

**ISSUES FRAMED FOR HEARING IN THE MATTER OF COST PLUS TARIFF PETITION
OF 2MW BIRMOGH GOLEN HYDRO POWER PROJECT, DISTRICT CHITRAL**

Based on the contents of the Petition, following issues have been approved by the Authority:

1. Whether the Project has been setup under a Federal or Provincial Policy?
2. Whether the entire funding of the project comes through a grant? Whether any debt or equity has been injected into the project other than the European Union Grant?
3. Whether it is justified to consider grant money as equity?
4. Whether it is justified to allow a Tariff based on 100% equity and 0% Debt?
5. Whether Return on Equity of 17% is justified?
6. Whether the cost associated with taxes, stamp duties and levies etc. has been finalized? Whether all other costs are firm and final?
7. Whether the Power Purchaser agrees with the proposed interconnection arrangement?
8. Whether it is justified to allow Withholding Tax on dividend as Pass-Through item?
9. Whether the firm EPC cost of PKR. 324.52 million is justified, and is based on fair and transparent competitive bidding?
10. Whether non EPC cost amounting to PKR. 58.70 million is justified?
11. Whether the claimed Insurance cost per annum for the operation period based at 1% of the EPC cost is justified?
12. Whether the claimed per annum O&M cost of PKR. 33.75 million for O&M during operations is justified?