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**Office of the
Finance Director
IESCO, Islamabad**

Ph. # 051-9260694, 2854383 Fax # 051-2281830

TRF-108 (original)

No.FDI /IESCO/ 16754

Dated: 06/2008

**The Registrar
National Electric Power Regulatory Authority
OPF Building, 2nd Floor, Sector G-5/2
Islamabad**

**Subject: PETITION FOR DETERMINATION OF CONSUMER END TARIFF AND RATES
FOR SECURITY DEPOSITS W.E.F. 01.07.2008 IN RESPECT OF ISLAMABAD
ELECTRIC SUPPLY COMPANY LIMITED (IESCO).**

Dear Sir,

On behalf of Board of Directors and management of IESCO I wish to attach herewith following documents for consideration of honorable National Electric Power Regulatory Authority (NEPRA):

- i) Demand Draft amounting to Rs.1,831,050/- (One Million eight hundred thirty one thousands & fifty only) as fee for the tariff petition.
- ii) An affidavit as required under Rule 3 (8) of NEPRA Tariff Standards and Procedures Rule, 1998.
- iii) Copy of the resolution passed by the Board of Directors of IESCO on June 11, 2008 through circulation under article 66 of article of association
- iv) Petition summary including annexes thereto.

While the grounds for petitioner's interest and grounds and facts forming basis for the petition have lucidly been brought out in detail, I would like to highlight various important facts in the following lines for especial and sympathetic consideration of honorable Authority:

- a) Except for the years 1998-99, 1999-2000, 2004-05 and 2006-2007 when profits of 1,205 million, Rs2,014 million, Rs.3,321 million and 929 million respectively were earned, the IESCO has perpetually incurred financial loss each year since commencement of operations as corporate entity.
- b) The tariff last adjusted in November 2003 remained effective for around 40 months till February 2007. This also resulted in colossal financial losses to IESCO.
- c) The tariff adjustments promised in determination of February 2007 were also delayed without being compensated for the period of delay.
- d) The last tariff adjustment on account of PPP, due w.e.f January 1, 2008, was determined on January 31, 2008. The notification of the same got further delayed by a month being made effective from March 1, 2008.
- e) The tariff adjustment mentioned at (d) above was determined on the presumption that average PPP for the period from January 1, 2008 and onward shall remain at an average of Rs.3.85 per kWh purchased;

Registrar
Dy. No. 5871
Dated 16.06.08

Whereas as per actual PPP invoices the IESCO bills from January to April 2008 show an average of Rs.5.733 per kWh purchased, thus exposing IESCO to an additional cost of Rs.4,257 million. The sharp increase in cost of power purchase, as we understand, has been due to unforeseen major shift in generation mix coupled with unprecedented hike in fuel prices. Most probably these factors were not incorporated by NEPRA while estimating and determining the consumer end tariff.

- f) The very recent estimates here at IESCO show that IESCO may suffer a loss to the tune of Rs.6.546 billion in FY 2007-08 alone and, if even the prevalent situation is allowed to continue un-harnessed, another loss of Rs.8.25 billion would be there in FY 2008-09. Under this situation IESCO'S payable to CPPA, which were at Rs.5.2 billion at the end of FY 2006-07 would cross Rs.10 billion figure by June 30, 2008.
- g) Due to heavy losses as mentioned above IESCO may not be able to continue to invest in development projects which are necessary for the system up gradation & improvement for better services & sustainable supply to consumers even this investment is necessary to maintain the existing level of services.

Summing up the points raised above, following conclusion are drawn for kind consideration of the honorable Authority:

- There is an immediate need for upward adjustment in consumer end tariff to avert existing liquidity crunch being faced by power sector.
- There is need for overhauling the existing tariff determination methodology. As a first step to this overhauling; the Authority may like to consider a shift from current "no fuel price increase scenario" to an "estimated fuel price increase scenario" so that reasonable cushion is made available in the consumer-end-tariff up front for lateral periodic adjustments.
- The periodic adjustment time should be brought at par with generation companies. In any case, however, it should not be more than 2 months.

We shall be grateful if the honorable Authority could consider our enclosed request at the earliest so as to allow effectiveness of determined tariff on July 1, 2008.

We assure you of best cooperation from IESCO team.

With best regards,

Yours truly,


(NAJAM JAVED)
Finance Director

Cc to:

The Managing Director, PEPCO, with reference to his letter No.MD(PEPCO)/296 dated 27.05.2008, for kind information please. The draft tariff petition submitted to PEPCO vide this office letter No.CEO/FD/IESCO/TRF-0809/8845-47 dated 12.05.2008 has been revised in the light of guidelines as delineated in his above mentioned letter.

A/C ONLY

No. CAL 100 A
APN 090012

Date 10 9 JUN 2008



National Bank of Pakistan

National Bank of Pakistan

A/C No.

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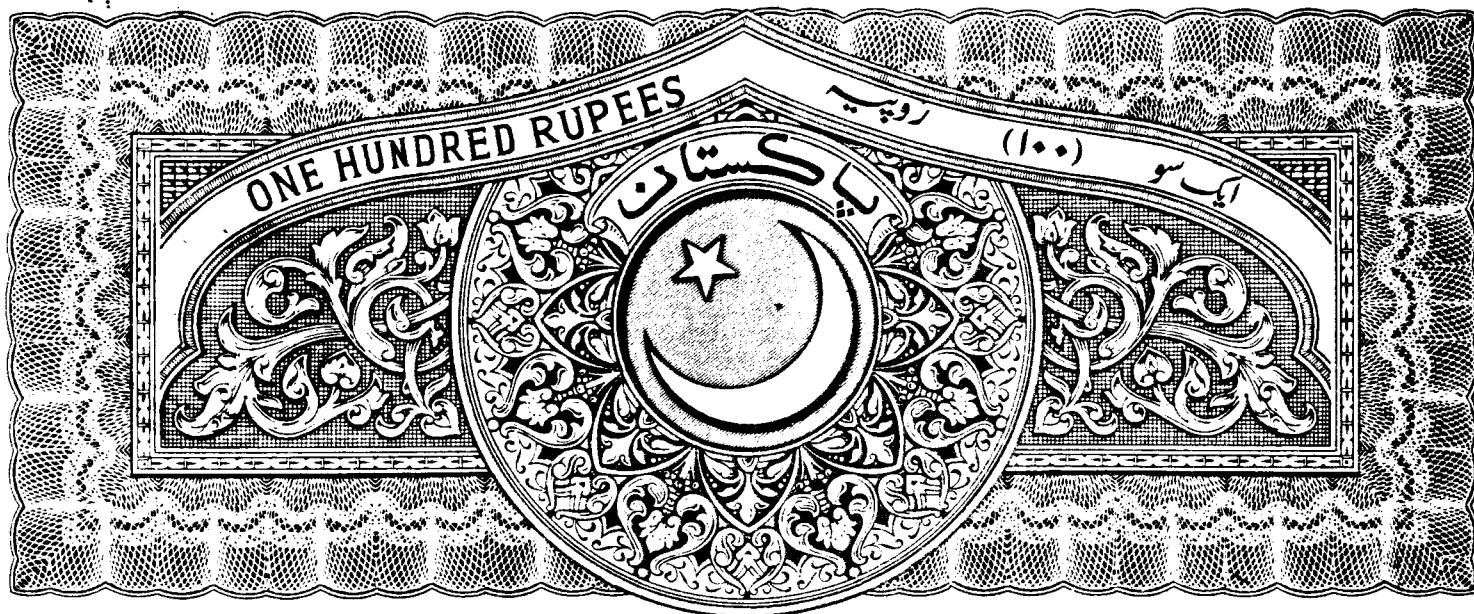
Pay M/S NEPRA Islamabad or Bearer

Rupees Eighteen lac thirty one thousand & fifty

Rs. = 1831050/-

FINANCE *aid*
EXECUTIVE
ISLAMABAD ELECTRIC SUPPLY CO.
ISLAMABAD

L.F. Posted

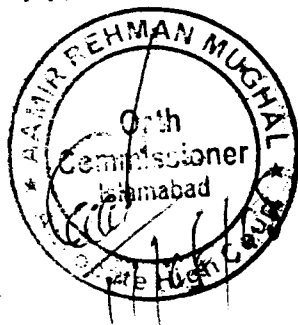


AFFIDAVIT


I, Najam Javaid S/o Javaid Zeeshan, Finance Director/Company Secretary Islamabad Electric Supply Company Limited holding CNIC No. 35202-2620633-7 being duly appointed Attorney of Islamabad Electric Supply Company Limited (IESCO), Head Office Street No.40 Sector G-7/4, Islamabad, Pakistan hereby solemnly affirm and declare that the contents of this Tariff Petition dated June 11, 2008, including all supporting documents are true and correct to the best of knowledge and belief and that nothing has been concealed.

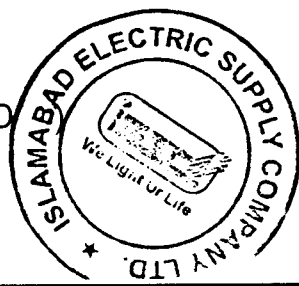
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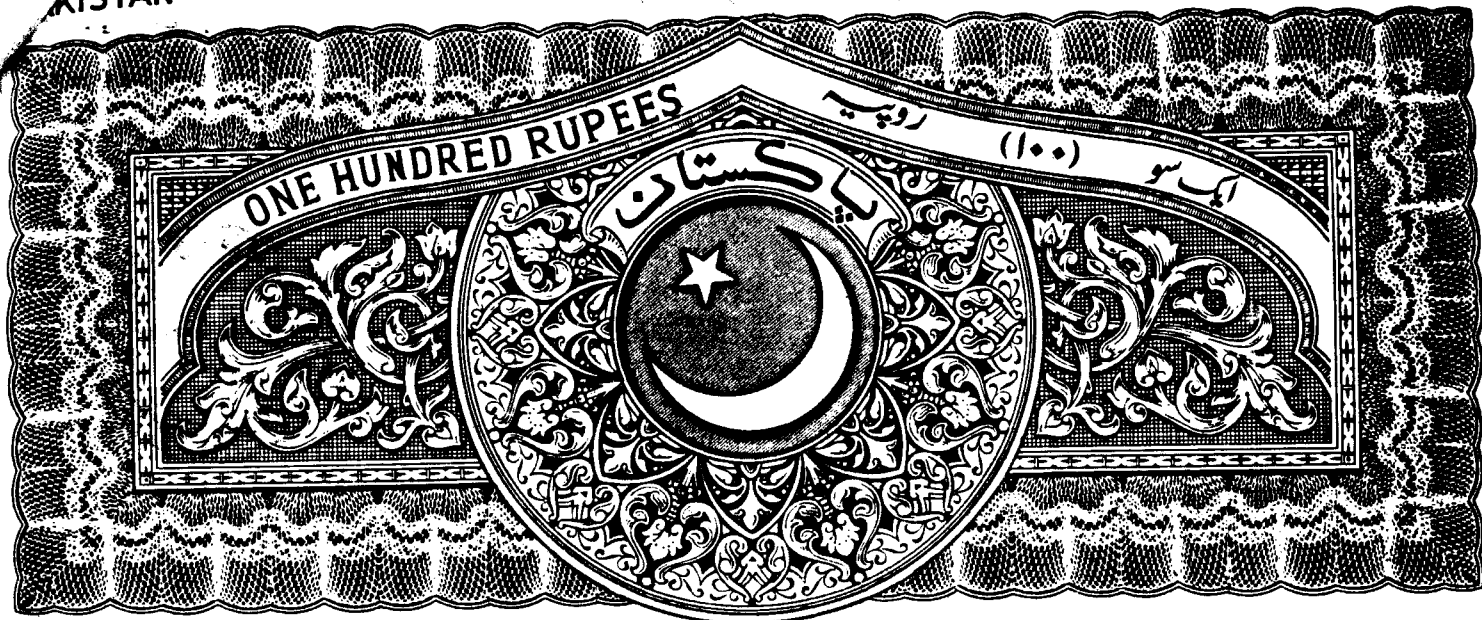
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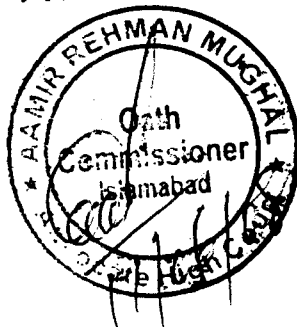


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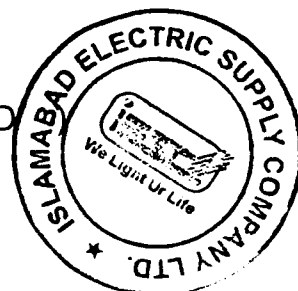
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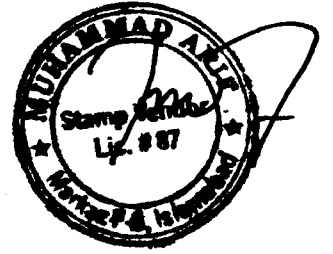
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NAJAM JAVAID



JESCO for tariff petition
in favour of NEPSA

Rs. 2,100 $\frac{16}{10-06}$




CERTIFIED TRUE COPY OF THE RESOLUTIONS PASSED
BY THE BOARD OF DIRECTORS OF ISLAMABAD ELECTRIC SUPPLY
COMPANY LIMITED ON 10 June, 2008.

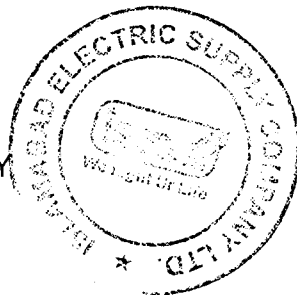
The Board of Directors resolved as follows:

Resolved that the petition for determination of consumer end tariff of the Company for the year 2008-09 and determination of rates of consumer security deposits for various categories of consumers, be filed with National Electric Power Regulatory Authority (NEPRA).

Further resolved that Mr. Najam Javaid Finance Director/Company Secretary alongwith other management officers indicated in the summary of the petition be and are hereby authorized to sign individually or jointly the necessary documents, pay the necessary filing fees, appear before the Authority as needed, and do all acts necessary for completion and processing of the applications.

For & On behalf of Board of Directors


COMPANY SECRETARY



PETITION SUMMARY

1. DETAILS OF THE PETITIONER

i. NAME AND ADDRESS

Islamabad Electric Supply Company Limited,
St # 40 G-7/4 Islamabad

ii. REPRESENTATIVES OF IESCO

Raja Abdul Ghafoor	Chief Executive Officer
Mr. Najam Javed	Finance Director
Mr. Musawar Shah	Customer Services Director
Mr. Khalid Masood	Manager Computer

2. GROUNDS FOR PETITIONER'S INTEREST

Petitioner is a Power Distribution Company, a bona fide power distribution licensee. In order to perform its obligatory duties prescribed by the Authority (NEPRA) as per NEPRA Performance Standards (Distribution) Rules 2005, the petitioner need adequate funding. There are three main sources of funding available with petitioner, (i) internal efficiency improvements, (ii) borrowings and (iii) adequate revenue through tariff. While the petitioner is already a highly motivated utility towards internal efficiency improvements; yet such improvement measures require commensurate financial resources either through borrowings or tariff. As per general principles of banking industry, international or local, the financial viability of borrowing organization is always taken as fundamental for lending decisions. In short, internal financial viability of a utility is the basic to embark upon and explore other sources of funds; which can only be ensured through adequate consumer end tariff.

As desired by Authority (NEPRA) vide letter [No.NEPRA/TRI-4/HESCO-2005/5846 dated July 12, 2006 and No. TCD/01/1091-2006 dated July 12, 2007; IESCO submits a request for determination of rates of security deposits for different consumer categories on per KW of contracted load basis.

IESCO, in its status as power distribution licensee, earnestly feels that the existing tariff does not fulfils its liquidity and financial viability requirements and, therefore, is interested in adequate consumer end tariff applicable to its license jurisdiction area.

3. GROUNDS AND FACTS FORMING BASIS OF THE PETITION

- Under the 1997 NEPRA Act, NEPRA is responsible for determining tariff's and other terms and conditions for the supply of electricity by the generations, transmission and distribution companies and to recommend these to the Federal Government, subject to the need to comply with guidelines, not inconsistent with the provisions of the NEPRA Act, laid down by the Federal Government NEPRA is also responsible for determining the process and procedures for reviewing tariffs and recommending tariff adjustments.
- The last tariff determination made by honorable Authority was based on NEPRA's estimates for full FY 2006-07, however, tariff was made effective from February 24, 2007, without any relief for losses sustained by IESCO during the period November 2003 through February 23, 2007. The same methodology has been adopted in subsequent tariff adjustments, thus IESCO has been made to incur unwarranted financial cost not covered by tariff.
- Since IESCO's request for determination of tariff (made in May 2005) for the period of 03 years including FY 2007-08 remained subsided for considerably long time, therefore, any further request for determination of tariff for FY 2007-08 was not made.
- On the basis of tariff determined by NEPRA (effective February 24, 2007) as adjusted so far (last adjustment dated 31.01.2008); compared with the cost estimates for FY 2007-08 and FY 2008-09, it is expected that IESCO would remain short of adequate return.
- The position brought out above necessitates revision in tariff at least for FY 2008-09. This petition is, therefore, being filed in accordance with the NEPRA Tariff Standards and Procedure Rules 1998 Part II Section-3.
- The existing Security Deposit rates were last set and made effective in 1997. Due to change in consumer end tariff since 1997, the existing rates of Security Deposits are not adequate to safeguard utility in case of possible default by the consumers.
- The existing time frame (06 months interval) regarding adjustment of tariff on account of Power Purchase Price is totally detrimental to the interest of IESCO and even consumers (in case of declining prices).

- IESCO management always makes all efforts to get best results & set standards in the industry but the allowance of line losses of 12.00% given by authority to IESCO are not realistic & are not based on ground realities & that should be kept at the level of 13.41%. Although IESCO losses for the period 2006-07 were 12.17% but those were achieved due to the better weather during the last two months of May-07 & June-07. Historically losses in May & June remain on higher side. This year IESCO might also sustain lower losses but this would be because of the following reasons
 - Bare minimum load to serve
 - Every year load shedding kept on increasing & this factor also has contributed towards low line losses especially in rural areas where the load shedding range from 8-10 hours. It is also added that these rural areas have highest cost to serve & higher line losses on technical grounds. When ever situation of power supply improved this factor will also badly effect the line losses
 - As & when power supply stabilized there would be an increase in load growth that might hit line losses negatively
 - Network expansion specially rural electrification will also impact losses negatively

4. RELIEF / DETERMINATION SOUGHT

- Approval of tariff structure proposed at **Annex-1** of petition.
- Approval of rates of Security Deposits for IESCO as proposed in working paper at **Annex-2**.
- Submission regarding replacement of TOU meters up to the cut off date i.e. 30.06.2008. **Annex-3**.
- Amend the timeframe / interval for adjustment of tariff on account of Power Purchase Price of IESCO from existing biannual (06 monthly) to two (2) months.

5. SCHEDULE OF CHARGES AND COST

Comparative schedule of costs and charges has been provided at **Annex-4**.

6. COMPARATIVE TABLE OF TARIFF

Comparative table of existing tariff design and the proposed tariff design (consumer category-wise) has already been provided at **Annex-4**.

7. SUMMARY OF EVIDENCE

In support of the petition in hand following financial calculations are submitted for consideration of the Authority:

i. Financial projections for FY 2007-08 and FY 2008-09 (the tariff year):

(Annex-5 (base case) & 5A (with tariff))

- a. Profit & Loss Account: FY 2006-07, FY 2007-08 & FY 2008-09.
- b. Balance Sheet for FY 2006--07, FY 2007-08 & FY 2008-09.
- c. Cash Flow Statement for FY 2006--07, FY 2007-08 & FY 2008-09.
- d. Summary of Revenue Requirements.
- e. Assumptions to the Financial Projections.

The financial projections have been prepared under two scenarios i.e. (i) as per existing tariff determined w.e.f. 24.02.2007 adjusted up to date (last adjustment w.e.f. 01.03.2008) for FY 2007-08 and FY 2008-09 and (ii) average tariff as per Revenue Requirement for FY 2008-09 (the tariff year).

ii. Estimates of Tariff Revenue:

(Annex-6)

- a. Revised/Proposed Category-wise tariff design and revenue to achieve Revenue Requirements for FY 2008-09.

iii. Estimates of Power Purchase Price

(Annex-7)

- a. Estimated Power Purchase Price for FY 2007-08 (Actual upto April 2008 + Estimates for May-June 2008)
- b. Power Purchase price for the period 2008-09 has been assumed as per last PPP invoice i.e. April 2008

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

Estimated sales & revenue on the basis of proposed tariff for FY 2008-09 -- Annex " 1 "

Description	Sales GWh	Sales Mix	Load Factor	Proposed Tariff		Revenue as per Proposed Tariff		
				Fixed Charges Rs./kW	Var. Charges Rs./KWH	Fixed Charges Rs. Mill	Variable Charges Rs. Mill	Total Charges Rs. Mill
Residential -A1								
Up to 50 Units per month	174	2.33			2.00	0	349	349
For Peak Load Requirement Upto 20 kW								
01-100 Units per month	1283	17.13			4.00	0	5,134	5,134
101-300 Units per month	1049	14.00			5.30	0	5,558	5,558
301-1000 Units per month	408	5.45			8.50	0	3,472	3,472
Above 1000 Units per month	140	1.87			10.25	0	1,439	1,439
For Peak Load Requirement Exceeding 20 kW								
Time of Day (TOU) - Peak	3	0.04		315.00	9.50	0	29	29
Time of Day (TOU) - Off-Peak	15	0.20	36.50	315.00	5.50	18	83	100
Temporary					10.25			
Total Domestic	3073	41.02				18	16,062	16,080
Commercial - A2								
For peak load requirement up to 20 kW upto 100 Units	161	2.15			10.25	0	1,648	1,648
For peak load requirement up to 20 kW above 100 Units	300	4.01			10.50	0	3,154	3,154
For Peak load requirement exceeding 20 kW								
Regular	266	3.55	36.50	365.00	6.75	364	1,794	2,159
Time of Day (TOU) - Peak	25	0.33		315.00	9.50	0	237	237
Time of Day (TOU) - Off-Peak	125	1.66	36.50	315.00	5.50	147	685	833
Temporary					10.50			
Total Commercial	877	11.70				511	7,519	8,030
Industrial								
B1	104	1.39			7.60	0	794	794
B2	242	3.22	31.00	315.00	6.00	336	1,449	1,786
B2 - TOU (Peak)	3	0.05		315.00	9.50		33	33
B2 - TOU (Off-Peak)	49	0.66	29.50	315.00	5.50	72	270	342
B3 - TOU (Peak)	71	0.95		305.00	8.50		608	608
B3 - TOU (Off-Peak)	439	5.86	62.50	305.00	5.10	293	2,239	2,532
B4 - TOU (Peak)	95	1.27		295.00	8.00		760	760
B4 - TOU (Off-Peak)	760	10.14	48.00	295.00	4.75	640	3,609	4,249
Temporary					7.60			
Total Industrial	1764	23.54				1,341	9,762	11,103
Single Point Supply for further distribution								
C1(a) Supply at 400 Volts - Peak Load upto 20KW	1	0.02			8.25		12	12
C1(b) Supply at 400 Volts - Peak Load above 20KW	86	1.15	55.00	315.00	7.45	68	642	710
Time of Day (TOU) - Peak	2	0.02		315.00	9.50		15	15
Time of Day (TOU) - Off-Peak	8	0.11	55.00	315.00	5.50	6	44	50
C2 Supply at 11 kV	361	4.82	37.00	305.00	6.95	408	2,512	2,920
Time of Day (TOU) - Peak	7	0.09		305.00	8.50		57	57
Time of Day (TOU) - Off-Peak	33	0.45	37.00	305.00	5.10	38	171	208
C3 Supply above 11 kV	102	1.36	48.50	295.00	6.90	85	705	791
Time of Day (TOU) - Peak	2	0.03		295.00	8.00		15	15
Time of Day (TOU) - Off-Peak	9	0.13	48.50	295.00	4.75	8	45	53
Total Single Point Supply for further distribution	612	8.17				613	4,218	4,831
Agricultural Tube-wells - Tariff D								
Scarp D-1	68	0.90			7.75	0	525	525
Agricultural Tube-wells (Punjab & Sindh) D-2	12	0.16	30.00	90.00	4.00	5	49	54
Time of Day (TOU) - Peak	1	0.02	30.00	305.00	7.00	0	10	10
Time of Day (TOU) - Off-Peak	7	0.10	30.00	305.00	4.00	10	30	40
Total Agricultural Tubewell Tariff-D	89	1.18				15	613	629
Public Lighting - Tariff G	98	1.31			10.50	0	1,028	1,028
Housing Colonies Attached to Industrial - H	5	0.07			9.25	0	49	49
Railway Traction - Tariff I								
AJK - Tariff K	975	13.01	77.00	355.00	5.65	616	5,507	6,122
Time of Day (TOU) - Peak				295.00	9.50			
Time of Day (TOU) - Off-Peak				295.00	4.00			
Rawat Laboratory	0	0.00			6.95	0	2	2
Gross Total	7493	100.00				3,114	44,760	47,874

Low Power factor penalty etc

156
Grand Total = 48,030

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

WORKING PAPER FOR DETERMINATION OF SECURITY DEPOSITS RATES

1. Grounds for Petition.

- 1.1. The Authority (NEPRA) vide letter No.NEPRA/TRF-41/HESCO-2005/5848 dated July 12, 2006 directed IESCO to file petition with NEPRA for determination of rates of security deposits for different consumer categories on per KW of connected load basis.
- 1.2. As per eligibility criteria 2003 issued by NEPRA (Part II clause 3e), a person has the right to be supplied with electric power by the licensee provided the applicant has made payment of security deposits as determined by the authority i.e. NEPRA. This petition is being submitted to meet the criteria as mentioned above.
- 1.3. The last revision of Security Deposits rates was made in October, 1997 through notification bearing No.3147-3167/ GMCS/Tariffs/G-226 (III) dated 11.10.1997. Since then, the electricity tariffs have increased manifold for different categories of consumers. Thus the existing rates of security deposits have become incompatible with the present tariff structure, thus needing an upward prudent revision.
- 1.4. As per billing procedure / legal requirements, a minimum of two and half months (2½) time is required to disconnect a defaulting customer. So it is absolutely prudent to base the Security Deposits rates on two and half month billing, so as to mitigate potential loss of revenue in case of default.
- 1.5. The Government of West Pakistan issued a notification No.PRAB-1-20/69 dated 31.01.1970 that the Governor of West Pakistan in exercise of the powers, constituted an adhoc advisory board for overhauling and rationalizing the tariff structure of all electric supply under takings in West Pakistan, including Water And Power Development Authority.

According to the clause (G) of the notification No.PRAB-1-20/69 dated 31.01.1970.

Consumer's Security Deposits. "Security deposits not exceeding the amount of average bill for a period of two and a half month shall be recovered from the consumers of different categories" Annexure "A"

- 1.6. This petition is being filed in accordance with the NEPRA Tariff Standards and Procedure Rules 1998 Part-II section-3.

2). **Proposed Structure of Security Deposits**

2.1. **Definition.**

A customer will be required to pay to IESCO, an amount as security as approved by the Regulator (NEPRA) before provision of a new connection, restoration of the connection or approval of extension of load against risk of possible default as he may enjoy electricity connection even in case of non-payment of bills for electricity consumed for a period up to **Two and half months**. This amount paid to IESCO will be considered as Security Deposits. If the customer no longer wishes to continue its electric power connection, IESCO shall be liable to refund the Security Deposits to the customer on demand. In case the customer has not paid the electricity dues, IESCO may adjust the Security Deposits against the outstanding amount.

2.2. **Calculation Of Security Deposits.**

The amount of security deposits is revised from time to time taking into account the revision of tariff rates. However, the main focus remains that estimate for security deposits may not be more than two and a half month average bill. The last revision in security deposits rates was made on 11.10.1997 vide letter No.2147-3167/GMCS/Tariff/G-266(III), which is quite insufficient to cover the risk of the department in case of default in payment by the customers of all categories.

2.3. **Calculation Methodology**

The calculation is based on average monthly consumption under all customer categories, according to the sanctioned load. The proposed rates for security deposits on sanctioned load (KW basis) are based on **two and half months** average billing to cover the risk involved against credit sales by the department. Proposed rates in comparison with existing rates are attached as Annexure "B"

2.4 **Additional Evidence**

IESCO reserves it's right to add new documents and evidences at the time of hearing as may deemed fit.

3). **Determination Sought**

- 3.1. This petition may be considered as an addendum to IESCO's revised tariff petition already submitted.
- 3.2. Existing rates of Security Deposits for new connection, restoration of disconnected connections and extension of load are insufficient to cover risk of possible default by customers, because the disconnection due to non-payment of electricity bills takes up to **Two and a half months** and outstanding amount

cannot be adjusted fully against security deposited paid by the customer on old rate. Therefore Security Deposits should be enhanced to cover **Two and half month** billing on existing tariff as proposed in the attached table (Annex-B).

3.3. **Applicability of Revised Security Deposits Rates.**

After determination the revised rates will be applicable

- i). Prospective Customers
- ii). Reconnection
- iii). Extension / Reduction of load
- iv). Change of Proprietary Rights

4). **Pray For Revised Rates.**

- i). It is requested that the amount of Security Deposits may please be enhanced equal to two and half months of average bill as proposed earlier in Para 3.2.
- ii). A clause regarding revision of security deposits on regular basis may please be added that the "Security Deposits will be enhanced in proportionate to the increase in tariff as and when applicable"

1. **Note:-1.** For the purpose of calculating the security deposits the fraction to Kilowatt (for load above one kilowatt) which is equal to, or more than half kilowatt, shall be taken as one kilowatt, and the fraction which is less than half a kilowatt shall be ignored (mathematical rounding to nearest KW).

- Note:-2.** The enhanced security rates will not be applicable of the demand notices already issued up to 30 days from date of issue.

PROPOSED SECURITY RATES IN R/O IESCO (On New Rate)

Sr. No	Category	Sanction Load (KW)	Average Units Billed Per Month (Actual From 07/07 to 04/08 & tentative for 05/08, 06/08)	Load Factor (in %)	Units Consumed Per KW (Kwh)	Ave. Unite Rate w.e.f 01-03-2008 (Rs.)	Rs. Per KW	TWO & HALF MONTH (Rs. Per KW)	Proposed Security Rates
	General Supply Tariff A-1								
1 a)	S/Phase Urban	918328	96963585	14	106	4.42	466	1166	Rs.1200/-
b)	S/Phase Rural	1200202	90409897	10	75	4.42	333	832	Rs.800/-
	l) 3 Phase supply	460854	62615852	19	136	4.42	600	1501	Rs.4500/- Plus Rs.1500/Kw for load>5Kw
	General Supply Tariff A-2								
a)	S/Phase Urban	255887	23686386	13	93	9.09	841	2103	Rs.2100/-
b)	S/Phase Rural	100461	6710518	9	67	9.09	607	1518	Rs.1500/-
	ll) 3 Phase Supply	313352	43194744	19	138	9.09	1253	3132	Rs.16000/- Plus Rs.3100/Kw for load>5Kw
	Industrial Supply Tariffs								
3 B-1 (400 volts)		113114	8904475	11	79	7.44	585	1463	Rs.1500/KW subject to a min of Rs.30000/-
4 B-2 (400 volts)		204768	25252714	17	123	7.30	900	2249	Rs.2200/KW
5 B-3 (11/33 KV)		133721	44358973	45	332	5.18	1717	4294	Rs.4300/KW
6 B-4 (66/132/220 KV)		255200	75776872	41	297	5.20	1545	3864	Rs.3900/KW
	Bulk Supply Tariffs)								
7 C-1		62728	8142947	18	130	7.68	997	2492	Rs.2500/KW subject to a min of Rs.50000/-
8 C-2		253110	33203004	18	131	7.51	985	2463	Rs.2500/KW
9 C-3		40130	9518746	32	237	6.91	1640	4100	Rs.4100/KW
	Agricultural Supply Tariffs								
10 D-1(a) Scarp Twells		88301	6257321	10	71	6.92	491	1226	Rs.16000/-
11 D-2 Agri. Twells		27205	1378564	7	51	5.59	283	709	Rs.8000/-
12 D-1(b) Scarp and Agri Twells more than 20 KW									Minimum of Relevant Tariff Plus Rs.2100/KW for load>20Kw
13 F (Seasonal)									Double the rates of regular Industrial Tariff.
14 G (Public Lighting)		72445	8245964	16	114	9.48	1080	2699	Rs.2700/KW
15 H (Indust. Res. Colonies)		3144	441594	19	140	8.66	1217	3042	Rs.3000/KW
16 I (Railway Traction)									
17 J (Cogeneration)									
Total		4502949	545062155	17	121	5.56	673	1683	

PROPOSED SECURITY RATES IN COMPARISON WITH EXISTING SECURITY RATES IN R/O IESCO

Sr. No	Category	Existing Security Rates Effective From 1997	Proposed Security Rates
	General Supply Tariff A-1		
1 a)	S/Phase Urban	Rs.400/-	Rs.1200/-
b)	S/Phase Rural	Rs.200/-	Rs.800/-
II) 3 Phase supply		Rs.1500/- Plus Rs.400/Kw for load>5Kw	Rs.4500/- Plus Rs.1500/Kw for load>5Kw
	General Supply Tariff A-2		
a)	S/Phase Urban	Rs.770/-	Rs.2100/-
b)	S/Phase Rural	Rs.390/-	Rs.1500/-
II) 3 Phase Supply		Rs.4600/- Plus Rs.800/Kw for load>5Kw	Rs.16000/- Plus Rs.3100/Kw for load>5Kw
	Industrial Supply Tariffs		
4 B-1 (400 volts)		Rs.320 subject to a min of Rs.6400/	Rs.1500/KW subject to a min of Rs.30000/
5 B-2 (400 volts)		Rs.550/KW	Rs.2200/KW
6 B-3 (11/33 KV)		Rs.910/KW	Rs.4300/KW
7 B-4 (66/132/220 KV)		Rs.930/KW	Rs.3900/KW
	Bulk Supply Tariffs)		
8 C-1		Rs.320/KW subject to a min of Rs.6400/	Rs.2500/KW subject to a min of Rs.50000/
9 C-2		Rs.910/KW	Rs.2500/KW
10 C-3		Rs.930/KW	Rs.4100/KW
	Agricultural Supply Tariffs		
11 D-1(a) Scarp T/wells		Rs.16000/-	Rs.16000/-
12 D-2 Agri. T/wells		Rs.8000/-	Rs.8000/-
D-1(b) Scarp and Agri T/wells more than 20 KW			Minimum of Relevant Tariff Plus Rs.2100/KW for load>20Kw
14 F (Seasonal)		Double the rates of regular Industrial Tariff.	Double the rates of regular Industrial Tariff.
15 G (Public Lighting)		Rs.970/KW	Rs.2700/KW
16 H (Indust. Res. Colonies)		Rs.920/KW	Rs.3000/KW
17 I (Railway Traction)		Rs.330/KW	
18 J (Cogeneration)		Rs.910/KW	
Total			

SUBMISSION

Annex 3

"REPLACEMENT OF TOU METERS UPTO THE CUT OF DATE I.E. 30.6.2008"

7612 number of consumers are existing on billing record of IESCO with load more than 20 KW by the end of May 2008 and it is difficult rather impossible to get them replaced with TOU Meters upto the cut of date i.e. 30.6.2008 as advised by NEPRA vide tariff determination No.NEPRA/Tariff-35/IESCO-2005/1047 dt.23.2.2007.

As the normal working hours has been changed by the present government since 1st June, 2008, which are required to be again adjusted in September 2008. it is very difficult rather impossible to replace a huge quantity of meters, which require complete programming and their readjustment after 02 months.

Pray:

"The cut of date may be extended upto 30.6.2009"

IESCO COMPUTER CENTER
DIV WISE STAT OF NON TOD CONSUMER
HAVING LOAD > 20 KW UPTO 12-06-2008

Annex 3a

Sr. #	Div Code	Div Name	Consumers
1	411	ISLAMABAD-1	1720
2	412	ISLAMABAD-2	1011
3	413	BARA KAHU	350
ISLAMABAD CIRCLE			3081
4	421	TAXILA	604
5	424	ATTOCK	264
6	425	PINDI GHEB	210
ATTOCK CIRCLE			1078
7	431	SATELLITE TOWN	502
8	432	PINDI CITY	453
9	433	PINDI CANTT	622
10	435	WESTRIDGE	329
11	436	TARIQABAD	276
12	437	RAWAT	304
RAWALPINDI CIRCLE			2486
13	441	JHELUM-1	169
14	442	JHELUM-2	259
15	443	GUJAR KHAN	101
JHELUM CIRCLE			529
16	451	TALAGANG	94
17	452	CHAKWAL	156
18	455	P.D KHAN	120
19	456	DHUDIAL	68
CHAKWAL CIRCLE			438
COMPANY TOTAL			7612

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

Comparative Schedule of Electricity Tariffs

(Existing Determined Effective Rates Vs. Proposed Rates) --- Annex " 4"

Description	Existing Nepra Determined Rates		Proposed Rates	
	Fixed Charges Rs./kW	Var. Charges Rs./KWH	Fixed Charges Rs./kW	Var. Charges Rs./KWH
Residential -A1				
Up to 50 Units per month		1.60		2.00
For Peak Load Requirement Upto 20 kW				
01-100 Units per month		3.14		4.00
101-300 Units per month		4.13		5.30
301-1000 Units per month		6.64		8.50
Above 1000 Units per month		7.90		10.25
For Peak Load Requirement Exceeding 20 kW				
Time of Day (TOU) - Peak	315.00	7.24	315.00	9.50
Time of Day (TOU) - Off-Peak	315.00	4.39	315.00	5.50
Temporary		7.90		10.25
Commercial - A2				
For peak load requirement up to 20 kW upto 100 Units		7.99		10.25
For peak load requirement up to 20 kW above 100 Units		8.10		10.50
For Peak load requirement exceeding 20 kW				
Regular	365.00	5.11	365.00	6.75
Time of Day (TOU) - Peak	315.00	7.24	315.00	9.50
Time of Day (TOU) - Off-Peak	315.00	4.39	315.00	5.50
Temporary		8.10		10.50
Industrial				
B1		6.11		7.60
B2	315.00	4.74	315.00	6.00
B2 - TOU (Peak)	315.00	7.24	315.00	9.50
B2 - TOU (Off-Peak)	315.00	4.39	315.00	5.50
B3 - TOU (Peak)	305.00	6.99	305.00	8.50
B3 - TOU (Off-Peak)	305.00	3.99	305.00	5.10
B4 - TOU (Peak)	295.00	6.74	295.00	8.00
B4 - TOU (Off-Peak)	295.00	3.74	295.00	4.75
Temporary		6.11		7.60
Single Point Supply for further distribution				
C1(a) Supply at 400 Volts - Peak Load upto 20KW		6.17		8.25
C1(b) Supply at 400 Volts - Peak Load above 20KW	315.00	5.79	315.00	7.45
Time of Day (TOU) - Peak	315.00	7.24	315.00	9.50
Time of Day (TOU) - Off-Peak	315.00	4.39	315.00	5.50
C2 Supply at 11 kV	305.00	5.45	305.00	6.95
Time of Day (TOU) - Peak	305.00	6.99	305.00	8.50
Time of Day (TOU) - Off-Peak	305.00	3.99	305.00	5.10
C3 Supply above 11 kV	295.00	5.35	295.00	6.90
Time of Day (TOU) - Peak	295.00	6.74	295.00	8.00
Time of Day (TOU) - Off-Peak	295.00	3.74	295.00	4.75
Agricultural Tube-wells - Tariff D				
Scarp D-1		5.99		7.75
Agricultural Tube-wells (Punjab & Sindh) D-2	90.00	3.84	90.00	4.00
Time of Day (TOU) - Peak	305.00	7.24	305.00	7.00
Time of Day (TOU) - Off-Peak	305.00	3.24	305.00	4.00
Public Lighting - Tariff G				
Housing Colonies Attached to Industrial - H		7.27		9.25
Railway Traction - Tariff I				
AJK - Tariff K	355.00	4.48	355.00	5.65
Time of Day (TOU) - Peak	295.00	7.24	295.00	9.50
Time of Day (TOU) - Off-Peak	295.00	3.99	295.00	4.00
Rawat Laboratory		5.43		6.95

Profit and Loss Accounts			
(Rs in Million)			
	ACTUAL	PROVISIONAL	Projected
	2006-07	2007-08	2008-09
REVENUE			
Electricity sales	32,627	34,726	36,462
Rental and Service Income	44	47	48
	32,671	34,772	36,510
Amortization of deferred credit	331	391	417
Net Revenue	33,002	35,163	36,927
OPERATING COST			
Cost of Electricity	28,168.41	37,618	40,140
Other operating costs	2,968	3,680	4,250
Depreciation	742	880	988
	31,879	42,178	45,378
	1,123	(7,015)	(8,451)
OTHER INCOME	840	882	924
Profit/(Loss) before Interest and Taxes	1,963	(6,133)	(7,527)
FINANCIAL AND OTHER CHARGES			
Financial charges	358	315	719
Workers, Profit Participation Funds(WPPF)	87	93	-
PROFIT/(loss) before tax	1,517	(6,541)	(8,246)
Taxation:			
Provision for Tax	587	5	5
Net Profit/(Loss) for the year	930	(6,546)	(8,251)
PROFIT/(LOSS) BROUGHT FORWARD	741.99	1,672	(4,874)
ACC. PROFIT/(LOSS) CARRIED FORWARD	1,672	(4,874)	(13,125)

Balance Sheet			
(Rs in Million)			
	ACTUAL	PROVISIONAL	Projected
	2006-07	2007-08	2008-09
Assets			
Fixed Assets			
Gross Fixed Assets	20,809	24,771	27,626
LESS: Accumulated Depreciation	7,663	8,543	9,531
Net Fixed Assets	13,146	16,228	18,095
Capital Work in Progress	3,147	3,094	2,534
Long Term Advances & other deposits	10	13	17
Current Assets			
Inventory / Stores & Spares	1,415	1,345	1,277
Account Receivable	6,489	5,708	5,994
Less: Provision for Bad Debt	821	809	792
Net Accounts Receivable	5,668	4,899	5,202
Advances, Deposits, Prepay. & Other Rec.	6,493	18,712	19,046
Cash & Bank Balances	5,915	1,588	1,630
Total Current Assets	19,491	26,544	27,156
TOTAL ASSETS	35,795	45,880	47,801
Equity & Liabilities			
Issued Share Capital	0.01	0.01	0.01
Deposit for shares	5,798	5,798	5,798
Share Holders Equity	5,798	5,798	5,798
Accumulated Profit/(Losses)	1,672	(4,874)	(13,125)
Net Equity	7,470	924	(7,327)
Long Term / Deferred Liabilities			
Long term Loans	2,270	15,215	12,067
Consumer's Security Deposits	1,174	1,320	1,500
Deferred Credits (Consumer's Capital Cont. etc.)	6,589	7,921	8,248
Employees Retirement Benefits	2,883	3,233	3,233
Total Long Term / Deferred Liability	12,916	27,689	25,047
Current Liabilities			
Current Maturity of long term loan	245	1,710	4,503
Creditors, Accrued & Other Liabilities	14,576	15,019	25,041
Provision for tax: Current	54	5	5
: Deferred	533	533	533
Provision for tax	587	538	538
Total Current Liability	15,408	17,267	30,081
TOTAL LIABILITIES & EQUITY	35,795	45,880	47,802

Cash Flow Statement			
(Rs in Million)			
	ACTUAL	PROVISIONAL	Projected
	2006-07	2007-08	2008-09
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) for the Period	930	(6,546)	(8,251)
Adjustments:			
ADD: Depreciation	742	880	988
Interest Expense	358	315	719
Provision for Ret. Benefits	364	600	600
Provision for Tax	587	5	5
Provision for doubtful debt			
Saving in receipt against deposit work			
LESS: Amortisation of Deferred Income	(331)	(391)	(417)
Cash Flow from Operations	2,651	(5,137)	(6,357)
Working Capital Changes			
(Increase)/Decrease in Debtors	(2,047)	768	(303)
(Increase)/Decrease in Inventories	(565)	71	67
(Inc)/Dec: in Adv:, prepay: and other reciev	1,324	(12,219)	(334)
Inc:/(Dec:) in Cred:,Accrued & other liabilities	4,404	1,909	12,814
Net Changes From Working Capital	3,117	(9,471)	12,245
Payments against Retirement Benefits	(213)	(250)	(600)
Payments of tax	-	(54)	(5)
Net Cash In/(Out) Flow from Operation	5,555	(14,913)	5,284
CASH FROM FINANCING ACTIVITIES:			
Long Term Loans	146	12,945	(3,149)
Consumers Security Deposits	137	146	180
Deferred Credit	1,154	1,724	744
Deposit for issue of shares	-	-	-
Interest Paid	(358)	(315)	(719)
Cash In/(Out) flow from Financing Activities	1,080	14,499	(2,944)
CASH FROM INVESTING ACTIVITIES:			
Fixed Assets Acquired	(1,446)	(3,962)	(2,854)
Capital Work in Progress	(1,059)	53	560
Long Term Advances	1	(3)	(4)
Cash In/(Out) flow from Investing Activities	(2,504)	(3,913)	(2,297)
Net Cashflow During the Year	4,131	(4,326)	43
Cash - Start of the Year	1,784	5,914	1,588
Cash - End of the Year	5,914	1,588	1,630

Technical Data			
	ACTUAL	PROVISIONAL	Projected
	2006-07	2007-08	2008-09
NO OF CUSTOMERS- Mill	1.77	1.88	2.01
UNITS SOLD-MKWH	7,065	7,136	7,493
Growth in Unit Sold	12.69%	1.00%	5.00%
DISTRIBUTION & TRANSMISSION LOSSES-%-AGE	12.17%	12.00%	13.41%
UNITS PURCHASED-Mkwh	8,044	8,109	8,653
POWER PURCHASE PRICE-Rs/Kwh	3.50	4.64	4.64
ADJUSTED POWER PURCHASE PRICE-Rs/Kwh	3.99	5.27	5.36
DISTRIBUTION MARGIN-Rs/Kwh	0.67	(0.40)	(0.49)
ADJUSTMENT OF TAX	0.08	0.00	0.00
AVERAGE RETAIL TARIFF- Rs/kwh	4.62	4.87	4.87

CALCULATION OF REVENUE REQUIREMENT			
	ACTUAL	PROVISIONAL	Projected
	2006-07	2007-08	2008-09
1 Total Unit Sales(mln kwh)	7,065	7,136	7,493
2 Allowed Losses (%)	12.17%	12.00%	13.41%
3 Total Unit Purchased (mln kwh)	8,044	8,109	8,653
4 PPP (R/kwh-unadjusted)	3.5	4.6	4.6
5 PPP (R/kwh-adjusted for losses)	3.99	5.27	5.36
6 Purchase Costs (mln Rs.)	28,168	37,616	40,140
7 O & M (R/KWh sold)	0.42	0.52	0.57
8 O & M (mln Rs)	2,968	3,680	4,250
9 NFAIO at Year Start	14,530.9	16,293.5	19,322.7
10 Less Depreciation	749	880	988
11 NFAIO)	3,074	3,949	4,311
12 New Investment	2,311	3,910	2,294
13 Deferred Credit	6,589	7,921	8,248
14 Assets at Year End (9-10+12)	16,092	19,323	20,629
15 Profit Rate Base (9-10+11+12-13)	12,577	15,351	16,692
Distribution Revenue			
16 ROA t (%)	17.93%	17.93%	17.93%
17 ROA (AV ROR %x Profit Rate Base)	2,255	2,752	2,992
18 Depreciation(Net of Amortization)	419	489	571
19 O & M (mln Rs)	2,968	3,680	4,250
20 Less Other Income	884	1,239	977
21 Distribution Revenue	4,758	5,682	6,836
22 PPP (Ps/KWh)	399	527	536
23 Distribution Margin (Ps/KWh)	67	80	91
24 Adjustment Of Tax	8	0	0
25 Average Tariff (Ps/KWh)	474	607	627
26 Existing/Proposed Tariff	462	487	487
27 Difference	(12)	(120)	(140)
28 Nominal Change in Avg. Tariff		5.41%	0.00%

Profit and Loss Accounts			
			(Rs in Million)
	ACTUAL	PROVISIONAL	PROJECTED
	2006-07	2007-08	2008-09
REVENUE			
Electricity sales	32,627	34,726	48,030
Rental and Service Income	44	47	48
	32,671	34,772	48,078
Amortization of deferred credit	331	391	417
Net Revenue	33,002	35,163	48,495
OPERATING COST			
Cost of Electricity	28,168.41	37,618	40,140
Other operating costs	2,968	3,680	4,250
Depreciation	742	880	988
	31,879	42,178	45,378
	1,123	(7,015)	3,117
	840	882	924
OTHER INCOME			
Profit/(Loss) before Interest and Taxes	1,963	(6,133)	4,041
FINANCIAL AND OTHER CHARGES			
Financial charges	358	315	719
Workers, Profit Participation Funds(WPPF)	87	93	129
PROFIT/(loss) before tax	1,517	(6,541)	3,193
Taxation:			
Provision for Tax	587	5	1,054
Net Profit/(Loss) for the year	930	(6,546)	2,139
PROFIT/(LOSS) BROUGHT FORWARD	741.99	1,672	(4,874)
ACC. PROFIT/(LOSS) CARRIED FORWARD	1,672	(4,874)	(2,734)

Balance Sheet			
(Rs in Million)			
	ACTUAL	PROVISIONAL	PROJECTED
	2006-07	2007-08	2008-09
Assets			
Fixed Assets			
Gross Fixed Assets	20,809	24,771	27,626
LESS: Accumulated Depreciation	7,663	8,543	9,531
Net Fixed Assets	13,146	16,228	18,095
Capital Work in Progress	3,147	3,094	2,534
Long Term Advances & other deposits	10	13	17
Current Assets			
Inventory / Stores & Spares	1,415	1,345	1,277
Account Receivable	6,489	5,708	7,237
Less: Provision for Bad Debt	821	809	792
Net Accounts Receivable	5,668	4,899	6,446
Advances, Deposits, Prepay. & Other Rec.	6,493	18,712	19,024
Cash & Bank Balances	5,915	1,588	1,719
Total Current Assets	19,491	26,544	28,466
TOTAL ASSETS	35,795	45,880	49,111
Equity & Liabilities			
Issued Share Capital	0.01	0.01	0.01
Deposit for shares	5,798	5,798	5,798
Share Holders Equity	5,798	5,798	5,798
Accumulated Profit/(Losses)	1,672	(4,874)	(2,734)
Net Equity	7,470	924	3,064
Long Term / Deferred Liabilities			
Long term Loans	2,270	15,215	12,067
Consumer's Security Deposits	1,174	1,320	1,500
Deferred Credits (Consumer's Capital Cont. etc.)	6,589	7,921	8,248
Employees Retirement Benefits	2,883	3,233	3,233
Total Long Term / Deferred Liability	12,916	27,689	25,047
Current Liabilities			
Current Maturity of long term loan	245	1,710	4,503
Creditors, Accrued & Other Liabilities	14,576	15,019	14,911
Provision for tax: Current	54	5	1,054
: Deferred	533	533	533
Provision for tax	587	538	1,587
Total Current Liability	15,408	17,267	21,001
TOTAL LIABILITIES & EQUITY	35,795	45,880	49,111

Cash Flow Statement			
	(Rs in Million)		
	ACTUAL	PROVISIONAL	PROJECTED
	2006-07	2007-08	2008-09
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) for the Period	930	(6,546)	2,139
Adjustments:			
ADD: Depreciation	742	880	988
Interest Expense	358	315	719
Provision for Ret. Benefits	364	600	600
Provision for Tax	587	5	1,054
Provision for doubtful debt			
Saving in receipt against deposit work			
LESS: Amortisation of Deferred Income	(331)	(391)	(417)
Cash Flow from Operations	2,651	(5,137)	5,083
Working Capital Changes			
(Increase)/Decrease in Debtors	(2,047)	768	(1,546)
(Increase)/Decrease in Inventories	(565)	71	67
(Inc.)/Dec: in Adv., prepay: and other reciev	1,324	(12,219)	(311)
Inc./(Dec:) in Cred., Accrued & other liabilities	4,404	1,909	2,685
Net Changes From Working Capital	3,117	(9,471)	894
Payments against Retirement Benefits	(213)	(250)	(600)
Payments of tax	-	(54)	(5)
Net Cash In/(Out) Flow from Operation	5,555	(14,913)	5,372
CASH FROM FINANCING ACTIVITIES:			
Long Term Loans	146	12,945	(3,149)
Consumers Security Deposits	137	146	180
Deferred Credit	1,154	1,724	744
Deposit for issue of shares	-	-	-
Interest Paid	(358)	(315)	(719)
Cash In/(Out) flow from Financing Activities	1,080	14,499	(2,944)
CASH FROM INVESTING ACTIVITIES:			
Fixed Assets Acquired	(1,446)	(3,962)	(2,854)
Capital Work in Progress	(1,059)	53	560
Long Term Advances	1	(3)	(4)
Cash In/(Out) flow from Investing Activities	(2,504)	(3,913)	(2,297)
Net Cashflow During the Year	4,131	(4,326)	131
Cash - Start of the Year	1,784	5,914	1,588
Cash - End of the Year	5,914	1,588	1,719

Technical Data			
	ACTUAL	PROVISIONAL	PROJECTED
	2006-07	2007-08	2008-09
NO OF CUSTOMERS- Mill	1.77	1.88	2.01
UNITS SOLD-MKWH	7,065	7,136	7,493
Growth in Unit Sold	12.69%	1.00%	5.00%
DISTRIBUTION & TRANSMISSION LOSSES-%-AGE	12.17%	12.00%	13.41%
UNITS PURCHASED-Mkwh	8,044	8,109	8,653
POWER PURCHASE PRICE-Rs/Kwh	3.50	4.64	4.64
ADJUSTED POWER PURCHASE PRICE-Rs/Kwh	3.99	5.27	5.36
DISTRIBUTION MARGIN-Rs/Kwh	0.49	(0.40)	0.91
ADJUSTMENT OF TAX	0.08	0.00	0.14
AVERAGE RETAIL TARIFF- Rs/kwh	4.62	4.87	6.41

CALCULATION OF REVENUE REQUIREMENT			
	ACTUAL	PROVISIONAL	PROJECTED
	2006-07	2007-08	2008-09
1 Total Unit Sales(mln kwh)	7,065	7,136	7,493
2 Allowed Losses (%)	12.17%	12.00%	13.41%
3 Total Unit Purchased (mln kwh)	8,044	8,109	8,653
4 PPP (R/kwh-unadjusted)	3.50	4.64	4.64
5 PPP (R/kwh-adjusted for losses)	3.99	5.27	5.36
6 Purchase Costs (mln Rs.)	28,168	37,616	40,140
7 O & M (R/KWh sold)	0.42	0.52	0.57
8 O & M (mln Rs)	2,968	3,680	4,250
9 NFAIO at Year Start	14,531	16,293	19,323
10 Less Depreciation	749	880	988
11 Working Capital (1 month PPP+5% of NFAIO)	3,074	3,949	4,311
12 New Investment	2,311	3,910	2,294
13 Deferred Credit	6,589	7,921	8,248
14 Assets at Year End (9-10+12)	16,092	19,323	20,629
15 Profit Rate Base (9-10+11+12-13)	12,577	15,351	16,692
Distribution Revenue			
16 ROA t (%)	17.93%	17.93%	17.93%
17 ROA (AV ROR %x Profit Rate Base)	2,255	2,752	2,992
18 Depreciation(Net of Amortization)	419	489	571
19 O & M (mln Rs)	2,968	3,680	4,250
20 Less Other Income	884	1,239	977
21 Distribution Revenue	4,758	5,682	6,836
22 PPP (Ps/KWh)	399	527	536
23 Distribution Margin (Ps/KWh)	67	80	91
24 Adjustment Of Tax	8	0	14
25 Average Tariff (Ps/KWh)	474	607	641
26 Existing/Proposed Tariff	462	487	487
27 Difference	(12)	(120)	(154)
28 Nominal Change in Avg. Tariff		5.41%	31.62%

Key Assumptions to the Financial Projection

Basic Information

The financial projections have been prepared on the basis of actual results for FY 2006-07. The figures for FY 2007-08 through 2008-09 are based on the following assumptions.

Sales (In GWh), Energy Losses & Purchases of Power (GWh & MW) have been projected as given in Table-I below:

Description		Actual		Estimated	Projected
		FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Sales	GWh	6.270	7.065	7.135	7.493
Sales Growth	%age	12.04	12.69	1.00	5.00
Transmission Losses	%age	4.30	3.60	3.6	3.51
Distribution Losses	%age	9.30	8.90	8.4	9.90
Total T&D Losses (Gross)	%age	13.26	12.17	12.00	13.41
Purchase of Power	GWh	7.229	8.044	8.109	8.653

Table-1

Revenue (in millions rupees) for FY 2007-08 has been estimated on the basis of tariff determined by NEPRA notified by GOP w.e.f. 24.02.2007 including the tariff determined on 31.01.2008 (actually made effective from 01.03.2008) deemed notified in terms of paragraph II of Annex-I of S.R.O. No.151(1)/2007 dated 24.02.2007. The difference between determined and notified tariffs has been taken as subsidy. The Category-wise tariff so far effective has been continued for FY2008-09 (base case scenario).

Amortization of Deferred Credits has been taken on the basis of useful life of the related assets i.e. 3.5% p.a.

Other Operating Revenues have been assumed to increase by 2% over the previous year during FY 2007-08 and FY 2008-09.

Power Purchase Price (Generation) has been arrived at as follows;

Capacity Charge: The average actual capacity charge rate for the month of April 2008 are Rs.603.83/KW the same has been adopted for the two remaining months other on actual basis of FY 2007-08 and for FY 2008-09 as well. Other The said rate has been multiplied with MDI (kW) estimate for the relevant year.

Energy Charge: The Average energy charge rate during the period upto April 2008 has remained at Rs. 3.0430/kWh; however, the rate for April 2008 has been Rs. 4.369/kWh; the same has been adopted for remaining period of FY 2007-08 and for FY 2008-09. The said rate has been multiplied with estimated purchase of power (kWh).

Use of System Charges (NTDC) and CPPA Charges have been assumed at Rs. 100.15 per kW per month for FY 2007-08. No increase has been assumed for FY 2008-09. The rate so derived has been multiplied with average MDI (kW) estimated for each year.

Pay & Allowances and Other Operating & Administration Expenses have been taken as per expected actual at Rs. 2,415 million and Rs. 538 million, respectively; for FY 2008-09 and increased by 15.5% during FY 2008-09. Hiring of new staff against the vacant posts & expected increase of 20% in pay & other allowances in the Federal Budget 2008-09

Insurance has been taken at 0.35% of transmission assets.

Maintenance Expenses (including Vehicle running expenses) have been taken at 2.9% of gross fixed assets in operations for FY 2007-08 and FY 2008-09.

Depreciation has been taken on the rates as per company policy. Land (0%), buildings & civil works (2%). Plant and machinery (3.5%), office equipment (10%), mobile plant & equipment (10%) and other assets (10%).

Financial Charges for the long term loans actually in the books have been arrived at on the basis of debt service schedule attached to each loan. For future loans (in local currency) have been assumed with 01 years grace period, 05 year payment period (total 07 years) and 17% interest rate.

Other Non Operating Income has been assumed to increase by 5% during FY 2007-08 and FY 2008-09.

Workers Profit Participation Fund Provision has been made as per applicable law.

Tax has been assumed at 33% of net income before taxes in case of profit. In case of loss turnover tax @ 0.5% on turnover (Sales-Power Purchase Price) is applicable.

No Dividend payment has been assumed.

Revenue Requirement (for tariff as per revenue requirement scenario for FY 2008-09) has been arrived at as under:

RR = RORB + Power Purchase Price + Use of System Charges + O&M (pay & allowance, other operating & admn expenses, insurance, maintenance expenses, provision for bad debts) + Depreciation for the period + Tax –(other operating income + other non operating income).

Where:

RORB = Rate Base X WACC

Rate Base = Opening Net Fixed Assets in operations + working capital (being one month average cost of purchase of power including use of system charges + 5% of net fixed assets in operations) + New investment – Depreciation for the period – Un amortized closing balance of deferred credits

And

WACC = Weighted Average Cost of Capital has been calculated at 17.92%

Development Program (in million rupees) has been adopted as under

(Table-2):

Description	Budget 2007-08	Estimate 2008-09
6 TH STG	1,655	1,040
Energy Loss Reduction	334	314
DOP	197	196
Total	2,186	1,550

Table-2

The above development program is within the scope approved by ECNEC and necessary for help in managements endeavor to maintain the energy losses,

improve quality of service and expand customer base through construction, augmentation and renovation of the system. The investment on DOP is substantially financed through capital contributions whereas Rural Electrification (where applicable) is undertaken through grants from GOP.

Capitalization of Work in Progress, as a management practice and policy 70%, is ensured to be made during the same year. As such 30% investment remains in capital work in progress for completion during the early part of next year.

Receivables have been assumed to at 60 days & 55 of annual billing in 2007-08 & 2008-09 respectively excluding GOP notified subsidy. The increase in receivables is usually a result of increase in sales volume and sale rates.

Stocks and Spares have been assumed to remain at 5.43% of average gross fixed assets in FY 2007-08 and at 4.62% of average gross fixed assets in FY 2008-09.

Equity is the total paid up capital plus deposit for issue of shares and (plus / minus) retained profits / (losses).

Deferred Credits are the amounts received from consumers as **capital contributions and grants received from Federal and Provincial Governments** against Rural Electrification and other deposit works. These are capitalized in the first instance and amortized in later years at 3.5% per annum being the depreciation rate applicable to the assets constructed through capital contributions and grants. The amortization of deferred credit is recognized as income for the relevant year. The capital contributions, in line with company perception for consumer growth, have been increased by 5% each year over the previous year. The grants from Government have been kept in line with estimated cost on rural electrification.

Long Term loan have been taken as per terms of loan agreements. The new loans (foreign currency) have been taken as per MOUs with foreign lenders. The new loans (local currency) have been taken to cover the deficit financing arrangement. Required increase in tariff as per on subsidy in lieu thereof shall reduce the loan requirement accordingly. The loans of Rs. 13 billion obtained during FY 2007-08 from local market to facilitate CPPA for payment of dues to Oil & Gas Companies and IPPs are, as confirmed by PEPCO, guaranteed by GOP and no liability for repayment on interest / markup on these loans shall devolve in IESCO, therefore, the markup & other cost thereon, have not been included in the financial projections, whereas loans are appearing in balance sheet with respective effect on Advances & Other Receivables.

Consumer Security Deposits are long term liabilities. The amounts received against security deposits are increased by increase in number of consumers multiplied by Avg receipt during last year.

Employee's Retirement Benefits have been based on actuarial valuation conducted through qualified consultants during FY 2005-06.

Sundry Creditors (NTDC / CPPA), as a result of massive increase in PPP without commensurate tariff, are expected to increase substantially by the end of FY 2007-08. Without taking effect of payments to CPPA through Rs. 13 billion loans, the payables to CPPA may cross Rs. 10,000 million figures. In case of adequate tariff these would be reduced in FY 2008-09. Effect of payment to CPPA, through Rs. 13 billions loans, has not been incorporated in the financial projections.

Other Creditors include payables against material procurement, retention from suppliers and contractors, capital receipts against works / connections to be executed and accounts with associated power sector companies (other than power purchase).

Income Tax Liabilities for one year have been assumed to be paid in the year next following.

Dividend Payment has not been assumed.

Scenarios:

- I. Tariff as determined by NEPRA and notified by GOP w.e.f 24.02.2007 (amended upto date) without increase in power purchase price for FY 2008-09.
- II. Tariff as per revenue requirement for FY 2008-09 (no tariff increase in FY 2007-08) effective from July 1, 2008 based on scenario (i) above.

ISLAMABAD ELECTRIC SUPPLY CO LTD

Estimates of Power Purchase Price for the FY 2007-08

SR No	MONTHS	Energy KWH	MDI(KWH)	Use of System Charges	Capacity Charges	Energy Charges	PPP
1	Jul-07	875,343,997	1,561,513	156,385,527	753,568,883	1,685,094,967	2,595,049,377
2	Aug-07	895,130,347	1,609,652	161,206,648	801,704,386	1,939,765,365	2,902,676,399
3	Sep-07	791,904,600	1,545,722	154,804,058	745,380,697	1,566,653,379	2,466,838,134
4	Oct-07	608,867,339	1,252,461	125,433,969	665,348,777	1,501,906,460	2,292,689,206
5	Nov-07	568,170,085	1,270,395	127,230,059	726,701,769	1,399,005,200	2,252,937,028
6	Dec-07	570,056,255	1,216,042	121,786,606	804,269,825	2,228,749,510	3,154,805,941
7	Jan-08	574,306,935	1,204,302	120,610,845	755,576,169	2,622,041,385	3,498,228,399
8	Feb-08	553,713,200	1,214,300	121,612,145	741,247,272	2,236,713,951	3,099,573,368
9	Mar-08	573,232,986	1,184,354	118,613,053	606,714,885	2,368,897,926	3,094,225,864
10	Apr-08	559,631,123	1,170,697	117,245,305	706,896,552	2,445,021,101	3,269,162,958
SUB TOTAL		6,570,356,867	13,229,438	1,324,928,215	7,307,409,215	19,993,849,244	28,626,186,674
Estimated							
11	May-08	712,209,012	1,489,876	149,211,077	899,624,903	3,113,906,037	4,162,742,017
12	Jun-08	826,593,084	1,729,157	173,175,068	1,044,108,837	3,611,672,891	4,828,956,796
SUB TOTAL		1,538,802,096	3,219,033	322,386,145	1,943,733,740	6,725,578,928	8,991,698,813
TOTAL		8,109,158,963	16,448,471	1,647,314,360	9,251,142,955	26,719,428,172	37,617,885,487
SR No	MONTHS	UOSC (Rs/kw)	CC (Rs/Kw)	USoC(Rs/Kwh)	CC (Rs/kWh)	EC (Rs/kWh)	PPP(Rs/kWh)
1	Jul-07	100.15	482.59	0.1787	0.8609	1.9251	2.96
2	Aug-07	100.15	498.06	0.1801	0.8956	2.1670	3.24
3	Sep-07	100.15	482.22	0.1955	0.9413	1.9783	3.12
4	Oct-07	100.15	531.23	0.2060	1.0928	2.4667	3.77
5	Nov-07	100.15	572.03	0.2239	1.2790	2.4623	3.97
6	Dec-07	100.15	661.38	0.2136	1.4109	3.9097	5.53
7	Jan-08	100.15	627.40	0.2100	1.3156	4.5656	6.09
8	Feb-08	100.15	610.43	0.2196	1.3387	4.0395	5.60
9	Mar-08	100.15	512.27	0.2069	1.0584	4.1325	5.40
10	Apr-08	100.15	603.83	0.2095	1.2631	4.3690	5.84
SUB TOTAL		100.15	558.14	0.2017	1.1122	3.0430	4.36
Estimated							
11	May-08	100.15	603.83	0.2095	1.2631	4.3722	5.84
12	Jun-08	100.15	603.83	0.2095	1.2631	4.3693	5.84
SUB TOTAL		100.15	603.83	0.2095	1.2631	4.3707	5.84
TOTAL		100.15	562.43	0.2031	1.1408	3.2950	4.64