

TRF-160



Peshawar Electric Supply Company Limited

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OFFICE OF THE
FINANCE DIRECTOR
PESCO PESHAWAR

No. 2509 /FD/PESCO/CPC

Dated 10 / 05 / 2010

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

Subject:- TARIFF PETITION FOR FY 2010-11

Enclosed please find herewith Tariff Petition for FY 2010-11 alongwith NEPRA fee amounting to Rs.1317166/- after deduction of Income Tax (Rs.1,412,040/- - Rs. 84,074) vide Cheque No.7551874 dated 10-5-2010 alongwith Affidavit duly signed by Chief Executive Officer PESCO for further necessary action.

FINANCE DIRECTOR
PESCO PESHAWAR

DA/as above.

Original Cheque is sent
herewith for m. a. hl.

Dis (F)

cc: Chairman
M (T)

AD (MR) to process.

Registrar
Dy. No. 2912
Dated 12.05.2010

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PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED

TARIFF PETITION

(2010-11)



*Prepared By
Peshawar Electric Supply Company Limited
May, 2010*

*Head Office, Sakhi Chasma , Shami Road, Peshawar
Phone No: 091-9212025, 091-9211987
Fax No: 091-9211987*

- 2.2 That PESCO, being a bona fide power distribution licensee, requires adequate revenues in order to perform its obligatory duties prescribed by NEPRA under the NEPRA Act, NEPRA Performance Standards (Distribution) Rules 2005, NEPRA Consumer Eligibility Criteria, 2003, Distribution License of PESCO and other Obligations as determined by NEPRA from time to time. The main source of funding available to the petitioner for their revenue requirements are; (i) generation of adequate revenue through tariff and (ii) funding/borrowings.
- 2.3 That in order to fulfill and perform its obligatory duties as mentioned above and to ensure financial viability of PESCO by recovering its prudently incurred costs and reasonable return, in order to upkeep and maintain its existing distribution services/network and to support the future investments for expansion of distribution services/network, this petition is being filed for FY 2010-11 through its Chief Executive Officer PESCO who has been duly authorized to sign and file this petition by the Board Of Directors of PESCO vide its resolution passed in the 50th BOD meeting held on 4th March, 2010. An extract of this resolution is attached as **Annexure-L**.
- 2.4 PESCO submitted the Tariff petition for determination of Consumer End Tariff for FY 2009-10 on 31st March, 2009. In pursuant to amendment in NEPRA Act 1997, PESCO submitted the quarterly tariff petitions for the 1st & 2nd Quarters of FY 2009-10 on 8th September, 2009 and 31st December, 2009. NEPRA made its determination for the 1st Quarter of FY 2009-10 on 18th December, 2009 which was subsequently Notified by GOP on 21st December 2009 vide SRO 1132(I)/2009. Tariff for the 2nd Quarter has been determined by NEPRA on 21-04-2010 but has not been notified so far by GOP due to stay order issued by Peshawar High Court on the writ Petition filed by Govt. Of Khyber Pakhtun Khwa. The tariff for FY 2008-09 & FY 2009-10 has also not been implemented so far on this account. and PESCO consumers are still billed on the tariff notified by GOP, on 1st March 2008., however subsidy from GoP is claimed on the notified tariff.
- 2.5 Due to delayed tariff notification and non implementation of tariff for FY 2008-09 & FY 2009-10, PESCO incurred huge financial loss of Rs.10.4 billion during first nine months of FY 2009-2010.

3 GROUNDS AND FACTS FORMING BASIS OF THE PETITION

The grounds and facts forming the basis of this petition are as under:

- The Distribution Margin determined by NEPRA for FY 2009-10 is not sufficient to meet the PESCO revenue requirement for 2009-10, and proposes revenue requirement for 2010-11 on account of increase in the asset base, the inflationary trend, salaries, new hiring and maintenance of distribution network etc.
- Due to delayed tariff determination/notification of 1st Quarter of FY 2009-10 for 173 days (i.e. the period from 1st July, 2009 to 21st December, 2009), PESCO has not been able to recover the determined revenue requirement, implement its envisaged investment plan in time and derive the timely benefits thereof. Hence, PESCO is entitled to claim the portion of the revenue requirement to the tune of Rs: 4,592.525 Million which could not be recovered due to delay. The same financial loss may also be allowed as a portion of Prior Period Adjustments. (un-recovered cost).
- PESCO strongly feels that 28% T&D losses determined by NEPRA in its determination for FY 2008-09 dated 4th September 2009 and for 1st and 2nd Quarter determination dated 18-12-2009 & 21st April 2010 respectively is unjustified and unrealistic keeping in view the law & order situation in PESCO territory. Therefore, this needs to be reviewed and 33% realistic targets of Transmission and Distribution losses for FY 2010-11 be fixed keeping in view the expected figures of 35% for FY-2009-10.
- Till date, the tariff determined for the 1st quarter of FY2009-10, as notified vide SRO 1132(I)/2009 dated Dec 21st, 2009, is still not applicable due to stay order issued by Peshawar High Court & determination for the 2nd quarter made by NEPRA on 21st April 2010 has not been notified so far by Govt. Whereas the determinations for the 3rd and 4th quarters of 2009-10 are still to be made. As a result, PESCO could not recover its revenue requirement in a timely fashion resulting in a short fall in the recovery of the determined revenue requirement.

The aforementioned position necessitates revision in tariff for FY 2010-11. This petition is, therefore, being filed in accordance with the NEPRA tariff Standards and Procedure Rules 1998 part II. Section -3 and with the intent that tariff for FY 2010-11 be determined, notified and effective from the very first day of the FY 2010-11.

4. **OBJECTIVES OF THE PETITION**

The aim of this petition is to obtain approval for the timely implementation of cost reflective tariffs to yield PESCO's required revenues for FY 2010-11 and its recovery from consumers.

The implementation of cost reflective tariffs will benefit consumers and PESCO, as it will;

- i. Enable PESCO to improve service quality and reliability.
- ii. Provide adequate funds for the operation, maintenance and expansion of distribution network.
- iii. Ensure the financial sustainability of PESCO.

5. **PESCO'S REVENUE REQUIREMENT**

- A) Power Purchase Price.
- B) Distribution Margin.
- C) Un-recovered Costs.

A) **POWER PURCHASE PRICE (PPP):**

The actual PPP is regulated by NEPRA over the period, thus any subsequent increases/decrease in the PPP determined by NEPRA is adjustable on monthly basis. The PPP set for FY 2010-11 is Rs: 7.55/Kwh which is based on the Actual PPP of Rs.7.14 upto March-2010 hiked by 6% for the inflationary effect.

B) DISTRIBUTION MARGIN:

The sum of the O&M, Depreciation, Provision for bad debts and RORB minus other income result in PESCO's distribution revenue. Dividing this by the total units sold yields the average distribution margin (per kWh). The detail of distribution margin is summarized below:

Description	2009-10 (Provisional)	2010-11 (Projected)
O&M Expenses	6,032	7,530
Depreciation	1,255	1,311
Provision for bad debts	1,569	1,860
RORB	2,919	3,270
Other Income	(3,755)	(3,962)
Total D.M	8,020	10,009

i). O&M EXPENSES

O&M expenses include salaries & wages, Repair & maintenance and other expenses. Based on the impact of increase in inflation trends and new recruitment, the O&M Expenses per unit for the FY 2010-11 have been projected at around Rs.0.99/Kwh. (**Annexure-E**)

a). Salaries & wages including employees retirement benefits is the major component of O&M expenses. Since PESCO was incorporated as company in compliance with power sector reform policy of Government of Pakistan and the WAPDA employees working in Area Electricity board Peshawar gradually become employees of the company in terms of the Man Power Transition Plan, there fore PESCO had to Maintain the GOP pay scales and the terms of employment for the employees which were prevalent in WAPDA. The GOP in its annual Budget for FY2009-10 increased the running basic pay of Government employees @ of 20% and the same is being adopted for 2010-11. Similarly 5% increase from December 2010 onwards is assumed as an affect of annual increments. Employee benefits have been based on the average of annual increase in the last three years Audited figures. O&M expenses also includes an estimated amount of Rs.300Million for hiring of new employees..

b).Employees Retirement Benefits have been based on the average of annual increase in the last three years audited figures.

c) Repair & Maintenance expenses Rs.857 million have been assumed @3.5% of the net fixed assets that are Rs.24,492 million.

d) Other Operating expenses include rent, rates and Taxes, Utility expenses, communications, office supplies, traveling expenses, professional fees, auditor remunerations, outsourced services, management fees, and electricity bill collection expenses.

ii) **DEPRECIATION**

Depreciation for 2010-11 is calculated on the basis of the value of existing Assets plus the additions in assets during the FY 2010-11. The assets will be depreciated on straight line method as per utility practice i.e land @ of 0 % buildings and civil works @ 2% Plant and machinery @ 3.5% office equipment and mobile plant @ 10% and other assets @ 10% Based upon these assumptions the figures for depreciation has been worked as Rs.1,311 million **Annexure-J**

iii) **PROVISION FOR BAD DEBTS:**

NEPRA has allowed provision 2% of the sales as provision for Bad debts in the tariff determination for FY 2009-10, therefore provision for bad debts has been projected at the same rate for FY 2010-11. The recovery target during the year is 90%.

iv) **RETURN ON RATE BASE (RORB):**

NEPRA has set 17.31% WACC for PESCO for the financial year 2009-10 in its tariff determination 2009-10 same has been taken as the basis for FY 2010-11 Return on Rate Base. The working of Rate Base is attached as per **Annexure-K**.

v) **OTHER INCOME:**

The main sources of other income include Interest income, Sale of scrap, amortization of deferred credit wheeling charges from TESCO etc. The detail is attached as per **Annexure-I**

C. **UNRECOVERED COSTS**

Till date, the tariff determined for the 1st quarter of FY2009-10, as notified vide SRO 1132(I)/2009 dated Dec 21st, 2009, is still not applicable due to stay order issued by Peshawar High Court & determination for the 2nd quarter made by NEPRA on 21st April 2010 has not been notified so far by Gop. As a result, PESCO could not recover its revenue requirement in a timely fashion resulting in a short fall amounting to Rs.4,592.525 million in the recovery of the determined revenue requirement. Detail is given below:

Description		July 2009 to 21 st Dec 2009
Average Tariff 2008-09	Rs/kWh	9.94
Determined Tariff for 1st Quarter of FY 2009-10	Rs/kWh	11.35
Per Unit Loss due to non implementation of tariff for FY 2009-10	Rs/kWh	1.41
Actual Units Sold from 1st Jul, 09-21st Dec,09	MkWh	3257.11
Loss due to delay in determination & notification of tariff for 1st Qtr 2009-10	Min PKR	4,592.525

6. **RELIEF / DETERMINATION SOUGHT**

- Approval of Category wise tariff proposed for FY 2010-2011 at **Annex-A**.
- Approval of Category Wise Revenues Proposed for FY 2010-2011 at **Annex-B**
- Summary of Revenue Requirement for FY 2010-2011 at **Annex-C**
- Annual Sale Growth in units (Category-Wise) (**Annexure-D**).
- Annual consumer Growth (category-Wise) (**Annexure-D-1**).

7. SUMMARY OF EVIDENCE

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

Financial projections for FY 2009-10 and FY 2010-2011 (the tariff year):

- a. Profit & Loss Account: FY 2007-08 to FY 2010-2011. (Annex-F)
- b. Balance Sheet for FY 2007-08 to FY 2010-2011. (Annex-G)
- c. Cash Flow Statement for FY 2007-08 to FY 2010-2011. (Annex-H)
- d. Summary of Revenue Requirements.
 - i. O&M Budget FY 2007-08 to FY 2010-2011. (Annexure-E)
 - ii. Statement of Other Income FY 2007-08 to FY 2010-11. (Annexure-I)
 - iii. Statement of Fixed Assets FY 2007-08 to FY 2010-2011. (Annex-J)
 - iv. Calculation of Regulatory Assets Base, WACC and ROA. (Annex-K)
- e. Assumptions to the Financial Projections

The financial projection for FY 2010-11 has been prepared as per required tariff calculated in Annex-A..

8. KEY ASSUMPTIONS TO THE FINANCIAL PROJECTIONS

- **Total Unit Sales:** The units projected for FY 2010-11 are 7638 million against the actual units sold from July to March-2010 of FY 2009-10 4,851.34 million while 6,737.0 million units have been projected for the whole year. Showing an increase in sales volume of 13.37% over the previous year projection.
- **Target Transmission & Distribution Losses:** The losses have been projected at 33% for the FY 2010-11.keeping in view the expected actual figures of 35% for 2009-10.

- **Development Program (in Million Rupees)** has been projected as under:
 - STG, ELR and DOP works initiated by PESCO would be funded through ADB's loan (80%).
 - Remaining (20%) shall be arranged out of distribution margin subject to the timely tariff adjustment allowed by NEPRA. otherwise the same will be arranged through PEPCO/GoP Loan.
 - Rural electrification will be carried out from funds received from GOP under PWP-I and PWP-II

GROSS	Rs. in millions	
	2009-10	2010-11
	Estimated	Projected
DOP	1,236	1000
RE	1256	1000
ELR	410	609
Installation of TOU Meters	600	500
STG	500	1500
Total investment	4,002	4,609

9. That in view of the grounds and facts mentioned above, it is respectively prayed that while admitting and allowing this petition, the tariff of PESCO for the FY 2010-11 may very graciously be determined as estimated here in above by keeping in view the following:-
- a. Ensuring the financial viability of the petitioner for the reliable supply of electricity to its 2.5 million consumers;
 - b. Timely determination of tariff along with its monthly adjustments, providing sufficient time to the petitioner for the recovery of the determined revenue requirement.
 - c. Fixing of target of T&D losses by taking a realistic approach.
 - d. Approving the investment plan of Rs: 4,609 Million.
 - e. Allowing Rs: 10,009 Million as Distribution Margin.
 - f. Any other relief.


 PETITIONER
 THE PESHAWAR ELECTRIC SUPPLY COMPANY Ltd.

Through:
 Engr. Muhammad Wali
 Chief Executive Officer PESCO

PESHAWAR ELECTRIC SUPPLY COMPANY (PESCO)

Annexure-A

PESCO PROPOSED TARIFF/REVENUE REQUIREMENT FOR FY 2010-11

Sr. No	Particular	MDI Charged	Net Sales	Sales Mix	PESCO TARIFF			
					Existing Tariff		Proposed Tariff	
					Fixed	Variable	Fixed	Variable
		(KW)	(Million)	(%)	(Rs/Kwh/M)	(Rs/Kwh/M)	(Rs/Kwh/M)	(Rs/Kwh/M)
	Residential - A1							
1	UPTO-50 Units per month	0	582.237	7.62%		2.00		2.90
	Consumption Exceeding 50 Units							
2	1--100 Units P/M	0	723.486	9.47%		9.85		9.85
3	101--300 Units P/M	0	1723.140	22.56%		15.50		15.50
4	301--700 Units P/M	0	966.489	12.65%		16.30		16.30
5	ABOVE 700 Units	0	535.248	7.01%		17.90		17.90
6	Time of Day (TOD - Peak)	0	9.947	0.13%	-	17.90	-	17.90
7	Time of Day (TOD - Off-Peak)	0	52.125	0.68%	-	10.30	-	10.25
8	Temporary E-1 (i)	0	0.089	0.00%		17.90		17.95
	TOTAL DOMESTIC	0	4592.761	60.13%				
	Commercial - A2							
	For Load upto 5KW	0	315.912	4.14%		17.90		17.95
	For Load requirement exceeding 5KW	639435	118.745	1.55%	400.00	14.00	400.00	14.00
12	Time of Day (TOD - Peak)	56194	16.777	0.22%	400.00	17.90	400.00	17.95
13	Time of Day (TOD - Off-Peak)	382533	90.647	1.19%	400.00	9.80	400.00	9.80
	Temporary E-1(ii)		2.165	0.03%		17.90		18.00
	TOTAL COMMERCIAL	1078162	544.246	7.13%				
	INDUSTRIAL							
15	B-1 (400 VOLTS UPTO 40 KW)	0	115.527	1.51%		13.50		13.50
16	B-2 (400 Volts 41-500KW)	1069323	220.031	2.88%	400.00	12.50	400.00	12.50
17	B-2 -TOD (Peak)	87333	13.137	0.17%	400.00	17.90	400.00	17.95
18	B-2 -TOD (off- peak)	650098	130.857	1.71%	400.00	9.80	400.00	9.80
19	B-3 TOD (peak) (500-4999KW)	130901	37.998	0.50%	380.00	17.80	380.00	17.85
20	B-3 - TOD (off-peak)	1226928	497.453	6.51%	380.00	9.70	380.00	9.70
21	B-4 TOD (peak) (5 MW & Above)	185704	71.832	0.94%	360.00	17.70	360.00	17.75
22	B-4 TOD (off-peak)	1018394	475.856	6.23%	360.00	9.60	360.00	9.60
23	Temporary E-2	0	0.120	0.00%		13.50		13.95
	TOTAL INDUSTRIAL	4368681	1562.811	20.46%				
	Single Point Supply (Bulk)							
24	C-1 (a) UPTO 5KW at 400/230V	3690	2.784	0.04%		13.00		13.10
25	C-1 (b) above 5KW & at 400V	225858	92.348	1.21%	400.00	13.50	400.00	13.55
26	Bulk Supply C-1(c) (TOD) Peak	22881	6.348	0.08%	400.00	17.90	400.00	17.95
27	Bulk Supply C-1(c) (TOD) Off-Peak	201044	47.334	0.62%	400.00	9.80	400.00	9.80
28	C-2 (a) 11/33 KV	170965	65.426	0.86%	380.00	13.40	380.00	13.45
29	Bulk Supply C-2(b) (TOD) Peak	13763	8.250	0.11%	380.00	17.80	380.00	17.85
30	Bulk Supply C-2(b) (TOD) Off-Peak	90378	47.465	0.62%	380.00	9.70	380.00	9.70
31	C-3 (a) Supply above 11KV	0	8.475	0.11%	360.00	13.30	360.00	13.35
32	Bulk Supply C-3 (b) (TOD) Peak	1159	0.597	0.01%	360.00	17.70	360.00	17.75
33	Bulk Supply C-3 (b) (TOD) Off-Peak	13523	5.025	0.07%	360.00	9.60	360.00	9.60
	TOTAL BULK SUPPLY	743261	284.052	3.72%				
	Agricultural T-Wells - Tariff D							
34	D-1(a) Scarp Less than 5KW	0	160.200	2.10%		13.50		13.50
35	D-2 Agri T/Well	923371	134.085	1.76%	200.00	8.00	200.00	8.00
	D-1 (b) -Peak More than 5KW	25810	8.302	0.11%	200.00	17.90	200.00	17.90
38	D-1 (L) Off-Peak More than 5KW	106501	31.387	0.41%	200.00	6.00	200.00	6.00
	TOTAL AGRICULTURAL T/WELL	1055682	333.974	4.37%				
39	Public Lighting - Tariff-G	0	24.083	0.32%		13.00		13.05
40	Residential Colony att. to industrial - H	0	3.568	0.05%		13.00		13.00
41	K (AJK)	257541	150.538	1.97%	360.00	11.00	360.00	11.15
42	Time of Day (TOD - Peak)	0	0.000	0.00%	360.00	16.82	360.00	16.90
43	Time of Day (TOD - Off-Peak)	334757	141.966	1.86%	360.00	9.80	360.00	9.90
	Company Total	7838083	7638.000	100.0%				

PESHAWAR ELECTRIC SUPPLY COMPANY (PESCO)

Annexure-B

PESCO PROPOSED TARIFF/REVENUE REQUIREMENT FOR FY 2010-11

Sr. No	Particular	MDI Charged (KW)	Net Sales (Rs/ann)	Sales Mix (%)	PESCO TARIFF				PESCO REVENUES				Average Sale Rate		
					Existing Tariff (Rs/kwh)	Fixed (Rs/kwh)	Variable (Rs/kwh)	On Existing Tariff (Rs)	Fixed (Rs)	Variable (Rs)	On Proposed Tariff (Rs)	Fixed (Rs)	Variable (Rs)	Existing (Rs/kwh)	Proposed (Rs/kwh)
Residential - A1															
1	UPTO-50 Units per month	0	582,237	7.62%	2.00		90	0	1164	1164	0	1688	1688	2.00	2.50
Consumption Exceeding 50 Units															
2	1-100 Units P/M	0	723,486	9.47%	9.85		9.85	0	7126	7126	0	7126	7126	9.85	9.85
3	101-300 Units P/M	0	1723,140	22.56%	15.50		15.50	0	26709	26709	0	26709	26709	15.50	15.50
4	301-700 Units P/M	0	966,489	12.65%	16.30		16.30	0	15754	15754	0	15754	15754	16.30	16.30
5	ABOVE 700 Units	0	535,248	7.01%	17.90		17.90	0	9581	9581	0	9581	9581	17.90	17.90
6	Time of Day (TOD - Peak)	0	9,947	0.13%	17.90		17.90	0	178	178	0	178	178	17.90	17.90
7	Time of Day (TOD - Off-Peak	0	52,125	0.68%	10.30		10.25	0	537	537	0	534	534	10.30	10.25
8	Temporary E-1 (i)	0	0,089	0.00%	17.90		17.95	0	2	2	0	2	2	17.90	17.95
TOTAL DOMESTIC															
Commercial - A2															
For Load upto 5KW															
12	Time of Day (TOD - Peak)	639,435	118,745	1.55%	400.00	400.00	14.00	0	5655	5655	0	5671	5671	17.90	17.95
13	Time of Day (TOD - Off-Peak	56,194	16,777	0.22%	400.00	400.00	17.90	256	1662	1918	256	1662	1918	16.15	16.15
Temporary E-1(ii)															
TOTAL COMMERCIAL															
INDUSTRIAL															
15	B-1 (400 VOLTS UPTO 40 KW)	0	115,527	1.51%	13.50		13.50	0	1560	1560	0	1560	1560	13.50	13.50
16	B-2 (400 VOITS 41-500KW)	106,932	220,031	2.88%	400.00	400.00	12.50	428	2750	3178	428	2750	3178	14.44	14.44
17	B-2 -TOD (Peak)	87,333	13,137	0.17%	400.00	400.00	17.90	35	235	270	35	236	271	20.56	20.61
18	B-2 -TOD (off-peak)	65,009	130,857	1.71%	400.00	400.00	9.80	260	1282	1542	260	1282	1542	11.79	11.79
19	B-3 -TOD (peak) (500-4999KW)	13,901	37,968	0.50%	380.00	380.00	17.80	50	676	726	50	678	728	19.11	19.16
20	B-3 -TOD (off-peak)	12,692	497,453	6.51%	380.00	380.00	9.70	466	4825	5292	466	4825	5292	10.64	10.64
21	B-4 -TOD (peak) (5 MW & Above)	185,704	71,832	0.94%	360.00	360.00	17.70	67	1271	1338	67	1275	1342	18.63	18.63
22	B-4 -TOD (off-peak)	101,839	475,856	6.23%	360.00	360.00	9.60	367	4568	4935	367	4568	4935	10.37	10.37
23	Temporary E-2	0	0.120	0.00%	13.50		13.95	2	2	2	0	2	2	13.50	13.95
TOTAL INDUSTRIAL															
Single Point Supply (Bulk)															
24	C-1 (a) UPTO 5KW at 400/230V	3690	2,784	0.04%	13.00		13.10	0	36	36	0	36	36	13.00	13.10
25	C-1 (b) above 5KW & at 400V	22,585	92,348	1.21%	400.00	400.00	13.50	90	1247	1337	90	1251	1342	14.48	14.53
26	Bulk Supply C-1(c) (TOD) Peak	22,881	6,348	0.08%	400.00	400.00	17.90	9	114	123	9	114	123	19.34	19.39
27	Bulk Supply C-1(c) (TOD) Off-Peak	20,044	47,334	0.62%	400.00	400.00	9.80	80	464	544	80	464	544	11.50	11.50
28	C-2 (a) 11/23 KV	17,065	65,426	0.86%	380.00	380.00	13.40	65	877	942	65	880	945	14.39	14.44
29	Bulk Supply C-2(b) (TOD) Peak	13,763	8,250	0.11%	380.00	380.00	17.80	5	147	152	5	147	152	18.43	18.48
30	Bulk Supply C-2(b) (TOD) Off-Peak	9,038	47,465	0.62%	380.00	380.00	9.70	34	460	495	34	460	495	10.42	10.42
31	C-3 (a) Supply above 11KV	0	8,475	0.11%	360.00	360.00	13.30	0	113	113	0	113	113	13.30	13.35
32	Bulk Supply C-3 (b) (TOD) Peak	11,59	0.597	0.01%	360.00	360.00	17.70	0	11	11	0	11	11	11	11
33	Bulk Supply C-3 (b) (TOD) Off-Peak	13,523	5,025	0.07%	360.00	360.00	9.60	5	48	53	5	48	53	11.30	11.35
TOTAL BULK SUPPLY															
Agricultural T-wells - Tariff D															
34	D-1(a) Scarf Less than 5KW	0	160,200	2.10%	13.50		13.50	0	2163	2163	0	2163	2163	13.50	13.50
35	D-2 Agri Twell	92,337	134,085	1.76%	200.00	200.00	8.00	185	1073	1257	185	1073	1257	9.38	9.38
D-1 (b) -Peak More than 5KW															
36	D-1 (b) Off-Peak More than 5KW	25,810	8,302	0.11%	200.00	200.00	17.90	5	149	154	5	149	154	18.52	18.52
TOTAL AGRICULTURAL TWEELL															
Public Lighting - Tariff G															
39	Public Lighting - Tariff G	0	24,083	0.32%	13.00		13.05	0	313	313	0	314	314	13.00	13.05
40	Residential Colony all to industrial - H	0	3,568	0.05%	13.00		13.00	0	46	46	0	46	46	13.00	13.00
41	K (A/K)	25,754	150,538	1.97%	360.00	360.00	11.15	93	1656	1749	93	1659	1772	11.62	11.72
42	Time of Day (TOD - Peak)	0	0.000	0.00%	360.00	360.00	16.82	0	0	0	0	0	0	#DIV/0!	#DIV/0!
43	Time of Day (TOD - Off-Peak	334,757	141,956	1.86%	360.00	360.00	9.90	121	1391	1512	121	1405	1526	10.65	10.75
Company Total															
7838083 7638.000 100.0% 2818 97261 100078 2818 97863 100670 13.10 13.18															

PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED
SUMMARY OF REVENUE REQUIREMENT FOR FY 2010-2011

Annexure-C

Description	RUPEES IN		RS/KWH SOLD	
	NEPRA Determination 2009-10	PESCO Revenue Requirement for 2010-2011	NEPRA Determination 2009-10	PESCO Requirement 2010-11
No. of Units Sold (MkWh)	7,543.00	7,638.00	7,543.00	7,638.00
No. of Units Purchased(MkWh)	10,477.00	11,400.00	10,477.00	11,400.00
Transmission & Distribution Losses	28.00%	33.00%	28.30%	33.00%
Power Purchase Price	70,067.00	86,070.00	9.29	11.27
O&M Costs:				
Pay & Allowances	4,593.00	6,132.05	0.61	0.80
Other Operating and Admin: Expenses	408.00	506.39	0.05	0.07
Repair & Maintenance	469.00	857.22	0.06	0.11
Total O&M Cost	5,470.00	7,495.66	0.73	0.98
Provision for bad debts	1,569.00	1,859.69	0.21	0.24
Depreciation	1,254.50	1,311.20	0.17	0.17
Return on Rate Base	2,919.00	3,270.21	0.39	0.43
Taxation	-	34.00	-	0.00
Less: Other Revenues	(3,755.00)	(3,961.80)	(0.50)	(0.52)
Distribution Margin (D.M)	7,457.50	10,008.95	0.99	1.31
Prior Period Adjustments (NEPRA)	8,083.83	4,592.00	1.07	0.60
Priod Period Ad (1st Qtr Delayed Tariff)				
Net Revenue Requirement	85,608.33	100,670.95	11.35	13.18

CONSUMERS & %AGE GROWTH

Category	CONSUMERS										Annex
	2005-06	2006-07	%Age growth	2006-07	2007-08	%Age growth	2007-08	2008-09	%Age growth	2009-10 Provisional	2010-11 projected
Domestic	1856684	1985426	6.93	1985426	2079913	4.76	2079913	2136302	2.71	2228163	2328430
Commercial	234878	242701	3.33	242701	246296	1.48	246296	251022	1.92	258553	266309
Industrial	21938	22352	1.89	22352	22563	0.94	22563	22737	0.77	23078	23540
Bulk	794	803	1.13	803	812	1.12	812	825	1.60	840	855
AJK	23	23	0.00	23	23	0.00	23	24	4.35	24	24
Tube Well	24038	24898	3.58	24898	25370	1.90	25370	25840	1.85	26357	26884
Public Lighting G	738	782	5.96	782	793	1.41	793	804	1.39	816	828
Residential colonies H	45	45	0.00	45	45	0.00	45	45	0.00	45	45
Co. Generation Tariff-J					1	4.34	1	1	0.00	1	1
GRAND TOTAL	2139138	2277030	6.45	2277030	2375316	4.34	2375816	2437600	2.60	2537877	2646916

UNITS BILLED & %AGE GROWTH

Category	UNITS SOLD										Annexur
	2005-06	2006-07	%Age growth	2006-07	2007-08	%Age growth	2007-08	2008-09	%Age growth	2009-10 Provisional	2010-11 projected
Domestic	3580.53	3723.42	3.99	3723.42	3688.44	-0.94	3688.44	3438.37	-6.78	4051.00	4592.76
Commercial	387.48	434.54	12.15	434.54	444.40	2.27	444.40	408.27	-8.13	480.00	544.25
Industrial	1329.38	1463.58	10.10	1463.58	1484.61	1.44	1484.61	1316.19	-11.34	1378.00	1562.81
Bulk	243.88	242.69	-0.49	242.69	244.28	0.66	244.28	228.20	-6.59	278.49	284.05
AJK	172.63	222.96	29.16	222.96	243.51	9.22	243.51	228.45	-6.19	230.00	292.50
Tube Well	367.71	329.45	-10.41	329.45	278.33	-15.52	278.33	258.25	-7.22	295.00	334.00
Public Lighting G	17.99	18.97	5.44	18.97	17.97	-5.27	17.97	18.51	2.99	21.00	24.00
Residential colonies H	5.24	4.91	-6.33	4.91	4.01	-18.32	4.01	3.36	-16.28	3.50	3.57
Co. Generation Tariff-J					0.02	-0.54	0.02	0.01	-46.67	0.01	0.00
GRAND TOTAL	6104.84	6440.54	5.50	6440.54	6405.58	-0.54	6405.78	5899.59	-7.90	6737.00	7637.94

(Units in Million)

PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED

Annexure-E

STATEMENT SHOWING THE DETAIL OF OPERATION AND MAINTENANCE BUDGET

Head of Accounts		Audited 2007-08	Audited 2008-09	Actual Upto March-2010	Projected FY 2009-10	Projected FY 2010-2011
		A	B	C	D	E
520100	Pay & Allowances.	2,285.480	2,683.147	2,296.259	3,061.679	3,678.686
520200	Pay of Contract Staff	30.438	18.062	20.081	26.774	321.702
520300	Daily wages Labour	1.457	1.469	1.753	2.338	2.700
Total Pay & Allowances		2,317.376	2,702.679	2,318.093	3,090.790	4,003.088
520400	Employees Benefits	69.254	82.951	65.710	87.614	94.094
520502	Pension Fund.	824.610	1,240.292	1,106.040	1,474.720	1,550.753
520601	Free Electricity	239.780	302.694	220.853	294.471	350.081
520700	Medical Expenses	91.265	89.198	73.653	98.204	110.461
520800	Education Training	11.281	14.669	15.460	20.614	23.572
560101	Office Rent	29.450	34.935	23.532	31.376	35.254
570000	Power Light and Water.	23.610	17.751	10.486	13.981	16.260
580100	Communication	18.346	16.968	11.543	15.391	17.000
590000	Office Supply	7.334	7.636	5.817	7.756	8.746
600000	Store handling	22.867	17.935	15.317	20.422	22.145
610000	Advertisement publicity	2.481	5.745	35.273	47.031	50.071
620000	News Paper.	1.022	1.168	0.874	1.166	1.230
650000	T.A	77.213	93.243	58.059	90.412	105.669
660000	Injuries and Damages	4.074	4.213	5.647	7.529	8.000
670000	Insurance	5.655	6.724	6.272	8.363	8.560
710000	Collection Charges.	133.865	128.147	98.650	130.533	131.138
730101	Legal Charges.	6.351	6.339	6.221	8.295	9.158
730102	Audit Charges	0.400	0.400	-	0.400	0.400
750000	Management Charges	65.837	56.782	17.578	60.437	61.333
770000	Miscellaneous Expenses	7.563	7.838	6.403	8.538	9.537
910700	Bank Charges.	23.251	17.829	15.720	20.960	21.889
	Turn over Tax	22.651	8.756	-	-	-
SUB TOTAL "a"		4,005.537	4,864.892	4,117.201	5,539.002	6,638.439
530200	Civil Works	14.626	14.329	11.230	14.974	29.921
530600	R/M Disbtr; Plants	279.059	372.708	285.799	381.065	644.141
530700	R/M Gen; Plants	7.131	3.225	2.005	2.674	4.827
530804	R/M Rest House	0.712	1.469	0.060	0.080	0.161
10700	Gen; Plant Assets	-	-	-	-	-
760000	Vehicle Expenses	88.467	103.910	70.337	93.783	178.169
SUB TOTAL "b"		389.995	495.641	369.432	492.576	857.218
G/TOTAL "a+b"		4,395.532	5,360.533	4,486.633	6,031.577	7,495.657
Provision for bad debts		1,426.695	1,360.657	662.717	1,569.000	1,859.600
Gross O & M cost		5,822.226	6,721.190	5,149.350	7,600.577	9,355.257

PESHAWAR ELECTRIC SUPPLY COMPANY LTD

Break up of "Other Income"

Rs. in million

	Audited	Audited	Projected	Projected
	2007-08	2008-09	2009-10	2010-2011
Rental & Service Income				
Connection /Reconnection fee	10.87	2.36	10.83	11.65
Misc Service Income	26.89	24.84	78.21	84.18
Rental Income from electric property	1.15	0.04	1.35	1.45
Other Electric Revenue	23.37	37.65	21.40	23.04
Other Income under energy tariffs	469.02	574.16	585.70	630.45
Total	531.29	639.05	697.48	750.77
Other Income				
Interest Income	236.58	249.69	274.80	283.90
Income from Non utility operation	89.44	78.77	105.98	109.48
Sale of Scrap	11.07	12.11	26.25	27.11
Income from lease of other physical property	1.03	0.13	0.41	0.43
Misc Non operating Revenue	223.50	386.65	426.66	440.70
Income for services charged from TESCO	1242.16	1567.97	1,784.93	1,829.60
Amortization of Deffered Credits	333.83	390.83	477.35	519.81
Total	1805.52	2687.34	3,096.37	3,211.03
Grand Total	2670.64	3326.39	3793.85	3961.80

STATEMENT OF FIXED ASSETS

Annexure-J

	2007-08	2008-09	2009-10	2010-11
Gross Fixed Assets	26,424,919	29,349,817	33,383,017	37,551,956
Accumulated Depreciation	9,470,715	10,494,097	11,748,809	13,060,007
Operating fixed assets	16,954,204	18,855,720	21,634,208	24,491,948
Capital Work in Progress	5,353,954	6,005,680	5,974,480	6,414,542
WAPDA Net Worth Loans				
Fixed Assets close of the Year Balance				
Land	223,562	265,477	316,379	368,994
Building	1,242,033	1,437,325	1,706,616	1,984,971
Dist. Equip.	24,351,038	27,038,784	30,744,969	34,575,888
Others	603,286	608,232	615,052	622,102
Total	26,424,919	29,349,817	33,383,017	37,551,956
Additions to Fixed Assets During the Year				
Land	51,771	36,915	50,902	52,615
Building	17,533	195,292	269,292	278,355
Dist. Equip.	1,830,563	2,687,746	3,706,186	3,830,919
Others	44,683	4,946	6,820	7,050
Total	1,944,550	2,924,898	4,033,200	4,168,939
Accumulated Depreciation for Year				
Building	24,513	28,429	34,132	39,699
Dist. Equip.	838,801	970,271	1,159,074	1,209,289
Others	27,864	27,728	61,505	62,210
Total for the year	891,178	1,026,427	1,254,711	1,311,199
Accumulated Depreciation at close of the Year	9,470,715	10,494,097	11,748,809	13,060,007

PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED

Annexure-K

Regulatory Assets Base (RAB)

Sr.No.	Description	FY 2007-08 Audited	FY 2008-09 Audited	FY 2009-10 NEPRA	FY 2010-2011 Projected
1	Gross fixed assets in operations	24,480	26,425	29,350	33,383
2	Opening Fixed Assets in operations	1,945	2,925	3,045	4,169
3	Transferred during the year	26,425	29,350	32,395	37,552
4	Closing fixed Assets in operations	9,471	10,494	11,722	13,060
5	Cumulative Depreciation	16,954	18,856	20,673	24,492
6	Net Fixed Assets in operation (3-4)	5,359	6,006	5,011	6,415
7	Closing capital Work in Progress	22,313	24,861	25,684	30,906
8	Less	6,792	8,024	8,792	10,712
9	Deferred Credit	15,521	16,837	16,892	20,194
10	Regulatory Rate base (7-8)	14,080	15,521	16,837	17,590
	Previous rate base	14,801	16,179	16,864	18,892
	Average Regulatory Rate Base (9+10)/2				

WACC
RORB

14.58%
2,158.40

17.31%
2,800.63

17.31%
2,919.22

17.31%
3,270.21

WACC CALCULATIONS

Weighted Average Cost of Capital (WACC)=

Rate of Ret on Equity	17.90%
Interest Rate	14.75%
Debt ratio	80%
Equity Ratio	20%
Tax Rate	35%
WACC	17.31%



Peshawar Electric Supply Company Limited

BOARD RESOLUTION

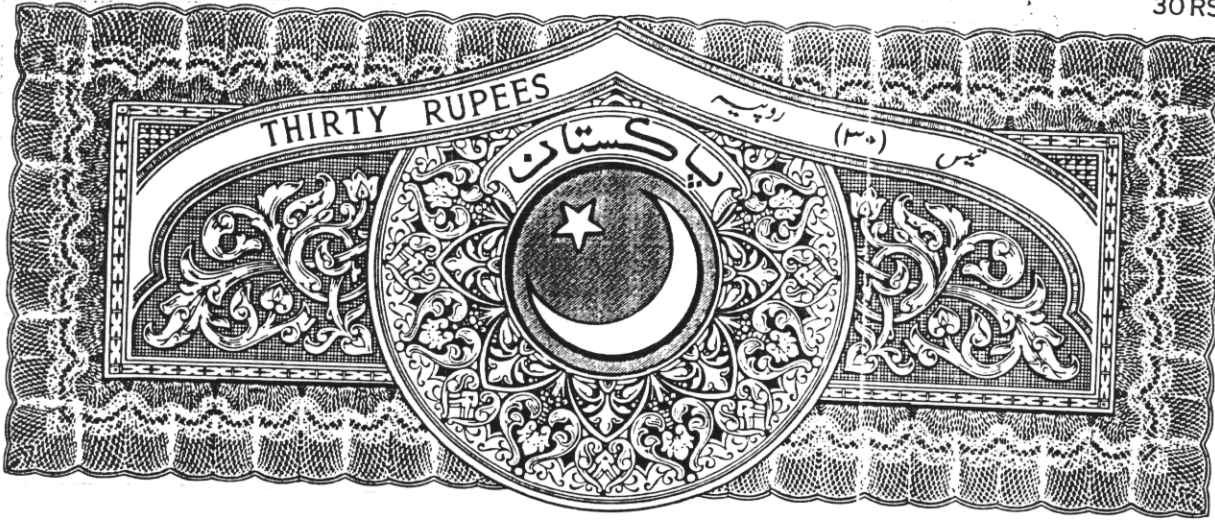
Board of Directors PESCO in its 50th meeting held on 04-03-2010 has Authorized Chief Executive Officer (PESCO) Peshawar Electric Supply Company Ltd to file Tariff Petition for the FY 2010-11 with National Electric Power Regulatory Authority (NEPRA).

He alongwith other Management Officers are hereby authorized to sign individually or jointly the necessary documents appear before the Authority as needed and do all acts necessary for completion and processing of the Tariff Petition.

Certified True Copy

(Company Secretary)

Dated 06-03-2010



AFFIDAVIT

I Muhammad Wali S/O Muhammad Akram Khan Chief Executive Officer Peshawar Electric Supply Company Limited (Distribution License No.07/DL/2002 holding NIC No. 17301-2582091-7 being duly authorized representative / Attorney of Peshawar Electric Supply Company Limited hereby solemnly affirm and declare that the contents of this Tariff Petition for 2010-11 dated 10th May, 2010 including all supporting documents are true and correct to the best of my knowledge and belief and that nothing has been concealed.

Deponent

10/5/10
Muhammad Wali
Chief Executive Officer
PESCO

ATTESTED



10/5/10