National Electric Power Regulatory Authority
Islamic Republic of Pakistan

Registrar

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No. NEPRA/TRF-240/TESCO-2013/4237-4239
April 28, 2014

Subject: **Decision of the Authority in the matter of Petition filed by Tribal Areas Electric Supply Company Ltd. (TESCO) for the Determination of its <u>Consumer end Tariff [Case # NEPRA/TRF-240/TESCO-2013]</u>**

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority along with Annexure-I, III, IV, V & VII (61 pages) in Case No. NEPRA/TRF-240/TESCO-2013.

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

3. Please note that only the Order of the Authority's Decision along with Annexure-I (Fuel Price Adjustment Mechanism), Annex-III (Schedule of Electricity Tariffs), Annex-IV (TESCO Power Purchase Price), Annex-V (Terms and Conditions) and Annex-VII (Summary of Directions) needs to be notified in the official Gazette.

Enclosure: <u>As above</u>

(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-240/TESCO-2013

TARIFF DETERMINATION

FOR

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LTD.

(TESCO)

DETERMINED UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

April 28, 2014

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
CPPA	Central Power Purchasing Agency
DISCO	Distribution Company
DM	Distribution Margin
FY	Financial Year
GOP	Government of Pakistan
GWh	Giga Watt Hours
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
O&M	Operation and Maintenance
PPP	Power Purchase Price
PYA	Prior Year Adjustment
RAB	Regulatory Asset Base
RORB	Return on Rate Base
SRO	Statutory Regulatory Order
T&D	Transmission and Distribution
TOU	Time of Use
USCF	The fixed charge part of the Use of System Charges in Rs./kW/Month

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DECISION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY TRIBAL AREAS ELECTRIC SUPPLY COMPANY LTD, (TESCO) FOR THE DETERMINATION OF ITS CONSUMER END TARIFF. CASE NO. NEPRA/TRF/240/TESCO-2013

PETITIONER

Tribal Areas Electric Supply Company Ltd., (TESCO).
213- WAPDA House, Shami Road,
Peshawar

INTERVENER

1. Pakistan Telecommunication Company Ltd., (PTCL)
   PTCL Headquarters, G-8/4, Islamabad.

COMMENTATORS

1. Government of Khyber Pakhtunkhwa (KPK),
   Finance Department, Energy Monitoring Cell. (EMC)

2. FATA Secretariat (Finance Department),
   Warsak Road, Peshawar.

REPRESENTATION

1.	Mr. Pervez Khan Swati,	Chief Executive Officer
2.	Mr. Zakaullah	Manager H/Q
3.	Mr. Javed Khan,	Manager (Operation)
4.	Mr. Umer Farooq,	Dy: Manager Corporate Accounts
5.	Mr. Imran Iqbal,	Dy: Manager (T&G)

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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.

28/4/14

(Maj (Rtd) Haroon Rashid
Member

25/4/2014

(Habibullah Khiji)
Member

25.4.14

(Khawaja Muhammad Naeem)
Vice Chairman

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23.04.14

1. BACKGROUND & BRIEF HISTORY

1.1 Tribal Areas Electricity Supply Company Ltd. (TESCO) was incorporated as a company on 3rd July 2002. Tribal Areas Electric Supply Company Ltd., (TESCO) (hereinafter referred as "Petitioner") was granted distribution licensee on 12th August, 2013. Consequently, the Petitioner, being a Distribution Licensee of NEPRA, filed a petition for the determination of its consumer-end tariff pertaining to the FY 2013-14 in terms of Rule 3(1) of Tariff Standards & Procedure Rules-1998 ("Rules") and the petition was admitted on 26th November, 2013.

1.2 GROUNDS OF PETITION

1.3 It was stated that the Authority has awarded the Petitioner a distribution license for the distribution of electricity in a specific area, thus it is submitting the instant petition to determine its consumer-end tariff for its licensed area.

2. RELIEF SOUGHT

2.1 The Petitioner has sought the following relief:

- Ensuring the financial viability of the Petitioner for the reliable supply of electricity to its 0.441 million consumers;
- Timely determination of tariff along with its monthly adjustments or annual adjustments as proposed, providing sufficient time to the Petitioner for the recovery of the determined revenue requirement;
- Fixing of target of T&D losses by taking a realistic approach;
- Approving investment plan of Rs.542 million.
- Allowing Rs.4159 million as Distribution Margin;
- Approval of Category wise Tariff for the FY 2013-14 – Form 27
- Approval of Revenue Requirement for FY 2013-14 – Form 20.
- Summary of Category wise Revenue Requirement for FY 2013-14 – Form 27A.
- Annual Sale Growth in units (Category-Wise) – Annexure –C.
- Annual consumer Growth (Category-Wise) – Annexure – C.
- Ant other relief.

3. PROCEEDINGS:

3.1 The Authority admitted the petition on 26th November, 2013, in terms of rule 4 of the Tariff Standards and Procedure Rules 1998 (hereinafter referred to as "Rules"). In compliance of the provisions of rules 6 & 7 of the Rules, notices of admission and hearing were sent to the parties which were considered to be affected or interested and advertisement by publication of the title and brief description of the petition was also affected on 18th & 19th December 2013. The notice of hearing was also published in

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the same advertisement, whereby it was announced to be held on 26th December 2013. However, the hearing was postponed and rescheduled for 02.01.2014. Fresh notice of hearing was published on 21st December 2013.

4. FILING OF OBJECTIONS/ COMMENTS:

4.1.1 Comments/replies and filing of intervention request, if any, was desired from the interested person/ party within 7 days of the publication of notice of admission i.e. December 19, 2013 in terms of Rule 6 & 8. In response thereof, Pakistan Telecommunication Company Ltd., (PTCL) filed an intervention request which was accepted by the Authority. The Intervener was provided an opportunity of hearing and raising objections regarding the subject petition. In addition to aforementioned , FATA Secretariat and Government of KPK filed comments on the instant petition.

4.1.2 The concerns raised by the Intervener and the Commentators inter-alia were to the following effect;

4.1.3 **Pakistan Telecommunication Company Ltd., (PTCL)**

4.1.4 That it has Exchanges located in FATA which are being billed by the Petitioner. The Petitioner's officials are almost unavailable in FATA due to the prevailing security situation in the area and its officials are in practice of charging estimated units against the PTCL Exchanges without making physical visits and reading. Resultantly, the billed units do not correspond with the actual units consumed and are charged excessive consumption units. Further, the Petitioner is also involved in applying wrong tariff to its all connections.

4.1.5 The Intervener also pleaded that TOU meters are not provided, and tariff A-2 (C) is also pending. Some of the meters are faulty, which are repeatedly reported for replacement but the Petitioner is unable to rectify the issue. It was stated by the Intervener that numerous meetings were held on the issue but the Petitioner did not respond, instead, the Petitioner is serving notices for the disconnection of commercial supplies to these exchanges.

4.1.6 In view of aforementioned the Intervener requested the Authority for the following reliefs:-

- That the Petitioner may be asked to take reading on monthly basis in the presence of PTCL representative.
- That all the defective meters should be replaced with TOU meters.
- That the Tariff A-2 (C) may be changed.

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- As per Consumer Service Manual, Complaint cell and one window operation may be established at sub division/division level to redress the complaints.
- Development of website for better consumers services which would facilitate downloading of electricity bills from the website.
- A separate POI for the Petitioner, as per NEPRA rule 38 may be constituted.

4.2 Energy Monitoring Cell, Finance Department, Government of Khyber Pakhtunkhwa (EMC)

4.2.1 The Commentator submitted the following written comments;

- In the matter of Petitioner, the payments from domestic consumers is very poor, however in case of industries payments are not bad which can be increased further as NAB is also involved. The Petitioner while projecting the sales for the industrial consumers is forecasting 50% less units for the FY 2013-14. As per the Commentator, the Petitioner should provide more units to the category where higher recovery is expected and provide less units to the domestic consumers where recovery is negligible.
- The Petitioner has requested a huge cost of Rs. 1,851 million as wheeling charges payable to PESCO. On other side PESCO in its previous hearings pointed out that no wheeling charges are being paid to PESCO. The Petitioner may be asked to intimate the factual position.
- The Petitioner has been charging SCARP tariff on Warsak Lift Irrigation Scheme which is located in FATA but the beneficiaries are the areas of provincial government. Hence, payment is made by KPK Government. The SCARP tariff was applied by the Authority on all Irrigation / Agricultural Schemes throughout the country from February, 2007. The same was challenged only by EMC. After number of hearings, the Authority has withdrawn SCARP tariff from Irrigation / Agriculture Tube wells and Agriculture Tariff was levied throughout the country. The Petitioner disagreed to the change in Agriculture tariff on water lift irrigation schemes, hence payments were stopped by EMC. Average monthly bill of this scheme is more than Rs. 10 million. The Provincial Government is the only body which makes 100% payment of dues. NEPRA may direct the Petitioner to levy Agriculture Tariff and get payment from EMC after reconciliation. If still not accepted by the Petitioner, the EMC will approach PESCO for change of code from the Petitioner to PESCO.
- Efforts should be made to devise a system for more and more recoveries from domestic consumers involving Political Agents. Proper system of receipts for recovery of charges on transportation of goods to FATA areas be started and proper accounts be maintained ensuring payments of the same.

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- Large number of feeders are mixed feeders, proper system for separation of feeders from PESCO system should be made on top priority basis to stop parking of units. CPPA should issue separate billing invoices in favor of PESCO and TESCO, both distribution companies to work out a strategy for in time submission of data so that the billing is not delayed.

4.2.2 On the date fixed for hearing, the authorized representative of the intervener was presented and agitated the afore-stated objections.

4.3 EBMR Cell, Finance Department, FATA Secretariat

4.3.1 The Commentator submitted the following written comments;

- The field offices of FATA Region, Political Agent of Agencies and FR regions have shown their reservations regarding the excessive load shedding in their domain exercised by the Petitioner due to shortage of power and over loading on the existing electricity distribution system.
- Most of the electricity meters installed to the Government connections are out of order. The electricity billing is thus carried out on estimated basis which is usually on a higher side.
- The issue of replacement of defective meters have been reported severally to field offices of the Petitioner and also discussed with Chief Executive Officer, TESCO in various meetings but yet defective meters have not been replaced.

5. HEARING

5.1 The pleadings so available on record were examined by the Authority in terms of rule 9 of Tariff Rules; accordingly in order to arrive at a just and informed decision, it was decided to conduct a hearing into the matter on 2nd January, 2014. In compliance of Rule 5 of Tariff Rules notice of admission/hearing were sent to the concerned parties and published in the leading newspapers on 18th December, 2013 and 19th December, 2013. As per the schedule, the hearing was conducted on 2nd January, 2014 at Nepra Main Office, Islamabad. During the hearing, the Petitioner was represented by its Chief Executive Officer along with his financial and technical team. The Intervener Commentator (EMC , Government of KPK) and general public also participated in the hearing.

6. FRAMING OF ISSUES

6.1 Following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments:-

i) Whether the comments raised by the Interveners are justified ?

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ii) Whether the Petitioner's projected purchase of 1,851 GWhs and sales of 1,424 GWhs units for the FY 2013-14, is reasonable?

iii) Whether the Petitioner's proposed transmission and distribution losses of 23% for the FY 2013-14 are justified?

iv) Whether the Petitioner's projected Power Purchase cost of Rs 18,658 million (Rs 10.0799 /kWh) for the FY 2013-14, is justified as against provisional cost of Rs. 10.0707 /kWh for FY 2012-13?

v) Whether the Petitioner's projected O&M Cost of Rs 4,931 million (Rs 3.6463 /kWh) for the FY 2013-14 after accounting for inflation/increments, is justified?

vi) Whether the Petitioner's request to allow wheeling charges payable to PESCO amounting to Rs. 1,851 million for the FY 2013-14, justified?

vii) Whether the Petitioner's proposed depreciation charge of Rs 205 million (Rs 0.144 /kWh) for the FY 2013-14 is justified?

viii) Whether the Petitioner's projected Return on Regulatory Asset base of Rs 386 million (Rs 0.271 /kWh) for the FY 2013-14 is justified?

ix) Whether the Petitioner's projected Other Income of Rs 1,362 million (Rs 0.96 /kWh) for the FY 2013-14 is reasonable?

x) Whether the Petitioner's proposed Investment plan of Rs 542 million for the FY 2013-14, is justified and keeping in view the prospective benefits?

xi) Whether the Petitioner's claim for provision for bad debts amounting to Rs 2,325 million (Rs 1.63 /kWh) for the FY 2013-14, is justified?

xii) Whether the proposed revenue requirement of Rs 22,864 million at an average sale rate of Rs 16.055 /kWh for the FY 2013-14, is justified?

xiii) Whether the Petitioner's request for financial charges for Rs. 47 million for the FY 2013-14 is justified?

xiv) Whether the Petitioner's projected receivables for Rs. 33,480 million for the FY 2013-14 are justified and what is the recovery plan for receivables?

6.2 In addition to above, the Authority has decided to form an issue pertaining to the future tariff determination methodology in the matter of the Petitioner. On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under:

7. <u>Issue #1. Future tariff determination methodology with respect to the consumer end tariffs of XWDISCOs.</u>

7.1 Change of tariff determination title for the next tariff Petition

7.1.1 In terms of sec.tion 31(4) of NEPRA Act, 1997, the consumer-end tariffs for XWDISCOs is determined by NEPRA and intimated to the Government of Pakistan for

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notification in the official gazette. Once it is notified, it remains effective until the new tariff is notified by the GOP. Effectively, the Authority **"considers"** (not to be understood as **"accepts"**) the actual/audited results of a certain financial year (test year) along with the projected increases in different components of costs, for future period, does its due diligence and determines the consumer-end tariff for future which remains in place (after notification) until a new tariff is determined and notified by the GOP. Although, the current title of the Authority's determinations /speaks for itself with respect to the annual tariff determination regime, however, for the sake of other stakeholders, the Authority has felt that the subject / title of the petitions and determinations of XWDISCOs does not clearly specifies its objective. In view thereof , the Authority has decided to change the title for its decision as **" Tariff determination based on the projected results of the FY 2013-14 "** and at the same time making it mandatory for the Petitioner to specify the **"test year'** on which it has based its petition. (In the instant case, it is the actual results for the FY 2012-13). This change would be applicable on for the next tariff petition.

7.1.2 With the aforementioned change, the Petitioner would keep on coming to the Authority for the adjustments of its base tariff on monthly, quarterly and annual basis. If under any unusual change or circumstances, the Petitioner feels that it requires the Authority to reconsider its base rate, it may file a petition for the redetermination of its consumer end tariff, based on the actual/audited results of a test year (which may be latest audited year or a projected financial year immediately succeeding an audited financial year).

7.1.3 By simply changing the subject/title of the determination the following advantages are expected to yield ;

- Improve the understanding of, Interveners, Commentators & different stakeholders.
- It would encourage the GOP to notify the consumer-end tariff with immediate effect only.
- It would encourage XWDISCOs to get their incremental cost approved from the Authority before it starts incurring it.

Assessment of annual revenue requirement

7.1.4 Under the changed title, the Authority would continue determining revenue requirement on annual basis and would continue to project monthly PPP references as;

- lesser revenue is generated in winter which is compensated by higher revenue generated in the summer;

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- changes in generation mix resulting in lower PPP in wet seasons (with greater hydel generation) compensating high PPP in winter (with greater generation reliance on RFO);

- there is huge variation in T&D Losses due to seasonal fluctuation.

7.1.5 However, certain adjustments like impact of losses, variation in capacity transfer price and UoSC, impact of extra or lesser purchases of units would be made on quarterly basis as per the existing practice. Thus, following components of tariff are subject to annual assessment;

- Assessment of T&D losses target.
- Assessment of Sales target.
- Impact of Consumer mix variance.
- Month wise assessment of reference values with respect to PPP (including energy, capacity & transmission charges).
- Assessment of Distribution Margin, and ;
- Assessment of prior period assessment, if any.

7.1.6 The Petitioner may file a review on the Authority's assessment as per Rules.

Quarterly Adjustments

7.1.7 The quarterly adjustments would also be done for the FY 2013-14 as per the following scope. Thus, the scope of quarterly adjustments would be limited to;

1. The adjustments pertaining to the capacity and transmission charges.
2. The impact of T&D losses on the components of PPP.
3. Adjustment of Variable O&M as per actual.

Monthly Fuel Adjustments .

7.1.8 The existing practice with respect to the adjustments on account of variation in fuel cost component of PPP on monthly basis would continue for the FY 2013-14. This adjustment reflects in the consumers' monthly bill as Fuel Adjustment Charge.

7.1.9 In view of any abnormal changes the Authority may review these references along with any quarterly adjustment. Here it is pertinent to mention that PPP is pass through for all the DISCOs (variable cost) and its monthly references would continue to exist irrespective of the financial year, unless the new Schedule of Tariff (SOT) is

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notified by the GOP. The recovery of fixed cost Distribution Margin & Prior Year Adjustment (DM & PYA) would also be done on the currently notified regulated sales.

8. **Issue # 2 .Whether the concerns raised by the Interveners & Commentator are justified?**

8.1 **Response of the Authority in the matter of concerns raised by EMC, Finance Department, Government of Khyber Pakhtunkhwa**

- On the concern of lower recovery from residential consumers and lesser sales projected by the Petitioner in the matter of industrial consumers, the Petitioner, clarified that the recovery from the residential consumers is dependant on Ministry of Finance (GOP) as it is the one who pays it on their behalf. Further, the lesser sales projected for industrial consumers are done after incorporating historical trend in this regard. The Authority after considering the arguments of both the parties is of the view that the Petitioner is bound to estimate its sales to different consumer categories based on actual data, in order to mitigate the impact of consumer mix. The Commentators argument with respect to managing load shedding by supplying more electricity to high recovery consumers is a pure commercial decision of the Petitioner, as it may involve a situation whereby forced load shedding is done which is beyond Petitioner's control and even beyond PESCO's control , (incase of mixed feeder).
- The concern related to wheeling charges is discussed under relevant head.
- During the hearing, the Petitioner stated that it is charging the Warsak Lift Irrigation Scheme on Agriculture Tube Well Tariff i.e D-2 (Tariff Code 52) since its date of connection. Therefore, there is no dispute of tariff except Fuel Price Adjustment and Late Payment Surcharge. A reconciliation exercise was carried out with the concerned department on 30/01/2014. However, the Commentator was not convinced. The Authority after hearing the arguments of both the parties directs the Commentator to file a formal request with the Consumer Affair Division of NEPRA and elaborate the exact nature of dispute whether it pertains to the wrong charging of tariff OR the billing amount. Only then the Authority would be able to comment on the issue. However, for the sake of instant petition the Authority can only principally adjudicate on the matter that the Petitioner is bound to charge tariff to any of its consumer category as per Annex-III & Annex – V of this determination.
- The advice of the Commentator to involve political agents for recovery of dues is appreciable. The Petitioner submitted that payment of domestic consumers is being arranged by Finance Division (GoP) and Rs. 12 billion has been allocated by the GoP for FY 2013-14. However, stern efforts are being made to improve recovery from domestic consumers at source with the help of Political Administration. The Authority after considering the statements of the Petitioner in this regard , directs the Petitioner to prepare a concrete plan in this as to how the best help may be sought through

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Political Agents in this regard . The required plan must be submitted not later than 30th June, 2014. The Commentator's second advice of implementing proper system of receipts on transportation is very vague as the relevance of the same with respect to the instant petition could not be understood.

- On the basis of available evidence and statement, it appears that the network of PESCO and the Petitioner is interconnected and there is no clear boundary at present. Considering the Commentator's concern valid, the Authority directs the Petitioner to prepare a comprehensive plan with respect to separating their feeders from PESCO along with timelines not later than 30th June, 2014. The issue of separate billing is discussed under relevant head.

8.2 **Response of the Authority in the matter of concerns raised by EBMR cell, Finance Department, FATA Secretariat**

- Load Shedding due to shortage of supply is an uncontrollable phenomenon for all the XWDISCOs (including TESCO). However, load shedding due to the overloading on existing distribution system of the Petitioner is controllable and purely an operational issue. The Authority directs the Petitioner to effectively undertake its investment program and eradicate the excessive overloading by undertaking effective operational measures.
- On the issue of replacing defective meters and estimated billing the Commentator is advised to file a formal complaint in the Consumer Affairs Division of NEPRA.

8.3 **Response of the Authority in the matter of concerns raised by PTCL**

- On the issue of overbilling, the Petitioner submitted that the actual meter reading is being done in Khyber, Bajour Agency. However, there are areas where like Ghallani and WANA where consumers are charged on 20% and 30% load factor respectively. But in the matter of Intervener, most of the exchanges are charged according to the actual meter readings. The Authority, having heard the both parties is of the opinion that intervener's issues are not relevant in the instant case; therefore, it needs to file a formal complaint in the Consumer Affair Division of NEPRA on the issues pertaining to overbilling, estimated billing , disputed amount of billing and replacement of defective meters.
- On the proposal of Intervener for joint reading, the Petitioner intimated the Authority that it has no objection on it and requested that the Intervener may nominate their Representatives for each agency for joint reading on monthly basis. The Authority has no objection on it as both the parties agree to it. Further, PTCL is Petitioner's potential customer and in order to enhance its level of satisfaction, joint readings may be carried out.
- On the issue of installing TOU meters, the Authority for the last five years has been directing all the XWDISCOs to install TOU meters for all the categories of consumers

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having load 5 KW and above. Some of the XWDISCOs have already completed it and some would be completing it soon. The main rationale behind it was to convert load shedding into load management. The Authority is cognizant of the law and order situation in which the Petitioner operate. The Authority is also aware of the fact that most of the consumers in the Petitioner's distribution area are getting estimated bills on the estimated loads. In view thereof, and keeping the Petitioner inline with other XWDISCOs , the Authority directs the Petitioner to install / replace TOU meters for the consumer categories having sanctioned load of 5 KW and above and further directs it to submit a comprehensive plan along with completion time lines for the installation/replacement of TOU meters pertaining to all the consumer categories having sanctioned load of 5KW and above not later than 30th June , 2014.

- On the concern of establishing one window complaint cell at sub division/division level and establishment of website the Petitioner intimated the Authority that the website is already functioning and one window complaint cell has always been there at sub division/division level. The Authority after careful consideration of both the parties directs the Petitioner to ensure that the established complaint cells are functioning properly and the website is capable of down loading the electricity bills for the convenience of consumers.
- The Authority has already established a separate Provincial Office at Peshawar city for the prompt redressal of consumer complaints. The same may be used by the Intervener for the purpose of filing any complaint against the Petitioner.

9. **<u>Issue # 2. Whether the Petitioner's projected purchase of 1,851 GWhs and sales of 1,424 GWhs units for the FY 2013-14, is reasonable?</u>**

9.1 As per the Petitioner, the sale of units has followed the following trend in last few years:

Years	Sale units in GWh	Percentage Growth
2009	1,660	
2010	1,756	5.791%
2011	1,735	(1.21)%
2012	1,466	(15.52)%
2013 (provisional)	**1,295**	**(11.68)%**
2014 (projected)	**1,424**	**10%**

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9.2 The Petitioner, submitted that it is projecting its estimated sales units to increase by approximately 10% from last year after accounting for the impact of requested level of T&D losses. The Petitioner did not give any basis for the estimated 10% increase. On these grounds the Petitioner has done the following projections for the FY 2013-14.

	Gwh
Receipt of units	1,851
Less: Units losses @ 23%	426
Sale of Units	1,424

9.3 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 for the assessment of monthly reference 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 2013-14. On the basis of 3 year's actual trend of purchase of power and prevailing circular debt issue, it is estimated that in the FY 2013-14 the overall system generation will be about 88,362 GWh. After adjusting for the permissible transmission losses of 3.0% about 85,711 GWh are expected to be delivered to the distribution companies; the estimated share for the Petitioner from the pool for FY 2013-14, is accordingly assessed as 2,039 GWh as against 1,851 GWh projected by it. After incorporating the T&D losses target for the FY 2013-14 (discussed below) the sales target for the same period worked out as 1,662 GWhs.

10. Issue #3. Whether the Petitioner's proposed transmission and distribution losses of 23% for the FY 2013-14 are justified?

10.1 The Petitioner has requested T&D losses target of 23% for the FY 2013-14. The actual trend of T&D losses over the last few years has been as below:

Years	T&D Losses in %
2012	29.65%
2013 (provisional)	**23.08%**
2014 (projected)	**23.0%**

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10.2 During the hearing, the Petitioner, while trying to justify its requested losses, stated that despite working in the worst law and order situation, it has managed to improve its T&D losses by 6.57% during the FY 2012-13. It was further explained that the maximum areas under its jurisdiction are no go areas, which are not freely accessible and it is only with the support of army & local tribal heads such areas are accessed. Consequently, the consumers of these areas are billed as per the load factor and based on the hours that electricity is supplied by the respective grid.

10.3 The Authority after considering the arguments of the Petitioner feels that the improvement claimed by it is highly debatable since significant number of Petitioner's consumers are charged on estimated basis. In addition, the Petitioner's major receivables, particularly pertaining to residential consumers, are being picked up by the GOP. The Authority is also cognizant of the fact that any efficiency target set by the Authority with respect to T& D losses could easily be achieved by the Petitioner, keeping in view the aforementioned reasons. In view thereof, the independent study of T&D losses becomes very crucial and vital, which in the instant case is not available. Ideally, the Petitioner must have submitted the same along with the instant (its first) tariff Petition. Nevertheless, keeping in view the particular distribution area in which the Petitioner operates, the Authority considers that the target of T&D losses must reflect the Petitioner's technical level of T&D losses, in addition a margin for the law and order situation, for its distribution area.

10.4 In view of aforementioned discussion the Authority's Technical Division has itself carried out an exercise based on the Physical parameters (e.g. TESCOs T&D losses proportional to Peak Demand) of the Petitioner along with its comparison with other DISCOs. As result of that the following assessment of technical losses in the matter of Petitioner is worked out :

Calculated Transmission Losses	**Calculated Line Losses of 11 kV Feeders**	**Calculated Losses on Distribution Transformers** (%)	**Calculated LT Line Losses**	**Total Calculated T&D losses**
1.03	7.19	2.74	1.67	12.63

10.5 However, considering the particular law and order situation of the area served by the Petitioner, a margin for the worst law and order situation must be given in the form of margin for law & order situation. In view thereof, the Authority has decided the following level of T&D losses for the Petitioner;

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Calculated Technical Losses	12.63%
Margin for Administrative Losses	0.87%
Margin for Law and Order	5.00%
Target Losses	**18.50%**
Losses claimed by TESCO	**23.00%**

10.6 In order to ensure that the target given to the Petitioner is realistic and justified, the Petitioner is directed to undertake a study of losses of its entire system including 11KV & below. The study would also help in identifying potential areas for improvement in the Petitioner's network. Thus, the Authority directs the Petitioner to submit the TORs of the study not later than 30th June, 2014. Based on the findings of the study the Authority may consider revising the assessed target on prospective basis.

10.7 Based on the aforementioned arguments, the Authority has assessed losses of 18.50% for the FY 2013-14 with the direction to submit TORs for the study of T&D losses not later than 30th June, 2014.

11. <u>Issue # 4. Whether the Petitioner's projected Power Purchase cost of Rs 18,658 million (Rs 10.0799 /kWh) for the FY 2013-14, is justified?</u>

11.1 The Petitioner has requested for a Power Purchase Price (PPP) of Rs. 10.0799/kWh based on the actual PPP for the FY 2012-13.

11.2 The matter is discussed below under relevant issue .

12. <u>Issue # 5. Whether the Petitioner's projected O&M Cost of Rs 4,931 million (Rs 3.6463 /kWh) for the FY 2013-14 is justified?</u>

12.1 The Petitioner requested an amount of Rs. 4,931 million on account of O&M cost. As per the Petitioner, its O&M cost include salary and other benefits, repair and maintenance, traveling allowance, vehicle maintenance allowance and other operating costs related to its distribution and supply business. A history of O&M expenses of the Petitioner is provided as here under:

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Description	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Requested
			Rs. in million		
Salaries & Other Benefits	237	316	421	539	673
Maintenance Expenses	8	52	42	21	25
Traveling Expenses	22	22	30	17	24
Vehicle Running Expenses				18	25
Other Expenses	8	148	202	21	8
Total	**275**	**538**	**695**	**616**	**755**

12.2 Salaries Wages & Other Benefits

12.2.1 The Petitioner submitted that since it was incorporated as a company as part of Power Sector Reforms initiated by Government of Pakistan, hence WAPDA employees working in Area Electricity board Peshawar became its employees as per Man Power Transition Plan. Consequently, the Petitioner had to maintain the GOP pay scales and the terms of employment which were prevalent at unified WAPDA. The GOP in its annual budget for the FY 2013-14 has increased Pay and Pension of government employees @ 10%. Similarly 5% increase from December 2013 onward is assumed as an effect of annual increment. In addition, the employees retirement benefits have been requested based on the average of annual increase in the last three year's audited figures.

12.2.2 Incorporating the aforementioned increase the Petitioner has requested an amount of Rs. 673 million for the FY 2013-14 on account of Salaries, wages & other benefits. In order to make fair assessment of the salaries & wages, the Petitioner's audited accounts for the FY 2012-13 and for the previous years were analyzed. As shown in table above, the actual expense under the same head has increased by Rs. 118 million (28%) in the FY 12-13. A review of break-up of expense under salaries and other benefits reveals that of the total expense of Rs. 539 million FY 2012-13, Rs. 54 million is paid under the head of post retirement benefits .i.e., 10% of the total salary expenses are retirement benefits.

12.2.3 Since the instant petition is the first tariff petition in the matter of the Petitioner and salaries , wages and other benefits are the major component of the Petitioner's O&M cost , the Authority has decided to direct the Petitioner on certain crucial areas which are considered vital for its operations.

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12.2.4 Although the Petitioner has not requested any additional or replacement hiring , yet in order to mitigate regulatory risk for the Petitioner, the Petitioner can make replacement hiring whereby an employee is hired in lieu of a retiring employee, taking cognizance of the fact that the XWDISCOs work force is retiring each year and if their replacements are not made, they would not be able to perform efficiently and effectively. In this particular scenario no additional / incremental cost could be incurred by the XWDISCOs. The Petitioner is directed to ensure compliance with this directive and if it intends to carryout replacement hiring in future, it must obtain a certificate from the Auditor, certifying that the recruitment is done as replacement hiring with no additional/incremental cost impact. Any other additional recruitment must be linked with the comprehensive recruitment plan which would link the additional work, quantified benefits and would base on best utility practices.

12.2.5 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, the Authority has directed all the XWDISCOs to create a separate retirement benefit fund in this regard which is allowed by IAS - 19. Creation of funds would ensure that the Petitioner records its liability more prudently as the funds would be transferred to 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. The Authority has observed that the Petitioner has not created a separate liability in respect of retirement benefits in the financial statements and actuarial valuation for the same has not been carried out. Consequently, the Petitioner is directed to get an actuarial valuation of its post retirement benefits. Subsequently, the Petitioner would be able to record the provision in this regard. Inline with the other XWDISCOs, the Petitioner is directed to create a separate registered post retirement fund not later than 30th June, 2014.

12.2.6 In case where no independent fund is available, the Petitioner would be allowed only actual payments made in respect of post retirement benefits. Once the fund is created the Authority would allow actual payments transferred into the fund.

12.2.7 While assessing Salaries, wages & other benefits (including post retirement benefits as discussed above), the GOP's recent announcement of 15% increase as adhoc allowance, increase in post retirement benefits on actual payments, 5% annual increment along with its effect on other benefits has been accounted for.

12.2.8 Based on the discussion made in the preceding paragraphs, and annual assessments of salaries & wages for the FY 2013-14 of other DISCOs, the Authority has assessed Rs. 583 million on account of salaries, wages and other benefits for the FY 2013-14.

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12.3 Maintenance Expenses

12.3.1 The Petitioner requested Rs. 25 million on account of repair and maintenance. The Petitioner has requested an increase of 22% over the actual audited figure of Rs. 21 million for the FY 2012-13. As per the Petitioner, Repair & Maintenance expenses have been assumed @ 0.85% of the net fixed assets. The Petitioner stated it has to maintain its old and over loaded system in order to ensure un-interrupted power supply to the consumers, moreover cost of material has also increased due to inflationary pressure.

12.3.2 An examination of the audited accounts for the FY2012-13 revealed that the repair and maintenance expense has decreased by Rs. 22 million (52%) over the last year's expense i.e. FY 2011-12. Furthermore, the Petitioner's request has not been duly supported with the list of expenses to be incurred or any verifiable documentary evidence without which the authenticity of the claim cannot be substantiated. Despite the aforesaid the fact remains that the Petitioner has to incur some expenses on the repair & maintenance which are not only affected by the inflation but also with the variation in the gross assets in operation due to addition of new consumers in the system and new investments.

12.3.3 The Petitioner's request has been examined on the basis of its past trend and in comparison with other DISCOs. Keeping in view, the aforementioned parameters the repair and maintenance cost of Rs. 23 million has been assessed for the FY 2013-14 in the instant case.

12.4 Traveling Expenses

12.4.1 The Petitioner in its Petition requested an amount of Rs. 24 million for the FY 2013-14. The requested amount is 42% more than the actual expense for the FY 2012-13. The Petitioner has not given any basis for the requested amount.

12.4.2 Based on the comparison with other DISCOs and Petitioner's trend of actual results the Authority considers it's request to be on a higher side. Accordingly, the Authority keeping in view the prudent utility practices considers that Rs. 19 million is a fair assessment for the FY 2013-14 in the instant case.

12.5 Vehicle Running Expenses

12.5.1 The Petitioner requested Rs. 25 million under the head of Vehicle maintenance for the FY 2013-14. The requested amount is 39% more than the actual expense for the FY 2012-13. As per the Petitioner, most of the vehicles are old and have completed useful life of 10 years & need major overhauling. The Petitioner further stated that its

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financial position does not allow replacement of old vehicle with new. Consequently, it is left with no option but to maintain these vehicles. In addition to this, the Petitioner also attributed the increase requested to the increasing cost of POL & parts of vehicle due to inflation. Also, the Petitioner has stated that its distribution system is spread all over Tribal Area due to which the vehicle running expense is high.

12.5.2 While examining the audited accounts for the FY2012-13, it was observed that the actual cost is not segregated between travelling and vehicle maintenance. The Petitioner is directed to segregate the cost from the next year's financial statements. For the purpose of assessment, the Authority has bifurcated the figure , as per Petitioner's provided information. The same has also been used in the table above.

12.5.3 Although the Petitioner has not substantiated its argument with concrete evidence such as list of vehicles along with their operational life yet while assessing the Petitioner's requested cost, the Authority would take into account the impact of inflation and impact of enhanced maintenance on its fleet of vehicles. In view of the aforementioned discussion, available evidence/information, past trend, increasing fuel prices and comparison with other DISCOs, the Authority considers Petitioner's request on a higher side and consequently allows cost under this head to the tune of Rs. 21 million.

12.6 Other Expenses

12.6.1 The Petitioner requested Rs. 8 million for the FY 2013-14, pertaining to the Management Fee expense. The requested amount is 38% less than the audited expense for the FY 12-13. The Petitioner has not given any basis for the requested amount.

12.6.2 While evaluating the said cost , the Authority observed that the Petitioner's request is unrealistically on the lower side as this cost cover rent, rates & taxes, power, light and water, bills collection charges, postage, telephone, office supplies, insurance expense, overhead expenses, Auditor's remuneration, NEPRA fee and charges, advertisement & publicity, provision of obsolete stores, miscellaneous expenses etc.

12.6.3 The examination of the audited accounts for the FY 2012-13 and previous years revealed the following break-up of major heads under other expense;

Description	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Requested
	Rs. in million				
Advertising and Publicity (PEPCO	1.02	116	176	-	-

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share by TESCO)					
Management Fee	0	3.2	2.5	2.1	8
Rent, Rates and Taxes	1.9	2.9	6.97	3.68	-
Store handling charges	-	-	5.1	5.96	-
Other Miscellaneous	5.08	25.9	11.43	9.26	-
Total	**8**	**148**	**202**	**21**	**8**

12.6.4 As per the break-up shown in table above, the Petitioner has only requested Management fee and has missed other heads. Considering the fact that the instant petition is the first tariff petition of the Petitioner, the Authority , has decided to base its assessment on actual expenses of the prior years while keeping in view the same assessment made in the other DISCOs. Consequently, the Authority has determined a cost of Rs. 23 million on account of other expenses for the FY 2013-14.

13. Issue # 6. Whether the Petitioner's proposed depreciation charge of Rs 205 million (Rs 0.144 /kWh) for the FY 2013-14 is justified?

13.1 The Petitioner in its petition requested a depreciation charge of Rs. 205 million for the FY 2013-14. The Petitioner based its request on applying actual depreciation rates on proposed fixed asset base.

13.2 In order to make fair assessment, the Authority keeps in view the investments approved by it for the year. The Authority considers that after taking into account new investments, the Gross Fixed Assets in Operation for the FY 2013-14 will be Rs. 5,164 million. Accordingly the depreciation charge for the FY 2013-14 works out as Rs. 172 million and the same is allowed for the FY 2013-14.

13.3 After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2011-12 & FY2012-13, the Authority has projected amortization of deferred credit to the tune of Rs. 108 million for the FY 2013-14, thus passing on the benefit to this extent to the consumers. Accordingly, the consumers would bear net depreciation of Rs. 65 million.

14. Issue # 7. Whether the Petitioner's projected Return on Regulatory Asset base of Rs 386 million (Rs 0.27 /kWh) for the FY 2013-14 is justified?

14.1 The return requested by the Petitioner for FY 2013-14 is Rs. 386 million using a Return on rate of 11.25%.

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14.2 According to Rule 17(3)(iii) of the Tariff Standards and Procedure Rules 1998, tariffs should allow licensee a rate of return which promotes and facilities for improved and efficient service. For reliable supply of electricity the company has to be made viable for which the company should be allowed comparable return of similar business. The Authority base its assessment of return on Weighted Average Cost of Capital (WACC) comprising of two components (i) Cost of debt & (ii) Cost of Equity and apply it on Optimum capital structure of 80:20 (Debt ; Equity). After considering the available record, and current interest rates fluctuations, the Authority has decided to use following parameters for calculation of WACC for the Petitioner;

Asset Beta	0.37
Debt: Equity Ratio	80:20
Tax Rate	35%
Risk Free Rate	9.2%
Market premium	8%
Equity Beta	1.33
Cost of Equity	19.86%
Pre-tax cost of Debt	14.00%

14.3 The cost of equity is calculated according to the following formula;

$$ke = RF + (RM - RF) \times \beta$$
$$= 9.2\% + (8\% \times 1.33)$$
$$= 19.86\%$$

The cost of debt is taken as post tax;

$$kd = \text{Cost of debt} \times (1 - \text{Tax Rate})$$
$$= 14.00\% \times (1 - 0.35\%)$$
$$= 9.10\%$$

14.4 In the above calculations the asset beta of developed market was used because in the local market no distribution company is listed on the stock market. Although the company has negative equity but since the Authority is using optimum capital structure of debt equity ratio of 80:20, the Weighted Average Cost of Capital (post tax) is worked out according to the following formula:

$$WACC = \{ke \times (E / V)\} + \{kd \times (D / V)\}$$

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Where ke and kd are cost of equity and debt; E / V and D / V are equity and debt ratios respectively

WACC = {19.86% x (20%)} + {9.10% x 80%} = 11.25%

If the Petitioner pays any tax during the FY 2013-14, this would be considered as Pass through and would be adjusted per the actual payments done on this account.

14.5 Here it is pertinent to mention that the Authority would reconsider WACC of the Petitioner, once it is felt that the recent KIBOR changes has attained a stabilized position or at least entered into a consolidation phase.

14.6 In the Authority's opinion the Rate of Return should be reasonable enough, sufficient to assure the confidence in the financial soundness of the utility company, and should be adequate to maintain and support its credit and enable it to raise money necessary for the proper discharge of its public service. The Authority considers that from the investor's or the company's point of view it is important that there be enough revenue not only for operating expenses but also for the capital cost of the business including the service of its debt. The Authority further considers that return on equity should commensurate with the return on investment of other enterprises having comparable risks. Thus, the Authority has assessed Rs. 324 million as return on rate base using Post tax rate of return of 11.25% as per the following calculations:

Description	Rupees in Million	
	FY 2012-13 Audited	FY 2013-14 Projected
Opening fixed assets in operation	4,714	4,927
Assets Additions during the year	213	237
Closing Fixed Assets in Operation	**4,927**	**5,164**
Less: Accumulated Depreciation	2,056	2,228
Net Fixed Assets in operation	**2,871**	**2,936**
+ Capital Work in Progress (Closing)	2,744	3,049
Total Fixed Assets	5,615	5,985
Less: Deferred Credit	2,880	2,957
Total	**2,735**	**3,028**
Average Regulatory Assets Base		2,882
Return on Rate Base @ 11.25%		324

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15. Issue # 8 . Whether the Petitioner's projected Other Income of Rs 1,362 million (Rs 0.96 /kWh) for the FY 2013-14 as against the actual income of Rs. 1,266 million (Rs. 0.98 /kWh) for FY 2012-13, is reasonable?

15.1 The Petitioner has projected Rs. 1,362 million as other income for the FY 2013-14. The other income as per the audited accounts for the FY 2012-13 remained as Rs. 1,266 million. According to the Petitioner, the requested figure of other income includes Late Payment Surcharge, Interest Income, Sale of Scrape, Amortization of Deferred Credit, Rental & Service Income etc.

15.2 On the issue of late payment surcharge, the XWDISCOs requested for eliminating late payment surcharge (LPS) from other income based on the grounds that this income is recovered from consumers on late payment of bills and is passed on to CPPA in the form of surcharge levied on late payments to CPPA. Therefore, by deducting this income from distribution margin, the DISCOs face double penalty. The Authority declined the request of DISCOs on the grounds of absence of bilateral agreement between the Petitioner and CPPA to legalize this netting off of cost and directed the DISCOs to enter into such a purchase / sale agreement.

15.3 On same grounds, the Petitioner is hereby directed to enter into a PSA with CPPA. The Authority has decided to conduct a detailed and comprehensive brain storming session on the draft clauses of the proposed contract. The discussion will include all the stakeholders with the relevant professionals of XWDISCOs (including the Representative of TESCO) and CPPA. The Authority intends to conduct this session at its earliest. Till then the Authority has decided to continue its previous practice to include Late Payment Surcharge in the other income.

15.4 In view thereof, the Authority has decided to assess Rs. 1,362 million as Other Income as per actual other income for the FY 2012-13 which also includes late payment surcharge.

16. Issue #9. Whether the Petitioner's proposed Investment plan of Rs 542 million for the FY 2013-14, is justified and keeping in view the prospective benefits?

16.1 The Petitioner has requested Rs. 542 million to execute its development/ investment plan for the FY 2013-14. The Petitioner plans to finance the requested investment through capital contribution / deposit works. The Petitioner did not submit any break-up of proposed investment plan under the general heads of Distribution of Power (DOP), Energy Loss-Reduction (ELR), Secondary Transmission & Grid (STG), Rural Electrification (RE) etc. Subsequently, the Petitioner was directed to submit the relevant PC-1s for the requested investment plan. In response to it, the Petitioner has submitted three PC-1s as under;

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Description	Capital Cost in Rs. In million	Financial Year	Mode of Financing	Proposed Expense in FY 2013-14
Construction of 132 kV Grid Station at Marble City Machni Area, Mohmand Agency	193.439	2012-13 to 2013-14	Federal Government approved under FATA ADP	88.738
Construction of 132 kV Grid Station at Jamrud and 132 kV Feed for Jamrud In and Out from 50 kV Grid Station Sheikh Muhammadi and 30 Km Sheikh Muhammadi-Jamrud Transmission line	786.402	2011-12 to 2012-13	Federal Government approved under FATA ADP	Nil
Upgradation of Damaged 66 kV Grid Staton at Ghilo Orakzai Agency to 132 kV Level	826.804	2013-14 to 2014-15	Federal Government non-ADP	413.402
Total	**1,806.645**			**502.14**

16.2 The amount requested by the Petitioner in the petition is slightly higher than the proposed expenditure as per PC-1s as shown in table above. The Authority appreciates the information submitted by the Petitioner as most of the DISCOs fail to correlate the requested expense with the approved PC-1s. Further, the Petitioner is directed to segregate the requested plan under the heads of DOP, ELR, STG etc in future and also to quantify the benefits of aforementioned investments e.g. correlation between ELR and reduction/maintenance of losses, augmentation and maintenance of transmission lines with STG, DOP with better customer services etc. The Authority also hereby directs the Petitioner not to undertake any rural electrification which is not supported by technical evaluation and positive Net Present value (NPV).

16.3 The financial statements for the FY 2012-13 shows that the Petitioner has undertaken investments worth around Rs. 220 million during the FY 2012-13. The Authority while allowing investments for any control period 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. Based thereon, it is expected that the Petitioner would be able to

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undertake the investment of Rs. 542 million during the FY 2013-14 (including the impact of consumer contributions of Rs. 184 million) based on actual expense undertaken last year. 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 2013-14(which is desirable), would be catered for in next year's returns. The Petitioner is also directed to submit the details of actual investment undertaken in FY 2013-14 with the corresponding benefits with the next year's tariff petition.

17. Issue # 10. Whether the Petitioner's claim for provision for bad debts amounting to Rs 2,325 million (Rs 1.63 /kWh) for the FY 2013-14, is justified?

17.1 The Petitioner has requested for a provision of Rs. 2,325 million on the grounds that the provision is calculated on ageing formula. As per the Petitioner, it has projected provision of bad debts is based on 1.90% of the projected sales to the consumers and 95% recovery. The Petitioner while trying to justify the claim, stated that it is pursuing the recovery of arrears from its consumers but due to the worst law and order situation in FATA and non-payment culture, administrative & political obligations do not allow to take severe action against the defaulters. Moreover disconnection creates law and order situation in terms of road blockade, blast of transmission towers and attacks on the staff, Grid Stations and offices of the Petitioner.

17.2 After considering the arguments of the Petitioner, the Authority is of the view that that the same requests were made by the other XWDISCOs, which were declined keeping in view some of the clauses of Consumer Service Manual that caters for the Petitioner's recovery risk and transfers it to a third party, which is the Owner of the premises where the meter is installed. The reasons have been recorded in detail in the respective determinations. In view thereof, the Authority allowed only actual write offs instead of provision.

17.3 In the instant case , the Petitioner's Consumer Service Manual is not approved by the Authority as yet. The Authority directs the Petitioner to get it approved not later than 30th June, 2014. Once the terms of the same are before the Authority, only then the Authority would be able to decide on the requested cost. Till such time the Authority assuming the same rationale disallows any provision for bad debts and allows only actual write-offs in the matter of Petitioner.

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18. Issue # 11. Whether the Petitioner's request to allow wheeling charges payable to PESCO amounting to Rs. 1,851 million for the FY 2013-14, justified?

18.1 The Petitioner has requested to allow wheeling charges payable to PESCO amounting to Rs. 1,851 million. According to the Petitioner it is dependent on PESCO's network for supply of electricity to its distribution area and there is no direct supply from CPPA / NTDC to it. Consequently, PESCO raises wheeling charges claim to TESCO for the use of its transmission and distribution network. However, the Petitioner is not making payments to PESCO and an amount of Rs. 26,807 million is appearing as payable to PESCO as of 30th June, 2013.

18.2 In order to address the issue, the Authority held two meetings on the matter. First was held on 16th January, 2014 and a second one was held on 1st April, 2014 involving representatives of TESCO, PESCO, MEPCO, CPPA and the professionals of NEPRA. The Authority was concerned that whether the invoicing of CPPA properly allocates the costs of PPP to the respective DISCOs involved in wheeling. Representative of CPPA clarified and assured that the CPPA is billing PESCO after deducting the MDI of the Petitioner. Thus, only that cost is invoiced to PESCO and the Petitioner which actually pertains to them. Therefore, there is no excessive or duplication billing by CPPA. However, during the discussion, MEPCO contended that the incremental T&D losses due to inter – DISCO wheeling are not made part wheeling charges and it is recording loss in its books due to supply of electricity to other DISCOs. It was further explained that the units received from CPPA for the supply to other DISCOs (say PESCO) is net of incremental transmission losses at the grid of PESCO, yet PESCO is supplied the gross units at the grid. This ends up recording incremental transmission losses for the supply to PESCO in the books of MEPCO.

18.3 The Authority after considering the arguments of CPPA , MEPCO , PESCO and TESCO has trashed out the following two points with respect to wheeling;

- The independent invoicing of CPPA to TESCO.
- T&D losses pertaining to inter- DISCO wheeling

18.4 On the issue of CPPA invoicing to TESCO ; CPPA had no objections except that since the reading is done jointly by PESCO and the Petitioner's Representatives hence there may be a chance of delay in the provision of information required for raising invoice to TESCO . The Authority vide its letter dated 3rd January , 2014 directed PESCO and the Petitioner to mutually devise a mechanism which would ensure timely provision of information required for raising invoice to the Petitioner. In response , PESCO in its letter # 482-84/N-I dated 13th January , 2014 assured the Authority that PESCO would be able to provide the requisite data to CPPA up to 15th of each month.

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18.5 In view of aforementioned discussion and a principle decision made in the Authority's earlier decision of PESCO (dated 12th March , 2007) at para 21 , the Authority directs CPPA to invoice the Petitioner independently. In addition the Authority also directs the Petitioner and PESCO to undertake measures to separate joint grids and have dedicated/independent grids and feeders for the Petitioner's consumers.

18.6 The Petitioner would continue to make payments for Wheeling Charges to PESCO and the same is allowed to Petitioner in the succeeding paragraphs. As regard the payables already appearing on the TESCO's balance sheet as payables , the Authority directs the Petitioner to come up with a workable plan , with the consent of PESCO , not later than 30th June , 2014.

18.7 The Petitioner is using both 11kV and 132 kV transmission lines of PESCO, consequently the Wheeling charges payable to PESCO are calculated according to the following formula given in the tariff determination of PESCO for the FY 2012-13;

$$UOSC = DM \times (1 - L) / (1 - 0.09)$$

Where DM = 1.18

L = 28%

Consequently, the amount of wheeling charges works out as Rs. 1,904 million as against requested amount of Rs. 1,851 million to the Petitioner. The main reason for the increased cost is attributed to increased units wheeled.

18.8 On the issue of T&D losses pertaining to inter – DISCO wheeling, the Authority considers that the independent study of T&D losses establishes the quantum of the same as the study of T&D losses of MEPCO has established it as 1.5%. Nevertheless, the Authority has decided to further scrutinize the issue for the XWDISCOs in the next tariff petitions.

19. <u>Issue # 12. Whether the proposed revenue requirement of Rs 22,864 million at an average sale rate of Rs 16.055 /kWh for the FY 2013-14, is justified?</u>

19.1 Annual Revenue Requirement comprises of the following:

1. Power Purchase Price
2. Impact of T&D Losses

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3. Distribution Margin
   i) O&M Expenses
   ii) Depreciation, RORB and Other Income
4. Prior Year Adjustment

19.2 For the assessment of annual revenue requirement the each components of average tariff is discussed in detail in the succeeding paragraphs.

19.3 Power Purchase Price (PPP)

19.3.1 All the power generated from different sources is procured by the Central Power Purchasing Agency (CPPA) on behalf of DISCOs at the rates as per the Power Purchase Agreements (PPAs). 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 its Official Gazette. The Power Purchase Price for FY 2013-14 has been projected, which in turn formulates the reference values for the monthly fuel adjustments & quarterly adjustments with respect to Capacity and Transmission Charges.

19.3.2 From all the available sources i.e. hydel, thermal-gas, thermal-oil, nuclear, coal and imports, a total of 88,362 GWh power is expected to be generated during the FY 2013-14. The estimated/projected source-wise generation and cost of electricity is given in the following table:

Description	Generation		Energy Charges	
	GWh	Share	Rs. Million	Share
Hydel	30,055	34.01%	2,346	0.32%
Coal	40	0.04%	148	0.02%
HSD	1,301	1.47%	23,710	3.26%
Thermal - RFO	31,023	35.11%	566,182	77.90%
Thermal - Gas	20,662	23.38%	115,266	15.86%
Nuclear	3,641	4.12%	4,367	0.60%
Mixed	1,067	1.21%	11,202	1.54%
Import from Iran	375	0.42%	3,564	0.49%
Wind	199	0.23%	0.15	0.00%
Total	88,362	100%	726,786	100%
Capacity Charge			218,136	

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Total Generation Cost	944,0915	

19.3.3 Here it is pertinent to mention that the aforementioned Energy charge includes variable O&M charges. But as per the revised tariff methodology, variable O&M charges would not be made part of monthly fuel adjustment and would be adjusted as part of quarterly adjustment. From the above table it is clear that 35% of total generation is expected on Residual Fuel oil (RFO) but its share in overall energy cost is to be 75%, 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 over the last year have shown an increasing trend. During the FY 2012-13, the RFO price was projected at an average of Rs. 74,167 metric ton [excluding Sales Tax and including freight] per metric ton, whereby the RFO prices during the first half of the FY 2013 -14 have touched a peak of around Rs. 78,000 [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 Pak Rupee devaluation. For the FY 2013-14, RFO prices have been assumed on an average of Rs. 80,748 per metric ton [excluding Sales Tax and including freight] after incorporating the possible determinants of RFO prices. Following the previous generation trend, approximately 1.38% generation is expected to be generated on HSD due to the ongoing shortage of gas supply. The aforementioned generation is assumed in the light of ECC decision in the matter of Sapphire, Halmore, Orient and Saif whereby one turbine of these plants would run on HSD throughout the year. For the FY 2013-14, the HSD prices are being assumed on an average of Rs. 85.65 per litre [excluding Sales Tax]. The gas prices are also projected as per the latest OGRA's notification with a cushion of expected increase.

19.3.4 The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority in its latest determination with respect to NTDC;

19.3.5 NTDC shall charge the DISCOs formed consequent to the unbundling of WAPDA (termed as XWDISCOs) and KESC, a transfer charge for procuring power from approved generating companies (termed as CPGENCOs) and its delivery to DISCOs for a billing period as under:

XTC = XCTC + XETC

Where:

XTC = Transfer charge to XWDISCOs & KESC
XCTC = Capacity Transfer Charge to XWDISCOs & KESC
XETC = Energy Transfer Charge to XWDISCOs & KESC

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$$XCTC = \frac{CpGenCap + USCF}{XWD}$$

Where:

(i) CPGenCap = the summation of the capacity cost in respect of all CPGencos in Rs for a billing period minus the amount of liquidated damages received during the month.

(ii) XWD = the sum of the maximum demand of the XWDISCOs & KESC in kW recorded during a billing period at all the delivery metering points at which power is received by the XWDISCOs & KESC.

(iii) USCF = the fixed charge part of the use of system charges in Rs per kW per month.

$$XETC = \frac{CpGenE\ (Rs)}{XWUs\ (kWh)}$$

Where:

(i) CPGenE = the summation of the variable charge rate (Rs per kWh) approved for each of the CPGenCOs times the energy in kWh procured from the respective CPGENCO during the billing period.

(ii) XWUs = the summation of the energy units (kWh) recorded at the delivery metering point of all the XWDISCOs & KESC during a billing period.

Energy transfer charge shall be calculated on the basis of units delivered after adjusting target transmission losses of 3.0%. 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.

19.3.6 According to the above mechanism Rs. 4,692 million and Rs. 430 million is the share of the Petitioner on account of CpGenCap and USCF respectively for the FY 2013-14. The overall fixed charges comprising of CpGenCap and USCF in the instant case work out as Rs. 5,122 million, which translate into Rs. 1,221/kW/month or Rs. 2.52/kWh.

19.3.7 The annual PPP for the FY 2013-14 in the instant case works out as Rs. 22,696 million. With the projected purchase of 2,039 GWh for the same period the average PPP turns out to be as Rs. 11.13 / kWh (Annex – IV). On the basis of 18.5% T&D losses, the PPP

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per kWh is assessed as Rs. 13.66 /kWh.

19.4 Revenue Requirement

19.4.1 Based on the assessments made in the preceding paragraphs the Revenue Requirement for the FY 2013-14 is assessed as per the following details;

1.	Power Purchase Price		Rs. 22,696 Million
	CpGenE	Rs. 17,574 Million	
	CpGenCap	Rs. 4,692 Million	
	USCF	Rs. 430 Million	
2.	Distribution Margin		Rs. 1,654 Million
	O&M Cost	Rs. 669 Million	
	Depreciation	Rs. 172 Million	
	RORB	Rs. 324 Million	
	Gross DM	Rs. 1,165 Million	
	Add: Wheeling Charges	Rs. 1,851 Million	
	Less: Other Income	Rs. 1,362Million	
	Net DM	**Rs. 1,654Million**	
	Total Assessed Revenue Requirement		**Rs. 24,349 Million**

19.4.2 Based on the targeted sales of 1,662 GWh for the FY 2013-14, the Petitioner's average sale rate works out Rs. 14.65/kWh, consisting of Rs.13.66/kWh of adjusted PPP, Rs. 1.00/kWh of DM.

19.4.3 This revenue would be recovered from the consumers during the FY 2013-14, through the projected units of 1,662 GWh, as per Annex – II.

19.4.4 Here it is pertinent to mention that if the Petitioner fails to meet the Authority's assessment of T&D losses at the level of 18.50% for the FY 2013-14, it would result in an additional loss of Rs. 1,344 million. Had the Authority assessed it to the level of its actual losses the amount would have been recovered by the Petitioner in the form of tariff differential subsidy from the GOP. The Authority considers that it is inefficiency on the part of the Petitioner, hence decided not to make it a part of Schedule of Tariff.

20. <u>Issue # 13. Whether the Petitioner's request for financial charges for Rs. 47 million for the FY 2013-14 against actual income of Rs. 43 million for the FY 2012-13 is justified?</u>

20.1 The Petitioner has requested financial charges amounting to Rs. 47 million for the FY 2013-14. The Petitioner did not submit any details or break-up of the requested expense with the Petition or during the hearing. However, subsequently, the

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Petitioner submitted a schedule of repayment of six different foreign loans payable to Government of Pakistan. The loan schedules do not reconcile with the amount appearing in the financial statements. Further, the financial charges also do not reconcile with the financial statements.

20.2 The Petitioner is informed that the Authority allows return on the investments undertaken by the Petitioner in the form of Return on Rate base. This return is aimed at covering the financial cost incurred by the Petitioner on loans undertaken for the investment and at the same time provides an incentive to the Petitioner for undertaking system rehabilitation and improvements. Consequently, the request of petitioner for allowing separate financial charges is denied on the basis of duplication.

21. Issue # 14. Whether the Petitioner's projected receivables for Rs. 33,480 million for the FY 2013-14 against actual receivables for Rs. 22,604 million for the FY 2012-13 are justified and what is the recovery plan for receivables?

21.1 A review of the Financial Statements of Petitioner for the FY 2012-13, reveals that there are huge sums appearing as receivables in respect of sale of electricity. The break-up is as below:

Description	Balance as on 30th June, 2013 in Rs. In million
Receivables considered good	37,634
Receivables considered doubtful	6,315
Gross Receivables	43,949

21.2 Further, during the hearing the Petitioner informed the Authority that the law and order situation at the distribution area of TESCO is very discouraging in making effective recovery efforts. As per the Petitioner, no police station exists in the tribal area and field formations of TESCO simply request to the concerned Political Administration for taking action against the electricity stealers. With the assistance of Political Administration the action is taken by removing the material from site and recovery of detection bill before legalization / sanctioning of the connection.

21.3 The balance outstanding as receivables reveal that the receivables turn-over ratio is 28.56% or that 1,277 days of Sales is outstanding as receivables. The situation is very trouble some when huge amount is pending as Payable to CPPA and PESCO amounting to Rs. 31,169 million and Rs. 26,807 million respectively. The Authority understands the peculiar situation being faced by the Petitioner and directs it to take up the matter at the level of provincial and federal government for administrative, political and law enforcing agency's assistance. The relevant communications should

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also be shared with the Authority with a request for possible interventions / assistance. Also, the Authority directs the Petitioner to come up with a concrete recovery plan including options of outsourcing of feeders with heavy accumulated receivables for recovery with an incentive. The Petitioner is directed to share some progress in this regard not later than 30th June, 2014.

22. Summary of Directions

22.1 The summary of all the directions passed in this determination are reproduced hereunder;

- To prepare a concrete plan as how to get the best help through Political Agents with respect to recovery of bills. The required plan must be submitted not later than 30th June, 2014.
- To prepare a comprehensive plan with respect to separating its feeders from PESCO along with timelines not later than 30th June, 2014.
- To install / replace TOU meters for the consumer categories having sanctioned load of 5 KW and above and further directs it to submit a comprehensive plan along with completion time lines for the installation/replacement of TOU meters pertaining to all the consumer categories having sanctioned load of 5KW and above not later than 30th June , 2014.
- To submit the TORs of the study of T&D losses of its entire system including 11 KV and below not later than 30th June, 2014.
- To obtain a certificate from the Auditor (external), in case of replacement hiring with no additional/incremental cost impact. Any other additional recruitment must be linked with the comprehensive recruitment plan which would link the additional work, quantified benefits and would base on best utility practices.
- To get an actuarial valuation of its post retirement benefits.
- To create a separate registered post retirement fund not later than 30th June, 2014.
- To segregate the cost of travelling and vehicle maintenance from each other in the next year's financial statements.
- To participate in the brain storming session on the proposed clauses of ESA.
- To submit the details of actual investment undertaken in FY 2013-14 with the corresponding benefits with the next year's tariff petition.
- To get the Consumer Service Manual approved not later than 30th June, 2014
- The Authority directs CPPA to invoice the Petitioner independently.
- To come up with a workable plan, on the payables of PESCO not later than 30th June , 2014.
- Also, the Authority directs the Petitioner to come up with a concrete recovery plan including options of outsourcing of feeders with heavy accumulated

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receivables for recovery with an incentive. The Petitioner is directed to share some progress in this regard not later than 30th June, 2014.

- To submit next tariff petition under the changed title.

23. ORDER

From what has been discussed above, the Authority hereby determines the tariff of the petitioner Company for the Financial Year 2013-14 as under:-

I. Tribal Electric Supply Company (TESCO) is allowed to charge its consumers such tariff as set out in the schedule of tariff for TESCO 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.

III. PESCO is allowed to charge the users of its system a "Use of system charge" (UOSC) equal to:

i) Where only 132kV system is involved

$$UOSC = DM \times \frac{(1-L)}{(1-0.04)} \quad Paisa/kWh$$

ii) Where only 11 kV distribution system is involved

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

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

$$UOSC = DM \times \frac{(1-L)}{(1-0.09)} \quad Paisa/kWh$$

Where:

Distribution Margin for FY 2013-14 is set at Rs 1.00/kWh. 'L' will be the overall percentage loss assessment for the year set at 18.5% or FY 2013-14.

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

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

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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 Cost Component would include Energy Charge without Variable O&M.

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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Tribal Electric Supply Company (TESCO)
Estimated Sales Revenue on the Basis of New Tariff

0

Description	Sales	Sales Mix	New Tariff (NEPRA)		Revenue (as per NEPRA)		
	GWh		Fixed Charge Rs./kW/ Month	Variable Charge Rs./ kWh	Fixed Charge Rs.Million	Variable Charge Rs.Million	Total
Residential							
Up to 50 Units	16	0.98%		4.00	-	65	65
For peak load requirement less than 5 kW							
01-100 Units	471	28.32%		12.70	-	5,975	5,975
101-300 Units	533	32.10%		14.50	-	7,735	7,735
301-700Units	294	17.66%		16.50	-	4,844	4,844
Above 700 Units	206	12.41%		17.50	-	3,610	3,610
For peak load requirement 5 KW & above	-						-
Time of Use (TOU) - Peak	-	0.00%		17.50		-	-
Time of Use (TOU) - Off-Peak	-	0.00%		11.50		-	-
Total Residential	**1,520**	**91.47%**			**-**	**22,227**	**22,227**
Commercial - A2							
For peak load requirement less than 5 kW	12	0.72%		17.50	-	210	210
For peak load requirement 5 kW & above							
Regular	0	0.00%	400.00	15.00	0	1	1
Time of Use (TOU) - Peak	0	0.00%		17.50		0	0
Time of Use (TOU) - Off-Peak	0	0.00%	400.00	11.50	0	0	0
Total Commercial	**12**	**0.73%**			**0**	**211**	**211**
Industrial							
B1	16	0.93%		14.50		225	225
B1 - TOU (Peak)	-			17.50	-	-	-
B1 - TOU (Off-peak)	-			11.50	-	-	-
B2	30	1.82%	400.00	14.00	73	423	495
B2 - TOU (Peak)	-			17.50		-	-
B2 - TOU (Off-peak)	-		400.00	11.30	-	-	-
B3 - TOU (Peak)	1	0.03%		17.50		9	9
B3 - TOU (Off-peak)	8	0.51%	380.00	11.20	7	94	101
B4 - TOU (Peak)	-			17.50		-	-
B4 - TOU (Off-peak)	-		360.00	11.10	-	-	-
Total Industrial	**55**	**3.29%**			**79**	**751**	**830**
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts-less than 5 kW	0	0.01%		15.00	-	2	2
C1(b) Supply at 400 Volts- 5 KW & upto	8	0.46%	400.00	14.50	11	112	122
Time of Use (TOU) - Peak	-			17.50		-	-
Time of Use (TOU) - Off-Peak	-		400.00	11.50	-	-	-
C2 Supply at 11 kV	-		380.00	14.30	-	-	-
Time of Use (TOU) - Peak	-			17.50		-	-
Time of Use (TOU) - Off-Peak	-		380.00	11.30	-	-	-
C3 Supply above 11 kV	-		360.00	14.20	-	-	-
Time of Use (TOU) - Peak	-			17.50		-	-
Time of Use (TOU) - Off-Peak	-		360.00	11.20	-	-	-
Total Single Point Supply	**8**	**0.47%**			**11**	**114**	**124**
Agricultural Tube-wells - Tariff D							
Scarp	21	1.27%		13.50		284	284
Agricultual Tube-wells	46	2.78%	200.00	12.97	74	598	673
Time of Use (TOU) - Peak	-			17.50		-	-
Time of Use (TOU) - Off-Peak	-		200.00	11.20	-	-	-
Total Agricultural	**67**	**4.04%**			**74**	**883**	**957**
Public Lighting - Tariff G	-			15.00	-	-	-
Tariff H - Residential Colonies attached to industries	-			15.00	-	-	-
Total	**1,662**	**100.000%**			**164**	**24,185**	**24,350**

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Annex-III

SCHEDULE OF ELECTRICITY TARIFFS
FOR TRIBAL ELECTRIC SUPPLY COMPANY (TESCO)

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	01-100 Units	-	12.70	
iii	101-300 Units	-	14.50	
iv	301-700Units	-	16.50	
v	Above 700 Units	-	17.50	
b)	For Sanctioned load 5 kW & above			
			Peak	Off-Peak
	Time Of Use	-	17.50	11.50

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

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		17.50	
b)	For Sanctioned load 5 kW & above	400.00	15.00	
			Peak	Off-Peak
c)	Time Of Use	400.00	17.50	11.50

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

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SCHEDULE OF ELECTRICITY TARIFFS
FOR TRIBAL ELECTRIC SUPPLY COMPANY (TESCO)

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)	-	14.50	
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00	14.00	
	Time Of Use		Peak	Off-Peak
B1 (b)	Up to 25 KW		17.50	11.50
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	17.50	11.30
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	17.50	11.20
B4	For All Loads (at 66,132 kV & above)	360.00	17.50	11.10

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	-	15.00	
b)	Sanctioned load 5 kW & up to 500 kW	400.00	14.50	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00	14.30	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	14.20	
	Time Of Use		Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	17.50	11.50
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	17.50	11.30
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	17.50	11.20

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SCHEDULE OF ELECTRICITY TARIFFS
FOR TRIBAL ELECTRIC SUPPLY COMPANY (TESCO)

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	-		13.50
D-2	Agricultural Tube Wells	200.00		12.97
			Peak	Off-Peak
D-1(b)	SCARP and Agricultural 5 kW & above	200.00	17.50	11.20

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.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
E-1(i)	Residential Supply	-	17.50
E-1(ii)	Commercial Supply	-	17.50
E-2	Industrial Supply	-	14.50

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		15.00

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

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SCHEDULE OF ELECTRICITY TARIFFS
FOR TRIBAL ELECTRIC SUPPLY COMPANY (TESCO)

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	-	15.00

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Annex-IV

TESCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	175	184	200	156	216	189	162	199	155	140	132	132	2,039

kWh

Fuel Cost Component	7.8834	7.4309	7.1138	7.5462	7.4167	9.5328	11.3605	8.9972	9.6341	8.9297	8.0982	6.8288	**8.3799**
Variable O&M	0.2390	0.2253	0.2237	0.2269	0.2150	0.2622	0.2638	0.2430	0.2529	0.2598	0.2431	0.2179	**0.2387**
CpGenCap	1.8200	1.7311	1.8602	2.1895	2.3705	2.4246	2.7245	2.6966	2.8054	2.5677	2.4707	2.0801	**2.3011**
USCF	0.1910	0.1738	0.1978	0.2120	0.2065	0.2058	0.2292	0.2213	0.2386	0.2281	0.2240	0.2162	**0.2107**
Total PPP in Rs./kWh	10.1334	9.5610	9.3955	10.1747	10.2087	12.4254	14.5780	12.1581	12.9311	11.9853	11.0360	9.3430	11.1303

Rs. in Million

Fuel Cost Component	1,379	1,366	1,420	1,174	1,604	1,801	1,839	1,791	1,494	1,250	1,065	904	**17,087**
Variable O&M	42	41	45	35	46	50	43	48	39	36	32	29	**487**
CpGenCap	318	318	371	341	513	458	441	537	435	359	325	275	**4,692**
USCF	33	32	39	33	45	39	37	44	37	32	29	29	**430**
PPP	**1,772**	**1,757**	**1,876**	**1,583**	**2,208**	**2,348**	**2,359**	**2,421**	**2,005**	**1,678**	**1,452**	**1,237**	**22,696**

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

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Annex-V

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 Tribal Electric Supply Company (TESCO) 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)	5 PM to 9 PM	Remaining 20 hours of the day
Mar to May (inclusive)	6 PM to 10 PM	-do-
June to Aug (inclusive)	7 PM to 11 PM	-do-
Sept to Nov (inclusive)	6 PM to 10 PM	-do-

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

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11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load exceeding 4 kW supply shall be given at three-phase.

12. "Consumer" means a person 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 means Central Power Purchasing Agency (CPPA).

16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

GENERAL CONDITIONS

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

PART-II

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

A-1 RESIDENTIAL AND GENERAL SERVICES

1. This Tariff is applicable for supply to;

   i) Residences,
   ii) Places of worship,
   iii) Approved religious and charitable institutions,
   iv) Government and Semi-Government Offices and institutions,
   v) Government Hospitals and Dispensaries,
   vi) Educational institutions.

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

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3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-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 converted 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).

B INDUSTRIAL SUPPLY

Definitions

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

i) Poultry Farms
ii) Fish Hatcheries and Breeding Farms and
iii) Software houses

Conditions

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

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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.

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.
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

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

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

C SINGLE POINT (SINGLE-METERING) SUPPLY

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

i) To a licensee converted from a bulk supply status (who was procuring power from TESCO as a consumer prior to grant of license to TESCO) for the purpose of further distribution within its respective exclusive territory and jurisdiction.

ii) To a mix-load consumer not reselling to any other consumer such as residential, commercial, tube-well and others.

General Conditions

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

C-I SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having mix-load at a single metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-I(a) tariff'.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-1(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements.

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.

D AGRICULTURAL SUPPLY

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

Special Conditions of Supply

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

D-1 (a)

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

D-1 (b)

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1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation and other consumers falling under Agriculture Supply having sanctioned load of 5 kW and above.
2. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D- 1(b) given in the Schedule of Tariff.
3. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-1(a) for SCARP and D2 for Agricultural Supply, till TOU meters are provided.

D-2

1. This tariff is applicable to consumers falling under Agriculture Supply having sanctioned load less than 5 kW excluding SCARP related installations.

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.

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Definitions

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

Special Conditions of Supply

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

G PUBLIC LIGHTING SUPPLY

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

Definitions

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

Special Conditions of Supply

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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.

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

Special Conditions of Supply

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

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Annex- VI

List

Of

Experts and interested/affected persons/parties

in case of

(TESCO)

A.	Secretaries of various ministries	=	10
B.	Chambers of Commerce and Industry & General Public	=	11
C.	Power Companies	=	04
D.	Petitioner	=	01
E.	CPPA	=	01
F.	PESCO	=	01
G	FATA	=	01
H.	Intervenors/Commentators	=	02
		Total	31

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List of Interested / Affected Parties to send the Notices of Admission/ Hearing regarding Petition filed by Tribal Areas Electric Supply Company Ltd.. (TESCO) for the determination of Consumer-end tariff for the FY 2013-14

***

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
   Tel: 9222242

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 Deptt.
   Govt. of NWFP
   NWFP Sectt.
   Peshawar

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

11. Project Director
    Energy Monitoring Cell
    Finance Department
    Govt. of NWFP
    Benevolent Fund Building,
    Saddar Road,
    Peshawar

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. President
   Islamabad Chamber of Commerce & Industry
   Chamber House, Aiwan-e-Sanat-o-Tijarat Road,
   G-8/1, Islamabad

3. President
   Lahore Chamber of Commerce & Industry
   11, Shahrah-e-Awan-e-Tijarat
   Lahore

4. President
   Khyber Pakhtunkhwa Chamber of Commerce & Industry,
   Khyber Pakhtunkhwa Chamber G.T. Road
   Peshawar

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. Industrials Association of Peshawar
I.A.P. Office Plot No. 77
Hayatabad Industrial Estate, Jamrud Road,
Peshawar

10. Rashid Law Associates on behalf of
All Pakistan Textile Mills Association
5th Floor, Ajmal House, 27-Egerton Road,
Lahore.

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

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

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

C. **Power Companies**

1. Project Director
   (Energy Monitoring Cell)
   Finance Department
   Government of NWFP
   2nd Floor, Benevolent Fund Building,
   Peshawar Cantt.

2. Secretary
   Energy & Power Department
   H. No. 69, St. No. 3,
   Defence Officers Colony,
   Shami Road,
   Peshawar

3. Secretary
   Finance Department
   Government of NWFP
   NWFP Secretariat
   Peshawar

4. Member Power
   WAPDA
   738 – WAPDA House
   Shahra-e-Quaid-e-Azam
   Lahore
   Tel: 042-9202225
   Fax: 042-9202454, 9202486

5. Chief Executive
   Pakistan Electric Power Company (PEPCO)
   721-WAPDA House
   Shahrah-e-Quaid-e-Azam
   Lahore

6. Chief Executive Officer
   NTDC
   414 WAPDA House
   Shaharah-e-Qauid-e-Azam
   LAHORE

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

D. **Petitioner**

1. Chief Executive Officer,
Tribal Areas Electric Supply Company (TESCO)
WAPDA House, Shami Road,
Peshawar

E. **CPPA**

The Chief Executive Officer,
Central Power Purchasing Agency (CPPA),
WAPDA House Shahrah-e-Quaid-e-Azam, Lahore

F. **PESCO**

The Chief Executive Officer,
PESCO
166 Wapda House
Shami Rd Peshawar

G. **FATA**

Secretary,
Federally Administered Tribal Areas (FATA)
Warsak Road,
Peshawar

H. **INTERVENORS/COMMENTATORS**

1. Mr. S. Karamat Ali Rizvi,
Project Director (E.M.C),
Finance Department,
Govt. of Khyber Pakhtunkhwa,

2 Mr. Syed Sharafat Hussain Shah,
Power Consultant, (Cost Management Cell),
Office of the General Manager (Cost Accounts),
Room 230, 2nd Floor, E Block,
PTCL H/Qrs, G-8/4, Islamabad.

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National Electric Power Regulatory Authority (NEPRA)

RESCHEDULING OF PUBLIC HEARING

PETITION FILED BY TRIBAL AREAS ELECTRICITY SUPPLY COMPANY (TESCO) FOR THE DETERMINATION OF ITS CONSUMER-END TARIFF PERTAINING TO THE FY 2013-14

Reference to the subject Notice of Admission/Public Hearing published in The Dawn dated December 18, 2013 and The Jang Daily dated December 19, 2013.

All stakeholders and interested / affected persons are informed that the Authority has rescheduled the public hearing on the subject matter according to the date, time and venue as mentioned below:

Date:	January 2, 2014 (Thursday)
Time:	11:00 a.m.
Venue	NEPRA Tower, G-5/1, Islamabad

All communications should be addressed to:

Registrar NEPRA
NEPRA Tower, Ataturk Avenue (East), G-5/1, Islamabad
Phone: 051-2013200 Fax: 051-9210215
E.mail: office@nepra.org.pk

For further information and to download the petition please visit: www.nepra.org.pk

Annex-VII

Summary of Directions

The summary of all the directions passed in this determination are reproduced hereunder;

- To prepare a concrete plan as how to get the best help through Political Agents with respect to recovery of bills. The required plan must be submitted not later than 30th June, 2014.
- To prepare a comprehensive plan with respect to separating its feeders from PESCO along with timelines not later than 30th June, 2014.
- To install / replace TOU meters for the consumer categories having sanctioned load of 5 KW and above and further directs it to submit a comprehensive plan along with completion time lines for the installation/replacement of TOU meters pertaining to all the consumer categories having sanctioned load of 5KW and above not later than 30th June , 2014.
- To submit the TORs of the study of T&D losses of its entire system including 11 KV and below not later than 30th June, 2014.
- To obtain a certificate from the Auditor (external), in case of replacement hiring with no additional/incremental cost impact. Any other additional recruitment must be linked with the comprehensive recruitment plan which would link the additional work, quantified benefits and would base on best utility practices.
- To get an actuarial valuation of its post retirement benefits.
- To create a separate registered post retirement fund not later than 30th June, 2014.
- To segregate the cost of travelling and vehicle maintenance from each other in the next year's financial statements.
- To participate in the brain storming session on the proposed clauses of ESA.
- To submit the details of actual investment undertaken in FY 2013-14 with the corresponding benefits with the next year's tariff petition.
- To get the Consumer Service Manual approved not later than 30th June, 2014
- The Authority directs CPPA to invoice the Petitioner independently.
- To come up with a workable plan, on the payables of PESCO not later than 30th June , 2014.
- Also, the Authority directs the Petitioner to come up with a concrete recovery plan including options of outsourcing of feeders with heavy accumulated receivables for recovery with an incentive. The Petitioner is directed to share some progress in this regard not later than 30th June, 2014.
- To submit next tariff petition under the changed title.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY