Case No. OGRA-6(2)-2(5)/2023-RERR

IN THE MATTER OF

**SUI SOUTHERN GAS COMPANY LIMITED
REVIEW ON ESTIMATED REVENUE REQUIREMENT
FY 2023-24**

UNDER

**OIL AND GAS REGULATORY AUTHORITY
ORDINANCE, 2002 AND
NATURAL GAS TARIFF RULES, 2002**

DECISION ON

FEBRUARY 02, 2024

Before:

Mr. Masroor Khan, Chairman
Mr. Zain ul Abideen Qureshi, Member (Oil)
Mr. Mohammad Naeem Ghouri, Member (Finance)

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1. Background

1.1. Sui Southern Gas Company Limited (the petitioner) is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchanges Ltd. The petitioner undertakes activities relating to construction, operation of gas transmission, distribution pipelines, sale of natural gas and by-products in the provinces of Sindh and Baluchistan under the license granted by the Oil & Gas Regulatory Authority. However, petitioner's exclusive right to operate in the franchised areas had ended on June 30, 2010.

1.2. The petitioner filed a petition on March 07, 2023, under Section 8 (1) of the Oil and Gas Regulatory Authority Ordinance, 2002 (the Ordinance) and Rule 4(2) of Natural Gas Tariff Rules, 2002 (NGT Rules) requesting the Authority to allow prescribed price of Rs. 1,321.47/MMBTU for FY 2023-24 (the said year). The Authority vide its decision dated June 02, 2023 determined the prescribed price at Rs. 1,350.68/MMBTU w.e.f. July 01, 2023.

1.3. Being aggrieved by this determination, the petitioner has submitted a motion for review on June 26, 2023 under Rule 16 of the NGT Rules, seeking additional increase of Rs. 45.30 per MMBTU in current prescribed price of Rs. 1,350.68/MMBTU to Rs. 1,395.98/MMBTU w.e.f. July 01, 2023.

2. The Petition

2.1. The petitioner has submitted its review petition on October 09, 2023, under Section 8(2) of the Ordinance, incorporating in the ERR the effect of changes in the projected cost of gas for the said year taking into account the latest oil prices in the international market and rupee US$ parity. The petitioner has also revised gas purchases and sales volume. Further, the petitioner has requested to treat the Motion for Review per para 1.3 above, as part of the instant review petition and requested the Authority to re-consider its earlier decision. Accordingly, a shortfall of Rs. 129,594 million or increase of Rs. 528.97 per MMBTU. The petitioner has, therefore, requested the Authority to allow the average prescribed price at Rs. 1,460.32 / MMBTU w.e.f. July 01, 2023.

2.2. Subsequently, the petitioner has submitted an amended petition on December 6, 2023 (the Petition), based on the recent decision made by Federal Cabinet on October 30, 2023. Accordingly, the petitioner has included the impact of revision in category-wise natural gas sale prices, effect of actual changes in cost of gas and sales revenues and an adjustment on account of shortfall in Balochistan owing to high gas losses. The petitioner has accordingly claimed shortfall at Rs. 47,773 million and requested the Authority to allow its average prescribed price at Rs. 1,696.39 / MMBTU w.e.f. July 01, 2023.

2.3. The petitioner has submitted following statement of cost of service:

Table 1: Projected Cost of Service per the Petition

Particulars	FY 2023-24	
	DERR	**The Petition**
Projected sales volume (BBTU)	**250,991**	**211,213**
	Rs. in million	
Cost of gas sold	**327,963**	**296,028**
UFG Adjustment	(21,581)	(16,378)
Shortfall in Balochistan	-	20,150
Transmission and distribution cost	17,129	23,862
Gas internally consumed	787	812
Depreciation	7,589	8,652
Financial Charges on short term borrowing	2,705	2,705
Other charges including WPPF	612	4,445
Return on net average operating fixed assets	6,920	21,123
Other operating income	(5,939)	(5,939)
Subsidy for LPG Air-Mix Project for the said year	2,824	2,842
Cost of service as per revenue requirement	**339,009**	**358,300**
Reveneue at current prescribed prices	234,289	310,527
Shortfall		**47,773**
Average Prescribed Price for FY 2023-24 (Rs./MMBTU)		1,696.39
Current average prescribed price (Rs./MMBTU)		1,470.21
Increase requested in average prescribed price (Rs./MMBTU)		**226.18**

2.4. The Authority admitted the petition under Rule 5 of NGT Rules, as a prima facie case for evaluation and consideration by the Authority on December 08, 2023.

2.5. Accordingly, a notice of Public Hearing was published in the leading newspapers on December 12, 2023 inviting interventions / comments on the petition from the consumers, stakeholder and

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the general public for hearing to be held at PC Hotel, Karachi on December 18, 2023. In response thereto, the Authority received following applications for intervention in the proceedings:

i) Karachi Chamber of Commerce & Industry, Karachi

2.6. The Authority accepted all the applications mentioned above for intervention.

3. Proceedings and Public Interventions

3.1. Accordingly, public hearing was held on December 18, 2023, at PC Hotel, Karachi. The following interveners / participants presented their views:

The petitioner:

(i) The petitioner's team led by Mr. Imran Maniar, Managing Director.

Interveners / Participants:

(i) Abdul Sami Khan, Chairman, Pakistan Petroleum Dealers Association
(ii) Malik Khuda Baksh, Chairman, CNG Stations Owners Association
(iii) Mr. Samir Najmul, Former Chairman, All Pakistan CNG Association
(iv) Mr. Adam Aatalib, SSGC Share holder & Independent Analyst
(v) Mr. Muhammad Asif, Energy Dept. Govt. of Sindh
(vi) Mr. Zohaib Memon, Energy Dept. Govt. of Sindh
(vii) Mr. Ahmed Azeem Alvi, KCCI
(viii) Mr. Saleem Saleh, Secretary General, APTMA
(ix) Mr. Awais Mir, CEO, DEA Group
(x) Mr. Zain Bashir, Chief Coordinator, LATI
(xi) Mr. Muhammad Arif Bilwani, Consumer
(xii) Mr. Baleegh Hussain, Consumer
(xiii) Syed Anwar Alam, MWE
(xiv) Mr. Shamshad Malik, Investor

Interveners / Participants: *(On Zoom Application)*

(i) Mr. Zubair Motiwala, KCCI, APTPMA & SITE
(ii) Mr. Sheraz Khan, APTMA
(iii) Mr. Zeeshan Yousafzai, Reporter, Dunya News
(iv) Malik Saeed Awan, Reporter, Bol News

3.2. During the hearing, the petitioner made submissions in detail with the help of multimedia presentation explaining major reasons for its claims including T&D expenses and fixed assets. The crux of the same is as under: -

3.2.1. The petitioner has explained that the petition has been filed in line with past practice, based on revised parameters and assumptions (i.e., latest crude oil price and exchange rate trend etc.) and actual figures of sales volume and purchases for the month of July-October, 2023 for calculating cost of gas.

3.2.2. The petitioner has requested to allow ROR based on revised WACC at 26.60%, after incorporating the Super Tax at a rate of 10% for FY 2023-24, being their statutory obligation, falling under corporate tax.

3.2.3. The petitioner claimed/projected reduced UFG disallowance as compared to DERR due to the segregation of Baluchistan's UFG as an operating expense as per ECC decision for the said year.

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3.2.4. The petitioner has requested to allow adequate HR cost in the wake of hiring new staff to recoup shortage of manpower, payment of CBA Agreement FY 2022-24 and provide economic relief to Executives/Subordinates. Further, due to stagnation in steering parameters of HR Benchmark formula, existing framework is not suitable and the petitioner has requested the Authority to allow HR benchmark including 100% CPI.

3.2.5. It has been requested to allow RLNG handling volumes since it is affecting the company's financial position.

3.2.6. The petitioner has also requested for revision in various T&D cost components owing to high inflationary impact. The petitioner has requested to consider Motion for Review against DERR for the said year as an integral part of the instant petition and accordingly merged it in RERR.

3.2.7. The petitioner has highlighted its achievements made during the last year for bringing improvement in the system as a going concern. It was informed that the company has segregated the industrial mains from other distribution networks for the better monitoring of UFG and reconciliation of gas supply and consumption.

3.2.8. It was also highlighted that defective EVCs, Modems, and TBS (Town Board Station) have been replaced / installed.

3.2.9. It was requested to allow capital expenditure in principle as it shall not impact consumers' price upfront.

3.2.10. It was pointed out that the company is suffering significant losses over past several years in Balochistan due to high UFG but is still carrying out the FG's socio-economic agenda for supply of gas. FG should share the burden of loss.

3.2.11. It was also pointed out that the company is trying to introduce hydro and bio gas projects owing to energy shortfall in the system.

3.2.12. It was also informed that the company has increased its LPG imports from 10,000 MT to 40,000 MT.

3.2.13. It was further informed that consistent gas supplies are being supplied to industry instead of captive power.

3.3. The substantive points made by the interveners during the hearing are summarized below: -

3.3.1. APTMA highlighted that the tariff increases and reduced gas allocation to the export-oriented industrial sector, will adversely affect the FEX earnings and run counter to the country's objectives and targets.

3.3.2. It was also highlighted that increase in gas prices of 118% & 91% for export-oriented sector, while contributing to record foreign exchange earnings, is deemed unrealistic and ad hoc. This surge may disproportionately tax base, heightened joblessness, and increased chaos & lawlessness in the country. It was informed that any additional cost could potentially impact and diminish textile sector exports.

3.3.3. It was also highlighted that Textile sector is one of the largest gas consumer groups with record earnings of foreign exchange for the country showing increase in exports. Increased cost, if any, to be allowed by the Authority shall affect/reduce textile sector exports.

3.3.4. It was informed that the petitioner has not met the targets to reduce the UFG. i.e. 40 billion Cubic Feet UFG (12.62%) is horrendous and no country can sustain this. Only 4.5% UFG is acceptable. Without improving company's own financial performance & addressing administrative failures, burdening taxpayers & industrialists through gas price increments, is not justified. OGRA should issue directives for reducing UFG on declaration basis to internationally accepted practices.

3.3.5. It was further highlighted that petitioner has suggested unrealistic tariff increase for industries. It was brought to attention that gas sales to Zero Rated Industries are reduced, which will further decrease the exports. Moreover, it was stated that petitioner's average

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prescribed prices, ROA, Capex, Opex, and Management Systems are not sustainable and must be rationalized.

3.3.6. It was also pointed out that petitioner's Audited Accounts for FY 2022-23 (Actual) & FY 2023-24 (6 months estimated Actual) are not provided.

3.3.7. It was highlighted that petitioner's LPG Air Mix Subsidy of Rs. 2.84 billion causes a profit of Rs. 224 million, so profit of the petitioner must be much higher. It was further requested that income from the LPG terminal be shown separately. Incorporation of full calculation of LPG windfall profit and detailed statement of LPG Air Mix plants in ERR 2023-24 will reduce the ERR.

3.3.8. It was demanded that petitioner's request for increase in gas price be rejected by the Authority and recommendations be sent to Federal Government for reducing Tariff of Export Oriented Sector.

3.3.9. It was suggested that gas allocation to Export Oriented Industries may be prioritized and price be fixed at Rs. 450/MMBTU. Moreover, wellhead gas prices need to be rationalized. It was highlighted that proper utilization of windfall profits cause a reduction in Gas Tariff.

3.3.10. It was requested to provide complete backup calculations of the petition for a better assessment of the petitioner's demand. Another public hearing may be necessary with the latest uploaded petition to address APTMA's concerns.

4. Authority's Jurisdiction and Determination Process

4.1. The Authority examined, in depth, all applications and petitions in light of relevant legal provisions. The instant petition has been filed under section 8(2) of the Ordinance. The instant petition is primarily focused on review of cost of gas/WACOG of the petitioner based on actual changes in the wellhead gas prices and relevant factors. The wellhead gas prices for the said year are based on the actual prices of crude oil and HSFO during the period December, 2022 to November, 2023. The actual trend in rupee vs US$ rates in recent months is to be taken into account, along-with actual prices in the previous months, while determining cost of gas to ensure that the determination is rational and fair to all stakeholders.

4.2. The operating revenues, operating expenses and changes in asset base are scrutinized keeping in view the justification and provisions of the law. Appropriate benchmarks are set in to control inefficiencies. Accordingly, the decision is always based on the logic and rationale striking a balance among stakeholders. Further, FG's attention is specifically drawn to the pleas relating to policy matters for consideration, before deciding the retail prices for various categories of consumers. The Authority further, wherever necessary, issues directions to the petitioner to streamline/resolve the matters under the regulatory and legal framework.

4.3. Section 8(3) of the Ordinance empowers the FG to fix the consumer sale prices, keeping in view economic indicators, policy considerations in terms of uniform pricing across the country, Gas Development Surcharge and the inter-category subsidies, etc. Accordingly, gas sales prices are advised to OGRA in such a manner that the revenue requirement as determined by OGRA is fully met. The gas sale price advice received from Federal Government is notified by OGRA in the official gazette.

4.4. The Authority, however, observes that during the past, FG under Section 8(3) of the Ordinance had advised insufficient revisions to OGRA, resulting in the accumulation of previous years' revenue shortfall in the total revenue requirement. The Authority, in the instant determination as well as previous decision, has already referred the matter of the previous year's shortfall to FG for an appropriate policy decision. The Authority reiterates its view that all the categories of consumers must at least pay the average cost of service, keeping in view the existing cost of alternative or substitute sources of energy. Resultantly, there shall be no situation of unmet revenue requirement. This shall provide a level playing field to all categories of consumers, while encouraging judicious and rationale use of natural resource and thereby avoiding situation of unmet revenue shortfall.

4.5. The Authority observes that the petitioner has reworked Weighted Average Cost of Capital (WACC) at 26.60% after adjusting/incorporating the financial impact of Super Tax at a rate of 10% and requested OGRA to allow the same as part of rate of return on its operating fixed assets. The petitioner has argued that supper tax is corporate tax in nature and is a statutory obligation to pay. Hence, the same be allowed accordingly.

4.6. The Authority notes that the FG has imposed super tax on the entities earning income over Rs. 150 million. However, the Petitioner's latest available published accounts report a loss to the tune of Rs. 11,444 million. ***The Authority considers that levy of super tax is a special matter requiring further deliberations. Accordingly the same shall be evaluated at the time of FRR for the said year.***

4.7. The Authority also notes that the petitioner has filed a review on computation of WACC and requested to allow it 26.60% with slight adjustment of KIBOR. ***In view of the above, the Authority decides to re-calculates WACC at 20.64% with a slight correction as against the earlier determination of 20.60% determined per DRR for the said year.***

5. Operating Fixed Assets

5.1. Summary of Additions during the year

5.1.1. The petitioner has requested to allow an additional amount of Rs. 44,233 million, detail of which is as under:

Table 2: Summary of Requested Addition in Fixed Assets

Rs. In Million

	Particulars	FY 2023-24 (ERR)					FY 2023-24 (DERR)					FY 2023-24 (Petition)					
		Transmission		Distribution & Sale			Transmission		Distribution & Sale			Transmission		Distribution & Sale			
		Indigenous gas	RLNG	Indigenous gas	RLNG	Total	Indigenous gas	RLNG	Indigenous gas	RLNG	Total	Indigenous gas	RLNG	Indigenous gas	RLNG	Total	Variance over DERR
1	Gas transmission pipeline	22,379	1,442			23,821	719				719	23,206	2,873			26,079	25,360
2	Compressors	4,166	3,670			7,836	30				30	3,454	279			3,733	3,703
3	Gas distribution system, related facilities and equipments			9,105		9,105			1,902		1,902			13,928		13,928	12,026
4	Buildings	120		394		514	20		64		84	20		64		84	0
5	Plant and machinery	727		1,291		2,018	72		128		200	72		128		200	0
6	LPG Air Mix Projects			185		185			93		93			93		93	0
7	Telecommunication system	8		28		36	8		28		36	8		28		36	0
8	Furniture, equipments including computers and allied equipments	141		524		665	29		107		136	161		524		685	549
9	Computer software (Intangible)	248		62		310	30		8		38	248		62		310	272
10	Appliances, loose tools and equipment	69	4	113		186	10		15		25	69	4	113		186	161
11	Vehicles	759	10	1,447		2,216	19		35		54	759	10	1,447		2,216	2,162
	Gross Assets	28,617	5,126	13,149	-	46,892	937		2,380		3,317	27,997	3,166	16,388	-	47,550	44,233

5.2. Gas Transmission Pipelines

5.2.1. The petitioner has claimed an amount of Rs. 26,079 million. The Authority allowed Rs. 719 million at DERR stage. The details of claimed amount against this head is as under:

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Table 3: Requested Additions to Transmission Pipeline Network

Rs. in Million

Sr. No.	Description	ERR FY 2023-24		DERR FY 2023-24		RERR FY 2023-24 (Petition)	
		Indigenous	RLNG	Indigenous	RLNG	Indigenous	RLNG
1	30" Dia × 125 Km (rev. 116 KMs) pipeline from SMS Sindh University to SMS Pakland.	14,004				10,119	
2	Supply of Gas to Karachi West Region (24" Dia x 31 KMs) (New)	3,738		-		5,660	
3	8" Dia x 102 KM pipeline from Jhal Magsi field (New)	3,200		-		4,260	
4	Re-routing of 24" and 12" Quetta pipelines from BiBi Nani Bridge (New)	1,125		563		1,607	
5	Upgradation of SMS Hyderabad (New)	214		107		311	
6	8" Dia × 28 KMs pipeline from Ayesha Gas Field [Leftover]	35				41	
7	Check Metering Arrangements at Daru (Leftover)	17				17	
8	Upgradation of SMS Nawabshah (Leftover)	16		49		264	
9	Upgradation of SMS Larkana (Leftover)	14				264	
10	12" Dia x 344 KM QPL Rehabilitation and Intelligent Pigging (Leftover)	10				470	
11	Modification of existing Check Metering & Regulation Setup- Shikarpur (Leftover)	6				193	
12	Replacement of 16" Dia ILBP with 20" Dia (180 KM) pipeline from HQ-2 to HQ-1						
	Sub-total	22,379	-	719	-	23,206	
	RLNG Projects						
	Phase-I						
13	Tie-in and integration arrangement from tie-in point 2 to Pakland & Bin Qasim (Leftover)		263		-	406	
	Phase-II and others						
14	42" dia × 342 Km pipeline from Pakland to Nara (Leftover)		1,049		-	1,175	
15	30" Dia x 17 KMs from CTS Bin Qasim to MVA SMS Pakland (Leftover)		76		-	379	
16	Future Extension of CTS Bin Qasim (Leftover)		36		-	569	
17	Check Metering Arrangement for PLL customer at Bin Qasim & Pakland (Leftover)		18		-	344	
	Sub-total	-	1,442	-	-	2,873	
	Total(Indigenous + RLNG)	23,821		719		26,079	

5.2.2. As per the petitioner, it has revised the estimates against the above projects due to dollar rupee parity, current inflation, higher commodity / material prices in international / local markets and revised engineering estimates.

5.2.3. ***The Authority notes that it has already allowed the transmission projects, mentioned at sr. no. 1 to sr . no. 16 of the above table, in principle with an upfront amount of Rs. 719 million under the head of Transmission pipeline projects at DERR stage and hereby maintains its earlier decision in this regard. However, reasonable cost incurred over and above the estimated amounts may be considered at FRR stage, subject to comprehensive and convincing justifications by the petitioner.***

Check Metering Arrangement for PLL customer at Bin Qasim & Pakland

5.2.4. The petitioner has claimed an amount of Rs. 344 million for the subject project.

5.2.5. The Petitioner has stated that Interconnection Agreement (ICA) was initialed with PLL in December 2021, in order to supply 150 MMCFD to PLL customer (i.e., K-Electric). The petitioner has argued that the check meter is required for the purpose of gas reconciliation of RLNG.

5.2.6. ***Keeping in view of the above justifications provided by the petitioner and its operational requirement, the Authority hereby allows the subject project in principle, subject to actualization at FRR stage.***

5.3. Compressors

5.3.1. The petitioner has claimed an amount of Rs. 3,733 million in the head of Compressors for the said year. The details of the claimed amount are as under:

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Table 4: Requested Additions to Compressor Stations

Rs in Million

Sr. No.	Description	ERR FY 2023-24		DERR FY 2023-24		RERR FY 2023-24 (Petition)	
		Indigenous	RLNG	Indigenous	RLNG	Indigenous	RLNG
1	01 New Compressor Unit at Sibbi	4,106				3,394	
2	Overhaul of DR-990 Turbo Compressor Model 2508 B including FSR installation charges at Shikarpur Compressor Station	60		30		60	
	Sub-Total	4,166	0	30	0		
	RLNG related Compressor Stations						
3	Additional 01 Unit of compressor at Nawabshah (HQ-2)		2,850		-		
4	Repair / Overhaul of Solar T-60 Gas Turbine Engine including FAT and FSR installation charges at Solar unit C HQ-2 Daur (Trans. Deptt)		450		-		
5	New Compressor HQ 2 Daur Nawabshah RLNG II (Leftover)		370		-		279
	Sub-Total	-	3,670	-	-	3,454	279
	Total Compressors (Indigenous + RLNG)	7,836		30		3,733	

01 New Compressor Unit at Sibbi

5.3.2. The petitioner has claimed an amount of Rs. 3,394 million against the subject project.

5.3.3. The petitioner has stated that Balochistan Region is fed through Quetta Pipeline System (QPL) and Compression facility at HQ-Shikarpur and HQ-Sibbi. The peak demand during winter season reach es over 200 MMCFD, however, existing arrangement comprises of 02 numbers of compressors having capacity of 60 MMCFD each. Therefore, to address this issue, the petitioner's BoD has approved the subject project in line with Engineering Consultant's recommendation for refurbishment / revamping of 02 Nos. of existing compressor units from 60 MMCFD to 120 MMCFD each and installation of 01 No. of new unit having capacity of 120 MMCFD as standby. (2 x 120 MMCFD for operation + 120 MMCFD as standby).

5.3.4. The Authority notes that the petitioner while seeking the approval for the subject project under Rule 20 (xviii) of the Natural Gas Regulatory Authority (Licensing) Rules, 2002, has submitted the details against the subject project including the feasibility report of the consultant (ENAR), wherein the consultant has proposed three scenarios and the petitioner has adopted the least capital-intensive project scenario.

Overhaul of DR-990 Turbo Compressor at Shikarpur Compressor Station

5.3.5. The petitioner has requested for the reinstatement of Rs.60 million which was projected by the petitioner at ERR stage for the subject project, and thereby Rs.30 million was allowed by the Authority at DERR stage.

5.3.6. The petitioner has attributed the estimated amount to the cost of spares, installation and commissioning of the compressor.

New Compressor HQ 2 Daur Nawabshah RLNG II (Leftover)

5.3.7. The petitioner has claimed an amount of Rs.279 million for the leftover activities against the installation of Compressor at Nawabshah for RLNG. The petitioner has revised its estimated amount from Rs.370 million envisaged at DERR stage, to Rs.279 million for the activities of Land Acquisition & Survey and Civil works.

Additional 01 Unit of compressor at HQ 2, Nawabshah (RLNG)

5.3.8. The petitioner has sought the conceptual approval for the installation of one No. of new compressor unit at Nawabshah.

5.3.9. Earlier the Authority had disallowed the instant project at DERR stage for the said year and directed the petitioner to submit the said project separately under Rule 20 (xviii) of the Natural Gas Regulatory Authority (Licensing) Rules, 2002, along with the comprehensive justification.

5.3.10. Presenting the justification, the petitioner has stated that professional consultant has reviewed the current operational philosophy of HQ-2 Nawabshah and recommended that the overall system availability of existing compressors is 79.85% and has recommended

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addition of two compressors. However, SSGC, taking into account the availability of spares has restricted to addition of only one additional standby compressor. The station flow reached 1100 MMscfd in December, 2022, which is close to 1200 MMscfd station flow capacity. Furthermore, the petitioner has emphasized that considering declining trend of indigenous gas, the reliance of imported RLNG is increasing day by day and it is expected that the HQ-2 Nawabshah would be operating at its maximum limit. In this scenario the additional compressor becomes indispensable to ensure safe and continuous supply of RLNG in the country.

5.3.11. ***Keeping in view of above, operational requirements of the petitioner and justifications provided by the petitioner in this regard, the Authority provisionally allows an upfront amount of Rs. 1700 million (i.e. 50% of the projected amount) for the installation of new compressor unit project at Sibbi. Further, the Authority allows the installation of one new compressor unit at Nawabshah in principle, subject to actualization at FRR stage, however, with respect to the compressor projects mentioned at sr.no.2 and sr.no.5, the Authority maintains its earlier decision of DERR stage. Moreover, expenses incurred against the RLNG Compressors projects shall be ring fenced under the directions of F.G.***

Table 5: Allowed Additions to Compressor Stations

					Rs in Million
Sr. No.	Description	RERR FY 2023-24 (Petition)		Allowed	
		Indigenous	RLNG	Indigenous	RLNG
1	01 New Compressor Unit at Sibbi	3,394		1,700	
2	Overhaul of DR-990 Turbo Compressor Model 2508 B including FSR installation charges at Shikarpur Compressor Station	60		30	
	Sub-Total				
	RLNG related Compressor Stations				
3	Additional 01 Unit of compressor at Nawabshah (HQ-2)				
4	Repair / Overhaul of Solar T-60 Gas Turbine Engine including FAT and FSR installation charges at Solar unit C HQ-2 Daur (Trans. Deptt)				
5	New Compressor HQ 2 Daur Nawabshah RLNG II (Leftover)		279		
	Sub-Total	3,454	279	1,730	
	Total Compressors (Indigenous + RLNG)	3,733		1,730	

5.4. Gas Distribution System

5.4.1. The petitioner has claimed an amount of Rs.13,928 million against the head of gas distribution system. Detail of the amounts projected on this account against various subheads is as under:

Table 6: Summary of Requested Additions in Gas Distribution System

Gas Distribution System

							Rs. Million
Sr. No.	Description	ERR FY 2023-24		DERR FY 2023-24		RERR FY 2023-24 (Petition)	
		Indigenous	RLNG	Indigenous	RLNG	Indigenous	RLNG
1	Rehabilitation Mains and Services - UFG Control Program						
2	Replacement /Repair of Undersized Meters	1,821		1,745		1,821	
3	Segmentation						
4	Construction of CMS, TBS, PRS, Cathodic protection	157		157		157	
	Sub Total: UFG Control Program (A)	1,978		1,902	-	1,978	
5	Laying of Distribution Mains including services- Existing Areas and DDC						
6	Installation of New Connections (meters)	647				647	
7	New Towns	1,695		-		1,695	
8	Replacement of Meters - Recovery Campaign (Outstanding Disconnection Drive)	973				649	
9	Others - CP / Meter Transportation / Insurance in Transit etc	1,128				1,128	
	Sub Total : Normal (B)	4,443		-	-	4,119	
	Total GDS Other Than Major Projects: (A+B)	6,421		1,902	-	6,097	
10	20" Dia x 11 KMs Pipeline from SMS Sheedi Goth to Tapping Point (20" Dia Future Colony/20" Augmentation Project / Upgradation of Sheedi Goth)	1,019		-		1,019	
11	20" Dia x 9 KMs Pipeline from Azeempura to Jam Sadiq Ali Bridge	844		-		844	
12	16" Dia x 10 KMs Pipeline from KI to TBS Maymar CNG	764		-		764	
13	16" Dia x 6.2 KMs Pipeline from FSM Main Gate to Yousuf Goth Landhi	33		-		33	
14	16" Dia x 5 KMs Pipeline from Surjani Step-Down Assy. To Madinat al Hikmah	23		-		23	
New Distribution Projects envisaged in review petition (Rehabilitation work)							
15	Lyari old city area Karachi (Rehabilitation)					3,996	
16	Shahdad Kot city, district Qambar (Rehabilitation)					593	
17	Thull city phase -II Jacobabad (Rehabilitation)					144	
18	Sakrand city, District Shaheed Benazirabad (Rehabilitation)					414	
	Major Distribution Projects (C)	2,683		-	-	7,830	
	Sub-Total Gas Distribution System(A+B+C)	9,104		1,902		13,927	

<u>Installation of New Connections</u>

5.4.2. The petitioner has re-instated the projected amount of Rs.647 million for the installation of new connections. The amount claimed by the petitioner includes Rs.157 million for the installation of domestic connections (non-consumers) and Rs.490 million for Industrial and Commercial RLNG connections. The Authority in its DERR for the said year has acceded to the RLNG connections to industrial and commercial, with the direction that any prudently

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incurred expenditure in this regard will be considered at FRR stage, in line with the prevalent GoP's policy.

5.4.3. The petitioner has stated that it has planned to bring 100,441 non-consumers into their revenue net in accordance with the Authority's directions given from time to time regarding dealing with non-consumers and also in light of OGRA's directives vide letter dated June 22, 2022, to install gas meters to non-consumers. The petitioner further stated that disallowance of such non-consumers connections could seriously hamper and compromise the operational activity and would also affect the UFG reduction achievements.

5.4.4. ***In view of the above, the Authority hereby maintains its earlier decision in this regard. Furthermore, the directive of the OGRA regarding provision of new connections passed through letter dated 22-06-2022 is not in conflict with, nor divergent from the policies and directives of the Federal Government. However, the petitioner may proceed with the provision of connections on RLNG in the light of the prevalent GoP's policy MoE (PD) vide its letter No. NG (II)-7(143)/PS/2016-Vol-IV-Pt dated 21.04.2017).***

Replacement / Repair of Undersized Meters

5.4.5. The petitioner has projected an amount of Rs. 1,821million i.e., Rs.76 million in addition to already allowed amount of Rs. 1,745 at DERR stage. The petitioner has linked the meters replacement activity with the objective of UFG reduction and meeting the KMI targets. The petitioner has further added that, in light of the Authority's earlier directions, it has planned of removed domestic meters and utilization of re-usable components of meters.

5.4.6. ***In view of the above, the Authority reiterates its earlier decision against this head in the DERR FY 2023-24 and directs the petitioner to remain within the allowed amount of Rs.1,745 million.***

Replacement of Meters - Recovery Campaign (Outstanding Disconnection Drive)

5.4.7. The petitioner has undertaken recovery campaign / disconnection drive against the defaulted consumers and has reduced the amount to Rs. 649 million from Rs. 973 million in the subject head. As per the petitioner, the meter will be replaced after making payment of outstanding from the defaulted customer.

5.4.8. The Authority notes that it disallowed the projected amount against the subject head at DERR stage, based on the observations that disconnected/ removed meters cannot be flatly scrapped without evaluating their condition. Diaphragm meters installed for residential category, usually perform satisfactorily for longer periods, hence premature scrapping of these is a loss of resources, which must be checked to avoid overburdening on the existing consumers. ***In view of the above, the Authority reiterates its earlier decision against this head in the DERR FY 2023-24.***

CP / Meter Transportation / Insurance in Transit etc

5.4.9. The petitioner has re-instated the projected amount of Rs.1,128 million under the subject head which was disallowed by the Authority at DERR stage for the said year. The projected amount of Rs.1,128 million includes the cost of Material Transportation for on-going schemes (Rs.405 million), Meter transportation & insurance (Rs.5 million) and Direct Departmental Cost (DDC) for Rehabilitation, Services replacements & TBSs, SMSs (Rs.718 million). The petitioner has clarified that the said DDC pertains to previous years distribution activities.

5.4.10. The Authority notes that it has disallowed the amount at DERR stage with the observation that DDC is specifically incorporated in subheads of distribution system like installation of meters, replacement of meters, distribution pipeline projects etc., therefore, expenses again claimed in separate head seems to be duplication. ***In view of the above, the Authority reiterates its earlier decision against this head in the DERR FY 2023-24.***

Distribution Pipeline Projects (Sr.No 10 to Sr. 14)

5.4.11. The petitioner has revised the estimated amount to Rs.4,692 million for the subject projects, from Rs.2,683 million which was claimed at ERR stage for the said year, as under:

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Table 7: Revised amounts for the Distribution Projects mentioned at Sr.10 to Sr.14

Rs. In Million

Sr.No	Distribution Projects	Amount Claimed at ERR stage	Revised Cost	Variance (Requested for Principle approval)
1	20"Dia x 11 KMs Pipeline from SMS Sheedi Goth to Tapping Point (20" Dia Future Colony/20" Augmentation Project / Upgradation of Sheedi Goth)	1,019	1,370	351
2	20" Dia x 9 KMs Pipeline from Azeempura to Jam Sadiq Ali Bridge	844	1,136	292
3	16" Dia x 10 KMs Pipeline from KT to TBS Maymar CNG	764	1,028	264
4	16" Dia x 6.2 KMs Pipeline from PSM Main Gate to Yousuf Goth Landhi	33	635	602
5	16" Dia x 5 KMs Pipeline from Surjani Step-Down Assy. To Madinat al Hikmah	23	523	500
	Total	2,683	4,692	2,009

5.4.12. The petitioner has revised these estimates on the basis of hyperinflation, USD rupee parity and rise in cost of material and labor, however, the petitioner has not included this cost enhancement in rate base and has only sought the principle approval.

5.4.13. The Authority notes that it has provisionally allowed the subject projects in principle at DERR stage and ***hereby maintains its earlier decision with the advice to remain within its estimated amount envisaged against the subject projects at ERR stage.***

<u>Rehabilitation Projects (Sr.No 15 to Sr.18)</u>

5.4.14. The petitioner has projected an amount to Rs.5,147 million for the subject projects which were not the part of ERR and has claimed by the petitioner at RERR stage. As per the petitioner it has envisaged the subject projects based on age of pipeline, CP status and Leak survey reports.

5.4.15. ***Keeping in view of the considerable financial estimates, the Authority hereby pends the subject projects at this stage and does not allow any upfront amount in the subject head. The petitioner is advised to seek the approval of the subject projects separately with the submission of project feasibility reports and economic/cost benefit analysis so that the matter may be considered by the Authority.***

5.4.16. ***The summary of allowed amounts against subheads under the Gas Distribution System are tabulated below:***

Table 8: Allowed of Additions in Gas Distribution System (GDS)

Rs. Million

Sr. No.	Description	RERR FY 2023-24 (Petition)		Allowed	
		Indigenous	RLNG	Indigenous	RLNG
1	Rehabilitation Mains and Services - UFG Control Program				
2	Replacement / Repair of Undersized Meters	1,821		1,745	
3	Segmentation				
4	Construction of CMS, TBS, PRS, Cathodic protection	157		157	
	Sub Total: UFG Control Program (A)	1,978		1,902	-
5	Laying of Distribution Mains including services- Existing Areas and DDC				
6	Installation of New Connections (meters)	647			
7	New Towns	1,695		-	
8	Replacement of Meters - Recovery Campaign (Outstanding Disconnection Drive)	649			
9	Others - CP / Meter Transportation / Insurance in Transit etc	1,128			
	Sub Total : Normal (B)	4,119		-	-
	Total GDS Other Than Major Projects: (A+B)	6,097		1,902	-
10	20"Dia x 11 KMs Pipeline from SMS Sheedi Goth to Tapping Point (20" Dia Future Colony/20" Augmentation Project / Upgradation of Sheedi Goth)	1,019		-	
11	20" Dia x 9 KMs Pipeline from Azeempura to Jam Sadiq Ali Bridge	844		-	
12	16" Dia x 10 KMs Pipeline from KT to TBS Maymar CNG	764		-	
13	16" Dia x 6.2 KMs Pipeline from PSM Main Gate to Yousuf Goth Landhi	33		-	
14	16" Dia x 5 KMs Pipeline from Surjani Step-Down Assy. To Madinat al Hikmah	23		-	
New Distribution Projects envisaged in review petition (Rehabilitation work)					
15	Lyari old city area Karachi (Rehabilitation)	3,996			
16	Shahdad Kot city, district Qambar (Rehabilitation)	593			
17	Thull city phase -II Jacobabad (Rehabilitation)	144			
18	Sakrand city, District Shaheed Benazirabad (Rehabilitation)	414			
	Major Distribution Projects (C)	7,830		-	-
	Sub-Total Gas Distribution System(A+B+C)	13,927		1,902	
	Total Gas Distribution System (Indigenous + RLNG)	13,927		1,902	

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5.5. Other Operating Fixed Assets (Sr. No. 08 to Sr. No. 11 of table No. 2): (Furniture equipment including Computer and Allied equipment; Computer Software; Appliances, Loose Tools and equipment & Vehicles)

5.5.1. The petitioner has claimed an amount of Rs. 3,397 million for captioned heads against Rs. 253 million, allowed by the Authority at DERR stage for the said year. The petitioner has attributed such claims to its operational requirements and has provided the detailed justifications against each head in this regard.

5.5.2. *The Authority in its DERR FY 2023-24 had already allowed the amount against the heads indicated at Sr.No.08 to Sr. no. 11 of the fixed assets table and hereby maintains the same against above stated heads without any additional upfront amount at this stage. The petitioner shall submit detailed justification of its expenditure for approval of the Authority before incurring any cost to be allowed in FRR, relating to the items not approved at this stage.*

Table 9: Summary of Asset Additions Allowed by the Authority

Rs. In Million

Particulars		FY 2023-24 (Petition)					Allowed				
		Transmission		Distribution & Sale		Total	Transmission		Distribution & Sale		Total
		Indigenous gas	RLNG	Indigenous gas	RLNG		Indigenous gas	RLNG	Indigenous gas	RLNG	
1	Gas transmission pipeline	23,206	2,873			26,079	719				719
2	Compressors	3,454	279			3,733	1,730				1,730
3	Gas distribution system, related facilities and			13,928		13,928			1,902		1,902
4	Buildings	20		64		84	20		64		84
5	Plant and machinery	72		128		200	72		128		200
6	LPG Air Mix Projects			93		93			93		93
7	Telecommunication system	8		28		36	8		28		36
8	Furniture, equipments including computers and	161		524		685	29		107		136
9	Computer software (Intangibl	248		62		310	30		8		38
10	Appliances, loose tools and equipment	69	4	113		186	10		15		25
11	Vehicles	759	10	1,447		2,216	19		35		54
	Gross Assets	**27,997**	**3,166**	**16,388**	**-**	**47,550**	**2,637**		**2,380**		**5,017**

6. Depreciation and ROA

6.1. *In the light of discussion and decisions in the preceding paras, the Authority decides to provisionally allow depreciation at Rs. 7,639 million for the said year. Consequently, ROA, in the light of decision per para 4.8 above, is computed at Rs. 12,432 million based on net average operating assets for the said year.*

7. Operating Revenues

a. Sales Revenue at Existing Prescribed Prices

7.1. The petitioner has projected gas sales revenues at Rs. 310,527 million against sales volumes of 211,213 BBTU for the said year. The petitioner has explained that gas sales revenue for the said year is based on average prescribed prices determined as per DERR for the said year.

7.2. The Authority notes that based on the revised sale prices effective November 01, 2023, the category-wise prescribed prices as per DERR for said year are required to be re-adjusted to the extent of revenue requirement. Accordingly, the revenues from prescribed prices are revised to Rs. 296,062 million against sales of volume 211,213 MMBTU on provisional basis for the said year.

b. Other Operating Income

7.3. The petitioner kept other operating income at the level of DERR i.e., Rs. 5,939 million, which is within the allowable limit, therefore the Authority accepts the same for the said year.

7.4. *Keeping in view the above, the Authority decides to provisionally allows total operating revenues at Rs. 302,001 million for the said year.*

8. Transmission and Distribution Cost

i. Summary

8.1. The petitioner has projected transmission and distribution cost (including gas internally consumed) at Rs. 24,674 million projecting an increase of 38% over DERR for the said year, as detailed below:

Table 10: Projected T&D Cost with the Previous Years

Rs. in Million

Particulars	FRR	RERR	Actual	DERR	Actual July to September 2023	The Petition (RERR)	Inc./(Dec.) over DERR FY 2023-24	
	FY 2021-22	FY 2022-23		FY2023-24			Rs.	%
Salaries, wages, and benefits at benchmark	16,029	17,187	16,176	17,028	4,146	21,028	4,000	23%
Professional & Legal Charges	109	144	174	118	18	855	737	625%
Repairs & maintenance	1,926	2,076	2,623	1,801	627	3,363	1,562	87%
Advertisement	74	118	68	89	18	126	37	42%
Others	129	137	168	164	36	219	55	34%
Security expenses	862	868	1,180	952		1,224	272	29%
Electricity	240	280	318	336	122	403	67	20%
Material used on consumers installations	32	20	23	38		38	-	0%
Stores, spares and supplies consumed	808	878	1,176	1,054	231	1,054	-	0%
Traveling	80	103	103	103	25	103	-	0%
Meter reading by contractors	101	109	115	131	29	131	-	0%
Gas bills collection charges	235	251	229	288	36	288	-	0%
Insurance including royalty	42	127	113	131	31	131	-	0%
Rent, rate & taxes	222	271	84	278	15	278	0	0%
Postage & bill delivery by Contractors	128	136	113	136	28	136	-	0%
License & Tariff Petition Fee to OGRA	50	87	110	96		99	3	3%
Sub-total Cost	**21,067**	**22,792**	**22,773**	**22,743**	**5,362**	**29,476**	**6,733**	**30%**
Less: Recoveries / Allocations	2,151	2,333	2,361	2,198	627	2,198	0	0%
HR cost relating to RLNG	2,860	3,273	-	3,416		3,416	-	0%
T&D Cost before GIC	**16,056**	**17,186**	**20,412**	**17,129**	**4,734**	**23,862**	**6,733**	**39%**
Add: Gas consumed internally	511	922	907	787		812	24	3%
Net T&D Cost including GIC	**16,567**	**18,108**	**21,319**	**17,917**	**4,734**	**24,674**	**6,757**	**38%**

8.2. Various components of operating cost are discussed in the following paras:

ii. Human Resource Benchmark Cost

8.3. The petitioner has claimed Rs. 21,028 million in the instant petition as against earlier allowed of Rs. 17,028 million per DERR for the said year. The petitioner has submitted that after finalization of its pending CBA Charter of Demand in FY 2022-23, its cumulative as well as incremental impact shall be reflected at year end as well as in future petitions i.e. FY 2024-25. Similarly, other factors i.e. raise in salaries/ wages including third party workers due to hyperinflation, new hiring, increase in medical allowances shall rise the cost to Rs. 20,870 million during said year. Therefore, the existing benchmark formula shall not be able to cater for its legitimate requirement of HR cost.

8.4. The petitioner has further contested that initially HR Benchmark formula was derived/implemented through a consultative process. However, the Authority in FY 2021-22 made substantial change in the HR Benchmark formula unilaterally as the company was given CPI impact @ 50 % in its HR Benchmark since inception, which was discontinued in FY 2021-22. The petitioner has argued that a motivated work force is necessary to meet the efficiency benchmarks in terms of UFG and enhanced recoveries. However, it is facing negative growth of 2.9% during said year owing to the stagnancy of operating parameters and absence of CPI cushion. Accordingly, the petitioner has requested to allow 100% impact of CPI to manage its HR costs, while discontinuing the other operating parameters.

8.5. The Authority observes that it had introduced the HR Benchmark formula in FY 2005-06 to induce the Sui companies to make sincere efforts to minimize the HR costs, since it forms a significant segment of the total revenue requirement. Considering the ever-changing dynamics of the gas sector, the socio-economic conditions of the country, energy shortfalls, higher recruitment costs, need for annual salary increases and detailed cost benefit analysis, the HR benchmark was changed and adjusted from time to time to reflect the legitimate demands of SNGPL and the petitioner.

8.6. The Authority, in the light of issues as raised by the Sui Companies and persistent demand for a consultative session, initiated the review process with both gas utilities. Accordingly, OGRA's officers held meetings with both Sui Companies, where detailed presentations on salaries & wages, pay scales, perks & benefits, additional workforce requirement including outsourced activities and other HR policies were provided.

8.7. The Authority observes that the petitioner has emphasized the high separation rate of its employees especially from FY 2020-21 onwards, resulting in shortage of professional/technical workforce. The petitioner has emphasized that around 778 employees left the organization over the last five years. During the current financial year, 152 executives shall retire. The data reveals that besides superannuation, the petitioner's executives are resigning from the company due to availability of better opportunities in the market. This high attrition rate from company may lead to shortage of technical workforce, thus affecting smooth operations of the company. Moreover, the data as provided by the petitioner also reveals that out of 364 advertised posts, only 101 candidates joined the company. A table indicating the details of leavers is hereunder;

Table 11: Details of Leavers

Discription	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Leavers	0	98	126	146	190	218	778
Regisration	14	25	13	32	52	0	136

8.8. The Authority agrees to the petitioner's contention that after the imposition of ban on new gas connections by the FG, existing benchmark formula requires a review considering the change in international geo political situation, global as well as local inflation and steep devaluation of PKR. The petitioner, however, being a public sector utility must also be cognizant of the ground realities that the main business dynamics in terms of no. of consumers, T&D network and gas sales volume are on decreasing trend. Therefore, the petitioner needs to continuously review all its HR policies while optimally utilizing its resources.

8.9. The Authority appreciates that the petitioner has successfully been able to review its various policies e.g. club membership/subscription from grade VIII and above, life service awards, subsidized tea/coffee/cafeteria etc. The company has also been able to rationally maintain the salaries for the executive and subordinate cadre and managed to remain within the allowed benchmark. Moreover, the petitioner has been rationally setting the wages and benefits for its employees so as to appropriately compensate the workforce while conforming to the HR benchmark set by OGRA over the years. Moreover, another important aspect is the CBA agreement of the company, which was successfully finalized by the petitioner's management. This indicates the company's commitment towards providing better working conditions for its employees while keeping a check on its spending. Such practices are always appreciated by the Regulator as they promote healthy environment and instate growth over time. Resultantly, the petitioner has managed to keep its HR costs at reasonable level, as reflected in table below.

Rs. in million

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Actual HR cost incurred by SSGCL	11,181	12,434	12,427	13,548	15,527	13,467	13,755	16,189
Total HR Cost Allowed	**13,104**	**13,708**	**14,534**	**15,654**	**15,442**	**16,136**	**16,030**	**17,187**

8.10. *The Authority, taking into account the factors narrated above including hyperinflation prevailing in the country, the stagnant parameters due to the depletion of gas fields and moratorium on new gas connections, whilst appreciating the concrete efforts made by company's management as well as BoD, decides to allow 50% CPI for the said year in the*

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existing HR benchmark formula. Accordingly, HR cost is provisionally allowed at Rs. 21,633 million including IAS-19 and Rs. 3,880 million on account of RLNG for the said year.

iii. Legal & Professional Charges

8.11. The petitioner has claimed Legal & Professional charges for the said year at Rs. 494 million as against Authority's earlier determined of Rs. 118 million, thereby projecting an increase of 319% over DERR for the said year, which is as under;

Table 12: Comparison of Projected Legal & Professional Charges with the Previous Years

Particulars	FY 2021-22	FY 2022-23		FY 2023-24			Inc./(Dec.) over DERR FY 2023-24	
	FRR	RERR	Actual	DERR	Actual July-Sep, 2023	The Petition	Rs.	%
Legal Charges	72		82	44	12	168	124	282%
Professional Charges	45		92	74	7	326	252	341%
Total	**217**	**144**	**174**	**118**	**19**	**494**	**376**	**319%**

8.12. The petitioner has explained that additional Rs. 376 million has been claimed due to 100% increase in counsel fee owing to hyper-inflation, coupled with extensive litigation in Balochistan and anticipated legal challenges relating to land acquisition for ROWs. Moreover, the petitioner has also informed that an amount of around Rs. 158 million is sub-judice owing to the filing of case by one of its ex-legal counsels and the same shall be paid in case the Honorable Court decides against the company. FG has also appointed ex-attorney general Mr. Ashtar Ausaf Ali, being an arbitrator between KE and the petitioner.

8.13. Regarding professional charges, the petitioner has explained that certain studies / consultancies on account of HR, tax & audit etc. are required. However, the current budget as allowed by the regulator is insufficient to cater for its genuine demands. Accordingly, the petitioner has requested to allow Rs. 494 million including Rs. 168 million legal charges.

8.14. Considering the actual expenses incurred in FY 2021-22 and FY 2022-23, the petitioner's projections seems reasonable. The Authority, however, notes that the company has increased its claim from Rs. 102 million, per ERR petition for the said year, to Rs. 168 million in the instant petition. The Authority, considering the petitioner's justification as well as the actual expenditure during last two years, decides to restrict the legal charges at Rs. 102 million on account i.e. to the level of ERR's claim of the petitioner, subject to the actualization at the time of FRR.

8.15. The Authority, however, notes that claiming 341% increase over DERR FY 2023-24 on account of professional charges is not defendable. Moreover, historical analysis per the table above does not commensurate with the petitioner's capacity to undertake planned number of consultancies/studies. Over-estimations by the petitioner shall only jack up the price, thereby unnecessary burdening the natural gas consumers. Actual expenditure for FY 2022-23 on this account has been reported at Rs. 92 million. In view of the same, the Authority decides to fix professional charges at Rs. 92 million i.e. as per the actual expenditure for FY 2022-23.

8.16. ***In view thereof, the Authority decides to allow Rs. 194 million in respect of Legal & Professional charges for the said year, subject to actualization at year end.***

iv. Recovery Persuasion of Disconnection Consumers

8.17. The petitioner has claimed Rs. 361 million on account of "Budget provision for Recovery Persuasion of Disconnected Customers- Outsourced" for the said year. The petitioner has explained that Recovery Department is making all out efforts to reach maximum number of defaulters to make payment by disconnecting gas supply of the customers to recover the outstanding balances from defaulters and to get the gas supply restored as per policy. The petitioner has emphasized that the other utility company of Karachi i.e. Karachi Electric has adopted the same recovery approach. Also, two major commercial banks have outsourced their recovery effects.

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8.18. Due to the shortage of human resource, Recovery section cannot reach every defaulted live customer. As a result of this, outsourcing of recovery drive was done in FY 2022-23. Besides above, the recovery of defaulted amount from disconnected customers through persuasion and service killing initiatives is also required. Therefore, to recover outstanding amount from disconnected customers, SSGC management has planned to outsource the persuasion activity through Service Provider Contract.

8.19. The petitioner has further explained that CR Department also considered the recovery approach adopted by other utility company of Karachi i.e. KE, while reviewing the ToRs. Moreover, it is pertinent to mention that upon our request, Treasury Functions (TF) Department of petitioner has enquired from two major commercial banks regarding their outsourcing activity of recovery from defaulted customers. The banks informed that they had outsourced recovery activity. As regards to our request to share their internal policy / TOR in this respect, they have limitations with respect to confidentiality.

8.20. ***The Authority observes that it has already accorded principle approval to the petitioner considering the strenuous efforts of the company. The Authority however, directs the petitioner to provide concrete justification along with detailed report showing progress on category-wise meter disconnection, re-connection & recovery of outstanding amount.***

v. Repair & Maintenance

8.21. The petitioner has claimed Repair & Maintenance charges for the said year at Rs. 3,363 million as against Authority's earlier determined of Rs. 1,801 million, thereby projecting an increase of 115% over DERR for the said year.

8.22. The petitioner has attributed this escalation of Rs.572 million to re-instatement of Rs.514 million, earlier sought at ERR FY 2022-23 stage against the rehabilitation & repair work of civil structure damages etc. due to heavy rains/floods. Further, Rs.58 million has been claimed for repair and maintenance work of its SCADA system.

8.23. The petitioner has also stated that maintenance expenses include maintenance cost of plant & machinery plus equipment, building maintenance contracts (at more than 22 locations), CCTV maintenance contracts, vehicle, Scanners and printers maintenance etc.

8.24. ***In view of above, the Authority disallows any additional amount at this stage and hereby provisionally caps on the previously allowed amount of Rs. 1,801 million at DERR FY 2023-24 stage. However, any prudently incurred amount over and above the allowed amount shall be considered at FRR stage subject to appropriate justifications.***

vi. Other T& D Expenditures

8.25. The petitioner has claimed Rs. 1,972 million as against Rs. 1,541 million already allowed at the time of DERR for the said year as per table below;

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Table 13: Other T&D Expenditure with the Previous Years

Rs. in Million

Particulars	FY 2021-22	FY 2022-23		FY 2023-24			Inc./(Dec.) over DERR FY 2023-24	
	FRR	RERR	Actual	DERR	Actual July-Sep, 2023	The Petition	Rs.	%
Security Expense	862	868	1,180	952	286	1,224	272	29
Advertisement Charges	74	118	68	89	18	126	37	42
Electricity Charges	240	280	318	336	-	403	67	20
Other Charges	129	137	168	164	36	219	55	34
Total	**1,305**	**1,403**	**1,734**	**1,541**	**340**	**1,972**	**431**	**28**

8.26. Regarding Security & Electricity expenses, the Authority notes that the petitioner had claimed Rs. 952 million & Rs. 336 million respectively at the time of DERR for the said year and the same was allowed to the company without any disallowance. Moreover, the petitioner had not contested the said expenditure as part of its MFR of DERR for the said year, since the company was not aggrieved by the Authority's decision. Therefore, claiming an additional amount of Rs. 339 million as part of instant petition is not entertainable under the law. In the light thereof, the Authority decides to maintain its earlier decision subject to the actualization at the year-end provided that the amount does not exceed from the petitioned amount.

8.27. Regarding rest of items i.e. Advertisement and other charges, the Authority further notes that the petitioner has not been able to provide any new justification, as required under section 13 of the Ordinance. In view of the same, the Authority maintains its earlier decision for the said year.

8.28. ***In view of the above, the Authority decides to maintain its earlier decision and provisionally allows Rs. 1,541 million in respect of the mentioned above heads for the said year.***

8.29. ***In view of the examination in sub-para ii to vii of para 8.2 above, the Authority provisionally allows operating cost at Rs. 21,350 million as against Rs. 23,862 million excluding GIC claimed by the petitioner for the said year, as follows:***

Table 14: Summary of T&D Cost Allowed by the Authority

Rs. in million

Particulars	FY 2023-24
	Allowed
HR Cost	21,633
Professional & Legal Charges	194
Recovery Persuasion of disconnection consumers	-
Repairs & maintenance	1,801
Advertisement	89
Other T& D Expenditures	164
Electricity Charges	336
Security expenses	952
Remaining T&D Cost	2,258
Sub-total Cost	**27,427**
Less: Recoveries / Allocations	(2,198)
T&D Cost before GIC	**25,229**
Less: HR cost allocated to RLNG	**(3,880)**
Net T&D Cost before GIC	**21,350**

9. Other Charges

9.1. The petitioner has projected Rs. 4,430 million on account of other charges including ECL as against Rs. 612 million allowed in DERR for the said year. The historical trend is as under:

Table 15: Comparison of Projected Other Charges with Previous Years

Rs. in Million

Particulars	FY 2020-21	FY 2021-22	FY 2022-23		FY 2023-24		Inc./(Dec.) over DERR FY 2023-24	
	FRR	FRR	DERR	RERR	DERR	RERR	Rs.	%
Sports Club Expenses	54	60	38	38	49	158	109	222
Corporte Social Responsibility	35	50	13	13	7	7	-	-
Other/Auditor's Fee including WPPF	6	25	25	25	7	727	720	10,283
Provision against impaired debt and other receivable	906	806	-	-	549	3,539	2,990	545
Total	1,001	941	75	75	612	4,430	3,819	624

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9.2. The petitioner has argued that 624% increase has been requested under the head of "Other Charges" mainly due to Rs. 720 million pertaining to WPPF and Rs. 3,539 million pertaining to Provision for Doubtful Debts respectively. In the light thereof, the petitioner has requested the Authority to allow Rs. 4,430 million under this head for the said year.

9.3. The Authority notes that matter of ECL allowance has already been comprehensively discussed in earlier determination and reached finality. In the light of thereof, the Authority rejects the petitioner's claim made on account of ECL claim ***and decides to maintain its earlier decision for the said year.*** Further, the Authority again directs the petitioner to demonstrate and physically achieve efficiency in terms of increased recoveries, reduction in litigation cases and bad debts to curtail its ever-increasing provisions.

9.4. ***In view of above and justification provided by the petitioner, the Authority decides to maintain its earlier decision on account of Other Charges and ECL i.e. Rs. 612 million as against Rs. 4,430 million claims by the petitioner.***

10. Cost of Gas

10.1. The petitioner has projected cost of gas at Rs. 296,028 million for the said year, based on its projections of international prices of crude and HSFO. The petitioner has submitted that cost of gas has been estimated based on first six months actual data of crude oil and HSFO prices, while remaining six months have bene estimated based on projection of international oil prices, as tabulated below:

Table 16: Assumption of WACOG for Petitioner

Applicable for Wellhead Gas Price	Average oil price for the period	Average C&F price		Exchange Rate
		Crude Oil	HSFO	
		US$/BBL	US$/M.Ton	Rs./US$
July to December 2023	December, 2022 to May, 2023	**83.53**	**392.99**	**288**
January to June 2024	June 2023 to November, 2023	**88.27**	**460.46**	**296**
Averages		**85.90**	**426.73**	**292**

10.2. The Authority observes that well-head gas prices for all fields are computed in accordance with agreements signed between the GoP and various gas producers, available on record and are notified in exercise of the powers vested to the Authority under the Ordinance. The Authority observes that latest data of international oil prices is available up to November 30, 2023. Therefore, the Authority, based on latest data in respect of Crude/HSFO & US$ exchange rate, revises the parameters for the purpose of computation of cost of gas at petitioner's system as per table below:

Table 17: Revised Parameters for WACOG

Applicable for Wellhead Gas Price	Average oil price for the period	Average C&F price		Exchange Rate
		Crude Oil	HSFO	
		US$/BBL	US$/M.Ton	Rs./US$
July to December 2023	December, 2022 to May, 2023	**86.30**	**393.44**	**287.49**
January to June 2024	June 2023 to November, 2023	**88.99**	**471.64**	**290.00**
Averages		**87.64**	**432.54**	**288.75**

10.3. Accordingly, ***cost of gas is re-worked at Rs. 293,430 million.***

11. Gas Consumed Internally (GIC)

11.1. The petitioner has projected GIC-metered of 731 MMCF amounting to Rs. 827 million for the said year. As per the details of the GIC, the petitioner has projected 580 MMCF against compression fuel, 150 MMCF for Company own use and 01 MMCF for LHF. It is noted that the petitioner's claim of GIC for 731 MMCF for the said year is comparatively on lower side

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considering historical trend. ***In view of the above, the Authority allows the estimated GIC volume of 731 MMCF and re-computes the GIC at Rs. 820 million on provisional basis for the said year.***

12. Un-accounted for Gas (UFG)

Revised **Working/Calculation of UFG:**

12.1. The petitioner has submitted revised working/calculation of UFG as part of the instant petition in the light of decision of the Federal Cabinet. The petitioner has calculated the UFG of Balochistan separately at 57.68% i.e., 22,566 MMCF, as a revenue shortfall in Balochistan, in light of the ECC's approval which was conveyed, vide Ministry of Energy (PD) letter No. DGO(AC)-5(26)/2023-24 dated November 07, 2023. However, for entire franchise area, the petitioner has re-worked UFG (including Balochistan) for the said year at 12.62% (40,026 MMCF).

12.2. The Authority in the matter has sought clarification from the FG on the issue of petitioner's "Revenue shortfall in Balochistan" and appropriate legal framework/mechanism for its implementation & adjustments. The Authority observes that it determines the revenue requirement for petitioner's entire operating area and no distinction as such is made on province wise basis. The Authority considers that since the matter regarding shortfall in Balochistan is under-consideration of FG, the Authority shall consider the same at the time of FRR for the said year once further clarifications/ policy guidelines are issued by the FG. Therefore, UFG is worked out as under:

Table 18: Unaccounted for Gas

			MMCF
Transmission System		**RERR FY 2023-24**	
		Petition	**As Calculated**
Gross Purchases	A	317,114	262,364
Gas Consumed Internally - metered	B	-731	-731
Gas Available in Transmission System	D=A-B	316,383	261,633
Gas carried for KE under TPA	C	54,750	-
Gas Available (net) in Transmission System	E=D-C	261,633	261,633
Gas Passed to Distribution System through SMS	F	261,267	261,267
Loss / (Gain) in Transmission System	G=E-F	366	366
% Loss in Transmission	H	0.12%	0.14%
UFG Benchmark % (Tranmission)			0.14%
Allowed UFG (MMCF)			366
Invalid Claim (+/_)			
Distribution System		**RERR FY 2023-24**	
		Petition	**As Calculated**
Gas Received in Distribution Network	F	261,267	261,267
Gas Available for Sale	J	261,267	261,267
Gas Sales	K	213,823	213,823
Deemed Sales / Energy Imbalance	L	7,784	7,784
Total Gas Sales	M=K+L	221,607	221,607
Loss in Distribution System	N=J-M	39,660	39,660
% Loss in Distribution	O=(N/F)*100	15.18%	15.18%
Allowed UFG (%)		7.60%	6.25%
Allowed UFG (MMCF)		24,101	16,329
Invalid Claim (MMCF)		**15,925**	**23,331**
Total UFG & Working of Disallowance for SSGC		**RERR FY 2023-24**	
		Petition	**As Calculated**
Total UFG Volume (Transmission + Distribution)	P=G+N	40,026	40,026
Total %age UFG (Transmission + Distribution)	Q=(P/A)*100	12.62%	15.26%

12.3. The petitioner in its petition dated June 26, 2023, for Motion for Review against DERR has again raised its recurring concern regarding the impact of UFG due to handling of RLNG. The Authority notes that it has already initiated the process of UFG Audit through the services of international technical, commercial and management auditors wherein the auditor is mandated to evaluate, review and provide opinion on SSGCL's claim of experiencing higher UFG losses due to handling of RLNG in its distribution system. Therefore, the Authority may review the petitioner's claim of increase in UFG due to handling of RLNG in light of the findings of the said UFG Audit.

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12.4. ***In view of the above, UFG adjustment is provisionally adjusted at Rs. 26,166 million against disallowed volume (23,331 mmcf) per table above from the revenue requirement for the said year.***

13. Subsidy on account of LPG Air-Mix Project

13.1. The petitioner has claimed a subsidy of Rs. 2,842 million on account of its LPG Air-Mix project for the said year. The petitioner has explained that as per the directives of GoP, the company is supplying natural gas for domestic and commercial consumers only as alternative to natural gas in far flung areas of Sindh & Baluchistan.

13.2. *In the light of above, the Authority includes subsidy on account of LPG air-mix project at Rs. 2,842 million for the said year.*

14. RLNG Cost of Service/ Transportation Income

14.1. The petitioner has projected Rs. 22,549 million (Rs. 51.48 per MMCF at gross capacity 1200 MMCFD) on account of RLNG cost of service for the said year. The breakup of the same is as under;

Table 19: Breakup of RLNG Cost of Service

	Rs. in Million
Total RLNG Energy in MMCF	**438,000**
Revenue Expenditure Relating to RLNG	3,732
Financial Charges for RLNG	2,571
Excise Duty	4,621
Depreciation	1,519
Contribution to WPPF	1,392
ROA	8,714
Cost of Supply of RLNG	22,549
Cost of Supply of RLNG Rs./MMCF	**51.48**
Cost of Supply of RLNG Rs./MMBTU	**48.80**

14.2. The petitioner has requested the Authority to allows Rs. 2,571 million on account of financial charges on short-term borrowing cost for the said year. The petitioner has submitted that Rs. 25 billion has been arranged through commercial borrowing for stability of PSO's liquidity issues in RLNG supply chain and smooth running of its operational activities after the directives of MoE and approval of ECC/Federal Cabinet. Moreover, the petitioner has also submitted that OGRA has already allowed these expenses to SNGPL as operating expenses and included in RLNG price to be recovered from RLNG consumers. In view of the same, the Authority has requested to allow the said amount on account of financial charges for the said year.

14.3. The petitioner has requested the Authority to allow Federal Excise Duty (FED) amounting to Rs. 4,621 million in RLNG pricing for said year as per order of FBR on RLNG re-gasification activity. The petitioner has explained that the Authority is notifying provisional RLNG prices on monthly basis without considering the FED component. Resultantly, FED liability has been accumulating since inception of RLNG business, which is expected to be Rs. 24 billion till FY 2023-24. In view of the same, the Authority is requested to consider the FED component for RLNG monthly price notification.

14.4. The Authority highlights that monthly RLNG pricing is not covered under the instant determination and the request of the petitioner may be made part of respective price determination. ***Accordingly, the same is excluded from RLNG cost of service for the said year.***

14.5. Further, the Authority, per the decision relating to WPPF in its previous determinations, decides to exclude Rs. 1,392 million from RLNG cost of service and shall consider the same at the time of FRR based on actualization.

14.6. ***In view of above and the determination made per para 14.4 & 14.5, RLNG cost of service is provisionally re-worked at Rs. 14,680 million (Rs. 33.52/MMCF or Rs. 31.77/MMBTU) per the table below: -***

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Table 20: RLNG Cost of Service as Calculated

	Rs. in Million
Description	**As Allowed**
Quantitative Data (MMCF)	438,000
Quantitative Data (MMBTU)	462,090
Revenue Expenditure Relating to RLNG	4,196
Financial Charges for RLNG	2,571
Excise Duty	-
Depreciation	1,474
Contribution to WPPF	-
ROA	6,439
Cost of Supply of RLNG	**14,680**
Cost of Supply of RLNG (Rs./MMCF)	33.52
Cost of Supply of RLNG (Rs./MMBTU)	31.77

15. Determination

15.1. The Authority, after taking into consideration points raised by interveners, clarifications provided by petitioner, scrutiny of petition and available record, provisionally determines the shortfall in estimated revenue requirement for said year at Rs. 13,661 million (**Annexure-I**). Accordingly, the net of revenue requirement is provisionally allowed at Rs. 309,723 million for the said year as tabulated below:

Table 21: Components of Revenue Requirement as Allowed by the Authority

Rs. in million

Particulars		FY 2023-24		
		DERR	The Petition	As Allowed
Sales Volume in BBTU	A	**250,991**	**211,213**	**211,213**
Cost of gas sold		327,963	296,028	293,430
UFG adjustment		(21,581)	(16,378)	(26,166)
Shortfall in Balochistan			20,150	-
Transmission and distribution cost		17,129	23,862	21,350
Gas internally consumed		787	827	820
Depreciation		7,589	8,652	7,639
Other charges including Financial Charges		3,317	7,135	3,317
Return on net average operating fixed assets		6,920	21,123	12,432
Additional revenue requirement for Air-Mix LPG Projects		2,824	2,842	2,842
Total Revenue Requirement	B	**344,948**	**364,239**	**315,662**
Less Other operating income	C	(5,939)	(5,939)	(5,939)
Total Estimated Revenue Requirement (net of other income)	D=(B+ C)	**339,009**	**358,300**	**309,723**
Average Prescribed Price	D/A*1000	1350.68	1696.39	1,466.40

15.2. Provisional prescribed prices against each category of consumers for the said year are attached as **Annexure-II** in comparison with existing sale price. The Authority, as a matter of principle under legal domain, is of the view that all the classes of consumers should at least pay the average cost of service or the average prescribed price except wherever FG policy guidelines have been provided, which shall be implemented accordingly.

15.3. The Authority, under Section 8(2) of the Ordinance refers the instant determination to the FG for natural gas sale price advise. Under Section 8 (3) of the Ordinance, the FG is required to advise the Authority, within 40 days of advice from the Authority of revision of prescribed prices, the minimum charges and the sale price for each category of retail consumers, for notification in the Official Gazette by the Authority.

15.4. The revised provisional prescribed price determined, under Section 8(2) of the Ordinance, against each category of consumers is subject to the condition that these "*may be re-adjusted upon receipt of Federal Government advice under Section 8 (3) of the Ordinance in respect of the sale price of gas for each category of retail consumers provided that the overall increase in the average prescribed price*

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remains unchanged so that the petitioner is able to achieve its total revenue requirements in accordance with Section 8 (6) (f) of the Ordinance."

16. Public Critique, Views, Concerns, Suggestions

16.1. The Authority has recorded concerns of interveners and participants in Para 3 above, which include matters relating to policy and do not fall under the purview of Authority but affect the consumers. Specific attention of FG is drawn to these issues for consideration and necessary action. The petitioner should focus and make concerted efforts on reduction of UFG, improvement of internal control systems, increase of efficiency, quality of service, emergency response plan, and effective cost control/reduction measures should be taken to remain financially viable instead of making all out of efforts to seek passing on of costs associated with its own inefficiencies, malpractices, thefts, bad debts and alike to the consumers.

16.2. All other directions / decision issues at DERR for the said year, unless specifically revised / amended under the RERR, shall remain in full force and effect.

Mohammad Naeem Ghouri
Member (Finance)

Zainul Abideen Qureshi,
Member (Oil)

Masroor Khan
Chairman

Senior Registrar
Oil & Gas Regulatory Authority
Islamabad

A. Computation of Revised Estimated Revenue Requirement for FY 2023-24

Rs. in Million

	Particulars	DERR	The Petition	The Adjustment	As Allowed
Gas sales volume -MMCF		256,113	213,823	-	213,823
	BBTU	250,991	211,213	-	211,213
"A"	**Net Operating Revenues**				
	Net sales at current prescribed price	234,289	310,527	(14,465)	296,062
	Meter rentals	1,754	1,754	-	1,754
	Amortization of deferred credit	688	688	-	688
	Sale of condensate	37	37	-	37
	Late payment surcharge	1,070	1,070	-	1,070
	Meter manufacturing profit	158	158	-	158
	Notional Income on IAS-19	1,065	1,065	-	1,065
	Other operating income	1,167	1,167	-	1,167
	Total Operating Revenue "A"	240,228	316,466	(14,465)	302,001
"B"	**Less: Operating Expenses**				
	Cost of gas	327,963	296,028	(2,598)	293,430
	UFG Adjustment	(21,581)	(16,378)	(9,788)	(26,166)
	Shortfall in Balochistan	-	20,150	(20,150)	-
	Transmission and distribution cost	17,129	23,862	(2,512)	21,350
	Gas internally consumed	787	827	(7)	820
	Depreciation	7,589	8,652	(1,013)	7,639
	Financial charges on short term borrowing	2,705	2,705	-	2,705
	Other charges including WPPF	612	4,430	(3,818)	612
	Total Operating Expenses "B"	335,204	340,275	(39,886)	300,389
"C"	**Operating profit / (loss) (A-B)**	(94,976)	(23,808)	25,421	1,612
Return required on net operating fixed assets:					
Net operating fixed assets at beginning		46,951	70,992	-	70,992
Net operating fixed assets at ending		42,427	106,474	(38,355)	68,119
		89,378	177,466	(38,355)	139,111
Average net operating assets (I)		44,689	88,733	(19,178)	69,555
Net LPG air mix project asset at beginning		2,414	980	-	980
Net LPG air mix project asset at ending		2,406	972	-	972
		4,820	1,952	-	1,952
Average net LPG air-mix assets (II)		2,410	976	-	976
				-	
Net MMP at beginning		229	62	-	62
Net MMP at ending		203	36	-	36
		432	98	-	98
Average net MMP assets (III)		216	49	-	49
				-	
Net LHF (condensate) at beginning		7	2	-	2
Net LHF (condensate) at ending		7	2	-	2
		15	4	-	4
Average net LHF assets (IV)		7	2	-	2
Deferred credit at beginning - Assets related to Natural Gas Activity		8,727	8,462	-	8,462
Deferred credit at ending - Assets related to Natural Gas Activity		8,424	8,159	-	8,159
		17,151	16,621	-	16,621
Average net deferred credit (V)		8,575	8,311	-	8,311
"D" Average (I-II-III-IV-V)		33,592	79,421	(19,178)	60,243
	Rate of Return	20.60%	26.60%	-6.0%	20.64%
"E"	Return required	6,920	21,123	(8,691)	12,432
"F"	Shortfall / (Surplus) (E-C) (Gas Operations)	101,896	44,931	(34,112)	10,819
"G"	Additional revenue requirement for Air-Mix LPG Projects	2,824	2,842	-	2,842
"H"	**Shortfall / (Surplus) H=(F+G)**	104,720	47,773	(34,112)	13,661
"I"	Increase/(decrease) in average prescribed price FY 2023-24 (Rs. / MMBTU)	417.23	226.18	(162)	64.68
"J"	**Total estimated revenue requirement FY 2023-24, net of revenues**	339,009	358,300	(48,577)	309,723
"K"	**Average Prescribed Price for FY 2023-24 (Rs./MMBTU)**	1,350.68	1,696.39	(230)	1,466.40

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B. Category-wise Provisional Prescribed Prices for FY 2023-24

	Particulars	Existing Sale price	Average Prescribed Price FY 2023-24
		Rs. /MMBTU	
(i)	Domestic Consumers:		
	a) Standalone meters		
	b) Mosques, churches, temples, madrassas, other Religious Places and Hostels attached thereto:		
*	Protected:		
	Upto 0.25 hm3 per month	121.00	1,466.40
	Upto 0.50 hm3 per month	150.00	1,466.40
	Upto 0.60 hm3 per month	200.00	1,466.40
	Upto 0.90 hm3 per month	250.00	1,466.40
**	Non-Protected:		
	Upto 0.25 hm3 per month	300.00	1,466.40
	Upto 0.6 hm3 per month	600.00	1,466.40
	Upto 1 hm3 per month	1,000.00	1,466.40
	Upto 1.5 hm3 per month	1,200.00	1,466.40
	Upto 2 hm3 per month	1,600.00	1,466.40
	Upto 3 hm3 per month	3,000.00	1,466.40
	Upto 4 hm3 per month	3,500.00	1,466.40
	above 4hm3 per month	4,000.00	1,466.40
	*Protected Category to pay a fixed charge of Rs. 50/- (Less Meter Rent Rs. 40/-) w.e.f. 01.01.2023 and Rs. 400/- w.e.f. November 01, 2023. **Non-protected Category to pay fixed charge of Rs. 500/- (Less Meter Rent Rs. 40/-) w.e.f. 01.01.2023 and Rs. 1,000/- for consumption upto 1.5 hm3 and Rs. 2,000 for consumption above 1.5 hm3 w.e.f. November 01, 2023.		
	[Protected Category: Includes a domestic consumer whose average consumption of last 4 winter months i.e., November to February shall be below or equal to 0.9 hm3. Non-Protected Category: Includes a domestic consumer other than the one in protected category.] As per past practice, there will be one preceding slab benefit available to domestic consumer w.e.f. July 01, 2023 upto October 31, 2023. w.e.f. November 01, 2023, there shall be one preceding slab benefit available to domestic consumers except for consumers above 4hm3.		
	c) Government and semi-Government offices, Hospitals, clinics, maternity homes, Government Guest Houses, Armed Forces messes, Langars, Universities, Colleges, Schools and Private Educational Institutions, Orphanages and other Charitable Institutions along-with Hostels and Residential Colonies to whom gas is supplied through bulk meters including captive power.		
	All off-takes at flat rate of	2,000.00	1,466.40
(ii)	Special Commercial Consumers (Roti Tandoors)		
	Upto 0.5 hm3 per month	110.00	1,466.40
	Upto 1 hm3 per month	110.00	1,466.40
	Upto 2 hm3 per month	220.00	1,466.40
	Upto 3 hm3 per month	220.00	1,466.40
	Over 3 hm3 per month	700.00	1,466.40
(iii)	Commercial :		
	All establishments registered as commercial units with local authorities or dealing in consumer items for direct commercial sale like cafes, bakeries, milk shops, tea stalls, canteens, barber shops, laundries, hotels, malls, places of entertainment like cinemas, clubs, theaters and private offices, corporate firms, etc.		
	All off-takes at flat rate of	3,900.00	1,466.40
(iv)	Ice Factories:		
	All off-takes at flat rate of	3,900.00	1,466.40
(v)	General Industrial:		
	All consumers engaged in the processing of industrial raw material into value added finished products irrespective of the volume of gas consumed but excluding such industries for which a separate rate has been prescribed.		
	All off-takes at flat rate of	2,200.00	1,466.40
(vi)	Export Oriented (General Industry):		
	All off-takes at flat rate of	2,100.00	1,466.40
(vii)	Export Oriented (Captive):		
	All off-takes at flat rate of	2,400.00	1,466.40
(viii)	Captive Power(General Industry) :		
	All off-takes at flat rate of	2,500.00	1,466.40
(ix)	CNG		
	All off-takes at flat rate of	3,600.00	1,466.40
(x)	Cement Factories:		
	All off-takes at flat rate of	4,400.00	1,466.40
(xi)	Fauji Fertilizer Bin Qasim Limited		
	(i) For gas used as feed-stock for Fertilizer		
	All off-takes at flat rate of	580.00	1,466.40
	(ii) For gas used as fuel for generating steam and electricity and for usage in housing colonies for fertilizer factories		
	All off-takes at flat rate of	1,580.00	1,466.40
(xii)	Power Stations:		
	All off-takes at flat rate of	1,050.00	1,466.40
(xiii)	Pakistan Steel		
	All off-takes at flat rate of	2,200.00	1,466.40
(xiv)	Independent Power Producers		
	All off-takes at flat rate of	1,050.00	1,466.40

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