



**National Electric Power Regulatory Authority**  
Islamic Republic of Pakistan

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Ph: 9206500, 9207200, Fax : 9210215  
E-mail: registrar@nepra.org.pk

Registrar

No. NEPRA/R/TRF-131/QESCO-2009/2380-2382  
September 8, 2010

**Subject: Determination of the Authority in the matter of Petition filed by Quetta Electric Supply Company Ltd. for Determination of Consumer-end Tariff for 4th Quarter (April - June 2010) of FY 2009-10 [Case # NEPRA/TRF-131/QESCO-2009(4)/4th 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 (13 pages) in Case No. NEPRA/TRF-131/QESCO-2009(4)/4th 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.

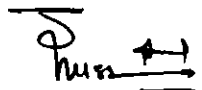
3. Please note that revised Schedule of Tariff (Annex-I) annexed with determination needs to be notified in the official Gazette which will replace the Schedule-I of the SRO 853(I)/2010 dated 31<sup>st</sup> August, 2010.

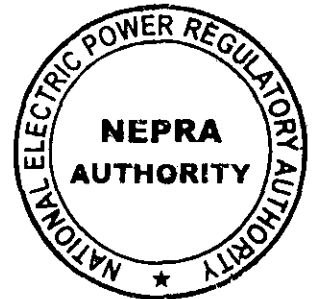
Enclosure: As above

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

CC:

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

  
( Syed Safer Hussain )



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

PETITION NO: NEPRA/TRF-131/QESCO-2009

**FOURTH QUARTER (APRIL-JUNE, 2010)  
TARIFF DETERMINATION  
FOR  
QUETTA ELECTRIC SUPPLY COMPANY  
(QESCO)  
DETERMINED UNDER  
NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998**

Islamabad

September , 2010

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<b>Write-up:</b>	<b>Sajid Akram</b>	<b>Dy. Director Tariff</b>
<b>Vetted by:</b>	<b>Muhammad Shafique</b>	<b>Legal Advisor-II</b>
<b>Checked by:</b>	<b>Syed Insaf Ahmad</b>	<b>D.G. Tariff</b>
<b>Seen by:</b>	<b>Zafar Ali Khan</b>	<b>Member ( T )</b>

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

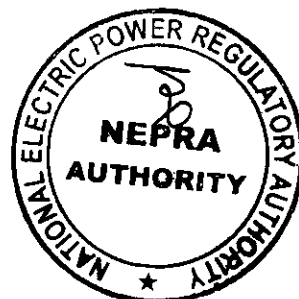
PETITION NO: NEPRA/TRF-131/QESCO-2009

**FOURTH QUARTER (APRIL-JUNE, 2010)  
TARIFF DETERMINATION  
FOR  
QUETTA ELECTRIC SUPPLY COMPANY  
(QESCO)  
DETERMINED UNDER  
NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998**

Islamabad

September 2, 2010

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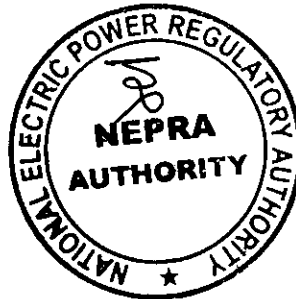
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### Abbreviations

APTMA	All Pakistan Textile Mills Association
CpGenCap	The summation of the capacity cost in respect of all CpGencos 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 Quetta Electric Supply Company Ltd. (QESCO) For The Determination Of its Consumer End Tariff Pertaining to The Quarter – IV ( April – June 2010) of FY 2009-10**

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**CASE NO. NEPRA/TRF/131/QESCO-2009**

**PETITIONER**

Quetta Electric Supply Company, Finance Directorate, QESCO Zarghoon Road, Quetta

**INTERVENERS**

None.

**COMMENTATORS**


None




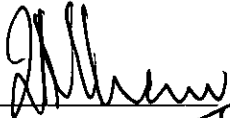
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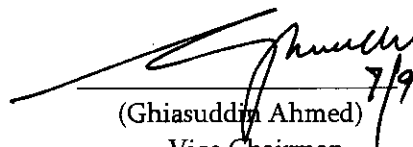


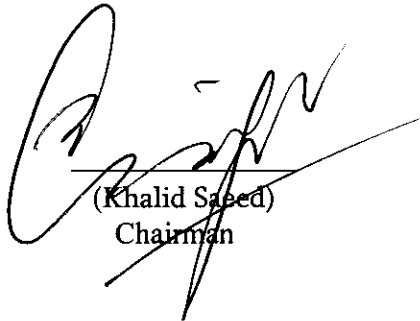
The Authority, in exercise of the powers conferred on it under Section 7(3) (a) read with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Tariff Standards and Procedure Rules, 1998 and all other powers enabling it in this behalf, and after taking into consideration the contents of the petition and the document and evidence submitted by the petitioner, hereby issues this determination.

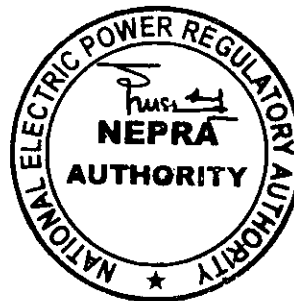
  
(Shaukat Ali Kundi) 07.09.2010  
Member

  
(Maqbool Ahmad Khawaja)  
Member

  
(Zafar Ali Khan) 7/9/10  
Member

  
(Ghiasuddin Ahmed) 7/9  
Vice Chairman

  
(Khalid Saeed)  
Chairman





**1. Background and Brief History**

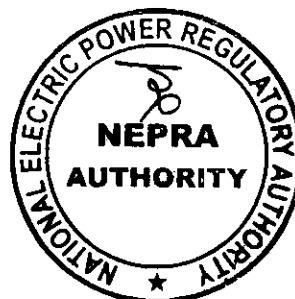
- 1.1 Quetta Electric Supply Company Limited (QESCO) (hereinafter referred as “the Petitioner”) filed a petition for the determination of its consumer-end tariff pertaining to the 4<sup>th</sup> quarter (April-June 2010).
- 1.2 In its petition, the petitioner requested;
- To adjust the Consumer – End Tariff as per the proposed Schedule of Tariff;
  - To reconsider T&D losses target assessed for the FY 2009-10;
  - To reconsider Prior Year Adjustment pertaining to the FY 2008-09
- 1.3 In terms of rule 4 of the Tariff Standards and Procedure Rules 1998 (hereinafter referred to as “Rules”), the Petition was admitted by the Authority and in compliance of 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. The advertisement by publication of the title and brief description of the petition was also affected in the leading national newspapers on 6<sup>th</sup> July, 2010. Comments/replies and filing of intervention petition was desired by any interested person/parties within 15 days of the publication.

**2. Filing of reply/intervention request/comments**

- 2.1 In response to the notice of admission and advertisement thereof, neither reply of the petition was filed by any person nor did anybody opt to file intervention request or comments.
- 2.2 As per sub-rule (2) of rule 7 of the Rules, in the event the respondent or the intervener does not file a reply, the Authority may decide the petition on the basis of inter-alia, the document and evidence submitted by the petitioner. In the instant case, since no reply, intervention request or comments were filed, therefore the Authority considered it appropriate to decide the petition on the basis of available record and not to conduct hearing. The findings of the Authority on the respective points raised in the petition are given as under:-

**3 Reconsideration request on account of T&D losses target for the FY 2009-10.**

- 3.1 In its petition, the petitioner requested to reconsider the Authority’s decision dated 9<sup>th</sup> December, 2009 and 19<sup>th</sup> April, 2010, with respect to target T&D losses for the FY 2009-10. The petitioner stated that instead of requested 21.5% T&D losses, the Authority had set a target of 18%. The same request for re-consideration of the target T&D losses was also made by the petitioner

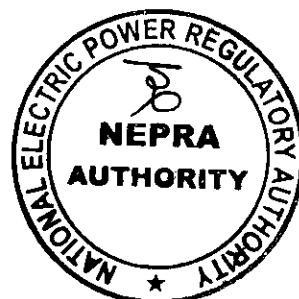


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during its petition for determination of tariff for the 2<sup>nd</sup> & 3<sup>rd</sup> quarter of FY-2009-10.

- 3.2 During the course of hearing of 1<sup>st</sup> and 2<sup>nd</sup> quarter's tariff petitions, the petitioner was directed to submit a report on the illegal tube-wells connections before 30<sup>th</sup> March 2010. The Petitioner, however, failed in submitting the requisite report rather requested for extension of the deadline till 30<sup>th</sup> June, 2010 vide its letter No. 9734/FD/QESCO dated 15<sup>th</sup> April 2010. The reasons for extension so narrated by the petitioner were the prevailing law and order situation of the province. The claimed deadline of 30<sup>th</sup> June, 2010 stood also expired yet the petitioner has failed to provide the requisite information.
- 3.3 The questioned target of T&D losses was set by the Authority in its tariff determination which is an independent decision and if at all the petitioner was aggrieved from that decision, then the appropriate course of action was to file a review petition under the Rules within the stipulated period. While filing a petition for determination of tariff for 4<sup>th</sup> Quarter, the petitioner could not seek review of the earlier decision of the Authority, especially when neither any error in the earlier determination is pointed out nor any evidence in support of its claim is provided. The target of T&D losses was set on the principle that the impact of losses due to in-efficiency of a utility should not be passed on to the consumers.
- 3.4 In view of the abovementioned circumstances, the Authority is of the considered view that the request of reconsideration of target of T&D losses is without any merits or justification and is regretted. Further, the petitioner is once again directed to submit the report on illegal tube-wells connections no later than 30<sup>th</sup> December, 2010.
- 4. Reconsideration request on account of Prior Year Adjustment pertaining to the FY 2008-09.**
- 4.1 According to the Petitioner, due to the delayed notification of tariff for the FY 2008-09, it has suffered a loss of Rs. 1,610.433 million in July and August 2008. The Petitioner has requested to include 402.61 million under the head of Prior Year Adjustment, pertaining to the FY 2008-09, in the revenue requirement of the 4<sup>th</sup> quarter of the FY 2009-10.
- 4.2 From a careful perusal of the record, it would reveal that the request in question is a result of non-reading/mis-reading of the Authority's earlier determination dated 9<sup>th</sup> December, 2009. As a matter of fact, while making the assessment of revenue



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requirement of the petitioner company in the 1st quarterly determination dated 9th December 2009, an amount of Rs. 1610.4 million stood already accounted for under the head "Prior Year Adjustment". (Para 16.1 of determination dated 9th December, 2009 for the 1st Quarter of the FY 2009-10 for QESCO is referred). In view thereof the Petitioner's request in this regard does not merit consideration.

5. **Petitioner's quarterly adjustment calculation, pursuant to the para. 8.4 of the Authority's determination dated 9th December, 2009 with respect to PPP, T&D losses, DM and Prior quarter adjustments.**

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

5.1.1 According to the existing mechanism, while giving monthly fuel cost adjustments, the impact of T&D losses is not accounted for and accordingly the same is accounted for on quarterly basis in addition to variation in PPP on account of Capacity payments and Use of System Charge. Accordingly, the Authority has assessed the impact of T&D losses Rs. 168.84 pertaining to the Fuel part of the PPP, which has not been passed on to the consumers in monthly fuel price adjustments. Similarly, the impact not passed on to the life line consumers has been assessed as Rs. 3.54 million. Combined together, the overall quarterly impact of Energy purchase price ( CpGenE ) for the fourth quarter has been worked out as Rs. 172.38 million. The impact of price variance and T&D losses on account of Capacity payments ( CpGenCap) and Use of System Charge ( USCF) is assessed as Rs. ( 179.63 ) million and Rs. 48.71 million respectively.

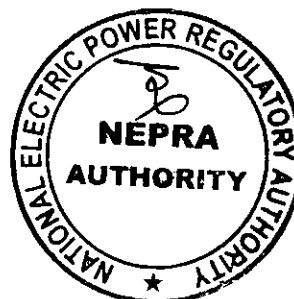
5.1.2 During 4th quarter the petitioner purchased 353 GWh less than the reference purchases of 1,565 GWh indicated in Annex – IV of the Authority's determination dated 9th December 2009. The impact on this account has been worked out as Rs. 2,293.56 million that has necessitated the reduction in revenue requirement to this extent.

5.1.3 In view of all the above adjustments the overall downward adjustment on account of PPP has been assessed as Rs. 2,252.10 million for the 4th quarter of the FY 2009-10.

5.2 **Adjustment with respect to DM and PYA**

5.2.1 Consequent to the less sales as against the reference sales, the Petitioner could not recover Rs. 515.14 million and Rs. 64.72 million on account of DM and PYA respectively during the 4th quarter of the FY 2009-10. This under recovery of revenue is also being accounted for while assessing the adjustment for the 4th quarter of the FY 2009-10.

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### 5.3. Revenue Requirement for the 4<sup>th</sup> quarter of the FY 2009-10.

5.3.1 Based on the revenue requirement for the petitioner Company determined in the 1<sup>st</sup> quarterly determination for the FY 2009-10 and subsequent adjustment in the 2<sup>nd</sup> and 3<sup>rd</sup> quarter, the revenue requirement for the 4<sup>th</sup> quarter of the FY 2009-10 is assessed as Rs.9,951.05 million which includes Rs. (2,252.10) million of PPP adjustment. The Petitioner however during the same period on the basis of notified rates was able to recover Rs. 10,986.06 million thus indicated over recovery of Rs. 1,035.01 million. The over recovery thus affected by the petitioner Company is being adjusted against the un-recovered cost for the FY-2009-10 as per following detail:-

○ Annual Revenue Requirement	Rs. 47,550 million
○ Less: Impact of Quarterly PPP Adj. Qrt-I	Rs. 264 million
○ Less: Revenue earned in quarter – I	Rs. 10,911 million
○ Less; Revenue earned in quarter- II	Rs. 10,752 million
○ Add; Impact of Quarterly PPP Adj. Qrt-II	Rs. 33 million
○ Less, Impact of Quarterly PPP Adj. Qrt-III	Rs. 1,952 million
○ Less, Revenue earned in quarter- III	Rs. 11,500 million
○ Less, Impact of Quarterly PPP Adj. Qrt-IV	Rs. 2,252 million
○ Less, Revenue earned in quarter- IV	Rs. 10,986 million
○ Add, un recovered costs during the year	Rs. 2,047 million
○ Less, impact of favorable consumer mix	Rs. 123 million
○ <b>Net Un recovered Costs for the FY2009-10</b>	<b>Rs. 887 million</b>

\* the impact of consumer mix has been worked out on the basis of information provided by the Petitioner in FORM – 3. This amount would be revisited in the light of annual audited accounts pertaining to the FY 2009-10.

- As per the above working, Rs. 887 million would be the net un-recovered costs for the whole FY 2009-10. The Authority considers that since the year has already passed; therefore it is not possible to



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ensure recovery of this un-recovered cost during FY 2009-10. The Authority has accordingly decided to carry forward this amount in the next financial year. In view thereof the already notified Schedule of Tariff is not being altered.

## 7. ORDER

From what has been discussed above, the Authority hereby determines the tariff of the petitioner Company for the 4<sup>th</sup> Quarter of the Financial Year 2009-10 as under:-

- I. Quetta Electric Supply Company (the Petitioner) is allowed to charge its consumers such tariff as set out in the schedule of tariff for QESCO 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 in subsequent tariff determinations for the petitioner company.
- III. The Petitioner is allowed to charge the users of its system a use of system charge (UOSC) equal to:

- i) Where only 132kV system is involved

$$UOSC = DM \times \frac{(1-L)}{(1-0.0758)} \text{ Paisa / kWh}$$

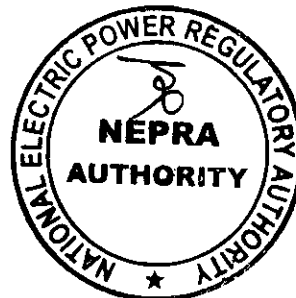
- ii) Where only 11 kV distribution system is involved

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

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

$$UOSC = DM \times \frac{(1-L)}{(1-0.1258)} \text{ Paisa / kWh}$$

Where:



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Distribution Margin for the FY 2009-10 is set at Paisa 179/kWh. 'L' will be the overall percentage loss target of 18% assessed for the FY 2009-10.

The Schedule of Tariff annexed with determination is intimated to the Federal Government for notification in the official gazette under Section 31(4) of the NEPRA Act which will replace Schedule – I of the SRO. 853(I)2010 dated 31<sup>st</sup> August, 2010.

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**SCHEDULE OF ELECTRICITY TARIFFS  
FOR QUETTA ELECTRIC SUPPLY COMPANY (QESCO)**

**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	01-100 Units	-	9.00	
iii	101-300 Units	-	11.00	
iv	301-700Units	-	12.50	
v	Above 700 Units	-	14.00	
b)	For Sanctioned load 5 kW & above			
	Time Of Use	-	14.50	7.00

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

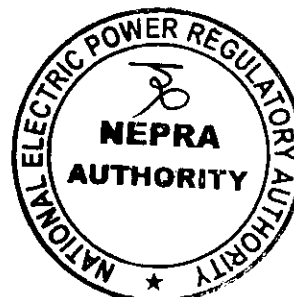
- a) Single Phase Connections: Rs. 75/- per consumer per month  
b) Three Phase Connections: Rs. 150/- per consumer per month

**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	14.00	
c)	Time Of Use	400.00	14.50	7.00

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



**SCHEDULE OF ELECTRICITY TARIFFS  
FOR QUETTA ELECTRIC SUPPLY COMPANY (QESCO)**

**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	9.00	
	Time Of Use			
B2(b)	5-500 kW (at 400 Volts)	400.00	14.50	7.00
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	14.40	6.50
B4	For All Loads (at 66,132 kV & above)	360.00	14.30	6.00

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

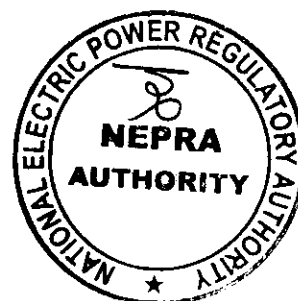
For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.

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.

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

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	9.50	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00	9.40	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	9.30	
	Time Of Use			
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	14.50	7.00
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	14.40	6.90
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	14.30	6.80



**SCHEDULE OF ELECTRICITY TARIFFS  
FOR QUETTA ELECTRIC SUPPLY COMPANY (QESCO)**

**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	-		12.00
D-2	Agricultural Tube Wells	200.00		8.78
D-1(b)	SCARP and Agricultural 5 kW & above	200.00	14.50	7.00

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	
E-1(i)	Residential Supply	-		14.00
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.*

**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

