National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/TRF-286/SEPCO-2014/5612-5614
April 14, 2015

Subject: **Determination of the Authority in the matter of Petition filed by Sukkur Electric Power Company Ltd. (SEPCO) for the Determination of its Consumer end Tariff Pertaining to FY 2014-2015 [Case # NEPRA/TRF-286/SEPCO-2014]**

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority along with Annexure-I, II, III, IV, V, VI & VII (79 pages) in Case No. NEPRA/TRF-286/SEPCO-2014.

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

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

Enclosure: As above

14.04.15
(Syed Safeer Hussain)

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

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

National Electric Power Regulatory Authority

(NEPRA)

PETITION NO: NEPRA/TRF-286/SEPCO-2014

TARIFF DETERMINATION

FOR

SUKKUR ELECTRIC POWER COMPANY

(SEPCO)

DETERMINED UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

, 2015

Abbreviations

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

DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY SUKKUR ELECTRIC POWER COMPANY (SEPCO) FOR THE DETERMINATION OF ITS CONSUMER END TARIFF

CASE NO. NEPRA/TRF-286/SEPCO-2014

PETITIONER

Sukkur Electric Power Company Limited (SEPCO), Thermal Power Station, Old Sukkur, Sukkur.

INTERVENER

Nil

COMMENTATOR

The Sukkur Chamber of Commerce & Industry

REPRESENTATION

1. Mr. Munawar Nazeer Abbasi, Chief Executive Officer
2. Mr. Habib-ur-Rehman Shaikh, Chief Technical Officer
3. Mr. Abdul Qudoos Shaikh, Chief Commercial Officer
4. Mr. Hadi Dino Shaikh, Manager Commercial
5. Mr. Imdad Ali Mirani, Finance Director

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

14.4.15

(Khawaja Muhammad Naeem)
Member

14.4.15

(Himayatuallah Khan)
Member

14/4/15

(Maj (Rtd) Haroon Rashid)
Vice Chairman/ Member

14/4/15

(Brig (Rtd) Tariq Soddozai)
Chairman

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
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14.04.15

1. BACKGROUND

1.1 Sukkur Electric Power Company Limited (SEPCO), hereinafter called "the Petitioner", being a Distribution Licensee of NEPRA filed a petition for the determination of its consumer-end tariff pertaining to the FY 2014-15 in terms of Rule 3(1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules").

1.2 The Petitioner has sought the following relief:

- To approve and determine tariff pertaining to FY 2014-15 at Rs.19.97 /kWh in accordance with the category wise details as appended, with the petition w.e.f., 1st July, 2014;
- Investment Plan of Rs. 4,122 Million may be allowed;
- Distribution margin amounting to Rs. 7,889 Million be allowed including provision for bad debts amounting to Rs. 994 million;
- T&D loss target may be approved as 34.54% for the FY 14-15;
- Prior Year Adjustment amounting to Rs. 3,378 million be approved;
- Return on Rate Base amounting to Rs. 1,362 million be allowed.
- Allow mark-up of loans allocated to the Petitioner pertaining to PHPL for the period from 21st Feb, 2012 to 30th June, 2014 amounting to Rs. 27.61 Billion;

2. PROCEEDINGS:

2.1 In terms of rule 4 of the Rules, the Petition was admitted by the Authority on 30th September, 2014. In compliance of the provisions of sub-rules (5) & (6) of the Rule 4 and Rule 5, notices of admission and hearing were sent to the parties which were considered to be affected or interested. An advertisement in this regard was also published in the leading national newspapers with the title and brief description of the petition on 1st November, 2014.

3. FILING OF OBJECTIONS/ COMMENTS:

3.1 Comments/replies and filing of intervention request, if any, was desired from the interested person/ party within 7 days of the publication of notice of admission, i.e., November 1, 2014 in terms of Rule 6, 7 & 8 of the Rules. In response thereof, neither any reply was filed nor any intervention request was filed.

4. HEARING/FRAMING OF ISSUES

4.1 The pleadings so available on record were examined by the Authority in terms of rule 9 of the Tariff Rules; accordingly in order to arrive at a just and informed decision, it was decided to conduct a hearing in the matter on 10th November, 2014 at Inter Pak Inn Hotel, Sukkur. Notices of hearing were published in the leading newspapers on 1st November, 2014. On the basis of available pleadings, following issues were framed to be considered during the hearing and for presenting written as well as oral evidence

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

and argume nts:-

i. Whether the Petitioner has complied with the direction of the Authority passed in the last year's tariff petition?
ii. Whether the concerns raised by interveners and commentators justified?
iii. Whether the Petitioner's projected purchases of 4,705 GWhs and sales of 3,080 GWhs units for the FY 2014-15 is reasonable?
iv. Whether the Petitioner's proposed transmission and distribution losses of 34.54% for the FY 2014-15, are justified?
v. Whether the Petitioner's projected power purchase cost of Rs. 50,260 million (Rs.16.32/kWh) for the FY 2014-15 is justified for the FY 2013-14?
vi. Whether the Petitioner's projected O&M cost of Rs. 7,133 million (Rs. 2.32/kWh) for the FY 2014-15 after accounting for inflation/increments, is justified?
vii. Whether the Petitioner proposed depreciation charge of Rs. 1,009 million (0.33 /kWh) for the FY 2014-15 is justified?
viii. Whether the Petitioner projected Return on Regulatory Asset base of Rs. 1,362 million (Rs.0.44 /kWh) for FY 2014-15, is justified?
ix. Whether the Petitioner's projected other income of Rs. 2,610 million (Rs.0.85/kWh) for the FY 2014-15, is reasonable?
x. Whether the Petitioner's proposed Investment plan of Rs. 4,122 million for the FY 2014-15 is justified?
xi. Whether the proposed revenue requirements of Rs. 58,149 at an average sale rate of Rs.19.98/kWh for the FY 2014-15 is justified?
xii. Whether the Petitioner's claim financial cost on TFC loans, is justified?
xiii. Whether the Petitioner's proposed provision for bad debts amounting Rs. 994 million for the FY2014-15, is justified?
xiv. Whether the existing service delivering structure of circles, divisions and sub-divisions etc can provide satisfactory services for supply of electric power to the consumer with the substantial expansion in the system?
xv. Whether the existing financial, administration and technical powers concentrated at different layers of hierarchy is required to be developed in order to provide better services from the door step of the consumer?
xvi. What are the concerns of Petitioner on changing terms and conditions of lifeline consumers and Residential consumers?
xvii. What are the concerns of the Petitioner on TOU metering of cellular company connections and similar connections?

4.2 In addition to above, the Authority has decided to form an issue pertaining to the future tariff determination methodology in the matter of the Petitioner.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
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AUTHORITY

5. HEARING

5.1 The hearing was conducted on 10th November, 2014 at Inter Pak Inn Hotel, Sukkur. During the hearing, the Petitioner was represented by Mr. Habib-ur-Rehman, Chief Executive Technical of the Petitioner along with his financial and technical team. Comments were made from representative of The Sukkur Chamber of Commerce & Industry and subsequently, the following written comments were also received.

5.2 **The Sukkur Chamber of Commerce & Industry**

5.2.1 The Representative of Sukkur Chamber of Commerce and Industry, submitted the following ;

- The Chamber disagrees with the request of increasing consumer - end tariff instead its considered opinion is that tariff is already at a higher side and it must be reduced.
- Cruel overbilling/ wrong dial reading is absolutely unethical and unjustified which has created anger in public and unrest among the business community. This issue may be taken up seriously and should be resolved at earliest possible.
- Honorable Sindh High Court (SHC) has given its verdict in favour of B-I consumers. During the course of litigation, B-I consumers were paying electricity bills with High Court Authorities which were subsequently transferred to the Petitioner. The Chamber requests that the amount may be adjusted against outstanding bills and the late payment charge imposed by the Petitioner may be waived off as the bills were paid, in time, with Sindh High Court Authorities, as the matter was sub judice before the SHC.
- Load Shedding must strictly follow the schedule and practice of unscheduled load shedding be avoided.
- Fluctuation in voltage is being experienced with unpredictable time intervals causing heavy monitory losses to the public, traders and industrialists due to damage caused to electrical appliances and machinery. It may be controlled by proper maintenance of equipments at Grid Stations and other places wherever it is required.
- Load shedding in Industrial Areas, in particular SITE be performed, at a stretch, preferably from 6:00 PM to 12:00 midnight. Load Shedding at SITE, during peak hours, will enable the Petitioner to disturbed electricity supply to commercial and residential areas.
- On account of further tax and extra tax additional amount is being charged. This act by the Petitioner is unjustified, as reason has never been declared at any level. Same amount may, kindly be refunded to consumers immediately.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- Poor performance of PMTs and break down of High Tension Lines are of great concern and requires immediate attention of high offices.

5.3 On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under:

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

Tariff Methodology for the FY 2014-15.

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

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

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

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

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

Quarterly Adjustments

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

Monthly Fuel Adjustments

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

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

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

6.7 The Authority is in the process of notifying the future tariff methodology pertaining to the FY 2015-16 and onwards. The Authority, while devising the aforementioned , has used a participatory approach whereby the process was started in December, 2013 . The first draft of the methodology was uploaded on the website for comments on 20th February, 2014 inviting all the stakeholders to submit their comments. After incorporating the relevant comments, the Authority again uploaded the revised version of the draft on 12th August , 2014 for any additional comments/concerns . An advertisement in this regard was also published on 12th August , 2014, intimating all the stakeholders about the uploading of the document on NEPRAs website. Further, individual letters were also sent to all the stakeholders considered to be affected, seeking their comments on the document.

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

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

7.1 The Authority's point wise findings of the Commentator's concerns are given below;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- The Authority determines consumer-end tariff of all the XWDISCOs on cost plus basis , whereby only prudently incurred cost is allowed. Further, the major component of the consumer -end tariff is the generation cost, which is a pass through item for any utility as it has no control over this cost. In view thereof , the Petitioner's plea of reduction of tariff is without any rationale or argument on which the Authority can adjudicate.
- On the issue of overbilling the Authority agrees with the Commentator and has decided to direct the Petitioner to print consumer bills with the snap shots of meter readings (both previous and current) not later than 30th June, 2015. Further, the Petitioner is directed to submit its investment requirements for the implementation of Hand Handled Units (HHU) the completion timelines along with its next tariff petition. In addition to aforementioned the Commentator is directed to report any specific incidence of overbilling to the Authority's Consumer Affair Department.
- On the issue of waving off of LPS , Unscheduled load shedding ,fluctuation in voltage , complaints of specific incidences may be filed in the Consumer Affair Division of the Authority.
- The suggestion of the Chamber with respect to the scheduling of load shedding in the Peak Hours may be discussed with the Petitioner's Technical Division as if it is technically possible or not , keeping in view the nature of the Feeders.
- Charging of taxes is the mandate of the GOP not the Authority.
- The Authority always incorporates the impact of investments on the RORB allowed to the Petitioner. In addition , the Authority allows the Petitioner a reasonable amount on account of repair and maintenance expense. In view thereof, the Petitioner is directed to ensure the reliability and smooth supply of electricity to the electricity consumers.

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

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

TOU Meters

8.2 The Petitioner showed poor performance regarding installation of TOU meters in the last year's tariff determination whereby only 42% of the qualifying TOU connections were installed. The Petitioner attributed the delay in installation of TOU meters partly because of ongoing conversion of its LT bare conductor with the aerial bundled cable

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

and partly because of resistance from the domestic consumers. Nevertheless, the Petitioner had set itself a target of installing 1000 meters per month and planned to complete the installation by 30th June, 2014.

8.3 In addition, during the hearing for the tariff petition pertaining to the FY 2012-13, the Petitioner claimed that stay order had been taken by certain industrial consumers of category B-1 against the installation of TOU meters on their connections. Therefore, the Authority directed the Petitioner to submit details of stay order in this regard. Instead of submitting the same, the Petitioner stated in the tariff petition for the FY 2013-14 that subsequent to the decision of the Authority of changing the limit of B1 consumers, the grievances of the consumers stand addressed and the respective consumers are now being billed according to the Authority's decision. The Authority while noting that the Petitioner has mixed up two issues, directed it to send the details of any cases pending with regard to the installation of TOU meters to the Authority at the earliest in the tariff determination of FY 2013-14.

8.4 The Authority had also directed the Petitioner in the prior year's tariff determination to continue the campaign of consumer awareness on the back of the each consumer bill and share the information regarding the training sessions of its concerned staff from the manufacturing companies of TOU meters.

8.5 In compliance to these directions, the Petitioner presented the following progress on installation of TOU meters during the hearing of determination of tariff for the FY 2014-15;

Customer Category	Total No. of Connections for Installation of TOU Meters	Connections with TOU meters installed up to September, 2014	% installed	TOU meters yet to be installed
Residential	4,337	4,092	94.4%	245
Commercial	3,416	3,388	99.2%	28
Industrial	7,139	7,058	98.9%	81
Bulk Supply	407	401	98.5%	6
Agricultural	5,890	5,716	97.0%	174
Total	**21,189**	**20,655**	**97.5%**	**534**

The Authority appreciates the efforts of Petitioner regarding installation of TOU meters and encourages it to install the remaining in due course before the submission of next year's tariff petition.

8.6 As regard the stay taken by B-1 category consumers, the Petitioner vide its letter no. CEO/SEPCO/SUK/M(Comm)/2498-2500 dated 4th April, 2014 submitted following information;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- The consumers of B-1 approached to the Honorable Sindh High Court Bench at Sukkur, regarding the change of consumer-end tariff from B1 to B2, and higher rates vide constitutional Petition no. D-427/2009 and D-615/2009.
- The Honorable Sindh High Court Bench at Sukkur granted status Quo on 7th May, 2009.
- The Honorable Sindh High Court Bench at Sukkur directed the Petitioners to file formal petition before NEPRA etc and disposed off petitions on 9th February, 2010.
- The grievances of the Petitioners of B-1 consumers were redressed by NEPRA allowing limit of B1 consumers upto 25 kW.

8.7 In addition, the Petitioner submitted copies of afore-stated decisions of The Honorable Sindh High Court Bench at Sukkur. Subsequently, the Petitioner vide its letter no. CEO/FD/CPC/3183 dated 10th April, 2014 re-submitted the aforementioned compliance.

8.8 The Authority has observed that the Petitioner has again misunderstood the Authority's direction and provided details which were neither required nor relevant. However, based on available information, it appears that there is no stay order taken by the industrial consumers on the installation of TOU meters. The same is also supported by the fact that meters have been installed on 98.9% of the industrial consumers (as per table under para 8.5 above). In view thereof, the Authority considers that contrary to the Petitioner's initial stance there is no stay order by the Honourable Sindh High Court for installation of TOU meters.

8.9 As regards the direction of consumer awareness campaign and training of staff from the manufacturer of TOU meters, the Petitioner vide its letter no. CEO/SEPCO/SUK/M(Comm)/2498-2500 dated 4th April, 2014, communicated to the Authority that has noted the compliance for the further compliance and the concerned Officers are accordingly directed to proceed further.

8.10 Subsequently, during the hearing on the determination of tariff for the FY 2014-15, the Petitioner presented the following details of trainings conducted;

Manufacturing Company	Dated	Participants
M/s Microtech Limited	11-04-2014	XENs, SDOs, M&T Staff and Representatives of Chamber of Commerce
M/s Pak Electron Limited	18-04-2014	
M/s KBK Limited	02-05-2014	

8.11 The Petitioner also stated that President Chamber of Commerce & Industry was requested by Regional Manager (M&T) SEPCO to participate in the briefings. In addition to this, the Petitioner has also shown the back of consumer bills which shows

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY ★
NEPRA
AUTHORITY

the details of peak and off-peak hours for TOU meters and guidelines for the energy conservation.

8.12 The Authority appreciates the compliances of the Petitioner and encourages the Petitioner to continue such efforts for the capacity building of its field staff.

Directions with respect to the recoveries

8.13 Although the Authority determines Petitioner's tariff on 100 % recovery basis yet considering the ongoing circular debt situation , the Authority decided to analyze the receivables of the Petitioner and gave the following directions ;

- To chalk out a concrete recovery plan with scheduled action points and target results and communicate the same to the Authority .
- To send a monthly report to the Authority's Monitoring Division on the implementation of recovery plan and results thereof, which would continuously update the Authority.
- To again take up the issue of recovery of tariff differential subsidy to the relevant GOP quarters and report back to the Authority.
- To re-submit the reason for variation in reported figures of receivables and certify the actual receivables as on 30th June 2013.
- To submit the certificate from Auditors on the Authenticity of reported figures of debtors.

8.14 On the direction of submitting a concrete recovery plan and its monthly report to the Authority's Monitoring Division on the implementation of recovery plan and results thereof, the Petitioner submitted a month wise details of its billing and recovery from July 2013 to June 2014. The Petitioner compared the same with the billing and recovery of the corresponding months last year. On an overall basis it showed an improvement of 5% from the last year's performance in this regard. i.e. as per the Petitioner, during the FY 2012-13, its recovery ratio remained around 53.6% , which has improved to 58.6% during the FY 2013-14. The Authority appreciates Petitioner's efforts whereby it has managed to improve its recovery position. However, as regard the compliance of the direction, the Authority considers that the Petitioner neither submitted the required recovery plan nor it has updated the Authority on the monthly basis with respect to the implementation of the recovery plan and results thereof. The Petitioner was expected to submit a recovery plan based on its subdivision Or divisional units, whereby the Petitioner would highlight the hard and soft areas. Subsequently , the Petitioner would set the target of improvement along with its strategy as how it intends to achieve the set target . In view of aforementioned, the

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Petitioner is again directed to submit a recovery plan based on its sub divisional units, clearly highlighting the problem areas, targets for its improvements along with its intended strategies/tools to achieve the same . The required plan should be submitted along with next year's petition. Here it is pertinent to mention that the Petitioner has been submitting subdivision wise billing and recovery position to the Authority, yet it cannot be termed as recovery plan due to aforementioned required parameters.

8.15 On the direction of taking up the matter of recovering tariff differential subsidy to the relevant GOP quarters, the Petitioner submitted that in compliance of the Authority's direction it has vide its letter # FD/SEPCO/Suk/CPC/2357-58 dated 10th March, 2014 has taken up the matter of payment of Tariff Differential subsidy with the Ministry of Water & Power for early release of the same . The Petitioner further submitted the following updated position of the subsidy receivable from the GOP ;

Rs. Million

Description	Opening Balance receivable	Claimed during the Period	Received	Closing Balance Receivable
FY 2011-12	5,047	6,002	6,886	4,163
FY 2012-13	4,163	18,901	11,352	11,712
FY 2013-14	11,712	13,837	12,787	12,761
FY 2014-15	12,761	3,270	0	16,031

8.16 The Authority having considered the Petitioner's provided data observed that contrary to the Petitioner's claim with respect to receiving the tariff differential subsidy from the GOP the closing balance of receivables continuously deteriorated . In view thereof, the Authority considers that the Petitioner need to ensure timely recovery/adjustment of the TDS (against its payables) and submit report to the Authority on quarterly basis in this regard.

8.17 On the direction regarding submitting the varying numbers of receivables and getting the reported figure of its debtors as on 30th June, 2013, verified by the its Auditor, the Petitioner has submitted a Certificate from its Auditor which includes a reconciliation which confirms that the reported figure of debtors as on 30th June , 2103 does not include Government levies. Thus, the provided numbers/reconciliation endorses the Petitioner's justification, submitted last year, with respect to the varying numbers of receivables. In addition the Certificate also shows Gross Trade debtors as Rs. 60,259 million as on 30th June, 2013. This again validates the concern of the Authority on the

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

poor recovery ratio of the Petitioner. The improvement of 5% in the recovery can not be considered reasonable achievement as against non recovery of 41.4% of the amount billed to the consumers. Here it is pertinent to mention that instead of decreasing the Gross trade debtors figure has further increased to Rs. 73,722 million as on 30th June, 2014 (as per the draft financial statements of the Petitioner). State of affairs needs very serious efforts, otherwise it will become very difficult for the Petitioner to continue as a going concern. The Authority considers that in order to support the inefficiency of the Petitioner the low abiding consumers of the country will have to be burden, which will not be consistent with the provisions of NEPRA Act and Rules made there under. The Authority further considers it unjust that the tax payer's money is used to support the Petitioner's inefficiencies. The Authority considers that there is some serious issue in the billing because in its opinion non-recovery of more than 40% of billed amount may be due to non-existent of genuine consumers. This may be considered as an effort to bring down the level of reported losses. The Authority considers that the Petitioner has to put all out efforts in order to improve its recovery of billed amount.

8.18 **To update on number of FIRs lodged**

8.18.1 During the processing of tariff petition pertaining to FY 12-13, the Petitioner submitted that one of the reason for higher administrative losses is non-posting of special magistrates by Government of Sindh, despite reminders to take action on consumers involved in theft. During the same proceedings, the Commentator, Mr. Jamaldin Bijarani suggested that the Petitioner, may hire its own force/police. Consequently, the Authority directed the Petitioner in the tariff determination for the FY 2012-13 to discuss the option of hiring own force with its Board of Directors, for implementation. Subsequently, during the hearing for determination of tariff for the FY 2013-14, the Petitioner submitted that based on its efforts the DIG Police Sindh, Sukkur deployed 26 Police Staff vide office memo dated 07.11.2012 to work with the Petitioner, with immediate effect. The Petitioner further stated that it has raised requested Home Secretary, Govt. of Sindh for issuance of FIRs Books for SEPCO Police. The Authority appreciated the efforts of the Petitioner in the tariff determination for FY 2013-14 and directed it to submit update on its efforts with respect to number of FIRs lodged, actions taken against theft and improvement in recovery and losses due to these efforts on a quarterly basis.

8.18.2 The Petitioner vide its letter no. CEO/SEPCO/SUK/M(Comm)/2498-250 dated 4th April, 2014 submitted the details of FIRs lodged during July, 2013 to March, 2014 as under;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

FIRs lodged by FIA			FIRs lodged at Police Stations		
No.	Persons Involved	No. of persons arrested	No.	Persons Involved	No. of persons arrested
58	58	56	44	44	-

During the hearing, of the instant petition, the Petitioner presented following progress in this regard;

FIRs lodged by FIA			FIRs lodged at Police Stations		
No.	Persons Involved	No. of persons arrested	No.	Persons Involved	No. of persons arrested
81	88	79	83	500	09

The Petitioner also stated that FIRs are under trial in the Honorable courts. Also, the Petitioner stated that 9 of its employees are also nominated in FIRs. They were also arrested and presently on bail in the courts of law. The Petitioner further committed that Manager (L&L) SEPCO is pursuing the cases vigorously.

8.18.3 The Authority appreciates Petitioner's efforts in this regard and directs it to continue the same, and submit quarterly reports to NEPRA in this regard.

Detection billing

8.18.4 In the tariff determination pertaining to the FY 2012-13, the Authority noted with concern that out of the total electricity units billed to the consumers, approximately 13% pertained to detection billing, It is further noted that around 97% of detection billing was to residential consumers as indicated by the Authority in para 11.3 and 11.4 of it previous determination. Consequently, the Petitioner was directed to submit a detailed statement of such significant figure of detection billing in its area by 30th June, 2013. The Petitioner during the hearing of the determination of tariff for the FY 2013-14, submitted a month-wise summary of deduction billing. The submitted detail showed that significant units are being billed under detection billing on a monthly basis. The Authority having considered the information provided by the Petitioner feels that the detection billing is one of the major contributors of increasing non-recovery of billed amount. It would not be unjustified to construe that this is an effort to divert the Authority's attention from the Petitioner's inefficiency. This can also be considered an effort to burden those consumers who are paying their bills. The Authority expects that Petitioner needs to develop an effective system to minimize the

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

detection billing and to ensure that the detection bill is charged only to a consumer who is involved in the practice of theft. Further the Authority directed Petitioner to publish the address and contact numbers of the Authority's Consumer Affair Divisions Office (both Head Office and Provincial Office) on the back of each consumer bill.

8.18.5 The Petitioner did not submit any compliance on the Authority's direction with respect to detection bills. However, during the hearing for determination of tariff for the FY 2014-15, the Petitioner stated that directives are conveyed to field formations regarding charging of detection bills against the consumers who are involved in the practice of theft as per detection procedure / policy. Further, the Petitioner stated that vigilance teams are deputed to ensure the correctness of detection against pilfers. With respect to the direction for publishing the Authority's consumer affairs division number and address on back of bills, the Petitioner vide its letter no. CEO/SEPCO/SUK/M(Comm)/2498-250 dated 4th April, 2014 informed the Authority that Manager (MIS) is directed for compliance and same will be reported. Subsequently, during the hearing of instant petition, the Petitioner showed copies of bills where the address and contact number of NEPRA's consumer affairs division has been printed legibly.

8.18.6 The Authority while appreciating the efforts of Petitioner in this regard expects to ensure compliance with detection policy prior to raising any detection bills to the consumers. As for now, the direction of Authority is considered to be complied with.

9. <u>Issue # 3. Whether the petitioner's projected purchases of 4,705 GWhs and sales of 3,080 GWhs units for the FY 2014-15, is reasonable?</u>

9.1 As per the Petitioner, the projected units purchased for the FY 2014-15 as 4,705 GWh and units sold would be around 3,080 GWh. During the hearing, the Petitioner submitted that it estimated growth in purchases as 7% and growth in sales as 14%. The Petitioner further stated that the actual Power purchase ratio for the FY 2013-14 was reduced to 2.42%, due to extensive load management carried out on the basis of AT&C losses and crackdown against pilferers on war footing. Additionally, the Petitioner projected that approximately 45 MW load (translating into 318.28 MkWh units) would be purchased from SPP and NCPPs. In the end the Petitioner, stated that purchases have been estimated keeping in view the background of load growth, demand, new connections particularly village electrification of 82 MW and purchase of units from SPP & NCPP.

9.2 The Authority having considered the Petitioner's basis of projection is of the view that although, there is an inbuilt mechanism for adjusting actual variation in sales against the estimated sales, yet in order to avoid unnecessary fluctuations in the consumer-end tariff it is appropriate to make realistic assessment of the purchases and sales. Moreover, it is also important for the realistic assessment of monthly reference fuel

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

cost for making monthly fuel cost adjustment pursuant to Section 31(4) of Regulation of Generation, Transmission and Distribution Act (XI. 1997). In view thereof, the Authority has carried out a detailed exercise for estimating station wise generation pertaining to the FY 2014-15. An increase of 0.78% has been assumed over the actual generation pertaining to the FY 13-14, as generation growth. Here it is pertinent to mention that the actual generation for the FY 2013-14 was 9% more than the actual generation for the FY 2012-13. After incorporating all the upcoming additional generation, it is estimated that in the FY 2014-15 the overall system generation will be about 95,892 GWh. After adjusting for the permissible transmission losses of 3.0% about 93,015 GWh are expected to be delivered to the distribution companies; the estimated share for the Petitioner from the pool for the FY 2014-15, is accordingly assessed as 4,406 GWh as against 4,705 GWh projected by it. After incorporating the T&D losses target for the FY 2014-15 (discussed below) the sales target in the instant case for the same period worked out as 3,195 GWhs.

10. **Issue #4. Whether the Petitioner's proposed transmission and distribution losses of 34.54% for the FY 2014-15, are justified?**

10.1 The Petitioner requested T&D losses target to be assessed as 34.54% for the FY 2014-15. The Petitioner, in its petition stated that the proposed target is based on a decrease of 4.06% from the last year's actual losses of 38.6%. During the hearing, the Petitioner stated that keeping in view the reduction in T&D losses for the year 2010-11, 2011-12, 2012-13 and 2013-14, the proposed reduction of 4% for the FY 2014-15 is justified / achievable .

10.2 The Petitioner also presented the following details of losses in last four years;

Year	T&D Losses				
	Units Received (in MKWh)	Units sold (in MKWh)	Units Lost (in MKWh)	% Losses	% Decrease
2009-10	4,123.55	2,436.96	1,686.59	40.9%	
2010-11	4,196.96	2,530.41	1,666.55	39.7%	-1.2%
2011-12	4,381.50	2,666.43	1,715.07	39.1%	-0.6%
2012-13	4,506.29	2,725.89	1,780.40	39.5%	0.4%
2013-14	4,397.73	2,701.89	1,695.84	38.6%	-1.0%

10.3 In addition to this, the Petitioner also submitted a break-up of losses as below;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Year	T&D Losses (%)	T&G Losses (%)	Technical Losses (%)	Total Technical Losses (%)	Administrative Losses (%)
2009-10	40.9%	4.94%	14.77%	19.71%	21.19%
2010-11	39.7%	4.34%	14.44%	18.78%	20.93%
2011-12	39.1%	4.39%	14.52%	18.91%	20.23%
2012-13	39.51%	3.99%	14.91%	18.90%	20.61%
2013-14	38.56%	2.84%	14.90%	17.74%	20.82%

10.4 The Petitioner also submitted the following reasons for higher technical losses and the measures / plans undertaken to reduce losses;

a. Reasons of High Loss (Technical)

- Load Centers away from Power Sources;
- Lengthy and overloaded 66 kV and 132kV transmission lines with eroded conductors due to pollution, over loading, break downs and ageing factors, especially for 66 kV circuits;
- Overloaded transformers - 50% Power transformers are working above 90% load factor;
- Overloaded distribution transformers;
- High Loading of Secondary Transmission and Distribution System badly affecting the quality of supply being delivered to the consumers and contributing to the increase in technical losses;
- 116 number of 11kV feeders running with maximum load above 350 Amp;
- 13 number of circuits of 132 and 66 kV secondary lines are running with maximum load above 90%;
- Over loading of Distribution transformers;
- Lengthy 11 kV feeders having average length of lines as 60 km.

b. Reasons of High Loss (Administrative)

- Pilferage of electricity through Hook connections;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- Village electrification which not only steal energy through hooking and unnecessarily give burden of overloading in the system - 5,315 villages electrified during July, 2008 to June, 2013, whereas connections applied average remained as 3.7 connections per village ;
- 179,281 Illegal connections detected as per consumer census that are using electricity through Hooks;
- Non-cooperation of Police for non-lodging of FIRs against pilferers;
- Non-posting of special magistrates;
- Worst law and order situation in Rural Areas specially right bank of Indus River and adjacent boundaries of Sindh-Balochistan, where tribal conflicts are common and socio-economic conditions of people are poor;
- SEPCO is feeding electricity through 419, 11 kV feeders out of which 287 feeders are feeding electricity to Rural Areas, i.e., 69%;
- Various means used by consumers to steal electricity such as hook connections, by-passing of metering apparatus, tempering of meter, illegal meter connections at permanently disconnected premises, installation of fake meters and display washout of Digital / TOD meters.

c. **Measures to Reduce Line Losses (Technical)**

- Study of T&D losses with P.S.S.E Software is being carried out from third party;
- Construction and bifurcation of lengthy 11 kV feeders;
- Replacement of undersized / off size HT /LT conductors in Distribution Network;
- Removing PVC looping system on 0.4 kV network;
- Conversion of Service Lines with LT line insulated conductor;
- Replacement of old / EM type and defective meters with single phase and phase static meters;
- Augmentation and addition of distribution transformers
- Replacement of LT Bare conductor with ABC

d. **Measures to Reduce Line Losses (Administrative)**

- Special raids through FIA (Anti Electricity and Gas theft Cell) Teams;
- Theft Regularization of Kunda connections through law enforcement agency specially Pak-Rangers;
- Posting of special Magistrate;
- Establishment of special Magistrate;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- Establishment of Special Courts for trial of electricity theft cases;
- Constitution of vigilance committee comprising of M&T and S&I teams;
- Securing of Potential connections, specially connections having consumption above 1,000 units monthly. Target of 500 to 1,000 connections per SDO for strict monitoring and keep reading record;
- Accurate Meter reading;
- Prompt Billing of new connections;
- One window Operation for giving new connections;
- Removal of Kunda connections and regularization of un-authorized connections;
- To mobilize M&T and S&I teams for effective checking and immediate rectification of discrepancies pointed out. Securing of heavy loaded / potential connections;
- 26 Police Personnel are deputed by Sindh Government for assistance to control line losses and improve recovery but same has been returned back by police department. Help of Pakistan Rangers is being availed at local level.
- Discrepancy action are also initiated against 930 SEPCO employees during FY 2013-14 on account of misconduct including Poor Performance, inefficiency and miscellaneous charges out of which 484 were penalized;
- FIRs lodged against 9 SEPCO Employees and arrested, presently on bail on account of non-controlling electricity theft;
- Replacement of defective / stop meters with static meters.

10.5 In addition, the Petitioner also presented a summary of system constraints that lead to losses which included over loaded power transformers of calibration 132/11 kV and 132/66 kV and overloaded transmission lines as already discussed above. Moreover, the Petitioner presented details of ongoing ELR and DOP programs aimed at reduction of technical losses..

10.6 The Authority directed the Petitioner in the last year's tariff determination to complete the study of T&D losses pertaining to 11kV and below and to communicate the exact deadline for the completion of study not later than 31st March, 2014. During the hearing of Motion for Leave for Review for the FY 2013-14, the Authority was informed that the study of T&D losses by Power Planner International, Lahore (PPI) is in the process and as per the latest communication from PPI, the final study shall be completed by 31st July, 2014 owing to the law and order situation faced by the field staff of PPI. Subsequently, during the hearing process of the instant petition, the Petitioner,

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

informed the Authority that survey of all 11 kV feeders has been completed and are in the process of analysis using SynerGEE Software and after two weeks process report shall be received and will be submitted to the Authority. The Petitioner further showed the scanned copy of letter received from PPI dated 7th November, 2014 as per which the T&T loss is stated as 4.53% and it was further elaborated that the final evaluation of losses is under progress after incorporating LT losses / cable losses and all related parameters, as per samples received from the Petitioner and all efforts are being made to issue the draft report shortly. To date the Authority has not received the losses study report from the Petitioner.

10.7 The Authority has carefully considered the Petitioner's justifications put forward to substantiate its requested T&D losses level of 34.54%. The Authority had assessed a T&D losses target of 17% (including law and order margin of 2.5%) in the matter of Petitioner for the FY 2013-14. As regard the Petitioner 's arguments with respect to the enhanced technical losses and enhanced rural base, the Authority while assessing the T&D losses level of 14.5% , had duly considered all the factors which the Petitioner is referring to. In addition to that a margin of 2.5% was allowed to the Petitioner particularly with respect to the law and order situation. As regard the overloaded grid system, damaged transformers and outdated distribution system, the Authority had been allowing the Petitioner the routine repair and maintenance and investments to cater for its needs in this regard. In view thereof, the Petitioner's argument in this regard is not sustainable.

10.8 While appreciating the improvement of the Petitioner in terms of T&D losses during the FY 2013-14, the Authority considers that the Petitioner need to adopt extra-ordinary measures to convert its company into a going concern. In order to achieve the objective, the Petitioner need to consider the option of outsourcing of high loss feeders.

10.9 Despite what has been discussed in the aforementioned paras, the Authority acknowledges the fact that the Petitioner is operating in one of the most difficult areas of the country as highlighted by the Petitioner when substantiating it through a feeder wise data . In view thereof, and accepting the argument of the Petitioner to the extent of law and order situation only, the Authority has decided to allow additional 10.5% margin of law and order situation to the Petitioner. Thus, the T&D losses in the instant case have been assessed as 27.50 % for the FY 2014-15. The assessment is comprised of 14.5% of Technical level of losses and 13% margin for law and order situation. The assessment of losses is being made on provisional basis; therefore the Petitioner need to expedite the study of its T&D losses as early as possible failing which the Authority would be constrained to exclude the allowed margin for law and order situation. As regard the increase in technical losses due to village electrification, the Petitioner should substantiate its claim on the basis of working. The financial impact on this account should be made part of the project cost.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

11. **Issue #6. Whether the Petitioner's proposed Investment plan of Rs .3,622 million for the FY 2014-15, is justified?**

11.1 During the hearing of the instant petition, the Petitioner requested Rs. 3,622 million to execute its development/ investment plan for the FY 2014-15 in the areas of Distribution of Power (DOP), Energy Loss-Reduction (ELR), Secondary Transmission & Grid (STG), Village Electrification and others. The break-up of proposed investment provided by the Petitioner is as under:

Particulars	Rs. In Million
Distribution of Power (DOP)	600
Energy Loss Reduction (ELR)	500
Secondary Transmission & Grid (STG)	2,000
Village Electrification	522
Total	3,622

11.2 The Petitioner plans to fund the aforementioned investments through;

Foreign Loan	Rs. 500 million
PSDP/ Own Resources	Rs. 2,600 million*
Village Electrification	Rs. 522 million
Total	Rs.6,423 million

* the figure is revised based on the available information.

11.3 During the instant hearing the Petitioner presented the following proposed investment plan for the FY 2014-15.

Rs. in Million

Name of Project	Expenditure for FY 2012-13	Allowed by NEPRA forFY 2013-14	Expenditure for FY 2013-14	Requested for FY 2014-15
PSDP Work				
STG	291	800	480	2,000

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

DOP	243	300	300	600
ELR	250	300	301	500
Sub-Total	**784**	**1,400**	**1,081**	**3,100**
Deposit Work	1,510	115	547	522
Total	**2,294**	1,515	1,628	3,622

11.4 In addition, the Petitioner has also presented the following detail of proposed village electrification for FY 2014-15.

Program	FY 2013-14		Projected for FY 2014-15	
	No of Schemes Completed	Expenditure (Rs. in Mln)	No of Electrification	Amount Estimated (Rs. In Mln)
PWP-I	14	9	-	-
PWP-II	85	60	-	-
CMD	274	244	509	412
MPA Priority	241	234	112	110
Grand Total	614	547	621	522

11.5 The Petitioner further submitted that the main objective is to improve the reliability and stability of the power supply by construction of new grid stations and transmission lines at the various locations. The investment aims to strengthen the capacity of the transmission network to meet the increased demand of remote areas of Sindh more efficiently and with better reliable & stable electric supply to the consumers i.e domestic, commercial, industrial and agricultural.

11.6 Objectives and Scope of 6th STG Program

As per the Petitioner, the 6th STG program has been developed for system expansion of existing overloaded system and up-gradation of 132/66 KV system. PC-I of the

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

project has been approved by ECNEC. According to the Petitioner, the plan is based on historical load data and load forecast whereby new lines, re-conducting of existing lines, grids extension and augmentation has been justified with load flow studies. The Petitioner presented the following scope of work with estimated costs for the FY 2014-15, under 6th STG;

Voltage	Numbers	Cost for the FY 2014-15		
		Local	FEC	Total
New	05	392	-	392
Conversion from 66 KV to 132 KV	05	995	-	995
Extension	08	177	-	177
New 132 KV T/L (Km)	112 Km	445	-	445
Rehabilitation 132 KV T/L (Km)	-	-	-	-
Total		**2,009**	-	**2,009**

11.7 **Objectives and Scope of ELR Program**

The Petitioner presented the following objectives for the ELR program;

- Energy loss Reduction
- Improvement in Quality of Supply
- Improvement in Reliability
- Improvement in Safety
- Release of Generation, Transmission and Distribution Capacity
- Improve Customer Service and Reduce Complaints
- Reduce Cost of Operation and Maintenance
- Improve Life of Equipment

11.8 The Petitioner submitted following scope of work, under the head of ELR;

- Construction of 112km new 132-KV lines.
- Construction of 51.30 Km LT lines.
- Reconstruction of 55.40 Km LT lines.
- Additional 166 Nos. distribution transformers of various capacities.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

11.9 Objective and Scope of DOP Program

The Petitioner submitted the following objectives of the DOP Program;

- Reliability of the system
- Stability of power supply
- Overloaded system
- Quality and safety of the system

11.10 The following scope of work pertaining to the FY 2014-15, under the head of DOP was presented by the Petitioner;

- Providing 11,000 new electricity connections to the prospective customers.
- Construction of 111Km of 11 KV Lines.
- Construction of 78 km LT Lines.
- Addition of 262 Nos. distribution transformers of various capacities.

11.11 Finally, the Petitioner submitted that after undertaking the proposed investments it aims to achieve the following results;

Parameters	Unit	Existing	2014-15	Inc / Dec
Losses	MKWH	1,695.84	121.23	Decrease
Voltage	p.u	0.83	0.88	Increase
Power Factor	p.u	0.85	0.89	Increase
Reliability	Tripping/100 KM	403.47	329.4	Decrease
SAIFI	-	299	244	Decrease
SAIDI	-	3,303	2,695	Decrease

11.12 The Authority has reviewed the details provided by the Petitioner and has observed that some of the scope of the work under the head of ELR and DOP was requested last year as well. It appears that the Petitioner could not undertake those projects as per its plan. In view thereof, the Authority has decided to consider them again this year. Further, the Authority appreciates Petitioner's clarity with respect to the results of the

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

investments whereby the Petitioner has actually correlated it with better performance standards and reduction of T&D losses.

11.13 The Authority is cognizant of the importance of the investments which ensures smooth and reliable supply of electricity to the consumers. For the matter of record, the Authority while allowing the return on Regulatory Asset Base had taken an impact of investments to the tune of Rs. 1,515 million for the FY 2013-14 respectively. As per the Petitioner, it has under taken investments worth Rs.1,081 million during the FY 2013-14 out of its own resources. The aforementioned amount is excluding the Rs. 547 million pertaining to the impact of consumer contribution. Here it is pertinent to mention that that the same amount is Rs. 625 million as per the draft financial statements of the Petitioner..

11.14 Based on the available record, arguments, evidence and the fact that these allowed investments indirectly affect the annual Return on Rate Base (RORB) for a DISCO, hence, while allowing investments for any control period the Authority has to keep in view the past trend of investment made by the Petitioner along with its funding arrangements and its previous trend of closing CWIP and transferring of useful assets from CWIP to operating assets.

11.15 Based on the discussions in preceding paragraphs, it is expected that the Petitioner would be able to undertake the investment of Rs. 2,497 million during the FY 2014-15 (including the impact of consumer contributions of Rs. 522 million). Here it is pertinent to mention that the existing mechanism of determining RORB is self adjusting with respect to the benefits of investments, thus any investments beyond Authority's assessment, carried out by the Petitioner during the FY 2014-15 (which is desirable), would be catered for in next year's returns.

12. Issue # 7. Prior Year Adjustment

12.1 The Petitioner, in its petition requested an amount of Rs. 3,378 million under the head of Prior Period Adjustment including Adjustment of capacity and Use of charges, Impact of Sales units, Sales Mix Variance and Impact of Other income. The summary of the request is given as under:

	Rs. Million
Adjustment pertaining to the capacity and transmission charges	(266)
Over / under recovery on DM	550
Impact of Sales Mix	1,614
Over / under recovery of other income	1,819
Total: PYA	3,789
Less; 1st Quarter adjustments allowed	(411)
Net PYA for the FY 2013-14	3,378

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

12.2 The Authority has carefully examined the calculation provided by the Petitioner and is of the view that the backup calculation with respect to the claimed adjustments under the head of capacity charge and transmission charge is not provided. From the available information it appears that the Petitioner has only touched upon the cost of capacity and transmission whereby the recovery of the same is not incorporated. Further, the Petitioner has not specifically provided any working with respect to EPP component. In addition to aforementioned the Petitioner has not based its working with respect to DM and other income on regulated sales. Lastly, while requesting the consumer mix the Petitioner has not based its working on the notified Authority's determined tariff during the FY 2013-14. In view of aforementioned, the Authority after doing its own due diligence has worked out the following PYA;

		Rs. Million
	Notified reference PPP during the FY 2013-14	47,024
	Assessed Distribution Margin for the FY 2013-14	2,236
	Assessed PYA for the FY 2013-14	(1,569)
Add ;	1st Qrt's PPP adjustment pertaining to the FY 2013-14	1,237
Add;	2nd Qrt's PPP adjustment pertaining to the FY 2013-14	43
Add;	3rd Qrt 's PPP adjustment pertaining to the FY 2013-14	(931)
Add;	4th Qrt's PPP adjustment pertaining to the FY 2013-14	(577)
Less ;	Regulated PPP recovery on notified rates during the FY 2013-14	49,267
Less;	Regulated DM recovery on notified rates during FY 2013-14	3,577
Less;	Regulated PYA recovery on notified rates during FY 2013-14	972
Less;	Net impact of assessed & actual Other Income for the FY 2013-14	(1,521)
Add;	Impact of Consumer – Mix Variance for the FY 2013-14	(1,064)
Total Unrecovered/ (Over recovered) Costs for the FY 2013-14		**(5,897)**

13. <u>Issue #8. Whether the Petitioner's projected O&M Cost of Rs 7,133 million (Rs 2.422 /kWh) for the FY 2014-15 is justified?</u>

13.1 The Petitioner requested an amount of Rs. 7,133 million on account of O&M cost. According to the Petitioner its O&M expenses include salary and other benefits, cost of recoupment of HR, repair and maintenance, traveling allowance, vehicle maintenance allowance and other operating costs related to its distribution and supply business. A history of O&M expenses of the Petitioner is provided as here under:

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

Rs. In million

Description	Audited FY 2013	Audited FY 2014	Requested FY 2015
	Rs. in Million		
Salaries & Other Benefits	3,821	3,934	4,881
Maintenance Expenses	1,077	1,167	1,455
Traveling Expenses	241	247	306
Vehicle Running Expenses	159	147	232
Other Expenses	140	143	259
Total	**5,438**	**5,638**	**7,133**

13.2 Salaries Wages & Other Benefits

13.2.1 The Petitioner in its petition submitted that it has estimated salaries and wages expense based on the Government's announcement in the budget regarding increase in salary of employees. Based on the aforementioned, the Petitioner has requested an amount of Rs. 4,881million under the head of Salaries Wages & Other Benefits for the FY 2014-15. While justifying the requested amount the Petitioner has submitted the following factors which would lead to enhancement of salaries wages & other benefits ;

- Basic pay for FY 2014-15 has been increased @ 6% by giving annual increment.
- Increase @ 10% on basic pay as Adhoc Relief for 2014 announced by GoP for said financial year.
- Increase @ 20% on cash Medical allowance from BPS-1 to BPS-15 announced by GoP for said financial year.
- Increase @ 5% in conveyance allowance from BPS-1 to BPS-15 announced by GoP for said financial year.
- Increase @ 10% in pensioners.
- One advance increment to employees from BPS-1 to BPS-4.

13.2.2 In the hearing Petitioner submitted the following bifurcation for the proposed increase in pay and allowances for the FY2014-15:

Rs. in Mln

#	Description	Amount
I	Annual basic salary of FY 2013-14	1,177.745
Ii	10% adhoc Relief Allowance announce in Finance bill	125.077
iii	6% Annual interest	70.665
iv	Advance increment to Employees from BPS -1 to BPS-4	2.363

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

V	Upgrade post of Superintendent BPs 16 to BPs 17	0.339
vi	20% increase in Medical allowance from BPS-1 to BPS-15 from Rs. 1,000 to Rs.1,200	17.054
vii	5% increase in conveyance allowance BPS-1 to 15	8.192
viii	Other pay and allowances	1,610.082
	Total	3,011.517

13.2.3 Further, the Petitioner also submitted the following detail of requested amount in respect of post retirement benefits;

Rs. in Mln

#	Description	% Increase	2014-15 Projected
i	Pension	10%	1,213.781
ii	Medical	8%	89.385
iii	Free Electricity Supply	8%	133.851
iv	Leave Encashment	8%	111.056
v	Other Benefits	-	290.713
Total			**1,838.786**

13.2.4 In addition to aforementioned, the Petitioner has requested Rs.30.940 million under the head of daily wages employees. During the hearing , the Petitioner also presented the statistics of existing staff strength versus sanctioned strength as shown in table below:

Sr.No	Sanctioned Strength	Working Strength	Vacant
a.	Officers (BPS – 17 and above)		
	317	223	94
b.	Officials (BPS – 01 to 16)		
	8,773	7,514	1,259

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

13.2.5 The Authority directed the Petitioner in the last year's tariff determination to submit an auditor's certificate in respect of financial impact of replacement hiring claimed by the Petitioner as on 30th June, 2012 as Rs. 55 million. The Authority considering the importance of the issue has principally allowed the replacement hiring in the Petitioner's tariff determination pertaining to the FY 2012-13. In this particular scenario no additional / incremental cost would be incurred by the Petitioner. The Authority further stated that if the Petitioner intends to carryout replacement hiring in future, it must procure a certificate from the Auditor, certifying that the recruitment is done as replacement hiring with no additional/incremental cost impact. The Authority also directed that any other additional recruitment must be linked with the comprehensive recruitment plan which would link the additional work, quantified benefits and would base on best utility practices. The Petitioner vide its letter no. CEO/SEPCO/FD/CPC/2912 dated 31st March, 2014 submitted to the Authority that they have requested M/s Riaz Ahmed & Company to provide the required certificate, as it is received the same would be submitted.

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

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

liability more prudently since the funds would be transferred to a separate legal entity. In addition to that these independent funds would generate their own profits, if kept separate from the company's routine operations and in the longer run reducing the Distribution Margin and eventually consumer-end tariff. During the hearing the Petitioner, submitted that as per direction of the Authority, it has engaged M/s Zahid & Zahid Chartered Accountants, Karachi for the subject assignments. The firm has submitted the draft Trusted Deed and Rules for creation of the post retirement benefits fund. The same would be put up in the next BOD meeting for its formal approval.

13.2.9 The Authority after careful consideration of the Petitioners statement is of the view that it directed the Petitioner to create a separate fund in the tariff determination of FY 2011-12 and till today the Petitioner had not been able to finalize legal formalities in this regard. In view thereof, the Authority has again decided not to allow provision in this regard and has decided to take actual payments as a base expense for future increases with respect to post retirement benefits. Once the fund is created, the actual amounts / provision transferred to the fund shall be allowed with respect to the post retirement benefits.

13.2.10 On the issue of retired WAPDA employees before 1998, the Authority in its determination dated Jan 10, 2012, decided to hold separate meeting on the subject whereby the arguments of the Petitioner and WAPDA could be heard in the light of available evidences. Pursuant to which a presentation on the subject was given by the Petitioner on 30th May, 2013 and WAPDA's point of view was also heard separately. Subsequently, a final meeting on the subject was held on 22nd January, 2013. The following concluding and implementations points were emerged out of a long brain storming session;

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

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

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

The Key Facts of the case are as below;

- That as per the 'Restructuring Reforms and Privatization of WAPDA-Executive Order' 24th October, 1998, WAPDA would only be in charge of water wing and the shares in the companies being set up to control WAPDA's power assets would be in the name of the President of Pakistan. Thus, WAPDA won't be having any interest in the XWDISCOs in the form of investment, once they are privatized.
- That upon unbundling of WAPDA, all the assets were transferred to DISCOs alongwith all related liabilities <u>with the exception of</u> post retirement benefit liability. The Accounting standard relevant to this liability, i.e., IAS-19, was not being implemented by WAPDA at the time of unbundling and its financial statements did not reflect any related obligation. Nevertheless, at the time of unbundling, an actuarial valuation was conducted to determine this post retirement liability of employees. The obligation related to existing WAPDA employees was transferred to XWDISCOs, however, the obligation related to retired employees was missed out and not shown in the financial statements of any XWDISCOs or WAPDA (Hydel).

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

13.3.2 Here it is pertinent to mention that since XWDISCOs has not booked the said cost in their financial statements. In view thereof, the Authority has principally decided that all cost of the XWAPDA retired employees up to 30th June, 2014, would be borne by WAPDA. However, any cost after 30th June, 2014 would be borne by XWDISCOs. Thus, the Petitioner is directed to submit its next tariff petition accordingly.

13.3.3 While assessing the Salaries, wages & other benefits (including post retirement benefits as discussed above), the GOP's recent announcement of 10% increase as adhoc allowance, the impact of replacement hiring carried out during FY 2009-10 and onwards (as discussed above), 5% annual increment, increase in Medical Allowance by 20% for employees in BPS 1-15 and the increase in Conveyance Allowance by 5% for employees in BPS 1-15, along with its effect on other benefits like inflationary increase on free electricity supply to employees has been accounted for. Since the Authority has based its working on the taken actual figures as reported in the draft financial statements of the Petitioner hence the impact of daily wagers has been incorporated .

13.3.4 Based on the discussion made in the preceding paragraphs, incorporating all the aforementioned increases, the Authority has assessed Rs. 3,200 million on account of salaries, wages and other benefits for the FY 2014-15.

13.4 Maintenance Expenses

13.4.1 The Petitioner requested Rs. 1,455 million on account of repair and maintenance. The Petitioner has requested an increase of 114% over the Authority's allowed expense of the FY 2013-14. However, the actual provisional expense of Petitioner has been Rs. 1,167 million for the FY 2013-14.

13.4.2 The Petitioner submitted in the petition that the requested expenditure pertains to the maintenance of 132 & 66 KV grid stations and transmission lines, 11 KV distribution lines and maintenance of transformers. The distribution system of the Petitioner is spread in far flung areas which require regular and constant maintenance, therefore due to over loaded system the Repair & maintenance cost is high. The Petitioner in the instant hearing presented the following break-up of the requested amount in comparison with the previous year's actual results.

Rs. in Mln

Description	Actual FY 2012-13	Actual FY 2013-14	Requested FY 2014-15	Increase from Actual Expenditure	
				Amount	%age
R&M Building & Civil works	186.51	153.25	186.060	32.807	21.41
R&M other physical property	185.80	191.28	236.07	44.80	23.42
R&M Grid Station Transmission line	136.58	166.02	186.77	20.75	12.50
R&M Distribution Material	539.68	628.42	806.77	178.35	28.38

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

R&M General plant	28.12	28.32	39.55	11.23	39.65
Total	**1,076.69**	**1,167.30**	**1,455.22**	**287.92**	**24.67**

13.4.3 An analysis of the audited financial statements of the Petitioner reveals that the actual expense under this head has increased by Rs. 91 million (8%) in the FY 2013-14 vis-a-vis FY 2012-13. The Petitioner was assessed an expense of Rs. 678 million for the FY 2013-14, against which it undertook an expense of Rs. 1,167 million. The Authority agrees to the Petitioner's concern of regular and constant repair & maintenance for system sustainability, and its dominant rural base. However, the while requesting the amount of Rs. 1,455 million for the FY 2014-15 , the Petitioner has failed not provided any rationale or reason on which it is requesting such an abnormal increase. In view thereof, the same cannot be considered. But having said that the Authority cannot negate the importance of routine maintenance for the Petitioner. Thus, keeping in view the impact of inflation, variation in the gross assets in operation due to addition of new consumers, new investments, past trend of actual costs and comparison with other DISCOs, the Authority has assessed repair and maintenance cost to the tune of Rs. 979 million for the FY 2014-15.

13.5 Traveling Expenses

13.5.1 The Petitioner in its Petition requested an amount of Rs. 306 million for the FY 2014-15. The requested amount is 13% more than the audited figure for the FY 2013-14. The Petitioner argued that since its distribution system is deteriorated and require regular maintenance, causing an increase in travelling cost.

13.5.2 During the hearing, of the instant petition, the Petitioner submitted the following detail of actual TA/DA expenses pertaining to the previous years in comparison with the current year request.

Description	Actual FY 2012-13	Actual FY 2013-14	Requested FY14-15	Increase from Actual Expenditure	
				Amount	%age
T.A/D.A	240.63	246.92	305.81	58.89	24%

13.5.3 The Petitioner has not substantiated its request with any further details of the actual TA claims, designation wise, pertaining to the last year to justify its requested increase

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

under this head. In view thereof, the Authority is constrained to rely on available record.

13.5.4 Based on the comparison with other DISCOs, Petitioner's submissions and its actual results in this regard, the Authority has decided to allow this cost to the tune of Rs. 219 million for the FY 2014-15.

13.6 Vehicle Running Expenses

13.6.1 The Petitioner requested Rs. 232 million under the head of vehicle running expense for the FY 2014-15. The requested amount is 25% more than the audited expense for the FY 2013-14. During the hearing of the instant petition the Petitioner explained that the requested expense is further bifurcates into the vehicle repair & others and fuel & oil cost. Moreover the Petitioner has submitted the following detail of actual travelling expense pertaining to the last years in comparison with the current year request.

Rs. in Mln

Description	FY 2012-13	FY 2013-14	FY 2014-15	Increase from Actual Expenditure	
	Actual	Actual	Requested	Amount	%age
Vehicle Repair & Other	16.11	17.59	25.81	8.22	47%
Fuel Oil	143.21	128.60	206.17	77.57	60%
Total	**159.32**	**146.20**	**231.98**	**85.78**	**59%**

13.6.2 During the hearing, the Petitioner while justifying the request, presented a comparison of increase in fuel prices during the FY 2013-14. As per the Petitioner, the weighted average increase in fuel price in the FY 2013-14 was 42%.

Description	Petrol (Rs. /Ltr)	Diesel (Rs. /Ltr)	C.N.G (Rs. /Ltr)
Maximum	105.48	109.34	89.61
Minimum	99.27	107	79.2
Increase (%age)	6.26%	2.19%	13.14%
Av. Fuel Consumption (Ltr)	45%	25%	30%

13.6.3 Moreover, the Petitioner also presented an ageing of vehicles which states that 189 out of 311 vehicles (61% of total vehicle) belong to the model older than year 2000.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

13.6.4 The Authority is cognizant of the fact that vehicle maintenance cost is not only affected by the fuel prices but also with the variation in the number of vehicles of the Petitioner, which in turn is dependent on the distribution area of the Petitioner. The Authority agrees to the plea of old / deteriorated vehicle conditions of the Petitioner and the vast distribution area. However, the claim of rising POL prices by the Petitioner is not valid as the prices are falling in the current financial year and estimated to decrease/stay constant in the future. However, in view of the aforementioned arguments, available evidence/information, past trend, fuel price fluctuations and comparison with other DISCOs, the Authority has decided to allow this cost to the tune of Rs. 152 million.

13.7 Other Expenses

13.7.1 The Petitioner requested Rs. 259 million for the FY 2014-15, pertaining to the expenses like postage, telephone, PEPCO supervisory charges, software license fee, NEPRA license and tariff petition fee, insurance charges, Professional fees to lawyers, photo state charges, cleaning material, office stationery and other miscellaneous expenses etc. The Petitioner has submitted that major expenses under this category are fixed in nature such as fees and overheads and therefore are requested as it is, whereas remaining expenses are increased by inflationary impact.

13.7.2 In view thereof, considering the past trend and comparison with the other DISCOs, it could be observed that the request of the Petitioner on this account is not justified and needs to be rationalized. Hence, the Authority has decided to assess the cost of Rs. 157 million on the account of other expenses.

14. Issue # 9. Whether the Petitioner's proposed depreciation charge of Rs 1,009 million (Rs 0.327 /kWh) for the FY 2014-15, is justified?

14.1 The Petitioner in its petition requested a depreciation charge of Rs. 1,009 million for the FY 2014-15 submitting that it has computed depreciation as per the company policy.

14.2 The depreciation expense allowed to the Petitioner for the FY 2013-14 amounted to Rs. 863 million.

14.3 In order to make fair assessment, the Authority keeps in view the investments approved by it for the year. The Authority considers that after taking into account new investments, the Gross Fixed Assets in Operation for the FY 2014-15 will be Rs. 28,739 million. Accordingly the depreciation charge for the FY 2014-15 is assessed as Rs. 912 million.

14.4 After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2012-13 & FY 2013-14, the Authority has projected amortization of deferred credit to the tune of Rs. 368

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

million for the FY 2014-15. Accordingly, the consumers would bear net depreciation of Rs. 544 million.

15. **Issue # 10. Whether the Petitioner's projected Return on Regulatory Asset base of Rs 1,347 million (Rs 0.437 /kWh) for the FY 2014-15 is justified?**

15.1 The return requested by the Petitioner for FY 2014-15 is Rs. 1,347 million. The Petitioner has not submitted the working of Rate base with the Petition. However, during the hearing for tariff determination, the Petitioner submitted that it has worked out the return on rate base as per standard mechanism of the Authority's assessment in this regard . The Petitioner has used the rate of return as 10.99% as it was assessed by the Authority for the FY 2013-14.

15.2 The Petitioner has not submitted the basis for using the revised rate. However, the Authority has decided to revise the working of Rate of Return based on the request of multiple XWDISCOs. In view thereof, the Authority has decided to reassess the risk free rate of return based on rate of return of Market Treasury bills having a maturity of one year as published by State Bank of Pakistan. The revised rate is 9.45%. As regard the cost of debt, the Authority has accepted the request of XWDISCOs and re-worked the cost of debt based on the weighted average cost of debt of all the loans appearing in the financial statements of the Petitioner. Here it is pertinent to mention that currently no development loans are appearing on the Petitioner's Balance Sheet as theses are not being transferred to SEPCO as yet from combined HESCO. Thus for the purpose of calculation the same cost of debt as of HESCO is assumed. The only loan that is appearing on the Balance Sheet is the PHPL loan which the Authority has been disallowing , hence no consideration is given to same while calculating cost of debt. Consequently, the rate has been revised to 16.79%. Furthermore, the Authority had been taking post tax cost of debt based on the fact that any tax to be paid by Petitioner will be considered as pass through and would be adjusted as per actual payments made on this account. However, since the Petitioner is not taking any benefit of tax shield, the cost of debt to be taken in working shall be without any impact of tax shield i.e., 16.79%.

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

$$
\begin{aligned}
ke &= RF + (RM - RF) \times \beta \\
&= 9.45\% + (8\% \times 1.33) \\
&= 20.09\%
\end{aligned}
$$

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

The cost of debt is taken as pre tax;

$$kd = 16.79\%$$

$$WACC = [ke \times (E / V)\} + [kd \times (D / V))$$

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

$$WACC = \{20.09\% \times 20\%\} + \{16.79\% \times 80\%\} = 17.45\%$$

15.4 The Authority reiterates that in its opinion the Rate of Return should be reasonable enough to assure the confidence in the financial soundness of the utility company, and should be adequate to maintain and support its credit and enable it to raise money necessary for the proper discharge of public service. From the investor's or the company's point of view it is important that there be enough revenue not only for operating expenses but also for the capital cost of the business including the service of its debt. The Authority further considers that return to the equity should be commensurate with the return on investment of other enterprises having comparable risks. Thus, using the **Plain vanilla WACC of 17.45%**, the Authority has assessed Rs. 1,408 million as return on rate base as per the following calculations:

Description	Rupees in Million	
	FY 2013-14 Draft	FY 2014-15 Projected
Opening fixed assets in operation	23,916	26,308
Assets Additions during the year	2,392	2,431
Closing Fixed Assets in Operation	**26,308**	**28,740**
Less: Accumulated Depreciation	10,504	11,415
Net Fixed Assets in operation	**15,804**	**17,324**
+ Capital Work in Progress (Closing)	2,993	3,059
Total Fixed Assets	18,797	20,383
Less: Deferred Credit (including deposit work)	11,447	11,600
Total	7,351	8,782
Average Regulatory Assets Base		8,066
Return on Rate Base @ 17.45%		1,408

16. <u>Issue # 11. Whether the Petitioner's projected Other Income of Rs. 2,610 million (Rs 0.847/kWh) for the FY 2014-15 is reasonable?</u>

16.1 The Petitioner has projected Rs. 2,610 million as other income for the FY 2014-15. The Petitioner stated that other Income has been projected to increase by 16 % from the

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

previous year and includes markup on bank deposits, late payment surcharge, amortization of deferred credits, etc.

16.2 The XWDISCOs have been requesting to eliminate Late Payment charges from other income in the assessment. The request was based on the rational that the Authority has been disallowing markup on delayed payments to IPPs, at CPPA level, yet on the other hand late payment charges were included in the DISCO's other income passing on the benefit to this extent to the consumers affecting the DISCOs liquidity adversely. XWDISCOs requested to offset the two markups against each other. The Authority declined the request on the grounds that each company is different legal entity and in the absence of any bilateral agreements which govern the issue, the request cannot be accepted. Accordingly XWDISCOs were directed to enter into bilateral agreements with CPPA. The set deadline was passed and nothing concrete was on the ground. The Authority took an initiative whereby GEPCO was directed to draft a proposed agreement which was complied with by GEPCO and the same was sent to all the XWDISCOs for their comments. XWDISCOs rather than giving their comments on the draft submitted the Electricity Supply Agreement signed between DISCOs and WAPDA on 29th June, 1998. As per XWDISCOs, a novation of the same agreement was also signed between individual DISCOs and NTDC. The Authority after going through the claimed agreement observed some clauses which were required to be revisited.

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

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

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

16.5 In view of aforementioned, the Authority hereby decides that the late payment charge recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA against respective DISCO only, i.e., CPPA cannot book late charge over and above what is calculated as per the relevant clause of the agreement to a respective DISCO only. The Petitioner is, therefore, directed to share the details of

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

late payment charges recovered from consumers and any invoice raised by CPPA under the head of mark up on delayed payments for the FY 2014-15. The information must be submitted before the next tariff petition is filed. Here it is pertinent to mention that any remaining LPC, (i.e. after the off set) shall be adjusted from the revenue requirement of FY 2015-16 and in the event of non-submission of evidence of payment to CPPA, the entire amount of Late Payment charge recovered from consumers shall be made part of other income (and deducted from revenue requirement) in the FY 2015-16.

16.6 In the light of above discussion, the Authority has assessed Rs. 740 million as Other Income which does not include late payment charge and includes amortization of deferred credit.

17. Issue # 12. Whether the Petitioner's request to allow provision for bad debts amounting to Rs. 994 million (Rs. 0.32/kWh) merits consideration?

17.1 The Petitioner submitted in the Petition that the socio-economic condition of its customers is very poor and the capability of making payment of utility bills is weak, due to which its recovery position is very poor and is around 58.6 %. (Govt recovery is 53.06% and Pvt is 61.94%.)

17.2 Subsequently, during the hearing, the Petitioner submitted that 47 % of its receivables are outstanding for more than five years. A break up of receivables from private and government entities was also provided.

17.3 In the past, keeping in view the peculiar area in which the Petitioner operates, the Authority has been allowing the Petitioner a reasonable level of provision against doubtful debts. But the allowed provision has not been consistent with actual write-offs. Considering the documents required for new connection/extension and reduction of load or change of name in terms of Chapter 2.3 (b) & (h) of the Consumer Service Manual, the risk of credit sales transfers to the third party, i.e., Owner of the premises or purchaser of the property. Currently DISCOs are functioning in a monopolized environment and in case of default the connection of the premises, if disconnected, cannot be restored till the outstanding dues are paid. Electricity in today's life is a basic necessity and the consumers cannot afford to live without it and as per referred Chapter of Consumer Service Manual, the risk transfers to the occupant of the premises. In addition to this, at the time of connection, DISCO also collects one month's billing from the consumers in the shape of security deposits, which also serves as a deterrence for a consumer to default. In view thereof, the Authority during the tariff determination for the FY 2010-11 allowed actual write offs instead of allowing provision. Since FY 2010-11, the Petitioner had been requesting provision for bad debts since the last few years tariff petition and the Authority had been denying it on the grounds that it shall allow only actual write-off of bad debts as appearing in the audited financial statements. A review of the audited financial statements of the

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

Petitioner reveals that it has not written off any amount as bad debts during the FY 2013-14. Consequently, no amount can be approved under this head.

17.4 The Authority considers it important to discuss that in the last year, the Petitioner had written off an amount of Rs. 9,433 million from the outstanding receivables. The same was pointed out by the Authority in the tariff determination of FY 2013-14 and the Petitioner was directed to submit the details of this write off .

17.5 Subsequently, the Petitioner filed a motion for leave for review on the tariff determination of the Authority for the FY 2013-14, wherein it explained the basis for amount written off. As per the Petitioner, the write offs pertain to multiple electricity connections of Departments of Government of Sindh (GoS) that are using electricity through both sanctioned and unsanctioned connections but avoid from payment by taking different pleas. The Authority is aware that the issue has been raised at multiple foras, yet the GoS has not honored these decisions as enlisted below;

a) Decision of Task force constituted by National Assembly Standing Committee on Water & Power, resolved billing dispute of the period July, 2002 to December, 2004 passed in February 2005.

b) Decision on billing of Government connections for the period January, 2005 to June, 2006 undertaken by Honorable M.A Jalil, Advisor to Chief Minister Sindh on 30th June, 2006.

c) Decision on billing of Government connections for the period ending June, 2007 undertaken by the Chairman, Sub Committee of Standing Committee on Water & Power including payment of balance of Rs. 306 million by GoS on 27th June, 2007.

d) GoS filed a Civil Suit No. 351/2010 against PEPCO, HESCO and Federal Adjustor in Honorable High Court Karachi, where upon Court ordered "Status quo" to refrain federal adjustor from deduction at source.

e) Order by Honorable High Court on HESCO's request dated 24th December, 2010 to GoS for payment of current bills. However, 100% bills were not paid including essential connection like Hospitals, Water Supply, Drainage and scarp Tube Wells. Defaulting connection had frequently been disconnected but due to non-availability of water supply to people law and order situation arises on disconnection.

f) Intervention by the General secretary to the President of Pakistan into the matter and arrangement of an agreement between MD PEPCO and Finance Secretary GoS for resolution of billing dispute on 11th April, 2010 at Karachi. In this meeting two separate criteria were decided for payment of billing of sanctioned and unsanctioned / direct connections, as narrated here under:-

i) The amount billed in FY 2002-03 will be the bench mark for payment of billing sanctioned connection i.e., Average Billing per connection on the

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

basis of amount Billed of FY 2002-03 with increase of rates as per SROs for onward period.

ii) Billing against direct Connections will be resolved as per connected load found at site joint teams of both departments.

g) A meeting of sub Committee constituted by Counsel of Common Interest (CCI) to resolve the issue related to electricity dues of the province was held under the chairmanship of the Chief Minister Sindh on 28th January, 2013 wherein it was decided to close the matter of billing dispute up to June, 2010 as under;

i) An amount of Rs. 19.28 billion billed against sanctioned connections for the period July, 2003 to June, 2010 was recalculated / decided on the basis of per connection billing of FY 2003-04 which came to Rs. 17.06 billion. Hence Rs. 2.2 billion was proposed to be written-off.

ii) The billing against direct connections for the same period was Rs. 7.37 billion but Sub Committee of Counsel of Common Interest directed GoS for payment of Rs. 2.5 billion to both HESCO and SEPCO (50% to each and both companies would make zero balance of the connections of Government of Sind up to June 2010 and the reaming to be written off.

17.6 The Petitioner also submitted that in the light of above decision of Sub Committee of CCI, the Board of Directors (BOD) of SEPCO approved write off of Rs. 9.43 billion to settle the long outstanding dispute on 27th March, 2013.

17.7 The Authority again refused the request of Petitioner and directed it to submit the ageing analysis and details of the nature of billing on these connections which caused it to be written off. Furthermore, the Authority construed that considering the fact that the amount is significant, the Authority cannot pass on its burden to consumers without detailed verification. The Authority also directed the Petitioner to resubmit its case with afore stated evidences with the next year's tariff petition, i.e. of FY 2014-15.

17.8 Later on, the Petitioner vide its letter no. CEO/SEPCO/FD/CPC/2912 dated 31st March, 2014 also submitted a summary of balance written off. However , the required aging was not submitted .

17.9 After considering the aforementioned, it is still not clear that why GoS has not agreed to the billing on direct connections. Is it based on the notion that the claimed direct connections did not exist at all OR the amount was over billed / bogusly billed by the Petitioner

17.10 The Authority again clarifies that it cannot pass on the burden of inefficiency and wrong billing of the Petitioner to the consumers, consequently, it has decided to disallow the write off to the Petitioner in principle and no amount shall be allowed in this regard. Further, directs the Petitioner to again take up the matter to the relevant

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

foras to the extent of written off amount, if it considers it genuine billing. In addition, the Authority directs the Petitioner to reconcile its billing with the GoS on regular / monthly basis to avoid any such errors / events in future.

18. **Issue # 13. Whether the proposed revenue requirement of Rs. 58,149 million at an average sale rate of Rs 19.98 /kWh for the FY 2014-15 is justified ?**

18.1 Annual Revenue Requirement comprises of the following:

1. Power Purchase Price
2. Impact of T&D Losses
3. Distribution Margin
   i) O&M Expenses
   ii) Depreciation, RORB and Other Income
4. Prior Year Adjustment

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

18.3 Power Purchase Price (PPP)

18.3.1 The Petitioner has requested for a Power Purchase Price (PPP) of Rs. 50,260 million (Rs. 16.32/Kwh). The Petitioner did not submit any basis of the projection.

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Description	Generation		Energy Charges	
	GWh	Share	Rs. Million	Share
Hydel	32,294	34%	3,224	0.46%
Coal	112	0.12%	419	0.06%
HSD	1,653	2%	32,888	5%
Thermal - RFO	37,277	39%	541,622	77%
Thermal - Gas	18,341	19%	101,684	14.50%
Nuclear	4,402	5%	5,820	0.83%
Mixed	1,108	1%	11,283	1.61%
Import from Iran	419	0.44%	4,416	0.63%
Wind	263	0.27%	0.5879	0.0001%
Bagasse	23	0.02%	143	0.02%
Total	95,892	100%	701,499	100%
		Capacity Charge	228,145	
		Total Generation Cost	929,644	

18.3.4 Here it is pertinent to mention that the aforementioned energy charge includes variable O&M charges. But as per the tariff methodology, variable O&M charges would not be made part of monthly fuel adjustment and would be adjusted as part of quarterly adjustment. From the above table it is clear that 39% of total generation is expected on Residual Fuel oil (RFO) but its share in overall energy cost is expected to be around 77%, which means that variation in generation mix and oil prices will have great impact on the cost of generation and will ultimately affect the consumer-end tariff. The RFO prices over the last year have shown a highly decreasing trend. During the FY 2013-14, the RFO price was projected at an average of Rs. 80,748 [excluding Sales Tax and including freight] per metric ton, whereby the RFO prices during the five months of the FY 2014-15 have remained an average of Rs. 69,610 [excluding Sales Tax and including freight] per metric ton and touched a low of Rs. 59,392 per metric ton. The RFO prices in Pakistan are not only affected by the international market but also by the Pak Rupee devaluation. Based on the international market condition, it can be presumed that this lower trend shall continue in the next seven months to come, consequently, for the FY 2014-15, RFO prices have been assumed on an average of Rs. 65,769 per metric ton [excluding Sales Tax and including freight] after incorporating the possible determinants of RFO prices. Following the previous generation trend, approximately 2% generation is expected to be generated on HSD due to the ongoing shortage of gas supply. The aforementioned generation is assumed in the light of ECC decision in the matter of Sapphire, Halmore, Orient and Saif whereby one turbine of these plants would run on HSD throughout the year. For the FY 2014-15, the HSD

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

prices are being assumed on an average of Rs. 93.45 per litre [excluding Sales Tax]. The actual HSD price in first five months of FY 2014-15 remained on average Rs. 93.17 per litre. The gas prices are projected to increase by 30% w.e.f., July, 2014 based on an upcoming notification of OGRA that has been delayed due to unrest political situation in the Country. Consequently, the gas prices have been increased by 30% to Rs. 634.70/MMBTU for the entire FY 2014-15.

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

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

$$XTC = XCTC + XETC$$

Where:

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

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

Where:

(i)	CPGenCap	=	the summation of the capacity cost in respect of all CPGencos in Rs for a billing period minus the amount of liquidated damages received during the month.
(ii)	XWD	=	the sum of the maximum demand of the XWDISCOs & KESC in kW recorded during a billing period at all the delivery metering points at which power is received by the XWDISCOs & KESC.
(iii)	USCF	=	the fixed charge part of the use of system charges in Rs per kW per month.

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

Where:

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

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

Energy transfer charge shall be calculated on the basis of units delivered after adjusting target transmission losses up to a maximum of 3%. NTDC shall, for the purpose of clarity intimate to all DISCOs the generation part of the Transfer Charge during a billing period by deducting from the Transfer Charge the Transmission Charge or Use of System Charges.

18.3.7 According to the above mechanism Rs. 11,428 million and Rs. 1,028 million is the share of the Petitioner on account of CpGenCap and USCF respectively for the FY 2014-15. The overall fixed charges comprising of CpGenCap and USCF in the instant case works out as Rs. 12,456 million, which translate into Rs. 1,241 /kW/month or Rs. 2.83/kWh.

18.3.8 The annual PPP for the FY 2014-15 in the instant case works out as Rs. 45,394 million. With the projected purchase of 4,406 GWh for the same period the average PPP turns out to be as Rs. 10.30/ kWh (Annex – IV). On the basis of 27.50% T&D losses, the PPP per kWh is assessed as Rs. 14.21/kWh.

18.3.9 Considering the timing of the determination the Authority has decided to include quarterly adjustment pertaining to the first quarter of the FY 2014-15. In the matter of Petitioner the 1st quarters PPP adjustment works out as Rs. 139 million .

18.4 Distribution Margin (DM)

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

18.5 Revenue Requirement

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

1.	Power Purchase Price		Rs. 45,394 Million
	CpGenE	Rs. 32,938 Million	
	CpGenCap	Rs. 11,428 Million	
	USCF	Rs. 1,028 Million	
2.	Distribution Margin		Rs. 6,287 Million
	O&M Cost	Rs. 4,707 Million	
	Depreciation	Rs. 912 Million	
	RORB	Rs. 1,408 Million	
	Gross DM	Rs. 7,027 Million	
	Less: Other Income	Rs. 740 Million	
	Net DM	**Rs.6,287 Million**	
	Prior Year Adjustment		Rs. (5,897) Million
	1st Qrt PPP Adj		Rs. 139 Million
	Total Assessed Revenue Requirement		**Rs. 45,923 Million**

18.5.2 Based on the projected sales of 3,195 GWh for the FY 2014-15, the Petitioner's average sale rate works out as Rs. 14.375/kWh, consisting of Rs. 14.21/kWh of adjusted PPP, Rs. 1.97/kWh of DM, Rs. 0.04/kWh of PPP Adjustment and Rs. (1.85) /kWh of Prior Year Adjustment.

18.5.3 This revenue would be recovered from the consumers during the FY 2014-15, through the projected units of 3,195 GWh, as per Annex – II.

19. **<u>Issue # 14. Whether the Petitioner's request of allowing financial charges on TFC is justified?</u>**

19.1 The Petitioner has requested the Authority to allow financial charges due on the loan approved by Ministry of Finance, Government of Pakistan through Power Holding Private Limited amounting to Rs. 27.61 billion. As per the Petitioner, this loan carries interest of Kibor plus a spread of 1% to 2% .

19.2 The Authority while deciding the tariff petition for the FY 2012-13, has already adjudicated on the matter, after a comprehensive discussion. The Authority considers that the Petitioner has not submitted any new rationale or evidence on which the Authority can adjudicate. In view thereof, the Authority maintains it earlier decision in this regard.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

20. **Issue # 15. Whether the existing service delivering structure of circles, divisions and sub-divisions etc can provide satisfactory services for supply of electric power to the consumer with the substantial expansion in the system?**

20.1 Faisalabad Electric Supply Company (FESCO) and Lahore Electric Supply Company (LESCO) requested for creation of new circles, divisions and sub-divisions in the tariff petitions for the FY 2013-14. The Authority directed both the DISCOs to take appointments for a separate presentation on this issue and deferred the decision till that time. Also, the Authority made this issue a matter for discussion for all XWDISCOs in the tariff petition for the FY 2014-15. All the XWDISCOs including the Petitioner were directed to file comments on the matter vide letter no. NEPRA/R/SAT-I/TRF-100-DISCOs/13653-61 dated 31st October, 2014.

20.2 The Petitioner did not respond to the letter, however, subsequently the Petitioner submitted during the hearing that it intends to create 1 Operational Circle , 2 Division and 5 Subdivisions in future.

20.3 The Authority considers that the Petitioner needs to submit a comprehensive case along with requirement of additional manpower if required, and its financial impact thereof in the next tariff Petition.

21. **Issue # 16. Whether the existing financial, administration and technical powers concentrated at different layers of hierarchy is required to be developed in order to provide better services from the door step of the consumer?**

21.1 FESCO requested for new circles in a meeting held on 9th July, 2014, and additionally requested the Authority to consider its proposal for dissolution of powers to lower hierarchy of employees so that responsibility can be shared and delays in processing can be avoided.

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

21.3 The Petitioner did not respond to the letter, however, subsequently the Petitioner submitted during the hearing that the comments would be submitted shortly The Authority, based on the comments of all XWDISCOs will decide this matter in the tariff determination of FY 2015-16.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

22. **<u>Issue # 17. What are the concerns of the Petitioner on changing terms and conditions of lifeline consumers and Residential consumers?</u>**

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

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

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

22.3 Although the Authority has completed its consultative process but it still feels that before modifying the Terms & Conditions further analysis as to how much consumers will be reduced on monthly basis along with it financial implication from the Petitioner needs to be obtained. Accordingly the Petitioner was required to give comments on the proposal. The Petitioner, during the hearing for tariff determination of FY 2014-15, stated that lifeline consumer facility will only be allowed to consumer whose sanctioned load is up to 01 KW and consumption upto 50 units (KWH).

22.4 In order to give its decision, the Authority needs to evaluate the financial impact of the proposed revision pertaining to the lifeline consumer. Accordingly the Petitioner is directed to submit the financial impact in this regard.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

23. **Issue # 18. What are the concerns of the Petitioner on TOU metering of cellular company connections and similar connections?**

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

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

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

- The respondent is unable to file proper evidence without the pleadings and summary of evidence of IESCO being shared with them;
- Contrary to Authority's understanding, there is no technical capability in the network operations centre (NOC) of the respondents to measure and record the peak vs off-peak consumption of the BTS sites;
- The consumption data as submitted with the motion shows lower consumption in peak hours and is available with IESCO. Consequently, Authority is requested to seek such data from IESCO and share the same with the Respondents for them to be able to file counter-

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

comments thereon before the Authority proceeds to accept and act upon such IESCO data.

- Rule 9(9) and 9(15) of the Tariff Standards and Procedure Rules, 1998 provides for establishing a detailed schedule for the orderly disposition of the proceeding, entailing, inter alia, for filing of interrogatories, discovery motions, objections and responses to objections and other procedural matters. Thus the instant proceedings have been conducted without summaries of evidence, any discovery, interrogatories or pleadings of the parties which precludes the Respondents from meaningful participation in the proceedings by presenting their case properly and effectively.

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

- A detailed schedule for the orderly disposition of the proceeding, inter alia, for filing of interrogatories, discovery motions, objections and responses to objections and other procedural matters be established before further proceedings;
- After collection of all requisite evidence and giving adequate opportunities to the parties to consider and, if required, object to such evidence, declare close of evidence before the next hearing.

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

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

23.6 The Petitioner also stated during the hearing that there is no necessity to allow such facility to Government Offices, Educational Institutions, Cellular Companies, Bank and Allied Corporate and other offices having sanctioned load 05 KW and above. The Petitioner further stated that TOU Facility introduced to conserve the energy but these organization remained operative round the clock or do not use extra electricity in Peak

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

hours and getting benefit of Off-Peak rates. In view of aforementioned, the Authority would proceed on the matter accordingly.

24. Summary of Directions

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

- To submit a recovery plan based on its sub divisional units , clearly highlighting the problem areas, targets for its improvements along with its intended strategies/tools to achieve the same . The required plan should be submitted along with next year's petition .
- To ensure the timely recovery/adjustment of the TDS (against its payables) and update the Authority on quarterly basis on this regard.
- To update the Authority on quarterly basis the on the status and progress of FIRs.
- To again take up the matter to the relevant foras to the extent of written off amount, if it consider it genuine billing. In addition, the Authority directs the Petitioner to reconcile its billing with the GoS on regular / monthly basis to avoid any such errors / events in future.
- To submit a comprehensive case along with requirement of additional manpower if required, and its financial impact thereof in the next tariff Petition.
- To share the financial impact of proposed revision of criteria of lifeline consumers on its revenue with the next year's tariff Petition.
- The Authority had directed DISCOs vide Registrar's letter dated 21.12.2012 to submit their plans regarding introduction and expansion of Automatic Meter Reading System (AMR). DISCOs were also required to submit progress reports on NEPRA's directions. Subsequently vide letter No. NEPRA/R/L/LAD-21/9016-26 Dated 7th August 2014, the Authority also directed DISCOs to install AMR and Automatic Metering Infrastructure (AMI) at all of their Common Delivery Points (CDPs). It is noted that except for initiating certain pilot projects, DISCOs have not been able to show serious efforts on the installation of AMR and AMI systems.
    - The Authority considers that one of the key reasons for high transmission and distribution losses in DISCOs is absence of any mechanism for tracking of electricity flow from the points of their electricity purchases (CDP) down to the final consumer. A reliable

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

metering and recording system at every voltage level starting with the 132 kV grid, at the 11 kV and to 400 and 230 volts is therefore critical for not only elimination of theft, unaccounted for electricity and diagnosing technical problems, such systems would also enable NEPRA in analyzing DISCOs' genuine investment requirements. Consequently reduction in losses would help save billion of rupees annually and support GOP's efforts in eliminating circular debt. Reportedly the results through the model projects have been quite encouraging and noticeable reductions in the losses have been observed.

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

- To complete study of its Transmission and Distribution losses on 132 KV , 11KV and below .
- To monetize all the incremental costs which cause them additional losses and incorporate these as a part of project cost while calculating the IRR or NPVs for any village electrification project, in future.
- To provide the required replacement hiring certificate before the finalization of the next year's tariff petition, or else the same cost would be disallowed permanently .
- To print bills with the snap shots of meter readings (both previous and current) not later than 30th June, 2015.
- To submit its investment requirements for the implementation of Hand Handled Units (HHU) the completion timelines along with its next tariff petition.
- To share the details of late payment charges recovered from consumers and any invoice raised by CPPA under the head of mark up on delayed payments for the FY 2014-15. The information must be submitted before the next tariff petition is filed

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- To complete installations of TOU metering .

25. ORDER

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

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

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

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

i) Where only 132 kV system is involved

$$UOSC = DM \times \frac{(1-L)}{(1-0.0368)} \quad Paisa/kWh$$

ii) Where only 11 kV distribution systems is involved.

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

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

$$UOSC = DM \times \frac{(1-L)}{(1-0.0868)} \quad Paisa/kWh$$

Where:

Distribution Margin for FY 2014-15 is set at Rs 1.97/kWh. 'L' will be the overall percentage loss assessment for the year set at 27.50% or FY 2014-15.

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Annex-I

FUEL PRICE ADJUSTMENT MECHANISM

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

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

Where:

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

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

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

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Sukkur Electric Power Supply Company (SEPCO)
Estimated Sales Revenue on the Basis of New Tariff

(0)

Description	Sales GWh	Sales Mix	New Tariff (NEPRA) Fixed Charge Rs./kW/ Month	Variable Charge Rs./ kWh	Revenue (as per NEPRA) Fixed Charge Rs.Mlns.	Variable Charge Rs.Mlns.	Total
Residential							
Up to 50 Units	82	2.57%		4.00	-	329	329
For peak load requirement less than 5 kW							
01-100 Units	577	18.05%		11.00	-	6,344	6,344
101-300 Units	638	19.98%		13.52	-	8,629	8,629
301-700Units	323	10.13%		16.00	-	5,176	5,176
Above 700 Units	342	10.70%		19.00	-	6,494	6,494
For peak load requirement 5 kW & above							-
Time of Use (TOU) - Peak	1	0.02%		19.00	-	11	11
Time of Use (TOU) - Off-Peak	7	0.21%		13.00	-	88	88
Total Residential	**1,970**	**61.66%**			**-**	**27,070**	**27,070**
Commercial - A2							
For peak load requirement less than 5 kW	109	3.43%		19.00	-	2,079	2,079
For peak load requirement 5 kW & above							-
Regular	24	0.76%	400.00	15.00	81	365	446
Time of Use (TOU) - Peak	4	0.14%		19.00		82	82
Time of Use (TOU) - Off-Peak	58	1.82%	400.00	13.00	207	755	962
Total Commercial	**196**	**6.14%**			**288**	**3,281**	**3,569**
Industrial							
B1	221	6.91%		14.50	-	3,202	3,202
B1 - TOU (Peak)	0	0.01%		19.00	-	4	4
B1 - TOU (Off-peak)	1	0.04%		13.00	-	17	17
B2	97	3.02%	400.00	14.00	189	1,351	1,540
B2 - TOU (Peak)	6	0.20%		19.00	-	119	119
B2 - TOU (Off-peak)	115	3.60%	400.00	12.80	190	1,471	1,660
B3 - TOU (Peak)	1	0.03%		19.00	-	19	19
B3 - TOU (Off-peak)	21	0.66%	380.00	12.70	20	267	287
B4 - TOU (Peak)	1	0.02%		19.00	-	14	14
B4 - TOU (Off-peak)	17	0.55%	360.00	12.60	13	219	233
Total Industrial	**480**	**15.03%**			**412**	**6,683**	**7,095**
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts-less than 5 kW	6	0.18%		15.00	-	88	88
C1(b) Supply at 400 Volts- 5 kW & up to	38	1.18%	400.00	14.50	52	548	600
Time of Use (TOU) - Peak	1	0.04%		19.00	2	22	24
Time of Use (TOU) - Off-Peak	17	0.52%	400.00	13.00	23	217	240
C2 Supply at 11 kV	1	0.03%	380.00	14.30	1	14	14
Time of Use (TOU) - Peak	13	0.42%		19.00	10	256	265
Time of Use (TOU) - Off-Peak	87	2.73%	380.00	12.80	62	1,116	1,178
C3 Supply above 11 kV	-	0.00%	360.00	14.20	-	-	-
Time of Use (TOU) - Peak	-	0.00%		19.00	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	12.70	-	-	-
Total Single Point Supply	**163**	**5.11%**			**149**	**2,260**	**2,409**
Agricultural Tube-wells - Tariff D							
Scarp	236	7.38%		15.50		3,654	3,654
Agricultual Tube-wells	27	0.84%	200.00	15.00	18	402	421
Time of Use (TOU) - Peak	1	0.04%		19.00		25	25
Time of Use (TOU) - Off-Peak	34	1.06%	200.00	12.70	24	429	453
Total Agricultural	**298**	**9.32%**			**42**	**4,511**	**4,554**
Public Lighting - Tariff G	86	2.68%		14.00	-	1,198	1,198
Tariff H - Residential Colonies attached to industries	2	0.06%		14.00	-	27	27
Total	**3,195**	**100.00%**			**891**	**45,031**	**45,922**

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

SCHEDULE OF ELECTRICITY TARIFFS
FOR SUKKUR ELECTRIC POWER SUPPLY COMPANY (SEPCO)

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
a)	For Sanctioned load less than 5 kW			
i	Up to 50 Units	-		4.00
	For Consumption exceeding 50 Units			
ii	01-100 Units	-		11.00
iii	101-300 Units	-		13.52
iv	301-700Units	-		16.00
v	Above 700 Units	-		19.00
b)	For Sanctioned load 5 kW & above			
			Peak	Off-Peak
	Time Of Use	-	19.00	13.00

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

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

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

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
a)	For Sanctioned load less than 5 kW			19.00
b)	For Sanctioned load 5 kW & above	400.00		15.00
			Peak	Off-Peak
c)	Time Of Use	400.00	19.00	13.00

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

SCHEDULE OF ELECTRICITY TARIFFS
FOR SUKKUR ELECTRIC POWER SUPPLY COMPANY (SEPCO)

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
B1	Upto 25 kW (at 400/230 Volts)	-		14.50
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00		14.00
	Time Of Use		Peak	Off-Peak
B1 (b)	Up to 25 KW		19.00	13.00
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	19.00	12.80
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	19.00	12.70
B4	For All Loads (at 66,132 kV & above)	360.00	19.00	12.60

For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.
For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.
For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.
For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.

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

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
C -1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-		15.00
b)	Sanctioned load 5 kW & up to 500 kW	400.00		14.50
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		14.30
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00		14.20
	Time Of Use		Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	19.00	13.00
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	19.00	12.80
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	19.00	12.70

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

SCHEDULE OF ELECTRICITY TARIFFS FOR SUKKUR ELECTRIC POWER SUPPLY COMPANY (SEPCO)

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
D-1(a)	SCARP less than 5 kW	-		15.50
D-2	Agricultural Tube Wells	200.00		15.00
			Peak	Off-Peak
D-1(b)	SCARP and Agricultural 5 kW & above	200.00	19.00	12.70

Under this tariff, there shall be minimum monthly charges Rs.2,000/- 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 TARIFF

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

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

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

Note:

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

G - PUBLIC LIGHTING

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

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

SCHEDULE OF ELECTRICITY TARIFFS
FOR SUKKUR ELECTRIC POWER SUPPLY COMPANY (SEPCO)

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

Annex-IV

SEPCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	491	513	492	451	326	295	277	242	237	294	358	431	4,406

kWh

Fuel Cost Component	6.4933	6.4562	6.4326	7.3369	7.3040	8.1037	9.8670	7.2603	8.0985	7.6273	6.7764	6.8283	**7.2082**
Variable O & M	0.2436	0.2429	0.2295	0.2574	0.2667	0.2961	0.3118	0.2901	0.3050	0.2977	0.2762	0.2621	**0.2668**
CpGenCap	1.3367	2.7937	1.8879	2.1412	3.0098	3.0675	3.2974	3.4612	3.9362	3.6431	2.6358	1.9982	**2.5935**
USCF	0.1281	0.2738	0.1822	0.2012	0.2693	0.2693	0.2826	0.2917	0.3181	0.2989	0.2387	0.1851	**0.2333**
Total PPP in Rs. /kWh	**8.2018**	**9.7665**	**8.7321**	**9.9366**	**10.8498**	**11.7366**	**13.7587**	**11.3033**	**12.6578**	**11.8670**	**9.9270**	**9.2737**	**10.3018**

Rs in Million

Fuel Cost Component	3,187	3,313	3,166	3,312	2,378	2,393	2,730	1,755	1,922	2,241	2,424	2,942	**31,762**
Variable O & M	120	125	113	116	87	87	86	70	72	87	99	113	**1,176**
CpGenCap	656	1,433	929	966	980	906	912	837	934	1,070	943	861	**11,428**
USCF	63	140	90	91	88	80	78	71	75	88	85	80	**1,028**
PPP	**4,025**	**5,011**	**4,298**	**4,485**	**3,532**	**3,466**	**3,807**	**2,732**	**3,004**	**3,486**	**3,551**	**3,995**	**45,394**

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

PART-I

GENERAL DEFINITIONS

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

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

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

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

POWER REGULATORY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

63

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

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

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

14. NTDC means the National Transmission and Dispatch Company.

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

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

GENERAL CONDITIONS

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

PART-II

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

A-1 RESIDENTIAL AND GENERAL SERVICES

1. This Tariff is applicable for supply to;

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

64

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

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:

   i) Shops,
   ii) Hotels and Restaurants,
   iii) Petrol Pumps and Service Stations,
   iv) Compressed Natural Gas filling stations,
   v) Private Hospitals/Clinics/Dispensaries,
   vi) Places of Entertainment, Cinemas, Theaters, Clubs;
   vii) Guest Houses/Rest Houses,
   viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.

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

B INDUSTRIAL SUPPLY

Definitions

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

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

Conditions

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

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

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

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

B-2 SUPPLY AT 400 VOLTS

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

B-3 SUPPLY AT 11 kV AND 33 kV

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

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.

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

C SINGLE POINT (SINGLE-METERING) SUPPLY

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

i) To a licensee converted from a bulk supply status (who was procuring power from SEPCO as a consumer prior to grant of license to SEPCO) for the purpose of further distribution within its respective exclusive territory and jurisdiction.

ii) To a mix-load consumer not reselling to any other consumer such as residential, commercial, tube-well and others.

General Conditions

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

C-I SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having mix-load at a single metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-I(a) tariff'.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-I(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements.

C-2 SUPPLY AT 11 kV AND 33 kV

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

C-3 SUPPLY AT 66 kV AND ABOVE

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

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

D AGRICULTURAL SUPPLY

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

Special Conditions of Supply

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

D-1 (a)

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

D-1 (b)

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

D-2

1. This tariff is applicable to consumers falling under Agriculture Supply having sanctioned load less than 5 kW excluding SCARP related installations.
2. The fixed charges under this Tariff shall be recovered on the basis of sanctioned load in kilowatt as the billing demand and such charges will be applicable even if no energy is consumed during a month.

E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

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

Special Conditions of Supply

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

E -2 TEMPORARY INDUSTRIAL SUPPLY

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

SPECIAL CONDITIONS OF SUPPLY

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

F SEASONAL INDUSTRIAL SUPPLY

"Seasonal Industry" for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a particular season of the year. However, any seasonal industry running in combination with

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

one or more seasonal industries, against one connection, in a manner that the former works in one season while the latter works in the other season (thus running throughout the year) will not be classified as a seasonal industry for the purpose of the application of this Tariff.

Definitions

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

Special Conditions of Supply

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

G PUBLIC LIGHTING SUPPLY

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

Definitions

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

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.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

Summary of Directions for SEPCO

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

- To submit a recovery plan based on its sub divisional units , clearly highlighting the problem areas, targets for its improvements along with its intended strategies/tools to achieve the same . The required plan should be submitted along with next year's petition .
- To ensure the timely recovery/adjustment of the TDS (against its payables) and update the Authority on quarterly basis on this regard.
- To update the Authority on quarterly basis the on the status and progress of FIRs.
- To again take up the matter to the relevant foras to the extent of written off amount, if it consider it genuine billing. In addition, the Authority directs the Petitioner to reconcile its billing with the GoS on regular / monthly basis to avoid any such errors / events in future.
- To submit a comprehensive case along with requirement of additional manpower if required, and its financial impact thereof in the next tariff Petition.
- To share the financial impact of proposed revision of criteria of lifeline consumers on its revenue with the next year's tariff Petition.
- The Authority had directed DISCOs vide Registrar's letter dated 21.12.2012 to submit their plans regarding introduction and expansion of Automatic Meter Reading System (AMR). DISCOs were also required to submit progress reports on NEPRA's directions. Subsequently vide letter No. NEPRA/R/L/LAD-21/9016-26 Dated 7th August 2014, the Authority also directed DISCOs to install AMR and Automatic Metering Infrastructure (AMI) at all of their Common Delivery Points (CDPs). It is noted that except for initiating certain pilot projects, DISCOs have not been able to show serious efforts on the installation of AMR and AMI systems.
    - The Authority considers that one of the key reasons for high transmission and distribution losses in DISCOs is absence of any mechanism for tracking of electricity flow from the points of their electricity purchases (CDP) down to the final consumer. A reliable metering and recording system at every voltage level starting with the 132 kV grid, at the 11 kV and to 400 and 230 volts is therefore critical for not only elimination of theft, unaccounted for electricity and diagnosing technical problems, such systems would also enable NEPRA in analyzing DISCOs' genuine investment requirements. Consequently reduction in losses would help save billion of rupees annually and support GOP's efforts in eliminating circular debt. Reportedly the results through the model

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

projects have been quite encouraging and noticeable reductions in the losses have been observed.

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

- To complete study of its Transmission and Distribution losses on 132 KV , 11KV and below .
- To monetize all the incremental costs which cause them additional losses and incorporate these as a part of project cost while calculating the IRR or NPVs for any village electrification project, in future.
- To provide the required replacement hiring certificate before the finalization of the next year's tariff petition, or else the same cost would be disallowed permanently .
- To print bills with the snap shots of meter readings (both previous and current) not later than 30th June, 2015.
- To submit its investment requirements for the implementation of Hand Handled Units (HHU) the completion timelines along with its next tariff petition.
- To share the details of late payment charges recovered from consumers and any invoice raised by CPPA under the head of mark up on delayed payments for the FY 2014-15. The information must be submitted before the next tariff petition is filed
- To complete installations of TOU metering .

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Annex-VII

List of Interested / Affected Parties to send the Notices of Hearing in the matter of Petition filed by Sukkur Electric Power Co. Ltd. (SEPCO) for the determination of its <u>Consumer-End Tariff Pertaining to the FY 2014-15</u>

*****

A. *Secretaries of various Ministries*

1. Secretary
Cabinet Division
Cabinet Secretariat
Islamabad

2. Secretary
Ministry of Industries & Production
'A' Block, Pak Secretariat
Islamabad

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

4. Secretary
Ministry of Finance
'Q' Block, Pak Secretariat
Islamabad

5. Secretary
Ministry of Commerce
A-Block, Pak Secretariat
Islamabad

6. Secretary
Privatization Commission
EAC Building
Islamabad

7. Secretary
Planning and Development Division
'P' Block, Pak Secretariat
Islamabad

8. Secretary
Ministry of Petroleum & Natural Resources
`A` Block, Pak Secretariat
Islamabad

9. Secretary
Irrigation & Power Department
Govt. of Punjab
Near Old Anarkali,
Lahore

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

11. The Secretary
Energy Department, Government of Sindh,
Plot No ST/2/1, Sector 23, Korangi Industrial Area
Karachi.

12. Secretary
Energy Department
Government of Sindh
Laxon Square Building No. 3
7th Floor, Opposite Press Club,
Karachi

B. Chambers of Commerce & Industry, Telecom Companies & General Public

1. President
The Federation of Pakistan
Chamber of Commerce and Industry
Federation House, Main Clifton
Karachi – 5675600

2. Chief Capital Office
The Federation of Pakistan
Chamber of Commerce & Industry
Aiwan-e-Sanat-o-Tijarat Road,
Sector G-8/1, Islamabad.

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

5. Chairman
All Pakistan Textile Mills Association (APTMA)
APTMA House, 44-A, Lalazar P.O. Box 5446
Moulvi Tamizuddin Khan Road

Karachi

6. Chairman
Pakistan Cotton Ginners Association, Karachi
1119-1120, 11th Floor, Uni Plaza,
I.I. Chundrigar Road,
Karachi.

7. All Pakistan CNG Association
Suite No. 6, 2nd Floor
Al-Mustafa Centre
Near Chandni Chowk,
Rawalpindi

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

9. Sukkur Chamber of Commerce and Industry
Bunder Road
Sukkur-I

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

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

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

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

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

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

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

17. Chairman
Public Sector Utility, Sub-Committee
Karachi Chamber of Commerce & Industries (KCCI)
Aiwan-e-Tijarat Road, Shahrah-e-Liaquat
Karachi

18. President
Hyderabad Chamber of Commerce & Industry
488, Chamber Road, Saddar, Hyderabad

19. President
Senior Citizen Foundation of Pakistan
5-P, Markaz G-7, Sitara Market, Islamabad

20. Chairman
S.I.T.E. Association of Industry
H-16, S I.T.E
Karachi

21. All Pakistan CNG Association
Suite No. 6, 2nd Floor, Al-Mustafa Centre
Near Chandni Chowk, Rawalpindi

C. **Heads of Various Organizations**

1. Member Power
WAPDA
738 – WAPDA House
Shahra-e-Quaid-e-Azam
Lahore

2. Managing Director
Pakistan Electric Power Company (PEPCO)
721-WAPDA House
Shahrah-e-Quaid-e-Azam

Lahore

3. Chief Operating Officer
CPPA
Room 107 WAPDA House
Shaharah-e-Qauid-e-Azam
LAHORE

4. Managing Director
Private Power and Infrastructure Board (PPIB)
House No. 50, Sector F-7/4
Nazimuddin Road
Islamabad

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

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

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

D. Petitioner

1. Chief Executive Officer
Sukkur Electric Power Co. Ltd. (SEPCO)
Thermal Power Station
Old Sukkur, Sukkur
Ph: 071-9310795
Fax: 071-9310801

The News

01-11-14

National Electric Power Regulatory Authority (NEPRA)

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

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

1. The petitioner has prayed for the determination of its consumer-end tariff pertaining to the Financial Year 2014-15 approval of Distribution Margin @ 2.56/kWh, investment for Rs 4,122 million, line losses @ 34.54% and average sale rate/tariff at Rs 19.98/kWh with the following category-wise tariff.

Description	Requested Tariff for the FY 2014-15		NEPRA Determined Tariff Pertaining to the FY 2013-14	
	Fixed Charges Rs./kW/M	Var. Charges Rs./KWh	Fixed Charges Rs./kW/M	Var. Charges Rs./KWh
Residential -A1				
For Peak Load Requirement less than 5 kW				
Up to 50 Units		4.00		4.00
1-100 Units		15.52		10.50
101-300 Units		18.48		12.50
301-700 Units		22.91		15.50
Above 700 Units		25.87		17.50
For Peak Load Requirement 5 kW & above				
Time of Day (TOU) - Peak		25.87		17.50
Time of Day (TOU) - Off-Peak		17.00		11.50
Total Domestic				
Commercial - A2				
For peak load requirement less than 5kW		-		17.50
Commercial -a2		25.87		-
For Peak load requirement at 5 kW & above		-		-
Regular	400	22.17	400	15.00
Time of Day (TOU) - Peak	400	25.87		17.50
Time of Day (TOU) - Off-Peak	400	17.00	400	11.50
Total Commercial				
Industrial				
B1 Up to 25 kW (400/230 volts)		21.43		14.50
B1(b) up to 25 kW (Peak)		25.87		17.50
B1(b) up to 25 kW (Off-Peak)		17.00		11.50
B2(a) exceeding 25-500KW (400 volts)	400	20.69	400	14.00
B2(b) - TOU (Peak) at 400 volts	400	25.87		17.50
B2(b) - TOU (Off-Peak) at 400 volts	400	16.70	400	11.30
B3 - TOU (Peak) all loads up to 5000KW at 11/33 Kv	380	25.87		17.50
B3 - TOU (Off-Peak) all loads up to 5000KW at 11/33 Kv	380	16.55	380	11.20
B4 - TOU (Peak) all loads 66/132 kv and above	360	25.87		17.50
B4 - TOU (Off-Peak) all loads 66/132 kv and above	360	16.41	360	11.10
Total Industrial				
Single Point Supply (Bulk)				
C1 (a) Supply at 400/230 Volts less than 5 KW		22.17		15.00
C1(b) Supply at 400/230 Volts- 5 KW& up to 500KW	400	21.43	400	14.50
Time of use (TOU) Peak	400	25.87		17.50
Time of use (TOU) Off Peak	400	17.00	400	11.50
C2 Supply at 11 Kv 33 Kv up to and including 5000 Kw	380	21.14	380	14.30
Time of use (TOU) Peak	380	25.87		17.50
Time of use (TOU) Off Peak	380	16.70	380	11.30
C3 Supply at 66 Kv & above	360	20.98	360	14.20
Time of use (TOU) Peak	380	25.87		17.50
Time of use (TOU) Off Peak	380	16.56	380	11.20
Total Bulk Supply				
Agricultural Tube-wells - Tariff D				
Scarp D-1(a) less than 5 kW		20.10		13.60
D-2 Agricultural Tube Well	200	19.21	200	13.00
Scarp and Agriculture 5 KW and above Time of use (TOU) Peak	200	25.87		17.50
Scarp and Agriculture 5 KW and above Time of use (TOU) Off Peak	200	16.55	200	11.20
Total Agricultural Tubewell Tariff-D				
Public Lighting - Tariff -G		22.17		15.00
Housing Colonies - H		22.17		15.00
Company Total				

2. In terms of rules 6 of NEPRA (Tariff Standards & Procedures) Rules 1998, any interested person who desires to participate in the proceedings may file an intervention request within seven days from the date of publication of the notice. Such intervention request shall state the name and address of the person filing the same, objections and the manner in which such person is or is likely to be substantially and specifically affected by any determination in the proceedings. The intervention request may also contain the contentions of the person making the same, the relief sought and the evidence, if any, in support of the case. In the intervention request, the intervener may specifically admit, deny or explain the facts stated in the petition and may also state additional facts which are relevant and necessary for reaching a just and informed decision in the proceedings. The intervention request shall be signed verified and supported by means of an affidavit in the same manner as in the case of the petition. The intervener shall also serve a copy of the intervention request duly attested as true copy on the petitioner or his authorized representative and the petitioner may file a rejoinder to the intervention request which shall be filed within 7 days of receipt of copy of intervention request.
3. Any person may also file the comments in the matter within 7 days of the publication and the Authority, if deemed fit, may permit participation of such person into the proceedings and also may consider those comments in the final determination.
4. All stakeholders and interested / affected persons are also informed that in order to arrive at a just and informed decision, the Authority has also decided to hold a hearing in the subject matter according to the date, time and venue as mentioned below.

Date: 10th November, 2014 (Monday)
Time: 10:30 a.m.
Venue: InterPak Inn Hotel, Sukkur

All communications should be addressed to.