

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

OA 5/2017

In the matter of : Truing up of Accounts of Kanan Devan Hill Plantations Company Private Limited for the year 2015-16

Applicant : M/s Kanan Devan Hill Plantations Company Private Limited

Respondent : M/s Kerala State Electricity Board Limited

**PRESENT : Shri K.Vikraman Nair, Member
Shri S.Venugopal, Member**

ORDER DATED 15/05/2017

1. Kanan Devan Hill Plantations Company Private Limited (*hereinafter referred to as KDHPCL or the licensee*) is the distribution licensee supplying electricity in and around Munnar. KDHPCL avails electricity from KSEB Ltd for the supply to its consumers and for its own consumption. M/s KDHPCL filed the application for truing up of accounts for 2015-16 and the application was admitted as OA No.5/17. The application is based on the audited accounts of the licensee.
2. The Commission had notified the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2014 (*hereinafter referred to as the Tariff Regulations, 2014*), applicable for the first control period from 2015-16 to 2017-18 on 14.11.2014 as per notification No.787/SEA/2011/KSERC. The licensee has submitted the application as per the regulation 11 of the said Tariff Regulations, 2014 which is quoted hereunder;

11. Filing under multi-year tariff (MYT) framework.- (1) every generating business/company or transmission business/licensee or distribution licensee/licensee or state load despatch centre shall file on or before the thirtieth day of November of the current financial year, the following applications for the control period:

(a) Application for approval of revised aggregate revenue requirement, if any, for the ensuing financial year and determination of tariff for the ensuing financial year:

(b) Application for truing up of aggregate revenue requirement for the previous financial year

3. Based on the above provisions, all licensees have to submit the application for truing up of aggregate revenue requirements for the previous year. The ARR&ERC of the licensee for 2015-16 was approved by the Commission vide order dated 07.09.2015. A comparative statement on the application for approval of ARR and ERC and the corresponding figures claimed as per the application for truing up is tabulated below.

Table 1
Comparison ARR&ERC for the year 2015-16

Particulars	2015-16		
	Approved	For Truing Up	Variance
	(Rs.lakh)	(Rs.lakh)	(Rs.lakh)
Revenue			
Revenue from Sale of Power.	2,398.29	2,346.28	-52.01
Other Income	15.12	23.18	8.06
Total Income	2,413.41	2,369.46	-43.95
Expenditure			
Purchase of Power	2,193.32	2,088.13	-105.19
R&M Expenses	16.64	43.47	26.83
Employee Cost	80.09	134.28	54.19
A & G Expenses	13.91	14.41	0.50
Depreciation	14.80	17.20	2.40
Interest & Finance Charges	12.34	15.83	3.49
Other Debits	0.42	0.44	0.02
Return on Equity/Investment	5.49	-	-5.49
Total Expenditure	2,337.01	2,325.80	-11.21
Net Surplus/(Deficit)	76.40	43.66	-32.74

4. In the application, the licensee has arrived at a **revenue surplus of Rs.43.66 lakh** for the year 2015-16 as against a revenue surplus of Rs.76.40 lakh approved by the Commission in the order dated 07-09-2015 issued for the entire control period.

Hearing on the matter

5. Public hearing was conducted on 05-04-2017 at the Court room of the Commission. In the public hearing, representatives of the licensee and KSEB Limited were present. Sri.Srikrishnan, Executive Director, KDHPCL presented the

details of the application on the truing up of accounts for the financial year 2015-16 and responded to the queries of the Commission.

6. Smt. Mehrunisa, Executive Engineer, TRAC and Sri. Manoj.G, AEE, TRAC, represented KSEB Ltd. Sri. Manoj.G, Assistant Executive Engineer, TRAC, KSEBL presented the objections of KSEB Limited and submitted written remarks on the application. The summary of the comments of KSEB Ltd is abstracted below:
 - a. The depreciation for assets of the distribution licensee may only be allowed after due consideration of the vintage of the assets.
 - b. Depreciation may not be allowed for the assets created out of consumer contribution
 - c. The licensee has claimed R&M expenses, employee cost and the A&G expenses higher than that approved in the order on ARR&ERC. The Commission may limit the expenses to the approved level.
 - d. The claim of the licensee on Section 3(1) duty may be disallowed.
 - e. The claim of the licensee towards bank charges on bank guarantee under the head "A&G expenses" is not maintainable.
 - f. The claim of the interest and finance charges claimed has no rationale and only the actual interest paid to the consumers on the security deposit for the year may be allowed.
 - g. It was also submitted that the quantum of the energy purchased from KSEB Ltd and the claim made by the licensee under power purchase tally.
7. The Commission sought clarifications on the employee cost claimed, the apportionment of salary to the employees of the licensee and the details of the capital expenditure claimed in the application. The Commission directed M/s KDHPCL to submit the details before the Commission to substantiate the claims made in the applications for the truing up of accounts for the year 2015-16 on or before 17-04-2017. M/s KDHPCL submitted the rejoinder on the comments and remarks of KSEB Limited and the clarifications sought on the application in its letters dated 07-04-2017 and 17-04-2017.

Analysis and decision of the Commission

8. The Commission considered the application of the licensee for truing up of accounts for the year 2015-16, the additional submissions along with the comments of KSEB Ltd. The analysis and decisions of the Commission on the application for truing up of accounts for the year 2015-16 are detailed below:

Number of Consumers and energy sales

9. **Energy Sales.** The actual energy sale for the year 2016-17 is 372 lakh units as against the energy sale of 388 lakh units approved by the Commission in the order on ARR & ERC for the year 2015-16. A comparison between the actual sale for 2014-15 and 2015-16 is tabulated below.

Table 2
KDHPCL-Sale of power to various consumer categories

Consumer Category	2014-15		2015-16	
	No. of Consumers	Energy sold (lakh units)	No. of Consumers	Energy sold (lakh units)
HT I Industrial	26	245	25	226
HT III Agriculture	2	3	2	3
HT VI Commercial	10	23	8	22
LT I Domestic	13164	68	13190	68
LT IV Industries	97	6	95	6
LT V Agriculture	5	0	5	0
LT VI Non Domestic	717	8	714	8
LT VII Commercial	1350	31	1348	34
Street Lighting	128	3	251	5
Total	15499	387	15638	372

10. The Commission notes that there is reduction in number of consumers and energy sales in HT-I industrial, HT IV commercial, LTIV industrial, LT VI non domestic and LT VIII commercial. The licensee could not provide sufficient reason for reduction in major consumers. As per the details submitted by the licensee, the actual number of consumers during the 2015-16 is 15638. The major category of consumers are domestic category, whereas the major part of sale is accounted by the HT I Industrial category. The Commission approves the actual energy sale as per the actuals for the year 2015-16.

Distribution Loss:

11. In the application for approval of ARR & ERC for the year 2015-16, the Commission had approved a distribution loss of 12% for each year of the control period. The actual distribution loss as per the application for truing up for the year 2015-16 was 11.12%. The details of the distribution loss as per the application for truing up submitted by the licensee are given below.

Table 3
KDHPCL- Details on the distribution loss

Particulars	Approved in ARR	As per accounts
Total Energy Sales (lakh units)	388	372
Feed back (lakh units)	75	82
Distribution loss (lakh units)	63	57
Quantum of power purchase from KSEBL for the use of licensed area of KDHPCL (lakh units)	452	429
Gross energy (lakh units)	526	511
Distribution loss %	12.00%	11.12%

12. As shown above, the actual distribution loss reported by the licensee is lower than that approved by the Commission. Distribution loss is a controllable parameter, and the licensee can retain a portion of the efficiency gain as per the provisions of clause 74(4) of the KSERC (Terms and conditions for determination of tariff) Regulations, 2014. The relevant portions of the regulation is as shown below:

74. Distribution loss:.....

.....

(4) Any variation between the actual level of distribution loss and the approved level of the distribution losses shall be dealt with, as part of the truing up of the respective financial year in the following manner:-

(a) if the actual distribution loss is higher than the approved level of distribution loss for any particular financial year of the control period, then the quantum of power purchase corresponding to the excess distribution loss for that financial year shall be disallowed at the average cost of power purchase for the respective financial year;

(b) if the actual distribution loss is lower than the approved level of distribution loss for any particular financial year of the control period, then the savings in the power purchase cost corresponding to the difference in distribution loss for that financial year at the average cost of power purchase for the respective financial year, shall be shared between the distribution business/licensee and the consumers in the ratio of 2:1

13. Hence, efficiency gain on the controllable parameters has to be shared at the ratio of 2:1 ie, 2/3rd of gain is to be retained by the licensee and 1/3rd is to be passed on to the consumers.

Power Purchase Cost:

14. The actual energy purchase as per the application for truing up was 429 lakh units as against an approved purchase of 452 lakh units. The feed back energy to KSEB Ltd was 82 lakh units. Thus, the total energy consumption within the distribution system of KDHPCL was 534 lakh units.

15. The actual power purchase cost as per the truing up application submitted is Rs.2088.13 lakh for a purchase of 429 lakh units. The BST applicable for KDHPCL is Rs. 4.30/kWh and demand charge is Rs.300/kVA.

Table 4
KDHPCL- Details of the cost of power purchase claimed for 2015-16

Particulars	ARR Approved	As per accounts
Total Consumption [MU]	526	511
Less: Feed Back to KSEB (Units in MU)	75	82
Billed Units (MU)	452	429
Demand Charges (@Rs.300/kVA) (Rs.lakh)	252.00	242.30
Excess Demand Charges (Rs.lakh)	-	3.09
Energy Charges (@ Rs.4.30/kWh) (Rs.lakh)	1,941.32	1,842.74
Total Power purchase cost (Rs.lakh)	2,193.32	2,088.13
Average power purchase cost (Rs./kWh)	4.86	4.87

16. As mentioned above, as per the Tariff Regulations 2014, the licensee has to pass on 1/3rd of the efficiency gain to the consumers and balance can be retained. Accordingly the power purchase cost for the year 2015-16 duly considering the regulation 74(4) is as shown below:

Table 5
KDHPCL- Details of the cost of power purchase approved for 2015-16

Actual Energy loss (lakh units)	11.12%	57.00
Energy loss at approved distribution loss (lakh units)	12.00%	61.32
Efficiency gain (lakh units)		4.32
Efficiency gain at average power purchase cost (Rs.lakh) (4.32 lakh units x Rs.4.87/unit)		21.04
Efficiency gain to be retained by licensee (2/3rd) (Rs.lakh)		14.03
Actual Power purchase cost (Rs.lakh)		2,088.13
Approved Power purchase cost (Rs.lakh)		2,102.16

17. The total power purchase as per the approved level of loss of 12% would be 490.32 lakh units at a cost of Rs.4.87 per unit. The distribution loss as per the approved distribution loss of 12% would be 61.32 lakh units whereas the actual distribution loss was 57 lakh units only, showing an efficiency gain of 4.32 lakh units over the approved level. Of this 4.32 lakh units, 2/3rd is to be retained by the licensee and balance 1/3rd passed on to the consumers as reflected in the reduction in power purchase cost. The total efficiency gain at average power purchase cost is Rs.21.04 lakh (Rs.4.32 lakh units x 4.87/unit). In other words the power purchase cost at the approved distribution loss would have been Rs.2109.17 lakh (Rs.2088.13 lakh +21.04 lakh). Out of the total efficiency gain of Rs.21.04 lakh, 1/3rd (Rs.7.01 lakh) is passed on to the consumers as reduction in power purchase cost and 2/3rd (Rs.14.03 lakh) is retained by the licensee. Thus the total power purchase cost approved is Rs.2102.16 lakh

Capital expenditure

18. As per the details furnished by the licensee in its letter dated 17-14-2017 the capital expenditure incurred for the year 2015-16 is as shown below:

Table 6
KDHPCL- Details of capital expenditure for 2015-16

	Particulars	Amount (Rs.lakh)
1.	Chain & Pulley	0.12
2.	Angle cutter	0.09
3.	Chain saws- 2 nos	1.16
	Total capital expenditure for the year 2015-16	1.37
4.	Drawing 11kV overhead feeder line to avail additional power from KSEB including CT/PT units and modifications at the switching station – incurred in 2015-16 but not capitalized in that year as it was not energized	48.59
5.	Total amount of capital expenditure 2015-16	49.96

19. As shown above, the licensee has claimed capital expenditure of Rs.1.37 lakh only for the year 2015-16. The balance amount was not claimed as the asset was not put into operation.

Interest and Finance Charges:

20. The licensee has booked interest on security deposit under interest and finance charges for the year 2015-16. As per the application for truing up, the amount booked under this head is Rs 15.83 lakh. Vide letters dated 7-4-2017 & 17-4-2017, the licensee has stated that the actual interest paid to the consumers for the year was Rs.15.64 lakh against the estimate of

Rs.15.83 lakh. The licensee further stated that the amount booked i.e., Rs.15.83 lakh may be approved and the difference amount of Rs.0.19 lakh will be written back in accounts of March 2017.

21. As per the Regulation 72 of the Kerala Electricity Supply Code, 2014, during the year 2015-16 the licensee has to provide interest on the security deposit at the bank rate prevailing as on 01-04-2015. The provisions are given below:

72. Interest on security deposit.- (1) The licensee shall pay to the consumer interest on the security deposit furnished by him at the bank rate prevailing on the first April of that year and it shall be payable annually with effect from the date of such deposit.

(2) The interest accrued during the financial year shall be adjusted in the energy bill of the consumer during the first quarter of the ensuing financial year.

(3) If the adjustment of the interest is delayed interest twice the bank rate shall be payable for the delayed period.

22. As per the information gathered from the Reserve bank of India website, the bank rate effective for 1-4-2015 was at 8.5%. i.e., interest on the outstanding security amount of **Rs 161.75 lakh available at the beginning of the year (1-4-2014)**. The interest accrued on the said amount @ 8.50% is payable to the consumers. Accordingly, the interest on security deposits is Rs. 13.75 lakh. Thus the interest and finance charges approved for the year 2015-16 in the process of truing up is detailed below.

Table 7
KDHPCL- Interest & Finance charges approved for the year 2015-16

Particulars	As per accounts (Rs. Lakh)	Amount approved for truing up (Rs. Lakh)
Interest & Finance charges	15.83	13.75

Depreciation:

23. The depreciation claimed by the licensee in the application for truing up for the year 2015-16 is Rs 17.20 lakh as against Rs 14.80 lakh approved in the order for the first control period. The details of the depreciation approved by the Commission in the order on ARR & ERC for the year 2015-16 are shown below.

Table -8
Depreciation approved for the control period

Asset group	Rate of depreciation	For the entire control period	
		GFA (Rs.lakh)	Depreciation (Rs.lakh)
Transformers	5.28%	198.48	10.48
Distribution lines	5.28%	40.16	2.12
Others	5.28%	22.25	1.17
Meters	5.28%	34.30	1.81
Total		295.19	15.58
(Less) Consumer contribution	5.28%	14.96	0.79
Net Assets and depreciation		280.23	14.80

24. The depreciation proposed by the licensee as per the application for truing up is detailed below.

Table 9
KDHPCL- Depreciation claimed for the year 2015-16

Asset group	GFA (Rs.lakh)	Depreciation (Rs.lakh)
Transformers	198.48	10.44
Distribution lines	40.16	2.12
Others	22.25	1.40
Meters	61.34	3.24
Total	322.23	17.20

25. The licensee has claimed depreciation for the assets created during the year and for the year 2014-15. The licensee has stated that the increase in depreciation is mainly on account of the additional consumer meters installed during 2014-15. As per the previous orders of the Commission, depreciation on assets created out of consumer contribution is not allowable. After considering the claims of the licensee and the orders issued by the Commission the depreciation approved for the purpose of truing up of accounts for the year 2015-16 is shown below.

Table 10
KDHPCL-Depreciation approved for the truing up of 2015-16

Asset group	Rate of depreciation	2015-16	
		GFA (Rs.lakh)	Depreciation (Rs.lakh)
Transformers	5.28%	198.48	10.48
Distribution lines	5.28%	40.16	2.12
Others	5.28%	22.25	1.18
Meters	5.28%	61.34	3.24
Total		322.23	17.02
(Less) Consumer contribution	5.28%	14.96	0.79
Net Assets and depreciation		307.27	16.23

Employee cost:

26. The Commission approved an employee cost of Rs 80.09 lakh for the year 2015-16 as per the norms in the KSERC (Terms and conditions for determination of tariff) Regulations, 2014. In the application for the truing up of accounts, the licensee has booked an amount of Rs.134.28 lakh as employee cost for carrying out the distribution business.

Table 11
KDHPCL- Details of employee cost claimed for the year 2015-16

Particulars	Approved as per norms (Rs. Lakh)	As per accounts 2015-16 (Rs. Lakh)	
Salaries	80.09	41.90	
Overtime		25.15	
DA		11.98	
Other allowances		3.95	
Bonus		3.54	
Sub Total		86.52	
Medical Expenses reimbursement			
Leave Travel Concession		0.21	
Earned leave encashment		1.21	
Payment under Workmen's Compensation		-	
Contribution to the PF		7.08	
Sub Total		8.50	
Staff welfare expenses		0.77	
Terminal benefits		-	
Salary of Manager & Executive		29.43	
ED/Manager's salary proportion		9.06	
Sub Total		39.26	
Grand Total		80.09	134.28

27. The actual employee cost is higher than the approved level by Rs.54.19 lakh. The licensee clarifies that the increase is mainly on account of the share of salary of manager and executive director which sums up to a total amount of Rs.39.26 lakh.

28. The Commission had taken a view that the functions of distribution licensee is only minor activity of KDHPCL compared to the volume of business and employees deployed, when compared to its main activity and viewed that the claim towards the salary of senior management officers apportioned to distribution business is disproportionately high. Since the KSERC (Terms and Conditions for Determination of Tariff) Regulation 2014, the allowable employee costs can be approved only as per the provisions of the regulation. As per Regulation 81(6), the approved employee cost for the purpose of truing up of accounts for the year 2015-16 is Rs.80.09 lakh.

Table 12
KDHPCL- Employee cost approved for the year 2015-16

Particulars	As per accounts (Rs. Lakh)	Amount approved for truing up (Rs. Lakh)
Employee cost	134.28	80.09

Repair and Maintenance Charges:

29. The actual amount claimed by the licensee in the application is Rs.43.47 lakh for the repair and maintenance of transmission lines, substations, 11 kV lines & associated works, LT line service etc as against the approved amount of Rs 16.64 lakh as per the norms. The actual claim made by the licensee is higher when compared to the amount based on the norms in KSERC (Terms and conditions for determination of tariff) Regulations, 2014. Out of the total claim, Rs.31.93 lakh is for the R&M of cables and line works for maintaining the distribution system. The split up of the R&M expenses as per the accounts is shown below.

Table-13
KDHPCL- Details of R&M expenses for the year 2015-16

Particulars	As per accounts (Rs.lakh)
Maintenance of Building	1.22
Cable, HT Lines	31.93
LT lines	7.17
Vehicles/fuel	2.26
Others	0.89
Total	43.47

30. The licensee vide the clarification submitted that the increase in the R&M cost is on account of the payment of Rs.14.10 lakh to KSEB for modifications at the Pallivasal generating station for the supply of additional power. Since no asset was created in the KDHPCL's books, the same was not booked under capital expenditure of the licensee, but booked under R&M expenses for recovery. It was further stated that the other major unanticipated cost incurred were the cost of Rs.2.55 lakh for repairing damages caused to HT lines due to monsoon, Rs.3.08 lakh towards cutting branches of trees lined up along the distribution lines and Rs.12.20 lakh towards cost of materials for maintaining the HT lines.
31. The R&M expense is a controllable expense. As per the details furnished by the licensee, the expenses incurred are towards normal R&M expenses as well as the expenses paid to KSEB Ltd towards modification of Pallivasal power station. Expenses which are not part of R&M expenses shall not be booked under the head. Such expenses should be booked separately and approval to be sought from the Commission. **Considering the explanation given by the licensee, expense of Rs.14.10 lakh incurred towards modification of Pallivasal Power Stations is allowed as a separate item in the truing up of accounts for the year 2015-16.**
32. As per the Regulations, the controllable expenses have to be approved only as per the provisions of Tariff Regulations, 2014. Accordingly, the R&M expenses approved for the year 2015-16 is Rs.16.64 lakh.

Table – 14
KDHPCL - R&M expenses allowed for truing up for 2015-16

Particulars	ARR Approved (Rs lakh)	As per accounts (Rs lakh)	Trued Up (Rs lakh)
R&M expenses	16.64	43.47	16.64

Administration and General Expenses:

33. The A&G expense claimed by the licensee as per the application for truing up is Rs 14.41 lakh as against the approved amount of Rs 13.91 lakh in the order on ARR&ERC for the first control period. The amount claimed by the licensee under A&G expense includes a claim of Rs.6.25 lakh for bank guarantee charges. The licensee has stated that the claim of Rs.6.25 lakh for bank guarantee charges is in respect to the bank guarantees provided to KSEB as per the power purchase agreement. The Commission in the previous orders have specifically directed the licensee that charges for the bank guarantee

provided to KSEBL as per the orders of Hon. Supreme Court shall not be included in the allowable expenses. In the letter dated 17-4-2017, the licensee has stated that the bank guarantee charges were in respect of various bank guarantees provided to KSEBL as per the power purchase agreement and the amount does not include the bank guarantee charges for the bank guarantee of Rs.718.41 lakh provided to KSEBL as per the directions of Hon. Supreme Court of India in Civil Appeal No. 2144/2011. The details are given below.

Table 15
KDHPCL-Actual details of A&G Expenses

Particulars	2015-16
	As per accounts (Rs in lakh)
Rents, Rates and Taxes	0.16
Security Arrangement	1.06
Insurance	0.43
Telephone/Telex charges	0.07
Legal charges	0.68
Bank charges on Bank Guarantee	6.25
Travelling expenses	0.14
Conveyance and vehicle charges	0.02
Fees and subscription	0.69
Printing and Stationery	1.28
Advertisement	0.05
Electricity charges	0.68
Miscellaneous expenses	2.45
Total	14.41

34. The A&G expenses as per the Tariff Regulations 2014 shall only be admissible to the licensee. The Commission approves only the A&G expenses approved as per the Tariff Regulations, 2014. Accordingly the A&G expense allowed for **truing up is Rs. 13.91 lakh.**

Table – 16
KDHPCL - A&G expenses allowed for truing up for 2015-16

Particulars	ARR Approved (Rs lakh)	As per accounts (Rs lakh)	Trued Up (Rs lakh)
A&G expenses	13.91	14.41	13.91

35. **Others debits:** - The details of the amounts under the head other debits are as follows.

Table 17
KDHPCL- Details of other debits for the year 2015-16

Particulars	Approved (Rs. lakh)	As per accounts (Rs. lakh)
Duty under Section 3	-	12.04
Inspection Charges	0.20	0.44
Total	0.20	12.48

36. The licensee has included duty under Section 3 of the Kerala Electricity Duty Act 1963 (Section 3 duty for short) and periodical charges under 'other debits' totaling to Rs.12.48 lakh. The Commission in its order on the ARR &ERC for the control period had stated the legal position with regard to Section 3 duty and had mentioned that it cannot be passed on to the consumers in view of the statutory provisions laid down in the Kerala Electricity Duty Act,1963. Hence the Commission can approve only the inspection charges under other debits for the year 2015-16. The other debits approved for the year 2015-16 is Rs.0.44 lakh.

Return on Equity:

37. The licensee had, not claimed any RoE in the application for trueing up for the year 2015-16. The Commission in the order on ARR&ERC approved for the first control period had stated that the contribution of equity is not clearly identifiable and accordingly allowed the return based on Regulation 29(2) which was 3% of the net fixed assets. The Commission had allowed a return of Rs.5.49 lakh while approving the ARR for the year 2015-16.
38. The Commission has examined the details furnished by the licensee. the net fixed assets at the beginning of the year is as shown below:

Table 18
KDHPCL- Details of other debits for the year 2015-16

Net Fixed assets at the beginning of the year	Rs. 224.92 lakh
<u>Less</u> Fixed Assets financed by Consumer contribution	Rs. 14.96 lakh
Balance Net Fixed assets on which RoE can be allowed	Rs. 209.96 lakh
Return on assets @3%	Rs. 6.30 lakh

39. **Gross Revenue requirements:** Based on the above, the Gross revenue requirement for the year 2015-16 after truing up is as shown below:

Table 19
KDHPCL-Gross Revenue Requirements after truing up for 2015-16

Particulars	Approved	As per accounts	Trued Up
	(Rs.lakh)	(Rs.lakh)	(Rs.lakh)
Purchase of Power	2,193.32	2,088.13	2,102.16
R&M Expenses	16.64	43.47	16.64
Employee Cost	80.09	134.28	80.09
A & G Expenses	13.91	14.41	13.91
Depreciation	14.80	17.20	16.23
Interest & Finance Charges	12.34	15.83	13.75
Other Debits	0.42	0.44	0.44
Other expenses – (expenses towards modification of Pullivasal power station)			14.10
Return on NFA	5.49	-	6.30
Total Expenditure	2,337.01	2,325.80	2,263.62

Revenue from sale of power:

40. The licensee has claimed total revenue from sale for power of Rs.2346.28 lakh against approved revenue from sale of power of Rs.2398.29 lakh as approved in the Order on ARR. The licensee has stated that the decrease in revenue is due to lower sale when compared to the sale approved by the Commission. Details of revenue from energy sales furnished by the licensee are given below.

Table 20
KDHPCL- Details of Revenue from Sale of Power for 2015-16

Category	As per accounts		
	Sales (lakh units)	Revenue (Rs.lakh)	Average Tariff (Rs./kWh)
HT I Industrial	226	1,434.41	6.35
HT III Agriculture	3	13.06	4.46
HT IV Commercial	22	185.09	8.50
LT I Domestic	68	260.03	3.82
LT IV Industries	6	35.46	5.84
LT V Agriculture	0	0.31	2.53
LT VI Non-domestic	8	66.32	8.30
LT VII Commercial	34	331.27	9.74
Street lighting	5	15.41	3.23
Total	372	2,341.36	6.30

41. The revenue from other charges such as reconnection fee, delayed payment surcharge etc, is reported to be Rs.16.50 lakh as shown below.

Table 21
KDHPCL- Details of other income for the year 2015-16

Items	Amount in Rs.lakh
Fuse off calls/new application fee	0.05
Reconnection fee	0.14
Interest received on deposits with KSEB	11.58
Public lighting	0.44
Maintenance charge	0.02
Delayed payment charges	2.20
Other receipts	1.37
Total	16.50

42. Thus the total revenue from tariff as reported by the licensee as per the accounts is Rs.2357.86 lakh. The Commission approves the revenue from sale of power of Rs.2357.86 lakh for the purpose of truing up of accounts for the year 2015-16.

Non tariff income:

43. The actual non-tariff income accounted by the licensee is Rs 11.60 lakh as against the approved amount of Rs 15.12 lakh.

44. The licensee is holding an accumulated surplus of Rs.593.91 lakh at the end of the year 2014-15, as per the order on truing up of accounts of the licensee. The Commission also approves a notional interest of Rs.53.45 lakh which is 9% of the accumulated surplus considering the base rate of SBI, and the same is included under non-tariff income approved for truing up of the year. The non-tariff income approved for the purpose of truing up of accounts for the year 2015-16 is Rs.65.05 lakh.

45. Thus the details of Truing up taking into consideration the approved expense and revenue is given below:

Table 22
KDHPCL- Details of amounts approved in Truing up for the year 2015-16

Particulars	2015-16		
	Approved	As per accounts	True up
	(Rs.lakh)	(Rs.lakh)	(Rs.lakh)
Revenue			
Revenue from Sale of Power.	2,398.29	2,346.28	2,357.86
Other Income	15.12	23.18	65.05
Total Income	2,413.41	2,369.46	2,422.91

Expenditure			
Purchase of Power	2,193.32	2,088.13	2,102.16
R&M Expenses	16.64	43.47	16.64
Employee Cost	80.09	134.28	80.09
A & G Expenses	13.91	14.41	13.91
Depreciation	14.80	17.20	16.23
Interest & Finance Charges	12.34	15.83	13.75
Other Debits	0.42	0.44	0.44
Other expenses – (expenses towards modification of Pullivasal power station)			14.10
Return on NFA	5.49	-	6.30
Total Expenditure	2,337.01	2,325.80	2263.62
Net Surplus/(Deficit)	76.40	43.66	159.29

Orders of the Commission

46. The Commission after considering the application filed by M/s. KDHPCL for truing up of accounts for the year 2015-16, objections raised by KSEB Ltd. and the clarifications and details provided by the licensee approves the total expenditure of Rs.2263.62 lakh and total revenue of Rs 2422.91 lakh with a revenue surplus of Rs.159.29 lakh. The cumulative revenue surplus till 2015-16 will be Rs.753.20 Lakh (Rs.593.91 lakh + Rs.159.29 lakh). The licensee shall keep the surplus arrived at after the truing up process in a separate fund and utilize it as per orders of the Commission.

47. The application is disposed of. Ordered accordingly.

Sd/-

K.Vikraman Nair
Member

Sd/-

S.Venugopal
Member

Approved for issue

Santhosh Kumar.K.B
Secretary