



شركة كهرباء الخليل
HEBRON ELECTRIC POWER CO.

6th Annual Report
2010



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POWER Co.

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Mahmoud Abbas (Abu Mazen)
President of Palestine

Your trust is a big
responsibility of which we are
fully aware, this encourages
us to move forward and
successfully advance.



Mahmoud Abbas (Abu Mazen)

President of Palestine

His Excellency, Prime Minister,
Dr. Salam Fayyad

Your consistent support
and directions have always
inspired us to work every day
to the utmost of our abilities.



Dr. Salam Fayyad

Prime Minister

Board of Directors





Mr. Khaled Osaily



Dr. A. Shuqair



Dr. A. Sughayer



Mr. I Natshe



Eng. K Dweik



Chairman
Khaled Osaily

Chairman's message

The year 2010 witnessed the sixth year for HEPCO's launching which was full of granting's and accomplishments.

In the light of the attention of His Excellency President Mahmoud Abbas and Prime Minister Dr.Salam Fayyad towards the improvement in the service provided to citizens ,and their belief that electricity is the mainstay of development and the lifeblood towards upgrading the national economy and development, Hebron Electric power Company has adopted strategic plans to continue upgrading services, improving the quality of electrical distribution and maintenance ,and submission of the latest technologies in all aspects of the work following world-class standards, which reflected positively on the level of service provided to citizens of the city of Hebron in the concession area that was accomplished through the effort of a team whose main interest is to serve the city and thus maintaining a high level of excellence.

Khaled Osaily



General Manager
Eng. Abdel Raof El-Sheikh

General Manager's message

The year 2010 was a year of accomplishments in all technical, financial and administrative fields.

The company was able to maintain a high level of electricity sustainability reaching to 98% through applying different development projects. Projects to control and monitor the electricity system such as ACADA system, Comparable to focusing on developing and training the human resources, and enhancing technologies and expertise to reach proper application of operating systems.

Decreasing energy loss on the networks, and proper management of financial and administrative resources of the company in order to increase productivity and meet the company's obligations were major accomplishments that worth mentioning.

And by all means, special thanks are accredited to the board of directors for their continuous support and development of company's plans. And to the employees who enabled the company to achieve its goals through their distinguished affiliation and loyalty to the company and their country.

With God's blessings.

Eng.Abdel Raof El-Sheikh

Technical Division Achievements

1. Primary substations 33/11-6.6 KV

In order to meet the demand of electricity in the southern part of Hebron (Industrial Zone), Hepco increased the capacity of the primary Substations in the area by 20 MVA along with all essential requirements as follows:



1. Fahs Substation:

- Installing and operating additional 1 power transformer of 10 MVA, (Total capacity of 30 MVA).
- Installing and operating additional Five Switch gear at 11 KV level.



2. Harayeq Substation:

- Installing and operating additional power transformer of 10 MVA (Total Capacity of 20 MVA).
- Installing and operating additional five switch gear at 11 KV level.





3. Duhdah Substation:

- Purchasing a set of six switch gear at 33 KV level in order to rehabilitate the substation.

4. Renewing the DC System in all primary substations.



33 KV MV Network:

One of Hepco's strategies is to replace all overhead networks to underground cables, which passes through the city. Some of our main projects are:

Um Eddalyia, Harayeq, and Fahs Feeders of total 19.5MV Cables out of which 9.5km been laid, and the rest will be completed the coming year.



11 KV MV Network

New 11 KV Network

All MV 11 networks were installed due to the following:

1. Meet load demands.
2. New industrial needs.
3. New commercial and residential buildings.
4. Connection between primary substations.
5. Overcome voltage drop problems, **such as the following projects:**
 - Tal'et Id'eis project, 350 m.
 - Haret Abu Sneineh, 600 m.
 - Adwa' El-Madinah, 800 m.
 - Two new feeders extending from fahs substation toward the southern part of the industrial zone with the length of 1000m each.
 - Wad el-Qutaa', 600 m length.



Rehabilitation of 11KV Networks

Rehabilitation of an old overhead 11 KV Networks due to widening and rehabilitating some streets in Hebron. Hepco converted the overhead networks into underground cables, in the following areas:

- Saba' street, 2500 m.



- Mouqata'a Area, 500 m.
- New Hesbeh street, 1000 m.
- Aqasheh street, 400 m.
- Al-Jame'ah street, 1500 m.
- Al-Sh'abeh 700 m.
- Al-Hawouz –Tahreer square project, 2000m.
- Ezoun street.



Distribution Transformers:

many distribution transformers were up-graded, installed or replaced, for the following reasons:

1. Street broadening.
2. Closeness to residential buildings.
3. Changing the over head network into underground cables.
4. Merging low capacity transformers into bigger ones.
5. Voltage system up-grade to 11 KV.
6. Normal electrical load growth.
7. Providing new industrial, commercial and residential customers with electricity.



Voltage Upgrade project:

Due to the continuation of Hepco's policy to reduce the technical losses and increase the network capacity, Hepco decided to upgrade the MV 6.6 KV to 11 KV.

At the end of the year 2010, Hepco Upgraded all feeders at Al-Fahs Substation to 11 KV, which will save 36% of the MV technical losses.

As a result of the latter, the following components were changed:

- All MV insulators.
- All MV capacitors.
- 50 distribution transformers with different capacities.
- All MV switches.
- All cables.



SCADA Project

Hepco purchased a new SCADA system to control all the primary substations as a first stage in 2010, and the project will be finished in the coming year.

Low voltage Network

The following works have been executed during 2010:

- Upgrading and rehabilitating the LV Network.
- Balancing load of phases.
- Overcoming voltage drop.
- Relocating the LV network at the pavements.
- Installing new subscribers networks.
- Overcoming poor power factor.
- At the end of the year 2010, 49 Km of LV Networks were erected in all areas of concession.



Customer connections and subscriptions:

- **New connections:**
 1. 855 single phase.
 2. 110 three phase.
- **Customer connection maintenance:**
 1. 1850 single phase.
 2. 100 three phase.

Inspection:

Many meters were inspected in all areas of concession to reduce black losses.

Civil works:

- Installing and removing all electrical poles.
- Signaling poles places and specifying the routes.
- Drawing the AS-BUILT on AUTOCAD.
- Documentation of all executed networks.
- Maintain all civil works.

Achievements outside Hebron city:

- **Halhul city**
 1. Safa and Bakar project, 2 Km of Over Head networks
 2. Halhul bridge project, 1000 m.
 3. Derwa street project, 1000 m.
 4. Beit Einon project, 300m .



Instrumentations and measurement devices.

One of Hepco's points of strength is the use of the new technology in the labs and measurement devices, such as the following:

- Earth fault locator lab.
- Current injection lab.
- Low frequency lab.
- MV measurement instrument.
- Energy analyzer.
- Meters testing lab.
- Oil test lab
- Infra red camera



Street lighting

- Lighting sabaa' street.
- Lighting Ezoun Street.
- Lighting the squares and the area of Hebron Municipality sports hall.
- Repairing and ensuring maintenance to all traffic lights in the city.
- Lighting Jame'a Street.
- Participating in the Earth day by disconnecting the street lighting in Ein Sara street for one hour



Emergency Unit

More than 4000 customer claims were solved over the year.

Tenders and Procurements

Preparing tender documents and setting the technical specifications and evaluation of bids for all our needs of electrical equipments and materials.

Tables

The following tables show achievements in figures during 2010 compared to 2009.

Amount of cables, wires, poles, and transformers installed				
No	Item	unit	2009	2010
1	Arial bundle conductor (50 sq.mm)	Meter	20300	19300
2	Arial bundle conductor (95 sq.mm)	Meter	16345	18920
3	Arial bundle conductor (150 sq.mm)	Meter	18050	10324
4	Medium voltage cable (300 sq.mm)KV	Meter	18418	13223
5	Medium voltage cable (150 sq.mm) 11KV	Meter	38441	29854
6	Medium voltage cable (120 sq.mm) 11KV	Meter	-	15483
7	Distribution Transformer	Number	53	62
8	Ring main Unit installation	Number	23	31
9	Poles installation (9 m.)	Number	575	730
10	U Channel steel pole (9 m.)	Number	307	306
11	U Channel steel pole (medium voltage)	Number	18	20
12	Medium voltage tower	Number	18	12
13	Light pole (11 m.)	Number	101	84
14	Light pole (16 m.)	Number	10	7

Number of Connected subscriptions				
No	Item	Item	2009	2010
1	1 phase subscriptions	Number	1040	855
2	3 phase subscriptions	Number	166	110

Street lighting units installed				
No	Lighting unit type	Unit	2009	2010
1	Sodium 100 W	Number	300	400
2	Sodium 150 W	Number	150	81
3	Sodium 250 W	Number	200	240
4	Metal halide 400W	Number	80	72

Lighting Units Maintenance											
Item	70w	100w	150w	250w	400w	Starter	Light tranformer	Traffic light lamp	Photocell	contactor	3phase switch
No.	829	47	97	366	27	104	105	155	82	75	25

Service maintenance			
No	Item	Quantity 2009	Quantity 2010
1	Replacement of billing meters to prepaid (1phase+3 phase)	1800	1950
2	Maintenance of meter panels paid by subscribers.	450	500
3	Moving meters to a different place	65	150
4	Relocation of meters	120	200
5	Temporary disconnection	75	100
6	Reinstallation of service	40	120
7	Service maintenance	90	350

Inspection works			
No	Item	Quantity 2009	Quantity 2010
1	Service maintenance	2100	3200
2	Meter sealing	2200	2500
3	Meter sealing for new services	1300	1350
4	Maintenance after theft detection	30	300
5	Private network maintenance	210	500
6	Service inspection	2250	2500
7	Power thefts follow up	1700	1900
8	Disconnections	125	150
9	Reconnection	90	150
10	New customer initial list of material	2700	2900
11	Theft detection	200	300
12	Temporarily disconnection	60	120
13	New service installation	100	110
14	Meter inspection /calibration	195	200

Investment Plan 2011

No	Project	Estimations NIS	Internal Finance NIS	External Finance NIS	Financed by
1	Main substations 33/11 KV	2,220,000	2,220,000		
2	66KV network	2,007,279	2,007,279		HEPCo
3	11 KV Network	6,486,532	6,486,532		
4	voltage upgrade from 6.6 to 11 KV	1,370,000	1,370,000		HEPCo
5	Low voltage network	5,452,500	5,452,500		HEPCo
6	Power purchase	1,000,000	1,000,000		HEPCo
7	Capacitors	266,300	266,300		
8	New subscriptions	9,000,000	9,000,000		
9	Connecting ring main units to SCADA System	100,000			HEPCo
10	Medium and Low Voltage Feeders Numbering	60000			HEPCo
11	Changing billing meters to prepaid	2,984,540	1,292,940	1,691,600	
12	Street lighting	1,582,000	1,582,000		
13	Training and equipments	500,000			HEPCo
Total		33,029,151	30,837,551	1,691,600	

Production and Mechanical Workshops Unit

Accomplishments:

- Design, manufacture, paint and install tool boxes for the three new Mitsubishi cranes.
- Manufacturing and delivering west substation's door.
- Planning and mapping tool boxes for the Fiat Ducato vehicles.
- Installing boxes for Fiat Ducato vehicles.
- Designing and drawing the first integrated cabinet with special specifications (power transformer, ring main unit and low voltage panel) to be assembled as a compartment for converting high voltage to low.
- Installing and welding for bilateral and trilateral light poles.
- Building and manufacturing a package substation after taking all the needed amendments into consideration.
- Setting the specifications for purchasing a used Chassi/ Iveco to substitute Alman Crane.
- Total number of vehicle maintenance applications reached to (143) application, and maintenance was done to different electricity generators, vehicles ,welding machines, forklift and other excavation tools.



Administration Unit



Information Technology Accomplishments:

- Supplying Al-Oddese new prepaid station with the connectivity and computers.
- Increasing the speed of connectivity between the headquarters and HEPCo's premises to reach 18 Mb/s.
- Adding the service of electricity bill inquiry through our website:
www.hepco-pal.com



- Connecting the Headquarter of HEPCo With the premises through installing VOIP (Voice over internet protocol) system for internal connection.
- Installing (Blade) server and (storage area network) besides other equipment with the amount of (\$ 85000) financed by the world bank in order to control and manage the hard ware and software through the website
- Upgrading the antivirus software.
- Updating the cameras system.
- Installing a special system for electronic files inquiry for the technical department.
- Daily updates and maintenance for the company's systems such as the (Domain Controller).

Human Resources Unit Accomplishments:

- Application of a new Monitoring employees attendance machine depending on the finger print.
- Following up employees annual and daily leaves.
- Following up the health insurance issues.
- Calculating the payroll and overtime for employees.
- Following up with the insurance regarding occupational accidents.
- In the course of its cooperation with the local society, Hepco has adopted a number of high school and university students with in the program of field training.

Trainings:

Training	Trainer (Center/Com-pany)	Number of Participants
Training on the prepaid meters system	Falcon Co. / Egypt	1
Internal auditing	Talal Abu Ghazaleh/ Ramallah	1
Energy consumption rationalization	Municipal development and lending fund/Ramallah	1
Photography	Al-Watan Center/Hebron	2
Hebrew (medium)	Lacasa Center/ Hebron	6
Battery testing	Mitsubishi cars Co./ Ramallah	3
Public administration	Democracy and Human Rights Center/	2
Electrical Cable testing	Tara Co./ Turkey	2
Accident management	Hebron Electric Power Company (HEPCo)/ Hebron	115
Electricity distribution	Indian Embassy/ India	5
Total		138

Workshops

Workshop	Trainer (Center/Company)	Number of Participants
Data saving systems	Badawi Information System Co.	1
Preparing a draft code for Palestinian electrical works	Technical Services Department	3
Risk restriction	Engineers Association	1

Employees in Categories

Educational Qualification	Number of employees
Masters	2
Bachelor	31
Diploma	36
Tawjihi	43
Less than tawjihi	74
Total	186





Archive Unit Accomplishments:

- Adding (10620) reports to the existing files.
- Introducing (1073) new service files.
- Electronically archiving (11842) files.
- Updating the Data for (3893) files.
- Service concessions for (112) files.
- Renewing the cover of (100) files.

Fleet management Unit Accomplishments:

- Purchasing (11) vehicles model 2009, financed from the world bank as follows:

Vehicle type	Number
Mitsubishi Cater Crane	3
Mitsubishi Hunter 4X4	5
Fiat Decato	3

- The total number of working vehicles is (31).



Tenders and procurement Unit Accomplishments:

External purchase:

Tender	Total value of tender	State
Excavation and cable expansion	1,718,123 NIS	Executed
Iron Tubes	572,135 NIS	Supplied
Medium voltage cable provision	2,229,578 \$	Supplied
Supply of electrical materials	2,258,080.8 NIS	Supplied
Supply of electrical materials	240,350 \$	Pending
Automatic Voltage Regulator Panel.	121,000 NIS	Pending
Supply of electrical materials	723,107 NIS	Pending
Supply of Distribution transformer.	583,980 €	Pending
Supply of Ring main Units	546,280 £	Pending
Equivalent Total in \$	5,571,540.2 \$	

Local purchase:

all of local procurements made by Request for Quotation throughout 2010 reached the amount of (1.4 million \$).



Customer service Unit



Customer service Unit:

Services and Applications

Accomplishments:

1. Responding to subscribers' inquiries regarding the procedures and mechanisms of subscriptions and applications.
2. Coordinating with Hebron municipality Customer Service department to finalize different subscriptions.
3. Coordinating with the technical department regarding the inspection, installation, and service testing of the service prior to determining the date of installation.
4. Following up the Board decisions regarding the three phase subscriptions.
5. Following up with emergency requests assigned by the subscribers.
6. Receiving applications for poles place shifting, low electricity voltage, and coordinating with the technicians to follow-up.
7. Handling and solving theft cases.
8. Informing the subscribers of the readiness of their applications in order to pay the required expenses.
9. Scheduling subscribers' debts and switching their meters into prepaid ones.
10. Transferring the applications received from the technical department to the billing in order to initiate issuing bills for new subscribers.

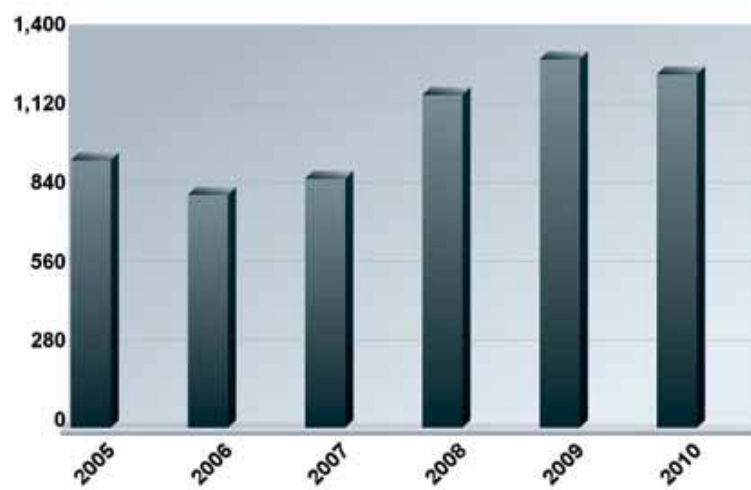


New applications:

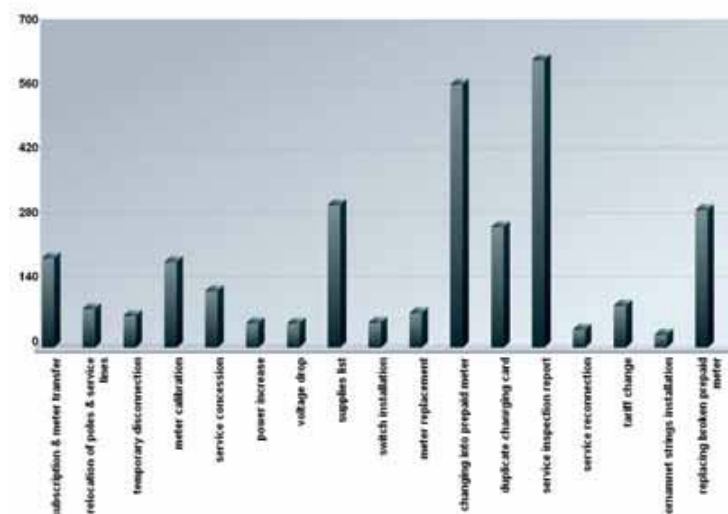
The total number of applications for new services reached (1252) during 2010, detailed as follows:

New service single phase	1099
New service three phase	153
Total	1252

Numbers of new subscriptions (2005-2010):



Subscriptions statistics for 2010:



Prepaid meter new services/ Connections:

The installation of prepaid meters has been adopted for all new subscriptions which brought up the estimated number to (1582) meter (one phase+ three phase) during the year of 2010 including new subscriptions and changing old meters, detailed as follows:

Prepaid meters/ one phase	Number
New subscriptions	776
Replacing old meters	579
Theft cases	136
Total	1491

Prepaid meters/ Three phase	Number
New subscriptions	45
Replacing old meters	46
Total	91

Theft cases

During 2010, the inspection team and the readers pointed out (519) theft cases detailed as follows:

Theft Cases reports	Number
Reporting customers	674
Processed cases	269
Under processing cases	250
Income revenue due to solved cases	617,236
Technical loss due to theft cases	1,127,405

Billing

Oddese New Vending Station:

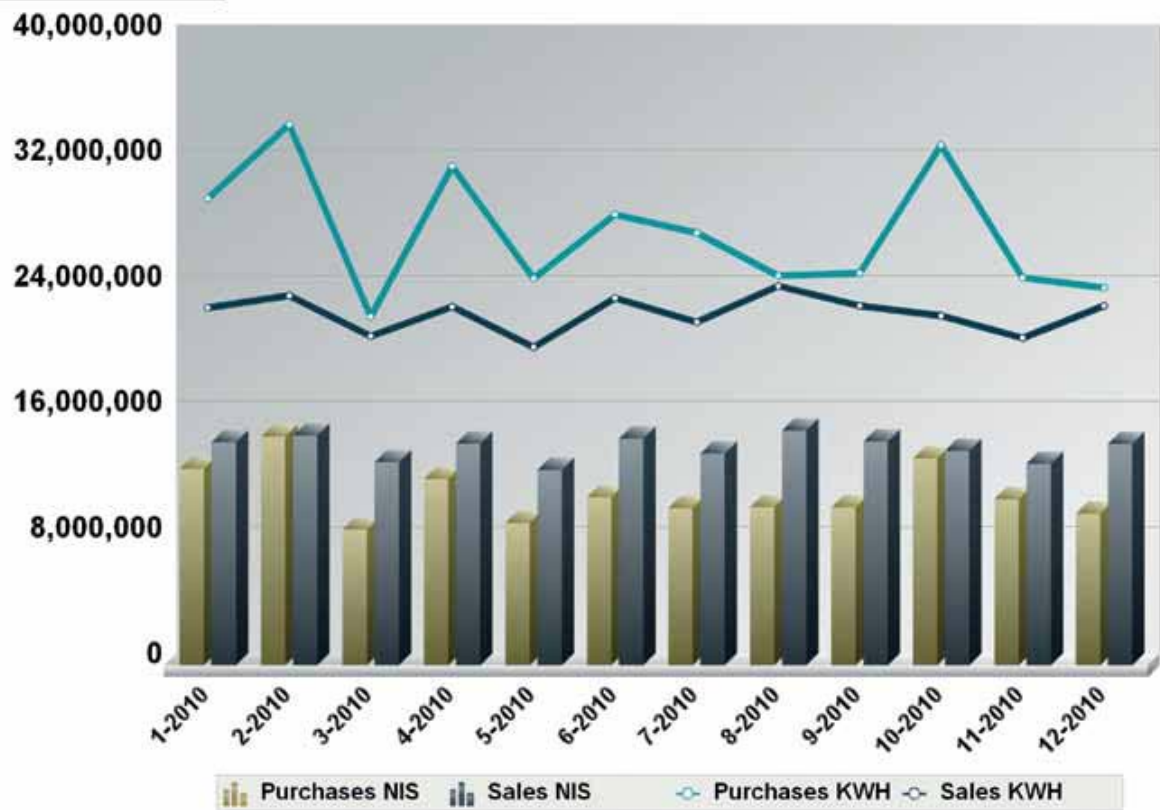
This station was initiated to cover the prepaid meters charging for Oddese, Jalajel, Beit Einun, and Ras AlTaweel.

Meter reading areas:

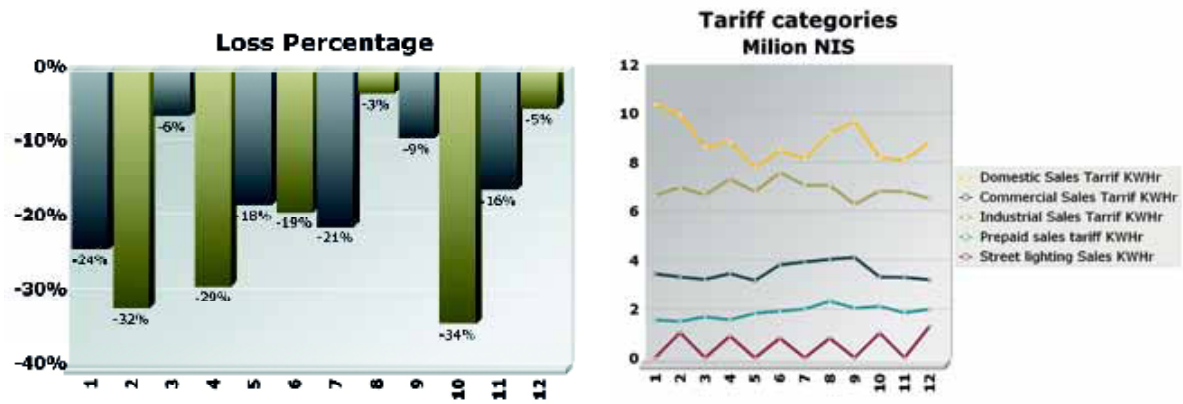
Re-arrange all areas corresponding with the needs of work due to the presence of prepaid meters. And thus reducing the number of daily meter reading areas and increasing the number of subscriptions within the same region for each meter reader.



Production and Mechanical Workshops Unit



Losses and Sales per Tariff



prepaid meters statistics 2010

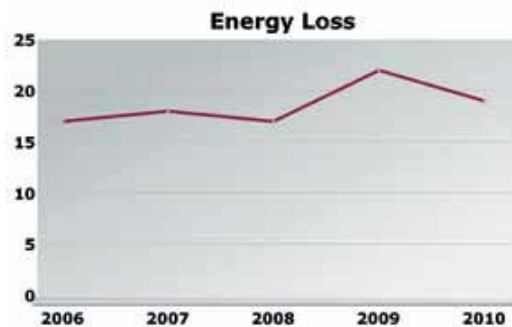
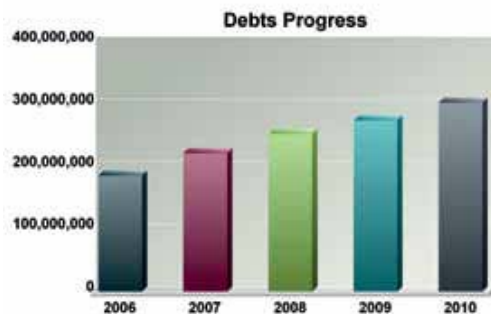
1 phase services	6,012
3 phase services	514
Total number of prepaid services	6,226
Power sales in KWhr	22,412,899
Arrears collected through prepaid system	5,283,155
Total of retail sales	17,342,598

Collection chart



Labor Statistics over the past years.

Item	2006	2007	2008	2009	2010
power sales KWhr	195,900,823	216,369,123	228,248,208	241,888,516	259,147,682
Power sales NIS + (VAT)	109,033,662	122,372,919	144,230,345	155,903,113	165,989,869
Purchases KWhr	237,390,797	263,374,920	275,811,120	308,419,440	321,114,240
Purchases NIS +(VAT)	98,934,269	102,043,732	124,085,578	134,078,729	130,833,759
Loss percentage%	17%	18%	17%	22%	19%
Debts until the end of the year	185,756,106	221,799,155	252,701,648	274,290,178	302,707,776
Debts transferred from Hebron Municipality	103,397,591	99,419,997	86,748,562	79,990,641	75,048,707
Debts annual increase	38,404,510	36,043,049	30,902,493	21,588,530	28,417,598



Financial Department



Financial Department

The main duties of the Financial Department are as follows:

- Carrying out the approved financial policies.
- Recording all financial and accounting transactions, and preparing different financial reports.
- Preparing Budgets and following them up.
- Following up cash management and preparing bank reconciliations.
- Performing financial analysis and financial studies.
- Preparing end of the year accounts and financial statements.
- Following up suppliers' accounts, and preparing payments after ensuring the availability of all requirements such as (Internal Requisition, Approvals, RFQ or tender, purchase order, receiving document).
- Tracking Fixed assets transactions and Capitalizing WIP projects.
- Stock management and controlling related procedures.
- Following up LC and clearance procedures.
- Following up insurance Issues.
- Working with the World Bank and Palestinian Energy Authority and Follow up their related projects such as EUMP.

Accounting System Used

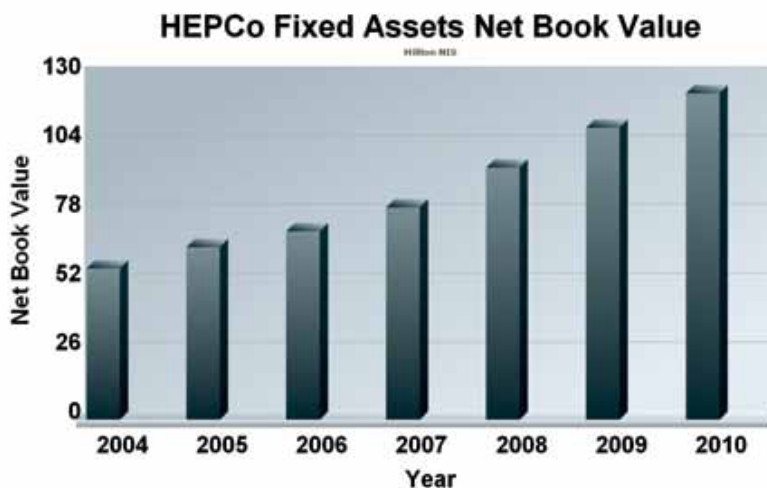
Applying and using Oracle Financial is one of our main achievements since it covers different financial, technical, and administrative activities for Hepco. eight modules of Oracle Financial are used and they are as follows:

Number	Oracle Financial Module	Performance Percentage
1	General Ledger	100%
2	Accounts Payable	100%
3	Accounts Receivables	100%
4	Cash Management	100%
5	Fixed Assets	100%
6	Inventory	100%
7	Order Management	100%
8	Purchasing	100%

Fixed Assets

Hepco acted to develop the electricity networks and reinforcing Fixed Assets. The net book value of all assets that transferred from Hebron Municipality to Hepco on 31/12/2004 was 57 Million NIS whereas this value increased to reach 123 million NIS at the end of 2010.

Asset	Gross Value 1/1/2010	Additions	Acc. Dep	Net Book Value 31/12/2010
Lands	3,116,961	-	-	3,116,961
Buildings	2,830,792	7,743	1,097,559	1,740,976
Distribution Network	120,269,672	23,821,484	33,345,097	110,746,059
Vehicles	3,536,926	1,645,393	1,658,371	3,523,948
Tools & Equipments	1,272,679	386,654	692,539	966,794
Office Equipments	83,754	16,044	66,715	33,083
Office Furniture	554,665	21,873	365,856	210,682
Computer Hardware	924,856	337,299	943,061	319,094
Computer Software	2,636,072	24,203	1,607,689	1,052,586
Other Fixed Assets	594,554	28,153	241,703	381,004
Power Purchased Right	961,108		484,214	476,894
Total	136,782,039	26,288,846	40,502,804	122,568,081



Hebron Electric Power Company

Balance Sheet (NIS)

for the years 2009 & 2010

<u>Assets</u>	<u>2009</u>	<u>Un Audited 2010</u>
<u>Current Assets</u>		
Cash in hand & at Banks	13,992,792	6,351,918
Checks under collections	11,020,363	8,399,389
		¹
Account Receivables - Net	234,422,536	253,394,471
Material in stores & in transit	23,391,353	25,023,002
Hebron Municipality Current Account	89,479,179	115,823,888
Other Current Asset	3,778,550	1,946,095
Total Current Assets	376,084,773	410,938,763
<u>Long Term Assets</u>		
Checks under collections	3,926,267	1,881,259
Concession Rights	30,444,000	30,444,000
		²
Property, plant & Equipments - Net	109,715,834	118,823,015
Total Assets	520,170,874	562,087,037
<u>Liabilities & Shareholders Equity</u>		
<u>Current Liabilities</u>		
World Bank Loan - Short Term	933,415	660,140
		³
Accounts Payable	366,375,081	395,439,791
Unearned Revenues	5,928,534	3,974,196
Other Current Liabilities	827,124	6,355,693
Hebron Municipality Current Account	-	-
Total Current Liabilities	374,064,154	406,429,820
<u>Long Term Liabilities</u>		
Provision for end of service indemnity	2,487,196	3,174,299
World Bank Loan	9,567,554	9,241,967
Total Long Term Liabilities	12,054,750	12,416,266
Total Liabilities	386,118,904	418,846,086
<u>Shareholders Equity</u>		
Share Capital	152,745,000	152,745,000
Hebron Municipality Drawings	(1,441,766)	(1,441,766)
		⁴
Accumulated (Deficit) / Gain	(17,251,264)	(8,062,283)
Total Shareholders Equity	134,051,970	143,240,951
Total Liabilities & Shareholders Equity	520,170,874	562,087,037

1. Accounts Receivable - Net: the total amount of subscriber's receivable is 302,707,776 NIS. and the amount of provision of doubtful account is 49,313,305 NIS. (302,707,776 - 49,313,305 = 253,394,471 NIS).
2. Property, plant & Equipments - Net: This amount represent the net book value for fixed assets with the amount of (122,568,081)NIS minuend Grants in Kind with the amount of (3,745,066) NIS. (122,568,081 - 3,745,066 = 118,823,015 NIS)
3. Account Payable: this amount comprises the dues to IEC,MOF, and other suppliers.
4. Accumulated Deficit: comprises the accumulated losses over the period 2004-2010.

Hebron Electric Power Company

Income Statement (NIS)

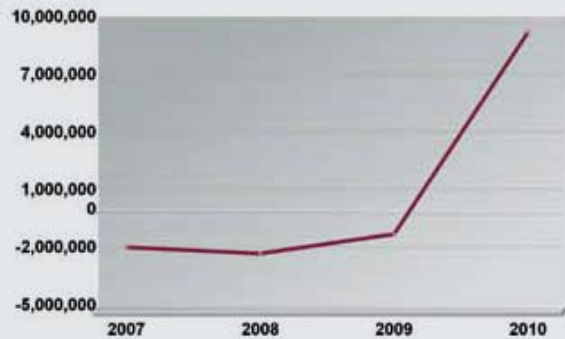
For the years 2009 & 2010

<u>Revenues</u>	<u>2009</u>	<u>Un Audited</u> <u>2010</u>
Net Electricity Sales	127,287,038	138,384,622 ¹
Less: Electricity Purchased	115,213,591	111,937,352 ²
Gross Revenues	12,073,447	26,447,270
Subscribers Contributions	2,416,090	5,536,876
Other Operational Revenue	7,393,532	6,592,231
Interest Revenue	1,763	-
Currency Differential Gain	27,785	15,233
Grants	2,601,688	2,375,352
	24,514,305	40,966,962
 <u>Expenses</u>		
Operating Expenses	1,036,326	1,400,301
General & Administrative Expenses	1,145,973	1,164,496
Salaries Expenses	9,962,398	10,636,810
Consultancy Fees	-	87,908
Depreciation & Amortization	6,482,548	7,657,571
Interest Expense	209,680	197,899
Bad Debt Expense	7,000,000	10,632,996
	25,836,925	31,777,981
 Net Income (Loss)	(1,322,620)	9,188,981
Prior Period Adjustments	(1,150)	
Accumulated Deficit	(17,251,264)	(8,062,283)

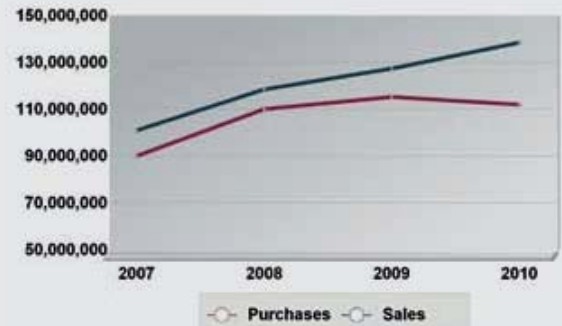
-
1. Net Power Sales include all gross power sales 2010 excluding VAT and the 10% discount value.
 2. Power Purchases includes gross power purchases costs 2010 excluding VAT + delayed payment fines imposed by IEC.

Performance Indicators

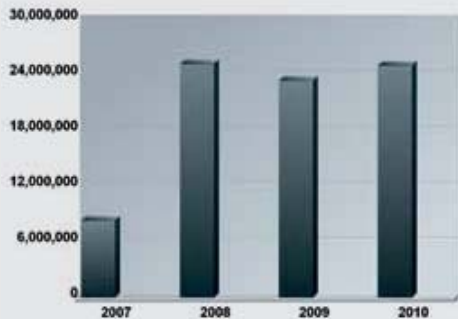
Net Income



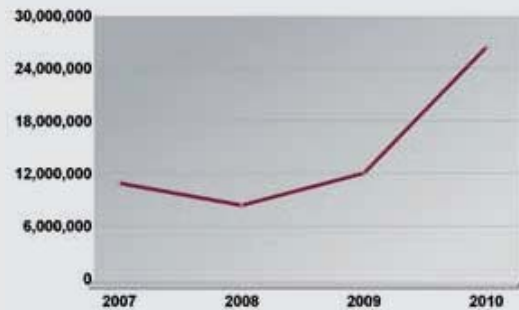
Energy Sales & Purchases



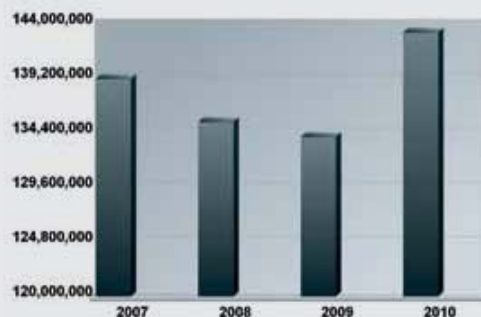
Inventory



Gross Profit



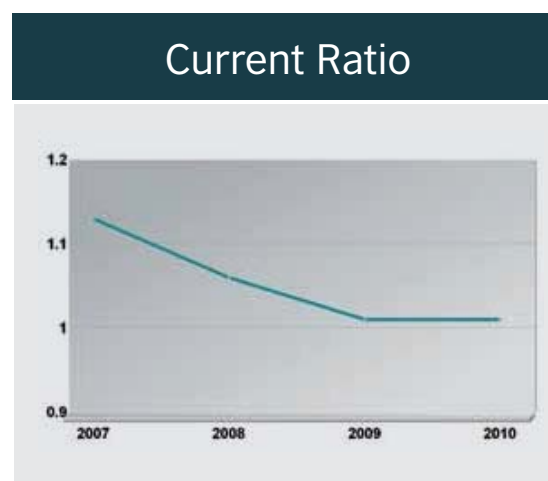
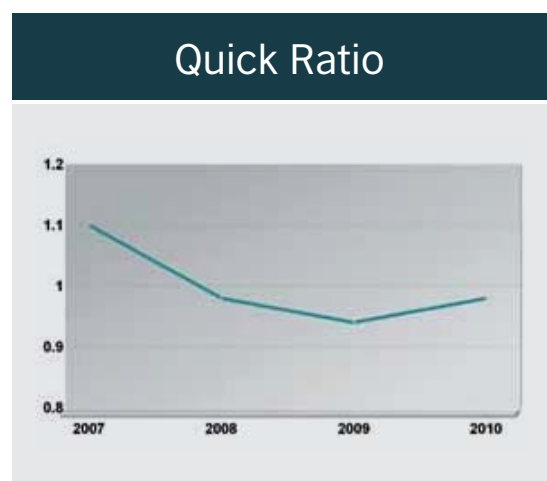
Owners Equity



- **Financial Ratios and Indicators**

Liquidity Ratios

Liquidity Ratios	2007	2008	2009	2010
Current Ratio	1,13	1,06	1,01	1,01
Quick Ratio	1,10	0,98	0,94	0,95

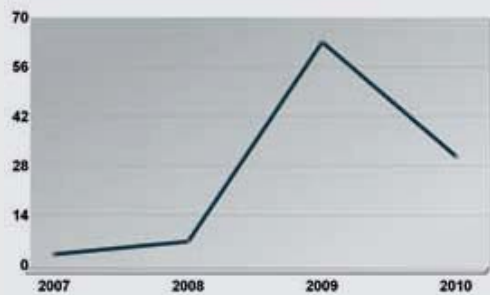


Liquidity ratios indicate that HEPCO is able to cover its current liabilities by current assets.

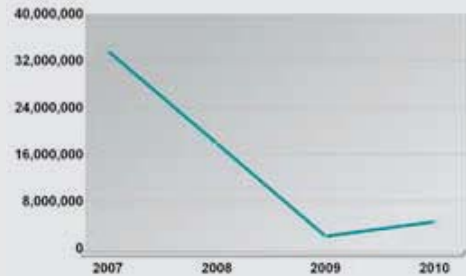
- **Activity Ratios:**

Activity Ratios	2007	2008	2009	2010
Working Capital	33.660.830	17.890.323	2.017.619	4.508.943
Net Sales to Working Capital	3.00	6.62	63.09	30.69
Total Assets to Net Sales	4.01	3.92	4.09	4.06
Net Sales to AR	0.52	0.54	0.54	0.55
Net Sales to Net Fixed Assets	0.86	0.92	0.88	0.92
Net Sales to Total Assets	0.25	0.25	0.24	0.25
Amortization and Depreciation Expense to Net Sales	0.134	0.086	0.108	0.134

Net Sales to Working Capital



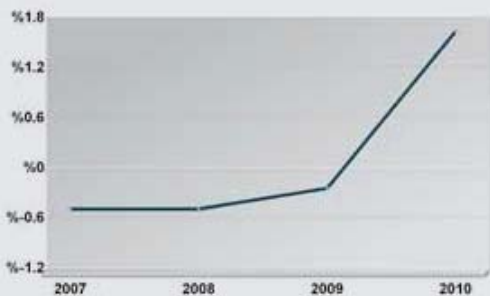
Working Capital



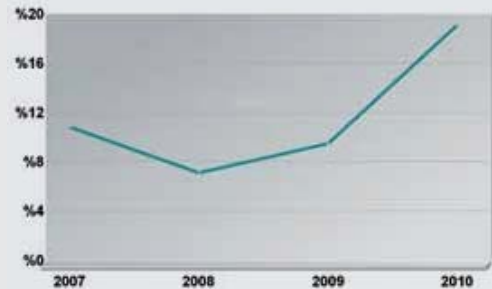
• Profitability Ratios

Profitability Ratios	2007	2008	2009	2010
Gross Profit Percentage	10.82%	7.10%	9.49%	19.11%
Operating Expenses as % of Net Sales	22.49%	18.59%	20.30%	22.96%
Return on Total Assets	-0.50%	-0.50%	-0.25%	1.63%
Return on Net Sales	-1.99%	-1.97%	-1.04%	6.64%

Return On Asset



Gross Profit Percentage



Optimal Performance Analysis – Hebron Electric Power Company

The purpose of this analysis is to show the deviation of the average of the previous four year performance against the optimal performance of the four years. And the aim of this analysis is to maximize efficiency and maximizing profit.

Item	Average Actual 4 Year Performance		Optimal performance		Variance
Total Sales	121,236,647	100%	138,384,622	100%	17,147,976
Total Cost of Electricity Sold	106,774,569	88%	89,964,19	65%	(16,810,371)
Gross Profit	14,462,078	12%	26,447,270	19%	11,985,192
Total Expenses	25,576,857	21.%	22,007,268	16%	(3,569,589)
Operating Income	(11,114,779)	-9%	(5,330,711)	-3.9%	5,784,068
Net Income (Loss)	881,823	0.7%	9,188,981	6.6%	8,307,158

This analysis shows that HEPCO is close to acheiving the optimal performance.

