO only and in the event of non-submission of evidence of payment to CPPA (G), the entire amount of LPC recovered from consumers shall be made part of other income and deducted from revenue requirement in the subsequent year.
- 15.4 In view thereof, the Authority has assessed Rs.1,676 million as Other Income which does not include late payment charge, wheeling charges from TESCO and includes amortization of deferred credit.
- 15.5 The Authority on the submission of the Petitioner regarding insufficient LPC recovered from the consumers as against the supplemental charges charged by CPPA (G) is of the view that rate of LPC to be recovered from the consumers is much higher as compared to the rate that CPPA (G) charges from the XWDISCOs on account of delayed payments as per the agreement. Prima Facie it appears that the extra supplementary charges of CPPA (G) may be due to inefficiency of the Petitioner with regards to under recoveries which cannot be passed on to the consumers.
16. Issue # 11. What will be the mechanism of charging Wheeling/Use of System Charges (UOSC) in case of network of XWDISCOs are used for Wheeling?
- 16.1 The Petitioner did not provide any response to the aforementioned issue.
- 16.2 CPPA (G) on the issue of Wheeling has informed (through email dated 21<sup>st</sup> September, 2015) that while invoicing to XWDISCOs, it excludes the transmission cost(s) as well as generation capacity cost depending on MDI and MEPCO was requested not to raise any invoice to NTDC/Generators/DISCOs in this regard in future, being at source adjustments, made by CPPA (G) in the monthly Energy Invoices to all.
- 16.3 It was also suggested that the confusion may be resolved through NEPRA. In view thereof, the Authority has decided to conduct a meeting on the subject matter with all the stakeholders not later than 30<sup>th</sup> June, 2016.



**16.4 What is the financial impact / loss of revenue due to TOU metering for cellular company connections and other similar connections?**

16.4.1 The Petitioner during the hearing provided the following figures regarding loss due to installation of TOU meters for cellular companies and other similar connections.

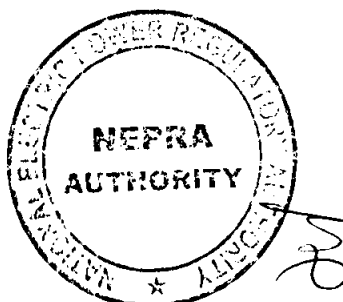
CATEGORY	No. of TOU tariff Consumer	Consumption (GWh)			Rate (PKR/kWh)			Billing (PKR in Million)		
		Peak	Off-Peak	Total	Normal	Peak	Off-Peak	Without TOU	With TOU	Loss PKR Million
Commercial 12/2014	10,852	6.77	24.78	31.55	16	19	13.3	504.76	458.15	46.61
Commercial 06/2015	11,139	6.69	25.48	32.17	16	18	12.5	514.72	438.92	75.8

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

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

**16.4.4 Risks**

- Conversion to a TOU meter is only viable for consumers who are aware of the rules and are able to alter their consumption patterns to maximize plan benefits.
- The main objective of TOU tariff was reduced demand on the power system during peak hours by introducing TOU metering.
- Cellular companies run their business round the clock during peak hours as well thus do not contribute toward the reduction in power demand during the peak hours.



- A separate tariff may be introduced for cellular companies as they do not deserve TOU tariff due constant load behavior.
- The consumer of cellular companies are enjoying the cross subsidy because they are availing the benefits resulting from application of TOU tariff consequently causing a negative impact on revenue as well as average sale rates.
- GEPCO also submitted a negative billing impact of TOU metering of cellular connections of Rs. 13.88 million affecting the revenues of the company;

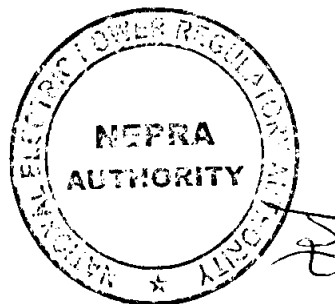
Comparison of TOU/ Normal Billing to the Cellular Companies for the Month of June, 2013				
Name of Company	No. Of Connections	TOU Billing	Billing under Normal Tariff	Difference
Cellular Companies	1,955	Rs.38.42 million	Rs. 52.30 million	Rs. 13.88 million

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

16.4.5 Keeping in view the aforementioned arguments / comments submitted by the XWDISCOs, the Authority decided to hold a separate hearing on the issue by taking all stakeholder onboard. Accordingly, a hearing was held on 8th July, 2014. The hearing was attended by representatives of IESCO and legal representatives of Cellular Companies. The representatives of IESCO reiterated their stance and requested the Authority to discontinue the installation of TOU meters on these connections. Whereas, the legal representatives of Cellular companies objected to the proceedings and demanded that evidence of losses being faced by DISCOs should be produced to review by cellular companies in order to provide further justification / evidence.

16.4.6 The legal representatives further objected to the suo-moto proceedings and named it as a brain storming session which needs to be followed by examination of evidence by cellular companies and a further hearing opportunity. The legal representatives of IESCO objected to the concerns of cellular companies' representatives and offered to present all the facts to the Authority. The Authority, during the hearing, required both XWDISCOs and cellular companies to provide their evidences in this regard to the Authority for consideration. As per directions of the Authority during the hearing, IESCO submitted data vide letter No. 7617-20/CE/IESCO/CD(S) dated 21<sup>st</sup> July, 2014. In the meantime some initial information was provided by Warid Telecom Company.

16.4.7 A number of cellular companies instead of providing data, went to the higher court against the suo-motto proceedings initiated by the Authority. The Honorable Islamabad High Court, dismissed their petition and the same was challenged by cellular companies.



before the Supreme Court of Pakistan. The decision of the Honorable Supreme Court is reproduced here as under;

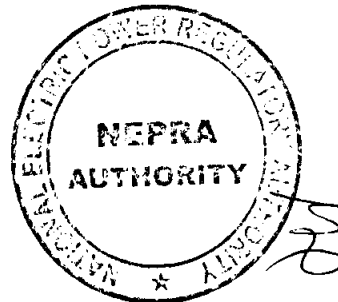
*"This petition is, therefore, converted into appeal and is allowed. Consequently the impugned judgment dated 22.07.2014 is set aside. This however shall not prevent NEPRA from furnishing the information relevant to the notice issued in the press and to proceed with the hearing after adhering to the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rule, 1998."*

16.4.8 The representatives of Cellular companies Telecom, Mobilink and Ufone, M/s Aqlal Advocates later on submitted Motion for leave for review vide letter dated 25th July, 2014 and made the following submissions;

- The respondent is unable to file proper evidence without the pleadings and summary of evidence of IESCO being shared with them;
- Contrary to Authority's understanding, there is no technical capability in the Network Operations Centre (NOC) of the respondents to measure and record the peak vs off-peak consumption of the BTS sites;
- The consumption data as submitted with the motion shows lower consumption in peak hours and is available with IESCO. Consequently, Authority is requested to seek such data from IESCO and share the same with the Respondents for them to be able to file counter-comments thereon before the Authority proceeds to accept and act upon such IESCO data.
- Rule 9(9) and 9(15) of the Tariff Standards and Procedure Rules, 1998 provides for establishing a detailed schedule for the orderly disposition of the proceeding, entailing, inter alia, for filing of interrogatories, discovery motions, objections and responses to objections and other procedural matters. Thus the instant proceedings have been conducted without summaries of evidence, any discovery, interrogatories or pleadings of the parties which precludes the Respondents from meaningful participation in the proceedings by presenting their case properly and effectively.

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

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



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

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

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

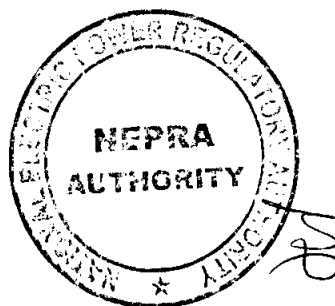
16.4.12 In view of aforementioned and as per the statutory requirements, the Authority framed the same issue in the instant petitions and the relevant data was sought from the DISCOs for the onwards comments from the cellular companies. Accordingly, the data was provided by XWDISCOs during the hearings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

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

17. Issue # 12. Whether petitioner request to allow working capital on account of delay in determination and notification of tariff to compensate petitioner from any loss that may arise due to non-recovery of determined revenue during the revenue control period is justified?

17.1 The Petitioner has requested to allow working capital on account of delay in Determination and Notification of Tariff to compensate the Petitioner from any loss that may arise due to non-recovery of determined revenue during the revenue control period.

17.2 The Petitioner requested the same in its tariff petition for the FY 2013-14 and FY 2014-15 and the same was discussed by the Authority in para 22.3 and 22.5 of the tariff determination of the FY 2013-14 and para 17.2 of the FY 2014-15. The Petitioner's request to compensate for loss incurred due to delay in tariff notification does not merit consideration as the average sale rate determined for FY 2014-15 was Rs.14.74/kWh,





whereas, Rs.16.45/kWh and Rs.14.97/kWh remained effective from July 2014 to September 2014 and October 2014 to May 2015 respectively, meaning thereby the Petitioner has made over recovery. 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.

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

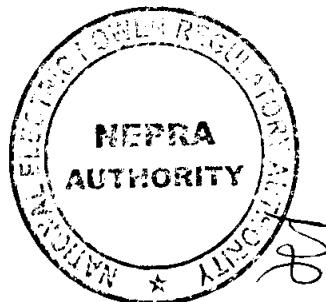
17.3.1 In the perspective of single year tariff petition, the Authority sees no major deviation from the approved Methodology.

**17.4 Whether provision for bad debts @ 2.4% of the projected sales, merits consideration?**

17.4.1 The Petitioner has requested for approval of provision for bad debts amounting to Rs.3,250 million (Rs.0.41/kWh) for the FY 2015-16, worked out as 2.40% of the projected sales to the consumers and 90% recovery.

17.4.2 The Petitioner in the petition and during the hearing stated that the provision for doubtful debts is made on the basis of ageing formula agreed with the Auditors and approved by its Board of Directors. The Petitioner further 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 the request for Provision for Bad debts.

17.4.3 The Authority has considered the Petitioner's request and is of the opinion that a clear verdict on this issue has already been given wherein it has principally been decided that the cost only to the extent of actual write off will be considered. 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 and as per the referred Chapter of



Consumer Service Manual, the risk transfers to the occupant of the premises. The Authority understands that Electricity in today's life is a basic necessity and the consumers cannot afford to live without it. In addition to this, at the time of connection, DISCOs also collect one month's billing from the consumers in the shape of security deposits, which also serves as a deterrence for a consumer to default.

17.4.4 In view of the aforementioned, the Authority has decided to continue with the practice of allowing actual write offs of debtors rather than allowing provision for doubtful debts. Since no actual write off for the FY 2014-15 appears in the financial statements provided by the petitioner therefore no amount has been allowed on this account.

**18. Issue # 13. Whether the financial charges on TFCs on loans approved by MOF and GOP through PHPL with sovereign guarantee of GOP to ensure the uninterrupted power supply, merit consideration?**

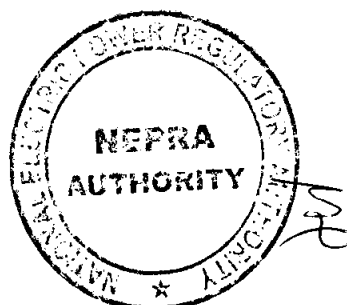
18.1 The Petitioner in its petition for FY 2015-16 has mentioned that Ministry of Finance, GoP has arranged through Power Holding Private Limited (PHPL) financing of Rs.335 billion on behalf of Distribution Companies with the Petitioner's revised share of Rs.52 Billion and Financial Charges of Rs.12.366 billion up-to FY 2014-15. As per the Petitioner, this loan carries interest of KIBOR plus a spread of 1% to 3.5%. Consequently the Petitioner has requested financial charges amounting to Rs.5,123 million for FY 2015-16 including interest charges of loan from ADB / ERRA.

18.2 As regard the interest on the development loans are concerned, they are well catered in the calculation of WACC. However, on the issue of PHPL loans, the Authority while deciding the tariff petition for the FY 2012-13, after a comprehensive discussion, has already adjudicated on the matter. The Authority considers that the Petitioner has not submitted any new rationale or evidence on which the Authority can adjudicate. In view thereof, the Authority maintains its earlier decision in this regard.

**19. Issue # 14. Whether the proposed revenue requirements and average sale rate for FY 2015-16, is justified?**

19.1 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

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

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

1. Power Purchase Price	Rs. 99,093 Million
CpGenE	Rs. 69,452 Million
CpGenCap	Rs. 26,289 Million
USCF	Rs. 3,352 Million
2. Distribution Margin (Net)	Rs. 13,987 Million
O&M Cost	Rs. 11,226 Million
Depreciation	Rs. 2,108 Million
RORB	Rs. 2,329 Million
Gross DM	Rs. 15,663 Million
Less: Other Income	Rs. 1,676 Million
Prior Year Adjustment	Rs. (9,965) Million

3. Total Assessed Revenue Requirement Rs. 103,116 Million

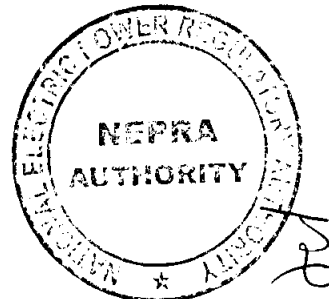
19.4 Based on the projected sales of 8,825 GWh for the FY 2015-16, the Petitioner's average sale rate works out as Rs. 11.68/kWh, consisting of Rs. 11.23/kWh of adjusted PPP, Rs. 1.58/kWh of DM and Rs. (1.13) /kWh of Prior Year Adjustment.

19.5 This revenue would be recovered from the consumers during the FY 2015-16, through the projected units of 8,825 GWh, as per Annex-II.

20. ORDER

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

- I. Peshawar Electric Supply Company Limited (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 charges adjustment shall be based on the actual information submitted by CPPA (G), adjustment of remaining components of PPP will be adjusted biannually. Here it is pertinent to mention that while making biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.

III. 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

$$UOSC = DM(Gross) \times \frac{(1-L)}{(1-0.04)} \times AFI(T) \quad \text{Paisa / kWh}$$

ii) Where only 11 kV distribution systems is involved.

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

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

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

Where:

Gross Distribution Margin for FY 2015-16 is set at Rs. 1.77/kWh (without excluding impact of other income)

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

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

AFI (D) = Adjustment factor for investment at 11 kV level i.e. 39%.

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

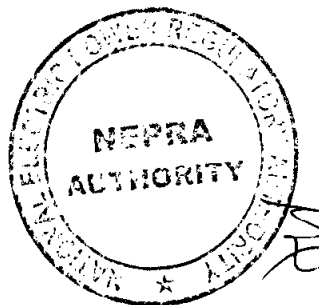
IV. The residential consumers will be given the benefit of only one previous slab.

V. PESCO is hereby allowed the T&D losses target of 26% for the FY 2015-16.

VII. PESCO is hereby allowed a total investment of Rs.6,059 million

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

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



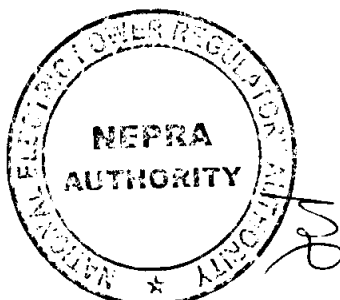


TARIFF COMPONENT	Assessed Cost FY 2015-16	ADJUSTMENTS/ ASSESSMENT	TIME LINES
<b>POWER PURCHASE PRICE</b>			
<b>Energy Purchase Price</b>			
Fuel Cost	65,806	Monthly, as per the approved mechanism.	Data to be provided by CPPA (G) by 3 <sup>rd</sup> of close of the month
Variable O&M	3,646	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10 <sup>th</sup> July and 10 <sup>th</sup> January, as the case may be.
Capacity Charges	26,289	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10 <sup>th</sup> July and 10 <sup>th</sup> January, as the case may be.
Use of System Charges	3,352	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10 <sup>th</sup> July and 10 <sup>th</sup> January, as the case may be.
T&D Losses	26%	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10 <sup>th</sup> July and 10 <sup>th</sup> January, as the case may be.
<b>NET DISTRIBUTION MARGIN</b>	<b>13,987</b>		
<b>O&amp;M Cost</b>			
Salaries, wages & other benefits	8,080	Annually	On the basis of next year tariff petition.
Post-Retirement benefits	1,562	---do---	---do---
Repair and Maintenance	800	---do---	---do---
Other operating expanses	784	---do---	---do---
Depreciation	2,108	---do---	---do---
Return on Rate Base	2,329	---do---	---do---
Other Income	(1,676)	---do---	---do---
Prior Year Adjustment	(9,965)	---do---	---do---

## 21. Summary of Direction

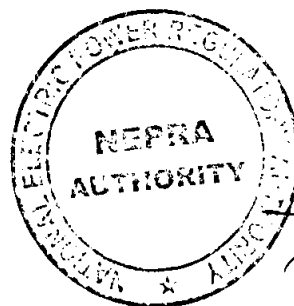
The summary of all the directions passed in this determination by the Authority are reproduced hereunder. The Authority has directed the Petitioner;

1. To complete the pending installation of ToU meters at the earliest.



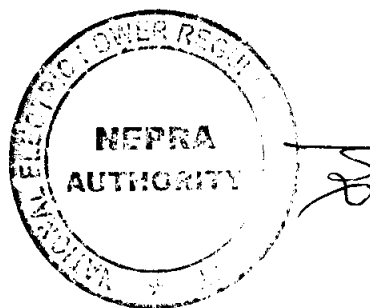


2. To include most viewed/read media channels in addition to the existing one and also increase the frequency of the media campaign and submit the results not later than 30<sup>th</sup> June, 2016.
3. To continue the training of its meter readers pertaining to TOU meters and continue consumer awareness campaign in this regard at least on the back of the bill.
4. To put in serious efforts in claiming the receivables from TESCO by taking up the matter with the management of TESCO at earliest and submit a progress report to the Authority.
5. To continue its recovery plan in its real spirit and submit a quarterly report in this regard to the Authority.
6. To take up the matter of outstanding amounts of receivable from AJK with the sub-committee constituted in this regard and the Authority be informed accordingly.
7. To submit information with respect to the results of outsourcing of certain feeders with heavy accumulated receivables to the Authority for its consideration.
8. To adopt necessary measures to address the problems of visibility of the snapshots appearing on the bills and to keep the record of snapshots till one year. The Petitioner is further directed to complete the process of snapshots not later than 30<sup>th</sup> June, 2016.
9. To submit its investment needs regarding implementation of HHU project not later than 30<sup>th</sup> June, 2016.
10. To provide project wise detail of actual investments made in FY 2013-14 and FY 2014-15 along-with the cost benefit analysis and also explain the reasons for variation in numbers reported in the presentation and its financial statements.
11. To complete the installation of AMRs/ AMIs System within the time lines given by the Authority.
12. Not to undertake any village electrification which would result in overloading of the system and is not supported by technical evaluation and positive NPV in future. The Petitioner is also directed to spent at least 20% of the village electrification funds for improvement/upgradation of the Grid.
13. 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.
14. To complete the study of its system with respect to T&D Losses without further delay.
15. To transfer the already collected provision on account of Post-Retirement benefits into the Fund and also to create separate accounts or fund (as the case may be) for each head of Post-Retirement Liability. It would be mandatory for the Petitioner to deposit the whole amount into separate accounts or fund (as the case may be).





16. To maintain a proper record of its assets by way of tagging each asset for its proper tracking. The Petitioner is also directed to provide an explanation on the concerns raised by the Authority in terms of its R&M cost not later than 30<sup>th</sup> March, 2016.
17. Keeping in view the sensitivity of the issue, the Authority further directs the Petitioner to submit quarterly reports with regard to implementation of investment.
18. To share the detail of late payment charges recovered from the consumers and any invoice raised by CPPA (G) under the head of mark-up on delayed payments for the FY 2014-15 and FY 2015-16.
19. The Petitioner has to provide rational / justification for improper utilization of the consumer security deposit and receipt against deposit work. The Petitioner is also being directed to restrain from unlawful utilization of receipts against deposit works and security deposits, failing which, the proceedings under the relevant law shall be initiated against the Petitioner.
20. The Petitioner is also directed to give clear disclosures in its Financial Statements with respect to the consumer financed spares and stores, work in progress and cash & bank balance.



**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

$$\text{Fuel Price variation} = \text{Actual Fuel Cost Component} - \text{Reference Fuel Cost Component}$$

Where:

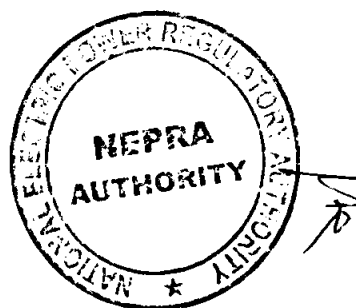
Fuel Price variation is the difference between actual and reference fuel cost component

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

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

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

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

Description	Sales		Tariff		Revenue		
	GWh	% Mix	Fixed Charge	Variable Charge	Fixed Charge	Variable Charge	Total
			Rs./kW/ M	Rs./ kWh		Min. Rs.	
<b>Residential</b>							
Up to 50 Units	254	2.88%		4.00	-	1,017	1,017
For peak load requirement less than 5 kW							
01-100 Units	1864	21.12%		9.20	-	17,159	17,159
101-200 Units	757	8.58%		13.20	-	9,991	9,991
201-300 Units	836	9.47%		13.20	-	11,037	11,037
301-700 Units	580	6.57%		14.60	-	8,471	8,471
Above 700 Units	189	2.14%		15.70	-	2,968	2,968
For peak load requirement exceeding 5 kW)							
Time of Use (TOU) - Peak	52	0.59%		15.70	-	815	815
Time of Use (TOU) - Off-Peak	183	2.07%		9.95	-	1,818	1,818
Temporary Supply	0	0.00%		15.70	-	4	4
<b>Total Residential</b>	<b>4,716</b>	<b>53.43%</b>				<b>53,280</b>	<b>53,280</b>
<b>Commercial - A2</b>							
For peak load requirement less than 5 kW	268	3.04%		15.70	-	4,215	4,215
For peak load requirement exceeding 5 kW							
Regular	14	0.16%	400.00	11.15	24	155	179
Time of Use (TOU) - Peak	97	1.10%		15.70	-	1,518	1,518
Time of Use (TOU) - Off-Peak	377	4.28%	400.00	9.95	630	3,754	4,584
Temporary Supply	4	0.05%		15.70	-	70	70
<b>Total Commercial</b>	<b>761</b>	<b>8.52%</b>			<b>853</b>	<b>9,713</b>	<b>10,565</b>
<b>General Services-A3</b>							
	<b>265</b>	<b>3.00%</b>		<b>12.45</b>		<b>3,296</b>	<b>3,296</b>
<b>Industrial</b>							
B1	33	0.38%		11.20	-	371	371
B1 Peak	34	0.39%		15.70	-	541	541
B1 Off Peak	169	1.92%		9.95	-	1,684	1,684
B2	8	0.09%	400.00	10.70	14	81	95
B2 - TOU (Peak)	78	0.89%		15.70	-	1,230	1,230
B2 - TOU (Off-peak)	498	5.65%	400.00	9.75	1,302	4,865	6,167
B3 - TOU (Peak)	71	0.80%		15.70	-	1,109	1,109
B3 - TOU (Off-peak)	814	9.22%	380.00	9.65	923	7,853	8,778
B4 - TOU (Peak)	74	0.84%		15.70	-	1,167	1,167
B4 - TOU (Off-peak)	572	6.48%	360.00	9.55	548	5,459	6,007
Temporary Supply	0	0.00%		11.20	-	0	0
<b>Total Industrial</b>	<b>2,352</b>	<b>28.65%</b>			<b>2,787</b>	<b>24,360</b>	<b>27,147</b>
<b>Single Point Supply for further distribution</b>							
C1(a) Supply at 400 Volts-less than 5 kW	0	0.00%		11.70	-	5	5
C1(b) Supply at 400 Volts-exceeding 5 kW	59	0.68%	400.00	11.20	51	655	706
Time of Use (TOU) - Peak	16	0.19%		15.70	-	257	257
Time of Use (TOU) - Off-Peak	54	0.61%	400.00	9.95	89	535	624
C2 Supply at 11 kV	35	0.38%	380.00	11.00	33	382	416
Time of Use (TOU) - Peak	22	0.25%		15.70	-	347	347
Time of Use (TOU) - Off-Peak	103	1.17%	380.00	9.75	135	1,006	1,141
C3 Supply above 11 kV	0	0.00%	360.00	10.90	-	-	-
Time of Use (TOU) - Peak	3	0.03%		15.70	-	44	44
Time of Use (TOU) - Off-Peak	15	0.18%	360.00	9.65	27	150	177
<b>Total Single Point Supply</b>	<b>307</b>	<b>3.48%</b>			<b>336</b>	<b>3,381</b>	<b>3,717</b>
<b>Agricultural Tube-wells - Tariff D</b>							
Scarp	7	0.07%		11.20	-	74	74
Time of Use (TOU) - Peak	1	0.01%		15.70	-	13	13
Time of Use (TOU) - Off-Peak	5	0.06%	200.00	9.95	9	54	63
Agricultural Tube-wells	27	0.31%	200.00	10.70	69	293	362
Time of Use (TOU) - Peak	13	0.15%		15.70	-	204	204
Time of Use (TOU) - Off-Peak	55	0.62%	200.00	9.95	110	543	653
<b>Total Agricultural</b>	<b>108</b>	<b>1.22%</b>			<b>188</b>	<b>1,181</b>	<b>1,369</b>
<b>Public Lighting</b>							
Resid. Colon.att. to ind	3	0.03%		10.70	-	30	30
Special Contracts - AJK	1	0.01%	360.00	10.70	3	10	12
Time of Use (TOU) - Peak	43	0.48%		15.70	-	669	669
Time of Use (TOU) - Off-Peak	254	2.88%	360.00	9.95	325	2,526	2,851
<b>Sub-Total</b>	<b>317</b>	<b>3.59%</b>			<b>328</b>	<b>3,411</b>	<b>3,739</b>
<b>Special Contract - Tariff-J</b>							
J-1 For Supply at 66 kV & above	-	0.00%	360.00	10.90	-	-	-
Time of Use (TOU) - Peak	-	0.00%		15.70	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	9.65	-	-	-
J-2 (a) For Supply at 11, 33 kV	-	0.00%	380.00	11.00	-	-	-
Time of Use (TOU) - Peak	-	0.00%		15.70	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	380.00	9.75	-	-	-
J-2 (b) For Supply at 66 kV & above	-	0.00%	360.00	10.90	-	-	-
Time of Use (TOU) - Peak	-	0.00%		15.70	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	9.65	-	-	-
J-3 (a) For Supply at 11, 33 kV	-	0.00%	380.00	11.00	-	-	-
Time of Use (TOU) - Peak	-	0.00%		15.70	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	380.00	9.75	-	-	-
J-3 (b) For Supply at 66 kV & above	-	0.00%	360.00	10.90	-	-	-
Time of Use (TOU) - Peak	-	0.00%		15.70	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	9.65	-	-	-
<b>Total Revenue</b>	<b>8,826</b>	<b>100.00%</b>			<b>4,492</b>	<b>68,622</b>	<b>103,116</b>



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

**A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
a)	For Sanctioned load less than 5 kW			
i	Up to 50 Units	-		4.00
	For Consumption exceeding 50 Units			
ii	001 - 100 Units	-		9.20
iii	101 - 200 Units	-		13.20
iv	201 - 300 Units	-		13.20
v	301 - 700 Units	-		14.60
vi	Above 700 Units	-		15.70
b)	For Sanctioned load 5 kW & above			
			Peak	Off-Peak
	Time Of Use	-	15.70	9.95

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	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
a)	For Sanctioned load less than 5 kW			15.70
b)	For Sanctioned load 5 kW & above	400.00		11.15
			Peak	Off-Peak
c)	Time Of Use	400.00	15.70	9.95

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

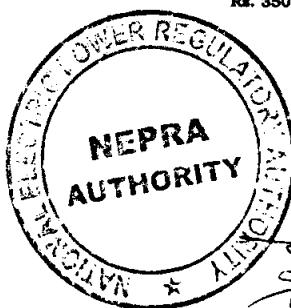
- a) Single Phase Connections: Rs. 175/- per consumer per month  
b) Three Phase Connections: Rs. 350/- per consumer per month

**A-3 GENERAL SERVICES**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
a)	General Services	-		12.45

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

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



**SCHEDULE OF ELECTRICITY TARIFFS**  
**FOR PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED (PESCO)**  
**B INDUSTRIAL SUPPLY TARIFFS**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
B1	Upto 25 kW (at 400/230 Volts)	-		11.20
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00		10.70
	Time Of Use			
B1 (b)	Up to 25 KW		15.70	9.95
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	15.70	9.75
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	15.70	9.65
B4	For All Loads (at 66,132 kV & above)	360.00	15.70	9.55

For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.

For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.

For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.

For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.

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

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
C - 1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-		11.70
b)	Sanctioned load 5 kW & up to 500 kW	400.00		11.20
C - 2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		11.00
C - 3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00		10.90
	Time Of Use			
C - 1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	15.70	9.95
C - 2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	15.70	9.75
C - 3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	15.70	9.65

**D - AGRICULTURE TARIFF**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
D-1(a)	SCARP less than 5 kW	-		11.20
D-2 (a)	Agricultural Tube Wells	200.00		10.70
D-1(b)	SCARP 5 kW & above	200.00	15.70	9.95
D-2 (b)	Agricultural 5 kW & above	200.00	15.70	9.95

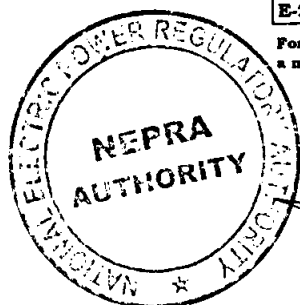
Under this tariff, there shall be minimum monthly charges Rs.2000/- per consumer per month, even if no energy is consumed.

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

**E - TEMPORARY SUPPLY TARIFFS**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
E-1(i)	Residential Supply	-		15.70
E-1(ii)	Commercial Supply	-		15.70
E-2	Industrial Supply	-		11.20

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.



**SCHEDULE OF ELECTRICITY TARIFFS**  
**FOR PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED (PESCO)**  
**F - SEASONAL INDUSTRIAL SUPPLY TARIFF**

125% of relevant industrial tariff

**Note:**

*Tariff-F consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the beginning of the season. Once exercised, the option remains in force for at least one year.*

**G. PUBLIC LIGHTING**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Street Lighting	-	10.70

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

**H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES**

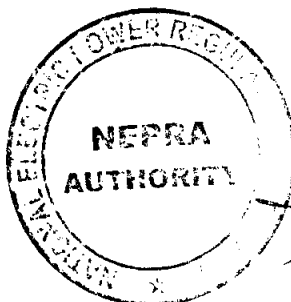
Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Residential Colonies attached to industrial premises	-	10.70

**K - SPECIAL CONTRACTS**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
	Azad Jammu & Kashmir (AJK)	360.00	10.70	
	Time of Day	360.00	Peak	Off-Peak
			15.70	9.95

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

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
J-1	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	10.90	
J-2				
	(a) For supply at 11,33 kV	380.00	11.00	
	(b) For supply at 66 kV & above	360.00	10.90	
J-3				
	(a) For supply at 11,33 kV	380.00	11.00	
	(b) For supply at 66 kV & above	360.00	10.90	
	Time Of Use		Peak	Off-Peak
J-1(b)	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	15.70	9.65
J-2 (c)	For supply at 11,33 kV	380.00	15.70	9.75
J-2 (d)	For supply at 66 kV & above	360.00	15.70	9.65
J-3 (c)	For supply at 11,33 kV	380.00	15.70	9.75
J-3 (d)	For supply at 66 kV & above	360.00	15.70	9.65

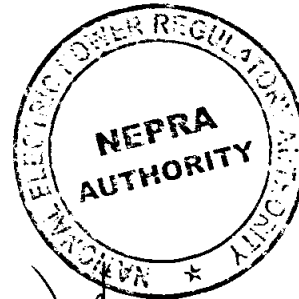


## PESCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	1,259	1,266	1,175	1,061	976	975	840	821	802	722	940	1,088	11,926
	kWh												
Fuel Cost Component	4.9811	4.7552	5.1217	5.2366	5.0497	5.8619	7.1241	5.7493	6.6429	6.7227	5.2908	4.9927	5.518
Variable O & M	0.2727	0.2678	0.2825	0.2891	0.2916	0.3337	0.3711	0.3234	0.3467	0.3577	0.3050	0.2891	0.306
CpGenCap	1.8373	1.7042	1.7439	2.2061	2.3110	2.4180	2.8668	2.5583	2.5597	2.3215	2.3513	2.1740	2.20
USCF	0.2321	0.2303	0.2393	0.2941	0.3218	0.2993	0.3291	0.3309	0.2928	0.2997	0.2685	0.2915	0.28
Total PPP in Rs. /kWh	7.3232	6.9574	7.3874	8.0259	7.9740	8.9129	10.6910	8.9620	9.8421	9.7016	8.2157	7.7473	8.3089

	Rs in Million												
Fuel Cost Component	6,271	6,022	6,018	5,556	4,929	5,716	5,984	4,723	5,330	4,852	4,972	5,434	65,806
Variable O & M	343	339	332	307	285	325	312	266	278	258	287	315	3,646
CpGenCap	2,313	2,158	2,049	2,341	2,256	2,358	2,408	2,102	2,054	1,675	2,210	2,366	26,289
USCF	292	292	281	312	314	292	276	272	235	216	252	317	3,352
PPP	9,220	8,811	8,680	8,516	7,783	8,691	8,980	7,362	7,896	7,002	7,720	8,432	99,093

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



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

**PART-I**

**GENERAL DEFINITIONS**

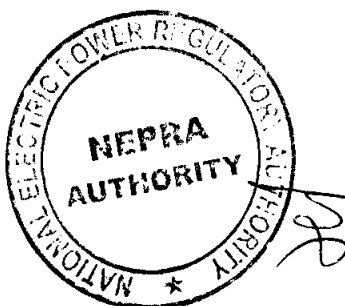
The Company, for the purposes of these terms and conditions means Peshawar Electric Supply Company (PESCO) engaged in the business of distribution of electricity within the territory mentioned in the licence granted to it for this purpose.

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:

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

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

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



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

#### GENERAL CONDITIONS

1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.
2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment Charge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 7<sup>th</sup> 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

##### Definition

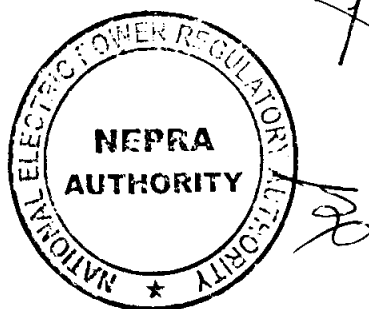
"Life Line Consumer" means those residential consumers having single phase electric connection with a sanctioned load up to 1 kW.

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

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

#### A-2 COMMERCIAL

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





### A-3 GENERAL SERVICES

1. This tariff is applicable to;
  - i. Approved religious and charitable institutions
  - ii. Government and Semi-Government offices and Institutions
  - iii. Government Hospitals and dispensaries
  - iv. Educational institutions
  - v. Water Supply schemes including water pumps and tube wells operating on three phase 400 volts other than those meant for the irrigation or reclamation of Agriculture land.
1. Consumers under General Services (A-3) shall be billed on single-part kWh rate i.e. A-3(a) tariff.

### B INDUSTRIAL SUPPLY

#### Definitions

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

#### Conditions

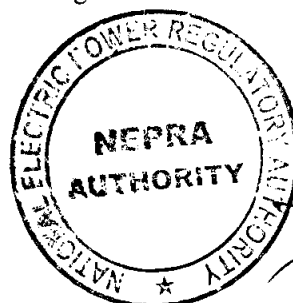
An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates previously deposited and those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

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

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

#### B-2 SUPPLY AT 400 VOLTS

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



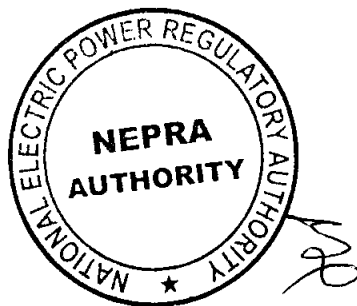
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable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

#### **B-3 SUPPLY AT 11 kV AND 33 kV**

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

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

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



## C BULK SUPPLY

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

### General Conditions

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

### C-I SUPPLY AT 400/230 VOLTS

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

### C-2 SUPPLY AT 11 kV AND 33 kV

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

### C-3 SUPPLY AT 66 kV AND ABOVE

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

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

#### D-2

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



## **E-1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY**

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

### **Special Conditions of Supply**

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

## **E-2 TEMPORARY INDUSTRIAL SUPPLY**

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

### **SPECIAL CONDITIONS OF SUPPLY**

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

## **F SEASONAL INDUSTRIAL SUPPLY**

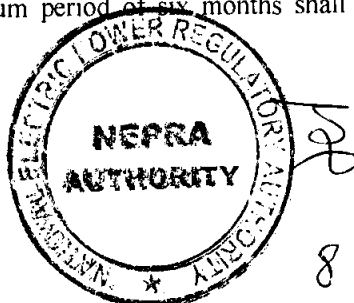
"Seasonal Industry" for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a particular season of the year. However, any seasonal industry running in combination with one or more seasonal industries, against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

### **Definitions**

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

### **Special Conditions of Supply**

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



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

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

#### **G PUBLIC LIGHTING SUPPLY**

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

##### **Definitions**

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

##### **Special Conditions of Supply**

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

#### **H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES**

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

##### **Definitions**

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

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



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

#### **Special Conditions of Supply**

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

#### **I. TRACTION**

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

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

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

- i. To a licensee procuring power from PESCO for the purpose of further supply within its respective service territory and jurisdiction.
- ii. To an O&M operator under the O&M Agreement within the meaning of NEPRA (Supply of Power) Regulations 2015 duly approved by the Authority for the purpose of further supply within the service territory and jurisdiction of the PESCO
- iii. To an Authorized agent within the meaning of NEPRA (Supply of Power) Regulations 2015, procuring power from the PESCO for further supply within the service territory and jurisdiction of the PESCO

#### **J-1 SUPPLY TO LICENSEE**

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



## **SUPPLY UNDER O&M AGREEMENT**

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

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

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

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

## **SUPPLY TO AUTHORIZED AGENT**

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

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

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

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

## **K. SPECIAL CONTRACTS**

Supply under this tariff means supply of power to Special Contracts, i.e. Government of Azad Jammu & Kashmir (AJK) at one point.





***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 2015-16 Based on Actual /Estimated Results of FY 2014-15 as Base Year***

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**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
9. 10. Director General  
National Tariff Commission  
Ministry of Commerce  
State Life Building No. 5,  
Blue Area Islamabad
10. 11. Project Director  
Energy Monitoring Cell  
Finance Department  
Govt. of KPK  
Benevolent Fund Building,  
Saddar Road,  
Peshawar
11. 12. Secretary  
Energy & Power Department  
H. No. 69, St. No. 3,  
Defence Officers Colony,  
Shami Road,  
Peshawar
12. 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  
5<sup>th</sup> 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  
Lahore – 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 Bhattai 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

23. Pakistan Steel Melters Associations  
30-S Gulberg Centre,  
84-D-1, Main Boulevard,  
Gulbeg-III, Lahore 54600.
24. FRONTIER FOUNDRY  
Industrial Estate  
Jamrood Road Hayatabad,  
Peshawar
25. Lahore Steel (Pvt) Ltd.  
Plot No. 60-61 Ind. Estate  
Jamrood Road Hayatabad  
Peshawar
26. M/s Anwar Kamal Law Associates  
1-Turner Road  
Lahore – 54000
27. Chief Executive Officer  
Transparency International Pakistan  
5-C, 2<sup>nd</sup> Floor, Khayaban-e-Ittehad  
Phase-VII, DHA, Karachi.  
Tel: (092)(021) 35390408  
Fax: (092)(021) 35390410
28. Chairman  
Whistleblower Pakistan  
72-F, II Jami Commercial Street No. 9  
Phase-VII, DHA, Karachi.  
Tel: (092)(021) 35391778
29. M/s Mohammad & Ahmed  
Constitutional, Corporate & Tax Counsel  
Ground Floor, Almas Tower, Begun Tassadug Road  
26-The Mall  
Lahore
30. Women Chamber of Commerce & Industry  
G.T Road,  
Peshawar

**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 (IEEEEP)  
4 – Lawrence Road  
Lahore *at Sec. 9*
7. President  
The Institute of Engineers Pakistan  
IEP Roundabout Engineering Centre  
Gulberg – III  
Lahroe – 54660 *at Sec. 10*



**D. Petitioner**

1. Chief Executive Officer,  
Peshawar Electric Supply Company (PESCO)  
WAPDA House, Shami Road, Sakhi Chashma,  
Peshawar

**National Electric Power  
Regulatory Authority (NEPRA)**



**NOTICE OF ADMISSION / HEARING**

MULTI-YEAR CONSUMER-END TARIFF PERTAINING TO THE FY 2015-16 TO 2019-20 BASED ON THE ACTUAL/ESTIMATED RESULTS OF THE FY 2014-15 AS BASE YEAR

Stateholders, interested persons and the general public are notified that Pakistan Electric Supply Company Limited (PESCO) has filed an application with the National Electric Power Regulatory Authority (NEPRA) for the determination of its multi-year container and tariff adjustment for 2013-18 based on actual estimated results of the FY 2012-13.

2012 to 2015 based on actual estimated results of the FY 2014-15 as base year.

The purchaser has agreed for the determination of its nine-year commercial wetland pertaining to the financial year 2015-16 to 2019-20, approval of following components

sr	Description	2015-16	2016-17	2017-18	2018-19	2019-20
1	Distribution Margin (Pcs./Kwh)	3.05	3.26	3.43	3.61	3.67
2	Investment (Mln. Rs.)	8,506	8,251	9,311	9,783	10,814
3	Amortisation (%)	32	30	28	26	24
4	Surplus Share Rate (Pcs./Kwh)	17.25	16.90	16.79	16.82	16.90

	average case rate (N/A/N)	17.23	16.90
Based on above left comments the patient returned laboratory where left.			

Description		2014-15	2015-16
MEPRA Determined Tariff	Fixed Charges Rs./kWh	2014-15	2015-16
Proposed New Tariff for the FY	Var. Charges Rs./kWh	2014-15	2015-16
	Fixed Charges Rs./kWh	2014-15	2015-16
	Var. Charges Rs./kWh	2014-15	2015-16

Up to 50 Units	1-100 Units	101-200 Units	201-300 Units	Above 300 Units	For Peak Load Requirement 5 MW & above	Time of Day (100% - Peak)	Time of Day (100% - Off Peak)	Total Domestic
4.00	12.50	16.50	16.50	17.50	19.00	19.00	13.50	21.25
4.17	13.98	16.45	16.45	17.50	20.00	20.00	14.17	21.25

Commercial - A2		Commercial - A2	
For peak load requirement less than 5 kVA		For peak load requirement less than 5 kVA	
or Peak load requirement ( $\leq 200$ kW) exceeding 5 kW		Regular	
Time of Day (TOD) - Peak	Time of Day (TOD) - Off Peak	Time of Day (TOD) - Peak	Time of Day (TOD) - Off Peak
Total Commercial		Total Commercial	
15.00	19.00	15.00	19.00
400	400	400	400
16.77	21.25	16.77	21.25
Industrial		Industrial	
B1 up to 25 kW (1500/230 volts)	B1 up to 25 kW (1500/230 volts)	B1 up to 25 kW (1500/230 volts)	B1 up to 25 kW (1500/230 volts)
B1(b) up to 25 kW (Off-Peak)	B1(b) up to 25 kW (Off-Peak)	B1(b) up to 25 kW (Off-Peak)	B1(b) up to 25 kW (Off-Peak)
B2(a) exceeding 25-500 kW (400 volts)	B2(a) exceeding 25-500 kW (400 volts)	B2(a) exceeding 25-500 kW (400 volts)	B2(a) exceeding 25-500 kW (400 volts)
19.00	19.00	19.00	19.00
400	400	400	400
16.77	21.25	16.77	21.25
21.25	21.25	21.25	21.25
18.21	18.21	18.21	18.21
18.25	18.25	18.25	18.25
19.97	19.97	19.97	19.97

[illegible]

Supply at 11 KV 33 KV up to and including 5000 KVA	400	13.30	13.30
Supply at 11 KV 33 KV up to and including 5000 KVA	350	14.10	14.10
Supply at 11 KV 33 KV up to and including 5000 KVA	300	15.00	15.00
Supply at 11 KV 33 KV up to and including 5000 KVA	250	15.90	15.90
Supply at 11 KV 33 KV up to and including 5000 KVA	200	16.80	16.80
Supply at 11 KV 33 KV up to and including 5000 KVA	150	17.70	17.70
Supply at 11 KV 33 KV up to and including 5000 KVA	100	18.60	18.60
Supply at 11 KV 33 KV up to and including 5000 KVA	50	19.50	19.50
Supply at 11 KV 33 KV up to and including 5000 KVA	25	20.40	20.40
Supply at 11 KV 33 KV up to and including 5000 KVA	10	21.30	21.30
Supply at 11 KV 33 KV up to and including 5000 KVA	5	22.20	22.20
Supply at 11 KV 33 KV up to and including 5000 KVA	2.5	23.10	23.10
Supply at 11 KV 33 KV up to and including 5000 KVA	1	24.00	24.00
Supply at 11 KV 33 KV up to and including 5000 KVA	0.5	24.90	24.90
Supply at 11 KV 33 KV up to and including 5000 KVA	0.25	25.80	25.80
Supply at 11 KV 33 KV up to and including 5000 KVA	0.125	26.70	26.70
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0625	27.60	27.60
Supply at 11 KV 33 KV up to and including 5000 KVA	0.03125	28.50	28.50
Supply at 11 KV 33 KV up to and including 5000 KVA	0.015625	29.40	29.40
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0078125	30.30	30.30
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00390625	31.20	31.20
Supply at 11 KV 33 KV up to and including 5000 KVA	0.001953125	32.10	32.10
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0009765625	33.00	33.00
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00048828125	33.90	33.90
Supply at 11 KV 33 KV up to and including 5000 KVA	0.000244140625	34.80	34.80
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0001220703125	35.70	35.70
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00006103515625	36.60	36.60
Supply at 11 KV 33 KV up to and including 5000 KVA	0.000030517578125	37.50	37.50
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000152587890625	38.40	38.40
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000762939453125	39.30	39.30
Supply at 11 KV 33 KV up to and including 5000 KVA	0.000003814697265625	40.20	40.20
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000019073486328125	41.10	41.10
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000095367431640625	42.00	42.00
Supply at 11 KV 33 KV up to and including 5000 KVA	0.000000476837158203125	42.90	42.90
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000002384185791015625	43.80	43.80
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000011920928955078125	44.70	44.70
Supply at 11 KV 33 KV up to and including 5000 KVA	0.000000059604644775390625	45.60	45.60
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000298023223876953125	46.50	46.50
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000001490116119384765625	47.40	47.40
Supply at 11 KV 33 KV up to and including 5000 KVA	0.000000007450580596923828125	48.30	48.30
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000037252902984619140625	49.20	49.20
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000000186264514923095703125	50.10	50.10
Supply at 11 KV 33 KV up to and including 5000 KVA	0.000000000931322574615478515625	51.00	51.00
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000004656612873077392578125	51.90	51.90
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000000023283064365386962890625	52.80	52.80
Supply at 11 KV 33 KV up to and including 5000 KVA	0.000000000116415321826934814453125	53.70	53.70
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000582076609134674072265625	54.60	54.60
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000000002910383045673370361328125	55.50	55.50
Supply at 11 KV 33 KV up to and including 5000 KVA	0.000000000014551915228366851806640625	56.40	56.40
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000072759576141834259033203125	57.30	57.30
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000000000363797880709171295166015625	58.20	58.20
Supply at 11 KV 33 KV up to and including 5000 KVA	0.000000000001818989403545856475830078125	59.10	59.10
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000009094947017729282379150390625	60.00	60.00
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000000000045474735088641411895751953125	60.90	60.90
Supply at 11 KV 33 KV up to and including 5000 KVA	0.000000000000227373675443207059478759765625	61.80	61.80
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000001136868377216035297393798828125	62.70	62.70
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000000000005684341886080176486968994140625	63.60	63.60
Supply at 11 KV 33 KV up to and including 5000 KVA	0.000000000000028421709430400882434844970703125	64.50	64.50
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000000000001421085471520044121742248853515625	65.40	65.40
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000000000000710542735760022060871124442890625	66.30	66.30
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000000000000355271367880011030435562221453125	67.20	67.20
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000017763568394000551521778111121453125	68.10	68.10
Supply at 11 KV 33 KV up to and including 5000 KVA	0.000000000000000888178419700027576088905556103125	69.00	69.00
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000004440892098500137880444527780515625	69.90	69.90
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000000000000022204460492500689402222638902578125	70.80	70.80
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000000000000011102230246250344701111319451171875	71.70	71.70
Supply at 11 KV 33 KV up to and including 5000 KVA	0.00000000000000005551115123125172350555659725588125	72.60	72.60
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000277555756		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000138777878		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000069388939		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000034694469		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000017347234		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000008673617		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000004336808		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000002168404		
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Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000000067762		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000000033881		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000000016940		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000000008470		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000000004235		
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Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000000000066		
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Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000000000016		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000000000008		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000000000004		
Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000000000002		
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Supply at 11 KV 33 KV up to and including 5000 KVA	0.0000000000000000000000000		
Supply at 11 KV 33 KV up to and including 500			

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National Electric Power  
Regulatory Authority (NEPRA)

PEPPERON FILLS BY PEPPERON ELECTRIC SUPPLY COMPANY LIMITED (PESSCO) FOR THE DETERMINATION OF ITS CONSUMER END-TARIFF PERTAINING TO THE FY 2015 IS BASED ON THE ACTUAL ESTIMATED RESULTS OF THE FY 2014-15 BASE YEAR.

[illegible]

new been introduced as mentioned before, individuals, interested persons and the general public are hereby notified that meaning in the matter has

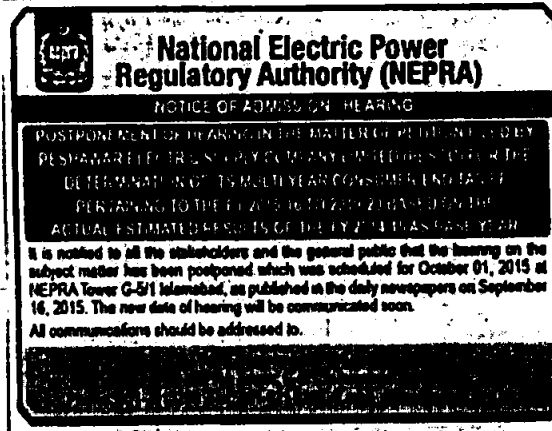
Sr.	Description	2013-14
1	Estimated Water, 35 kWh	3.56
2	Investment 1 kWh P.F.	9.539
3	Losses %	32
4	Average 3500 P.F. kWh	17.25

2. Based on above land comparison, the petitioner requested following category-wise land:-

Description	Fixed Charges	Var. Charges	Remarks
NEPRA Determined Tariff	Fixed Charges	Var. Charges	Remarks
Particulars for FY 2014-15	Fixed Charges	Var. Charges	Remarks
Proposed new Tariff for the FY 2015-16	Fixed Charges	Var. Charges	Remarks

1	100% Cotton Yarn	kg	100	1.00	100.00
2	100% Cotton Yarn	kg	100	1.00	100.00
3	100% Cotton Yarn	kg	100	1.00	100.00
4	100% Cotton Yarn	kg	100	1.00	100.00
5	100% Cotton Yarn	kg	100	1.00	100.00
6	100% Cotton Yarn	kg	100	1.00	100.00
7	100% Cotton Yarn	kg	100	1.00	100.00
8	100% Cotton Yarn	kg	100	1.00	100.00
9	100% Cotton Yarn	kg	100	1.00	100.00
10	100% Cotton Yarn	kg	100	1.00	100.00
11	100% Cotton Yarn	kg	100	1.00	100.00
12	100% Cotton Yarn	kg	100	1.00	100.00
13	100% Cotton Yarn	kg	100	1.00	100.00
14	100% Cotton Yarn	kg	100	1.00	100.00
15	100% Cotton Yarn	kg	100	1.00	100.00
16	100% Cotton Yarn	kg	100	1.00	100.00
17	100% Cotton Yarn	kg	100	1.00	100.00
18	100% Cotton Yarn	kg	100	1.00	100.00
19	100% Cotton Yarn	kg	100	1.00	100.00
20	100% Cotton Yarn	kg	100	1.00	100.00
21	100% Cotton Yarn	kg	100	1.00	100.00
22	100% Cotton Yarn	kg	100	1.00	100.00
23	100% Cotton Yarn	kg	100	1.00	100.00
24	100% Cotton Yarn	kg	100	1.00	100.00
25	100% Cotton Yarn	kg	100	1.00	100.00
26	100% Cotton Yarn	kg	100	1.00	100.00
27	100% Cotton Yarn	kg	100	1.00	100.00
28	100% Cotton Yarn	kg	100	1.00	100.00
29	100% Cotton Yarn	kg	100	1.00	100.00
30	100% Cotton Yarn	kg	100	1.00	100.00
31	100% Cotton Yarn	kg	100	1.00	100.00
32	100% Cotton Yarn	kg	100	1.00	100.00
33	100% Cotton Yarn	kg	100	1.00	100.00
34	100% Cotton Yarn	kg	100	1.00	100.00
35	100% Cotton Yarn	kg	100	1.00	100.00
36	100% Cotton Yarn	kg	100	1.00	100.00
37	100% Cotton Yarn	kg	100	1.00	100.00
38	100% Cotton Yarn	kg	100	1.00	100.00
39	100% Cotton Yarn	kg	100	1.00	100.00
40	100% Cotton Yarn	kg	100	1.00	100.00
41	100% Cotton Yarn	kg	100	1.00	100.00
42	100% Cotton Yarn	kg	100	1.00	100.00
43	100% Cotton Yarn	kg	100	1.00	100.00
44	100% Cotton Yarn	kg	100	1.00	100.00
45	100% Cotton Yarn	kg	100	1.00	100.00
46	100% Cotton Yarn	kg	100	1.00	100.00
47	100% Cotton Yarn	kg	100	1.00	100.00
48	100% Cotton Yarn	kg	100	1.00	100.00
49	100% Cotton Yarn	kg	100	1.00	100.00
50	100% Cotton Yarn	kg	100	1.00	100.00
51	100% Cotton Yarn	kg	100	1.00	100.00
52	100% Cotton Yarn	kg	100	1.00	100.00
53	100% Cotton Yarn	kg	100	1.00	100.00
54	100% Cotton Yarn	kg	100	1.00	100.00
55	100% Cotton Yarn	kg	100	1.00	100.00
56	100% Cotton Yarn	kg	100	1.00	100.00
57	100% Cotton Yarn	kg	100	1.00	100.00
58	100% Cotton Yarn	kg	100	1.00	100.00
59	100% Cotton Yarn	kg	100	1.00	100.00
60	100% Cotton Yarn	kg	100	1.00	100.00
61	100% Cotton Yarn	kg	100	1.00	100.00
62	100% Cotton Yarn	kg	100	1.00	100.00
63	100% Cotton Yarn	kg	100	1.00	100.00
64	100% Cotton Yarn	kg	100	1.00	100.00
65	100% Cotton Yarn	kg	100	1.00	100.00
66	100% Cotton Yarn	kg	100	1.00	100.00
67	100% Cotton Yarn	kg	100	1.00	100.00
68	100% Cotton Yarn	kg	100	1.00	100.00
69	100% Cotton Yarn	kg	100	1.00	100.00
70	100% Cotton Yarn	kg	100	1.00	100.00
71	100% Cotton Yarn	kg	100	1.00	100.00
72	100% Cotton Yarn	kg	100	1.00	100.00
73	100% Cotton Yarn	kg	100	1.00	100.00
74	100% Cotton Yarn	kg	100	1.00	100.00
75	100% Cotton Yarn	kg	100	1.00	100.00
76	100% Cotton Yarn	kg	100	1.00	100.00
77	100% Cotton Yarn	kg	100	1.00	100.00
78	100% Cotton Yarn	kg	100	1.00	100.00
79	100% Cotton Yarn	kg	100	1.00	100.00
80	100% Cotton Yarn	kg	100	1.00	100.00
81	100% Cotton Yarn	kg	100	1.00	100.00
82	100% Cotton Yarn	kg	100	1.00	100.00
83	100% Cotton Yarn	kg	100	1.00	100.00
84	100% Cotton Yarn	kg	100	1.00	100.00
85	100% Cotton Yarn	kg	100	1.00	100.00
86	100% Cotton Yarn	kg	100	1.00	100.00
87	100% Cotton Yarn	kg	100	1.00	100.00
88	100% Cotton Yarn	kg	100	1.00	100.00
89	100% Cotton Yarn	kg	100	1.00	100.00
90	100% Cotton Yarn	kg	100	1.00	100.00
91	100% Cotton Yarn	kg	100	1.00	100.00
92	100% Cotton Yarn	kg	100	1.00	100.00
93	100% Cotton Yarn	kg	100	1.00	100.00
94	100% Cotton Yarn	kg	100	1.00	100.00
95	100% Cotton Yarn	kg	100	1.00	100.00
96	100% Cotton Yarn	kg	100	1.00	100.00
97	100% Cotton Yarn	kg	100	1.00	100.00
98	100% Cotton Yarn	kg	100	1.00	100.00
99	100% Cotton Yarn	kg	100	1.00	100.00
100	100% Cotton Yarn	kg	100	1.00	100.00

"The News" 01-10-15.



"Express" 01-10-15.

