



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/TRF-125/SECL-2009/6415-6417
July 23, 2012

Subject: Decision of the Authority in the Matter of Quarterly Indexation/Adjustment of Tariff for Sapphire Electric Company Ltd. (Case No. NEPRA/TRF-125/SECL-2009) - Intimation of Decision of Tariff pursuant to Section 31 (4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)

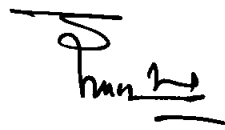
Dear Sir,

Please find enclosed herewith the decision of the Authority along with revised tariff (Annex-I) (02 pages) regarding quarterly indexation/adjustment of tariff of Sapphire Electric Company Ltd. for the quarter July-September 2012 on account of US CPI, WPI (Local), Exchange Rate and KIBOR variation in Case No. NEPRA/TRF-125/SECL-2009.

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

3. Please note that revised tariff schedule to be notified in the official Gazette is attached as Annex-I.

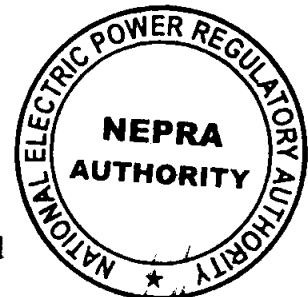
Enclosure: As above


(Syed Safer Hussain)

Secretary,
Ministry of Water & Power,
Government of Pakistan
Islamabad.

CC:

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



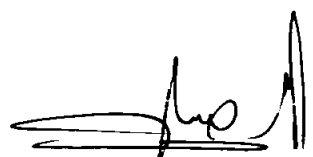
**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY INDEXATION/
ADJUSTMENT OF TARIFF FOR SAPPHIRE ELECTRIC COMPANY LIMITED**

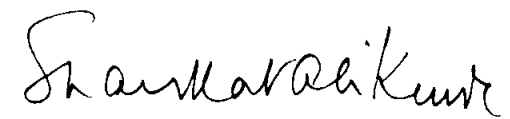
Pursuant to the Paragraph 11(III) of the Authority's decision dated September 21, 2011 in the case of Sapphire Electric Company Limited (hereinafter "SECL"), the tariff of SECL in respect of for July-September 2012 quarter has been revised on account of US CPI, WPI (Local), exchange rate and KIBOR variation in accordance with the requisite indexation/adjustment mechanism stipulated in the decision of the Authority. The revised tariff indicated hereunder shall be immediately applicable:

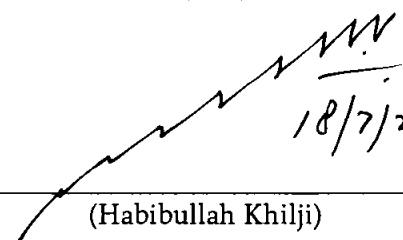
| Tariff Components | Reference | Revised Jul-Sep 2012 |
|--------------------------------------|---------------|-------------------------|
| Capacity Charge(Rs./kW/Hour) | | |
| Fixed O&M – Local | 0.0529 | 0.0762 |
| Fixed O&M - Foreign | 0.0965 | 0.1159 |
| Insurance | 0.0876 | 0.0912 |
| Cost of Working Capital-Gas | 0.0449 | 0.0430 |
| Cost of Working Capital-HSD | 0.0961 | 0.0921 |
| Return on Equity | 0.3964 | 0.4480 |
| Return on Equity During Construction | 0.0759 | 0.0858 |
| Debt Servicing | 1.2307 | 1.1965 |
| Total Capacity Charge (Gas) | 1.9849 | 2.0566 |
| Total Capacity Charge (HSD) | 2.0361 | 2.1057 |
| Variable O&M (Rs./kWh) | | |
| Variable O&M – Foreign -Gas | 0.2583 | 0.3103 |
| Variable O&M – Foreign -HSD | 0.3728 | 0.4479 |

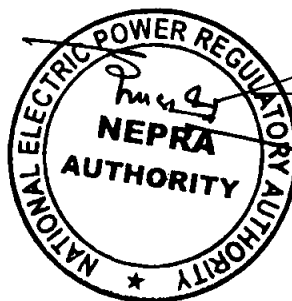
The above referred revised tariff components attached as **Annex-I** is to be notified in the official gazette, in accordance with the provision of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

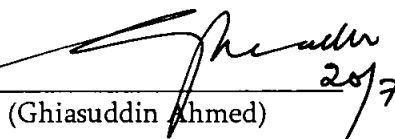
AUTHORITY


(Khawaja Muhammad Naeem)
Member


(Shoukat Ali Kundi)
Member


(Habibullah Khilji)
Member

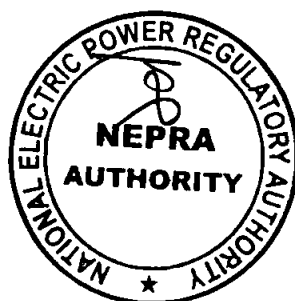



(Ghiasuddin Ahmed)
Acting Chairman

Sapphire Electric Company Limited
Quarterly Indexation/Adjustment of Tariff

| Tariff Components | Reference | Revised Jul-Sep 2012 |
|--------------------------------------|---------------|-------------------------|
| Capacity Charge(Rs./kW/Hour) | | |
| Fixed O&M – Local | 0.0529 | 0.0762 |
| Fixed O&M - Foreign | 0.0965 | 0.1159 |
| Insurance | 0.0876 | 0.0912 |
| Cost of Working Capital-Gas | 0.0449 | 0.0430 |
| Cost of Working Capital-HSD | 0.0961 | 0.0921 |
| Return on Equity | 0.3964 | 0.4480 |
| Return on Equity During Construction | 0.0759 | 0.0858 |
| Debt Servicing | 1.2307 | 1.1965 |
| Total Capacity Charge (Gas) | 1.9849 | 2.0566 |
| Total Capacity Charge (HSD) | 2.0361 | 2.1057 |
| Variable O&M (Rs./kWh) | | |
| Variable O&M – Foreign -Gas | 0.2583 | 0.3103 |
| Variable O&M – Foreign -HSD | 0.3728 | 0.4479 |
| Indexation Values | | |
| * WPI (Manufactures) | 145.360 | 209.470 |
| US CPI | 216.177 | 229.815 |
| Exchange Rate | 83.350 | 94.200 |
| KIBOR | 12.60% | 11.99% |
| Hours in the Quarter | | 2208 |

* For the purpose of indexation of local O&M for July-September 2012 quarter, WPI (Manufactures) for May 2012 was required to be used. However, with the revision of base values of WPI values of WPI from 2000-01 to 2007-08 by Federal Bureau of Statistics, the commodity group of WPI (Manufactures) has now ceased to exist and the latest available WPI (Manufactures) pertaining to July 2011 has been used for the indexation. The local O&M component will be revised, if required, in terms of Para 12.3 of Part V of Schedule 1 of the PPA on determination of new index by the Authority.



M. Safdar