TRF -107 (orginal).

QUETTA ELECTRIC SUPPLY COMPANY LIMITED

FINANCE DIRECTORATE
QESCO COMPLEX ZARGHOON ROAD QUETTA

No. 13726 /FD/QESCO/Payment — Dated 10/06/08

Mehjoob Ahmed Mirza,
2nd Floor, OPF Building, G-5/2,
Islamabad. (Ph# 9207200, 9205225)

Subject: TARIFF PETITION FILING FEE

Reference: Your letter No. TRF-100/7956 Dated 05/06/08

1. Enclosed please find bank draft bearing No. 1649012458600602 dated 10-06-2008 amounting to Rs 1,831,050.00 (Rupees One Million eight hundred thirty one thousand and fifty only) the payment is being made on account of Tariff Petition of QESCO filing fee.

2. Please acknowledge receipt.

<u>DA as above</u>

10/6/08
Asghar Ali Mengal
Finance Director QESCO
Quetta

Registrar
Dy. No....S.S.C.8.......
Dated....16-06-08....

THIS DRAFT IS VALID FOR SIX MONTHS FROM DATE OF ISSUE

HABIB BANK LTD

ACCOUNT PAYEE ONLY

QUETTA-COMPLEX
402-A GUILSTAN RD. QUETTA CANTT.

Serial No. 1245860
Draft No. 1649012458600602
Date 10/06/08

On Demand Pay
To The Order Of N E P R A ISLAMABAD.

The Sum of: Pakistan Rupee ONE MILLION EIGHT HUNDRED THIRTY-ONE THOUSAND FIFTY ONLY PKR ****1,831,050.00

For Habib Bank Limited

TO:
HABIB BANK LIMITED
C.D.A CIVIC CENTRE BR;
ISLAMABAD.

AUTHORISED SIGNATURE
PA NO:

AUTHORISED SIGNATURE
PA NO:

DO NOT WRITE BELOW THIS LINE

Rafique Ahmed Khan
PA No. 5185

QUETTA ELECTRIC SUPPLY COMPANY LIMITED

Phone # 081 9203308
Fax # 081 9202912

FINANCE DIRECTORATE,
QESCO ZARGHOON ROAD
QUETTA.

No. 159-60 / CEO / FD / QESCO / Dated: 10-06-2008

To,

The Registrar,
NEPRA, Islamabad.

Subject: **Submission of the Tariff Petition.**

Reference: No. TRF – 100 / 7956 dated 05.06.2008.

With reference to above find enclosed herewith the revised Tariff Petition in respect of QESCO for the year 2008-09 for kind information and further necessary action.

Muhammad Shafique
Chief Executive Officer

c.c. to,

1. The Member Finance WAPDA, WAPDA House, Lahore.

FIFTY RUPEES پچاس روپیہ (۵۰)

پاکستان

AFFIDAVIT

I, Asghar Ali Mengal, Finance Director, Quetta Electric Supply Company Limited (Distribution License # 08 / DL / 2001) being duly authorized representative / attorney of Quetta Electric Supply Company Limited, hereby solemnly affirm and declared that the contents of the accompanying petition / application No. 152-53 / CEO / FD / QESCO dated 31st May 2008 including all supporting documents are true and correct to the best of my knowledge and belief and that nothing has been concealed. I also affirm that all further documentation to be provided by me in connection with the accompanying petition shall be true to the best of my knowledge and belief.

Verified on Oath this 31st May of 2008, that the contents hereof are true and correct to the best of my knowledge and belief and nothing has been concealed.

DEPONENT

(ASGHAR ALI MENGAL)
FINANCE DIRECTOR
Quetta Electric Supply Company Limited

C0082

QUETTA ELECTRIC SUPPLY COMPANY LIMITED

Received alongwith letter No. 159/60/CEO/FM/QESCO dated 10.06.08 (Received on 16.06.08)
M. Abdul Ghafoor
16/6

TARIFF PETITION

10TH JUNE, 2008

DISTRIBUTION LICENCE
No. 08 / DL / 2001

TABLE OF CONTENTS

1. PETITION SUMMARY

1.1 Details of the Petitioner

1.1.1 Name and Address

Quetta Electric Supply Company Ltd (referred to as QESCO herein after)

1.1.2 Representatives of QESCO

Representatives of QESCO are:

- Muhammad Shafique (Chief Executive Officer)
- Iftekhar Ahmed (Chief Engineer / Technical Director)
- Asghar Ali Mengal (Finance Director)
- Noor Ahmed Mengal (Chief Engineer / Operation Director)

1.1.3 Grounds for Petition

Under the 1997 NEPRA Act, NEPRA is responsible for determining tariffs and other terms and conditions for the supply of electricity by the generation, transmission and distribution companies and to recommend these to the Federal Government, subject to the need to comply with guidelines, not inconsistent with the provisions of the NEPRA Act, laid down by the Federal Government. NEPRA is also responsible for determining the process and procedures for reviewing tariffs and recommending tariff adjustments.

QESCO is a licensed public limited company providing public utility service to distribute and supply electricity to whole of Balochistan except Lasbela. In accordance with the requirements of the license, QESCO is hereby submitting a petition to revise tariffs in its license area during fiscal years **2008-09**.

This petition is being filed in accordance with the NEPRA Tariff Standards and Procedure Rules, 1998 Part II Section 3.

1.1.3A Basis for Review Petition

- Liquidity risks created for QESCO by delayed adjustment of power purchase price (PPP) fluctuations in the end-user tariffs.
- Liquidity risk created for QESCO by not adjusting for changes in the generation mix with respect to PPP fluctuations in the end-user tariffs.
- Establishment of end-user rates across consumer categories and potential risk for QESCO.
- Liquidity risk created for QESCO by not adjusting components of the average tariff for actual sales growth.

- Adjustment of WACC inputs to reflect market conditions.
- Adjustment of 30% agriculture subsidy borne by QESCO in D.M, as it is unavoidable cost for QESCO.
- Adjustment of realistic Transmission and Distribution losses in the end user tariffs.
- Adjustment of working capital in tariffs.

Agriculture Subsidy:

According to Para-3 of tariff notification "Existing Agriculture consumers of Balochistan as on 24th Feb 07 shall be billed at the rate notified but shall continue to be charged up to the maximum of Rs. 4000 per tube-well per month. The difference between the amount billed and charged shall be shared by the Federal Government, Government of Balochistan and QESCO in the proportion 40: 30: 30 or as amended from time to time".
In review tariff petition of March 31st 2007 QESCO demanded 30% Agriculture Subsidy in tariff, where as in tariff determination of January 10 2008 Authority disallowed the adjustment of 30% Agriculture Subsidy with the remarks " Subsidy or any kind of financial support to any consumer category is the Governments prerogative and responsibility". But it is unavoidable cost for QESCO and QESCO borne Rs.15,369.967 Million on account of 30% Agricultural Subsidy from 2000-01 till date, therefore, it may be allowed in Distribution Margin.

T&D Losses.

NEPRA allowed T&D Losses 19.75% which can not be achieved due to following bottlenecks:

- Availability of single 220 KV Transmission source i.e Guddu-Sibi-Quetta.
- Non availability of adequate power generation at Quetta.
- Lengthy network of both 132 & 11 KV system.
- Delay in construction of new 132KV Grid Stations and associated Transmission Lines due to funding issues.
- Inadequate capacity building to meet with the load growth @ 8% per annum, an ultimate cause of load shedding to keep the system intact.

T&D Losses can not be reduced until and unless following measures are taken:

- The Transmission losses are anticipated to increase further from 7.53 to 10.24% till 2011 as the new 220KV proposed transmission sources i.e Dadu – Khuzdar and Kot Addu – D.G.Khan – Rakhni will take at least 3 years if commenced forthwith.

- Reduction in Distribution losses through bifurcation / rehabilitation of lengthy and overloaded 11KV feeders have a contribution of 0.7% only per annum through an expenditure of Rs. 376 Million & 1.70% is subject to funding to the tune of Rs. 1.0 Billion.
- The average Technical Losses on distribution feeders sequel to bifurcation / rehabilitation comes to 10% due to scattered area of this province.

In the absence of completion of above projects Transmission Losses will expected to increase further from 7.53%(Currently) to 8.7% in next year. Therefore, 22.8% T&D losses may be allowed in tariff.

Working Capital

Working capital equal to one month's power purchase price plus 5% of opening Fixed Assets in operation may be allowed to overcome the liquidity risks created from delayed adjustment of PPP, non adjustment of Generation mix with respect to PPP and delay adjustments of WACC.

Weighted Average Cost of Capital

Presently in the local markets the financing is available at KIBOR plus a spread of 1.5% to 3%, therefore, cost of debt for future investments KIBOR is the most relevant to assess returns in the estimation of Revenue requirement, WACC may be considered as 10.732%. cost of debt 13%, cost of equity 19.86% and debt equity ratio of 80:20 and tax rate of 35%.

1.2 Key Aims and Features of the Petition

1.2.1 Aims of the Petition

This tariff petition sets out the tariff methodology, required revenues and timetable for rebalancing tariffs in QESCO's distribution area for the year 2008-09. The aim of this petition is to obtain approval for the immediate implementation of cost reflective tariffs to yield QESCO's required revenues and one year rebalancing of tariffs so that the implementation of cost reflective tariffs will benefit consumers and QESCO as it will;

1. Provide signals for efficient usage of, and investment in, QESCO's distribution network.
2. Promote the financial sustainability of QESCO.

1.2.2 Features of the Petition

This petition proposes the followings:

- A transparent and predictable formula for setting and revising tariffs in QESCO's licensed area.
- Sufficient average tariff to enable QESCO to recover prudently incurred operating costs.
- Incentives for QESCO to make operating efficiencies and reduce commercial losses.

1.2.3 Structure of the Petition

This petition has three distinct components. The first part deals with the tariff methodology. This is the formula that will be used to determine QESCO's distribution margin within the period of control proposed for the year 2008-09. The second part covers the calculation of QESCO's required revenues during the revenue control period. It explains the different components of required revenues including operating costs, investment costs and rate of return.

2 Tariff Review Formula and Process

The tariff formula provides a transparent and predictable way of determining QESCO's distribution margin on an annual basis within the period of control. A formula is advantageous as it reduces uncertainty for the utility and for customers. It also provides a simple way for NEPRA to incentivise the company to reduce losses and/or make operating efficiencies as required.

2.1 Tariff Methodology

2.1.1 QESCO's Margin

The formula calculates QESCO's distribution margin based on forecast unit sales, operating expenses, depreciation, investment and return on investment. Transmission costs are treated as pass-through. The formula determines revenues for the year 2008-09. Revisions may be made to revenues within that period if actual inflation is different from forecast. The profits or losses that arise from changes in efficiency or demand would, however, be retained by QESCO for the duration of the revenue control period.

At the end of year 2008-09, the formula would be reapplied to determine the distribution margin for each year in the subsequent period of control.

Under the proposed tariff-setting methodology, the average retail tariff would consist of (i) the Power Purchase Price (PPP), which would be passed through to the end users in the retail tariff, and (ii) the average distribution margin, which would be set based on the formula-based methodology.

2.1.2 Power Purchase Price (PPP)

QESCO will pay a Power Purchase Price (in Rs/kWh) for the electricity it procures from NTDC or other sources, which would include the generation and transmission charges (regulated by NEPRA and distributed by QESCO). This Power Purchase Price, adjusted for QESCO's distribution losses, would then be simply added to QESCO's overall distribution margin to work out the retail tariffs. Thus, the cost of the purchased electricity would be "passed through" to consumers through the retail tariff, *without affecting QESCO's distribution margin.*

While passing through the PPP, it is recognized that all distribution companies experience some level of distribution losses, defined as the percentage of the difference between the units received by the company and the units invoiced to the consumers. The PPP should thus be adjusted such that QESCO would be compensated for some losses, without hindering the incentive to eliminate the total losses.

$$PPP = \frac{\text{Unadjusted PPP}}{1 - L_t}$$

Where;

- Unadjusted PPP is the cost of electricity supply charged by NTDC at any given time;
- L_t is the target distribution losses at year t, defined as a percentage of purchased units or any other source, in accordance with a schedule established for the control period.

Based on the above formula, the compensation for distribution losses would be automatically adjusted for any changes in the power purchase cost. The schedule of target losses, however, would be maintained throughout the control period, regardless of the actual distribution losses incurred by QESCO. Thus, if QESCO were not able to meet the target loss reduction, it would be penalized by not being able to recover the cost of extra units lost from the retail tariffs. If, on the other hand, QESCO's actual loss reduction outperformed the target level, it would be able to gain extra revenues from the loss adjustments to the PPP.

2.2 Distribution Margin Formula

The average distribution margin for the year 2008-09 would be set in accordance with QESCO's expected revenue requirements, based on the following formula:

$$\text{Avg. Margin}_t = \frac{O\&M_t + \text{Depreciation}}{\text{Total Unit Sales}_t}$$

Where:

- $O\&M_t$ is the expected operating and maintenance cost per kWh (for year t), which includes the estimated cost of technical service and repair, necessary materials for operation, salary, mandatory social insurance payments, administration, management and other operating costs related to QESCO's distribution and supply business. The O&M component for the year 2008-09 would be established on the basis of forecast demand and inflation.

Depreciation: The depreciation (for year t) will be calculated based on; (i) the value of assets existing, set at a fixed amount (Old Asset Base); plus (ii) new assets invested by QESCO.

Total Unit Sales: A schedule of the total unit sales (in kWh) of QESCO across all customer categories is forecast for the year 2008-09. This forecast will be used to determine the average distribution margin per unit (Rs/kWh) needed to cover the revenue requirement expected for the year 2008-09. Annex-I shows expected sales to different consumer categories.

2.3 Consumers-end Tariff-Setting

During the period of the price control, QESCO's tariffs will be rebalanced so that QESCO's total margin is recovered from customers in accordance with the costs of serving different categories of customers.

3. CALCULATING QESCO'S REVENUE REQUIREMENT

3.1 Trends in Consumption

Annex-1 provides information about demand in the QESCO's service area.

3.2 QESCO'S Revenue Requirement

Based on the tariff methodology described in the previous section, the average tariffs for the year 2008-09 have been calculated using the following parameters:

- Inflation: the CPI has been set to increase annually by the rate of 10%.
- Total Unit Sales: Starting with unit sales of MWh as projected in Table-1 for the first year (2007/08), the total unit sales are increased by the annual demand growth. Based on Annex1, the annual rate of demand growth has been set at different levels for different consumers categories.
- Target Distribution & Transmission Losses: The allowed levels of losses are set at 22.8% for the year 2008-09.
- Power Purchase Price is weighted average cost of purchases from CPPA per unit for presentation purposes. Power Purchase Price Rs. 5.35 for the year 2008-09 is weighted average cost of purchases from CPPA.
- Purchase Costs: The cost of electricity purchased by QESCO has been calculated as the PPP (unadjusted for distribution losses) times the units of electricity purchased. This is also the equivalent of the units of electricity sold times the PPP adjusted for distribution losses (PPP divided by 1 minus the percentage of allowed losses).
- $O\&M_t$: Based on inflation adjustments to QESCO's operating expenses from the latest available data, the O&M per unit has been projected at around Rs 1.61 / kWh for the year (2008-09).
- Subsidy: Agricultural subsidy has been calculated on the basis of QESCO's share of differential cost.

  ROR: Considering recent inflation / price hike; the cost of debt is assumed at 13% and cost of equity 19.86%, Debt equity ratio is 80:20 and accordingly ROR is 10.732%.

- New Investments: New investments will be made as per the investment plan provided in Annex-2.

- Depreciation: The depreciation has been calculated on the basis of present depreciation rates of different assets categories and relevant assets value.

- Turn over Tax: Expected levy of the turn over tax @ 0.5% of sales has been included in the distribution cost to pass on to the consumer.

- Distribution Cost: The sum of rate of return on profit rate base, O&M, 30% agricultural subsidy borne by QESCO, turn over tax and Depreciation net of amortization less other income result in QESCO's distribution cost. Dividing this by the total units sold yields the average distribution margin (per kWh).

The results of the calculations are summarized on table-1.

Table - I

Tariff Calculation

		2008-09
1	Total units Sale	4,462
	Allowed Losses	22.80%
	Total Unit Purchased (mln kwh)	**5780**
	PPP (R/kwh-unadjusted)	5.35
	PPP (R/kwh-adjusted for losses)	**6.93**
	PPP (mln Rs.)	**30,920**
2	Operating Fixed Assets in Operation	16,251
3	Transferred during the year	2,561
4	Clossing Fixed Assets(2+3)	18,812
5	Less Cummulative Depriciation	5,766
6	Net Fixed Asstes(4-5)	13,046
7	Clossing Work in Progress	1,759
8	Working Capital	3,389
9	Total Assets	18,195
10	Less Defered Credit	4,547
11	**Regulatory Rate Base**	13,648
12	**Avg Regulatory Rate Base**	11,593
	Distribution Cost	
13	RORB	10.73%
14	RORB (12x10.73%)	1,244
15	Depriciation	465
16	O & M	2,620
17	30% Agri subsidy	3,025
18	Other Income	(197)
19	Turn over Tax	19
20	**Distribution Margin**	**7,176**
21	**PPP (Rs/Kwh)**	6.93
22	Distribution Margin/Kwh	1.61
23	Avg Tariff rate	8.54
24	Distribution Margin/Sales Tariff	18.84

Table - II

Category wise Propsed Tariff

	Units Sold	Proposed Tariff		Revenue In Mill Rs.		
	(Mill.- kWh)	Fixed	Variable/kWh	Fixed	Variable	Total
DOMESTIC:						
UPTO------50 Units	20.58		2.10		43.11	43.11
1------100 Units	411.43		5.75		2,365.70	2,365.70
101------300 Units	100.36		6.94		696.48	696.48
301------1000 Units	34.74		8.70		302.22	302.22
1001------4000 Units	22.63		10.24		231.70	231.70
Temparary Domestic	-				-	-
	-				-	-
Above --4000 Units	-				-	-
Total Domestic.	**589.72**				**3,639.20**	**3,639.20**
Commercial						
'UPTO----100	42.59		11.59		493.61	493.61
ABOVE----100	66.09		11.79		779.24	779.24
Above 20 KW	14.40	365.00	6.84	1.03	98.50	99.53
Total Commercial	**123.08**			**1.03**	**1,371.35**	**1,372.38**
INDUSTRY						
B-1 400 VOLTS UPTO 70KW	41.27		9.09		375.12	375.12
B-2 400 VOLTS UPTO 71-500KW	78.66	315.00	7.09	9.85	557.67	567.52
B-3 11/33 KV	2.84	305.00	9.59	0.54	27.27	27.81
B-4 66/132 KV	59.59	305.00	10.00	3.41	595.91	599.32
Total Industrial	**182.36**			**13.80**	**1,555.97**	**1,569.77**
BULK SUPPLY						
C-1 (400 VOLTS)	-				-	-
(a) Linc. &Non linc.	0.24		7.59		1.83	1.83
(b) Others	18.82	315.00	6.34	1.43	119.32	120.75
C-2 (11/33 KV)	68.27	305.00	5.98	3.70	408.28	411.98
(a) Linc. &Non linc.	-				-	-
(b) For P.O.F at Wah only	-				-	-
(c) Others	-				-	-
C-3 (66/132 KV)	-				-	-
Total Bulk	**87.34**			**5.13**	**529.43**	**534.55**
TUBEWELLS.						
a. Scarp	173.48		8.89		1,542.27	1,542.27
b. Punjab & Sind	-				-	-
i. FLATE RATE TARIF	3,293.55	90.00	8.89	42.83	29,279.70	29,322.54
ii. METERED TARIF	-				-	-
c. NWFP & BALUCHISTAN	-				-	-
ii. METERED TARIF	-				-	-
Total Tubewells	**3,467.04**			**42.83**	**30,821.97**	**30,864.81**
PUBLIC LIGHTING	5.10		9.31		47.44	47.44
RESIDENTIAL COLONIES	7.14		9.50		67.83	67.83
TRACTION -I	-				-	-
CO-GENERATION TARIF-J						
GRAND TOTAL	**4,461.77**			**62.79**	**38,033.19**	**38,095.98**

Table - III

RELIEF OR DETERMINATION SOUGHT

		2008-09	Justification
1	Total units Sale	4,462	Units sold calculated by taking 4% growth rate
	Allowed Losses	22.80%	NEPRA Allowed Line Losses 19.7% which cannot be achived detail is given in Para 2 of 1.1.3A
	PPP (R/kwh-unadjusted)	5.35	Average PPP for July 07 to April 08 is Rs. 4.426 per kWh which is expected to increase to 5.35 per kWh in next year due to constently rise in fuel prices and genration mix
	PPP (R/kwh-adjusted for losses)	**6.93**	Adjusted to losses
2	Operating Fixed Assets in Operation	16,251	
3	Transferred during the year	2,561	Taking into account as per historical trand of conversion of WIP into fixed assets
4	Clossing Fixed Assets(2+3)	18,812	
5	Less Cummulative Depriciation	5,766	
6	Net Fixed Asstes(4-5)	13,046	
7	Clossing Work in Progress	1,759	WIP may allowed in tariff due to heavy investment involved
8	Working Capital	3,389	Refer to para 3 of 1.1.3A
9	Total Assets	18,195	
10	Less Defered Credit	4,547	
11	**Regulatory Rate Base**	13,648	
12	**Avg Regulatory Rate Base**	11,593	
	Distribution Cost		
13	RORB	10.73%	As per NEPRA determination # NEPRA / TRF-37 / QESCO-2005 / 1475 dated 13.03.2007
14	RORB (12x10.7%)	1,244	
15	Depriciation	465	
16	O & M	2,620	NEPRA Allowed O&M cost Rs. 1888.350 million for 2007-08, by taking inflation of fuel prices and other establishment & maintenance expenses, projected O&M cost for 2008-09 will be Rs. 2.620
17	30% Agri subsidy	3,025	Refer to para 2 of 1.1.3 A
18	Other Income	(197)	
19	Turn over Tax	19	
20	**Distribution Margin**	**7,176**	
21	**PPP (Rs/Kwh)**	6.93	
22	Distribution Margin/Kwh	1.61	
23	Avg Tariff rate	8.54	
24	Distribution Margin/Sales Tariff	18.84	

Table - IV

COMPARISON OF UNITS, PPP, D.M & LINE LOSSES

		Allowed by NEPRA	2008-09
1	Total units Sale	3,965	4,462
2	Allowed Losses	19.75%	22.80%
	Distribution Cost		
3	RORB	1,141	1,244
4	Depriciation	469	465
5	O & M	1,888	2,620
6	30% Agri subsidy	-	3,025
7	Other Income	(284)	(197)
8	Income Tax	170	19
9	Distribution Margin	3,384	7,176
10	PPP (Rs/Kwh)	3.66	6.93
11	Distribution Margin/Kwh	0.85	1.61
12	Avg Tariff rate	5.95	8.54
13	Distribution Margin/Sales Tariff	14.34%	18.84%

Table - V

COMPARISON OF EXISTING TARIFF AND PROPOSED TARIFF

Categories	Units Billed	Existing Tariff		Proposed Tariff		Revenue as per Existing Tariff		Revenue as per proposed Tariff	
	(Mill. - kWh)	Fix Charges	Var- Charges	Fix Charges	Var- Charges	Fix Charges	Var- Charges	Fix Charges	Var- Charges
Domestic									
Upto - 50 Units	20.58		1.60		2.10		32.92		43.11
1 - 100 Units	411.43		5.59		5.75		2,299.87		2,365.70
101 - 300 Units	100.36		6.74		6.94		676.41		696.48
301 - 1000 Units	34.74		8.59		8.70		298.40		302.22
Above 1000 Units	22.63		9.59		10.24		216.99		231.70
Total Domestic	**589.72**						**3,524.59**		**3,639.20**
Commercial	-								
Upto - 100	42.59		9.59		11.59		408.43		493.61
Above 100	66.09		9.79		11.79		647.05		779.24
Above 20 KW	14.40	365.00	5.84	365.00	6.84	1.03	84.10	1.03	98.50
TOD Peak									-
TOD Off Peak									-
Total Commercial	**123.08**					**1.03**	**1,139.58**	**1.03**	**1,371.35**
Industrial									-
B - 1 400 Volts upto 40 KW	41.27		7.09		9.09		292.59		375.12
B - 2 400 Volts upto 41 - 500 KW	78.66	315.00	5.09	315.00	7.09	9.85	400.36	9.85	557.67
B - 2 400 Volts (TOD) Peak									-
B - 2 400 Volts (TOD) Off Peak									-
B - 3 11/33 KV									-
B - 3 11/33 KV (TOD) Peak	2.84	305.00	7.59	305.00	9.59	0.54	21.58	0.54	27.27
B - 3 11/33 KV (TOD) Off Peak	59.59	305.00	4.09	305.00	10.00	3.41	243.73	3.41	595.91
B - 4 66 / 132 / 220 KV									-
B - 4 66 / 132 / 220 KV (TOD) Peak									-
B - 4 66 / 132 / 220 KV (TOD) Off Peak									-
Total Industrial	**182.36**					**13.80**	**958.25**	**13.80**	**1,555.97**
Bulk Supply									-
C - 1 (400 Volts)									-
(a) Upto 20 KW	0.24		7.59		7.59		1.83		1.83
(b) Above 20 KW	18.82	315.00	6.34	315.00	6.34	1.43	119.32	1.43	119.32
C - 2 (11/33 KV)	68.27	305.00	5.99	305.00	5.98	3.70	408.96	3.70	408.28
C - 3 (66/132/220 KV)							-		-
Total Bulk Supply	**87.34**					**5.13**	**530.11**	**5.13**	**529.43**
Agricultural	-						-		-
D - 1 (a) Scarp	173.48		7.59		8.89		1,316.74		1,542.27
D - 2 Agricultural Tubwells	3,293.55	90.00	5.59	90.00	8.89	42.83	18,410.97	42.83	29,279.70
Total Agricultural	**3,467.04**	**90.00**	**13.18**	**90.00**	**17.78**	**42.83**	**19,727.71**	**42.83**	**30,821.97**
Public Lighting G - 1							-		-
Public Lighting G - 2	5.10		8.34		9.31		42.50		47.44
Residential Colonies H - 1							-		-
Residential Colonies H - 2	7.14		5.72		9.50		40.84		67.83
Total	**4,461.77**					**62.79**	**25,963.59**	**62.79**	**38,033.19**

Table - VI

SUMMARY OF EVIDENCE

Sr. No.	Particulars		Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	Total
1	Monthly Billing (Sale)	Rs. / Mill	1,802.20	1,673.10	1,941.41	1,967.52	1,881.55	1,953.68	1,694.13	1,774.70	2,077.14	2,047.93	**18,813.36**
2	Power Purchase	Rs./ Mill	1,241.27	1,330.01	1,415.69	1,650.46	1,718.97	2,452.72	2,365.24	2,244.38	2,414.89	2,430.61	**19,264.25**
3	Units Sold	Mill / kWh	334.84	313.73	364.55	368.99	359.78	356.88	310.31	328.09	360.38	341.60	**3,439.16**
4	Units Received	Mill / kWh	433.32	398.15	465.27	464.62	463.62	455.37	388.40	404.69	448.70	430.70	**4,352.84**
5	Units Lost	Mill / kWh	98.48	84.42	100.72	95.63	103.84	98.49	78.09	76.59	88.32	89.09	**913.67**
6	%age of losses	%age	22.73%	21.20%	21.65%	20.58%	22.40%	21.63%	20.11%	18.93%	19.68%	20.69%	**20.99%**

Annex-1

CATEGORY	Unit 2005-06	2006-07	2007-08	Growth Rate	2008-09
	(Mill.- kWh)	(Mill.- kWh)	(Mill.- kWh)		(Mill.- kWh)
DOMESTIC:					
UPTO------50 Units	29.075	27.665	23.030	-11%	20.576
1------100 Units	77.925	78.670	217.520	89%	411.426
101------300 Units	176.314	170.005	119.890	-16%	100.357
301------1000 Units	77.100	92.365	43.370	-20%	34.738
1001------4000 Units	47.906	38.576	28.970	-22%	22.627
Total Domestic.	**408.320**	**407.281**	**432.780**	3%	**589.724**
Commercial					
'UPTO----100	19.951	20.388	32.490	31%	42.589
ABOVE----100	60.710	68.032	64.300	3%	66.093
Above 20 KW	6.950	7.921	11.200	29%	14.401
Total Commercial	**87.611**	**96.341**	**107.990**	**11%**	**123.083**
INDUSTRY					
B-1 400 VOLTS UPTO 70KW	20.797	28.253	33.030	25%	41.268
B-2 400 VOLTS UPTO 71-500KW	44.311	62.070	65.560	20%	78.655
B-3 11/33 KV	7.590	8.476	3.740	-24%	2.844
B-3 66/132 KV	30.133	49.001	48.410	23%	59.591
Total Industrial	**102.831**	**147.800**	**150.740**	**19%**	**182.358**
(a) Upto 20 KW	1.374	1.691	0.360	-33%	0.241
(b) Above 20 KW	15.033	15.740	17.450	8%	18.821
C-2 (11/33 KV)	76.915	66.416	71.140	-4%	68.274
Total Bulk	**93.322**	**83.847**	**88.950**	**-2%**	**87.335**
TUBEWELLS.					
D -1 Scarp	63.217	79.734	122.580	42%	173.484
D - II FLATE RATE TARIF	3,069.865	3,146.855	3,217.270	2%	3,293.555
Total Tubewells	**3,133.082**	**3,226.589**	**3,339.850**	**3%**	**3,467.038**
PUBLIC LIGHTING	**3.864**	3.472	**4.620**	10%	5.096
RESIDENTIAL COLONIES		0.017	0.340	2000%	7.140
GRAND TOTAL	**3,829.030**	**3,965.347**	**4,125.270**	**4%**	**4,461.774**

Annex-2

INVESTMENT PROGRAMME

To improve the system quality and reliability and to extend the distribution network to prospective consumers QESCO intended to execute development works. Investment in development works is subject to the availability of loans / PSDP allocation. The actual & projected investment Plan is as under:

INVESTMENT PROGRAMME

Rs. In Millions

	2005-06 (Actual)	2006-07 (Actual)	2007-08 (Estimated)	2008-09 (Projected)
DOP	120.286	125.206	254.208	277.207
ELR	151.710	224.716	185.000	211.000
6^{TH} STG	59.021	667.586	1,136.000	680.000
2^{nd} RE	0	0	475.000	700.000
TOTAL	**331.017**	**1,017.508**	**2,050.208**	**1,868.207**

Works amounting to Rs. 1,868.207,millions have been planned during the year 2008-09 which include 700.00 million under 2^{nd} Rural Electrification programme (Kuwait Fund), whereas remaining amount is expected from PSDP

QUETTA ELECTRIC SUPPLY COMPANY LIMITED
PROJECTED BALANCE SHEET
2007-09

Rs. In million

	Projected JUNE 2008	Projected JUNE 2009
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
5,000,000,000 Ordinary shares of Rs10 each	**50,000.000**	**50,000.000**
Issued, subscribed and paid up share capital	0.010	0.010
Accumulated Loss	(29,430.164)	(28,966.044)
	(29,430.154)	**(28,966.034)**
Deposit for shares	12,437.525	12,437.525
Deferred liabilities		
Deferred credits	3,706.432	4,546.678
Employees' retirement benefits	1,616.252	1,814.073
	5,322.684	**6,360.751**
NON - CURRENT LIABILITIES		
Long term loans	2,237.902	2,635.902
Consumers' security deposits	285.060	299.238
	2,522.962	**2,935.140**
CURRENT LIABILITIES		
Current maturities of long term loans	83.851	102.000
Provision for tax	17.440	18.538
Creditors, accured and other liabilities	30,525.102	32,126.323
	30,626.393	**32,246.861**
	21,479.409	**25,014.243**
ASSETS		
NON - CURRENT ASSETS		
Tangible fixed assets		
Operating fixed assets	11,115.402	13,046.005
Capital work-in-progress	2,128.441	1,759.456
	13,243.843	**14,805.461**
Long term advances and deposits	11.993	13.128
CURRENT ASSETS		
Store and spares	555.767	652.297
Trade debts	5,077.217	4,440.897
Loans,advances and other receivables	2,030.560	1,830.560
Cash and Bank balances	560.029	3,271.899
	8,223.573	**10,195.653**
	21,479.409	**25,014.243**

QUETTA ELECTRIC SUPPLY COMPANY LIMITED
PROJECTED PROFIT AND LOSS ACCOUNT
2007-09

Rs. In million

	Projected	
	JUNE 2008	JUNE 2009
REVENUE		
Net Sale	23,347.104	38,143.59
Cost of Sales	19,996.720	31,422.00
Gross Profit/(Loss)	**3,350.384**	**6,721.585**
Operational & Maintenance Expenses		
Administrative and general expenses	2,213.838	2,369.70
Subsidy provided to agricultural consumers as per order of Govt of Pakistan (Differential Cost)	2,942.344	3,024.65
Provision for doubtful debts	220.000	250.00
Depreciation on operating fixed assets	408.891	465.41
	5,785.073	**6,109.76**
	(2,434.690)	**611.828**
OTHER INCOME	178.930	196.82
FINANCIAL CHARGES	(264.152)	(325.99)
PROFIT/(LOSS) FOR THE YEAR BEFORE TAX	**(2,519.911)**	**482.658**
Turn Over Tax	(17.440)	(18.538)
PROFIT/(LOSS) FOR THE YEAR	(2,537.351)	464.120
PROFIT/(LOSS) BROUGHT FORWARD	(26,927.863)	(29,430.16)
PROFIT/(LOSS) CARRIED FORWARD	**(29,430.164)**	**(28,966.044)**

QUETTA ELECTRIC SUPPLY COMPANY LIMITED
CASH FLOW STATEMENT
2007-09

Rs. In million

	Projected JUNE 2008	Projected JUNE 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(2,537.351)	464.120
Adjustment for non-cash charges and other iterms		
Depreciation	543.321	630.318
Amortization of deferred credits	(134.430)	(164.905)
Provision for doubtful debts	220.000	250.000
Turnover Tax	17.440	18.538
Financial charges	264.152	325.993
Provision for employees' retirement benefits.	255.000	280.500
Adjustments	14.338	15.772
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	**(1,357.531)**	**1,820.335**
CASH FLOWS FROM WORKING CAPITAL CHARGES		
(INCREASE) / DECREASE IN CURRENT ASSETS		
Store and spare	3.956	(96.530)
Trade debts	(1,696.941)	370.546
Loans, advances, deposits, prepayment and other receivable	420.562	200.000
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Creditors, accrued and other liabilities	3,498.117	1,583.781
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES	2,225.694	2,057.796
CASH INFLOWS FROM OPERATING ACTIVITIES	**868.164**	**3,878.132**
Long term loans to staff	(0.800)	(1.135)
Employees retirement benefits	(75.163)	(82.679)
FINANCIAL CHARGES PAID	(2.157)	(325.993)
	(78.120)	**(409.807)**
NET CASH INFLOWS FROM OPERATING ACTIVITIES	**790.044**	**3,468.325**
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets acquired	(2,355.040)	(2,191.936)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	**(2,355.040)**	**(2,191.936)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Addition in loans	524.000	500.000
Repayment of Loans	(75.292)	(83.851)
Deferred credits	888.811	1,005.152
Consumers' security deposits	13.286	14.178
NET CASH INFLOWS FROM FINANCING ACTIVITIES	**1,350.804**	**1,435.479**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(214.192)**	**2,711.867**
CASH AND CASH EQUIVALENTS AT THE BIGINING OF THE YEAR	774.221	560.029
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**560.029**	**3,271.896**