



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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Registrar

No. NEPRA/R/TRF-130/LESCO-2009/2571-2573

April 19, 2010

Subject: Determination of the Authority in the matter of Petition filed by Lahore Electric Supply Company Ltd. for Determination of Consumer-end Tariff for Second Quarter (October – December) of FY 2009-10 [Case # NEPRA/TRF-130/LESCO-2009(4)/2nd Quarter]

Intimation of Determination of Tariff pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)

Dear Sir,

Please find enclosed the subject Determination of the Authority along with Annexure-I, II, III & IV (32 pages) in Case No. NEPRA/TRF-130/LESCO-2009(4)/2nd Quarter.

2. The Determination is being intimated to the Federal Government for the purpose of notification of the approved tariff in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and Procedure) Rules, 1998.


3. Please note that only Order of the Authority at para 8 of the Determination along with revised Schedule of Tariff (Annexure-II) and Terms and Conditions (Annex-III) needs to be notified in the official gazette which will replace the Annex-III and V of the SRO 1129(I)/2009 dated 21.12.2009. The Order is reproduced for the purpose of clarity and is attached herewith.

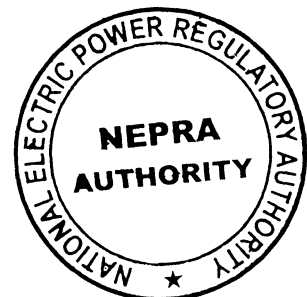
Enclosure: As above

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

CC:

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


(Syed Safeer Hussain)





ORDER OF THE AUTHORITY
IN CASE NO. NEPRA/TRF-130/LESCO-2009
TO BE NOTIFIED IN THE OFFICIAL GAZETTE

- I. Lahore Electric Supply Company (LESCO) is allowed to charge its consumers' such tariff as set out in the schedule of tariff for LESCO annexed to the determination.
- II. The actual variation in fuel cost component of power purchase price against the reference fuel cost component shall be adjusted on monthly basis without taking into account the T&D losses. The monthly fuel price adjustment shall be based on the actual information submitted by CPPA. Adjustment on account of T&D losses, variation in capacity and transmission charges will be considered quarterly.
- III. The terms and conditions related to the schedule of tariff shall be those as attached to this determination as Annex-III.
- IV. LESCO is allowed to charge the users of its system a use of system charge (UOSC) equal to:

- i) Where only 132 kV system is involved

$$UOSC = DM \times \frac{(1-L)}{(1-0.01)} \text{ Paisa / kWh}$$

- ii) Where only 11 kV distribution systems is involved.

$$UOSC = DM \times \frac{(1-L)}{(1-0.05)} \text{ Paisa / kWh}$$

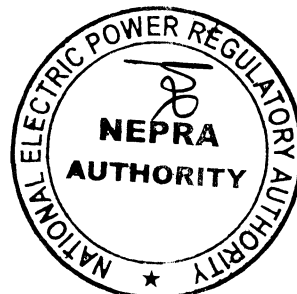
- iii) Where both 132 kV and 11 kV distribution systems are involved.

$$UOSC = DM \times \frac{(1-L)}{(1-0.06)} \text{ Paisa / kWh}$$

Where:

Distribution Margin for FY 2009-10 is set at Paisa 56.03/kWh. 'L' will be the overall percentage of T&D losses assessment for the year set at 12% for FY 2009-10.

- V. The revised Schedule of Tariff (**Annex-II**) and Terms and Conditions (**Annex-III**) annexed with determination are intimated to the Federal Government for notification in the official gazette under Section 31(4) of the NEPRA Act which will replace the Annex-III and V of the SRO. 1129(1)/2009 dated 21st December, 2009.



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**SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)**

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
a)	For Sanctioned load less than 5 kW			
i	Up to 50 Units	-		2.00
	For Consumption exceeding 50 Units			
ii	001 - 100 Units	-		8.30
iii	101 - 300 Units	-		11.25
iv	301 - 700 Units	-		13.75
v	Above 700 Units			15.50
b)	For Sanctioned load 5 kW & above			
			Peak	Off-Peak
	Time Of Use	-	14.50	8.00

Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed.

a) Single Phase Connections:	Rs. 75/- per consumer per month
b) Three Phase Connections:	Rs. 150/- per consumer per month

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
a)	For Sanctioned load less than 5 kW			14.00
b)	For Sanctioned load 5 kW & above	400.00		11.50
			Peak	Off-Peak
c)	Time Of Use	400.00	14.50	8.00

Under tariff A-2, there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections;	Rs. 175/- per consumer per month
b) Three Phase Connections:	Rs. 350/- per consumer per month

B INDUSTRIAL SUPPLY TARIFFS

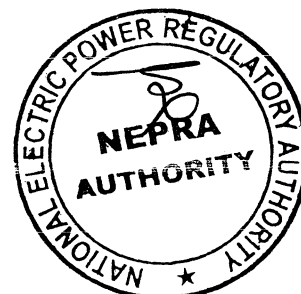
Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
B1	Less than 5 kW (at 400/230 Volts)	-		10.00
B2(a)	5-500 kW (at 400 Volts)	400.00		9.50
	Time Of Use		Peak	Off-Peak
B2(b)	5-500 kW (at 400 Volts)	400.00	14.50	8.00
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	14.40	7.90
B4	For All Loads (at 66,132 kV & above)	360.00	14.30	7.80

For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.

For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.

For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.

For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.



**SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)**

**C - SINGLE-POINT SUPPLY FOR PURCHASE IN BULK BY A DISTRIBUTION LICENSEE
AND MIXED LOAD CONSUMERS NOT FALLING IN ANY OTHER CONSUMER CLASS**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
C -1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-		10.50
b)	Sanctioned load 5 kW & up to 500 kW	400.00		10.50
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		10.40
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00		10.30
	Time Of Use			
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	14.50	8.00
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	14.40	7.90
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	14.30	7.80

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
D-1(a)	SCARP less than 5 kW	-		10.00
D-2	Agricultural Tube Wells	200.00		7.00
			Peak	Off-Peak
D-1(b)	SCARP and Agricultural 5 kW & above	200.00	14.50	6.00

Note:- The consumers having sanctioned load less than 5 kW can opt for TOU metering.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
E-1(i)	Residential Supply	-		15.50
E-1(ii)	Commercial Supply	-		14.00
E-2	Industrial Supply	-		10.00

For the categories of E-1(i&ii) above, the minimum bill of the consumers shall be Rs. 50/- per day subject to a minimum of Rs.500/- for the entire period of supply, even if no energy is consumed.

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

Note:

Tariff-F consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the beginning of the season. Once exercised, the option remains in force for at least one year.



**SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)**

G- PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES
		Rs/kW/M	Rs/kWh
	Street Lighting	-	13.00

Under Tariff G, there shall be a minimum monthly charge of Rs.500/- per month per kW of lamp capacity installed.

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

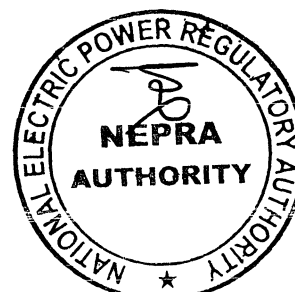
Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES
		Rs/kW/M	Rs/kWh
	Residential Colonies attached to industrial premises	-	13.00

I - RAILWAY TRACTION

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES
		Rs/kW/M	Rs/kWh
	Railway Traction	-	10.00

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**TERMS AND CONDITIONS OF TARIFF
(FOR SUPPLY OF ELECTRIC POWER TO CONSUMERS BY DISTRIBUTION
LICENSEES)**

PART-I

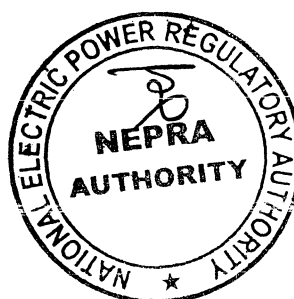
GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means Lahore Electric Supply Company (LESCO) engaged in the business of distribution of electricity within the territory mentioned in the licence granted to it for this purpose.

1. "Month or Billing Period", unless otherwise defined for any particular tariff category, means a billing month of 30 days or less reckoned from the date of last meter reading.
2. "Minimum Charge", means a charge to recover the costs for providing customer service to consumers even if no energy is consumed during the month.
3. "Fixed Charge" means the part of sale rate in a two-part tariff to be recovered on the basis of "Billing Demand" in kilowatt on monthly basis.
4. "Billing Demand" means the highest of maximum demand recorded in a month except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load.
5. "Variable Charge" means the sale rate per kilowatt-hour (kWh) as a single rate or part of a two-part tariff applicable to the actual kWh consumed by the consumer during a billing period.
6. "Maximum Demand" where applicable, means the maximum of the demand obtained in any month measured over successive periods each of 30 minutes duration except in the case of consumption related to Arc Furnaces, where "Maximum Demand" shall mean the maximum of the demand obtained in any month measured over successive periods each of 15 minutes duration.
7. "Sanctioned Load" where applicable means the load in kilowatt as applied for by the consumer and allowed/authorized by the Company for usage by the consumer.
8. "Power Factor" means the ratio of kWh to KVAh recorded during the month or the ratio of kWh to the square root of sum of square of kWh and kVARh.
9. Point of supply means metering point where electricity is delivered to the consumer.
10. Peak and Off Peak hours for the application of Time Of Use (TOU) Tariff shall be the following time periods in a day:

	<u>* PEAK TIMING</u>	<u>OFF-PEAK TIMING</u>
Dec to Feb (inclusive)	5 PM to 9 PM	Remaining 20 hours of the day
Mar to May (inclusive)	6 PM to 10 PM	-do-
June to Aug (inclusive)	7 PM to 11 PM	-do-
Sept to Nov (inclusive)	6 PM to 10 PM	-do-

* To be duly adjusted in case of day light time saving



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11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load exceeding 4 kW supply shall be given at three-phase.
12. "Consumer" means a person or his successor-in-interest as defined under Section 2(iv) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).
14. NTDC means the National Transmission and Dispatch Company.
15. CPPA means Central Power Purchasing Agency (CPPA).
16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

GENERAL CONDITIONS

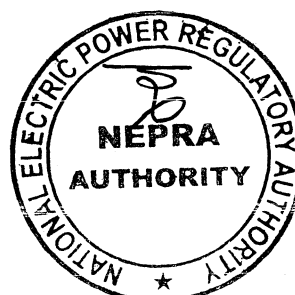
1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.
2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment Surcharge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 7th day from the date of delivery of bill.
3. The supply provided to the consumers shall not be available for resale.
4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.

PART-II

(Definitions and Conditions for supply of power specific to each consumer category)

A-1 RESIDENTIAL AND GENERAL SERVICES

1. This Tariff is applicable for supply to;
 - i) Residences,
 - ii) Places of worship,
 - iii) Approved religious and charitable institutions,
 - iv) Government and Semi-Government Offices and institutions,
 - v) Government Hospitals and Dispensaries,
 - vi) Educational institutions.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1 (a) tariff.



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3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-1(b) as set out in the Schedule of Tariff.
4. All existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and converted to A- 1(b) Tariff by the Company no later than June 30, 2010.

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:
 - i) Shops,
 - ii) Hotels and Restaurants,
 - iii) Petrol Pumps and Service Stations,
 - iv) Compressed Natural Gas filling stations,
 - v) Private Hospitals/Clinics/Dispensaries,
 - vi) Places of Entertainment, Cinemas, Theaters, Clubs;
 - vii) Guest Houses/Rest Houses,
 - viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.
2. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
3. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
4. The existing and prospective consumers having load of 5 kW and above can opt for T.O.U metering arrangement and A-2(c) tariff.
5. All existing consumers under tariff A-2 shall be provided T.O.U metering arrangement by the Company-and converted to-A-2 (c) Tariff no later than June 30, 2010.
6. All new connections having load requirement 5 kW and above shall be provided T.O.U meters and shall be billed under tariff A-2(c).

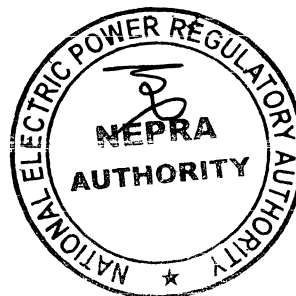
B INDUSTRIAL SUPPLY

Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices and for normal working of the industry and also for water pumps and tube-wells operating on three phase 400 volts, other than those meant for the irrigation or reclamation of agricultural land.
2. For the purposes of application of this tariff an "Industry" means a bona fide undertaking or establishment engaged in manufacturing, value addition and/or processing of goods.
3. This Tariff shall also be available for consumers having single-metering arrangement such as;
 - i) Poultry Farms
 - ii) Fish Hatcheries and Breeding Farms and
 - iii) Software houses

Conditions

An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates



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previously deposited and those applicable to tariff-F at the time of acceptance of option for seasonal tariff. Seasonal tariff will be applicable from the date of commencement of the season, as specified by the customers at the time of submitting the option for Tariff-F. Tariff-F consumers will have the option to convert to corresponding Regular Industrial Tariff category and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.

B -1 SUPPLY AT 400 VOLTS THREEPHASE AND/OR 230 VOLTS SINGLE PHASE

1. This tariff is applicable for supply to Industries having sanctioned load less than a 5 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate.

B-2 SUPPLY AT 400 VOLTS

1. This tariff is applicable for supply to Industries having sanctioned load of 5 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff no later than June 30, 2010.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable T.O.U tariff.

B-3 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 5000 kW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the NEPRA eligibility criteria.
4. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

B-4 SUPPLY AT 66 kV, 132 kV AND ABOVE

1. This tariff is applicable for supply to Industries for all loads of more than 5000 kW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5000 kW or below who opt to receive supply at 66 kV or 132 kV and above.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval



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of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.

4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

C SINGLE POINT (SINGLE-METERING) SUPPLY

“Single-Point Supply” for the purpose of this Tariff, means the supply given at one point:

- i) To a licensee converted from a bulk supply status (who was procuring power from LESCO as a consumer prior to grant of license to LESCO) for the purpose of further distribution within its respective exclusive territory and jurisdiction.
- ii) To a mix-load consumer not reselling to any other consumer such as residential, commercial, tube-well and others.

General Conditions

If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate basis for actual number of days between the date of old reading and the new reading.

C-I SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having mix-load at a single metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-I(a) tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-1(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements by June 30th 2010.

C-2 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable to consumers receiving supply at 11 kV or 33 kV at one-point metering arrangement and having sanctioned load of up to and including 5000 kW.
2. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the NEPRA eligibility criteria.
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-2(b) as set out in the Schedule of Tariff.
4. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-2(b) by June 30th 2010.

C-3 SUPPLY AT 66 kV AND ABOVE

1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.



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2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.
3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b) by June 30, 2010.
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

D AGRICULTURAL SUPPLY

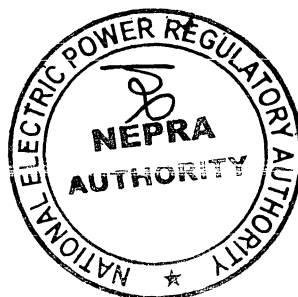
“Agricultural Supply” means the supply for Lift Irrigation Pumps and/or pumps installed on Tube-wells intended solely for irrigation or reclamation of agricultural land or forests, and include supply for lighting of the tube-well chamber.

Special Conditions of Supply

1. This tariff shall apply to:
 - i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP):
 - ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
 - iii) Tube-wells meant for aqua-culture, viz. fish farms, fish hatcheries and fish nurseries.
 - iv) Tube-wells installed in a dairy farm meant for cultivating crops as fodder and for upkeep of cattle.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The lamps and fans consumption in the residential quarters, if any, attached to the tube-wells shall be charged entirely under Tariff A-1 for which separate metering arrangements should be installed.
4. The supply under this Tariff shall not be available to consumer using pumps for the irrigation of parks, meadows, gardens, orchards, attached to and forming part of the residential, commercial or industrial premises in which case the corresponding Tariff A-1, A-2 or Industrial Tariff B-1, B-2 shall be respectively applicable.

D-1 (a)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation having sanctioned load of less than 5 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1(a) tariff given in the Schedule of Tariff.



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D-1 (b)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation and other consumers falling under Agriculture Supply having sanctioned load of 5 kW and above.
2. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D- 1(b) given in the Schedule of Tariff.
3. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements by June 30, 2010 and shall be governed by D-1(a) till that time.

D-2

1. This tariff is applicable to consumers falling under Agriculture Supply having sanctioned load less than 5 kW excluding SCARP related installations.
2. The fixed charges under this Tariff shall be recovered on the basis of sanctioned load in kilowatt as the billing demand and such charges will be applicable even if no energy is consumed during a month.

E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

Temporary Residential/Commercial Supply means a supply given to persons temporarily on special occasions such as ceremonial, religious gatherings, festivals, fairs, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction works for all kinds of single phase loads. For connected load exceeding 4 kW, supply may be given at 400 volts (3 phase) to allow a balanced distribution of load on the 3 phases. Normally, temporary connections shall be allowed for a period of 3 months which can be extended on three months basis subject to clearance of outstanding dues.

Special Conditions of Supply

1. This tariff shall apply to Residential and Commercial consumers for temporary supply.
2. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.

E -2 TEMPORARY INDUSTRIAL SUPPLY

“Temporary Industrial Supply” means the supply given to an Industry for the bonafide purposes mentioned under the respective definitions of “Industrial Supply”, during the construction phase prior to the commercial operation of the Industrial concern.

SPECIAL CONDITIONS OF SUPPLY

1. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.
2. Normally, temporary connections shall be allowed for a period of 3 months, which may be extended on three months basis subject to clearance of outstanding dues.

F SEASONAL INDUSTRIAL SUPPLY

“Seasonal Industry” for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a



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particular season of the year. However, any seasonal industry running in combination with one or more seasonal industries, against one connection, in a manner that the former works in one season while the latter works in the other season (thus running throughout the year) will not be classified as a seasonal industry for the purpose of the application of this Tariff.

Definitions

1. "Year" means any period comprising twelve consecutive months.
2. All "Definitions" and "Special Conditions of Supply" as laid down under the corresponding Industrial Tariffs shall also form part of this Tariff so far as they may be relevant.

Special Conditions of Supply

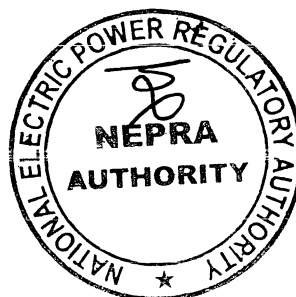
1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.
3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
4. All seasonal loads shall be disconnected from the Company's Supply System at the end of the season, specified by the consumer at the time of getting connection, for which the supply is given. In case, however, a consumer requires running the non-seasonal part of his load (e.g., lights, fans, tube-wells, etc.) throughout the year, he shall have to bring out separate circuits for such load so as to enable installation of separate meters for each type of load and charging the same at the relevant Tariff.
5. Where a "Seasonal Supply" consumer does not come forward to have his seasonal industry re-connected with the Company's Supply System in any ensuing season, the service line and equipment belonging to the Company and installed at his premises shall be removed after expiry of 60 days of the date of commencement of season previously specified by the consumer at the time of his obtaining new connection/re-connection. However, at least ten clear days notice in writing under registered post shall be necessary to be given to the consumer before removal of service line and equipment from his premises as aforesaid, to enable him to decide about the retention of connection or otherwise. No Supply Charges shall be recovered from a disconnected seasonal consumer for any season during which he does not come forward to have his seasonal industry re-connected with the Company's Supply System.

G PUBLIC LIGHTING SUPPLY

"Public Lighting Supply" means the supply for the purpose of illuminating public lamps.

Definitions

"Month" means a calendar month or a part thereof in excess of 15 days.



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Special Conditions of Supply

The supply under this Tariff shall be used exclusively for public lighting installed on roads or premises used by General Public.

H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

This tariff is applicable for one-point supply to residential colonies attached to the industrial supply consumers having their own distribution facilities.

Definitions

“One Point Supply” for the purpose of this Tariff, means the supply given ay one point to Industrial Supply Consumers for general and domestic consumption in the residential colonies attached to their factory premises for a load of 5 Kilowatts and above. The purpose is further distribution to various parsons residing in the attached residential colonies and also for perimeter lighting in the attached residential colonies.

“General and Domestic Consumption”, for the purpose of this Tariff, means consumption for lamps, fans, domestic applications, including heated, cookers, radiators, air-conditioners, refrigerators and domestic tube-wells.

“Residential Colony” attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bonafide employees of the factory, the establishment or the factory owners or partners, etc.

Special Conditions of Supply

The supply under this Tariff shall not be available to persons who meet a part of their requirements from a separate source of supply at their premises.

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**National Electric Power Regulatory Authority
(NEPRA)**

PETITION NO: NEPRA/TRF- 130/ LESCO-2009

SECOND QUARTER (OCTOBER – DECEMBER 2009)

TARIFF DETERMINATION

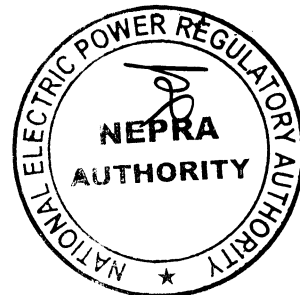
FOR

LAHORE ELECTRIC SUPPLY COMPANY

(LESCO)

Islamabad

April 19, 2010

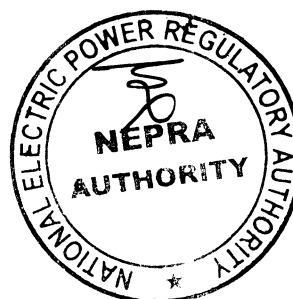


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Abbreviations

APTMA	All Pakistan Textile Mills Association
CpGenCap	The summation of the capacity cost in respect of all CpGencos (Cost procured from approved Generation Companies) for a billing period minus the amount of liquidated damages received during the months
CPPA	Central Power Purchasing Agency
DISCO	Distribution Company
DM	Distribution Margin
FY	Financial Year
GOP	Government of Pakistan
GWh	Giga Watt Hours
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
O&M	Operation and Maintenance
PEPCO	Pakistan Electric Power Company
PPP	Power Purchase Price
PYA	Prior Year Adjustment
RAB	Regulatory Asset Base
RORB	Return on Rate Base
SRO	Statutory Regulatory Order
T&D	Transmission and Distribution
TOU	Time of Use
USCF	The fixed charge part of the Use of System Charges in Rs./kW/Month



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**DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED
BY LAHORE ELECTRIC SUPPLY COMPANY LTD. (LESCO) FOR
DETERMINATION OF CONSUMER END TARIFF FOR QUARTER – II (OCTOBER-
DECEMBER) OF FY 2009-10**

CASE NO. NEPRA/TRF/130/LESCO-2009

PETITIONER

Lahore Electric Supply Company (LESCO), 22 A Queens Road, Lahore

INTERVENERS

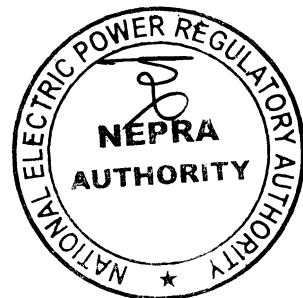
Nil.

COMMENTATORS

1. All Pakistan Textile Mills Association (APTMA)

REPRESENTATION

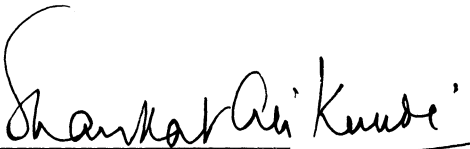
1. Mr. Mohammad Azhar Iqbal, Chief Executive Officer, LESCO
2. Mr. Sadr-ul-Huda, Technical Director, LESCO
3. Mr. Farasat Zaman, Customer Services Director, LESCO
4. Mr. Saghir Ahmad, Human Resource & Admin Director, LESCO
5. Mr. Abid Latif Lodhi, Finance Director, LESCO
6. Mr. Sayyed Mubashar Masood, Legal Director/Company Secretary, LESCO




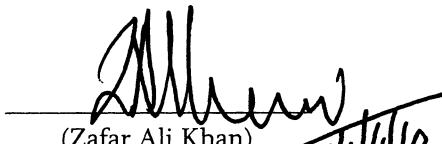
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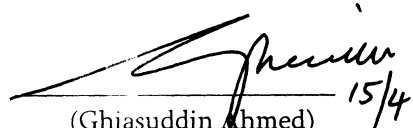


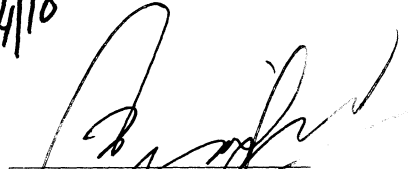
The Authority, in exercise of the powers conferred on it under Section 7(3) (a) read with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Tariff Standards and Procedure Rules, 1998 and all other powers enabling it in this behalf, and after taking into consideration all the submissions made by the parties, issues raised, evidence/record produced during hearings, and all other relevant material, hereby issues this determination.

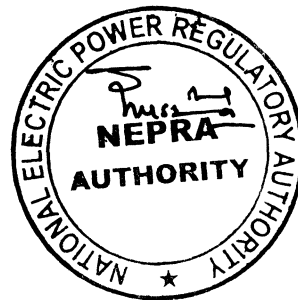

(Shaukat Ali Kundi)
Member 15.04.2010


(Maqbool Ahmad Khawaja)
Member


(Zafar Ali Khan)
Member 14/4/10


(Ghiasuddin Ahmed)
Vice Chairman 15/4


(Khalid Saeed)
Chairman





1. Background and Brief History

- 1.1 Lahore Electric Supply Company Limited (LESCO), hereinafter called “the Petitioner”, being a Distribution Licensee of NEPRA filed a Tariff Petition for the determination of its consumer- end tariff pertaining to the 2nd Quarter (October – December 2009) of the FY2009-10. Said petition was admitted by the Authority in terms of rule 4 of the Tariff Standards and Procedure Rules, 1998 (hereinafter referred as “Rules”) and in compliance with the provisions of sub rules 5 & 6 of rule 4 of the Rules, notices of admission were sent to the parties which were considered to be affected or interested. An advertisement in this regard was also published in the national newspapers with title and brief description of the Petition on 22nd January, 2010. Comments/replies and filing of intervention petition were solicited from the interested/affected parties within 15 days of the publication.
- 1.2 In response to the notice of admission, no reply of the petition was filed. An intervention request though filed by APTMA (All Pakistan Textile Mills Association) but the same was not allowed being barred by time. However, the Authority observed that the contentions so raised in the intervention request may be considered as “comments” to the petition.

2. Relief Sought

- 2.1 The Petitioner sought relief on the following two accounts.
- Reconsideration in the matter of the Authority’s 1st Quarterly determination for the FY 2009-10.
 - Adjusting consumer – end tariff on the basis of actual results pertaining to the 2nd Quarter i.e. (October- December) of the FY2009-10.

3. Examination of pleadings

The pleadings so available on record were examined by the Authority in terms of rule 9(1) of the Rules for the purposes of arriving at a decision as to conduct of hearing or otherwise and the Authority did consider it appropriate to conduct a hearing to arrive at a just and informed decision. The Authority decided to hold the hearing in the matter on 22nd February 2010 and a fourteen days notice as required under rule 9(4) of the Rules was published on 7th February 2010, inviting participation of the stakeholders. Individual letters were also sent to the stakeholders.

4. Framing of issues

- 4.1 The following issues were framed for presenting written or oral arguments on the petition and production of evidence if any during the course of hearing:



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- Whether the Objections raised by the Commentators are justified?
- Whether the Petitioner has complied with the Authority's directions given in the determination of the 1st quarter?

4.2 *Issues pertaining to the Petitioner's Reconsideration Request against the Authority's 1st Quarterly determination of the FY 2009-10.*

- Whether the Petitioner's reconsideration request against the sales target set by the Authority in its 1st quarterly determination for the FY 2009-10, is justified?
- Whether the Petitioner's reconsideration request on account of T&D losses target for the FY 2009-10, is justified?
- Whether the Petitioner's reconsideration request on account of assessed O&M cost for the FY 2009-10, is justified?
- Whether the Petitioner's reconsideration request on account of assessed Other Income for the FY 2009-10, is justified?
- How the reconsideration request pertaining to the investment for the 2nd Quarter for the FY 2009-10 is justified and what are the prospective benefits?

4.3 *Issues pertaining to the adjustment of Consumer – End Tariff on account of actual results pertaining to the 2nd Quarter of the FY2009-10.*

- Whether the quarterly adjustments, pursuant to the para. 9.5 of the Authority's determination dated 10th December, 2009 with respect to PPP, T&D losses, DM and Prior quarter adjustments, as requested by the Petitioner is justified?

5 Hearing

- 5.1** The hearing of the Petition was conducted on 22nd February 2010 in the Conference Room at NEPRA Headquarters Islamabad. The Chief Executive Officer of the Petitioner alongwith his Legal, Technical and Finance Directors was present. No one participated or represented on behalf of APTMA in the hearing process. LESCO's representatives strongly contended that although APTMA was an intervener in the 1st quarterly determination of the Financial Year 2009-10 but even in those proceedings no representation was made on the part of APTMA.



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Considering the views of the Petitioner and APTMA's non-representation in the hearing process, the Authority decided not to accept APTMA's intervention request. However, the views/objections of APTMA are considered as "comments" of the petition.

5.2 On the basis of pleadings, evidence/record produced and arguments of the parties, issue-wise findings of the Authority is given as under:

5.3. Issue # 1: Whether the objections raised by the Commentators are justified?

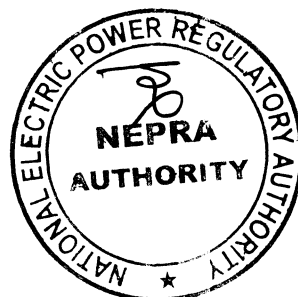
All Pakistan Textile Mills Association while contesting the tariff petition has raised similar objections which were earlier agitated during the course of first quarterly determination and the same were accordingly addressed and decided therein (Annex-IV). Needless would be to mention that the determination of the Authority for the First Quarter has been duly notified by the Federal Government and it remained un-challenged and it has attained finality in the eyes of law. Re-agitating the same issues on the part of APTMA which stood already addressed and that too through a time barred claim and without any participation or provision of any evidence/material in support thereof is not admissible.

5.4 Issue # 2: Whether the Petitioner has complied with the directions of the Authority passed in the 1st quarterly determination for the FY 2009-10?

The Authority, while determining the Consumer – End Tariff of the Petitioner for FY 2008-09, gave clear directions to convert all consumer categories, including residential consumers having load requirement of 5 kW and above to TOU metering. All new consumers having load exceeding 5 kW were required to be provided TOU metering arrangement with effect from 1st January 2009. It was stated on behalf of the Petitioner that it might not be possible for it to arrange TOU metering for all consumers having load requirement of 5 kW and above by June 30, 2010 and requested to extend that date to June 30, 2012. The Authority decided not to extend target date of June 30, 2010 and directed the Petitioner to make serious efforts to complete the task by the target date i.e. June 30, 2010.

Issues pertaining to the Petitioner's Reconsideration Request against the Authority's 1st Quarterly determination of the FY 2009-10.

The Petitioner had filed a motion for leave for review against the determination of the Authority for the First Quarter of FY 2009-10 and during the course of its consideration; it was observed by the Authority the Petitioner may raise those issues in its petition for the 2nd quarter. Accordingly the Petitioner has sought for review of earlier determination of



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the Authority and for that very purpose, separate issues were framed and are discussed hereunder:-

5.5 Issue # 3 ; Whether the Petitioner's reconsideration request against the sales target set by the Authority in its 1st quarter's determination of the FY 2009-10, is justified?

5.5.1 The Petitioner in its Petition for the 1st quarter of the FY 2009-10 projected the sales target of 13,233 GWh for the whole financial year, by assuming 0.5% growth over actual sale of 13,168 GWh during FY 2008-09. The Authority observed that the Petitioner compared its actual unit sold during the first two quarters of the FY 2009-10 with the actual unit sold of the same corresponding period of the last year. In the Authority's opinion such comparison is not relevant in the instant case as the more relevant comparison would have been of the actual unit purchased by the Petitioner with the projected / reference unit purchased during the first two quarters of the FY 2009-10. (Annex- IV of the Authority's decision dated 10th December, 2009)

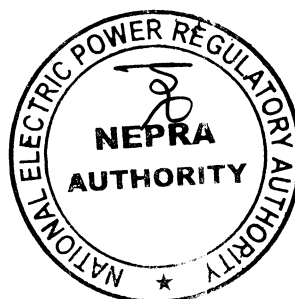
5.5.2 The Authority while setting the sale target for the Petitioner with respect to the FY2009-10, took the actual unit purchased by the Petitioner for the first three months of the FY 2009-10 (since the actual data was available) and the remaining reference purchases were projected by taking into account the additional generation capacity, generation mix in different months expected during the FY 2009-10. The impact on this account during the 2nd quarter of the FY 2009-10 can be seen as the Petitioner purchased 3,497 GWh against the reference purchases of 3,218 GWh. After adjusting these purchases for target T&D losses of 12.00% for the FY 2009-10, the Petitioner's actual units sold for the 2nd quarter of the FY 2009-10 work out as 3,078 GWh against the reference unit sold of 2,832 GWh for the same period.

5.5.3 Further, due to variation on account of units purchased and sold (based on target T&D losses) against the reference purchases and sales resulted in over/under recovery of Power Purchase Price (PPP), Distribution Margin (DM) and Prior Year Adjustment (PYA). The impact on this account is required to be adjusted in the consumer – end tariff on quarterly basis. In the instant case, the impact of 279 GWh, extra purchased against the reference purchases is reflected in the PPP, whereby the impact of over recovery on account of DM and PYA due to 247 GWh extra unit sold over the reference sales (on target T&D losses), are assessed separately and adjusted in the revenue requirement of the remaining two quarters (January – June 2010) of the FY 2009-10. (This adjustment is also discussed in detail under Issue # 9)



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- 5.5.4 In view of above discussion the Authority has decided to maintain its earlier assessment regarding sales of 14528 GWh for the FY-2009-10.
- 5.6 **Issue # 4 .Whether the Petitioner's reconsideration request on account of T&D losses target for the FY 2009-10, is justified?**
- 5.6.1 The Petitioner requested the Authority to reset its T&D target losses as 14.28% as against the target losses of 12% set in the 1st quarterly determination. The Petitioner contended that for determining the target losses the determination of 23rd February 2007 should be taken into consideration, wherein it was allowed 3% tentative losses for 132 KV systems for the FY 2006-07. These were to be adjusted as per actual results. According to the Petitioner, the actual T&D losses for the same control period, conveyed to the Authority by the Petitioner itself were 12.84% on account of Distribution losses including (0.14)% 132 KV system losses. The Petitioner requested that 132 KV system losses reported by it were not correct, as technically negative losses were not possible. As per the Petitioner, while setting the T&D losses target for the FY 2009-10, the base line targets for 132 KV losses should be first corrected then the element of efficiency should be taken into consideration. Thus, by incorporating the said factor the Petitioner should be allowed T&D losses target of 14.28%. In support of its claim the Petitioner referred to actual T&D losses of 13.28% during FY 2008-09.
- 5.6.2 The Authority considered that the Petitioner's contention on account of setting the baseline for the determination of T&D losses target in accordance with the determination dated 23rd February 2007, is not valid as the Authority in its decision dated 10th January, 2008 with respect to the FY 2007-08, took the actual T&D losses of 12.5% which were reported by the Petitioner itself. From thereon the element of efficiency was incorporated while setting the T&D losses target for each subsequent year. In Authority's opinion, the Petitioner's request for increasing T&D losses is not justified particularly keeping in view the large industrial consumers base. Principally, the overall losses in the instant case should be lowered as compared to other DISCOs. The Authority further considered that the Petitioner's request is not maintainable because the Petitioner has been continuously undertaking investments for the up gradation and improvement of its existing system.
- 5.6.3 Based on the above discussion and the rationale for the assessment of 12.00% T&D losses target for the FY2009-10, the Authority has decided to maintain its earlier decision in this regard.



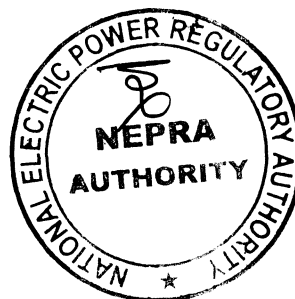
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5.7 Issue # 5. Whether the Petitioner's reconsideration request on account of assessed O&M cost for the FY 2009-10, is justified?

5.7.1 The Authority in its 1st quarterly determination for the FY 2009-10 assessed Rs. 9,041 million on account of O&M Cost as against the requested amount of Rs.10,124 million. The Petitioner requested the Authority to reconsider its decision in this regard and reassess its O&M cost as Rs. 10,849 million.

5.7.2 While requesting reconsideration on account of Salaries, wages & other benefits the Petitioner has provided an actuarial valuation of Post Retirement Benefits pertaining to the FY 2008-09. According to the Petitioner this was not considered while assessing its Salaries, wages & other benefits for the FY 2009-10. The Petitioner contended that the Authority disallowed Rs. 336 million on account of Post Retirement Benefits while allowing Rs.7,104 million from the requested amount of Rs. 7,440 million. The Petitioner stated that since the actuarial valuation was not available at the time of assessment therefore based on the actuarial valuation for the FY 2008-09 it should be allowed an allowance on this account. The Petitioner further stated that by including the disallowed cost of Rs.336 million in addition to the projected / requested yearly allowance of Rs. 575 million, the Petitioner should be allowed Rs. 911 million under the head of Post Retirement Benefits of Employees. The remaining Rs. 165 million mainly pertains to the differential impact of additional/new hiring, over and above claimed on this account in its 1st quarter's determination for the FY 2009-10. Further, the Petitioner stated that the fresh hiring was done in the FY 2009-10 to meet with the gap between working strength and sanctioned strength. The only evidence provided by the Petitioner, to substantiate its request was the difference between the sanctioned strength approved by PEPCO against the currently occupied strength. Thus, a gap of 4,251 employees was to be filled, in order to provide better customer service and operation of the Petitioner's network.

5.7.3 The Authority while assessing the Salaries, Wages and Benefits for the FY 2009-10, allowed 15% inflationary allowance over the Salaries, Wages and Benefits assessed for the FY 2008-09 including Post Retirement Benefits. The Authority also considered the actuarial valuation provided by the Petitioner (dated 18th September, 2009) with respect to the FY 2008-09 as clearly indicated in Para 12.8.1 of the Authority's determination dated 10th December, 2009. The Authority noted that the Petitioner's request/projection for the FY 2009-10 also included the impact of planned recruitments, which the Authority did not consider and disallowed taking cognizance of the fact that actuarial valuations are based on the actual costs incurred. Further the Petitioner's stance for request of more



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recruitments is also contrary to its contention for 0.5% growth in its actual sales. Having said that, the Authority still believes that in order to bring efficiencies and effectiveness in the operations of the Petitioner, it might require some good professionals for this purpose. In view thereof, the Authority directs the Petitioner to come up with a comprehensive study justifying the need for additional hiring with cost and benefit analysis. The Petitioner is further advised to keep in view the international and local DISCOs established benchmarks while presenting this study to the Authority.

5.7.4 The Authority having carefully examined the Petitioner's reconsideration request observed that the Petitioner has not provided any additional/new information/evidence or argument either in its tariff petition or during the hearing process, which could establish the basis of revision of assessment on account of aforementioned costs, therefore, the request does not merit consideration. The only new / additional information provided on this account was the actual expenditure incurred by the Petitioner during the first half of the FY 2009-10, which is not relevant as the rationale of the Authority's assessment of the aforementioned costs was prudence rather than the actual cost incurred. The approach was adopted to discourage new recruitments in the Petitioner in view of the precarious financial position and negligible growth in sales. In view thereof the earlier decision of the Authority dated 10th December 2009 in this regard is maintained.

5.8 Issue# 6. Whether the Petitioner's reconsideration request on account of assessed Other Income for the FY 2009-10, is justified?

5.8.1 The Petitioner contested the Authority's assessment of Rs. 4,177 million as against the requested amount of Rs. 33,00 million on account of Other Income for the 1st quarterly determination of the FY 2009-10. The Petitioner requested the Authority to reconsider its decision in this regard and reassess Other Income to the tune of Rs. 3,301 million

5.8.2 The Authority examined the audited accounts of the Petitioner and observed that the actual Other Income for the FY 2008-09 was higher by Rs. 876 million than the assessed amount which needed to be adjusted. Accordingly the Authority while accepting the Petitioner's projected amount of Rs. 3,301 million for the FY 2009-10 also included the impact of this amount. Thus, an overall assessment of Rs. 4,177 million for the FY 2009-10 was made in the instant case. In view of thereof, the Authority considers that the Petitioner's request is not maintainable.



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5.9 Issue # 7. How the reconsideration request pertaining to the investment for the FY 2009-10 is justified and what are the prospective benefits?

5.9.1 The Petitioner requested the Authority to reconsider its decision with respect to its projected investment plans for the FY 2009-10. According to the Petitioner it would subsequently affect its projected Regulatory Asset Base and its assessed RORB for the same period. The Petitioner stated that its planned investment for the FY 2009-10 of Rs.12,041 million included Rs.3,570 million consumers' contribution while the remaining Rs.8,471 million was to be financed through external as well as own sources.

5.9.2 As against the Petitioner's request of Rs.12,041 million, the Authority assessed Rs.6,613 million out of which Rs.4,828 million was to be financed through external and Own Resources and Rs. 1,785 million through consumers contributions. The Authority's assessment of investment to be financed through external and own resources was based on Petitioner's past trend because the Petitioner did not provide details of actual investments made till date. In order to make fair assessment in the instant case during the hearing the Petitioner was directed to provide the actual amounts of the investments carried out till date along with evidences. This information was supposed to be provided within the period of ten days (closure of evidence). In response the Petitioner provided the necessary information which indicated that till February 2010 it carried out actual investments of Rs. 4,180 million which was financed by consumer contributions and external and Own Resources to the extent of Rs. 1,249 million and Rs. 2,931 million respectively.

5.9.3 Having gone through the details provided by the Petitioner, the Authority considers that the proposed investment program is justified. Accordingly the Authority in principle allows Rs. 3,570 million and Rs. 8,471 million to be financed through consumer contribution and external as well as own resources respectively. Its impact on RORB and subsequent effect on the determined annual revenue requirement would however be accounted for in the 4th Quarterly Adjustment based on the actual investments carried out by the Petitioner during the FY 2009-10.



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Issues pertaining to the adjustment of Consumer – End Tariff on account of actual results pertaining to the 2nd Quarter of the FY2009-10.

- 5.10 **Issue # 9. Whether the quarterly adjustments, pursuant to the para. 9.4 of the Authority's determination dated 10th December, 2009 with respect to PPP, T&D losses, DM and Prior quarter adjustments, as requested by the Petitioner is justified?**

5.10.1 **Adjustment with respect to Power Purchase Price (PPP)**

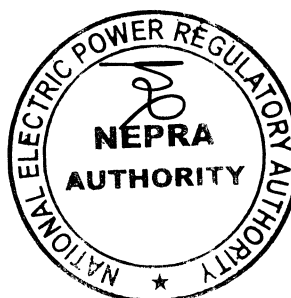
According to the prescribed mechanism, the impact of T&D losses is required to be accounted for on quarterly basis in addition to variation in PPP on account of CpGenCap and USCF. Based on the mechanism the Authority in the instant case has assessed Rs. 915.19 million PPP adjustment including the impact of extra purchases against reference as indicated in Annex – IV of the Authority's determination dated 10th December 2009. The assessed adjustment accounts for the actual invoices of CPPA adjusted for the targeted T&D losses of 12.00 % for the FY 2009-10. For future adjustments also the same Annex- IV of the 1st quarterly determination would be used as reference.

5.10.2 **Adjustment with respect to Distribution Margin (DM) and Prior Year Adjustment (PYA)**

The Petitioner over-recovered Rs. 146.81 million and Rs. 202.06 million on account of Distribution Margin (DM) and Prior Year Adjustment (PYA) during the 2nd quarter of the FY 2009-10 due to the extra units sold as against the Authority's reference sales. The impact of this over recovery by the Petitioner is being accounted for while assessing the adjustment for the 2nd quarter of the FY 2009-10.

5.10.3 **Revenue Requirement for the 2nd quarter of the FY 2009-10.**

Based on the average sale rate determined in the 1st quarterly determination, the revenue requirement for the 2nd quarter of the FY 2009-10 works out as Rs 28,596.20 million. This amount includes Rs. 915.19 million of PPP adjustment for the 2nd quarter of the FY 2009-10. The actual amount recovered by the Petitioner during 2nd quarter on the basis of notified rates is Rs 24,774.89 million including the impact of monthly Fuel adjustment and the impact of over recovery on account of Distribution Margin and Prior Year Adjustment. After considering the impact of the adjustments for the quarter ending 31st December, 2009 there was revenue shortfall of Rs 3,821.30 million to be recovered during the subsequent quarters of FY 2009-10.



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6 Net Revenue Requirement for the Remaining two quarters (Jan – Jun 2010) of the FY 2009-10.

Net Revenue Requirement for the remaining two quarters (Jan – Jun 2010) of the FY 2009-10 after adjusting the impact of variation due to losses, PPP, PYA and sales etc, Quarter – I and Quarter- II Revenue has been assessed as:

○ Annual Revenue Requirement	Rs. 132,461	million
○ Add: Impact of Quarterly PPP Adj. Ist Qrt	Rs. 414	million
○ Less: Revenue earned in quarter – I	Rs. 32,755	million
○ Less; Revenue earned in quarter- II	Rs. 24,775	million
○ Add; Impact of Quarterly PPP Adj.2 nd Qrt	Rs. 915	million
○ Net Revenue Requirement	Rs. 76,260	million

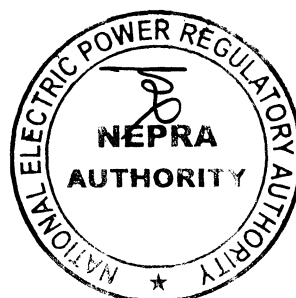
- This net revenue requirement would be recovered from the remaining units of the next two quarter (January – June 2010) of the FY 2009-10 i.e. 7,412 GWh as per Annex-I of this determination.
- Average Sale Rate of FY 2009-10 (six months) Rs. 10.29/kWh.
- Assessed Transmission & Distribution Losses target remains at 12.00% (comprising 1.00% for 132 kV & 11.00% for voltage below 132 kV) for FY 2009-10.

7 Consumer –End Tariff

Consumer – end tariff is attached as Annex- II.

8 ORDER

- I. Lahore Electric Supply Company (LESCO) is allowed to charge its consumers' such tariff as set out in the schedule of tariff for LESCO annexed to the determination.
- II. The actual variation in fuel cost component of power purchase price against the reference fuel cost component shall be adjusted on monthly basis without taking into account the T&D losses. The monthly fuel price adjustment shall be based on the actual information submitted by CPPA. Adjustment on account of T&D losses, variation in capacity and transmission charges will be considered quarterly.
- III. The terms and conditions related to the schedule of tariff shall be those as attached to this determination as Annex-III.
- IV. LESCO is allowed to charge the users of its system a use of system charge (UOSC) equal to:



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- i) Where only 132 kV system is involved

$$UOSC = DM \times \frac{(1-L)}{(1-0.01)} \text{ Paisa / kWh}$$

- ii) Where only 11 kV distribution systems is involved.

$$UOSC = DM \times \frac{(1-L)}{(1-0.05)} \text{ Paisa / kWh}$$

- iii) Where both 132 kV and 11 kV distribution systems are involved.

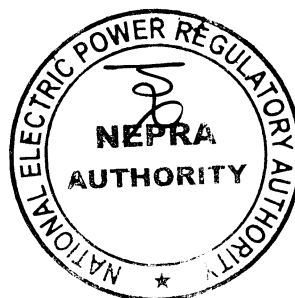
$$UOSC = DM \times \frac{(1-L)}{(1-0.06)} \text{ Paisa / kWh}$$

Where:

Distribution Margin for FY 2009-10 is set at Paisa 56.03/kWh. 'L' will be the overall percentage of T&D losses assessment for the year set at 12% for FY 2009-10.

- V. The revised Schedule of Tariff (**Annex-II**) and Terms and Conditions (**Annex-III**) annexed with determination are intimated to the Federal Government for notification in the official gazette under Section 31(4) of the NEPRA Act which will replace the Annex-III and V of the SRO. 1129(1)/2009 dated 21st December, 2009.

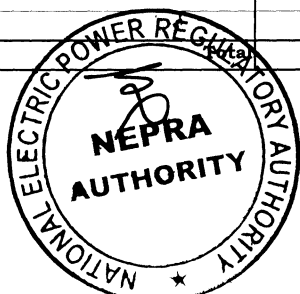
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Lahore Electric Supply Company (LESCO)

Estimated Sale Revenue for the next two quarters (Jan 2010 - Jun 2010) of the FY 2009-10

Description	Sales	Sales Mix	New Tariff (NEPRA)		Revenue (as per NEPRA)		
			Fixed Charge	Variable Charge	Fixed Charge	Variable Charge	Total
	(MkWh)	(%age)	(Rs/kW/M)	(Rs/kWh)	(Mln Rs)	(Mln Rs)	(Mln Rs)
Residential							
Up to 50 Units	64	0.87%		2.00	-	129	129
For peak load requirement up to 5 kW							
001 - 100 Units	1,180	15.92%		8.30	-	9,795	9,795
101 - 300 Units	1,143	15.43%		11.25	-	12,862	12,862
301 - 700 Units	359	4.84%		13.75	-	4,930	4,930
Above 700 Units	277	3.73%		15.50	-	4,290	4,290
For peak load requirement exceeding 5 kW							
Time of Use (TOU) - Peak	-			14.50			
Time of Use (TOU) - Off-Peak	-			8.00			
Total Residential	3,023	40.79%			-	32,005	32,005
Commercial - A2							
For peak load requirement up to 5 kW	434	5.85%		14.00		6,069	6,069
For peak load requirement exceeding 5 kW							
Regular	187	2.53%	400.00	11.50	321	2,154	2,475
Time of Use (TOU) - Peak	-			14.50			
Time of Use (TOU) - Off-Peak	-		400.00	8.00			
Total Commercial	621	8.38%			321	8,223	8,544
Industrial							
B1	324	4.37%		10.00		3,238	3,238
B2	655	8.83%	400.00	9.50	956	6,218	7,175
B2 - TOU (Peak)	-	0.00%		14.50		-	-
B2 - TOU (Off-peak)	5	0.07%	400.00	8.00	66	40	48
B3 - TOU (Peak)	56	0.76%		14.40		812	812
B3 - TOU (Off-peak)	1,970	26.58%	380.00	7.90	1,810	15,561	17,371
B4 - TOU (Peak)	17	0.22%		14.30		238	238
B4 - TOU (Off-peak)	197	2.66%	360.00	7.80	57	1,536	1,693
Total Industrial	3,223	43.49%			2,931	27,642	30,573
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts - up to 5 kW	1	0.01%		10.50		5	5
C1(b) Supply at 400 Volts -exceeding 5 kW	21	0.28%	400.00	10.50	17	217	233
Time of Use (TOU) - Peak	-			14.50			
Time of Use (TOU) - Off-Peak	-		400.00	8.00			
C2 Supply at 11 kV	157	2.11%	380.00	10.40	25	1,629	1,754
Time of Use (TOU) - Peak	-			14.40			
Time of Use (TOU) - Off-Peak	-		380.00	7.90			
C3 Supply above 11 kV	8	0.11%	360.00	10.30	5	83	88
Time of Use (TOU) - Peak	-			14.30			
Time of Use (TOU) - Off-Peak	-		360.00	7.80			
Total Single Point Supply	186	2.51%			147	1,934	2,080
Agricultural Tube-wells - Tariff D							
D1 Scarp	91	1.22%		10.00		906	906
D2 Agricultural Tube-wells	110	1.48%	200.00	7.00	70	768	839
Time of Use (TOU) - Peak	-			14.50			
Time of Use (TOU) - Off-Peak	116	1.56%	200.00	6.00	74	695	769
Total Agricultural	316	4.27%			145	2,370	2,514
Public Lighting - Tariff G	35	0.47%		13.00		452	452
Tariff H - Residential Colonies attached to industries	4	0.05%		13.00		46	46
Traction - 1	5	0.06%		10.00		45	45
	7,412	100%			3,543	72,717	76,260



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**SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)**

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
a)	For Sanctioned load less than 5 kW			
i	Up to 50 Units	-		2.00
	For Consumption exceeding 50 Units			
ii	001 - 100 Units	-		8.30
iii	101 - 300 Units	-		11.25
iv	301 - 700 Units	-		13.75
v	Above 700 Units			15.50
b)	For Sanctioned load 5 kW & above			
	Time Of Use	-	14.50	8.00

Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed.

a) Single Phase Connections:

Rs. 75/- per consumer per month

b) Three Phase Connections:

Rs. 150/- per consumer per month

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
a)	For Sanctioned load less than 5 kW			14.00
b)	For Sanctioned load 5 kW & above	400.00		11.50
	Time Of Use	400.00	14.50	8.00

Under tariff A-2, there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections;

Rs. 175/- per consumer per month

b) Three Phase Connections:

Rs. 350/- per consumer per month

B INDUSTRIAL SUPPLY TARIFFS

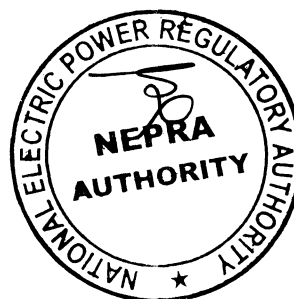
Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
B1	Less than 5 kW (at 400/230 Volts)	-		10.00
B2(a)	5-500 kW (at 400 Volts)	400.00		9.50
	Time Of Use			
B2(b)	5-500 kW (at 400 Volts)	400.00	14.50	8.00
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	14.40	7.90
B4	For All Loads (at 66,132 kV & above)	360.00	14.30	7.80

For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.

For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.

For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.

For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.



**SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)**

**C - SINGLE-POINT SUPPLY FOR PURCHASE IN BULK BY A DISTRIBUTION LICENSEE
AND MIXED LOAD CONSUMERS NOT FALLING IN ANY OTHER CONSUMER CLASS**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
C -1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-		10.50
b)	Sanctioned load 5 kW & up to 500 kW	400.00		10.50
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		10.40
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00		10.30
	Time Of Use			
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	14.50	8.00
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	14.40	7.90
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	14.30	7.80

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
D-1(a)	SCARP less than 5 kW	-		10.00
D-2	Agricultural Tube Wells	200.00		7.00
D-1(b)	SCARP and Agricultural 5 kW & above	200.00	14.50	6.00

Note:- The consumers having sanctioned load less than 5 kW can opt for TOU metering.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
E-1(i)	Residential Supply	-		15.50
E-1(ii)	Commercial Supply	-		14.00
E-2	Industrial Supply	-		10.00

For the categories of E-1(i&ii) above, the minimum bill of the consumers shall be Rs. 50/- per day subject to a minimum of Rs.500/- for the entire period of supply, even if no energy is consumed.

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

Note:

Tariff-F consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the beginning of the season. Once exercised, the option remains in force for at least one year.



**SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)**

G- PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Street Lighting	-	13.00

Under Tariff G, there shall be a minimum monthly charge of Rs.500/- per month per kW of lamp capacity installed.

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

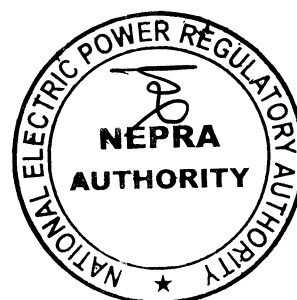
Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Residential Colonies attached to industrial premises	-	13.00

I - RAILWAY TRACTION

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Railway Traction	-	10.00

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**TERMS AND CONDITIONS OF TARIFF
(FOR SUPPLY OF ELECTRIC POWER TO CONSUMERS BY DISTRIBUTION
LICENSEES)**

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means Lahore Electric Supply Company (LESCO) engaged in the business of distribution of electricity within the territory mentioned in the licence granted to it for this purpose.

1. "Month or Billing Period", unless otherwise defined for any particular tariff category, means a billing month of 30 days or less reckoned from the date of last meter reading.
2. "Minimum Charge", means a charge to recover the costs for providing customer service to consumers even if no energy is consumed during the month.
3. "Fixed Charge" means the part of sale rate in a two-part tariff to be recovered on the basis of "Billing Demand" in kilowatt on monthly basis.
4. "Billing Demand" means the highest of maximum demand recorded in a month except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load.
5. "Variable Charge" means the sale rate per kilowatt-hour (kWh) as a single rate or part of a two-part tariff applicable to the actual kWh consumed by the consumer during a billing period.
6. "Maximum Demand" where applicable, means the maximum of the demand obtained in any month measured over successive periods each of 30 minutes duration except in the case of consumption related to Arc Furnaces, where "Maximum Demand" shall mean the maximum of the demand obtained in any month measured over successive periods each of 15 minutes duration.
7. "Sanctioned Load" where applicable means the load in kilowatt as applied for by the consumer and allowed/authorized by the Company for usage by the consumer.
8. "Power Factor" means the ratio of kWh to KVAh recorded during the month or the ratio of kWh to the square root of sum of square of kWh and kVARh,.
9. Point of supply means metering point where electricity is delivered to the consumer.
10. Peak and Off Peak hours for the application of Time Of Use (TOU) Tariff shall be the following time periods in a day:

	* <u>PEAK TIMING</u>	<u>OFF-PEAK TIMING</u>
Dec to Feb (inclusive)	5 PM to 9 PM	Remaining 20 hours of the day
Mar to May (inclusive)	6 PM to 10 PM	-do-
June to Aug (inclusive)	7 PM to 11 PM	-do-
Sept to Nov (inclusive)	6 PM to 10 PM	-do-

* To be duly adjusted in case of day light time saving



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11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load exceeding 4 kW supply shall be given at three-phase.
12. "Consumer" means a person or his successor-in-interest as defined under Section 2(iv) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).
14. NTDC means the National Transmission and Dispatch Company.
15. CPPA means Central Power Purchasing Agency (CPPA).
16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

GENERAL CONDITIONS

1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.
2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment Surcharge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 7th day from the date of delivery of bill.
3. The supply provided to the consumers shall not be available for resale.
4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.

PART-II

(Definitions and Conditions for supply of power specific to each consumer category)

A-1 RESIDENTIAL AND GENERAL SERVICES

1. This Tariff is applicable for supply to;
 - i) Residences,
 - ii) Places of worship,
 - iii) Approved religious and charitable institutions,
 - iv) Government and Semi-Government Offices and institutions,
 - v) Government Hospitals and Dispensaries,
 - vi) Educational institutions.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1 (a) tariff.



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3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-1(b) as set out in the Schedule of Tariff.
4. All existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and converted to A- 1(b) Tariff by the Company no later than June 30, 2010.

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:

- i) Shops,
 - ii) Hotels and Restaurants,
 - iii) Petrol Pumps and Service Stations,
 - iv) Compressed Natural Gas filling stations,
 - v) Private Hospitals/Clinics/Dispensaries,
 - vi) Places of Entertainment, Cinemas, Theaters, Clubs;
 - vii) Guest Houses/Rest Houses,
 - viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.
2. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
 3. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
 4. The existing and prospective consumers having load of 5 kW and above can opt for T.O.U metering arrangement and A-2(c) tariff.
 5. All existing consumers under tariff A-2 shall be provided T.O.U metering arrangement by the Company-and converted to-A-2 (c) Tariff no later than June 30, 2010.
 6. All new connections having load requirement 5 kW and above shall be provided T.O.U meters and shall be billed under tariff A-2(c).

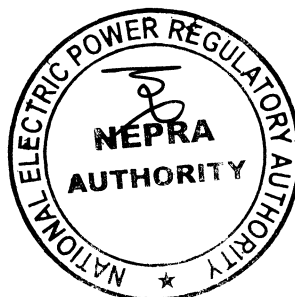
B INDUSTRIAL SUPPLY

Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices and for normal working of the industry and also for water pumps and tube-wells operating on three phase 400 volts, other than those meant for the irrigation or reclamation of agricultural land.
2. For the purposes of application of this tariff an "Industry" means a bona fide undertaking or establishment engaged in manufacturing, value addition and/or processing of goods.
3. This Tariff shall also be available for consumers having single-metering arrangement such as;
 - i) Poultry Farms
 - ii) Fish Hatcheries and Breeding Farms and
 - iii) Software houses

Conditions

An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates



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previously deposited and those applicable to tariff-F at the time of acceptance of option for seasonal tariff. Seasonal tariff will be applicable from the date of commencement of the season, as specified by the customers at the time of submitting the option for Tariff-F. Tariff-F consumers will have the option to convert to corresponding Regular Industrial Tariff category and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.

B-1 SUPPLY AT 400 VOLTS THREEPHASE AND/OR 230 VOLTS SINGLE PHASE

1. This tariff is applicable for supply to Industries having sanctioned load less than a 5 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate.

B-2 SUPPLY AT 400 VOLTS

1. This tariff is applicable for supply to Industries having sanctioned load of 5 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff no later than June 30, 2010.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable T.O.U tariff.

B-3 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 5000 kW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the NEPRA eligibility criteria
4. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

B-4 SUPPLY AT 66 kV, 132 kV AND ABOVE

1. This tariff is applicable for supply to Industries for all loads of more than 5000 kW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5000 kW or below who opt to receive supply at 66 kV or 132 kV and above.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval



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of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.

4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

C SINGLE POINT (SINGLE-METERING) SUPPLY

“Single-Point Supply” for the purpose of this Tariff, means the supply given at one point:

- i) To a licensee converted from a bulk supply status (who was procuring power from LESCO as a consumer prior to grant of license to LESCO) for the purpose of further distribution within its respective exclusive territory and jurisdiction.
- ii) To a mix-load consumer not reselling to any other consumer such as residential, commercial, tube-well and others.

General Conditions

If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate basis for actual number of days between the date of old reading and the new reading.

C-I SUPPLY AT 400/230 VOLTS

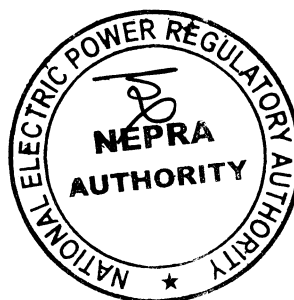
1. This Tariff is applicable to a consumer having mix-load at a single metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-I(a) tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-1(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements by June 30th 2010.

C-2 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable to consumers receiving supply at 11 kV or 33 kV at one-point metering arrangement and having sanctioned load of up to and including 5000 kW.
2. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the NEPRA eligibility criteria.
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-2(b) as set out in the Schedule of Tariff.
4. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-2(b) by June 30th 2010.

C-3 SUPPLY AT 66 kV AND ABOVE

1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.



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2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.
3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b) by June 30, 2010.
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

D AGRICULTURAL SUPPLY

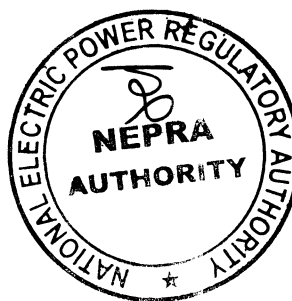
“Agricultural Supply” means the supply for Lift Irrigation Pumps and/or pumps installed on Tube-wells intended solely for irrigation or reclamation of agricultural land or forests, and include supply for lighting of the tube-well chamber.

Special Conditions of Supply

1. This tariff shall apply to:
 - i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP):
 - ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
 - iii) Tube-wells meant for aqua-culture, viz. fish farms, fish hatcheries and fish nurseries.
 - iv) Tube-wells installed in a dairy farm meant for cultivating crops as fodder and for upkeep of cattle.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The lamps and fans consumption in the residential quarters, if any, attached to the tube-wells shall be charged entirely under Tariff A-1 for which separate metering arrangements should be installed.
4. The supply under this Tariff shall not be available to consumer using pumps for the irrigation of parks, meadows, gardens, orchards, attached to and forming part of the residential, commercial or industrial premises in which case the corresponding Tariff A-1, A-2 or Industrial Tariff B-1, B-2 shall be respectively applicable.

D-1 (a)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation having sanctioned load of less than 5 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1(a) tariff given in the Schedule of Tariff.



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D-1 (b)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation and other consumers falling under Agriculture Supply having sanctioned load of 5 kW and above.
2. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D- 1(b) given in the Schedule of Tariff.
3. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements by June 30, 2010 and shall be governed by D-1(a) till that time.

D-2

1. This tariff is applicable to consumers falling under Agriculture Supply having sanctioned load less than 5 kW excluding SCARP related installations.
2. The fixed charges under this Tariff shall be recovered on the basis of sanctioned load in kilowatt as the billing demand and such charges will be applicable even if no energy is consumed during a month.

E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

Temporary Residential/Commercial Supply means a supply given to persons temporarily on special occasions such as ceremonial, religious gatherings, festivals, fairs, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction works for all kinds of single phase loads. For connected load exceeding 4 kW, supply may be given at 400 volts (3 phase) to allow a balanced distribution of load on the 3 phases. Normally, temporary connections shall be allowed for a period of 3 months which can be extended on three months basis subject to clearance of outstanding dues.

Special Conditions of Supply

1. This tariff shall apply to Residential and Commercial consumers for temporary supply.
2. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.

E -2 TEMPORARY INDUSTRIAL SUPPLY

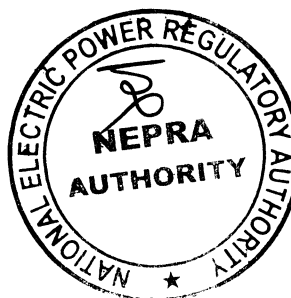
“Temporary Industrial Supply” means the supply given to an Industry for the bonafide purposes mentioned under the respective definitions of “Industrial Supply”, during the construction phase prior to the commercial operation of the Industrial concern.

SPECIAL CONDITIONS OF SUPPLY

1. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.
2. Normally, temporary connections shall be allowed for a period of 3 months, which may be extended on three months basis subject to clearance of outstanding dues.

F SEASONAL INDUSTRIAL SUPPLY

“Seasonal Industry” for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a



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particular season of the year. However, any seasonal industry running in combination with one or more seasonal industries, against one connection, in a manner that the former works in one season while the latter works in the other season (thus running throughout the year) will not be classified as a seasonal industry for the purpose of the application of this Tariff.

Definitions

1. "Year" means any period comprising twelve consecutive months.
2. All "Definitions" and "Special Conditions of Supply" as laid down under the corresponding Industrial Tariffs shall also form part of this Tariff so far as they may be relevant.

Special Conditions of Supply

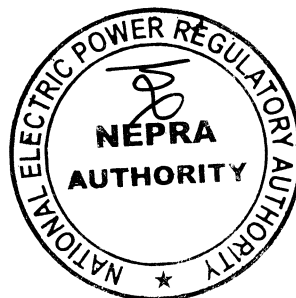
1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.
3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
4. All seasonal loads shall be disconnected from the Company's Supply System at the end of the season, specified by the consumer at the time of getting connection, for which the supply is given. In case, however, a consumer requires running the non-seasonal part of his load (e.g., lights, fans, tube-wells, etc.) throughout the year, he shall have to bring out separate circuits for such load so as to enable installation of separate meters for each type of load and charging the same at the relevant Tariff.
5. Where a "Seasonal Supply" consumer does not come forward to have his seasonal industry re-connected with the Company's Supply System in any ensuing season, the service line and equipment belonging to the Company and installed at his premises shall be removed after expiry of 60 days of the date of commencement of season previously specified by the consumer at the time of his obtaining new connection/re-connection. However, at least ten clear days notice in writing under registered post shall be necessary to be given to the consumer before removal of service line and equipment from his premises as aforesaid, to enable him to decide about the retention of connection or otherwise. No Supply Charges shall be recovered from a disconnected seasonal consumer for any season during which he does not come forward to have his seasonal industry re-connected with the Company's Supply System.

G PUBLIC LIGHTING SUPPLY

"Public Lighting Supply" means the supply for the purpose of illuminating public lamps.

Definitions

"Month" means a calendar month or a part thereof in excess of 15 days.



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Special Conditions of Supply

The supply under this Tariff shall be used exclusively for public lighting installed on roads or premises used by General Public.

H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

This tariff is applicable for one-point supply to residential colonies attached to the industrial supply consumers having their own distribution facilities.

Definitions

“One Point Supply” for the purpose of this Tariff, means the supply given at one point to Industrial Supply Consumers for general and domestic consumption in the residential colonies attached to their factory premises for a load of 5 Kilowatts and above. The purpose is further distribution to various persons residing in the attached residential colonies and also for perimeter lighting in the attached residential colonies.

“General and Domestic Consumption”, for the purpose of this Tariff, means consumption for lamps, fans, domestic applications, including heaters, cookers, radiators, air-conditioners, refrigerators and domestic tube-wells.

“Residential Colony” attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bonafide employees of the factory, the establishment or the factory owners or partners, etc.

Special Conditions of Supply

The supply under this Tariff shall not be available to persons who meet a part of their requirements from a separate source of supply at their premises.

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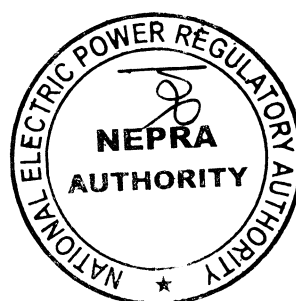
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Objections Raised by All Pakistan Textile Mills Association (APTMA)

All Pakistan Textile Mills Association (APTMA) while contesting the Tariff Petition was of the view that:

- i) the Hearing procedure adopted in these proceedings was against the rules as under Rule 3 of the Tariff Standards and Procedure Rules, prior admission of the petition is a must, which in the instant case was lacking
- ii) the Petitioner included wrong figure of line losses as
 - a) These were based on estimates
 - b) These were quite high contrary to the investments already carried out by LESCO.
 - c) APTMA members are connected B-III and B-IV through 132 KV or 11 KV lines directly; hence they should not be liable to account for entire T&D losses.
- iii) The forth-coming investment plan should no be allowed, as already many projects are pending in the pipeline of LESCO.
- iv) The sales target of the 1st quarter was not realistic and the line losses were not justified.
- v) The O&M expenses practically has no or very little impact in such a short period of three months and O&M expenses by their nature should not form part of the Tariff Petition.
- vi) The amount claimed as depreciation on assets was not in accordance with the standard accounting practices and the established concept of prudence.
- vii) The operating expenses of the company were on the higher side keeping in view acceptable standards prevailing in similar industries all over the world; therefore the same, in totality, should not be allowed to the Petitioner
- viii) The independent and Private Financial Consultants & Auditors be appointed to make a scrutiny of the petition with reference to the details of numbers provided therein for development of some realistic approach.
- ix) The Textile Sector, being the largest foreign exchange generating sector of the country, should be classified as a separate and distinct group of Industrial Consumers and they should be afforded electricity at cheaper and competitive rates so that they could be able to compete in the international market;
- x) The proposed rate of return was extremely high by any standards. This



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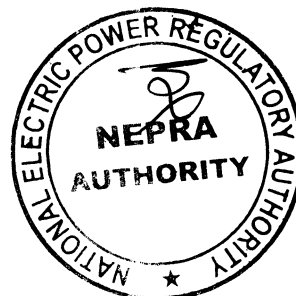
guaranteed rate was contributing significantly to the poor performance of the Petitioner and was liable to be abolished.

- xi) The figures given by the Petitioner regarding the enhancement or addition in the fixed assets were exaggerated by the inclusion of assets built through grants and consumer's contribution. Further, they were without the certification of any independent Auditor.
- xii) Price hike due to increase in volume of electricity to be supplied.
- xiii) The allowed repair and maintenance expenses were unjustified and without any authentication.
- xiv) The investments were carried out at the cost of consumers.
- xv) The Petitioner should immediately pay the return on all the security deposits retained by it for the entire length of period and also start making the annual returns on such deposits as per bank rates. The company in addition to cash should start accepting other forms of securities.
- xvi) The Petitioner should adhere to Islamic Socio – Economic principle of pricing. When we talk about a national company who was always striving to achieve maximum profits even at the cost of its consumers and prosperity of the industry it was clearly violation of article 2A of the constitution.
- xvii) The revenue estimates were not in accordance with the provisions of NEPRA.
- xviii) The Petitioner has admitted that the consumers have been excessively over billed due to its inefficiency.

Response to the Objections Raised by APTMA

The objections raised by APTMA are discussed in the succeeding paragraphs:

- i) Objection of APTMA as to non-observance of procedure with respect to admission of the tariff petition is without any substance for the reason that the petition was considered by the Authority in accordance with the Tariff Standards and Procedure Rules 1998 and all the stakeholders were notified through notice of admission which was published in the national newspaper. APTMA itself had filed intervention request in response to the said notice of admission.
- ii) The APTMA's comment with respect to the wrongful inclusion of losses is without any rationale and evidence. The Authority while setting the target T&D losses for DISCOs does its own independent due diligence. Moreover, the factor of improvement in efficiency as a result of the investments already carried out is also taken into account. Further, the figures of actual T&D losses quoted by DISCO are not only verified by the audited financial statements of DISCO but also by the invoices



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target for the next year. As far as Consumer – End tariff of B-III and B-IV categories are concerned, their assessed tariff does reflect the impact of lower T&D losses when compared with the tariff of other Industrial consumer categories. The rationale for the assessed T&D losses target for the FY 2009-10 with respect to LESCO was discussed in detail in the Authority's determination dated 10th December, 2009 under Para 11. The issue is further discussed in this determination under para. 5.6.

- iii) On the issue of investments, the Authority has already deliberated in its determination dated 10th December, 2009 under paras 12.14.1 to 12.15.5 . The issue is further discussed in this determination under para 5.9.
- iv) The issue of unrealistic sales target is discussed in this determination under para. 5.5.
- v) On the issue of O&M costs, the Authority has already deliberated the subject in its determination dated 10th December, 2009 under paras 12.8 to 12.12 . The issue is further discussed in this determination under para 5.7.
- vi) APTMA's contention with respect to depreciation calculation lacks understanding because depreciation is worked out according to the generally accepted Accounting Standards. In the earlier decisions of the Authority, the issue has been discussed in detail. The depreciation of the assets financed through the consumers' contributions is adjusted through contra entry on the income side of the income statement as amortization of deferred credit.
- vii) On the issue of the scrutiny of petition with reference to the details of numbers provided therein, (as these are based on un-audited accounts), the Authority considers that this can only be established after a comprehensive study . In this regard the Authority has already initiated a process of performance audit in certain Distribution Companies and based on such report; the Authority will be in a better position to establish reasonable relevant parameters. Since the exercise will take some time therefore, till such time the Authority is relying on the annual audited accounts of the Distribution Companies which are based on the audit conducted by a reputable audit firm. Until and unless proved otherwise, the presumption of truth is attached with the audited accounts; therefore, the Authority has to accept the figures indicated in the annual audited accounts.
- viii) On the issue of considering textile sector as a separate category of consumers, the Authority is of the view that since APTMA has already filed a petition for classifying them as a separate consumer category, hence this issue would be addressed accordingly.



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- ix) On the issue of rate of return, the Authority is of the view that the assessed return should reflect current market conditions. A return which is expected on other investments of comparable risk and the fixed rate of return is justified for promotion of continued reasonable investment in equipment and facilities for improved and efficient service. Clause ii & iii of sub rule 3 of rule 17 of the NEPRA Tariff Standards and procedure Rules, 1998 also refers to it. This issue is deliberated in detail in the Authority's determination dated 10th December, 2009.
- x) APTMA's objection with respect to addition in fixed asset is not valid because according to the calculations of Regulatory Asset Base, the assets pertaining to the consumers are excluded. The return is only allowed on the Regulatory Asset Base assessed after adjusting the assets belonging to the consumers.
- xi) On the issue of price hike due to increase in volume of electricity to be supplied, APTMA is of the view that a price hike component is linked with the periodic estimated increase in the volume of electricity to be supplied in future. On the basis of that price escalation is allowed. Once it is allowed on projections no body accounts for the actual increase in supply. The APTMA's contention in this regard is not based on fact and misunderstood as the Authority keeps on adjusting distribution tariff on the basis of actual volume of purchase of electricity by DISCOs from CPPA, along with the volume of electricity that has been sold by the DISCO, taking into account the targeted T&D losses. This is done on quarterly basis.
- xii) On the issue of security deposits, the Authority feels that the assessment of reasonability of the security deposits needs a comprehensive study, therefore, it was decided to consider this matter separately. A hearing in the matter was conducted on 23rd February 2010. As regards the issue of return on security deposits, the markup on "Security Deposit" is taken as "Other Income" by the Petitioner; the benefit thereof is passed through to the consumers by reducing the Distribution Margin by the same amount.
- xiii) On the issue of profit maximization, the APTMA's request is not justified, as the distribution business is a regulated business, whereby its only prudently incurred costs are allowed and a guaranteed return is assessed separately.
- xiv) On the issue of revenue estimation not being in accordance with the provisions of NEPRA Act, APTMA did not substantiate its claim as to which specific provisions of NEPRA Act were violated in this regard.
- xv) On the issue of over billing, APTMA has made a very general statement without any concrete evidence. The Authority cannot comment on it unless APTMA substantiate its claim with concrete evidence.



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