



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/TRF-185/IESCO-2011/3892-3894
April 23, 2012

Subject: **Decision of the Authority in the Matter of Motion for Leave for Review filed by Islamabad Electric Supply Company Ltd. (IESCO) against Tariff Determination of the Authority dated 19.01.2012 [Case # NEPRA/RF-185/IESCO-2011]**

Dear Sir,

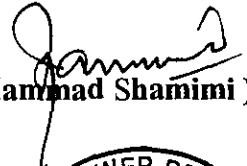
Enclosed please find herewith the Decision of the Authority (02 pages) in the matter of Motion for Leave for Review filed by Islamabad Electric Supply Company Ltd. against Tariff Determination of the Authority (dated 19.01.2012) for the FY 2011-12 in Case # NEPRA/TRF-185/IESCO-2011, for information.

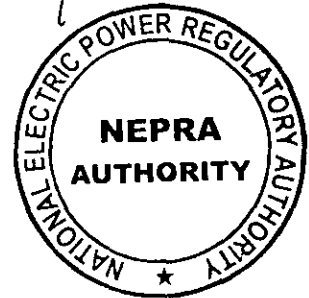
Encl: As above

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.


(Hammad Shamimi)





**DECISION OF THE AUTHORITY IN THE MATTER OF
MOTION FOR LEAVE FOR REVIEW FILED BY ISLAMABAD ELECTRIC SUPPLY COMPANY
(IESCO) AGAINST TARIFF DETERMINATION OF THE AUTHORITY DATED 19-01-2012**

1. Background:

1.1 The tariff determination for the FY 2011-12 pertaining to Islamabad Electric Supply Company (IESCO) was given by the Authority on 19.01.2012 against which IESCO (hereinafter referred to as "Petitioner"), filed motion for leave for review dated 02-02-2012 inter-alia seeking the following relief:-

- i. To accept the Policy Guidelines of the GOP regarding Business Plan and Reverting back to all slab benefits for residential consumers;
- ii. To revise T&D losses to 9.58%;
- iii. To exclude the Telecom/ Cellular Companies from installation of TOU meters;
- iv. To allocate the revenue shortfall due to receivables from the Govt. of AJK to other consumer categories;
- v. To revise the employees cost to Rs.4,490 million as requested in the Petition and to reconsider the Authority's decision of creation of Separate Fund for Post Retirement Benefits.

2.2 Subsequently, IESCO vide its letter # FD/IESCO/9990 dated 10-02-2012 and letter # FD/IESCO/ 10246 dated 20-02-2012 made additional submissions which include the re-consideration of Return on Rate Base (RORB) for FY 2011-12 on the basis of actual Debt: Equity ratio rather than optimum Debt: Equity ratio of 80:20 assumed by the Authority in its determination dated 19-01-2012.

2. Proceedings:

2.1 A pre-admission hearing on above review motion was held on February 24, 2012 and the Authority after hearing the view-point of the representative of IESCO, decided to provide an opportunity of hearing to the parties on March 28, 2012 and notices in this regard were also sent to the concerned parties. The hearing was conducted on March 28, 2012 at the NEPRA Head Office, Islamabad. During the hearing, IESCO was represented by Mr. Javed Pervaiz, Chief Executive Officer IESCO along with his financial and technical teams.

2.2 During hearing, the Petitioner restricted its submissions to issue nos. ii & v of above para 2.1. In addition, the Petitioner also requested to revise its RORB on the basis of actual debt: equity ratio.

2.3 Having heard the Petitioner on account of Salaries, Wages and Benefits, the Authority observed that the Petitioner not only failed to comply with the Authority's directions with respect to provision of recruitment plan but also failed to provide any additional or new evidence in support of its reconsideration request. The issue of Salaries, Wages and Benefits has been discussed in detail at para 14.2 of the Authority's determination dated 19-01-2012.

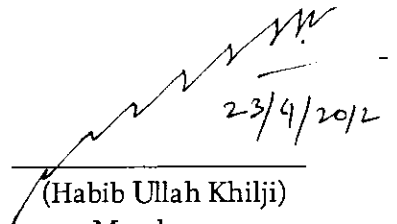


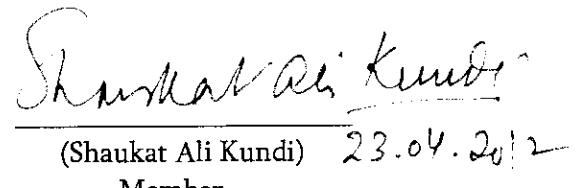
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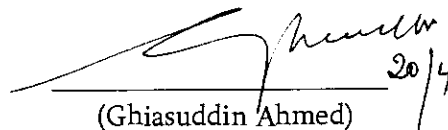


- The revision of salaries, wages and benefits can be considered in the next year's petition provided that the recruitment plan is provided in accordance with the Authority's directions in this regard.
- 2.4 Since the issue of revision of RORB on the basis of actual Debt Equity ratio was not raised by the Petitioner in its original tariff petition therefore, this cannot be considered in the Review Motion.
- 2.5 The other issues from S. No. i to iv at Para 2.1 above were also raised by the Petitioner in its original tariff petition of FY 2011-12 which were discussed in detail at Paras 9, 11, 15.1, 16.3 & 17 of the determination dated 19-01-2012. No fresh evidence justifying modification of those findings has been brought forward by the petitioner.
- 2.6 Keeping in view the above stated facts, the Authority is of the view that in terms of regulation 3(2) of the NEPRA (Review Procedure) Regulations, 2009, a motion seeking review of any order of the Authority is competent only upon discovery of new and important matter of evidence or on account of some mistake or error apparent on the face of record. The perusal of a determination sought to be review clearly indicates that all material facts and representation made were examined in detail and there is no occasion to amend the impugned determination. No error inviting indulgence as admissible in law has been pleaded out. Therefore, the Authority is convinced that the review would not result in the withdrawal or modification of its determination.
- 2.7 From what has been discussed above, the Authority is of the considered view that the grounds agitated in the motion for leave for review are not sufficient enough justifying the modification of the impugned determination, hence the motion for leave for review is declined.

AUTHORITY


(Habib Ullah Khilji)
Member


(Shaukat Ali Kundi) 23.04.2012
Member


(Ghiasuddin Ahmed)
Vice Chairman

