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No. FDI /IESCO/ 2757

Office of the Finance Director
IESCO, Islamabad

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

TRF-129

Dated: 6/05/2010

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

QUARTERLY TARIFF PETITION FOR DETERMINATION OF CONSUMER END TARIFF FOR THE PERIOD (JANUARY 10 TO MARCH 10) IN RESPECT OF ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED (IESCO) (Distribution License No01/DL/2001 dated 2nd Nov. 01) CASE NO NEPRA/TRF-129/IESCO-2009 (4)

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) An affidavit as required under Rule 3 (8) of NEPRA Tariff Standards and Procedures Rule, 1998.
- ii) Copy of the resolution passed by the Board of Directors of IESCO on May 06, 2010
- iii) Petition summary including annexes thereto.

We shall be grateful if the authority shall give due consideration to our request while finalizing the determination for the said quarter.

With best regards,

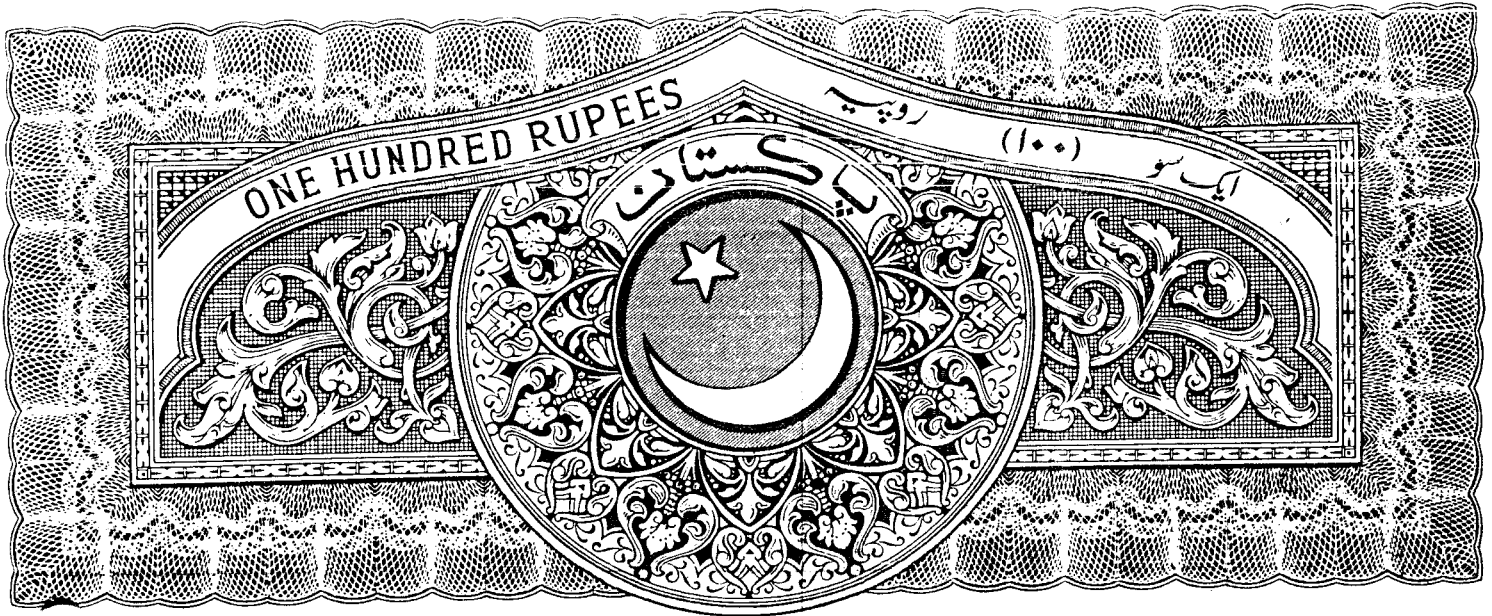
Signature
Finance Director
IESCO, Islamabad

For information & M.A. Pt.

- DG (Tech.)
 - DG (Tariff).
 - AD (MR)
- to process Pt.

Signature
6/5
cc: Chairman
Member (Lic.)
Member (T)
Member (S&P)
Member (CA)

Registered
By No. 2835
Dated: 06.05.10

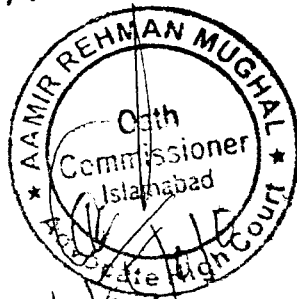


AFFIDAVIT

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 the Tariff Petition for the period (Jan-2010 to March-2010) F.Y 09-10 including all supporting documents are true and correct to the best of knowledge and belief and that nothing has been concealed.

Verified on this 06 day of May, 2010.

ATTESTED



DEPONENT

(*Najam Javaid*)
NAJAM JAVAID



Islamabad Electric Supply Company Limited

IESCO Head Office

Street No. 40 Sector G-7/4, Islamabad

Ph: No. 051-9252902 - Fax No.051-9252927

**CERTIFIED TRUE COPY OF THE RESOLUTION PASSED
BY THE BOARD OF DIRECTORS OF ISLAMABAD ELECTRIC SUPPLY
COMPANY LIMITED IN ITS 83rd BOD MEETING HELD ON MAY 06, 2010**

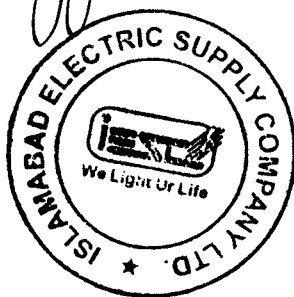
The Board of Directors resolved as follows:

“To accord approval for the petition for determination of consumer end tariff of the Company for the period (Jan-2010 to Mar-2010) F.Y 09 -10 for various categories of consumers & also accord approval to file the Tariff Petition with (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





Tariff Petition

Of

**Islamabad Electric Supply
Company Limited**

for

**Third Quarter of
Financial Year 2009-10**
(1st January, 10 to 31st March, 10)

Islamabad Electric Supply Company Limited (IESCO)

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

Mr. Javed Pervez

Mr. Najam Javed

Mr. Riaz Qadeer Bukhari

Mr. Khalid Masood

Chief Executive Officer

Finance Director

Manager Customer Services

Manager MIS

Islamabad Electric Supply Company Limited is an Unlisted Public Limited Company (**Limited by Shares**) incorporated under Companies Ordinance, 1984 vide certificate of incorporation No. L-09499 OF 1997-98. Certificate of commencement of business under section 146 (2) of Companies Ordinance, 1984 was granted by SECP on 1st day of June, 1998. Company was incorporated as a result of restructuring of WAPDA into corporate entities. IESCO was granted the distribution licence No 01/DL/2001 by National Electric Power regulatory authority on November 02, 2001.

2. GROUNDINGS & FACTS FORMING BASIS OF TARIFF PETITION

Petitioner is a Power Distribution Company, a bona fide power distribution licensee. In order to perform its obligatory duties prescribed by NEPRA through its different rules, procedures, license, Codes, regulations & by whatever nomenclature called (Hereinafter referred to as "**regulations**") issued from time to time, the petitioner needs adequate funding not only for investment in its distribution & transmission system but also to keep on improving its customer services, financial management, human resources. In addition to number of other benefits, the investment will ensure:

- To cope with the increasing demand of electricity for new consumers.
- To maintain the existing system in order to avoid the technical faults & to provide the consumer with uninterrupted supply upto the satisfaction of our customer.
- To keep on improving the customer service by introducing the advance technology & Modern techniques.
- Capacity building of our employees.

Major sources of funding are:

(i) borrowings and

(ii) adequate revenue through tariff that includes return on its investment.

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. In short, internal financial viability of a utility can only be ensured through adequate consumer end tariff.

IESCO, in its status as power distribution licensee, feels that the existing tariff determination made by Honorable Authority on 19th April, 10 for the second quarter of fiscal year 09-10 needs some revision to ensure adequate liquidity and financial viability in the upcoming quarters that include the 3rd quarter of current fiscal year.

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

Under the 1997 NEPRA Act as amended from time to time, NEPRA is responsible for determining tariffs 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.

Last Tariff Determination made by NEPRA on April 19, 2010 along with the 1st Quarter determination dated 9th December, 09 for the 1st quarter of fiscal year 09-10 has not only determined the Tariff for the fiscal year 09-10 but has also set the tariff methodology for whole of the fiscal year 09-10. In the light of said determination, IESCO Management is of the view that revision is required in Annual targets set by Authority.

1. ***Time frame for Installation of TOU Meters.***
2. ***Target for Sales***

1. **Time for installation of TOU Meters:**

IESCO in its Tariff Petition requested to extend the time for installation of TOU meters in the prescribed categories by NEPRA by two years, i.e upto June 2012, but Authority has rejected IESCO request. It is therefore, again requested that time limit may be reconsidered as under the existing resources, it may not be possible for IESCO to install the meters with in the remaining period.

2. **Target for sales:**

Authority set the sales target of 8,129 MKWH, while the actual sales level upto March 2010 is 5,713 MKWH. By adding up the actual sales target achieved for the next three months of last year, the forecasted sales will be at around 7,584 that will be lesser by 545 MKWH from the NEPRA target. Due to the revision in sales target, the overall tariff structure need revision that is explained in the portion covered under the head "**Revenue Requirement**".

In addition to this, Authority is also requested to incorporate the impact of quarterly PPP adjustment.

3. RELIEF / DETERMINATION SOUGHT

Approval of tariff structure proposed at **Annex-1** of petition.

4. COMPARATIVE TABLE OF TARIFF

Comparative table of existing and the proposed tariff design (**Annex - 2**)

5. 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 2009-10 (the tariff year) & the Q3 (the tariff period) with proposed Tariff at Annex 3**
 - a. Profit & Loss Account: FY 2008-9 (**Actual**), (FY 2009-10) & (Q3) (**Projected**) (The Tariff Period).
 - b. Balance Sheet for FY 2008-09 (**Actual**), (FY 2009-10) & (Q3) (**Projected**) (The Tariff Period).
 - c. Cash Flow Statement for FY 2008-9 (**Actual**), (FY 2009-10) & (Q3) (**Projected**) (The Tariff Period).
 - d. Summary of Revenue Requirements. (**Annex " 3a"**)
 - e. Assumptions to the Financial Projections. (**Annex "3b"**)
- ii. Estimates of Tariff Revenue: (Annex-4)**
 - a. Revised/Proposed Category-wise tariff design and revenue to achieve Revenue Requirements for FY 2009-10.
- iii. Estimates of Power Purchase Price (Annex 5)**

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

Estimated sales & Revenue from Jan 10 to June 10 Annex 1

Description	Sales GWh	Sales Mix	Determined 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	72	2.11%		2.00	0	144	144
For Peak Load Requirement Upto 20 kW	0	0.00%					
1-100 Units per month	465	13.64%		9.00	0	4,185	4,185
101-300 Units per month	250	7.33%		12.00	0	3,000	3,000
301-700 Units per month	145	4.25%		13.75	0	1,994	1,994
Above 700 Units per month	138	4.06%		14.95	0	2,069	2,069
For Peak Load Requirement Exceeding 20 kW	132	3.87%			0		
Time of Day (TOU) - Peak	106	3.11%		15.00	0	1,590	1,590
Time of Day (TOU) - Off-Peak	7	0.20%		8.50	0	58	58
Temporary	7	0.20%		15.00	0	102	102
Total Domestic	1322	38.78%			0	13,141	13,141
Commercial - A2							
For Sanctioned load requirement less than 5kW	329	9.65%		15.00	0	4,935	4,935
	0	0.00%					
For Sanctioned load 5 KW & above	0	0.00%					
Regular	82	2.41%	400.00	11.50	123	943	1,066
Time of Day (TOU) - Peak	11	0.33%	400.00	15.00		169	169
Time of Day (TOU) - Off-Peak	23	0.67%	400.00	7.50	34	171	206
Temporary	7	0.20%		15.00		102	102
Total Commercial	452	13.26%			157	6,320	6,478
Industrial							
B1	49	1.43%		9.50	0	463	463
B2	33	0.97%	400.00	9.00	58	297	355
B2 - TOU (Peak)	2	0.05%	400.00	15.00		28	28
B2 - TOU (Off-Peak)	22	0.66%	400.00	8.00	42	180	222
B3 - TOU (Peak)	32	0.95%	380.00	14.90		482	482
B3 - TOU (Off-Peak)	244	7.15%	380.00	7.90	203	1,927	2,130
B4 - TOU (Peak)	44	1.30%	360.00	14.80		656	656
B4 - TOU (Off-Peak)	274	8.04%	360.00	7.80	282	2,137	2,419
Temporary				10.00			
Total Industrial	701	20.55%			585	6,170	6,755
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts - Peak Load upto 20KW	1	0.04%		10.00		12	12
C1(b) Supply at 400 Volts - Peak Load above 20KW	39	1.15%	400.00	9.75	39	382	421
Time of Day (TOU) - Peak	65	1.90%	400.00	15.00		974	974
Time of Day (TOU) - Off-Peak	4	0.11%	400.00	8.00	4	30	34
C2 Supply at 11 kV	108	3.17%	380.00	9.50	152	1,025	1,178
Time of Day (TOU) - Peak	3	0.09%	380.00	14.90	4	46	50
Time of Day (TOU) - Off-Peak	15	0.45%	380.00	8.00	22	123	144
C3 Supply above 11 kV	44	1.29%	360.00	9.55	45	420	465
Time of Day (TOU) - Peak	1	0.03%	360.00	15.00		15	15
Time of Day (TOU) - Off-Peak	4	0.13%	360.00	8.00	5	36	40
Total Single Point Supply for further distribution	285	8.36%			270	3,063	3,333
Agricultural Tube-wells - Tariff D							
Scarp D-1	31	0.90%		11.00	0	337	337
Agricultural Tube Well Tariff D-1Peak	0	0.00%		15.00			
Agricultural Tube Well Tariff D-1Off-Peak	0	0.00%		6.00			
Agricultural Tube-wells (Punjab & Sindh) D-2	7	0.20%	200.00	6.50	12	44	57
Agricultural Tube-wells (NWFP & Balochistan)							
Time of Day (TOU) - Peak	3	0.10%	200.00	15.00	0	51	51
Time of Day (TOU) - Off-Peak	0	0.00%	200.00	7.00	0	0	0
Total Agricultural Tubewell Tariff-D	43	1.25%			12	433	445
Public Lighting - Tariff G							
	41	1.21%		14.00	0	577	577
Housing Colonies Attached to Industrial - H							
	186	5.45%		14.00	0	2,600	2,600
Railway Traction - Tariff I							
	0	0.00%					
AJK - Tariff K							
	380	11.15%	0.00	7.75	0	2,945	2,945
Time of Day (TOU) - Peak	0	0.00%	360.00	14.00			
Time of Day (TOU) - Off-Peak	0	0.00%	360.00	7.00			
Rawat Laboratory							
	0			9.25	0	0	0
Gross Total	3,409	100%			1,024	35,250	36,274

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

(Annex 2

Schedule of Comparative Charges

Description	Proposed Tariff		NEPRA Determined Tariff for the 2 nd Quarter of Financial Year 09-10	
	Fixed Charges Rs./kW	Variable Charges Rs./KWH	Fixed Charges Rs./kW	Variable Charges Rs./KWH
Residential -A1				
Up to 50 Units per month		2.00		2.00
For Peak Load Requirement Upto 20 kW				
1-100 Units per month		9.00		7.15
101-300 Units per month		12.00		10.25
301-700 Units per month		13.75		12.50
Above 700 Units per month		14.95		14.35
For Peak Load Requirement Exceeding 20 kW				
Time of Day (TOU) - Peak		15.00		14.00
Time of Day (TOU) -Off-Peak		8.50		7.50
Temporary		15.00		14.35
Total Domestic				
Commercial - A2				
For Sanctioned load requirement less than 5kW		15.00		14.00
For Sanctioned load requirement 5 kW & above.				
Regular	400.00	11.50	400.00	11.00
Time of Day (TOU) - Peak	400.00	15.00	400.00	14.00
Time of Day (TOU) - Off-Peak	400.00	7.50	400.00	7.00
Temporary		15.00		14.00
Total Commercial				
Industrial				
B1		9.50		9.00
B2	400.00	9.00	400.00	8.50
B2 - TOU (Peak)	400.00	15.00	400.00	14.00

B2 - TOU (Off-Peak)	400.00	8.00	400.00	7.00
B3 - TOU (Peak)	380.00	14.90	380.00	13.90
B3 - TOU (Off-Peak)	380.00	7.90	380.00	6.90
B4 - TOU (Peak)	360.00	14.80	360.00	13.80
B4 - TOU (Off-Peak)	360.00	7.80	360.00	6.80
Temporary		10.00		9.00
Total Industrial				
Single Point Supply for further distribution				
C1(a) Supply at 400 Volts - Peak Load upto 20KW		10.00		10.00
C1(b) Supply at 400 Volts - Peak Load above 20KW	400.00	9.75	400.00	9.25
Time of Day (TOU) - Peak	400.00	15.00	400.00	14.00
Time of Day (TOU) - Off-Peak	400.00	8.00	400.00	7.00
C2 Supply at 11 kV	380.00	9.50	380.00	9.15
Time of Day (TOU) - Peak	380.00	14.90	380.00	13.90
Time of Day (TOU) - Off-Peak	380.00	8.00	380.00	6.90
C3 Supply above 11 kV	360.00	9.55	360.00	9.05
Time of Day (TOU) - Peak	360.00	15.00	360.00	13.80
Time of Day (TOU) - Off-Peak	360.00	8.00	360.00	6.80
Total Single Point Supply for further distribution				
Agricultural Tube-wells - Tariff D				
Scarp D-1		11.00		10.00
Agricultural Tube Well Tariff D-1Peak	200.00	15.00	200.00	14.00
Agricultural Tube Well Tariff D-1Off-Peak	200.00	6.00	200.00	5.00
Agricultural Tube-wells (Punjab & Sindh) D-2	200.00	6.50	200.00	6.00
Agricultural Tube-wells (NWFP & Balochistan)				
Total Agricultural Tubewell Tariff-D				
Public Lighting - Tariff G		14.00		13.00
Housing Colonies Attached to Industrial - H		14.00		13.00
Railway Traction - Tariff I				
AJK - Tariff K	360.00	7.75	360.00	7.75
Time of Day (TOU) - Peak	360.00	14.00	360.00	14.00
Time of Day (TOU) - Off-Peak	360.00	7.00	360.00	7.00
Rawat Laboratory		9.25		9.25
Gross Total				

Islamabad Electric Supply Company Limited

Technical Data

Description	Units	ACTUAL (08-09)	PROJECTED 2009-10	Provisional July-09 to Dec-09)	PROJECTED (Jan-10 to Mar-10)	PROJECTED (Jul-09 to Mar-10)
NO OF CUSTOMERS	Billion	1.99	2.10	2.00	2.03	2.03
UNITS SOLD	MKWH	7,201	7,584	4,176	1,537	5,713
GROWTH IN UNITS SOLD	% age	-0.43% ^a	5.32% ^a			
DISTRIBUTION & TRANSMISSION LOSSES	% age	10.78% ^a	10.00% ^a	7.90% ^a	5.37% ^a	7.24% ^a
UNITS PURCHASED	MKWH	8,071	8,427	4,534	1,624	6,159
POWER PURCHASE PRICE	Rs. / KWH	5.43	6.69	6.02	8.68	6.72
ADJUSTED POWER PURCHASE PRICE	Rs. / KWH	6.09	7.43	6.53	9.18	7.24
AVERAGE RETAIL TARIFF	Rs. / KWH	6.90	8.28	7.67	9.83	8.25

Islamabad Electric Supply Company Limited

Profit and Loss Account

Description	ACTUAL (08-09)	PROJECTED 2009-10	Provisional July-09 to Dec-09)	PROJECTED (Jan-10 to Mar-10)	PROJECTED (Jul-09 to Mar-10)
REVENUE:					
Electricity sales	49,687	62,825	32,028	15,113	47,141
Rental and Service Income	27	28	13	6	19
	49,714	62,853	32,041	15,119	47,160
Amortization of deferred credit	459	518	241	132	373
Net Revenue	50,173	63,371	32,281	15,252	47,533
OPERATING COST:					
Cost of Electricity	43,866	56,352	27,284	14,106	41,390
Other operating costs	3,674	4,151	2,065	889	2,954
Depreciation	930	1,171	488	263	751
	48,470	61,674	29,837	15,257	45,095
	1,703	1,697	2,444	(6)	2,438
OTHER INCOME	947	1,070	755	420	1,175
Profit/(Loss) before Interest and Taxes	2,650	2,767	3,199	414	3,614
FINANCIAL AND OTHER CHARGES					
Financial charges	484	659	330	165	495
Workers' Profit Participation Funds(WPPI)	108	105	143	12	156
PROFIT/(loss) before tax	2,057	2,002	2,726	237	2,963
Taxation:					
Previous Year					-
Provision for Tax: Current		701	954	83	1,037
Deferred	980				-
Net Profit/(Loss) for the year	1,077	1,302	1,772	154	1,926
PROFIT/(LOSS) BROUGHT FORWARD	(1,181)	(28)	(28)	1,744	(28)
Adjustment in Equity	76	5,477		1,247	1,247
ACC. PROFIT (LOSS) CARRIED FORWARD	(28)	6,751	1,744	3,145	3,145

Islamabad Electric Supply Company Limited

Balance Sheet

Description	ACTUAL (08-09)	PROJECTED 2009-10	Provisional July-09 to Dec-09)	PROJECTED (Jan-10 to Mar-10)
Assets:				
Fixed Assets:				
Gross Fixed Assets (At Revalued Amount)	42,083	50,830	44,988	45,688
LESS: Accumulated Depreciation	9,479	10,650	9,967	10,230
Net Fixed Assets	32,604	40,181	35,021	35,459
Capital Work in Progress	6,958	5,314	6,169	6,693
Long Term Advances & other deposits	11	11	25	25
Current Assets:				
Inventory / Stores & Spares	2,270	1,616	2,942	2,995
Account Receivable	8,337	7,573	8,266	10,145
Advances, Deposits, Prepay. & Other Rec.	8,770	4,026	18,234	18,015
Cash & Bank Balances	4,123	4,200	2,819	2,909
Total Current Assets	23,500	17,416	32,261	34,064
TOTAL ASSETS	63,073	62,921	73,475	76,241
Equity & Liabilities				
Issued Share Capital	5,798	5,798	5,798	5,798
Accumulated Profit/(Losses)	(28)	6,751	1,744	3,145
<i>Net Equity</i>	5,771	12,549	7,542	8,943
Surplus on revaluation of fixed assets	11,696	11,696	11,696	11,696
Long Term / Deferred Liabilities				
Long term Loans	10,060	4,311	10,061	10,267
Consumer's Security Deposits	1,779	1,869	1,944	2,021
Employees Retirement Benefits	4,017	4,567	4,265	4,429
Deferred Tax Liability	3,108	3,108	3,108	3,108
Deferred Credits (Consumer's Capital Cont. etc.)	9,400	10,570	9,816	10,135
<i>Total Long Term / Deferred Liability</i>	28,364	24,424	29,194	29,960
Current Liabilities				
Current Maturity of long term loan	4,615	864	4,433	4,342
Creditors, Accrued & Other Liabilities	12,629	13,387	20,610	21,300
<i>Total Current Liability</i>	17,243	14,251	25,043	25,642
TOTAL LIABILITIES & EQUITY	63,073	62,921	73,476	76,241

Islamabad Electric Supply Company Limited

Cash Flow Statement

Description	ACTUAL (08 09)	PROJECTED 2009-10	Provisional July-09 to Dec- 09)	PROJECTED (Jan-10 to Mar- 10)
Cash Flow From Operatin Activities				
Profit/(Loss) before Interest and Taxes	2,057	2,002	2,726	237
Adjustments:				
ADD: Depreciation	930	1,171	488	263
Interest Expense	484	659	330	165
Provision for Staff Retirement benefits	552	800	400	200
Prior period Adjustment	-	5,477		1,247
Changes in Equity for first quarter	-	-		
LESS: Amortisation of Deferred Income	(459)	(518)	(241)	(132)
Cash Flow from Operations	<u>3,565</u>	<u>9,592</u>	<u>3,703</u>	<u>1,979</u>
Working Capital Changes				
(Increase)/Decrease in Debtors	(2,436)	764	71	(1,879)
(Increase)/Decrease in Inventories	(726)	654	(672)	(53)
(Inc)/Dec: in Advc, prepay, and other reciev	1,767	4,744	(9,464)	219
Inc/(Dec): in Cred, Accrued & other liabilities	(948)	759	7,982	690
Net Changes From Working Capital	1,222	16,511	1,620	956
Payments against Retirement Benefits	(256)	(250)	(152)	(36)
Payments of tax	(8)	(701)	(954)	(83)
Net Cash In/(Out) Flow from Operation	<u>958</u>	<u>15,560</u>	<u>514</u>	<u>837</u>
CASH FROM FINANCING ACTIVITIES:				
Long Term Loans	(272)	(364)	(181)	(91)
Transfer of PPTEC to PTEC	-	(11,502)		-
Consumers Security Deposits	402	90	165	77
Deferred Credit	3,125	1,688	657	451
Proceed from Long Term loan	2,762	2,365		206
Financial Charges paid	(589)	(659)	(330)	(165)
CASH FROM INVESTING ACTIVITIES:	<u>5,428</u>	<u>(8,381)</u>	<u>312</u>	<u>478</u>
Capital Expenditures	(4,770)	(7,103)	(2,116)	(1,224)
Long Term Advances	2	-	(14)	-
Cash In/(Out) flow from Investing Activities	<u>(4,768)</u>	<u>(7,103)</u>	<u>(2,130)</u>	<u>(1,224)</u>
Net Cashflow During the Year	1,618	78	(1,303)	91
Cash - Start of the Year	2,504	4,122	4,122	2,819
Cash - End of the Year	<u>4,122</u>	<u>4,200</u>	<u>2,819</u>	<u>2,910</u>

Islamabad Electric Supply Company Limited
Summary of Revenue Requirements (FY 2009-10)

Description	Amount (Rs. In Million)	Rs. / Unit
Power Purchase Price	56,352	7.43
O&M Costs	4,151	0.55
Depreciation	1,171	0.15
Return on Rate Base	2,767	0.36
Prior Period Adjustments	5,477	0.72
Gross Revenue Requirements	69,918	9.22
Less: Other Revenues	(1,616)	(0.21)
Net Revenue Requirement	68,302	9.01
Projected No Of Units Sold (Million KWH)	7,584	
<u>Working for the Revenue Requirement of 1st Quarter</u>		<u>Rs (In Million)</u>
Revenue Requirement:		
Annual Requirement determined	68,302	
Actual revenue (Jun to Dec 09)	32,028	
Net Revenue Requirement (From 1st January 10 to 30th June, 10)	36,274	
<u>Quantitative Data:</u>		<u>MKWH</u>
Annual Projected Sales	7,584	
Actual Sales (Jun to Dec 09)	4,176	
Net Projected Sales (From 1st Jan,10 to 30th June, 10)	3,408	
Average per unit rate (From 1st Jan 10 to 30th June, 10)	10.64	
Projected Units (1st jan 09 to 31st March, 10)	1,537	
Total Revenue Requirement	16,360	

Islamabad Electric Supply Company Limited

Summary of Revenue Requirements For Quarterly Tariff of FY 2009-10

Description	Annex Ref:	Rs. in Million			Rs./KWH SOLD		
		IESCO Revenue Requirement for 2009-10	NEPRA Determination 2009-10 (New Target Sale)	3rd Quarter (2009-10) (Jan-Mar 10)	IESCO Revenue Requirement for 2009-10	NEPRA Determination 2009-10	3rd Quarter (2009-10) (Oct-Dec 09) (Projected)
No. of Unit Sold (MKWA)		7,242	7,584	1,537			
No. of Unit Purchased (MKWA)		8,230	8,427	1,624			
DISTRIBUTION & TRANSMISSION LOSSES		12.00%	10.00%	5.37%			
POWER PURCHASE PRICE		46,132.00	56,352.00	14,106	5.61	7.43	9.18
O&M Cost							
Pay and Allowances		3,087.00	2,954.00	737	0.43	0.39	0.48
other Operating Cost		961.00	715.00	49	0.13	0.09	0.03
Repair and Maintenance		627.00	482.00	103	0.09	0.06	0.07
Total O&M Cost		4,675.00	4,151.00	889	0.65	0.55	0.58
Provision for Bad Debts		-	-	-	-	-	-
Depreciation		1,180.00	1,171.00	263	0.16	0.15	0.17
Return on Rate Base		2,871.00	2,767.00	414	0.40	0.36	0.27
Taxation					-	-	-
Less Other Revenue		(1,616.00)	(1,616.00)	(559)	(0.22)	(0.21)	(0.36)
Distribution Margin		7,110.00	6,473.00	1,007	0.98	0.85	0.66
Prior Year Adjustments		5,477.00	5,477.00	1,247	0.76	0.72	0.81
						-	-
Net Revenue Requirement		58,719.00	68,302.00	16,360	8.11	9.01	10.64

Key Assumptions to the Financial Projection

Basic Information

The financial projections have been prepared on the basis of actual results for FY 2008-09. The figures for FY 2009-10 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			Projected
		FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Sales	GWh	7,065	7,232	7,201	7,584
Sales Growth	%age	12.69	2.32	(0.45)	5.30
& D Losses (Gross)	%age	12.17	10.28	10.78	10
Purchase of Power	GWh	8,044	8,061	8,071	8,426

Table-1

Revenue (in Millions rupees) for the Financial year 09-10 & for the second quarter of fiscal year 09-10 is determined on the requirements to cover the PPP, Operating & Maintenance expenses, depreciation & adequate return on assets etc;.

Other Operating Revenues have been assumed to be increased by 13%.

Power Purchase Price for the fiscal year 09-10 has been arrived at as per NEPRA determination dated 9th December, 09.

Operating & Maintenance Expenses have been taken as per NEPRA determination dated 9th December, 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:

Interest Charges have been accrued on Long term Loans along with routine Bank Charges as incurred from time to time.

Provision for Taxation has been made in the financial statements @ 35 %.

Revenue Requirement (for tariff as per revenue requirement scenario for FY 200-10) has been arrived at as under:

RR	=	RORB + Power Purchase Price + O&M (pay & allowance, other operating & admn expenses, insurance, maintenance expenses, provision for bad debts) + Depreciation for the period –(other operating income + other non operating income).
Where:		
RORB	=	Rate Base X WACC
Regulatory Rate Base	=	Opening Fixed Assets in operations + Transferred in during the year – accumulated Depreciation + Closing Work in Progress – Un amortized closing balance of deferred credits

Equity is the total paid up capital and (plus / minus) retained profits / (losses).

Deferred Credit is 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.

Brief Description of Local Loans

Long Term Loan of Rs. 2, 000 Million at Sr. No "1" represents a term finance facility obtained from syndicate of banks with Allied Bank Limited as the lead arranger which is secured against first ranking pari passu hypothecation charge over all present and future fixed assets of the company (excluding land and building) and lien over the Collection and Debt Service Reserve Accounts maintained with Allied Bank Limited. This facility carries interest rate of 3 months' KIBOR plus 1.7% per annum payable on a quarterly basis. Principal amount is to be repaid on a quarterly basis after grace period of eighteen months with final installment due on 30 June 2013.

Foreign Relent loans:

- a. Power Distribution & Enhancement Investment Program (Multi-Tranche Financing Facility) – Tranche "1" from Asian Development Bank. **(US\$ 31.86 Million)**
- b. Electricity Distribution & Transmission Improvement Project (APL -1) from World Bank **(US\$ 58.4 Million)**

Consumer Security Deposits are long term liabilities. These amounts are received against security deposits by consumers at the time of new connection.

Employee's Retirement Benefits have been based on actuarial valuation conducted through qualified consultants.

Sundry Creditors (NTDC / CPPA) is estimated to be paid in accordance with the Invoices received from CPPA.

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).

Dividend Payment has not been assumed

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

MONTHWISE ENERGY PURCHASE PRICE (EPP), CAPACITY PURCHASE PRICE (CPP) 2009-10 (Projected)

MONTHS	UNITS (Kwh)	*EPP (Rs) i	*EPP (Rs) ii	CPP (Rs)	MDI (kw)	UOSC (Rs)	PPP (Rs/kwh)	PPP (Rs)
JULY	907,793,166	3,571,123,962	139,143,813	797,292,024	1,418,990	142,111,849	5.12	4,649,671,648
AUGUST	903,246,773	3,158,488,671	459,822,157	869,844,603	1,510,257	151,252,239	5.14	4,639,407,670
SEPTEMBER	853,229,777	3,214,468,954	486,067,939	939,041,606	1,667,337	166,983,801	5.63	4,806,562,300
1st Quarter	2,664,269,716	9,944,081,587	1,085,033,909	2,606,178,233	4,596,584	460,347,888	5.29	14,095,641,617
OCTOBER	677,589,749	2,978,394,528	248,412,533	915,238,400	1,454,565	145,674,685	6.33	4,287,720,146
NOVEMBER	586,646,942	2,744,918,695	291,958,344	727,739,175	1,003,220	100,472,483	6.59	3,865,088,697
DECEMBER	605,910,941	3,693,720,953	173,607,421	1,013,655,873	1,551,612	155,393,942	8.31	5,036,378,189
2nd Quarter	1,870,147,632	9,417,034,176	713,978,298	2,656,633,448	4,009,397	401,541,110	7.05	13,189,187,032
JANUARY	556,396,822	4,187,692,861	131,317,998	987,392,174	1,395,263	139,735,589	9.79	5,446,138,622
FEBRUARY	517,891,911	3,396,446,499	117,537,641	601,323,784	930,664	93,206,000	8.13	4,208,513,924
MARCH	550,085,962	3,431,997,869	80,907,743	813,788,773	1,240,242	124,210,236	8.09	4,450,904,621
3rd Quarter	1,624,374,695	11,016,137,229	329,763,382	2,402,504,731	3,566,169	357,151,825	8.68	14,105,557,167
April	582,863,056	3,295,974,009		1,146,841,349	1,237,311	123,916,686	7.84	4,566,732,044
May	811,819,224	3,777,232,485		1,283,567,375	1,425,041	142,717,820	6.41	5,203,517,680
June	867,085,888	3,712,254,812		1,328,895,832	1,497,812	150,005,859	5.99	5,191,156,503
4th Quarter	2,261,768,168	10,785,461,307	-	3,759,304,556	4,160,163	416,640,364	6.61	14,961,406,227
TOTAL	8,420,560,211	30,377,252,992	2,128,775,589	7,665,316,412	12,172,150	1,219,040,823	6.69	56,351,792,042