Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/TRF-339/QESCO-2015/3877-3879
March 25, 2016

Subject: **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 Financial Year 2015-2016 [Case # NEPRA/TRF-339/QESCO-2015]**

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority along with Annexure-I, II, III, IV, V, VI & VII (81 pages) in Case No. NEPRA/TRF-339/QESCO-2015.

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 Supply Act (XL of 1997) and Rule 16(11) of the National Electric Supply Regulatory Authority (Tariff Standards and Procedure) Rules, 1998.

3. The Order part along with Annexure-I, II, III, IV, V, VI & VII of the Determination needs to be notified in the official Gazette.

Enclosure: As above

25.03.16
(Syed Safeer Hussain)

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

CC:
1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

National Electric Power Regulatory Authority
(NEPRA)

PETITION NO: NEPRA/TRF-339/QESCO-2015

TARIFF DETERMINATION

FOR

QUETTA ELECTRIC SUPPLY COMPANY LIMITED

(QESCO)

DETERMINED UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

25th March , 2016

Abbreviations

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
ADB	Asian Development Bank
AMI	Advance Metering Infrastructure
AMR	Automatic Meter Reading
BoD	Board of Director
BTS	Base Transceiver Station
CAPM	Capital Asset Pricing Model
CDP	Common Delivery Point
COSS	Cost of Service Study
CPPA (G)	Central Power Purchasing Agency Guarantee Limited
CWIP	Closing Work in Progress
DIIP	Distribution Company Integrated Investment Plan
DISCO	Distribution Company
DM	Distribution Margin
DOP	Distribution of Power
ELR	Energy Loss Reduction
ERC	Energy Regulatory Commission
ERP	Enterprise resource planning
FCA	Fuel Charges Adjustment
FY	Financial Year
GIS	Geographical Information System
GOP	Government of Pakistan
GWh	Giga Watt Hours
HHU	Hand Held Unit
HT/LT	High Tension/Low Tension
HSD	High Speed Diesel
IGTDP	Integrated Generation Transmission and Distribution Plan
IESCO	Islamabad Electric Supply Company Limited
KIBOR	Karachi Inter Bank Offer Rates
KSE	Karachi Stock Exchange
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
LPC	Late Payment Charges
MDI	Maximum Demand Indicator
MMBTU	One million British Thermal Units

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MoWP	Ministry of Water and Power
MVA	Mega Volt Amp
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
NOC	Network Operation Centre
NTDC	National Transmission & Despatch Company
O&M	Operation and Maintenance
OGRA	Oil and Gas Regulatory Authority
PEPCO	Pakistan Electric Power Company
PESCO	Peshawar Electric Supply Company Limited
PDEIP	Power Distribution Enhancement Investment Program
PDP	Power Distribution Program
PPA	Power Purchase Agreement
PPAA	Power Procurement Agency Agreement
PPP	Power Purchase Price
PYA	Prior Year Adjustment
R&M	Repair and Maintenance
RAB	Regulatory Asset Base
RE	Rural Electrification
RFO	Residual Fuel Oil
RLNG	Re-gasified Liquefied Natural Gas
RoE	Return on Equity
RORB	Return on Rate Base
ROR	Rate of Return
SBP	State Bank of Pakistan
SOT	Schedule of Tariff
STG	Secondary Transmission Grid
SYT	Single Year Tariff
T&D	Transmission and Distribution
TFC	Term Finance Certificate
TOU	Time of Use
TOR	Term of Reference
TPM	Transfer Price Mechanism
USCF	The fixed charge part of the Use of System Charges in Rs./kW/Month
UOSC	Use of System Charges
WACC	Weighted average cost of capital
WAPDA	Water and Power Development Authority
XWDISCO	Ex-WAPDA Distribution Company

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DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY QUETTA ELECTRIC SUPPLY COMPANY LIMITED (QESCO) FOR THE DETERMINATION OF ITS CONSUMER END TARIFF

CASE NO. NEPRA/TRF-341/QESCO-2015

PETITIONER

Quetta Electric Supply Company Limited (QESCO), QESCO Headquarter, Zarghoon Road, Quetta.

INTERVENER

Anwar Kamal Law Associates (AKLA)

COMMENTATOR

Energy Department, Government of Balochsitan (GoB), Quetta

REPRESENTATION

i. Rehmat Ullah Baloch, CEO
ii. Asghar Ali Mengal, Finance Director
iii. Shafaqat AliAdditional Manager GSO
iv. Yasir Faheem Dy Manager Finance

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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.

21.3.2016
(Khawaja Muhammad Naeem)
Member

24/3
(Syed Masood ul Hasan Naqvi)
Member

24.3.16.
(Himayatuallah Khan)
Member

25/3/16
(Maj (Rtd) Haroon Rashid)
Vice Chairman

25/3/16
(Brig (Rtd) Tariq Saddozai)
Chairman

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25.03.16

1. BACKGROUND

1.1 Quetta Electric Supply Company Limited (QESCO), hereinafter called "the Petitioner", being a Distribution Licensee of NEPRA filed a petition for the determination of its consumer-end tariff pertaining to the FY 2015-16 in terms of Rule 3 (1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules"). The Petitioner has sought the following reliefs, inter alia;

- To adjust the consumer end tariff as per proposed schedule of electricity tariff.
- To allow Prior year adjustment due to non-issuance of notification of consumer end tariff.
- To allow Distribution margin of Rs.2.53/kWh.
- To increase T&D losses from 17.50% to 22.70%.
- To allow Interest cost of Rs.2,068 million.

2. PROCEEDINGS

2.1 In terms of rule 4 of the Tariff standard and Procedure Rules, 1998 (hereinafter referred to as "Rules"), the petition was admitted by the Authority on 8th January, 2016. In compliance with the provisions of rules 6 &7 of the Rules, notice of admission / hearing along-with the title and brief description of the petition was published in newspapers on 26th January, 2016 and separate notices were also sent to the parties which were considered to be affected or interested. Comments /replies and filing of intervention request was desired from any interested person within 7 days of the publication.

3. FILING OF OBJECTIONS/ COMMENTS:

3.1 Comments/replies and filing of Intervention Request (IR), if any, were desired from the interested person/ party within 7 days of the publication of notice of admission in terms of Rule 6, 7 & 8 of the Rules. Neither any reply was filed nor any IR was received within the prescribed time, however, delayed IR was filed by M/s Anwar Kamal Law Associates. The Authority, considering the principle of natural justice and to provide opportunity to the stakeholders, condoned the delay in filing the intervention request and the request was allowed accordingly.

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4. INTERVENER

4.1 Anwar Kamal law Associates (AKLA)– Intervener

4.1.1 Anwar Kamal Law Associates (AKLA) in its Intervention request submitted vide letter No. R/NEPRA/076/16 dated February 02, 2016 raised certain concerns. A brief of those concerns, is given hereunder;

- Consumer- end tariff for the FY2015-16, should have been determined prior to the commencement of the Financial Year. Admitting the Tariff Petition so late, is not only against the applicable law, but also has adverse financial impact on the consumers.
- A period of only seven days has been given without framing of issues which is not enough for meaningful participation by the consumers.

4.1.2 REJOINDER BY THE PETITIONER

The Intervention Request of M/s AKLA was forwarded to the Petitioner for filing the rejoinder, however no rejoinder has been filed by the Petitioner in this regard.

5. COMMENTATOR

5.1 Energy Department, Government of Baluchistan (GoB), Quetta.

5.1.1 The Energy Department, GoB, while mentioning that the time period given for submission of comments/reviews is very short, submitted the following comments;

- The O&M cost projected by the Petitioner is exorbitant. No justification regarding improvement in customer services has been provided by the Petitioner.
- The losses target of 22.5% is objectionable ultimately effecting the consumers.
- Demand of increase in tariff against the low oil prices in unjustified.
- The Petitioner should move towards internal efficiency, customer services and improvement through reduction in non-technical losses as well as installation of metering system against agricultural tube wells.

6. FRAMING OF ISSUES

6.1 The pleadings so available on record were examined by the Authority and it was decided to conduct a hearing in order to arrive at a just and informed decision. On the basis of pleadings, following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments:-

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- Whether the Petitioner has complied with the directions of the Authority given in the tariff determination for the FY 2014-15.
- Whether the Petitioner's projected energy purchases and sales for the FY 2015-16 is reasonable?
- Whether the projected power purchase cost for the FY 2015-16 is justified?
- Whether the T & D losses for the FY 2015-16 requested by the Petitioner is reasonable?
- Whether the projected O&M cost for the FY 2015-16 is justified?
- Whether the proposed depreciation charge for the FY 2015-16 is justified?
- Whether the requested rate of return (ROR) is justified?
- Whether the projected Return on Regulatory Asset base (RORB) for the FY 2015-16 is justified?
- Whether the projected other income for the FY 2015-16 is reasonable?
- Whether the Petitioner's proposed Investment Plan for the FY 2015-16, is justified? Keeping in view the prospective benefits.
- Whether the proposed revenue requirements and average sale rate the FY 2015-16, is justified?
- Whether the prior year adjustment calculated by the Petitioner related to FY 2014-15 is accurate?
- What is the financial impact / loss of revenue due to TOU metering for cellular companies connections and other similar connections?
- Whether the concerns raised by the intervener/ commentator are justified?
- Whether the Petitioner request for incorporation of interest charge on PHPL loans is justified?
- Whether the existing service delivering structure of circles, divisions and sub-divisions etc. can provide satisfactory services for supply of electric power to the consumers with the substantial expansion in the system?

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- Whether the existing financial, administrative and technical powers concentrated at different layers of hierarchy is required to be amended in order to provide better services on the door step of the consumer?

- What is the impact of non-submission of IGTDP by the petitioner along with the tariff petition for the FY 2015-16 as required under Consumer-end Tariff (Methodology and Process) Guidelines, 2015?

- What will be the mechanism of charging Wheeling/Use of System Charges (UOSC) in case of network of XW-DISCOs are used for Wheeling?

- Whether the tariff petition substantially complies with NEPRA Determination of Consumer-end Tariff (Methodology and Process) Guidelines, 2015?

- What are the concerns of the Petitioner on the application of domestic tariff for Government office, educational institutions and mosques?

7. HEARING

7.1 The hearing was scheduled to be conducted on February 09, 2016 for which notices were sent to the concerned parties and also published in the leading newspapers on January 26, 2016. Accordingly hearing was held on the due date at NEPRA Tower, Islamabad.

7.2 During the hearing, the Petitioner was represented by its Chief Executive Officer, along with his Financial and Technical team.

7.3 On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under:

8. Whether the concerns raised by the Interveners / Commentators are justified?

8.1 It may be observed at the very outset that for filing an intervention request, the time period prescribed in terms of rule 6 of the Rules is 7 days from the date of publication of notice of admission. It is also the requirement of said rule that the intervention request should contain the objections, in a manner clearly specifying that how such person is likely to be affected by the determination, the contentions of the person, the relief sought and the evidence, if any, in support of the case. Notwithstanding the fact that the intervention request from M/s AKLA was not filed as per requirement of law, yet the same was considered to provide fair opportunity of participation.

8.2 Having gone through the concerns raised by the intervener, it may be observed that the Tariff Standard & Procedures Rules 1998 (The Rules) does not provide any time frame for submission of the Tariff Petitions. However, in order to ensure timely determination of consumer end tariff, the Authority has issued the NEPRA guidelines for the

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determination of consumer-end tariff (Methodology & Process) notified vide SRO. 34(I) 2015 dated 16.01.2015, wherein, timelines for the submission of Tariff Petitions have been prescribed. The Intervener has rightly pointed out that the Petitions have been submitted late, however, non-admission of the Petitions by the Authority on the grounds of late submission, would not result in the interest of consumers, keeping in view the declining trend of oil prices in the international market.

8.3. <u>AKLA</u>

8.3.1 The Authority, on the issue of late submission of the Tariff Petitions, considers that the Tariff Standard & Procedures Rules 1998 (The Rules) do not provide any time frame for submission of the Tariff Petitions. However, in order to ensure timely determination of consumer end tariff, the Authority has issued the NEPRA guidelines for the determination of consumer-end tariff (Methodology & Process) notified vide SRO. 34(I) 2015 dated 16.01.2015, wherein, timelines for the submission of Tariff Petitions have been prescribed. The Intervener has rightly pointed out that the Petitions have been submitted late, however, non-admission of the Petition by the Authority on the grounds of late submission, would not be in the interest of consumers, keeping in view the declining trend of oil prices in the international market.

8.3.2 As far as the concern of the Intervener regarding adverse financial impact on consumers due to late admission of the petitions, is concerned, it is pertinent to mention that any such financial impact is catered for through monthly FCA and Prior Year Adjustments.

8.3.3 As regard the issue of seven days, the same is requirement of the Rules, therefore, it has to be followed by the parties.

8.4 <u>Energy Department, Government of Balochistan (GoB), Quetta.</u>

8.4.1 As regards the concerns of the commentator with respect to lower oil prices, O&M costs, T&D losses and installation of meters on the tube wells, the same are addressed under the relevant issues of the decision in hand.

9. <u>Issue # 1. Whether the petitioner has compiled with the directions of the Authority given in the tariff determination for the FY 2014-15?</u>

9.1 The Authority issued several directions in the tariff determination for the FY 2014-15, the compliance of which are discussed under relevant heads. However, few of the directions are discussed below;

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9.2 To adopt the software and print bills with reading snapshot as directed vide letter dated 17th October, 2014. The same should be implemented not later than 30th June, 2015 and sample bills should be shared with the Authority not later than 30th June, 2015.

9.2.1 In order to protect the interest of consumers in the matter of excessive billing, the Authority while considering the proposals floated by different XWDISCOs, during the proceedings of the tariff determination for the FY 2014-15; agreed with the proposal submitted by PESCO regarding printing of snapshot of meter reading on the electricity bills of the consumers, not only to enhance the level of confidence of the consumers but also to create an effective quality check on the Meter Readers. Accordingly, the Petitioner was also directed to adopt the software and print bills with reading snapshot as directed vide letter dated 17th October, 2014. The same should have been implemented not later than 30th June, 2015 and sample bills should have also been shared with the Authority not later than 30th June, 2015.

9.2.2 The Petitioner vide its letter No.CEO/QESCO/DC-17/27030 dated July 01, 2015 submitted that the software and printing of bills with reading snapshots has been started in one of the subdivision under the City Division of Quetta and the progress thereon would be shared in due course of time.

9.2.3 The Petitioner neither in its Tariff Petition for the FY 2015-16, nor during the hearing of the instant petition provided any progress / update on the issue.

9.2.4 The Authority considers that the Petitioner negligently failed to comply with its directions. Non-compliance of Authority's directions could lead to initiation of proceedings against the petitioner under relevant laws; however the Authority while taking lenient view hereby once again directs the Petitioner to expedite the implementation process and complete the mobile meter reading by 30th June, 2016. The Authority has noted several complaints to the effect that snap shots appearing on the bills are not clear and readable. In view thereof, the Petitioner needs to ensure the visibility of the snap shot on the bills and also to maintain its record in soft form for at least a period of twelve (12) months.

9.3 To submit its investment requirements for the implementation of Hand Handled Units (HHU) the completion timelines along with its next tariff petition.

9.3.1 In view of the aforementioned direction regarding printing of snap shot of meter reading on the electricity bills, the Authority also considered the proposal of IESCO & MEPCO for allowing the cost of hand held meter reading units and principally decided to allow the cost of the hand held units to the Petitioner and directed it to submit its investment

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requirements for the implementation of the said plan along with the completion timelines in its next tariff petition.

9.3.2 The Petitioner vide its letter No.CEO/QESCO/DC-17/27030 dated July 01, 2015 has submitted that the matter is under process. The Petitioner has also not claimed any amount in respect of HHUs in its Investment requirement for the FY 2015-16.

9.3.3 The Authority has noted with great concern that the Petitioner has not taken the directions of the Authority seriously. The Authority is cognizant of the fact that the Petitioner has a large number of non-metered connections. In view thereof, the Authority directs the Petitioner to stagger its investment plan in stages. The same plan would also be in line with its plan of installing meters on non-metered connections. Thus, the Petitioner is directed to submit its investment needs in this regard along with the installation of meters, not later than 30th June, 2016.

9.4 To install AMR and AMI at all of their CDPs by December 31, 2015.

9.5 To install AMR and AMI on the receiving end of at least 30% of their 11 kV feeders (as existing on 30 June 2014) by 31st December 2015 and remaining 70% till June, 2016.

9.6 To initiate and install AMR/AMI at the consumer level in at least 10 of their high loss making subdivisions by 31st December, 2015 and remaining 70% by 30th June 2016.

9.6.1 The Authority considers that one of the key reasons for high transmission and distribution losses in DISCOs is the lack of any tracking mechanism for electricity flow from the points of their electricity purchases (CDP) down to the final consumers. A reliable metering and recording system at every voltage level starting with the 132 kV grid, at the 11 kV and to 440 and 220 volts is therefore critical for the elimination of theft, unaccounted electricity and diagnosing technical problems. In view thereof, the Authority directed all DISCOs to install AMR and AMI Systems. The Authority considered that such systems would also enable it in analyzing XWDISCOs' genuine investment requirements. Consequently, reduction in losses would help in saving billions of rupees annually and support GOP's efforts in eliminating circular debt. Thus, the Authority directed all DISCOs;

- To install AMR and AMI at all of their CDPs by December 31, 2015.
- To install AMR and AMI on the receiving end of at least 30% of their 11 kV feeders (as existing on 30 June 2014) by 31st December 2015 and remaining 70% till June, 2016.
- To initiate and install AMR/AMI at the consumer level in at least 10 of their high loss making subdivisions by 31st December, 2015 and remaining 70% by 30th June 2016.

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9.6.2 In response, the Petitioner has submitted the following;

i. It draws power from various CDPs 220 KV Grid Stations Quetta, Sibbi, Loralai and Khuzdar, IPP (HCPC), TPS Sheikhmanda Quetta. SEPCO, MEPCO being sole owner of the aforementioned grids be approached for the installation of AMR/ AMI system at CDPs.

ii. AMR/AMI on all 11 KV incoming as well as outgoing panels under its jurisdiction have been installed.

iii. The installation of AMR/AMI at the consumer level on 10 high loss sub-divisions is under process.

9.6.3 The Authority considering the aforementioned response of the Petitioner, feels that the Petitioner's progress in this regard is not up-to the mark and the petitioner needs to put in serious efforts to complete the installation of AMRs/ AMIs System within the given time lines.

9.7 To share the detail of late payment surcharge recovered from consumers and any invoice raised by CPPA (G) under the head of mark-up on delayed payment for the FY 2014-15.

9.7.1 As per the clause 9.3(d) of the Electricity supply agreement dated 29th June, 1998 between DISCOs & NTDC, the XWDISCOs are obliged to pay CPPA (G) late payment charge on delay payments of invoice. The clause 9.3 (d) of the agreement deals with Late Payment charge as below:

"Late Payments by WAPDA or the Company, as the case may be, shall bear mark-up at a rate per annum equal to the Base Rate plus four percent (4%) per annum compounded semi-annually, and shall be computed for the actual number of Days on the basis of three hundred sixty-five (365) Day Year."

9.7.2 In view thereof, the Authority in the tariff determination for FY 2014-15, decided that the late payment charge recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective DISCO only i.e. CPPA (G) cannot book late charge over and above what is calculated as per the relevant clause of the agreement to a respective DISCO only. The Petitioner was, therefore, directed to share the details of late payment charges recovered from consumers and any invoice raised by CPPA (G) under the head of mark up on delayed payments for the FY 2014-15. The Petitioner was directed to submit the requisite information before filing of the next tariff petition. Any remaining LPC, (i.e. after the offset) shall be adjusted from the revenue requirement of FY 2015-16 and in the event of non-submission of evidence of payment to CPPA (G), the entire amount of LPC recovered from consumers shall be

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made part of other income *(and deducted from revenue requirement)* in the FY 2015-16.

9.7.3 The Petitioner in response submitted vide letter No.CEO/QESCO/DC-17/27030 dated July 01, 2015 has stated that markup on delayed payments for the FY 2014-15 has not been received but CPPA may issue the invoice after June 2015 and same will be submitted as and when received.

9.7.4 The issue has been discussed under the relevant head.

9.8 <u>The Petitioner is directed to give comments on the proposal of lifeline consumers before the next year's tariff petition and also to share the financial impact of revision of criteria of lifeline consumers on its revenue.</u>

9.8.1 The matter of changing terms and conditions of lifeline and residential consumers was raised by Islamabad Electric Supply Company (IESCO) in the tariff petition for the FY 2012-13 and the Authority took comments of all XWDISCOs on the matter during the tariff determination process for the FY 2013-14. Accordingly, the following modifications to the terms and conditions of lifeline and residential consumers were proposed;

- The criteria for Lifeline consumers is modified and only those residential consumers having single phase electric connection with a limited sanctioned load upto 1 kW and consumption of less than 50 units will qualify to be the life line consumers.
- A floating average of six months consumption of lifeline consumers should not exceed 50 units.
- In case of detection billing under the category of lifeline consumers, 1 year average floating billing must be less than 50 units.
- All government offices, educational institutes and mosques should be removed from the category of residential consumers.

9.8.2 However, the Authority also felt that before modifying the Terms & Conditions further analysis as to how much consumers will be reduced on monthly basis along with its financial implication needs to be obtained. Accordingly the Authority directed the Petitioner to give comments on the proposal of lifeline consumers before the next year's tariff petition and also to share the financial impact of revision of criteria of lifeline consumers on its revenue.

9.8.3 The Petitioner has not provided any comments on the issue neither during the hearing nor through a separate letter.

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9.8.4 The Authority therefore after careful consideration of the issue has decided to modify the Terms & Conditions to the extent of the following;

- The criteria for Lifeline consumers is modified to only those residential consumers having single phase electric connection with a sanctioned load up to 1 kW.
- At any point of time, if the floating average of last six months consumption exceed 50 units, then the said consumer would not be classified as life line for billing month even if its consumption is less than 50 units. For the purpose of calculating floating average, the consumption charged as detection billing would also be included.

9.8.5 Regarding whether all government offices, educational institutes and mosques should be removed from the category of residential consumers, the Authority has decided to create a New General Services Category by changing terms & conditions of the residential consumers and has decided to restrict residential category as Residences and Places of worship, excluding thereby all government and other offices, educational institution. Thus, the consumer category A3 General services shall include;

- Approved charitable/religious institutions
- Government and semi – Government Offices and institutions
- Government Hospitals and dispensaries
- Educational Institutions
- Water supply schemes including water pumps and tube wells operating on three phase 400 volts other than those meant for the irrigation or reclamation of Agricultural land.

9.9 <u>To hire independent engineers to complete the study of T&D losses as per Authority's approved TORs and submit the study no later than March 31, 2014</u>

9.9.1 The Authority while determining tariff petition for the FY 2011-12 directed the Petitioner to conduct a comprehensive study of its T&D losses by an independent firm of engineers. The Petitioner informed the Authority, during the tariff determination for the FY 2013-14, that it has hired the services of M/s Power Planner Lahore for the study and the same will be submitted after completion. The same update was provided by the Petitioner during the tariff determination process for the FY 2014-15. In view thereof, the Authority again directed the Petitioner to complete the study of its complete system including 11 KV and below.

9.9.2 The matter has been discussed under the relevant head.

9.10 <u>To submit the details of investment undertaken in the FY 2013-14 with future investment plan to the technical division not later than 30, June 2015.</u>

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9.10.1 The Authority in its tariff determination for FY 2013-14, directed the Petitioner to submit cost/benefit analysis report for the investments made during the last five years and technical/financial saving achieved thereon. The Authority on the information provided by the Petitioner, during its tariff determination process pertaining to the FY 2014-15, noted that only partial information was provided. In view thereof, the Authority again directed the Petitioner to submit the cost benefit analysis of total investments carried out during the last five years.

9.10.2 The Petitioner vide its letter No.CEO/QESCO/DC-17/27030 dated July 01, 2015 submitted the following detail of its investments expenses for the FY 2013-14;

Sr. #	Head	Budget Allocation (Mln Rs.)	Expense (Mln. Rs.)
1	HT (ELR)	250.00	127.13
2	LT (ELR)	150.00	57.58
3	HT (DOP)	135.00	57.25
4	LT (DOP)	55.00	36.92
Total		**590.00**	**278.88**

9.10.3 After careful consideration of the provided information, the Authority observed that the information could not be reconciled from the financial statements of the Petitioner for the FY 2013-14, which raises doubts about the credibility of the information. Further, the submitted information is also incomplete as it does not provide the details of the projects that were carried out and the benefits that have accrued by making investment of Rs.3,301.45 million during the FY 2013-14 *(as per the financial statements provided by the petitioner).*

9.10.4 Thus, the Authority again directs the Petitioner to provide project wise detail of actual investments made in FY 2013-14 and FY 2014-15 along-with the cost benefit analysis and also explain the reasons for variation in the reported numbers as discussed above. The Authority has also taken a serious notice of non-compliance of its direction in true letter & spirit by the Petitioner, which is serious violation of licensing terms that may lead to initiation of proceedings against the licensee under the relevant rules.

9.11 <u>To transfer amount in the post retirement benefit fund and claim the amount so transferred from the Authority in the next year's tariff determination by submission of evidence of transfer of amount.</u>

9.11.1 The Authority in order to protect the interest of employees regarding post-retirement benefits and also keeping in view the liquidity crunch of XWDISCOs, directed the Petitioner to create an independent fund in the best interest of the Petitioner's work

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force. The rationale was that the creation of funds would ensure that the Petitioner records it liability more prudently since the funds would be transferred into a separate legal entity. In addition to that these independent funds would generate their own profits, if kept separate from the company's routine operations and in the longer run reducing the Distribution Margin and eventually consumer-end tariff.

9.11.2 The Petitioner during its tariff determination for FY 2014-15 submitted that consultant M/s Zahid & Zahid has been hired for creation of postretirement benefits funds. The draft trust deed has been sent by the Consultant and the Petitioner require Rs.3,085 million for the initial investment.

9.11.3 The Authority on the Petitioner's argument of liquidity crunch was of the view that it had been allowing provision for post-retirement benefits as a part of O&M cost till FY 2011-12. The direction of creating independent post retirement fund was passed during the FY 2011-12 and since the Distribution Companies were not creating independent fund therefore, the actual amount on account of pension fund was being allowed for the last two years only, thus the argument of short liquidity was not relevant to the extent of investment in the post retirement fund. In view thereof, the Authority in its determination for FY 2014-15 again directed the Petitioner to complete the process of creation of separate post retirement funds and to transfer amount in the post retirement benefit fund and claim the amount so transferred from the Authority in the next year's tariff determination by submission of evidence of the amount transferred.

9.11.4 The Petitioner vide its letter No.CEO/QESCO/DC-17/27030 dated July 01, 2015 has submitted that the Fund has not yet been established.

9.11.5 The matter is discussed in detail under the relevant issue.

9.12 <u>To submit a recruitment plan for the requested hiring of staff containing cost/benefit analysis based on best practices.</u>

9.12.1 During the hearing process for the tariff petition pertaining to the FY 2012-13, the Authority was informed about the hiring of new employees under Balochistan Package in the FY 2011-12 and FY 2012-13. The same was requested to be allowed in tariff. The Authority while accepting the fact that the Petitioner was compelled to do the hiring on the instructions of GoB, however, the burden of these additional recruitments could not be passed on to the consumers unless the Petitioner justifies them with some credible evidence to the extent of its quantum and needs. In view thereof, the Petitioner was directed to submit details of new recruitments under Balochistan Package along with justifications and placements.

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9.12.2 While justifying its contention the Petitioner submitted that the certificate vide letter dated April 14, 2014 against the additional recruitment it made. Certificate provided by the Petitioner issued by a firm of chartered accountant named "Nasir Javaid Maqsood Imran" mentioned that the Petitioner incurred a total cost of Rs. 2.50 million in the FY 2012-13. During the FY 2011-12, the Petitioner incurred Rs. 143,535 against appointments made under "Aghaaz-e-Hukook-e-Baluchistan Package". The Auditor clearly stated that the hiring cost does not include housing cost. Further, no replacement hiring was made in the said financial year.

9.12.3 The Authority while approving the salaries and wages cost of the Petitioner for the FY 2013-14 disallowed the cost associated with the additional recruitments and directed the Petitioner that recruitments under "Aghaaz-e-Hukook-e-Baluchistan Package" be included as part of replacement hiring and while submitting the required certificate, these recruitments must be treated as replacement hiring in the calculations.

9.12.4 The matter has been discussed in detail under the issue of Salaries and Wages.

9.13 <u>To submit the certificate of replacement hiring before the finalization of the tariff determination pertaining to the FY 2015-16.</u>

9.13.1 The Authority, keeping in view the network expansion of the Petitioner allowed only replacement hiring subject to the completion of audit as per framework provided by the Authority. The Auditors after the completion of their audit would submit a certificate endorsing the replacement hiring. The same was required for the Petitioner in order to justify that all the recruitments carried out by it are replacement hiring and not additional hiring.

9.13.2 In response to the Authority's direction regarding replacement hiring certificate, the Petitioner vide its letter dated July 01, 2015 has submitted that it is in process and will be produced before the completion of tariff determination pertaining to the FY 2015-16.

9.13.3 The Petitioner till date has not provided the required certificate.

9.13.4 The matter is discussed in detail under the relevant issue.

9.14 <u>To provide break-up along with the nature of receivables and a concrete plan of their recovery not later than 30th June, 2015</u>

9.14.1 In the tariff determination for the FY 2012-13, the Authority directed the Petitioner to complete reconciliation of receivables from Government of Balochistan (GoB). In response, the Petitioner, during its tariff determination process for the FY 2014-15, submitted a reconciliation statement of sales / purchases with the GoB till December 2013. The reconciliation was done with the Provincial Government Departments of

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Central Baloshistan, Loralai, Khuzdar & Sibi. The Petitioner submitted the following figures;

Name of Circle	Reconciliation %age
Central	87
Sibi	72
Loralai	67
Khuzdar	40

9.14.2 The Petitioner mentioned that reconciliation of Loralai and Khudzar circles was carried out a lower pace due to law and order situation. The Petitioner also stated that it has not received the full payment of the reconciled amount and has only received partial payments from the Government of Baluchistan.

9.14.3 In view thereof the Authority in the tariff determination for FY 2014-15 again directed the Petitioner to continue its efforts to reconcile the pending receivables with the GoB and recover 100% of its reconciled amounts and update the Authority on regular basis. The Petitioner was also directed to provide break-up along with the nature of its receivables and a concrete plan of their recovery not later than 30th June, 2015

9.14.4 The Petitioner during hearing of its instant petition has submitted that reconciliation with GoB has been completed and GoB paid Rs.3,645.19 million vide cheque dated 10 Jul 2015. An amount of Rs.243.82 million has also been received on account of advance payments which is 25% deducted at source. Further ,the Petitioner vide its letter dated July 01, 2015 has also provided a detail of its receivables from private consumers as of May 2015.

9.14.5 A review of the financial statement of the Petitioner for FY 2014-15 reveals that its total trade debts have increased from Rs.107.32 million as on June 30, 2014 to Rs.133.99 million as at June 2015. The Authority observed that the Petitioner was required to submit a concrete recovery plan for its receivables highlighting the strategy as how it intends to achieve the set targets, however, nothing has been mentioned in this regard. In view thereof and considering the increase in trade debts by around 25%, the Authority feels that the Petitioner needs to adopt some extraordinary measures to improve its recovery and accordingly directs it to submit a comprehensive recovery plan clearly highlighting the problem areas, targets for their improvements along with intended strategies/tools to achieve the same latest by June 30, 2016.

9.15 <u>**To submit comments and proposal along with the expansion plan for consideration of the Authority regarding existing service delivering structure of circles, divisions and sub-divisions etc with next tariff petition.**</u>

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9.15.1 Faisalabad Electric Supply Company Limited (FESCO) and Lahore Electric Supply Company Limited (LESCO) requested for creation of new circles, divisions and sub-divisions in the tariff petitions for the FY 2013-14. The Authority directed both the XWDISCOs to take appointments for a separate presentation on this issue and deferred the decision till that time. In addition, the Authority made this issue a matter for discussion for all XWDISCOs in the tariff petition for the FY 2014-15. All the XWDISCOs including the Petitioner were directed to file comments on the matter vide letter no. NEPRA/R/SAT-I/TRF-100-DISCOs/13653-61 dated 31st October, 2014.

9.15.2 The Petitioner did not respond to the letter, therefore, the Authority in its determination for FY 2014-15, directed the Petitioner to submit comments and proposal on this issue with expansion plan for consideration of the Authority along-with next year tariff petition.

9.15.3 The Petitioner has not responded to the issue either in its petition or during the hearing.

9.15.4 The issue is discussed under relevant head.

9.16 <u>To complete installations of TOU metering and the Authority, based on Petitioner's non-seriousness in implementation of its decisions, has decided to initiate proceedings against the Petitioner under the penal sections of the relevant Regulations.</u>

9.17 <u>To launch a consumer awareness campaign exclusively for the agricultural consumers in its region.</u>

9.17.1 During the tariff determination for the FY 2008-09, the Petitioner was directed to convert all consumer categories, including Agriculture consumers having load requirement of 5 kW and above to TOU metering. During the hearing process of the tariff petition pertaining to the FY 2012-13, the Petitioner appraised the Authority that it is complying with the direction of the Authority in letter and spirit but it cannot install TOU meters on Agriculture consumers because of law and order situation and severe resistance thereof.

9.17.2 The Authority directed the Petitioner to file a separate request for the exclusion of any consumer category from TOU metering based on proper rationale and justification.

9.17.3 The Petitioner submitted its response vide letter dated 10th April, 2014 and also informed the Authority during the hearing for FY 2014-15 that 2000 meters were installed on tube wells which have now been un-installed except 1% to 2%.

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9.17.4 The Authority after carefully considering the Petitioner's rationale/justifications to exclude the TOU metering with respect to Agriculture consumers was of the view that although the Petitioner's concern with respect to the hurdles and opposition by the agricultural consumers against the installation of TOU meters was valid to some extent, however this should not be used as a ground for uninstalling the TOU meters. The Authority observed that the agricultural consumers are paying fixed monthly bill; therefore resistance for installing TOU meters from the agricultural consumers does not provide strong justification for non-compliance of the Authority's decision. The Authority unconvinced on the submitted arguments directed the Petitioner to launch a consumer awareness campaign exclusively for the agricultural consumers in its region and also directed it to expedite the process of installing TOU meters on the agricultural consumers of it distribution area.

9.17.5 The Petitioner vide its letter dated July 01, 2015 on the issue of installation of ToU metering submitted that installation of ToU meter is complete in all consumer categories except agricultural consumers and referred to its earlier request dated April 10, 2014 regarding exclusion of Agricultural Tube well connections from ToU metering, which was not accepted by the Authority.

9.17.6 The Petitioner during the hearing of its instant petition for the FY 2015-16 also submitted it has around 29,000 agriculture connections out of which around 10,000 connections are illegal without having meters and have been installed by the agriculture users using substandard conductors, thus resulting in additional T&D losses. As per the Petitioner, billing on these connections is being done on estimated basis. The Petitioner further informed that its efforts to regularize such connections and to remove the substandard conductors have been restrained by the Provincial Government because of the ongoing law and order situation. In addition , it is also directed to withdraw all FIRs lodged in this respect against Zamindars with illegal connections.

9.17.7 Regarding the launch of consumer awareness campaign, the Petitioner has mentioned the awareness campaign regarding conservation measures is being frequently launched in media for all categories of consumers including agri sector. However, the same campaign have to be launched as and when required.

9.17.8 The Authority understands the Petitioner's concern with respect to the resistance from the agricultural consumers against the installation of TOU meters and that is why the Authority in its tariff determination for FY 2014-15, directed the Petitioner to launch a consumer awareness campaign exclusively for the agricultural consumers in its region, which would also address the billing apprehensions of the agriculture consumers. The

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Authority also observed that PESCO is also facing a worst law and order situation yet it has managed to install almost 100% TOU meters on the agricultural consumers.

9.17.9 In view of aforementioned discussion, the Authority again directs the Petitioner to put in serious efforts in this regard and ensure installation of ToU Meters to all consumer categories, including Agriculture consumers having load requirement of 5 kW and above by June 30, 2016.

9.18 <u>To recover the remaining amount of Subsidy from GoP and GoB.</u>

9.18.1 The Authority during the hearing of Petitioner's tariff petition for FY 2014-15 observed that amount of subsidy receivable from the GoP and GoB was Rs.11,915 and Rs.1,926. The Authority keeping in view the quantum of due recovery, directed the Petitioner to recover the outstanding amount of subsidy from GoP and GoB.

9.18.2 The Petitioner vide its letter dated July 01, 2015 has informed that GoP and GoB has paid an amount of Rs.4,,000 million and Rs.3,908 million respectively and efforts are being made to recover the remaining amounts.

9.18.3 The Authority after having a careful review of the latest financial statements of the Petitioner has observed that still an amount of Rs.9,557.7 million is receivable from the GoP and an amount of Rs. 2,767.96 million is outstanding from the GoB.

9.18.4 In view thereof, the Petitioner is again directed to recover the outstanding amount of subsidy from GoP and GoB by making extraordinary efforts and the Authority be apprised of the status on quarterly basis.

9.19 <u>To share evidence of losses incurred by it post TOU metering of cellular company connections to strengthen its case.</u>

9.19.1 The Authority observed that IESCO, in its tariff petition for the FY 2012-13, contended that by installing TOU meters on the connections that operate on a 24 hour basis, an undue benefit of lesser off peak rate is enjoyed by these sort of consumers as their demand remains constant throughout the day, irrespective of the differential tariff being offered in different time spectrum. IESCO presented a negative billing impact of Rs.9 million per month approx. due to the installation of TOU meters on cellular company connections (who according to IESCO, maintains constant load throughout the day). The same concern was noted and addressed in para 6.5 of the tariff determination for the FY 2012-13 dated 27th March, 2013.

9.19.2 Consequently, the Authority decided to deal the matter separately and directed all DISCOs for comments on the issue. Subsequently, comments were filed by DISCOs and

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they supported the stance of IESCO in their tariff petitions for the FY 2013-14. The following arguments were presented by DISCOs;

9.20. Risks

- Conversion to a TOU meter is only viable for consumers who are aware of the rules and are able to alter their consumption patterns to maximize plan benefits.
- The main objective of TOU tariff was reduced demand on the power system during peak hours by introducing TOU metering.
- Cellular companies run their business round the clock during peak hours as well thus do not contribute toward the reduction in power demand during the peak hours.
- A separate tariff may be introduced for cellular companies as they do not deserve TOU tariff due to constant load behavior.
- The consumer of cellular companies are enjoying the cross subsidy because they are availing the benefits resulting from application of TOU tariff consequently causing a negative impact on revenue as well as average sale rates.
- The Petitioner also submitted a negative billing impact of TOU metering of cellular connections of Rs. 13.88 million affecting the revenues of the company;

Comparison of TOU/ Normal Billing to the Cellular Companies for the Month of June, 2013				
Name of Company	No. Of Connections	TOU Billing	Billing under Normal Tariff	Difference
Cellular Companies	1,955	Rs.38.42 million	Rs. 52.30 million	Rs. 13.88 million

- The XWDISCOs suggested discontinuation of TOU metering on all such connections and more specifically on cellular company connections. FESCO also requested for a separate tariff category for these connections.

9.21 Keeping in view the aforementioned arguments / comments submitted by the XW-DISCOs, the Authority decided to hold a separate hearing on the issue by taking stakeholder on board. In this regard a hearing was held on 8th July, 2014. The hearing was attended by representatives of IESCO and legal representatives of Cellular Companies. The representatives of IESCO reiterated their stance and requested the Authority to discontinue the installation of TOU meters on these connections. Whereas, the legal representatives of Cellular companies objected to the proceedings and demanded that evidence of losses being faced by DISCOs should be produced to review by cellular companies in order to provide further justification / evidence. The legal representatives further objected to the suo-moto proceedings and named it as a brain

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storming session which needs to be followed by examination of evidence by cellular companies and a further hearing opportunity. The legal representatives of IESCO objected to the concerns of cellular companies' representatives and offered to present all the facts to the Authority. The Authority, during the hearing, required both DISCOs and cellular companies to provide their evidences in this regard to the Authority for consideration.

9.22. As directed by the Authority during the hearing, IESCO submitted data vide letter No. 7617-20/CE/IESCO/CD(S) dated 21st July, 2014. In the meantime some initial information was provided by Warid Telecom Company.

9.23. A number of cellular companies instead of providing data, went to the higher court against the suo-motto proceedings initiated by the Authority. The Honorable Islamabad High Court, dismissed their petition and the same was challenged by cellular companies before the Supreme Court of Pakistan. The decision of the Honorable Supreme Court is reproduced here as under;

> *"This petition is, therefore, converted into appeal and is allowed. Consequently the impugned judgment dated 22.07.2014 is set aside. This however shall not prevent NEPRA from furnishing the information relevant to the notice issued in the press and to proceed with the hearing after adhering to the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rule, 1998."*

9.24. The representatives of Cellular companies Telecom, Mobilink and Ufone, M/s Aqlal Advocates later on submitted Motion for leave for review vide letter dated 25th July, 2014 and made the following submissions;

- The respondent is unable to file proper evidence without the pleadings and summary of evidence of IESCO being shared with *them;
- Contrary to Authority's understanding, there is no technical capability in the Network Operations Centre (NOC) of the respondents to measure and record the peak vs off-peak consumption of the BTS sites;
- The consumption data as submitted with the motion shows lower consumption in peak hours and is available with IESCO. Consequently, Authority is requested to seek such data from IESCO and share the same with the Respondents for them to be able to file counter-comments thereon before the Authority proceeds to accept and act upon such IESCO data.
- Rule 9(9) and 9(15) of the Tariff Standards and Procedure Rules, 1998 provides for establishing a detailed schedule for the orderly disposition of the proceeding, entailing, inter alia, for filing of interrogatories, discovery motions, objections and responses to objections and other procedural matters. Thus the instant proceedings

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have been conducted without summaries of evidence, any discovery, interrogatories or pleadings of the parties which precludes the Respondents from meaningful participation in the proceedings by presenting their case properly and effectively.

9.25. On the afore stated submissions, the Cellular companies made following pleas;

- A detailed schedule for the orderly disposition of the proceeding, inter alia, for filing of interrogatories, discovery motions, objections and responses to objections and other procedural matters be established before further proceedings;
- After collection of all requisite evidence and giving adequate opportunities to the parties to consider and, if required, object to such evidence, declare close of evidence before the next hearing.

9.26. As per decision of Supreme Court of Pakistan the Authority again started proceedings, the Authority vide letter No. 1085-91 dated 23-01-2015 shared the information provided by IESCO with cellular companies for their comments. In response only M/s Mobilink provided their comments vide letter dated 9th March, 2015.

9.27. Consequently a letter was issued to the concerned stakeholders dated July 06, 2015 for their comments on the data provided by IESCO. However, till date no comments have been received.

9.28. In view of aforementioned and as per the statutory requirements, the Authority framed the same issue in the instant petitions and the relevant data was sought from the DISCOs for seeking comments from the cellular companies.

9.29. The Petitioner has not provided any response on the issue.

9.30. The Authority keeping in view the sensitivity of the issue has decided to constitute an in house-committee having Technical and financial representation for the review/evaluation of the comments and arguments of the parties. The Authority in light of the findings of the committee may change terms and conditions, if any along with the biannual PPP adjustments.

10. <u>Whether the Petitioner has complied with the direction of the Authority to submit compliance report on joint load verification of tube well connections by March 31, 2014.</u>

10.1 In the determination of FY 2011-12, the Petitioner was directed to undertake joint load verification of tube well connections with representatives of GoB to establish actual load of these connections as complained by GoB, the then intervener, on conflict of billing on load basis. The Authority considering the response provided by the Petitioner during tariff determination process of FY 2014-15 being not satisfactory, again directed the Petitioner to come up with detailed report on joint load verification of tube well

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consumer as 77% of Petitioner's sales is related to Agricultural Consumers and in order to address the concern of intervener.

10.2 The Petitioner vide its letter dated July 01, 2015 has submitted that the joint load verification of tube wells connections in Central and Khuzdar Circle has been completed whereas Loralai and Sibi Circle is under process with energy department of GoB.

10.3 Here it is pertinent to mention that the aforementioned reconciliation with the GoB, was with respect to the past billing and the instant direction was aimed to rationalize future billing .The Authority has observed that the Petitioner has been unable to complete the joint load verification even after the lapse of almost four years. In view thereof, the Authority directs the Petitioner to complete the pending work not later than 30th June , 2016 and on the parallel basis start installing meters on all GoB connections . The Petitioner is further directed to submit the compliance report not later than 30th June, 2016.

11. **<u>To submit agreed average daily supply hours and connected load of tube well connections along with future billing mechanism not later than March 31, 2014.</u>**

11.1 The Authority in the Tariff determination for the FY 2012-13 on the issue of Payment of Subsidy of Agriculture Tube wells by GOB directed the Petitioner to prepare a report on average power supply of electricity to tube well as there were conflicting statements by the Petitioner and GoB regarding the issue. To resolve this issue, both parties agreed to provide documentary evidence to establish the average supply hours per day as claimed by each. In the Tariff Determination for the FY 2014-15, the Authority in response to petitioner compliance observed that the Petitioner could not understand the direction as there was a dispute between the Petitioner and GoB on the issue of average supply hours, connected load and billing mechanism. Therefore to resolve the matter, the Authority directed the Petitioner in the tariff determination of FY 2014-15 to submit a joint/agreed report regarding average supply hours, connected load and billing mechanism. The Authority showed serious concern on non-compliance by the Petitioner and again directed it to comply with the direction within one month from the date of the issuance of this determination.

11.2 The Petitioner in response to the Authority's direction has again reiterated its earlier response given during tariff determination process of FY 2014-15. Here it is pertinent to mention that the aforementioned reconciliation with the GoB, was with respect to the past billing and the instant direction was aimed to rationalize future billing. The Authority has observed that the Petitioner has been unable to comply with the

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directions even after the lapse of almost four years. In view thereof, the Authority directs the Petitioner to complete the pending work not later than 30th June , 2016 and on the parallel basis start installing meters on the all GoB connections . The Petitioner is further directed to submit compliance report not later than 30th June, 2016.

12. **To get its strength yard stick approved by the Authority based on proper justifications and its quantified benefits.**

12.1 The Authority in its Tariff determination process for the FY 2014-15, directed the Petitioner to get its strength Yard Stick approved from the Authority based on proper justification and its quantified benefits.

12.2 The Petitioner is response to the aforementioned direction has submitted vide its letter dated July 01, 2015, a list of its sanctioned posts and the vacant positions against these sanctioned posts duly approved by its BoD.

The issue has been discussed under the relevant head.

13. **Issue # 2.Whether the Petitioner's projected energy purchases and sales for the FY 2015-16 is reasonable?**

13.1 The Petitioner has projected its purchases for the FY 2015-16 as 5,196 GWh and sales around 4,016 GWh. The Petitioner's projection is based on actual sales for the FY 2014-15 by applying 0.5% growth rate and after adjusting for the proposes of T&D losses. The Petitioner during the hearing has stated that purchases have been calculated, keeping in view the 6% power withdrawal quota from CDPs, system constraints & average withdrawal.

13.2 Following is the history of the Petitioner's purchases and sales over the last five years;

Years	Purchase-GWh	% Growth	Sales-GWh	% Growth
2012	5,143		4,086	
2013	4,929	(0.04)	3,812	(0.07)
2014	4,956	0.01	3,744	(0.02)
2015	5,187	0.05	3,993	0.07
2016 Projected	5,196	0.00	4,016	0.01

13.3 The Authority's determined, Consumer-end-Tariff (Methodology & Process) Guidelines, 2015, (herein referred to as "The Methodology") prescribes the submission

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of generation plan by NTDC and procurement plan by CPPA (G) and its approval by the Authority prior to the filing of the tariff petition by the XWDISCOs. Since both NTDC and CPPA (G) did not submit the generation and the procurement plans, the Authority in order to avoid any delays in the determination of XWDISCOs tariff petitions for the FY 2015-16 and onward, considered the power purchases and their corresponding cost as projected by XWDISCOs, along with the instant tariff petitions.

13.4 Although, there is an inbuilt mechanism for adjusting actual variation in sales against the estimated sales, yet in order to avoid unnecessary fluctuations in the consumer-end tariff it is appropriate to make realistic assessment of the purchases and sales. Moreover, it is also important to have a realistic assessment of the monthly references of fuel cost for making monthly fuel cost adjustment pursuant to Section 31(4) of Regulation of Generation, Transmission and Distribution Act (XL 1997). In view thereof, the Authority has carried out a detailed exercise for estimating station wise generation pertaining to the FY 2015-16. An increase of around 2.05% has been assumed over the actual generation pertaining to the FY 2014-15, as generation growth. Here it is pertinent to mention that the actual generation for the FY 2014-15 was 1.94% more than the actual generation for the FY 2013-14. After incorporating all the expected upcoming additional generation, it is estimated that in the FY 2015-16 the overall system generation will be about 98,989 GWh. After adjusting for the NTDC's permissible transmission losses of 3.0%, about 96,019 GWh are expected to be delivered to the distribution companies; the estimated share for the Petitioner from the pool for the FY 2015-16, is accordingly assessed as 5,287 GWh for the FY 2015-16, as against 5,196 GWh projected by it. After incorporating the T&D losses target for the FY 2015-16 (discussed below) the sales target in the instant case for the same period works out as 4,362 GWhs.

14. <u>Issue # 3.Whether the projected Power Purchase cost for the FY 2015-16 is justified?</u>

14.1 The Petitioner has requested for a Power Purchase Price (PPP) of Rs.52,059 million (Rs.12.96/kWh adjusted for losses) for the FY 2015-16, which is calculated after 7% escalation in the actual cost of Power Purchase Price of Rs.9.50 for the FY 2014-15.

14.2 The Petitioner during the hearing has submitted the component wise detail as below:

Description	FY 15-16 (Projected)
	Rs. In million
Energy Transfer Charges	35,166
Capacity Transfer Charges	15,507
Use of System Charges	1,387
PPP	**52,059**

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14.3 In order to make fair assessment of the PPP, an in-house evaluation was done. As per the existing mechanism all the power generated from different sources is procured by the Central Power Purchasing Agency (CPPA-G) on behalf of DISCOs at the rates as per the Power Purchase Agreements (PPAs) in accordance with the Authority's determination. The overall power purchase cost constitutes a pool price which is transferred to the DISCOs according to a mechanism prescribed by the Authority and notified by the Federal Government in the Official Gazette. The Power Purchase Price has been projected, which in turn formulates the reference values for the monthly fuel adjustments & biannual PPP adjustment with respect to T&D losses, Capacity and Transmission Charges. Here it is pertinent to mention that while making biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.

14.4 From all the available sources i.e. Hydel, Thermal-Gas, RFO, Nuclear, Coal, Solar, Wind, Bagasse and Imports, a total gross of 98,989 GWh power is expected to be generated during the FY 2015-16. The estimated/projected source-wise generation and cost of electricity is given in the following table:

Fuel Type	Gen.	Share	Cost	Share	Rate
	MkWh	%	Mln. Rs.	%	Rs./kWh
Hydel	32,563	32.90%	3,124	0.56%	0.10
Coal	102	0%	382	0%	3.74
HSD	1,702	2%	22,168	4%	13.02
F.O.	30,881	31.2%	332,651	59%	10.77
Gas	26,218	26%	177,129	32%	6.76
Nuclear	4,995	5%	6,609	1%	1.32
Mixed	1,015	1%	10,332	2%	10.18
Import from Iran	443	0%	4,669	1%	10.55
Wind Power	724	1%	975	0%	1.35
Bagasse	319	0%	1,977	0%	6.20
Solar	26	0%	64	0%	2.47
Total	**98,989**	**100%**	**560,080**	**100%**	**5.66**
Energy Charges [Net of NTDC Losses]	**96,019**		**560,080**		**5.83**
Cap. Charge [Rs. /kWh]			239,695		2.50
UOSC [Rs. /kWh]			30,520		0.32
Total Cost [Rs. /kWh]	**96,019**		**830,295**		**8.65**

14.5 Here it is pertinent to mention that the aforementioned energy charge includes variable O&M charges. But as per the tariff methodology, variable O&M charges would not be made part of monthly fuel adjustment and would be adjusted as part of biannually adjustments. From the above table it is clear that 31% of total generation is expected on Residual Fuel oil (RFO) but its share in overall energy cost is expected to be around 59%, which means that variation in generation mix and oil prices will have great impact on the cost of generation and will ultimately affect the consumer-end tariff. The RFO prices

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over the last year have shown a decreasing trend, whereby the actual average RFO prices during the FY 2014-15 remained at around Rs. 56,121 [excluding Sales Tax and including freight] per metric ton and touched a low of Rs. 40,411 per metric ton as against the last years average projected price of Rs. 65,769 [excluding Sales Tax and including freight] per metric ton. The RFO prices in Pakistan are not only affected by the international market but also by the exchange rate parity. Based on the international market condition, it can be presumed that this lower trend shall continue in the future as well, consequently, for the FY 2015-16, RFO prices have been assumed on an average of Rs. 47,981 per metric ton [excluding Sales Tax and including freight] after incorporating the possible determinants of RFO prices. The HSD prices for the FY 2015-16, are being assumed on an average of Rs. 61.29 per litre [excluding Sales Tax], keeping in view the declining trend of HSD price in FY 2014-15, which remained on average Rs. 76.89 per litre during the FY 2014-15, against the projection of Rs. 93.45/ litre. Keeping in view the recent developments regarding the import of RLNG and the notification by OGRA regarding provisional price of RLNG, it is quite obvious that gas based power plants will also be run on RLNG especially in the months where there is gas shortage as has been the case in the past. Accordingly, impact of RLNG has also been considered while projecting the gas prices for the FY 2015-16, which has been assumed at Rs.900/ MMBTU.

14.6 The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority.

14.7 Energy transfer charge shall be calculated on the basis of units delivered after adjusting target transmission losses as per the latest notified tariff determination in the matter of NTDC. NTDC shall, for the purpose of clarity intimate to all DISCOs the generation part of the Transfer Charge during a billing period by deducting from the Transfer Charge the Transmission Charge or Use of System Charges.

14.8 According to the above mechanism Rs.14,374 million and Rs.1,823 million is the share of the Petitioner on account of CpGenCap and USCF respectively for the FY 2015-16. The overall fixed charges comprising of CpGenCap and USCF in the instant case works out as Rs.16,197 million, which translate into Rs.1,226 /kW/month or Rs.3.06/kWh.

14.9 The annual PPP for the FY 2015-16 in the instant case works out as Rs.47,289 million. With the projected purchase of 5,287 GWh for the same period the average PPP turns out to be as Rs.8.94/ kWh (Annex – IV). On the basis of 17.50% T&D losses, the PPP per kWh is assessed as Rs. 10.84/kWh.

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14.10 As far as the assessment for the FY 2016-17 and onwards is concerned, as per the Methodology, the NTDC would submit data for its generation plan before or on 1st September, each year. The Authority after due diligence will consider revising the current projection of PPP. Accordingly, the impact of revised prices on the SOT, would be done by the Authority. Here it is pertinent to mention that the references of power purchases would continue to exist irrespective of the financial year unless the revised references are notified by the GoP.

15. <u>Issue # 4. Whether the T & D losses for the FY 2015-16 requested by the Petitioner is reasonable?</u>

15.1 The Petitioner in its petition, requested T&D losses target of 22.70% for the FY 2015-16 against the Authority's allowed T&D Losses of 17.50% for the FY 2014-15. The Petitioner during the hearing requested it to be set as 28% and subsequently, vide its letter dated 7th February, 2016 requested it to be set at 30%. On the allowed level of T&D losses for the FY 2014-15, the Petitioner stated that due to low voltage profile, availability of only one double circuit 220 KV transmission line, scattered lengthy network and the fact that majority of the consumers are at tail end i.e. far away from generation units, it could not achieve the targeted level of T&D losses. Keeping in view the situation and above justification, the Petitioner requested that a realistic assessment of T&D losses may be made. The Petitioner further stated that administrative losses are due to law and order situation and non-cooperation of local administration.

15.2 The Petitioner along with the petition has submitted a draft final report of its Transmission and Transformation Losses study carried out by the third party Consultant i.e. PPI and submitted the following findings with respect to the T&D losses;

T&T Losses	7.9%
Distribution Losses	13.4%
Administrative Losses	1.4%
Total Losses	**22.7%**

15.3 The Petitioner during the hearing reiterated its stance of being not satisfied with the study of Losses as submitted by the Consultant and stated that it denies the whole study on the technical grounds and considering the law and order situation in the province, it is also not possible for the third party to draw a conclusion on the sample data of an urban area. The Petitioner during the hearing prayed that its T&D losses target for the FY 2015-16 may be set up-to 28.00%.

15.4 The Petitioner vide its letter dated 7th February, 2016 has disregarded the report of the Consultant owing to the following reasons;

- That the sample included feeders with a maximum length up to 18 km only.

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- That the sample included 11KV feeders located in city area and municipal only.

- That most of the Petitioner's networks are located in the remote and isolated areas. These lines are expanded over long distances and extended up to 300 km. The profile of none of such feeders was examined by the Consultant.

- Mostly shoddy and inferior quality material is installed on rural feeders by the agriculture consumers where average losses range between 30% to 40%.

- Various efforts were made in the past to eradicate and uproot illegal and unauthorized tube-well connections and about 1800 FIRs were registered in this regard but GOB withdrew these FIRs on the pretext of law & order situation. The District administration also did not provide the assistance, rather the GoB insists to regularize the illegal tube-well connections having low quality conductor and transformers.

- Approx. 10000 illegal tube-well connections mostly with substandard material were regularized in this context.

- About 75% of the Petitioner's consumption consists of agriculture consumers. Due to fall in water level in all the areas of Balochistan, illegal and unauthorized shifting of tube-well connections from one place to another is a common practice using substandard material, which is one of the major cause of the increase in line losses.

- Out of 10 66kV grid stations, 6 are being fed from SEPCO's weak network. Since these grids are situated on the tail end, hence low voltages are always being experienced. During summer season the voltage level sinks to 47 kV and 8 kV on 66 kV and 11 kV respectively. This critical fall in voltage raises line losses extra ordinary.

- The Law and order situation throughout Balochistan is worst. QESCO officials are under continuous threat to perform their duties.

- In view of the foregoing, the Petitioner has requested that its T&D losses be reviewed and rationalized up to 30%.

15.5 Here it is pertinent to mention the Authority has been directing the Petitioner to complete the study of its system's T&D losses on 132 KV, 11KV and below since 2012-13 and the Petitioner is continuously failing to comply with the Authority's direction. The Authority has also shown serious concerns regarding non-compliance of its direction with respect to the completion of T&D losses study, as the study submitted by Petitioner is only to the extent of T&T losses and despite lapse of three years, no confirm date for the completion of the study has been provided by the Petitioner. The Authority considers that non-compliance of its direction is a serious violation of licensing terms that may lead to initiation of proceedings against the licensee under relevant rules.

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15.6 The Authority while reviewing the provided information observed that the Petitioner requested 22.70% in its petition and the same request was presented during the hearing based on the sample study of its system carried out by third party. However, in later portion of the hearing, the Petitioner requested to set the level of losses as 28%. Later on, the Petitioner, in its aforementioned letter, requested that its level of T&D losses be reviewed and rationalized up to 30%. The Authority considers that the Petitioner with regard to the level of T&D losses is not clear as to what should be the reasonable level of its T&D losses. The Authority has taken a serious notice of varying requested numbers which raises doubts about the credibility of the provided information.

15.7 Although the Petitioner has submitted study of its T&T losses to the Authority, yet the same is still in draft form. Further, the same is not being owned by the Petitioner itself, therefore, the Authority has decided not to rely on the submitted study for the assessment of T&D losses for the FY 2015-16. In view thereof, the Petitioner is directed to re-conduct the study of its system's T&D losses on 132 KV, 11KV and below through a third party, ensuring that all the concerns pointed out by it are addressed adequately. The Authority also while reviewing the financial statements submitted by the Petitioner has observed that its actual T&D losses remained at 23.01% for the FY 2014-15. The Authority fails to understand the reasons of requesting high T&D losses of 28% or 30%, when the Petitioner's actual losses as per its financial statements are 23.01%. The request of the Petitioner asking for T&D losses target of 28% or 30%, being without any cogent reason is not accepted.

15.8 Regarding Petitioner's plea of low voltage profile, generating units being located distantly from it distribution network and lengthy network lines, the Authority considers it as a failure on part of the Petitioner as huge amount of investments were allowed to the Petitioner in the past. On the basis of arguments submitted by the Petitioner, the Authority is constrained to construe that the investment allowed has not been utilized properly by the Petitioner for improvement of its system.

15.9 In view of the aforementioned, the Authority considers that its last year's assessment of 17.5% (whereby 15% was allowed as technical loss and 2.50% as cushion for law and order situation) was a well-considered decision. Therefore, keeping in view the above discussion, the fact that the study carried out by M/s PPI is incomplete and variation in the requested level of targets, the Authority has decided to maintain its previous assessment of T&D losses of 17.50% for the FY 2015-16 which includes 2.50% as cushion for law and order situation. In order to make judicious assessment of losses, the Petitioner needs to expedite and complete the study without further loss of time. In view

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thereof the Petitioner is again directed to complete the study of its system's T&D losses on 132 KV, 11KV and below by June 30, 2016.

16. **Issue # 5. Whether the petitioner's proposed Investment Plan for the FY 2015-16, is justified? Keeping in view the prospective benefits.**

17. **Issue # 6. What is the impact of non-submission of IGTDP by the petitioner along with the tariff petition for the FY 2015-16 as required under Consumer-end Tariff (Methodology and Process) Guidelines, 2015?**

17.1 As per the NEPRA guidelines for the determination of consumer end tariff (Methodology and Process), 2015 (The Methodology) notified vide S.R.O. 34 (I)/2015 dated January 16, 2015, the submission of IGTDP by XWDISCOs and their approval by the Authority is required before filing of the tariff petition. The deadline for the submission of IGTDP, as per the Methodology, is September 01 each year. Since the Methodology was notified in January 2015, and separate submission of IGTDP and their subsequent approval by the Authority, would have resulted in considerable delays bearing financial implications for the Petitioner, therefore, the Authority, on the request of the XWDISCOs, allowed them to file the IGTDP along with their Consumer-end Tariff Petitions. Here it is pertinent to mention that submission of the IGTDP by XWDISCOs with their tariff petitions, does not mean that the same has been accepted by the Authority as such.

17.2 The Petitioner, despite Authority's repeated instructions, has not submitted its five year IGTDP, however has only provided its investment requirements for the FY 2015-16 in its petition, Therefore, the Authority has decided to consider the figures submitted in the Petition while assessing the investment requirement of the Petitioner for FY 2015-16.

17.3 The Petitioner has requested an investment of Rs.7,580 million to execute its development/ investment plan for the FY 2015-16 in the areas of Distribution of Power (DOP), Energy Loss Reduction (ELR), Secondary Transmission & Grid (STG), Power Distribution Enhancement Investment Program (PDEIP) including consumer financing. The break-up of proposed investment provided by the Petitioner is as under:

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Particulars	Rs. In Million
DOP	200
ELR	400
STG	1,000
PDEIP	3,481
Deposit Works	1,392
Construction of G/S & T/L	1,107
Total	**7,580**

17.4 The Petitioner plans to fund the aforementioned investments through following sources;

Particulars	Rs. In Million
Cash Development Loans	1,107
PSDP/ Own Resources	2,296
Grant	1,322.4
Consumer Contribution	69.6
Asian Development Bank	2,785
Total	**7,580**

17.5 The Petitioner has not submitted any detail, cost/benefit analysis, and scope of work in order to justify its requested investment.

17.6 However, despite the fact that the Petitioner has failed to provide any justification of its requested investment in terms of its perceived benefits, yet the importance of investment cannot be ignored in order to provide safe and reliable electricity to the consumers of the Petitioner. Therefore the Authority has carried out its own analysis / assessment of the Petitioner's Investment requirement for the FY 2015-16.

17.7 A summary of the investment allowed and the actual spending by the Petitioner during last three years is as under;

Rs. in Mln.

Investment	FY 2014-15	FY 2013-14	FY 2012-13
Allowed	3,956	3,600	3,600
Actual	4,145	3,301	4,211
Excess / (Less)	189	(299)	611

17.8 The aforementioned table clearly depicts that the Petitioner, more or less, has been able to spend the allowed investment which on average remained around Rs. 4 billion.

17.9 Based on the available record, arguments, evidence and the fact that these allowed investments indirectly affect the annual Return on Rate Base (RORB) for a XWDISCO,

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the Authority has to keep in view the past trend of investment made by the Petitioner along with its funding arrangements and its previous trend of closing CWIP and transferring of useful assets from CWIP to operating assets, while allowing investments for any control period.

17.10 Based on the discussions in preceding paragraphs, it is expected that the Petitioner would be able to undertake the investment of Rs.4,300 million during the FY 2015-16 (including the impact of deposit works of Rs.1392 million). Here it is pertinent to mention that the existing mechanism of determining RORB is self-adjusting with respect to the benefits of investments, thus any investments beyond Authority's assessment, carried out by the Petitioner during the FY 2015-16 (which is desirable), would be catered for in next year's returns. Further the Petitioner is also directed to provide project wise detail of cost incurred and the prospective benefits achieved for the investment carried out in FY 2014-15 and also for the investment to be carried out in FY 2015-16 along-with its next year tariff petition.

17.11 The Authority further understands that village electrification although is carried out through consumer contribution / deposit works, however, impact of any impulsive village electrification, resulting in overloading and increased T&D losses has to be borne by the consumers, which is not desirable. The Authority further considers that imprudent village electrification, may dilute the impact of all the investments being made by the Petitioner.

17.12 The Authority also observed that in past, village electrification was restricted to poles, lines and distribution transformers and its impact on the existing grid or strengthening of the grid due to the additional load in the form of village electrification was totally ignored.

17.13 In view thereof, the Authority feels that the Petitioner needs to spend at least 20% of the village electrification funds for improvement / up-gradation of the grid without which it should not undertake any village electrification resulting in overloading of its system. The village electrification would only be undertaken without augmentation of the grid, if it already has spare MVAs.

18. <u>Issue # 7. Whether the prior year adjustment calculated by the Petitioner related to FY 2014-15 is accurate?</u>

18.1 The Petitioner, in its petition requested an amount of Rs.392 million. No working and rationale had been provided along with the petition in this regard, however, during the hearing the Petitioner presented that it includes Recovery of FPA, Adverse sales Mix

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Variance, Under Recovery of DM and Under Recovery of PPP. The following breakup of PYA was presented by the Petitioner during the hearing;

Prior Year Adjustment	**Rs. Million**
Adverse Impact of C. Mix	1,040
Under Recovery Of D.M	4,374
Under Recovery of PPP	463
Under Recovery of FPA	(5,485)
Net Prior-Year Adjustment	**392**

18.2 The Authority after careful consideration of the Petitioner's submission of PYA, provided in the petition and hearing, observed that the Petitioner has not correctly calculated the PYA. In view of the aforementioned, the Authority after doing its own due diligence has worked out the following PYA;

		Mln. Rs.
	Notified reference PPP during the FY 2014-15	52,846
	Assessed Distribution Margin for the FY 2014-15	8,540
	Assessed PYA for the FY 2014-15	3,540
Add ;	1st Qrt's PPP adjustment pertaining to the FY 2014-15	2,176
Add;	2nd Qrt's PPP adjustment pertaining to the FY 2014-15	2,037
Add;	3rd Qrt 's PPP adjustment pertaining to the FY 2014-15	(30)
Add;	4th Qrt's PPP adjustment pertaining to the FY 2014-15	829
Less ;	Regulated PPP recovery on notified rates during the FY 2014-15	54,899
Less;	Regulated DM recovery on notified rates during FY 2014-15	4,578
Less;	Regulated PYA recovery on notified rates during FY 2014-15	(1,084)
Less;	Net impact of assessed & actual Other Income for the FY 2014-15	3,023
Add;	Impact of Consumer – Mix Variance for the FY 2014-145	168
	Total Unrecovered/ (Over recovered) Costs for the FY 2014-15	**8,691**

18.3 Here it is pertinent to mention, as per the previous practice, the impact of any decrease in (negative) monthly FCA, was not passed on to the Life line and Agriculture Consumers of XWDISCOs. The same relief was adjusted by the Authority in the annual tariff determinations of XWDISCOs, through the Prior Year Adjustment mechanism,

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whereby the impact of such amount is adjusted in the tariff design across all the consumer categories.

18.4 MoWP vide its letter No.5-PF/02/2013-Subsidy dated May 21, 2015 issued the policy guidelines under Section 31 (4) of the NEPRA Act, 1997 with regard to the Fuel Charge Adjustments and subsidy rationalization of Ex-WAPDA Distribution Companies.

18.5 MoWP in its aforementioned policy guidelines, inter alia, mentioned that ECC of the Cabinet has been pleased to approve the issuance of the following Policy Guidelines under Section 31 (4) of the NEPRA Act, 1997 on 21.05.2015 i.e. that

> *"Any negative adjustment on account of monthly FCA will not be passed on to the Domestic consumers who have subsidized electricity tariff."*

18.6 The Authority considered the policy guidelines of the GoP with respect to the Fuel Price Adjustment being consistent with the GoP Policy for phasing out the subsidy which are also consistent with the standards and guidelines as per Rule 17 of Tariff Standards and Procedure Rules -1998.

18.7 Accordingly, the Authority decided that any negative monthly FCA shall not be applicable to lifeline consumers, domestic consumers and Agriculture Consumers of all the XWDISCOs, being already subsidized by the GoP. The impact of such negative FCA not passed on to the aforementioned consumer categories, in the matter of the Petitioner, for the FY 2014-15, works out to be Rs.6,731 Million.

18.8 The Authority in view of the above referred policy guidelines of GoP regarding rationalization of subsidy in the matter of XWDISCOs, has decided not to adjust the impact of negative FCA across different consumer categories, as it was doing in the past. Thus, the negative FCA impact on lifeline consumers, domestic consumers (consuming upto 300 units) and Agriculture Consumers i.e. Rs.6,731 Million, which is still lying with the Petitioner , must be adjusted by GoP, against the overall Tariff Differential Subsidy claim in the matter of the Petitioner eventually reducing GOP's overall Tariff Differential Subsidy burden. This decision of the Authority is only applicable under a subsidy regime, whereby aforementioned classes of consumers are receiving subsidy directly in their base tariff.

19. <u>Issue # 8. Whether the projected O&M cost for the FY 2015-16, is justified?</u>

19.1 The Petitioner has requested an amount of Rs.5,057 million on account of O&M cost for the FY 2015-16. According to the Petitioner its O&M expenses includes Employees cost (Excluding Provision of Post-Retirement Benefit), Admin Expenses, Repair and Maintenance expenses, Travelling Expenses, Transportation Expenses, Management Fee and Miscellaneous expenses related to its distribution and supply business.

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19.2 A history of O&M expenses of the Petitioner is provided as here under:

Mln. Rs.

Description	FY2013	FY 2014	FY 2015	FY 2016
	Audited			Requested
Salaries & Other Benefits	2,373	2,624		3,651
Post Retirement Benefit	1,027	926	1,092	467
Maintenance Expenses	525	755		696
Traveling Expenses	172	193		196
Vehicle Running Expenses	231	265		308
Other Expenses	182	161		206
Gross Total	**4,510**	**4,924**		**5,524**
Less Provision against Retirement Benefit				**467**
Net O&M Requested				**5,057**

19.3 Salaries Wages & Other Benefits

19.3.1 The Petitioner has requested Rs.4,118 million for FY 2015-16 under the head of Salaries Wages and Other Benefits, which in addition to Pay & Allowances for the existing staff also includes Rs. 201 million for new hiring and Rs. 467 for Provision against postretirement benefits.

19.4 **Pay & Allowances and other benefits (excluding postretirement benefits)**

19.4.1 The Petitioner during the hearing has submitted that it has estimated salaries and wages expense by enhancing last year determined figures by 28%. The Petitioner has further stated that 28% increase includes the financial impact of Rs. 201 million for additional hiring and impact of 7.5% increases as announced by GoP.

19.4.2 The Authority while approving the salaries and wages cost of the Petitioner for the FY 2013-14 disallowed the cost associated with the additional recruitments and directed the Petitioner that recruitments under "Aghaaz-e-Hukook-e-Baluchistan Package" be included as part of replacement hiring and while submitting the required certificate, these recruitments must be treated as replacement hiring in the calculations.

19.4.3 The Authority, keeping in view the network expansion of the Petitioner allowed only replacement hiring subject to the completion of audit. The Auditors after the completion

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of their audit would submit a certificate endorsing the replacement hiring. The same was required for the Petitioner in order to justify that all the recruitments carried out by it are replacement hiring and not additional hiring.

19.4.4 Here it is pertinent to mention that the Authority had been directing the Petitioner to submit the Auditor's certificate in respect of replacement hiring carried out during FY 2009-10 and onwards, for the last three tariff determinations. Keeping in view the quality of compliance in this regard, the Authority had issued an audit frame work, which is already communicated to the Petitioner vide its letter # NEPRA/R/TRF-100-DISCO/7332-41 dated 30th June, 2014. The framework was issued after the Tariff Professionals of the Authority held several meetings with the representatives of different XWDISCOs and the Auditor (M/s Deloitte &Co, Chartered Accountants). The revised format of report as per the applicable International Standard on Auditing (ISA) was agreed and consequently directions were given to all the XWDISCOs to submit the required certificate as per the agreed ISA and format of certificate, which was also shared with all the XWDISCOs on 30th June, 2014. The Authority in the tariff determination for the FY 2014-15, allowed this cost on provisional basis and also directed that if the required certificate is not provided before the finalization of the tariff determination for FY 2015-16, the referred cost would be disallowed permanently and no further direction would be given to the Petitioner in this regard.

19.4.5 In response to the Authority's direction regarding replacement hiring certificate, the Petitioner vide its letter dated July 01, 2015 has submitted that it is in process and will be produced before the tariff determination pertaining to FY 2015-16. The Petitioner till date has not provided the required certificate. Since the Petitioner has failed to comply with the direction of the Authority and did not submit the required certificate along-with its tariff petitioner for FY 2015-16, therefore, as per the decision of the Authority in its tariff determination for the FY 2014-15, the replacement hiring cost has been disallowed while assessing salaries and wages cost of the Petitioner for FY 2015-16 i.e. Rs.223 million.

19.4.6 The Petitioner in contrary to the direction of the Authority regarding the submission of the replacement hiring certificate has requested new hiring, without giving any rationale in this regard and has only stated that the hiring is approved by MOW&P.

19.4.7 The Petitioner was required to substantiate its request for additional hiring with a comprehensive recruitment plan whereby a cost benefit analysis would justify the need of the additional recruitments, which would also include a comparison of existing state of affairs. The Authority after careful consideration of the provided data is of the view that the Petitioner has not provided any qualitative or quantitative benefit including its exiting state of affairs. In view of the aforementioned discussion has decided not to allow the requested additional recruitment having the additional impact of Rs.201 million for the FY 2015-16.

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19.4.8 The Authority while assessing the Pay & Allowances & other benefits (excluding post-retirement benefits, discussed below), has taken into account the impact of GOP's recent announcement of 7.5% increase as ad-hoc allowance, 5% annual increment, merging ad-hoc relief of 2011 & 2012 in running basic pay and increase in Medical Allowance by 25% as per GOP notification. As regard increases pertaining to up-gradation, premature increment and minimum wage rate, these are already accounted for as the Authority has taken the actual expense of salaries, wages & other benefits (excluding provision for postretirement benefits) as base expense for the proposed increase for the FY 2015-16.

19.4.9 Based on the discussion made in the preceding paragraphs, incorporating all the aforementioned increases, the Authority has assessed Rs.2,795 million on account of Pay & Allowances and other benefits (excluding postretirement benefits) of the Petitioner for the FY 2015-16.

19.5 Post-Retirement Benefits

19.5.1 The Authority considering the overall liquidity position in the power sector and in order to ensure that the Petitioner fulfils its legal liability with respect to the post-retirement benefits, directed the Petitioner to create a separate fund in this regard before 30th June 2012. Subsequently, this deadline was extended by the Authority. The rationale was that the creation of funds would ensure that the Petitioner records it liability more prudently since the funds would be transferred into a separate legal entity. In addition to that these independent funds would generate their own profits, if kept separate from the company's routine operations and in the longer run reducing the Distribution Margin and eventually consumer-end tariff.

19.5.2 The Petitioner during its tariff determination for FY 2014-15 submitted that consultant M/s Zahid & Zahid has been hired for creation of postretirement benefits funds and the draft trust deed has been sent by the Consultant but the Petitioner requires Rs.3,085 million for Initial investment.

19.5.3 The Authority on the Petitioner's argument of liquidity crunch was of the view that it had been allowing provision for post-retirement benefits as a part of O&M cost till FY 2011-12. The direction of creating independent post retirement fund was passed during the FY 2011-12 and since the Distribution Companies were not creating independent fund therefore, the actual amount on account of pension fund was being allowed for the last two years only, thus the argument of short liquidity was not relevant to the extent of investment in the post retirement fund. In view thereof the Authority in its determination for FY 2014-15 again directed the Petitioner to complete the process of creation of separate post retirement funds and to transfer amount in the post retirement

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benefit fund and claim the amount so transferred from the Authority in the next year's tariff determination by submission of evidence of the amount transferred.

19.5.4 The Petitioner vide its letter No.CEO/QESCO/DC-17/27030 dated July 01, 2015 has submitted that the Fund has not yet been established.

19.5.5 On the issue of retired WAPDA employees before 1998, the Authority in its determination of the Petitioner for FY 2014-15, decided that the post retirement benefit cost until 30th June, 2014 shall be borne by WAPDA (Hydel) and subsequent cost shall be borne by XWDISCOs without claiming any receivables from WAPDA (hydel) and accordingly the Petitioner was directed to submit its next tariff petition accordingly.

19.5.6 The Petitioner neither in its instant petition i.e. FY 2015-16 nor in its financial statements for the FY 2014-15, has stated whether the amount of post-retirement benefits paid to Ex-WAPDA employees is included in the actual payments made for FY 2014-15 or otherwise.

19.5.7 The Authority after careful consideration of the Petitioners statement is of the view that it had directed the Petitioner to create a separate fund in the tariff determination of FY 2011-12 and till today the Petitioner had not been able to finalize legal formalities in this regard. In view of the foregoing, the Authority has decided to allow postretirement benefits for FY 2015-16 based on the actual payments made by the Petitioner under the said head in FY 2014-15 after incorporating the increase announced by GoP and a notional figure of retired WAPDA employees before 1998.

19.5.8 In view thereof, for FY 2015-16, an amount of Rs.418 million is hereby allowed to the Petitioner for the postretirement benefits including the impact of retired WAPDA employees before 1998. The Authority has shown great concern over the non-compliance of its direction by the Petitioner which is a serious violation of the licensing terms and may result in initiating legal proceedings against the petitioner under the relevant rules. The Authority again directs the Petitioner to create the separate post-retirement benefits Fund before 30th June 2016.

19.5.9 Based on the discussion made in the preceding paragraphs, incorporating all the aforementioned increases, the Authority has assessed Rs.3,213 million on account of salaries, wages and other benefits including post-retirement benefits for the FY 2015-16.

19.6 Repair & Maintenance Expenses

19.6.1 The Petitioner requested an amount of Rs. 696 million on account of R&M cost for the FY 2015-16, the Petitioner has stated that the R&M are calculated on the basis of 2.2 % Fixed Assets being consistent with Past Trend.

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19.6.2 In order to evaluate the Petitioner's pleadings, the Authority carried out an in house analysis of the amount allowed and the actual expenditure incurred by the Petitioner under aforementioned head for the last four years as mentioned hereunder;

Rs. in Mln

Year	Allowed by the Authority	Actual Expenditure	% Increase in the allowed Expenditure
2014-15	557	542	-28%
2013-14	484	755	44%
2012-13	440	525	-15%
2011-12	400	620	

19.6.3 The analysis reveals that over the last four years, the average actual expenditure remained at around Rs.611 million against the average allowed amount of Rs.470 million i.e. around 30% higher than the allowed.

19.6.4 The available information was further scrutinized and as per the information the number of total transformer damaged during FY 2014-15 were 381 which translates into 40 MVAs. When the claimed cost per damaged transformer was calculated, it worked out around Rs.218,000 per transformer. The Authority has noted that main reason of such high repair & maintenance cost is because of the fact that the Petitioner is charging replacement of obsolete /defective meters and old and fully worn out transformers, under the repair and maintenance, instead of capitalizing the same. The specific head of repair and maintenance is exclusively for the routine expenses pertaining to maintenance and repair only. Here it is pertinent to mention that during the hearing process of other XWDISCOs, it was revealed that the fixed assets especially transformers and meters are not tagged. The Authority is of the view that proper tagging of the assets is of utmost importance in order to enable the Petitioner to properly classify its cost in terms of capital or expense. The Authority therefore directs the Petitioner to maintain a proper record of its assets by way of tagging each asset for its proper tracking. In addition, the Petitioner is directed to provide an explanation on the concerns raised by the Authority in terms of its R&M cost not later than 30th June, 2016.

19.6.5 Despite what has been discussed above, the Authority believes that adherence to the service standards and improvement of customer services is only possible through continuous repair and maintenance of distribution network, therefore, the Authority has decided to allow Rs.650 million to the Petitioner under the repair and maintenance cost for FY 2015-16.

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19.7 Traveling Expenses

19.7.1 The Petitioner requested an amount of Rs.196 million on account of traveling cost for the FY 2015-16 has been requested as against Rs.188 million incurred during the FY 2014-15. The Petitioner justifying the request has stated that it has considered 2 new operation circles which have been established.

19.7.2 Based on the comparison with other XWDISCOs, Petitioner's submissions and its actual results in this regard, the Authority has decided to allow this cost to the tune of Rs.173 million for the FY 2015-16.

19.8 Vehicle Running Expenses

19.8.1 The Petitioner requested an amount of Rs.308 million on account of vehicle running cost for the FY 2015-16 as against Rs. 215 million incurred during FY 2014-15. The Petitioner justifying the request has stated that it has considered 2 new operation circles which have been established.

19.8.2 In view of the aforementioned, the available evidence/information, past trend, fuel prices declining trend and comparison with other XWDISCOs, the Authority feels the requested amount of Rs.222 Million is reasonable; therefore the same is allowed to the Petitioner for FY 2015-16.

19.10 Other Expenses

19.10.1 The Petitioner has requested an amount of Rs.206 million on account of Other Expenses under the head of admin expenses, management fee and miscellaneous expenses for the FY 2015-16.

19.10.2 The Petitioner has requested an increase of 8% in its admin expenses over the actual considering the impact of core inflation. The Petitioner has further requested Rs.22 million under the head of miscellaneous expenses which are the same as per the actual expenses for the FY 2014-15. Under the head of Management Fee the Petitioner has requested an amount of Rs. 35 million against the actual figure of Rs. 21 million the Petitioner has stated that an increase of 6% has been applied to management fee.

19.10.3 The Authority has observed that the amount requested by the Petitioner is around 76% higher than the allowed figure of FY 2014-15, for which no rationale has been provided by the Petitioner. In view thereof and based on the available evidence/information, previous trend, and comparison with other XWDISCOs, the Authority has allowed an amount of Rs.120 million to the Petitioner for FY 2015-16.

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20. Issue # 8. Whether the proposed depreciation charge for the FY 2015-16 is justified?

20.1 The Petitioner on account of Depreciation Charges has requested an amount of Rs.1,935 million for the FY 2015-16 against the actual figure of Rs.1,895 million for the FY 2014-15. The Petitioner did not provide any working for the requested figure, however, has stated in the Petition that depreciation has been calculated on the basis of present depreciation rate of different asset categories and relevant asset value.

20.2 In order to make fair assessment, the Authority accounts for the investments approved by it for the year. After taking into account new investments, the Gross Fixed Assets in Operation for the FY 2015-16 have been worked out Rs.24,119 million. Accordingly, the depreciation charge for the FY 2015-16 has been assessed as Rs.916 million, calculated on actual depreciation rates for each category of Assets as per the Company's policy.

20.3 After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2014-15, the Authority has assessed amortization of deferred credit to the tune of Rs.384 million for the FY 2015-16. Accordingly, consumers would bear net depreciation of Rs.532 million.

21. Issue # 9. Whether the projected Return on Regulatory Asset base (RORB) for the FY 2015-16 is justified?

22. Issue # 10. Whether the requested rate of return (ROR) is justified?

22.1 The return requested by the Petitioner for FY 2015-16 is Rs.4,449 million using a Rate of Return of 15.09%, based on the Authority's allowed rate of return for the FY 2014-15. However, during hearing of the instant petition, the Petitioner has requested ROR of 10.73% after taking into account projected investment of Rs. 3,956 million. The Authority has taken serious note of these contradictory numbers reported by the Petitioner as in the Petition it has requested an investment of Rs. 7,580 million and ROR of 15.09%.

22.2 The Authority upon scrutiny observed that the figure presented during the hearing was the same as presented by the Petitioner during its tariff petition pertaining to the FY 2014-15. The Authority is of the view that probably it was presented erroneously. However, this shows non-serious attitude of the Petitioner towards submitting information to the Authority. The Petitioner is therefore directed to ensure that no such mistake is repeated in future and all the information submitted to the Authority is accurate and consistent.

22.3 The Authority uses the Capital Asset Pricing Model (CAPM) for calculation of Return of Equity (RoE) component of the WACC, being the most widely accepted model, which is applied by regulatory agencies all over the world to estimate the cost of capital for

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regulated utilities. Since the Authority uses Plain Vanilla WACC, hence the impact of tax shield is taken as zero, and in case any tax is paid it is treated as pass through. As per the methodology, in case of negative equity the Authority would consider a minimum of 20% equity and any equity in excess of 30% would be considered as debt. The reason was the GOPs on going privatization program, as it is anticipated that in addition to private equity, GOP would also bring in some additional equity (e.g. may convert loans into equity etc.). Hence, the Authority, in accordance with the approved methodology has decided to change the Petitioner's current optimum capital structure of 80:20 (debt:equity ratio) to 70: 30 (debt:equity ratio).

22.4 For the assessment of RoE component, weighted average yield on 05 Years Pakistan Investment Bond (PIB) as of July 16, 2015 has been considered as risk free rate which is 8.9652%.

22.5 The Authority understands that the expected return on any investment is the sum of the risk-free rate and an extra return to compensate for the risk. This extra return or 'risk premium' is the difference between market rate of return and risk free rate. Generally, the return on stock market index is taken as a measure of market rate of return. The Authority in order to have an appropriate measure of the market rate of return, analyzed KSE-100 Index return over a period of 8 years and also considered Analysts' consensus/ research houses estimates in this regard. The rate of return on KSE-100 index during the period from 2008-2015 was around 16.5%, which translates into risk premium of around 7.53% (with risk free rate of 8.9652%). The risk premium used by different leading brokerage houses of the country ranges between 6 % – 7 %.

22.6 Thus, keeping in view the aforementioned, the Authority considers Market Risk Premium of 7% as reasonable for calculation of cost of equity component.

22.7 The Authority, in order to have an appropriate measure of the Beta, carried out an in-house study and detailed analysis, whereby not only the local but International Markets were also explored. The Authority also considered a recent study undertaken by Castalia for the ERC in the Philippines using 111 firms selected from the Damodaran (a professor in Stern Business School at New York University) data set. The average Beta from this sample was 0.997 for the transmission and distribution companies and 1.073 for the whole sample. The average gearing of the sample is 67%. If the same is worked out on 70/30 gearing, the beta of 0.997 works out as 1.10. A few examples of Beta used by different Regulators in the world are given as hereunder;

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Regulator	**Beta**	**Gearing**
Ofgem	0.9-0.95	65/35
AER	0.7	60/40
NZ Com	0.61	60/40
Northern Ireland	0.74	60/40

22.8 A beta of 0.75 at a gearing of 60/40 – which is around the mid-point of the above estimates – equates to a beta of 1.0 at a gearing of 70/30. A beta of 0.8 at 60/40 equates to a beta of 1.07 at 70/30. A beta of 0.95 at a gearing of 65/35 works out as 1.11 at 70/30 gearing.

22.9 Thus, keeping in view the finding of the study undertaken by Castalia for the ERC in the Philippines using 111 firms, range of betas used by international Regulators and findings of the Authority's in house study, it has decided to assess the beta in the instant case as 1.10.

22.10 As regard the cost of debt, the Authority understands that it is the interest rate on which a company would get borrowing from the debt market / commercial banks i.e. a rate at which banks lend to their customers. The Authority during its determination in the matter of XWDISCOs pertaining to the FY 2014-15, decided to use the actual rate of debt appearing in the balance sheets of the DISCOs (excluding the loans which were disallowed by the Authority) considering the fact that the payment of these loans were due in the FY 2014-15 and onwards. All of these loans were relent loans bearing interest rate between 15%-18%. When this decision was made, the Privatization scenario was not active and the decision was primarily based keeping in view continuous and ongoing public sector ownership of the XWDISCOs. Considering the future privatization policy of GoP, a forward looking approach has been used for the estimating cost of debt of these loans for WACC calculation. Here it is pertinent to mention that historically when State Owned Enterprises were privatized e.g. K- Electric, the relent loans on the balance sheet of K-Electric were converted into equity by the GoP. Further, the Authority was also anticipating some additional equity from the GOP in some form, that's the reason why the Authority raised the optimum capital structure from 80:20 to 70:30. In view of aforementioned, the Petitioner's request of setting cost of debt at 14.56% does not merit consideration, hence rejected by the Authority.

22.11 The Authority, in order to do a fair evaluation of the cost of debt, considered recent TFCs / Sukkuk launched by K-Electric Limited with a 5 year's term maturity, whereby Rs.1,500 million were raised by K-Electric on a rate of 3 month KIBOR + 2.75% during

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FY 2013-14. Here it pertinent to mention that the K-Electric also raised Rs.22 billion on 7 years TFC on a rate of 3 Months KIBOR plus 1% during 2014-15.

22.12 In view of the aforementioned, the Authority has decided to take cost of debt as 3 month's KIBOR + 2.75% spread. Consequently, the cost of debt has been worked out as 9.76% i.e. 3 Months KIBOR of 7.01% as of 2nd July 2015 plus 2.75% spread.

22.13 Consequent to the aforementioned discussion, the Authority has re-worked the WACC as below;

$$ke = RF + (RM - RF) \times \beta$$
$$= 8.9652\% + (7\% \times 1.1)$$
$$= 16.67\%$$

The cost of debt is; Kd = 9.76%

$$WACC = [Ke \times (E / V)] + [Kd \times (D / V)]$$

Where E/V and D/V are equity and debt ratios respectively taken as 30% and 70%;

$$WACC = \{16.67\% \times 30\%\} + \{9.76\% \times 70\%\} = 11.83\%$$

22.14 Thus, using rate of return of 11.83%, the Authority has assessed Rs.1,192 million as return on rate base as per the following calculations:

Description	Mln. Rs.	
	FY 2014-15 Actual/	FY 2015-16 Projected
Opening fixed assets in operation	18,444	18,444
Assets Additions during the year	0	5,747
Closing Fixed Assets in Operation	**18,444**	**24,191**
Less: Accumulated Depreciation	8,305	9,221
Net Fixed Assets in operation	**10,139**	**14,970**
+ Capital Work in Progress (Closing)	14,858	13,410
Total Fixed Assets	**24,996**	**28.380**
Less: Deferred Credit	16,106	17,114
Total	**8,890**	**11,266**
Average Regulatory Assets Base		**10,078**
Return on Rate Base @ 11.83%		**1,192**

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22.15 The Authority while going through the Financial Statements of the Petitioner for the FY 2014-15 noted that the Petitioner has insufficient cash balance as on 30th June 2015 against its pending liability of receipt against deposit works and consumer security deposits. The insufficient cash balance indicates that the amount received against the aforementioned heads has been utilized somewhere else and the Petitioner failed to provide details in this regard. The Authority considers that the amount collected as security deposit cannot be utilized for any other reason and any profit earned thereon has to be distributed to the consumers. Similarly, the amount collected under the head of receipt against deposit works has to be spent for the purpose for which it has been collected. The utilization of the money collected against deposit works and security deposits other than the works for which it has been received is illegal and unlawful. The Petitioner has to provide rational / justification for improper utilization of the money because the consumers have to suffer unnecessary delay on this account.

22.16 In view of the aforementioned reasons the Authority considered that it will be unfair and unjust for the consumers to suffer due to the unlawful act of the Petitioner. Accordingly, the Authority has decided, to include the entire amount of receipts against deposit works as a part of Deferred Credits for the assessment of RAB for FY 2015-16. The Authority directs the Petitioner to ensure that in future consumer's deposits are not utilized for any other purpose. The Petitioner is also being directed to restrain from unlawful utilization of receipts against deposit works and security deposits, failing which, the proceedings under the relevant law shall be initiated against the Petitioner. The Petitioner is also directed to give clear disclosures in its Financial Statements with respect to the consumer financed spares and stores, work in progress and cash & bank balance.

23. Issue # 11. Whether the projected other income for the FY 2015-16 is reasonable?

23.1 The Petitioner has projected Rs.1,267 million as other income for the FY 2015-16. The Petitioner in the instant petition has stated that the said figure is exclusive of late payment surcharges. During the hearing the petitioner while justifying exclusion of late payment surcharge for other income has stated that it has done so because revenue requirement is calculated on 100% recovery basis and due to the same reason it has not requested provision for bad-debts.

23.2 As per the Tariff Methodology, Other Income may be determined in a manner that is consistent with the base year. Other income may be considered to be a negative other cost which may include, but not be limited to, amortization of deferred credit, meter and rental income, late-payment charges, profit on bank deposits, sale of scrap, income from non-utility operations, commission on PTV fees and miscellaneous income. Other income will be monitored to identify trends. The Authority has assessed other Income for the petitioner as Rs.1,405 Million for FY 2015-16.

23.3 The Authority in consistency with its earlier decision, on the issue, has not included the amount of LPS while assessing the other income for FY 2015-16. Here it is pertinent to

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mention that the LPS recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective XWDISCO only and in the event of non-submission of evidence of payment to CPPA (G), the entire amount of Late Payment charge recovered from consumers shall be made part of other income and deducted from revenue requirement in the subsequent year.

23.4 In view thereof, the Authority has assessed Rs.1,267 million as Other Income which does not include late payment charge and includes amortization of deferred credit.

24. Issue # 12. Whether the Petitioner request for incorporation of interest charge on PHPL loans is justified?

24.1 The Petitioner has requested allowance of financial charge to be incorporated into the tariff. The Petitioner requesting the interest charge has stated that a company with the name Power Holding (Pvt) Limited (PHPL) has been established by the Ministry of Water and Power (GOP). The said company has borrowed Rs.136.454 billion to pay-off the liabilities of CPPA on behalf of distribution companies. Out of Rs. 136 billion, Rs. 22 billion has been allocated to the Petitioner. Term of interest is KIBOR plus 1% and in case of default KIBOR plus 1%. The Petitioner has further requested that Interest charges for FY 2015-16 may be incorporated into the tariff for FY 2015-16 as it is facing severe financial crunch and have no other source for debt services except to recover through tariff.

24.2 The Authority with regards to interest on the development loans is of the view that these are catered for in the calculation of WACC. However, on the issue of PHPL loans, the Authority while deciding the tariff petitions for the FY 2012-13, after a comprehensive discussion, has already adjudicated on the matter. The Authority considers that the Petitioner has not submitted any new rationale or evidence on which the Authority can adjudicate. In view thereof, the Authority maintains its earlier decision in this regard; hence has decided not to allow the interest cost;

25. Issue # 13. What is the financial impact / loss of revenue due to TOU metering for cellular companies connections and other similar connections?

25.1 The issue has been deliberated in detail under the direction part of the determination.

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27. **Issue # 14. Whether the existing service delivering structure of circles, divisions and sub-divisions etc. can provide satisfactory services for supply of electric power to the consumers with the substantial expansion in the system?**

28. **Issue # 15. Whether the existing financial, administrative and technical powers concentrated at different layers of hierarchy is required to be amended in order to provide better services on the door step of the consumer?**

28.1 Faisalabad Electric Supply Company (FESCO) and Lahore Electric Supply Company (LESCO) requested for creation of new circles, divisions and sub-divisions in the tariff petitions for the FY 2013-14. The Authority directed both the DISCOs to take appointments for a separate presentation on this issue and deferred the decision till that time. Also, the Authority made this issue a matter for discussion for all XWDISCOs in the tariff petition for the FY 2014-15. All the XWDISCOs including the Petitioner were directed to file comments on the matter vide letter no. NEPRA/R/SAT-I/TRF-100-DISCOs/13653-61 dated 31st October, 2014.

28.2 The Petitioner did not respond to the letter, therefore, the Authority in its determination for FY 2014-15, directed the Petitioner to submit comments and proposal on this issue with expansion plan for consideration of the Authority along-with next year tariff petition.

28.3 The Petitioner has neither provided any comments on these issues nor has stated anything during its hearing, from which it can be construed that the Petitioner's existing Organizational Structure is working efficiently and effectively. The Authority therefore, does not see any reason to amend the existing financial, administrative and technical powers hierarchy or the existing service delivery structure of the Petitioner.

29. **Issue # 16. What will be the mechanism of charging Wheeling/Use of System Charges (UOSC) in case of network of XW-DISCOs are used for Wheeling?**

29.1 Although the Petitioner did not respond on the issue, however, CPPA (G) on the issue of Wheeling has informed (through email dated 21st September, 2015) that while invoicing to DISCOs, it excludes the transmission cost(s) as well as generation capacity cost depending on MDI and MEPCO was requested not to raise any invoice to NTDC/Generators/DISCOs in this regard in future, being at source adjustments, made by CPPA (G) in the monthly Energy Invoices to all. It was also suggested that the confusion may be resolved through NEPRA.

29.2 In view thereof, the Authority has decided to conduct a meeting on the subject matter with all the stakeholders not later than 30th June, 2016.

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30. **Issue # 17. Whether there is any major deviation in the petition from the NEPRA guidelines for determination of consumer-end tariff (Methodology & Process) notified vide SRO. 34(I) 2015 dated 16.01.2015?**

30.1 The Authority has observed several deviations from the minimum filing requirements indicated in the Methodology particularly with respect to CoSS, Investments, Generation plan and losses etc. The Petitioner is required to fulfil all the requirements as provided in the Methodology while filing the next tariff petition failing which the Petitioner's petition will not be entertained.

31. **Issue # 18. Whether the proposed revenue requirements of Rs. 99,721 million and average sale rate of Rs.13.5955 /kWh for the FY 2015-16, is justified?**

31.1 Annual Revenue Requirement comprises of the following:

1. Power Purchase Price
2. Impact of T&D Losses
3. Distribution Margin
   i) O&M Expenses
   ii) Depreciation, RORB and Other Income
4. Prior Year Adjustment

31.2 For the assessment of annual revenue requirement each component of average tariff is discussed in detail in the previous paragraphs.

31.3 Based on the assessments made in the preceding paragraphs the Revenue Requirement for the FY 2015-16 is assessed as per the following details;

1.	**Power Purchase Price**		**Rs. 47,289 Million**
	CpGenE	Rs. 31,092 Million	
	CpGenCap	Rs. 14,374 Million	
	USCF	Rs. 1,823 Million	
2.	**Distribution Margin (Net)**		**Rs. 5,221 Million**
	O&M Cost	Rs. 4,379 Million	
	Depreciation	Rs. 916 Million	
	RORB	Rs. 1,192 Million	
	Gross DM	**Rs. 6,488 Million**	
	Less: Other Income	Rs. 1,267 Million	
	Prior Year Adjustment		Rs. 8,691 Million
	Total Assessed Revenue Requirement		**Rs. 61,200 Million**

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31.4 Based on the projected sales of 4,362 GWh for the FY 2015-16, the Petitioner's average sale rate works out as Rs.14.03/kWh, consisting of Rs.10.84 /kWh of adjusted PPP, Rs.1.20 /kWh of DM and Rs.1.99 /kWh of Prior Year Adjustment.

31.5 This revenue would be recovered from the consumers during the FY2015-16, through the projected sales of 4,362 GWhs, as per Annex – II.

32. ORDER

32.1 From what has been discussed above, the Authority hereby determines the tariff of the Petitioner Company for the Financial Year 2015-16 as under :-

I. Quetta Electric Supply Company Limited (QESCO) 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 (G), adjustment of remaining components of PPP will be adjusted biannually. Here it is pertinent to mention that while making biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.

III. QESCO 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

$$UOSC \quad = \quad DM(Gross) \quad \times \quad \frac{(1-L)}{(1-0.01)} \times \text{AFI(T)} \qquad Paisa/kWh$$

ii) Where only 11 kV distribution systems is involved.

$$UOSC \quad = \quad DM(Gross) \quad \times \quad \frac{(1-L)}{(1-0.05)} \times \text{AFI(D)} \qquad Paisa/kWh$$

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

$$UOSC \quad = \quad DM(Gross) \quad \times \quad \frac{(1-L)}{(1-0.06)} \times \text{AFI(TD)} \qquad Paisa/kWh$$

Where:

Gross Distribution Margin for FY 2015-16 is set at Rs.1.49/kWh (without excluding impact of other income)

'L' is the overall percentage loss assessment for the respective year.

AFI (T) = Adjustment factor for investment at 132 kV level i.e.29%

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AFI (D) = Adjustment factor for investment at 11 kV level i.e. 21%.

AFI (TD) =Adjustment factor for investment at both 132 kV & 11 kV level i.e. 50%.

IV. The residential consumers will be given the benefit of only one previous slab.

V. T&D losses target of 17.50% has been assessed for QESCO for the FY 2015-16.

VII. Total investment of Rs.4,300 million has been approved.

VIII. The Order part, Annex-I, II, III, IV, V, VI and VII annexed with determination is intimated to the Federal Government for notification in the official gazette under Section 31(4) of the NEPRA Act.

IX. The Authority hereby determines and approves the following component wise cost and their adjustments mechanism in the matter of QESCO's tariff petition for the FY 2015-16.

TARIFF COMPONENT	Assessed Cost FY 2015-16	ADJUSTMENTS/ ASSESSMENT	TIME LINES
POWER PURCHASE PRICE			
Energy Purchase Price			
Fuel Cost	29,460	Monthly, as per the approved mechanism.	Data to be provided by CPPA (G)by 3rd of close of the month
Variable O&M	1,632	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10th July and 10th January, as the case may be.
Capacity Charges	14,374	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10th July and 10th January, as the case may be.
Use of System Charges	1,823	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10th July and 10th January, as the case may be.
T&D Losses	17.50%	Biannually, as per the approved mechanism.	Request to be furnished by the Petitioner not later than 10th July and 10th January, as the case may be.
NET DISTRIBUTION MARGIN	**5,221**		
O&M Cost			
Salaries, wages & other benefits	2,795	Annually	On the basis of next year tariff petition.
Post-Retirement benefits	418	----do-----	----do-----
Repair and Maintenance	650	----do-----	----do-----
Other operating expanses	515	----do-----	----do-----

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Depreciation	916	----do-----	----do-----
Return on Rate Base	1,192	----do-----	----do-----
Other Income	(1,267)	----do-----	----do-----
Prior Year Adjustment	8,691	----do-----	----do-----

33. Summary of Direction

33.1 The summary of all the directions passed in this determination by the Authority are reproduced hereunder. The Authority has directed the Petitioner;

1- The Authority directs the Petitioner to expedite the implementation process and complete the mobile meter reading by 30th June, 2016. The Authority has noted several complaints to the effect that snap shots appearing on the bills are not clear and readable. In view thereof, the Petitioner needs to ensure the visibility of the snap shot on the bills and also to maintain its record in soft form for at least a period of twelve (12) months.

2- The Authority has observed with great concern that the Petitioner has not taken the directions of the Authority seriously. The Authority is cognizant of the fact the fact that the Petitioner has a large number of non-metered connections. In view thereof , the Authority directs the Petitioner to stagger its investment plan in stages. The same plan would also be in line with its plan of installing meters on non-metered connections. Thus, the Petitioner to submit its investment needs in this regard along with the installation of meters, not later than 30th June, 2016.

3- The Authority considering the aforementioned response of the Petitioner, feels that the Petitioner needs to put in serious efforts to complete the installation of AMRs/ AMIs System within the given time lines.

4- Thus, the Authority again directs the Petitioner to provide project wise detail of actual investments made in FY 2013-14 and FY 2014-15 along-with the cost benefit analysis and also explain the reasons for variation in the reported numbers as discussed above. The Authority has also taken a serious notice of non-compliance of its direction in true letter & spirit by the Petitioner, which is serious violation of licensing terms that may lead to initiation of proceedings against the licensee under the relevant rules.

5- In view thereof and considering the increase in trade debts by around 25%, the Authority feels that the Petitioner needs to adopt some extraordinary measures to improve its recovery and accordingly directs it to submit a comprehensive recovery plan clearly highlighting the problem areas, targets for their improvements along with intended strategies/tools to achieve the same latest by June 30, 2016.

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6- In view of aforementioned discussion, the Authority again directs the Petitioner to put in serious efforts in this regard and ensure installation of ToU Meters to all consumer categories, including Agriculture consumers having load requirement of 5 kW and above by June 30, 2016.

7- In view thereof, the Petitioner is again directed to recover the outstanding amount of subsidy from GoP and GoB by making extraordinary efforts and the Authority be apprised of the status on quarterly basis.

8- In view thereof, the Authority directs the Petitioner to complete the pending work not later than 30th June , 2016 and on the parallel basis start installing meters on the all the GoB connections . The Petitioner is further directed to submit the compliance report not later than 30th June, 2016.

9- In view thereof, the Authority directs the Petitioner to complete the pending work not later than 30th June , 2016 and on the parallel basis start installing meters on the all the GoB connections . The Petitioner is further directed to submit the compliance report not later than 30th June, 2016.

10- Further the Petitioner is also directed to provide project wise detail of cost incurred and the prospective benefits achieved for the investment carried out in FY 2014-15 and also for the investment to be carried out in FY 2015-16 along-with its next year tariff petition.

11- The Authority again directs the Petitioner to create the separate post-retirement benefits Fund before 30th June 2016.

12- The Authority therefore directs the Petitioner to maintain a proper record of its assets by way of tagging each asset for its proper tracking. In addition , the Petitioner is, therefore, directed to provide an explanation on the concerns raised by the Authority in terms of its R&M cost not later than 30th June, 2016.

13- The Petitioner is also being directed to restrain from unlawful utilization of receipts against deposit works and security deposits, failing which, the proceedings under the relevant law shall be initiated against the Petitioner. The Petitioner is also directed to give clear disclosures in its Financial Statements with respect to the consumer financed spares and stores, work in progress and cash & bank balance.

14- To share the details of late payment charges recovered from consumers and any invoice raised by CPPA under the head of mark up on delayed payments for the FY 2014-15 and FY 2015-16. The information must be submitted before the next tariff petition is filed.

15- The Authority again directs the Petitioner to create the separate post-retirement benefits Fund before 30th June 2016.

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16- The Authority further directs the Petitioner to complete the study of its system's T&D losses on 132 KV, 11KV and below by June 30, 2016.

17- To spend at least 20% of the village electrification funds for improvement / up-gradation of the grid. The Petitioner is further directed to not to undertake any village electrification which would result in overloading of its system. The village electrification would only be undertaken, without augmentation of the grid, if it already has spare MVAs.

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FUEL PRICE ADJUSTMENT MECHANISM

Actual variation in fuel cost component against the reference fuel cost component for the corresponding months will be determined according to the following formula

Fuel Price variation = Actual Fuel Cost Component - Reference Fuel Cost Component

Where:

Fuel Price variation is the difference between actual and reference fuel cost component

Actual fuel cost component is the fuel cost component in the pool price on which the DISCOs will be charged by CPPA in a particular month; and

Reference fuel cost component is the fuel cost component for the corresponding month projected for the purpose of tariff determination as per Annex-IV of the determination;

The fuel price adjustment determined by the Authority shall be shown separately in the bill of the consumer and the billing impact shall be worked out on the basis of consumption by the consumer in the respective month.

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Quetta Electric Supply Company Limited (QESCO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales		Tariff		Revnue		
	GWh	% Mix	Fixed Charge	Variable Charge	Fixed Charge	Variable Charge	Total
			Rs./kW/ M	Rs./ kWh		Mln. Rs.	
Residential							
Up to 50 Units	21	0.48%		4.00	-	83	83
For peak load requirement less than 5 kW							
01-100 Units	200	4.58%		11.35	-	2,265	2,265
101-200 Units	46	1.06%		13.85	-	642	642
201-300 Units	63	1.44%		13.85	-	868	868
301-700Units	66	1.52%		15.85	-	1,053	1,053
Above 700 Units	64	1.47%		17.85	-	1,147	1,147
For peak load requirement exceeding 5 kW)							
Time of Use (TOU) - Peak	6	0.13%		17.85	-	98	98
Time of Use (TOU) - Off-Peak	30	0.68%		12.05	-	356	356
Temporary Supply	0	0.00%		17.85	-	-	-
Total Residential	**495**	**11.35%**			**-**	**6,512**	**6,512**
Commercial - A2							
For peak load requirement less than 5 kW	57	1.30%		17.85	-	1,016	1,016
For peak load requirement exceeding 5 kW				-			
Regular	0	0.01%	400.00	13.85	1	4	5
Time of Use (TOU) - Peak	13	0.31%		17.85	-	239	239
Time of Use (TOU) - Off-Peak	48	1.11%	400.00	12.05	111	583	694
Temporary Supply	0	0.00%		17.85	-	-	-
Total Commercial	**119**	**2.73%**			**111**	**1,842**	**1,953**
General Services-A3	**131**	**3.00%**	**-**	**12.25**	**-**	**1,603**	**1,603**
Industrial							
B1	1	0.02%		13.35	-	11	11
B1 Peak	3	0.06%		17.85	-	48	48
B1 Off Peak	14	0.32%		12.05	-	168	168
B2	1	0.02%	400.00	12.85	0	10	10
B2 - TOU (Peak)	15	0.35%		17.85	-	274	274
B2 - TOU (Off-peak)	60	1.37%	400.00	11.85	197	706	903
B3 - TOU (Peak)	3	0.06%		17.85		50	50
B3 - TOU (Off-peak)	57	1.31%	380.00	11.75	77	669	746
B4 - TOU (Peak)	0	0.00%		17.85		-	-
B4 - TOU (Off-peak)	0	0.00%	360.00	11.65	-	-	-
Temporary Supply	0	0.00%		13.35	-	-	-
Total Industrial	**153**	**3.51%**			**274**	**1,936**	**2,210**
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts-less than 5 kW	0	0.01%		13.85	-	5	5
C1(b) Supply at 400 Volts-exceeding 5 kW	1	0.03%	400.00	13.35	0	17	18
Time of Use (TOU) - Peak	3	0.08%		17.85	-	58	58
Time of Use (TOU) - Off-Peak	15	0.34%	400.00	12.05	28	178	206
C2 Supply at 11 kV	8	0.19%	380.00	13.15	10	109	119
Time of Use (TOU) - Peak	16	0.37%		17.85	-	287	287
Time of Use (TOU) - Off-Peak	66	1.52%	380.00	11.85	78	785	863
C3 Supply above 11 kV	0	0.00%	360.00	13.05	-	-	-
Time of Use (TOU) - Peak	0	0.00%		17.85	-	-	-
Time of Use (TOU) - Off-Peak	0	0.00%	360.00	11.75	-	-	-
Total Single Point Supply	**110**	**2.53%**			**117**	**1,440**	**1,557**
Agricultural Tube-wells - Tariff D							
Scarp	11	0.26%		14.05	-	158	158
Time of Use (TOU) - Peak	10	0.23%		17.85	-	179	179
Time of Use (TOU) - Off-Peak	59	1.36%	200.00	11.75	52	695	747
Agricultual Tube-wells	3228	74.01%	200.00	13.55	1,963	43,742	45,705
Time of Use (TOU) - Peak	5	0.12%		17.85	-	94	94
Time of Use (TOU) - Off-Peak	36	0.83%	200.00	11.75	16	428	444
Total Agricultural	**3,350**	**76.81%**			**2,031**	**45,295**	**47,327**
Public Lighting - Tariff G	3	0.07%		12.85	-	41	41
Residential Colonies	0	0.00%		12.85	-	1	1
Sub-Total	**3**	**0.07%**			**-**	**42**	**42**
Special Contract - Tariff-J							
J-1 For Supply at 66 kV & above	-	0.00%	360.00	13.05	-	-	-
Time of Use (TOU) - Peak	-	0.00%		17.85	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	11.75	-	-	-
J-2 (a) For Supply at 11, 33 kV	-	0.00%	380.00	13.15	-	-	-
Time of Use (TOU) - Peak	-	0.00%		17.85	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	380.00	11.85	-	-	-
J-2 (b) For Supply at 66 kV & above	-	0.00%	360.00	13.05	-	-	-
Time of Use (TOU) - Peak	-	0.00%		17.85	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	11.75	-	-	-
J-3 (a) For Supply at 11, 33 kV	-	0.00%	380.00	13.15	-	-	-
Time of Use (TOU) - Peak	-	0.00%		17.85	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	380.00	11.85	-	-	-
J-3 (b) For Supply at 66 kV & above	-	0.00%	360.00	13.05	-	-	-
Time of Use (TOU) - Peak	-	0.00%		17.85	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	11.75	-	-	-
Total Revenue	**4,362**	**100.00%**			**2,533**	**58,669**	**61,200**

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SCHEDULE OF ELECTRICITY TARIFFS
QUETTA ELECTRIC SUPPLY COMPANY LIMITED (QESCO)

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
a)	For Sanctioned load less than 5 kW			
i	Up to 50 Units	-	4.00	
	For Consumption exceeding 50 Units			
ii	001 - 100 Units	-	11.35	
iii	101 - 200 Units	-	13.85	
iv	201 - 300 Units	-	13.85	
v	301 - 700 Units	-	15.85	
vi	Above 700 Units	-	17.85	
b)	For Sanctioned load 5 kW & above			
			Peak	Off-Peak
	Time Of Use	-	17.85	12.05

As per Authority's decision residential consumers will be given the benefits of only one previous slab.

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	
a)	For Sanctioned load less than 5 kW		17.85	
b)	For Sanctioned load 5 kW & above	400.00	13.85	
			Peak	Off-Peak
c)	Time Of Use	400.00	17.85	12.05

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

A-3 GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
a)	General Services	-	12.25

Under tariff A-3, there shall be minimum monthly charges at the following rates even if no energy is

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

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SCHEDULE OF ELECTRICITY TARIFFS
QUETTA ELECTRIC SUPPLY COMPANY LIMITED (QESCO)
B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
B1	Upto 25 kW (at 400/230 Volts)	-		13.35
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00		12.85
	Time Of Use		Peak	Off-Peak
B1 (b)	Up to 25 KW	-	17.85	12.05
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	17.85	11.85
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	17.85	11.75
B4	For All Loads (at 66,132 kV & above)	360.00	17.85	11.65

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 CONSUMER CLASS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
C -1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-		13.85
b)	Sanctioned load 5 kW & up to 500 kW	400.00		13.35
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		13.15
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00		13.05
	Time Of Use		Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	17.85	12.05
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	17.85	11.85
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	17.85	11.75

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
D-1(a)	SCARP less than 5 kW	-		14.05
D-2 (a)	Agricultural Tube Wells	200.00		13.55
			Peak	Off-Peak
D-1(b)	SCARP 5 kW & above	200.00	17.85	11.75
D-2 (b)	Agricultural 5 kW & above	200.00	17.85	11.75

Under this tariff, there shall be minimum monthly charges Rs.2000/- per consumer per month, even if no energy is consumed.
Note:- The consumers having sanctioned load less than 5 kW can opt for TOU metering.

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SCHEDULE OF ELECTRICITY TARIFFS
QUETTA ELECTRIC SUPPLY COMPANY LIMITED (QESCO)
E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
E-1(i)	Residential Supply	-	17.85
E-1(ii)	Commercial Supply	-	17.85
E-2	Industrial Supply	-	13.35

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	-	12.85

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	-	12.85

J - SPECIAL CONTRACTS UNDER NEPRA (SUPPLY OF POWER) REGULATIONS 2015

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
J -1	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	13.05	
J-2				
(a)	For supply at 11,33 kV	380.00	13.15	
(b)	For supply at 66 kV & above	360.00	13.05	
J-3				
(a)	For supply at 11,33 kV	380.00	13.15	
(b)	For supply at 66 kV & above	360.00	13.05	
	Time Of Use		Peak	Off-Peak
J -1(b)	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	17.85	11.75
J-2 (c)	For supply at 11,33 kV	380.00	17.85	11.85
J-2 (d)	For supply at 66 kV & above	360.00	17.85	11.75
J-3 (c)	For supply at 11,33 kV	380.00	17.85	11.85
J-3 (d)	For supply at 66 kV & above	360.00	17.85	11.75

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Annex-IV

QESCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	430	479	450	481	528	482	363	351	421	398	457	447	5,287

kWh

Fuel Cost Component	4.9811	4.7552	5.1217	5.2366	5.0497	5.8619	7.1241	5.7493	6.6429	6.7227	5.2908	4.9927	**5.572**
Variable O & M	0.2727	0.2678	0.2825	0.2891	0.2916	0.3337	0.3711	0.3234	0.3467	0.3577	0.3050	0.2891	**0.309**
CpGenCap	1.9929	2.1819	2.0949	2.3469	2.4399	2.8056	3.8102	3.6714	3.2766	3.1171	3.0137	2.4394	**2.7188**
USCF	0.2517	0.2948	0.2875	0.3129	0.3397	0.3473	0.4374	0.4748	0.3748	0.4024	0.3442	0.3271	**0.3448**
Total PPP in Rs. /kWh	**7.4985**	**7.4996**	**7.7866**	**8.1855**	**8.1210**	**9.3485**	**11.7427**	**10.2190**	**10.6409**	**10.5999**	**8.9537**	**8.0482**	**8.9446**

Rs in Million

Fuel Cost Component	2,142	2,278	2,303	2,516	2,665	2,827	2,586	2,020	2,795	2,677	2,420	2,231	**29,460**
Variable O & M	117	128	127	139	154	161	135	114	146	142	139	129	**1,632**
CpGenCap	857	1,045	942	1,128	1,288	1,353	1,383	1,290	1,378	1,241	1,378	1,090	**14,374**
USCF	108	141	129	150	179	167	159	167	158	160	157	146	**1,823**
PPP	**3,225**	**3,593**	**3,501**	**3,933**	**4,286**	**4,508**	**4,262**	**3,590**	**4,477**	**4,221**	**4,095**	**3,597**	**47,289**

It is clarified thot PPP is pass through for all the DISCOs and its monthly references would continue to exist irrespective of the finoncial year, unless the new SOT is revised and notified by the GOP

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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 Quetta Electric Supply Company Limited (QESCO) 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:

	* PEAK TIMING	OFF-PEAK TIMING
Dec to Feb (inclusive) day	5 PM to 9 PM	Remaining 20 hours of the
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

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.

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12. "Consumer" means a person of 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(G) means Central Power Purchasing Agency Guarantee Limited (CPPA)(G).

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 Charge 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%.

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PART-II

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

A-1 RESIDENTIAL

Definition

"Life Line Consumer" means those residential consumers having single phase electric connection with a sanctioned load up to 1 kW.

At any point of time, if the floating average of last six months' consumption exceed 50 units, then the said consumer would not be classified as life line for the billing month even if its consumption is less than 50 units. For the purpose of calculating floating average, the consumption charged as detection billing would also be included.

1. This Tariff is applicable for supply to;

   i) Residences,
   ii) Places of worship,

2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1(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 tariff A-l(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.

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 convert it to-A-2 (c) Tariff.
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).

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A-3 GENERAL SERVICES

1. This tariff is applicable to;

   i. Approved religious and charitable institutions
   ii. Government and Semi-Government offices and Institutions
   iii. Government Hospitals and dispensaries
   iv. Educational institutions
   v. Water Supply schemes including water pumps and tube wells operating on three phase 400 volts other than those meant for the irrigation or reclamation of Agriculture land.

1. Consumers under General Services (A-3) shall be billed on single-part kWh rate i.e. A-3(a) tariff.

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.
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 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 upto a 25 kW.
2. Consumers having sanctioned load less than 25 kW shall be billed on single-part kWh rate.
3. All existing consumers under tariff B-1 shall be provided T.O.U metering arrangement by the Company and convert it to-B1 (b) Tariff.

B-2 SUPPLY AT 400 VOLTS

1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.

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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.
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 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.

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C BULK SUPPLY

"Bulk Supply" for the purpose of this Tariff, means the supply given at one point for self-consumption not selling 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-1 SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having a 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-1(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.

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).

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.
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).
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.

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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

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.
3. 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.
4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements 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. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-2(a) tariff given in the Schedule of Tariff.
3. 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- 2(b) given in the Schedule of Tariff.
4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-2(a) till that time.

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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 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

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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.

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 by 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 heated, cookers, radiators, air-conditioners, refrigerators and domestic tube-wells.

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"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.

I. TRACTION

Supply under this tariff means supply of power in bulk to Railways for Railway traction only.

J. SPECIAL CONTRACTS UNDER NEPRA (SUPPLY OF POWER) REGULATIONS 2015

Supply for the purpose of this tariff means the supply given at one or more common delivery points;

i. To a licensee procuring power from QESCO for the purpose of further supply within its respective service territory and jurisdiction.

ii. To an O&M operator under the O&M Agreement within the meaning of NEPRA (Supply of Power) Regulations 2015 duly approved by the Authority for the purpose of further supply within the service territory and jurisdiction of the QESCO

iii. To an Authorized agent within the meaning of NEPRA (Supply of Power) Regulations 2015, procuring power from the QESCO for further supply within the service territory and jurisdiction of the QESCO

J-1 SUPPLY TO LICENSEE

1. This tariff is applicable to a Licensee having sanctioned load of 20 MW and above receiving supply at 66 kV and above.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-1(b).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-1(b) as set out in the Schedule of Tariff.

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SUPPLY UNDER O&M AGREEMENT

J-2 (a) SUPPLY AT 11 KV AND 33 KV

1. This tariff is applicable to an O&M operator receiving supply at 11 kV or 33 kV under the O&M Agreement duly approved by the Authority.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-2(c).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-2(c) as set out in the Schedule of Tariff.

J-2 (b) SUPPLY AT 66 KV AND ABOVE

1. This tariff is applicable to an O&M operator receiving supply at 66 kV & above under the O&M Agreement duly approved by the Authority.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-2(d).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-2(d) as set out in the Schedule of Tariff.

SUPPLY TO AUTHORIZED AGENT

J-3 (a) SUPPLY AT 11 KV AND 33 KV

1. This tariff is applicable to an authorized agent receiving supply at 11 kV or 33 kV.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-3(c).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-3(c) as set out in the Schedule of Tariff.

J-3 (b) SUPPLY AT 66 KV AND ABOVE

1. This tariff is applicable to an authorized agent receiving supply at 66 kV & above.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-3(d).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-3(d) as set out in the Schedule of Tariff.

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Annex -VI

List of Interested / Affected Parties to send the Notices of Admission /Hearing Regarding Tariff Petition filed by Quetta Electric Supply Co. Ltd. (QESCO) for the Determination of Consumer-end Tariff for the FY 2015-16 based on Actual/Estimated Results of FY 2014-15 as Test Year.

*****

A. Secretaries of various Ministries

1. Secretary
   Cabinet Division
   Cabinet Secretariat
   Islamabad

2. Secretary
   Ministry of Industries & Production
   'A' Block, Pak Secretariat
   Islamabad

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

4. Secretary
   Ministry of Finance
   'Q' Block, Pak Secretariat
   Islamabad

5. Secretary
   Ministry of Commerce
   A-Block, Pak Secretariat
   Islamabad

6. Secretary
   Privatization Commission
   EAC Building
   Islamabad

7. Secretary
   Planning and Development Division
   'P' Block, Pak Secretariat
   Islamabad

8. Secretary
   Ministry of Petroleum & Natural Resources
   'A' Block, Pak Secretariat
   Islamabad

9. Secretary
   Irrigation & Power Department,
   Government of Balochistan
   Balochistan Sectt. No. 7,
   Quetta

10. Director General
    National Tariff Commission
    Ministry of Commerce
    State Life Building No. 5,
    Blue Area Islamabad

11. Secretary
    Department of Energy
    Government of Balochistan
    Balochistan Sectt.
    Quetta

B. <u>Chambers of Commerce and Industry & General Public</u>

1. President
   The Federation of Pakistan
   Chamber of Commerce and Industry
   Federation House, Main Clifton
   Karachi – 5675600

2. Chief Capital Office
   The Federation of Pakistan
   Chamber of Commerce & Industry
   Aiwan-e-Sanat-o-Tijarat Road,
   Sector G-8/1, Islamabad.

3. President
   Quetta Chamber of Commerce & Industry
   Zarghoon Road, P.O. Box 117
   Quetta

4. President,
   Hyderabad Chamber of Commerce & Industry
   Aiwan-e-Tijarat Road, Saddar
   Hyderabad

5. President
   Senior Citizen Foundation of Pakistan
   5-P, Markaz G-7, Sitara Market
   Islamabad

6. Chairman

All Pakistan Textile Mills Association (APTMA)
APTMA House, 44-A, Lalazar P.O. Box 5446
Moulvi Tamizuddin Khan Road
Karachi

7. Chairman
S.I.T.E. Association of Industry
H-16, S.I.T.E.
Karachi

8. SHEHRI
206-G, Block – 2, P.E.C.H.S
Karachi – 75400

9. President
Institute of Electrical & Electronics Engineers of Pakistan (IEEEP)
4 – Lawrence Road
Lahore

10. President
The Institute of Engineers Pakistan
IEP Roundabout Engineering Centre
Gulberg – III
Lahroe – 54660

11. Chairman
Pakistan Engineering Council
Attaturk Avenue (East), G-5/2
Islamabad

12. Textile Working Group
97-A, Aziz Avenue, Canal Bank off Gulberg Road,
Lahore

13. Central Chairman
All Pakistan CNG Association
Suite No. 229-B, St.No. 35
F-10/1, Islamabad

14. TheNetwork for Consumer Protection
Flat No. 5, 40-A, Ramzan Plaza
G-9 Markaz, Islamabad

15. PTCL
Corporate Head Quarters, Block – E
G-8/4, Islamabad-44000

16. Chief Executive Officer
Mobilink

Mobilink House 1-A
Kohistan Road, F-8 Markaz
Islamabad

17. Chief Executive Officer
Ufone (Emirates Telecommunication Corporation Group)
13-B, F-7 Markaz
Jinnah Super, Islamabad

18. Chief Executive Officer
Telenor Pakistan (Pvt) Limited
13-K, Moaiz Centre Bhittai Road
F-7 Markaz, Islamabad

19. Chief Executive Officer
Zong
CMPak Limited
Kohistan Road, F-8, Markaz
Islamabad

20. Chief Executive Officer
Warid Telecom (Pvt) Limited
P.O. Box 3321
Lahore

21. Chairman
Pakistan Telecommunication Authority (PTA)
PTA Headquarters building
F-5/1, Islamabad

22. Mr. Anwar Kamal
1-Turner Road, Lahore,
Pakistan

C. <u>Power Companies</u>

1. Member Power
WAPDA
738 – WAPDA House
Shahra-e-Quaid-e-Azam
Lahore

2. Managing Director
Pakistan Electric Power Company (PEPCO)
721-WAPDA House
Shahrah-e-Quaid-e-Azam
Lahore

3. Chief Operating Officer

CPPA
Room 107 WAPDA House
Shaharah-e-Qauid-e-Azam
LAHORE

4. Managing Director
Private Power and Infrastructure Board (PPIB)
House No. 50, Sector F-7/4
Nazimuddin Road
Islamabad

5. Chief Executive Officer
Karachi Electric Supply Corporation Ltd.
7th Floor, State Life Building No. 11
Abdullah Haroon Road
Karachi

D. <u>Petitioner</u>

1. Chief Executive Officer
Quetta Electric Supply Co. Ltd.
QESCO Complex,
Zarghoon Road, Quetta .

In addition to above letter may also be sent to all Provincial Chief Secretaries.

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The News 26-01-16

Annex-VII

National Electric Power Regulatory Authority (NEPRA)

NOTICE OF ADMISSION / HEARING

[illegible]

All stakeholders, interested/affected persons and the general public are notified that Quetta Electric Supply Company Limited (QESCO) has filed a petition with the National Electric Power Regulatory Authority (NEPRA) for the determination of its consumer-end tariff pertaining to the FY 2015-16 based on actual/estimated results of the FY 2014-15 as base year.

[illegible]

1. The petitioner has prayed for the determination of its consumer-end tariff pertaining to the Financial Year 2015-16 and approval of following components.

Sr.	Description	FY 2015-16
1	Distribution Margin (Rs./kWh)	2.53
2	Investment (Mln. Rs.)	7,580
3	Line Losses (%)	22.70
4	Average Sale Rate (Rs. / kWh)	16.11

2. Based on above tariff components the petitioner has requested following category-wise tariff -

Description	NEPRA Determined Tariff Pertaining to the FY 2014-15		Requested Tariff for the FY 2015-16	
	Fixed Charges Rs./kW/M	Var. Charges Rs./KWh	Fixed Charges Rs./kW/M	Var. Charges Rs./KWh
Residential -A1				
For Peak Load Requirement less than 5 kW				
Up to 50 Units		4.00		4.00
1-100 Units		12.50		12.75
101-200 Units		15.20		15.30
201-300 Units		15.00		15.30
301-700 Units		17.00		17.34
Above 700 Units		19.00		19.38
For Peak Load Requirement 5 kW & above				
Time of Day (TOU) – Peak		19.00		19.38
Time of Day (TOU) -Off-Peak		13.00		13.26
Total Domestic				
Commercial - A2				
For peak load requirement less than & up to 5kW		19.00		19.38
For Peak load requirement (<230W) exceeding 5 kW				
Regular	400.00	15.00	400.00	15.30
Time of Day (TOU) –Peak		19.00	400.00	19.38
Time of Day (TOU) - Off-Peak	400.00	13.00	400.00	13.26
Total Commercial				
Industrial				
B1 up to 25 kW (400/230 volts)		14.50		14.79
B1(b) up to 25 kW (Peak)		19.00		15.38
B1(b) up to 25 kW (Off-Peak)		13.00		12.26
B2 a) exceeding 25-500 kW (400 volts)	400.00	14.00	400.00	14.28
B2(b) - TOU (Peak) at 400 volts		19.00	400.00	19.38
B2(b) - TOU (Off-Peak) at 400 volts	400.00	12.80	400.00	13.06
B3 - TOU (Peak) all loads up to 5000kW at 11/33 Kv		19.00	380.00	19.38
B3 - TOU (Off-Peak) all loads up to 5000kW at 11/33 Kv	380.00	12.70	380.00	12.95
B4 - TOU (Peak) all loads 66/132 kv and above		19.00		
B4 - TOU (Off-Peak) all loads 66/132 kv and above	380.00	12.60		
Total Industrial				
Single Point Supply (Bulk)				
C1 (a) Supply at 400/230 Volts less than 5 KW		15.00		15.30
C1(b) Supply at 400/230 Volts 5 KW up to 500KW	400.00	14.50	400.00	14.79
Time of use (TOU) Peak		19.00	400.00	19.38
Time of use (TOU) Off Peak	400.00	13.00	400.00	13.26
C2 Supply at 11 kv 33 kv up to and exceeding 5000 Kw	380.00	14.30	380.00	14.59
Time of use (TOU) Peak		19.00	380.00	19.38
Time of use (TOU) Off Peak	380.00	12.80	380.00	13.06
C3 Supply at 66 kv & above	380.00	14.20		14.48
Time of use (TOU) Peak		19.00		19.38
Time of use (TOU) Off Peak	380.00	12.70		12.95
Total Bulk Supply				
Agricultural Tube-wells - Tariff D				
Scarp D-1(a) less than 5 kW		15.20		15.50
D 2 Agricultural Tube Well	200.00	14.70	200.00	14.95
Scarp and Agriculture 5 KW and above Time of use (TOU) Peak		19.00	200.00	19.38
Scarp and Agriculture 5 KW and above Time of use (TOU) Off Peak	200.00	12.70	200.00	12.95
Total Agricultural Tubewell Tariff-D				
Public Lighting - Tariff -G		14.00		14.28
Housing Colonies - H		14.00		14.28
Company Total				

3. In terms of rules 6 of NEPRA (Tariff Standards & Procedures) Rules, 1998, any interested person who desires to participate in the proceedings may file an intervention request within seven days from the date of publication of this notice. Such intervention request shall state the name and address of the person filing the same, objections and the manner in which such person is or is likely to be substantially and specifically affected by any determination in the proceedings. The intervention request may also contain the contentions of the person making the same, the relief sought and the evidence, if any, in support of the case. In the intervention request, the intervener may specifically admit, deny or explain the facts stated in the petition and may also state additional facts which are relevant and necessary for reaching a just and informed decision in the proceedings. The intervention request shall be signed verified and supported by means of an affidavit in the same manner as in the case of the petition. The intervener shall also serve a copy of the intervention request duly attested as true copy on the petitioner or his authorized representative and the petitioner may file a rejoinder to the intervention request which shall be filed within 7 days of receipt of copy of intervention request.

4. Any person may also file the comments in the matter within 7 days of the publication and the Authority, if deemed fit, may permit participation of such person into the proceedings and also may consider these comments in the final determination.

5. All stakeholders and interested / affected persons are also informed that in order to arrive at a just and informed decision, the Authority has also decided to hold a hearing in the subject matter according to the date, time and venue as mentioned below:

Date: 09th February, 2016 (Tuesday)

Time: 11:30 a.m.

Venue: NEPRA TOWER G-5/1 ISLAMABAD

All communications should be addressed to:

[illegible]

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Jang 26-1-16

نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (نیپرا)

داخلہ نوٹس / شنوائی

[illegible]

[illegible] (DESCO) [illegible] 2014-15 [illegible] 2015-16 [illegible]

[illegible]

1. The petitioner has prayed for the determination of its consumer-end tariff pertaining to the Financial Year 2015-16 and approval of following components.

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2. Based on above tariff components the petitioner has requested following category-wise tariff: -

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Residential -A1				
For Peak Load Requirement less than 5 kW				
Up to 50 Units		4.00		4.00
1-100 Units		12.50		12.75
101-200 Units		15.00		15.30
201-300 Units		15.00		15.30
301-700 Units		17.00		17.34
Above 700 Units		19.00		19.38
For Peak Load Requirement 5 kW & above				
Time of Day (TOU) - Peak		19.00		19.38
Time of Day (TOU) -Off-Peak		13.00		13.26
Total Domestic				
Commercial - A2				
For peak load requirement less than & up to 5kW		19.00		19.38
For Peak load requirement (<200kW) exceeding 5 kW				
Regular	400.00	15.00	400.00	15.30
Time of Day (TOU) -Peak		19.00	400.00	19.38
Time of Day (TOU) - Off-Peak	400.00	13.00	400.00	13.26
Total Commercial				
Industrial				
B1 up to 25 kW (400/230 volts)		14.50		14.79
B1(b) up to 25 kW (Peak)		19.00		19.38
B1(b) up to 25 kW (Off-Peak)		13.00		13.25
B2(a) exceeding 25-500kW (400 volts)	400.00	14.00	400.00	14.26
B2(b) - TOU (Peak) at 400 volts		19.00	400.00	19.38
B2(b) - TOU (Off-Peak) at 400 volts	400.00	12.80	400.00	13.05
B3 - TOU (Peak) all loads up to 5000kW at 11.33 Kv		19.00	380.00	19.38
B3 - TOU (Off-Peak) all loads up to 5000kW at 11.33 Kv	380.00	12.70	380.00	12.95
B4 - TOU (Peak) all loads 66/132 kv and above		19.00		
B4 - TOU (Off-Peak) all loads 66/132 kv and above	360.00	12.60		
Total Industrial				
Single Point Supply (Bulk)				
C1 (a) Supply at 400/230 Volts less than 5 kW		15.00		15.30
C1(b) Supply at 400/230 Volts- 5 kW & up to 500kW	400.00	14.50	400.00	14.79
Time of use (TOU) Peak		19.00	400.00	19.38
Time of use (TOU) Off Peak	400.00	13.00	400.00	13.26
C2 Supply at 11 Kv ,33 Kv up to and including 5000 Kw	380.00	14.30	380.00	14.59
Time of use (TOU) Peak		19.00	380.00	19.38
Time of use (TOU) Off Peak	380.00	12.80	380.00	13.06
C3 Supply at 66 Kv & above	360.00	14.20		14.48
Time of use (TOU) Peak		19.00		19.38
Time of use (TOU) Off Peak	360.00	12.70		12.95
Total Bulk Supply				
Agricultural Tube-wells - Tariff D				
Scarp D-1(a) less than 5 kW		15.20		15.50
D-2 Agricultural Tube Well	200.00	14.70	200.00	14.95
Scarp and Agriculture 5 kW and above Time of use (TOU) Peak		19.00	200.00	19.38
Scarp and Agriculture 5 kW and above Time of use (TOU) Off Peak	200.00	12.70	200.00	12.55
Total Agricultural Tubewell Tariff-D				
Public Lighting - Tariff -G		14.00		14.23
Housing Colonies - H		14.00		14.23
Company Total				

3. [illegible] 1998 [illegible] 8 [illegible] 7 [illegible] rejoinder [illegible] 7 [illegible]

4. [illegible] 7 [illegible]

5. [illegible]

تاریخ: 09 فروری 2016 (منگل)

وقت: دن 11:00 بجے

مقام: نیپرا ٹاور G-5/1 اسلام آباد

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