



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/R/D(CAD)/TCD.02/ 5962

April 20, 2015

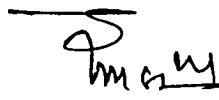
Chief Executive Officer
K-Electric Limited
KE House No. 39-B,
Sunset Boulevard, Phase-II, DHA
Karachi

Subject: DECISION OF THE AUTHORITY IN THE MATTER OF REVIEW MOTION FILED BY K-ELECTRIC LIMITED UNDER RULE 5 OF NEPRA (FINES) RULES, 2002 AGAINST NEPRA'S DECISION DATED 22ND JANUARY 2015 IN THE MATTER OF SHOW CAUSE NOTICE UNDER RULE 4(8) & (9) OF NEPRA (FINES) RULES, 2002 REGARDING CHARGING OF METER RENT.

Reference is made to K-Electric Limited's letter No. GM(RA)/NEPRA/2015/015 dated 29th January 2015 wherein K-Electric filed Review under Rule 5 of NEPRA (Fines) Rules, 2002 against the decision of NEPRA dated 22nd January 2015 in the matter of show cause notice under Rule 4(8) & (9) of NEPRA (Fines) Rules, 2002 regarding charging of meter rent.

2. Please find enclosed herewith the decision of NEPRA regarding the subject matter for necessary action and compliance within thirty (30) days of receipt of this decision.

Encl:/As above


20.04.15
(Syed Safer Hussain)



NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)

K-Electric Limited,
(Formerly Karachi Electric Supply Company, KESC)
KE House No.39-B,
Sunset Boulevard Phase-II,
Defence Housing Authority, Karachi.

..... **Petitioner**

Date of Hearing: March 3, 2015

Present:

- | | | |
|----|-------------------------|------------------------------------|
| 1) | Brig (R) Tariq Saddozai | Chairman |
| 2) | Mr. Habibullah Khilji | Member (Licensing) / Vice Chairman |
| 3) | Khawaja Muhammad Naeem | Member (Tariff) |
| 4) | Maj. (R) Haroon Rashid | Member (Consumer Affairs) |
| 5) | Mr. Himayat Ullah Khan | Member (Monitoring & Enforcement) |

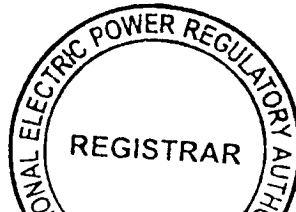
On behalf of Petitioner:

- | | | |
|----|---------------------------|---------------|
| 1) | Sheikh Jamil Gul | Advisor |
| 2) | Mr. Abdul Rauf Yousuf | Advisor |
| 3) | Mr. Aamir Ghaziani | Director |
| 4) | Mr. Sajjad Asghar Shahani | Director |
| 5) | Mr. Khalid Rehman | Director |
| 6) | Barrister Ayan M. Memon | Legal Counsel |

Subject: DECISION OF THE AUTHORITY IN THE MATTER OF REVIEW MOTION FILED BY K-ELECTRIC LIMITED UNDER RULE 5 OF NEPRA (FINES) RULES, 2002 AGAINST NEPRA'S DECISION DATED JANUARY 22, 2015 IN THE MATTER OF SHOW CAUSE NOTICE UNDER RULE 4(8)&(9) OF NEPRA (FINES) RULES, 2002 REGARDING CHARGING OF METER RENT

Decision

1. The Petitioner (K-Electric Limited, formally Karachi Electric Supply Company or KE) through the instant petition has filed Review under Rule 5 of the NEPRA (Fines) Rules, 2002 (hereinafter referred to as the "Fine Rules") against the decision dated January 22, 2015 (hereinafter referred to as the "Order") of the Authority (NEPRA) in the matter of charging of meter rent by KE.



2. Brief facts of the case are that, a news article was published in the daily Pakistan Today on June 26, 2013 regarding charging of meter rent by KE in electricity bills. Also, a complaint was received in NEPRA from the one consumer namely chaudhary Mazhar Ali. Taking cognizance of charging of meter rent by KE, the report was sought which was filed by KE on July 18, 2013. According to KE, it is charging meter rent from its consumers @ Rs.7.50/- to Rs.20/- per month and generating revenue of Rs.18 million monthly. KE was directed vide NEPRA's letter dated October 31, 2013 to stop collection of meter rent forthwith and provide additional information regarding the matter. The information submitted by KE was found unsatisfactory and accordingly an explanation was served under Rule 4(1) & (2) of the Fines Rules on January 03, 2014 to either admit or deny violations and non-compliance of the directions of the Authority within a period of fifteen (15) days from the receipt of the explanation. An opportunity of hearing was also provided in this context, however, the response was not satisfactory and the same was rejected, therefore, KE was served a show cause notice vide NEPRA's letter dated July 25, 2014 in terms of Rule 4(8) and (9) of the Fines Rules read with Section 29 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. In response, KE submitted its reply to the show cause notice vide its letter dated August 15, 2014 along with a request for opportunity of hearing and accordingly the hearing was held on October 30, 2014 at NEPRA Head Office, Islamabad. During hearing, the Petitioner reiterated its earlier version for collection of meter rent charges from its consumers by advancing arguments and supporting documents. The stance of KE was examined in the light of Multi-Year Tariff Determination of KE and other applicable documents. The Authority was convinced that no specific approval was granted to K-Electric through its Multi-Year Tariff or any other applicable document for charging meter rent from its consumers. Therefore, charging of meter rent by K-Electric was totally unjustified and unlawful and by doing so, K-Electric has violated the provisions of its granted license, its already determined Multi-Year Tariff and Rule 6 of NEPRA Licensing (Distribution) Rules, 1999. Considering the nature of violations and failure of K-Electric to act as a responsible utility, the Authority through its Order, decided to impose an amount of Rs. 10 Million as fine upon K-Electric in pursuance of Rule 3 of NEPRA (Fines) Rules, 2002 read with Section 29 of the NEPRA Act, 1997. K-Electric was further directed:

- a) to immediately stop charging of meter rent from its consumers;
- b) to workout and intimate the amount so far collected on account of meter rent and refund the same to the consumers through adjustment in their future bills.
- c) to submit compliance report within 30 days

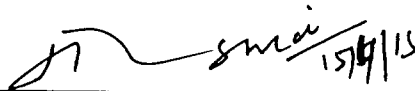
3. The Petitioner, being aggrieved with the Order of the Authority, filed a Review stating, inter-alia, that the Authority has failed to entertain the specific facts put up by the Petitioner through arguments and documentary evidence. Further, it contended that on acceptance of this Review Petition, the Authority may set aside the fine and directions imposed upon K-



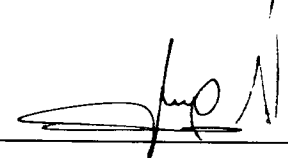
Electric after personal hearing. To consider contentions of the Petitioner and to provide an opportunity to explain its point of view, pre-admission hearing in the matter was held on March 3, 2015 which was attended by the Petitioner along with its Legal Counsel. During the hearing, the Petitioner reiterated its written submissions and requested to review the Order.

Arguments heard. Record perused.

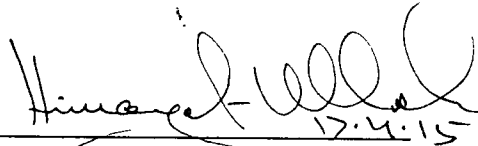
4. The Regulation 3(2) of the NEPRA (Review Procedure) Regulations, 2009 (hereinafter referred to as the "Review Regulations") provides that any party aggrieved from any order of the Authority and who, from the discovery of new and important matter of evidence or an account of some mistake or error apparent on the face of record or from any other sufficient reasons, may file a motion seeking review of such order. Further, Regulation 3(7) of the Review Regulations, the motion for review may be refused by the Authority if it considers that the review would not result in the withdrawal or modification of the order. The Petitioner has failed to bring any new and important matter of evidence which was not considered by the Authority at the time of passing of the Order and also failed to point out any mistake or error apparent on the face of record. It is also evident from the perusal of the Order that all the material facts and documents were in knowledge of the Authority and the record clearly shows that the Authority passed the Order after consideration of all material facts and documents. Therefore, the Authority is of the view that the Review is not maintainable in terms of Regulation 3(2) of the Review Regulations read with Rule 5(2) of the Fine Rules and the same is hereby dismissed.


15/4/15

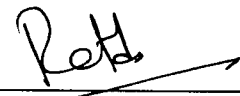
(Maj (R) Haroon Rashid)
Member



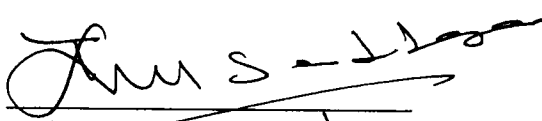
(Khawaja Muhammad Naeem)
Member


17.4.15

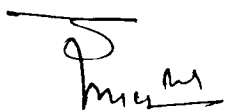
(Himayat Ullah Khan)
Member



(Habibullah Khilji)
Vice Chairman


17/4/15

(Brig (R) Tariq Saddozai)
Chairman


20.04.15

