

TRF-40  
MF



# FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED

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OFFICE OF THE  
CHIEF EXECUTIVE OFFICER  
FESCO FAISALABAD

No. 10581-83 FD/FESCO/CPC

Dated: 27/01/2010

→ The Registrar NEPRA,  
2<sup>nd</sup> Floor, OPF Building, G-5/2,  
Islamabad.

Subject: - **ADJUSTMENT IN FESCO'S TARIFF FOR 2<sup>ND</sup> QUARTER OF  
FY 2009-10**

Enclosed please find herewith request for adjustment in 2<sup>nd</sup> Quarter Tariff of FY 2009-10 along with detailed justification. The financial data pertaining to July-December is also attached herewith.

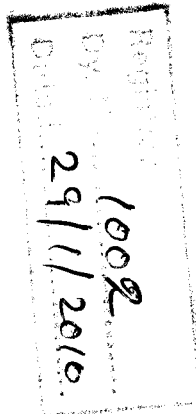
Encl: As above

  
(TANWIR SAIFUR CHEEMA)  
CHIEF EXECUTIVE OFFICER

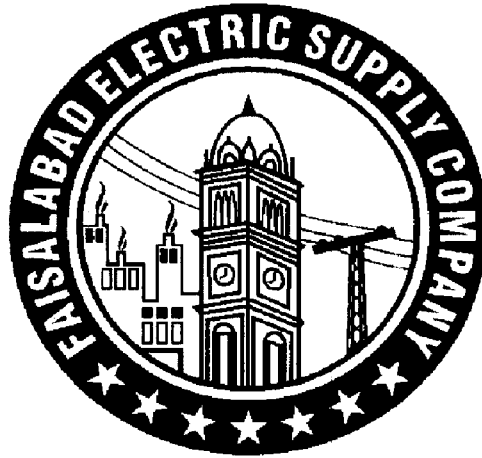
C.C To:-

1. Chief Financial Officer PEPCO, WAPDA House Lahore
2. General Manager (Operation) PEPCO, WAPDA House Lahore

Forwarded for n.e. hd.  
DC (Tariff)



**FAISALABAD ELECTRIC SUPPLY COMPANY  
LIMITED**



**FESCO**

**ADJUSTMENT IN FESCO TARIFF FOR 2<sup>ND</sup> QUARTER OF  
FY 2009-10.**

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# **1. ADJUSTMENT IN FESCO'S TARIFF FOR 2<sup>ND</sup> QUARTER OF FY 2009-10**

## **1.1 Basis for Tariff Adjustments**

The request is submitted on the basis of tariff already determined by NEPRA vide No. NEPRA/TRF-40/FESCO-2005/9847-50 dated 23-08-2008 & No. NEPRA/R/TRF-40/FESCO-2005/1242 dated December 17, 2009.

## **1.2 Key Aim and Features of Adjustments**

### **1.2.1 Aim of the Adjustment in Tariff**

The aim of request for adjustment in Tariff to the Authority is to consider some of the points in its determination of December 2009. In FESCO's view, certain adjustments are required in tariff for 2<sup>nd</sup> quarter to avoid the cash flow risks. In particular, FESCO would like to submit the following issues for the Authority's kind consideration, which are described in detail in the following sections:-

### **1.3 Subjects for Adjustments in Tariff**

The main issues which FESCO wants to address in this request are as follows:

- (i) Liquidity risks for FESCO due to Fixed charges recovered from Industrial consumers on the basis of Flat Rate
- (ii) Tariff structure of Agricultural consumers does not cover the tariff rates for TOD meters.
- (iii) Indexation for O&M Cost requires new mechanism for increase in O&M part of Distribution Margin.
- (iv) Cushion for Provision for Bad Debts in Distribution Margin
- (v) Liquidity risks due to non adjustment for actual sales growth in the components of the Distribution Margin.
- (vi) Enhancing the return on equity at par with other DISCOs.

## 2.1 FIXED CHARGES RECOVERED FROM INDUSTRIAL CONSUMERS ON THE BASIS OF FLAT RATE.

NEPRA determined FESCO Tariff vide No. NEPRA/TRF-40/FESCO-2005/9847-50 dated 23-08-2008 which was later on notified by Government of Pakistan vide SRO No.960 (1) /2008 dated September 5, 2008 wherein recovery of fixed minimum charges from industrial consumers was allowed on the basis of flat rate. It is further stated that the below mentioned minimum rates have also been kept intact in the latest NEPRA's Determination dated 17-12-2009 for each category of industrial tariff which is as under:-

B2 (06-500kw at 400 volts)	=	Rs.2.000 per month
B3 (501- 5000kw at 11kv & 33kv)	=	Rs.50.000 per month
B4 (For all loads at 66kv & 132kv)	=	Rs.500,000 per month

The above flat rates have altogether changed the basis of the tariff structure of industrial consumers as was applicable in past and the basis on which FESCO is being charged by CPPA. NEPRA has determined the NTDC tariff on the basis of MDI recorded on the system as a fixed capacity charges whereas this component has not been allowed FESCO to recover from its customers. FESCO has carried out an empirical study which clearly highlights that FESCO is in loss of approximately Rs.300 million in a year due to the fact that if a customer does not use the supply of FESCO, has not to pay any amount. (Data Attached).

FESCO requests that Industrial consumer's tariff may be reconsidered for determination on the basis of fixed charges by incorporating the below condition and linking it with load;

**“Fixed charges be recovered on the basis of current MDI or 50% of the sanctioned load whichever is higher and minimum consumption shall also be maintained by the consumer”**

The present structure of industrial tariff also provides leverage to the consumers to maintain FESCO connection throughout the year and FESCO is bound to ensure provision of supply to the connection. The consumers, who have their own electricity generation, must often shift on FESCO system due to shortage of input material for their electricity generation units and resultantly, aggravate the crises of load shedding. The fact is that the consumer who is a regular and remains on FESCO system throughout the year and pays legitimate claim of FESCO, has

the first right of service which is compromised due to shifting of these consumers on FESCO system.

Besides, these consumers also go against the customer discipline by shifting abruptly excessive load on FESCO System without any notice. Secondly, as they use FESCO supply for a limited period of time, so the lines and other equipment remain either idle or on standby, due to which these are always prone to theft. Thirdly, FESCO Tariff provides for minimum consumption estimates in each category of tariff in order to gain required revenue, but these customers do not come up with any minimum consumption as it is not covered in the tariff.

This is not out of mention to highlights that NEPRA has followed the approach of recovering fixed charges from Agriculture consumers on sanctioned load basis which only run on a part of a day, whereas, the industrial consumers who use supply throughout a day, have no linkage of recovery of fixed charges on sanctioned load basis. Within the tariff structure, it has clear dichotomy which needs to be addressed.

It is further stated that as per the FESCO's existing tariff, a consumer who has the sanction load 500kw has to pay only Rs.2, 000 pm as the fixed minimum charges whereas a consumer who has the sanctioned load i.e. 501kw with minor increase, has to pay Rs.50,000/- pm. The case is same with the consumers who have sanctioned load 5001kw have been charged Rs.500,000/-pm as minimum fixed charges while comparing them with those consumers who have sanctioned load up 5000 kw and pay only Rs.50,000/-pm.

In view of above, it is strongly recommended, in order to mitigate FESCO liquidity risk as well as to create parity between customer and the company, that;

- a. Monthly fixed charges be linked with Sanctioned Load and minimum consumption (KWH) be also determined with load requirement;
- b. Captive Power Producers, who maintain FESCO connections as a standby option, should pay at least 80% of the sanctioned load as minimum / fixed charges if they do not maintain monthly consumption. FESCO may also be authorized to disconnect such consumers who do not maintain minimum consumption.

## **2.2 Tariff for Tube well Consumers:-**

NEPRA has determined agriculture tariff for FESCO consumers in the different load categories as D-1 (a), D-1(b) and D-2. This tariff structure for agriculture consumers covers ordinary 3-phase meters installed up to 5 KW load and TOU meters installed beyond 5 KW load. Whereas, the current position is that FESCO has installed 28,226 TOD meters as on 30-06-2009 which have three timing span in a day such as T1, T2, and T3. These timings in these meters, however, cover the requirements of peak, off peak & normal timings as well in order to carry out billings under TOU tariff D-1(b) by adding the reading of T2 and T3 to reckon the Off Peak consumption. These meters were installed for agriculture consumers in whole of the Punjab as a result of an agreement signed between Government of Punjab and WAPDA for which the cost of these meters was borne by Government of Punjab. In return the WAPDA provided relief in KWH rates vide letter No. 498-528/GM CS/Tariff/T-150 dated 08-08-2005 to those consumers who run their tube wells during night time by 75 paise per KWH. This agreement is still in force and FESCO meters (TOD) installed on tube well consumers provide for recording of reading on these TOD meters as per the requirement of this agreement.

The tariff structure provided by NEPRA does not cover the tariff rates for TOD meters. The tariff rates which cover three timings should be determined and accordingly their rates be fixed. Present situation is that if FESCO replaces these TOD meters with TOU meters or re-program these for TOU tariff then unnecessary additional investment has to be made which will further burdened the consumer tariff. The actual data of these consumers is annexed herewith.

Furthermore, the definition of billing demand in agriculture tariff is already "the sanctioned load" which is correct and if three rates such T1, T2 and T3 are determined for TOD meters already installed in FESCO in addition to TOU rates, will benefit both FESCO and consumers. Regarding fixed charges recoverable as per billing demand in Tubewell category, it is appropriate to mention that in Mianwali area, the consumers use high capacity motors such as 60 to 90 HP due to which their monthly Tubewell bills rise tremendously. In this situation, it is recommended that the rate of fixed charges be kept minimum whereas, the rate of variable charges be increased.

Considering the above situation, FESCO recommends as under;

- a. Agriculture consumer tariff be fixed in three timings of a day such as T1, T2 and T3;
- b. Fixed charges rate be kept minimum and variable charges rate be increased.

### **2.3 INDEXATION FOR O&M COST**

FESCO's O&M part of Distribution Margin (DM) is formula based as per mechanism given by NEPRA in the Tariff Determination dated 23<sup>rd</sup> February 2007. The O&M part of DM is indexed with CPI subject to adjustment for efficiency gains. The NEPRA's formula to calculate per unit O&M cost is as under:-

$$TO\&M1 = TO\&M0 * [1+ (CPI-X)]$$

While originating the formula, the following elements were considered by the Authority:-

Firstly, the inflationary impact has been considered in calculating the Operational and Maintenance costs. Secondly, the efficiency factor has been considered which was fixed as 2%, 3%, 3% and 4% keeping in view the estimated gains in the next coming years i.e. 2008, 2009, 2010 & 2011 respectively.

NEPRA's formula only allows the bottom line budget. The annual increase in O&M part as per authority mechanism is being swallowed by increase in pay and allowances. Rather, the increase in pay and allowances alone remained more than the increase in total O & M budget as per authority formula as given below:-

#### **Comparison of %age increase in pay and allowances alone against NEPRA total O&M Budget**

Description	Unit	FY 2007-08	FY 2006-07	Increase	%age
Pay & Allowances	Rs. Mill.	2,812	2,461	351	14.26%
NEPRA total O&M budget	Rs. Mill.	3,577	3,393	184	5.42%

Description	Unit	FY 2008-09	FY 2007-08	Increase	%age
Pay & Allowances	Rs. Mill.	3,412	2,812	600	21.34%
NEPRA total O&M budget	Rs. Mill.	4,159	3,577	582	16.27%



During FY 2009-10 the authority has allowed an increase of Rs.537 Million (Rs. 4,159 – Rs. 4,696) which has an increase of 12.91% as compared with the previous FY 2008-09. Whereas, the increase in pay and allowances in FY 2009-10 is more than the actual increase as given below:-

Description	Increase (Rs. in Mill.)
Add two Basic pay	220
Impact of Annual Increment	65
Adhoc Relief Allowance	237
Wapda Allowance	16
Increase in Job Allowance	37
<b>Total Increase in pay &amp; allow:</b>	<b>575</b>
Increase allowed by NEPRA in total O&M Budget	537
<b>Difference</b>	<b>38</b>

According to the above calculations, the increase in Pay and Allowances is Rs. 575 Million which is more by Rs.38 Million (575-537) than the increase in total O&M. Resultantly, no cushion remained for inflationary increase to other O&M heads like Repair and Maintenance, Traveling Expenses, Transportation costs etc. In such a situation the overall performance has been affected resulting into an un-favorable impact on the performance of the company.

In order to rationalize the whole budgeting process, it is hereby proposed that new mechanism for increase in O&M part in a situation stated above may be developed separately coping with the increase in pay and allowances and other heads of the O&M cost.

## **2.4 Provision for Bad Debts**

FESCO is required to make provision for doubtful debts for each financial year equal to over from one year debtor's amount relating to private consumers category. No coverage against provision for doubtful debt has been given by NEPRA while determining the FESCO's Tariff on 23<sup>rd</sup> February 2007. The provision for doubtful debts for FY 2008-09 kept as Rs. 66/ million. As the provision for doubtful debts is the part of overall O&M expenses, therefore cushion for such doubtful debts is required as a part of O&M budget which is determined by NEPRA.

FESCO has requested NEPRA vide letter No. 6302 dated 08-11-2009 for coverage of provision for doubtful debts in the distribution margin for FY 2009-10. However, NEPRA has determined FESCO's Tariff for FY 2009-10 and again the impact against provision for doubtful debts has not been accounted for in the O&M component of Company's Distribution Margin. It is again requested to the Authority to include the impact against provision for doubtful debts in said Tariff determination.

## **2.5 Adjustments for Actual Sales Growth**

NEPRA in its decision vide No. NEPRA/R/TRF-40/FESCO-2005/5593, dated January 10, 2008, Para 15, in the matter of Motion for Leave for Review filed by FESCO allowed an annual adjustment in FESCO's tariff on account of variation in units sold against the estimated growth during the control period. Accordingly, the authority in its decision No. NEPRA/TRF-40/FESCO-2005 / 9735-38 dated 22-08-2008 had given such adjustments in FESCO's tariff determination for FY 2008-09 in O&M, RORB, and Depreciation components of the distribution margin.

However, the authority in its decision vide No. NEPRA/R/TRF-40/FESCO-2005/1242, dated December 17, 2009, in the matter of Tariff of FESCO has not considered the above said adjustments in spite of the fact that significant variation between actual sales and estimated sales occurred. As per authority determination the estimated sales for FY 2008-09 were 8578 MkwH whereas actual sales remained 8089 MkwH. The impact of not allowing such adjustment is given below:-

### **2.5.1 Adjustment for O&M**

$$TO\&M1 = TO\&M0 \times [1 + (CPI-X)]$$

$$TO\&M1 = Rs.4848/kwh \times 8,578 \text{ MkwH} / 8,089 \text{ MkwH} = Rs. 0.5141/kwh$$

$$TO\&M1 = Rs.0.5141/kwh \times [1 + (14.39\% - 3\%)]$$

$$TO\&M1 = Rs.0.5141/kwh \times [1 + (11.39\%)]$$

$$TO\&M1 = Rs.0.5141/kwh \times (1 + 0.1139)$$

$$TO\&M1 = Rs.0.5141/kwh \times (1.1139)$$

$$TO\&M1 = Rs.0.5727/kwh$$

$$TO\&M1 = Rs.0.5727/kwh \times 8,697 \text{ MkwH (Estimated Energy Sales for FY 2009-10)}$$

$$TO\&M1 = Rs.4,981 \text{ Million}$$

**As per authority determination**

$$\text{TO\&M1} = \text{Rs.}0.4848/\text{kwh} \times [1 + (14.39\% - 3\%)]$$

$$\text{TO\&M1} = \text{Rs.}0.5400/\text{kwh}$$

$$\text{TO\&M1} = \text{Rs.}0.5400/\text{kwh} \times 8,697 \text{ Mkwh}$$

$$\text{TO\&M1} = \text{Rs.}4,696 \text{ Million}$$

$$\text{Difference} = \text{Rs.}4,981 - \text{Rs.}4,696 \text{ (Million)} = \text{Rs.}285 \text{ Million}$$

**2.5.2 Adjustment for RORB**

$$\text{TRN10} = \text{TRN9} \times \text{RABa9/RABa8}$$

TRN9 adjusted on account of actual units sold during FY 2008-09

$$\text{TRN9} = 0.3305/\text{kwh} \times 8,578 \text{ Mkwh} / 8,089 \text{ Mkwh}$$

$$\text{TRN9} = \text{Rs.}0.3505/\text{kwh}$$

$$\text{TRN10} = 0.3505 \times 16,264 / 15,927$$

$$\text{TRN10} = \text{Rs.}0.3579/\text{kwh}$$

**As per authority determination**

$$\text{TRN10} = \text{TRN9} \times \text{RABa9/RABa8}$$

$$\text{TRN10} = 0.3305 \times 16264 / 15927$$

$$\text{TRN10} = \text{Rs.}0.3375/\text{kwh}$$

**2.5.3 Adjustment for Depreciation**

$$\text{TD10} = \text{TD9} \times \text{AGFAIOa9/AGFAIOa8}$$

TD9 adjusted on account of actual units sold during FY 2008-09

$$\text{TD9} = 0.1168 \times 8578 \text{ Mkwh} / 8,089 \text{ Mkwh}$$

$$\text{TD9} = \text{Rs.}0.1239$$

$$\text{TD10} = 0.1239 \times 31,613 / 27,392$$

$$\text{TD10} = \text{Rs.}0.1430/\text{kwh}$$

**As per authority determination**

$$\text{TD10} = \text{TD9} \times \text{AGFAIOa9/AGFAIOa8}$$

$$\text{TD10} = 0.1168 \times 31,613 / 27,392$$

$$\text{TD10} = \text{Rs.}0.1348/\text{kwh}$$

Description	Distribution Margin (Before act: adjustment) Rs/kwh	Distribution Margin (After act: adjustment) Rs/kwh	Total Impact Rs/kwh	Total Impact (Rs. In Millions)
O&M Cost	0.5400	0.5727	(0.0327)	(284)
RORB	0.3375	0.3579	(0.0204)	(178)
Depreciation	0.1348	0.1430	(0.0082)	(71)
(Other Income)	(0.1230)	(0.1230)	00000	00
<b>TOTAL</b>	<b>0.8893</b>	<b>0.9506</b>	<b>(0.0613)</b>	<b>(533)</b>

The authority is requested to please re-consider its decision by taking into account the above adjustments.

## 2.6 FESCO'S RETURN ON EQUITY

NEPRA has allowed FESCO a RoE of 11.9% in its decision dated January 10, 2008. FESCO requests that a higher RoE is required on the following grounds:

- RoE allowed for IPPs is 15%;
- Estimates for computing an appropriate RoE based on the Capital Asset Pricing Model which indicates a cost of equity of over 18%; and
- Six other Distribution Companies are allowed a RoE of close to 20%.

### Estimated Cost of Equity Using CAPM

Input	Value	Basis
Risk-free Rate (Rf)	4.22%	20-years US treasury yield
Country risk premium	6.06%	Spread between US 30-year and GoP 40-year bond
Beta (Unlevered)	0.77	Bloomberg electric utilities (3-year average)
Levered Beta	1.54	Based on leverage of 1:1
Equity Risk Premium	5.1%	20-year data, Ibbotson
Country equity risk premium	0.0%	Often this is added to account for increased equity volatility in emerging markets but has not been included here
Cost of Equity	18.14%	Post-tax

**Allowed RoEs for other Distribution Companies**

<b>Distribution Company</b>	<b>Allowed RoE</b>
IESCO	19.86%
QESCO	19.86%
PESCO	19.86%
MEPCO	19.86%
LESCO	19.86%
GEPCO	19.86%

*Source: NEPRA*

Keeping in view the above facts, FESCO requests to enhance the Return on Equity at the level of other DISCOs.

**COMPARISON OF INDUSTRIAL CONSUMERS i.e. B-2, B-3 & B-4 REGARDING  
FIX CHARGES FOR THE PERIOD FROM JAN-2009 TO DEC-2009  
(FIGURE IN RUPEES)**

<b>MONTH</b>	<b>FIX CHARGES ON 50% LOAD</b>	<b>FIX CHARGES ON ACTUAL MDI</b>	<b>DIFFERENCE</b>
Jan-09	39,091,871	16,581,965	-22,509,906
Feb-09	34,242,752	15,424,911	-18,817,841
Mar-09	42,627,246	20,845,000	-21,782,246
Apr-09	41,994,579	16,983,019	-25,011,560
May-09	49,599,078	22,879,370	-26,719,708
Jun-09	42,729,577	16,917,465	-25,812,112
Jul-09	51,483,828	22,296,828	-29,187,000
Aug-09	43,845,441	16,280,065	-27,565,376
Sep-09	46,649,917	21,512,167	-25,137,750
Oct-09	50,610,667	23,701,843	-26,908,824
Nov-09	58,277,452	30,187,373	-28,090,079
Dec-09	58,277,452	30,187,373	-28,090,079
<b>Total</b>	<b>559,429,860</b>	<b>253,797,379</b>	<b>-305,632,481</b>

## ACTUAL BILLING

REFERENCE NO.	TRF	LOAD	VAR. CHRG	FIX. CHRG	T1 (PEAK)	T2 (OFF PEAK) RELIEF PAISA 75% PER KWH	T3 (OFF PEAK)	TOTAL CONSUMPTION
GRAND TOTAL		270,311.00	271,107,993.87	24,338,285.03	12,303,331	21,462,220	38,091,188	71,788,662

ESTIMATED BILLING ON RATE w.e.f. 21-12-2009

T-1 @ 8.07 (PEAK RATE)	T-2 @ 2.88 (OFF PEAK) RELEIF PAISA 75% PER KWH	T3 @ 3.63 (OFF PEAK)	VAR. CHARGES	FIX CHARGES		OLD Sale Rate	NEW Sale Rate	DIFF (NEW-OLD)
				@ Rs.200				
99,287,881.17	61,811,193.60	138,271,012.44	299,370,087.21	54,062,200.00		4.12	4.92	0.81



**AVERAGE SALE RATE OF TARIFF D-1(b) 50 T FOR THE MONTH 11/2009**

TARIFF	CONSUMERS	UNITS	VAR. CHRG.	FIX CHRG.	LPF	TOTAL	SALE RATE
D-1(b) 50 T	985	4,097,724	16,687,081.67	6,204,587.55	1,201,637.26	24,093,306.48	5.88

**FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED**

**SALES MIX FOR FY 2009-10 (July to December)**

Months	Jul-09						Aug-09						Sep-09					
	Category	Units	Sales Revenue	Subsidy	Total Sales Revenue	Avg. Sale Rate	Units	Sales Revenue	Subsidy	Total Sales Revenue	Avg. Sale Rate	Units	Sales Revenue	Subsidy	Total Sales Revenue	Avg. Sale Rate		
Residential	372.86	1738.612	1075.227	2813.8387	7.560	415.489	1989.379	1230.807	3220.186	7.750	448.038	2726.040	1374.400	3500.440	7.813			
Commercial	45.663	426.604	113.527	540.13138	11.829	48.269	450.884	119.058	569.941562	11.808	51.066	474.479	125.755	600.233	11.754			
Industrial	239.648	1566.389	384.233	1950.6223	8.140	232.721	1518.865	367.955	1886.82043	8.108	261.127	1686.346	421.183	2107.529	8.071			
Bulk	21.975	157.371	26.900	184.27083	8.385	24.618	175.188	30.170	205.357931	8.342	24.769	175.393	30.155	205.549	8.299			
Agricultural	98.506	414.233	8.891	423.12434	4.295	109.934	454.965	8.911	463.87638	4.220	110.483	462.702	12.101	474.802	4.298			
Public Lighting	0.667	6.093	1.254	7.347329	11.015	0.625	5.766	1.175	6.94087	11.105	0.759	6.541	1.426	7.967	10.502			
Residential Colony	0.386	3.336	0.713	4.048767	10.489	0.479	4.145	0.886	5.030524	10.502	0.507	4.386	0.938	5.324	10.500			
Total	779.031	4,312.639	1,610.745	5,923.384	7.604	832.135	4,599.191	1,758.962	6,358.153	7.641	896.749	4,935.887	1,965.958	6,901.844	7.697			

**FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED**

**SALES MIX FOR FY 2009-10 (July to December)**

Oct-09					Nov-09					Dec-09					
Units	Sales Revenue	Subsidy	Total Sales Revenue	Avg. Sale Rate	Units	Sales Revenue	Subsidy	Total Sales Revenue	Avg. Sale Rate	Units	Sales Revenue	Subsidy	PPP Variation Subsidy	Total Sales Revenue	Avg. Sale Rate
375,984	4,732,779	1,068,599	2,801,378	7.451	254,519	3,059,112	589,593	1,648,705	6.478	237,330	993,408	534,428	907,863	2,435,699	10.263
44,462	418,972	98,990	517,962	11.650	36,718	362,793	70,469	433,262	11.800	35,047	345,990	67,061	117,290	530,341	15.132
229,167	1,509,860	354,899	1,864,760	8.137	248,614	1,686,022	334,534	2,020,556	8.127	224,504	1,565,829	313,978	615,566	2,495,373	11.115
21,304	145,303	32,044	177,346	8.324	17,215	118,038	23,460	141,498	8.219	15,159	104,197	21,449	56,447	182,093	12.012
77,226	334,938	9,143	344,081	4.456	85,660	383,679	27,716	411,395	4.803	72,800	412,066	80,328	253,024	745,418	10.239
0,747	6,613	1,292	7,906	10.585	0,836	7,409	1,087	8,496	10.165	0,994	8,324	1,292	1,713	11,329	11.401
0,419	3,682	0,716	4,398	10.500	0,328	3,004	0,436	3,440	10.500	0,370	3,432	0,492	0,991	4,915	13.285
<b>749,305</b>	<b>4,152,147</b>	<b>1,565,683</b>	<b>5,717,830</b>	<b>7.631</b>	<b>643,889</b>	<b>3,620,058</b>	<b>1,047,294</b>	<b>4,667,351</b>	<b>7.249</b>	<b>586,203</b>	<b>3,433,247</b>	<b>1,019,028</b>	<b>1,952,893</b>	<b>6,405,168</b>	<b>10.927</b>

(Figures in Million)

SALES MIX ABSTRACT (July-December)							
Category	Units	Sales Revenue	Subsidy	PPP Variation Subsidy	Total Sales Revenue	Avg. Sale Rate	
Residential	2,103,543	9,639,328	5,873,054	907,863	16,420,245	7.81	
Commercial	261,225	2,479,722	594,859	117,290	3,191,871	12.22	
Industrial	1,435,780	9,533,313	2,176,782	615,566	12,325,660	8.58	
Bulk	125,041	875,490	164,178	56,447	1,096,115	8.77	
Agricultural	554,608	2,462,583	147,090	253,024	2,862,697	5.16	
Public Lighting	4,627	40,747	7,526	1,713	49,986	10.80	
Residential Colonies	2,488	21,985	4,181	0,991	27,156	10.91	
Total	4,487,312	25,053,168	8,967,669	1,952,893	35,973,730	8.017	

**FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED**  
**ACTUAL POWER PURCHASE PRICE BILLED BY CPPA FROM JULY TO DECEMBER 2009 & THE IMPACT OF FUEL PRICE PPP**  
**VARIATION/FUEL PRICE ADJUSTMENT**

Month	MDI (kw)	Capacity Transfer Charges (Rs.)	Per Unit Capacity Transfer Charges (Rs.)	Use of System Charges (Rs.)	Per Unit Use of System Charges (Rs.)	Energy Transfer Charges (Rs.)	Per Unit Energy Transfer Charges (Rs.)	Total Billing (Rs.)	Units Purchased (Kwh)	Avg. Rate (Rs./KWh)	Fuel Price Adjustment (Rs./KWh)	Units Sold	Life Line Units	Net Unit Sold	Impact
Jul-09	1,975,610	1,110,041,716	1.22	197,857,342	0.22	3,703,948,460	4.09	5,011,847,518	906,247,016	5.5303	0.09	779,030,857	18,743,046	760,287,811	68,425,903
Aug-09	1,986,330	1,144,042,656	1.17	198,930,950	0.20	3,912,488,350	4.01	5,255,461,956	976,685,194	5.3809	(0.13)	832,135,751	16,023,930	816,111,821	(106,094,537)
Sept-09	1,943,898	1,094,800,331	1.16	194,687,385	0.24	4,110,274,984	4.34	5,399,756,706	947,702,755	5.6977	0.20	896,748,506	12,913,083	883,835,423	176,757,385
Oct-09	1,807,597	1,137,435,392	1.53	181,040,855	0.24	3,547,877,907	4.76	4,866,354,154	745,010,573	6.5319	0.51	749,304,945	16,286,584	733,018,361	373,839,364
Nov-09	1,549,439	1,123,968,282	1.68	155,176,316	0.23	3,469,694,515	5.18	4,748,839,113	670,256,204	7.0851	0.51	643,889,204	24,726,953	619,153,251	315,758,158
Dec-09	1,550,588	1,078,316,112	1.71	155,306,388	0.26	4,018,698,541	6.38	5,252,321,041	629,526,755	8.3679	(awaited)	586,203,457	25,904,917	560,401,540	-
TOTAL	10,913,562	6,688,604,489	1.37	1,092,993,236	0.22	22,762,982,757	4.67	30,544,580,482	4,876,528,597	6.2649	-	4,487,312,720	114,504,413	4,372,808,307	828,705,973

Note:- The PPP variation adjustment for the month of July 2009 was assessed and determined by NEPRA on the basis of Reference Power Purchase Price i.e. 5.4496 and the actual PPP invoiced by CPPA @ Rs. 5.5303. The net units sold after excluding the Life Line units was 760,287,811 Kwh and resultantly, the total impact came to Rs. 68,425,903/.

**FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED**

**INCOME STATEMENT**

**FY 2009-10 (July to December)**

	Actual			Sub Total	Actual			Total
	Jul-09	Aug-09	Sep-09	Jul-Sep	Oct-09	Nov-09	Dec-09	Jul-Dec
Sales Revenue	4312.639	4599.191	4935.887	13847.716	4152.147	3620.058	3433.247	25053.168
Subsidy	1610.745	1758.962	1965.958	5335.665	1565.683	1047.294	1019.028	8967.670
Monthly Tariff Adjustment (PPP)							1952.893	1952.893
<b>Total Revenue</b>	<b>5923.384</b>	<b>6358.154</b>	<b>6901.844</b>	<b>19183.382</b>	<b>5717.830</b>	<b>4667.351</b>	<b>6405.168</b>	<b>35973.731</b>
Cost of Electricity	5011.848	5255.471	5399.757	15667.075	4866.354	4748.839	7214.0361	32496.305
<b>Gross Profit/Distribution Margin</b>	<b>911.536</b>	<b>1102.683</b>	<b>1502.088</b>	<b>3516.307</b>	<b>851.476</b>	<b>-81.488</b>	<b>-808.868</b>	<b>3477.427</b>
Amortization of Deffered Credit	53.368	53.368	53.368	160.103	53.368	53.368	53.368	320.207
	<b>964.904</b>	<b>1156.051</b>	<b>1555.455</b>	<b>3676.410</b>	<b>904.843</b>	<b>-28.120</b>	<b>-755.500</b>	<b>3797.633</b>
<b>Operating Exp. (O &amp; M)</b>								
Employment Cost	518.040	334.444	333.049	1185.533	306.302	314.749	318.458	2125.042
Repair & Maintenance Cost	28.473	24.871	32.363	85.707	24.407	9.087	8.154	127.356
Admin Cost	35.015	19.792	39.316	94.123	21.325	13.906	12.368	141.722
Bill Collection Charges	12.777	16.982	4.334	34.093	32.574	15.901	19.687	102.256
Depriciation	92.941	92.941	92.941	278.822	92.941	92.941	92.941	557.644
<b>Total Operating Cost</b>	<b>687.246</b>	<b>489.030</b>	<b>502.003</b>	<b>1678.279</b>	<b>477.549</b>	<b>446.584</b>	<b>451.608</b>	<b>3054.020</b>
<b>Operating Profit / (Loss)</b>	<b>277.658</b>	<b>667.021</b>	<b>1053.452</b>	<b>1998.131</b>	<b>427.29</b>	<b>-474.70</b>	<b>-1207.11</b>	<b>743.613</b>
Misc. Income	86.871	109.322	116.172	312.365	117.463	131.333	234.667	795.829
<b>Net Profit / (Loss) before Tax</b>	<b>364.529</b>	<b>776.343</b>	<b>1169.624</b>	<b>2310.496</b>	<b>544.758</b>	<b>-343.3705</b>	<b>-972.442</b>	<b>1539.442</b>
Finance Cost	2.286	2.483	1.771	6.539	3.282	0.662	1.704	12.187
Income Tax								
<b>Net Profit / (Loss) after Tax</b>	<b>362.243</b>	<b>773.860</b>	<b>1167.853</b>	<b>2303.957</b>	<b>541.476</b>	<b>-344.032</b>	<b>-974.146</b>	<b>1527.255</b>

**Quantitative / Financial Data**

Units Purchased (MKWH)	906.247	976.685	947.703	2830.635	745.011	670.256	629.637	4875.538
Units Sales (MkWh)	779.031	832.136	896.749	2507.915	749.305	643.889	586.203	4487.313
Losses (%age)	14.04	14.80	5.38	11.40	0.58	3.93	6.90	7.963
Average Sales Rate (Rs/kWh)	7.604	7.641	7.697	7.649	7.631	7.249	10.927	8.017
Average Purchase Rate (Rs/kWh)	5.530	5.381	5.698	5.535	6.532	7.085	11.457	6.665

**Note (i):** An amount of Rs.1884.467 Million is included in Sales Revenue of December 2009 as Subsidy adjustment

on account of PPP variation for the months of May & June 2009 has already determined by NEPRA. However notification from Government of Pakistan is still awaited

**(ii):** An impact of Rs.1951.715 Million is included in the cost of power purchase of December due to revision