

**THE KARACHI ELECTRIC SUPPLY COMPANY LTD.**

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Ref. No.CMF/NEPRA/071/242

July 23, 2010

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

Dear Sir

Subject: **ADJUSTMENT IN KESCL SCHEDULE OF TARIFF ON ACCOUNT OF FUEL PRICE AND POWER PURCHASE COST VARIATION FOR QUARTER ENDED JUNE 2010.**

With reference to the Authority's determination on Karachi Electric Supply Company Limited's on account of fuel price and power purchase cost variation, the required adjustment in KESC's Schedule of tariff for the quarter ended June 2010 is summarized as under:

1. Required Adjustment in Schedule of Tariff for the Quarter ended June 2010

- 1.1. As per the mechanism specified, the cost for the period April to June 2010 has reduced by Ps 2.19/kWh which has to be adjusted in KESC schedule of tariff. The table below gives the breakup of the required adjustment.

DESCRIPTION	June 2010 (Over March 2010)
Fuel Price Variation (Ps/ Kwh)	(35.86)
Power Purchase Price Variation (Ps/ Kwh)	✓ 33.67
Total Variation in Tariff (Ps/ Kwh)	(2.19)

1.2. Unrecovered Cost

The Authority in its determination dated 23rd December 2009 specified that the quarterly adjustment in schedule of tariff shall take care of the following:

- Monthly variation in the O&M cost and capacity charge for the power purchased from IPPs and other external sources;
- Any un-recovered cost of fuel, due to non-adjustment of T&D losses in the monthly fuel price adjustment already allowed by Authority for recovery by KESCL through monthly bills of consumers.

Based on this approved mechanism, the unrecovered cost for the period April to June 2010 is as follows:

Unrecovered Cost for the period April 2010 to June 2010	Amount (Mill Rs)
Variation in O&M cost of IPPs and other sources	409.276
Variation in Capacity charges of IPPs and other sources	(12.271)
Unrecovered cost due to non-adjustment of T&D losses in the monthly FSA	(220.500)
Adjustment for increase in fixed cost of KANUPP from June 09 to April 10 (Para 2 below)	25.034
Unrecovered cost from July 2009 to March 2010 (Para 3 below)	76.048
Total	277.587

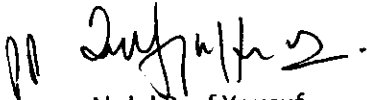
Registrar
Dy. No. 5823
Dated 26-7-10

2. The audit of the fixed generation cost for KESC for the year ended June 30, 2009 has been completed and the fixed cost per unit is calculated to be Ps 37.234/ kWh. The same has been used for calculating the power purchase cost of KANUPP for May 2010 which was previously being taken at Ps 31.904/ kWh (fixed cost per unit as per the audit of the fixed generation cost of the Company for June 30, 2008). The total increase in cost from Ps 31.904/ kWh to Ps 37.234/ kWh has come to be Rs 25.034 million for the period July 2009 to April 2010.
3. It is submitted that required adjustment in KESC's tariff of Ps 60.90/ kWh was determined on an estimated sale of 3,346 GWh during the quarter ended June 30, 2010. However the actual sale based on the T&D loss allowed by the Authority of 25% during the quarter ended June 30, 2010 is 3,225 GWh. Thus there remains an unrecovered cost of Rs 76.048 million. The same has been accounted for in June 2010. (Reference paragraph 13 and 14 of the determination No NEPRA/TRF-133/KESC-2009/5022 dated June 30, 2010).

The requisite data on the captioned subject has been enclosed for your reference.

It is requested that the required adjustment in tariff may be made for the quarter ended June 30, 2010.

Best Regards



Abdul Rauf Yousuf
Director (RA & SP)

Copy to:

Secretary, M/o Water and Power, Islamabad.

Mr. Sajjad Muhammad Qureshi, Director Tariff, NEPRA, Islamabad

K. E. S. C. LTD**SUMMARY OF REQUIRED ADJUSTMENT ON ACCOUNT OF VARIATION IN COST OF FUEL AND POWER PURCHASES**

DESCRIPTION	Apr-10	May-10	Jun-10	Apr-Jun 2010
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1 REQUIRED ADJUSTMENT IN TARIFF (FSA) ON UNITS SOLD BASIS**a. Monthly Variation in****i Fuel Price****Mill Rs.****(173.262)****(149.964)****(388.637)****ii Power Purchase Price****Mill Rs.****72.902****(109.846)****364.894****iii Total Monthly Variation (i + ii) - Over Reference Tariff****Mill Rs.****(100.360)****(259.810)****(23.743)****b. Units Sold****Mill kWh****1,010.614****1,130.400****1,083.834****2 a. Monthly Variation in****i Fuel Price (1ai/1b)****Ps/kWh****(17.144)****(13.266)****(35.858)****ii Power Purchase Price (1aii/1b)****Ps/kWh****7.214****(9.717)****33.667****b Monthly increase/decrease to be passed to Consumers (i+ii)****Ps/kWh****(9.931)****(22.984)****(2.191)****c Units Sold at 25% T&D losses****Mill kWh****1,010.614****1,130.400****1,083.834****3,225****d Increase/ Decrease in Revenue due to FSA****Mill Rs.****(100)****(260)****(24)****(384)**

Work Sheet- Fuel Price Variation

DESCRIPTION		Mar-10	Apr-10	May-10	Jun-10	Apr-Jun 2010
1 UNITS SENT OUT - KE5C						
1a UNITS SENT OUT ON GAS						
i Bin Qasim	Mill kWh	222.625	321.615	290.331	297.753	909.699
ii Korangi Thermal	Mill kWh	(0.354)	(0.085)	22.661	39.008	61.585
iii Korangi Gas 1	Mill kWh	0.004	(0.001)	-	-	(0.001)
iv Korangi Gas 2	Mill kWh	58.926	31.969	46.006	58.209	136.184
v Site Gas 1	Mill kWh	-	-	-	-	-
vi Site Gas 2	Mill kWh	24.256	46.588	61.132	58.625	166.345
vii Korangi combined	Mill kWh	109.646	101.867	108.222	99.814	309.904
viii Total (i to vii)	Mill kWh	415.103	501.954	528.353	553.409	1,583.716
1b UNITS SENT OUT ON F. OIL						
i Bin Qasim	Mill kWh	126.101	110.268	304.165	312.182	726.615
ii Korangi Thermal	Mill kWh	-	-	-	-	-
iii Korangi Gas 1	Mill kWh	-	-	-	-	-
iv Korangi Gas 2	Mill kWh	-	-	-	-	-
v Site Gas 1	Mill kWh	-	-	-	-	-
vi Site Gas 2	Mill kWh	-	-	-	-	-
vii Korangi combined	Mill kWh	-	-	-	-	-
viii Total (i to vii)	Mill kWh	126.101	110.268	304.165	312.182	726.615
1c TOTAL UNITS SENT OUT (1 + 2)						
i Bin Qasim	Mill kWh	348.727	431.883	594.496	609.935	1,636.314
ii Korangi Thermal	Mill kWh	(0.354)	(0.085)	22.661	39.008	61.585
iii Korangi Gas 1	Mill kWh	0.004	(0.001)	-	-	(0.001)
iv Korangi Gas 2	Mill kWh	58.926	31.969	46.006	58.209	136.184
v Site Gas 1	Mill kWh	-	-	-	-	-
vi Site Gas 2	Mill kWh	24.256	46.588	61.132	58.625	166.345
vii Korangi combined	Mill kWh	109.646	101.867	108.222	99.814	309.904
viii Total (i to vii)	Mill kWh	541.204	612.222	832.517	865.591	2,310.330
2 HEAT RATE AT BUS BAR						
2a Heat Rate of GAS - of item 1						
i Bin Qasim	Btu/kWh	10,650	10,650	10,650	10,650	-
ii Korangi Thermal	Btu/kWh	13,738	13,738	13,738	13,738	-
iii Korangi Gas 1	Btu/kWh	17,039	17,039	17,039	17,039	-
iv Korangi Gas 2	Btu/kWh	9,500	9,500	9,500	9,500	-
v Site Gas 1	Btu/kWh	17,039	17,039	17,039	17,039	-
vi Site Gas 2	Btu/kWh	10,000	10,000	10,000	10,000	-
vii Korangi combined	Btu/kWh	9,110	9,110	9,110	9,110	-
2b CONVERSION FACTOR F. OIL - of item 2						
i Bin Qasim	Kg/kWh	0.264	0.264	0.264	0.264	-
ii Korangi Thermal	Kg/kWh	0.340	0.340	0.340	0.340	-
3 FUEL PRICES						
a. Fuel Prices- Gas (Rs/MMBTu)	Rs/MMBTu	393.79	393.79	393.790	393.79	-
b. Fuel Price -F.O (Rs/Kg)	Rs/Kg	38,669	42,201	30,120	27,266	-
COST OF FUEL						
4a COST OF GAS						
i Bin Qasim	Mill Rs	933.661	1,348.808	1,217.609	1,248.736	-
ii Korangi Thermal	Mill Rs	(1.914)	(0.458)	122.594	211.029	-
iii Korangi Gas 1	Mill Rs	0.023	(0.003)	-	-	-
iv Korangi Gas 2	Mill Rs	220.442	119.594	172.110	217.761	-
v Site Gas 1	Mill Rs	-	-	-	-	-
vi Site Gas 2	Mill Rs	95.519	183.460	240.732	230.858	-
vii Korangi combined	Mill Rs	393.346	365.442	388.238	358.077	-
viii Total (i to vii)	Mill Rs	1,641.077	2,016.844	2,141.283	2,266.460	-
4b COST OF FURNACE OIL						
i Bin Qasim	Mill Rs	1,287.312	1,228.510	2,418.656	2,247.185	-
ii Korangi Thermal	Mill Rs	-	-	-	-	-
iii Korangi Gas 1	Mill Rs	-	-	-	-	-
iv Korangi Gas 2	Mill Rs	-	-	-	-	-
v Site Gas 1	Mill Rs	-	-	-	-	-
vi Site Gas 2	Mill Rs	-	-	-	-	-
vii Korangi combined	Mill Rs	-	-	-	-	-
viii Total (i to vii)	Mill Rs	1,287.312	1,228.510	2,418.656	2,247.185	-

Work Sheet- Fuel Price Variation

DESCRIPTION		Mar-10	Apr-10	May-10	Jun-10	Apr-Jun 2010
4c TOTAL COST OF FUEL						
i Bin Qasim	Mill Rs	2,220.972	2,577.319	3,636.265	3,495.921	-
ii Korangi Thermal	Mill Rs	(1.914)	(0.458)	122.594	211.029	-
iii Korangi Gas 1	Mill Rs	0.023	(0.003)	-	-	-
iv Korangi Gas 2	Mill Rs	220.442	119.594	172.110	217.761	-
v Site Gas 1	Mill Rs	-	-	-	-	-
vi Site Gas 2	Mill Rs	95.519	183.460	240.732	230.858	-
vii Korangi combined	Mill Rs	393.346	365.442	388.238	358.077	-
viii Total	Mill Rs	2,928.389	3,245.354	4,559.940	4,513.645	-
5 COST OF FUEL PER KWH						
a Bin Qasim	Rs/kWh	6.369	5.968	6.117	5.732	-
b Korangi Thermal	Rs/kWh	5.410	5.410	5.410	5.410	-
c Korangi Gas 1	Rs/kWh	6.710	6.710	6.710	6.710	-
d Korangi Gas 2	Rs/kWh	3.741	3.741	3.741	3.741	-
e Site Gas 1	Rs/kWh	-	-	-	-	-
f Site Gas 2	Rs/kWh	3.938	3.938	3.938	3.938	-
g Korangi combined	Rs/kWh	3.587	3.587	3.587	3.587	-
		5.411				
6 INCREASE/DECREASE IN COST OF FUEL PER KWH						
a Bin Qasim	Rs/kWh		(0.401)	(0.252)	(0.637)	
b Korangi Thermal	Rs/kWh		-	-	-	
c Korangi Gas 1	Rs/kWh		-	-	-	
d Korangi Gas 2	Rs/kWh		-	-	-	
e Site Gas 1	Rs/kWh		-	-	-	
f Site Gas 2	Rs/kWh		-	-	-	
g Korangi combined	Rs/kWh		-	-	-	
7 INCREASE / DERCREASE IN FUEL COST OVER PREVIOUS MONTH						
a Bin Qasim	Mill Rs	-	(173.262)	(149.964)	(388.637)	
b Korangi Thermal	Mill Rs	-	-	-	-	
c Korangi Gas 1	Mill Rs	-	-	-	-	
d Korangi Gas 2	Mill Rs	-	-	-	-	
e Site Gas 1	Mill Rs	-	-	-	-	
f Site Gas 2	Mill Rs	-	-	-	-	
g Korangi combined	Mill Rs	-	-	-	-	
h Total (a to g)	Mill Rs	-	(173.262)	(149.964)	(388.637)	
8 INCREASE / DERCREASE IN TARIFF TO BE PASSED IN THE MONTHLY BILLS						
a Fuel price variation (item 7-h)	Mill Rs		(173.262)	(149.964)	(388.637)	(711.864)
b Units Sent Out - KESC	Mill kWh		612.222	832.517	865.591	
c Power Purchase	Mill kWh		735.263	674.683	579.521	
d Total Units Sent Out (b + c)	Mill kWh		1,347.485	1,507.200	1,445.111	
e Increase / Decrease in Tariff (8a / 8d x 100) To be passed on to the consumers - FSA	Ps/kWh		(12.858)	(9.950)	(26.893)	
9 INCREASE / DERCREASE IN REVENUE						
a Units Sold	Mill kWh		1,010.614	1,130.400	1,083.834	
b Increase / Decrease in Tariff	Ps/kWh		(12.858)	(9.950)	(26.893)	
c Increase / Decrease in Revenue (9a / 9b x 100)	Mill Rs		(129.947)	(112.473)	(291.478)	
d Accumulated Increase / decrease in revenue	Mill Rs		(129.947)	(242.420)	(533.898)	
e Unrecovered Cost due to 25% T&D loss						(177.966)
10 INCREASE / DERCREASE IN TARIFF TO BE ADJUSTED ON QUARTERLY BASIS						
a Fuel price variation - item 8a			(173.262)	(149.964)	(388.637)	
b Units Sent Out - KESC	Mill kWh		612.222	832.517	865.591	
c Power Purchase	Mill kWh		735.263	674.683	579.521	
d Total Units Sent Out	Mill kWh		1,347.485	1,507.200	1,445.111	
e Trans & Dist Losses			25%	25%	25%	
f Units Sold (10d - 10e)	Mill kWh		1,010.614	1,130.400	1,083.834	
g Increase / Decrease in Tariff (10a / 10f x 100) To be passed on to the consumers - Tariff	Ps/kWh		(17.144)	(13.266)	(35.858)	
11 INCREASE / DERCREASE IN REVENUE						
a Units Sold (Item 10f)	Mill kWh		1,010.614	1,130.400	1,083.834	
b Increase / Decrease in Tariff (Item 10g)	Ps/kWh		(17.144)	(13.266)	(35.858)	
c Increase / Decrease in Revenue (11a x 11b)	Mill Rs		(173.262)	(149.964)	(388.637)	
d Accumulated increase / decrease in revenue	Mill Rs	493.006	(173.262)	(323.227)	(711.864)	

Work Sheet- Power Purchase Cost Variation

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DESCRIPTION		Mar-10	Apr-10	May-10	Jun-10	Apr-Jun 2010	
1 POWER PURCHASES							
a	KANUPP	Mill kWh	40.593	56.493888	56.569920	47.158848	160.222656
b	PASMIC	Mill kWh	8.837	8.951300	7.101260	4.554444	20.607004
c	TAPAL	Mill kWh	75.287	68.508200	83.894800	74.818200	227.221200
d	GUL AHMED	Mill kWh	63.774	66.570903	75.673843	81.412194	223.656940
e	WAPDA	Mill kWh	469.851	434.371000	392.734000	315.970000	1,143.075000
f	ANOUD POWER	Mill kWh	-	2.246058	5.700408	6.087513	14.033979
g	DHA CO-GEN	Mill kWh	41.989	47.326000	-	-	47.326000
h	INT IND (IIL)	Mill kWh	12.398	8.856076	8.396503	8.166994	25.419573
i	KH FAMA	Mill kWh	-	-	-	-	-
j	AGGREKO	Mill kWh	11.217	35.321814	35.744846	33.467392	104.534052
k	ENGRO	Mill kWh	5.973	-	-	0.050600	0.050600
l	AL-ABBAS	Mill kWh	-	6.617270	8.867419	7.834360	23.319049
m	TOTAL	Mill kWh	729.919	735.262509	674.682999	579.520545	1,989.466053
2 COST OF POWER PURCHASE - FUEL COST							
a	KANUPP	Mill Rs	234.180	323.524	324.760	259.965	908.249
b	PASMIC	Mill Rs	50.982	50.784	40.767	25.107	116.658
c	TAPAL	Mill Rs	720.464	645.085	818.997	674.021	2,138.103
d	GUL AHMED	Mill Rs	625.278	644.571	764.512	746.448	2,155.532
e	WAPDA	Mill Rs	3,000.517	2,906.039	2,249.135	1,675.059	6,830.234
f	ANOUD POWER	Mill Rs	-	19.771	44.235	44.470	108.476
g	DHA CO-GEN	Mill Rs	117.342	132.257	-	-	132.257
h	INT IND (IIL)	Mill Rs	49.187	33.113	31.398	30.567	95.078
i	KH FAMA	Mill Rs	-	-	-	-	-
j	AGGREKO	Mill Rs	50.884	150.371	153.793	145.117	449.280
k	ENGRO	Mill Rs	20.120	-	-	0.168	0.168
l	AL-ABBAS	Mill Rs	-	50.561	60.957	55.123	166.640
m	TOTAL	Mill Rs	4,868.954	4,956.076	4,488.555	3,656.046	13,100.676
3 COST OF POWER PURCHASE- Fuel Cost/kWh							
a	KANUPP	Rs/kWh	5.769	5.727	5.741	5.513	5.669
b	PASMIC	Rs/kWh	5.769	5.673	5.741	5.513	5.661
c	TAPAL	Rs/kWh	9.570	9.416	9.762	9.009	9.410
d	GUL AHMED	Rs/kWh	9.805	9.682	10.103	9.169	9.638
e	WAPDA	Rs/kWh	6.386	6.690	5.727	5.301	5.975
f	ANOUD POWER	Rs/kWh	-	8.802	7.760	7.305	7.730
g	DHA CO-GEN	Rs/kWh	2.795	2.795	-	-	2.795
h	INT IND (IIL)	Rs/kWh	3.967	3.739	3.739	3.743	3.740
i	KH FAMA	Rs/kWh	-	-	-	-	-
j	AGGREKO	Rs/kWh	4.536	4.257	4.303	4.336	4.298
k	ENGRO	Rs/kWh	3.369	-	-	3.322	3.322
l	AL-ABBAS	Rs/kWh	-	7.641	6.874	7.036	7.146
m	AVERAGE	Rs/kWh	6.671	6.741	6.653	6.309	6.585
4 INCREASE / DECREASE IN FUEL COMPONENT OF POWER PURCHASE - TO BE PASSED IN THE MONTHLY BILLS							
a	Average Monthly Fuel cost of Power Purchase	Rs/kWh		6.741	6.653	6.309	
b	Reference Rate - Previous Month	Rs/kWh		6.671	6.671	6.671	
c	Increase / Decrease in Average Rate of Power Purchase	Rs/kWh		0.070	(0.018)	(0.362)	
d	Total Power Purchase	Mill kWh		735.263	674.683	579.521	
e	Increase / Decrease in Fuel Cost of Power Purchase	Mill Rs		51.478	(11.946)	(209.670)	
5 INCREASE / DECREASE IN TARIFF TO BE PASSED IN THE MONTHLY BILLS							
a	Fuel price variation in cost of power purchase			51.478	(11.946)	(209.670)	(170.138)
b	Units Sent Out - KESC	Mill kWh		612.222	832.517	865.591	
c	Power Purchase	Mill kWh		735.263	674.683	579.521	
d	Total Units Sent Out (b + c)	Mill kWh		1,347.485	1,507.200	1,445.111	
e	Increase / Decrease in Tariff (5a / 5d x 100) To be passed on to the consumers - FSA	Ps/kWh		3.820	(0.793)	(14.509)	
6 INCREASE / DECREASE IN REVENUE							
a	Units Sold	Mill kWh		1,010.614	1,130.400	1,083.834	
b	Increase / Decrease in Tariff (item 5e)	Ps/kWh		3.820	(0.793)	(14.509)	
c	Increase / Decrease in Revenue (6a / 6b x100)	Mill Rs		38.608	(8.959)	(157.252)	
d	Accumulated increase / decrease in revenue	Mill Rs		38.608	29.649	(127.603)	
e	Unrecovered Cost due to 25% T&D loss	Mill Rs					(42.534)

Work Sheet- Power Purchase Cost Variation

DESCRIPTION		Mar-10	Apr-10	May-10	Jun-10	Apr-Jun 2010	
12	TOTAL COST WITH O&M AND CAPACITY PAYMENT						
a	KANUPP	Mill Rs	247.131	341.548	345.823	277.525	964.895
b	PASMIC	Mill Rs	60.247	60.169	48.212	29.881	138.263
c	TAPAL	Mill Rs	884.429	804.448	990.014	885.920	2,632.627
d	GUL AHMED	Mill Rs	750.080	770.905	894.871	938.714	2,545.122
e	WAPDA	Mill Rs	3,597.996	3,536.408	2,714.709	2,322.259	8,573.376
f	ANOUD POWER	Mill Rs	-	22.811	53.310	54.162	130.283
g	DHA CO-GEN	Mill Rs	197.452	216.904	-	-	216.904
h	INT IND (IIL)	Mill Rs	64.917	47.508	45.065	43.871	136.445
i	KH FAMA	Mill Rs	-	-	-	-	-
j	AGGREKO	Mill Rs	236.185	328.300	338.606	466.380	991.612
k	ENGRO	Mill Rs	30.713	-	-	0.262	0.262
l	AL-ABBAS	Mill Rs	-	57.482	69.414	63.451	190.346
m	TOTAL	Mill Rs	6,069.150	6,186.482	5,500.026	5,082.425	16,520.133
13	COST OF POWER PURCHASE- TOTAL Cost/kWh						
a	KANUPP	Rs/kWh	6.088	6.046	6.113	5.885	6.022
b	PASMIC	Rs/kWh	6.817	6.722	6.789	6.561	6.709
c	TAPAL	Rs/kWh	11.747	11.742	11.801	11.841	11.586
d	GUL AHMED	Rs/kWh	11.762	11.580	11.825	11.530	11.380
e	WAPDA	Rs/kWh	7.658	8.141	6.912	7.350	7.500
f	ANOUD POWER	Rs/kWh	-	10.156	9.352	8.897	9.283
g	DHA CO-GEN	Rs/kWh	4.702	4.583	-	-	4.583
h	INT IND (IIL)	Rs/kWh	5.236	5.364	5.367	5.372	5.368
i	KH FAMA	Rs/kWh	-	-	-	-	-
j	AGGREKO	Rs/kWh	21.055	9.295	9.473	13.935	9.486
k	ENGRO	Rs/kWh	5.142	-	-	5.170	5.170
l	AL-ABBAS	Rs/kWh	-	8.687	7.828	8.099	8.163
m	AVERAGE	Rs/kWh	8.315	8.414	8.152	8.770	8.304
14	INCREASE / DECREASE IN POWER PURCHASE COST - TOTAL						
a	Average Monthly cost of Power Purchase - Fuel Cost	Rs/kWh		8.414	8.152	8.770	
b	Reference Rate - Previous Month	Rs/kWh		8.315	8.315	8.315	
c	Increase / Decrease in Average Rate of Power Purchase (a-b)	Rs/kWh		0.099	(0.163)	0.455	
d	Total Power Purchase	Mill kWh		735.263	674.683	579.521	
e	Increase / Decrease in Total Cost of Power Purchase (c*d)	Mill Rs		72.902	(109.846)	263.812	
f	Adjustment in cost of KANUPP					25.034	
g	Unrecovered cost from July 2009 to March 2010					76.048	
				72.902	(109.846)	364.894	
15	INCREASE / DECREASE IN TARIFF TO BE ADJUSTED ON QUARTERLY BASIS						
a	Total price variation in cost of power purchase	Mill Rs		72.902	(109.846)	364.894	
	Units Sent Out						
b	KESC	Mill kWh		612.222	832.517	865.591	
c	Power Purchase	Mill kWh		735.263	674.683	579.521	
d	Total Units Sent Out (b+c)	Mill kWh		1,347.485	1,507.200	1,445.111	
e	Trans & Dist Losses			25.0%	25.0%	25.0%	
f	Units Sold	Mill kWh		1,010.614	1,130.400	1,083.834	
	Increase / Decrease in Tariff						
g	Power Purchase (15a/15f)	Ps/kWh		7.214	(9.717)	33.667	
16	INCREASE / DECREASE IN REVENUE						
a	Units Sold	Mill kWh		1,010.614	1,130.400	1,083.834	
b	Increase / Decrease in Tariff	Ps/kWh		7.214	(9.717)	33.667	
c	Increase / Decrease in Revenue	Mill Rs		72.902	(109.846)	364.894	
d	Accumulated increase / decrease in revenue	Mill Rs		72.902	(36.944)	327.950	

K E S C LTD.

Break of Cost of Power Purchases

DESCRIPTION	Mar-10	Apr-10	May-10	Jun-10	Apr-Jun 2010
KANUPP					
Units Purchased Mill kWh	40.592640	56.493888	56.569920	47.158848	160.222656
Fuel Cost Mill Rs	234.180463	323.523763	324.759712	259.965462	908.248936
Variable O & M Mill Rs	12.950676	18.023810	21.063244	17.559125	56.646180
Total Cost Mill Rs	247.131139	341.547573	345.822956	277.524587	964.895116
Adjustment of Jul-Mar 2010 increase in fixed cost	2.163588	3.011124	-	-	3.011124
	249.294727	344.558697	345.822956	277.524587	967.906240

RATE OF PURCHASE FROM KANUPP

Fuel Cost Rs/kWh	5.769038	5.726704	5.740855	5.512549	5.668667
Variable O & M Rs/kWh	0.319040	0.319040	0.372340	0.372340	0.353547
Total Cost Rs/kWh	6.088078	6.045744	6.113195	5.884889	6.022214
Adjustment of Jul-Mar 2010 increase in fixed cost	0.053300	0.053300	-	-	0.018793

PASMIC

Units Purchased Mill kWh	8.837140	8.951300	7.101260	4.554444	20.607004
Fuel Cost Mill Rs	50.981792	50.784339	40.767304	25.106596	116.658239
Variable O & M Mill Rs	9.264858	9.384543	7.444961	4.774879	21.604383
Total Cost Mill Rs	60.246650	60.168882	48.212265	29.881475	138.262622

RATE OF PURCHASE FROM PASMIC

Fuel Cost Rs/kWh	5.769038	5.673404	5.740855	5.512549	5.661097
Variable O & M Rs/kWh	1.048400	1.048400	1.048400	1.048400	1.048400
Total Cost Rs/kWh	6.817438	6.721804	6.789255	6.560949	6.709497

Tapal Energy Ltd.

Units Purchased Mill kWh	75.286900	68.508200	83.894800	74.818200	227.221200
Fuel cost Mill Rs	720.464114	645.084967	818.997165	674.021329	2,138.103461
Variable O & M Mill Rs	57.022298	51.888111	63.541922	56.667305	172.097337
Total Energy Purchase Price Mill Rs	777.486412	696.973078	882.539087	730.688634	2,310.200798
Capacity Purchase Price Mill Rs	106.943010	107.475369	107.475369	107.475369	322.426107
Total Cost Mill Rs	884.429422	804.448447	990.014456	838.164003	2,632.626905
Payment of WWF for the year ended June 30 2009	-	-	-	13.644551	13.644551
Payment of WPPF for the year ended June 30 2009	-	-	-	34.111376	34.111376
Total Cost	884.429422	804.448447	990.014456	885.919930	2,680.382832

RATE OF PURCHASE FROM TAPAL

Fuel cost Rs/kWh	9.570	9.416	9.762	9.009	9.410
Variable O & M Rs/kWh	0.757	0.757	0.757	0.757	0.757
Total Energy Purchase Price Rs/kWh	10.327	10.174	10.520	9.766	10.167
Capacity Purchase Price Rs/kWh	1.420	1.569	1.281	1.436	1.419
Total Cost Rs/kWh	11.747	11.742	11.801	11.203	11.586
Adj of WPPF and WWF for the year ended June 30 2009	11.747	11.742	11.801	11.841	11.796

Gul Ahmed Energy Ltd.

Units Purchased Mill kWh	63.774115	66.570903	75.673843	81.412194	223.656940
Fuel cost Mill Rs	625.277960	644.571307	764.512028	746.448321	2,155.531655
Variable O & M Mill Rs	28.200914	29.437653	33.462973	36.000472	98.901099
Total Energy Purchase Price Mill Rs	653.478874	674.008960	797.975001	782.448793	2,254.432754
Capacity Purchase Price Mill Rs	96.600860	96.896494	96.896494	96.896494	290.689482
Total Cost Mill Rs	750.079734	770.905454	894.871495	879.345287	2,545.122236
Payment of WWF for the year ended June 30 2009	-	-	-	16.962300	16.962300
Payment of WPPF for the year ended June 30 2009	-	-	-	42.406806	42.406806
Total Cost	750.079734	770.905454	894.871495	938.714393	2,604.491342

RATE OF PURCHASE FROM GUL AHMED

Fuel cost Rs/kWh	9.805	9.682	10.103	9.169	9.638
Variable O & M Rs/kWh	0.4422	0.4422	0.4422	0.442	0.442
Total Energy Purchase Price Rs/kWh	10.247	10.125	10.545	9.611	10.080
Capacity Purchase Price Rs/kWh	1.515	1.456	1.280	1.190	1.300
Total Cost Rs/kWh	11.762	11.580	11.825	10.801	11.380
Adj of WPPF and WWF for the year ended June 30 2009	11.762	11.580	11.825	11.530	11.645

NTDC

Units Imported Mill kWh	469.851000	434.371000	392.734000	315.970000	1,143.075000
Maximum Demand MW	790	820	710	740	
Use of system charges Mill Rs	79.118500	82.123000	71.106500	74.111000	227.340500
Energy Transfer Charges					
- Capacity Transfer charges Mill Rs	518.361038	548.245389	394.467763	573.088248	1,515.801400
- Energy Transfer Charges I Mill Rs	2,931.410256	2,802.278048	2,110.989236	1,515.422769	6,428.690053
- Energy Transfer Charges II Mill Rs	69.106625	103.761241	138.145755	159.636575	401.543571
Total Energy Transfer Charges Mill Rs	3,518.877919	3,454.284678	2,643.602754	2,248.147592	8,346.035024
Total Cost without GST Mill Rs	3,597.996419	3,536.407678	2,714.709254	2,322.258592	8,573.375524
GST @ 16% Mill Rs	469.025641	448.364488	337.758278	242.467643	1,028.590408
Total Cost With GST Mill Rs	4,067.022060	3,984.772166	3,052.467532	2,564.726235	9,601.965932

KESCLTD.

Break of Cost of Power Purchases

DESCRIPTION	Mar-10	Apr-10	May-10	Jun-10	Apr-Jun 2010
RATE OF PURCHASE FROM NTDC					
Use of system charges Rs/kWh	0.168	0.189	0.181	0.235	0.199
Energy Transfer Charges					
- Capacity Transfer charges Rs/kWh	1.103	1.262	1.004	1.814	1.326
- Energy Transfer Charges I Rs/kWh	6.239	6.451	5.375	4.796	5.624
- Energy Transfer Charges II Rs/kWh	0.147	0.239	0.352	0.505	0.351
Total Energy Transfer Charges Rs/kWh	7.489	7.952	6.731	7.115	7.301
Total Cost without GST Rs/kWh	7.658	8.141	6.912	7.350	7.500
GST @ 16% Rs/kWh	0.998	1.032	0.860	0.767	0.900
Total Cost With GST Rs/kWh	8.656	9.174	7.772	8.117	8.400

ANOUD Power

Units Purchased Mill kWh	-	2.246058	5.700408	6.087513	14.033979
Energy Charges Mill Rs	-	19.770701	44.235166	44.470500	108.476366
Variable O & M Mill Rs	-	3.039815	9.075050	9.691321	21.806185
Total Cost Mill Rs	-	22.810516	53.310215	54.161821	130.282552
Gst @ 16%		3.649683	8.529634	8.665891	
		26.460198	61.839850	62.827712	

RATE OF PURCHASE FROM ANOUD POWER

Energy Charges Rs/kWh	8.750000	8.871700	7.810600	7.305200	7.729552
Variable O & M Rs/kWh	1.353400	1.353400	1.592000	1.592000	1.553813
Total Cost Rs/kWh	#DIV/0!	10.155800	9.352000	8.897200	9.283365

DHA Co-gen

Units Purchased Mill kWh	41.989000	47.326000			47.326000
Energy Charges-Fuel Mill Rs	117.342459	132.257240	-	-	132.257240
Variable O&M	2.779672	3.132981	-	-	3.132981
Fixed Charges Mill Rs	77.329397	81.513897	-	-	81.513897
Total Cost Mill Rs	197.451528	216.904118	-	-	216.904118

RATE OF PURCHASE FROM DHA CO-GEN

Energy Charges Rs/kWh	2.794600	2.794600			2.794600
Variable O & M	0.066200	0.066200			0.066200
Fixed Charges Rs/kWh	1.841658	1.722391			1.722391
Total Cost Rs/kWh	4.702458	4.583191			4.583191

IIL INDUSTRIES - Original Invoice

Units Purchased Mill kWh	11.892275	8.498975	8.076055	7.990050	24.565080
Fuel Cost Mill Rs	47.390716	31.845659	30.260978	29.938717	92.045355
Variable and other charges Mill Rs	14.627586	13.521869	12.849004	12.712170	39.083042
Differential due to increase in borroww Mill Rs	0.368356	0.355257	0.319294	0.317285	0.991836
Amount excluding GST Mill Rs	62.386658	45.722786	43.429276	42.968172	132.120233
GST 16%@ Mill Rs	9.981865	7.315646	6.948684	6.874908	21.139237
Amount payable with GST Mill Rs	72.368523	53.038431	50.377960	49.843079	153.259470

Rate of Purchase from IIL Industries

Fuel Cost Rs/kWh	3.985000	3.747000	3.747000	3.747000	3.747000
Variable and other charges Rs/kWh	1.230007	1.591000	1.591000	1.591000	1.591000
Differential due to increase in borroww Rs/kWh	0.030974	0.041800	0.039536	0.039710	0.040376
Rate excluding GST	5.245982	5.379800	5.377536	5.377710	5.378376
GST 16%@	0.839357	0.860768	0.860406	0.860434	0.860540
Rate with GST	6.085339	6.240568	6.237942	6.238144	6.238916

IIL Industries - Verified for Payment

Units Purchased Mill kWh	11.892275	8.498975	8.076055	7.990050	24.565080
Fuel Cost Mill Rs	47.390716	31.845659	30.260978	29.938717	92.045355
Variable and other charges Mill Rs	14.627586	13.521869	12.849004	12.712170	39.083042
Differential due to increase in borroww Mill Rs	0.368356	0.355257	0.319294	0.317285	0.991836
Amount excluding GST Mill Rs	62.386658	45.722786	43.429276	42.968172	132.120233
GST 16%@ Mill Rs	9.981865	7.315646	6.948684	6.874908	21.139237
Amount payable with GST Mill Rs	72.368523	53.038431	50.377960	49.843079	153.259470

Rate of Purchase from IIL Industries

Fuel Cost Rs/kWh	3.985000	3.747000	3.747000	3.747000	3.747000
Variable and other charges Rs/kWh	1.230007	1.591000	1.591000	1.591000	1.591000
Differential due to increase in borroww Rs/kWh	0.030974	0.041800	0.039536	0.039710	0.040376
Rate excluding GST	5.245982	5.379800	5.377536	5.377710	5.378376
GST 16%@	0.839357	0.860768	0.860406	0.860434	0.860540
Rate with GST	6.085339	6.240568	6.237942	6.238144	6.238916

IIL INDUSTRIES 4 MW- Original Invoice

Units Purchased Mill kWh	0.506083	0.357101	0.320448	0.176944	0.854493
Fuel Cost Mill Rs	1.796089	1.267351	1.137270	0.627974	3.032596
Variable and other charges Mill Rs	0.733820	0.517796	0.498617	0.275325	1.291738
Differential due to increase in borroww Mill Rs	-	-	-	-	-
Amount excluding GST Mill Rs	2.529909	1.785148	1.635887	0.903299	4.324334
GST 16%@ Mill Rs	0.404785	0.285624	0.261742	0.144528	0.691893
Amount payable with GST Mill Rs	2.934694	2.070772	1.897629	1.047827	5.016228

Break of Cost of Power Purchases

DESCRIPTION	Mar-10	Apr-10	May-10	Jun-10	Apr-Jun 2010
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Rate of Purchase from ILL Industries

Fuel Cost	3,549,000	3,549,000	3,549,000	3,549,000	3,549,000
Variable and other charges	1,450,000	1,450,000	1,556,000	1,556,000	1,511,702
Differential due to increase in borrowl	-	-	-	-	-
Rate excluding GST	4,999,000	4,999,000	5,105,000	5,105,000	5,060,702
GST 16% @	799,840	799,840	816,800	816,800	809,712
Rate with GST	5,798,840	5,798,840	5,921,800	5,921,800	5,870,414

ILL INDUSTRIES 4 MW- Verified for Payment

Units Purchased	0.506083	0.357101	0.320448	0.176944	0.854493
Fuel Cost	1,796,088	1,267,351	1,137,270	0,627,974	3,032,596
Variable and other charges	0,738,820	0,517,796	0,496,617	0,275,525	1,291,738
Differential due to increase in borrowl	-	-	-	-	-
Amount excluding GST	2,529,908	1,785,148	1,633,887	0,903,499	4,224,334
GST 16% @	404,785	296,624	281,742	1,44,428	991,893
Amount payable with GST	2,934,694	2,070,772	1,915,629	1,047,927	5,016,228

Rate of Purchase from ILL Industries

Fuel Cost	3,549,000	3,549,000	3,549,000	3,549,000	3,549,000
Variable and other charges	1,450,000	1,450,000	1,556,000	1,556,000	1,511,702
Differential due to increase in borrowl	-	-	-	-	-
Rate excluding GST	4,999,000	4,999,000	5,105,000	5,105,000	5,060,702
GST 16% @	799,840	799,840	816,800	816,800	809,712
Rate with GST	5,798,840	5,798,840	5,921,800	5,921,800	5,870,414

ILL INDUSTRIES COMBINED - Verified for Payment

Units Purchased	12.398358	8.856076	8.396503	8.166994	25.418573
Fuel Cost	49,168,804	33,113,011	31,398,248	30,556,692	95,077,950
Variable and other charges	15,361,406	14,039,668	13,341,621	12,987,494	40,374,781
Differential due to increase in borrowl	0,868,356	0,355,257	0,319,294	0,312,956	0,991,836
Amount excluding GST	64,916,667	47,507,933	45,067,163	43,874,171	136,444,667
GST 16% @	10,396,651	7,601,269	7,210,426	7,014,435	21,831,131
Amount payable with GST	75,303,218	55,109,203	52,277,589	50,888,606	158,275,798

RATE OF PURCHASE FROM ILL

Fuel Cost	3,967,203	3,739,016	3,739,443	3,742,710	3,740,344
Variable and other charges	1,239,987	1,585,314	1,589,664	1,590,242	1,588,334
Differential due to increase in borrowl	0,029,710	0,040,114	0,038,027	0,038,850	0,039,019
Rate excluding GST	5,236,900	5,364,445	5,367,135	5,371,802	5,367,697
GST 16% @	837,744	858,311	858,742	859,488	858,932
Rate with GST	6,074,644	6,222,756	6,225,878	6,231,290	6,226,629

KH FAMA

Units Purchased	-	-	-	-	-
Total Cost	-	-	-	-	-

AGGREKO

Units Purchased	11,217,359	35,321,814	35,744,448	33,467,392	104,534,052
Fuel Cost	50,883,773	150,370,981	153,792,600	145,116,618	449,280,199
Fixed cost	185,301,675	177,928,920	184,813,785	179,589,150	542,331,855
Total Cost	236,185,448	328,299,901	338,606,385	324,705,768	991,612,054
Ad/ of Provisional Currency rates for 29 to 31 March 2010	-	-	-	-	0,073,710
Custom duty Payment	-	-	-	-	69,032,203
Mobilization Advance Payment	-	-	-	-	72,568,557
Total	328,299,901	328,299,901	338,606,385	466,380,238	1,133,286,524

Rate of Purchase from AGGREKO

Fuel Cost	4,536,163	4,257,170	4,302,511	4,336,060	4,297,932
Fixed cost	16,519,189	5,037,968	5,170,362	5,366,993	5,188,088
Total Cost	21,055,353	9,294,537	9,472,873	9,702,153	9,486,019
Ad/ of Provisional Currency rates for 29 to 31 March 2010	-	-	-	-	0,002,202
Custom duty Payment	-	-	-	-	2,062,671
Mobilization Advance Payment	-	-	-	-	2,168,336
Total Cost	21,055,353	9,294,537	9,472,873	9,702,153	13,935,362

ENGR0

Units Purchased	5,972,500	-	-	-	0,056,600
Fuel Cost	20,12,0044	-	-	-	0,168,095
Variable O & M	10,593,078	-	-	-	0,093,523
Total Cost	30,713,122	-	-	-	0,261,618
GST @ 16%	3,219,207	-	-	-	0,268,995
GST @ 16% with GST	1,694,892	-	-	-	0,014,964
Total Cost with GST	35,627,222	-	-	-	0,303,477

RATE OF PURCHASE FROM ENGR0

Fuel Cost	3,369,781	-	-	-	3,322,036
Variable O & M	1,773,642	-	-	-	1,848,281
Total Cost	5,142,423	-	-	-	5,170,316

AL-ABBAS

Units Purchased	6.617270	8.867419	8.867419	7.834360	23.319049
Energy Charges	50.560575	60.957359	60.957359	55.122657	166.640490
Variable & Other charges	0,661,727	0,886,742	0,886,742	0,783,436	2,331,905
Total Energy Purchase Price	61,222,302	61,844,101	61,844,101	55,905,893	168,972,395
Capacity Purchase Price	6,259,334	7,569,860	7,569,860	7,544,535	21,373,729
Total Cost	57,481,636	69,413,961	69,413,961	63,450,528	190,346,124
GST @ 16%	9,197,062	11,106,234	11,106,234	10,152,084	29,507,614
Total Cost	66,678,698	80,520,194	80,520,194	73,602,612	219,853,738

RATE OF PURCHASE FROM AL-ABBAS

Fuel cost	7,641	8,687	8,687	7,828	8,099
Variable O & M	0,100	0,100	0,100	0,100	0,100
Total Energy Purchase Price	7,741	8,787	8,787	7,928	8,199
Capacity Purchase Price	0,946	0,854	0,854	0,854	0,963
Total Cost	8,687	9,641	9,641	8,782	9,162



THE KARACHI ELECTRIC SUPPLY COMPANY LTD.

KESC House, 39-B, Sunset Boulevard, Phase IV, DHA, Karachi, Pakistan
Phone: (92 21) 3565 7127 - Facsimile (92 21) 9920 5192

Ref. No.CMF/NEPRA/071/252

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

August 2, 2010

Dear Sir

Subject: **ADJUSTMENT IN KESC's TARIFF ON ACCOUNT OF YEARLY INDEXATION OF O&M COST COMPONENT EFFECTIVE FOR 2009-10**

Further to our letter No. CMF/NEPRA/071/242 dated July 23, 2010 the required annual indexation of the O&M cost component effective from July 2010 is as follows.

ADJUSTMENT FOR INDEXATION OF O&M COST COMPONENT 2009-10

The variable O&M costs components of KESC were indexed on the basis of CPI for March 2009 (194.53) as per the determination of the Authority applicable from July 2009. The CPI as of March 2010, as notified by Federal Bureau of Statistics, is 219.65. Accordingly, the variable O&M cost components are to be indexed by 12.91%, the percentage increase in CPI ($219.65/194.53 = 12.91\%$).

Consequently the revised O & M cost components works out to be as follows:

DESCRIPTION	Existing 2009	Revised 2010	Required Indexation
	Rs/ Kwh	Rs/ Kwh	Rs/ Kwh
Generation O&M	18.24	20.60	2.36
Transmission O&M	7.30	8.24	0.94
Distribution O&M	72.94	82.36	9.42
Total	98.48	111.20	12.72

In view of the above, it is requested that the above mentioned indexation in the O&M cost components of the utility may be allowed effective from July 01, 2010.

Best Regards

Abdul Rauf Yousuf
Director (RA & SP)

Copy to: Mr. Sajjad Muhammad Qureshi, Director Tariff, NEPRA, Islamabad

