



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/TRF-330/PESCO-2015/6449-6451
May 13, 2016

Subject: Decision of the Authority in the matter of Motion for Leave for Review filed by Peshawar Electric Supply Company Ltd. (PESCO) against Tariff Determination for the Financial Year 2015-2016 Dated February 29, 2016 [Case # NEPRA/TRF-330/PESCO-2015]

Dear Sir,

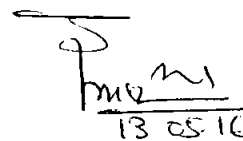
This is in continuation of this office letter No. NEPRA/TRF-330/PESCO-2015/2708-2710 dated February 29, 2016 whereby Determination of the Authority in the matter of Petition filed by Peshawar Electric Supply Company Ltd. (PESCO) for the Determination of its Consumer end Tariff pertaining to Financial Year 2015-2016 was sent to the Federal Government for notification in the official Gazette.

2. Please find enclosed herewith the subject Decision of the Authority along with Annexure-III (33 pages) in the matter of Motion for Leave for Review filed by Peshawar Electric Supply Company Ltd.

3. The Decision is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

4. The Order part along with Annexure-III of the Decision needs to be notified in the official Gazette.

Enclosure: As above



13.05.16

(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.



**DECISION OF THE AUTHORITY IN THE MATTER OF MOTION FOR LEAVE FOR REVIEW
FILED BY PESHAWAR ELECTRIC SUPPLY COMPANY (PESCO) AGAINST TARIFF
DETERMINATION OF THE AUTHORITY FOR THE FY 2015-16 DATED FEBRUARY 29, 2016**

1. Background

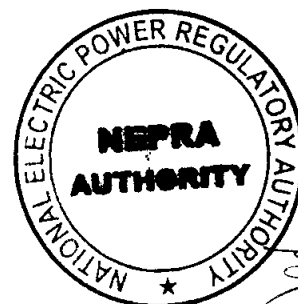
1.1 Peshawar Electric Supply Company Limited (PESCO), hereinafter called "the Petitioner", being a Distribution Licensee of NEPRA filed Motion for Leave for Review (MLR) vide letter no. 3479-80/FD/PESCO/CP&C on March 10, 2016 against the decision of the Authority in the matter of petition filed by PESCO for the determination of its consumer-end tariff pertaining to the FY 2015-16 dated February 29, 2016.

1.2 The Motion for review has been based on the following issues / contentions:

- ✓ To rationalize the target of Transmission & Distribution Losses.
- ✓ To revise the Sales Growth target.
- ✓ To revise the allowed Distribution Margin.
- ✓ To include the Late Payment Charges in the Prior Year Adjustment.
- ✓ To allow Financial Charges on Loans obtained through PHPL.
- ✓ To allow the Supplementary Charges.
- ✓ To consider the recommendation of the sub-committee for AJK Tariff.
- ✓ To review the Average Sale Rate upward.

2 Proceedings

2.1 The Review motion was admitted by the Authority on 30th March, 2016. In order to provide a fair opportunity to the Petitioner to present its case, a hearing in the matter was held on April 07, 2016 at NEPRA Tower Islamabad. Notices of admission & hearing were sent to the Petitioner and the Intervener. During hearing, PESCO was represented by its Chief Executive Officer along-with his technical and Financial Team.



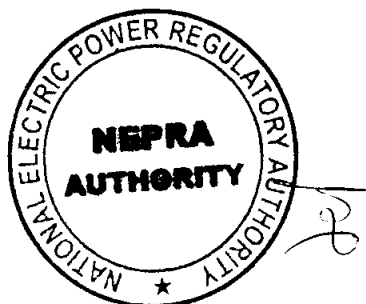


3. **Transmission and Distribution Losses**

- 3.1 The Petitioner stated that the Authority determined the tariff on the basis of 26% T&D Losses for 2015-16 whereas its actual losses are 34.83% for FY 2014-15. The Petitioner provided the following year wise detail of its actual against NEPRA's target T&D losses;

| YEAR | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 Jul-Jan |
|-------------------|-------|-------|-------|-------|-------|---------------|
| Actual Losses (%) | 37.0 | 36.0 | 34.2 | 33.5 | 34.8 | 34.9 |
| NEPRA Target (%) | 28.0 | 28.0 | 28.0 | 20.0 | 26.0 | 26.0 |

- 3.2 The Petitioner further submitted that in the tariff petition for FY 2015-16, it has committed to reduce losses by 2.8% from its actual losses of 34.8% which itself is a uphill task, while reduction target of 8.8% set by Authority is over ambitious and not based on ground realities.
- 3.3 The Petitioner also mentioned that since losses have direct impact not only on its financial position but also adversely affects the circular debt position, payable to CPPA and supplemental charges to be paid to CPPA, therefore, its losses target be rationalized to 32% according to the economic conditions and environment of the Petitioner.
- 3.4 The Petitioner further pleaded that the Authority had been comparing its T&D losses position with the other XWDISCOs where the load, especially those of Punjab DISCOs, mainly comprises of big loss free consumers, which is a major contributing factor towards reduction of % T&D losses, whereas, the Petitioner's 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.
- 3.5 The Petitioner in support of its claim cited the example of Hattar Industrial Estate which has such an effect on the losses of the Hazara Circle that it is very much comparable with those of other DISCOs, whereas, its remaining 05 Circles comprises of hard areas with FATA boundaries and dominating domestic customers, where the feeding arrangements are through scattered and lengthy distribution networks and as such the losses of these circles cannot be compared with those of other DISCOs.





3.6 The Petitioner provided the following year wise trend of its distribution losses;

| PARTICULARS | Unit | FY 9 | FY 10 | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 |
|----------------|--------|-------|-------|--------|--------|--------|--------|--------|
| Units Received | [MkWh] | 8,834 | 9,867 | 10,491 | 10,430 | 10,500 | 10,921 | 11,277 |
| Units Sold | [MkWh] | 5,900 | 6,503 | 6,976 | 7,061 | 7,162 | 7,471 | 7,596 |
| Units Lost | [MkWh] | 2,934 | 3,364 | 3,514 | 3,369 | 3,339 | 3,450 | 3,681 |
| %Age Losses | [%] | 33.2 | 34.1 | 33.5 | 32.3 | 31.8 | 31.5 | 32.6 |

3.7 The Petitioner in view of the forgoing submitted that its distribution losses during the last 7 years remained within the range of 31% to 34%, which it could not manage to reduce to the desired level, owing to the following main reasons;

3.8 Technical:

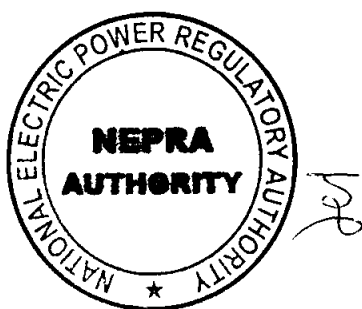
- ✓ Lengthy Transmission Lines.
- ✓ Over loaded grid system.
- ✓ High ratio of 11 KV Distribution line to 400 volts line (1:1.4).
- ✓ Partially damaged distribution transformers.
- ✓ Very high percentage of Technical losses because of lengthy and out dated distribution and Grid System.

3.9 Administrative:

- ✓ Socio-Economic and culture issues
- ✓ Fata Boundaries
- ✓ Over all Law & Order Position.
- ✓ Consumer Mix
- ✓ Manifold and unplanned expansion of distribution system.
- ✓ Shortage of trained Manpower and lack of adequate financing.

3.10 The Petitioner stated that technical losses in its system are quite high as it is not up-to the World standard due to overloaded/lengthy distribution and transmission network and allocation of limited resources, which has further been adversely affected by village electrification as lines have to be extended to remote areas for supplying power to scattered rural population under Political and Social Pressure.

3.11 The Petitioner has therefore requested that the Authority's determined T&D losses target of 26% will be achieved through sustained long term efforts in a time span of 4





to 5 years as huge finances are required for renovating and upgrading the existing transmission & distribution system besides other technical activities for controlling the pilferage of energy. The Petitioner also suggested that if the ground realities as explained above for not achieving the losses target are not agreed with, the Authority may constitute a fact finding committee to assess the high quantum losses in PESCO.

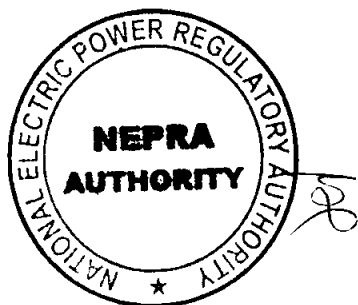
- 3.12 The Authority from the foregoing submissions of the Petitioner has noted that no new information, evidence / rationale has been provided by the Petitioner in its MLR to substantiate its aforementioned request, which may form any basis for the Authority to reconsider its earlier decision in this regard; therefore, the request of the Petitioner to revise its T&D losses target is declined. The Authority has discussed the basis of setting up of target of T&D losses with reasonable clarity under para 9.7 to 9.12 of the Petitioner's determination for the FY 2015-16.

4 Sale Growth

- 4.1 The Petitioner has submitted that the Authority has set a sales target of 8,825 million Units against actual sales of 7,597 million units i.e. growth rate of 16% which is on the higher side as its actual sales growth during FY 2014-15 was 2%.
- 4.2 The Petitioner further submitted that its actual units sold during July-January 2016 is 4,589 MkWh as against 4,665 MkWh sold in the same period of FY 2014-15, which shows a negative sale growth of 1.6%. Accordingly, the Petitioner has requested to set its sale target as 8,109 MkWh based on sale growth rate of 6.7% for FY 2015-16.
- 4.3 The Authority has observed that the targeted purchases of the Petitioner for the FY 2015-16 i.e. 11,926 MkWh is around 2% higher as compared to its actual purchases of 11,654 MkWh for FY 2014-15. The Authority has in detail discussed the reasons/ justification for projection of the Petitioner purchases for the FY 2015-16 under para 7.1 to 7.3 of its determination for the FY 2015-16.
- 4.4 Since, the Petitioner has failed to provide any new evidence or reason which would formulate the basis for the Authority to reconsider its decision in this regard; therefore, the request of the Petitioner is declined.

5. Distribution Margin

- 5.1 The petitioner submitted that the Authority's determined distribution margin of Rs.1.58 /kWh for FY 2015-16 is less than its requirement of Rs.3.03 /kWh as per the following details;





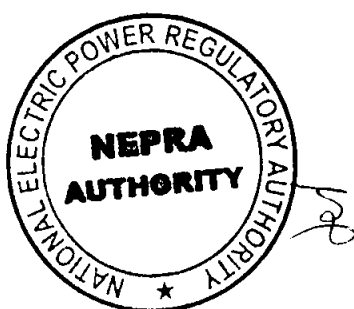
Mln. Rs.

| Particulars | Actual FY 15 | Determined FY 16 | Required FY 16 | Diff. |
|----------------------------------|--------------|------------------|----------------|----------|
| Salaries, Wages & Other Benefits | 11,708 | 9,642 | 14,109 | (4,793) |
| Maintenance Expenses | 716 | 800 | 800 | - |
| Travelling Expenses | 153 | 200 | 200 | - |
| Vehicle Running Expenses | 173 | 158 | 201 | (43) |
| Other Expenses | 439 | 426 | 786 | (360) |
| O & M Cost | 13,189 | 11,226 | 16,096 | (4,870) |
| Provision of Bad Debts | 6,976 | - | 3,250 | (3,250) |
| Depreciation | 1,901 | 2,108 | 2,432 | (324) |
| Return on Rate Base | (10,636) | 2,329 | 4,494 | (2,165) |
| Gross Distribution Margin | 22,066 | 15,663 | 26,272 | (10,609) |
| Less: Other Income | (4,686) | (1,676) | (1,676) | - |
| Net Distribution Margin | 17,380 | 13,987 | 24,596 | (10,609) |
| Units Sold | 7,597 | 8,825 | 8,110 | 715 |
| Average D.M (Rs/Kwh) | 2.28 | 1.58 | 3.03 | (1.45) |

- 5.2 The Petitioner also provided detail of its audited O&M expenses from FY 2010-11 to FY 2014-15 as tabulated below;

Mln. Rs.

| Description | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 |
|------------------------------------|-------|-------|--------|--------|--------|
| Salaries, Wages and Other Benefits | 6,346 | 7,950 | 10,108 | 9,630 | 11,708 |
| Maintenance Expenses | 425 | 480 | 521 | 767 | 716 |
| Traveling Expenses | 117 | 129 | 148 | 163 | 153 |
| Vehicle Running Expenses | 122 | 120 | 139 | 149 | 173 |
| Other Expenses | 469 | 635 | 398 | 402 | 439 |
| TOTAL O & M Expenses | 7,479 | 9,314 | 11,314 | 11,110 | 13,189 |



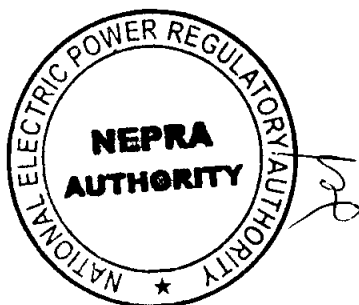


5.3 Salaries and Wages

5.3.1 The Petitioner submitted that the salaries and wages including employee's retirement benefits are the major components of O&M expenses. The Petitioner stated 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.

5.3.2 The Petitioner submitted that increases in pay and allowances is based on 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 1st 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 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%.
- Extension of family pension to widowed / divorced daughter for life or till re-marriage with effect from 1st July 2015.

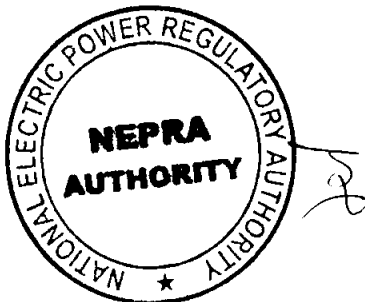


- 7.5% increase in net pension to all pensioners of federal government with effect from 1st July 2015.
- Increase in Ex-Gratia grant to Rs. 2.5 Million from 1.0 Million in case of fatal accident to bereaved family of the employee as per PEPCO office order No. GM(HR)/HRD/A-693/2241-60 dated 03-07-2015.
- Impact of 2,807 No. new employees (posts advertised and recruitment is under process) based on vacant positions and as per permission granted by NEPRA vide their office letter No. NEPRA /R/SA(M&E)/LAD-07/307 dated 5th March 2015.
- Restoration of commuted portion of pension has allowed to all those employees retired after 01-12-2001.
- 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, Zahid & Zahid in the Employee Benefit Report, 2014. Accordingly, a pension increase of 7.50% has been assumed, equivalent to discount rate of 13%.

5.4 New Recruitment

5.4.1 The Petitioner submitted that the Authority disallowed Rs. 1,200 Million on account of hiring of new employees against existing vacant positions. The Petitioner referred to the policy decision of the Authority communicated vide letter No. NEPRA/R/SA(M&E) /LAD-07/307 dated 05-03-2015 and letter No. NEPRA/R/TRF-100/12654-63 dated 26th August, 2015, wherein, the Authority clarified that creation of new subdivisions, divisions and circles are operational and administrative issues and come under purview of distribution companies and Board of Directors. Any distribution company, if required, can create subdivision, division and circles subject to the condition that criteria for creation of new subdivision, division and circles laid down in the SOPs of DISCOs/WAPDA and approval of the BOD is obtained.

5.4.2 The Petitioner also stated that despite increase in the numbers of customers, it could not hire the new employees due to ban on recruitment which resulted in shortfall of manpower as SDOs as well as other staff have either been promoted or retired but there are no new staff to replace them and resultantly it is facing huge problems of operational and administrative issues.





5.4.3 The Petitioner provided the following criteria/yardstick for creation/bifurcation of subdivisions being implemented in PESCO;

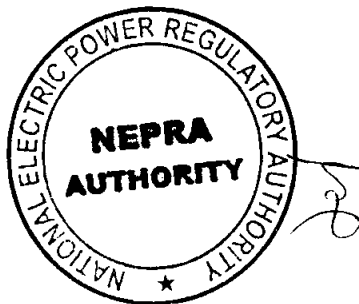
| Sr# | Category of Subdivision | Normal No. of Consumers | Length of line | Standard staff |
|-----|-------------------------|-------------------------|----------------|----------------|
| 1 | Urban S/Divn | 12000-18000 | 80Km | 78x |
| 2 | Rural S/Divn | 10000-15000 | 120Km | 84x |

5.4.4 The Petitioner further mentioned that normally a subdivision is bifurcated when the numbers of consumers increases by more than 50% of the maximum limit.

5.4.5 The Petitioner also provided the detail of standard posts in a subdivision as under;

| Sr# | Post | BPS | No. |
|-----|-----------------|------|--------------------------------------------------|
| 1 | SDO | 17 | 1 |
| 2 | LS-I | 13 | 3 |
| | Supervisor/LS-I | 13 | 1 |
| 3 | LS-II | 11 | 4 |
| 4 | LM-I | 9 | 8 |
| 5 | Senior Clerk | 9 | 2 |
| 6 | MRS | 9-11 | 1 |
| 7 | LM-II | 7 | 8 |
| 8 | Junior Clerk | 7 | 2 |
| 9 | TCC | 7 | 2 |
| 10 | MR | 7 | Each per 1500 consumers (urban) and 1000 (rural) |
| 11 | ALM | 5 | 24 |
| 12 | BD | 3 | Each per 3000 consumers (urban) and 2000 (rural) |
| 13 | S/G | 1 | 1 |
| 14 | Sweeper | 1 | 1 |
| 15 | N/Q | 1 | 2 |

5.4.6 The Petitioner has submitted that as per practice in vogue, each operational division normally consists of four subdivisions and a division is bifurcated and a new operation division is created when the number of consumer increases by more than 72000 and 60000 in urban and rural areas respectively, which is the maximum limit as explained above. The Petitioner further submitted that each operation circle normally consists of 3 operation divisions and circle is bifurcated and a new operation circle is created when the number of consumers crosses the limit of 216000 and 180000 in urban and





rural areas respectively. The Petitioner in this regard cited the example of its Hazara circle by mentioning that a new operation circle i.e. Hazara II is created as in Hazara circle the operation divisions were six with total consumers of 525,832, which are in excess of 129,832 and therefore qualified for bifurcation as per above stated yardstick.

5.4.7 The Petitioner submitted that a division normally comprises of 4 subdivisions, however, 2 divisions i.e. City Mansehra and Rural Mansehra comprises of 06 & 05 number subdivisions respectively.

5.4.8 The Petitioner provided the following detail of Hazara Circle, divisions and subdivisions along with number of consumers and excess consumers with in each division;

| Sr# | Name of division | Name of subdivision | No's of consumers | Criteria for division | Excess consumers |
|-----|------------------|---------------------|-------------------|------------------------|------------------|
| 1 | City Haripur | City H/Pur | 25965 | 72000 4x No's S/Div | 10793 |
| | -do- | Khan Pur | 26998 | | |
| | -do- | TIP | 29830 | | |
| | | Total | 82793 | | |
| 2 | City A/Abad | City A/Abad | 28311 | 72000 4x No's S/Div | 26116 |
| | -do- | Shimla Hill | 27444 | | |
| | -do- | Havilian | 23870 | | |
| | -do- | Lora Chowk | 18491 | | |
| | | Total | 98116 | | |
| 3 | City Mansehra | City MSR | 22678 | 72000 4x No's S/Div | 39606 |
| | -do- | Ghazikot | 19019 | | |
| | -do- | Khaki | 21812 | | |
| | -do- | Rural MSR | 16158 | | |
| | -do- | Balakot | 14810 | | |
| | -do- | Ghari Habibullah | 17129 | | |
| | | Total | 111606 | | |
| 4 | Rural Haripur | KTS | 20968 | 60000 4x No's S/Div | 1296 |
| | -do- | Hattar | 20898 | | |
| | -do- | Ghazi | 19430 | | |
| | | Total | 61296 | | |
| 5 | Rural A/Abad | Jinnahabad | 31752 | 60000 4x No's S/Div | 26741 |
| | -do- | Natia Gali | 16315 | | |
| | -do- | Nawan Sher | 26342 | | |
| | -do- | Lora | 12332 | | |
| | | Total | 86741 | | |



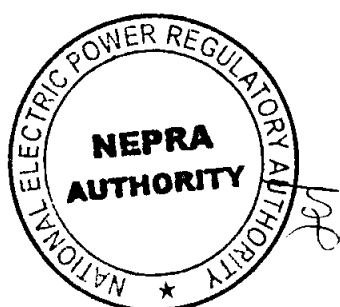


| | | | | | |
|---|----------------|--------------|--------|------------------------|--------|
| 6 | Rural Mansehra | Shinkhari-I | 10578 | 60000 4x No's S/Div | 27980 |
| | -do- | Shinkhari-II | 19515 | | |
| | -do- | Oghi | 28406 | | |
| | -do- | Battagram | 18364 | | |
| | -do- | Baffa | 11117 | | |
| | | Total | 87980 | | |
| | | Total Circle | 528532 | | 132532 |

5.4.9 The Petitioner submitted that it is clear from the aforementioned analysis, that increase in customer base on one hand and ban on recruitment on the other hand, has resulted in shortfall of technical as well as administrative staff resulting in administrative, technical as well as financial problems for the Petitioner. The Petitioner further submitted that a number of tangible as well as intangible benefits may be achieved through hiring of additional staff which includes operational efficiency, better customer services, decrease in customer complaints, reduction in work burden and improvement in recovery.

5.4.10 The Petitioner mentioned that its BoD has approved bifurcation of Hazara circle and creation of Hazara-II circle and subsequently the position of staff after the creation of new circle and requirement of additional staff is as under;

| Sr# | Post | BPS | Y/ Stick | Existing | Surplus in Existing Circle | Required | Staff Position in Circle II |
|-----|-----------------------------|-------|-------------|----------|----------------------------------|----------|-----------------------------------|
| 1 | Manager Operation | 19 | 1 | 1 | 0 | 1 | 1 |
| 2 | Admn Office/Supdt | | 1 | 1 | 0 | 1 | 1 |
| 3 | Dy: Manager (Comm) | 18 | 1 | 1 | 0 | 1 | 1 |
| 4 | Dy: Director (Technical) | 18 | 1 | 1 | 0 | 1 | 1 |
| 5 | Tehsildar (Rec) | 16 | 1 | 0 | 0 | 1 | 1 |
| 6 | Steno-I | 14 | 1 | 1 | 0 | 1 | 1 |
| 7 | Asstt: Head Clerk | 12/15 | 1 | 1 | 0 | 1 | 1 |
| 8 | Draftsman | 14 | | 1 | 0 | 1 | 1 |
| 9 | Commercial Asstt | 14 | 1 | 1 | 0 | 1 | 1 |
| 10 | Steno-II | 9 | | 1 | 0 | 1 | 1 |
| 11 | Sr. Clerk | 7 | 1 | 1 | 0 | 1 | 1 |





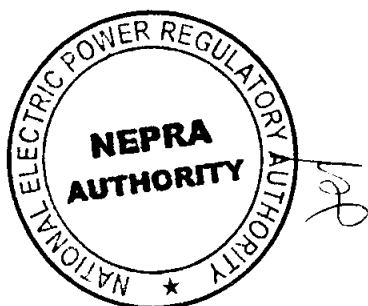
| | | | | | | | |
|-------|--------------|-----|----------------|----|---|----------------|----------------|
| 12 | Tracer | 7 | 1 | 1 | 0 | 1 | 1 |
| 13 | Junior Clerk | 1/6 | 1 | 1 | 0 | 2 | 2 |
| 14 | S/G | 6 | 1 | 1 | 0 | 1 | 1 |
| 15 | Driver | 6 | As per vehicle | 3 | 0 | As per Vehicle | As per vehicle |
| 16 | N/Q | 1 | 3 | 4 | 1 | 2 | 3 |
| 17 | Sweeper | 1 | 1 | 1 | 0 | 1 | 1 |
| 18 | Ehalmed | 1 | 1 | 1 | 0 | 1 | 1 |
| 19 | Daftari | 1 | 0 | 1 | 1 | 0 | 0 |
| 20 | Mali | 1 | 0 | 1 | 1 | 0 | 0 |
| Total | | | 20 | 24 | 3 | 19 | 20 |

5.4.11 The Petitioner informed that 08 number vacancies of SDOs are either vacant or occupied by LS on dual charge basis in Hazara Circle alone, the detail is as under:

| Sr# | Name of division | No. of Vacant Positions |
|-----|--------------------------|-------------------------|
| 1 | SDO City A/Abad | 1 |
| 2 | Khalabat Town Ship (KTS) | 1 |
| 3 | SDO Rural Mansehra | 1 |
| 4 | SDO Balakot | 1 |
| 5 | SDO Ghazi Kot | 1 |
| 6 | SDO Khaki | 1 |
| 7 | SDO Shinkiari – II | 1 |
| 8 | SDO Oghi-II | 1 |

5.4.12 The Petitioner also highlighted that position of other circles is also not up-to the above yard stick/criteria/standard and 50 numbers posts of SDO's are vacant in various subdivisions and are being run either through additional charge or remain vacant, which adversely affect the operational efficiency in term of improvement in technical system, improvement in power supply continuity, T&D losses and recovery position.

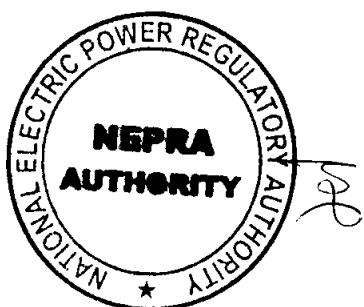
5.4.13 The Petitioner provided the following revised list and scale wise details of the vacant posts (after the adjustment regarding most critical hiring as directed by Ministry of Water and Power) for authority consideration;





Decision of the Authority in the matter of motion for leave for review filed by Peshawar Electric Supply Company Limited (PESCO) against the Determination of the Authority for FY 2015-16

| S.No | Designation | BPS | Total No. of posts |
|------|--------------------------------------------------------------------------|-----|--------------------|
| 1 | SDO (Operation) / Jr. Engineers | 17 | 50 |
| 2 | Assistant Manager (Admn/HR) | 17 | 2 |
| 3 | Assistant Manager (Material Management) | 17 | 1 |
| 4 | Assistant Manager (Programming / System Analysis)/ Computer Operation | 17 | 5 |
| 5 | Assistant Manager (Accounts) | 17 | 4 |
| 6 | Assistant Manager (Social Impact) | 17 | 1 |
| 7 | Assistant GIS Specialist | 17 | 1 |
| 8 | Assistant Engineer (Mapping & Record) | 17 | 1 |
| 9 | Assistant Manager Networks | 17 | 1 |
| 10 | Assistant Manager Database Administration | 17 | 2 |
| 11 | Assistant Manager Quality Assurance and System Audit | 17 | 1 |
| 12 | Assistant Manager Application Development - ERP | 17 | 1 |
| 13 | Assistant Manager Application Development Billing & CCB | 17 | 2 |
| 14 | Business Analyst – Billing & CCB | 17 | 2 |
| 15 | Business Analyst – ERP | 17 | 2 |
| 16 | Web Master | 17 | 1 |
| 17 | Data Coder | 15 | 8 |
| 18 | Data Entry Operator | 15 | 19 |
| 19 | Account Assistant | 14 | 50 |
| 20 | Audit Assistant | 14 | 20 |
| 21 | Commercial Assistant | 14 | 80 |
| 22 | Line Superintendent Grade-II | 14 | 50 |
| 23 | Sub Station Operator Grade-II | 14 | 30 |
| 24 | Khatib/Imam | 9 | 2 |
| 25 | Security Sergeant | 8 | 14 |
| 26 | Auditor | 7 | 95 |
| 27 | Junior Clerk (Work Side) | 7 | 50 |
| 28 | Junior Clerk (Revenue) | 7 | 50 |
| 29 | Junior Clerk (Accounts) | 7 | 11 |
| 30 | Meter Reader | 7 | 200 |
| 31 | Sub Station Attendant (SSA) | 7 | 12 |
| 32 | Surveyor | 7 | 06 |
| 33 | Tracer | 7 | 30 |
| 34 | Driver | 6 | 148 |
| 35 | Security Guard | 6 | 77 |
| 36 | ALM | 3/5 | 700 |
| 37 | Assistant Sub Station Attendant (ASSA) | 5 | 71 |
| 38 | Bill Distributor | 5 | 375 |





| | | | |
|----|-----------------|---|-------|
| 39 | Meter Helper | 5 | 20 |
| 40 | Cook | 4 | 4 |
| 41 | Store Helper | 3 | 71 |
| 42 | Bearer | 3 | 1 |
| 43 | Mali | 1 | 50 |
| 44 | Naib Qasid | 1 | 199 |
| 45 | Sanitary Worker | 1 | 287 |
| | Total | | 2,807 |

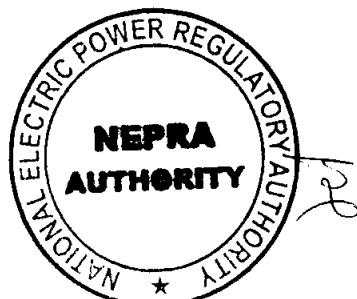
5.4.14 The Petitioner accordingly has requested the Authority to allow Rs. 900 million for the new hiring.

5.5 Post-Retirement Benefits

5.5.1 The Petitioner stated that the Authority in the tariff determination of 2013-14 adjudicated that post retirement benefit cost up-to June 30th 2014 of WAPDA (Hydel) shall be borne by WAPDA (Hydel) and subsequently this cost shall be borne by XWDISCOs. The Petitioner further stated that the Authority has determined expense of Rs. 24 Million and obligations amount to Rs. 4,529 million, however, the actual expense on account of pension payment of Ex-WAPDA (pre 1998) pensioners is Rs.326 million for FY 2014-15 and not Rs. 24 Million, hence, is not sufficient to meet the requirement of the Petitioner.

5.5.2 The Petitioner also vide letter No. 3591-92/FD/PESCO/CP&C dated 14-04-2016 requested to allow Rs. 360 for actual payment of Ex-WAPDA pensioner for FY 2015-16 and Rs. 326 million as prior year adjustment because it relates to actual payment of FY 2014-15. The Petitioner vide above referred letter also requested to allow Rs.2,080 million as non-cash expenses which is expected to be incurred as provisional liability. The Petitioner in the MLR stated that WAPDA (Hydel) is not discharging its liability towards Petitioner on account of pensions paid up-to 30-06-2014 amounting to Rs. 1,485.934 million and the same has been recorded as receivable against WAPDA in the Audited Accounts for FY 2014-15. The Petitioner also informed that vide letters No. 7364 dated 08-06-2015, No. 360-62 dated 29-07-2015, No. 559-61 dated 21-08-2015 No. 1015-18 dated 22-09-2015 and No. 1127-29 dated 12-10-2015 it has repeatedly requested WAPDA to provide validated figures of actuarial valuation of Ex-WAPDA employees who retired before 01-07-1998 for the year 2014-15 for booking/adjustment in the Petitioner's book of accounts and for their consent for adjustment of the same against deposit for issuance of share capital account, but the same is still awaited.

✓



- 5.5.3 The Petitioner also pleaded that the amount of Rs. 1,562 million allowed by Authority for Petitioner's and Ex-WAPDA pensioners will not be enough to discharge liabilities toward actual payments of the pensioners because the actual payments made by the Petitioner for FY 2014-15 is Rs. 1,420 Million for Petitioner's pensioners and Rs. 326 Million for Ex-WAPDA pensioners. The Petitioner provided the following detail in this regard;

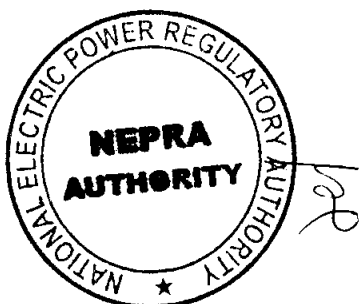
| DESCRIPTION | Actual FY 15 | FY 2015-16 | Allowed by NEPRA FY 2015-16 | Shortfall |
|-----------------------------------------------------------------------|-----------------|----------------|--------------------------------|--------------|
| Actual Cash Payments (Free Electricity, Pension & Medical) | | | | |
| PESCO Pensioners | 1,420 | 1,562 | 1,562 | - |
| EX-WAPDA Pensioners | 326 | 360 | Nil | (360) |
| Total | 1,746 | 1,922 | 1,562 | (360) |
| Total Including Actuarial | 3,879 | 4,002 * | | |

** Does not include actuarial (non-cash) impact of Ex-WAPDA pensioners.*

- 5.5.4 On the aforementioned grounds, the Petitioner has requested to allow Rs.4,002 million including cash payments of Rs.1,922 Million for post-retirement benefits.

5.6 Replacement Hiring

- 5.6.1 The Petitioner pleaded that the Authority had disallowed Rs. 232 Million on account of replacement hiring during FY 2009-10 to FY 2012-13, due to non-provision of certificate from the Auditors. The Petitioner submitted that in the light of international best practices, auditor limitation & audit work cannot be imposed through limitation of time and it is the statutory obligation of the hiring company to provide time to auditors to complete the assignment. The Petitioner informed that the calculations have been provided to the auditor for issuance of certificate in this regard and it will be provided shortly. The Petitioner provided the following detailed calculation in this regard;



PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED

STATEMENT OF FINANCIAL IMPACT OF RECRUITMENTS AND RETIREMENTS FROM JULY 01, 2009 TO JUNE 30, 2013

| Description | No. of Employee | Financial Impact during 01.07.09 to 30.06.2010 Total | Financial Impact during 01.07.2010 to 30.06.2011 Total | Financial Impact during 01.07.2011 to 30.06.2012 Total | Financial Impact during 01.07.2012 to 30.06.2013 Total | Total Financial Impact (PKR) |
|---------------------------|-----------------|---------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|------------------------------|
| Recruitments | 308 | 19,140,718 | 45,092,533 | 73,250,533 | 72,689,455 | 210,173,239 |
| Retirements | 242 | 41,242,187 | 53,650,723 | 56,870,615 | 62,355,788 | 214,120,313 |
| Net Impact | 106 | (22,101,469) | (8,558,190) | 16,375,918 | 10,333,667 | (3,952,074) |
| Recruitments | 648 | - | 76,418,240 | 144,789,506 | 137,677,199 | 358,885,344 |
| Retirements | 257 | - | 57,320,970 | 63,063,009 | 70,946,853 | 192,231,398 |
| Net Impact | 591 | - | 19,097,304 | 80,826,296 | 66,730,346 | 166,653,946 |
| Recruitments | 169 | - | - | 22,367,804 | 33,174,331 | 55,542,200 |
| Retirements | 318 | - | - | 79,961,692 | 92,807,023 | 172,768,915 |
| Net Impact | 150 | - | - | (57,594,023) | (59,632,692) | (117,226,715) |
| Recruitments | 134 | - | - | - | 19,095,876 | 19,095,876 |
| Retirements | 288 | - | - | - | 96,618,844 | 96,618,844 |
| Net Impact | 154 | - | - | - | (77,522,968) | (77,522,968) |
| Total Recruitments | 1618 | 19,140,718 | 121,510,773 | 240,408,387 | 287,636,961 | 643,696,669 |
| Total Retirements | 1125 | 41,242,187 | 110,977,698 | 200,796,116 | 322,728,508 | 676,744,470 |
| Total Net Impact | 393 | (22,181,469) | 10,533,114 | 39,612,191 | (60,091,547) | (32,047,811) |

5.6.1 The Petitioner submitted that as per the aforementioned table there is a negative impact of replacement hiring, hence the deduction of Rs. 232 Million is unjustified.

5.6.2 Here it is pertinent to mention that the Petitioner has provided the Auditor's certificate in respect of replacement hiring dated March 24, 2016.

5.6.3 The Petitioner further submitted that all these expenses are prudent and therefore, requested to allow salaries & wages expenses to the tune of Rs. 14,109 million for the FY 2015-16, otherwise, it would not be able to pay salaries & other benefits to the employees which will create unrest among the employees. The Petitioner provided the following detail in this regard;

| DESCRIPTION | Actual FY 15 | FY 2015-16 | Allowed by NEPRA FY 2015-16 | Shortfall |
|--------------------------------------------|---------------|---------------|-----------------------------|----------------|
| Pay & Allowances | 7,829 | 10,107 | 8,080 | (2,027) |
| Actuarial | 3,879 | 4,002* | 1,562 | (2,440) |
| Total | 11,708 | 14,109 | 9,642 | (4,467) |
| Cash payment including Ex-WAPDA pensioners | | 1,922 | 1,562 | (360) |

* Does not include actuarial (non-cash) impact of Ex-WAPDA pensioners.

5.7 Vehicle Running Expenses

5.7.1 The Petitioner stated that it requested an amount of Rs. 201 million for vehicle running expenses but the Authority determined Rs. 158 million which is 9% less than

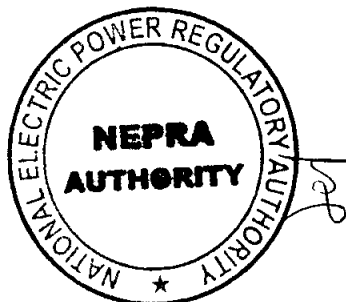




the audited expenditure of FY 2014-15 i.e. Rs. 173 million. The Petitioner further stated that the allowed amount is not sufficient to meet its requirements as it has a fleet of more than 700 vehicles, most of the vehicles are old and have completed their useful life of 10 years & need major overhauling. The Petitioner further mentioned that its financial position does not allow it to replace them with new vehicles and is left with no option but to maintain them. The Petitioner submitted that the cost of POL & parts of vehicles are increasing due to inflation, whereas distribution system of the Petitioner is spread all over Khyber Pukhtunkhwa Province. Based on the aforementioned grounds the Petitioner requested to review the same and allow Rs. 201 Million on this account.

5.8 Other Expenses

- 5.8.1 The Petitioner stated that the Authority in its determination has assessed Rs. 426 million for other operating expenses including Rent, Rates and Taxes, Utility expenses, communications, office supplies, professional fees, Auditor's remuneration, outsourced services, management fees, electricity bill collection expenses, advertisement charges and overhead expenses. The Petitioner keeping in view the inflationary trend, requested to re-assess the same and allow at least Rs. 786 Million.
- 5.8.2 The Petitioner in view of its foregoing submission has requested to allow the O&M expenses of Rs. 16,096 million in order to ensure smooth operation of the Petitioner to provide better services to its customers.
- 5.8.3 The Authority after going through the submission of the Petitioner regarding Salaries & Wages (including postretirement benefits) for the FY 2015-16 has noted that the Authority has already considered all the arguments and grounds put forward by the Petitioner while deciding the Petitioner's petition. Since the Petitioner has reiterated its earlier stance and has not provided any new information, evidence / rationale in its MLR to substantiate its aforementioned request, which would form any basis for the Authority to reconsider its earlier decision in this regard; therefore, the request of the Petitioner to revise its Salaries & wages expense for the FY 2015-16 is not accepted. The Authority has already discussed this issue in detail and with reasonable clarity under para 12 of the Petitioner's determination for the FY 2015-16.
- 5.8.4 As far as the actual cost of Rs.326 million incurred by the Petitioner during FY 2014-15 for the Ex-WAPDA pensioners is concerned, the Authority has decided to rely on the Petitioner's letter No. 3591-92/FD/PESCO/CP&C dated 14-04-2016, wherein it has been confirmed that Rs.326 million have been incurred in this regard. In view thereof,



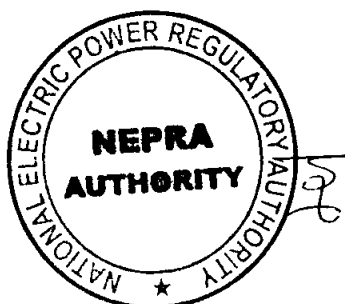
the Authority has decided to allow the Petitioner the amount of Rs.326 million as Prior Year Adjustment. However, the Petitioner is directed to provide a separate disclosure of the amount paid to Ex-WAPDA Pensioners in its financial statements.

5.8.5 Further, in view of the fact that the Petitioner in compliance of the Authority's direction has now provided the replacement hiring certificate from its Auditor's dated March 24, 2016, the Authority has decided to allow the cost of Rs.232 million on account of the replacement hiring disallowed previously.

5.8.6 On the issue of additional recruitment to the extent of creation of new circles, divisions and subdivisions, the Authority considers that allowing upfront O&M cost in this regard, without taking into account the actual cost incurred and the benefits achieved, is not justified and is against the interest of the consumers. The Authority understands that it will be in a position to adjudicate on the issue once the Petitioner provides details of the actual cost incurred in respect of creation of new circles, divisions and sub-divisions and substantiates the same with the quantified benefits achieved e.g.

- Reduction in customer complaints;
- Better Customer Service in terms of reduction in complaint handling time;
- Improvement in technical system;
- Improvement in Power supply continuity;
- Reduction in Administrative and technical losses;
- Improvement in employees productivity;
- Improvement in Recoveries;
- Reduction in travelling and vehicle costs;
- Efficiency in utility function and utility practices;
- Improvement in Petitioner's image

5.8.7 Accordingly, the Petitioner is directed to bring its request regarding O&M cost due to creation of new circles, divisions and subdivisions to the Authority, once the actual cost is incurred along-with the benefits achieved in comparison with its existing state of affairs with its next tariff petition and in case the Petitioner proves the prudence of the cost, the Authority may consider allowing the same.





5.8.8 Regarding new hiring against vacant posts, the Authority has discussed the issue in detail in para 12.3.5 of the Petitioner's determination dated February 29, 2016 wherein, inter alia, the Petitioner was 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. Since the Petitioner has again not addressed the concerns of the Authority, therefore, the request of the Petitioner is declined.

5.8.9 The Authority on the issue of Vehicle Running Expenses and other expenses for the FY 2015-16 has observed that the Petitioner has failed to provide any new information, evidence / rationale in this regard to substantiate its request that would form any basis for the Authority to reconsider its earlier decision, therefore, the request of the Petitioner is declined. The Authority has already discussed these issues in detail under para 12.7 and 12.8 of the Petitioner's determination for the FY 2015-16.

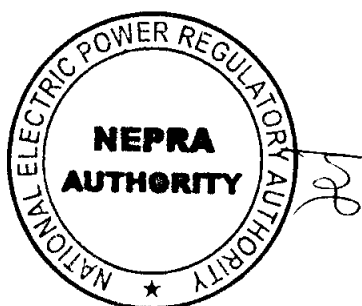
5.9 Depreciation

5.9.1 The Petitioner stated that in the tariff petition for FY 2015-16 it requested for depreciation of Rs. 2,432 million for FY 2015-16, whereas, the Authority in its determination has allowed depreciation of Rs. 2,108 million. The Petitioner submitted that keeping in view the actual depreciation of Rs. 1,901 million for FY 2014-15, it is requested to allow depreciation of Rs. 2,432 million on the basis of Rs. 8,969 million Investment.

5.9.2 The detailed rational for allowed depreciation expenses has been provided in para 13 of the determination pertaining to FY 2015-16. The Petitioner has failed to provide any new evidence or reason which would formulate the basis for the Authority to reconsider its decision in this regard; hence the request of the Petitioner is declined.

5.10 Provision for bad debts

5.10.1 The Petitioner stated that provision for doubtful debts is made on the basis of ageing formula agreed with the auditors and approved by BOD of the Petitioner. The Petitioner has pleaded that it has requested provision of bad debts amounting to Rs. 3,250 million for FY 2015-16 which is based on 2% of the projected sales to the consumers. The Petitioner has mentioned that write off of the accumulated balance of provision for bad debts will encourage the good consumers to default on their dues. The Petitioner stated that it is pursuing the recovery of arrears from the consumers in consultation with law enforcement agencies.





5.10.2 The Petitioner pleaded that the Authority has not allowed any amount on account of provision for bad debts even though Rs. 7.067 Million were written off during FY 2014-15. The Petitioner requested Rs. 3,250 million due to the law and order situation in Khyber Pakhtunkhwa and non-payment culture, particularly the attitude of consumers residing in adjacent area of TESCO as well as administrative & political obligations do not allow to take severe action against the defaulters. The Petitioner submitted that disconnection creates law and order situation in terms of road blockade, blast of transmission towers and attacks on the Petitioner staff, Grid Stations and offices. The Petitioner based on the aforementioned grounds requested to allow Rs. 3,250 million.

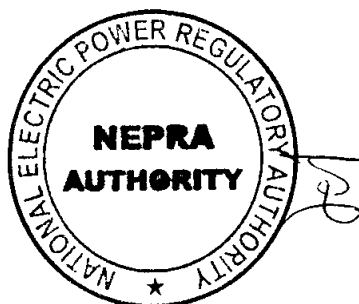
5.10.3 The Authority under para 17.4 of its determination for the FY 2015-16, being consistent with its earlier practice, did not allow the provision for bad debts and decided to allow only the actual write offs in this regard. Since the Petitioner has now submitted its revised financial statements for the FY 2014-15, whereby an amount of Rs. 7 million has been written off. Accordingly, the Authority has decided to allow the said amount of Rs. 7 million to the Petitioner.

5.11 Return on Rate Base

5.11.1 The Petitioner has submitted that the Authority has fixed the debt to equity ratio on assumption that debt will be converted into equity which needs to be reconsidered and instead of assumptions, the evidence on hand be considered for setting the ratio in order to avoid undue penalties to the Petitioner.

5.11.2 The Petitioner has mentioned that it has serious reservation on the calculation of determined WACC of 11.83% and RORB of Rs. 2,329 million and requested to review the same in the light of clear evidence. The Petitioner highlighted that the Authority has been allowing a minimum of 80% debt and 20% equity in the previous years and allowed RORB of Rs.3,169 million at WACC of 14.18% for the FY 2014-15. The Petitioner further stated that the Authority, considering the privatization process, changed the debt equity ratio to 70:30 for the FY 2015-16, and has taken assumptions without considering the economic conditions of KPK and the effect of war on terror on the business environment in which the Petitioner is operating. The Petitioner on the above grounds requested the Authority to reconsider its decision.

5.11.3 The Petitioner pleaded that the Authority, for the assessment of ROE component, has used the weighted average yield on 05 years Pakistan investment bond (PIB)

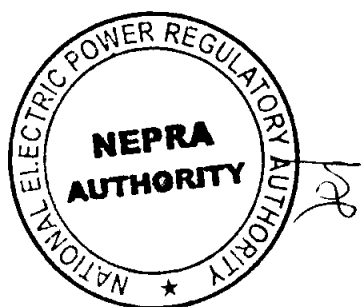




of July 16, 2015 as risk free rate i.e. 8.9652%. The Petitioner also stated that as per the Authority the rate of return on KSE-100 index during the period from 2008 to 2015 was around 16.5% which translated in to risk premium of around 7.53% and the risk premium used by different brokerage houses of the country ranges between 6% to 7% and accordingly the Authority assumed risk premium of 7%. The Petitioner therefore has requested to reconsider the risk premium by submitting that only Karachi generates almost 60% of the business activity as compared to Peshawar which is 200% folds higher, hence, the area of operation and economic conditions needed to be considered and the necessary adjustments may be made to the risk premium because of the fact that the market in Khyber Pakhtunkhwa is riskier than that of other parts of the country and accordingly a margin of 1% to 2% may be added to the new base line.

5.11.4 The Petitioner also stated that the Authority for measurement of beta conducted an in house analysis and arrived at appropriate measure of 1.10 and for the cost of debt, the Authority decided to take 3 months KIBOR+2.75 spread which resulted in cost of debt of 9.76%. Consequently, based on the above assumptions the Authority has assessed WACC of 11.83% for FY 2015-16 as compared to the already approved WACC of 14.18% for FY 2014-15. In view thereof, the Petitioner has requested to also consider the sources of financing that include foreign loan & FDI that also carry interest and exchange risk by mentioning that as per amortization schedule provided by Economic Affairs Division (EAD) for ADB Trench-I, II & III, it has to pay the interest charges as well the exchange risk and principal repayments. Therefore, the allowed return of Rs.2,329 million is not sufficient to meet the amount payable to EAD/ADB on account of principal, Interest and exchange risk.

5.11.5 The Petitioner, on the concerns of the Authority regarding insufficient balances as on 30th June, 2015 against pending liability of receipt against deposit work and consumer security deposits (*raised in para 14.14 and 14.15 of the tariff determination for FY 2015-16*), submitted that these may not be justified as the Petitioner has never been asked to provide any details in this regard. The Petitioner informed that like all other XWDISCOs, it maintains inventory records as per inventory recording procedure approved by the Competent Authority and the records are maintained based on the single entry card i.e. any inventory received by the store keeper is recorded irrespective of the source of financing because of the nature of inventory, physical location of stores and space. Since the investment programs conducted under various scheme (DOP, ELR,

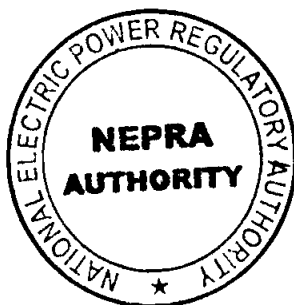




augmentation etc) are carried out throughout the year and the stock is released against each work order and the Authority's apprehension that the funds have been misutilized merits reconsideration and instead of deducting the whole amount, the Petitioner should have been given an opportunity to explain its stance before incorporating the same in the Tariff Determination for FY 2015-16.

5.11.6 The Petitioner also submitted that the Authority did not provide the detailed workings of the calculation of RORB. The Petitioner further mentioned that it was not able to implement Authority's determined tariff during the period Sept 2008 to Sept 2010 and from July 2012 to April 2014, therefore, was unable to pass on the legitimate amount of Fuel Charges Adjustment to its consumers during the period March 2011 to Feb 2014 (except for a nominal amount) because of the stay order issued by Peshawar High Court, which had a financial impact of Rs. 18.6 billion for the period from Sept 2008 to Sept 2010, Rs. 33 billion for the period from July 2012 to April 2014 and that of FCA is Rs. 11 billion (from March 2011 to Feb 2014). The Petitioner stated that as already explained in the tariff petition a huge amount has been stuck due to various stay orders, although PESCO has received Rs. 11 Billion FPA but late recovery has badly affected its cash flow position. The Petitioner also informed that an amount of Rs. 36 Billion is receivable from FBR and Rs. 11.7 Billion from AJK up-to 30-06-2015.

15.11.7 The Petitioner stated that the Authority on one hand is disallowing the working capital on delayed/pending recovery and advising to adopt legal course of action and sue the parties for damages and on the other hand is disallowing & deducting the legitimate right of Petitioner. The Petitioner also stated that its cash flows are negative and coupled with stuck amount, the Authority's directions to maintain cash flow for consumer deposits, security deposits, pension fund, medical fund, free electricity fund etc. will crash the cash flow position of the Petitioner and its operations will become unsustainable. The Petitioner informed that it is in a difficult financial health and is utilizing its available resources in best optimum manner. However, with huge stuck-up amount of Rs.100 billion and negative cash flows, it is difficultly managing its cash cycle and the above decision of the Authority to maintain cash balance of around Rs. 16 to 20 billion will almost crash the cash flows position of the Petitioner. Based on the above grounds the Petitioner requested the Authority to review its decision and instead of making decisions in isolation may consider all the above factors as it has no other source of revenue except tariff to pay off the principal, interest and exchange risk payable to EAD and if the same is not allowed it will effect the consumers as the





same will be passed in the form of deficit financing resulting in financial hardship to the consumers.

5.11.8 The Petitioner is of the view that the return should be adequate enough to not only cover the cost of debt but also to cater for the exchange rate parity as well as reasonable return to the equity holders and accordingly requested that RORB of Rs. 4,494 Million may be allowed for FY 2015-16 based on 14.56% WACC.

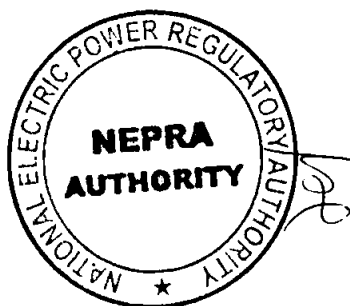
5.11.9 The Authority in para 14 of the tariff determination of FY 2015-16 clearly addressed the assessment of the WACC @ 11.83 % and RORB of Rs. 2,329 with proper justification and detailed working.

5.11.10 The Authority has considered the debt equity ratio of 70:30 as per the NEPRA guidelines for determination of consumer-end tariff (Methodology & Process), general practice of other regulators in the world and the reason that GoP in view of the ongoing privatization process may bring in some additional equity (e.g. may convert loans into equity). The Authority's assumed capital structure was to ensure a reasonable return to the Petitioner, owing to the fact the Petitioner's actual equity is negative and assuming higher equity ratio in the overall capital structure has resulted in higher RoRB for the Petitioner since the cost of equity is always higher than the cost of debt.

5.11.11 The Authority after careful review of the Petitioner's argument with respect to the actual cost of debt is of the view that the Petitioner fails to comprehend the concept for the assessment of WACC. The Authority's assessed WACC has always been an "assessment" from which the actual position of the Petitioner's might differ. WACC assessed at different points of time would reflect the market conditions which are different at respective points of times.

5.11.12 The Authority understands that the apprehension of the Petitioner regarding market risk premium owing to the fact the market in Khyber Pakhtunkhwa is riskier than that of other parts of the country is not true since the market risk premium purely reflects the risk of the entire market instead of a particular area and the Industry specific risk is adjusted through Beta.

5.11.13 Regarding the risk associated with the Petitioner because of its operating environment, the Authority has already addressed this issue by allowing a margin for the law & order situation i.e. additional 11% T&D losses.

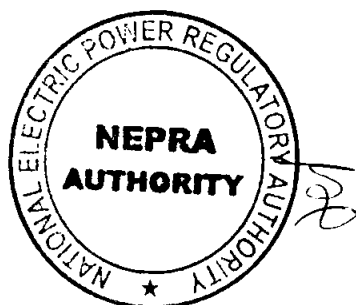




- 5.11.14 Moreover, the plea of the Petitioner being unable to meet its obligations regarding debt service liability of the relented loans is not validated through the numbers indicated in the financial statements. The Authority's evaluation indicates that the assessed depreciation and interest charges not only reasonably cover the actual debt service but also provide some extra cushion for the Petitioner.
- 5.11.15 The Authority, while going through the submissions of the Petitioner observed that the issues raised by the Petitioner have already been deliberated in detail under para 14 of the determination dated February 29, 2016, wherein, detailed reasoning / justification has been provided. Since the Petitioner has failed to substantiate its aforementioned request with any new rationale / evidence, therefore, the request of the Petitioner to revise the cost of Debt is declined.
- 5.11.16 The Authority has seriously noted Petitioner's illogical and irrational justification of using consumer deposit money owing to cash shortfall, since the amount collected in this regard cannot be utilized for any other purpose. The Authority understands that main reasons of cash shortfall may be because of bad governance and inefficiencies on part of the Petitioner. The Authority has discussed in detail the logics / reasoning for including the entire amount of receipts against deposit works as part of Deferred Credits while assessing RAB of the Petitioner under para 14.14 and 14.15 of its determination for the FY 2015-16, wherein, the Petitioner was also asked to provide rational / justification in this regard.
- 5.11.17 The Authority has also addressed in detail the reasons of rejecting working capital requirement of the Petitioner in para 17 of the tariff determination for FY 2015-16. The Authority has always provided opportunity to the Petitioner to justify legitimacy of its requested cost, however the Authority could not allow a cost to be passed on to the consumers which arises due to the Petitioner's inefficiencies and bad management.
- 5.11.18 Since, the Petitioner has not provided any new evidence or reason which would formulate the basis for the Authority to reconsider its decision in this regard; hence the request of the Petitioner is declined.

6. Prior Year Adjustment

- 6.1 The Petitioner stated that the Authority has deducted Rs. 9,965 million on account of PYA and also deducted LPC earlier allowed to be paid to CPPA on account of late payment. The Petitioner informed that the Authority has taken a principle decision in its previous year determination in this regard, hence, it

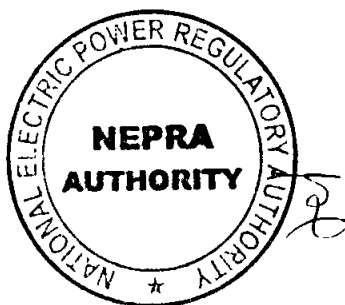




should not be conditional on provision of invoice because it is not in PESCO's control. The Petitioner submitted that its audited accounts clearly reflect an increase in payable to CPPA(G), therefore, the assumption that there is no payment on account of supplemental charges because of non- provision of invoice may not be justified. The Petitioner accordingly requested the Authority to reconsider its decision and also provided the following comparison of LPC, supplemental charges and CPPA (G) payable;

| Mln. Rs. | | | |
|------------------------|---------|---------|---------|
| Year | 2012-13 | 2013-14 | 2014-15 |
| Late Payment surcharge | 1,386 | 1,373 | 1,637 |
| Supplemental Charges | 5,563 | 9,639 | - |
| CPPA (G) Payables | 196,963 | 93,846 | 137,653 |

- 6.2 The Petitioner submitted that as per above detail, the LPC recovered from consumers is not sufficient for repayment of supplementary charges and by disallowing LPC, will be unjustified as an amount of Rs. 25,631 million has been charged by CPPA (G) to PESCO up-to 30-06-2014.
- 6.3 Based on the above, the Petitioner requested the Authority to review its decision and allow the Late Payment Surcharge of Rs. 1,637 Million by adjusting the Prior Year Adjustment to Rs. (8,328) Million.
- 6.4 The Authority, in consistency with its earlier decision on the issue, while assessing the PYA of the Petitioner for FY 2014-15, deducted an amount Rs.1,637 million on account of LPC due to non-provision of supplemental charges invoice from CPPA (G).
- 6.5 Since the Petitioner has now submitted the supplemental charges invoice raised by CPPA (G), therefore, the Authority has decided to allow the said amount of Rs. 1637 million to the Petitioner in its PYA.
7. **Financial Charges on TFCs:**
- 7.1 The Petitioner delineated that MOF has arranged financing of Rs. 335 billion through Power Holding Private Limited on behalf of distribution companies to reduce circular debt and to ensure the un-interrupted power supply across the country. The Petitioner stated that its share in the above loans is Rs. 52 billion as per MOW&P letter No. PF-05(20)/2013 dated 19th February, 2015 and No. PF-



★



05(20)/2013 dated 24th February, 2015. The Petitioner provided the following in this regard;

| S. No | Bln. Rs. |
|-------|----------|
| 1 | 136 |
| 2 | 82 |
| 3 | 15 |
| 4 | 6 |
| 5 | 31 |
| 6 | 65 |
| Total | 335 |

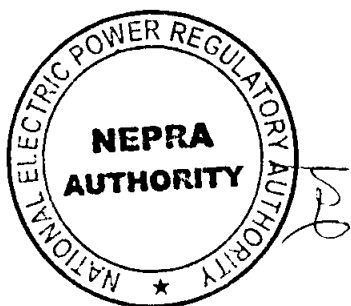
7.2 The Petitioner informed that TFC's carry interest at the rate of KIBOR plus a spread of 1% to 3.5% and requested the Authority to allow Rs. 5,123 million as financial charges for FY 2015-16.

7.3 The Authority has already adjudicated on the issue in detail and with reasonable clarity under para 18.2 of its determination dated February 29, 2016 and also in its previous determination. The Petitioner has failed to provide any new evidence or reason to substantiate its aforementioned claim, which could formulate the basis for the Authority to reconsider its earlier decision in this regard; therefore, the request of the Petitioner is declined.

8. Supplementary Charges

8.1 The Petitioner stated that the Authority allowed LPC are not sufficient to offset the invoices of supplemental charges raised by CPPA (G). The Petitioner informed that the LPC recovered from consumers during FY 2012-13 and FY 2013-14 was Rs. 1,386 million and Rs. 1,373 million respectively, whereas, the supplemental charges charged by CPPA (G) during the same period were Rs. 5,563 million and Rs. 9,639 million. The Petitioner informed that the CPPA (G) is charging supplementary charges on account of delayed payments to IPPs and so far CPPA (G) has charged Rs. 25,631 Million as per detail given below: -

| | |
|---------|-------------------|
| 2009-10 | Rs. 1.002 billion |
| 2010-11 | Rs. 3.831 billion |
| 2011-12 | Rs. 5.596 billion |



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| | |
|--------------|---------------------------|
| 2012-13 | Rs. 5.563 billion |
| 2013-14 | Rs. 9.639 billion |
| Total | Rs. 25.631 billion |

8.2 Keeping in view the above Petitioner requested the Authority to review its decision and allow the same.

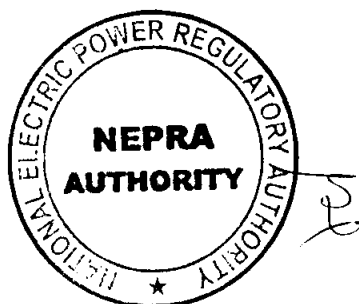
8.3 The Authority has already adjudicated on the issue in detail under para 15.5 of its determination dated February 29, 2016 and also in its previous determinations. The Petitioner has failed to provide any new evidence or reason to substantiate its aforementioned claim, therefore, the request of the Petitioner is declined.

9. Pending Revenue from AJK

9.1 The Petitioner submitted that subsequent to the meeting held on 08-12-2015 under the Chairmanship of Secretary MoWP, a letter No. PF-05(19)/2013 dated 11-02-2016 was issued, wherein it was decided that, in the light of clause 5.2 b of the Mangla Dam Raising Agreement, executed between MoWP, WAPDA & Government of AJ&K, tariff beyond September 2003, for AJ&K is to be fixed by GOP on the recommendation of a sub-committee notified by Ministry of Kashmir Affairs & Northern Areas and Frontier Regions. *(now Ministry of Kashmir affairs and Gilgit Baltistan)*. The Petitioner delineated that the sub-committee recommended that the tariff of AJK may be linked with the domestic tariff as applicable for 1-100 units category because of the fact that 80% of the AJK consumers are domestic. The Petitioner keeping in view the above requested that the recommendation of the sub-committee may be considered and accordingly be allowed.

9.2 The Authority observed that in the referred minutes, it has been stated, that the decision of the sub-committee has been in accordance with the procedure laid down in Mangla Dam Raising Agreement and subsequent agreement signed by the Secretary Water and Power, SAFRON and Chief Secretary AJ&K on 11.09.2003.

9.3 Having carefully gone through the minutes and agreement between Islamic Republic of Pakistan (GoP), Azad Government of State of Jammu and Kashmir and Water and Power Development Authority (WAPDA), it has been transpired that the relevant paragraph (5.2) of the aforesaid agreement states as under:





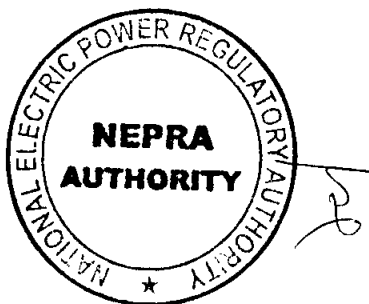
"At present the Government of Pakistan has fixed the rate of Rs.4.20/kWh for the AJ&K. The WAPDA shall bear Rs.0.71/kWh on the basis of 17% losses. The Government shall pay Rs.2.44/kWh and the Ministry shall pick up Rs.1.05 as subsidy. In case of budgetary constraints of Government, the Ministry shall pick up additional liability of Rs.0.12/kWh. This rate shall be deemed to have become effective from September, 2002 and shall be frozen till September 2003."

- 9.4 It may be noted that in 2003 the rate of Rs.4.20/kWh was fixed by NEPRA whereas the difference in the NEPRA determined and agreed in Mangla raising Agreement was clearly attributed to different stakeholders. In the recent decision, however, this arrangement is missing, which is the requirement of Rule 17(3)(x) of Tariff Standards and Procedure Rules 1998.
- 9.5 It is further pointed out that in 2003 the tariff was determined for integrated WAPDA; therefore only one rate was fixed for AJ&K. Since February 2007 different tariffs for each Distribution Company (DISCO) have been determined; therefore there is a different rate of AJ&K for different DISCOs.
- 9.6 NEPRA being Quasi Judicial Body operates within the premise of NEPRA ACT and Rules made there-under and can only allow those costs which are prudent and are incurred to meet the demonstrated needs of the consumers of relevant DISCOs only. NEPRA after following the prescribed legal procedure has determined tariff for the FY 2015-16 for all the DISCOs. The rate for AJ&K of the DISCOs supplying electricity has been determined as per the following;

| Category | IESCO | PESCO | GEPCO |
|------------------------------|-------|-------|-------|
| Special Contracts – AJK | 10.50 | 10.70 | 10.80 |
| Time of Use (TOU) – Peak | 14.30 | 15.70 | 15.80 |
| Time of Use (TOU) - Off-Peak | 6.80 | 9.95 | 9.90 |

- 9.7 In order to incorporate the subsidy in the schedule of tariff of abovementioned DISCOs for giving effect to the rate proposed in afore referred minutes, GOP has to file reconsideration request in terms of Section 31(4) of NEPRA Act indicating rate to be charged along with subsidy under Rule 17(3)(x) of NEPRA Tariff Standards and Procedure Rules-1998.

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10. Order

10.1 Having gone through the arguments raised by the Petitioner in its review petition and the submission made during hearing, the Authority has decided as under;

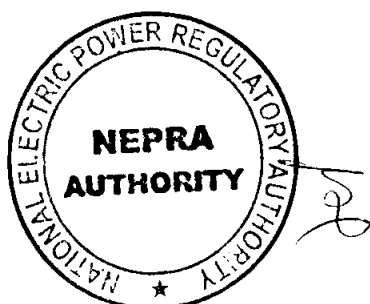
- i. Prior year adjustment of Rs.326 million on account of actual payments made to Ex-Wapda Pensioners during the FY 2014-15 is allowed.
- ii. Replacement Hiring cost of Rs.232 million is hereby allowed.
- iii. Prior year adjustment of Rs.1,637 million on account LPC is hereby allowed.
- iv. Trade Debts written off as bad debts amounting to Rs.07 million is hereby allowed under the head other expenses as per the financial statement of the Petitioner for the FY 2014-15.
- v. After incorporating the above changes in the original determination, the Estimated Sales Revenue and Schedule of Tariff (SoT) have been revised and are attached as Annex-II and Annex-III respectively to this decision, which will supersede the earlier Estimated Sales Revenue and SoT attached with the original determination as Annex-II & III respectively.

10.2 The Authority hereby determines the following for the Petitioner for the FY 2015-16

10.3 Revenue requirement for FY 2015-16 is assessed as follows;

| | Description | As per determination dated Feb 29, 2016 Mln. Rs. | Revised as per the MLR Mln. Rs. |
|---|--------------------------------------|--------------------------------------------------------|---------------------------------------|
| 1 | POWER PURCHASE PRICE | 99,093 | 99,093 |
| | Fuel Cost | 65,806 | 65,806 |
| | Variable O&M | 3,646 | 3,646 |
| | Capacity Charges | 26,289 | 26,289 |
| | Use of System Charges | 3,352 | 3,352 |
| 2 | DISTRIBUTION MARGIN [net] | 13,987 | 14,219 |
| | Operation and Maintenance Cost (O&M) | 11,226 | 11,465 |
| | Deprecation | 2,108 | 2,108 |
| | Return on Rate Base (RORB) | 2,329 | 2,329 |
| | GROSS DISTRIBUTION MARGIN | 15,663 | 15,902 |
| | Other Income | (1,676) | (1,676) |
| 3 | PRIOR YEAR ADJUSTMENT | (9,965) | (8,002) |
| | TOTAL REVENUE REQUIREMENT | 103,115 | 105,318 |

10.4 In term of Section 31(4) of the NEPRA Act, order of the Authority along with Annex-III attached to this decision is being intimated to the Federal Govt. for notification in the official gazette.





AUTHORITY

Syed Masood-ul-Hasan Naqvi
Member

Maj (R) Haroon Rashid
Member

Himayat Ullah Khan
Vice Chairman

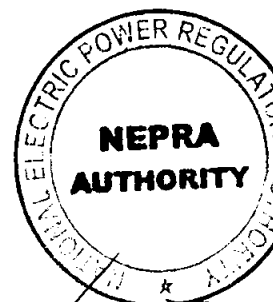
Brig (R) Tariq Sadozai
Chairman



13.05.16

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. | |
| Residential | | | | | | | |
| 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% | | 9.40 | - | 17,532 | 17,532 |
| 101-200 Units | 757 | 8.58% | | 13.40 | - | 10,142 | 10,142 |
| 201-300 Units | 836 | 9.47% | | 13.40 | - | 11,204 | 11,204 |
| 301-700 Units | 580 | 6.57% | | 14.80 | - | 8,587 | 8,587 |
| Above 700 Units | 189 | 2.14% | | 15.90 | - | 3,006 | 3,006 |
| For peak load requirement exceeding 5 kW | | | | | | | |
| Time of Use (TOU) - Peak | 52 | 0.59% | | 15.90 | - | 825 | 825 |
| Time of Use (TOU) - Off-Peak | 183 | 2.07% | | 10.30 | - | 1,882 | 1,882 |
| Temporary Supply | 0 | 0.00% | | 15.90 | - | 4 | 4 |
| Total Residential | 4,716 | 53.43% | | | - | 54,199 | 54,199 |
| Commercial - A2 | | | | | | | |
| For peak load requirement less than 5 kW | 268 | 3.04% | | 15.90 | - | 4,269 | 4,269 |
| For peak load requirement exceeding 5 kW | | | | | | | |
| Regular | 14 | 0.16% | 400.00 | 11.35 | 24 | 158 | 181 |
| Time of Use (TOU) - Peak | 97 | 1.10% | | 15.90 | - | 1,537 | 1,537 |
| Time of Use (TOU) - Off-Peak | 377 | 4.28% | 400.00 | 10.30 | 830 | 3,886 | 4,716 |
| Temporary Supply | 4 | 0.05% | | 15.90 | - | 71 | 71 |
| Total Commercial | 761 | 8.62% | | | 853 | 9,922 | 10,775 |
| General Services-A3 | 265 | 3.00% | | 12.75 | - | 3,376 | 3,376 |
| Industrial | | | | | | | |
| B1 | 33 | 0.38% | | 11.40 | - | 378 | 378 |
| B1 Peak | 34 | 0.39% | | 15.90 | - | 548 | 548 |
| B1 Off Peak | 169 | 1.92% | | 10.30 | - | 1,744 | 1,744 |
| B2 | 8 | 0.09% | 400.00 | 10.90 | 14 | 82 | 97 |
| B2 - TOU (Peak) | 78 | 0.89% | | 15.90 | - | 1,245 | 1,245 |
| B2 - TOU (Off-peak) | 499 | 5.65% | 400.00 | 10.10 | 1,302 | 5,039 | 6,342 |
| B3 - TOU (Peak) | 71 | 0.80% | | 15.90 | - | 1,123 | 1,123 |
| B3 - TOU (Off-peak) | 814 | 9.22% | 380.00 | 10.00 | 923 | 8,138 | 9,060 |
| B4 - TOU (Peak) | 74 | 0.84% | | 15.90 | - | 1,182 | 1,182 |
| B4 - TOU (Off-peak) | 572 | 6.48% | 360.00 | 9.90 | 548 | 5,659 | 6,207 |
| Temporary Supply | 0 | 0.00% | | 11.40 | - | 0 | 0 |
| Total Industrial | 2,352 | 26.65% | | | 2,787 | 25,138 | 27,926 |
| Single Point Supply for further distribution | | | | | | | |
| C1(a) Supply at 400 Volts-less than 5 kW | 0 | 0.00% | | 11.90 | - | 5 | 5 |
| C1(b) Supply at 400 Volts-exceeding 5 kW | | | | | | | |
| Time of Use (TOU) - Peak | 59 | 0.66% | 400.00 | 11.40 | 51 | 667 | 718 |
| Time of Use (TOU) - Off-Peak | 16 | 0.19% | | 15.90 | - | 260 | 260 |
| Time of Use (TOU) - Off-Peak | 54 | 0.61% | 400.00 | 10.30 | 89 | 554 | 643 |
| C2 Supply at 11 kV | 35 | 0.39% | 380.00 | 11.20 | 33 | 399 | 423 |
| Time of Use (TOU) - Peak | 22 | 0.25% | | 15.90 | - | 351 | 351 |
| Time of Use (TOU) - Off-Peak | 103 | 1.17% | 380.00 | 10.10 | 135 | 1,042 | 1,177 |
| C3 Supply above 11 kV | 0 | 0.00% | 360.00 | 11.10 | - | - | - |
| Time of Use (TOU) - Peak | 3 | 0.03% | | 15.90 | - | 45 | 45 |
| Time of Use (TOU) - Off-Peak | 15 | 0.18% | 360.00 | 10.00 | 27 | 155 | 182 |
| Total Single Point Supply | 307 | 3.48% | | | 336 | 3,469 | 3,804 |
| Agricultural Tube-wells - Tariff D | | | | | | | |
| Scarp | 7 | 0.07% | | 11.40 | - | 75 | 75 |
| Time of Use (TOU) - Peak | 1 | 0.01% | | 15.90 | - | 13 | 13 |
| Time of Use (TOU) - Off-Peak | 5 | 0.06% | 200.00 | 10.30 | 9 | 56 | 65 |
| Agricultural Tube-wells | 27 | 0.31% | 200.00 | 10.90 | 69 | 298 | 367 |
| Time of Use (TOU) - Peak | 13 | 0.15% | | 15.90 | - | 206 | 206 |
| Time of Use (TOU) - Off-Peak | 55 | 0.62% | 200.00 | 10.30 | 110 | 562 | 672 |
| Total Agricultural | 108 | 1.22% | | | 168 | 1,212 | 1,400 |
| Public Lighting | 17 | 0.19% | | 10.90 | - | 180 | 180 |
| Resid. Colon.att. to ind | 3 | 0.03% | | 10.90 | - | 30 | 30 |
| Special Contracts - A/JK | 1 | 0.01% | 360.00 | 10.90 | 3 | 10 | 13 |
| Time of Use (TOU) - Peak | 43 | 0.48% | | 15.90 | - | 677 | 677 |
| Time of Use (TOU) - Off-Peak | 254 | 2.88% | 360.00 | 10.30 | 325 | 2,615 | 2,940 |
| Sub-Total | 317 | 3.59% | | | 328 | 3,512 | 3,840 |
| Special Contract - Tariff-J | | | | | | | |
| J-1 For Supply at 66 kV & above | - | 0.00% | 360.00 | 11.10 | - | - | - |
| Time of Use (TOU) - Peak | - | 0.00% | | 15.90 | - | - | - |
| Time of Use (TOU) - Off-Peak | - | 0.00% | 360.00 | 10.00 | - | - | - |
| J-2 (a) For Supply at 11, 33 kV | - | 0.00% | 380.00 | 11.20 | - | - | - |
| Time of Use (TOU) - Peak | - | 0.00% | | 15.90 | - | - | - |
| Time of Use (TOU) - Off-Peak | - | 0.00% | 380.00 | 10.10 | - | - | - |
| J-2 (b) For Supply at 66 kV & above | - | 0.00% | 360.00 | 11.10 | - | - | - |
| Time of Use (TOU) - Peak | - | 0.00% | | 15.90 | - | - | - |
| Time of Use (TOU) - Off-Peak | - | 0.00% | 360.00 | 10.00 | - | - | - |
| J-3 (a) For Supply at 11, 33 kV | - | 0.00% | 380.00 | 11.20 | - | - | - |
| Time of Use (TOU) - Peak | - | 0.00% | | 15.90 | - | - | - |
| Time of Use (TOU) - Off-Peak | - | 0.00% | 380.00 | 10.10 | - | - | - |
| J-3 (b) For Supply at 66 kV & above | - | 0.00% | 360.00 | 11.10 | - | - | - |
| Time of Use (TOU) - Peak | - | 0.00% | | 15.90 | - | - | - |
| Time of Use (TOU) - Off-Peak | - | 0.00% | 360.00 | 10.00 | - | - | - |
| Total Revenue | 8,825 | 100.00% | | | 4,492 | 100,827 | 105,318 |



**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 | - | | 9.40 |
| iii | 101 - 200 Units | - | | 13.40 |
| iv | 201 - 300 Units | - | | 13.40 |
| v | 301 - 700 Units | - | | 14.80 |
| vi | Above 700 Units | - | | 15.90 |
| b) | For Sanctioned load 5 kW & above | | | |
| | | | Peak | Off-Peak |
| | Time Of Use | - | 15.90 | 10.30 |

As per Authority's decision residential consumers will be given the benefits of only one previous slab.
Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed.

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

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES | VARIABLE CHARGES | |
|---------|------------------------------------|---------------|------------------|----------|
| | | Rs/kW/M | Rs/kWh | |
| a) | For Sanctioned load less than 5 kW | | | 15.90 |
| b) | For Sanctioned load 5 kW & above | 400.00 | | 11.35 |
| | | | Peak | Off-Peak |
| c) | Time Of Use | 400.00 | 15.90 | 10.30 |

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

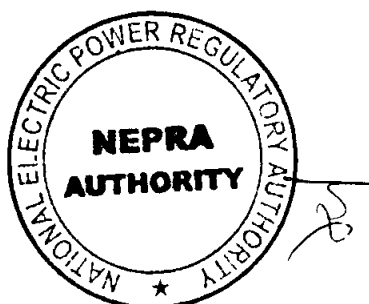
- a) Single Phase Connections; Rs. 175/- per consumer per month
b) Three Phase Connections: Rs. 350/- per consumer per month

A-3 GENERAL SERVICES

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES | VARIABLE CHARGES | |
|---------|-------------------------------|---------------|------------------|-------|
| | | Rs/kW/M | Rs/kWh | |
| a) | General Services | - | | 12.75 |

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) | - | | 11.40 |
| B2(a) | exceeding 25-500 kW (at 400 Volts) | 400.00 | | 10.90 |
| | Time Of Use | | | |
| B1 (b) | Up to 25 KW | | 15.90 | 10.30 |
| B2(b) | exceeding 25-500 kW (at 400 Volts) | 400.00 | 15.90 | 10.10 |
| B3 | For All Loads up to 5000 kW (at 11,33 kV) | 380.00 | 15.90 | 10.00 |
| B4 | For All Loads (at 66,132 kV & above) | 360.00 | 15.90 | 9.90 |

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

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

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

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

**C - SINGLE-POINT SUPPLY FOR 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 | - | | 11.90 |
| b) | Sanctioned load 5 kW & up to 500 kW | 400.00 | | 11.40 |
| C-2(a) | For supply at 11,33 kV up to and including 5000 kW | 380.00 | | 11.20 |
| C-3(a) | For supply at 66 kV & above and sanctioned load above 5000 kW | 360.00 | | 11.10 |
| | Time Of Use | | | |
| C-1(c) | For supply at 400/230 Volts 5 kW & up to 500 kW | 400.00 | 15.90 | 10.30 |
| C-2(b) | For supply at 11,33 kV up to and including 5000 kW | 380.00 | 15.90 | 10.10 |
| C-3(b) | For supply at 66 kV & above and sanctioned load above 5000 kW | 360.00 | 15.90 | 10.00 |

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 | - | | 11.40 |
| D-2 (a) | Agricultural Tube Wells | 200.00 | | 10.90 |
| | | | | |
| D-1(b) | SCARP 5 kW & above | 200.00 | 15.90 | 10.30 |
| D-2 (b) | Agricultural 5 kW & above | 200.00 | 15.90 | 10.30 |

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

Nete:- 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 | - | | 15.90 |
| E-1(ii) | Commercial Supply | - | | 15.90 |
| E-2 | Industrial Supply | - | | 11.40 |

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 | VARIABLE CHARGES | |
|---------|-------------------------------|---------------|------------------|--|
| | | Rs/kW/M | Rs/kWh | |
| | Street Lighting | - | 10.90 | |

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 | VARIABLE CHARGES | |
|---------|------------------------------------------------------|---------------|------------------|--|
| | | Rs/kW/M | Rs/kWh | |
| | Residential Colonies attached to industrial premises | - | 10.90 | |

K - SPECIAL CONTRACTS

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES | VARIABLE CHARGES | |
|---------|-------------------------------|---------------|------------------|----------|
| | | Rs/kW/M | Rs/kWh | |
| | Azad Jammu & Kashmir (AJK) | 360.00 | 10.90 | |
| | Time of Day | 360.00 | Peak | Off-Peak |
| | | | 15.90 | 10.30 |

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 | 11.10 | |
| J-2 | (a) For supply at 11,33 kV | 380.00 | 11.20 | |
| | (b) For supply at 66 kV & above | 360.00 | 11.10 | |
| J-3 | (a) For supply at 11,33 kV | 380.00 | 11.20 | |
| | (b) For supply at 66 kV & above | 360.00 | 11.10 | |
| | Time Of Use | | Peak | Off-Peak |
| J-1(b) | For supply at 66 kV & above and having sanctioned load of 20MW & above | 360.00 | 15.90 | 10.00 |
| J-2 (c) | For supply at 11,33 kV | 380.00 | 15.90 | 10.10 |
| J-2 (d) | For supply at 66 kV & above | 360.00 | 15.90 | 10.00 |
| J-3 (c) | For supply at 11,33 kV | 380.00 | 15.90 | 10.10 |
| J-3 (d) | For supply at 66 kV & above | 360.00 | 15.90 | 10.00 |

