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No.NEPRA/R/DG(Trf)/TRF-564 &TRF-565 /PESCO-2021/1820/-07 July 14, 2023

Subject: **DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FILED PESHAWAR ELECTRIC SUPPLY COMPANY (PESCO) FOR ADJUSTMENT/INDEXATION OF TARIFF FOR THE FY 2023-24 UNDER THE MULT YEAR TARIFF [CASE # NEPRA/TRF-564 & TRF-565/PESCO-2021]**

Dear Sir,

Please find enclosed herewith subject Decision of the Authority (49 Pages) in the matter of request filed Peshawar Electric Supply Company Ltd. (PESCO) for adjustment/indexation of tariff for the FY 2023-24 under the Mult Year Tariff in Case No. NEPRA/TRF-564 & TRF-565 /PESCO-2021.

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official Gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision or refer the matter to the Authority for reconsideration, within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

Enclosure: As above

(Engr. Mazhar Iqbal Ranjha)

Secretary
Ministry of Energy (Power Division)
'A' Block, Pak Secretariat
Islamabad

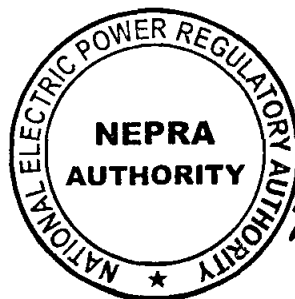
CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
3. Secretary ,Energy and Power Department, Government of Khyber Pakhtunkhwa, 1st Floor, A-Block, Abdul Wali Khan Multiplex, Civil Secretariat, Peshawar
4. Chief Executive Officer, NTDC, 414 WAPDA House, Shaharah-e-Qaid-e-Azam, Lahore
5. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
6. Chief Executive Officer, Peshawar Electric Supply Company (PESCO) WAPDA House, Shami Road, Sakhi Chashma, Peshawar

**DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FILED BY PESHAWAR ELECTRIC
SUPPLY COMPANY (PESCO) FOR ADJUSTMENT / INDEXATION OF TARIFF FOR THE FY 2023-24
UNDER THE MYT**

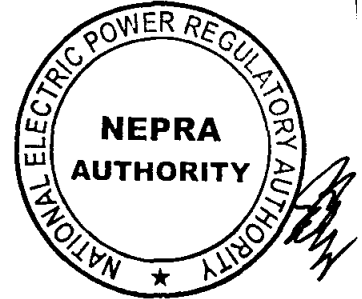
1. Back Ground

- 1.1. The Authority determined separate tariffs of Peshawar Electric Supply Company Limited (PESCO) (herein referred to as "Petitioner") under Multi Year Tariff (MYT) regime, for a period of five years i.e. from FY 2020-21 to FY 2024-25, for both its Distribution and Supply of power functions vide tariff determinations dated June 02, 2022. Subsequently, a uniform tariff application u/s 31 (4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 was filed by the Federal Government, which was also decided by the Authority on July 22, 2022 and the decision was intimated to the Federal Government for notification in official gazette. The tariff so determined was notified by the Federal Government vide SRO dated 25.07.2022. PESCO, also in the mean time being aggrieved from its determinations dated 02.06.2022, filed Motions for Leave for Review (MLR) for both Distribution and Supply of Power functions, which were accordingly decided by the Authority on January 23, 2023.
- 1.2. The Petitioner now in line with the adjustment mechanism provided in its notified MYT determination, has filed its request for adjustment/ indexation of different components of its revenue requirement for the FY 2023-24, along-with break-up of costs in terms of Distribution and Supply functions.
- 1.3. Here it is pertinent to mention that as per the amendment NEPRA Act, function of sale of electric power, traditionally being performed by the Distribution Licensees, has been removed from the scope of Distribution Licensee and transferred to a Supply Licensee. Section 23E, of the amended Act, provides that holder of a distribution license on the date of coming into effect of the Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2018 shall be deemed to hold a license for supply of electric power under this section for a period of five years from such date.
- 1.4. The Authority noted that the Petitioner was a deemed supplier till 26.04.2023, in light of aforementioned section of NEPRA Act. The Petitioner, however, has submitted its supply of power license application, which is under consideration of the Authority. In view thereof, the Authority has decided to consider the instant adjustment/ indexation request of the Petitioner for both its Distribution and Supply of Power functions. However, the grant of supply tariff under the MYT regime shall in no way be construed as a basis for claiming supply license. The application for grant of Supply license would be processed separately after following the due process of law and in light of applicable documents. The terms & conditions to be given by the Authority, in the supply license would be applicable during the MYT control period and the MYT would be governed by the terms & conditions of the new license.
- 1.5. A Summary of the adjustments request submitted by the Petitioner is as under;



Dr. Hali

Description	Unit	Distribution Business	Power Supply Business	Total Revenue Requirement
Pay & Allowances	Rs. Mln	11,609	5,981	17,590
Post-Retirement Benefits	Rs. Mln	6,057	3,121	9,178
Repair & Maintenance	Rs. Mln	1,340	56	1,396
Travelling Allowance	Rs. Mln	278	113	391
Vehicle Maintenance	Rs. Mln	214	68	282
Other Expenses	Rs. Mln	196	1,202	1,398
Total O & M Costs	Rs. Mln	19,695	10,540	30,235
Depreciation	Rs. Mln	3,938	438	4,376
RORB	Rs. Mln	9,770	2,442	12,212
Other Income	Rs. Mln	- 3,174	- 1,445	- 4,619
Turn over tax	Rs. Mln	-	3,737	3,737
PYA	Rs. Mln	12,015	4,931	16,946
Revenue Requirement	Rs. Mln	42,244	20,643	62,887



2. Hearing

- 2.1. Since the impact of any such adjustments has to be made part of the consumer end tariff, therefore, the Authority, in order to provide an opportunity of hearing to all the concerned and meet the ends of natural justice, decided to conduct a hearing in the matter.
- 2.2. Hearing in the matter was held on April 05, 2023, for which advertisement was published in newspapers on March 22, 2023. Separate notices were also sent to the stakeholders for inviting comments from the interested/ affected parties. Salient features and details of the proposed adjustments along-with notice of hearing were also uploaded on NEPRA's Website for information of all concerned.
- 2.3. For the purpose of hearing, and based on the pleadings, following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments;
 - i. Whether the requested adjustments/indexation in tariff are in line with the MYT tariff determination and are justified?
 - ii. PESCO to present its Power Purchases Price (Energy & Cost) for the FY 2023-24, keeping in view the Section 32 of NEPRA Act and NEPRA Power Procurement Regulations?
 - iii. Whether the requested PYA, is justified?
 - iv. Whether the existing Tariff Terms and Conditions needs to be modified (including the request of Cold Storage to charge "B Industrial Supply" Category tariff instead of "A-2 Commercial" category tariff), and keeping in view the amendments in Consumer Service Manual or otherwise?
 - v. Whether the existing fixed charges applicable to different consumer categories needs to be revised and requires any changes in mechanism for charging of such charges based on Actual MDI or Sanction Load or otherwise? Whether there should any Fixed Charges on consumer's categories who are currently not paying any fixed charges?
 - vi. Whether the peak and off-peak rate design needs to be revised?
 - vii. Any other issue that may come up during or after the hearing?

Dr. Malik, D

3. Filing of objections/ comments:

- 3.1. Comments/replies and filing of Intervention Request (IR), if any, were desired from the interested person/ party within 7 days of the publication of notice of admission in terms of Rule 6, 7 & 8 of the Tariff Rules. In response thereof, various commentators have filed their comments on the issue of mechanism of application of fixed charges and tariff to be applicable for cold storage. The same has been discussed under the relevant issue.
- 3.2. During the hearing, the Petitioner was represented by its technical and financial teams. On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under;

4. PESCO to present its Power Purchases Price (Energy & Cost) for the FY 2023-24, keeping in view the Section 32 of NEPRA Act and NEPRA Power Procurement Regulations?

- 4.1. The Authority noted that Power Purchase Price (PPP) forecast of the Petitioner as well for all XWDISCOs for the FY 2023-24 has since been determined by the Authority through a separate decision, detailing the assumptions of the forecast and relevant share of the Petitioner. In view thereof, the Authority does not see any rationale to discuss this issue again herein in the instant decision. However, for the purpose of calculation of overall revenue requirement of the Petitioner, the PPP forecast for the FY 2023-24 as determined by the Authority, has been made part of the overall Revenue Requirement of the Petitioner. Further, Annex-I of the PPP decision, to the extent of the Petitioner, has been attached as Annex-IV with the instant decision. The PPP forecast of the Petitioner for the FY 2023-24 shall be used as reference for future adjustments of PPP including the monthly and quarterly adjustments.

5. Whether the requested adjustments/indexation in tariff are in line with the MYT tariff determination and are justified?

- 5.1. The Petitioner submitted during the hearing that the requested adjustments are in line with the mechanism determined vide Tariff redetermination and NEPRA guidelines for determination of consumer end tariff (Methodology & Process).
- 5.2. The Petitioner has requested the following adjustments on account of its O&M costs, Other Income, RoRB, Prior Period Adjustments etc. for the FY 2023-24;

Min Rs.

DESCRIPTION	FY 2023-24
INCREASE	
O&M Cost	30,234
Depreciation	4,376
Return on Rate Base	12,212
Less: Other Income	(4,619)
Distribution Margin (D.M)	42,203
Turnover Tax	3,737
Prior Period Adjustments	16,946
Gross Revenue Requirement	62,886



5.3. The Petitioner submitted the following assumptions used for projections of costs for the FY 2023-24;

- ✓ Salaries & Other Benefits: 15% Ad-hoc Relief & Increase in Increment in the Basic Pay by 5%
- ✓ Post Retirement Benefits: Increase is projected up-to 15%
- ✓ Inflation: CPI = Other O&M Cost is projected using NCPI at 24.47% of December 2022
- ✓ Operating Gross Fixed Asset (GFA): Opening GFA taken on the basis of the financial statements of FY 2021-22 and FY 2020-21. Accordingly Depreciation has been estimated based on actualized expenditure.
- ✓ Cost of Debt: Cost of Debt computed on the basis of fluctuation in the reference KIBOR biannually, i.e. July (15.32%) & January (17.06%), i.e. on average 16.19% (Reference 8.93% for FY 2022-23).
- ✓ Basis for Bifurcation: As per the approved mechanism in the MYT Determination.

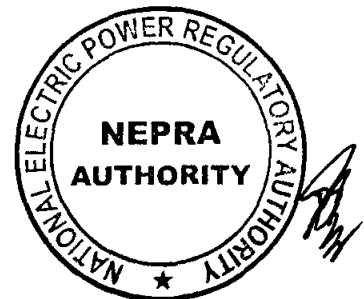
5.4. The Petitioner accordingly provided the following table for the projected numbers for the FY 2023-24;

DESCRIPTION	FY 2022-23 DETERM	FY 2023-24 PROJECTED	BASIS OF INDEXATION
Oper. & Maintenance			
Salaries & Other Benefits	14,853	17,590	13.1%
Post Retr. Benefits	7,953	9,178	15.0%
Repair and Maintenance	1,055	1,396	24.5%
Traveling Expenses	314	391	24.5%
Vehicle Expenses	226	282	24.5%
Other Expenses	1,123	1,398	24.5%
O & M Cost	25,524	30,234	
Depreciation	3,789	4,376	As per MYT Mechanism
Return on Rate Base	7,514	12,212	As per MYT Mechanism
Less Other Income	-4,180	-4,619	As per MYT Mechanism
Distribution Margin	32,647	42,203	29.3% / 17.4%

5.5. The Petitioner also stated that projected O&M costs for FY 2022-23 have been adjusted by considering the MLR decision of PESCO and the annual impact of various pending adjustments. As a result, the baseline has been adjusted for the FY 2022-23 to calculate the indexation request for the following FY 2023-24, as below:

Table-6: Basis for Projected O&M Min Rs.

DESCRIPTION	FY 2022-23					FY 2023-24	
	DETERMINED	ADJ AS PER MLR DECISION	RE-DETERMINED	PENDING ADJ.	PROJECTED	MULTIPLYING FACTOR	PROJECTED
Operating & Maintenance							
Salaries and Benefits	14,853	-	14,853	701	15,554	18%	17,590
Post Retirement Benefits	6,642	1,311	7,953	28	7,981	15%	9,178
Sub-Total	21,495	1,311	22,806	729	23,535		26,768
Repair and Maintenance	1,055	-	1,055	67	1,122	24%	1,396
Traveling Expenses	314	-	314	-	314	24%	391
Vehicle Expenses	226	-	226	-	226	24%	282
Other Expenses	991	132	1,123	97	1,220	24%	1,398
O & M Cost	24,081	1,443	25,524	892	26,417		30,234



In
Date: _____

- 5.6. **Regarding Pay & Allowances**, it submitted that NEPRA has allowed the impact of increase in Salary etc. as announced by GoP for the respective year for the future indexation, till the time, PESCO remains in the Public Sector. It is pertinent to mention here that the increase in salaries, as notified by the GoP in July, 2022 may be considered and necessary adjustment in the determined amount for FY 2022-23 may be allowed in the base reference as per detail below.
- ✓ Basic Pay Scales have been revised w.e.f 01-07-2022 by merging various Adhoc Reliefs allowances in the Basic Pay with a financial impact of around 48% increase in Basic Pay with a reduction of the same percentage in the other allowances.
 - ✓ Adhoc Relief Allowance allowed @ 15% on the running Basic Pay of 2017 pay scales w.e.f 01-07-2022.
 - ✓ The impact of DRA @ 15% for the remaining 08 months of FY 2022-23, being the amount of 04 months already included in FY 2021-22.
- 5.7. The Petitioner further stated that same has been included as Prior Year Adjustment. Based on the above mechanism and the directions provided in the MYT Determinations and accordingly, the projected Pay & Allowances for the FY 2023-24 comes to Rs.17,590 million considering the assumption of increment of 5% in the Basic Pay and 15% Adhoc Relief for the same period.
- 5.8. The Petitioner also stated that the Authority decided to carry out the Mid-Year review specifically w.r.t. the new hiring to consider the financial impact thereof, however, since, PESCO is in the process of new hiring and it is not yet completed, hence, the Authority is requested to defer the Mid-Year Review till next year i.e. FY 2024-25.
- 5.9. **Regarding Post-retirement benefits**, it has been submitted that as per MYT determination the amount of post-retirement benefits will also be adjusted every year with the Pension increase announced by the GoP for the respective year, till the time PESCO remains in the public sector. Based on this mechanism, and assuming 15% increase in pension for FY 2023-24, the projected cost of for the FY 2023-24 comes to Rs.9,178 Million. However, the cost pertaining to new retirees will be claimed separately on the basis of actual as was allowed by the Authority in MLR decision of PESCO.
- 5.10. **The Petitioner also claimed financial impact of GENCO/ NTDC Pensioners** by submitting that the Economic Co-Ordination Committee in Case No. ECC-347/32/2021 dated 23.09.2021, has approved adjustment of Pensioners of GENCOs w.r.t Power Plants under closure. As per para no. 6 of the decision "Pensions of these employees will be paid by the relevant DISCOs on their retirement according to the rule of DISCOs, in turn the relevant DISCOs and WAPDA would claim adjustment of the same from NEPRA in their Tariff.
- 5.11. Similarly, GENCO's has transferred Pensioners who worked under Electricity Boards of respective DISCOs (PESCO) having worked as Project Directors at 132KV Grid System. The Financial Impact of GENCO's Pensioners claimed by the Petitioner is as follows;



Company	Year	No. of Pensioners	Actual (Rs. In Mln)
GENCOS	FY 2021-22		9.993
GENCO-I	FY 2022-23	10	2.396
GENCO-II		14	3.783
GENCO-III		14	4.839
GENCO-IV		11	2.306
Sub Total		49	13.324
Total			23.317

- 5.12. The Petitioner also mentioned that NTDC has forwarded 56 Nos. PPO files pertaining to EX-GSC retired employees of the formations transferred to PESCO in view of the Tariff Determination of FY 2014-15 for XWDISCOs by the Authority. Although, PESCO has repeatedly requested NTDC to take up the matter with NEPRA for a policy decision in this regard, however NTDC is referring the decision of WAPDA with reference to XWDISCOs pensioners and not accepting the said claims w.e.f. July-2014 resulting in cash flow problems for PESCO with outstanding arrears of Rs.132 million up-to June 2022 and the same are accumulating on monthly basis with annual financial implication of around Rs.14.6 million.

Company	Year	No of Pensioners	Annual (Rs. In Mln)
NTDC Pensioners	2014-15 & 2021-22	56	116.66
	2022-23		14.58
Total			131.24

- 5.13. However, the Petitioner during the hearing revised the above calculations to Rs.211 million as under;

Company	No. of Pensioners	Year	Annual Mln. Rs.
NTDC	88 (56+32)	FY 2014-15 TO FY 2021-22	183.40
		FY 2022-23	14.60
		TOTAL	211.00

- 5.14. The Petitioner stated that the Authority in its MLR decision has directed to submit the matter in the next indexation/adjustment request, accordingly, the same has been included/claimed as part of PYA with the request to allow the same to PESCO.
- 5.15. The Petitioner has also claimed provision for post-retirement benefits by stating that as per the Authority directions, it has created a separate Pension fund, and provision for post-retirement benefits expenses is required to enable it to transfer the funds to the designated bank account. The Authority is therefore requested to allow the annual provision for post-retirement benefits amounting to Rs.4,724 million for FY 2023-24 as the amount determined in the Review Decision will not be sufficient to serve the purpose.
- 5.16. For Other OPEX i.e. R&M, Travelling, Vehicle Running & Other expenses it has been submitted that the expenses as determined by the Authority for FY 2021-22 are less than the actual audited expense incurred by the Petitioner. The Petitioner is already facing financial hardship and the determination of other expenses by excluding various legitimate costs may hamper its ability to provide uninterrupted services to the consumers as it will further aggravate the weak financial position of the company.

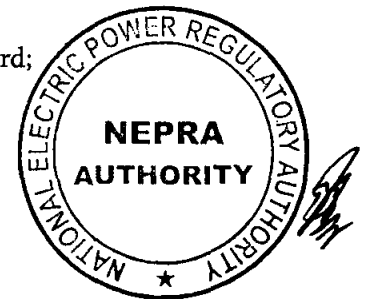


- 5.17. Regarding R&M cost, the Petitioner mentioned that its Audited expenditure under the head of Repair & Maintenance for FY2020-21 was Rs.1,177 million, but the Authority allowed only Rs.863 million based on historical trends and a 9.5% inflationary impact. However, the audited expenditure increased by 49.36% during FY 2020-21 compared to FY2019-20 due to a revised repair policy approved by the BoD in 2019. The new policy requires PESCO to pay for all transformer repairs, regardless of AT&C losses of above 50% and subsequently revised to the extent of 80%. This change has heavily increased the Repair & Maintenance cost, and funds are needed to continue the policy in the interest of consumers. Therefore, the Authority may review the baseline of indexation by considering the actual expenditure of FY 2020-21. Additionally, the cost of materials such as copper, iron, and aluminum used in the production/repair of electrical equipment has increased abnormally due to international price fluctuations and rupee devaluation. The Authority should consider these changed market realities and accordingly allow the increase in Repair & Maintenance expenses.
- 5.18. On the vehicle running expenses, the Petitioner has stated that the authority has taken the actual expenditure under the head of Vehicle Running of FY 2019-20 and allowed an inflationary increase for General Category (CPI) instead of Transport Category whereas, as per CPI for transport, the inflation in price is 24.07% for the month of December 2021 and statistics taken from PSO website, the increase in POL prices has increased by 36.05% during FY 2021-22 whereas, increase of 12% has been allowed over FY 2020-21 for the same period and only 9% is allowed for FY 2022-23, which will be insufficient to meet the expenses and for sustainable smooth operations of the company. Hence, it is proposed that the inflationary increase may be based on the NCPI for Transport category in case of vehicle running expenses.
- 5.19. The Petitioner provided the following comparison of POL prices over the years;

Description	FY2019-20	FY2020-21	FY2021-22
Average Price of Petrol (Annual)	106.89	106.43	148.56
% Increase (yoy)		-0.43%	39.58%
Average Price of Diesel (Annual)	117.5	108.98	144.43
% Increase (yoy)		-7.25%	32.53%
Average POL Price (Petrol + Diesel)	112.2	107.7	146.49
% Increase (yoy)		-4.01%	36.05%

- 5.20. It further submitted that the proportion of expenditures relating to petroleum, oil, and lubricants (POL) is relatively higher (7%) in the O&M (excluding Pay, Allowances & Pension) category of PESCO in comparison to other expenses such as communication (1%), rent, rates, and taxes (4%), as per Financial Statement of FY 2021-22. As a result, the substantial rise in the National Consumer Price Index (NCPI) for POL prices has significantly affected the overall expenditure under O&M as compared to the impact of inflation on expenses such as communication or rent, rates & taxes, hence, this matter necessitates reconsideration.
- 5.21. The Petitioner during the hearing provided the following details in this regard;

DESCRIPTION	Mln. Rs.			
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
NEPRA (Mln Rs.)	185	208	226	
Increase (yoy)		12.40%	8.60%	
Proposed (Mln Rs.)		208	258	365
Proposed Increase (yoy)			24.00%	41.6%*



- 5.22. Regarding Other O&M expenses, the Petitioner submitted that it includes expenses such as Rent, Rates & Taxes, Power, Light and Water, Communication, Bill Collection Charges, Office supplies (includes stationery for MIS for bill printing forms, cartridges etc.), Director Fees, Auditor Remuneration, Professional Fees, Outside Service Employed, Management Fees, NEPRA License Fees, Advertisement & Publicity, Subscriptions & Periodicals, Representation & Entertainment, Insurance (Wapda Equipment Protection Scheme for Grid System only), Bank Charges, and other miscellaneous expenses. The main reason for increase during FY 2020-21 is due to the increase in Rent Expense and the Bill collection charges and the payment of arrears.
- 5.23. Bill Collection Charges were increased during FY 2020-21 due to the payment of arrears of Rs.89 million as well as current cost to Telenor Microfinance Bank for online collections (annual Impact Rs.35 million approx.), the same was pending due to verification / reconciliation. Although, the Authority has not considered the said cost, however it is requested to reconsider and allow the same to the extent of annual impact of Rs.35 million in the base tariff along with indexation in the subsequent period. Similarly for rent expense, out of the total arrears of Rs.100 million, the annual impact amounting to Rs.30 million may be allowed to PESCO in the base tariff for the purpose of indexation of FY 2023-24.
- 5.24. The NEPRA License Fee taken under the head of Other O&M Expenses has been increased by more than 100% during FY 2021-22 & FY 2022-23 in comparison to FY 2019-20 but this fact has not been considered in the determination, therefore, it is proposed that the impact of increase in NEPRA License Fee for Supply Business being not part of the base tariff, may be taken into account in the determination of O&M Expenses for MYT control period. The actual payment made for FY 2021-22 & FY 2022-23 amounting to Rs.23 million may be allowed as PYA and Rs.28 million may be included in base tariff of FY 2022-23 as part of indexation of FY 2023-24.
- 5.25. The Petitioner during the hearing provided the following details in this regard;

Mln. Rs.

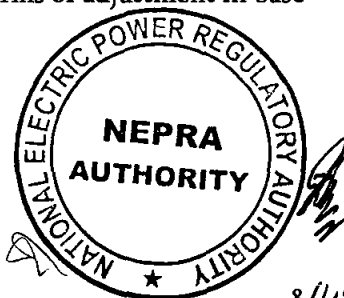
FY	LICENCE FEE		Total Fee
	Distribution Function	Supply Function	
2020-21	31.13	-	31.13
2021-22	40.66	23.16	63.82
2022-23	50.57	28.16	78.73
TOTAL	122.36	51.32	173.68

- 5.26. Similarly, an increase has been recorded under the head Postage & Telephone, this is primarily due to the increase in Tariff as well as the ever-increasing requirement for communication services in wake of the expansion in ERP system at Circle level, Integrated Billing Solution (IBS) and PITC services etc.
- 5.27. The Petitioner during the hearing provided the following details in terms of adjustment in base line numbers;

Other O&M expense- Adjustment in base line

Mln. Rs.

DESCRIPTION	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
NEPRA	876	918	1,034	1,123
<i>Increase (yoy)</i>		<i>4.80%</i>	<i>13.00%</i>	<i>8.60%</i>
Audited	891	1,248	1,264	



- 5.28. Further, the efficiency factor-X may be allowed on actual basis. This entails adjusting the indexed amount, if the actual expenditure in a particular category is less than the indexed amount then in that case its benefit may be passed on to the consumers. The Authority's determination of a 30% adjustment factor needs to be reassessed in light of the fact that indexation is based on the National Consumer Price Index (NCPI), which is directly linked with prices. Considering PESCO's weak financial condition and resource shortfall together with the unrealistic target of losses of 20.16 % & 19.81 % for FY 2022-23 & FY 2023-24, contrary to the market realities as envisaged in the National Electric Policy, it would be more appropriate to link the adjustment factor with actual expenditure, as proposed.
- 5.29. Regarding depreciation, the Petitioner mentioned that as per the mechanism provided in the MYT determination for the FY 2020-21 to FY 2022-23, the depreciation will be assessed in accordance with the following formula/mechanism:

$$\text{DEP (Rev)} = \text{DEP (Ref)} \times \frac{\text{GFAIO (Rev)}}{\text{GFAIO (Ref)}}$$

- 5.30. The Petitioner accordingly requested the following cost under the head of depreciation;

Table-10: Depreciation Expense

DESCRIPTION	AUDITED	PROVISIONAL	ADJUSTMENT
	FY'2021-22	FY'2022-23	FY'2023-24
Gross Fixed Assets in Operation (GFAIO) — Opening Balance	94,444	107,485	116,201
Addition in Fixed Assets	13,041	8,716	10,249
Fixed Assets in Operation (GFAIO) — Closing Balance	107,485	116,201	126,450
Depreciation-Expense	3,709	4,025	4,376

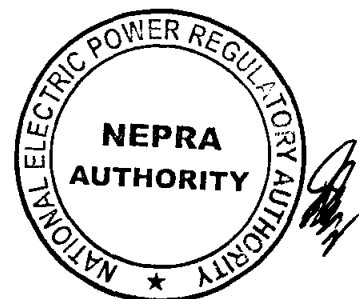
- 5.31. On the issue of RoRB, the Petitioner mentioned that as per the mechanism provided in the MYT determination for the FY 2020-21 to FY 2022-23, the Return on Rate Base (RORB) will be assessed in accordance with the following formula/ mechanism:

$$\text{RORB}_{(\text{Rev})} = \text{RORB}_{(\text{Ref})} * \text{RAB}_{(\text{Rev})} / \text{RAB}_{(\text{Ref})}$$

- 5.32. Based on above, the Petitioner requested the following amount under the head of RoRB;

Table-11: RORB Calculation

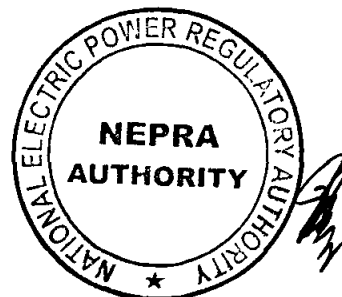
DESCRIPTION	UOM	AUDITED	PROJECTED	PROJECTED
		FY'2021-22	FY'2022-23	FY'2023-24
Gross Fixed Assets in Operation-B/F	[Min Rs]	94,444	107,485	116,201
Addition in Fixed Assets	[Min Rs]	13,041	8,716	10,249
Gross Fixed Assets in Operation-C/B	[Min Rs]	107,485	116,201	126,450
Less: Accumulated Depreciation	[Min Rs]	39,112	43,137	47,513
Net Fixed Assets in Operation	[Min Rs]	68,373	73,064	78,938
Add: Capital Work in Progress - C/B	[Min Rs]	33,544	46,800	55,029
Less: Cap. WIP-Deposit Portion	[Min Rs]	14,643	14,643	14,643
Investment in Fixed Assets	[Min Rs]	87,274	105,221	119,324
Less: Deferred Credits	[Min Rs]	39,222	39,822	41,671
Regulatory Assets Base	[Min Rs]	48,052	65,399	77,653
Average Regulatory Assets Base	[Min Rs]	45,195	56,726	71,526
Rate of Return	[%age]	12.03%	17.07%	17.07%
Return on Rate Base	[Min Rs]	5,437	9,685	12,212



- 5.33. Further, the issue of excessive deduction of Deferred Credit from Regulatory Asset Base (RAB) due to insufficient cash balances was discussed during the MLR hearing for FY 2020-21 to FY 2022-23, however, the Authority in its decision stated that PESCO Financial statement for FY 2019-20 shows insufficient balances as on 30th June, 2020 against their pending liability of receipt against deposit works and consumer security deposits, thus, indicating that the amount received against the aforementioned heads has been utilized somewhere else.
- 5.34. It is pertinent to mention here that the Cash Balance under Deposit head has no correlation with Revenue Requirement and the Distribution Margin. Such interpretation is based on the incorrect assumptions which is creating financial hardships for PESCO, although the detail calculations along with documentary evidence was provided to NEPRA's Tariff team, however still PESCO submissions has not been considered. Moreover, this treatment/calculation has no legal backing, because NEPRA Act, 1997 and the regulations thereunder doesn't support this treatment.
- 5.35. PESCO is not utilizing the consumer receipts for any other purpose and since FY 2015-16, PESCO has managed to reduce the shortfall under Deposit head (whether inherited or recovered by FBR) to Zero, hence the deduction of RORB has no legal grounds, because NEPRA Act, 1997 and the regulations thereunder doesn't support the above treatment rather the required treatment as per NEPRA Guidelines for determination of Consumer End tariff (Methodology and Process) 2015 (or Guideline 2015).
- 5.36. According to Clause 19(3)(a) of the "Guideline 2015", the determination of Rate Base of the company includes Deferred Credit along with other components of Regulatory Asset Base (RAB). The relevant part of the Guidelines is reproduced as:
"19. Cost Categories(3).....(a) Post-tax rate-of-return on rate base (i) Average net fixed assets, construction work in progress (CWIP) and deferred credits including share of deposit works valued at original cost and/or expected cost shall be used to determine the rate base of the affected company."
- 5.37. Further, the Annex-II of the Guideline 2015 has provided following formula for RAB Calculation. The Format is hereunder as:

Regulatory Asset Base

Description	Rupees in Million	
	FY ----- Actual	FY ---- Forward Looking
Opening fixed assets in operation		
Assets Transferred during the year		
Closing Fixed Assets in Operation		
Less: Accumulated Depreciation		
Net Fixed Assets in operation		
+ Capital Work in Progress (Closing)		
Total Fixed Assets		
Less: Deferred Credit		
Total		
Average Regulatory Assets Base		



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- 5.38. Based on above references of NEPRA Guidelines, 2015, it is evident that the treatment adopted in the MYT Determination and later in the Review Decision with regards to insufficient Cash Balances is not covered under the Rules and hence, needs to be reconsidered.
- 5.39. **Regarding Other Income**, the Petitioner requested an amount of Rs.4,619 million and stated the mechanism provided in the MYT determination for the FY 2020-21 to FY 2022-23, the other income will be assessed in accordance with the following formula/mechanism:

$$OI_{(Rev)} = OI_{(1)} + \{OI_{(1)} - OI_{(0)}\}$$

6. The Authority noted that PESCO has been allowed a Multiyear tariff for a control period of 5 years starting from July 2020 till June 2025, wherein a mechanism for adjustment/ indexation of different components of the revenue requirement has been prescribed. The Authority also noted that adjustments/ indexations till FY 2022-23 have already been Petitioner. Accordingly, in line with the prescribed mechanism and as per the amended NEPRA Act, the Petitioner filed its adjustment/ indexation request with break-up of costs in terms of Distribution and Supply functions for the FY 2023-24 along-with its PYA workings.
- 6.1. A summary of the allowed adjustment/ indexation, as per the mechanism provided in the MYT determination of the Petitioner is as under;

O&M EXPENSE

- 6.2. The O&M part of Distribution Margin shall be indexed with CPI subject to adjustment for efficiency gains (X factor). Accordingly the O&M will be indexed every year according to the following formula:

$$O\&M_{(Rev)} = O\&M_{(Ref)} \times [1 + (\Delta CPI - X)]$$

Where:

$O\&M_{(Rev)}$ = Revised O&M Expense for the Current Year

$O\&M_{(Ref)}$ = Reference O&M Expense for the Reference Year

ΔCPI = Change in Consumer Price Index published by Pakistan Bureau of

X = Efficiency factor



- 6.3. Regarding Efficiency Factor, the Authority decided that;

"...The Authority in line with its decisions in the matter of XWDISCOs which have been allowed MYTs, has decided to keep the efficiency factor 'X', as 30% of increase in CPI for the relevant year of the MYT control period. The Authority has further decided to implement the efficiency factor from the 3rd year of the control period..."

RORB

- 6.4. RORB assessment will be made in accordance with the following formula/mechanism:

$$RORB_{(Rev)} = RORB_{(Ref)} \times \frac{RAB_{(Rev)}}{RAB_{(Ref)}}$$

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Where:

$RORB_{(Rev)}$	=	Revised Return on Rate Base for the Current Year
$RORB_{(Ref)}$	=	Reference Return on Rate Base for the Reference Year
$RAB_{(Rev)}$	=	Revised Rate Base for the Current Year
$RAB_{(Ref)}$	=	Reference Rate Base for the Reference Year

"In addition the allowed RAB for previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. In case, the Petitioner ends up making higher investments than the allowed, the same would be the Petitioner's own commercial decision and would not be considered while truing up the RAB, unless due to any regulatory decisions/interventions/approved plans for which the Petitioner obtains prior approval of the Authority. In such case the Authority may also revise the efficiency targets in terms of T&D losses etc.

The Authority also understands that interest payment is an obligatory cash flow liability unlike discretionary dividend payment and considering the fact that any default may hamper the financial position of the Petitioner, hence the Authority has decided to cover the risk of floating KIBOR. Accordingly, fluctuation in the reference KIBOR would be adjusted biannually. In addition, the Authority has also decided to allow sharing of benefit by introducing a claw back mechanism for any savings resulting from cheaper financing by the Petitioner to the extent of 2.00% spread. If the Petitioner manages to negotiate a loan below 2.00% spread, the savings would be shared equally between the consumers and the Petitioner through PYA mechanism annually. In case of more than one loan, the saving with respect to the spread would be worked out by a weighted average cost of debt. The sharing would be only to the extent of savings only i.e. if the spread is greater than 2.00%, the additional cost would be borne by the Petitioner."

DEPRECIATION EXPENSE

- 6.5. Depreciation expense for future years will be assessed in accordance with the following formula/mechanism:

$$DEP_{(Rev)} = DEP_{(Ref)} \times \frac{GFAIO_{(Rev)}}{GFAIO_{(Ref)}}$$

Where:

$DEP_{(Rev)}$	=	Revised Depreciation Expense for the Current Year
$DEP_{(Ref)}$	=	Reference Depreciation Expense for the Reference Year
$GFAIO_{(Rev)}$	=	Revised Gross Fixed Assets in Operation for the Current Year
$GFAIO_{(Ref)}$	=	Reference Gross Fixed Assets in Operation for Reference Year



"In addition the allowed Depreciation for previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. In case, the Petitioner ends up making higher investments than the allowed, the same would be the Petitioner's own commercial decision and would not be considered while truing up the depreciation expenses, unless due to any regulatory decisions/interventions/approved plans

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for which the Petitioner obtains prior approval of the Authority. In such case the Authority may also revise the efficiency targets in terms of T&D losses etc. "

OTHER INCOME

- 6.6. Other income will be assessed in accordance with the following formula/mechanism:

$$OI_{(Rev)} = OI_{(1)} + (OI_{(1)} - OI_{(0)})$$

Where:

- $OI_{(Rev)}$ = Revised Other Income for the Current Year
 $OI_{(1)}$ = Actual Other Income as per latest Financial Statements.
 $OI_{(0)}$ = Actual/Assessed Other Income used in the previous year.

"...the other income would be tried up every year ..."

Salaries & Wages

"The reference costs shall be adjusted every year with the increase announced by the GoP, being beyond the Petitioner's control, for the respective year till the time the Petitioner remains in the public sector. In addition a 5% increase as requested by the Petitioner would be allowed on the amount of Basic pay to account for the impact of annual increment..."

Post-Retirement Benefits

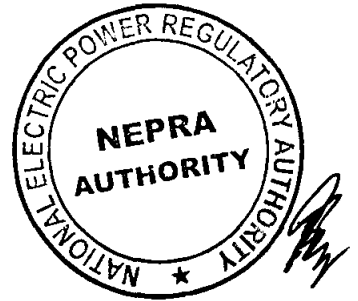
"... the allowed amount of post-retirement benefits would also be adjusted every year with the Pension increase announced by the GoP for the respective year, till the time the Petitioner remains in the public sector. In case, the Petitioner is privatized during the MYT period, the allowed cost would be adjusted with CPI-X factor. "

- 6.7. Regarding adjustment of Salaries, Wages & Other Benefits, the Authority observed that the Petitioner was allowed upfront Indexation/adjustment for FY 2021-22 and FY 2022-23, considering the fact by the time the given MYT's were to be notified by the Federal Government, the FY 2022-23, would have started. The relevant extract of the Authority's decision dated 02.06.2022, is as under;

Upfront Indexation/adjustment for the FY 2021-22 and FY 2022-23

The Authority also understands that by the time the instant decision is notified, the FY 2021-22 would have elapsed and the FY 2022-23 would have started. Meaning thereby that tariff indexation/adjustment for the FY 2021-22, which ideally should have been allowed in in July 2021 would have become overdue, and the indexation/adjustment for the FY 2022-23 would also have become due. In view thereof, and in order to ensure timely recovery of the allowed cost to the Petitioner, the Authority has decided to allow the indexation/adjustment for the FY 2021-22 and the FY 2022-23, upfront in the instant decision as per the adjustment /indexation mechanism provided in this determination. However, the impact of under/ over recovery due to indexation/ adjustment for the FY 2021-22 would be allowed / adjusted subsequently as part of future PYA.

- 6.8. With above upfront indexation, the Salaries, wages & Other Benefits determined for the FY 2022-23, have now become reference for indexation to be allowed for the FY 2023-24. However,



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it is also a fact that all these decisions were issued on 02.06.2022, when increases in Salaries, wages & Other Benefits announced in the Federal Budget for the FY 2022-23, were not available. Therefore, while allowing the salaries, wages & other benefits for the FY 2022-23, a projected increase in salaries, wages & other benefits was allowed. The Federal Government subsequently allowed various increases in salaries, wages & other Benefits for the FY 2022-23, vide notification dated 01.07.2022.

6.9. In view thereof, revised detail of salaries, wages & other benefits, after including therein the allowed increase as per the Federal Government notification dated 01.07.2022, were obtained from the Petitioner for the FY 2022-23. The same has been reported as Rs.15,956 million against the allowed amount of Rs.14,853 million. Accordingly, while assessing salaries, wages & other benefits for the FY 2023-24, the revised cost of Rs.15,956 million for the FY 2022-23, as provided by the Petitioner, has been used as reference. Further, the impact of differential due to revision of Salaries, wages & Other Benefits for the FY 2022-23, based on data provided by the Petitioner, has been allowed as part of PYA, which works out as Rs.1,103 million.

6.10. Here it is also pertinent that ECC vide decision dated 21.09.2021 allocated GENCO employees to different DISCOs as under;

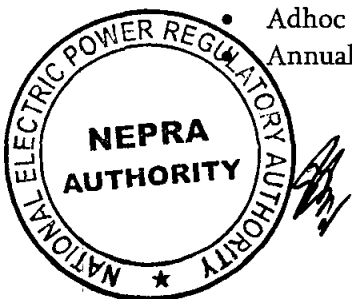
"It is proposed that 2,368 Pensioners of GENCOs may be adjusted in their pension disbursing DISCOs or WAPDA. Similarly, 1,753 employees of these plants would be adjusted in DISCOs. Pensions of these employees will be paid by the relevant DISCOs on their retirement according to rules of the relevant DISCOs. In turn the respective DISCOs and WAPDA would c/aim adjustment of the same from NEPRA in their tariffs."

6.11. Although, PESCO has not separately claimed any cost on this account, however, since the Petitioner has submitted its revised detail of salaries, wages & other benefits for the FY 2022-23, therefore, it is presumed that cost of GENCO employees transferred to PESCO, if any, has also been included by the Petitioner in its revised cost of salaries, wages & other benefits for the FY 2022-23. Since the revised salaries, wages & other benefits cost as provided by the Petitioner, for the FY 2022-23, includes impact of all working employees, including MIRAD employees hired till date & GENCO employees allocated to the Petitioner if any, and has been used as reference for projection of salaries, wages & other benefits cost for the FY 2023-24, therefore, no further adjustment on account of MIRAD hiring and GENCO employees transferred to the Petitioner would be allowed.

6.12. Here it is also clarified that the revised amount being allowed under salaries, wages & other benefits for the FY 2022-23 shall be considered as upper cap, subject to downward adjustment only, once the Audited accounts of the Petitioner for FY 2022-23, are available.

6.13. Based on the above discussion & by taking into account the revised numbers for the FY 2022-23, the following increases as announced by the Federal Government in Budget 2024, have been incorporated to project Salaries, Wages & Other Benefits for the FY 2023-24;

- Adhoc relief allowance @ 32.5% on avg. - 30% (BPS-17-22) & 35% (BPS 1-16)
- Annual increment @ 5% of basic pay for 7 months

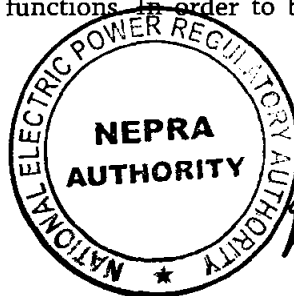


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- Adhoc relief allowance FY 2021-22 revised based on revised basic pay scale
- 6.14. Accordingly, for the FY 2023-24, the total Salaries, Wages & Other Benefits (excluding post-retirement benefits) of the Petitioner have been worked out as Rs.18,820 million for both the distribution and supply of power functions. In case any subsequent revision is announced by the Federal Government in the Pay & Allowances for the FY 2023-24, the same would be considered in the next adjustment/ indexation request.
- 6.15. In order to bifurcate the allowed cost of Salaries, Wages and other benefits costs in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used.
- 6.16. Regarding request of the Petitioner to defer the Mid-Year Review, as the Petitioner is in the process of new hiring which is not yet completed, the Authority directs the Petitioner to bring the financial impact of any additional hiring and provided complete detail/ justification of the recruitments made along-with benefits achieved etc., as mentioned in the MYT decision, before submission of its next year adjustment / indexation request.
- 6.17. Regarding Post-retirement Benefits, the Authority allowed actual payment of postretirement benefits in the MYT determination of the Petitioner and decided that the allowed amount of post-retirement benefits would also be adjusted every year with the Pension increase announced by the GoP for the respective year, till the time the Petitioner remains in the public sector. Further, the Authority in the MLR decision of the Petitioner dated 23.01.2023, revised the allowed cost as under;
- "...the Authority has decided to revise the allowed cost of the Petitioner under the head of post-retirement benefits for the FY 2020-21, by including therein the cost of Rs.1,089 million, for the additional 849 pensioners. Accordingly, for the FY 2020-21, the revised cost of Rs.6,658 million has been allowed. The same would now become as reference cost for the FY 2020-21 and the cost for the FY 2021-22 and FY 2022-23 would be indexed based on the revised cost allowed for the FY 2020-21..."*
- 6.18. The Authority noted that the Petitioner has also claimed cost of 49 GENCO pensioners transferred to it in light of ECC decision dated 21.09.2021. The annual impact requested by the Petitioner on this account for the FY 2021-22 and 2022-23 is Rs.10 million and Rs.13.3 million respectively.
- 6.19. The Authority also observed that all DISCOs and WAPDA, vide letter dated 17.11.2022, were directed to ensure payments to these pensioners provisionally and submit this case along-with their next tariff petition.
- 6.20. In view of the above discussion, decisions of the Authority in the matter of GENCO Pensioners, and by taking into account the increases announced by the Federal Government in Budget FY 2024, the post-retirement benefits of the Petitioner for the FY 2023-24 have been assessed as Rs.9,361 million. The same is being allowed to the Petitioner for the FY 2023-24, for both the distribution and supply of power functions. In order to bifurcate the allowed cost of Post-

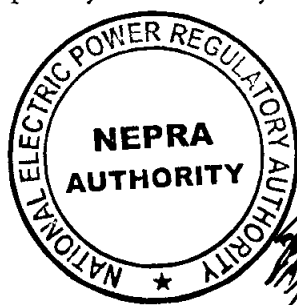


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retirement benefits in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used.

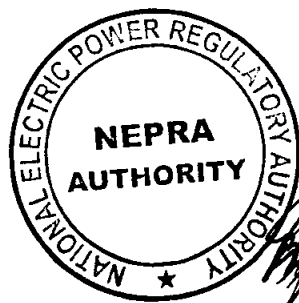
- 6.21. Here it is pertinent to mention that the amount so worked out also includes the impact of 49 GENCO pensioners transferred to the Petitioner, as the reference cost of the FY 2022-23, used for projecting the post retirement cost for the FY 2023-24, has been enhanced by Rs.13.3 million to account for the impact of GENCO Pensioners. Further, the impact of GENCO pensioners for the FY 2021-22 and FY 2022-23 i.e. Rs.23.3 million, as provided by the Petitioner, has also been allowed as part of PYA for the FY 2023-24.
- 6.22. **Regarding NTDC Pensioners**, the Petitioner is directed to submit a separate case before the Authority detailing all the facts and reasons along-with financial impact of NTDC Pensioners, as the Authority vide letter dated 17.11.2022, directed all DISCOs and WAPDA to ensure payments to the GENCO pensioners provisionally, in light of the ECC decision dated 23.09.2021.
- 6.23. Further, the request of the Petitioner to allow provision for post-retirement benefits, the Authority has deliberated this issue in detail in the MYT determinations of the Petitioner, and after thorough discussion only allowed actual payments of post-retirement benefits to the Petitioner. Therefore, bringing up the same issue again and again is neither understandable nor does it fall under the scope of instant MYT adjustment/ indexation request. Hence, the request of the Petitioner is declined.
- 6.24. **Regarding Other O&M expenses**, the MYT tariff determination requires the same to be indexed with NCPI of December for the respective year after adjustment for the X factor i.e. 30% of CPI. Accordingly, for indexation of other O&M expenses for the FY 2023-24, the NCPI of December 2022 has been considered. The same as reported by Pakistan Bureau of Statistics is 24.47%. With this NCPI, and after accounting for the X-factor, the Other O&M cost of the Petitioner for the FY 2023-24 works out as Rs.3,183 million based on reference cost of Rs.2,718 million.
- 6.25. Here it is pertinent to mention that NEPRA has also imposed Supplier License fee on the Petitioner from FY 2021-22 onward, however, the said cost is not part of the reference cost allowed to the Petitioner under Other O&M expenses. Accordingly, while working out the other O&M cost of the Petitioner for the FY 2023-24, the fee billed by NEPRA on account of Supplier license has been included in the reference cost of Other O&M expenses for the FY 2022-23. Further, the fee for the FY 2021-22 and FY 2022-23, not previously allowed to the Petitioner has also been included as part of PYA. The amount on account of supplier license fee for the FY 2021-22 and FY 2022-23, included in the PYA, has been worked out as Rs.33.02 million & Rs.43.86 million respectively.
- 6.26. Based on the above discussion, the total Other O&M cost of the Petitioner for the FY 2023-24, including Supplier License Fee, works out as Rs.3,234 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.
- 6.27. In order to bifurcate the allowed cost of Other O&M expenses in terms of Distribution and Supply Functions, criteria adopted by the Authority in the MYT determination has been used.



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- 6.28. Regarding submissions of the Petitioner to actualize the O&M costs for the previous years and revise the base rates accordingly, the Authority considers such requests are out of scope of the MYT adjustment/ indexation mechanism, hence declined.
- 6.29. Regarding Depreciation expenses, the same are required to be worked out based on the Revised Gross Fixed Assets in Operation (GFA IO) for FY 2023-24, to be calculated based on Investment allowed for the FY 2023-24.
- 6.30. The revised Gross Fixed Assets in Operation of the Petitioner for the FY 2023-24 works out as Rs.125,929 million, after including therein the impact of allowed investment for the FY 2023-24 i.e. Rs.18,480 million. Accordingly, as per the allowed mechanism the total depreciation expense of the Petitioner for the FY 2023-24 works out as Rs.4,343 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.
- 6.31. In order to bifurcate the allowed cost of depreciation expenses in terms of Distribution and Supply Functions, criteria adopted by the Authority in the MYT determination has been used.
- 6.32. Here it is clarified that the Authority is in the process of evaluating the investments actually carried out by the Petitioner, whether the same in line with the allowed investment plan or otherwise. Therefore, for the purpose of truing up of Depreciation expenses for the FY 2020-21 & FY 2021-22, depreciation expense as reported in Audited/ provisional financial statements of the Petitioner has been considered, keeping in view the mechanism prescribed in the MYT determination. Any adjustment based on the final evaluation of the Authority, if required, would be made in next adjustment/indexation request of the Petitioner.
- 6.33. Regarding RoRB, the reference RoRB is required to be adjusted every year based on the amount of RAB worked out for the respective year after taking into account the amount of investment allowed for that year, as per the mechanism provided in the MYT. Further, the Authority in the MLR decision of the Petitioner dated 12.01.2023, decided to allow WACC by including 100% balance of CWIP in the RAB instead of allowing ROE component only to the extent of 30% of CWIP balance.
- 6.34. Accordingly, the revised RAB of the Petitioner for the FY 2023-24, based on the Investment allowed for the FY 2023-24, and incorporating therein 100% balance of CWIP, works out as Rs.74,909 million. The average RAB of the Petitioner however, for the purpose of calculation of RoRB, works out as Rs.67,605 million for the FY 2023-24.
- 6.35. Here it is pertinent to mention that the Authority vide determination dated 02.06.2022, allowed adjustments on account of variation in KIBOR on biannual basis. Considering the fact that prevailing KIBOR rates are very high and the rates built in the reference are much lower, the Authority has decided to provisionally incorporate the prevailing KIBOR of 22% as of 07.06.2023 in the calculation of WACC for the FY 2023-24. By taking into account the KIBOR of 22%, the WACC for the FY 2023-24 works out as 21.14%, as per the formula given in the MYT determination. The same would be adjusted subsequently once the actual KIBOR and Audited accounts of the Petitioner for the FY 2023-24, are available for true up of RORB.

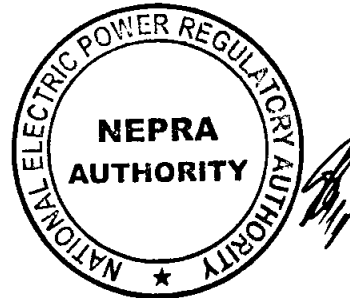


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- 6.36. Based on the above discussion, the total RoRB of the Petitioner for the FY 2023-24 works out as Rs.14,292 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.
- 6.37. In order to bifurcate the allowed RoRB in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used.
- 6.38. In addition the mechanism also provides that the allowed RAB for previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. Further, the variations on account of KIBOR are also required to be allowed on biannual basis. In view thereof, the RoRB cost allowed for the FY 2020-21 & FY 2021-22, has been trued up and made part of PYA of the Petitioner for the FY 2023-24, on both these accounts as under;

Description	PESCO
Allowed RORB FY 2021	4,220
Actual RORB FY 2021 (capped to the extent of allowed Investment)	3,779
True up Adj. as PYA	- 441
Allowed RORB FY 2022	5,622
Actual RORB FY 2022 (capped to the extent of allowed Investment)	4,713
True up Adj. as PYA	- 909
Description	PESCO
Allowed KIBOR FY 2021	7.03%
Actual KIBOR 02.07.2020	7.03%
Actual KIBOR 04.01.2021	7.30%
Allowed KIBOR FY 2022	7.03%
Actual KIBOR 02.07.2021	7.45%
Actual KIBOR 04.01.2022	10.52%



- 6.39. The Authority in MLR decision while allowing RORB on 100% balance of CWIP also directed DISCO to disclose the amount of Interest during Construction (IDC) separately in their financial statements. However, while going through the Financial Statements of the Petitioner, it was observed that the Petitioner has not separately disclosed the amount IDC. Therefore, the amount of adjustment being allowed as part of PYA is purely on provisional basis, subject to downward adjustment based on the amount of IDC reflected in the financial statements of the Petitioner. In case the Petitioner fails to reflect the amount of IDC in financial statements, the Authority may consider not to allow RORB on 100% balance of CWIP. The Petitioner is, therefore, again directed to provide the IDC amount for FY 2020-21 onward and reflect the same in its Audited Financial Statements as well.
- 6.40. Here it is pertinent to mention, that amount of investments appearing in the financial statements has been restricted to the extent of allowed investment. It is also clarified that the Authority is in the process of evaluating the investments actually carried out by the Petitioner, whether the same in line with the allowed investment plan or otherwise. Therefore, for the purpose of truing up of RAB for the FY 2020-21 & FY 2021-22, investments as reported in the Audited/ provisional

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financial statements of the Petitioner, have been considered. However, the amount of investment appearing in the financial statements has been restricted to the extent of allowed investment. Any adjustment based on the final evaluation of the Authority, if required, would be made in next adjustment/indexation request of the Petitioner.

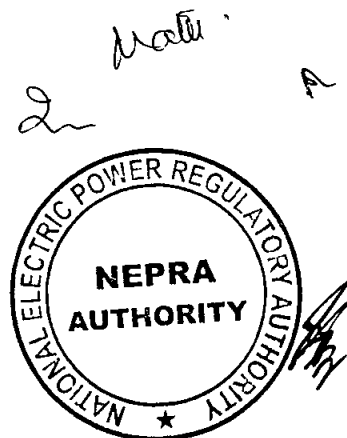
- 6.41. Regarding submissions of the Petitioner for deduction of deferred credit from Regulatory Asset Base (RAB) due to insufficient cash balances, consumer security deposits etc., the Authority observed that these issue were also raised by the Petitioner during proceedings of its MYT petition and in the subsequent MLR. The Authority has already deliberated these issues at length in the MYT determination of the Petitioner and also in its MLR decision. Therefore, bringing up the same issue again and again is neither understandable nor does it fall under the scope of instant MYT adjustment/ indexation request. Therefore, the request of the Petitioner is declined.
- 6.42. Regarding Other Income, the same has been adjusted as per the mechanism provided in the MYT determination for the FY 2023-24. The same for the FY 2023-24 works out as Rs.3,590 million for the Petitioner. Further, the MYT determination also provides truing up of Other Income every year. Accordingly, the allowed Other income for the FY 2021 & FY 2022, has also been trued up based on Audited/Provisional Financial statement of the Petitioner for the FY 2021 & FY 2022 resulting in negative adjustment of Rs.1,380 million and Rs.590 million respectively. The same has been made part of PYA for the FY 2023-24.

7. Whether the requested PYA, is justified?

- 7.1. The Prior Year Adjustment includes the impact of variation in the following, based on the Authority's allowed benchmarks of T&D losses and recoveries;

- ✓ Impact of Negative/Positive FCAs not passed on/recovered
- ✓ Under/Over Recovery of allowed Quarterly Adjustments
- ✓ Under/Over Recovery of the assessed DM
- ✓ Under/Over Recovery of the previously assessed PYA
- ✓ Cost allowed in Motion for Leave for Review
- ✓ Sales Mix Variance
- ✓ Adjustment of excess LPS over supplemental charges
- ✓ MYT True ups

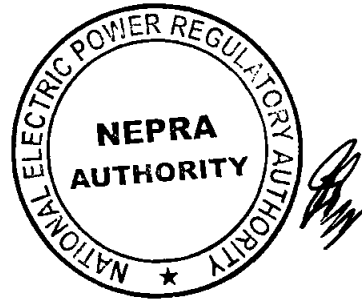
- 7.2. The Petitioner has requested the following PYA for the FY 2023-24;



Decision of the Authority in the matter of request filed by PESCO for Adjustment / Indexation of Tariff for the FY 2023-24 under the MYT

Table-16: Summary of Prior Year Adjustments (PYA)

Sr.No	Description	Dist.	Supply	Overall
1	Under / (Over) recovery of Qtr adjustment for FY 2019-20 (2nd, 3rd & 4th Qtr)	-	(12,717)	(12,717)
2	Under / (Over) recovery of Qtr adjustment for FY 2020-21	-	(1,438)	(1,438)
3	Under / (Over) recovery of Qtr adjustment for FY 2021-22	-	(1,128)	(1,128)
5	Under / (Over) recovery of Distribution Margin for FY 2021-22	(731)	(551)	(1,282)
6	Under / (Over) recovery of Other Income for FY 2020-21	(305)	(137)	(443)
7	Under / (Over) recovery of Other Income for FY 2021-22	(152)	(68)	(220)
8	Sales Mix Variances	-	850	850
9	MLR FY 2020-21 to FY 2022-23	7,945	9,037	17,002
10	Other Pending Adjustments of Distribution Margin	2,751	895	3,646
11	Under / (Over) recovery of PYA for FY 2020-21	-	2,481	2,481
12	Uniform Seasonal Pricing Structure Subsidy (USPS)	-	708	708
13	Impact of positive FCA regarding Lifeline Consumers	-	1,023	1,023
14	Impact of Incremental Units of ISP and WIP	-	1,864	1,864
15	Under Recovery of Depreciation FY 2020-21	80	9	89
16	Under Recovery of Depreciation FY 2021-22	232	26	257
17	Reversal of Interim DM Adjusted Back in MYT Determination	2,176	1,641	3,817
18	Impact of FCA of Nov-19 to Jun-20 not passed on to Consumers as per ECC Decision	-	2,436	2,436
Total Prior Period Adjustment		12,015	4,931	16,946



7.3. A summary of the Petitioner's submission on PYA is as under;

7.4. Recovery of Quarterly Adjustments

- Quarterly Adjustments were allowed during FY 2019-20, FY 2020-21 & FY 2021-22, which were subsequently notified by Government of Pakistan. The recovery of Quarterly Adjustments at notified rates during FY 2019-20 (2nd QTR onward) to 2021-22 has been calculated and included in the PYA amounting to Rs. (15,282) Million.

7.5. Under-Recovered Distribution Margin (DM)

- Distribution Margin (DM) of Rs. 24,685/- Million was allowed for the FY 2021-22, and the recovery of the same at notified rates during FY 2021-22 remained Rs. 25,967 Million. Thus resulted into an over recovery of Rs. (1,282) Million.

7.6. Sales Mix Variance

- The actual Sales Mix for FY 2020-21 and FY 2021-22 at the base tariff notified vide SRO 190(1)/2021, dated February 12, 2021 (effective from 12.02.2021 onward) and SRO 1424(I)/2021, dated November 05, 2021 has been assessed as Rs. 4,809 Million and Rs. (3,959) Million respectively (Working attached as Annex-G). Authority is requested to allow the impact of sales mix of Rs.850 Million in the Prior Year Adjustment.

7.7. Turnover Tax under MLR

- According to the MYT Determination, the Authority decided that significant amount of tax refund is appearing from FBR. In view thereof, the Authority decided to allow actual tax paid by the Petitioner net off of the amount of Tax Refund outstanding from FBR. It was clarified in MLR that the amount of refund appearing in the Financial Statements relates to taxes receivables under Sales Tax Act, 1990, and is not adjustable against the Turnover Tax.
- However, instead of reconsideration, another question has been raised whereby Amount Receivable from the consumers under the head of Income Tax (under Section 235 of the Income Tax Ordinance, 2001), which is basically indirect tax collectable from consumer, has been pointed out as tax receivable from FBR on the basis of wrong understanding, which needs to be rectified.

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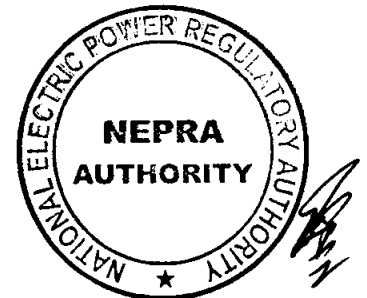
- The abstract of financial Statement for the relevant period is here under:

17. TRADE DEBTS			
Sale of electricity		43,389,406,549	61,063,771,401
Government levies and other charges	17.2	27,058,394,560	25,285,118,298

PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED			
NOTES TO THE FINANCIAL STATEMENTS			
FOR THE YEAR ENDED JUNE 30, 2021			
17.2 Government levies and other charges	Note	2021 Rupees	2020 Rupees
Electricity Duty Receivable-E/Bills		1,257,718,139	1,178,011,489
Income Tax Recivable-E/Bills		856,087,888	749,483,168

- Further, as per filed income tax return, the tax was paid for FY 2019-20 amounting Rs. 2,046 million, instead of Rs. 1,576 million as determined in Multi Year Distribution Function Tariff (2018-2020). Similarly, the tax paid for FY 2020-21 is Rs. 2,145 million, FY 2021-22 is Rs. 2,265 million and for FY 2022-23 (upto December, 2022) is Rs. 1,125 million. Therefore, the Authority is requested to allow Turnover Tax for FY 2019-20, 2020-21, 2021-22 & 2022-23 (upto December, 2022) to tune of Rs. 469 million, Rs. 2,228 million, Rs. 2,265 million and Rs. 1,125 million, respectively (Copies of the returns & CPRs are enclosed at Annex-H). Moreover, the detail of turnover tax paid and the pending adjustments during FY 2018-19 to FY2022-23 is as under:

Mln. Rs.					
Financial Year	Tax Assessment	Tax Paid	Tax Adjustment Allowed by NEPRA	Pending Tax Adjustments	Income Tax Receivable from FBR
2018-19	1,432	1,432	1,432	-	Nil
2019-20	2,046	2,046	1,576	470	Nil
2020-21	2,145	2,228	-	2,698	Nil
2021-22	2,265	2,265	-	4,963	Nil
2022-23	Yet to be Filed	1,125	-	6,088	-



7.8. Uniform Seasonal Pricing Structure Subsidy (USPS)

- The Federal Government announced Uniform Seasonal Pricing Structure relief package vide S.R.O. 1379(1)/2019 dated 12-11-2019 for the period November 2019 to February 2020 on units consumed above the consumption made during the same period / month last year. Accordingly, PESCO charged subsidized rates to the specified consumers and submitted USPS subsidy claims of Rs.707.50 million to MoE during the period Jan 2020 to Mar 2020. The subsidy claims were returned by the MoE with the remarks that the said S.R.O does not speak of subsidy by the Federal Government and the matter may be taken up with CPPA-G for settlement. PESCO is facing revenue shortfall of Rs.707.50 Million on the basis of subsidized rates charged to the consumers and the recovery of the revenue shortfall is still pending and it is requested to include the same in PESCO prior year adjustment for FY 2019-20. The Authority is therefore requested to consider the same, as the respective incremental units 138 MKwh of USPS have been used by the Authority for calculation of regulatory costs

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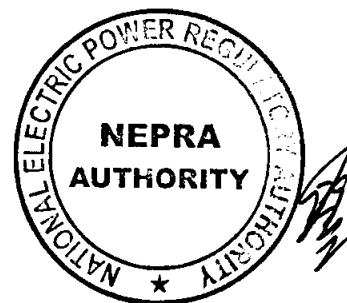
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& recoveries and accordingly the revenue shortfall faced by PESCO for Rs. 707.50 million may be allowed, otherwise the impact of incremental units needs to be excluded from the quarterly / annual adjustments as is being done in the recent Industrial Support Package notified vide SRO 1292(I)/2020 dated 03/12/2020 effective from November 2020.

7.9. Impact of positive FCA regarding Lifeline Consumers

- The Authority, on this issue, in the MLR decision dated 23.01.2023 decided that *"Thus, request of the Petitioner would be considered in the next adjustment request of the Petitioner for the FY 2022-23, to be filed in February 2023. However, a preliminary analysis of the data provided by the Petitioner shows difference between the number of units used by PESCO for calculation of impact of lifeline consumers and the units used by NEPRA in its calculations. Here it is pertinent to mention that NEPRA while working out the impact of life line consumers used the data provided by PITC for each DISCO. Therefore, the Petitioner is directed to reconcile its data with PITC and submit the same along-with its next tariff adjustment/ indexation request..."*
- Earlier, during regulatory proceeding these charges were allowed as part of periodic adjustments, however, since the issuance of Quarterly Adjustments determinations, the Authority on the issue of Periodic Quarterly Adjustments in Tariff for FY 2017-18 to FY 2020-21, has neither allowed the impact of lifeline consumers in the quarterly tariff determinations, nor the same has been allowed in Annual Tariff Determinations of PESCO as part of Prior Year Adjustments (PYA) thereby, resulting in the shortfall of Rs.1,023 million for the period FY 2017-18 to FY 2020-21. The yearly detail of pending / unrecovered positive FCA on lifeline consumers as per the Quarterly requests filed by PESCO and Quarterly FCA allowed by NEPRA is as under:

Mln. Rs.			
Impact of T&D Losses	As per PESCO	As per NEPRA Determination	Difference/Impact of FCA regarding Lifeline Consumers
FY 2017-18	565	511	54
FY 2018-19	2,352	2,150	202
FY 2019-20	5,446	4,940	506
FY 2020-21	2,731	2,470	261
Total	11,095	10,071	1,023



- The Authority is therefore, requested to allow the impact of positive FCA, amounting to Rs. 1,023 million in the matter of life line consumers as part of Prior Year Adjustment.

7.10. Impact of Incremental Units of ISP and Winter Incentive Package (WIP)

- The Authority has not considered/ allowed the impact of Incremental Units of ISP for FY 2020-21 (Nov-20 to Jun-21) and Incremental units of WIP for the 2nd Quarter (Jan-Feb) of FY 2021-22 on Capacity Charges, Variable O&M and Use of System Charges. The said impact of incremental units of ISP and WIP is resulting in the shortfall of Rs.1,414 Million for the period of FY 2020-21 (Nov-20 to Jun-21) and Rs.434 Million for the 2nd Quarter (Nov-21 & Dec-21) of FY 2021-22 respectively.

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- Furthermore, an amount of Rs.16 Million for the 3rd Quarter (Jan-22 & Feb-22) is calculated as the arrear claim of WIP on account of difference in the units of incremental units between PESCO's MIS report and the units considered by NEPRA.

Description	Mln. Rs.			
	FY 2020-21	FY 2021-22		Total
	Claim of ISP Incremental Units	Claim of WIP (2nd Qtr)	Claim of WIP (3rd Qtr)	
Impact of Variable O&M	190	32	2	224
Impact of CPP	3,469	869	31	4,369
UoSC Adjustment	196	39	1	236
Recovery on Incremental Units	-2,441	-505	-17	-2,964
Required Adj. for the Quarter	1,414	434	16	1,865

7.11. Reversal of Over Adjustment of Interim Distribution Margin for FY 2018-19:

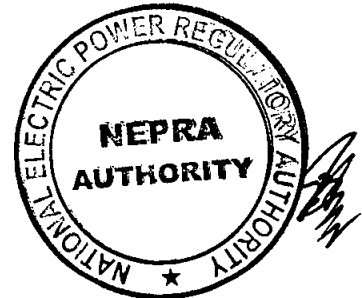
7.12. As per the MYT Determination, the PYA adjustment of Rs.6,259 million include a negative adjustment of Rs.364 million on account of 'Interim DM FY 2018-19'. However, adjustment for Distribution Margin for FY 2018-19 has already been accounted for by the Authority in its Determination for FY 2018-19 & 2019-20, hence, over adjustment has been made in Tariff Determination for FY 2018-19 & 2019-20 by adjusting the full amount of Rs.(3,817) million under PYA which needs to be reversed.

7.13. Impact of Pending FCA for the period FY 2019-20:

- The FCA for the period November 2019 to June 2020 as determined vide NEPRA decision has been withheld/ not passed on to the consumers. As per ECC decision an adjustment of Rs. 2,436 million may be allowed on the part of Prior Year Adjustments.

7.14. Keeping foregoing in view, the Petitioner has requested a PYA of Rs.16,946 million as summarized below:

Table-16: Summary of Prior Year Adjustments (PYA)				
Sr.No	Description	Dist.	Supply	Overall
1	Under / (Over) recovery of Qtr adjustment for FY 2019-20 (2nd, 3rd & 4th Qtr)	-	(12,717)	(12,717)
2	Under / (Over) recovery of Qtr adjustment for FY 2020-21	-	(1,438)	(1,438)
3	Under / (Over) recovery of Qtr adjustment for FY 2021-22	-	(1,128)	(1,128)
5	Under / (Over) recovery of Distribution Margin for FY 2021-22	(731)	(551)	(1,282)
6	Under / (Over) recovery of Other income for FY 2020-21	(305)	(137)	(443)
7	Under / (Over) recovery of Other income for FY 2021-22	(152)	(68)	(220)
8	Sales Mix Variances	-	850	850
9	MLR FY 2020-21 to FY 2022-23	7,965	9,037	17,002
10	Other Pending Adjustments of Distribution Margin	2,751	895	3,646
11	Under / (Over) recovery of PYA for FY 2020-21	-	2,481	2,481
12	Uniform Seasonal Pricing Structure Subsidy (USPS)	-	708	708
13	Impact of positive FCA regarding Lifeline Consumers	-	1,023	1,023
14	Impact of Incremental Units of ISP and WIP	-	1,864	1,864
15	Under Recovery of Depreciation FY 2020-21	80	9	89
16	Under Recovery of Depreciation FY 2021-22	232	26	257
17	Reversal of Interim DM Adjusted Back in MYT Determination	2,176	1,641	3,817
18	Impact of FCA of Nov-19 to Jun-20 not passed on to Consumers as per ECC Decision	-	2,436	2,436
Total Prior Period Adjustment		12,015	4,931	16,946



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7.15. The Authority has considered the submissions of the Petitioner regarding PYA and point wise discussion is as under.

7.16. **Regarding Sales mix variance**, the Authority noted that although DISCOs have submitted their workings for sales mix for the FY 2020-21 and FY 2021-22, however, scrutiny of the data shows different anomalies in the provided data. The Authority has therefore, carried out its own working in the matter and the amount so worked out is being allowed to the Petitioner on provisional basis, with the direction to the Petitioner to provide the reconciled date of sales mix with its reported revenue as per audited financial statement of the respective year. In case any variation is observed at a later stage in the submitted data, the same would be adjusted as part of PYA subsequently.

7.17. **On the issue of turnover tax**, the Authority in the MYT determination of the Petitioner decided as under;

Regarding Turnover Tax, the Authority while going through the financial statements of the DISCOs including the Petitioner, has observed that significant amount of tax refund is appearing from FBR. In view thereof, the Authority has decided to allow actual tax paid by the Petitioner net off of the amount of Tax Refund outstanding from FBR, if any, once the Petitioner provides detail of actual tax assessments vis a vis tax paid for the last five years. Accordingly, the Petitioner is directed to provide details of actual tax assessments, tax allowed and the amount of tax paid for the last five years.

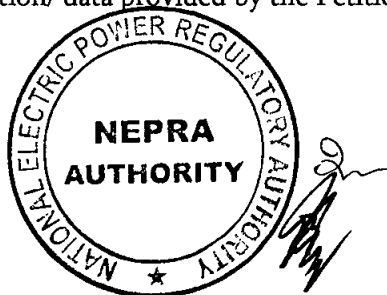
7.18. Since the Petitioner has complied with the direction of the Authority and provided details of actual tax assessments vis a vis tax paid for the last five years, therefore, the amount of tax of Rs.4,963 million till FY 2021-22, is being allowed to the Petitioner as part of PYA for FY 2023-24, based on the information provided by the Petitioner. However, the amount is being allowed on provisional basis, with the direction to the Petitioner take up the matter with FBR on the same grounds as being contested by GEPCO. Any adjustment, if required, based on the final outcome of the proceedings to be carried out by the Petitioner against FBR will be made subsequently.

7.19. **On the issue of Seasonal Pricing structure subsidy for the FY 2019-20**, the Authority in the MYT determination dated 02.06.2022 decided as under;

The Authority observed that the said package was announced by the Federal Government, whereby the applicable tariff was reduced by the Federal Government for certain category of consumers. Therefore, the Petitioner shall take-up this matter with the Federal Government for provision of subsidy in the matter, as nothing is pending on the part of the Authority.

7.20. The matter has already been decided in the MYT determination and subsequent MLR decision of the Petitioner and is out of scope of the instant MYT adjustment/ indexation, therefore, the request of the Petitioner is declined.

7.21. **Regarding the impact of incremental sales package for the FY 2020-21**, the impact of incremental units has been accounted for while working out the Sales Mix of the Petitioner for the FY 2020-21, based on the information/ data provided by the Petitioner.



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- 7.22. However, for the FY 2021-22 and onward periods, the Authority in the quarterly adjustment decisions of DISCOs decided as under;

2nd quarterly decision for FY 2021-22:

In view of the above submissions of CPPA-G and the decision of the Authority dated 01.12.2020, the Authority has decided to work out the quarterly adjustment based on net units, i.e. units purchased for incremental sales have not been included while working out the quarterly adjustments. Accordingly, the cost recovered on incremental units over and above the Fuel cost i.e. (Rs.12.96 less Reference Fuel Cost for each month) has been adjusted from the quarterly adjustments worked out based on net units. Similarly the Prior Year Adjustment (PYA) as well as sales mix for the period would be worked out based on net units i.e. excluding units purchased for incremental sales. Thus, no further adjustment would be allowed for units purchased for incremental sales.

3rd quarterly decision for FY 2021-22:

In view of the above, submissions of CPPA-G and earlier decisions of the Authority, the Authority has decided to work out the quarterly adjustment based on net units, i.e. units purchased for Industrial incremental sales and Winter Incentive Package have not been included while working out the quarterly adjustments. Accordingly, the cost recovered on such incremental units over and above the Fuel cost i.e. (Rs.12.96 less Reference Fuel Cost for each month) has been adjusted from the quarterly adjustments worked out based on net units. Accordingly, the Prior Year Adjustment (PYA) as well as sales mix for the period would be worked out based on net units i.e. excluding units purchased for Industrial incremental sales and Winter Incentive Package sales. Thus, no further adjustment would be allowed for such units purchased.

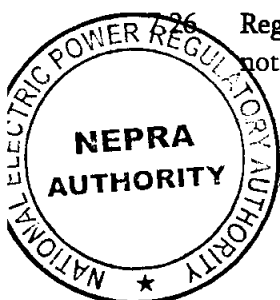
- 7.23. As per the above decisions of the Authority, the impact of incremental units for ISP and WIP for FY 2021-22 and for onward periods is already being accounted for while working out the quarterly adjustments, therefore, no further adjustment is required on this account.

- 7.24. On the point of over adjustment of Interim Distribution Margin of FY 2018-19, the Authority vide decision dated 14.12.2020 decided as under;

Here it is also pertinent to mention that the Authority through its interim decision dated September 27, 2019, in the matter of requests filed by Ministry of Energy (MoE) regarding Annual adjustment / indexation of Distribution Margin of DISCOs, allowed an amount of Rs.3,817 million as Interim adjustment to the Petitioner, strictly on provisional/ interim basis, subject to its adjustment once the annual adjustments of the Petitioner is finalized by the Authority. The said decision was notified by the Federal Government w.e.f. October 01, 2019 and would continue till September 30, 2020, whereby, the Petitioner has been allowed to recover the said amount through monthly billing as a separate tariff component. In view of thereof and the considering the fact that the Petitioner's tariff petitions for the FY 2018-19 and FY 2019-20 are being finalized, the amount of Rs.3,817 million allowed on interim basis, has been adjusted back through PYA. Any under recovery of the allowed Interim DM would be adjusted subsequently as PYA.

- 7.25. Subsequently, the under/over recovery of the interim D.M was accounted for while allowing PYA in the tariff determination of FY 2022-23, therefore, all required adjustments have already been made in tariff and nothing is pending in this regard. In view thereof, the request of the Petitioner is not justified and hence declined.

Regarding unrecovered cost of FPA for the period from Nov. 2019 to Jun. 2020, the Authority noted that decision was given by NEPRA, however, the same was not applied by the Petitioner

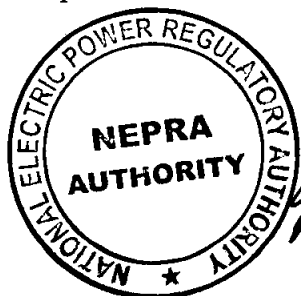


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due to ECC decision. Therefore, nothing is pending on the part of NEPRA and the Petitioner needs to take up this with the Federal Government. Hence, the request of the Petitioner is declined.

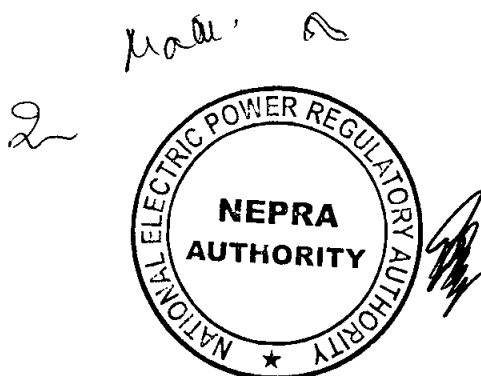
- 7.27. Regarding impact of positive FCA on Lifeline consumers, the Authority in the MYT determination of the Petitioner clearly mentioned that in line with its earlier decision in the matter of negative FCA, it calculated the impact of negative FCA pertaining to the FY 2019-20 in the matter of lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers, which has been retained by the Petitioner. The Authority also worked out the impact of positive FCAs not recovered by the Petitioner from life line consumers. The Authority also considered the relevant clauses of the S.R.O. 189 (1)/2015 dated March 05, 2015 issued by GoP and the amount of subsidy claims filed by the Petitioner for the FY 2019-20.
- 7.28. After considering all the aforementioned factors, the Authority observed that the Petitioner had retained a net amount of Rs.796 million on account of negative FCA for the FY 2019-20, pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 Units) and Agriculture Consumers, which was still lying with the Petitioner. The Authority also considered the amount of subsidy claims filed by the Petitioner for the FY 2019-20, which showed a net subsidy claim filed by the Petitioner.
- 7.29. The Authority in view of the above and in line with its earlier decisions, decided not to adjust the impact of negative FCA across different consumer categories. Thus, the net negative FCA amount pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers for the FY 2019-20 i.e. Rs.796 million, which was still lying with the Petitioner, must be adjusted by the Federal Government, against the overall Tariff Differential Subsidy claim in the matter of the Petitioner eventually reducing GOP's overall Tariff Differential Subsidy burden.
- 7.30. The above working was carried out based on the data/ information provided by PITC, as DISCOs did not submit the required information. It was also mentioned that in case DISCOs own calculations are different from the aforementioned numbers, keeping in view the last slab benefits etc., the same may be shared with the Authority in the subsequent adjustment request.
- 7.31. The Petitioner vide letter dated 14.05.2022, provided its workings in the matter. A preliminary analysis of the data provided by the Petitioner showed difference between the number of units used by it for calculation of impact of lifeline consumers and the units used by NEPRA in its calculations. Accordingly, the Authority in the MLR decision of the Petitioner dated 23.01.2023, directed the Petitioner to reconcile its data with PITC and submit the same along-with its next tariff adjustment/ indexation request.
- 7.32. However, no such reconciliation has been provided by the Petitioner. Further, the Petitioner was also directed through email to provide detail of its actual sales data for life line, up-to 300 domestic non-Tou and agriculture consumers from FY 2017-18 till FY 2019-20, which has also not been provided by the Petitioner. Therefore, till the time the Petitioner complies with the directions of the Authority and provides the required information, the Authority is constrained not to consider the request of the Petitioner.



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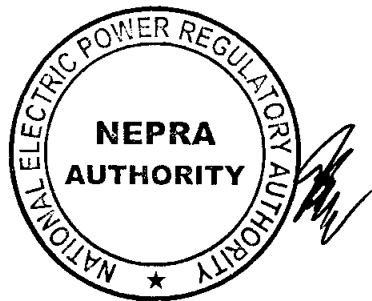
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- 7.33. For the FY 2020-21, FY 2021-22 and FY 2022-23 (till Dec. 22), the Authority has accounted for the impact of positive FCA on life line consumers based on the information provided by the Petitioner.
- 7.34. The Authority in line with its earlier decision in the matter of negative FCA, has calculated the impact of negative FCA pertaining to the FY 2020-21, FY 2021-22 and FY 2022-23 (till Dec. 22) in the matter of lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers which has been retained by the Petitioner. The Authority has also worked out the impact of positive FCAs not recovered by the Petitioner from life line consumers during the same period. The workings have been carried out based on the information provided by the Petitioner. The Authority also considered the relevant clauses of the S.R.O. 189 (1)/2015 dated March 05,2015 issued by GoP and the amount of subsidy claims filed by the Petitioner for these periods.
- 7.35. After considering all the aforementioned factors, the Authority observed that the Petitioner has retained a net amount of Rs.742 million on account of negative FCA for these periods, pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 Units) and Agriculture Consumers, which is still lying with the Petitioner. The Authority also considered the amount of subsidy claims filed by the Petitioner for these periods, which shows a net subsidy claim filed by the Petitioner.
- 7.36. The Authority in view of the above and in line with its earlier decisions, has decided not to adjust the impact of negative FCA across different consumer categories. Thus, the net negative FCA amount pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers for these periods i.e. Rs.742 million, which is still lying with the Petitioner, must be adjusted by the Federal Government, against the overall Tariff Differential Subsidy claim in the matter of the Petitioner eventually reducing GOP's overall Tariff Differential Subsidy burden. The above working has been carried out based on the data/information provided by the Petitioner. This decision of the Authority is only applicable under a subsidy regime, whereby aforementioned classes of consumers are receiving subsidy directly in their base tariff.
- 7.37. Based on the above discussion, decisions of the Authority under various head of accounts in the earlier paras and in line with the scope of MYT, the PYA of the Petitioner for the FY 2023-24 has been worked out as under;



*Decision of the Authority in the matter of request filed by PESCO for
Adjustment / Indexation of Tariff for the FY 2023-24 under the MYT*

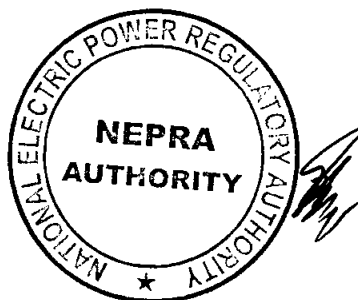
Description	PESCO
July 2020 to December 2022	
Impact of Negative FCA- retained	- 1,229
Impact of Positive FCA- Lifeline	486
Net	- 742
July 2020 to December 2022	
Tariff Diff. Subsidy	89,306
Surcharge	- 17,248
Net - Jul.20 to Mar. 23	72,059
Excess Negative FCA -Adjusted as subsidy	- 742
Excess Negative FCA -Adjusted as PYA	-
1st & 2nd Qtr. FY 2018-19	
Life Line units	
Qtr. Rate	2.1699
Impact	0
3rd & 4th Qtr. FY 2018-19	
Life Line units	
Qtr. Rate	0.59
Impact	0
1st Qtr. FY 2019-20	
Life Line units	-
Qtr. Rate	0.31
Impact	-
Interim D.M FY 2018-19	
Life Line units	-
Qtr. Rate	0.41
Impact	-
2nd & 3rd Qtr. FY 2019-20 (Oct.20 to Sep.21)	
Allowed Amount	29,187
Qtr. Rs./kWh	3.1516
Recovered	36,749
Under/(Over) Recovery	- 7,562
4th Qtr. FY 2019-20	
Allowed Amount	10,826
Qtr. Rs./kWh	1.1690
Recovered	14,772
Under/(Over) Recovery	- 3,946
1st & 2nd Qtr. FY 2020-21 (Oct. 21-Sept.22)	
Allowed Amount	14,986
Qtr. Rs./kWh	1.29
Recovered	16,242
Under/(Over) Recovery	- 1,256
3rd Qtr. FY 2020-21 (Oct.21-Sept.22)	
Allowed Amount	2,343
Qtr. Rs./kWh	0.2010
Recovered	2,540
Under/(Over) Recovery	- 197
4th Qtr. FY 2020-21 (Feb. Apr. 22)	
Allowed Amount	- 2,222
Qtr. Rs./kWh	- 0.8573
Recovered	- 2,206
Under/(Over) Recovery	- 16
1st Qtr. FY 2021-22 (Jun. Aug. 22)	
Allowed Amount	2,612
Qtr. Rs./kWh	0.8956
Recovered	3,297
Under/(Over) Recovery	- 685
2nd Qtr. FY 2021-22 (Jul. Sep. 22)	
Allowed Amount	1,457
Qtr. Rs./kWh	0.4995
Recovered	1,834
Under/(Over) Recovery	- 377



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*Decision of the Authority in the matter of request filed by PESCO for
Adjustment / Indexation of Tariff for the FY 2023-24 under the MYT*

Description	PESCO
3rd Qtr. FY 2021-22 (Sep. Nov. 22)	
Allowed Amount	2,616
Qtr. Rs./kWh	0.8969
Recovered	2,447
Under/(Over) Recovery	169
4th Qtr. FY 2021-22 (Oct. 22 Jan. 23)	
Allowed Amount	12,244
Qtr. Rs./kWh	3.4100
Recovered	11,591
Under/(Over) Recovery	654
1st Qtr. FY 2022-23 (Feb. Mar. 23)	
Allowed Amount	2,057
Qtr. Rs./kWh	1.2546
Recovered	1,952
Under/(Over) Recovery	105
2nd Qtr. FY 2022-23 (Apr. Jun. 23)	
Allowed Amount	- 1,983
Qtr. Rs./kWh	- 0.53
Recovered	
Under/(Over) Recovery	
D.M FY 2021-22	
Allowed Amount	27,737
Rate. Rs./kWh	1.99
Recovered	24,219
Under/(Over) Recovery	3,518
PYA 2019-20	
Allowed Amount	- 20,393
Rate. Rs./kWh	- 1.74
Sales till Feb.11 2022	12,224
Recovered	- 21,254
Under/(Over) Recovery	861
MLR Allowed Cost	
RORB - FY 2020-21	1,547
RORB - FY 2021-22	2,216
RORB - FY 2022-23	3,019
Post-Retirement Benefit	3,616
Other Exp.	359
	10,757
Sales Mix Var.	
FY 2020-21	- 3,958
FY 2021-22	3,562
	- 396
Excess LPS to be adjusted - FY 2020-21	
LPS Recovered from Consumers	2,897
Supplemental charges billed by CPPA	17,006
Net	14,109
Excess LPS to be adjusted - FY 2021-22	
LPS Recovered from Consumers	2,965
Supplemental charges billed by CPPA	23,188
Net	20,223
Adjustment in PYA	-
Other Costs - FY 2020-21 to FY 2022-23	
Pay & Allowance FY 2023 Adjustment	1,103
Turn over/Min. Tax	4,963
Supplier NEPRA Fee- FY 2021-22	33
Supplier NEPRA Fee- FY 2022-23	44
Genco Pensioners FY 2022 & FY 2023	23
NTDC Pensioners	-
Total	6,166
Total	7,795

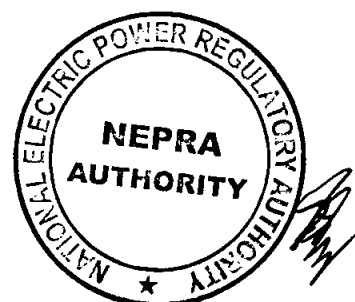


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MYT True Ups		PESCO
FY 2020-21		
Depreciation		
Allowed		3,206
Actual		3,240
Under/(Over) Recovery		-
RoRB (Investment + KIBOR)		
Allowed		4,220
Actual		3,779
Under/(Over) Recovery		- 441
Other Income		
Allowed	-	3,467
Actual	-	4,847
Under/(Over) Recovery	-	1,380
FY 2021-22		
Depreciation		
Allowed		3,453
Actual		3,680
Under/(Over) Recovery		-
RoRB (Investment + KIBOR)		
Allowed		5,622
Actual		4,713
Under/(Over) Recovery		- 909
Other Income		
Allowed	-	4,180
Actual	-	4,770
Under/(Over) Recovery	-	590
Total MYT True Ups	-	3,319
G. Total PYA FY 2021-22 & FY 2022-23		4,476



8. Whether the peak and off-peak rate design needs to be revised?

- 8.1. The Authority observed that all DISCOs including the Petitioner during the hearing of their MYT adjustment/indexation request, submitted to continue with the existing mechanism of peak / off-peak hours and prevailing rate design.
- 8.2. Some commentators submitted that tariff be designed in such a way so as to encourage consumption during low load periods. Mr. Arif Bilwani, a consumer of K-Electric submitted that for industrial consumers, peak tariff rates may be abolished to encourage consumption and generate economic activity.
- 8.3. The Authority keeping in view the submissions of DISCOs and points raised by the commentators, considers that the matter requires further deliberations. Further, the authority also understands that the existing infrastructure of DISCOs also needs to be evaluated in terms of its capability to cater for multiple peak / off peak rates and times during a billing cycle.
- 8.4. In view thereof, the Authority has decided to continue with the existing mechanism of peak / off-peak hours and prevailing rate design. At the same time, the Petitioner is directed to evaluate

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the different proposals of tariff design so as to make it more efficient and cost reflective with the objective to maximize the utilization of available capacity.

9. Whether the existing Tariff Terms and Conditions needs to be modified (including the request of Cold Storage to charge "B Industrial Supply" Category tariff instead of "A-2 Commercial" category tariff), and keeping in view the amendments in Consumer Service Manual or otherwise?

- 9.1. The Authority observed that certain amendments have been approved in the NEPRA CSM, regarding extension of load for B-3 from 5MW up-to 7.5MW, after following due process of law. The same amendments are also required to be incorporated in the Tariff determination of DISCOs. Accordingly, the following changes are being made in the Terms & Conditions of Tariff

"Considering the fact that the Authority, through CSM has already allowed extension in load beyond 5MW upto 7.5MW, therefore, for such consumers the applicable tariff shall remain as B-3. However, while allowing extension in load, the DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers."

- 9.2. Regarding change in tariff category of Cold Storage to charge "B Industrial Supply" Category tariff instead of "A-2 Commercial, the Authority noted that a large number of stakeholders raised their concerns in the matter. The Authority considering such large representations of the stakeholders decided to initiate separate proceedings in this regard. Accordingly, a separate hearing in the matter was held on 06.06.2023. Therefore, any amendments/modification in the terms & conditions for cold storage would be made based on the final outcome of the separate proceedings being carried out by the Authority.

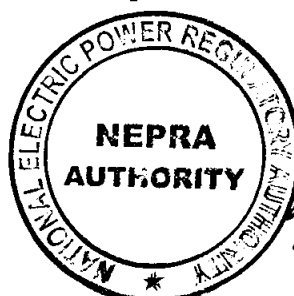
10. Whether the existing fixed charges applicable to different consumer categories need to be revised and require any changes in mechanism for charging of such charges based on Actual MDI or Sanction Load or otherwise?

11. Whether there should any Fixed Charges on consumer's categories who are currently not paying any fixed charges?

- 11.1. Regarding revision in applicable fixed charges on different consumer categories and change in mechanism of application of fixed charges based on actual MDI or sanction load or otherwise, the Authority noted that large number of stakeholders raised their concerns in the matter. The Authority considering such large representations of the stakeholders decided to initiate separate proceedings in this regard. Accordingly, a separate hearing in the matter was held on 06.06.2023. Therefore, any amendments/modification in the terms & conditions for application of fixed charges would be made based on the final outcome of the separate proceedings being carried out by the Authority.

12. Revenue Requirement

- 12.1. In view of the discussion made in preceding paragraphs and accounting for the adjustments discussed above, the adjusted revenue requirement of the Petitioner, for the FY 2023-24 is as under;



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Decision of the Authority in the matter of request filed by PESCO for Adjustment / Indexation of Tariff for the FY 2023-24 under the MYT

Description	Unit	Allowed FY 2023-24	
		DOP	SOP
Units Received	[MkWh]	15,362	15,362
Units Sold	[MkWh]	12,334	12,334
Units Lost	[MkWh]	3,028	3,028
Units Lost	[%]	19.71%	19.71%
Energy Charge			102,570
Capacity Charge			216,009
Transmission Charge & Market			17,481
Operation Fee			
Power Purchase Price	[Min. Rs.]		336,060
Wire Business cost			33,305
Power Purchase Price with wire business cost	[Min. Rs.]		369,365
Pay & Allowances		12,421	6,399
Post Retirement Benefits		6,178	3,183
Repair & Maintenance		1,186	49
Traveling allowance		261	107
Vehicle maintenance		201	64
Other expenses		191	1,175
O&M Cost	[Min. Rs.]	20,439	10,976
Depreciation		3,909	434
RORB		11,434	2,858
O.Income		(2,477)	(1,113)
Margin	[Min. Rs.]	33,305	13,156
Prior Year Adjustment	[Min. Rs.]	-	4,476
Revenue Requirement	[Min. Rs.]	33,305	386,996
PPP with Wire Business Cost-Unadj.		-	24.04
PPP with Wire Business Cost-adj.		-	29.95
Margin		2.70	1.07
PYA		-	0.36
Average Tariff	[Rs./kWh]	2.70	31.38

12.2. The above determined revenue shall be recovered from the consumers through the projected sales of 12,334 GWhs, as per Annex – II.

12.3. The above assessment has been carried out based on the data/information provided by the Petitioner, which the Authority believes is correct and based on facts. In case of any deviation / misrepresentation observed at a later stage, the Petitioner shall be held responsible for the consequences arising out, under NEPRA Act, Rules and Regulations made thereunder. Any consequential adjustment, if required will be made accordingly.

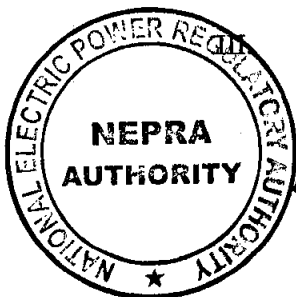
13. ORDER

13.1. From what has been discussed above, the Authority hereby approves the following adjustments in the MYT of the Petitioner Company for the Financial Year 2023-24:-

- I. Peshawar Electric Supply Company Limited (PESCO), being a deemed supplier, is allowed to charge its consumers such tariff as set out in the schedule of tariff for PESCO annexed to the decision.
- II. In addition to compensation of losses as discussed above, PESCO, being a distribution licensee, is allowed to charge the users of its system a "Use of system charge" (UOSC) as under:

Description	For 132 kV only	For 11 kV only	For both 132kV & 11 kV
Asset Allocation	23.65%	43.65%	67.30%
Level of Losses	2.50%	13.60%	15.76%
UoSC Rs./kWh	0.73	1.71	2.55

The Petitioner shall comply with, all the existing or future applicable Rules, Regulations, orders of the Authority and other applicable documents as issued from time to time.




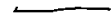
- IV. To file future monthly & quarterly adjustments on account of Power Purchase Price (PPP) based on the Annex-IV attached with the instant decision.
- V. The Petitioner shall comply with the Tariff terms & Conditions for supply of electricity as annexed with decision as Annex-V.


14. Summary of Direction

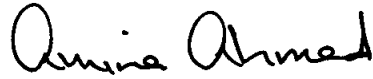
- 14.1. The summary of all the directions passed in this decision by the Authority are reproduced hereunder. The Authority hereby directs the Petitioner to;
- To provide the reconciled date of sales mix with its reported revenue as per audited financial statement of the respective year.
 - To provide proper details of GENCO employees allocated to it by providing proper employee wise details, their pay scales, terms of adoption, approvals of competent authority for such adoption and placement details along-with their financial impact.
 - To provide year wise detail of amounts deposited in the Fund, amount withdrawn along-with profit/interest earned thereon since creation of Fund.
 - To provide the IDC amount for FY 2020-21 onward with subsequent adjustment request and reflect the same in its Audited Financial Statements as well.
15. Decision of the Authority, is hereby intimated to the Federal Government for filling of uniform tariff application in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.
16. The instant decision of the Authority and the Order part along with revised Annex-I, I-A, II, III, IV and V, be also notified in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, while notifying the uniform tariff application decision of the Authority.

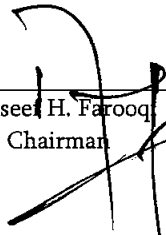
AUTHORITY

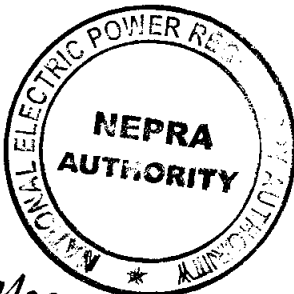

Mathar Niaz Rana (nsc)
Member


Rafique Ahmed Shaikh
Member


Engr. Maqsood Anwar Khan
Member


Ms. Amina Ahmed
Member


Tauseef H. Farooq
Chairman



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

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

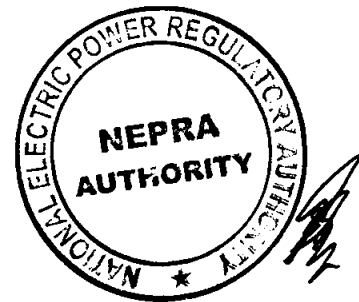
Where:

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.



QUARTERLY ADJUSTMENT MECHANISM

Quarterly adjustment shall be the Actual variation in Power Purchase Price (PPP), excluding Fuel Cost Component, against the reference Power Purchase Price component and the impact of T&D losses on FCA, for the corresponding months and shall be determined according to the following formula;

$$\text{Quarterly PPP}_{(Adj)} = \text{PPP}_{(Actual)} (\text{excluding Fuel cost}) - \text{PPP}_{(Recovered)} (\text{excluding Fuel cost})$$

Where;

PPP_(Actual) is the actual cost, excluding Fuel cost, invoiced by CPPA-G to XWDISCOs, adjusted for any cost disallowed by the Authority.

PPP_(Recovered) is the amount recovered based on reference rate in Rs./kWh, excluding fuel cost, as per the Annex-IV of the XWDISCOs determination that remained notified during the period.

Impact of T&D losses on FCA

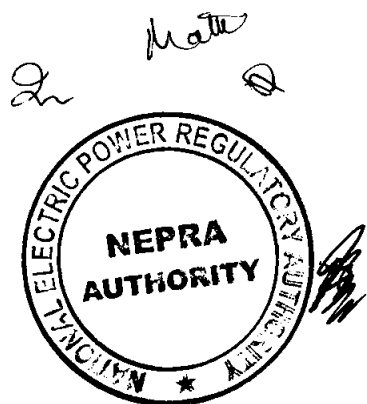
$$= \text{Monthly FCA allowed}_{(Rs./kWh)} \times \text{Actual units Purchase} \times \% \text{ T\&D losses}$$

Where;

Monthly FCA allowed _(Rs./kWh) is the FCA allowed by the Authority for the respective months of the concerned period.

T&D Loss % is percentage of T&D losses that remained notified during the period.

The sum of amounts so worked for each month of the Quarter shall be divided by the Projected units to be sold as determined by the Authority to work out Rs./kWh Quarterly adjustment.

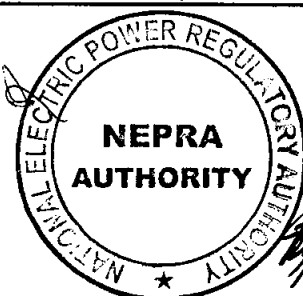


Peshawar Electric Supply Company (PESCO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales	Base Revenue			Base Tariff		PYA 2022		Total Tariff	
	GWh	Fixed Charge	Variable Charge	Total	Fixed Charge	Variable Charge	Amount	Variable Charge	Fixed Charge	Variable Charge
		Min. Rs.	Rs./kW/ M	Rs./ kWh	Min. Rs.	Rs./ kWh	Rs./kW/ M	Rs./ kWh		
Residential										
For peak load requirement less than 5 kW										
Protected										
Up to 50 Units - Life Line	53	-	373	373		7.00	-	-		7.00
51-100 units - Life Line	94	-	1,103	1,103		11.74	-	-		11.74
01-100 Units	1541	-	21,180	21,180		13.74	570	0.37		14.11
101-200 Units	318	-	5,114	5,114		16.06	118	0.37		16.43
Un-Protected										
01-100 Units	455	-	9,956	9,956		21.88	168	0.37		22.25
101-200 Units	1047	-	28,631	28,631		27.35	387	0.37		27.72
201-300 Units	1418	-	43,317	43,317		30.54	525	0.37		30.91
301-400 Units	527	-	17,895	17,895		33.93	195	0.37		34.30
401-500 Units	343	-	12,407	12,407		38.14	127	0.37		36.51
501-600 Units	177	-	6,660	6,660		37.56	66	0.37		37.93
601-700 Units	134	-	5,177	5,177		38.70	49	0.37		39.07
Above 700 Units	310	-	13,548	13,548		43.65	115	0.37		44.02
For peak load requirement exceeding 5 kW	0	-								
Time of Use (TOU) - Peak	40	-	1,725	1,725		42.79	14	0.35		43.13
Time of Use (TOU) - Off-Peak	174	-	6,357	6,357		36.47	60	0.35		36.81
Temporary Supply	0	-	6	6		42.96	0	0.35		43.30
Total Residential	6,634	-	173,450	173,450			2,395			
Commercial - A2										
For peak load requirement less than 5 kW	418	-	16,114	16,114		38.59	144	0.35		38.94
For peak load requirement exceeding 5 kW										
Regular	0	0	5	5	500	40.27	0	0.35	500	40.62
Time of Use (TOU) - Peak	133	-	5,624	5,624		42.19	46	0.35		42.54
Time of Use (TOU) - Off-Peak	579	1,528	20,985	22,514	500	36.22	200	0.35	500	36.57
Temporary Supply	3	-	126	126		38.98	1	0.35		39.33
Electric Vehicle Charging Station (EVCS)	0	-	5	5		40.27	0	0.37		40.64
Total Commercial	1,134	1,529	42,858	44,387			391			
General Services-A3										
	689	-	22,447	22,447		38.14	218	0.37		38.51
Industrial										
B1	5	-	173	173		35.17	2	0.37		35.54
B1 Peak	10	-	374	374		38.73	4	0.37		39.10
B1 Off Peak	72	-	2,380	2,380		33.17	27	0.37		33.54
B2	0	1	13	13	500	34.67	0	0.37	500	35.04
B2 - TOU (Peak)	127	-	4,925	4,925		38.67	47	0.37		39.04
B2 - TOU (Off-peak)	854	2,741	28,131	30,873	500	32.96	318	0.37	500	33.33
B3 - TOU (Peak)	129	-	5,007	5,007		38.67	48	0.37		39.04
B3 - TOU (Off-peak)	818	1,140	26,879	28,019	460	32.87	303	0.37	460	33.24
B4 - TOU (Peak)	111	-	4,295	4,295		38.67	41	0.37		39.04
B4 - TOU (Off-peak)	738	984	24,182	25,166	440	32.77	273	0.37	440	33.14
Temporary Supply	1	-	39	39		36.25	0	0.37		36.62
Total Industrial	2,865	4,866	96,399	101,265			1,060			
Single Point Supply										
C1(a) Supply at 400 Volts-less than 5 kW	0	-	7	7		39.27	0	0.37		39.64
C1(b) Supply at 400 Volts-exceeding 5 kW	12	13	457	470	500	38.77	4	0.37	500	39.14
Time of Use (TOU) - Peak	12	-	492	492		42.19	4	0.37		42.56
Time of Use (TOU) - Off-Peak	56	106	2,006	2,112	500	35.59	21	0.37	500	35.96
C2 Supply at 11 kV	9	11	354	364	460	38.57	3	0.37	500	38.94
Time of Use (TOU) - Peak	69	-	2,900	2,900		42.19	25	0.37		42.56
Time of Use (TOU) - Off-Peak	308	458	10,915	11,373	460	35.39	114	0.37	460	35.76
C3 Supply above 11 kV	0	-	6	6	440	38.47	0	0.37	440	38.84
Time of Use (TOU) - Peak	3	-	120	120		42.19	1	0.37		42.56
Time of Use (TOU) - Off-Peak	15	29	545	574	440	35.29	6	0.37	440	35.66
Total Single Point Supply	485	616	17,801	18,417			179			
Agricultural Tube-wells - Tariff D										
Scarp	0	-	17	17		35.27	0	0.37		35.64
Time of Use (TOU) - Peak	0	-	14	14		38.19	0	0.37		38.56
Time of Use (TOU) - Off-Peak	2	3	56	60	200	30.94	1	0.37	200	31.31
Agricultural Tube-wells	13	38	316	354	200	24.94	5	0.37	200	25.31
Time of Use (TOU) - Peak	9	-	228	228		24.94	3	0.37		25.31
Time of Use (TOU) - Off-Peak	48	105	1,185	1,290	200	24.94	18	0.37	200	25.31
Total Agricultural	72	147	1,816	1,963			27			
Public Lighting - Tariff G	16	-	628	628		38.27	6	0.37		38.64
Residential Colonies	2	-	70	70		38.27	1	0.37		38.64
Tariff K - A/JK	0	0	4	5	440	35.49	0	0.37	440	35.86
Time of Use (TOU) - Peak	108	-	4,450	4,450		41.19	40	0.37		41.56
Time of Use (TOU) - Off-Peak	430	699	14,739	15,439	440	34.29	159	0.37	440	34.66
Grand Total	12,334	7,857	374,663	382,520			4,475			

Note: The PYA 2022 column shall cease to exist after One (01) year of notification of the instant decision.

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

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
a)	For Sanctioned load less than 5 kW	-	7.00		-		7.00
i	Up to 50 Units - Life Line	-	11.74		-		11.74
ii	51 - 100 Units - Life Line	-	13.74		0.37		14.11
iii	001 - 100 Units	-	16.06		0.37		16.43
iv	101 - 200 Units	-	21.88		0.37		22.25
v	001 - 100 Units	-	27.35		0.37		27.72
vi	101 - 200 Units	-	30.54		0.37		30.91
vii	201 - 300 Units	-	33.93		0.37		34.30
viii	301 - 400 Units	-	36.14		0.37		36.51
ix	401 - 500 Units	-	37.56		0.37		37.93
x	501 - 600 Units	-	38.70		0.37		39.07
xi	601 - 700 Units	-	43.65		0.37		44.02
xii	Above 700 Units	-					
b)	For Sanctioned load 5 kW & above	-					
	Time Of Use	-	Peak	Off-Peak	Peak	Off-Peak	Peak
		-	42.79	36.47	0.35	0.35	43.13

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

As per Authority's decision, residential life line consumer will not be given any slab benefit.

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		FYA 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
a)	For Sanctioned load less than 5 kW	-	38.59		0.35		38.94
b)	For Sanctioned load 5 kW & above	500.00	40.27		0.35		40.62
	Time Of Use	500.00	Peak	Off-Peak	Peak	Off-Peak	Peak
			42.19	36.22	0.35	0.35	42.54
c)	Electric Vehicle Charging Station (EVCS)	-	40.27		0.37		40.64

Under tariff A-2 (a), 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

Fixed Charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher. In such case there would be no minimum monthly charges even if no energy is consumed.

A-3 GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
a)	General Services	-	38.14		0.37		38.51

Under tariff A-3, 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

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
B1	Upto 25 kW (at 400/230 Volts)	-	35.17		0.37		35.54
B2(a)	exceeding 25-500 kW (at 400 Volts)	500.00	34.67		0.37		35.04
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak
			38.73	33.17	0.37	0.37	39.10
B1 (b)	Up to 25 kW	-	38.73		0.37		39.10
B2(b)	exceeding 25-500 kW (at 400 Volts)	500.00	32.96		0.37		33.33
B3	For All Loads up to 5000 kW (at 11,33 kV)	460.00	32.87		0.37		33.24
B4	For All Loads (at 66,132 kV & above)	440.00	32.77		0.37		33.14

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

Fixed Charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher. In such case there would be no minimum monthly charges even if no energy is consumed.

C - SINGLE-POINT SUPPLY

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
C-1	For supply at 400/230 Volts	-	39.27		0.37		39.64
a)	Sanctioned load less than 5 kW	-	39.27		0.37		39.64
b)	Sanctioned load 5 kW & up to 500 kW	500.00	38.77		0.37		39.14
C-2(a)	For supply at 11,33 kV up to and including 5000 kW	460.00	38.57		0.37		38.94
C-3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	440.00	38.47		0.37		38.84
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak
			42.19	35.59	0.37	0.37	42.56
C-1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	500.00	42.19		0.37		42.56
C-2(b)	For supply at 11,33 kV up to and including 5000 kW	460.00	35.39		0.37		35.76
C-3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	440.00	35.29		0.37		35.66

Fixed Charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher.

**SCHEDULE OF ELECTRICITY TARIFFS
FOR PESHAWAR ELECTRIC SUPPLY COMPANY (PESCO)
D - AGRICULTURE TARIFF**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
D-1(a)	SCARP less than 5 kW	-	35.27		0.37		35.64	
D-2 (a)	Agricultural Tube Wells	200.00	24.94		0.37		25.31	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-1(b)	SCARP 5 kW & above	200.00	38.19	30.94	0.37	0.37	38.56	31.31
D-2 (b)	Agricultural 5 kW & above	200.00	24.94	24.94	0.37	0.37	25.31	25.31

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

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

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
E-1(i)	Residential Supply	-	42.96		0.35		43.30	
E-1(ii)	Commercial Supply	-	38.98		0.35		39.33	
E-2	Industrial Supply	-	36.25		0.37		36.62	

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

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

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

G- PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
	Street Lighting	-	38.27		0.37		38.64	

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

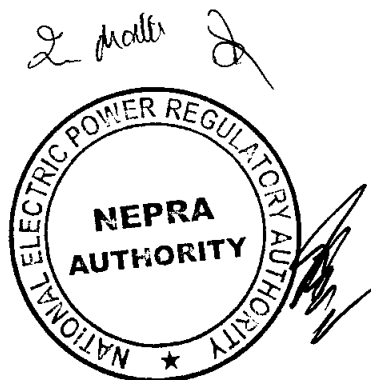
H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
	Residential Colonies attached to industrial premises	-	38.27		0.37		38.64	

K - SPECIAL CONTRACTS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
1	Asad Jammu & Kashmir (AJK)	440.00	35.49		0.37		35.86	
	Time Of Use	440.00	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
			41.19	34.29	0.37	0.37	41.56	34.66

Note: The FYA 2022 column shall cease to exist after One (01) year of notification of the instant decision.



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PESCO

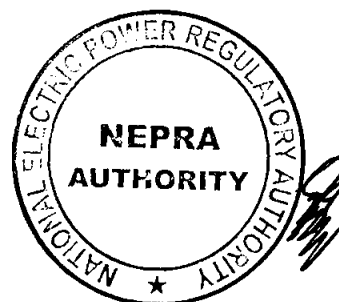
Annex - IV

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	1,719	1,664	1,526	1,045	1,055	1,148	1,195	1,116	1,002	1,039	1,291	1,563	15,362

Fuel Cost Component	6.8935	6.6457	7.0711	7.8938	4.7831	5.4031	7.4894	4.4337	6.4417	5.4918	5.7090	7.1403	6.3650
Variable O&M	0.3123	0.3073	0.3166	0.3949	0.3237	0.2866	0.3193	0.2330	0.3145	0.3178	0.3037	0.3169	0.3117
Capacity	10.0531	10.0406	11.0598	13.5595	17.0119	16.5135	16.9307	17.4181	15.7725	20.0345	14.4803	12.2126	14.0608
UoSC	0.8059	0.8049	0.8866	1.1215	1.4071	1.3658	1.4752	1.5177	1.3743	1.4860	1.0740	0.9058	1.1379
Total PPP in Rs./kWh	18.0648	17.7985	19.3342	22.9698	23.5259	23.5690	26.2147	23.6025	23.9029	27.3301	21.5670	20.5756	21.8755

Fuel Cost Component	11,847	11,059	10,792	8,250	5,045	6,205	8,946	4,949	6,454	5,708	7,368	11,158	97,781
Variable O&M	537	511	483	413	341	329	381	260	315	330	392	495	4,789
Capacity	17,278	16,708	16,879	14,172	17,945	18,963	20,224	19,442	15,801	20,824	18,689	19,084	216,009
UoSC	1,385	1,339	1,353	1,172	1,484	1,568	1,762	1,694	1,377	1,545	1,386	1,415	17,481
Total PPP in Rs.Mln	31,047	29,618	29,507	24,007	24,816	27,065	31,314	26,344	23,947	28,408	27,835	32,152	336,060

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



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

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means PESCO engaged in the business of distribution/supply 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 50% of the sanction load or Actual maximum demand recorded in a month, whichever is higher, except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load.
5. "Variable Charge" means the sale rate per kilowatt-hour (kWh) as a single rate or part of a two-part tariff applicable to the actual kWh consumed by the consumer during a billing period.
6. "Maximum Demand" where applicable, means the maximum of the demand obtained in any month measured over successive periods each of 30 minutes' duration except in the case of consumption related to Arc Furnaces, where "Maximum Demand" shall mean the maximum of the demand obtained in any month measured over successive periods each of 15 minutes' duration.
7. "Sanctioned Load" where applicable means the load in kilowatt as applied for by the consumer and allowed/authorized by the Company for usage by the consumer.
8. "Power Factor" means the ratio of kWh to KVAh recorded during the month or the ratio of kWh to the square root of sum of square of kWh and kVARh.
9. Point of supply means metering point where electricity is delivered to the consumer.
10. Peak and Off Peak hours for the application of Time Of Use (TOU) Tariff shall be the following time periods in a day:

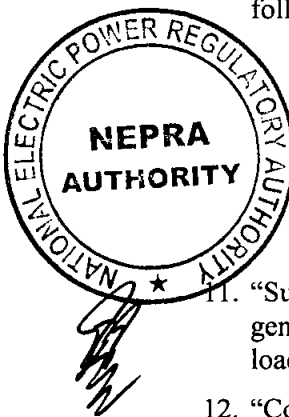
*** PEAK TIMING**

OFF-PEAK TIMING

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

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

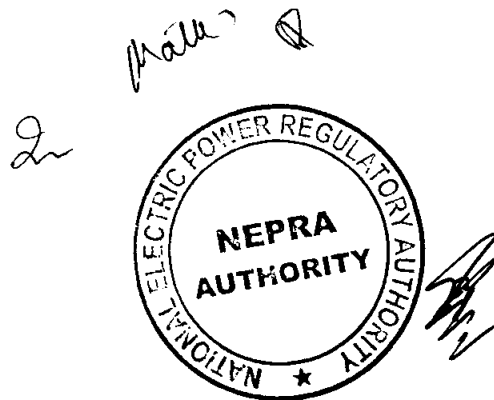
11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load 5 kW and above supply shall be given at three-phase.
12. "Consumer" as defined in NEPRA Act.
13. "Charitable Institution" 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 Despatch 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.

GENERAL CONDITIONS

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



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PART-II

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

A-1 RESIDENTIAL

Definition

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

The lifeline consumers to include residential Non-Time of Use (Non-ToU) consumers having maximum of last twelve months and current month's consumption ≤ 100 units; two rates for ≤ 50 and ≤ 100 units will continue.

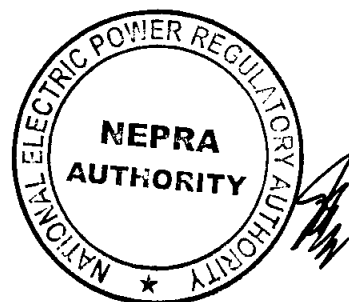
"Protected consumers" mean Non-ToU residential consumers consuming ≤ 200 kWh per month consistently for the past 6 months.

Residential Non-ToU consumers not falling under the protected category would be categorized under "Un-protected consumer category".

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/Flower Nurseries/Cold Storage
 - ii) Hotels, Hostels 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.
 - ix) Electric Vehicle Charging Stations (EVCS)
2. Electric Vehicle Charging Stations shall be billed under A-2(d) tariff i.e. Rs./kWh for peak and off-peak hours. For the time being, the tariff design is with zero fixed charges, however, in future the Authority after considering the ground situation may design its tariff structure on two part basis i.e. fixed charges and variable charges.



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3. The Electric Vehicle Charging Station shall provide "charging service" to Electric Vehicle shall provide charging service to Electric Vehicles as per the applicable tariff for EVCS plus Rs.24.44/kWh as margin for EVCS. The EVCS shall be billed by DISCOS under A-2(d) tariff. However, monthly FCAs either positive or negative shall not be applicable on EVCS.
4. 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)
5. 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).
6. The existing and prospective consumers having load of 5 kW and above shall be provided T.O.U metering arrangement 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 other than those meant for the irrigation or reclamation of Agriculture land.

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

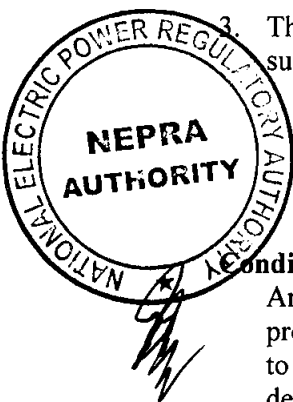
B INDUSTRIAL SUPPLY

Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices inside the premises 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, fish farms, fish nurseries & 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.



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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 25 kW.
2. Consumers having sanctioned load upto 25 kW shall be billed on single-part kWh rate.
3. Consumers under tariff B-1 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate. However, B-1 consumers having sanctioned load of less than 5 kW may opt for ToU meter
4. The existing and prospective consumers having load of 5 kW and above shall be provided T.O.U metering arrangement and shall be billed under tariff B1(b).

B-2 SUPPLY AT 400 VOLTS

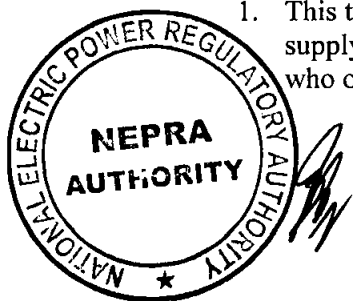
1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff.
3. All new applicants i.e. prospective consumers 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 5 MW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. The consumers may be allowed extension of load above 5MW to 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load above 5MW to 7.5 MW. While allowing extension in load, the DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.
3. 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.
4. 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 Eligibility Criteria laid down by the Authority read with Consumer Service Manual (CSM).
5. 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 5MW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5MW or below who opt to receive supply at 66 kV or 132 kV and above.



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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 Eligibility Criteria laid down by the Authority read with CSM, 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 Eligibility Criteria laid down by the Authority read with CSM.
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 to mix-load consumer not selling to any other consumer such as residential, commercial, tube-well and others.

General Conditions

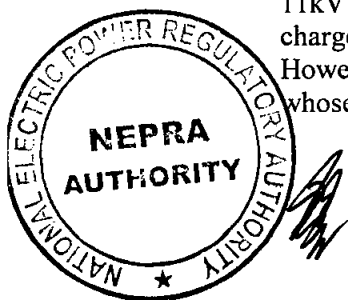
If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate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

C-I SUPPLY AT 400/230 VOLTS

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

C-2 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable to consumers receiving supply at 11 kV or 33 kV at one-point metering arrangement and having sanctioned load of more than 500 kW up to and including 5 MW.
2. The consumers may be allowed extension of load beyond 5MW upto 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load. However, only such consumers be allowed extension of load beyond 5MW upto 7.5MW whose connection is at least three (3) years old. While allowing extension in load, the



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DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.

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 Eligibility Criteria laid down by the Authority read with CSM.
4. 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.
5. 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

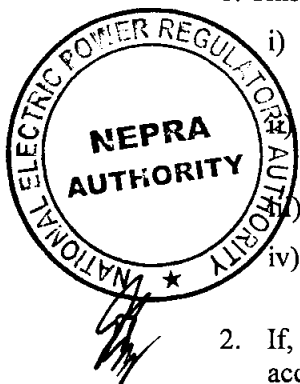
1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.
2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the Eligibility Criteria laid down by the Authority read with CSM, 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 Eligibility Criteria laid down by the Authority read with CSM.
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):
Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
 - ii) Tube-wells meant for aqua-culture.
 - iii) 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.
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

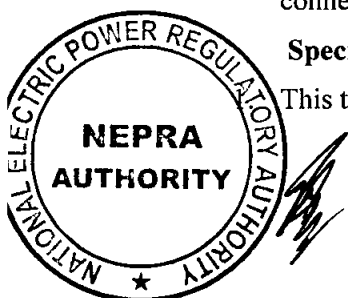
1. This tariff is applicable to consumers falling under Agriculture Supply excluding SCARP related installations.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-2(a) tariff given in the Schedule of Tariff.
3. All new consumers having sanctioned load 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, exhibitions, political gathering, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction of house/buildings/plazas of single phase loads. A temporary electric power supply connection for the construction shall be provided by Distribution company initially for a period of six months which is further extendable on three month basis up to completion of the specific job/project for which the temporary connection was obtained. However, there is no minimum time period for provision of temporary connection. The temporary connection for illumination, lighting, weddings, festivals, functions, exhibitions, political gatherings or national and religious ceremonies, civil or military functions etc., testing of industrial equipment or any other emergent requirement of temporary nature, can be provided for specific time period not exceeding two weeks. The sanctioning officer shall ensure that the temporary connection will be utilized for temporary purpose only.

Special Conditions of Supply

This tariff shall apply to Residential and Commercial consumers for temporary supply.



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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.

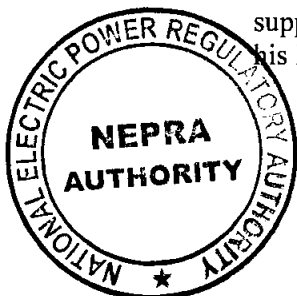
Definitions

“Year” means any period comprising twelve consecutive months.

1. 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



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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. The supply under this tariff shall also be applicable for lamps used in public playgrounds and public parks.

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.

TARCTION

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



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