

Rural Areas Electricity Company S.A.O.C Monthly Management Report – March 09 Highlights

This is the 1st monthly Management Report for RAEC in 2009 in our new format and covers the period Jan 1, 2009 to March 31st, 2009. The report is now two pages and has been updated in view of comments and suggestions received on last year's reports. The key areas reported are:

- **Key Performance Indicators (KPIs)** – are reported in tabular format against 4 categories: Customers; Financial; Operations; and People. Monthly results are shown against annual targets for 12 KPI's, as reported in RAEC's Business Plan. *Page (2)*
- **Financial & Operational Results** – these are reported graphically for 4 key categories: revenues, production sales; water sales; and diesel consumption. Diesel consumption is highlighted as this cost category accounts for over 70% of RAEC's operating costs and the Company is focusing its efforts to optimize spending in this area. *Page (3)*
- **Project Progress** – RAEC's 2009 capital budget is RO 81 million. Projects are reported by three categories: Electrification Program; Price Controls; and, Sponsored Projects. Projects progress in each category is reported. *Page (4)*
- **License Conditions** – The status is reported and issues are noted on an exception basis. *Page (4)*

This Section will highlight key management results for the month and will report the status of Company Wide Initiatives.

RAEC Vision & Mission

RAEC introduced a new vision for 2009

"To provide cost effective electricity to all premises in rural areas in Oman"

And, fine-tuned its Mission Statement

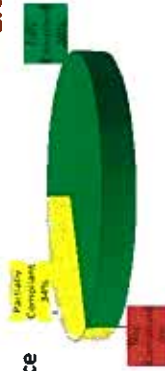
- To supply reliable electricity & water deemed appropriate, potable water, to customers at the lowest per unit delivery cost.
- To provide Omani Nationals with challenging and rewarding employment opportunities.
- To operate its generation facilities, production plants and distribution networks in a safe and environmentally responsible manner.

Projects Progress – Category wise

No	Project Name	Region	Value RO'000	As per Contractor		Extension Date	Planned Progress	% of work done	Status
				Start Date	End Date				
Electrification Program Projects									
1	Construction of Al Duqm P/S Phase 1	Al Wusta	5,743	03/11/08	02/11/09	-	21%	11%	●
2	EPC of 11/33kv system for power plant at Al Duqm Area	Al Wusta	2,256	11/03/09	09/02/10	-	0%	0%	●
3	Construction of Al Mazyouna New P/S	Dhofar	805	14/02/09	14/10/09	-	5%	0%	●
4	Construction of Andat New Power Station	Dhofar	489	14/02/09	14/10/09	-	5%	0%	●
Price Controls Projects									
1	Extension of LT Network to feed power supply (4) Houses at AT SARAB area at Mahoot.	Al Wusta	26	21/03/09	04/05/09	-	25%	25%	●
2	Extension of LT Network to feed power supply (3) locations at Ras Al Jabal area at Adam.	Al Dakhilyah	21	16/03/09	29/04/09	-	33%	35%	●
3	Extension of LT Network to feed power supply (2) locations AT BUKHA & DIBBA	Musandam	14	21/03/09	19/04/09	-	35%	35%	●
Sponsored Projects									
1	Construction of Al Duqm Desl. Plant	Al Wusta	7,973	09/03/08	07/07/09	-	59%	43%	●
2	Extension of Salh Al Kirat Power Station	Dhofar	1,230	19/10/08	30/08/09	-	16%	14%	●
3	Improvement of water supply & power generation at Al Hallamiyat Power Plant	Dhofar	580	19/01/08	02/09/08	-	100%	97%	●
4	Water transmission line & distribution network at Al Hakkaniyat	Dhofar	390	12/04/08	26/11/08	-	100%	44%	●
5	Improvement of water supply & power generation at Al Hallamiyat-Civil works	Dhofar	344	19/01/08	02/09/08	-	100%	95%	●

- Considerable delay/overrun - action being taken noted
- Potential delays or cost overrun or project disputes
- On time/budget & no issue or disputes mark

1. % of Compliance



License Condition

2. Action taken to make certain License Conditions fully compliant

- **Condition (10): Environmental matters:** RAEC is developing an environmental policy along with its management arrangements. A draft of the policy will be submitted soon to the AER for approval.
- **Condition (14): Health & Safety:** RAEC developed new HS policy along with the management arrangement. The policy was submitted to the Authority for Electricity Regulation for final approval.
- **Condition (35): RAEC Systems Capability Statement:** RAEC is in process of developing the system capability statement. This is expected to be in place during Q3 2009.

Financial & Operational Results

Revenue RO '000



Production Sales - MWh



Water Sales - m³/month



Diesel Consumption R.O. '000



Other KPI's

REVENUE R.O. '000	YTD Actual	YTD Budget
Electricity sales to customers	481	453
Electricity Sales to Government	270	271
Electricity sales to DPWP	0	937
Water sales to Water dept	399	570
Government Subsidy	3,523	6,077
Other Revenue	281	186
Total	4,954	8,494

OPEX R.O. '000	YTD Actual	YTD Budget
Cost of Sales		
Power Purchases Expenses	95	95
Plant Operations Contract Fees	745	891
Diesel Consumption	2,702	4,394
Spares & consumable Expenses	618	496
Maintenance and repairs Expenses	228	383
Other Direct costs	146	180
Total	3,690	6,439

Admin & other operating expenses	YTD Actual	YTD Budget
Basic Salaries Expenses	375	366
Other expenses	902	1,397
Total	1,277	1,763
Total OPEX R.O. '000	4,967	8,202
Profit/(loss) before tax	(1,739)	291

Financial Highlights

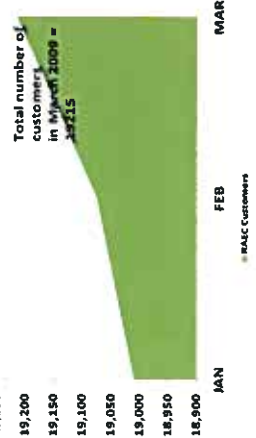
- The revenue earned by the company for the period March 2009 is R.O. 4,954 mil where as the budgeted revenue is R.O 8,494 mil.
- Total operating cost for the period is R.O. mil where as the budgeted cost is R.O. mil.
- Actual loss for the period is R.O. 1,739 mil against the budgeted profit of R.O. 291 ('000). This is due to the difference in recognition of subsidy income.

RAEC Monthly KPI's

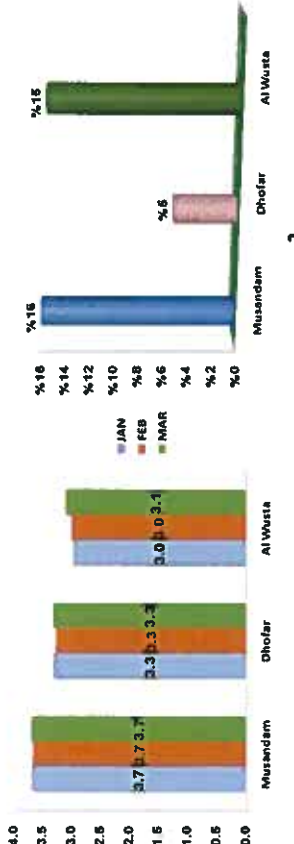
Key Performance Indicator (KPI)	2007	2008	Monthly Actual (09)	Annual Target (09)
Finance				
1 Profitability' millions RO	(1.4)	(1.5)	(1.7)	-
2 Debt Collection - Government Accounts 'day	436	300	307	200
3 Inventory Obsolescence 'thousands RO	9.4	8.2	-	7.0
Operations				
1 Fuel Efficiency (kwh per litre)	3.3	3.3	3.4	3.5
2 System Losses (technical + non technical)	17%	14%	13%	15%
3 Compliance with License Condition	50%	67%	75%	90%
Customer				
1 Customer Average Interruption Duration 'min (CAIDI)	106	106	69	90
2 System Average Interruption Duration 'mins (SAIDI)	1.6	1.06	0.02	1.0
3 System Average interruption Frequency (SAIFI)	0.015	0.015	0.0003	0.014
Human Resources				
1 Employee Count - directly employed by RAEC	202	211	212	229
2 Omanization %	94	90	90%	87
3 Number of Recorded Accidents on Job	0	0	0	0

No. of interruption for March 09

Region	No. of Interruption
Dhofar	5
Musandam	0
Al Wusta	1
Total	6



System Losses (1st Quarter)



Kwh generated / Litre of fuel

