



LAHORE ELECTRIC SUPPLY COMPANY LIMITED
OFFICE OF THE CHIEF EXECUTIVE
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No. 3779-81 /FD/LESCO/CPC/Tariff

Dated: June 16, 2008

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

Subject: LESCO TARIFF PETITION FOR 2008-09 (LICENSE # 03/DL/2002)

We are enclosing Tariff Petition along with a demand draft drawn at HBL main branch Islamabad for an amount of Rs.1,880,250 /- as tariff petition fee, in accordance with rule (3) of NEPRA-Tariff Standards & Procedures Rules 1998 for determination of Tariff of Company. It is therefore requested to admit the petition for determination of tariff of Company for the year 2008-09, as detailed in petition.

Kindly acknowledge receipt.

For M.

Dir (Fin)

18/6

[Signature]

Chief Executive
 Mohammad Akram Arain

DA/ As above

Info:

1. MD PEPCO, WAPDA House Lahore
 2. Executive Director (PM&C) PEPCO, WAPDA House Lahore
- C.S. Chairman*
Member (T)/vc

Registrar
 No. 5643
 Dated 18-06-08

Tariff Petition

By

Lahore Electric Supply Company Limited

Distribution License # 03/DL/2002 Dated April 01,2002

For FY 2008-09

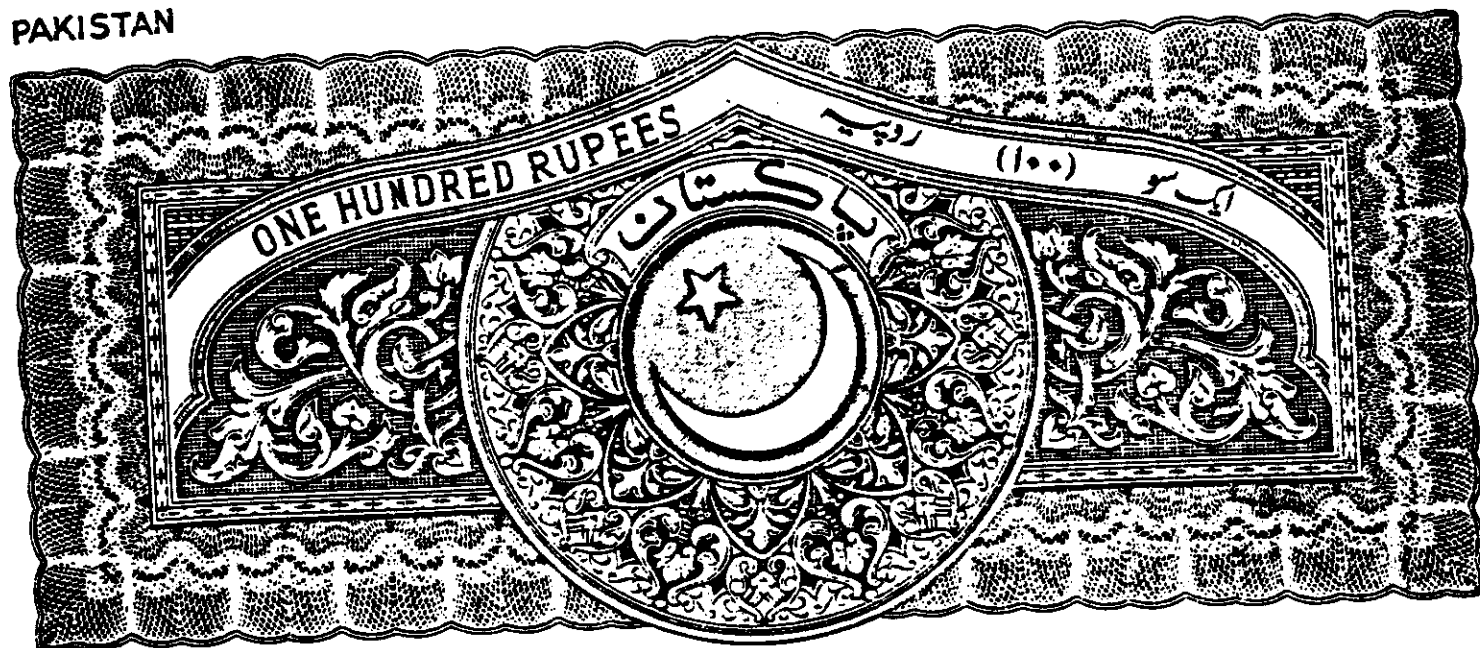
Dated: June 16,2008

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
Tariff Petition

June 16, 2008

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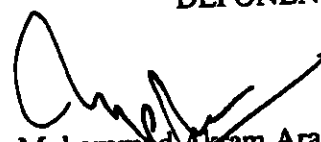


AFFIDAVIT

I, Mohammad Akram Arain, Chief Executive Lahore Electric Supply Company Limited, (Distribution License # 03/DL/2002 dated April 01,2002) being duly authorized representative/attorney of Lahore Electric Supply Company Limited, hereby solemnly affirm and declare that the contents of the accompanying petition/application # 3779-81/FD/LESCO/CPC/Tariff dated June 16,2008, 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 documentation and information 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 16th day of June, 2008 that the contents hereof are true and correct to the best of my knowledge and belief and nothing has been concealed.

DEPONENT


 Mohammad Akram Arain
 Chief Executive Officer
 LESCO Ltd.

1. PETITION SUMMARY

1.1 Details of the Petitioner

1.1.1 Name and Address

Lahore Electric Supply Company Limited (LESCO)
22A Queens Road Lahore
(Distribution License No.03/DL/2002 dated April 01,2002)

1.1.2 Representatives of LESCO

Mr. Mohammad Akram Arain
Mr. Salah-ud-Din
Mr. Abdul Ghafoor
Mr. Abdul Majid Alvi
Mr. Khalid Mahmood
Mr. Zargham Haider

Chief Executive Officer
Director/GM Technical
Director Operation
Finance Director
Customer Services Director
Manager Finance (CPC)

1.1.3 Grounds giving rise to petitioner's interest

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.

Accordingly, NEPRA has determined tariff for LESCO for years 2006-07 and 2007-08 and established process and procedures for reviewing tariffs and recommending tariff adjustments.

LESCO has been filing tariff petitions, review motions and adjustment applications as per procedures laid down by NEPRA. However, the time frame prescribed by NEPRA for determination and notification of tariff has not so far followed. Due to which, LESCO is experiencing difficulties in operation as its existing tariff is unable to cope with increasing prices and high inflation. Therefore, present tariff should be revised to maintain profitability of the company.

LESCO as a commercial organization should have a reasonable tariff for efficient and smooth operation. The tariff should provide a reasonable return for Company shareholders in addition to coverage of all prudent expenses and availability of funds for future investment.

1.1.4 Licensee details

Lahore Electric Supply Company Limited (LESCO) is an ex-WAPDA Disco owned by Government of Pakistan. It was incorporated on February 18, 1998 under Companies Ordinance 1984 as a result of structural reforms introduced by Government in Power Sector. It is a public limited company providing a public utility service i.e. distribution and supply of electricity to the distribution network of LESCO, as set out in LESCO's license (No.03/DL/2002 dated April 01,2002), granted by the Government of Pakistan under the NEPRA Act.

1.2 CONFIRMATION OF COMPLIANCE WITH TARIFF STANDARDS AND PROCEDURES

This Petition is being filed in accordance with the NEPRA Tariff Standards and Procedure Rules 1998 Part II Section 3. The information required to be filed under the Rules is given under the following Sections:

<u>Rules reference</u>	<u>Requirement</u>	<u>Petition Reference</u>
3 (2)(a)	Name and address of petitioner	1.1.1
	Representatives of Petitioner	1.1.2
	Grounds giving rise to petitioner's interest	1.1.3
	Licensee details	1.1.4
(b)	Grounds and facts of petition	1.3
(c)	Relief or Determination sought	2
(d)	Comparative schedules of charges, costs etc	3
(e)	Proposed changes in tariff	4
(f)	Summary of evidence	5

1.3 Grounds and Facts for Petition

In accordance with the requirements of the license, LESCO is hereby submitting a petition to revise existing tariffs in its licensed area for fiscal years 2008-09 on following grounds:

- i) The tariff determined by NEPRA for FY 2007-08 in response to LESCO's tariff Review Motion dated March 19, 2007 was for one year only.
- ii) The tariff determination dated January 10, 2008 for FY 2007-08 notified by GOP is not sufficient to meet with LESCO's revenue requirements for the year 2007-08 and 2008-09.

2 Relief or Determination Sought

2.1 Objectives of the Petition

The aim of this petition is to obtain approval for the immediate implementation of cost reflective tariffs to yield LESCO's required revenues for year 2008-09. The implementation of cost reflective tariffs will benefit consumers and LESCO, as it will;

- i) Enable the funding of investment to improve service quality and reliability.
- ii) Enable the funding of network expansion.
- iii) Provide signals for efficient usage of, and investment in, LESCO's distribution network.
- iv) Ensure the financial sustainability of LESCO

2.2 Features of the Petition

This petition proposes the followings:

- i) Sufficient average tariff to enable LESCO to recover prudently incurred operating costs and earn a reasonable return on its assets to meet with its cash flow requirements.
- ii) Incentives for LESCO to make operating efficiencies and reduce commercial losses.

2.3 LESCO's Distribution Margin

NEPRA in its determination dated January 10, 2008 has allowed distribution margin for year 2007-08 @ Rs.0.5197/-kwh sold. The distribution margin covers LESCO's O&M costs, depreciation, other income and return on assets. The detail of distribution margin allowed is as follows:

<u>Description</u>	<u>Amount (Million Rs.)</u>
O&M Costs	7,409.244
Depreciation	935.786
Other Income	(2,421.000)
Return on Net Fixed Assets in Operation	952.838
Income Tax	371.458
Distribution Margin	<u>7,248.326</u>
 Estimated units sold (Gwh)	 13,947
 DM per unit sold (Rs./-kwh)	 0.5197

The distribution margin allowed for 2007-08 requires revision on account of hyper inflation of maintenance and investment costs. The distribution margin required for 2008-09 has been worked out and given at Annex-1. The assumptions for revision of distribution margin are as follows:

O & M Costs: include 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 LESCO's distribution and supply business. The major O&M component is Salary which is increased by GOP in its annual budget and proposed @ 20% of running basic pay. The O&M costs determined by NEPRA for 2007-08 should be increased at least @ CPI, keeping in view increase in prices of various commodities and expected increase in salary.

Accordingly O&M costs for 2008-09 are estimated as follows:

$$O \& M_t = (1 + \frac{CPI_t - 1}{100}) \times O\&M_{t-1}$$

100

Where,

CPI_{t-1} is the increase or decrease in consumer price index during year t-1;

$O\&M_{t-1}$ is the O&M component for the previous year (t-1)

Depreciation : The depreciation for year 2008-09 is calculated on the basis; (i) the value of assets existing prior to the determination; plus (ii) new investment in assets by LESCO during 2008-09. The assets will be depreciated for a specified number of years based on a straight-line method.

Other Income: This includes markup on bank deposits, late payment surcharge, amortization of deferred credits and income from other sources. The amount determined by NEPRA for year 2007-08 is excessive, however the same may be considered for year 2008-09 under the given circumstances.

h. 2. 4

ROA: NEPRA in its determination dated February 23 2007, has allowed adjustment in Return on Rate Base (RORB) due to variation in RAB according to following mechanism:

$$\text{RORB(adj)} = [(Ia-Ie) \times \text{WACC}/2 + (Da-De)] / [USa * (1+G)]$$

Where,

RORB(adj)	= Required adjustment in tariff due to variation in investment
Ia	= Actual investment during the year under review
Ie	= Estimated investment for the year under review
WACC	= Weighted Average Cost of Capital
Da	= Actual depreciation for the year under review
De	= Estimated depreciation for the year under review
USa	= Actual units in million kwh sold in the year under review
G	= Expected growth rate in sales next year

The above mechanism is applied and RORB for 2008-09 has been worked out and given at Annex-1 and Annex-1a.

Total Unit Sales: A schedule of the total unit sales (in kWh) of LESCO across all customer categories is forecasted for year 2008-09 (Annex-7). This forecast will be used to determine the average distribution margin per unit (Rs/kWh) needed to cover the revenue requirement expected for the year.

Income Tax: The Income Tax @ 35% of profit is payable as per Income Tax Ordinance. However, LESCO has brought forward heavy unabsorbed depreciation and losses, due to which it is expected that no income tax has to be paid in 2008-09. The same has been assumed in the tariff calculation. The tax is however a pass through item as per earlier tariff determination.

2.4 Power Purchase Price (PPP)

As per NEPRA's earlier determinations, the cost of the electricity purchased is "passed through" to consumers through the retail tariff, without affecting LESCO's distribution margin. LESCO is paying a Power Purchase Price (in Rs/kWh) for the electricity it procures from NTDC or other sources, This Power Purchase Price, adjusted for LESCO's distribution losses, is simply added to LESCO's overall distribution margin to work out the retail tariffs.

In its determination dated January 10, 2008; NEPRA has allowed revision of PPP on quarterly basis on a prescribed formula. LESCO filed application for revision in PPP for the period Jan-March 2008 as prescribed by NEPRA. The revised PPP is supposed to be applicable with effect from April 01, 2008. However, the revision requested is still under process with NEPRA and GOP. This is creating severe liquidity problems for the Company. There is expected a loss during current fiscal year for an amount up to Rs.5,679 Million (detail attached at Annex-2), due to higher PPP and lower customer end tariff.

NEPRA is therefore requested to look into the matter and ensure determination of annual tariff as well as quarterly adjustment in PPP as per its earlier decisions. The main issues which NEPRA needs to address in its tariff methodology are as follows:

- i) Liquidity risks created for Company (DISCOs) by delayed adjustment of power purchase price (PPP) fluctuations in the end-user tariffs.
- ii) Liquidity risks created for Company (DISCOs) by not adjusting for changes in the generation mix with respect to PPP fluctuations in the end-user tariffs.
- iii) Establishment of end-user rates across consumer categories and potential liquidity risks for Company (DISCOs).
- iv) Liquidity risks created for LESCO (DISCOs) by not adjusting components of the average tariff for actual sales growth.

The quarterly adjustment allowed by NEPRA is not actually implemented during 2007-08. The same if implemented does not provide total relief to LESCO as the increase in PPP during a month may be recovered after 4 to 5 months period. It is therefore requested that increase/decrease in PPP be allowed to pass on in the tariff on monthly basis.

2.5 Consumer-end Tariff

For the year 2008-09, LESCO's existing tariff will be adjusted to incorporate revenue requirements consisting of cost of power purchased and distribution margin required.

3 CALCULATING LESCO'S REVENUE REQUIREMENT

LESCO'S Revenue Requirement

The tariff for fiscal years 2008-09 has been calculated using the following parameters:

Inflation: the CPI as declared by federal bureau of statistics for the last 12 months i.e. April 07 to April 08 for 17.21% (Copy enclosed) has been considered for increase in O&M costs

Total Unit Sales: There is shortage of power generation witnessed as compared with electricity demand during 2007-08. This phenomenon will continue in 2008-09. During 2007-08 units to be sold were estimated at 2006-07 level of 13,947 Gwh that may grow to 14,720 Gwh considering availability of some additional generation facilities and maximum availability of hydro power during summer season.

Target Losses: NEPRA has determined T&D losses for FY 2007-08 @ 12.50% in response to LESCO's demand for 14.29%. LESCO is making its endeavor to achieve the target set by NEPRA. This may further be improved with efficiency measures and investment in system improvement. However, the target for 2008-09 should not be more than 12.30%

Power Purchase Price (PPP): NTDC has invoiced the power sold to LESCO for the period July 07 to May 08 @ Rs.4.47345/-Kwh (Annex-3); whereas NEPRA has determined PPP for 2007-08 for Rs.3.556/- kwh. This clearly shows there is a gross loss of Rs.0.91745/-Kwh up to May 2008. Keeping in view the rising cost of POL, the cost of power purchased from NTDC or others may further increase. However, for estimation purposes actual average PPP cost for the year 2007-08 has been considered for 2008-09. The same will be adjusted on quarterly basis (as per the mechanism decided by NEPRA in earlier determinations) or monthly basis if allowed by NEPRA.

Purchase Costs: The cost of electricity purchased by LESCO 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). Therefore the cost of power purchase for year 2008-09 comes at Rs. 5.1844 /-Kwh sold assuming T&D losses at 12.30% (Annex-3).

O&M: In the tariff determination dated January 10, 2008, NEPRA allowed O&M costs for FY 2007-08 for Rs.7,409.244 million. Based on CPI of 17.21% for last 12 months to April 2008, the O&M costs for year 2008-09 worked out to Rs.8,684.375 million (Annex-1).

Depreciation: The depreciation rates prevalent as per existing practice have been considered for Company's Assets. The depreciation amount has thus been calculated as the value (provisional) of the Asset on June 30, 2008 and new investments (excluding customers' deposits/contributions) during the year 2008-09 (adjusted for non-capitalization) divided by the asset's economic life. The depreciation charge for year 2008-09 has been worked out accordingly at Rs.1,289 million (Annex-1 & 1a).

New Investments: New investments will be made as per the investment plan provided in Annex-4

RORB (adj): As described above NEPRA has allowed adjustment in Return on Rate Base (RORB) due to variation in RAB according to following mechanism:

$$\text{RORB(adj)} = [(I_a - I_e) \times \text{WACC}/2 + (D_a - D_e)] / [U_{Sa} * (1+G)]$$

Putting the values in above formula we get:

RORB(adj) = Rs.487.32 million or Rs.0.0331 per kwh sold

The after tax RORB for year 2007-08 has been determined by NEPRA for Rs.952.838 million. Accordingly, RORB for year 2008-09 is worked out at Rs. 1440.157 Million.

Distribution Margin: The sum of the O&M Cost, Depreciation, Other income and RORB results in LESCO's distribution margin. Dividing this by the total units to be sold yields the average distribution margin (per kWh). Accordingly, the distribution margin for year 2008-09 comes at Rs. 8,992.25 Million or Rs.0.6109/kwh sold.

The detailed calculations for distribution margin are summarized in Annex-1 & 1a.

- 4 **Comparative schedules of charges, costs etc**
The schedule of charges, costs, units sold, revenue, investment program, financial projections etc. is provided at Annex-1 to 7.
- 5 **Proposed Changes in Existing tariff**
For the year 2008-09, LESCO's existing tariff will be adjusted to incorporate revenue requirements consisting of cost of power purchased and distribution margin required. The proposed customer-end tariff is provided at Annex-8.
- 6 **Tariff Determination for year 2007-08 and its Repercussions**
NEPRA vide letter No. NEPRA/R/TRF-42/LESCO-2005/5584 dated January 10, 2008 issued tariff determination for LESCO. As per the determination, the distribution margin (DM) for year 2007-08 for an amount of Rs.7,248.326 million and

Power Purchase Cost adjustment on quarterly basis as per prescribed formula was allowed by NEPRA.

LESCO filed application (s) for quarterly adjustment in PPP that was allowed for 1st and 2nd quarter but pending for the 3rd quarter. During 3rd and 4th quarter LESCO has experienced extra ordinary increase in PPP billed by CPPA, which could not pass on to consumers on the one hand and GOP subsidy on the other hand.

This has caused to LESCO a gross loss to the tune of Rs. 254.617 million during year 2007-08 (Annex-2). That when added to DM (lost) allowed by NEPRA, lead to net loss for the year up to Rs.5,679 million. The same should be recovered during year 2008-09. Accordingly, the revised projected Profit & Loss Account and Proposed Tariff for year 2008-09 is enclosed as Annex-9 and Annex-10 respectively for Authority's consideration.

Summary of Evidence

- | | | |
|-------|--|------------------|
| i) | Statement showing calculation of Distribution Margin | (Annex-1 & 1a) |
| ii) | Statement showing Gross Profit/(Loss) for 2007-08 | (Annex-2) |
| iii) | Statement showing basis for Average PPP for 2008-09 | (Annex-3) |
| iv) | LESCO Investment program for year 2008-09 | (Annex-4) |
| v) | Projected Financial Statements for year 2008-09 | (Annex-5, 6 & 7) |
| vi) | Category wise proposed Tariff for 2008-09 | (Annex-8) |
| vii) | Projected P&L A/c for 2008-09 after adding loss for 2007-08 | (Annex-9) |
| viii) | Proposed Tariff for 2008-09 after considering loss for 2007-08 | (Annex-10) |
| ix) | Statement showing revised DM to account for loss of 2007-08 | (Annex-11) |
| ix) | Working of unabsorbed depreciation claimed from FBR | (Annex-12) |

Determination of Security Deposit Rates

LESCO has filed petition for determination of Security Deposit Rates in August 2007, which is still pending with NEPRA. In the said petition, it was requested to determine security deposit rates on following basis:

- i) at least one month to 2.5 months average billing
- ii) percentage increase in electricity tariff effective in November 1997 till date

It is once again requested to determine the rates for security deposit on the basis either of the two above.

8.

Annexure(s)

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT SHOWING CALCULATION OF DISTRIBUTION MARGIN
FOR FISCAL YEAR 2008-09

(Million Rs.)

Description	Allowed by NEPRA for 2007-08	Requested for 2008-09	Remarks
O & M Costs	7,409.244	8,684.37	As per Federal Bureau of Statistics, the CPI for April 2008 is 17.21% compared with April 2007
Depreciation	935.786	1,288.71	The depreciation is worked out on Fixed Assets value as on June 30, 2009 (see Annex-1a)
Other Income	(2,421.000)	(2,421.000)	The amount for 2007-08 is already at higher level, it may be difficult to achieve in 2008-09
RORB	952.838	1,440.157	As per adjustment mechanism allowed by NEPRA in its determination dated Feb 23, 2007 (see Annex-1a)
Income Tax	371.458	-	Income Tax @35% of the profit is payable as per tax law. However, LESCO has brought forward unabsorbed depreciation and losses. Therefore, it is expected that no income tax has to be paid in 2008-09
Distribution Margin	7,248.326	8,992.25	
Units to be Sold	13,947.000	14,720.000	
DM per Kwh Sold	0.5197	0.6109	
Increase required in DM in 2008-09		0.0912	

Calculations:**1- Depreciation**

Cost of Fixed Assets in Operation on June 30, 2007
 Add Capitalisation during 2007-08
 Add Variation in Work in progress during 2007-08
 Cost of Fixed Assets in Operation on June 30, 2008
 Add Investment during 2008-09, excluding customers
 financing Impacting Fixed Assets
 Cost of Fixed Assets in Operation on June 30, 2009
 Depreciation Charge for 2008-09 @3.5%

Million Rs.	
27,348.00	
1,889.02	
2,033.35	
31,270.37	
7,400.00	50% Capitalisation and 50% Variation in WIP
36,820.37	
1,288.71	

2. Adjustment In RORB

$$\text{RORB (adj)} = [(Ia-Ie) \times \text{WACC}/2 + [Da-De]] / \text{Usa} \times (1+G)$$

Where,

Ia = Actual Investment during the year under review

Ie = Estimated investment for the year under review

WACC = Weighted Average Cost of Capital

Da = Actual depreciation for the year under review

De = Estimated Depreciation for the year under review

Usa = Actual units in million kwh sold in the year under review

G = Expected growth rate in sales next year

Value	Rs. per unit sold
0.0331	
487.32	
7,899.00	Expenditure after June 30, 2006 to June 30 2008
3,366.00	Equity:Rs.6,737.9 and Debt: Rs.3,306.94 and Cost of equity:15%; Cost of Debt:13%
14.50%	Actual /Provisional expenditure for year 2007-08
1,094.46	NEPRA determined this amount considering accounts for year ended June 30, 2006
935.79	
13,947.00	
5.5%	

Annex-2

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT SHOWING GROSS PROFIT/(LOSS)
FOR THE PERIOD JULY 2007 TO JUNE 2008

Month	Customers' Billing	Tariff Subsidy	GST Subsidy	Total Revenue	PPP Cost	(Million Rs.)	
						Gross Profit/(Loss)	Cumulative GP/(Loss)
Jul-07	7,152.860	399.691	517.581	8,070.132	5,136.140	2,933.992	2,933.992
Aug-07	7,094.400	358.000	557.894	8,010.294	5,833.398	2,176.896	5,110.888
Sep-07	6,661.440	351.000	483.060	7,495.500	4,971.402	2,524.098	7,634.986
Oct-07	5,521.080	314.109	391.267	6,226.456	4,789.087	1,437.369	9,072.355
Nov-07	4,774.590	318.770	265.217	5,358.577	4,430.505	928.072	10,000.427
Dec-07	4,079.730	276.141	211.530	4,567.401	5,683.648	(1,116.247)	8,884.180
Jan-08	3,670.420	242.831	186.140	4,099.391	5,970.347	(1,870.956)	7,013.224
Feb-08	4,215.550	304.231	201.859	4,721.640	5,778.451	(1,056.811)	5,956.413
Mar-08	4,613.510	70.539	224.475	4,908.524	6,903.737	(1,995.213)	3,961.200
Apr-08	4,861.530	2,258	272.929	5,136.717	7,245.791	(2,109.074)	1,852.126
May-08	5,836.946	1,777	390.059	6,228.782	7,274.425	(1,045.643)	806.483
Jun-08	6,895.416	2,000	496.718	7,394.134	8,455.234	(1,061.100)	(254.617)
Total	65,377.472	2,641.347	4,198.729	72,217.548	72,472.165	(254.617)	

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT SHOWING ACTUAL UNITS PURCHASED AND BILLING
FOR THE PERIOD FROM JULY 2007 TO JUNE 2008

Month	Units Purchased Mkwh	PPP Cost MRs.	Average PPP Rs./-kwh
Jul-07	1,743.549	5,136.140	2.9458
Aug-07	1,782.033	5,833.398	3.2735
Sep-07	1,638.718	4,971.402	3.0337
Oct-07	1,310.763	4,789.087	3.6537
Nov-07	1,107.573	4,430.505	4.0002
Dec-07	1,022.059	5,683.648	5.5610
Jan-08	928.743	5,970.347	6.4284
Feb-08	1,021.050	5,778.451	5.6593
Mar-08	1,160.795	6,903.737	5.9474
Apr-08	1,193.613	7,245.791	6.0705
May-08	1,401.516	7,274.425	5.1904
Jun-08	1,629.014	8,455.234	5.1904 *
Total	15,939.426	72,472.165	4.5467

* Provisional, based on last year consumption and to meet T&D target allowed by NEPRA and the purchase rate for May 2008 is applied

Average PPP Upto May 2008	14,310.412	64,016.931	4.47345
Average PPP for 2008-09		Rs./-kwh sold	5.1844

**Lahore Electric Supply Company Limited
Investment Program for FY 2008-09**

		(Million Rs.)	
Particulars			
DOP (Capital Contribution)		2,453	
PSDP-DOP:30% / ELR:70%		900	
STG		5,562	
Other		938	9,853
Total			
Sources			
Customers Contribution		2,453	
ADB / WB Loans		3,753	
Self Financing / Commercial Borrowing		3,647	9,853
Total			

Lahore Electric Supply Company Limited
Projected Profit & Loss Account FY 2008-09

Description	(Million Rs.)
Revenue	85,307
Sale of Power	76,314
Less Cost of Power Purchased	8,993
Gross Profit	
	8,684
Less Operating Costs excluding Depreciation	1,289
Less Depreciation	9,973
Operating Income	(981)
Add Other Income	2,421
Earning before Interest & Tax	1,440
Less Financial and Other Charges	524
Profit before tax	916
Less Income Tax *	-
Profit after Tax	916

Note: LESCO has obtained loans for an amount of Rs.13 Billion during 2007-08 on the direction from PEPCO. As per communique from MD PEPCO the Loan is to be repaid by GOP. The mark-up on the said loan is accordingly not taken into account in above projection

* Income Tax @35% of the profit is payable as per tax law. However, LESCO has brought forward unabsorbed depreciation and losses. Therefore, it is expected that no income tax has to be paid in 2008-09

Lahore Electric Supply Company Limited
Projected Cash Flow for FY 2008-09

Description	(Million Rs.)	
Cash Generated from Operation		916
Profit / (Loss) for the year		
Adjustments for Non-cash Items		
Depreciation	1,289	
Provision for Employees benefits	2872	
Provision for Taxation	-	
Financial Charges	524	4,685
Cash Inflow from Operations		5,601
Working Capital Changes		
(Increase) / Decrease in Current Assets	(254)	
Stores & Spares	(776)	
Trade Debts	914	
Advances, Prepayments and Other Receivables	(116)	
Decrease/(Increase) in Current Liabilities	(445)	(561)
Creditors, accrued and other Liabilities		5,040
Cash Generated from Operation		
Net Cash Flow from Operating Activities	2,453	
Additions in Deferred Credits	294	
Security Deposits Received	(443)	
Employees Retirement Benefits Paid	(524)	1,780
Financial Charges		6,820
Net Cash Flow from Operating Activities		
Cash Flow from Investing Activities	(9,853)	
Capital Expenditure Incurred	(118)	
(Decrease)/Increase in Long term Loans	5	
Increase in Lon term Deposit		(9,966)
Net Cash used in Investing Activities		
Cash Flow from Financing Activities	3,753	
Loans Received during the year	(324)	
Repayment of Loang term loans		3,429
Net Cash Inflow / (Outflow) from Financing Activities		
Net Increase / (Decrease) in Cash and Cash Equivalents		283
Cash and Cash Equivalent at beginning of the year		3,211
Cash and Cash Equivalent at end of the year		3,494

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
BUDGET FY 2008-09 (REVENUE ESTIMATION)

Sr.#	Category	Units to be Sold (MKWH) 2008-09	Tariff (Rs/kwh)		Revenue (Million Rs.)		
			Fixed	Variable	Fixed	Variable	Total
	DOMESTIC:						
1	Up to 50 Units	98	-	1.60	-	156.80	156.80
	Consumption Exceeding 50 Units						
2	01-100 Units	1,535	-	3.86	-	5,929.94	5,929.94
3	101-300 Units	1,849	-	4.86	-	8,989.69	8,989.69
4	301 - 1000 Units	1,865	-	7.31	-	13,639.70	13,639.70
5	Above 1000 Units	655	-	8.57	-	5,617.65	5,617.65
6	TEMPORARY DOMESTIC	1	-	8.57	-	8.57	8.57
	TOTAL DOMESTIC	6,004	-	-	-	34,342.35	34,342.35
7	up to 100 Units	108	-	8.64	-	933.35	933.35
8	Above 100 Units	739	-	8.77	-	6,482.62	6,482.62
9	A-2(b) (> 20 KW)	372	365	5.75	201.00	2,139.80	2,340.80
11	Temporary Commercial	14	-	8.77	-	122.81	122.81
	Total Commercial	1,233	-	-	201.00	9,678.58	9,879.58
12	B-1 400 VOLTS UPTO 40 KW	643	-	6.78	-	4,360.92	4,360.92
13	B-2 400 VOLTS UPTO 41-500 KW	1,300	315	5.41	1,123.00	7,035.79	8,158.79
14	B-2 400 VOLTS (TOD)	10	315	5.06	1.40	50.62	52.02
15	B-3 11/33 KV	112	305	4.66	38.10	522.16	560.26
16	B-3 11/33 KV (TOD)	3,912	305	4.66	1,310.00	18,238.32	19,548.32
	B-4 66/132/220 KV	33	295	4.41	7.50	145.60	153.10
18	B-4 66/132/220 KV (TOD)	391	295	4.41	127.50	1,725.15	1,852.65
19	Temporary Industry	-	-	-	-	-	-
	Total Industrial	6,401	-	-	2,607.50	32,078.56	34,686.06
	BULK SUPPLY						
	C-1 (400 VOLTS)						
20	(a) UPTO 20 KW	1	-	7.01	-	7.01	7.01
21	(b) ABOVE 20 KW	41	315	6.46	31.50	264.95	296.45
22	C-2 (11/33 KV)	311	305	6.16	129.00	1,916.43	2,045.43
23	C-3 (66/132/220 KV)	16	295	6.06	7.40	96.99	104.39
24	Temporary	-	-	-	-	-	-
	Total Bulk	369	-	-	167.90	2,285.38	2,453.28
	Tubewells						
25	a. Scarp	180	-	6.66	-	1,199.19	1,199.19
26	b. Punjab & Sind	218	90	4.51	130.15	983.65	1,113.80
27	Agri D-2(I) TOD	230	305	3.91	11.75	899.79	911.54
	Total Tubewells	628	-	-	141.90	3,082.63	3,224.53
28	PUBLIC LIGHTING G-1	57	-	8.75	-	498.87	498.87
29	PUBLIC LIGHTING G-2	12	-	8.75	-	105.03	105.03
30	RESIDENTIAL COLONIES H-1	1	-	7.94	-	7.94	7.94
31	RESIDENTIAL COLONIES H-2	6	-	7.94	-	47.65	47.65
32	TRACTION-1	9	-	6.85	-	61.67	61.67
33	CO-GENERATION TARIF-J	-	-	-	-	-	-
	Total Others	85	-	-	-	721.16	721.16
	GRAND TOTAL	14,720	-	-	3,118.30	82,188.66	85,306.96

**LAHORE ELECTRIC SUPPLY COMPANY LIMITED
EXISTING TARIFFS (2007-08) VS PROPOSED TARIFF (2008-09)**

Particulars	Tariff Determined by NEPRA Dated Feb 23, 2007 (Applicable from July 01, 2007 till December 31, 2008)		Tariff Determined by NEPRA Dated Jan 19, 2008 (Applicable from Jan 01, 2008 till Feb 28, 2008)		Tariff Determined by NEPRA Dated Feb 12, 2008 (Applicable from March 01, 2008 till to-date)		Tariff Requested by LESCO From 01-07-2008*		Tariff Requested by LESCO From 01-07-2008**		Increase in Current Tariff Rs./kwh
	Fixed Charges	Variable Charges	Fixed Charges	Variable Charges	Fixed Charges	Variable Charges	Fixed Charges	Variable Charges	Fixed Charges	Variable Charges	
Residential - A1											
a. For Sanctioned Load up to 20kw		1.80		1.80		1.80		1.80		1.80	-
i) Up to 50 Units per month											
For Consumption Exceeding 50 Units											
ii) 01-100 Units Per Month		2.70		2.70		3.08		3.77		3.96	0.78
iii) 101-300 Units per month		3.70		3.70		4.08		4.77		4.96	0.78
iv) 301 - 1000 Units per month		6.30		6.16		6.53		7.22		7.31	0.78
v) Above 1000 Units per month		7.80		7.41		7.79		8.48		8.57	0.78
b. For Sanctioned load exceeding 20 kW											
i) Time of Day (TOD)-Peak	365.00	8.00	315.00	7.13	315.00	7.13	315.00	7.82	315.00	7.91	0.78
ii) Time of Day (TOD)-Off Peak	365.00	3.55	315.00	3.90	315.00	4.26	315.00	4.97	315.00	5.06	0.78
Temporary E-1(i)											
Commercial - A2											
a. For Sanctioned Load up to 20 kW											
i) For first 100 units		7.80		7.41		7.79		8.48		8.57	0.78
ii) Above 100 units											
b. For Sanctioned load exceeding 20 kW											
i) Regular	365.00	8.00	365.00	4.50	365.00	4.97	365.00	5.06	365.00	5.75	0.78
ii) Time of Use											
i) Time of Day (TOD)-Peak	365.00	8.00	315.00	6.75	315.00	7.13	315.00	7.82	315.00	7.91	0.78
ii) Time of Day (TOD)-Off Peak	365.00	3.55	315.00	3.90	315.00	4.26	315.00	4.97	315.00	5.06	0.78
Temporary E-1(ii)											
Industrial Supply Tariff											
B1 Up to 20 kw (at 400/230 volts)	365.00	5.75	315.00	5.82	315.00	6.00	315.00	6.89	315.00	6.70	0.78
B2 a) 21-500 kW (at 400 Volts)		4.50		4.25		4.53		5.32		5.41	0.78
Time of Use											
B2 b) 21-500 kW (at 400 volts)											
Time of Day (TOD)-Peak	365.00	8.00	315.00	6.75	315.00	7.13	315.00	7.82	315.00	7.91	0.78
Time of Day (TOD)-Off Peak	365.00	4.00	315.00	3.90	315.00	4.26	315.00	4.97	315.00	5.06	0.78
TOD (Peak) For all loads up to 5000kw (at 11.33 kv)	365.00	6.75	365.00	6.50	365.00	6.86	365.00	7.57	365.00	7.66	0.78
TOD (Off Peak) For all loads up to 5000kw (at 11.33 kv)	365.00	3.75	365.00	3.50	365.00	3.86	365.00	4.57	365.00	4.66	0.78
TOD (Peak) For all loads (at 66, 132 Kv)	340.00	8.50	295.00	9.25	295.00	8.83	295.00	9.54	295.00	7.41	0.78
TOD (Off Peak) For all loads (at 66, 132 Kv)	340.00	3.50	295.00	3.25	295.00	3.63	295.00	4.32	295.00	4.41	0.78
Temporary E-2											
C-1 For Supply at 400/230 Volts											
		8.75		8.82		8.00		8.89		8.78	0.78

Particulars	Tariff Determined by NEPRA Dated Feb 23, 2007 (Applicable from July 01, 2007 till December 31, 2008)		Tariff Determined by NEPRA Dated Jan 16, 2008 (Applicable from Jan 01, 2008 till Feb 29, 2008)		Tariff Determined by NEPRA Dated Feb 12, 2008 (Applicable from March 01, 2008 till to-date)		Tariff Requested by LESCO From 01-07-2008*		Increase in Current Tariff Rs./kwh
	Fixed Charges	Variable Charges	Fixed Charges	Variable Charges	Fixed Charges	Variable Charges	Fixed Charges	Variable Charges	
a Sanctioned Load Up to 20 Kw		6.80		5.85		6.23		7.91	0.78
b Sanctioned Load above 20 Kw and up to 600 Kw	365.00	5.80	315.00	5.35	315.00	5.65	315.00	6.48	0.78
C-2 a For Supply at 11,33 Kv up to and including 6000 Kw	355.00	5.25	305.00	5.00	305.00	5.38	305.00	6.16	0.78
C-3 a For Supply at 66, 132 Kv & above and Sanctioned Load above 5000 Kw	340.00	5.00	295.00	4.80	295.00	5.28	295.00	6.06	0.78
Time of Use (Optional)									
C-1 c For Supply at 400/230 Volts above 20 kw & up to 600 Kw-(Peak)	385.00	6.80	315.00	6.75	315.00	7.13	315.00	7.91	0.78
For Supply at 400/230 Volts above 20 kw & up to 600 Kw-(Off Peak)	385.00	3.55	315.00	3.80	315.00	4.28	315.00	6.80	0.78
C-2 b For Supply at 11, 33 Kv up to and including 6000 Kw-(Peak)	355.00	5.95	305.00	5.50	305.00	6.08	305.00	7.66	0.78
For Supply at 11, 33 Kv up to and including 6000 Kw-(Off Peak)	355.00	3.45	305.00	3.50	305.00	3.88	305.00	4.96	0.78
C-3 b For Supply at 66, 132 Kv and Sanctioned Load above 5000 Kw-(Peak)	340.00	5.90	295.00	6.25	295.00	6.63	295.00	7.41	0.78
For Supply at 66, 132 Kv and Sanctioned Load above 5000 Kw-(Off Peak)	340.00	3.40	295.00	3.25	295.00	3.63	295.00	4.41	0.78
D-Agricultural Tariff									
D-1 a Scarp less than 20 Kw		5.50		5.50		5.86		6.66	0.78
D-2 Agricultural Tube wells	90.00	3.30	90.00	3.35		3.73	90.00	4.91	0.78
Scarp and Agricultural more than 20 Kw- (Peak)	355.00	6.80	305.00	6.75	305.00	7.13	305.00	7.91	0.78
Scarp and Agricultural more than 20 Kw- (Off Peak)	355.00	2.75	305.00	2.78	305.00	3.13	305.00	3.91	0.78
F-Seasonal Industrial Supply Tariff		125% of relevant Industrial tariff		125% of relevant Industrial tariff		125% of relevant Industrial tariff		125% of relevant Industrial tariff	
G- Public Lighting									
Street Lighting		7.59		7.59		7.97		8.75	0.78
H- Residential Colonies Attached to Industrial Premises		8.78		8.78		7.16		7.94	0.78
I-Railway Traction		5.89		5.89		6.97		8.86	0.78

0.00000

0.9912

* On Account of Variation in ppp
**Distribution Margin Adjustment required

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT SHOWING ADJUSTMENT IN TARIFF
ON ACCOUNT OF VARIATION IN PPP
WITH EFFECT FROM JULY 01,2008

As per NEPRA determination dated January 10, 2008 the annual tariff adjustment on account of variation in PPP effective July 01,2008 is as per following formula:		Adjustment Required w-e-f 1-7-2008*	Adjustment Required w-e-f 1-7-2008
	Unit	Value	Value
$\Delta PP_2 = \frac{[PPa_2 - PPa_1 - (\Delta PP_{2,1} + \Delta PP_{2,2} + \Delta PP_{2,3})]}{(1-L_2)}$	Rs./kwh	-0.9283	0.6910
Where,			
PPa_2	Actual weighted average power purchase price for year 2007-08	Rs./kwh	4.5467
PPa_1	Actual weighted average power purchase price for year 2006-07	Rs./kwh	3.6114
L_2	Estimated losses for the year 2007-08	%age	12.5%
$\Delta PP_{2,1}$	1st Quarterly adjustment effective 1st October 2007		0
$\Delta PP_{2,2}$	2nd Quarterly adjustment effective 1st January 2008	Rs./kwh	0.378
$\Delta PP_{2,3}$	3rd Quarterly adjustment effective 1st April 2008*	Rs./kwh	1.61929

* Adjustment requested not determined by NEPRA or allowed by GOP so far; therefore tariff adjustment required on account of PPP with effect from July 01,2008 is Rs.0.8726 per kwh sold

Lahore Electric Supply Company Limited
Projected Profit & Loss Account FY 2008-09

Description	(Million Rs.)
Revenue	90,986
Sale of Power	76,314
Cost of Power Purchased	14,671
Gross Profit	
Operating Costs excluding Depreciation	8,684
Depreciation	<u>1,289</u>
Operating Profit	9,973
Other Income	2,421
Earning before Interest and Tax	7,119
Financial and Other Charges	524
Profit /(Loss) before tax	6,595
Income Tax *	-
Net Profit/(Loss)	6,595

Notes:

1. LESCO has obtained loans for an amount of Rs.13 Billion during 2007-08 on the direction from PEPCO. As per communique from MD PEPCO the Loan is to be repaid by GOP. The mark-up on the said loan is accordingly not taken into account in above projection
2. During 2007-08 there is expected a loss for Rs.5,679 million (consisting of gross loss for Rs.255 million and distribution margin allowed by NEPRA (lost upto) Rs.5,424 million) due to high Power purchase cost that was not allowed by NEPRA/GOP to pass on to customers/GOP
3. During 2008-09 it is assumed that the variation in ppp requested for 2007-08 as per NEPRA mechanism will be allowed and result in higher profit for 2008-09.

* Income Tax @35% of the profit is payable as per tax law. However, LESCO has brought forward unabsorbed depreciation and losses. Therefore, it is expected that no income tax has to be paid in 2008-09

**LAHORE ELECTRIC SUPPLY COMPANY LIMITED
EXISTING AND PROPOSED TARIFFS**

Annex-10

Particulars	Tariff Determined by NEPRA Dated Feb 12, 2008		Tariff Requested by LESCO From 01-07-2008*		Tariff Requested by LESCO From 01-07-2008**	
	Fixed Charges	Variable Charges	Fixed Charges	Variable Charges	Fixed Charges	Variable Charges
Residential - A1						
a. For Sanctioned Load up to 20kw		1.60		1.60		1.60
i) Up to 50 Units per month						
For Consumption Exceeding 50 Units						
ii) 01-100 Units Per Month		3.08		3.77		4.25
iii) 101-300 Units per month		4.08		4.77		5.25
iv) 301 - 1000 Units per month		6.53		7.22		7.70
v) Above 1000 Units per month		7.79		8.48		8.96
b. For Sanctioned load exceeding 20 kW						
i) Time of Day (TOD)-Peak	315.00	7.13	315.00	7.82	315.00	8.30
ii) Time of Day (TOD)-Off Peak	315.00	4.28	315.00	4.97	315.00	5.45
Temporary E-1(i)		7.79		8.48		8.96
Commercial - A2						
a. For Sanctioned Load up to 20 kW						
i) i) For first 100 units		7.86		8.55		9.03
ii) Above 100 units		7.99		8.68		9.16
b. For Sanctioned load exceeding 20 kW						
Regular	385.00	4.97	385.00	5.66	365.00	6.14
Time of Use						
i) Time of Day (TOD)-Peak	315.00	7.13	315.00	7.82	315.00	8.30
ii) Time of Day (TOD)-Off Peak	315.00	4.28	315.00	4.97	315.00	5.45
Temporary E-1(ii)		7.99		8.68		9.16
Industrial Supply Tariff						
B1 Up to 20 kw (at 400/230 volts)		6.00		6.69		7.17
B2 a) 21-500 kW (at 400 Volts)	315.00	4.63	315.00	5.32	315.00	5.80
Time of Use						
B2 b) 21-500 KW (at 400 volts)						
Time of Day (TOD)-Peak	315.00	7.13	315.00	7.82	315.00	8.30
Time of Day (TOD)-Off Peak	315.00	4.28	315.00	4.97	315.00	5.45
B3 TOD (Peak) For all loads up to 5000kw (at 11.33 kv)	305.00	6.88	305.00	7.57	305.00	8.05
B3 TOD (Off Peak) For all loads up to 5000kw (at 11.33 kv)	305.00	3.88	305.00	4.57	305.00	5.05

Particulars	Tariff Determined by NEPRA Dated Feb 12, 2008		Tariff Requested by LESCO From 01-07-2008*		Tariff Requested by LESCO From 01-07-2008**	
	Fixed Charges	Variable Charges	Fixed Charges	Variable Charges	Fixed Charges	Variable Charges
B4 TOD (Peak) For all loads (at 66, 132 Kv)	295.00	6.63	295.00	7.32	295.00	7.80
B4 TOD (Off Peak) For all loads (at 66, 132 Kv)	295.00	3.63	295.00	4.32	295.00	4.80
Temporary E-2		6.00		6.89		7.17
C-1 For Supply at 400/230 Volts		6.23		6.92		7.40
a Sanctioned Load Up to 20 Kw						
b Sanctioned Load above 20 Kw and up to 500 Kw	315.00	5.68	315.00	6.37	315.00	6.85
C-2 a For Supply at 11, 33 Kv up to and including 5000 Kw	305.00	5.38	305.00	6.07	305.00	6.55
C-3 a For Supply at 66, 132 Kv & above and Sanctioned Load above 5000 Kw	295.00	5.28	295.00	5.97	295.00	6.45
Time of Use (Optional)						
C-1 c For Supply at 400/230 Volts above 20 kw & up to 500 Kw-(Peak)	315.00	7.13	315.00	7.82	315.00	8.30
For Supply at 400/230 Volts above 20 kw & up to 500 Kw-(Off Peak)	315.00	4.28	315.00	4.97	315.00	5.45
C-2 b For Supply at 11, 33 Kv up to and including 5000 Kw-(Peak)	305.00	6.88	305.00	7.57	305.00	8.05
For Supply at 11, 33 Kv up to and including 5000 Kw-(Off Peak)	305.00	3.86	305.00	4.57	305.00	5.05
C-3 b For Supply at 66, 132 Kv and Sanctioned Load above 5000 Kw-(Peak)	295.00	6.63	295.00	7.32	295.00	7.80
For Supply at 66, 132 Kv and Sanctioned Load above 5000 Kw-(Off Peak)	295.00	3.63	295.00	4.32	295.00	4.80
D-Agricultural Tariff						
D-1 a Scarp less than 20 Kw		5.88		6.57		7.05
D-2 Agricultural Tube wells	90.00	3.73	90.00	4.42	90.00	4.90
Scarp and Agricultural more than 20 Kw-(Peak)	305.00	7.13	305.00	7.82	305.00	8.30
Scarp and Agricultural more than 20 Kw-(Off Peak)	305.00	3.13	305.00	3.82	305.00	4.30
F-Seasonal Industrial Supply Tariff						
G-Public Lighting		7.97				9.14
H- Residential Colonies Attached to Industrial Premises		7.16				8.33
I-Railway Traction		6.07				7.24
			125% of relevant industrial tariff		125% of relevant industrial tariff	
						0.4770

* On Account of Variation in PPP
**Distribution Margin Adjustment required

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT SHOWING CALCULATION OF DISTRIBUTION MARGIN
FOR FISCAL YEAR 2008-09
(Million Rs.)

Description	Allowed by NEPRA for 2007-08	Requested for 2008-09	Remarks
O & M Costs	7,409.244	8,684.37	As per Federal Bureau of Statistics, the CPI for April 2008 is 17.21% compared with April 2007
Depreciation	935.786	1,288.71	The depreciation is worked out on Fixed Assets value as on June 30, 2009 (see Annex-1a)
Other Income	(2,421.000)	(2,421.000)	The amount for 2007-08 is already at higher level, it may be difficult to achieve in 2008-09
RORB	952.838	1,440.157	As per adjustment mechanism allowed by NEPRA in its determination dated Feb 23, 2007 (see Annex-1a)
Loss for the year 2008-09	-	5,678.617	Income Tax @35% of the profit is payable as per tax law. However, LESCO has brought forward unabsorbed depreciation and losses. Therefore, it is expected that no income tax has to be paid in 2008-09
Income Tax	371.458	-	
Distribution Margin	7,248.326	14,670.86	
Units to be Sold	13,947.000	14,720.000	
DM per Kwh Sold	0.5197	0.9967	
Increase Required in DM in 2008-09		0.4770	

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
INCOME YEAR ENDED 30 JUNE 2007
TAX YEAR 2007
COMPUTATION OF TAXABLE INCOME AND INCOME TAX LIABILITY

	Notes	Amount (Rs.) Total
Profit for the year as per P&L Account		1,071,783,701
Add:		
Accounting Depreciation	Note-12	897,086,926
Provision for Pension	Note-9.1	1,582,730,119
Provision for Medical Benefits	Note-9.1	326,089,920
Provision for Free Electricity	Note-9.1	197,487,733
Provision for Compensated Absences	Note-9.1	173,592,789
Total Additions		3,176,987,487
Less:		
Bad Debts Written Off	Note-16.2	(13,646,508)
Pension Paid During The Year	Note-9.1	(305,948,593)
Cost of Benefits Provided- Medical	Note-9.1	(4,173,284)
Cost of Benefits Provided- Free Electricity	Note-9.1	(42,391,374)
Compensated Absences Paid	Note-9.1	(3,927,923)
Total Deductions		(370,087,682)
Net Taxable Income/(Loss) for the Year		3,878,683,506
Taxable Income/ (Loss) during Exemption Period	237 Days	64.93% 2,518,429,200
Taxable Income/ (Loss) during Post Exemption Period	128 Days	35.07% 1,360,254,306
Less :		
Tax Depreciation charged to Post Exemption Period	Annexure-I	(9,762,417,110)
Net Taxable Income/(Loss) for the Post Exemption Period		(8,402,162,805)
Carry Forward:		
Business Loss		
Unabsorbed Depreciation		(9,762,417,110)
		(9,762,417,110)
Income Tax Liability Under NTR		
35 % of (7,816,09,061)	A	
Minimum Tax Liability under section 113		
Distribution Margin		1,837,415,095
0.50%	B	9,187,075
Income Tax Liability - Higher of A or B i.e. B		9,187,075

Note:

(1) Income of LESCO was exempt till 22nd February, 2007 and we have apportioned taxable income/ (loss) on number of days, however more appropriate basis would have been turnover

2. We have calculated turnover tax on the basis of distribution margin as stated by SRO No.171/2008 dated 21 February, 2008



LAHORE ELECTRIC SUPPLY COMPANY LIMITED
OFFICE OF CHIEF EXECUTIVE OFFICER
22-A QUEENS ROAD LAHORE
Phone # 6308707 Fax # 6308723
E-MAIL: ceo@lesco.gov.pk

No. 9335 /ED/LESCO

Dated 9th August, 2007


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

TRF-100/LESCO
a-m-f

Subject:- Submission of the Security Deposit Petition /Request by the DISCOs.

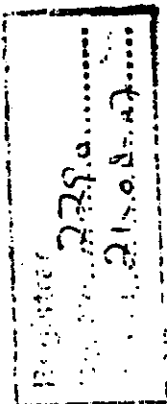
Reference NEPRA letter No.TCD 01/1091-2006 dated July 12, 2007 on the subject.

Enclosed is LESCO petition for determination of Security Deposit Rates and Average Charges.

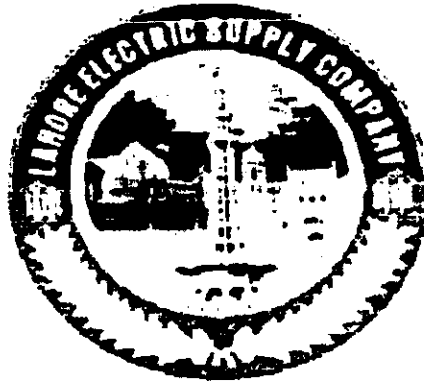

Mohammad Akram Arain
Chief Executive Officer

DG(CAO)

1/21/8



LAHORE ELECTRIC SUPPLY COMPANY LIMITED (LESCO)



PETITION

FOR

DETERMINATION

OF

SECURITY DEPOSIT RATES

AUGUST 2007

LESCO PETITION FOR DETERMINATION OF SECURITY DEPOSIT RATES

Petition for Determination of Security Deposit Rates

By

Lahore Electric Supply Company Limited (LESCO)

August, 2007

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1. DETAIL OF PETITIONER

a. Name and Address

Lahore Electric Supply Company Limited (LESCO)
Head Office: 22-A Queens Road Lahore

b. Representatives of LESCO

- | | |
|----------------------------|----------------------------|
| • Mr. Muhammad Akram Arain | Chief Executive |
| • Mr Abdul Majid Alvi | Finance Director |
| • Mr. Khalid Mehmood | Customer Services Director |
| • Mr. Salah-ud-Din | Technical Director |
| • Ch. Abdul Ghafoor | Operation Director |
| • Sayyed Mubashar Masood | Director Legal |
| • Syed Zargham Haider | Manager Finance (CP&C) |

c. Grounds of petitioner's interest/ Licensee details

Lahore Electric Supply Company Limited is an ex-WAPDA DISCO owned by Government of Pakistan and incorporated under Companies Ordinance 1984 as Public Limited Company as a result of structural reforms introduced by GOP in power sector. Principal business of the company is providing public utility service more specifically distribution of electricity to the inhabitants of city of Lahore, Kasur, Okara, Sheikhpura, Nankana and surrounding suburbs under a license (No. 03/DL/2002 dated April 01, 2002) granted by NEPRA.

2. SUMMARY OF THE PETITION

The Authority (NEPRA) vide letter No. TCD 01/1091-2006 dated July 12, 2007 directed LESCO to submit a Tariff Petition before the Authority within 30 days for determination of rates of security deposit for different consumer categories on a per KW of contracted load basis.

3. GROUND AND FACTS ON WHICH THE PETITION IS BASED

3.a. Grounds and Facts

3.a.i. SECURITY DEPOSIT

LESCO sells electricity to customers on credit basis. As per billing procedure, disconnection of supply of any defaulting consumer takes about two and half

LESCO TARIFF PETITION FOR DETERMINATION OF SECURITY DEPOSIT

months time. Security deposit is therefore, taken from the consumers to cover risk involved in credit sales.

3.a.ii. Application of Security Deposit Clause

The Government of West Pakistan issued under Section 35 of the Electricity Act 1910 a Notification No.PRAB-1-20/69 dated 31-01-1970 (Copy enclosed as Annex – A); Clause "G" of which states:

"Consumer's Security Deposit: - Security Deposit not exceeding the amount of average bill for a period of two and a half months shall be recovered from the consumers of different categories".

3.a.iii. Calculation of Security Deposit

At the time of providing new connection or allowing extension of load, the security deposit is calculated on the basis of a formula, based on estimated load factor for different categories of consumers. The amount of security deposit is revised from time to time taking into account the revision of electricity rates. However, the main focus remains that estimate of security deposit may not be more than two and half months average bill. The last revision in security deposit rates was made effective from November 01,1997. The tariff/Category-wise details are as per Annex-2.

4. PROPOSED STRUCTURE OF SECURITY DEPOSIT

4.i Definition

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

LESCO TARIFF PETITION FOR DETERMINATION OF SECURITY DEPOSIT

4.ii. Cagatory-wise maximum limit of Security Deposit

The Authority shall fix the maximum limit of Security Deposit for different categories of consumers based on the new tariff to be notified by GOP in coming weeks and up to two and a half month billing.

4.iii. Additional Security Deposit Demand

LESCO may be legally empowered to demand additional security deposit from the existing customers based on their connected load with the approval of the Authority subject to the condition that the total Security Deposit does not increase 2 ½ months billing level as already notified vide Clause 'G' of the notification No.PRAB-1-20/69 dated 31 January 1970.

5. CONFIRMATION OF COMPLIANCE WITH TARIFF STANDARDS AND PROCEDURES

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

6. ADDITIONAL EVIDENCE

LESCO reserves its right to add new documents and evidences at the time of hearing as may deemed fit.

7. Date of Implementation of the determination

Implementation of charges will take effect from the date of Notification by the Federal Government in the official Gazette.

8. RELIEF OR DETERMINATION SOUGHT

Existing rates of Security Deposit for new connection, restoration of connection and extension of load as well as security deposit paid by existing customers at the time of connection, reconnection or extension of load is insufficient to cover risk of possible default by customers as disconnection due to non-payment of electricity bills takes up to two and a half months. As such, amount due against electricity consumed up to two and a half months before disconnection cannot be adjusted fully against security deposit paid by the concerned customer.

Therefore, Security Deposit should be enhanced to cover two and half month billing as under:

- i) From customers applying for new connection, reconnection or extension of load
- ii) From existing customer who's Security Deposit has become insufficient to cover two and a half month billing
- iii) Every year in July the Security Deposit be revised on the basis of last twelve months average consumption and new tariff (if any)

9. COMPARATIVE TABLE OF EXISTING AND PROPOSED RATES OF SECURITY DEPOSIT BASED ON 1 TO 2.5 MONTHS AVERAGE BILLING

Sr.N o.	TARIFF CATEGORY	EXISTING RATES (EFFECTIVE SINCE 01.11.97)	PROPOSED RATES (Based on 2.5 Months Average Bill)* Rs./kw	PROPOSED RATES (Based on 2.5 Months Average Bill)* Rs./kw	PROPOSED RATES (Based on 2.5 Months Average Bill)* Rs./kw	PROPOSED RATES (Based on 2.5 Months Average Bill)* Rs./kw
1	Tariff A-1 (S/Phase Supply) a) Urban a) Rural	Rs.400/- Rs.200/-	Rs.1424	Rs.1140	Rs.855	Rs.570
	Tariff A-1 (3-Phase supply)	Rs.1500/- Plus Rs.400/KW for loads above 5- KW	Rs.1424	Rs.1140	Rs.855	Rs.570
3	Tariff A-2 (S/Phase Supply) b) Urban c) Rural Tariff A-2 (3-Phase supply)	Rs.770/- Rs.390/- Rs.4600/- Plus Rs.800/KW for loads above 5- KW.	Rs. 2047	Rs.1638	Rs.1228	Rs.819
4	Tariff B-1	Rs.320/KW subject to a minimum of Rs.6400/-	Rs.1529	Rs.1123	Rs.918	Rs.612
5	Tariff B-2	Rs.550/KW	Rs.1922	Rs.1538	Rs.1153	Rs.769
7	Tariff B-3	Rs.910/KW	Rs.3060	Rs.2448	Rs.1836	Rs.1224
	Tariff B-4	Rs.930/KW	Rs.2365	Rs.1892	Rs.1419	Rs.946
	Tariff C-1	Rs.320/KW subject to minimum of Rs.6400/-	Rs.1937	Rs.1550	Rs.1162	Rs.775
9	Tariff C-2	Rs.910/KW	Rs.3261	Rs.2609	Rs.1957	Rs.1304
10	Tariff C-3	Rs.930/KW	Rs.1381	Rs.1105	Rs.829	Rs.552
11	Tariff D	Rs.8000/-	Rs.2157	Rs.1725	Rs.1294	Rs.863
12	Tariff D-1	Rs.16000/-	Rs.1512	Rs.1210	Rs.907	Rs.605
13	Tariff-F	Double the rates of regular industrial tariff	Double the rates of regular industrial tariff	Double the rates of regular industrial tariff	Double the rates of regular industrial tariff	Double the rates of regular industrial tariff
14	Tariff-G	Rs.970/KW	Rs.635	Rs.508	Rs.381	Rs.254
15	Tariff-H	Rs.920/KW	Rs.1164	Rs.931	Rs.698	Rs.466
16	Tariff-I	Rs.330/KW	Rs.1100	Rs.880	Rs.660	Rs.440
17	Tariff-J	Rs.910/KW	NA	NA	NA	NA

* Calculated on the basis of FY 2005-06 Sanctioned Load and Actual Tariff

WESCO TARIFF PETITION FOR DETERMINATION OF SECURITY DEPOSIT

Note:- The above proposed security deposit rates are indicative only. The customers however, will be charged as per their expected 12 month average billing in case of new connection, reconnection and extension of load. The existing customers may be charged on the basis of 12 month historical consumption/billing where their security deposit payment becomes insufficient with respect to their average billing.

If above proposal of 2.5 months billing is not feasible, the Authority is requested to enhance the existing security deposit rates (effective since Nov 01, 1997) on the basis of %age increase in electricity tariff effective in November 1997 till date (Annex-3). The proposed security deposit rates accordingly are as follows for each customer category.

10. COMPARATIVE TABLE OF EXISTING AND PROPOSED RATES OF SECURITY DEPOSIT BASED ON %AGE INCREASE IN ELECTRICITY TARIFF EFFECTIVE IN NOV. 1997 TILL DATE

Sr.No.	TARIFF CATEGORY	EXISTING RATES (EFFECTIVE SINCE 01.11.97)	%AGE INCREASE IN TARIFF FROM NOV 1997 TILL DATE	PROPOSED RATES (Based on %age Increase in Tariff)
1	Tariff A-1 (Single Phase Supply) b) Urban c) Rural	Rs.400/- Rs.200/-	66	Rs.664 Rs.332
2	Tariff A-1 (3-Phase supply)	Rs.1500/- Plus Rs.400/KW for loads above 5-KW	34	Rs.2010 Plus Rs.536/kw for loads above 5-kw
3	Tariff A-2 (S/Phase Supply) a) Urban b) Rural	Rs.770/- Rs.390/-	34	Rs.1032 Rs.523
	Tariff A-2 (3-Phase supply)	Rs.4600/- Plus Rs.800/KW for loads above 5-KW.	28	Rs.5888 Plus Rs.1024/kw for loads above 5-kw
4	Tariff B-1	Rs.320/KW subject to a minimum of Rs.6400/-	47	Rs.470/kw subject to a minimum of Rs 9408/-
5	Tariff B-2	Rs.550/KW	9	Rs.600/kw
6	Tariff B-3	Rs.910/KW	27	Rs.1156/kw
7	Tariff B-4	Rs.930/KW	27	Rs.1181/kw
8	Tariff C-1	Rs.320/KW subject to minimum of Rs.6400/-	62	Rs.518/kw subject to a minimum of Rs.10338/-
9	Tariff C-2	Rs.910/KW	94	Rs.1765/kw
10	Tariff C-3	Rs.930/KW	94	Rs.1804/kw
11	Tariff D	Rs.8000/-	56	Rs.12480
12	Tariff D-1	Rs.16000/-	56	Rs.24960
13	Tariff-F	Double the rates of regular industrial tariff		Double the rates of regular industrial tariff
14	Tariff-G	Rs.970/KW	100	Rs.1940/kw
15	Tariff-H	Rs.920/KW	41	Rs.1297/kw
16	Tariff-I	Rs.330/KW	48	Rs.488/kw

For 3 phase 400 volts AC supply to all Govt. and Semi-Govt. offices & institutions, Commercial offices and commercial establishment such as shops, hotels and restaurants and places of entertainments like Cinemas, theaters and clubs for lamps, fans and other single or 3 phase appliances such as heaters, coolers, radiators air-conditioners, refrigerators and tubewells etc.

For all consumption during the month.

For all consumption during the month. The minimum charge for this category shall be Rs. 2.00 per month per supply point over and above the energy consumed during the month.

II. INDUSTRIAL SUPPLY

Tariff B-1

(I.A.)

For 3 phase 400 volts AC industrial supply with connected load up to 50 KW.

For all consumption.

Tariff B-2

(I.B.)

For 3 phase 400 volts AC supply for loads above 50 KW.

Fixed charge at Rs. 1000 per unit of billing demand per month plus 7.2 paise per unit of energy consumption. Minimum billing demand shall be fixed charge demand. Demand shall be billed during the month.

Tariff B-3

(II)

For 3 phase AC industrial supply at 11 KV for all loads in excess of 100 KW.

Fixed charge at Rs. 1500 per unit of billing demand per month plus 6.6 paise per unit of energy consumption.

The minimum charge for this category shall be based on the billing demand which is recovered for the month consumed during the month.

Tariff C

(III)

For 3 phase AC industrial supply at 11 KV for all loads in excess of 200 KW.

Fixed charge at Rs. 2000 per unit of billing demand per month plus 6.6 paise per unit of energy consumption.

The minimum charge for this category shall be based on the billing demand which is recovered for the month consumed during the month.

ELECTRIC SUPPLY

Tariff B-4

(LTDS-2)

For supply at 100 volts AC to Railways, MES, PAF, Cantt. Boards and other Govt. and Semi-Govt. approved institutions having their own distribution facilities within their respective jurisdiction and in respect of commercial establishments and places of public entertainment for demand in excess of 50 KW.

Fixed charge Rs. 165 per unit of billing demand per month plus 10 paise per unit of energy consumption.

The minimum charge shall be the fixed charge based on billing demand even if no energy is consumed during the month.

Tariff B-5

(HTDS-2)

For supply at 11 KV to Railways, MES, PAF, Cantt. Boards and other Govt. and Semi-Govt. approved institutions having their own distribution facilities within their respective jurisdiction and in respect of commercial establishments and places of public entertainment for demand in excess of 100 KW.

Fixed charge at Rs. 150 per unit of billing demand per month plus 10 paise per unit of energy consumption.

Minimum charge shall be the fixed charge based on billing demand even if no energy is consumed during the month.

IV. AGRICULTURAL SUPPLY

Tariff D-1

(AG)

Supply to Agricultural tube-wells and lift irrigation pumps.

For supply to agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.

Rs. 7.00 per KW of billing demand per month plus 8.00 paise per unit of energy consumption.

Minimum charge shall be the fixed charge based on billing demand even if no energy is consumed during the month.

V-PUBLIC LIGHTING

Tariff-E

The rates for Public Lighting per fixture should be the existing existing rates per fixture on the basis of wattage of lamp provided in the existing agreements between Karachi Electric Supply Corporation and Karachi Port Trust, Karachi Cantonment Board, various local bodies together with the surcharges allowed by the Government from time to time.

VI-CHARGES FOR THE SUPPLY

The charges for the supply shall be at the discretion of the Board and shall be 10% of the charges for AC calculated at the time of the supply of new connection and extension of line on 11 KV shall be 10%.

A. RATES OF CHARGE

1. The rates for temporary supply for construction, garden, etc., shall be at a higher rate for the unit charges and distribution charges applicable to the permanent installation.

B. METER RATES

Meter rates shall be charged at the following rates:-

1. Single Phase meters. Rs. 1.50 per month.
2. 400 - 150 3 phase meter. Rs. 2.00 per month.
3. 3 phase meter of 100 Amp. capacity with maximum demand indicator. Rs. 2.00 per month.
4. High tension metering equipment with P.T. and maximum demand indicator and KVARH meters. Rs. 20.00 per month.

C. PENALTY FOR LOW POWER FACTOR

Wherever in any month the power factor of consumer connected to the system is below 90% on two part tariff excepting tube-well and other special cases, the consumer shall be liable to pay a penalty for the deficiency of power factor, which the average power factor during the month is less than 90% and shall be given at 0.02 paise per KWh for each whole 1% by which the power factor is higher than 90%. In case of supply at 400 volts and 11 KV, 0.018 paise per KWh will be added to the bill for each whole 1% by which the average power factor during the month is less than 90% and shall be given at 0.018 paise per KWh for each whole 1% by which the power factor is higher than 90%. However, if the average power factor is higher than 90% it shall be considered as unity for the purpose of the penalty.

D. SURCHARGE FOR PART PAYMENT OR LATE PAYMENT

A surcharge at 10% will be levied to the bill if the amount due is not paid within 15 days of the date of issue of the bill.

E. Billing Demand (a) In case of consumer supplied with electricity, the billing demand shall be the highest of the following:-

- (1) The maximum demand as defined hereunder.
- (2) 75% of the highest maximum demand during the previous 12 months.
- (3) 75% of contract demand as defined hereunder.
- (4) 1 M.W. for supply at medium pressure, 1.5 M.W. for supply at 11 KV and 2.0 M.W. for supply at 66 KV and 132 KV.

(b) The maximum demand.-The maximum demand shall be the highest demand obtained in the month measured over a period of each of 15 minutes in respect of supply at 400 volts and 11 KV and in case of supply at 66 KV, and higher voltage, the highest demand shall be measured over a period of 30 minutes period.

(c) The contract demand.-Shall mean the total load contracted for by the consumer for the supply of which the licensee has agreed to supply.

5. Adjustment of cost of fuel

6. The following adjustments on account of change in the cost of fuel to the licensee for any month shall be made in the rate for electricity sold there in the second following month:-

7. Whenever the cost of fuel used at the generating station is more than 224 or less than 215 paise per million BTU, the amount due under the preceding provisions shall be increased or decreased respectively by 0.025, 0.025, and 0.025 per KWH for each whole paise per million BTU above 224 or below 215 for supplies at medium pressure (400 volts), high pressure (11KV) and extra high pressure (EHT) respectively. The fuel adjustment clause will, however, not apply in respect of residential tariff (R-1), Commercial tariff (C-1) and Agricultural Tariff (A-1) and Street Light tariff.

8. In the event of bulk purchase of energy from Karachi Hydro Power Project (KHPP) the total fuel cost and corresponding total transmission shall be determined under:-

9. The cost of the purchase of nuclear energy shall be added to the fuel cost of generation of the KESCO plant and the energy purchased in bulk in KWH increased by 1.5% to allow for losses, shall be added to the total energy generated by the KESCO plant.

10. The average bill for a period of two months and a half shall be worked out from the consumption in different categories.

By the orders of Governor of the Province

Sd/-

G. K. BAILO

Secretary to Government, West Pakistan

Industries and Power Department, Lahore

Clause II.

When the Licensees measure the quantity of current furnished in the supply to a consumer they shall be entitled to charge him for energy according to the rates set forth in clause I of this annexure, the quantity of energy supplied to him being taken to be the product of the quantity of current as measured by the meter and the declared pressure at the consumer's terminals, that is to say such a constant pressure at his terminals as may be declared by the Licensees under the regulations of the local Government. Provided that when the Licensees supply energy on an alternating current this method of measurement shall not apply and in such cases the quantity of energy contained in the supply shall be measured by a suitable and approved meter only.

Clause III.

Without prejudice to anything in the two preceding clauses of this Annexure or in clause II of this license the Licensees may from time to time enter into special contract with the Municipality, or with any other large consumers for a supply of energy in bulk or for the delivery of supply in restricted hours, to the Municipality or other large consumers, on such terms and conditions and at such rates not exceeding the rates fixed by the Government as may from time to time be notified by the Government.

Acting Joint Secretary

By order of the Court, _____
N. B. BAKER,

Officiating Secretary to Government.

CONSENT

Under the provisions of Section 9 (2) of the Indian Electricity Act 1910 the Government of Bombay in Council is pleased to co-ordinate the rights of the following Companies, viz., "Forbes, Campbell and Company," an incorporated company in England under the Companies Act 1906, with its registered office at William Street, London; and "Eduljee Bhashaw Bhai Karachi Electric Supply Corporation," the original Licensees, named in the within License of 1910. The "Karachi Electric Supply Corporation" is a company duly incorporated with limited liability and registered in the office of the Secretary of State for India on the 1st day of September 1910, pursuant to the provisions of the Indian Electricity Act 1910 of the within License and the terms of the Undertaking of the said original Licensees. The said License of 1910 is granted (including all amendments thereto) subject to the said Undertaking of the said original Licensees, and to the performance of the obligations imposed upon them by the said License of 1910 and The Indian Electricity Act 1910 and the rules thereunder being made under that Act—provided always that the Government of Bombay shall not authorise any future assignment of the said Undertaking or of the said Undertaking or any part thereof without a fresh sanction in writing of the Government of Bombay in Council.

Order of the Governor of Bombay in Council

1. 34 WALTER VICTOR BOLGER, JR.

John Edgar Hoover, Director, Federal Bureau of Investigation, U.S. Department of Justice, Washington, D.C.

Annex-B

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
Increase in Tariff Since 1997-2007

CATEGORY			
	01-02-1997	24-02-2007	Increase %
DOMESTIC:			
UPTO-----50 Units	1.11	1.60	44.14
1-----100 Units	1.51	2.70	78.81
101-----300 Units	2.12	3.70	74.53
301-----1000 Units	4.71	6.30	33.76
ABOVE 1000 Units	3.60	7.60	111.11
Commercial			
UPTO-----100	5.59	7.50	34.17
ABOVE-----100	5.99	7.65	27.71
INDUSTRY			
A-1 400 VOLTS UPTO 40KW	3.91	5.75	47.06
B-2 400 VOLTS UPTO 41-500KW	5.07	5.54	9.30
B-3 11/33 KV (TOD) Peak	4.52	5.75	27.21
B-4 66/132/220 KV Off Peak			
B-4 66/132/220 KV Peak	4.34	5.50	26.73
BULK SUPPLY			
(a) UPTO 20KW	3.32	6.00	80.72
(b) ABOVE 20KW	4.37	6.23	42.56
C-2 (11/33 KV)	3.09	5.99	93.85
TUBEWELLS.			
D-2 (i). Punjab & Sind	3.53	5.50	55.81
PUBLIC LIGHTING G-1	3.8	7.59	99.74
RESIDENTIAL COLONIES H-1	4.82	6.78	40.66
TRACTION J	3.84	5.69	48.18

65.83

61.65

WAPDA SCHEDULE OF SECURITY DEPOSIT RATES

(EFFECTIVE 01-11-1997)

Sr. No.	TARIFF CATEGORY	RATES
1	Tariff A-1 (Single Phase Supply) d) Urban e) Rural	Rs.400/- Rs.200/-
2	Tariff A-1 (3-Phase supply)	Rs.1500/- PLUS Rs.400/KW for loads above 5-KW
3	Tariff A-2 (S/Phase Supply) d) Urban e) Rural Tariff A-2 (3-Phase supply)	Rs.770/- Rs.390/- Rs.4600/- PLUS Rs.800/KW for loads above 5-KW.
4	Tariff B-1	Rs.320/KW subject to a minimum of Rs.6400/-
5	Tariff B-2	Rs.550/KW
6	Tariff B-3	Rs.910/KW
7	Tariff B-4	Rs.930/KW
8	Tariff C-1	Rs.320/KW subject to minimum of Rs.6400/-
9	Tariff C-2	Rs.910/KW
10	Tariff C-3	Rs.930/KW
11	Tariff D	Rs.8000/-
12	Tariff D-1	Rs.16000/-
13	Tariff-F	Double the rates of regular industrial tariff
14	Tariff-G	Rs.970/KW
15	Tariff-II	Rs.920/KW
16	Tariff-I	Rs.330/KW
17	Tariff-J	Rs.910/KW

Notified vide Circular No.3147-3167/GMCS/Tariffs/G-226(III) dated 11-10-1997.

Note-1: The new rates will be applicable for charging security deposit from: -

- All new connections (prospective consumers) who are issued demand notices on or after 01.11.1997.
- The existing consumers where security already deposited by them has become invalid.
- The existing consumers where there is change of owner or occupier and such owner or occupier fails to furnish security according to the prevalent rules, before getting supply in his name.
- The existing consumers where there is alteration in connected load whether it is by the present consumer or may have been carried out by the previous consumer without the approval of the competent authority.

Note-2: For the purpose of calculating the security deposit, the traction of kilowatt (for loads above one kilowatt) which is equal to, or more than half kilowatt, shall be taken as one kilowatt, and the traction which is less than half a kilowatt shall be ignored.

Note-3: The enhanced security rates will not be applicable on the demand notices already issued upto 30 days from date of issue of demand notice. However, revised rates would be applicable if the amount of security is not deposited within 30 days of issue of demand notice.

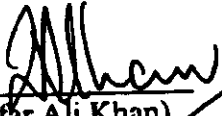
WAPDA TARIFF PETITION FOR DETERMINATION OF SECURITY DEPOSIT

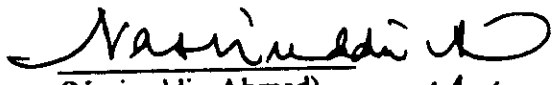
August 31, 2007


**DECISION TAKEN IN THE AUTHORITY REGULATORY MEETING 07-283
HELD ON AUGUST 31, 2007 REGARDING SUBMISSION OF THE SECURITY
DEPOSIT PETITION BY LAHORE ELECTRIC SUPPLY COMPANY (LESCO)
& FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)**

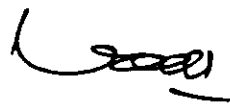
The Authority considered the case presented by the Registrar/DG and relevant decision already taken in the matter. The Authority decided that based on the decision of June 14, 2007 the proceeding have already been initiated suo-moto to determine the security deposit in respect of Ex-WAPDA DISCOs, therefore, there is no requirement of filing separate petitions for the purpose.

Registrar/DG to allocate case number & D.G (CAD & C), already designated as Case officer by the Authority, to proceed further in the matter as per Tariff Standards & Procedure Rules. The information already received from DISCOs be made a part of the relevant Case record.


(Zafar Ali Khan)
Member 6/9/07


(Nasiruddin Ahmed)
Member 6/8/07


(Abdul Rahim Khan)
Member /Vice Chairman


(Lt.Gen® Saeed uz Zafar)
Chairman