



SUI NORTHERN GAS PIPELINES LIMITED

GAS HOUSE, 21 KASHMIR ROAD, P.O. BOX 56, LAHORE (PAKISTAN)

ACL-554(OGRA)

May 3, 2013

The Chairman
Oil & Gas Regulatory Authority,
54-Old ZTE Plaza,
G-6/F-6, Near PIA Building,
Fazal-e-Haq Road, Blue Area,
Islamabad.

Subject: **Revised FRR for FYs 2010-2011 & 2011-2012**

Dear Sir,

This is in furtherance of our letters Ref.ACL-554(OGRA) dated April 16, 2013 and April 04, 2013 and Ref:FTP-TAR-11-12(F)-029 dated March 22, 2013 wherein we had requested that the Authority issue amended/revise FRRs for the FYs 2010-11 and 2011-12 in light of the judgment dated 15.02.2013 passed by the Honourable Lahore High Court, Lahore (LHC), on OGRA Petitions 1068 of 2010 and 416 of 2011. The Company had challenged OGRA's determinations on the Company's UFG Benchmark, imposition of penalties over and above the amounts specified in the law, and treatment of certain non-operating incomes as operating in the RERR for FY 2010-11 and the ERR for FY 2011-12. Prior to the said judgment, the LHC had granted interim relief to the Company in both the aforementioned OGRA Petitions and had directed that the Authority treat the UFG Benchmark of the Company at 7% for the respective years and treat LPS as a non-operating income. It is on the basis of the interim relief granted to the Company that the Authority had made its determinations on the FRRs for FYs 2010-11 and 2011-12. Since, the interim orders, on which the two determinations were based, are no longer applicable, we had requested the Authority to issue fresh FRRs reflecting the impact of the LHC decision.

The request for issuance of amended/revise FRRs had also been made in view of the fact that the Authority in its determination on the Company's FRR for FY 2011-12 stated that the 7% UFG Benchmark may be revised when the LHC issues its judgment. The relevant part of the said determination is reproduced below for convenience:

"8.2.15. Till such time the court final decision in this regard is announced, the Authority, in accordance with the interim relief granted by LHC determines the UFG disallowance over and above 7% at Rs. 6,225 million. However,