



Twelfth Annual Report
Hebron Electricity

2016



Mahmoud Abbas "Abu Mazen"
President of Palestine



Dr. Rami Al-Hamdulla
Prime Minister



Borad of Directors



Mr. Jawdi A Snehieh
Vice President



Mr. Mohammad
Al-Qawasmeh



Eng. Nader Al-Betar

Prof. Dr. Daoud Zadari
Chairman Of Board



Dr. Rushdiya abu
Hadeed



Major-General
Awni Al-Natsheh



Dr. Feras
Al-Qawasmeh



Dr. Raghad Dwaik



Dr. Qais Da'na



Dr. Salah ALHusieni



Dr. Farouk
Ashour



Eng. Jalal Rajabi



Ms. Saadiya Sultan



Eng. Yousef
Al-Jabari



Adv. Hatem
Shaheen

Chairman Message



Prof. Dr. Daoud Al-Zaatari
Chairman of Board of Directors

In the name of Allah the most gracious most merciful

It is my pleasure on behalf of the Board Members to present the annual report of HEPCo for the fiscal year ending in 31st Dec 2016.

This year was marked with giving and technical and financial achievements, which coincided with the policy of the Board aiming at electrical current sustainability, meeting demand for electricity, improving collection and technical control over energy sales and expanding renewable energy projects in line with the strategic plan approved by the Board and with the goals of the government.

HEPCo was able to raise the level of collection reaching 86% through many procedures and allowances provided for subscribers and through paying costs of electricity purchased exceeding what was agreed in the memorandum of understanding signed with the government.

The financial stand of HEPCo revealed a remarkable improvement during this year compared to previous years, financial issues with VAT have been resolved and efforts are under way to rectify the situation with income tax.

Many computerized systems and their applications have been created in the financial, administrative and technical fields to keep abreast of modern technology. I also would like to refer to the Board's compliance with governance standards with the help of external and internal control entities and with public interest requirements.

In conclusion, I would like to thank the members of the Board for their outstanding efforts and all workers in HEPCo for their giving, excellence and achievements to fulfill subscribers' satisfaction and for advancing the development process in Hebron City.

May Allah help us to serve our homeland and our nation.

God bless

General Manager Message



Eng. Abdul Raouf Al-Sheikh
General Manager

In the name of Allah the most gracious most merciful

HEPCo works to continue the remarkable achievements fulfilled through development projects and electrical current sustainability in HEPCo's concession area to raise the electricity sector to an advanced level through HEPCo's commitment to its mission and taking its responsibility with full efficiency and professionalism relying on its technical capabilities and the expertise of its employees.

The year 2016 witnessed many achievements in technical, financial and administrative levels through the operation of main power control using MPC station by linking some of the main stations to it. The rest of the stations will be linked during 2017, which enables HEPCo to manage the electrical loads efficiently and effectively to face the high loads on some stations, where the maximum load recorded on the system was (105) MVA.

In harmony with HEPCo's strategic plan which is in line with the government's plan to expand renewable energy projects, several private projects have been implemented and field studies were carried out for several projects listed on some donors programs, which will be realized in the near future.

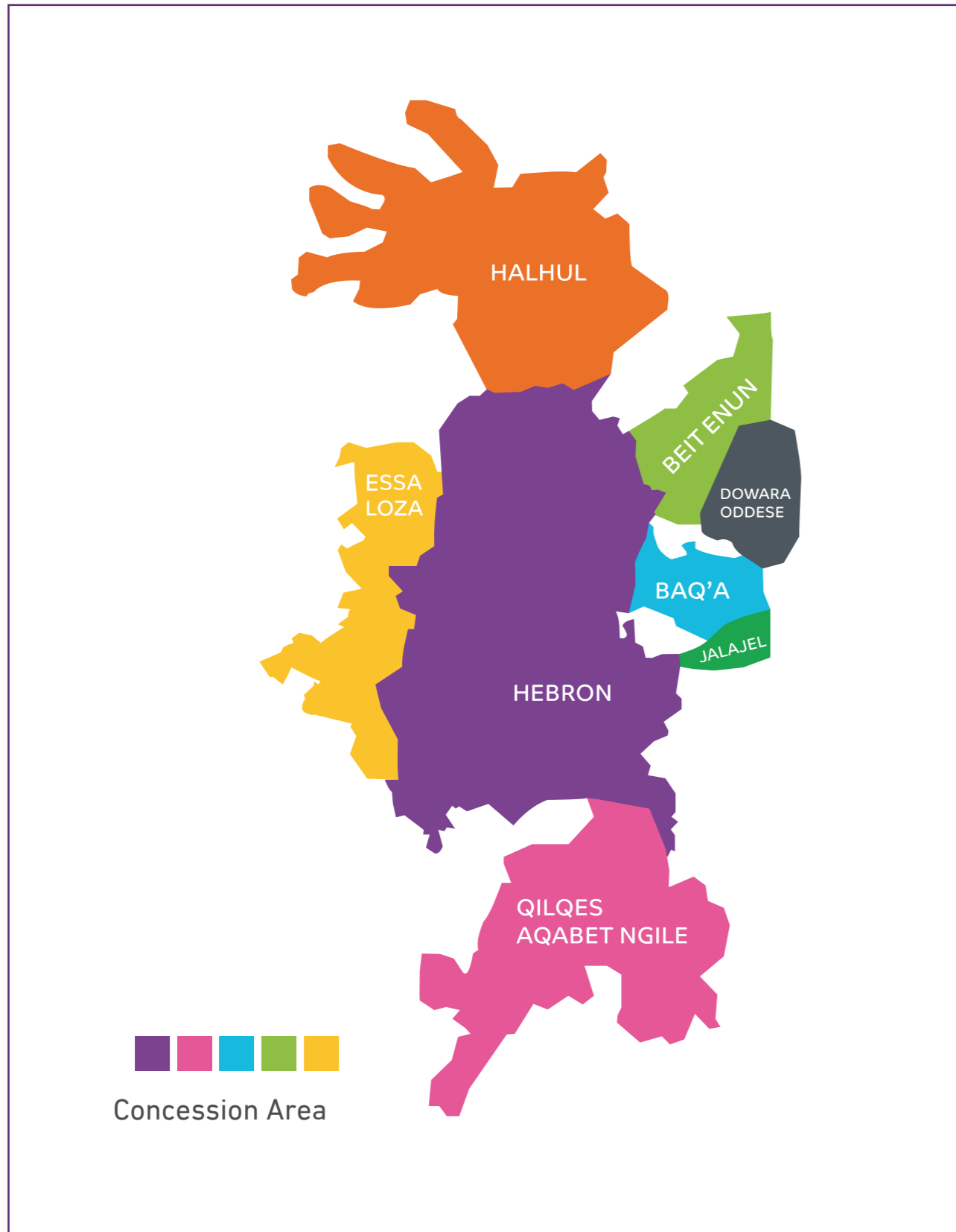
In order to enhance HEPCo's achievements, raising efficiency and training have been given the highest priority, where many engineers and technicians have been sent to professional courses, besides implementing the Board of Directors' policy which includes many allowances and discounts so as to improve collections and increase the number of subscriptions.

In conclusion, I would like to extend my sincere appreciation to the Chairman of the Board of Directors and to the members of the Council for their outstanding efforts and to the brothers and sisters who work in various positions in HEPCo for their outstanding performance and continuous giving to support the march and to provide a better service to the citizens.

God bless



Concession Area



Our Vision

To be premier electric utility in providing services with high quality and standards

Our Mission

Serving customers with high continuity of supply to enhance economical and social development, creating stable system, training and knowledge sharing opportunities and being an advocate for the electricity industry.

Our Values

- Transparency and accountability
- Sharing experience with local and international companies
- Justice in decision-making
- Excellence in serving citizens

Main Substations




GlobalGROUP
local assessment, global certification

Certificate of Registration

This is to certify that the
QUALITY MANAGEMENT SYSTEM
 of
Hebron Electric Power Company - HEPCO
 Ein khair Ideen Street, Hebron, PALESTINE
 for
Distribution and Management of Electric Power Utility Services
 has been assessed and registered against the provisions of
ISO 9001:2008
 International Standard

With

Registration Number:	38Q14505	Project:	47-14505-1-Q
Certification Date:	29 December 2012	NACE:	G 51.70
Recertification Due Date:	1 December 2015	Exclusions:	7.3
Certification Approved By:			Alan Cherry Group Chief Executive Officer

Registration is subject to the management system being continually maintained to the above standard under regular surveillance. Should surveillance not take place when required, registration shall be removed.
 This certificate is the property of GlobalGROUP of Companies Limited, Conference House, 152 Morrison Street, Edinburgh, EH3 8ER, Scotland, UK.



Please validate the authenticity and status of this certificate at www.globalgroup.net



20011766

Top Management

The number of meetings of the board of directors held during 2016 is 11

The number of board committees held during 2016 is 61



Contents

Administrative Unit

14

Customer Services Unit

20

Technical Unit

28

Financial Unit

42



Administrative Unit

The Administrative Unit is the executive part of senior management, which represented by the General manager and the Board of Directors. The administrative unit with all its various sections is responsible of providing technical and administrative support to all the different sections of Hebron Electric.

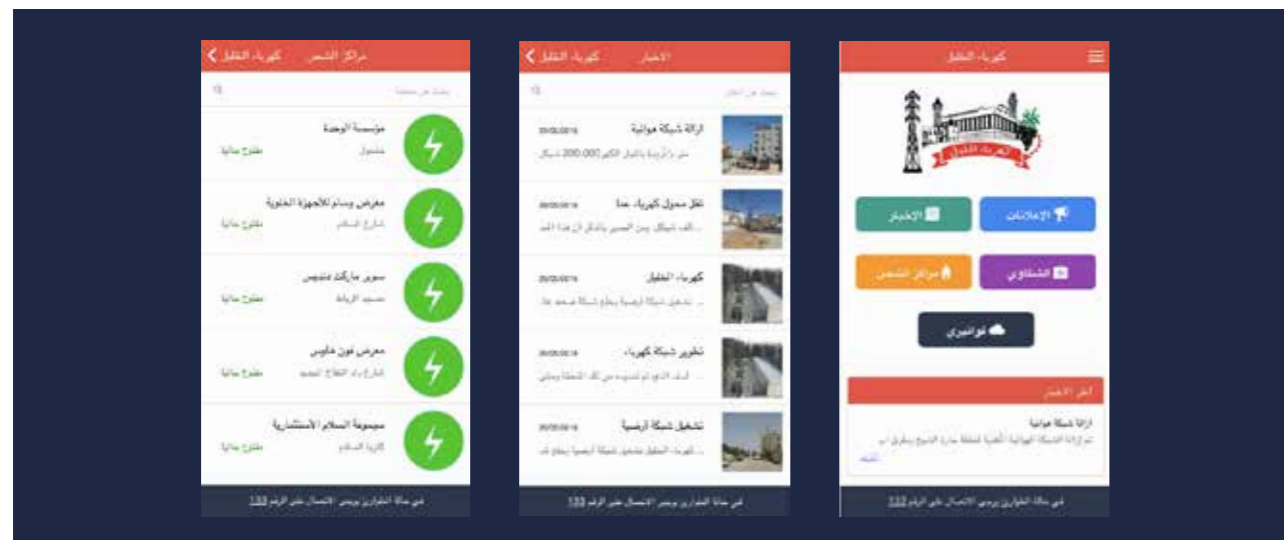
Administrative Unit

Information Technology section

The main duties of the IT section are summarized in managing all supporting systems including hardware and software, current systems development, providing technical support for HEPCo's employees and daily development and improvement on the mobile application and the website.

Achievements of the IT department in 2016 are the following:

- Developing HEPCo's mobile application and running it on Android and iOS. This application allows customers to follow HEPCo's news, announcements, vending stations' information, and the ability to send complaints and suggestions. Besides allowing customers to view bills and payments through Fawatiri System. This application is managed by a control panel allowing the IT Department to monitor downloads, follow-up with the complaints and suggestions, send notifications to all customers and control the whole application.



- Developing a new website for HEPCo using the latest technology. This website contains news, announcements, available services, Fawatiri System, latest projects and general information about HEPCo. This website is available in Arabic and English.



- Installing, running and following-up a cloud storage which is used to make backups for all important data and sharing them to meet employees' needs. This system is fast and reliable as it's applied on HEPCo servers, besides saving data by using a safe and secure technology.
- Installing, running and following-up an assets system for the IT devices, which lists all devices in HEPCo, their purchase date, the warranty expiration date and who uses them.
- Installing and running Kaspersky Security Center and installing Kaspersky End Point 10 anti-virus on all computers.
- Developing a service to follow-up waste fees, and connecting it to Hebron municipality's database, in cooperation with the IT department in Hebron Municipality.
- Buying and installing a new server with higher specifications to be used in hosting the new archiving system.
- Installing a system to control the internet access and increase the security in HEPCo.
- Installing surveillance cameras in the main electric transforming stations and connecting them to one monitoring station. In addition, we upgraded the connection speed between the main electric transforming stations and the SCADA room.
- Updating the HR system depending on HR department's requirements.
- Following-up with the Oracle Financial System and working on fixing all problems related to reports and implementing some enhancements on it.
- Updating some applications' tracks in the workflow system.
- Updating prepaid systems to enhance the performance.
- Establishing and developing interfaces and reports for collections of prepaid stations and prepayment systems.

Production and Steel workshop Section

This section is responsible for technical and logistic support for technical field workshops in HEPCo, service is offered by the department's two subdivisions which are technical workshop and vehicles' logistics.

Technical workshop: This subdivision is responsible for producing and supplying the field workshops in HEPCo with all types of galvanized steel products needed to maintain and erect new electrical networks in Hebron City. Also the subdivision is responsible for designing ,managing, supervising and performing all metal works including arc welding and gas cutting and welding.

Product	Numbers
9 m distribution electrical pole (5',4",3")	2404
9 m distribution electrical pole (6',5",4")	356
9 m U-beam distribution electrical pole	12
4 m lighting pole	768
3" support clip	25
High tension isolators base	36
Single lighting arm	688
Lighting pole base	8
3" clip mount	1
4" clip mount	1722
9 m distribution electrical pole (5»,4»,3»)	64
9 m distribution electrical pole (6»,5»,4»)	1452
9 m U-beam distribution electrical pole	4
4 m lighting pole	25
3" support clip	120
High tension isolators base	20
Single lighting arm	2066
Lighting pole base	478
3" clip mount	1309
4" clip mount	1993

Steel workshop:

- » HEPCo is continuously upgrading its fleet by adopting an annual vehicles replacement policy to achieve an effective fleet with low running cost.
- » The main task of O&M subdivision is to continuously perform scheduled maintenance and repairs for HEPCo fleet which consists of more than 30 vehicles categorized to ariel platforms vehicles, crane trucks, sport utility vehicles, 4x4 vehicles, forklifts, generators, and many other equipment for special purposes.

Human Resources achievements

- Submitting 5 acknowledgment letters for employees
- 37 high school and university students got their field training at HEPCo, within the field training program.
- 21 employees got different trainings in electrical, financial, and administrative fields, the training courses were in various local and international institutions.
- 17 new staff were employed.
- 8 work-related accidents were followed to give the necessary treatment.
- The total number of the employees has reached 203.

Divan

- It has received more than (724) complaints including several different topics.

Archive section Achievements

- Adding reports to their existing files.
- Indexing 2359 new service files.
- Archiving all the old files electronically.

Tenders and procurements

- All external procurements made and supplied through tenders of total amount of 5,503,342NIS.
- Total procurements made by tenders and still not paid are 1,568,492NIS.
- All local procurements made by Request for Quotation are 850,000 NIS



Customer Service Department

The Customer Service Department is one of the most important departments in Hebron Electric along with other important departments, as it serves as the link between the citizens and the Hebron Municipality and Hebron Electric. It is also the entry key to the organization and the link point for all financial, technical, and administrative departments and sections of Hebron Electric. Its work varies from receiving customer applications to referring these applications to other sections, and ending up with installation of the required service.

Customer Service Department

Introduction

Customer Service Department consists of billing section, new subscriptions, requests, and a division to follow-up reports and tampering cases examination according to the organization structure, where every section supervises several tasks. The number of employees in the different sections is approximately 40 males and females, who try to provide optimum service to the citizens using the best computerized and accurate regulations within the policies and directives of senior management, the municipal council and the regulations of the authority and the Council of the Palestinian Energy Regulatory.

Customer Service Department is one of the most important departments in HEPCo along with other important departments, it serves as a link between the citizens and Hebron Municipality on one hand and HEPCo on the other hand. It is also the entry key to the organization and the focal point for all financial, technical and administrative departments and sections of HEPCo, starting from receiving customer applications where these applications are smoothly referred to other sections where the citizens do not feel any gaps in the track and ending with installation of the required service.

Customer Service Department utilizes the best software/programs nationwide to support execution of the required works with pinpoint precision to facilitate extraction of reports that support the administration's decision-making. HEPCo has updated its programs to follow-up applications where there is a specific path for each type of application; through this path the application status can be determined as well as any possible delay, other programs including prepaid charging systems, billing, remote meter reading, and programs to follow-up the stock within warehouses which is associated with the Financial Department. HEPCo and Hebron Municipality are constantly pursuing the development and automation of their systems to keep pace with technological and cultural advancement.

Customer Service Department Achievements

Here are the most important achievements of the Customer Service Department during the period of the current board between 1st Jan 2013 to 31st Dec 2016 and which are as follows:

- Activating the work flow program that deals with following-up requests, determining their tracks and knowing the status of each application and the delay that may happen, the program has been activated in Jul 2013.
- The municipal council issued a vital decision in Aug 2014 to increase the number of subscriptions and disassembling and solving the problem of shared meters, which provide more than one residence. The council also agreed to add building license fees and the rest of the entitlements such as education and waste tax, as well as water receivables on prepaid electricity meters. The council adopted a policy of transmission and distribution of old receivables to new subscriptions which led to solving many accumulated problems as the number of new subscriptions during the years (2014/2015) was 6634 subscriptions which formed a positive impact on citizens.
- Facilitating the installation of new subscriptions to the residents of H2 area and the Old City.
- Facilitating the installation of new subscriptions to the residents of "Khallit AL Qubah" and installing 160 new subscriptions on the new network at that area.
- Facilitating the installation of new subscriptions to the residents of "Al Baqaa" and installing 80 new subscriptions on the new network that has been installed at that area to solve the electric weakness.
- Facilitating the installation of new subscriptions to the residents of "Tal Rumida" and installing 20 new subscriptions on the new network at that area.
- Installing new electric subscriptions for new schools projects and raising the capacity of other subscriptions for different schools at the expense of the Education Committee.
- rescheduling receivables and accumulated electricity accruals for subscribers who are unable to pay their debts in addition to cooperating with social and humanitarian cases in this regard.
- Finally, the opening of the Old City Center by the decision of His Excellency the Mayor of Hebron and the municipal council, which in turn has granted a discount as an encouragement for citizens to pay their bills, charging prepayment meters and paying municipal receivables in general.

New Subscriptions

The number of new requests for subscriptions during the period from 1st Jan till 31st Dec 2016 was about (12706) divided as the following:

Year	The number of new subscriptions
2013	2804
2014	4212
2015	3268
2016	2422
Total	12706 subscriptions

The following schedule shows the number of subscriptions that has been installed:

Year	The number of installed subscriptions	Number of subscribers
2012		36469
2013	2557	39026
2014	3124	42150
2015	3510	45660
2016	2574	48234
Total	11,765	48,234

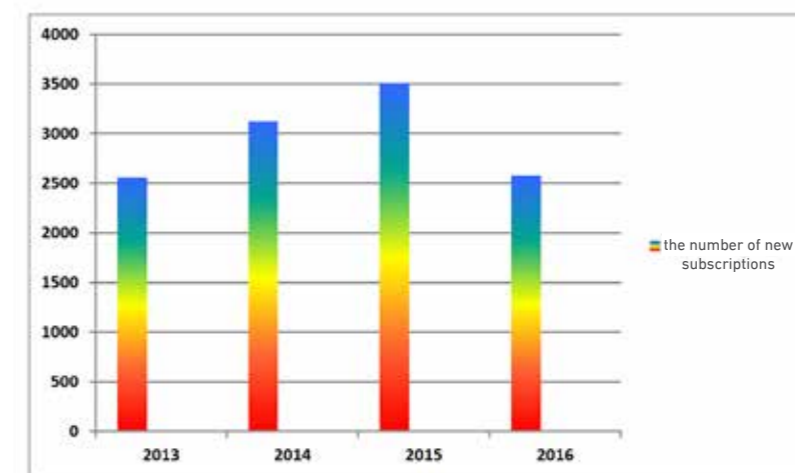


Table 1: Growth percentage in the number of new subscriptions installed between 2013 and 2016

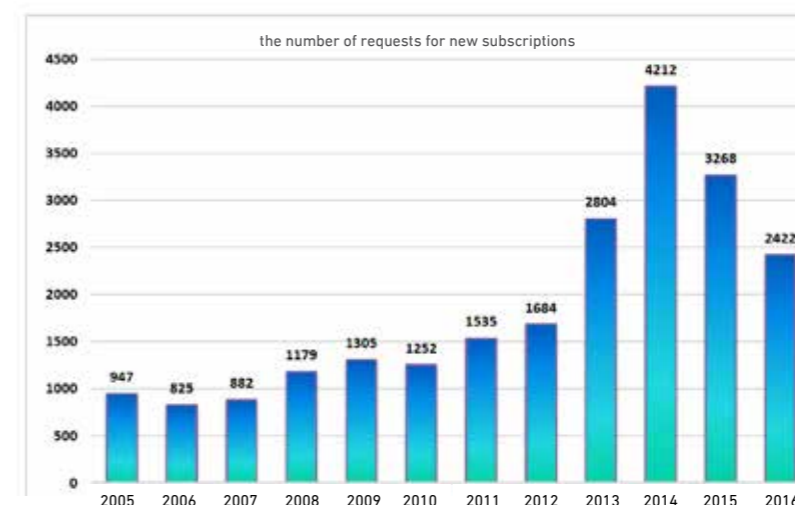


Table 2: Growth percentage in the number of requests for new subscriptions from the year 2005 to 2016

Maintenance Requests

Customer Service Department works on maintenance requests to meet the needs of subscribers and following-up checking and execution with the technical teams, the following are details of numbers of maintenance requests that have been submitted during the period:

No	Item	2013	2014	2015	2016
1	Service transfer	74	95	46	55
2	Meter transfer	472	280	248	173
3	Converting subscriptions from 1 phase to 3 phase	55	77	68	105
4	Transferring random columns and network maintenance	121	126	128	134
5	Temporary disconnection, cancellation and reinstallation of service	93	81	78	120
6	Meter checking	112	73	73	69
7	Waiving of service	338	409	330	442
8	Raising capacity	39	29	31	43
9	Power weakness	52	13	20	12
10	Supplies disclosure	372	558	709	550
12	Installing electric switch	30	21	27	36
13	Changing prepayment meter type	41	50	215	680
14	Change a meter to prepayment meter	4,100	2,069	725	452
15	Replacement of charging card	678	847	1061	1,073
16	Changing inoperative meter	2,358	1,985	2,777	2,843
17	Service examination report	216	575	431	535
18	Tariff change	212	226	212	239
19	Installing lighting cables	314	292	347	256
21	Accidents and network damage	33	37	41	33
22	Tamper case	184	423	415	210
24	Connecting solar system	0	7	12	14
	Total	9,894	8,273	7,994	8,074

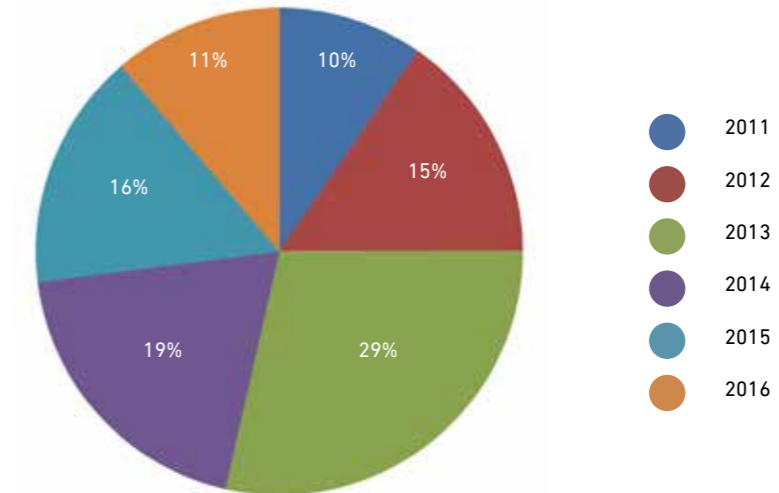
Sum Total

34,235

Annual Increase in Prepaid Meters

Year	Quantity/year	Total	Percentage
2011	2,472	8,477	10%
2012	3,951	12,428	15%
2013	7,355	19,783	29%
2014	5,003	24,786	19%
2015	4,059	28,845	16%
2016	2,891	3,1736	11%

Annual Increase in Prepaid Meters



Tampering Cases Report

Customer Service Department was entrusted to pursue solving thefts with subscribers and citizens who have been proven to have tampering cases, determining penalty and consumption recompense is done along with a system approved by the local council, required materials are prepared to rectify the situation, and negotiating with the subscribers to pay their penalty in order to end their cases which requires a lot of time, effort and following-up. The table below shows the report of achievements of the section:

No	Item	2014	2015	2016
1	Number of cases detected	653	575	348
2	Number of cases solved	388	382	200
3	Number of Pending and followed-up cases	265	193	148
4	(Income from solved cases (NIS	703832	691702	788321
5	Losses from solved tampering cases(k. w. h)	1173053	1152836	1313868

Billing Achievements 2016

Number of Customers Statistics

Type	2013	2014	2015	2016
Domestic	26,751	29,214	32,327	34,522
Commercial	10,605	11,211	11,568	11,902
Industrial	1,369	1,418	1,453	1,493
Street lighting	301	307	312	317
Total	39,026	42,150	45,660	48,234

New Subscriptions

Type	New Subscriptions 2014	New Subscriptions 2015	New Subscriptions 2016
Domestic	2,463	3,113	2,143
Commercial	606	357	376
Industrial	49	35	48
Street lighting	6	5	7
Total	3,124	3,510	2,574

Services Classifications and Numbers

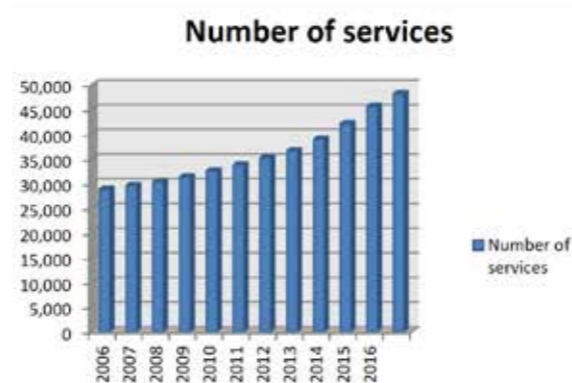
Item	2013	2014	2015	2016
Prepaid services	19,783	24,786	28,845	31,736
Post paid meters	19,243	17,364	16,815	16,467
Old city services	1,793	1,804	1,804	1,804
Social affairs exemption services	400	42	65	96
Phase services 1	35,435	38,434	41,339	43,551
Phase services 3	3,591	3,716	4,321	4,681
Phase services more than 100 3 Amp	413	434	460	475
Smart meter	0	18	137	220

Services Converted to Prepaid

Type	2012	2013	2014	2015	2016
Domestic	3,324	1,494	960	608	372
Commercial	595	2,238	869	189	117
Industrial	32	223	50	32	13
Total	3,951	3,955	1,879	829	502

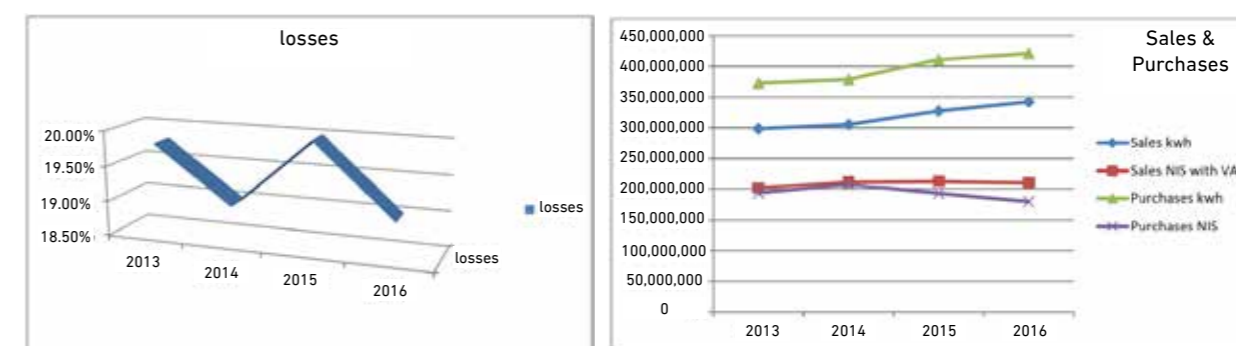
Services Numbers & Annual Increase

Year	Annual increase	Accumulative services no.
2005	814	28,870
2006	758	29,628
2007	781	30,409
2008	984	31,393
2009	1,207	32,600
2010	1,240	33,840
2011	1,382	35,222
2012	1,447	36,669
2013	2,366	39,026
2014	3,124	42,150
2015	3,150	45,660
2016	2,574	48,234



Energy Sales & Purchases

	2012	2013	2014	2015	2016
Sales kwh	300,033,050	298,902,242	305,512,904	327,546,410	342,052,257
Sales NIS including VAT	189,091,159	202,491,542	212,005,335	213,261,791	211,084,321
Purchases kwh	369,219,480	373,086,120	379,030,800	411,243,600	421,484,910
Purchases NIS	177,293,501	193,626,932	207,562,455	192,840,853	179,822,949
losses	19%	%19.8	19%	20%	19%
Debts till end of the year	390,297,405	439,320,970	445,608,129	451,021,796	484,175,332
Debts annual increase	46,649,307	49,023,565	6,287,159	5,413,667	33,153,536



Branches Sales

Branch	Sales kwh 2015	Sales kwh 2016	Percentage
Hebron	303,871,634	319,309,641	93%
Halhul	19,501,455	18,331,563	6%
Other branches	4,235,161	4,411,047	1%

Sales by Tariff

Tariff	Sales KWH	Percentage
Domestic	127,323,667	37%
Commercial	88,562,203	26%
Industrial	115,460,078	34%
Street lighting	8,217,264	2%
Water Pumps	1,503,239	0.40%
Temporary	985,806	0.30%
Total	342,052,257	100%





Technical Department

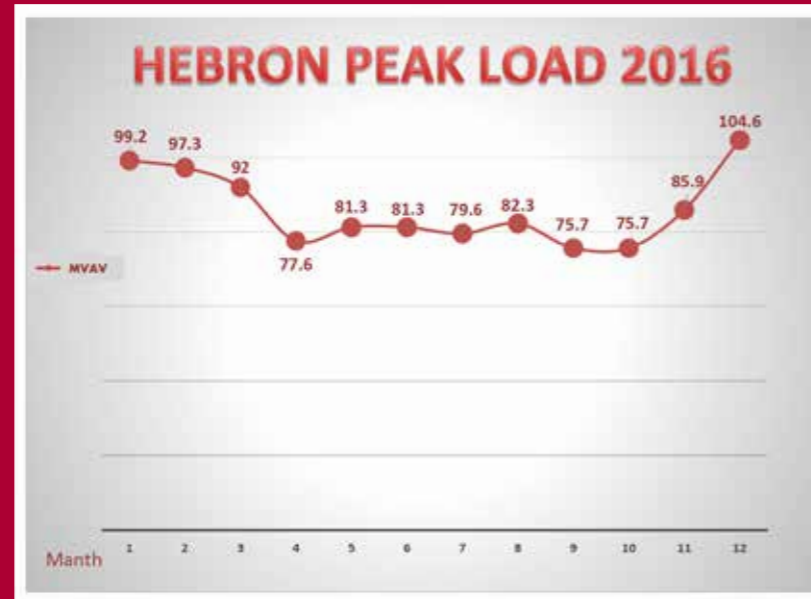
Technical Department is the backbone of HEPCo, work is performed by its qualified staff in providing electricity to all customers 24/7 in all circumstances.

During 2016 the peak load increased by %8.2 compared with 2015.

104.6 MVA was measured in 27/12/2016.

Technical Department

HEPCO Monthly Peak Load of 2016



Primary substations

Main Power Center (MPC):

The following substations were operated through MPC:

- Duhdah substation.
- Al-Fahs substation.
- Al-Harayek substation.



Duhdah Station:

New 10 MVA power transformer was installed and operated to supply Halhoul city, with substation capacity of 30 MVA.

33KV Networks

In 2016 the sections 33 KV of over head line were dismantled and replaced by underground cables. In addition to gathering all connection points with IEC in one place near Hebron substation 161/33 KV



Dismantling 33 KV OHLZ



Gathering all connection points with IEC



Dismantling 33 KV OHLZ



- **2. 11KV Networks**

- **New 11 KV Network**

During 2016 new feeders and branch lines were installed in order to meet the following matters: -

- Normal growth in electrical loads.
- Industrial needs.
- Meeting the needs of new commercial and domestic buildings.
- Enhancing connections between stations.
- Redistribution of loads between stations to manage the load.
- Improving the quality of electricity



- **Rehabilitation of 11KV Networks**

- A common policy for HEPCO and in harmony with Hebron Municipality is its decision to convert all MV overhead networks into underground cables which are less affected by external impacts and weather factors during the rehabilitation and expansion of some streets in the city in addition to rearranging the network and using ring main units (RMU).



- **Maintenance of Medium Voltage Networks**

HEPCo's team carries out regular maintenance for networks of medium voltage, such as replacing damaged networks, changing broken insulators and removing dangerous networks that are hazardous to citizens.

As usual during the month of September of each year, as a preparation for fall and winter seasons, HEPCo's team conducts field scanning for all MV poles in order to remove dirt and dust by washing them using pumps, in addition to removing all stuck materials such as kites, rags, wires and cords.

- **3. Distribution Transformers:**

- HEPCO teams installed new distribution transformers and exchanged the old ones in different regions in order to:
 - o Meet the needs of subscribers.
 - o Address the weakness of power supply and low voltage.
 - o Increase the electrical loads upon request.
 - o Street rehabilitations.
 - o Replacing the overhead network with underground network.

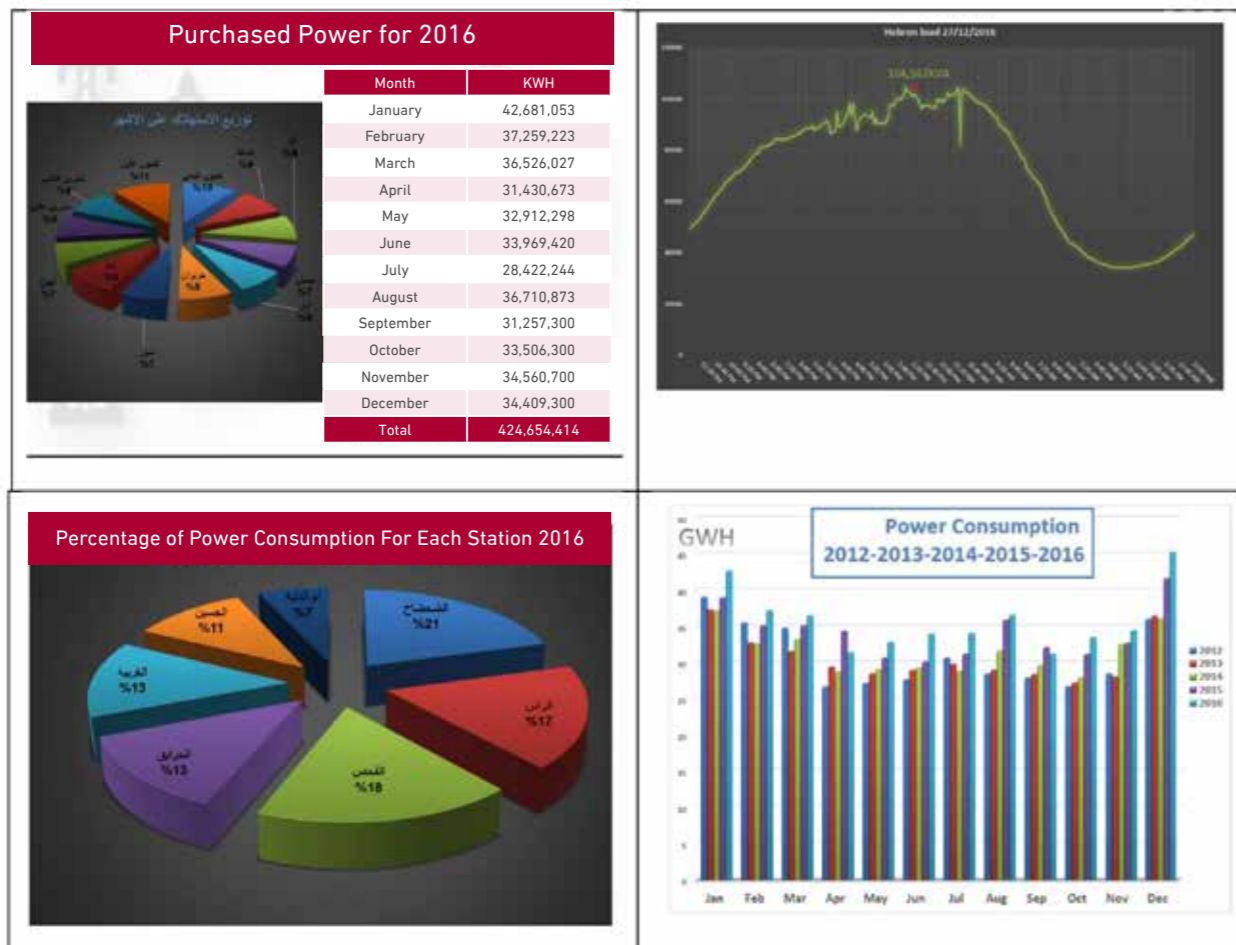
- New private distribution transformers:
- New public distribution transformers:
- Transformers upgrade:

26 distribution transformers were installed (new or upgraded)



SCADA

With SCADA we can monitor, control and collect historical electrical data to our system, which reduces cutoff periods and improves reliability and sustainability of power supply..



Electrical Data By SCADA

Emergency Unit

Emergency teams have worked 24 hours a day throughout 2016 and through the operation of four teams according to a periodic program; starting from receiving calls from citizens about electrical malfunctions and ending to responding to more than 6447 cases of malfunctions related to networks and customers urgent requirements.

During snowy days and cold winter all technical teams were working on high alert to respond to any electrical problem to reduce power outages within our concession area and respond to our customers' needs as fast as possible.



Low Voltage Network

As usual, technical teams of HEPCo made great efforts for the installation and maintenance of LV networks in order to provide better services to subscribers and citizens in order to:



- Upgrade and rehabilitate the LV Network.
- Replace old single overhead networks with new twisted cables.
- Balance load of phases.
- Overcome voltage drop.
- Install new feeders.
- Contribute in streets rehabilitation with the municipalities in the concession area.
- Relocate electrical poles and change network paths.
- Overcome poor power factor.
- Install new subscribers networks.

Subscriptions:

- **New connections:**
1941 single and three phase subscriptions for new customers.
- **Maintenance of old connections:**
More than 5967 customers were visited and maintained during 2016.
- **Civil Works:**
 - Installing and removing LV electrical poles.
 - Installing and removing lighting poles.
 - Signaling poles places and specifying routes.
 - Drawing the AS-BUILT on AUTOCAD.
 - Maintaining civil work.

Street lighting

HEPCo gives big attention to street lighting in squares and arenas of the city in order to show the beauty of Hebron City and provide a feeling of safety to the citizens from the darkness of nights.



Training Center

Providing training programs for internal and external trainees with cooperation between HEPCo and the local universities for training their students.



Tenders and Procurements

Preparing six tender documents, setting technical specifications and evaluation of bids for all our needs of electrical equipment and materials.

Numbers	Tender Name
2016/1	Supply of Power Transformer 33 / 11 Kv
2016/2	Supply of Street Lighting Luminaries and Poles with arms
2016/5	Civil Works
2016/6	Supply of Distribution Transformer
2016/7	Supply of Electrical Materials
2016/8	Supply of Electrical Materials
2016/9	Supply of Distribution Transformer

Tables and Comparisons

The following tables show achievements in figures during 2016 compared to 2015

Item	Unit	2015	2016
1 phase subscriptions	Number	3230	1691
3 phase subscriptions	Number		250
Testing & inspection	Number	1755	2154

and transformers installedz poles, wires, Amount of cables,

No	Item	Unit	2015	2016
1	Arial bundle conductor (50 sq.mm)	Meter	42500	37500
2	Arial bundle conductor (95 sq.mm)	Meter	9000	6655
3	Arial bundle conductor (150 sq.mm)	Meter	5000	4980
4	Medium voltage cable (300 sq.mm)KV	Meter	0	532
5	Medium voltage cable (150 sq.mm) 11KV	Meter	22000	25000
6	Medium voltage cable (120 sq.mm) 11KV	Meter	0	0
7	Distribution transformer	Number	27	26
8	Ring main unit installation	Number	33	14
9	Poles installation (9 m.)	Number	970	875
10	U channel steel pole (9 m.)	Number	280	242
11	U channel steel pole (medium voltage)	Number	16	30
12	Medium voltage tower	Number	9	13
13	Light pole (11 m.)	Number	6	9

Work done by customer maintenance unit

No	Description	2015	2016
1	Meter replacement	3742	3941
2	Customer panel maintenance	846	1036
3	Meter transfer to new place	70	63
4	Meter transfer in place	248	254
5	Cease connection	55	83
6	Reconnecting meter	23	23
7	General maintenance	431	567

Street lighting units installed

Item	2015		2016	
	Maintained units	New units	Maintained units	New units
Street lighting unit 400 w	171	0	60	0
Street lighting unit 250 w	276	37	181	28
Street lighting unit 150 w	103	115	185	37
Street lighting unit 100 w	223	463	258	415
Street lighting unit 70 w	544	0	534	62
Damaged Street lighting	0	0	0	86
Street lighting LED 150 W	0	0	0	34
(Timer)	1	0	15	0
Starter	110	0	100	0
Photo cell	33	0	25	0
Contactora	12	0	18	0
(chock coil)	175	0	113	0
Lamp holder	110	0	37	0
Traffic light lamp	220	0	184	0
Lighting panel	6	5	0	10

Capital expenditure plan and future projects for 2017

No	Description	Estimated Cost NIS	Internal Finance NIS	External Finance NIS
1	Primary substation			
1.1	General maintenance	100,000	100,000	
1.2	KV switchgear 11	1,045,000	1,045,000	
1.3	KV switchgear 33	1,710,000	1,710,000	
	SUM	2,855,000	2,855,000	
2	KV Network 33			
2.3	General Maintenance	600,000	600,000	
	SUM	600,000	600,000	
3	KV Network 11	4,669,000	4,669,000	
4	Maintenance of DT	353,600	353,600	
5	Capacitors	150,000	150,000	
6	Network Coding	60,000	60,000	
7	LV maintenance	4,050,000	4,050,000	
9	New Customers	10,000,000	10,000,000	
10	Meter replacing by pre-paid	1,750,000	1,750,000	
11	Big customers panel	300,000	300,000	
12	Maintenance of power transformers	200,000	200,000	
13	Big customer control	90,000	90,000	
14	Renewable Energy	50,000	50,000	
15	GIS project	100,000	100,000	
18	Purchase of power Transformer	1,400,000	1,400,000	
19	KV switch gear 11	800,000	800,000	
20	SCADA	100,000	100,000	
21	Street Lighting			
21.1	Street lighting demand	500,000	500,000	
21.2	Street Lighting maintenance	300,000	300,000	
	SUM	800,000	800,000	
22	Training and Tools	150,000	150,000	
	Total	27,477,600	27,477,600	0





Financial Department

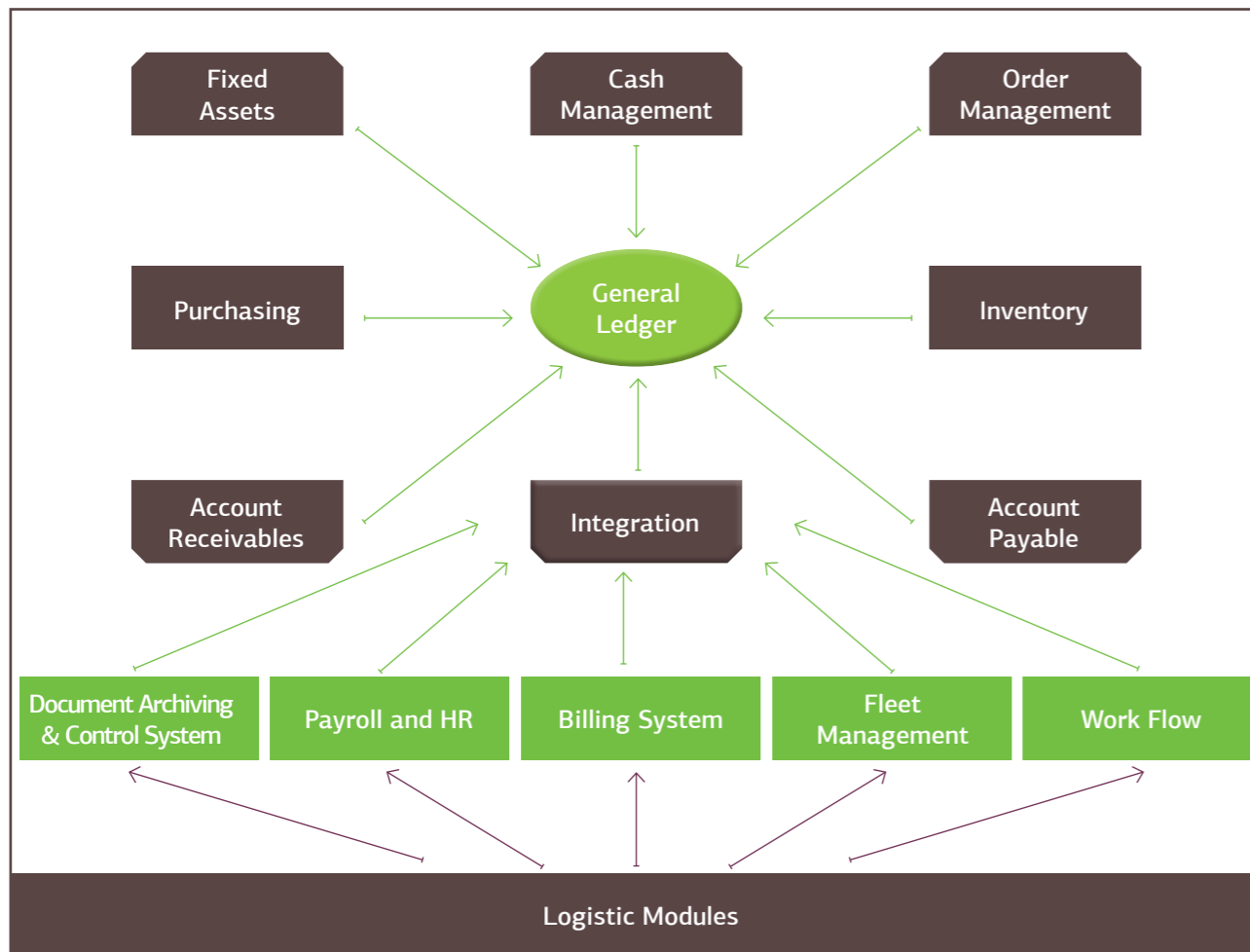
Financial Department is responsible for organizing financial and accounting affairs including preparation and presentation of appropriate accounts and the provision of financial information for BoD.

Financial Department

The main areas covered by the financial department include: book-keeping procedures, creating a balance sheet and profit and loss account, providing management information, management of wages, managing warehouse, cash management, preparing budgets and financial planning.

Financial System

The applied system is Oracle Financial; which covers all HEPCo's financial and accounting activities. Eight modules of this system are being applied effectively. These modules are fully operated and integrated with the general ledger. Moreover, the financial system is fully integrated with the other operating systems. The main benefit of Oracle Financial is that it enables us to work smarter by increasing efficiency and reducing back office costs with standardized processes for shared services, productivity tools, and integrated performance management. This system also enables us to work securely by facilitating financial control and corporate governance with a holistic approach to compliance and risk management.



Financial Department main achievements:

- Establishing controlling procedures for dealing with outsource collection centers, and daily auditing of their work.
- Continuous improvements of the financial system to comply with the changes at the business environment.
- Finalizing a financial clearance with the Ministry of Finance.

Collections and Debts

The gross value of subscribers' receivables at the end of the year 2016 was 484 Million Nis, and the following table shows the aging of debts:

Year	Total Billed	Collections	Debts	of Debts %
Before 2005	132,717,676	64,913,074	67,804,602	14%
2005	110,286,383	97,373,999	12,912,384	3%
2006	116,077,087	98,297,733	17,779,354	4%
2007	126,351,324	104,749,954	21,601,370	4%
2008	150,120,448	124,094,164	26,026,284	5%
2009	162,523,540	136,954,166	25,569,374	5%
2010	174,231,756	146,802,033	27,429,723	6%
2011	179,419,452	150,475,970	28,943,482	6%
2012	196,451,413	164,189,860	32,261,553	7%
2013	213,959,893	177,816,065	36,143,828	7%
2014	227,927,471	184,678,150	43,249,321	9%
2015	240,391,227	162,120,202	78,271,025	16%
2016	244,670,301	176,165,191	66,183,032	14%
Total NIS	2,275,127,971	1,788,630,561	484,175,332	100%

The previous schedule shows the total amount billed during the years, the amount collected regarding these bills, and the total amount of receivables of the same period.

Collections Performance

Gross collections percentage for the year 2016 reached 86% of bills.

Subscribers Categories (based on debts)

- The following table shows subscribers categories based on the amount of debts accrued at the end of the year 2016, it shows that 37% of subscribers have zero balances, 36% of subscribers have an average debt of 1,320 NIS per subscriber, and 1.45% of the subscribers have 39% of accrued debts (189 Million NIS, with an average debt of 271,000 NIS per subscriber).

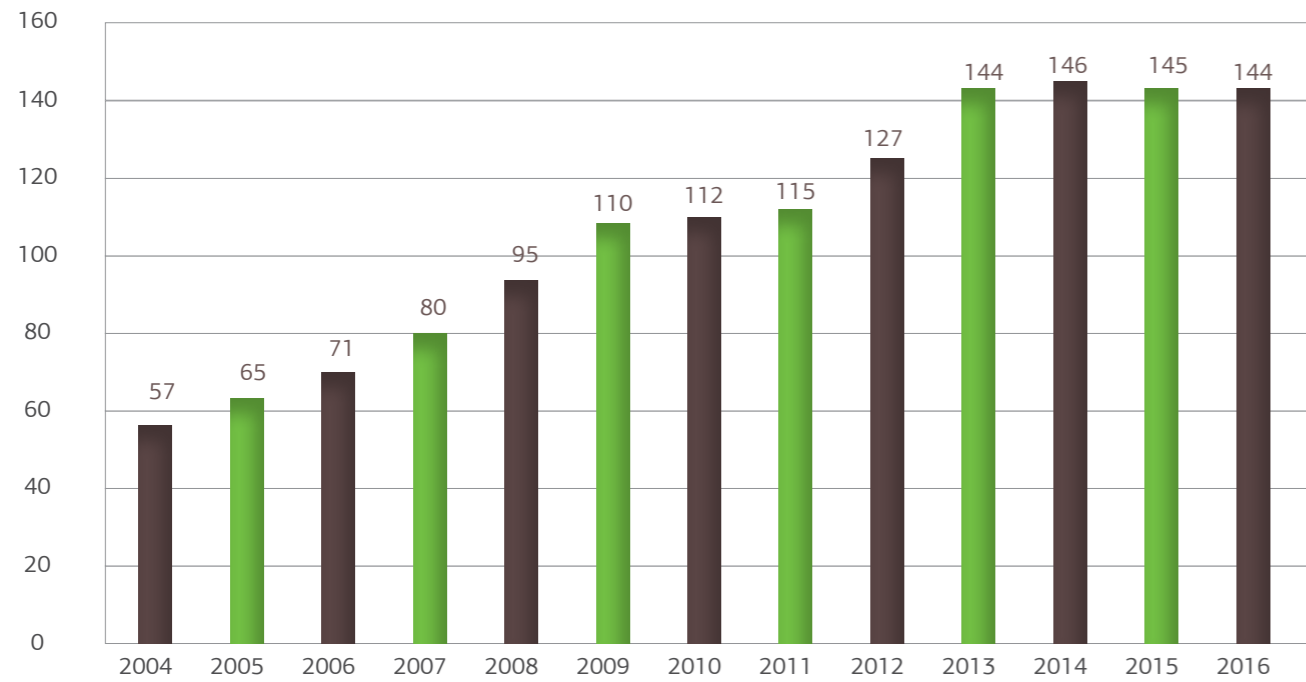
No.	Subscriber Categories		No. of Subscribers	Debts	% of Subscribers	% of Debts	Average of Debts
1	-	-	17,592	-	36.53%	-	-
2	1	5,000	17,376	22,939,643	36.08%	4.74%	1,320
3	5,001	10,000	4,186	30,314,713	8.69%	6.27%	7,242
4	10,001	20,000	3,789	54,140,663	7.87%	11.19%	14,289
5	20,001	30,000	1,721	42,200,839	3.57%	8.73%	24,521
6	30,001	50,000	1,592	61,425,698	3.31%	12.70%	35,584
7	50,001	99,999	1,205	83,420,764	2.50%	17.25%	69,229
8	100,000	999,999,999	697	189,733,012	1.45%	39.12%	271,413
Totals			48,158	484,175,332	100%	100%	10,042

Fixed assets

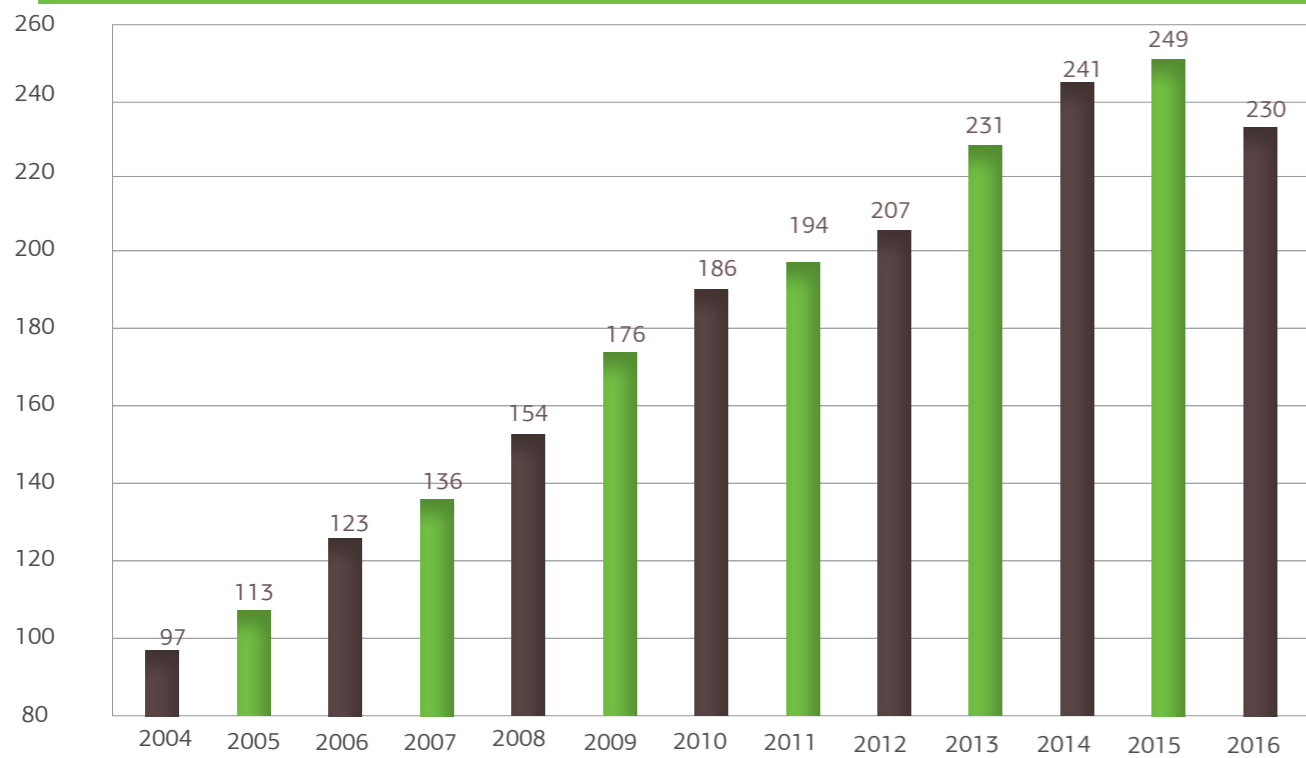
The gross value of fixed assets at the end of year 2016 is about 230 million NIS and the net book value is about 144 million NIS as shown in the table below.

Description	Beginning Balance	Additions	Annual Depreciation	Accumulated Depreciation	Gross Value	Net Book Value
Land Cost	3,332,864	0	0	0	3,332,864	3,332,864
Buildings Cost	3,529,693	0	118,954	1,431,309	3,529,693	2,098,383
Main Substations	27,336,960	3,065,262	1,291,290	10,974,227	30,402,221	19,427,994
Transformers	22,818,300	3,023,454	1,111,409	7,537,920	25,038,865	18,303,834
Medium Voltage Cables Network	38,313,759	5,134,354	1,522,884	9,285,108	43,448,113	34,163,006
Medium Voltage Overhead Network	15,586,936	661,694	540,614	10,774,857	16,233,888	5,473,773
Low Voltage Overhead Network	20,621,682	2,988,606	800,548	8,163,447	23,136,401	15,446,841
Street Lighting	7,729,176	904,586	361,735	3,295,214	8,533,268	5,338,547
Isolator	3,277,047	53,043	152,355	1,649,911	3,227,892	1,680,178
(Ring Main Units (RMU	6,020,384	1,862,242	303,647	1,338,040	7,811,368	6,544,586
Capacitors	1,469,865	109,883	58,677	868,702	1,560,593	711,046
Subscriber Connection	33,855,837	2,881,972	934,173	19,903,604	36,700,868	16,834,204
Poles and Towers	5,878,111	1,779,514	244,255	751,307	7,518,027	6,906,318
Distribution Network - Others	1,320,407	1,193,640	53,519	164,042	2,514,047	2,350,005
Motor Vehicles	6,055,968	266,724	727,034	4,628,052	6,322,693	1,694,640
Workshops Equipments	145,964	46.55	20,852	96,762	146,010	49,248
Tools and Equipments	2,326,302	1,149,965	303,871	1,414,617	3,476,267	2,061,650
Machinery - Others	17,061	170.93	2,439	6,957	12,232	10,275
Servers and Network	508,251	18,798	101,000	455,864	527,049	71,185
Personal Computers & Accessories	543,700	16,100	34,976	482,496	541,027	77,305
Printers	254,923	14,180	8,553	241,730	265,560	27,373
Scanners	16,916	12,084	5,490	11,793	29,000	17,207
Others	382,212	0	23,469	355,866	382,212	26,346
Network Software	3,724,610	108,600	378,369	2,624,935	3,833,210	1,208,275
Office Furniture's & Fixtures	620,688	14,469	35,879	538,561	633,857	96,597
Office Equipment	164,513	27,366	28,970	101,196	191,045	90,683
Communication Equipment	100,481	0	8,760	58,585	100,481	41,622
HAVOC System	31,615	0	4,516	25,474	31,615	6,141
Other Fixed Assets	23,785	0	0	0	23,784	23,785
Power Purchased	858,292	0	42,914	42,914	858,292	498,936
Total	206,866,305	25,286,756	9,221,165	87,540,218	230,367,243	144,612,844

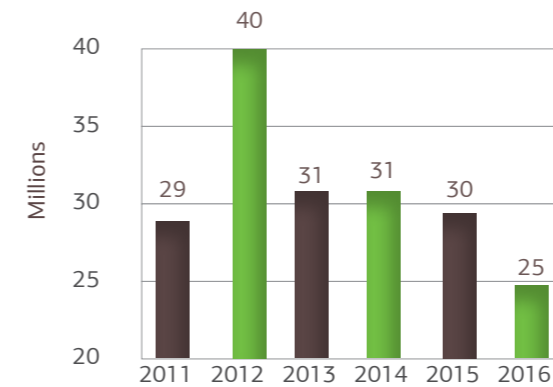
Fixed Asset Net Book Value (Millions NIS)



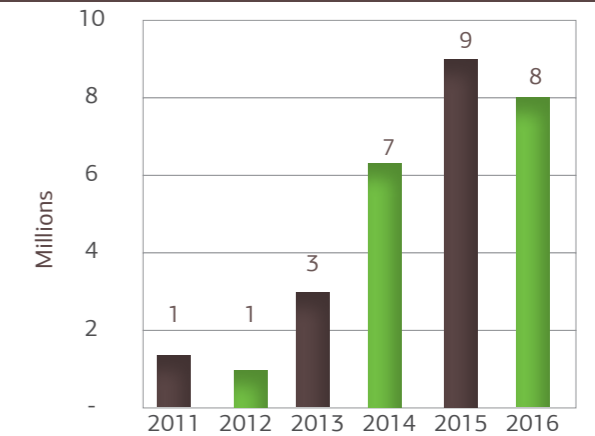
Fixed Assets Gross Value (Millions NIS)



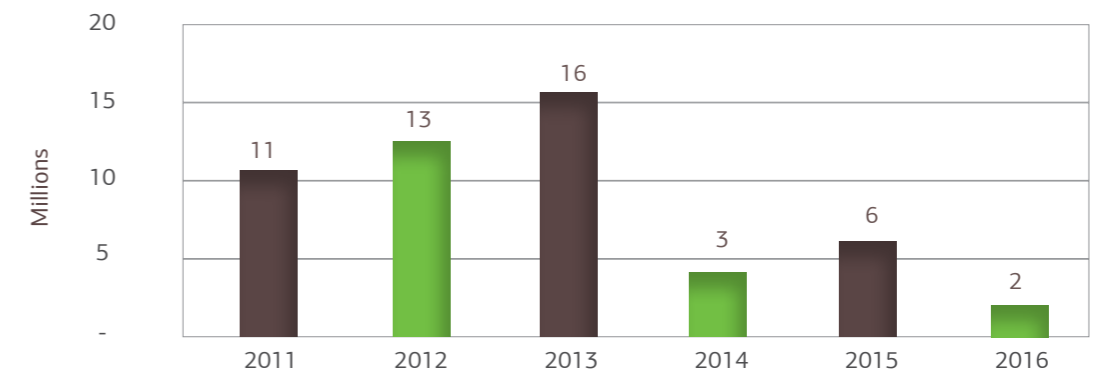
Inventory



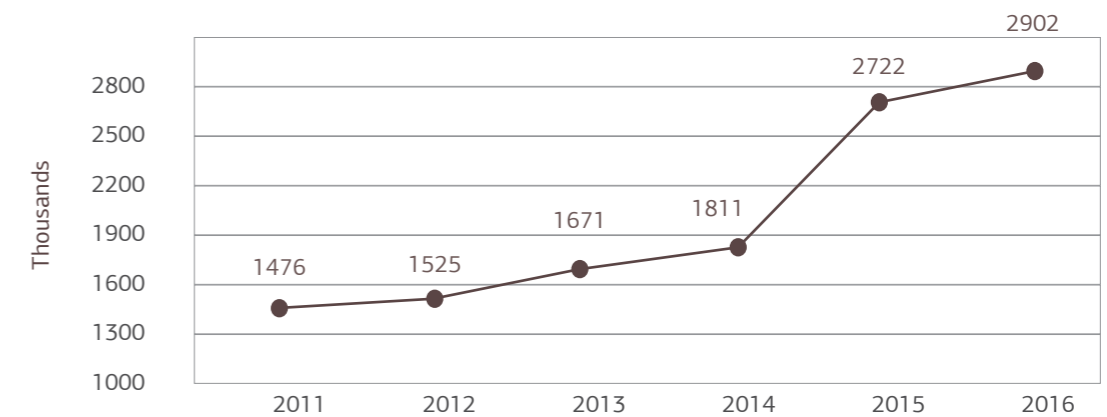
Checks Under Collection-Long Term



Cash



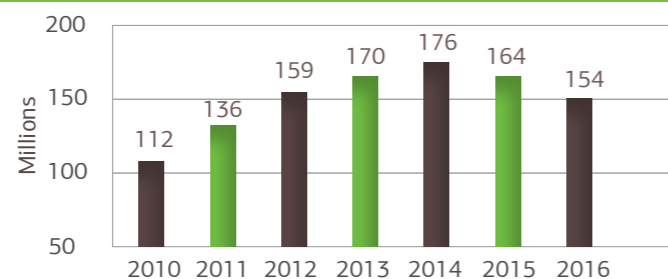
Operating Expenses



Hebron Electric Balance Sheet (NIS) As of 31/12/2016

*Unaudited

Liabilities and Owners Equity		Assets	
Current Liabilities		Current Assets	
World Bank Loan - Short Term	4,038,799	Cash and Cash Equivalent	2,354,403
Accounts Payable	698,140,689	Checks Under Collections - Short Term	8,414,549
Unearned Revenue	11,401,599	Subscribers Receivables - Net	399,347,983
Other Current Liabilities	2,248,964	Inventory	24,506,563
Total Current Liabilities	715,830,051	Other Current Assets	3,511,071
Long Term Liabilities		Hebron Municipality Current Account	333,987,861
Employees End of Service Benefit - Provision	7,914,518	Total Current Assets	772,122,430
World Bank Loan - Long Term	5,831,822	Long Term Assets	
Deferred Revenues	28,355,928	Checks Under Collections - Long Term	12,410,085
Total Long Term Liabilities	42,102,268	Work In Process	12,056,704
Total Liabilities	757,932,319	Properties, Fixed Assets NBV	138,175,442
Owners Equity - Hebron Municipality		Concession Rights	30,444,000
Paid in Capital	152,745,000	Total Long Term Assets	193,086,231
Accumulated Deficit	54,531,342	Total Assets NIS	965,208,661
Total Owners Equity	207,276,342		
Total Liabilities & Owners Equity	965,208,661		



Hebron Electric Income Statement (NIS) For the Year Ended 31/12/2016

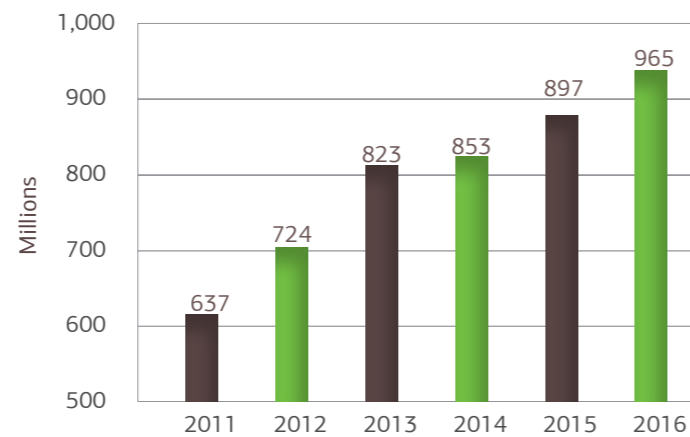
*Unaudited

Revenues	
Electricity Sales	181,258,728
Add: Tariff Differences	5,882,658
-	-
Deduct: Cost of Electricity Sold	(154,128,298)
Gross Profit	33,013,088
Other Revenues	
Customers Contributions	6,482,259
Job Erection Fees	681,930
Subscribers Participations	3,865,603
Penalties	3,109,668
Sales of Scrap and Used Oil	53,927
Application Fees	29,732
Site Checking Fees	33,305
Subscription Fees	5,117
Connecting of Lighting Cables	44,560
Other Revenues	183,211
Accrued of Deferred Revenues	800,000
Total Of Other Revenues	15,289,312
Total	48,302,400
Expenses	
Operating Expenses	(2,901,789)
General & Administrative Expenses	(1,783,537)
Payroll Expenses	(12,855,083)
Depreciation	(10,251,450)
Community Participation	(2,750,272)
Internet Expenses	(195,000)
Currency Differential Loss	(100,000)
Bad Debt Expenses	0
Assets Disposal Expense	(1,000,000)
Total Expense	(32,523,789)
Net Income	15,778,611

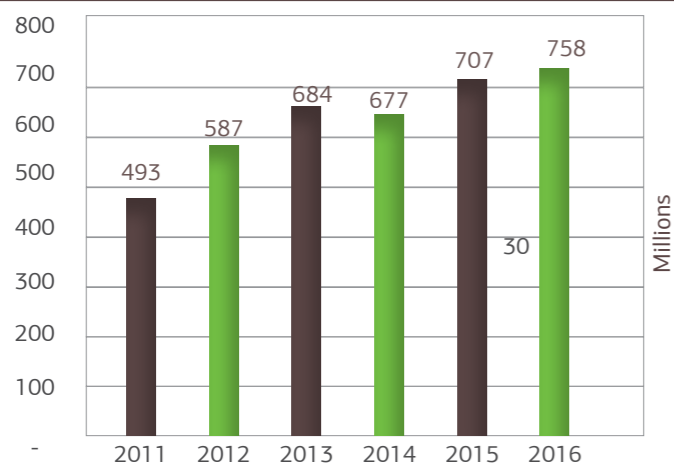
Financial Analysis

Description	2011	2012	2013	2014	2015	2016
Liquidity Ratios						
Current Ratios	1.01	0.99	0.98	1.04	1.04	1.01
Quick Ratios	0.95	0.9	0.93	0.99	0.99	0.97
Activity Ratios						
Working Capital	3,224,619	-7,361,644	-10,834,476	26,635,925	26,336,416	6,292,379
Net Sales / Working Capital	45	(22)	(16)	7	7	28.81
Total Assets / Net Sales	4.41	4.54	4.79	4.73	4.85	5.33
Net sales / Account Receivable	0.49	0.47	0.43	0.46	0.48	0.45
Net Sales / Book Value Of Fixed Assets	1.12	1.25	1.19	1.26	1.26	1.25
Net Sales / Total Assets	0.23	0.22	0.21	0.21	0.20	0.19
Net sales / Net Investment	1.00	1.17	1.26	1.04	1.05	0.87

Total Assets

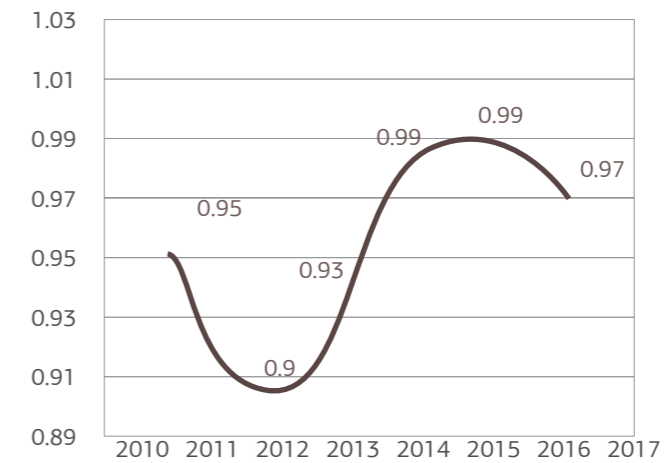


Total liabilities

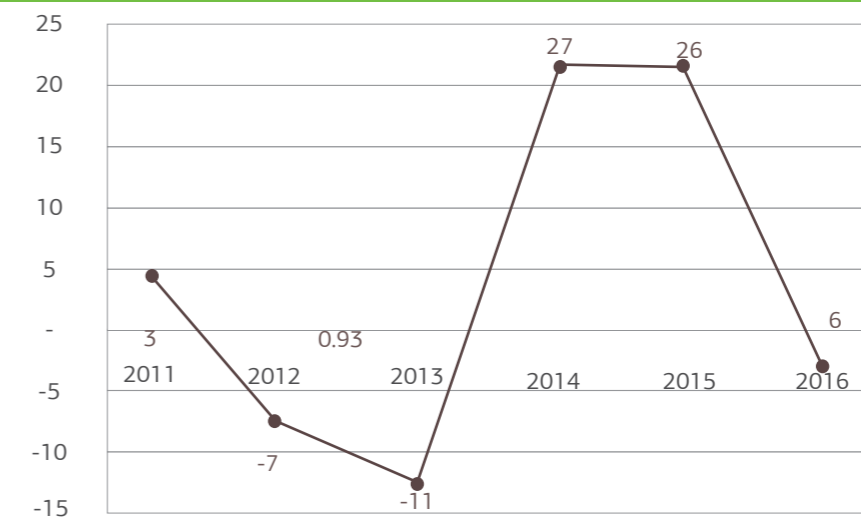


Description	2011	2012	2013	2014	2015	2016
Covering Ratios						
Current Liabilities / Net Investment	3.31	4.06	4.74	3.86	3.88	3.37
Current Liabilities / Inventory Value	16.49	14.09	21.31	20.84	22.59	29.21
Account Payable / Net Sales	3.23	3.47	3.77	3.49	3.55	3.85
Total Liabilities / Net Investment	3.43	4.30	5.05	3.92	4.11	3.66
Net Investment / Total Liabilities	0.29	0.23	0.20	0.26	0.24	0.27
Total Debt / Total Assets	0.77	0.81	0.83	0.80	0.80	0.41
Book Value (Equity)	143,811,675	136,657,721	135,296,907	172,820,386	174,474,891	207,276,342
Account Receivable - Monthly	23	24	25	23	25	32
Account Payable - Monthly	38	37	39	36	48	59

Quick Ratio



Working Capital



Renewable Energy Projects

In the midst of the growing number of subscriptions and growing loads of subscribers, citizens prefer electricity as a main source of power than other sources, taking into consideration the limitation of power purchased by IEC, HEPCo focuses and encourages the installation of renewable energy projects, particularly solar energy, which is aimed to reduce the total purchased loads and enabling citizens to cover most of their consumption through the solar systems, which lower the amount of consumers' bills significantly, there are many institutions and subscribers who have benefited from this system.

- Accomplishments with respect to renewable energy projects:
- Preparation of a guide for renewable energy and instructions of net measurement as well as regulating policies.
- Participating with the Energy Regulatory Council in the preparation of the guide, which has been approved by the Council of Ministers.
- Installing several solar power plants over the facilities of HEPCo and Hebron Municipality as well as other institutions and many subscribers according to the following table:

No.	Customer Classification	Capacity
1	(Institutions (Universities/schools/associations/Paltel	487
2	HEPCo and Hebron Municipality	50
3	Private Customers	90
4	Under preparation to connect	334