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QUETTA ELECTRIC SUPPLY COMPANY LIMITED

Phone # 081 9203308
Fax # 081 9202912

FINANCE DIRECTORATE
QESCO ZARGHOON ROAD
QUETTA.

No. 6545 CEO / FD / QESCO / Comp Dated: 04-01-~~2009~~ 2010

The Registrar NEPRA,
Islamabad

Subject: **TARIFF PETITION FOR THE SECOND QUARTER OF THE FINANCIAL YEAR 2009-10**

Enclosed please find the Tariff Petition in respect of QESCO for the second quarter of the Financial Year 2009-10 for further necessary action.

Process it immediately

12/1

AD(MR)

C.c to:
- Chairman
- Member (T).

Engr: Muhammad Shafique
CHIEF EXECUTIVE OFFICER

QUETTA ELECTRIC SUPPLY COMPANY LIMITED

Tel: 081-9203308
Fax: 081-9202912

FINANCE DIRECTORATE
QESCO ZARGHOON ROAD QUETTA

No. 6546 /FD/QESCO/Sec: Dated : 04-01-2010

To

The Registrar,
NEPRA,
2nd Floor, Off Building,
G-5/2, Islamabad.

Subject: **AUTHORIZTAION TO SIGN AND ATTEND PROCEEDINGS OF TARIFF PETITION (OCTOBER-DECEMBER, 2009)**

Reference: i. No. NEPRA/R/TRF-131/QESCO-2009/1369 dated December 24, 2009.
ii. TRF-131/9891 dated September 30, 2009.

Approval of QESCO Board of Directors is obtained in 52nd BOD meeting held on 31-12-2009 to authorize the Chief Executive Officer, QESCO to sign the Tariff Petition (October-December, 2009) alongwith authorization to Chief Executive Officer, QESCO, General Manager Technical, QESCO, Finance Director, QESCO, Director C. S, QESCO and Chief Engineer/Operation Director, QESCO to attend the proceedings.

Forwarded as desired please.

ASGHAR ALI MENGAL
COMPANY SECRETARY

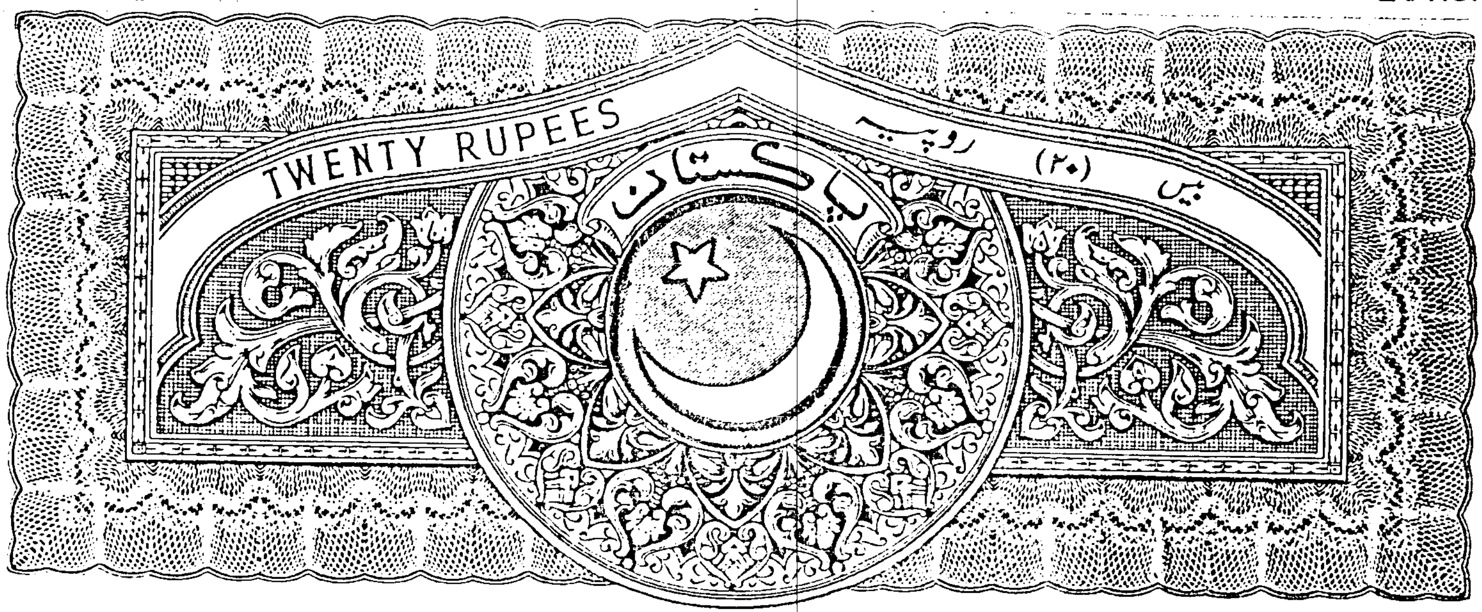
QUETTA ELECTRIC SUPPLY COMPANY LIMITED

TARIFF PETITION
2nd Quarter of (2009-10)

DISTRIBUTION LICENCE
No. 08 / DL / 2001

PAKISTAN

20 RS.



AFFIDAVIT

I, Asghar Ali Mengal, Finance Director, Quetta Electric Supply Company Limited (Distribution License # 08 / DL / 2001) being duly authorized representative / attorney of Quetta Electric Supply Company Limited, hereby by solemnly affirm and declared that the contents of the accompanying petition / application No.6545 / CEO / FD / QESCO / Comp dated: 04.01.2010 including all supporting documents are true and correct to the best of my knowledge and belief and that nothing has been concealed. I also affirm that all further documentations to be provided by me in connection with the accompanying petition shall be true to the best of my knowledge and belief.

Verified on oath this 4th January of 2010 that the contents hereof are true and correct to the best of my knowledge and belief and nothing has been concealed.

DEPONENT

ASGHAR ALI MENGAL
FINANCE DIRECTOR

TABLE OF CONTENTS

1. PETITION SUMMARY

1.1 Details of the Petitioner

1.1.1 Name and Address

Quetta Electric Supply Company Ltd (referred to as QESCO herein after)

1.1.2 Representatives of QESCO

Representatives of QESCO are:

- Muhammad Shafique (Chief Executive Officer)
- Iftekhar Ahmed (General Manager Technical)
- Asghar Ali Mengal (Finance Director)
- Abdul Rauf Baloch (Chief Engineer / CS Director)

1.1.3 Grounds for Petition

Under the 1997 NEPRA Act, NEPRA is responsible for determining tariffs and other terms and conditions for the supply of electricity by the generation, 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.

QESCO is a licensed public limited company providing public utility service to distribute and supply electricity to whole of Balochistan except Lasbela. In accordance with the requirements of the license, QESCO is hereby submitting a petition to revise tariffs in its license area for the second quarter of the financial year **2009-10**.

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

1.1.3A Basis for Review Petition

- Liquidity risk created for QESCO by not adjusting for changes in the generation mix with respect to PPP fluctuations in the end-user tariffs.
- Establishment of end-user rates across consumer categories and potential risk for QESCO.
- Adjustment of WACC inputs to reflect market conditions.
- Adjustment of 30% agriculture subsidy borne by QESCO in Distribution Margin, as it is unavoidable cost for QESCO.

- Adjustment of Distribution Margin in tariff to meet with operational expenses.
- Adjustment of realistic Transmission and Distribution losses in the end user tariffs.
- Prior year's adjustment in end user tariff.

T&D Losses.

NEPRA Determined T&D Losses 18% for 1st quarter of financial year 2009-10 which can not be achieved due to following bottlenecks:

- Availability of single 220 KV Transmission source i.e Guddu-Sibi-Quetta.
- Non availability of adequate power generation at Quetta.
- Lengthy network of both 132 & 11 KV system.
- Inadequate capacity building to meet with the load growth @ 8% per annum, an ultimate cause of load shedding to keep the system intact.
- Due to load growth and construction of new Grid Stations, Augmentation and Extension of existing Grid Stations the load on lengthy 132 KV lines will increase subsequently causing increase in T&D losses

- The Transmission losses are anticipated to increase further as the new 220KV proposed transmission sources i.e Dadu – Khuzdar and Kot Addu – D.G.Khan – Rakhni will take at least 3 years from the date of commencement.

In the absence of completion of above projects Transmission Losses will expected to increase further to 8.5% in next year. Therefore, 21.5% T&D losses may be allowed in tariff.

Prior Year's adjustment

Due to delayed notification of tariff for the year 2008-09, QESCO sustained loss of Rs.1610.433 million in July and August 2008. It is requested that prior year adjustment of 402.61 amount may be allowed for 2nd quarter of 2090-10.

Weighted Average Cost of Capital

WACC may be considered as 16.51%. Debt equity ratio of 80 : 20, and tax rate of 35%.

1.2 Key Aims and Features of the Petition

1.2.1 Aims of the Petition

This tariff petition sets out the tariff methodology, required revenues and timetable for rebalancing tariffs in QESCO's distribution area for the second quarter of the financial year 2009-10. The aim of this petition is to obtain approval for the immediate implementation of cost reflective tariffs to yield QESCO's required revenues and one year rebalancing of tariffs so that the implementation of cost reflective tariffs will benefit consumers and QESCO as well and it will;

1. Provide signals for efficient usage of, and investment in, QESCO's distribution network.
2. Promote the financial sustainability of QESCO.

1.2.2 Features of the Petition

This petition proposes the following:

- A transparent and predictable formula for setting and revising tariffs in QESCO's licensed area.

- Sufficient average tariff to enable QESCO to recover prudently its operating cost.

- Incentives for QESCO to make operating efficiencies and reduce commercial losses.

1.2.3 Structure of the Petition

This petition has two distinct components. The first part deals with the tariff methodology. This is the formula that will be used to determine QESCO's distribution margin within the period of control proposed for the second quarter of the financial year 2009-10. The second part covers the calculation of QESCO's required revenues during the revenue control period. It explains the different components of required revenues including operating costs, investment costs and Rate of Return (ROR).

2 Tariff Review Formula and Process

The tariff formula provides a transparent and predictable way of determining QESCO's Distribution Margin on an annual basis within the period of control. A formula is advantageous as it reduces uncertainty for the utility and for customers. It also provides a simple way for NEPRA to incentivize the company to reduce losses and/or make operating efficiencies as required.

2.1 Tariff Methodology

2.1.1 QESCO's Margin

The formula calculates QESCO's Distribution Margin based on forecast, units sale, operating expenses, 30% Agricultural Subsidy born by QESCO depreciation, investment and return on investment. Transmission costs are treated as pass-through. The formula determines revenues for the second quarter of the financial year 2009-10. Revisions may be made to revenues within that period if actual inflation is different from forecast. The profits or losses that arise from changes in efficiency or demand would, however, be retained by QESCO for the duration of the revenue control period.

At the end of the second quarter of the financial year 2009-10, the formula would be reapplied to determine the Distribution Margin for each quarter in the subsequent period of control.

Under the proposed tariff-setting methodology, the average retail tariff would consist of (i) the Power Purchase Price (PPP), which would be passed through to the end users in the retail tariff, and (ii) the Average Distribution Margin, which would be set based on the formula-based methodology (iii) Prior year's adjustment.

2.1.2 Power Purchase Price (PPP)

QESCO will pay a Power Purchase Price (in Rs/kWh) for the electricity it procures from NTDC, which would include the generation and transmission charges (regulated by NEPRA and distributed by QESCO). This Power Purchase

Price, adjusted for QESCO's distribution losses, would then be simply added to QESCO's overall Distribution Margin to work out the retail tariffs. Thus, the cost of the purchased electricity would be "passed through" to consumers through the retail tariff, *without affecting QESCO's Distribution Margin.*

While passing through the PPP, it is recognized that all Distribution Companies experience some level of distribution losses, defined as the percentage of the difference between the units received by the company and the units invoiced to the consumers. The PPP should thus be adjusted so that QESCO would be compensated for losses, without hindering the incentive to eliminate the total losses.

$$PPP = \frac{Unadjusted\ PPP}{1 - L_t}$$

Where;

- Unadjusted PPP is the cost of electricity supply charged by NTDC at any given time;
- L_t is the target distribution losses at quarter t, defined as a percentage of purchased units, in accordance with a schedule established for the control period.

Based on the above formula, the compensation for distribution losses would be automatically adjusted for any changes in the power purchase cost. The schedule of target losses, however, would be maintained throughout the control period, regardless of the actual distribution losses incurred by QESCO. Thus, if QESCO were not able to meet the target loss reduction, it would be penalized by not being able to recover the cost of extra units lost from the retail tariffs. If, on the other hand, QESCO's actual loss reduction outperformed the target level, it would be able to gain extra revenues from the loss adjustments to the PPP.

2.2 Distribution Margin Formula

The Average Distribution Margin for the second quarter of the financial year 2009-10 would be set in accordance with QESCO's expected revenue requirements, based on the following formula:

$$Avg.\ Margin_t = \frac{O\&M_t + Depreciation + 30\%\ Agri.\ Subsidy + RORB - Other\ Income}{Total\ Unit\ Sales}$$

Where:

- $O\&M_t$ is the expected operating and maintenance cost per kWh (for the quarter t), which includes the estimated cost of technical service and repair, necessary materials for operation, salary, mandatory social insurance payments, administration, management and other operating costs related to QESCO's distribution and supply business. The O&M component for the second quarter of the financial year 2009-10 would be established on the basis of forecast demand and inflation.

- 30% Agriculture Subsidy is cost to QESCO, the basis of total revenue generated from agricultural consumers less respective share of each sector i.e. consumers, GOP & GOB

Depreciation: The depreciation (for quarter t) will be calculated based on; (i) the value of assets existing, set at a fixed amount (Old Asset Base); plus (ii) new assets invested by QESCO.

Total Unit Sales: A schedule of the total unit sales (in kWh) of QESCO across all customer categories is forecast for the second quarter of the financial year 2009-10. This forecast will be used to determine the average distribution margin per unit (Rs/kWh) needed to cover the revenue requirement expected for the second quarter of the financial year 2009-10. Annex-I shows expected sales to different consumer categories.

2.3 Consumers-end Tariff-Setting

During the period of the price control, QESCO's tariffs will be rebalanced so that QESCO's total margin is recovered from customers in accordance with the costs of serving different categories of customers.

3. CALCULATING QESCO'S REVENUE REQUIREMENT

3.1 Trends in Consumption

Annex-1 provides information about demand in the QESCO's service area.

3.2 QESCO'S Revenue Requirement

Based on the tariff methodology described in the previous section, the average tariffs for the second quarter of the financial year 2009-10 have been calculated using the following parameters:

- Inflation: O&M will expected to increase by the rate of 25%.
- Total Unit Sales: Starting with unit sales of MWh as projected in Table-1 for the first year (2007/08), the total unit sales are increased by the annual demand growth. Based on Annex1, the annual rate of demand growth has been set at different levels for different consumers categories.
- Target Distribution & Transmission Losses: The allowed levels of losses are set at 21.5% for the second quarter of the financial year 2009-10.
- Power Purchase Price is weighted average cost of purchases from CPPA per unit for presentation purposes. Power Purchase Price Rs. 6.50 / kWh for the second quarter of the financial year 2009-10 is weighted average cost of purchases from CPPA.
- Purchase Costs: The cost of electricity purchased by QESCO has been calculated as the PPP (unadjusted for distribution losses) times the units of electricity purchased. This is also the equivalent of the units of electricity sold times the PPP adjusted for distribution losses (PPP divided by 1 minus the percentage of allowed losses).
- $O\&M_t$: Based on inflation adjustments to QESCO's operating expenses from the latest available data, the O&M per unit has been projected at around Rs 0.67 / kWh for the second quarter of the financial year (2009-10).
- Subsidy: Agricultural subsidy has been calculated on the basis of QESCO's share of differential cost.

  ROR: Considering recent inflation / price hike; ROR is assumed at 16.51% with Debt equity ratio 80:20.

- New Investments: New investments will be made as per the Investment Plan provided in Annex-2.

- Depreciation: The depreciation has been calculated on the basis of present depreciation rates of different assets categories and relevant assets value.

- Prior year's adjustment: The prior year's adjustment has been calculated by multiplying actual units sold in July – 08 and August – 08 with the difference between notified tariff (2008-09) and actual tariff for the month of July – 08 and August – 08.

- Distribution Cost: The sum of rate of return on profit rate base, O&M, 30% agricultural subsidy borne by QESCO and Depreciation net of Amortization less Other Income result in QESCO's distribution cost. Dividing this by the total units sold yields the average Distribution Margin (per kWh).

The results of the calculations are summarized on table-1.

Table - I

Tariff Calculation

		Oct 09 - Dec 09
1	Total units Sale	1,028
	Allowed Losses	21.50%
	Total Unit Purchased (mln kwh)	**1310**
	PPP (R/kwh-unadjusted)	6.50
	PPP (R/kwh-adjusted for losses)	**8.28**
	PPP (mln Rs.)	**8,514**
2	Operating Fixed Assets in Operation	18,444
3	Transferred during the year	500
4	Clossing Fixed Assets(2+3)	18,944
5	Less Cummulative Depriciation	5,752
6	Net Fixed Asstes(4-5)	13,192
7	Closing Work in Progress	3,802
8	Total Assets	16,994
9	Less Defered Credit	3,933
10	**Regulatory Rate Base**	13,061
11	**Avg Regulatory Rate Base**	13,062
	Avg for 3 months	3,266
	Distribution Cost	
12	RORB	16.51%
13	RORB	539
14	Depriciation net of amortization.	116
15	O & M	688
16	30% Agri subsidy	949
17	Other Income	(55)
18	**Distribution Margin**	**2,237**
19	**PPP (Rs/Kwh)**	8.28
20	Distribution Margin/Kwh	2.18
21	Avg Tariff rate before prior year adjustment	10.46
22	Prior year adjustment Rs/ kWh	0.39
23	Avg Tariff rate after prior year adjustment	10.85
24	Distribution Margin/Sales Tariff	20.06%

Table - II

Category wise Proposed Tariff

	Units Sold	Proposed Tariff		Revenue In Mill Rs.		
	(Mill.- kWh)	Fixed	Variable/kWh	Fixed	Variable	Total
DOMESTIC:						
UPTO------50 Units	1.333		2.00		2.67	2.67
1------100 Units	6.887		9.75		67.15	67.15
101------300 Units	12.229		13.00		158.98	158.98
301------700 Units	6.295		14.00		88.13	88.13
Above 700	2.988		16.00		47.81	47.81
Temparary Domestic					-	-
					-	-
For sanctioned load exceeding 5 kW					-	-
Total Domestic.	**29.732**				**364.73**	**364.73**
Commercial						
For sanctioned load upto 5 kW	8.009		15.90		127.35	127.35
For sanctioned load exceeding 5 kW	21.431	400.00	14.52	0.27	311.18	311.45
	-				-	-
Total Commercial	**29.440**			**0.27**	**438.53**	**438.79**
INDUSTRY						
B-1 upto 5 kW (at 400 / 230 Volts)	9.821		10.75		105.58	105.58
B-2 6-500 kW (at 400 Volts)	20.113	400.00	9.80	3.13	197.11	200.23
B-3 For load upto 5000 kW (at 11, 33 kV)	11.801	380.00	15.55	0.17	183.51	183.67
B-4 For all load (at 66 , 132 kV & above)	-	360.00	15.45	1.01	-	1.01
Total Industrial	**41.735**			**4.30**	**486.19**	**490.49**
BULK SUPPLY						
	-				-	-
C-1 (a) For Sanctioned load upto 5 kW	1.451		11.65		16.90	16.90
C-1 (b) For Sanctioned load above 5 kW &	6.686	400.00	10.90	0.45	72.88	73.33
C-2 For Supply at 11, 33 kV upto & including	15.653	380.00	10.23	1.15	160.13	161.28
	-				-	-
Total Bulk	**23.790**			**1.61**	**249.91**	**251.51**
TUBEWELLS.						
D - 1 Scarp less than 5 kW	31.576		12.23		386.18	386.18
	-				-	-
D - II Agricultural tubwells	870.555	200.00	10.54	23.80	9,179.99	9,203.78
Total Tubewells	**902.131**			**23.80**	**9,566.16**	**9,589.96**
PUBLIC LIGHTING	1.267		13.20		16.73	16.73
RESIDENTIAL COLONIES	0.096		11.30		1.08	1.08
TRACTION -I	-				-	-
CO-GENERATION TARIF-J						
GRAND TOTAL	**1,028.192**			29.97	**11,123.34**	**11,153.31**

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Table - III

RELIEF OR DETERMINATION SOUGHT

		Oct 09 - Dec 09	Justification
1	Total units Sale	1,028	Units sold calculated by taking 2% growth rate
	Allowed Losses	21.50%	NEPRA determined Line Losses 18% for 1st quarter FY 2009-10, which cannot be achived detail is given in Para 2 of 1.1.3A
	PPP (R/kwh-unadjusted)	6.50	Average PPP for the 1st Quarter FY 2009-10 is Rs.5.35 per kWh which is expected to increase to 6.50 per kWh for the 2nd Quarter FY 2009-10.
	PPP (R/kwh-adjusted for losses)	**8.28**	Adjusted to losses
2	Operating Fixed Assets in Operation	18,444	
3	Transferred during the year	500	Taking into account as per historical trand of conversion of WIP into fixed assets
4	Clossing Fixed Assets(2+3)	18,944	
5	Less Cummulative Depriciation	5,752	
6	Net Fixed Asstes(4-5)	13,192	
7	Clossing Work in Progress	3,802	
9	Total Assets	16,994	
10	Less Defered Credit	3,933	
11	**Regulatory Rate Base**	13,061	
12	**Avg Regulatory Rate Base**	13,062	
	Avg for 3 months	3,266	Average RORB calculated for 2nd quarter of 2009-10
	Distribution Cost		
13	RORB	16.51%	Debt equity Ratio taken 80:20
14	RORB	539	
15	Depriciation	116	
16	O & M	688	NEPRA Allowed O&M cost Rs. 2,620 million for 2008-09, by taking inflation of fuel prices and other establishment & maintenance expenses, projected O&M cost for 2009-10 will be Rs. 2,753 million & for 2nd quarter Rs. 688 million.
17	30% Agri subsidy	949	
18	Other Income	(55)	
20	**Distribution Margin**	**2,237**	
21	**PPP (Rs/Kwh)**	8.28	
22	Distribution Margin/Kwh	2.18	
23	Avg Tariff rate	10.46	
	Prior year adjustment Rs/kWh	0.38	
24	Distribution Margin/Sales Tariff	20.06%	

Table - IV

COMPARISON OF UNITS, PPP, D.M & LINE LOSSES

		Determined by NEPRA	October 09 - December 09
1	Total units Sale	1,169	1,028
2	Allowed Losses	18.00%	21.50%
	Distribution Cost		
3	RORB	529	539
4	Depriciation	144	116
5	O & M	687	688
6	30% Agri subsidy	836	949
7	Other Income	(108)	(55)
8	Distribution Margin	2,088	2,237
9	PPP (Rs/Kwh)	6.59	6.50
10	PPP adjusted (Rs/Kwh)	8.04	8.28
11	Distribution Margin/Kwh	1.79	2.18
12	Prior year adjustment	0.34	0.39
13	Avg Tariff rate	10.17	10.85
14	Distribution Margin/Sales Tariff	17.57%	20.06%

COMPARISON OF DETERMINED TARIFF AND PROPOSED TARIFF

Categories	Units to be Billed (Mill. - kWh)	Determined Tariff		Proposed Tariff		Revenue as per Determined Tariff		Revenue as per proposed Tariff	
		Fix Charges	Var- Charges	Fix Charges	Var- Charges	Fix Charges	Var- Charges	Fix Charges	Var- Charges
Domestic									
UPTO-----50 Units	1.33		2.00		2.00		2.67		2.67
1------100 Units	6.89		9.75		9.75		67.15		67.15
101-----300 Units	12.23		12.00		13.00		146.75		158.98
301------700 Units	6.29		14.00		14.00		88.13		88.13
Above 700	2.99		15.50		16.00		46.31		47.81
Time of Use									
Peak			15.50		15.97				
Off-Peak			8.44		8.69				
Total Domestic	29.73						351.01		364.73
Commercial									
For sanctioned load upto 5 kW	8.01		15.50		15.90		124.14		127.35
For sanctioned load Exceeding 5 kW	21.43	400.00	14.00	400.00	14.52	0.26	300.04	0.27	311.18
Time of Use									
Peak		400.00	15.50	400.00	16.12				
Off-Peak		400.00	7.94	400.00	8.26				
Total Commercial	29.44					0.26	424.18	0.27	438.53
Industrial									-
B-1 upto 5 kW (at 400 / 230 Volts)	9.82		10.50		10.75		103.12		105.58
B-2 6-500 kW (at 400 Volts)	20.11	400.00	9.50	315.00	9.80	2.46	191.07	2.46	197.11
B - 2 6-500 kW (at 400 Volts) Peak		400.00	15.50	400.00	15.50				
B - 2 6-500 kW (at 400 Volts) Off-Peak		400.00	7.94	400.00	7.94				
B-3 For load upto 5000 kW (at 11, 33 kV) Peak	11.80	380.00	15.40	380.00	15.55	0.14	181.74	0.14	183.51
B-3 For load upto 5000 kW (at 11, 33 kV) Off-Peak			7.84		7.84				
B-4 For all load (at 66 , 132 kV & above) Peak		360.00	15.30	360.00	15.30	0.85	-	0.85	-
B-4 For all load (at 66 , 132 kV & above) Off-Peak			7.74		7.74				-
Total Industrial	41.74					3.45	475.93	3.45	486.19
Bulk Supply									-
C-1 (a) For Sanctioned load upto 5 kW	1.45		11.00		11.65		15.96		16.90
C-1 (b) For Sanctioned load above 5 kW & upto 500 kW	6.69	400.00	10.00	400.00	10.90	0.36	66.86	0.36	72.88
C-2 For Supply at 11, 33 kV upto & including 5000 kW	15.65	380.00	9.90	380.00	10.23	0.93	154.97	0.93	160.13
C-3 For Supply at 66 kV & above and sanctioned load above 5000 kW	-	360.00	9.80	360.00	9.80				
Time of Use (Optional)									
C-1 (c) For supply at 400/230 Volts above 5 kW & upto 500 kW Peak		400.00	15.50	400.00	15.50				-
C-1 (c) For supply at 400/230 Volts above 5 kW & upto 500 kW Off-Peak		380.00	7.94	380.00	7.94				-
C-2 (b) For supply at 11,33 kV upto and including 5000 kW Peak		380.00	15.40	380.00	15.40				-
C-2 (b) For supply at 11,33 kV upto and including 5000 kW Off-Peak		380.00	7.84	380.00	7.84				-
C-3 (b) For supply at 66 kV & above and sanctioned load above 5000 kW Peak		360.00	15.30	360.00	15.30				
C-3 (b) For supply at 66 kV & above and sanctioned load above 5000 kW Off-Peak		360.00	7.74	360.00	7.74		-		-
Total Bulk Supply	23.79					1.28	237.78	1.28	249.91
Agricultural							-		-
D - 1 Scarp less than 5 kW	31.58		12.00		12.23		378.92		386.18
D - II Agricultural tubwells	870.56	200.00	9.60	200.00	10.54	10.71	8,357.33	23.80	9,179.99
D-1 (b) SCARP and Agricultural more than 5 kW Peak		200.00	15.50	200.00	15.50				
D-1 (b) SCARP and Agricultural more than 5 kW Off-Peak		200.00	7.00	200.00	7.00				
Total Agricultural	902.13					10.71	8,736.24	23.80	9,566.16
Public Lighting G - 1							-		-
Public Lighting G - 2	1.27		13.00		13.20		16.48		16.73
Residential Colonies H - 1							-		-
Residential Colonies H - 2	0.10		11.00		11.30		1.06		1.08
Total	1,028.19					15.70	10,242.68	28.80	11,123.34

SUMMARY OF EVIDENCE

Tabel - VI

Sr. No.	Particulars		2008-09	Jul-09	Aug-09	Sep-09	Total
1	Monthly Billing (Sale)	Rs. / Mill	36,853.32	3,325.57	3,729.53	3,691.86	**10,746.96**
2	Power Purchase	Rs./ Mill	28,196.24	2,362.83	2,523.54	2,591.05	**7,477.42**
3	Units Sold	Mill / kWh	4,109.51	342.78	383.49	379.71	**1,105.98**
4	Units Received	Mill / kWh	5,144.88	442.21	479.63	474.87	**1,396.71**
5	Units Lost	Mill / kWh	**1,035.37**	**99.42**	**96.14**	**95.16**	**290.73**
6	%age of losses	%age	**20.12%**	**22.48%**	**20.05%**	**20.04%**	**20.82%**

Annex-1

CATEGORY	2007-08	Unit Growth	2008-09	2009-10
DOMESTIC:				
UPTO------50 Units	19.32	2%	19.70	20.10
1------100 Units	99.85	2%	101.84	103.88
101------300 Units	177.29	2%	180.83	184.45
301------700 Units	91.26	2%	93.08	94.94
Above 700	43.32	2%	44.18	45.06
Total Domestic.	**431.02**	2%	**439.64**	**448.43**
Commercial				
For sanctioned load upto 5 kW	34.48	2%	35.17	30.67
For sanctioned load Exceeding 5 kW	139.90	2%	142.69	82.07
Total Commercial	**174.38**	2%	**177.87**	**112.74**
INDUSTRY		2%		
B-1 upto 5 kW (at 400 / 230 Volts)	46.10	2%	47.02	37.55
B-2 6-500 kW (at 400 Volts)	83.91	2%	85.59	76.90
B-3 For load upto 5000 kW (at 11, 33 kV)	65.79	2%	67.10	45.12
B-4 For all load (at 66 , 132 kV & above)				
Total Industrial	**195.80**	2%	**199.71**	**159.57**
C-1 (a) For Sanctioned load upto 5 kW	5.32	2%	5.43	5.53
C-1 (b) For Sanctioned load above 5 kW & upto 500 kW	24.52	2%	25.01	25.51
C-3 For Supply at 11, 33 kV upto & including 5000 kW	93.72	2%	95.59	59.72
Total Bulk	**123.56**	2%	**126.03**	**90.76**
TUBEWELLS.				
D - I Scarp less than 5 kW	166.05	2%	169.37	120.33
D - II Agricultural tubwells	2,985.68	2%	3,045.40	3,317.48
Total Tubewells	**3,151.74**	2%	**3,214.77**	**3,437.81**
PUBLIC LIGHTING				**4.62**
RESIDENTIAL COLONIES	**12.60**	2%	**12.85**	**0.35**
TOTAL	4,089.08	2%	4,170.87	4,254.284

Annex-2

INVESTMENT PLAN

To improve the system's quality and reliability and to extend the distribution network to prospective consumers, QESCO intended to execute development works. Investment in development works is subject to the availability of loans / PSDP allocation. The actual & projected investment Plan is as under:

INVESTMENT PLAN

Rs. In Millions

	2008-09 (Actual)	**2009-10 (Projected)**	**Oct to Dec 2009 (Estimated)**
DOP	115.846	150	21.453
ELR	242.254	240	51.433
6^{TH} STG	768.97	500	24.042
G / S & T / L & Capacitors	-	1,150	43.011
2^{nd} Rural Electrification	840.739	500	3.579
TOTAL	**1,967.81**	**2,540**	**143.518**

Works amounting to Rs. 143.518 millions have been planned during the second quarter of the financial year 2009-10 which include 3.579 million under 2^{nd} Rural Electrification Programme (Kuwait Fund), whereas remaining amount is expected from PSDP.

QUETTA ELECTRIC SUPPLY COMPANY LIMITED
BALANCE SHEET

EQUITY AND LIABILITIES	JUNE.2009 Audited	SEPTEMBER .2009 Actual	DECEMBER .2019 Projected	JUNE . 2010 Projected
SHARE CAPITAL AND RESERVES				
Authorized share capital				
5,000,000,000 Ordinary shares of Rs10 each	50,000.000	50,000.000	50,000.000	50,000.000
Issued, subscribed and paid up share capital	0.010	0.010	0.010	0.010
Accumulated Loss	(32,656.699)	(31,119.841)	(32,059.937)	(32,801.182)
	(32,656.689)	(31,119.831)	(32,059.927)	(32,801.172)
Deposit for shares	12,437.525	12,437.525	12,437.525	12,437.525
NON - CURRENT LIABILITIES				
Long term financing	199.371	199.371	202.950	1,599.371
Long term deposits	334.150	354.590	337.695	337.565
Deferred credits	3,933.375	3,922.001	3,897.394	5,520.703
Employees' retirement benefits	1,776.842	1,752.890	1,754.292	1,990.386
	6,243.739	6,228.852	6,192.331	9,448.025
CURRENT LIABILITIES				
Trade and other payables	58,299.525	66,585.292	58,504.254	38,314.434
Current portion of long term borrowing	-	-	-	-
Provision for taxation	15.186	15.186	119.729	308.505
	58,314.711	66,600.478	58,623.983	38,622.939
CONTINGENCIES				
Rupees	44,339.286	54,147.024	45,193.912	27,707.317
ASSETS				
NON - CURRENT ASSETS				
Property, plant and equipment	16,669.287	16,922.105	16,994.418	16,506.065
Long term advances	24.762	24.522	24.761	16.136
Long term deposits	0.651	0.651	0.651	0.651
	25.413	25.173	25.412	16.787
CURRENT ASSETS				
Stores, spares and loose tools	1,382.794	1,669.358	1,497.037	1,256.679
Trade debts	9,565.185	17,185.335	11,601.278	8,630.409
Loans and advances	523.445	579.624	523.444	1,007.415
Other receivables	15,477.773	17,023.516	14,212.072	-
Cash and Bank balances	695.389	741.913	340.251	289.962
	27,644.586	37,199.746	28,174.082	11,184.465
Rupees	44,339.286	54,147.024	45,193.912	27,707.317

QUETTA ELECTRIC SUPPLY COMPANY LIMITED
INCOME STATEMENT

	JUNE.2009 Audited	SEPTEMBER .2009 Actual	DECEMBER .2019 Projected	JUNE . 2010 Projected
REVENUE				
Net electricity revenue	36,853.318	10,749.864	10,754.378	43,754.950
Cost of electricity	28,196.242	7,477.417	8,513.692	35,226.554
Cost of On Generation	485.956	87.310	115.000	417.595
Gross profit/ (loss)	8,171.121	3,185.136	2,125.686	8,110.801
OTHER OPERATING COST	-	-	-	-
Administrative and general expenses	2,119.036	430.675	581.361	2,325.445
Subsdy provided to agricultural consumers as per order Govt of Pakistan	3,757.881	944.306	948.502	3,345.332
Provision for doubtful debts	1,023.218	208.269	106.875	427.500
Depreciation on operating fixed assets	320.044	116.285	116.366	726.110
	7,220.178	1,699.535	1,753.104	6,824.387
	950.942	1,485.601	372.582	1,286.414
Other income	215.190	56.777	55.221	220.884
	-	-	-	-
Finance cost	(602.247)	(5.521)	(129.108)	(670.037)
Profit/(loss) before tax	563.885	1,536.858	298.696	837.261
Taxation	-	-	(104.543)	(293.041)
Profit/ (loss) after tax	563.885	1,536.858	194.152	544.220
Profit/ (loss) Braught Forward			-	-
Prior year Adjustment			-	-
Profit/ (loss) Carried Forward			-	-

QUETTA ELECTRIC SUPPLY COMPANY LIMITED
CASH FLOW STATEMENT

	JUNE.2009 Audited	SEPTEMBER .2009 Actual	DECEMBER .2019 Projected	JUNE . 2010 Projected
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the year	563.885	1,536.858	194.152	544.219
Adjustment for non-cash charges and other iterns	-	-	-	-
Depreciation	516.204	116.285	152.347	926.343
Amortization of deferred credit	(178.740)	(31.689)	(35.981)	(200.233)
Provision for doubtful debts	1,023.218	208.269	106.875	427.500
Provision for employees' retirement benefits.	308.684	-	129.108	308.000
Provision for slow moving/ obselete stock	-	-	-	-
Provision for compensated expense	27.966	-	-	-
Provision for Taxation	-	-	104.543	293.041
Financial charges	602.247	5.521	-	670.037
Prior year adjustment	-	-	402.610	1,610.433
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	2,863.464	1,835.243	1,053.654	4,579.340
CASH FLOWS FROM WORKING CAPITAL CHARGES				
INCREASE / DECREASE IN CURRENT ASSETS				
Store, spare and loose tools	(293.286)	(286.565)	(114.244)	(114.244)
Trade debts	(4,520.615)	(7,828.219)	(906.689)	(2,499.365)
Loan, advances, deposits, prepayment and other receivable	(14,826.202)	(1,606.888)	(200.000)	(200.000)
INCREASE / (DECREASE) IN CURRENT LIABILITIES	-	-	-	-
Creditors, accrued and other liabilities	19,803.341	8,268.638	100.193	(975.267)
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES	163.238	(1,453.034)	(1,120.740)	(3,788.876)
CASH INLOWS FROM OPERATING ACTIVITIES	3,026.702	382.209	(67.086)	790.464
Long term loan to staff	(10.809)	(0.240)	-	(1.395)
Employees retirement benefits	(106.420)	24.647	(22.550)	(90.196)
Tax paid	(0.299)	-	-	-
Fnancial charges paid	(2.338)	(0.055)	(129.108)	(670.037)
NET CASH INFLOWS FROM OPERATING ACTIVITIES	2,906.836	406.560	(218.743)	28.836
CASH FLOWS FROM INVESTING ACTIVITIES				
Property, plant and equipment aquired	(3,357.290)	(400.791)	(143.518)	(2,094.822)
Proceed from sale of property, plant & Equipment	-	-	-	-
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(3,357.290)	(400.791)	(143.518)	(2,094.822)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans	-	-	3.579	200.000
Deferred credit	490.544	20.314	-	1,180.000
Long term deposits	34.985	20.440	3.545	14.178
NET CASH INFLOWS/ (OUT FLOWS) FROM FINANCING ACTIVITIES	525.529	40.754	7.124	1,394.178
NET INCREASE IN CASH AND CASH EQUIVALENTS	75.075	46.524	(355.138)	(671.808)
CASH AND CASH EQUIVALENTS AT THE BIGINING OF THE YEAR	620.314	695.389	695.389	695.389
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	695.389	741.913	340.251	23.581

O & M expenses

Description		Actual June-09	Projected June-10	Projected Oct to Dec 09
salaries,wages and other benefits		1,440.632	1,323.065	396.920
Repair And Maintenance		291.774	303.535	91.061
Rent, Rates and taxes		6.020	8.830	2.208
Power,light and water		34.628	2.867	0.731
Postage and telephone		8.156	11.373	2.786
Office Supplies and other expenses		21.030	15.125	3.781
Travelling		91.618	86.495	24.651
Transportation		50.024	133.665	38.095
Electricity bill collection charges		21.073	19.978	5.244
Management fees		11.078	21.524	5.812
Legal and professional charges		1.057	0.917	0.232
Insurnance		6.424	4.719	1.581
NEPRA petition fee		9.995	8.754	2.954
Provision for bad debts		1,023.217	250.000	106.875
Auditrs renumuration		0.900	0.825	0.256
Other charges		18.152	20.000	5.050
Total		**3,035.778**	**2,211.674**	**688.236**

Prior year adjustment

Month	Avg. PPP	Line losses allowed by NEPRA	Adj. PPP	Dist. Margin Allowed by NEPRA	Actual Avg. Tariff Rate	Diff.	Units Sold	Loss due to delay in tariff notification
Jul-08	4.90	20.50%	6.16	1.81	6.02	1.95	356.66	696.60
Aug-08	5.23	20.50%	6.58	1.81	5.84	2.55	358.75	913.83
Total (Rs. in million)								1,610.43
For 2nd quarter (Rs. in Million)								402.61
Unit sold (MkWh)								1,028.19
Rs/kWh								0.39

Reconciliation of RORB

Profit	194.15
Tax	104.54
Finance cost	129.11
Own generation	115.00
	542.80
Less : Rental Income	3.68
RORB	539.13