



QUETTA ELECTRIC SUPPLY COMPANY LIMITED

Phone #081 - 9203308

Fax # 081 - 9203304

E. Mail fdqesco@qesco.com

FINANCE DIRECTORATE
QESCO ZARGHOON ROAD
QUETTA

No. 128-133 CEO/ QESCO /

F/A

Dated: 23/7/ 2024

REGISTRATION OFFICE
Date Recd: 28/7/24
Date: 26.7.24

The Registrar,
National Electric Power Regulatory
Authority (NEPRA), NEPRA Tower,
Attaturk Avenue (East), G5/1,
Islamabad.

**SUBJECT: PETITION FOR DETERMINATION OF SECURITY DEPOSIT
RATES FOR THE CONSUMERS OF QESCO.**

I Shafqat Ali S/o Jameel Ur Rehman CNIC No (54400-8394159-3) Chief Executive Officer, QESCO duly having been authorized by QESCO in its 211/27 meeting held on 01.05.2024 vide agenda item No. 5 respectfully submit attached herewith request for separate determination of Security Deposit rates (all categories) for kind consideration and approval of Honorable Authority. It may kindly be noted that the instant petition includes Proposed Security Deposit rates under all Tariff categories as Annex-B, thereto forming fundamental basis for the instant petition.

For any clarification or additional information or any other matter relating to the said petition Mr. Yasir Faheem (DG MIRAD) QESCO (0321-8103243) (fdqesco@yahoo.com) is designated as focal person.

Chief Executive Officer
QESCO, Quetta.

D.A/ as above.

Copy to:

1. DG MIRAD, QESCO for information.
2. Finance Director, QESCO for information.
3. Chief Engineer (Operation), QESCO for information.
4. Chief Engineer CSD, QESCO for information.
5. Master file

DRO(I)
was

Forwarded please	
<input checked="" type="checkbox"/> For nec. Action	<input type="checkbox"/> For Information
<input type="checkbox"/> DG (Lic.)	<input type="checkbox"/> DG (Admin/HR)
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<input checked="" type="checkbox"/> ADG (Trf.)	<input type="checkbox"/> DG (ATC)
<input type="checkbox"/> Dir. (Tech.)	<input type="checkbox"/> ADG (Fin.)
<input checked="" type="checkbox"/> SLA	<input type="checkbox"/> Dir. (I.T)
<input type="checkbox"/> Consult (Tech.)	<input type="checkbox"/> Consult (CTBCM)

For kind information, please.
Chairman 2/7/24 (Tech)
S. M (Lic.) 2/7/24 (Trf. & Fin)
S. M (Law) 2/7/24

Along with cheque R 1020716/-



QUETTA ELECTRIC SUPPLY COMPANY LIMITED

Phone #031 - 9203308

Fax # 081 - 9201334

E. Mail fdqesco@yahoo.com

FINANCE DIRECTORATE
QESCO ZARGHOON ROAD
QUETTA

No. 134 FD/ QESCO /

Dated: 23/7/ 2024


The Registrar,
National Electric Power Regulatory
Authority (NEPRA), NEPRA Tower,
Attaturk Avenue (East), G5/1,
Islamabad.

SUBJECT: Fee for filing of petition for determination of security deposit rates for the consumers of QESCO.

The applicable fee indexed to Consumer Price Index (CPI) is Rs 1,121,666/-. Enclosed please find the cheque No 13021376 dated 22nd July 2024 of Rs. 1,020,716 after deduction of income tax of Rs. 100,950/-


Dy. Manager Finance 22/7/2024
QESCO, Quetta

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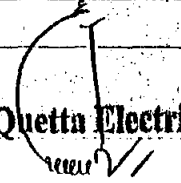

HABIB BANK
Bank Limited, Pakistan
BL COMPLEX BRANCH, QUETTA (1649)



Cheque No. **13021376**
Date **22 JUL 2024**

Pay NEPRA Islamabad or bearer
Rupees One Million Twenty Thousand Seven Hundred **PKR/020716**
Sixteen only

IBAN: PK47 HABB 0016497900037401
FINANCE DIRECTOR QESCO QUETTA
Please do not write below this line


Quetta Electric Supply Company
(QESCO)

⑈ 13021376 ⑈ 0541649⑈ 0016497900037401 ⑈ 000 ⑈



QUETTA ELECTRIC SUPPLY COMPANY LIMITED

Phone # 081-9203019

Fax # 081-9201335

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Office of the Company Secretary,
QESCO Zarghoon Road Quetta.

No. 1038-40 C.S/QESCO/BoD

Dated: May 13, 2024.

Subject: Minutes of 211th/27th BoD Meeting.

1. BoD in its 211th/27th meeting held on 1-5-2024 consider the following agenda and decided as under:

Agenda Item No. 5 – Filing of Petition for Determination of Revision of Security Deposit Rates for Consumer of QESCO.

Discussion Point:

DG MIRAD presented the agenda item. He explained NEPRA revised the amount of security deposit to be charged to the consumer at the time of electricity connection during 2009. After lapse of 13 years the tariff rates were increase, but the amount of security deposit remained unchanged.

Mr. Mahfooz Ahmed Bhatti directed that legal opinion must be obtained regarding revision of security deposit rates on existing consumers before filing of petition to NEPRA, because it would have legal complication. He added that we have already entered into a contractual agreement with consumers.

Decision Point:

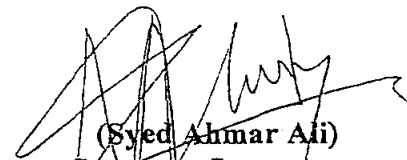
In light of recommendation made by Technical Initiative, Development, Operational Risk Management and Procurement Committee in its 9th meeting held on 27-4-2024, BoD has RESOLVED and approved filing of Petition for Determination of Revision of Security Deposit Rates for Consumer of QESCO and authorized CEO QESCO to sign all documents and do necessary acts for completion and present the case before NERA.

BoD directed to obtain legal opinion regarding revision of security deposit rates on existing consumers before filing of petition to NEPRA.

2. This issue with the approval of Chairman BoD QESCO.

Distribution to:

1. CEO QESCO Quetta.
2. DG MIRAD QESCO Quetta.
3. Master File.


(Syed Ahmar Ali)
Company Secretary
13/5/24
of C

Petition for Determination
of Security Deposit
FY 2023-24

Annex A



QUETTA ELECTRIC SUPPLY COMPANY

1 Background of the Company (QESCO)

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As a result of restructuring of WAPDA Power Wing, Quetta Electric Supply Company (QESCO) was incorporated on 13th May 1998 and obtained certificate for commencement of business on 1st July, 1998. The company started its actual commercial operations, as QESCO, effective from July 1, 1998. The QESCO is responsible for the electricity delivery to over 0.61 million consumers of civil districts of Baluchistan except Lasbella as set out in QESCO's Distribution License No. DL/08/2023, granted by NEPRA under the NEPRA Act on May 09, 2023. The Company is headed by a Chief Executive Officer (CEO) and QESCO Board of Directors.

Under the provisions of Regulation of Generation, Transmission & Distribution of Electric Power (Amendment) Act, 2018, QESCO is holding a license for supply of electric power to perform the function of sale of electric power in addition to licensee as Distribution Company. The Distribution function now shall, under Section 20, be limited to ownership, operation, management or control of distribution facilities for the movement or delivery to consumers of electric power.

In order to perform its obligatory duties as per NEPRA performance Standards (Distribution) Rules 2005, the petitioner need to recover all security deposit while providing electricity connections to the consumer of its Service territory. Currently QESCO is recovering Security deposit as per approved/determined Security deposit rates of honorable Authority vide No. NEPRA/R/TRF-100/3685-3687 dated 04-11-2010.

2 Grounds for Petition

The electricity tariffs for all categories have increased significantly, therefore, the existing Security Deposit rates, as last approved in 2010, are not adequate to safeguard QESCO against the risk of possible default by the consumers.

At present (March 2024), there are 75,296 private disconnected consumers involving receivable/default amount of Rs. 2,440.20 million in QESCO.

Currently QESCO is issuing demand notices for new connection, restoration of connection, and extension of load to the Applicants on old rates of Security Deposit. The situation, if not corrected, shall continue to cause exposure to risk arising from non-payment of energy dues.

While analyzing the pattern of a postpaid electricity bill and considering a consumer who failed in making the payment and so disconnected, it is found that, ideally, almost 62 days and normally 90 days of consumption is advanced till actual disconnection and the bill amount is always on risk so far as the department is concerned. Accordingly, it is important to get the payment of such consumption in terms of security so as to cover the estimated power consumption for two months.

To avoid this financial loss to QESCO; in relation to Security Deposit, it is requested to honorable Authority to revise the said rates as for then submitted herein after.

2.1 Comparison of Rates (2009 vs 2023)

A Comparison of Inflation rate, Material prices, \$ rate and average tariff is given as under:

Particulars	Sep-09	Feb-23	Increase
Conversion rate PKR/\$	83.18	261.00	214%
CPI (General) Base Year (2008-09)	100.00	430.73	331%
Average Tariff Rs./kWh	4.572	22.73	397%

3 Reference Clauses for the Petition

3.1 Security Deposit

As per clause 5.1.1 of Consumer Service Manual 2021, reads as *"For all service connections, a demand notice for security deposit as per the rate approved by NEPRA shall be issued to the applicant for depositing the same in the designated bank branch. The Security Deposit rates are as per Annexure-IV."* (Annexure-A)

4 Proposed Structure

Security Deposit rates are based on category wise average bill per consumer per kW sanctioned load, using load factor given in Consumer Service Manual 2021 and latest applicable tariff. The proposed Security Deposit rates are two

months revenue including taxes and duties per KW of Sanctioned Load.
(Annex-B).

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It is further added that tariff categories A1 & A2 are divided into Urban and Rural and the Security Deposit Rates for Rural connection are proposed to be 50% of urban connection in line with existing methodology of existing approved Security Deposit Rates.

5 Method for recovery of Security Deposit

- i. A customer will be required to pay the QESCO, an amount as approved by the Authority (NEPRA) before provision of a new connection, restoration of the connection or approval of extension of load against connection charges and Security Deposit.
- ii. If the customer no longer wishes to continue its electric power connection, QESCO shall be liable to refund the Security Deposit to the consumer on demand.
- iii. In case the customer does not pay the electricity dues, QESCO may adjust the Security Deposit against the outstanding amount billed to the consumer.

6 Mechanism for Annual Adjustment/Indexation of Security Deposit

It is proposed that Authority may devise a suitable mechanism/parameter for adjustment/indexation of above said Security Deposit Rates for DISCOs.

7 Applicable Categories

- i. Security Deposit rates for all Tariff Categories.

8 Prayer

In view of the above submissions, it is humbly requested that the Authority may kindly consider and determine as follows;

- A. Security Deposit under all Tariff Categories as specified in **Annex-B**
- B. A suitable mechanism for Periodic Adjustment/indexation in the Security Deposits.

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CHAPTER 5
SECURITY DEPOSIT

5.1 SECURITY DEPOSIT

- 5.1.1 For all service connections, a demand notice for security deposit as per the rate approved by NEPRA shall be issued to the applicant for depositing the same in the designated bank branch. The Security Deposit rates are as per Annexure - IV.
- 5.1.2 A period of thirty days for payment of Demand Notice is given. A grace period of thirty days may be allowed for payment of the demand notice on the request of the applicant.

5.2 UPDATION OF SECURITY DEPOSIT

- 5.2.1 In case of change of name due to any reason the Security Deposit shall be updated at prevailing rates subject to adjustment of already paid Security Deposit.
- 5.2.2 In case of change of tariff category, shifting of connection and reconnection (if period of disconnection is more than 365 days), the Security Deposit shall be updated at prevailing rates subject to adjustment of already paid Security Deposit.
- 5.2.3 In case of extension of load, the amount of security deposit shall be updated at prevailing rates for the entire load subject to adjustment of already paid Security Deposit.
- 5.2.4 In case of reduction of load, the Security Deposit shall be updated at prevailing rates and the difference of the Security Deposit shall be refunded/charged, as the case may be.
- 5.2.5 For the purpose of calculating the security deposit, the fraction of a kilowatt (for loads above one kilowatt) which is equal to or more than half kilowatt, shall be taken as one kilowatt, and the fraction which is less than half a kilowatt shall be ignored.



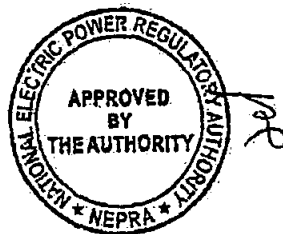
The security deposit paid by the consumer shall be refunded at the time of permanent disconnection if applied by the consumer for refund after getting approval from the load sanctioning officer provided that there is no outstanding dues against the consumer. The process of refund shall be carried out within thirty (30) days of receipt of such request.

5.3 BANK GUARANTEE

- 5.3.1 The option of Bank Guarantee in lieu of security deposit shall be available to the industrial consumers under B-3 and B-4 as defined in Tariff terms and conditions categories only. The existing B-3 and B-4 category consumers can also avail option of Bank Guarantee by withdrawing their previous security deposit from

Annexure - IV
Security Deposit Rates

Description	Security Deposit
Residential A-1	
Urban	Rs. 1,220 / kW
Rural	Rs. 610 / kW
Commercial A-2	
Urban	Rs. 1,810 / kW
Rural	Rs. 920 / kW
General Services A-3	To be determine by NEPRA
Industrial	
B1	Rs. 1,580 / kW
B2	Rs. 2,010 / kW
B3	Rs. 2,890 / kW
B4	Rs. 3,560 / kW
Single Point Supply	
C1 Supply at 400	Rs. 1,670 / kW
C2 Supply at 11 kV	Rs. 2,080 / kW
C3 Supply above 11 kV	Rs. 2,740 / kW
Agricultural Tube-wells - Tariff D	
Agricultural Tube-wells (including scarp/ lift pump)	Rs. 15000 lump sum
Public Lighting - Tariff G	Rs. 3,240 / kW
Tariff H - Residential Colonies attached to industries	Rs. 1,560 / kW
Special Contracts - Tariff K (AJK)	Rs. 2,570 / kW
Traction - I	Rs. 610 / kW
Special Contracts - Tariff K (Rawat)	Rs. 2,900 / kW

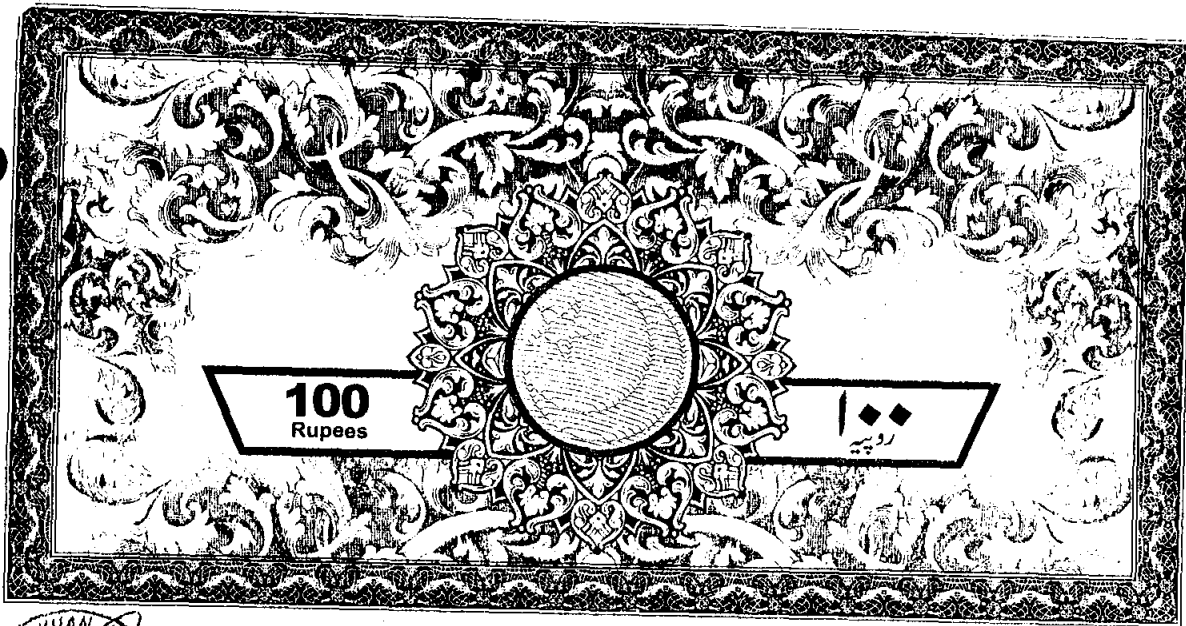


a. Proposed Security Deposit rates (2 Months Revenue with Taxes)
(Annex-B)

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Tariff	Tariff Description	Existing Rates Rs/Kw	1-Month Basis Security Deposit Rs/KW	2- Month Basis Security Deposit Rs/KW
A-1 (Residential)	Urban	1,220	4155	8310
	Rural	610	2078	4155
A-2 (Commercial)	Urban	1,810	6342	12684
	Rural	920	3171	6342
A-3	General Service	1,220	5403	10806
B-1	Small Industries	1,580	14654	29308
B-2	Middle Industries	2,010	16066	32132
B-3 (11kV)	Large Industries	2,890	13942	27884
B-4 (132kV)	Large Industries	3,560	13876	27752
C	Other Bulk Power supply	2,080	7539	15078
D	Agriculture Tube wells	15000 Lump sum	4486	8972
G	Street Lights (G)	3,240	4823	9645
H	Tariff H for Housing Colonies	2,570	11963	23926

- There is no consumer of B4 in QESCO. The Security deposit for B4 is calculated for 1 KW at 50% load factor (365 KWh per month).



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AFFIDAVIT

I, Shafqat Ali S/o Jameel Ur Rehman, Chief Executive Officer Quetta Electric Supply, having CNIC No.54400-8394159-3, duly authorized by the Board of Directors of Quetta Electric Supply Company Limited vide agenda item 5 in 211/27 QESCO BOD meeting held on 01.05.2024, do hereby solemnly affirm and testify that the contents of the application for filling petition for determination of Security Deposit rates, are in accordance with the direction from the Ministry of Energy (Power Division) received through PPMC and that Annexed documents are true and correct to the best of my knowledge, belief on the basis of provided confirmations by the concerned formations put before me; and further declare that:

1. I am the Chief Executive Officer of the Quetta Electric Supply Company (QESCO) and fully aware of the affairs of the Company particularly to endorse petition for determination of security deposit rates.
2. Whatsoever stated in the application and accompanied documents is true and nothing has been concealed.

DEPONENT

(Shafqat Ali)

Chief Executive officer QESCO

31/07/2024

ATTESTED

Shafqat Khan Kukar
Advocate High Court
Oath Commissioner Quetta.