



HAZARA ELECTRIC SUPPLY COMPANY (HAZECO) LTD

OFFICE OF THE CHIEF EXECUTIVE OFFICER

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Distributed

No. 516 CFO/HAZECO/2025

Dated: 04/06/2025

The Registrar
National Electric Power Regulatory Authority (NEPRA)
NEPRA Tower, Ataturk Avenue (East)
Sector G-5/1, Islamabad.

SUBJECT: SUBMISSION OF TARIFF PETITIONS AND REQUEST FOR GRANT OF INTERIM TARIFF FOR FY 2025-26

Hazara Electric Supply Company Limited (HAZECO) has been incorporated under the Companies Act, 2017 and has recently been granted Distribution and Supply Licenses by the Authority. In compliance with the applicable regulatory framework, HAZECO is submitting its separate tariff petitions for determination of tariffs for both licensed activities—Electric Power Distribution and Electric Power Supply—for the Financial Year 2025-26.

Given the emergent nature of our operations and in view of the time required for processing and approval of the filed tariff petitions, it is humbly requested that the Authority may kindly grant an interim tariff for both the Distribution and Supply functions of HAZECO, to enable the Company to initiate its financial and operational functions without interruption.

We trust the Authority shall consider our request favorably. We remain available to provide any further clarification or data required in this regard.

REGISTRAR OFFICE
Diary No: 6837
Date: 05-6-25


(Qazi Muhammad Tahir)
Chief Executive Officer

Forwarded please:

☒ For nec. action	☐ For information
☐ DG (Lic.)	☐ DG (Admin/HR)
☐ DG (M&E)	☐ DG (CAD)
☐ DG (Tech.)	☐ DG (ATC)
☐ ADG (Trf.)	☐ ADG (Fin.)
☐ SLA	☐ Dir. (I.T)
☐ Consult (Tech.)	☐ Consult (CTBCM)

For kind information, please:

1. Chairman	2. M (Tech)
3. M (Law)	4. M (Dev)

PRO(I)

Tahir

**HAZECO Tariff Petition under Section 20 for
function of Distribution of Electric Power for
FY 2025-26**

HAZARA ELECTRIC SUPPLY COMPANY LIMITED

PETITION FOR DETERMINATION OF CONSUMER END TARIFF

FOR FY 2025-26

Before

The Honorable National Electric Power Regulatory Authority

I. PETITION SUMMARY

I.1. Details of Petitioner

I.1.1. Hazara Electricity Supply Company Limited (HAZECO) is an Ex-WAPDA Distribution Company (DISCO), curved out from Peshawar Electric Supply Company Limited (PESCO), owned by the Government of Pakistan (GOP) and incorporated as a Public Limited Company on 31st October 2023 company registration No. 0243576 under section 16 of the Companies Act 2017.

I.1.2. Principal business of HAZECO is to provide electricity in Hazara Division of Khyber Pakhtunkhwa under License No. DL/10/2025 dated 23-05-2025 (the Distribution License) issued by NEPRA. NEPRA has also granted Electric Power Supply License (Supplier License) to HAZECO to act as Supplier of Last Resort (SoLR) in its designated service territory under License No. SOLR/10/2025 dated 23-05-205.

I.2. HAZECO is represented by the following duly authorized officers:

- | | |
|-----------------------------|-------------------------|
| • Engr. Qazi Muhammad Tahir | Chief Executive Officer |
| • Mr. Muhammad Aamir Zakee | Chief Financial Officer |

2. GROUNDS FOR PETITION

Respectfully submitted,

2.1.1. That NEPRA, under the regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter NEPRA Act), amended by the act of parliament, wherein, it has been enacted this Act shall be called the Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act 2018, is responsible for regulating the electricity sector in Pakistan which includes determining the Revenue Requirement, tariffs and other terms and conditions for the supply of electricity by the Generation, Transmission and Distribution Companies and to recommend the same to the Federal Government for notification. For this purpose, NEPRA has laid down certain guidelines and procedures under the NEPRA Tariff Standards and Procedures Rules, 1998 and subsequent amendments made in the act. This petition is being filed in the light of updated NEPRA Act, wherein through the act of parliament the Distribution Function has been separated from the Commercial services of a Distribution Company, according to NEPRA Act, Distribution Licensee under section 20 shall be limited to ownership, operation, management or control of distribution facilities for the movement or delivery to consumer of electric power and clause 23 (E) wherein the term Electric Power Supply Licensee has been introduced, act states that "no person shall unless licensed by the Authority under this Act, engage in the supply of electric power to a consumer: provided that the holder of a distribution license on the date of coming in to effect of the Regulation of Generation, Transmission and Distribution of Electric Power (Amendment Act, 2018) shall deemed to hold a license for supply of electric power under this section for a period of 5 years from the said date".

2.1.2. That HAZECO, being a bonafide power Distribution and Supply licensee, it requires adequate revenues in order to perform its obligatory duties prescribed by NEPRA under the NEPRA Act (amendment 2018), NEPRA Performance Standards (Distribution) Rules 2005, NEPRA Consumer Eligibility Criteria 2003, Distribution License of HAZECO and other Obligations as determined by NEPRA from time to time. The main source of funding available to the petitioner for their revenue requirements are; (i) internal efficiency improvements, (ii) generation of adequate revenue through tariff and (iii) funding / borrowings. Internal efficiency improvements require commensurate financial resources

either through borrowings or tariff. As per general principles of banking industry, international or local, the financial viability of borrowing organization is always taken as fundamental for lending decisions.

- 2.1.3. That in order to fulfill and perform its obligatory duties, as mentioned above, and to ensure financial viability of HAZECO by recovering its prudently incurred costs and reasonable return, in order to upkeep and maintain its existing distribution services / network and to support the future investments for expansion of distribution services / network, this Petition is being filed for FY 2025-26 through its Chief Executive Officer and other officers of HAZECO, who have been duly authorized to sign and file this petition by the Board Of Directors, HAZECO, copy of resolution is placed at **Annex-A**.

3. HAZECO'S REVENUE REQUIREMENT

- 3.1.1. The Revenue Requirement of HAZECO for Distribution of Electricity has two components i.e Distribution Margin and Financial Charges. The Distribution Margin of Distribution (Non-Sale Elements) comprises of Actual salaries and wages of GSO Circle, PD GSC and PD C&O, XEN Operations etc. since these circles / directorates are responsible for construction, rehabilitation, augmentation and similar activities involved in Distribution (Non-Sale Elements) for providing electricity to the end consumers.
- 3.1.2. The XEN offices comprises of technical as well as administrative staff, the salaries of technical officer and officials such as XEN, SDO, line man, assistant line man, line supervisor etc. have been allocated to Distribution (Non-Sale Elements) on actual basis except for meter reader, bill distributor and meter reader supervisor, as the same has been allocated to Power Supply (Sale of Electric Power) as their job description relates to billing and recovery.
- 3.1.3. Moreover, the expenditure of HQ, and other offices has been allocated on the most suitable basis to Distribution (Non-Sale Elements) or Power Supply (Sale of Electric Power).
- 3.1.4. Distribution Margin is calculated in the light of NEPRA guidelines for determination of consumer end tariff and is equally important as HAZECO must earn sufficient distribution margin and adequate stream of cash flow to maintain its system, discharge its financial commitments, invest to expand and maintain the network and to provide a reasonable return to the sponsors on their investment.
- 3.1.5. In view of the above, HAZECO is submitting the tariff petition for FY 2025-26 in light of the Nepra (Amendment) Act 2018, under Section 20 for Distribution. Following are the cost categories to be considered for Distribution Licensee:
- A) Distribution Margin.
 - B) Financial Charges.

3.2. DISTRIBUTION MARGIN:

3.2.1. The Distribution Margin consists of the following factors:

- Operation & Maintenance Expenses:
 - Operational Expenses:
 - Salary Wages & Other Benefits
 - Travelling Expenses
 - Vehicle Expenses
 - Other Expenses
 - Repairs & Maintenance Expenses
 - Other Income
- Depreciation Expense
- Return on Rate Base

3.2.2. The sum of the O&M Cost, Depreciation and RORB minus Other Income results in HAZECO's Distribution Margin, dividing this by the total units sold yields the average Distribution Margin per kWh. The bifurcated DM of HAZECO for Distribution Licensee for FY 2023-2024 was Rs. 3.12/kWh and the DM for FY 2025-26 is projected Rs. 3.41/kWh.

i) **O&M EXPENSES**

3.2.3. O&M expenses include Salaries & Wages, Repair & Maintenance, Travelling, Vehicle Running and Other Expenses. Based on the impact of increase in inflation, salaries and other allowances, the Audited O&M Expense for Distribution (Non-Sale Elements) FY 2023-24 are Rs. 4,127 Million and the projections for FY 2024-25 & 2025-26 are as per detail below:

Rs. in Million

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Salaries and Benefits	3,814	4,047	4,583
Repair and Maintenance	189	208	229
Traveling Expenses	36	41	51
Vehicle Expenses	57	85	122
Other Expenses	30	62	68
Grand-Total	4,127	4,443	5,052
%Increase/(Decrease)		8%	14%

The Average O&M Expense (Rs./Kwh) for FY 2025-26 is assessed as under:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Salaries and Benefits	1.80	1.81	1.99
Repair and Maintenance	0.09	0.09	0.10
Traveling Expenses	0.02	0.02	0.02
Vehicle Expenses	0.03	0.04	0.05
Other Expenses	0.01	0.03	0.03
Grand-Total	1.95	1.99	2.19
%Increase/(Decrease)		2%	10%

3.2.4. Salaries & Wages including employee's retirement benefits is the major component of O&M expense. The following additional increases are also made by GoP in its annual budget for FY 2024-25 along with various other impacts:

Increase in Pay & Allowances announced for FY 2025-26:

1. Expected increase in salaries (15%).
2. Impact of Additional recruitment.
3. The cost of new hiring has been claimed as an additional requirement for the newly established HAZECO. In the absence of adequate staff hiring, the company will not be able to operationalize its functions effectively.
4. Employees Retirement Benefits have been based on the average of annual increase in the last two years audited figures.
5. Keeping in view the above increases, the Salaries and Wages are based on the Bifurcated Audited Financial Statement of HAZECO for FY 2023-24 and Provisional figure for FY 2024-25 and projected for FY 2025-26 are as under:

I. Pay & Allowances (Existing Strength):

Rs. In Million

Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Pay & Allowances	5,770	6,122	6,933

II. New Recruitment:

Description	FY 2026
	Prov.
New Hiring (Nos)	
Cost (Mln. Rs.)*	419

- 3.2.5. The requirement for a Single Year Tariff (SYT) has been presented in the proposal based on a rational and data-driven approach. The consumer base growth has been assessed by comparing the number of consumers in January 2024 and January 2025, and the increase has been duly quantified. In addition, the projected retirements during FY 2025–26 have been factored in, and based on this analysis, the need for new hiring of qualified professionals and essential staff has been determined to ensure operational readiness and regulatory compliance.
- 3.2.6. It is important to highlight that the projected human resource requirements presented herein are based on reasonable assumptions and operational forecasts, which may be revised as per ground realities during the course of implementation. Accordingly, the number and categories of staff may change depending on actual functional needs and regulatory considerations. Furthermore, the recruitment process at HAZECO will be carried out in accordance with the approved organogram and will also consider the manpower being transferred from PESCO under the bifurcation scheme. All recruitments will be undertaken in line with government policy guidelines and approvals from the competent forums.
- 3.2.7. However, the then PEPCO has devolved all the matters regarding HR affairs of DISCOs being processed by the then PEPCO to DISCOs vide letter No. GMHR#5778-5810, dated 14-01-2021 conveying that respective BoDs should exercise the powers of the MD PEPCO which will bring an opportunity for the Company to proceed for HR requirements through its BoD against critical requirements as and when considered necessary or unavoidable.
- 3.2.8. HAZECO is currently working on strength of 1,731 employees approximately out of which 58 are officers of different grades. The shortage of the staff is the main cause of losses and system constraints being faced by HAZECO at present.
- 3.2.9. The O&M expenses are one of the major unknowns for XWDISCOs in Pakistan due to many uncontrollable factors such as statutory implications arising out of increase in salaries (as announced by the Federal Government), increase in certain expenses due to growth in consumer base, this includes increase in maintenance expenses, meter reading expenses, whereas other expenses are directly linked to the rate of petroleum. The employees' cost includes costs related to salaries and benefits of all staff (administrative, operational and security).

- 3.2.10. To ensure an efficient, coordinated, economical distribution system and to build, maintain and operate the system more systematically, it will be employing a highly skilled and technically proficient team to manage all aspects of the distribution of power to ensure that all key commercial interests of all stakeholders are maintained, protected and prioritized.
- 3.2.11. The O&M cost needs to be bifurcated into controllable and uncontrollable cost components and the 'Uncontrollable costs' are requested to be trued-up at the end of every year and the 'Controllable costs' should be indexed every year with CPI change less agreed efficiency factor, adjustable in last two years, to pass on the benefit of system efficiency to the consumers.

Controllable Cost:

- 3.2.12. The controllable O&M costs are projected by assuming an inflation rate of 10%. The controllable cost during FY 2025-26 will also increase due to new projects (as envisaged in DM) and accordingly this new addition in per unit base cost of controllable component may be allowed in the related year in which project is planned to be completed and indexed subsequently as part of controllable cost component.

Uncontrollable Cost:

- 3.2.13. With regards to uncontrollable cost different growth rates are projected for different cost streams based on management experience. Uncontrollable cost factors could be affected by growth in employee benefits, consumer growth rates and growth in regulatory fee etc. The uncontrollable cost will also increase due to new projects (as envisaged in DIIP) and accordingly projected cost includes impact of new projects.

3.2.14. The detail of controllable and uncontrollable costs is as under:

Controllable Costs	Uncontrollable Costs
Travelling Expenses	Pay and Allowances – Existing
Office Supplies & Store handling	Rent, Rate & Taxes
Vehicle Expenses	Injuries & Damages
Power, Light & Water	Collection Expenses
Communication & Postage	Legal Charges
Advertising & Publicity	Management Fee
Subscription & Periodicals	Audit Charges
Misc. Expenses	
Bank Charges	
Insurance Premium	

ADJUSTMENT MECHANISM:

The following adjustment mechanism is proposed:

- The base year FY 2024-25 does not reflect the true cost and accordingly factor “N” is included to account for the new recruitments.
- Adjustment in Salary & Pension (including pension part of post-retirement benefit) may be linked with the Increase announced by GoP in Annual Budget on actual basis.
- 5% increase on account of Annual Increment may be allowed.
- The remaining allowances / benefits may be adjusted on the basis of CPI for controllable costs and on the basis of actual in case of uncontrollable costs.
- An additional variable “N” may be included to account for the New Hiring (excluding outsourcing of Services like Bill Distributor, Drivers etc.) against vacant positions and the same may be indexed as proposed above.

- f. The O&M part of Distribution Margin shall be indexed with CPI (component wise).

Accordingly, the O&M will be indexed for next year according to the following formula:

$$O\&M_{Rev} = [O\&M_{Ref} \times (1 + (\Delta CPI - X))] + O\&M_{Actual} + N$$

Where:

O&M (Rev)	is Revised O&M Expense for the Current Year
O&M (Ref)	is Reference O&M Expense for the Reference Year which is controllable cost
O&M (Actual)	is Actual O&M Expense for the Current Year and is uncontrollable cost
*ΔCPI	is Change in Consumer Price Index published by Pakistan Bureau of Statistics latest available on 1 st July against the CPI as on 1 st July of the Reference Year in terms of percentage (excluding pay & allowances and pension)
X	is Efficiency factor and may be allowed to the extent that the actual expenses are less than the determined instead of 30%, which is on a very higher side as CPI is not a true reflection of DISCOs expenses
N	is New Hiring (excluding outsourcing of Services like Bill Distributor, Drivers etc), including indexation of controllable and un-controllable costs to account for the expenditure that is not in the Base Cost
* Note:	Change in CPI may be used component wise instead of general NCPI, e.g., for vehicle expenses, NCPI under transport category should be used or it should be linked with PSO prices.

ii) REPAIR & MAINTENANCE EXPENSES:

3.2.15. Repair and Maintenance expenses have been assumed @ around 2% of the net Fixed Assets in operation. HAZECO has to maintain its old and over loaded system in order to ensure un-interrupted power supply to the consumers, moreover cost of material has also increased due to inflationary pressure. Therefore, Repair & Maintenance expenditure has been projected for Distribution (Non-Sale Elements) as Rs. 229 Million for FY 2025-26.

3.2.16. The repair & maintenance cost shall enable the company to ensure smooth and efficient functioning of the transmission and distribution system in operation. Moreover, it shall contribute to the benefit of the consumers at large by reducing power outages, system breakdowns and better service quality in addition to contribution in reduction of the T&D

Losses. Foregoing in view, NEPRA is requested to allow full amount of the repair & maintenance projected for FY 2025-26. The repair and maintenance are mainly for standalone items necessary for keeping the system in operation with no additional benefits.

Repair & Maintenance Cost for FY 2025-26

3.2.17. The projected Repair & Maintenance for Distribution of Power Business for FY 2025-26 is as under:

Rs. in Million

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Repair And Maintenance	189	208	229
%Increase/(Decrease)		10%	10%

The Average Repair & Maintenance Expense (Rs./Kwh) for FY 2025-26 is assessed as under:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Repair And Maintenance	0.09	0.09	0.10
%Increase/(Decrease)		5%	7%

ADJUSTMENT MECHANISM:

The following adjustment mechanism is proposed:

- Adjustment in Repair & Maintenance may be linked with the percentage of Fixed Assets (i.e. 2% of the net Fixed Assets) in operation.

iii) **TRAVELLING EXPENSES:**

3.2.18. Travelling Expenses for Distribution (Non-Sale Elements) have been projected Rs. 51 Million FY 2025-26, respectively.

Rs. in Million

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Travelling Expense	36	41	51
%Increase/(Decrease)			26%

The Average Travelling Expense (Rs./Kwh) for FY 2025-26 is assessed as under:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Travelling Expense	0.02	0.02	0.02
%Increase/(Decrease)			7%

ADJUSTMENT MECHANISM:

The following adjustment mechanism is proposed:

- Adjustment in Travelling Expenses may be linked with the CPI.

iv) **VEHICLE RUNNING EXPENSES:**

3.2.19. Vehicle Running Expenses for Distribution (Non-Sale Elements) were Rs. 57 million for the FY 2023-24 and projected for FY 2025-26 as Rs. 122 Million.

Vehicle Running Expenses for FY 2025-26

Rs. in Million

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Vehicle Expense	57	85	122
%Increase/(Decrease)			42%

The Average Vehicle Expense (Rs./Kwh) for FY 2025-26 is assessed as under:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Vehicle Expense	0.03	0.04	0.05
%Increase/(Decrease)			38%

ADJUSTMENT MECHANISM:

The following adjustment mechanism is proposed:

- a. Adjustment in Vehicle Running Expenses may be linked with the CPI.

v) OPERATING EXPENSES:

13.1.17. Other Expenses include Rent, Rates and Taxes, Utility expenses, communications, office supplies, professional fees, auditor's remuneration, outsourced services, management fees, electricity bill collection expenses etc.

Other Operating expenses for FY 2025-26

Rs. in Million

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Other Expense	30	62	68
%Increase/(Decrease)			10%

The Average Other Expenses (Rs./Kwh) for FY 2025-26 is assessed as under:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Other Expense	0.01	0.03	0.03
%Increase/(Decrease)			7%

ADJUSTMENT MECHANISM:

The following adjustment mechanism is proposed:

- Adjustment in Other Operating Expenses may be linked with the CPI.

vi) DEPRECIATION

13.1.18. Depreciation is calculated on the basis of the value of existing Assets plus the additions in assets during the FY 2025-26, Actual depreciation for FY 2023-24 was Rs. 688 Million. The assets are depreciated on straight line method as per utility practice i.e land @ 0 %, buildings and civil works @ 2%, Plant and machinery @ 3.5%, office equipment and mobile plant @ 10% and other assets @ 10% based upon these assumptions the figure for depreciation has been worked as Rs. 748 Million for FY 2025-26.

Depreciation Expense for FY 2025-26

Rs. in Million

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Depreciation	688	719	748
%Increase/(Decrease)			4%

The Average Depreciation Expense (Rs./Kwh) for FY 2025-26 is assessed as under:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Depreciation	0.32	0.32	0.32
%Increase/(Decrease)			1%

ADJUSTMENT MECHANISM:

The following adjustment mechanism is proposed:

- Adjustment in Depreciation Expenses may be linked with the Gross Fixed Assets in operation.

vii) RETURN ON RATE BASE (RORB):

13.1.19. NEPRA allowed WACC to PESCO (incl. HAZECO) 20.4% for FY 2024-25 in its tariff determination for Adjustment/ Indexation of tariff for FY 2024-25 against the requested WACC of 21.27%, hence, the same needs to be reconsidered in view of the MYT

determination wherein adjustments on account of variation in KIBOR is permissible on biannual basis. HAZECO has calculated WACC of 17.05% based on the following calculations:

*Weighted Average Cost of Debt for FY 2024-25 include 3 month's Kibor plus 2% spread.

By incorporating the above adjustment of ERC, the calculation of WACC and RORB will be as under:

$$\text{WACC} = [14.47\% * 30\%] + [18.16\% * 70\%] = 17.05\%$$

3.2.20. HAZECO has no other source of revenue except Tariff to pay off the principal, interest and exchange risk payable to EAD except for consumer end Tariff and if not allowed, it will in any way effect the consumers as the same will be passed in the form of deficit financing resulting in financial hardship to the consumers.

3.2.21. HAZECO is of the opinion that return should be adequate enough to not only cover the cost of debt but also to cater for the exchange rate parity as well as reasonable return to the equity holders. Authority is therefore requested to allow RORB @17.05% WACC, including debt as per following calculations and further projection is also being made for FY 2025-26.

Description	UoM	2023-24	2024-25	2025-26
		Audited	Prov.	Proj.
Net Fixed Assets in Operation	[Mln Rs]	14,381	16,455	18,785
Add: Capital Work In Progress - Closing Bal	[Mln Rs]	5,498	6,366	8,568
Less: Cap. WIP-Deposit Portion	[Mln Rs]	1,100	1,202	1,304
Investment in Fixed Assets	[Mln Rs]	18,780	21,620	26,049
Less: Deferred Credits	[Mln Rs]	5,564	5,863	6,287
Regulatory Assets Base	[Mln Rs]	13,216	15,757	19,763
Average Regulatory Assets Base	[Mln Rs]	12,379	14,486	17,760
Rate of Return	[%age]	21.27%	17.05%	17.05%
Return on Rate Base	[Mln Rs]	2,633	2,470	3,028

The details of RORB is as under:

Rs. in Million

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Act/Pro.	Proj.
RORB	2,106	1,976	2,423
%Increase/(Decrease)			23%

The Average RORB (Rs./Kwh) for FY 2025-26 is assessed as under:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Act/Pro.	Proj.
RORB	0.99	0.88	1.05
%Increase/(Decrease)			19%

viii) OTHER INCOME:

13.1.23. The main sources of other income include Interest Income, Sale of Scrape, Amortization of Deferred Credit, Rental & Service Income etc whereas the Wheeling Charges and Late Payment Surcharge have been excluded as per decision of NEPRA.

The projected Other Income for Distribution of power business for FY 2025-26 is as under:-

Rs. in Million

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Act/Pro.	Proj.
Other Income	-305	-340	-378
%Increase/(Decrease)			11%

The Average Other Income (Rs./Kwh) for FY 2025-26 is assessed as under:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Act/Pro.	Proj.
Other Income	(0.14)	(0.15)	(0.16)
%Increase/(Decrease)			8%

13.1.24. Based on above the projections the Distribution Margin (DM) for FY 2025-26 for Distribution (Non-Sale Elements) of power business would be as under:

Rs. in Million

Distribution of Power Business				
Description	UoM	2023-24	2024-25	2025-26
		Actual	Prov.	Proj.
O & M Expenses	Rs.Mln.	4,127	4,443	5,052
Depreciation	Rs.Mln.	688	719	748
RORB	Rs.Mln.	2,106	1,976	2,423
Gross DM	Rs.Mln.	6,921	7,138	8,223
Less: Other Income	Rs.Mln.	- 305	- 340	- 378
Net DM	Rs.Mln.	6,616	6,798	7,846

The Average DM (Rs./Kwh) for FY 2025-26 is assessed as under:

Distribution of Power Business				
Description	UoM	2023-24	2024-25	2025-26
		Actual	Prov.	Proj.
O & M Expenses	Rs.Mln.	1.95	1.99	2.19
Depreciation	Rs.Mln.	0.32	0.32	0.32
RORB	Rs.Mln.	0.99	0.88	1.05
Gross DM	Rs.Mln.	3.26	3.20	3.57
Less: Other Income	Rs.Mln.	- 0.14	- 0.15	- 0.16
Net DM	Rs.Mln.	3.12	3.04	3.41

3.3. FINANCIAL CHARGES:

3.3.1. The Distribution Plan of the Company, which is integrated with the 132 KV network studies, envisages expansion and rehabilitation of the Company network during the 2025-26. The Company intends to invest an amount of PKR 3,811 Million through HAZECO own sources and Rs. 1,552 Million through consumer finance for the FY 2025-26 keeping in view its system requirements under the projects i.e. Secondary Transmission and Grid Stations (STG), Distribution of Power (DOP), Energy Loss Reduction (ELR) and Support Plan.

3.3.2. The details of investments proposed annually are detailed below:

DESCRIPTION	Unit	2025-26
Distribution of Power (DOP)	M Rs.	1,131
Energy Loss Reduction (ELR)	M Rs.	620
Secondary Transmission & Grids (STG)	M Rs.	2,336
Support Plan	M Rs.	629
Deposit works	M Rs.	647
INVESTMENT IN LOCAL CURRENCY	M Rs.	5,363

4. SUMMARY OF EVIDENCE & RELIEF SOUGHT:

4.1. RELIEF / DETERMINATION SOUGHT

In support of the petition in hand the standard formats are enclosed as per requirement;

- Approval of Category-wise Tariff for FY 2025-26– Form 27
- Approval of Revenue Requirement for FY 2025-26– Form 20.
- Summary of Category-wise Revenue Requirement for FY 2025-26- Form 27 (A).
- Any other relief

1.2. KEY ASSUMPTIONS TO THE FINANCIAL PROJECTIONS/ RELIEF SOUGHT

- **Total Unit Sales:** The units projected for FY 2025-26 are 2,303 Million.
- **Target Transmission & Distribution Losses:** The losses have been projected at 15.39% for FY 2025-26.
- The Financial Projections are made on the basis of existing notified tariff and actual T&D losses adjusted with the proposed tariff.
- That in view of the grounds and facts mentioned above, it is respectively prayed that while admitting and allowing this petition, the Tariff of HAZECO for the FY 2025-26 as per the actual expenditure of FY 2024-25, may very graciously be determined as proposed, keeping in view the following:
 - a. Ensuring the financial viability of the petitioner for the reliable supply of electricity to its over Approximately 829,001 consumers;
 - b. Timely Determination of Tariff along with its monthly adjustments or quarterly adjustments as proposed, providing sufficient time to the petitioner for the recovery of the Determined Revenue Requirement;
 - c. Fixing of target of T&D losses by taking a realistic approach;
 - d. Approving the investment plan of Rs. 5,363 Million for FY 2025-26 as projected.
 - e. Allowing Distribution Margin (DM) Rs. 7,846 million for FY 2025-26 as projected.
 - f. To allow WACC @ 17.05%.
 - g. Any other relief.

The petitioner craves to grant of permission to raise additional grounds/points at the time of hearing, and also explain if any further points are raised during hearing proceedings.

Any other appropriate order deems fit by the honourable Authority may also be passed.

PETITIONER

THE HAZARA ELECTRIC SUPPLY COMPANY LTD

Through:

Engr. Qazi Muhammad Tahir

Chief Executive Officer HAZECO



HAZARA ELECTRIC SUPPLY COMPANY (HAZECO) LTD

OFFICE OF THE CHIEF EXECUTIVE OFFICER

426/A, PMA LINK ROAD, JINNAHABAD, ABBOTTABAD

ceo.hazeco@gmail.com: +992-920211

848

CEO/HAZECO/HQ

16/06/ 2025

Registrar

National Electric Power Regulatory Authority (NEPRA)

NEPRA Tower, Attaturk Avenue (East), G-5/1

Islamabad.

SUBJECT: SUBMISSION OF TARIFF PETITIONS AND REQUEST FOR GRANT OF INTERIM TARIFF FOR FY 2025-2026

With reference to your letter No. NEPRA/TRF-100/868 dated June 11, 2025, please find below our submission for compliance:

- Cheque No. 2033815624 in favor of "Registrar National Electric Power Regulatory Authority" amounting to Rs. 1,998,446 (after deduction of withholding tax) towards the filing fee for both Distribution and Supply tariff petitions dated 16/05/2025 is enclosed.
- Required forms as per NEPRA Guidelines for Determination of Consumer End Tariff (Methodology and Process), 2015, are enclosed.
- Duly attested affidavit regarding the correctness, authenticity, and accuracy of the petition is enclosed.
- Certified copy of the Board of Directors' resolution authorizing the filing of tariff petitions is enclosed.
- The reason for submitting a single-year tariff is that HAZECO is a newly incorporated company and currently does not have a MIRAD department. Major recruitments are planned for the next financial year, after which a reliable base year estimate can be made. The tariff also depends on the Investment Plan which requires input from a Planning Department that is yet to be established. Therefore, HAZECO is filing single-year tariff petitions at this stage. A Multi-Year Tariff petition will be submitted next year.

We request NEPRA to kindly process the petitions and consider approval of the interim tariff accordingly.

Enclosures:

- Cheque No. 2033815624
- Filled NEPRA Forms
- Affidavit
- Board Resolution

DRO (T)
mean

Forwarded please:

☒ For nec. action ☐ For Information

☐ DG (Lic.)	☐ DG (Admin/HR)
☐ DG (M&E)	☐ DG (CAD)
☐ DG (Tech.)	☐ DG (ATC)
☐ ADG (Trf.)	☐ ADG (Fin.)
☐ SLA	☐ Dir. (I.T)
☐ Consult (Tech.)	☐ Consult (CTBCM)

For kind information, please

1. Chairman 2. M (Tech)
3. M (Law) 4. M (Dev)

(Qazi Muhammad Tahir)
Chief Executive Officer

CC:

- CFO-HAZECO for information

REGISTRAR OFFICE
Diary No: 7/53
Date: 18-6-25

ABUG WITH CHEQUE IS 1998446/-



NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

ISLAMIC REPUBLIC OF PAKISTAN

NEPRA Tower, Ataturk Avenue (East) G-5/1, Islamabad

Phone: 9206500, Fax: 2600026

Website: www.nepra.org.pk, Email: info@nepra.org.pk

OFFICE OF THE
REGISTRAR



No. NEPRA/R/TRF-100/

868

51422041201

June 11, 2025

Qazi Muhammad Tahir
Chief Executive Officer
Hazara Electric Supply Company Limited
426/A, PMA Link Road, Jinnahabad
Abbottabad

ABT

CFD
16/06

Subject: SUBMISSION OF TARIFF PETITIONS AND REQUEST FOR GRANT OF INTERIM TARIFF FOR FY 2025-2026

This is with reference to the subject petitions submitted by Hazara Electric Supply Company Limited (HAZECO) vide letter No. 516/CEO/HAZ/CEO/2025 dated 04.06.2025.

AMACF

2. NEPRA vide letter dated 23.05.2025 advised HAZECO to immediately file proper MYT petition for its Distribution and Power Supply businesses separately, along-with request for grant of interim tariff in light of applicable documents. However, HAZECO has submitted the subject petitions for single year i.e. FY 2025-26 without mentioning reason thereof.

3. During scrutiny of the subject petition, the following deficiencies have been noted:

- Non-submission of fee for filing tariff petitions as required under Rule 3(1) of NEPRA Tariff Rules 1998. HAZECO is required to submit separate fee for both of its petitions. The present applicable fee for filing each of the petitions is Rs. 1,869,444/-.
- Non-submission of information on the Forms specified in the NEPRA Guidelines for determination of Consumer End tariff (Methodology and Process) 2015 with each of the petitions.
- Affidavit as to the correctness, authenticity and accuracy of the petition; duly attested by the person lawfully authorized to take and receive affidavits as required under Rule 3(8) of Tariff Rules.
- BoD Authorization to file a tariff petitions with NEPRA.

4. HAZECO is directed to submit the tariff petition filing fee along with information/documents as mentioned above separately in respect of each of the petitions for Distribution and Power Supply businesses immediately for processing.

(Iftikhar Ali Khan)
Addl. DG





HAZARA ELECTRIC SUPPLY COMPANY (HAZECO) LTD

OFFICE OF THE CHIEF EXECUTIVE OFFICER

426/A, PMA LINK ROAD, JINNAHABAD, ABBOTTABAD

ceo.hazeco@gmail.com: +992-920211

848

CEO/HAZECO/HQ

16/06/ 2025

Registrar

National Electric Power Regulatory Authority (NEPRA)
NEPRA Tower, Attaturk Avenue (East), G-5/1
Islamabad.

SUBJECT: SUBMISSION OF TARIFF PETITIONS AND REQUEST FOR GRANT OF INTERIM TARIFF FOR FY 2025-2026

With reference to your letter No. NEPRA/TRF-100/868 dated June 11, 2025, please find below our submission for compliance:

- Cheque No. 2033815624 in favor of "Registrar National Electric Power Regulatory Authority" amounting to Rs. 1,998,446 (after deduction of withholding tax) towards the filing fee for both Distribution and Supply tariff petitions dated 16/05/2025 is enclosed.
- Required forms as per NEPRA Guidelines for Determination of Consumer End Tariff (Methodology and Process), 2015, are enclosed.
- Duly attested affidavit regarding the correctness, authenticity, and accuracy of the petition is enclosed.
- Certified copy of the Board of Directors' resolution authorizing the filing of tariff petitions is enclosed.
- The reason for submitting a single-year tariff is that HAZECO is a newly incorporated company and currently does not have a MIRAD department. Major recruitments are planned for the next financial year, after which a reliable base year estimate can be made. The tariff also depends on the Investment Plan which requires input from a Planning Department that is yet to be established. Therefore, HAZECO is filing single-year tariff petitions at this stage. A Multi-Year Tariff petition will be submitted next year.

We request NEPRA to kindly process the petitions and consider approval of the interim tariff accordingly.

Enclosures:

- Cheque No. 2033815624
- Filled NEPRA Forms
- Affidavit
- Board Resolution

DRO (T)

Forwarded please:

☒ For nec. action ☐ For information

☐ DG (Lic.)	☐ DG (Admin/HR)
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☐ ADG (Trf.)	☐ ADG (Fin.)
☐ SLA	☐ Dir. (I.T)
☐ Consult (Tech.)	☐ Consult (CTBCM)

For kind information, please

1. Chairman 2. M (Tech)
3. M (Law) 4. M (Dev)

(Qazi Muhammad Tahir)
Chief Executive Officer

CC:

- CFO-HAZECO for information

REGISTRAR OFFICE
Diary No: 7153
Date: 18-6-25

ABUJ
WIT
Cheque 1998446/-

HAZARA ELECTRIC SUPPLY COMPANY LIMITED

Tel# 0992-920212 Fax# 0992-921405 Email:- sec.hazeco@gmail.com		Office of the Company Secretary 426-A, HAZECO H/Q Jinnahabad, Abbottabad
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No. 541-42/Sec/BoD/HAZECO

Dated. 04/06/2025

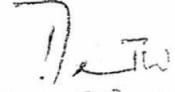
Subject:- **APPROVAL OF THE TARIFF PETITIONS FOR FY 2025-26 ALONG WITH AUTHORIZATION FOR SUBMISSION TO NEPRA.**

The 11th meeting of Board of Directors of HAZECO was held on 04th June, 2025 in the Conference Room of Islamabad Club, Islamabad.

Upon the recommendation of the Audit & Finance Committee and after discussion, it is hereby:

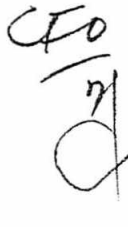
RESOLVED THAT, the Board approves the tariff petitions of HAZECO for the Financial Year 2025-26 (separately for its two licensed functions, namely the Distribution Business and the Supply Business) in accordance with the applicable rules and regulations of NEPRA.

FURTHER RESOLVED THAT, the Chief Executive Officer along with Chief Financial Officer are hereby authorized to take all necessary actions to facilitate the timely submission of the tariff petitions to NEPRA, including any subsequent adjustments, clarifications, or supplementary submissions as may be required, and to represent the Company in all related proceedings.

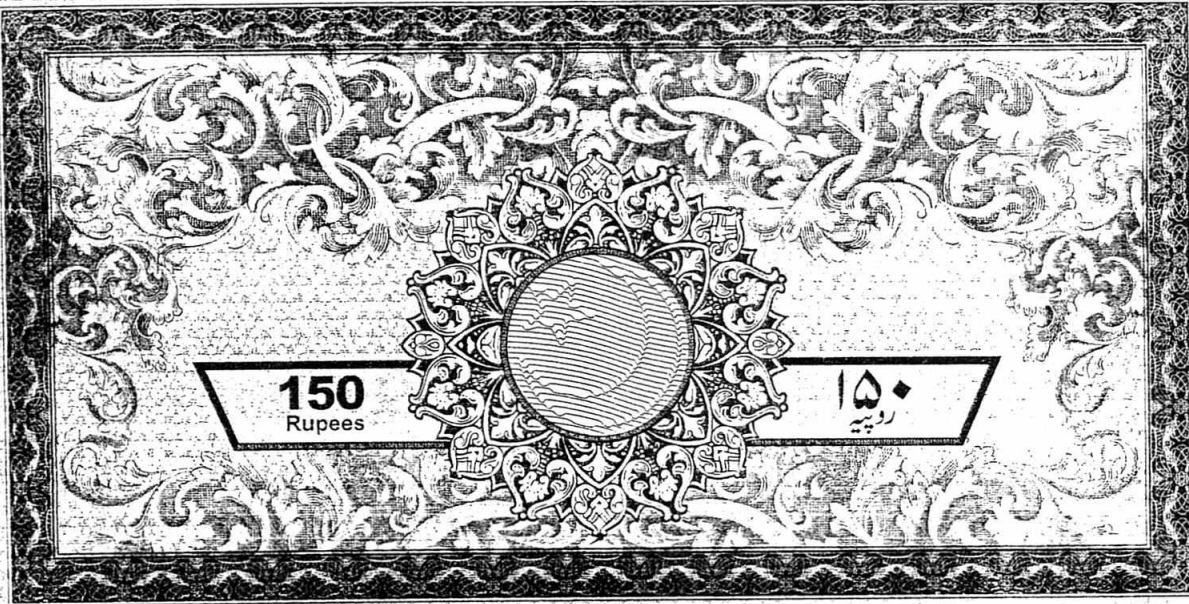

Company Secretary
HAZECO, Abbottabad

Distribution:

- The Chief Executive Officer, HAZECO for information please.
- Chief Financial Officer, HAZECO for further necessary action please.


04/06


CHIEF FINANCIAL OFFICER
Hazara Electric Supply Company
Limited Abbottabad



AFFIDAVIT

I, **Qazi Muhammad Tahir**, Chief Executive Officer, Hazara Electric Supply Company Limited (Distribution License # DL/10/2025) & Electric Power Supply License (SOLR/10/2025) being duly authorized representative/ attorney of Hazara Electric Supply Company Limited, hereby solemnly affirm and declare that the contents of the accompanying petition/ application submitted/ filed vide No. 516/CFO/HAZECO/2025 dated 04/06/2025, related to the Single Year Tariff (Distribution and Supply Business) for the FY 2025-26, 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 documents and information to be provided by me in connection with the accompanying petition shall be true to the best of my knowledge & belief.

Dated: 16/06/2025

DEPONENT

(QAZI MUHAMMAD TAHIR)
CHIEF EXECUTIVE OFFICER
HAZARA ELECTRIC SUPPLY COMPANY LIMITED





0585-ABBOTTABAD MAIN BRANCH
ABBOTTABAD-JINNAH CHOWK

Cheque No 2033815624

Date

16062025

Pay Registrar NEPRA or bearer

Rupees = One Million, Nine Hundred =

PKR = 1998,446/-

= Ninety Eight Thousand, Four Hundred Forty Six only.

PK05 MUCB 1597 910 3102 0855

HAZARA ELECTRIC SUPPLY COMPANY LIMITED-I

CHIEF SUPPLY CHAIN OFFICER

CHIEF FINANCIAL OFFICER

Hazara Electric Supply Company

Hazara Electric Supply Company

Please do not write below this line.

Limited Abbottabad

Limited Abbottabad

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NEPRA FORMS

DISTRIBUTION TARIFF

HAZARA ELECTRIC SUPPLY COMPANY.

Team (I/D)

Distribution Business

HAZARA Electric Supply Company
Company Statistics

Number of Consumers	Number	829,001
Area	Sq Km	16,748
Circles	Number	2
Divisions	Number	7
Sub Divisions	Number	32
Length of Feeders	Km	26
Length of High Voltage Transmission lines (132 kV)	Km	5,373
Length of Low Voltage Distribution lines (400 V)	Km	12,813



Distribution of electricity

HAZARA Electric Supply Company
Profit & Loss Statement

		2025-26 Proj.
Power Balances		
Units Received	[MkWh]	2,722
Units Lost	[MkWh]	419
Units Lost	[%age]	15%
Units Sold	[MkWh]	2,303
Revenue		
Revenue Earned from Wheeling of Electricity	[MIn Rs]	8,989
Total Sales Revenue	[MIn Rs]	8,989
Amortization of Def Credits	[MIn Rs]	378
Total Revenue	[MIn Rs]	9,367
Wheeling Charges Income	[MIn Rs]	-
Total Income Distribution Business	[MIn Rs]	9,367
Operating Cost		-
O&M Expenses	[MIn Rs]	5,052
Depreciation	[MIn Rs]	748
Total Operating Cost	[MIn Rs]	5,801
		-
Profit for the period	[MIn Rs]	3,566



From (B.D)

HAZARA Electric Supply Company
Profit & Loss Statement (2025-26)

Distribution of Electricity

		Projected																	
		Month 1	Month 2	Month 3	1st Qrt's	Month 4	Month 5	Month 6	2nd Qrt's	Month 7	Month 8	Month 9	3rd Qrt's	Month 10	Month 11	Month 12	4th Qrt's	Total	Total
					Total				Total				Total				Total		
Power Balances																			
Units Received	[MkWh]	295	258	242	795	273	189	196	660	209	208	196	614	198	216	239	653		2,722
Units Lost	[MkWh]	36	36	31	103	40	22	40	102	36	27	34	98	27	47	43	117		419
Units Lost	[%age]	12%	14%	13%	13%	15%	12%	20%	15%	17%	13%	17%	16%	14%	22%	18%	18%		15%
Units Sold	[MkWh]	259	222	211	692	234	167	159	559	173	181	162	516	171	169	196	536		2,303
Revenue																			
Revenue from: Wheeling of Electricity	[Min Rs]	1,011	868	823	2,702	911	650	619	2,181	675	707	633	2,014	667	661	765	2,092		8,989
Total Sales Revenue	[Min Rs]	1,011	868	823	2,702	911	650	619	2,181	675	707	633	2,014	667	661	765	2,092		8,989
Amortization of Def Credits	[Min Rs]	42	36	35	113	38	27	26	92	28	30	27	85	28	28	32	88		378
Total Revenue	[Min Rs]	1,054	904	858	2,816	950	677	645	2,272	703	736	659	2,099	695	689	797	2,180		9,367
Wheeling Charges Income (TESCO)	[Min Rs]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Operating Cost																			
O&M Expenses	[Min Rs]	568	488	463	1,519	512	365	348	1,226	379	397	356	1,132	375	371	430	1,176		5,052
Depreciation	[Min Rs]	84	72	69	225	76	54	52	182	56	59	53	168	56	55	64	174		748
Total Operating Cost	[Min Rs]	652	560	531	1,744	588	419	400	1,407	435	456	408	1,300	430	426	493	1,350		5,801
EBIT	[Min Rs]	401	344	327	1,072	362	258	246	865	268	280	251	799	265	262	303	830		3,566
EBT	[Min Rs]	401	344	327	1,072	362	258	246	865	268	280	251	799	265	262	303	830		3,566
EAT	[Min Rs]	401	344	327	1,072	362	258	246	865	268	280	251	799	265	262	303	830		3,566
Profit for the period	[Min Rs]	401	344	327	1,072	362	258	246	865	268	280	251	799	265	262	303	830		3,566

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HAZARA Electric Supply Company

Balance Sheet [in million Rupees]

Distribution of Electricity

Description	Projected 2025-26
Intangible Fixed Assets	
Net Fixed Assets in Operations	18,785
Total Net Fixed Assets in Operations	18,785
Capital Work in Progress	8,568
Long Term Loans to Employees	0
Deferred Cost & Long Term Deposits	
	8,569
Current Assets	
Stores & Spares	1,440
Advances, Prepayments, Other Receivables	1,802
Cash & Bank Balances of Deposit	729
Total Current Assets	3,971
Total Assets	31,325
Subscribed Equity	2,822
Unappropriated Profit	979
Total Equity	3,801
Long Term Liability	
Liability against Govt Investment	-
Security Deposits	
Employee Retirement Benefits	16,617
Deferred Credits	6,287
Total Long Term Loan	3,912
Total Long Term Liability	26,815
Current Liability	
Current Maturity on Long Term Loans	782
Other Payable	
Creditors, Accrued and Other Liabilities	708
Total Current Liability	708
Total Liabilities and Equity	31,324

HAZARA Electric Supply Company

Cash Flow Statement [in million Rupees]

Distribution of Electricity

Description	Projected 26	2025-
Outflow from Operations		
Payment for electricity (to CPPA)		0
Distribution Service Cost (=DMC)		5,052
Total Outflow from Operations		5,052
Surplus/Deficit from Operations		
Inflows from Other Sources		
Capital Contributions		621
Consumer Security Deposits		
Other Incomes		
GOP Subsidy (Actual and Estimated)		-
Government Grant		-
Long Term Loan / Redeemable Capital		-
Total Inflows from Other Sources		621
Outflow Others		
Financial Charges		0
Repayment of Long Term Loans		
Investment Program		5,363
Working Capital/other Changes		(1,750)
Total Outflow Others		3,613
Surplus/Deficit Others		
Total Inflows (Operations + Others)		8,801
Total Outflows (Operations + Others)		8,666
Opening Balance		594
Surplus/Deficit for Fiscal Year		135
Deficit from Financing/Loans		
Closing Balance		729

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Hazara Electric Supply Company

Line Losses (BaseYear)

2024-25

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Power Balances														
Units Received	[MkWh]	292	265	230	250	187	196	207	187	194	186	214	236	2,646
Units Sold	[MkWh]	216	219	208	220	164	166	170	168	160	168	181	193	2,233
Units Lost	[MkWh]	76	46	22	30	23	30	37	18	35	18	33	44	412
Units Lost	[%age]	26.2%	17.5%	9.7%	12.0%	12.4%	15.3%	17.8%	9.8%	17.8%	9.5%	15.5%	18.4%	15.6%
Technical Losses at Different Levels														
Transmission Losses 132 kV	[%age]	2.4%	2.8%	0.2%	2.5%	0.9%	1.9%	2.9%	1.2%	2.9%	1.3%	4.8%	3.0%	2.26%
11 kV Losses	[%age]	2.3%	0.9%	0.1%	0.4%	0.6%	0.9%	1.0%	1.1%	1.0%	0.9%	4.4%	1.2%	1.26%
LT Losses	[%age]	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.00%
Total Technical Losses	[%age]	8.7%	7.7%	4.3%	6.9%	5.5%	6.8%	7.9%	6.3%	7.9%	6.2%	13.3%	8.1%	7.52%

Hazara Electric Supply Company

Line Losses * (Projected)

2025-26

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Power Balances														
Units Received	[MkWh]	295	258	242	273	189	198	209	208	196	198	216	239	2,722
Units Sold	[MkWh]	259	222	211	234	167	159	173	181	162	171	169	196	2,303
Units Lost	[MkWh]	36	36	31	40	22	40	36	27	34	27	47	43	419
Units Lost	[%age]	12.2%	13.8%	12.9%	14.6%	11.9%	19.9%	17.3%	13.1%	17.3%	13.5%	21.8%	17.9%	15.4%
Technical Losses at Different Levels														
Transmission Losses 132 kV	[%age]	0.5%	1.7%	3.0%	3.1%	0.6%	2.1%	2.9%	4.0%	2.9%	3.6%	4.9%	3.0%	2.63%
11 kV Losses	[%age]	1.0%	0.9%	1.0%	0.9%	0.9%	1.0%	1.1%	1.3%	1.1%	1.1%	4.8%	1.3%	1.36%
LT Losses	[%age]	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.00%
Total Technical Losses	[%age]	5.5%	6.6%	8.0%	8.0%	5.5%	7.1%	8.0%	9.3%	8.0%	8.7%	13.7%	8.3%	7.99%

7(A)

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1502M9

Average Rate per Unit Purchased and Sold		2025-26
Average Rate per Unit Purchased and Sold		
Weighted Average Cost per Unit Sold to Customers		
10.01 <u>Use of System Charges (NTDC)</u>		
10.02 Estimated Average Rate	(Table 11 - 11.16)	621
10.03 Estimated Maximum Demand Indicator (MDI)	(Table 11 - 11.17)	701
10.04 Number of Months (Fiscal Year)		12.00
10.05 Estimated Use of System Charges = (10.02 x 10.03 x 10.04)		5,224
10.05A Market Operator Fee		17.32
10.06 <u>Fixed/Capacity Charge</u>		
10.07 Estimated Average Rate	(Table 11 - 11.33)	5,385
10.08 Estimated MDI	Form 6 (A)	701
10.09 Number of Months (Fiscal Year)		12.00
10.10 Estimated Capacity Charge = (10.07 x 10.08 x 10.09)		45,277
10.11 <u>Energy Charge</u>		
10.12 Estimated Average Energy Charge	(Table 11 - 11.33)	10.50
10.13 Estimated Energy Purchase for Fiscal Year		2,722
10.14 Estimated Energy Charges = (10.12 x 10.13)		28,584
10.15 Estimated Power Purchase Price = (10.05 + 10.05A + 10.10 + 10.14)		79,103
10.16 <u>Average Rate per Unit Purchased</u> = (10.15 / 10.13)		29.06
10.17 Estimated Energy Sold		2,303
10.18 <u>Average Energy Rate per Unit Sold</u> = (10.15 / 10.17)		34.35
10.19 Distribution Margin		11,193
10.20 <u>Distribution Margin per Unit Sold</u> = (10.19 / 10.17)		4.86
10.20A TFCs Interest charges		
10.20B TFCs Interest charges per unit sold		-
10.21 <u>Total Cost per Unit Sold to Customers</u> = (10.20 + 10.18)		39.21
10.22 <u>Estimated Revenue from Energy Sold</u> (10.18 + 10.20 + 10.20B)		39.21
10.23 <u>Prior Period Adjustment (Unrecovered Costs)</u>		0.49
10.24 <u>Required Estimated Revenue from Energy Sold</u> (10.22 + 10.23)		39.70

Table 11 - CPPA Charges: Use of System, Capacity and Energy

2025-26

11.01	<u>Use of System Charges (NTDC)</u>		1000					
	Month	Year	Demand [kW]	Fixed Use of System Rate [Rs/kW]	Fixed Use of System Charges [Rs]	Energy [kWh]	Variable Use of System Rate [Rs/kWh]	Variable Use of System Charges [Rs]
11.02	1	2	3	4	5 = 3 x 4	6	7	8 = 6 x 7
11.03	Jul	2025-26	789,738	235.30	185,825,410	295,090,716	260.69	205,875,417
11.04	Aug	2025-26	727,636	235.30	171,212,652	257,896,131	257.29	187,213,915
11.05	Sep	2025-26	750,839	235.30	176,672,369	242,052,667	448.83	337,000,654
11.06	Oct	2025-26	654,915	235.30	154,101,535	273,305,319	410.07	268,558,274
11.07	Nov	2025-26	698,985	235.30	164,471,127	188,941,139	457.30	319,643,478
11.08	Dec	2025-26	655,035	235.30	154,129,821	198,244,818	458.97	300,642,636
11.09	Jan	2025-26	622,817	235.30	146,548,893	209,167,720	436.04	271,573,598
11.10	Feb	2025-26	715,881	235.30	168,446,816	208,341,507	441.82	316,292,051
11.11	Mar	2025-26	654,854	235.30	154,087,144	196,071,798	452.05	296,023,873
11.12	Apr	2025-26	660,929	235.30	155,516,562	197,638,302	410.95	271,610,791
11.13	May	2025-26	734,477	235.30	172,822,358	216,480,352	330.01	242,384,651
11.14	Jun	2025-26	741,408	235.30	174,453,344	238,720,184	309.25	229,283,944
11.15			8,407,514	235.300	1,978,288,032	2,721,950,653	386.095	3,246,103,281
11.16	Avg per month [MW]		701					
11.17					Avg per month [MWh]	226,829		
11.18	<u>Capacity and Energy</u>							
	Month	Year	Capacity Charge [Rs]	Energy Charge [Rs]	Sum of all Charges [Rs]	Use Of System Rate per kWh [Rs/kWh]	Capacity Rate per kWh [Rs/kWh]	Energy Rate per kWh [Rs/kWh]
11.19	1	2	11	12	13 = 9+11+12	14 = 9 / 6	15 = 11 / 6	16 = 12 / 6
11.20	Jul	2025-26	2,316,222,985	2,933,777,154	5,641,700,966	1.33	7.85	9.94
11.21	Aug	2025-26	3,669,769,104	3,126,785,128	7,154,980,799	1.39	14.23	12.12
11.22	Sep	2025-26	2,823,671,370	2,323,971,194	5,661,315,587	2.12	11.67	9.60
11.23	Oct	2025-26	3,809,951,407	2,366,909,818	6,599,521,034	1.55	13.94	8.66
11.24	Nov	2025-26	4,746,671,842	1,248,342,895	6,479,129,341	2.56	25.12	6.61
11.25	Dec	2025-26	4,989,359,131	2,627,824,067	8,071,955,655	2.29	25.17	13.26
11.26	Jan	2025-26	4,561,826,732	2,978,788,005	7,958,737,229	2.00	21.81	14.24
11.27	Feb	2025-26	4,788,946,143	1,495,180,135	6,768,865,144	2.33	22.99	7.18
11.28	Mar	2025-26	4,108,085,315	1,745,448,938	6,303,645,270	2.30	20.95	8.90
11.29	Apr	2025-26	3,377,254,454	2,357,966,438	6,162,348,245	2.16	17.09	11.93
11.30	May	2025-26	3,048,379,967	2,370,899,982	5,834,486,958	1.92	14.08	10.95
11.31	Jun	2025-26	3,037,329,720	3,008,020,759	6,449,087,767	1.69	12.72	12.60
11.32			45,277,468,168	28,583,914,513	79,085,773,994	1.92	16.63	10.50
11.33	Avg Cap. Charge =		5,385					
11.34								

66m 17

Hazara Electric Supply Company
Distribution Margin Comparison

	Projected
	2025-26
O&M Expenses	7,883
Increase in %	14%
Depreciation	831
RORB	3,028
Other Income	(550)
Distribution Margin	11,193
Energy Sold	2,303
DM per unit	4.86
DM per unit increase %	12%

D

HAZARA Electric Supply Company

Distribution Margin Comparison

	Projected
	2025-26
O&M Expenses	5,052
Increase in %	14%
Depreciation	748
RORB	2,423
Income Tax	-
Other Income	(378)
Distribution Margin	7,846
Energy Sold	2,303
DM per unit	3.41
DM per unit increase %	-22%

D

Hazara Electric Supply Company

RORB Calculation

			Projected	Projected
Description			2024-25	2025-26
A	Gross Fixed Assets in Operation - Opening Bal	[Mln Rs]	22,554	25,427
B	Addition in Fixed Assets	[Mln Rs]	2,873	3,161
C	Gross Fixed Assets in Operation - Closing Bal	[Mln Rs]	25,427	28,588
D	Less: Accumulated Depreciation	[Mln Rs]	8,972	9,803
E	Net Fixed Assets in Operation	[Mln Rs]	16,455	18,785
F1	Add: Capital Work In Progress - Closing Bal	[Mln Rs]	6,366	8,568
F2	Less: Cap. WIP-Deposit Portion	[Mln Rs]	1,202	1,304
G	Investment in Fixed Assets	[Mln Rs]	21,620	26,049
H	Less: Deferred Credits	[Mln Rs]	5,863	6,287
I	Regulatory Assets Base	[Mln Rs]	15,757	19,763
J	Average Regulatory Assets Base	[Mln Rs]	14,486	17,760
Rate of Return			17.05%	17.05%
Return on Rate Base			2,470	3,028



HAZARA Electric Supply Company

Revenue Requirement

2025-26
Projected

A	Power Purchase Price	[Mln Rs]	-
B	DM		
	O&M	[Mln Rs]	5,052
	Depreciation	[Mln Rs]	748
	RORB	[Mln Rs]	2,423
	Other Income	[Mln Rs]	(378)
	Impact of Disallowed Losses	[Mln Rs]	-
	Total DM	[Mln Rs]	7,846
C	Wheeling Charges Income (TESCO)	[Mln Rs]	
D	Revenue Requirement (A+B+C)	[Mln Rs]	7,846
E	Financial Charges	[Mln Rs]	
F	Less/ (Excess) Recovery PYA/Turn o	[Mln Rs]	-
G	Total Revenue Requirement (D+E+I)	[Mln Rs]	7,846

FORM - 20 (A)

Revenue Requirement (*per unit sold*)

			2025-26 Projected
			2,303
A	Power Purchase Price	[Rs/ kWh]	-
B	DM		
	O&M	[Rs/ kWh]	2.19
	Depreciation	[Rs/ kWh]	0.32
	RORB	[Rs/ kWh]	1.05
	Other Income	[Rs/ kWh]	(0.16)
	Impact of Disallowed Losses	[Rs/ kWh]	
	Total DM	[Rs/ kWh]	3.41
C	Wheeling Charges		
D	Revenue Requirement (A+B+C)	[Rs/ kWh]	3.41
E	Financial Charges	[Rs/ kWh]	-
F	Less/ (Excess) Recovery PYA/Turn o	[Rs/ kWh]	-
G	Total Revenue Requirement (D+E+I)	[Rs/ kWh]	3.41

HAZARA Electric Supply Company
Investment**2025-26**
Projected**A Investment Plan**

Distribution of Power (DOP)	[Mln Rs]	1,131
Energy Loss Reduction (ELR)	[Mln Rs]	620
Secondary Transmission & Grids (STG)	[Mln Rs]	2,336
Support Plan	[Mln Rs]	629
Deposit works	[Mln Rs]	647
Total	[Mln Rs]	<u><u>5,363</u></u>

B Financing Arrangement

Local	[Mln Rs]	
Loan/ PSDP	[Mln Rs]	
Own Resources	[Mln Rs]	3,811
Grant	[Mln Rs]	
Consumer Contribution	[Mln Rs]	1,552
Others (Please Mention)	[Mln Rs]	
Total	[Mln Rs]	<u><u>5,363</u></u>



HAZARA Electric Supply Company
Interest on Development Loans

Sr. No.	Loans	Interest Rate %	Rs. Million
			2025-26 Annual
1	Earthquake Reconstruction and Rehabilitation Authority	1.0%	24
2	Supply of Power to Hattar E.Zone(Federal PSDP) CCPR-7019.	17.8%	244
	Total		268

2025-26

Hazara Electric Supply Company
Revenue & Subsidy Statement

(Monthly, Quarterly as well as Consolidated)

Description	MDI Charged	Sales	Sales Mix	No. of Consumers	NEPRA Existing Tariff			GOP Notified Tariff			Subsidy		
					Fixed Charge	Fixed Charge	Variable Charge	Fixed Charge	Fixed Charge	Variable Charge	Fixed Charge	Fixed Charge	Variable Charge
	(KW)	(MkWh)	(%)		(Min Rs)	(Min Rs)	(Min Rs)	(Min Rs)	(Min Rs)	(Min Rs)	(Min Rs)	(Min Rs)	(Min Rs)
Residential - A1 Sanctioned Load Less Than 5Kw													
UPTO-50 Units per month Life Line	-	23.54	1.02%	0.08	-	-	147.31	-	-	93	-	-	54
51-100 Units per month Life Line	-	14.09	0.61%	0.01	-	-	152	-	-	109	-	-	43
1-100 Units P/M Protected	-	296.09	12.86%	0.44	-	-	8,649	-	-	3,461	-	-	5,188
101-200 Units P/M Protected	-	164.58	7.15%	0.09	-	-	5,199	-	-	2,330	-	-	2,869
1-100 Units P/M Un-Protected	-	33.95	1.47%	0.07	-	-	992	-	-	801	-	-	191
101-200 Units P/M Un-Protected	-	76.49	3.32%	0.04	-	-	2,563	-	-	2,300	-	-	263
201-300 Units P/M	-	36.93	1.60%	0.01	-	-	1,364	-	-	1,265	-	-	98
301-400 Units P/M	-	11.07	0.48%	0.00	-	0	445	-	0	434	-	-	11
401-500 Units P/M	-	5.93	0.26%	0.00	-	0	246	-	0	245	-	-	1
501-600 Units P/M	-	2.45	0.11%	0.00	-	0	105	-	0	105	-	-	0
601-700 Units P/M	-	1.60	0.07%	0.00	-	0	71	-	0	70	-	-	0
ABOVE 700 Units	-	7.98	0.35%	0.00	-	0	390	-	0	390	-	-	0
Time of Day (TOD - Peak) For Load 5Kw & Above	-	-	0.00%	-	-	-	-	-	-	-	-	-	-
Time of Day (TOD - Off-Peak) For Load 5Kw & Above	-	13.51	0.59%	0.00	-	4	548	-	4	563	-	-	(15)
Temporary E-1 (i) Residential Supply	-	-	0.00%	0.00	-	0	-	-	0	-	-	-	-
TOTAL DOMESTIC	-	688.22	29.88%	0.76	-	6	20,870	-	6	12,167	-	-	8,704
Commercial - A2	-	-	-	-	-	-	-	-	-	-	-	-	-
For Load Less 5KW	-	49.32	2.14%	0.07	-	69	1,896	-	69	1,903	-	-	(7)
For Load requirement 5KW & Above	0.00	-	0.00%	0.00	0.13	-	-	0	-	-	-	-	-
Time of Day (TOD - Peak)	-	-	0.00%	-	-	-	-	-	-	-	-	-	-
Time of Day (TOD - Off-Peak)	0.29	95.73	4.16%	0.00	366.03	-	3,411	366	-	3,475	-	-	(64)
Temporary E-1(ii) Commercial Supply	-	0.21	0.01%	0.00	-	2	11	-	2	11	-	-	(0)
TOTAL COMMERCIAL	0.29	145.25	6.31%	0.07	366.16	71	5,318	366	71	5,389	-	-	(71)
INDUSTRIAL	-	-	-	-	-	-	-	-	-	-	-	-	-
B-1 upto 25 Kw (at 400/230 VOLTS)	-	0.15	0.01%	0.00	-	1	4	-	1	5	-	-	(0)
B-1b (09) T Peak	-	-	0.00%	-	-	-	-	-	-	-	-	-	-
B-1b (09) T Off Peak	0.07	6.15	0.27%	0.00	-	1	180	-	1	192	-	-	(12)
B-2(a) exceeding 25-500 Kw (at 400 Volts)	0.00	-	0.00%	0.00	0.30	-	-	0	-	-	-	-	-
B-2 (b) -TOD (Peak) exceeding 25-500 Kw (at 400 Volts)	-	-	0.00%	-	-	-	-	-	-	-	-	-	-
B-2 -TOD (off-peak) exceeding 25-500 Kw (at 400 Volts)	0.38	124.14	5.39%	0.00	473.74	-	3,314	474	-	3,546	-	-	(232)
B-3 TOD (peak) (for all loads upto 5000 Kw at 11, 33 KV)	-	-	0.00%	0.00	-	-	-	-	-	-	-	-	-
B-3 - TOD (off-peak)	0.20	473.34	20.55%	0.00	247.08	-	12,205	247	-	13,912	-	-	(1,707)
B-4 TOD (peak) (for all loads at 66, 132 KV & Above)	-	-	0.00%	-	-	-	-	-	-	-	-	-	-
B-4 TOD (off-peak)	0.11	131.85	5.72%	0.00	142.31	-	3,548	142	-	3,838	-	-	(290)
Temporary E-2 Industrial Supply	-	-	0.00%	-	-	-	-	-	-	-	-	-	-
TOTAL INDUSTRIAL	0.76	735.63	31.94%	0.00	853.44	2	19,251	863	2	21,492	-	-	(2,241)

Form 23

HAZECO

DEVOLPOMENT LOAN FOR FY 2025-26

Rs.In Million

Sr. No.	Loan	Interest Rate	2025-26				
			O/Bal	Disbursement	Interest Paid	Repayment /Exchange Risk Adjustment	C/Bal
1	Earthquake Reconstruction and Rehabilitation Authority	1.00%	2,393	-	24	(152)	2,545
2	Supply of Power to Hattar E.Zone(Federal PSDP) CCPR-7019.	17.84%	1,367	-	244	(152)	1,367
			3,761	-	268	(152)	3,912