

# KERALA STATE ELECTRICITY REGULATORY COMMISSION THIRUVANANTHAPURAM

OA No.37/2015

**In the matter of Truing up of accounts of Technopark for the year 2011-12**

Applicant : M/s. Technopark, Thiruvananthapuram

Present : **Shri T.M.Manoharan, Chairman**  
**Shri K.Vikraman Nair, Member**  
**Shri S.Venugopal, Member**

## **ORDER DATED 06.01.2016**

### **Background**

1. M/s Technopark, Thiruvananthapuram (herein after mentioned as Technopark or the licensee) had filed an application on 06-02-2015 for truing up of accounts for the year 2011-12. The application was admitted as OA No.37/15. The licensee cured the defects of the application and submitted details vide letter dated 11-03-2015.
2. The Commission had issued order dated 07-12-2011 in OP 23/2011 approving the ARR for the year 2011-12. A comparison of the amounts of expenditure and revenue as approved by the Commission as per said order dated 07-12-2011 and the corresponding actual amounts of expenditure and revenue as per truing up application are given below:

**Table 1**  
**Technopark - Summary of Truing up application for 2011-12**

Particulars	2010-11			2011-12		
	Approved	Actuals claimed	Trued up	Approved	Actuals claimed	Difference over approval
Total energy sales (MU)	60.46	49.92	49.92	60.50	56.99	-3.51
Gross energy requirement (MU)	63.11	53.06	52.11	63.02	59.11	-3.91
Distribution Loss (MU)	2.65	3.14	2.19	2.65	2.12	-0.53
<b>Distribution loss (%)</b>	<b>4.20%</b>	<b>5.92%</b>	<b>4.20%</b>	4.00%	3.59%	-0.41%
<b>Revenue (Rs. in Lakh)</b>						
Revenue from tariff	2408.12	2291.17	2291.17	2815.20	2557.63	-257.57
Non Tariff income	33.70	23.95	23.95	25.75	56.41	30.66
<b>Total revenue</b>	<b>2441.82</b>	<b>2315.12</b>	<b>2315.12</b>	<b>2840.95</b>	<b>2614.04</b>	<b>-226.92</b>
<b>Expenses (Rs. in Lakh)</b>						
Power purchase cost	2082.68	2037.61	1995.29	2491.23	2453.57	-37.66
Interest and Financing Charges	129.86	66.23	66.23	59.60	71.22	11.62
Depreciation	112.76	101.02	81.89	103.16	104.23	1.07
Employee Costs	12.40	14.11	14.11	14.27	17.30	3.03
R&M Expenses	65.00	102.71	56.13	92.32	109.68	17.36
A&G Expenses	55.96	44.81	28.41	47.98	56.56	8.58
Other Debits	-	-	-	0.00	0.31	0.31
Provisional Return	22.39	-	10.00	10.00	0.00	10.00
<b>Total Expenses</b>	<b>2481.05</b>	<b>2366.68</b>	<b>2252.25</b>	<b>2818.56</b>	<b>2812.87</b>	<b>-5.69</b>
Surplus/ Gap	<b>-39.23</b>	<b>-51.56</b>	<b>62.87</b>	<b>22.39</b>	<b>-198.83</b>	<b>-221.23</b>

*Approved = Approved in ARR & ERC*

*Actual = Actual expenditure claimed in the application for truing up*

*Trued up = Approved as per order in the application for truing up.*

### Hearing on the application

- The hearing on the application was held at the Conference Hall, Technopark on 24-11-2015 at 11 a.m. Representatives of licensee and KSEB Ltd were present for the hearing. The applicant was represented by Sri. Girish Babu, CEO, Technopark, Smt. Jayanthi.L, Chief Finance Officer and Sri. E.V.Einstein, Assistant Manager (Electrical). Sri. E.V.Einstein, Assistant Manager (Electrical) presented the details of the application on the truing up of accounts for the year 2011-12 and gave clarifications on the queries raised by the Commission.

4. Sri. B. Pradeep, Dy.CE, KSEB Ltd. presented the objections of KSEBL and submitted written remarks on the application which are summarized below:
- a) It is informed by KSEB Ltd that the R&M expenses claimed by the licensee for the year 2011-12 has increased by 95% over and above that of 2010-11 and requested the Commission to adopt the same approach as was taken while approving the truing up of accounts for the year 2011-12. KSEB Ltd also requested the Commission to direct the licensee to furnish the required details to facilitate the analysis on abnormal increase of R&M expenses.
  - b) KSEB Ltd informed the Commission that the A&G expenses, has increased by 99% when compared to the previous year's trued up level and is 18% higher than this year's approved level.
    - (i) In Form M (A&G Expenses), security charges of Rs.20 lakh accounted by the licensee is very much on the higher side as against the approved level of Rs.6 lakh and there is no rationale for accounting such charges under distribution business. It is therefore requested that the Commission may continue the same procedure adopted in the previous year 2010-11.
    - (ii) The licensee had accounted Rs.17.36 Lakh towards electricity charges under A&G expenses, which is much on the higher side. KSEB Ltd requested the Commission to direct the licensee to segregate the consumption on account of the licensee's business. The consumption of electricity by the distribution as well as other business shall be separately metered and billed at the appropriate tariff. It is further pointed out that the details of metering and billing are not provided in the application.
  - c) KSEB Ltd also pointed out that the legal expense claimed by the licensee is another major expense and requested the Commission to look into the prudence of the claim of the licensee.
  - d) The licensee booked about Rs.1.50 lakh under the head "Other Administrative Charges". KSEB Ltd requested the Commission to look into the genuineness of the claim.
  - e) In the matter of allowing depreciation, KSEB Ltd requested the Commission

to kindly follow the same principle adopted in the year 2010-11 while truing up of accounts of the licensee.

- f) Interest on security deposit (Form – O) may be limited to the actual amount paid to the consumers, subject to prudence check.
  - g) Regarding employee cost, it is submitted that the employee cost projected for the year 2011-12 was 15.08% higher than the previous year's approved level. However, in the truing up application, the licensee has claimed 21.23 % higher than the approved level for the year 2011-12.
  - h) The licensee, as per Form G has deducted electricity duty payable from the revenue from sale of power. It is submitted that if the duty deducted is Section 3(1) duty, then the same shall not be allowed, as is done in the case of other licensees.
5. In reply to the points raised by KSEB Ltd, the licensee has given written reply dated 08-12-2015.
- a) The 110kV substation at Technopark, Phase-III campus was capitalized during September, 2009 and from September, 2011 onwards fresh contract was awarded for Phase I Campus following transparent bidding procedure. The average O&M expenses prior to September 2011 was Rs.4.50 lakh/month, which has increased to Rs.8.50 lakh/month (average). It was further pointed out that the R&M expenses during this period comes to Rs.4.37 lakhs, mainly due to the replacement of 12kV / 400A Air break switch at 110kV substation in Phase I Campus.
  - b) Security of the substations is critical since Technopark is an IT hub. Security checking of more than 30,000 employees before entering the campus is practically impossible and hence the Technopark needs to employ personnel at key areas such as substations, WTP, STP, etc., to prevent any sabotage. As per the details submitted by the licensee, the security charges for substations for 2011-12 amount to Rs.26.23 lakh. It is further stated that they had taken 25% of the entire security charges of Technopark for the purpose of ARR& ERC calculation. But now as per their calculation on the above basis, the amount exceeds the 25% taken for the purpose of calculation.

- c) The apportionment of electricity charges is done based on the following rationale.

Net Income from rental business during 2011-12	: Rs.32.00 Crore
Net Income from licensee business during 2011-12	: Rs.23.35 Crore
<b>Total</b>	<b>: Rs.55.35 Crore</b>
% share of income from rental business during 2011-12	: 57.81%
% share of income from licensee business during 2011-12:	42.19%

Based on the above, they have apportioned 40% of the self consumption of the park centre building as electricity charges. It is also stated that separate metering is also done for the Park Centre Building which houses the rental as well as licensed business operations.

- d) The legal charges claimed under A&G expenses is for inspection fees paid to electrical inspectorate, which is statutory payment made by them. A ledger sheet was enclosed as proof ,for consideration of the Commission.
- e) The amount of Rs.1.37 lakhs booked under other administration charges pertains to application fees for filing application before KSERC, a ledger sheet was attached as proof, for consideration of the Commission.
- f) The following averments have also been submitted.
- In the case of actual total sale of power, it is stated that average realization might have come down due to changes in consumer mix. A category wise detail is also attached.
  - It is further stated that depreciation is claimed as per actual.
  - The interest on security deposit is credited to the customers only on the basis of deposits made by the customers.
  - The licensee anticipated an increase of 15% in the employee cost from the projected figures of 2010-11. The percentage increase in DA was 24% apart from normal increase in salary.

### **Analysis and decision of the Commission**

6. The Commission considered the application, the objections raised by KSEB Ltd and the replies thereon by the licensee in finalizing the truing up of accounts of the licensee for the year 2011-12. Each item of the application is discussed below.

## Energy requirement and Sale of Power

7. The expected sale of power approved by the Commission as per ARR order for the year 2011-12 was 60.50 MU. The energy sold by the licensee as per the truing up application is only 56.99 MU, which is less than the approved sales for the year 2011-12. In order to verify the revenue from sale of power, the Commission has sought the month wise details of energy sold to different categories of consumers from the licensee and the details are given below.

**Table-2**  
**Technopark- Month wise details of energy sale in MU**

Month	HT consumers	LT Consumers	Self consumption	Public lighting	Total
Apr-11	1.25	2.96	0.13	0.01	4.36
May-11	1.42	3.35	0.15	0.01	4.93
Jun-11	1.43	3.15	0.15	0.01	4.75
Jul-11	1.46	3.07	0.15	0.01	4.69
Aug-11	1.47	3.08	0.14	0.01	4.71
Sep-11	1.47	3.05	0.14	0.01	4.68
Oct-11	1.45	3.10	0.14	0.01	4.70
Nov-11	1.58	3.14	0.14	0.01	4.87
Dec-11	1.47	3.03	0.14	0.01	4.66
Jan-12	1.57	3.08	0.15	0.01	4.82
Feb-12	1.57	3.06	0.13	0.01	4.77
Mar-12	1.75	3.35	0.15	0.02	5.26
Total	17.88	37.42	1.73	0.16	57.20

8. Commission hereby approves the energy sale as 57.20 MU for the purpose of truing up of accounts for the year 2011-12.
9. The actual energy purchase claimed by the licensee as per truing up application for the year 2011-12 is 59.11 MU. Commission verified the actuals with the monthly invoices raised by the supplier KSEB Ltd and it matches with the actual claimed.

## Distribution Loss

10. The licensee has estimated the distribution loss at 3.59% for the year 2011-12. The energy sales and the total energy as per the truing up application is less than the approved figures for the year 2011-12. The relevant details are given below.

**Table 3**  
**Technopark- Distribution loss approved in truing up of accounts 2011-12**

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Approved
Total Energy sales (MU)	60.50	60.50	56.99	57.20
Distribution loss (MU)	3.56	2.65	2.12	1.91
Total Energy Requirement (MU)	64.06	63.02	59.11	59.11
Distribution loss (%)	5.56%	4.00%	3.59%	3.23%

### Cost of Power Purchase

11. The Commission in the order on ARR had approved a power purchase cost of Rs.2,491.23 lakh considering a distribution loss of 4.00%. The licensee in the truing up application for the year has claimed Rs.2453.57 lakh for the purchase of 59.11 MU. Since the actual loss reported by the licensee is lower than the levels approved by the Commission and taking into consideration the fact that KSEBL too has not raised any objections with regard to the power purchase, the Commission approves the total purchase cost of Rs.2453.57 lakh as claimed by the licensee in the truing up application.

**Table 4**  
**Technopark – Cost of power purchase approved in truing up of accounts for 2011-12**

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Approved
Energy requirement (MU)	60.50	63.02	59.11	59.11
Fixed Charges (Rs.Lakh)	499.80	499.80	504.30	504.30
Energy Charges (Rs. Lakh)	2024.36	1991.43	1949.27	1949.27
Section 3 Duty (Rs. Lakh)	36.30	-	-	-
<b>Total Charges (Rs.Lakh)</b>	<b>2560.46</b>	<b>2491.23</b>	<b>2453.57</b>	<b>2453.57</b>

### Employee cost

12. The Commission vide ARR order for the year 2011-12 had approved an amount of Rs.14.27 lakh as proposed by the licensee. In the truing up application, the licensee has claimed an amount of Rs.17.30 lakh. As per the application submitted by the licensee, the reason for increase is due to the increase in salaries

and staff welfare benefits of 72 employees engaged in the distribution business of the licensee. No additional information is submitted in this regard. As per the methodology used by the licensee, Rs.4.81 lakh, being 25% of the total staff welfare expense of Technopark is also charged to the distribution business. In 2010-11, the licensee claimed an amount of Rs.14.11 lakhs as actual expense towards employee cost and the Commission approved the same. Hence Commission approves an amount of Rs.15.32 lakhs after applying 8.56% increase over the actual expense of 2010-11 towards the employee cost for 2011-12. The above percentage is based on weighted average increase in WPI and CPI in the weightage of 30:70 for the year 2011-12. The Commission directs the licensee to submit the details of staff sanctioned exclusively for the distribution business, the actual number of staff deployed, their salary structure and the total amount booked under employee cost. The Commission also directs the licensee to maintain separate set of books and attendance register for these employees. The details of employee cost claimed by the licensee and approved by the Commission are given below.

**Table 5**  
**Technopark – Employee Cost Approved in truing up of accounts**  
**for 2011-12 (Rs. Lakh)**

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Approved
Salaries	10.52	10.52	<b>12.49</b>	10.85
Staff welfare expenses	3.75	3.75	<b>4.81</b>	4.47
Total	14.27	14.27	<b>17.30</b>	15.32

### Repair and Maintenance Charges

13. The R&M expenses claimed by the licensee & approved by the Commission as per ARR order for the year 2011-12 is Rs.92.32 lakh. In the truing up application, the licensee has claimed an amount of Rs.109.68 lakh for the repair and maintenance of transmission lines, substations, 11 kv lines & associated works, LT line service etc.

It is evident from the records that the R&M expense has been increasing abnormally. The licensee has not provided the details of work entrusted with outsourced agency. Hence it is not possible for the Commission to analyze the

R&M expenses claimed by the licensee. Hence, the Commission decides to follow the same procedure which was followed on the truing up of accounts for 2007-08, 2008-09 and 2009-10. While approving the truing up application submitted by the licensee for the year 2010-11, the Commission had given a detailed explanation to the fact that the outsourcing agreement was not restricted to distribution of electricity business alone and hence had arrived at a factor of 68% of the expenses claimed as the portion of distribution business. The licensee has not given any additional information to dispute the same. Hence, in the present case also, the Commission is inclined to allow only 68% of the expenses claimed. (ie.,) 68% of Rs.109.68 lakhs. Accordingly, the R&M expenses allowed for the plant and machinery is Rs.74.58 lakhs for 2011-12 for the purpose of truing up of accounts. The Commission directs the licensee to provide a copy of the agreement relating to the outsourced works so as to have a detailed analysis of the contract and resultant R&M expenses.

**Table 6**  
**Technopark – Details of R&M expenses approved in truing up of accounts for 2011-12 (Rs.Lakh)**

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Approved
Repairs to buildings	0.28	0.28	-	-
R&M Expenses	92.04	92.04	109.68	74.58
<b>Total</b>	<b>92.32</b>	<b>92.32</b>	<b>109.68</b>	74.58

### Administration and General Expenses

14. The Commission vide ARR order for the year 2011-12 had approved an amount of Rs.47.98 lakh towards A&G expenses as claimed by the licensee. In the truing up application, the actual A&G expenses booked by the licensee for the year 2011-12 amounts to Rs.56.56 lakhs. The major item of expenses booked under A&G expenses are “security charges” and “electricity charges”, which are about 37% and 31% of the total A&G expenses respectively.
15. The Commission has allowed Rs.6.00 lakh as security charges in the ARR. The licensee has given an explanation regarding the basis of allocation followed by them for security expenses. They have mentioned that there are 9 sub stations in their campus and taking into consideration the need for deploying round the clock security for these installations, they require 3 securities each for each installation.

The Commission has not been approving the claim for the security expenses for the substations in addition to the expenses for the maintenance personnel. The Commission again reiterates its view and suggests that, Technopark being a protected area, they could use a mix of latest surveillance cameras and security personnel to reduce the cost apportioned to distribution business if proper planning is done.

16. Regarding consumption of electricity, the Commission noted that the rationale provided by the licensee is not convincing since, the business income generated is not based on the electricity consumption. The base usually deployed for apportioning electricity charges are plug points, power points, area etc. The Commission has, in its earlier orders, directed the licensee to provide separate accounts as far as possible with respect to the consumption on account of distribution business, consumption on account of the licensee's business (distribution as well as other business) shall separately be metered and billed as per the appropriate tariff. The Commission, in its order on truing up of accounts for 2010-11 of Technopark has assigned the task of examining the common expenses of the licensee to the consultants for obtaining clarity on the self-consumption booked by the licensee. It is once again directed that the licensee should maintain separate set of books and records and install separate meters for recording the self-consumption of the licensee. Hence the Commission allows Rs.41.65 lakh under A&G expenses, the details of which are given below.

**Table 7**  
**Technopark – Details of A&G expenses approved in truing up of accounts for 2011-12 ( Rs.Lakh)**

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Approved
Security Charges	6.00	6.00	20.91	6.00
Insurance	1.00	1.00	2.07	2.07
Telephone charges	2.15	2.15	0.66	0.66
Legal charges	0.75	0.75	2.63	2.63
Audit fees	0.30	0.30	0.25	0.25
Consultancy charges	3.00	3.00	3.68	3.68
Technical fees	0.94	0.94	0.81	0.81
Other Administrative charges	5.77	5.77	1.40	1.40
Conveyance and vehicle hire charges	5.33	5.33	4.25	4.25
Other expenses	22.74	22.74	19.90	19.90
<b>Total</b>	<b>47.98</b>	<b>47.98</b>	<b>56.56</b>	<b>41.65</b>

## Depreciation

17. The Commission vide ARR order for the year 2011-12 had approved an amount of Rs.103.16 lakh towards depreciation as claimed by the licensee. In the truing up application, the actual depreciation claimed by the licensee for the year 2011-12 amounts to Rs.104.23 lakh. The audited accounts of the licensee for the year 2011-12 shows that an amount of Rs.412.98 lakh was booked under the head "Government Grants" and Rs.199.08 lakh was booked under "One time Connection Charges" amounting to a total amount of ₹612.06 lakhs. It is further certified in the Notes on the Accountants that the one time payment received from the Consumers at the time of granting power connection has been credited to Reserve and Surplus as 'One time Connection Charges'. As per established regulatory and relevant accounting standards, depreciation on assets created out of grants is to be excluded from allowable expenses unless the replacement of capital assets is segregated from routine capital additions. The Commission has already taken a decision that depreciation on the assets financed out of 'grants and contribution' from consumers is not allowable

**Table 8**

**Technopark – Depreciation allowed for 2011-12 (Rs.Lakh)**

	GFA beginning of the year
GFA	2989.80
<u>Less: Grants/Contributions</u>	612.06
GFA eligible for depreciation	2458.35
Depreciation	82.20

Commission, therefore, decides to exclude the depreciation on Grants/contributions as per the audited accounts submitted by the licensee and approves the depreciation for the year 2011-12 at the rate of 3.60% for the purpose of truing up as shown below:

**Table 9**

**Technopark – Depreciation allowed in truing up of accounts for 2011-12 (Rs.Lakh)**

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Trued up
Depreciation	103.16	103.16	104.23	82.20

## Interest and Finance Charges

18. As per the ARR order the interest and finance charges approved by the Commission for the year 2011-12 is Rs.59.60 lakh as against the proposed amount of Rs.62.84 lakh. In the accounts submitted by the licensee for truing up application, the actual amount incurred is shown as Rs.71.22 lakh, which is about 19.5% higher than that of approved amount of Rs.59.60 lakh. The interest and finance charges booked also include the interest on consumer's deposits amounts to Rs.32.84 lakh. Based on the details provided by the licensee, the Commission approves the total interest and financing charges for the purpose of truing up of accounts for the year 2011-12 as claimed by the licensee, as shown below.

**Table 10**  
**Technopark – Interest and finance charges approved in truing up of accounts for 2011-12 (Rs. lakh)**

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Approved
Interest on loans	28.93	28.93	38.38	38.38
Interest on Consumer deposit	33.91	30.67	32.84	32.84
Total	62.84	59.60	71.22	71.22

## Return on Equity

19. The licensee has not booked any return in the books of account and also not claimed any return thereon. As has been done earlier, the Commission is of the view that, as a separate entity, the licensee has to carryout financial operations independently. Considering this, the Commission allows an amount of Rs.10 lakh return on equity for the year 2011-12.

## Total Annual Revenue Requirements

20. The total expenses approved after truing up process for 2011-12 are as given below:

**Table 11**  
**Technopark – Expenses approved in truing up of accounts for 2011-12**  
(Rs. lakh)

Particulars	ARR		Truing Up	
	Projected	Approved	Claimed	Trued Up
Power Purchase cost	2560.46	2,491.23	2453.57	2453.57
Interest & Financing charges	62.84	59.60	71.22	71.22
Depreciation	103.16	103.16	104.23	82.20
Employee costs	14.27	14.27	17.30	15.32
R&M Expenses	92.32	92.32	109.68	74.58
A&G Expenses	47.98	47.98	56.56	41.65
Other Debits	-	-	0.31	-
Return on investment	-	10.00	-	10.00-
<b>Total expenditure</b>	<b>2881.03</b>	<b>2,818.56</b>	<b>2812.87</b>	<b>2748.54</b>

## Revenue from sale of power

21. The revenue from the sale of power booked by the licensee according to the truing up application submitted is Rs. 2557.63 lakh. The Commission had approved the revenue from sale of power as Rs.2815.20 lakh in the ARR order. There is considerable decrease in the revenue from tariff compared to the same approved for the year 2011-12. The sale of electricity approved by the Commission was 60.50 MU, as against the actual sale of 56.99 MU. The number of consumers as per application processed for the ARR order was 451. However, in the truing up application submitted by the licensee, the number of consumers is only 302. There is a steep decrease in the number of consumers in the LT category. (i.e.,) No. of customers decreased from 435 nos. to 288 nos. The details of the revenue from sale of power and the consumer mix of the licensee is tabulated here under.

**Table 12**  
**Technopark – Details of Revenue from Sale of Power claimed in truing up accounts for 2011-12**

Category	ARR			Application for Truing up		
	Sales (MU)	Revenue (Rs.lakhs)	Average Tariff (Rs./kWh)	Sales (MU)	Revenue (Rs.lakhs)	Average Realisation (Rs./kWh)
HT Consumers	21.58	923.38	4.28	17.71	633.19	<b>3.58</b>
LT Consumers	37.68	1823.22	4.84	37.98	1865.91	<b>4.91</b>
Self-Consumption	1.22	46.81	3.83	1.13	43.42	<b>3.82</b>
Public Lighting	0.02	2.04	10.04	0.17	5.46	<b>3.36</b>
<b>Total</b>	<b>60.50</b>	<b>2795.45</b>		<b>56.99</b>	<b>2547.98</b>	
Other state levies		155.64			149.16	
Sur charge		5.65			4.47	
Delayed payment		13.10			6.45	
Other Receipts		1.00			0.11	
<b>Total</b>		<b>2970.84</b>			<b>2708.19</b>	
Less: Electricity Duty Payable		<b>155.64</b>			<b>150.56</b>	
<b>Net Revenue</b>		<b>2815.20</b>			<b>2557.63</b>	

22. As detailed above the average realization of the HT categories as per the application for truing up is Rs 3.58 per unit as against Rs 4.28 unit approved vide the order on ARR. Commission has verified the actual realization of HT and other categories of consumers as per the orders on Truing up of accounts of the previous years 2009-10 and 2010-11 and the details are given below.

**Table 13**  
**Technopark – Comparison of revenue realization of the year 2011-12 with previous years**

Consumer category	Average realization(Rs/ unit)			
	2009-10	2010-11	2011-12 (ARR approval)	2011-12 (Truing up- claimed)
HT Consumers	4.28	4.26	4.28	3.58
LT Consumers	4.90	5.06	4.84	4.91

Commission has not reduced or modified the retail tariff in the State during the year 2011-12, but introduced fuel surcharge during the year 2011-12. In order to get clarity on the reduction in revenue realization, the Commission has directed the licensee to provide the month wise details of the energy sale to different categories of consumers and the details provide by the licensee is detailed below.

**Table 14**  
**Technopark – Revenue realization as per the clarification provide by the licensee**

Category	Energy sale (MU)	Total Demand (Rs. Cr)	Avg. realization (Rs/ kWh)
HT Consumers	17.88	7.83	4.38
LT Consumers	37.42	18.48	4.94
Self Consumption	1.73		
Public Lighting	0.16		
<b>Total</b>	<b>57.20</b>	<b>26.32</b>	<b>4.60</b>

It is seen that, the average revenue realization of the HT categories as per the clarification provide by the licensee is Rs.4.38/unit as against Rs.3.58 per unit claimed in the original application for truing up. The Commission notes with displeasure that the licensee has not properly accounted the revenue in spite of the fact that the number of consumers are limited and the revenue realization has been computerized. It is only a matter of common sense that the average realization per unit will increase when tariff is increased, even if the consumption is reduced due to various energy efficiency measures or due to reduction in number of consumers. Therefore the Commission is of the view that the accounts of the licensee has to be got audited by a competent agency for which the licensee will bear the expenses. The revenue from sale of power approved for the year 2011-12 is detailed below.

**Table 15**  
**Technopark – Details of Revenue from Sale of Power- claimed & approved for the year 2011-12**

Category	ARR approval			Truing up petition			Truing up approval		
	Sales (MU)	Revenue (Rs.lakhs)	Average Tariff (Rs./kWh)	Sales (MU)	Revenue (Rs.lakhs)	Average Realisation (Rs./kWh)	Sales (MU)	Revenue (Rs.lakhs)	Average Realisation (Rs./kWh)
HT Consumers	21.58	923.38	4.28	17.71	633.19	<b>3.58</b>	17.88	783.47	4.38
LT Consumers	37.68	1823.22	4.84	37.98	1865.91	<b>4.91</b>	37.42	1848.48	4.94
Self-Consumption	1.22	46.81	3.83	1.13	43.42	<b>3.82</b>	1.73	75.62	4.38
Public Lighting	0.02	2.04	10.04	0.17	5.46	<b>3.36</b>	0.16	3.32	2.04
<b>Total</b>	<b>60.5</b>	<b>2795.45</b>		<b>56.99</b>	<b>2547.98</b>		57.20	2710.89	4.69
Other state levies		155.64			149.16			149.16	
Sur charge		5.65			4.47			4.47	
Interest on delayed payment		13.1			6.45			6.45	
Other Receipts		1.00			0.11			0.11	
<b>Total</b>		<b>2970.84</b>			<b>2708.19</b>			2871.08	
<u>Less:</u> Electricity Duty Payable		<b>155.64</b>			<b>150.56</b>			150.56	
<b>Net Revenue</b>		<b>2815.2</b>			<b>2557.63</b>			2720.52	

As detailed above, the Commission provisionally approves Rs.2720.52 lakh as the revenue from sale of power as claimed by the licensee in the application for truing up of accounts for the year 2011-12. The revenue will be finally approved after the audit proposed by the Commission.

### Non-tariff Income

23. Non-tariff income as per the truing up application for 2011-12 is Rs.56.41 lakh against the approved amount of Rs.25.75 lakh. The non-tariff income claimed by the licensee in the application includes interest on security deposits and interest on bank deposits. The increase in the non-tariff income is mainly in tune with the interest received for the bank fixed deposits. The details of the claims of the licensee towards non-tariff income are shown below:

**Table 16**  
**Technopark – Details of Non-tariff Income approved in truing up of accounts for 2011-12** (Rs. lakh)

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Approved
Interest on securities/KSEB Deposit	13.25	13.25	13.21	13.21
Interest on bank fixed deposits	10.50	10.50	40.13	40.13
Interest from banks	0.50	0.50	3.07	3.07
Misc. Recoveries	1.50	1.50	-	-
<b>Total</b>	<b>25.75</b>	<b>25.75</b>	<b>56.41</b>	<b>56.41</b>

The Commission approves the non-tariff income of Rs.56.41 lakh for the year 2011-12

## Revenue Surplus/(gap) for 2011-12

24. The revenue gap/surplus after the truing up of accounts for 2011-12 is as shown below.

**Table 17**

### **Technopark - ARR and Revenue Surplus/Gap after truing (Rs.lakh)**

Particulars	ARR		Truing Up	
	Projected	Approved	Claimed	Trued Up
Power Purchase cost	2560.46	2491.23	2453.57	2453.57
Interest & Finance charges	62.84	59.6	71.22	71.22
Depreciation	103.16	103.16	104.23	82.2
Employee costs	14.27	14.27	17.3	15.32
R&M Expenses	92.32	92.32	109.68	74.58
A&G Expenses	47.98	47.98	56.56	41.65
Other Debits	-	-	0.31	-
Return on investment	-	10.00	-	10.00
<b>Total expenditure</b>	<b>2881.03</b>	<b>2818.56</b>	<b>2812.87</b>	<b>2748.54</b>
Revenue from tariffs	2815.2	2815.2	2557.63	2720.52
Non-Tariff Income	25.75	25.75	56.41	56.41
<b>Total Revenue</b>	<b>2840.95</b>	<b>2840.95</b>	<b>2614.04</b>	<b>2776.93</b>
<b>Revenue (gap)/Surplus</b>	<b>-40.08</b>	<b>22.39</b>	<b>-198.83</b>	<b>28.39</b>

Accordingly, in the process of truing up of accounts for the year 2011-12, Commission approves the total expenses for the year 2011-12 at Rs 2748.54 lakhs, revenue from sale of power at Rs 2776.93 lakhs and the revenue surplus at Rs 28.39 lakhs.

### **Directives of the Commission:**

25. The Commission gives the following directives,-
- (i) The licensee shall maintain separate set of books and records relating to the assets, employee cost, repairs and maintenance and administrative expenses of the distribution business
  - (ii) The licensee shall install separate meters for recording their self-consumption.
  - (iii) The licensee shall submit a copy of the agreement entered into for outsourcing the R&M works, so as to enable the Commission to a detailed analysis of the contract and resultant R&M expenses.

- (iv) The licensee shall submit the details of staff sanctioned exclusively for the distribution business, the actual number of staff deployed, their salary structure and the total amount booked.
- (v) The licensee shall analyse the reason for the considerable decline in the number of consumers from that of the projected numbers and shall also carry out an audit of the billing system to ensure that there has been no leakage of revenue and that the revision of tariff was implemented properly.
- (vi) The licensee shall conduct a special audit to find out whether there is any leakage of revenue and the result shall be submitted to the Commission on or before 31<sup>st</sup> of March, 2016.
- (vii) The licensee shall submit to the Commission on or before 31<sup>st</sup> March, 2016 the details of faulty or sluggish meters with a time bound action plan to replace all such meters.

An action taken report on the above directives shall be filed with the Commission on or before 31<sup>st</sup> March 2016.

### **Orders of the Commission**

26. The Commission, after considering the application filed by the licensee for truing up of accounts for the year 2011-12, the objections raised by KSEB Ltd and the clarifications and details submitted by the licensee, hereby approves a total expenditure of Rs.2748.54 lakh, a total revenue of Rs.2776.93 lakh and a revenue surplus of Rs.28.39 lakh. The total accumulated surplus after the truing up of accounts for the period from 2007-08 to 2011-12 is Rs.408.84 lakh.

The application is disposed of as above.

Sd/-  
**K.Vikraman Nair**  
Member

Sd/-  
**S.Venugopal**  
Member

Sd/-  
**T.M.Manoharan**  
Chairman

**Approved for Issue**

Santhosh Kumar.K.B  
**Secretary**