National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/TRF-333/SEPCO-2015/2684-2686
February 29, 2016

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 Financial Year 2015-2016 [Case # NEPRA/TRF-333/SEPCO-2015]**

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority along with Annexure-I, II, III, IV, V, VI & VII (88 pages) in Case No. NEPRA/TRF-333/SEPCO-2015.

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

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

Enclosure: As above

29.02.16
(Syed Safeer Hussain)

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

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

National Electric Power Regulatory Authority
(NEPRA)

PETITION NO: NEPRA/TRF-333/SEPCO-2015

TARIFF DETERMINATION

FOR

SUKKUR ELECTRIC POWER COMPANY

(SEPCO)

DETERMINED UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

29th **February, 2016**

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
AMI	Advance Metering Infrastructure
AMR	Automatic Meter Reading
BoD	Board of Director
BTS	Base Transceiver Station
CAPM	Capital Asset Pricing Model
CCI	Council of Common Interest
CDP	Common Delivery Point
COSS	Cost of Service Study
CPPA (G)	Central Power Purchasing Agency Guarantee Limited
CWIP	Closing Work in Progress
DIIP	Distribution Company Integrated Investment Plan
DISCO	Distribution Company
DM	Distribution Margin
DOP	Distribution of Power
ELR	Energy Loss Reduction
ERC	Energy Regulatory Commission
FCA	Fuel Charges Adjustment
FY	Financial Year
GOP	Government of Pakistan
GOS	Government of Sindh
GWh	Giga Watt Hours
HHU	Hand Held Unit
HT/LT	High Tension/Low Tension
HSD	High Speed Diesel
IGTDP	Integrated Generation Transmission and Distribution Plan
IESCO	Islamabad Electric Supply Company Limited
IRR	Internal Rate Of Return
KIBOR	Karachi Inter Bank Offer Rates
KSE	Karachi Stock Exchange
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
LPC	Late Payment Charges
MDI	Maximum Demand Indicator
MEPCO	Multan Electric Power Company Limited
MMBTU	One million British Thermal Units
MoWP	Ministry of Water and Power
MVA	Mega Volt Amp
NEPRA	National Electric Power Regulatory Authority
NPV	Net Present Value
NTDC	National Transmission & Dispatch Company

O&M	Operation and Maintenance
OGRA	Oil and Gas Regulatory Authority
PEPCO	Pakistan Electric Power Company
PESCO	Peshawar Electric Supply Company
PPA	Power Purchase Agreement
PPP	Power Purchase Price
PYA	Prior Year Adjustment
R&M	Repair and Maintenance
RAB	Regulatory Asset Base
RE	Rural Electrification
RFO	Residual Fuel Oil
RLNG	Re-gasified Liquefied Natural Gas
RoE	Return on Equity
RORB	Return on Rate Base
ROR	Rate of Return
SBP	State Bank of Pakistan
SOT	Schedule of Tariff
STG	Secondary Transmission Grid
SYT	Single Year Tariff
T&D	Transmission and Distribution
TDS	Tariff Differential Subsidy
TFC	Term Finance Certificate
TOU	Time of Use
TOR	Term of Reference
TPM	Transfer Price Mechanism
USCF	The fixed charge part of the Use of System Charges in Rs /kW/Month
UOSC	Use of System Charges
WACC	Weighted average cost of capital
WAPDA	Water and Power Development Authority
XWDISCO	Ex-WAPDA Distribution Company

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-333/SEPCO-2015

PETITIONER

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

INTERVENER

Nil

COMMENTATOR

Nil

REPRESENTATION

1. Mr. Muzafar Ali Abbasi, Chief Executive Officer
2. Mr. Sayed M. Abbas Shah, Chief Technical Officer
3. Mr. Habib-ur-Rehman Shaikh, Chief Commercial Officer
4. Mr. Imdad Ali Mirani, Finance Director

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

Khawaja Muhammad Naeem
Member

Himayat Ullah Khan
Member

Syed Masood-ul-Hassan Naqvi
Member

Maj (R) Haroon Rashid
Vice Chairman

Brig (R) Tariq Saddozai
Chairman

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

29.02.16

1. **BACKGROUND**

1.1 Sukkur Electric Power Company Limited (SEPCO), hereinafter called "the Petitioner", being a Distribution Licensee of the Authority filed a petition for the determination of its consumer-end tariff pertaining to the FY 2015-16 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 the average tariff rate pertaining to FY 2015-16 at Rs.20.97 /kWh w.e.f. 1st July, 2015.

2. **PROCEEDINGS:**

2.1 In terms of rule 4 of the Rules, the Petition was admitted by the Authority on 8th October, 2015. 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 on 31st October, 2015 with the title and brief description of the petition.

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., October 31, 2015 in terms of Rule 6, 7 & 8 of the Rules. In response thereof, neither any reply was filed nor any intervention request was received.

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 18th November, 2015 at NEPRA Tower G-5/1 Islamabad. Notices of hearing were published in the leading newspapers on October 31, 2015. 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 and arguments:-

- Whether the petitioner has compiled with the directions of the Authority given in the tariff determination for the FY 2014-15?

- Whether the Petitioner's projected power purchase of 4,100 GWhs and sales of 2,700 GWhs for the FY 2015-16, is reasonable?

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- Whether the Petitioner's proposed transmission and distribution losses of 34.15 % for the FY 2015-16, are justified?
- Whether the Petitioner projected power purchase cost of Rs.40,180 million (Rs.14.88/kWh) for the FY 2015-16, is justified?
- Whether the Petitioner projected O&M cost of Rs.7,710 million (Rs.2.86/kWh) for the FY 2015-16 after accounting for inflation/increments, is justified?
- Whether the Petitioner proposed depreciation charge of Rs.1,124 million (0.42 /kWh) for the FY 2015-16 after accounting for projected additions to fixed Assets, is justified?
- Whether the Petitioner projected Return on Regulatory Asset base of Rs.2,390 million (Rs.0.89/kWh) for FY 2015-16 as against the Authority's approved return of Rs.1,408 million (Rs.0.44 /kWh) for FY 2014-15, is justified?
- Whether the Petitioner projected other income of Rs.2,561 million (Rs.0.95/kWh) for the FY 2015-16 as against the Authority's approved Rs.740 million (Rs.0.23/kWh) for the FY 2014-15, is reasonable?
- Whether the Petitioner's proposed Investment plan of Rs. 4,322 million for the FY 2015-16, is justified and keeping in view the prospective benefits as against the actual/provisional investment of Rs.3,278 million for FY 2014-15?
- Whether the Proposed revenue requirements of Rs. 56,635 million at an average sale rate of Rs.20.97/kWh for the FY2015-16, is justified as against Authority's approved revenue requirement of Rs. 45,770 at average sale rate of Rs.14.37/kWh for the FY2015-16?
- Whether the prior year adjustment calculated by SEPCO amounting Rs. 713 million for the FY 2014-15 is accurate?
- Whether the request of Petitioner to allow finance cost of Rs. 5,955 million for the FY 2015-16 for the allocated loan by GoP is justified?
- Whether the request of Petitioner to allow Rs. 1,124 million as provision for bad debts based on 2% of the sale revenue, merits consideration?
- Whether the requested WACC of 17.45%, is justified?
- What is the financial impact / loss of revenue due to TOU metering for cellular company and other similar connections?

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- Whether the existing financial, administrative and technical powers concentrated at different layers of hierarchy is required to be amended in order to provide better services on the door step of the consumer?

- What is the impact of non-submission of IGTDP by the petitioner along with the tariff petition for the FY 2015-16 as required under Consumer-end Tariff (Methodology and Process) Guidelines, 2015?

- What will be the mechanism of charging Wheeling/Use of System Charges (UOSC) in case of network of XW-DISCOs are used for Wheeling?

- Whether the tariff petition substantially complies with NEPRA Determination of Consumer-end Tariff (Methodology and Process) Guidelines, 2015?

- Whether the reliefs sought by the petitioner, are justified?

5. HEARING

5.1 The hearing was conducted as per the schedule i.e. 18th November, 2015 at NEPRA Tower G-5/1 Islamabad. During the hearing, the Petitioner was represented by its Chief Executive Officer along with his financial and technical team.

5.2 On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are discussed hereunder.

6. Issue # 1. Whether the petitioner has compiled with the directions of the Authority given in the tariff determination for the FY 2014-15?

6.1 The Authority issued several directions in the tariff determination for the FY 2014-15. The compliance of which are discussed under relevant heads. However, few of the directions are discussed below;

To Complete Installation of TOU Metering

6.2 The Petitioner, during the tariff determination process for the FY 2014-15, submitted its progress with respect to the installation of ToU Meters, stating that the installation of TOU meters had been completed to the extent of 97.5%. The Petitioner submitted the following detail in this regard;

Customer Category	Total No. of Connections for Installation	Connections with TOU meters installed up to	% installed	TOU meters yet to be installed

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

	of TOU Meters	September, 2014		
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**

6.3 The Authority while appreciating the efforts of the Petitioner directed it to install the remaining ToUs in due course before the submission of next year's tariff petition. The Petitioner in its instant tariff petition pertaining to the FY 2015-16 has provided the following information with respect to the installation of ToU Meters.

Tariff Category	Total connections Qualified for Installation of TOU Meters	Total Nos. of TOU Meters installed upto October 2015	% Installed	Tou Meters Yet to be installed
Residential	4384	4151	95%	233
Commercial	3439	3413	99%	26
Industrial	7141	7085	99%	56
Bulk Supply	410	406	99%	4
Agricultural	5923	5758	97%	165
Total	**21297**	**20813**	**98%**	**484**

6.4 The Authority has carefully reviewed the information submitted by the Petitioner and has observed that only 158 additional ToU meters have been installed by the Petitioner during the period of 13 months, which reflects the poor performance of the Petitioner and therefore directs the Petitioner to complete the installation of its pending ToU meters without any further delay. The Authority has also taken a serious note of non-compliance of its direction by the Petitioner which is a serious violation of licensing terms that may lead to initiation of proceedings against the licensee under the relevant rules.

6.5 **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 its next tariff petition.**

6.6 **To again take up the matter to the relevant foras to the extent of written off amount of GoS, if it considers it genuine billing. In addition, the Authority directed the Petitioner to reconcile its billing with the GoS on regular / monthly basis to avoid any such error / event in future.**

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

6.6.1 The Authority, although, 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 in its tariff determination for FY 2013-14 ;

- 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.

6.6.2 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 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 observed that the improvement of 5% in the recovery cannot be considered reasonable achievement as against non-recovery of 41 4% of the billed amount. The Authority also noted that instead of decreasing, the Gross trade debtors figure of the Petitioner further increased to Rs.73,722 million as on 30th June, 2014 *(as per the financial statements of the Petitioner).* The Authority is of the view that there seems 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. It was also noted by the Authority that the Petitioner neither submitted the required recovery plan nor it had updated the Authority on monthly basis with respect to the implementation of the recovery plan and results thereof. In view of the above, the Authority directed the Petitioner in its tariff determination for FY 2014-15 to submit a recovery plan based on its sub-divisional units, clearly highlighting the

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

problem areas, targets for its improvements along-with its intended strategies / tools to achieve the same, along-with its next tariff petition.

6.6.3 The Petitioner during the hearing of the instant petition i.e. FY 2015-16 has submitted the following break-up of its receivables;

RECEIVABLES ENDING 10-2015		
Category	Receivables (Rs. In Million)	% Ratio
Domestic	58,095	57.77%
Commercial	1,877	1.87%
Industrial	341	0.34%
Tube Well	839	0.83%
Other	3	0.00%
Sub-Total	**61,155**	60.81%
Govt. of Sindh	**39,412**	39.19%
Grand Total	**100,567**	**100.00%**

6.6.4 The Petitioner during the hearing submitted that the Domestic customers are 80.5% of its total customers, out of which 65% are Rural & 35% are Urban consumers. The ratio of Domestic consumer payment % age is 38 8%

6.6.5 The Petitioner highlighted the following problems faced by it;

i. Un authorized hooks (Kundas)

ii. (P-disc) Registered connections running through hooks.

iii. Village electrifications.

iv. Billing complaints.

v. Non-payment of GOS bills.

vi. Heavy receivables against private consumers.

vii. System constraints

6.7 Measures Taken by the Petitioner to reduce the Receivables

6.7.1 Following measures have been taken by the Petitioner to reduce the receivables;

✓ Number of meetings have been held between Govt. of Sindh & the Petitioner to resolve the billing dispute but Govt. of Sind is not ready for clearance of dues due to one or other pretext.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- ✓ The Petitioner's BoD during its 21st Meeting has approved item note for regularizing the 5,24,231 Kundas with the request for payment of Capital Cost in 30 Nos. equal installments.

- ✓ The Petitioner's BoD during its 21st Meeting has approved the Item Note for Opening of 1,07,976 P-Disc Connections with the request for payment of Arrear amount in 20 equal installments.

- ✓ Proper Securing and Fixing of Meters resulting in reduction of theft, Improvement in proper reading, Reduction in line losses, increased revenue and increased collection.

- ✓ Installation of 500,000 Single Phase Meters outside the premises on HT / LT Structures for correct Meter Reading through HHU.

- ✓ To resolve the issue of billing / payment of 15,000 GoS connections, smart meters will be installed for converting to real time billing / payment. 50% of the cost of Smart Meters will be borne by Govt. of Sindh and 50% by the Petitioner. The Petitioner is of the view that after installation of Smart Meters, there will be no need of reconciliation between Govt. of Sindh and the Petitioner because actual reading will be recorded. After installation of Smart Meters, in case, payment of electricity bills is not made by Govt. of Sindh in time, at source payment will be deducted by Finance Division, GoP Islamabad.

- ✓ Assistance of Rangers has been obtained in the recovery campaign, for the period July to Oct-2015 which has resulted in improved recoveries from 42% to 66%. The assistance will be extended to June-2016.

6.7.2 Further in compliance to the Authority's directions, the Petitioner provided its sub-division wise recovery plan, whereby, it has mentioned that 98% recovery will be made from the all sub-divisions of Sukkur Circle comprising of 94% and 100% recoveries from the Govt. and private sectors respectively. In Larkana circle overall recovery percentage will be 76%, consisting of 54% recoveries from the Govt. sector and 96% recoveries from the private sector. In Dadu Circle, the overall recovery percentage will be around 66% mainly attributable to very low recoveries of 40% from the Govt. and 83% from private sector. Thus, the overall recovery percentage of the Petitioner will be around 87% for FY 2015-16.

6.7.3 The Authority has carefully reviewed the submissions made by the Petitioner and has noticed that overall recovery percentage of the petitioner in FY 2014-15 has decreased to 57.8% as compared to 58.6% in FY 2013-14 resulting in non-recovery of around

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

42.2%, which is not acceptable at all. The Gross trade debtors figure has also increased to Rs.88,089 million as on 30th June, 2015 *(as per the financial statements of the Petitioner)* instead of decreasing. The Authority observed that the Petitioner was expected to submit a recovery plan based on its subdivision or divisional units, highlighting the hard and soft areas enabling it to set target for their improvement along with the strategy as how it intends to achieve the set target. Although the Petitioner, in compliance of the Authority's direction has mentioned its sub-division wise targets of expected recovery for the FY 2015-16, however no specific strategy as how it intends to achieve these set target plans has been mentioned by the Petitioner. This creates serious doubts about achieving 87% recovery target set by the Petitioner. In view of the aforementioned, the Authority feels that the Petitioner needs to adopt some extraordinary measures to improve its recovery and therefore directs the Petitioner to submit a comprehensive recovery plan clearly highlighting the problem areas, targets for their improvements along with intended strategies/tools to achieve the same latest by March 31, 2016.

6.7.4 The Authority also during the tariff determination pertaining to the FY 2013-14, noted that the Petitioner had written-off an amount of Rs.9,433 million from its outstanding receivables during the FY 2012-13. The Petitioner was directed to submit the details of this write off. Subsequently, the Petitioner filed a motion for leave for review on the tariff determination for the FY 2013-14, wherein it explained the basis for amount written off. The Petitioner submitted that 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.

6.7.5 The Authority in its tariff determination for FY 2014-15, after considering the explanation given by the Petitioner, decided that it cannot pass on the burden of inefficiency and wrong billing of the Petitioner to the consumers, and consequently decided in principle to disallow the write off to the Petitioner. However, the Petitioner was directed to take up the matter of written off amount to the relevant, if it considers it genuine billing. In addition, the Petitioner was directed to reconcile its billing with the GoS on regular / monthly basis to avoid any such errors / events in future.

6.7.6 The Petitioner during the hearing of tariff petition for the FY 2015-16, explained that the amount was written off, as per the decision of the CCI (Council of Common Interest) duly approved by the Petitioner's BoD, considering the procedure and policies of International Accounting Standard (IAS). As far as the issue of

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

reconciliation of billing, on regular / monthly basis, with the GoS is concerned, the Petitioner has submitted the following;

- ✓ To resolve the issue of billing / payment of 15,000 GoS connections, smart meters will be installed for converting to real time billing / payment. 50% of the cost of Smart Meters will be borne by Govt. of Sindh and 50% by the Petitioner.
- ✓ After installation of Smart Meters, there will be no need of reconciliation between Govt. of Sindh and the Petitioner because actual reading will be recorded.
- ✓ After installation of Smart Meters, in case, payment of electricity bills is not made by Govt. of Sindh in time, at source payment will be deducted by Finance Division, GoP Islamabad.

6.7.7 The Authority has observed that the Petitioner has not properly understood its direction with regard to the reconciliation. The Authority while appreciating the Petitioner's idea of installing 15,000 smart meters, is still of the firm view that till such time the smart meters are installed it must carry out its reconciliation with the GoS on monthly basis. In view thereof, the Authority again directs the Petitioner to carryout reconciliation of billing on monthly basis. On the issue of writing off the receivables from the GoS, the Petitioner did not answer the concerns of the Authority as it did not comment on the nature of the billing which was written off. Thus, the Authority maintains it earlier decision in this regard.

6.8 <u>To ensure timely recovery / adjustment of the TDS (against its payable) and update the Authority on quarterly basis in this regard</u>

6.8.1 The Authority in the tariff determination of the Petitioner pertaining to the FY 2013-14 observed that the Petitioner did not comply with the direction of the Authority, given in FY 2012-13, whereby the Petitioner was directed to come up with a concrete recovery plan regarding the significant amount appearing in its financial statements, as receivables from the consumers and GOP, therefore, directed it to take up the issue with the relevant quarters and report back to the Authority not later than March 31, 2014. The Petitioner during its tariff determination process for FY 2014-15 submitted that in compliance of the Authority's direction it 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 in November 2015 submitted the following position of the subsidy receivable from the GOP;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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	-	16,031

6.8.2 The Authority observed that contrary to the Petitioner's claim with respect to receiving TDS from the GOP, the closing balance of receivables was continuously increasing and therefore the Petitioner was again directed in tariff determination for the FY 2014-15 to ensure timely recovery/adjustment of the TDS (against its payables) and submit report to the Authority on quarterly basis .

6.8.3 The Petitioner in response to the direction of the Authority, submitted in its instant petition i.e. FY 2015-16 that it has taken up the matter of payment of Tariff Differential Subsidy with Engineering Advisor (Power), C/o Chief Engineering Adviser, Ministry of Water & Power, Islamabad vide its letter No.FD/SEPCO/Suk/CPC/1372-74 dated 21-09-2015, for early release of the Tariff Differential Subsidy. The Engineering Advisor (Power), MOW&P in response stated that since Ministry of Finance releases subsidy to PEPCO, therefore, advised the Petitioner to approach PEPCO / CPPA (G) for release of the subsidy amount. The Petitioner submitted the following status of its Tariff Differential Subsidy claimed and received:

Description	Opening Balance	Claimed During the Period	Received	Closing Balance
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	6,789	5,353	14,196

6.8.4 From perusal of the information so provided, it has been observed that balance of TDS of the Petitioner has further increased to around Rs.14 Billion as compared to Rs.12.7 billion last year. Although, the Petitioner has mentioned that it has taken up the issue

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

with MoWP, however, the Authority feels that the Petitioner needs to vigorously pursue its case and make extraordinary efforts to ensure timely receipts of its TDS claims. The Authority considering the aforementioned situation again directs the Petitioner to ensure timely recovery / adjustment of its TDS (against its payables) and submit report to the Authority on quarterly basis in this regard.

6.9 To update the Authority on quarterly basis on the status and progress of FIRs

6.9.1 During processing of tariff petition pertaining to the FY 2012-13, the Petitioner submitted that one of the reason for its higher administrative losses is non-posting of special magistrates by Government of Sindh, 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 Petitioner was directed 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 hearing of tariff determination 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 had requested Home Secretary, Govt. of Sindh for issuance of FIR Books for SEPCO Police. The Authority while appreciating the efforts of the Petitioner directed in the tariff determination for the FY 2013-14 to submit an 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.

6.9.2 The Petitioner in April 2014 and also during the hearing of the tariff determination for the FY 2014-15 submitted the status / progress of the FIRs and stated that FIRs are under trial in the Honorable courts. The Petitioner also stated that 9 of its employees are also nominated in the FIRs who have been arrested but are on bail.

6.9.3 The Authority appreciated Petitioner's efforts and directed it to continue the same, and submit quarterly reports to NEPRA in this regard.

6.9.4 During the hearing process of the instant petition, the Petitioner presented the following status / progress of the FIRs;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Quarter	FIRs			
	Letters for FIRs reported to the Police Station		FIRs Lodged	
	Nos.	Persons	Nos.	Persons
1st Quarter (07/15 to 09/15)	163	543	25	178
2nd Quarter (10/15 to 15.11.15)	27	108	2	13
Total	**190**	**651**	**27**	**191**

6.9.5 The Authority has observed that although the Petitioner has presented quarter wise information of FIRs, yet has not provided progress on these FIRs. Simply by presenting a standalone number of FIRs lodged does not serve the purpose unless it is backed by numbers showing improvement in recoveries and losses. Contrary to this, the recovery of the Petitioner for FY 2014-15 has decreased by around 1% as compared to last year. In view thereof, the Petitioner is again directed to submit the status and progress of FIRs along-with the benefits achieved on quarterly basis for consideration of the Authority.

6.10 To submit a comprehensive case along-with requirement of additional manpower if required and its financial impact thereof in the next tariff petition

6.10.1 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 make a separate presentation on this issue and deferred the decision till that time. Subsequently all 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. The Authority also made this a separate issue for discussion in the tariff petition of all XWDISCOs for the FY 2014-15.

6.10.2 The Petitioner did not respond to the letter, however, subsequently during the hearing of its tariff petition for FY 2014-15, the Petitioner submitted that it intends to create 1 Operational Circle, 2 Division and 5 Subdivisions in future, on which the Authority directed the Petitioner to submit a comprehensive case along with requirement of additional manpower and its financial impact thereof in the next tariff Petition i.e. FY 2015-16.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

6.10.3 The Petitioner on the issue during hearing of its instant petition i.e. FY 2015-16, submitted that approval has been accorded by the Ministry of Water & Power to recruit 390 officers / officials under direct quota, with the following financial impact;

Rs. 7,828,308 p.m.

Rs. 93,939,696 p.a.

6.10.4 The Petitioner further explained that the aforementioned projected recruitment is exclusive of induction under Category "C" of the Employees Children Quota, whereby induction of wards whose father had died during service is made irrespective of the quota, as such the projection of the same is not possible being dependent upon the rate of mortality of the employees, the educational qualification of his ward and post applied for.

6.10.5 The Authority, after careful consideration of the Petitioner's response, is of the view that it has not correlated the requested recruitment with the creation of circles and its corresponding benefits. The requested demand may be regarded as additional hiring which is discussed under the head of Salaries, wages & other benefits.

6.11 To share the financial impact of proposed revision of criteria of lifeline consumers on its revenue with the next years tariff petition.

6.11.1 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. Accordingly, the following modifications to the terms and conditions of lifeline and residential consumers were proposed;

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- All government offices, educational institutes and mosques should be removed from the category of residential consumers.

6.11.2 However, the Authority also felt that before modifying the Terms & Conditions further analysis as to how much consumers will be reduced on monthly basis along with its financial implication needs to be obtained. Accordingly the Authority directed the Petitioner to share the financial impact of proposed revision of criteria of lifeline consumers on its revenue with the next year's tariff petition i.e. FY 2015-16.

6.11.3 The Petitioner during the hearing of its tariff petition for FY 2015-16 has submitted that changing the life line consumers criteria will result in 44% decrease in units as well as amount with reference to last year life line consumers billing data. The Petitioner in support of its argument submitted the following figures;

Period	No. of Consumers	Units	Amount
2013-14	156847	54.44	108.87
2014-15	158902	40.51	81.02
2015-16 (July to Oct.15)	145649	7.511	15.021

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

- The criteria for Lifeline consumers is modified to only those residential consumers having single phase electric connection with a sanctioned load up to 1 kW.

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

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

6.13 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.

6.14 To initiate and install AMR/AMI at the consumer level in at least 10 of their high loss making subdivisions by 31st December, 2015 and remaining 70% by 30th June 2016.

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

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

6.14.2 In response, the Petitioner submitted that all the 30 Common Delivery Points in its area are facilitated with AMR meters and their meter reading is also remotely recorded

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

by PITC PEPCO. The Petitioner also mentioned that Load Data Improvement (LDI) project is successfully running in its Grid Station Operation, with installation of 615 AMR Meters on all 11 KV incoming and outgoing feeders of 61 Grid Stations. The Petitioner further mentioned that it has plan to install 15,000 AMR Meters on Potential consumers having load above 05 KW to 25 KW to ensure proper billing and payment.

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

6.15 To complete study of its transmission and distribution losses on 132 KV, 11 KV and below.

6.16 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 projects, in future.

6.16.1 The Petitioner, in its tariff determination for the FY 2013-14, was directed to complete the study of its 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 Petitioner informed the Authority that its study of T&D losses, is under process and the final study shall be completed by 31st July, 2014 owing to the law and order situation. Subsequently, during the hearing process of the tariff petition for the FY 2014-15, the Petitioner, informed the Authority that survey of all 11 kV feeders has been completed and is in the process of analysis using SynerGEE Software and after two weeks process, report shall be received and will be submitted to the Authority. It was further submitted 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 efforts are being made to issue the draft report shortly.

6.16.2 The Authority in view thereof, assessed T&D losses of the Petitioner @ 27.5% for FY 2014-15 and the Petitioner was directed 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.

6.16.3 The Petitioner, during the hearing of instant petition i.e. FY 2015-16, submitted that its Consultant has finalized the report on (T&D) losses. The Petitioner also presented the findings of the report. The issue is discussed in detail under the relevant head.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

6.16.4 The Petitioner during the tariff determination process for FY 2014-15 also mentioned that one of the reasons for increased losses is village electrification, whereby lengthy lines not only increases the T&D losses but the same are more exposed to theft of electricity. The Petitioner substantiated its stance by mentioning that 5,315 villages were electrified during July, 2008 to June, 2013, whereas connections applied average remained as 3.7 connections per village.

6.16.5 Accordingly the Authority directed the Petitioner to substantiate its claim, of increase in losses due to village electrification, based on proper working and the financial impact due to enhanced T&D losses (Technical only) should be made part of the project cost.

6.16.6 The Petitioner on the issue has stated that compliance of the Authority's instructions are being followed in New Village Electrification Projects and funding agencies (GoP & GoS) for the village electrification programs are also being informed accordingly.

6.16.7 The issue has been discussed under the relevant head.

6.17 To provide the required replacement hiring certificate before the finalization of the next tariff petition, or else the same cost would be disallowed permanently

6.17.1 The Authority directed the Petitioner, in its previous tariff determinations to submit an auditor's certificate in order to justify the cost with respect to replacement hiring of Rs.55 million. The Authority considering the importance of the issue principally allowed the replacement hiring in the Petitioner's tariff determination pertaining to the FY 2012-13. 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 be based on best utility practices.

6.17.2 The Petitioner vide its letter no. CEO/SEPCO/FD/CPC/2912 dated 31st March, 2014 submitted that it has requested M/s Riaz Ahmed & Company to provide the required certificate and as soon as the certificate is received, the same would be submitted to the Authority.

6.17.3 The Authority allowed the cost of replacement hiring during the FY 2014-15 subject to the provision of the required certificate before the finalization of the tariff determination pertaining to the FY 2015-16, otherwise the referred cost would be

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

disallowed permanently and no further directions would be given to the Petitioner in this regard.

6.17.4 The Petitioner during the hearing of its current tariff petition has submitted that the auditors have been contacted for the requisite certificate & the matter is being jointly pursued by HR / Finance Directorates for the issuance of the same.

6.17.5 The issue has been discussed under the relevant head.

6.18 To Print bills with the snap shots of meter readings (both previous and current) not later than 30th June 2015.

6.18.1 In order to protect the interest of consumers in the matter of excessive billing, the Authority while considering the proposals floated by different XWDISCOs, during the proceedings of the tariff determination for the FY 2014-15; agreed with the proposal submitted by PESCO regarding printing of snapshot of meter reading on the electricity bills of the consumers, not only to enhance the level of confidence of the consumers but also to create an effective quality check on the Meter Readers. Accordingly, the Petitioner was also directed to implement the said plan not later than 30th June 2015.

6.18.2 In compliance to the above referred direction, the Petitioner submitted that meter reading through mobile phones is being carried out in 04 /16 divisions /subdivisions out of total 16/61 divisions/ subdivisions. The Petitioner has also committed to shift 04/16 divisions/ subdivisions meter reading on cell phones every month and has claimed that the entire process would be completed by end of February 2016.

6.18.3 The Authority after careful consideration of the Petitioner's response again directs it to complete the mobile meter reading by end of February, 2016. Further several complaints to the effect that snap shots appearing on the bill is not clear and readable are being received. In view thereof, the Authority therefore directs the petitioner to ensure the visibility of the snap shot on the bills and also to maintain its record in soft form for at least a period of twelve (12) months.

6.19 To submit its investment requirements for the implementation of Hand Handled Units (HHU) the completion timelines along with its next tariff petition.

6.19.1 In view of the aforementioned direction regarding printing of snap shot of meter reading on the electricity bills, the Authority also considered the proposal of IESCO &

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

MEPCO for allowing the cost of hand held meter reading units and principally decided to allow the cost of the hand held units to the Petitioner and directed it to submit its investment requirements for the implementation of the said plan along with the completion timelines in its next tariff petition.

6.19.2 The Petitioner has submitted that it has started meter reading through mobile phones and the System has been implemented in 04/16 Divisions /Sub-Divisions. The Petitioner has also claimed that the entire process of meter reading through cell phones would be completed by end of February 2016. The Petitioner, as per the directions of the Authority, has claimed a total amount of Rs.500 Million for procurement of HHUs, which includes Rs.100 million for the 1st phase and Rs.400 million in the 2nd phase.

6.19.3 The Petitioner, although, has started printing snap shots through mobile phones, yet, the importance of HHU cannot be denied which is the sustainable solution and will eventually replace the mobile phones. Therefore, the Authority again directs the Petitioner to submit its investment needs in this regard not later than 30th June, 2016.

6.20 To share the detail of late payment surcharge recovered from consumers and any invoice raised by CPPA (G) under the head of mark-up on delayed payment for the FY 2014-15.

6.20.1 As per the clause 9.3(d) of the Electricity supply agreement dated 29th June, 1998 between DISCOs & NTDC, the XWDISCOs are obliged to pay CPPA (G) late payment charge on delay payments of invoice. 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 three hundred sixty-five (365) Day Year."

6.20.2 In view thereof, the Authority in the tariff determination for FY 2014-15, decided that the late payment charge recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective DISCO only i.e. CPPA (G) 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 was, therefore, directed to share the details of late payment charges recovered from consumers and any invoice raised by CPPA (G) under the head of mark up on delayed payments for the FY 2014-15. The Petitioner was directed to submit the requisite

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

information before filing of the next tariff petition. Any remaining LPC, (i.e. after the offset) shall be adjusted from the revenue requirement of FY 2015-16 and in the event of non-submission of evidence of payment to CPPA (G), the entire amount of LPC recovered from consumers shall be made part of other income *(and deducted from revenue requirement)* in the FY 2015-16.

6.20.3 In response the Petitioner has stated that CPPA (G) has not yet raised any Invoice on account of mark up for the FY 2014-15.

6.20.4 The issue has been discussed under the relevant head.

7. **<u>Issue # 2. Whether the petitioner's projected power purchase of 4,100 GWhs and sales of 2,700 GWhs for the FY 2015-16, is reasonable?</u>**

7.1 As per the Petitioner, the projected units purchased for the FY 2015-16 are 4,100 GWh and units sold would be around 2,700 GWh keeping in view the past trend. During the hearing, the Petitioner submitted that sales have been projected keeping in view the availability of electricity in the system and reduction in T&D Losses by (4.03) % from the last year actual losses i.e. 38.18%. The Petitioner also mentioned that power purchase & sale for FY 2015-16 is prepared with the assurance to increase the sale and decrease the purchase of power by discouraging Kunda culture, encouraging new connections on the payment of capital cost in 30 installments, regularization of permanently disconnected connection on payment of arrears in 20 installments, implementing mobile meter reading through HHUs and getting the Pak Rangers legal help to discourage Kundas & Recovery of arrears from defaulters.

7.2 The NEPRA's determination of Consumer-end-Tariff (Methodology & Process) Guidelines, 2015, (herein referred to as "The Methodology") prescribes the submission of generation plan by NTDC and procurement plan by CPPA (G) and its approval by the Authority prior to the filing of the tariff petition by the XWDISCOs. Since both NTDC and CPPA (G) did not submit the generation and the procurement plans, the Authority in order to avoid any further delays in the determination of XWDISCOs for the FY 2015-16, decided to consider the power purchases and their corresponding cost as estimated by the XWDISCOs, along with the instant tariff petitions.

7.3 Although, there is an inbuilt mechanism for adjusting actual variation in sales against the estimated sales, yet in order to avoid unnecessary fluctuations in the consumer-end tariff it is appropriate to make realistic assessment of the purchases and sales.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Moreover, it is also important to have a realistic assessment of the monthly references of fuel cost for making monthly fuel cost adjustment pursuant to Section 31(4) of Regulation of Generation, Transmission and Distribution Act (XL 1997). In view thereof, the Authority has carried out a detailed exercise for estimating station wise generation pertaining to the FY 2015-16. An increase of around 2 05% has been assumed over the actual generation pertaining to the FY 2014-15, as generation growth. Here it is pertinent to mention that the actual generation for the FY 2014-15 was 1.94% more than the actual generation for the FY 2013-14. After incorporating all the expected upcoming additional generation, it is estimated that in the FY 2015-16 the overall system generation will be about 98,989 GWh. After adjusting for the NTDC's permissible transmission losses of 3.0%, about 96,019 GWh are expected to be delivered to the distribution companies; the estimated share for the Petitioner from the pool for the FY 2015-16, is accordingly assessed as 4,376 GWh for the FY 2015-16, as against 4,100 GWh projected by it. After incorporating the T&D losses target for the FY 2015-16 (discussed below) the sales target in the instant case for the same period works out as 3,173 GWhs.

8. **Issue # 3. Whether the Petitioner projected power purchase cost of Rs.40,180 million (Rs.14.88/kWh) for the FY 2015-16, is justified as against Actual/ provisional cost of Rs 42,550 million (Rs. 15.87/kWh) for FY 2014-15?**

8.1 The Petitioner has requested for a Power Purchase Price (PPP) of Rs. 40,180 million (Rs.14.88/Kwh) based on unadjusted actual power purchase price of FY 2014-15 i.e. 9.79/ kWh.

8.2 The Petitioner submitted the component wise detail as below:

Description	FY 15-16 (Projected)	
	Amount Rs. In million	Rate in Rs./kWh*
Energy Transfer Charges	27,108	6.61
Capacity Transfer Charges	11,996	2.93
Use of System Charges	1,076	0.26
PPP	**40,180**	**9.80**

* Rate is unadjusted price /kWh

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

8.3 All the power generated from different sources is procured by the Central Power Purchasing Agency [CPPA (G)] 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 & biannual PPP adjustment with respect to T&D losses, Capacity and Transmission Charges. Here it is pertinent to mention that while making biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.

8.4 From all the available sources i.e. Hydel, Thermal-Gas, RFO, Nuclear, Coal, Solar, Wind, Bagasse and Imports, a total gross of 98,989 GWh power is expected to be generated during the FY 2015-16. The estimated/projected source-wise generation and cost of electricity is given in the following table:

Fuel Type	Gen.	Share	Cost	Share	Rate
	MkWh	%	Mln. Rs.	%	Rs./kWh
Hydel	32,563	32.90%	3,124	0.56%	0.10
Coal	102	0%	382	0%	3.74
HSD	1,702	2%	22,168	4%	13.02
F O	30,881	31.2%	332,651	59%	10.77
Gas	26,218	26%	177,129	32%	6.76
Nuclear	4,995	5%	6,600	1%	1.32
Mixed	1,015	1%	10,332	2%	10.18
Import from Iran	443	0%	4,669	1%	10.55
Wind Power	724	1%	975	0%	1.35
Bagasse	319	0%	1,977	0%	6.20
Solar	26	0%	64	0%	2.47
Total	**98,989**	**100%**	**560,080**	**100%**	**5.66**
Energy Charges [Net of NTDC Losses]	96,019		560,080		5.83
Cap. Charge [Rs. /kWh]			239,695		2.50
UOSC [Rs. /kWh]			30,520		0.32
Total Cost [Rs. /kWh]	**96,019**		**830,295**		**8.65**

8.5 Here it is pertinent to mention that the aforementioned energy charge includes variable O&M charges. But as per the tariff methodology, variable O&M charges would not be made part of monthly fuel adjustment and would be adjusted as part of biannually adjustments. From the above table it is clear that 31% of total generation is expected on Residual Fuel oil (RFO) but its share in overall energy cost is expected to be around 59%, which means that variation in generation mix and oil prices will have great impact on the cost of generation and will ultimately affect the consumer-end

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

tariff. The RFO prices over the last year have shown a decreasing trend, whereby the actual average RFO prices during the FY 2014-15 remained at around Rs. 56,121 [excluding Sales Tax and including freight] per metric ton and touched a low of Rs. 40,411 per metric ton as against the last years average projected price of Rs. 65,769 [excluding Sales Tax and including freight] per metric ton. The RFO prices in Pakistan are not only affected by the international market but also by the exchange rate parity. Based on the international market condition, it can be presumed that this lower trend shall continue in the future as well, consequently, for the FY 2015-16, RFO prices have been assumed on an average of Rs. 47,981 per metric ton [excluding Sales Tax and including freight] after incorporating the possible determinants of RFO prices. The HSD prices for the FY 2015-16, are being assumed on an average of Rs. 61.29 per litre [excluding Sales Tax], keeping in view the declining trend of HSD price in FY 2014-15, which remained on average Rs. 76.89 per litre during the FY 2014-15, against the projection of Rs. 93.45/ litre. Keeping in view the recent developments regarding the import of RLNG and the notification by OGRA regarding provisional price of RLNG, it is quite obvious that gas based power plants will also be run on RLNG especially in the months where there is gas shortage as has been the case in the past. Accordingly, impact of RLNG has also been considered while projecting the gas prices for the FY 2015-16, which has been assumed at Rs. 900/ MMBTU.

8.6 The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority.

8.7 Energy transfer charge shall be calculated on the basis of units delivered after adjusting target transmission losses up to a maximum of 3%. NTDC shall, for the purpose of clarity intimate to all 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.

8.8 According to the above mechanism Rs.12,619 million and Rs.1,610 million is the share of the Petitioner on account of CpGenCap and USCF respectively for the FY 2015-16. The overall fixed charges comprising of CpGenCap and USCF in the instant case works out as Rs.14,230 million, which translate into Rs.1,219 /kW/month or Rs.3.25/kWh.

8.9 The annual PPP for the FY 2015-16 in the instant case works out as Rs. 39,506 million. With the projected purchase of 4,376 GWh for the same period the average PPP turns

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

out to be as Rs. 9.03/ kWh (Annex – IV). On the basis of 27.5% T&D losses, the PPP per kWh is assessed as Rs. 12.45/kWh.

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

9. **Issue # 4. Whether the Petitioner's proposed transmission and distribution losses of 34.15 % for the FY 2015-16 based on Actual/ provisional losses of 38.18 % for FY 2014-15, are justified?**

9.1 The Petitioner requested T&D losses target to be assessed as 34.15% for the FY 2015-16. The Petitioner, in its petition stated that the proposed target is based on a decrease of 4.03% from the last year's actual T&D losses of 38.18%.

9.2 As discussed in the direction part of the decision, the Petitioner was directed to submit the study of its T&D losses. The Petitioner has submitted the required study vide its letter No. CEO/SEPCO/SUK/CTO/1297-1303, Dated: 16th September, 2015.

9.3 The Petitioner during hearing of the instant petition presented the findings of the study which are as follows;

i. 11 kV line losses including losses on distribution transformers = 11.47%
ii. Losses of LT network including losses in cables = 3.337%
iii. Total distribution losses = 14.807%
iv. Evaluated transmission losses = 4.53%
v. **Total T&D losses = 19.337%**

9.4 The Petitioner apprised that it is trying to reduce administrative losses by permanently disconnecting unauthorized hooks / Kundas. The Petitioner further stated that power purchase for FY 2015-16 has been controlled 10% with the efforts of disconnecting and discouraging the unauthorized hooks & Kundas culture in rural & katchi abadi areas.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

9.5 The Authority has carefully considered the Petitioner's justifications put forward to substantiate its requested T&D losses level of 34.15%. Although the Petitioner has submitted the study of its T&D losses to the Authority, yet the same is still in its draft form. The Authority has also noted from the breakup of losses provided by the Petitioner, that it (SEPCO) has not segregated the HT line losses and distribution transformer losses. Further it is not clearly evident in the report that how many 11 kV feeders (%age of samples) were being considered while evaluating the level of the distribution losses. In addition to above, the Petitioner admitted in the report that physical survey of 100% LT lines and large number of distribution transformers was not possible in the stipulated study period therefore reasonable **samples** of LT lines and sizes of distribution transformers were selected.

9.6 In view thereof, the Authority cannot adjudicate on the submitted report unless it gets the complete report. Here it is pertinent to mention that the study carried out by the Petitioner can only be accepted by the Authority once it is satisfied with the quality of the study, therefore, till such time the Authority has decided to maintain its previous assessment of technical level of T&D losses of 14.5% for the FY 2015-16. On the issue of reducing administrative losses, the Authority appreciates Petitioner's efforts in reducing administrative loss through measures like permanently disconnecting unauthorized hooks / Kundas and by taking the help of law enforcing agencies. Here it is pertinent to mention that the Authority's already allowed law & order margin of 13% (for the FY 2014-15), does not represent its actual level of administrative loss (which are greater than 13%). In view thereof, the Authority has decided to maintain the same level of law & order margin for the Petitioner, which is 13% for the FY 2015-16. Accordingly, the total T&D loss target of the Petitioner for FY 2015-16 has been assessed as 27.50% comprising of 14.5% of Technical level of losses and 13% margin for law and order situation.

10. **Issue # 5. Whether the Petitioner's proposed Investment plan of Rs. 4,322 million for the FY 2015-16, is justified and keeping in view the prospective benefits as against the actual/provisional investment of Rs.3,278 million for FY 2014-15?**

10.1 As per the Methodology, the submission of IGTDP by XWDISCOs and their approval by the Authority is required before filing of the tariff petition. The timelines for submission of the IGTDP, as per the Methodology, is September 01 each year. Since the Methodology was notified in January 2015, and separate submission of IGTDP and their subsequent approval by the Authority, would have resulted in considerable delays bearing financial implications for the Petitioner, therefore, the Authority, on

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

the request of the XWDISCOs, allowed to file the IGTDP along with their instant Consumer-end Tariff Petitions.

10.2 Despite Authority's repeated directions the Petitioner did not submit its IGTDP. Accordingly the Authority has to rely upon the Investment requested by the Petitioner in its Petition while working out the Investment requirement of the Petitioner for FY 2015-16.

10.3 The Petitioner has requested an amount of Rs.4,322 million to execute its development/ investment plan for the FY 2015-16 in the areas of Distribution of Power (DOP), Energy Loss-Reduction (ELR) and Secondary Transmission & Grid (STG). The Petitioner further requested Rs.619 million for Village Electrification/deposit works programs. The break-up of proposed investment as provided by the Petitioner is as under:

Particulars	**Rs. In**
Distribution of Power (DOP)	1,401
Energy Loss Reduction (ELR)	625
Secondary Transmission & Grid (STG)	2,296
Village Electrification	619
Total	**4,941**

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

PSDP/ Own Resources	Rs. 4,322 million
Public Financing	Rs. 618 million
Total	**Rs.4,941 million**

10.5 During the hearing of the instant petition, the Petitioner also presented the following comparison of its proposed investment plan for the FY 2015-16 vis-a-vis investment carried out in FY 2013-14 & FY 2014-15.

Rs. in Million

Name of Project	**Expenditure for FY 2013-14**	**Expenditure for FY 2014-15**	**Requested for FY 2015-16**
STG	771	970	2,296
DOP	590	390	1,401
ELR	543	350	625
Sub-Total	**1,904**	**1,710**	**4,322**
Deposit Work	**648**	**824**	**619**
Total	**2,552**	**2,534**	**4,941**

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NEPRA AUTHORITY

10.6 In addition, the Petitioner presented the following comparison of its proposed village electrification for FY 2015-16 vis-a-vis expenditure incurred in FY 2014-15.

PROGRAM	FY 2014-15		Projected FY 2015-16	
	Schemes completed (Nos.)	Expense (M)	Electrification (Nos.)	Estimated Expenditure (M)
CMD	107	768	337	456
MPA PRIORTY	57	56	59	163
G-Total:	**164**	**824**	**396**	**619**

10.7 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.

10.8 Objectives and Scope of STG Program

10.8.1 As per the Petitioner, the STG program has been developed for system expansion of existing overloaded system and up-gradation of 132/66 KV system. PC-I of the 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 2015-16, under the STG program;

Voltage	Numbers	Cost for the FY 2015-16		
		Local	FEC	Total
New	10	936	196	1132
Augmentation for 66 KV to 132 KV	03	165		165
Extension	08	225		225
New 132 KV T/L (Km)	09	590	100	690
Rehabilitation 132 KV T/L (Km)	02	84		84
Total		**2,000**	**296**	**2,296**

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
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10.9 Objectives and Scope of ELR Program

10.9.1 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

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

- Construction of 160 Km of New 11 KV lines.
- Re-Construction of 183 Km HT lines.
- Construction of 51.30 Km LT lines.
- Re-Construction of 55.40 Km LT lines.
- Addition of 166 Nos. Distribution Transformers of various capacities.

10.10 Objective and Scope of DOP Program

10.10.1 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

10.10.2 The following scope of work pertaining to the FY 2015-16, under the head of DOP was presented by the Petitioner;

- Providing 15,000 new electricity connections to the prospective customers.
- Construction of 111 Km of 11 KV lines.
- Construction of 78 Km LT lines.
- Addition of 262 Nos. Distribution Transformers of various capacities.

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

Parameters	Unit	Existing	2015-16	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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

10.10.4 The Authority has carefully reviewed the details provided by the Petitioner regarding the proposed investment and its prospective benefits and the investment carried out in FY 2014-15. The Authority has observed that the Petitioner has failed to provide the details of the projects that it carried out in FY 2014-15 and the benefits that have accrued to the Petitioner by making investment of Rs.2,060 million during the FY 2014-15 *(as per the financial statements provided by the petitioner).*

10.10.5 The Authority has also observed with great concern that with the proposed investment of Rs.4322 million and the targets proposed for FY 2015-16 in terms of reduction in losses, improvement in voltage, power factor and betterment of the performance standards are exactly the same as were proposed by the Petitioner for the FY 2014-15. The Authority is therefore constrained to believe that the investment being made by the Petitioner during the FY 2014-15 are not carried out effectively whereby the Petitioner has failed to achieve any of its proposed targets.

10.10.6 Despite the aforementioned observations, still the importance of investment cannot be ignored in order to provide safe and reliable electricity to the consumers of the Petitioner. Based on the available record, arguments, evidence and the fact that these allowed investments indirectly affect the annual Return on Rate Base (RORB) for a XWDISCO, hence, while allowing investments for any control period the Authority has to keep in view the past trend of investment made by the Petitioner along with its funding arrangements and its previous trend of closing CWIP and transferring of useful assets from CWIP to operating assets.

10.10.7 Based on the discussions in preceding paragraphs, it is expected that the Petitioner would be able to undertake the investment of Rs. 2,472 million during the FY 2015-16 (including the impact of consumer contributions of Rs. 619 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 2015-16 (which is desirable), would be catered for in next year's returns. Further the Petitioner is also directed to provide project wise detail of cost incurred and the prospective benefits achieved for the investment carried out in FY 2014-15 and also for the investment to be carried out in FY 2015-16 along-with its next year tariff petition.

10.10.8 On the issue regarding village electrification, the Petitioner is directed that before implementing any village electrification program, it must evaluate the project using

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

NPV / IRR or cost benefit ratios and while calculating the costs, the incremental level of T&D losses must be monetized and must be treated as a project cost. This exercise would result in identifying the non-feasible projects and consequently may result executing only those village electrification programs which will be feasible after enhancing the budget e.g. electrifying a village may require grid augmentation or construction of new grid station. Accordingly the Authority directs the Petitioner to spend at least 20% of the village electrification funds for improvement / up-gradation of the grid. The Petitioner is further directed to not to undertake any village electrification which would result in overloading of its system. The village electrification would only be undertaken without augmentation of the grid, if it already has spare MVAs.

11. **Issue # 6. Whether the prior year adjustment calculated by the Petitioner amounting to Rs. 713 million for the FY 2014-15 is accurate?**

11.1 The Petitioner has requested an amount of Rs. 713 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 for FY 2015-16. The summary of the requested amount is as under:

	Rs. Million
Adjustment pertaining to the capacity and transmission charges	1,689
Over / under recovery on DM	1,860
Impact of Sales Mix	(2,504)
Over / under recovery of other income	(436)
Total: PYA	574
Less; Quarterly adjustments already allowed	139
Net PYA for the FY 2014-15	**713**

11.2 The Authority has carefully considered the Petitioner's working of PYA. The Authority has observed that the Petitioner has not correctly calculated the PYA. Further, the Petitioner while calculating the consumer mix variance has not based its working on the monthly subsidy claims by the Petitioner. In view of aforementioned, the Authority after doing its own due diligence has worked out the following PYA;

	Mln. Rs
Notified reference PPP during the FY 2014-15	46,786
Assessed Distribution Margin for the FY 2014-15	6,287
Assessed PYA for the FY 2014-15	

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

		(5,897)
Add ;	1st Qrt's PPP adjustment pertaining to the FY 2014-15	1,824
Add;	2nd Qrt's PPP adjustment pertaining to the FY 2014-15	325
Add;	3rd Qrt 's PPP adjustment pertaining to the FY 2014-15	(855)
Add;	4th Qrt's PPP adjustment pertaining to the FY 2014-15	299
Less ;	Regulated PPP recovery on notified rates during the FY 2014-15	47,938
Less;	Regulated DM recovery on notified rates during FY 2014-15	3,101
Less;	Regulated PYA recovery on notified rates during FY 2014-15	(1,126)
Less;	Net impact of assessed & actual Other Income for the FY 2014-15	1,489
Add;	Impact of Consumer – Mix Variance for the FY 2014-15	-
	Total Unrecovered/ (Over recovered) Costs for the FY 2014-15	**(2,633)**

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

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

11.5 MOW&P in its aforementioned policy guidelines, inter alia, mentioned that ECC of the Cabinet has been pleased to approve the issuance of the following Policy Guidelines under Section 31 (4) of the NEPRA Act, 1997 on 21.05.2015 i.e.

"Any negative adjustment on account of monthly FCA will not be passed on to the Domestic consumers who have subsidized electricity tariff."

11.6 The Authority considered the policy guidelines of the GoP with respect to the Fuel Price Adjustment being consistent with the GoP Policy for phasing out the subsidy which are also consistent with the standards and guidelines as per Rule 17 of Tariff Standards and Procedure Rules -1998.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

11.7 Accordingly, the Authority decided that any negative monthly FCA shall not be applicable to lifeline consumers, domestic consumers consuming up to 300 units and Agriculture Consumers of all the XWDISCOs being already being subsidized by the Government. The impact of such negative FCA not passed on to the aforementioned consumer categories, in the matter of the Petitioner, for the FY 2014-15, works out to beRs 1,765 Million.

11.8 The Authority in view of the above referred policy guidelines of GoP regarding rationalization of subsidy in the matter of XWDISCOs, has decided not to adjust the impact of negative FCA across different consumer categories, as it was doing in the past. Thus, the negative FPA impact on lifeline consumers, domestic consumers (consuming upto 300 units) and Agriculture Consumers i.e. Rs.1,765 Million, which is still laying with the Petitioner , must be adjusted by GoP, against the overall Tariff Differential Subsidy claim in the matter of the Petitioner eventually reducing GOP's overall Tariff Differential Subsidy burden. This decision of the Authority is only applicable under a subsidy regime, whereby aforementioned classes of consumers are receiving subsidy directly in their base tariff

12. **Issue # 7. Whether the Petitioner projected O&M cost of Rs.7,710 million (Rs.2.86/kWh) for the FY 2015-16 after accounting for inflation/increments, is justified?**

12.1 The Petitioner requested an amount of Rs.7,710 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:

Rs. In million

Description	Audited FY 2014	Audited FY 2015	Requested FY 2016
	Rs. in Million		
Salaries & Other Benefits	3,934	4,821	5,634
Maintenance Expenses	1,167	1,090	1,330
Traveling Expenses	247	269	300
Vehicle Running Expenses	147	132	201
Other Expenses	143	197	245
Total	**5,638**	**6,509**	**7,710**

12.2 **Salaries Wages & Other Benefits**

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

12.2.1 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. 5,634 million under the head of Salaries Wages & Other Benefits for the FY 2015-16. 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 2015-16 has been increased @6% by giving annual increment.
- Increase of 7.5% basic salaries as announced by GoP.
- Adhoc Relief Allowance 2012 & 2013 merged in basic pay.
- Increase in Pensions by 7.5% for retired employees.
- Annual increments to the extent of 6%.
- Increase in 25% in Medical Allowance.
- Increase of 7.5% in pension by GoP.

12.2.2 In the hearing Petitioner submitted the following bifurcation for the proposed increase in pay and allowances for the FY2015-16:

Rs. in Mln

	Salaries & Wages;	**Requested**
I	Annual Basic Salary of FY 2015-16	1,720.369
ii.	6 % Annual Increment	103.222
	Sub-Total	**1,823.591**
	Add: effect of Increase in FY 2015-16	
A-	Regular Employees:	
I	7 5% Adhoc Relief Allowance Announced in Finance bill	136 769
ii.	Other Pay and Allowances	1,428 889
	Sub-Total (a):	1,565 659
B-	Daily Wages Employees:	
I	Daily Wages Labour	37.437
	Sub-Total (b):	37.437
	Sub-Total-(a+b)	1,603.095
	Sub-Total-(A)	**3,426.686**

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

	Employee Benefits to be provided by employer in FY 2015-16	**Rs. In M**
i.	Pension Fund	1,268 953
ii.	7.5% increase in Pension by GoP	95 171
	Sub Total	1,364 124
iii.	Free Electricity	91.040
iv.	Free Medical	136.330
v.	Leave Encashment	138 821
vi.	Other Benefits	476 751
	Sub-Total	**2,207.066**

12.2.4 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 amounting to Rs. 55 million. The Authority considering the importance of the issue principally allowed the replacement hiring in the Petitioner's tariff determination pertaining to the FY 2012-13 subject to the provision of certificate form its external Auditor, on which an audit frame work was issued by the Authority. 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. This would also include a comparison of existing state of affairs 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. The Petitioner in the hearing regarding consumer end tariff of FY 2015-16 presented that the Petitioner Auditors have been contacted for the requisite certificate & the matter is being jointly persuaded by HR / finance directorates for the issuance of the same.

12.2.5 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.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

12.2.6 The Authority in the tariff determination for FY 2014-15 allowed this cost on provisional basis and also directed that if the required certificate is not provided before the finalization of the tariff determination for the FY 2015-16, the referred cost would be disallowed permanently and no further direction would be given to the Petitioner in this regard. Since the Petitioner has failed to comply with the direction of the Authority and did not submit the required certificate along-with its tariff petition for FY 2015-16, therefore, as per the decision of the Authority taken in the tariff determination for FY 2014-15, the replacement hiring cost is being disallowed while calculating salaries and wages cost of the Petitioner for FY 2015-16.

12.2.7 As discussed in the direction part of the instant decision, the Petitioner requested for an amount of Rs.94 million under the head of additional hiring. A list of sanctioned strength and vacant positions was also presented during the hearing. The Authority has also noted that the Petitioner has not explored the option of adopting the measures to make efficient and effective use of technology decreasing reliance on manual as obsolete methods of operating utility. A detailed study and analysis needs to be carried out in order to assess the genuine man power requirement.

12.2.8 The Authority after careful consideration of the issue is of the view that the Petitioner's provided information pertaining to additional recruitment neither provides any details/bifurcation of costs nor it provide any information with respect to the perceived benefits on the basis of different available options, as discussed in the preceding paras. The only justification provided by the Petitioner is that it has approval from the Ministry of Water & Power to carry out the requested recruitments. In view thereof , the Authority has decided not to allow the cost of additional hiring to the Petitioner.

12.2.9 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 postretirement 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/independent account (as the case may be) would ensure that the Petitioner records it 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 assignment. The firm has submitted the draft Trusted Deed and Rules for creation of the postretirement benefits fund. The same would be put up in the next BOD meeting for its formal approval.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

12.2.10 On the issue of retired WAPDA employees before 1998, the Authority in its determination of the Petitioner for FY 2014-15, decided that the post retirement benefit cost until 30th June, 2014 shall be borne by WAPDA (Hydel) and subsequent cost shall be borne by XWDISCOs without claiming any receivables from WAPDA (hydel). The Petitioner neither in its instant petition nor in its financial statements for the FY 2014-15 submitted to the Authority, has clearly mentioned whether the amount of post-retirement benefits paid to Ex-WAPDA employees is included in the actual payments made for FY 2014-15 or otherwise.

12.2.11 The Authority after careful consideration of the Petitioners statement is of the view that it had 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 of the foregoing, the Authority has decided to allow postretirement benefits for FY 2015-16 based on the actual payments made by the Petitioner under the said head in FY 2014-15 after incorporating the increase announced by GoP and a notional figure of retired WAPDA employees before 1998. The Authority has shown great concern over the non-compliance of its direction by the Petitioner which is a serious violation of the licensing terms and may result in initiating legal proceedings against the petitioner under the relevant rules. The Authority however again directs the Petitioner to create the separate post-retirement benefits Fund before 30th June 2016.

12.2.12 The Authority while assessing the Pay & Allowances & other benefits (excluding post-retirement benefits, discussed below), has taken into account the impact of GOP's recent announcement of 7.5% increase as ad-hoc allowance, 5% annual increment, merging ad-hoc relief of 2011 & 2012 in running basic pay and increase in Medical Allowance by 25% as per GOP notification. Since the Authority has based its working on the figures as reported in the draft financial statements of the Petitioner hence the impact of daily wagers and other benefits has been accounted for in the Authority's assessment.

12.2.13 Based on the discussion made in the preceding paragraphs, incorporating all the aforementioned increases, the Authority has assessed Rs.3,453 million on account of salaries, wages and other benefits including post-retirement benefits for the FY 2015-16.

12.3 Maintenance Expenses

12.3.1 The Petitioner requested Rs. 1,330 million on account of repair and maintenance. The Petitioner has requested an increase of 70.73% over the Authority's allowed expense of the FY 2014-15. However, the expense as per draft Financial Statements of the Petitioner for the FY 2014-15 is, Rs. 1,090 million.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

12.3.2 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 2013-14	Actual FY 2014-15	Requested FY 2015-16	Increase from Actual Expenditure	
				Amount	%age
R&M Building & Civil works	153.25	185.88	204.47	18.59	10.00
R&M other physical property	191.28	148.42	163.27	14.84	10.00
R&M Grid Station Transmission line	166.02	665.12	750.69	85.57	12.86
R&M Distribution Material	628.42	34.66	41.67	7.02	20.24
R&M General plant	28.32	154.75	170.23	15.48	10.00
Total	**1,167.30**	**1,188.84**	**1,330.33**	**141.49**	**11.90**

12.3.3 An analysis of the Petitioner's financial statements for the FY 2014-15 reveals that the repair and maintenance cost per office, per grid station and distribution lines per KM is ominously high. The Authority has also conducted a detailed analysis of the repair and maintenance cost incurred by the Petitioner vis a vis other XWDISCOs. The Authority has observed that the repair and maintenance cost per office, per gird station and distribution lines per KM of the Petitioner is higher around by 500%, 400% and 300% respectively as compared to average cost of other XWDISCOs.

Description	**FY 2014-15**			
R&M Office Building	156	14%	95 (Nos. of Office)	1,637,666 PKR / Office
R&M G.P	24	2%		
R&M Other P.P	152	14%		
132 KV G.S	248	23%	62 (Nos. of Grid Stations)	3,994,087 PKR / G.S
11 KV Distribution Lines	123	11%	37,429 D. Lines KM	3,275 PKR/KM
Distribution Transformers	242	22%	967 D Transformers Damaged	250,183 PKR/D T
Meters	65	6%		

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Others Miscellaneous	81	7%		
	1,090	100%		

12.3.4 The Authority, feels that major reason of having significant expenditure for the Distribution Transformers and Meters is due to non-tagging of the assets by the Petitioner, whereby it is unable to properly classify its nature of expenditure in terms of capital or revenue. The Authority therefore directs the Petitioner to maintain a proper record of its assets by way of tagging each asset for its proper tracking. Although, the Authority has noticed abnormal increase in repair & maintenance cost, however, the Authority cannot adjudicate on the issue unless proper explanation from the Petitioner is received on the concerned cited by the Authority. The Petitioner is therefore directed to provide an explanation on the concerns raised by the Authority in terms of its R&M cost not later than 30th June, 2016.

12.3.5 Despite what has been discussed above, the Authority believes that adherence to the service standards and improvement of customer services is only possible through continuous repair and maintenance of distribution network, therefore, the Authority has decided to allow Rs.935 million to the Petitioner under the repair and maintenance cost for FY 2015-16.

12.4 Traveling Expenses

12.4.1 The Petitioner has requested an amount of Rs. 300 million for the FY 2015-16. The Petitioner argued that since its distribution system is deteriorated and require regular maintenance, causing an increase in travelling cost.

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

Description	Actual FY 2013-14	Actual FY 2014-15	Requested FY15-16	Increase from Actual Expenditure	
				Amount	%age
T.A/D.A	246.92	269	300.39	39.18	15%

12.4.3 The Petitioner, however, has not substantiated its requested increase of 15% for FY 2015-16 with any further details in terms of actual TA claims, (grade wise or based on rural and urban areas etc.) pertaining to the last year.

12.4.4 Based on the comparison with other XWDISCOs, Petitioner's submissions and its actual results in this regard, the Authority has decided to allow this cost to the tune of Rs. 226 million for the FY 2015-16.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

12.5 Vehicle Running Expenses

12.5.1 The Petitioner has requested Rs.201 million under the head of vehicle running expense for the FY 2015-16. During the hearing of the instant petition the Petitioner provided bifurcation of the aforementioned expense in terms of vehicle repair & others and fuel & oil cost. Moreover, the Petitioner also submitted the following detail of actual Vehicle expense incurred in previous years vis a vis the current year's requested amount.

Rs. in Mln

Description	FY 2013-14	FY 2014-15	FY 2015-16	Increase from Actual Expenditure	
	Actual	Actual	Requested	Amount	%age
Vehicle Repair & Other	18.84	20.33	22.36	2.03	10%
Fuel Oil	128.60	162.36	178.59	16.24	10%
Total	**147.44**	**182.69**	**200.95**	**18.27**	**10%**

12.5.2 During the hearing, the Petitioner while justifying the request, presented a comparison of increase in fuel prices during the FY 2014-15. As per the Petitioner, the weighted average increase in fuel price in the FY 2014-15 was 7.20%.

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%
Avg. Fuel Consumption (Ltr)	30%	25%	45%

12.5.3 Moreover, the Petitioner also presented ageing of vehicles which states that 189 out of 311 vehicles (61% of total vehicle) are older than year 2000.

12.5.4 The Authority is cognizant of the fact that vehicle maintenance cost is not only affected by the fuel prices but also with the number of vehicles and their conditions, which in turn is dependent on the distribution area of the Petitioner. The Authority is also aware of the old / deteriorated vehicle conditions of the Petitioner and its vast distribution area. However at the same time the Authority observes that the claim of rising POL prices by the Petitioner is not valid as the oil prices are continuously falling and are expected to continue their declining trend in the future. The Authority in view

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

of the aforementioned arguments, available evidence/information, past trend, fuel price fluctuations and comparison with other XWDISCOs, has decided to allow an amount of Rs.136 million to the Petitioner under this head for FY 2015-16.

12.6 Other Expenses

12.6.1 The Petitioner requested Rs.245 million for the FY 2015-16, 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 such as fees and overheads are fixed in nature and therefore have been requested as it is, whereas remaining expenses are increased by inflationary impact.

12.6.2 In view thereof, considering the past trend and comparison with the other DISCOs, it has been observed that the request of the Petitioner is not justified, therefore, the Authority has decided to allow an amount of Rs.162 million to the Petitioner under this head for FY 2015-16.

13. **Issue # 8. Whether the petitioner proposed depreciation charge of Rs.1,124 million (0.42 /kWh) for the FY 2015-16 after accounting for projected additions to fixed Assets, is justified?**

13.1 The Petitioner in its petition requested a depreciation charge of Rs.1,124 million for the FY 2015-16 submitting that it has computed depreciation as per the company's accounting policy.

13.2 The depreciation expense allowed to the Petitioner for the FY 2014-15 amounted to Rs.912 million.

13.3 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 of the Petitioner for the FY 2015-16 will be Rs.30,109 million. Accordingly, the depreciation charge for the FY 2015-16 has been assessed as Rs.1,060 million, calculated on actual depreciation rates for each category of Assets as per the Company policy.

13.4 After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2013-14 & FY 2014-15, the Authority has projected amortization of deferred credit to the tune of Rs.427 million for the FY 2015-16. Accordingly, the consumers would bear net depreciation of Rs.633 million.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

14. **Issue # 9. Whether the petitioner projected Return on Regulatory Asset base of Rs.2,390 million (Rs.0.89/kWh) for FY 2015-16 as against the Authority's approved return of Rs.1,408 million (Rs.0.44 /kWh) for FY 2014-15, is justified?**

15. **Issue # 10. Whether the requested WACC of 17.45%, is justified?**

15.1 The return requested by the Petitioner for FY 2015-16 is Rs.2,390 million. The Petitioner has not provided any working of Rate base with the Petition. However, during the hearing of the petition, the Petitioner submitted that it has worked out the return on rate base as per the last determination of the Authority i.e. FY 2014-15, by taking rate of return of 17.45%.

15.2 The Authority uses the Capital Asset Pricing Model (CAPM) for calculation of Return of Equity (RoE) component of the WACC, being the most widely accepted model, which is applied by regulatory agencies all over the world to estimate the cost of capital for regulated utilities. Since the Authority uses Plain Vanilla WACC, hence the impact of tax shield is taken as zero, and in case any tax is paid it is treated as pass through. As per the methodology, in case of negative equity the Authority would consider a minimum of 20% equity and any equity in excess of 30% would be considered as debt. The reason was the GOPs on going privatization program, as it is anticipated that in addition to private equity, GOP would also bring in some additional equity (e.g. may convert loans into equity etc.) .Hence, the Authority, in accordance with the approved methodology has decided to change the Petitioner's current optimum capital structure of 80:20 (debt:equity) ratio to 70:30 (debt:equity) ratio.

15.3 For assessment of RoE component, weighted average yield on 05 Years Pakistan Investment Bond (PIB) as of July 16, 2015 has been considered as risk free rate which is 8.9652%.

15.4 The Authority understands that the expected return on any investment is the sum of the risk-free rate and an extra return to compensate for the risk. This extra return or 'risk premium' is the difference between market rate of return and risk free rate. Generally, the return on stock market index is taken as a measure of market rate of return. The Authority in order to have an appropriate measure of the market rate of return, analyzed KSE-100 Index return over a period of 8 years and also considered Analysts' consensus/ research houses estimates in this regard. The rate of return on

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

KSE-100 index during the period from 2008-2015 was around 16.5%, which translates into risk premium of around 7 53% (with risk free rate of 8.9652%). The risk premium used by different leading brokerage houses of the country ranges between 6 % – 7 %.

15.5 Thus, keeping in view the information provided by the Petitioner with respect to the Analyst, the Authority considers Market Risk Premium of 7% as reasonable for calculation of cost of equity component.

15.6 The Authority, in order to have an appropriate measure of the Beta, carried out an in-house own study and detailed analysis, whereby not only the local but International Markets were also explored. The Authority also considered a recent study undertaken by Castalia for the ERC in the Philippines using 111 firms selected from the Damodaran (a professor in Stern Business School at New York University) data set. The average Beta from this sample was 0.997 for the transmission and distribution companies and 1.073 for the whole sample. The average gearing of the sample is 67%. If the same is worked out on 70/30 gearing, the beta of 0.997 works out as 1.10. A few examples of Beta used by different Regulators in the world are given as hereunder;

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

15.7 A beta of 0.75 at a gearing of 60/40 – which is around the mid-point of the above estimates – equates to a beta of 1.0 at a gearing of 70/30. A beta of 0.8 at 60/40 equates to a beta of 1.07 at 70/30. A beta of 0.95 at a gearing of 65/35 works out as 1.11 at 70/30 gearing.

15.8 Thus, keeping in view the finding of the study undertaken by Castalia for the ERC in the Philippines using 111 firms, range of betas used by international Regulators and findings of the Authority's in house study, it has decided to assess the beta in the instant case as 1.10.

15.9 As regard the cost of debt, the Authority understands that it is the interest rate on which a company would get borrowing from the debt market / commercial banks i.e. a rate at which banks lend to their customers. The Authority during its determination in

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

the matter of XWDISCOs pertaining to the FY 2014-15, decided to use the actual rate of debt appearing in the balance sheets of the DISCOs (excluding the loans which were disallowed by the Authority) considering the fact that the payment of these loans were due in the FY 2014-15 and onwards. All of these loans were relent loans whose interest ranged between 15%-18%. When this decision was made, the Privatization scenario was not active and the decision was primarily based keeping in view the single year tariff regime and public sector ownership of the XWDISCOs. Considering the future privatization policy of GoP, a forward looking approach has been used for the estimating cost of debt of these loans for WACC calculation. Here it is pertinent to mention that historically when State Owned Enterprises were privatized e.g. K-Electric, the relent loans on the balance sheet of K-Electric were converted into equity by the GoP. Further, the Authority was also anticipating some additional equity from the GOP in some form, that's the reason why the Authority raised the optimum capital structure from 80:20 to 70:30. In view of aforementioned, the Petitioner's request of setting cost of debt at 14.56% does not merit consideration, hence rejected by the Authority.

15.10 The Authority, in order to do a fair evaluation of the cost of debt, considered recent TFCs / Sukkuk launched by K-Electric Limited with a 5 year's term maturity, whereby Rs. 1,500 million were raised by K-Electric on a rate of 3 month KIBOR + 2.75% during FY 2013-14. Here it pertinent to mention that the K-Electric also raised Rs. 22 billion on 7 years TFC on a rate of 3 Months KIBOR plus 1% during 2014-15.

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

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

$$ke = RF + (RM - RF) \times \beta$$
$$= 8.9652\% + (7\% \times 1.1)$$
$$= 16.67\%$$

The cost of debt ; Kd = 9.76%

$$WACC = [Ke \times (E / V)] + [Kd \times (D / V)]$$

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

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

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

15.13 Thus, using rate of return of 11.83%, the Authority has assessed Rs.963 million as return on rate base as per the following calculations:

Description	Rupees in Million	
	FY 2014-15 Actual/ Provisional	FY 2015-16 Projected
Opening fixed assets in operation	26,308	28,106
Assets Additions during the year	1,798	2,003
Closing Fixed Assets in Operation	28,106	30,109
Less: Accumulated Depreciation	11,423	12,483
Net Fixed Assets in operation	16,684	17,626
+ Capital Work in Progress (Closing)	3,300	3,770
Total Fixed Assets	19,984	21,396
Less: Deferred Credit	12,456	12,648
Total	**7,528**	**8,748**
Average Regulatory Assets Base		**8,138**
Return on Rate Base @ 11.83%		**963**

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

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

16. **Issue # 11. Whether the petitioner projected other income of Rs.2,561 million (Rs.0.95/kWh) for the FY 2015-16 as against the Authority's approved Rs.740 million (Rs.0.23/kWh) for the FY 2014-15, is reasonable?**

16.1 The Petitioner has projected Rs. 2,561 million as other income for the FY 2015-16. The Petitioner stated that other Income has been projected to increase by 118 % from the previous year and includes markup on bank deposits, late payment surcharge, amortization of deferred credits, etc.

16.2 As per the Tariff Methodology, Other Income may be determined in a manner that is consistent with the base year. Other income may be considered to be a negative other cost which may include, but not be limited to, amortization of deferred credit, meter and rental income, late-payment charges, profit on bank deposits, sale of scrap, income from non-utility operations, commission on PTV fees and miscellaneous income. Other income will be monitored to identify trends. The Authority has assessed other Income for the petitioner as Rs.773 Million for FY 2015-16.

16.3 The Authority in consistency with its earlier decision, on the issue, has not included the amount of LPS while assessing the other income for FY 2015-16. Here it is pertinent to mention that the LPS recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective DISCO only and in the event of non-submission of evidence of payment to CPPA (G), the entire amount of Late Payment charge recovered from consumers shall be made part of other income and deducted from revenue requirement in the subsequent year.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

16.4 In view thereof, the Authority has assessed Rs.773 million as Other Income which does not include late payment charge and includes amortization of deferred credit.

17. **Issue # 12. Whether the request of petitioner to allow Rs. 1,124 million as provision for bad debts based on 2% of the sale revenue, 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 overall recovery position is very poor and is around 57.81 %. (Govt. recovery is 52.14% and Pvt. is 61.40%.) Subsequently, during the hearing, the Petitioner submitted to allow the aforementioned amount due to less recovery and huge receivables position of the Petitioner over the period having age above three years.

17.2 In the past, keeping in view the peculiar area in which the Petitioner operates, the Authority had 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 Petitioner reveals that it has not written off any amount as bad debts during the FY 2014-15. Consequently, no amount can be approved under this head.

17.3 The Authority considers it important to discuss that in the FY 2012-13 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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

17.4 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 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.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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.

17.5 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.

17.6 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.

17.7 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 .

17.8 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.

17.9 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 foras to the extent of written off amount, if it considers it genuine billing. In addition,

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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 requirements of Rs. 56.635 million at an average sale rate of Rs.20.97/kWh for the FY2015-16. is justified as against Authority's approved revenue requirement of Rs. 45.770 at average sale rate of Rs.14.37/kWh for the FY2015-16?**

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 Distribution Margin (DM)

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

18.4 Revenue Requirement

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

1.	Power Purchase Price		**Rs. 39,506 Million**
	CpGenE	Rs. 25,277 Million	
	CpGenCap	Rs. 12,619 Million	
	USCF	Rs. 1,610 Million	
2.	Distribution Margin		**Rs. 6,162 Million**
	O&M Cost	Rs. 4,912 Million	
	Depreciation	Rs. 1,060 Million	
	RORB	Rs. 963 Million	
	Gross DM	Rs. 6,935 Million	
	Less: Other Income	Rs. 773 Million	

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Net DM	**Rs.6,162 Million**	
Prior Year Adjustment		**Rs. (2,633) Million**
Total Assessed Revenue Requirement		**Rs. 43,035 Million**

18.4.2 Based on the projected sales of 3,173 GWh for the FY 2015-16, the Petitioner's average sale rate works out as Rs.13 56/kWh, consisting of Rs.12.45/kWh of adjusted PPP, Rs.1.94/kWh of DM and Rs (0 83) /kWh of Prior Year Adjustment.

18.4.3 This revenue would be recovered from the consumers during the FY 2015-16, through the projected units of 3,173 GWh, as per Annex–II.

19. **Issue # 14. Whether the request of petitioner to allow finance cost of Rs.5,955 million for the FY 2015-16 for the allocated loan by GoP is justified?**

19.1 The Petitioner has requested the Authority to allow the financial charges on account of Loans following borrowings of GoP on behalf of DISCOs, including the SEPCO share Rs.16 billion at mark-up of 3 month KIBOR+2% spread. The Petitioner stated that the MOW&P in various meeting held at Islamabad has directed all XWDISCOs including the Petitioner to incorporate following loans and the Mark-up costs on these loans in their books of accounts and to accept debit/credit note issued by CPPA (G) in respect of their share in loan & mark-up and take-up the issue with Authority in order to make the interest cost as a part of their consumer end tariff. The Petitioner further stated that GoP is the owner of the Distribution Companies being shareholder as well as guarantor of the TFC loans arranged by it through PHPL.

19.2 The Petitioner further delineated that during FY 2014-15, CPPA (G) has further allocated the following loans and charges thereon as under;

Rs. in Billion

SEPCO	Revised Allocation of Loan	Additional Loan	Total Loan
	10.593	3.108	13.702

19.3 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 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?**

20.1 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.

20.2 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.

20.3 The Petitioner did not respond to the letter, however, subsequently the Petitioner submitted during the hearing of its tariff petition FY 2014-15 that the comments would be submitted shortly. It was decided by the Authority in the tariff determination of the Petitioner to seek comments from XWDISCOs so as to decide on the matter in the next year's tariff determination.

20.4 The Petitioner during the hearing of its instant petition submitted that its financial, administrative and technical power as concentrated in book of Financial Power for DISCOs 2012 are specific and lay down specified responsibilities on all tiers hierarchy. Therefore, the Petitioner stated that no further change is currently required on this account.

20.5 Since the Petitioner itself has submitted that its existing organizational structure is working efficiently, therefore, the Authority does not see any reason to amend the existing financial, administrative and technical powers hierarchy of the Petitioner.

21. **Issue # 16. What are the concerns of the Petitioner on changing terms and conditions of lifeline consumers and Residential consumers?**

21.1 This issue has already been discussed in detail under the directions part of the decision.

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

22.1 The Authority observed that IESCO, in its tariff petition for the FY 2012-13, contended that by installing TOU meters on the connections that operate on a 24 hour basis, an undue benefit of lesser off peak rate is enjoyed by these sort of consumers as their demand remains constant throughout the day, irrespective of the differential tariff being offered in different time spectrum. IESCO presented a negative billing

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

impact of Rs. 9 million per month approx. due to the installation of TOU meters on cellular company connections (who according to IESCO ,maintains constant load throughout the day). The same concern was noted and addressed in para 6.5 of the tariff determination for the FY 2012-13 dated 27th March, 2013.

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

23. Risks

- Conversion to a TOU meter is only viable for consumers who are aware of the rules and are able to alter their consumption patterns to maximize plan benefits.
- The main objective of TOU tariff was reduced demand on the power system during peak hours by introducing TOU metering.
- Cellular companies run their business round the clock during peak hours as well thus do not contribute toward the reduction in power demand during the peak hours.
- A separate tariff may be introduced for cellular companies as they do not deserve TOU tariff due constant load behavior.
- The consumer of cellular companies are enjoying the cross subsidy because they are availing the benefits resulting from application of TOU tariff consequently causing a negative impact on revenue as well as average sale rates.
- GEPCO also submitted a negative billing impact of TOU metering of cellular connections of Rs. 13.88 million affecting the revenues of the company;

Comparison of TOU/ Normal Billing to the Cellular Companies for the Month of June, 2013				
Name of Company	**No. Of Connections**	**TOU Billing**	**Billing under Normal Tariff**	**Difference**
Cellular Companies	1,955	Rs.38.42 million	Rs. 52.30 million	Rs. 13 88 million

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

23.1 Keeping in view the aforementioned arguments / comments submitted by the XW-DISCOs, the Authority decided to hold a separate hearing on the issue by taking stakeholder on board. In this regard a hearing was held on 8th July, 2014. The hearing was attended by representatives of IESCO and legal representatives of Cellular Companies. The representatives of IESCO reiterated their stance and requested the Authority to discontinue the installation of TOU meters on these connections. Whereas, the legal representatives of Cellular companies objected to the proceedings and demanded that evidence of losses being faced by DISCOs should be produced to review by cellular companies in order to provide further justification / evidence. The legal representatives further objected to the suo-moto proceedings and named it as a brain storming session which needs to be followed by examination of evidence by cellular companies and a further hearing opportunity. The legal representatives of IESCO objected to the concerns of cellular companies' representatives and offered to present all the facts to the Authority. The Authority, during the hearing, required both DISCOs and cellular companies to provide their evidences in this regard to the Authority for consideration.

23.2 As directed by the Authority during the hearing, IESCO submitted data vide letter No. 7617-20/CE/IESCO/CD(S) dated 21st July, 2014. In the meantime some initial information was provided by Warid Telecom Company.

23.3 A number of cellular companies instead of providing data, went to the higher court against the suo motto proceedings initiated by the Authority. The Honorable Islamabad High Court, dismissed their petition and the same was challenged by cellular companies before the Supreme Court of Pakistan. The decision of the Honorable Supreme Court is reproduced here as under;

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

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

- The respondent is unable to file proper evidence without the pleadings and summary of evidence of IESCO being shared with 'them;
- Contrary to Authority's understanding, there is no technical capability in the Network Operations Centre (NOC) of the respondents to measure and record the peak vs off-peak consumption of the BTS sites;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

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

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

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

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

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

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

23.8 In view of aforementioned and as per the statutory requirements, the Authority framed the same issue in the instant petitions and the relevant data was sought from the DISCOs for the onwards comments from the cellular companies.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

23.9 The Petitioner during the hearing stated that TOU metering tariff will result in financial loss to the Petitioner to the tune and accordingly recommended to charge A2 (b) tariff to all such consumers instead of A2(c). The Petitioner substantiated its claim by presenting the following table;

POST TOU FINANCIAL IMPLICATION ON REVENUE UNDER TOU TARIFF														
Sr. No.	Reference No. Name & Address	S/L (kw)	Month	MDI Recorded in Oct-15	Under A-2 B (05) TOU Tariff					Under A-2 C (06) TOU Tariff			Financial Impact	
					Units Billed			Rate Per KWh Rs.	Energy Charges (In Rs)	Amount Billed				
					O.P (KWh)	Peak (KWh)	Total			Off Peak Rs. 11.50/- Kwh	Peak Rs. 17.50/- Kwh	Total	Amount	% Age
1	24-38111-0706708	6	15-Oct	4	1930	190	2120	15	31888	22195	3325	25520	6280	19.70%
2	27-38111-0474050	5	15-Oct	4	610	96	706	15	10590	7015	1680	8695	1895	17.90%
3	27-38111-0711400	6	15-Oct	4	180	72	252	15	3780	2070	1260	3330	450	11.90%
4	27-38111 0446800	11	15-Oct	4	350	215	565	15	8475	4025	3763	7787	608	8.10%
5	27-38111-0474050	5	15-Occ	4	610	96	706	15	10590	7015	1680	8695	1895	17.90%
6	27-38111-0483600	7.5	15-Oct	4	680	101	781	15	11715	7820	1768	9587	2128	10.20%
TOTAL					4360	770	5130	15	76950	50140	13475	63615	-13335	17.38%
								Loss to SEPCO Rs. -13335/-					17.30%	

Note It is therefore recommended to charge A2 (b) Tariff to all such consumers instead of A2 (C) Tariff to avoid the financial loss to DISCOs

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

24. <u>Issue # 18. What will be the mechanism of charging Wheeling/Use of System Charges (UOSC) in case of network of XW-DISCOs are used for Wheeling?</u>

24.1 The Petitioner during the hearing submitted that it is a very small company having no B-4 Private consumers as well as –B3 potential connections.

24.2 CPPA (G) on the issue of Wheeling has informed (through email dated 21st September, 2015) that while invoicing to DISCOs, it excludes the transmission cost(s) as well as generation capacity cost depending on MDI and MEPCO was requested not to raise any invoice to NTDC/Generators/DISCOs in this regard in future, being at source adjustments, made by CPPA (G) in the monthly Energy Invoices to all. It was also suggested that the confusion may be resolved through NEPRA.

24.3 In view thereof, the Authority has decided to conduct a meeting on the subject matter with all the stakeholders not later than 30th June, 2016.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

25. Issue # 19. Whether the tariff petition substantially complies with NEPRA Determination of Consumer-end Tariff (Methodology and Process) Guidelines, 2015?

25.1 The Petitioner has submitted that the Tariff Petition for FY 2015-16 substantially complies the NEPRA's Determination of consumer end Tariff (Methodology and process) guidelines 2015.

25.2 The Authority, in the context of single year tariff regime , has not observed any deviation from its notified Guidelines.

26. **ORDER**

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

I. Sukkur Electric Power Supply Company Limited (SEPCO) is allowed to charge its consumers such tariff as set out in the schedule of tariff for SEPCO 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 (G), adjustment of remaining components of PPP will be adjusted biannually. Here it is pertinent to mention that while making biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.

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

i) Where only 132 kV system is involved

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

ii) Where only 11 kV distribution systems is involved.

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

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

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

Where:

Gross Distribution Margin for FY 2015-16 is set at Rs.2.19/kWh (without excluding impact of other income)

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

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

AFI (T) = Adjustment factor for investment at 132 kV level i.e.17%

AFI (D) = Adjustment factor for investment at 11 kV level i.e. 61%.

AFI (TD) =Adjustment factor for investment at both 132 kV & 11 kV level i.e. 78%.

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

V. SEPCO is hereby allowed the T&D losses target of 27.5% for the FY 2015-16.

VII. SEPCO is hereby allowed a total investment of Rs.2,472 million

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

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

TARIFF COMPONENT	Assessed Cost FY 2015-16	ADJUSTMENTS/ ASSESSMENT	TIME LINES
POWER PURCHASE PRICE			
Energy Purchase Price			
Fuel Cost	23,949	Monthly, as per the approved mechanism.	Data to be provided by CPPA (G)by 3rd of close of the month
Variable O&M	1,328	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10th July and 10th January, as the case may be.
Capacity Charges	12,619	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10th July and 10th January, as the case may be.
Use of System Charges	1,610	Biannually, as per the approved mechanism.	Request to be furnished by the Pennoner not later than 10th July and 10th January, as the case may be.
T&D Losses	27.50%	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10th July and 10th January, as the case may be.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

NET DISTRIBUTION MARGIN	**6,162**		
O&M Cost			
Salaries, wages & other benefits	2,903	Annually	On the basis of next year tariff petition.
Post-Retirement benefits	550	----do-----	----do-----
Repair and Maintenance	935	----do-----	----do-----
Other operating expanses	524	----do-----	----do-----
Depreciation	1,060	----do-----	----do-----
Return on Rate Base	963	----do-----	----do-----
Other Income	(773)	----do-----	----do-----
Prior Year Adjustment	(2,633)	----do-----	----do-----

27. <u>Summary of Direction</u>

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

1- To complete the installation of its pending ToU meters without any further delay.

2- To adopt extraordinary measures to improve its recovery and submit a comprehensive recovery plan clearly highlighting the problem areas, targets for their improvements along with intended strategies/tools to achieve the same latest by March 31, 2016.

3- To ensure timely recovery / adjustment of its TDS (against its payables) and submit report to the Authority on quarterly basis in this regard

4- To take up the matter to the relevant foras to the extent of written off amount, if it considers it genuine billing and to reconcile its billing with the GoS on regular / monthly basis to avoid any such errors / events in future.

5- To submit the status and progress of FIRs along-with the benefits achieved on quarterly basis for consideration of the Authority.

6- To complete the installation of AMRs/ AMIs System within the time lines given by the Authority.

7- To complete the mobile meter reading by end of February, 2016 and to ensure the visibility of the snap shot on the bills and also to maintain its record in soft form for at least a period of twelve (12) months.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

8- To provide project wise detail of cost incurred and the prospective benefits achieved for the investment carried out in FY 2014-15 and also for the investment to be carried out in FY 2015-16 along-with its next year tariff petition.

9- To spend at least 20% of the village electrification funds for improvement / up-gradation of the grid. The Petitioner is further directed to not to undertake any village electrification which would result in overloading of its system. The village electrification would only be undertaken without augmentation of the grid, if it already has spare MVAs.

10- To create the separate post-retirement benefit Fund before 30th June 2016.

11- To maintain a proper record of its assets by way of tagging each asset for its proper tracking.

12- To provide an explanation on the concerns raised by the Authority in terms of its R&M cost not later than 30th June, 2016.

13- To submit its investment needs regarding implementation of HHU project not later than 30th June, 2016.

14- To share the detail of late payment charges recovered from the consumers and any invoice raised by CPPA (G) under the head of mark-up on delayed payments for the FY 2014-15 and FY 2015-16.

15- To complete the study of its system with respect to T&D Losses without further delay.

16- The Petitioner has to provide rational / justification for improper utilization of the consumer security deposit and receipt against deposit work. The Petitioner is also being directed to restrain from unlawful utilization of receipts against deposit works and security deposits, failing which, the proceedings under the relevant law shall be initiated against the Petitioner.

17- The Petitioner is also directed to give clear disclosures in its Financial Statements with respect to the consumer financed spares and stores, work in progress and cash & bank balance.

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 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 Limited (SEPCO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales		Tariff		Revnue		
	GWh	% Mix	Fixed Charge Rs./kW/M	Variable Charge Rs./kWh	Fixed Charge	Variable Charge mln. Rs.	Total
Residential							
Up to 50 Units	48	1.51%		4.00	-	192	192
For peak load requirement less than 5 kW							
01-100 Units	557	17.56%		9.55	-	5,319	5,319
101-200 Units	287	9.06%		12.07	-	3,467	3,467
201-300 Units	318	10.04%		12.07	-	3,842	3,842
301-700Units	264	8.31%		14.55	-	3,838	3,838
Above 700 Units	308	9.72%		17.55	-	5,413	5,413
For peak load requirement exceeding 5 kW)							
Time of Use (TOU) - Peak	6	0.18%		19.00	-	109	109
Time of Use (TOU) - Off-Peak	34	1.07%		13.05	-	441	441
Temporary Supply	0	0.00%		17.55	-	0	0
Total Residential	**1,822**	**57.44%**			**-**	**22,621**	**22,621**
Commercial - A2							
For peak load requirement less than 5 kW	92	2.90%		18.90	-	1,741	1,741
For peak load requirement exceeding 5 kW							
Regular	14	0.44%	400.00	14.90	18	208	226
Time of Use (TOU) - Peak	18	0.56%		19.00	-	336	336
Time of Use (TOU) - Off-Peak	90	2.84%	400.00	13.05	168	1,174	1,343
Temporary Supply	0	0.00%		18.90	-	0	0
Total Commercial	**214**	**6.74%**			**187**	**3,460**	**3,647**
General Services-A3	**95**	**3.00%**	**-**	**12.50**	**-**	**1,190**	**1,190**
Industrial							
B1	159	5.03%		14.40	-	2,297	2,297
B1 Peak	9	0.30%		19.00	-	180	180
B1 Off Peak	42	1.34%		13.05	-	553	553
B2	41	1.29%	400.00	13.90	92	567	659
B2 - TOU (Peak)	25	0.78%		19.00	-	472	472
B2 - TOU (Off-peak)	172	5.42%	400.00	12.85	452	2,208	2,660
B3 - TOU (Peak)	5	0.15%		19.00		90	90
B3 - TOU (Off-peak)	26	0.83%	380.00	12.75	35	336	370
B4 - TOU (Peak)	4	0.12%		19.00		70	70
B4 - TOU (Off-peak)	18	0.57%	360.00	12.65	16	228	244
Temporary Supply	0	0.00%		14.40	-	2	2
Total Industrial	**502**	**15.82%**			**594**	**7,004**	**7,597**
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts-less than 5 kW	5	0.18%		14.90	-	75	75
C1(b) Supply at 400 Volts-exceeding 5 kW	29	0.92%	400.00	14.40	33	420	453
Time of Use (TOU) - Peak	6	0.18%		19.00	-	110	110
Time of Use (TOU) - Off-Peak	34	1.06%	400.00	13.05	38	441	478
C2 Supply at 11 kV	9	0.30%	380.00	14.20	10	133	143
Time of Use (TOU) - Peak	15	0.47%		19.00	-	284	284
Time of Use (TOU) - Off-Peak	69	2.18%	380.00	12.85	77	890	966
C3 Supply above 11 kV	0	0.00%	360.00	14.10	-	-	-
Time of Use (TOU) - Peak	0	0.00%		19.00	-		-
Time of Use (TOU) - Off-Peak	0	0.00%	360.00	12.75	-	-	-
Total Single Point Supply	**167**	**5.27%**			**157**	**2,353**	**2,509**
Agricultural Tube-wells - Tariff D							
Scarp	[illegible]	4.26%		15.50	-	2,007	2,097
Time of Use (TOU) - Peak	3	0.11%		19.00	-	65	65
Time of Use (TOU) - Off-Peak	37	1.16%	200.00	12.75	12	477	489
Agricultual Tube-wells	35	1.11%	200.00	15.05	29	529	558
Time of Use (TOU) Peak	11	0.36%		19.00	-	217	217
Time of Use (TOU) Off-Peak	64	2.01%	200.00	12.75	41	[illegible]	852
Total Agricultural	**286**	**9.02%**			**83**	**4,196**	**4,278**
Public Lighting	84	2.64%		13.90	-	1,164	1,164
Resid. Colon.att. to ind	2	0.06%		13.90	-	28	28
Sub-Total	**86**	**2.70%**			**-**	**1,192**	**1,192**
Special Contract - Tariff-J							
J-1 For Supply at 66 kV & above	-	0.00%	360.00	14.10	-	-	-
Time of Use (TOU) - Peak	-	0.00%		19.00	-	-	
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	12.75	-	-	
J-2 (a) For Supply at 11, 33 kV	-	0.00%	380.00	14.20	-	-	-
Time of Use (TOU) - Peak	-	0.00%		19.00	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	380.00	12.85	-	-	-
J-2 (b) For Supply at 66 kV & above	-	0.00%	360.00	14.10	-	-	-
Time of Use (TOU) - Peak	-	0.00%		19.00	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	12.75	-	-	-
J-3 (a) For Supply at 11, 33 kV	-	0.00%	360.00	14.20	-	-	-
Time of Use (TOU) - Peak	-	0.00%		19.00	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	380.00	12.85	-	-	-
J-3 (b) For Supply at 66 kV & above	-	0.00%	360.00	14.10	-	-	
Time of Use (TOU) - Peak	-	0.00%		19.00	-	-	
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	12.75	-	-	-
Total Revenue	**3,173**	**100.00%**			**1,019**	**42,016**	**43,035**

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

SCHEDULE OF ELECTRICITY TARIFFS
FOR SUKKUR ELECTRIC POWER SUPPLY COMPANY LIMITED (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	001 - 100 Units	-		9.55
iii	101 - 200 Units	-		12.07
iv	201 - 300 Units			12.07
v	301 - 700 Units	-		14.55
vi	Above 700 Units	-		17.55
b)	For Sanctioned load 5 kW & above		Peak	Off-Peak
	Time Of Use	-	19.00	13.05

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			18.90
b)	For Sanctioned load 5 kW & above	400.00		14.90
			Peak	Off-Peak
c)	Time Of Use	400.00	19.00	13.05

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

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

A-3 GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
a)	General Services	-	12.50

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

a) Single Phase Connections; Rs. 175/- per consumer per month

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

SCHEDULE OF ELECTRICITY TARIFFS
FOR SUKKUR ELECTRIC POWER SUPPLY COMPANY LIMITED (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)	-		14.40
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00		13.90
	Time Of Use		Peak	Off-Peak
B1 (b)	Up to 25 KW		19.00	13.05
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	19.00	12.85
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	19.00	12.75
B4	For All Loads (at 66,132 kV & above)	360.00	19.00	12.65

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	-		14.90
b)	Sanctioned load 5 kW & up to 500 kW	400.00		14.40
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		14.20
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00		14.10
	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	13.05
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	19.00	12.85
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	19.00	12.75

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY ★ NEPRA AUTHORITY

SCHEDULE OF ELECTRICITY TARIFFS
FOR SUKKUR ELECTRIC POWER SUPPLY COMPANY LIMITED (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 (a)	Agricultural Tube Wells	200.00		15.05
			Peak	Off-Peak
D-1(b)	SCARP 5 kW & above	200.00	19.00	12.75
D-2 (b)	Agricultural 5 kW & above	200.00	19.00	12.75

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 TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
E-1(i)	Residential Supply	-	17.55
E-1(ii)	Commercial Supply	-	18.90
E-2	Industrial Supply	-	14.40

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

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		13.90

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

SCHEDULE OF ELECTRICITY TARIFFS
FOR SUKKUR ELECTRIC POWER SUPPLY COMPANY LIMITED (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	-	13.90

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

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
J -1	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	14.10	
J-2				
(a)	For supply at 11,33 kV	380.00	14.20	
(b)	For supply at 66 kV & above	360.00	14.10	
J-3				
(a)	For supply at 11,33 kV	380.00	14.20	
(b)	For supply at 66 kV & above	360.00	14.10	
	Time Of Use		Peak	Off-Peak
J -1(b)	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	19.00	12.75
J-2 (c)	For supply at 11,33 kV	380.00	19.00	12.85
J-2 (d)	For supply at 66 kV & above	360.00	19.00	12.75
J-3 (c)	For supply at 11,33 kV	380.00	19.00	12.85
J-3 (d)	For supply at 66 kV & above	360.00	19.00	12.75

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 bv DISCOs (GWh)	512	490	445	422	335	280	251	240	254	316	394	437	4,376

kWh

Fuel Cost Component	4.9811	4.7552	5.1217	5.2366	5.0497	5.8619	7.1241	5.7493	6.6429	6 7227	5 2908	4 9927	**5.473**
Variable O & M	0.2727	0 2678	0.2825	0.2891	0.2916	0.3337	0.3711	0.3234	0.3467	0 3577	0 3050	0 2891	**0.303**
CpGenCap	1.9100	1 9827	2.2545	3.1353	3.1934	4.1661	4.0547	3.9009	3.6460	3 3505	2 9860	2.2703	**2.88**
USCF	0.2413	0 2679	0.3094	0.4180	0.4446	0.5157	0.4654	0.5045	0.4171	0.4326	0.3410	0 3044	**0.37**
Total PPP in Rs. /kWh	**7.4050**	**7.2735**	**7.9681**	**9.0789**	**8.9793**	**10.8774**	**12.0153**	**10.4783**	**11.0526**	**10.8634**	**8.9228**	**7.8564**	**9.0278**

Rs in Million

Fuel Cost Component	2,553	2,331	2,277	2,209	1,691	1,642	1,788	1,380	1,685	2,127	2,086	2,180	**23,949**
Variable O & M	140	131	126	122	98	93	93	78	88	113	120	126	**1,328**
CpGenCap	979	972	1,002	1,323	1,069	1,167	1,017	937	925	1,060	1,177	991	**12,619**
USCF	124	131	138	176	149	144	117	121	106	137	134	133	**1,610**
PPP	3,795	3,565	3,543	3,831	3,007	3,046	3,015	**2,516**	**2,804**	**3,437**	**3,517**	**3,431**	39 506

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

Annex-V

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

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means Sukkur Electric Power Supply Company Limited (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

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.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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(G) means Central Power Purchasing Agency Guarantee Limited (CPPA)(G).
16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

GENERAL CONDITIONS

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

PART-II

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

A-1 RESIDENTIAL

Definition

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

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

1. This Tariff is applicable for supply to;

   i) Residences,
   ii) Places of worship,

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

A-2 COMMERCIAL

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

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

A-3 GENERAL SERVICES

1. This tariff is applicable to;

   i. Approved religious and charitable institutions
   ii. Government and Semi-Government offices and Institutions
   iii. Government Hospitals and dispensaries
   iv. Educational institutions
   v. Water Supply schemes including water pumps and tube wells operating on three phase 400 volts other than those meant for the irrigation or reclamation of Agriculture land.

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

B INDUSTRIAL SUPPLY

Definitions

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

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

Conditions

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

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

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

B-2 SUPPLY AT 400 VOLTS

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

B-3 SUPPLY AT 11 kV AND 33 kV

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

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

C BULK SUPPLY

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

General Conditions

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

C-I SUPPLY AT 400/230 VOLTS

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

C-2 SUPPLY AT 11 kV AND 33 kV

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

C-3 SUPPLY AT 66 kV AND ABOVE

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

D AGRICULTURAL SUPPLY

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

Special Conditions of Supply

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

D-1

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

D-2

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

E-1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

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

Special Conditions of Supply

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

E-2 TEMPORARY INDUSTRIAL SUPPLY

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

SPECIAL CONDITIONS OF SUPPLY

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

F SEASONAL INDUSTRIAL SUPPLY

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

Definitions

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

Special Conditions of Supply

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.

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

G PUBLIC LIGHTING SUPPLY

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

Definitions

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

Special Conditions of Supply

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

H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

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

Definitions

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

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

Special Conditions of Supply

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

I. TRACTION

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

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

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

i. To a licensee procuring power from SEPCO for the purpose of further supply within its respective service territory and jurisdiction.

ii. To an O&M operator under the O&M Agreement within the meaning of NEPRA (Supply of Power) Regulations 2015 duly approved by the Authority for the purpose of further supply within the service territory and jurisdiction of the SEPCO

iii. To an Authorized agent within the meaning of NEPRA (Supply of Power) Regulations 2015, procuring power from the SEPCO for further supply within the service territory and jurisdiction of the SEPCO

J-1 SUPPLY TO LICENSEE

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

SUPPLY UNDER O&M AGREEMENT

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

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

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

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

SUPPLY TO AUTHORIZED AGENT

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

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

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Annex- VI

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 Consumer-End Tariff Pertaining to the FY 2015-16

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
   Block, Pak Secretariat
   Islamabad

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

9. Secretary

1

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, llth 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. The Network 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

86

4

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

National Electric Power
Regulatory Authority (NEPRA)

NOTICE OF ADMISSION / HEARING

PETITION FILED BY SUKKUR ELECTRIC POWER COMPANY LIMITED (SEPCO), FOR THE DETERMINATION OF ITS CONSUMER-END TARIFF PERTAINING TO THE FY 2015-16 BASED ON THE ACTUAL/ESTIMATED RESULTS OF THE FY 2014-15 AS BASE 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 2015-16 based on actual/estimated results of the FY 2014-15 as base year.

[illegible]

1. The petitioner has prayed for the determination of its consumer-end tariff pertaining to the Financial Year 2015-16, approval of following components.

Sr.	Description	FY 2015-16
1	Distribution Margin (Rs./kWh)	3.62
2	Investment (Mln. Rs.)	[illegible]
3	Line Losses (%)	34.15
4	Average Sale Rate (Rs. / kWh)	20.97

2. Based on above tariff components the petitioner requested following category-wise tariff

Description	NEPRA Determined Tariff Pertaining to the FY 2014-15		Requested Tariff for the FY 2015-16	
	Fixed Charges Rs./kW/M	Var. Charges Rs./kWh	Fixed Charges Rs./kW/M	Var. Charges Rs./kWh
	2014-15	2014-15	2015-16	2015-16
Residential -A1				
For Peak Load Requirement less than 5 kW				
Up to 50 Units		4.00		4.00
1-100 Units		11.00		16.56
101-200 Units		[illegible]		15.78
201-300 Units		13.50		19.72
301-700 Units		16.00		24.45
Above 700 Units		19.00		27.81
For Peak Load Requirement 5 kW & above				
Time of Day (TOD) - Peak		19.00		27.81
Time of Day (TOD) - Off-Peak		13.00		18.14
Total Domestic				
Commercial A2				
For peak load requirement less than & up to 5kW		19.00		27.81
For Peak load requirement (<20KW) exceeding 5 kW				
Regular	400.00	15.00	400	23.88
Time of Day (TOU) - Peak		19.00	400	27.81
Time of Day (TOU) Off-Peak	400.00	13.00	400	18.14
Total Commercial				
Industrial				
B1 up to 25 kW (400/230 volts)		14.50		22.87
B1(b) up to 25 kW (Peak)		19.00		27.81
B1(b) up to 25 kW (Off-Peak)		13.00		18.14
B2(a) exceeding 25-500kW (400 volts)	400.00	14.00	400	27.00
B2(b) TOU (Peak) at 400 volts		19.00	400	27.81
B2(b) TOU (Off-Peak) at 400 volts	400.00	[illegible]	400	17.83
B3 TOU (Peak) all loads up to 5000kW at 11/33 Kv		19.00	380	[illegible]
B3 TOU (Off-Peak) all loads up to 5000kW at 11/33 Kv	380.00	[illegible]	380	17.67
B4 TOU (Peak) all loads 66/132 kv and above		19.00	380	27.81
B4 TOU (Off-Peak) all loads 66/132 kv and above	380.00	12.80	380	17.51
Total Industrial				
Single Point Supply (Bulk)				
C1(a) Supply at 400/230 Volts less than 5 KW		14.00		[illegible]
C1(b) Supply at 400/230 Volts 5 KW & up to 500KW	400.00	14.50	400	22.97
Time of use (TOU) Peak		19.00	400	27.81
Time of use (TOU) Off Peak	400.00	13.00	400	18.14
C2 Supply at 11 Kv 33 Kv up to and including 5000 Kw	380.00	14.30	380	22.96
Time of use (TOU) Peak		19.00	380	27.81
Time of use (TOU) Off Peak	380.00	12.80	380	17.69
C3 Supply at 66 Kv & above	380.00	14.20	380	22.40
Time of use (TOU) Peak		19.00	380	27.81
Time of use (TOU) Off Peak	380.00	12.70	380	17.87
Total Bulk Supply				
Agricultural Tube-wells Tariff D				
Scarp D-1(a) less than 5 kW		15.50		21.45
D-2 Agricultural Tube Well	200.00	15.00	200	20.51
Scrap and Agriculture 5 KW and above Time of use (TOU) Peak		19.00	200	27.81
Scrap and Agriculture 5 KW and above Time of use (TOU) Off Peak	200.00	12.70	200	17.67
Total Agricultural Tubewell Tariff-D				
Public Lighting Tariff -G		14.00		23.68
Housing Colonies H		14.00		23.68
Company Total				

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

4 Any person may also file the comments in the matter within 7 days of the publication and the Authority, if deemed fit, may permit participation of such person into the proceedings and also may consider those comments in the final determination.

5 All stakeholders and interested / affected persons are also informed that in order to arrive at a just and informed decision the Authority has also decided to hold a hearing in the subject matter according to the date, time and venue as mentioned below:

Date:	Wednesday 18 November, 2015
Time:	11:00 a.m.
Venue:	NEPRA Tower G-5/1 Islamabad

All communications should be addressed to:

Registrar NEPRA
NEPRA Tower, G-5/1, Islamabad
Phone: 051-2013200 Fax: 051-9210215, E-mail: [illegible]

Annex- VII

31-10-2015

The News.

88