

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

OA 14/2017

In the matter of : Truing up of accounts of M/s Cochin Special Economic Zone Authority (CSEZA) for the financial year 2015-16

Applicant : M/s Cochin Special Economic Zone Authority

Respondent : M/s Kerala State Electricity Board Limited

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

ORDER DATED 11/07/2017

1. The Cochin Special Economic Zone Authority (hereinafter referred to as CSEZA or the licensee) had submitted an application dated 06-02-2017 before the Commission for truing up of accounts for the financial year 2015-16 vide letter No.H.12/02/2016:CSEZA dated 06-02-2017 as per the provision of the KSERC (Terms and Conditions for determination of tariff) Regulations 2014 and the application was admitted as OA No.14/17.
2. A comparative statement of the various expenses approved as per the order dated 09-09-2015 in OA No.3/2015 in the matter of ARR&ERC of CSEZA for the year 2015-16 to 2017-18 as per the KSERC (Terms and Conditions for determination of tariff) Regulations 2014 (*hereinafter referred to as the Tariff Regulations 2014*) and the actual expenses claimed by the licensee as per the application for truing up is tabulated below.

Table 1

CSEZA - Comparison of approved and actual figures for the year 2015-16

Particulars	2015-16		
	ARR Approved (Rs.lakh)	For Truing Up (Rs.lakh)	Variance (Rs.lakh)
Revenue from Sale of Power.	3280.06	3523.76	243.70
Other Income	148.82	176.38	27.56
Total Income	3428.88	3700.14	
Purchase of Power	3317.54	3476.69	159.15
Repairs and Maintenance	7.80	0.22	(-)7.58
Employee Cost	152.31	132.40	(-)19.91
A & G Expenses	25.43	62.24	36.81
Depreciation	58.68	65.21	6.53
Interest & Finance Charges	-	-	-
Return on Equity	24.59	114.03	89.44
Total Expenditure	3586.35	3850.79	
Net Surplus/(Deficit)	(157.47)	(150.65)	

3. In the application, the licensee has arrived at a **revenue gap of Rs.150.65 lakh** for the year 2015-16 as against the revenue gap of Rs.157.47 lakh approved by the Commission in the order dated 09-09-2015.

Hearing on the matter

4. Hearing on the application for truing up of accounts was held at the Court Room, Office of the Commission on 30-05-2017. M/s CSEZA was represented by Sri. K. C, Seetharaman, Chartered Accountant, Officers and consultants of CSEZA. Sri. K. C Seetharaman presented the details of the application on the truing up of accounts for the year 2015-16 and responded to the queries of the Commission.
5. Sri. Bipin Shankar, Deputy Chief Engineer (TRAC), Smt. Mehrunisa, Executive Engineer, TRAC and Smt. Bindu.V, AEE, TRAC were present on behalf of KSEB Ltd. Sri. Bipin Shankar presented the comments of KSEB Ltd. and submitted written remarks on the application for truing up of accounts which are summarized below.
 - a. The quantum of the energy purchased from KSEB Ltd and the claim made by the licensee under power purchase is found to be correct.
 - b. It was stated that the claim made by the licensee on R&M expenses, employee cost and the A&G expenses is different from that of approved value in the ARR&ERC order.
 - c. The licensee has claimed lower R&M expenses of Rs.0.22 lakh compared to the approved amount of Rs.7.80 lakh in the ARR&ERC. However, the request of the licensee to treat the saving in amount for the next financial year is not possible as per the MYT regulations and hence may be disallowed.
 - d. The Commission may take uniform approach on the claim of the licensee regarding the duty under section 3 of the Electricity Duty Act and the interest thereon and the claim may be disallowed.
 - e. It was further submitted that the Commission may approve only reasonable GFA and depreciation for the year 2015-16.

Analysis and decision of the Commission

6. 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:

7. **No. of Consumers and Sale of Power:** - Actual number of consumers during 2015-16 was 151. The Commission in the ARR&ERC order for the year 2015-16 had approved a sale of 54.48 MU. As per the application for truing up, for the FY 2015-16 there were 32 HT (including six DHT), 96 LT industrial, one LT commercial and 22 other [LT-VI(A),VI(B),VI(D),VI(F) &VIII(B)] consumers. From the details provided in the application it is understood that maximum sale of power is for the HT Industrial Category. During the year 2015-16 the total consumption by all categories were 57.25 MU. The category wise consumption for 2015-16 is given below:

Table 2
CSEZA – No. of Consumers and Sale of power for 2015-16

Particulars	ARR Order		Truing up Claim	
	No.of consumers	MU	No.of consumers	MU
HT – Industrial [HT-I(A) & I(B)]	24	45.13	25	47.33
HT- Agricultural [HT-III(B)]	1	1.62	1	1.61
DHT – Industrial	6	1.24	6	1.38
LT – Industrial [LT-IV(A) &IV(B)]	99	6.10	96	6.42
LT – Commercial [LT-VII(A)]	1	0.01	1	0.01
LT – Other categories [LT-VI(A),VI(B),VI(D),VI(F) &VIII(B)]	17	0.39	22	0.50
Total	148	54.48	151	57.25

8. The Commission has analysed the power consumption pattern and it is seen that about 88% of the consumption of power is accounted for 32 consumers in the HT industrial (including DHT) category. The Commission approves the actual sales of the licensee as claimed, for the purpose of truing up of accounts for the financial year 2015-16.

Distribution Loss:

9. In the application for approval of ARR & ERC for the year 2015-16, the Commission had approved the distribution loss level at 1.50% for each year of the control period. The actual distribution loss as per the application for truing up for the year 2015-16 was 1.40%. The details of the distribution loss as per the application for truing up submitted by the licensee are given below.

Table 3
CSEZA – Distribution loss and energy input for the year 2015-16

Particulars	ARR order	Actual as per True up application	Approved in the true up
Energy Purchased (MU)	55.30	58.06	58.06
Energy Sold (MU)	54.48	57.25	57.25
Distribution Loss (MU)	0.82	0.81	0.81
Distribution Loss (%)	1.50	1.40	1.40

10. 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 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

11. Hence, efficiency gain on the controllable parameters has to be shared at the ratio of 2:1 between the licensee and consumers 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:

12. As per the application for truing up of accounts, the total cost of power for 58.06 MU purchased from KSEB Ltd is Rs 3476.69 lakh, including Rs 399.35 lakh towards fixed charges and Rs 3077.34 lakh towards energy charges at an average rate of Rs.5.99 per kWh. The details of the power purchase cost claimed by the licensee are shown below.

**Table-4
CSEZA - Cost of power purchase for the year 2015-16**

Sl No	Particulars	Claim by the licensee
1	Energy purchase from KSEB (MU)	58.06
2	Demand charge (Rs. Lakh)	399.35
3	Energy charge (Rs. Lakh)	3077.34
4	Total (Rs. Lakh)	3476.69
5	Average power purchase cost(Rs./kWh)	5.99

13. 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) of Tariff Regulations 2014 is as shown below:

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

Actual Energy loss (MU)	1.40%	0.81
Energy loss at approved distribution loss (MU)	1.50%	0.87
Efficiency gain (MU)		0.06
Efficiency gain at average power purchase cost (Rs.lakh) (0.06 MU x Rs.5.99/unit)		3.59
Efficiency gain to be retained by licensee (2/3 rd) (Rs.lakh)		2.39
Actual Power purchase cost (Rs.lakh)		3476.69
Approved Power purchase cost (Rs.lakh)		3479.08

14. The distribution loss as per the approved distribution loss of 1.50% would be 0.87 MU whereas the actual distribution loss was 0.81 MU only, showing a efficiency gain of 0.06 MU over the approved level. Of this 0.06 MU, 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.3.59 lakh (0.06 MU x Rs.5.99/kWh). In other words the power purchase cost at the approved distribution loss would have been Rs.3480.28 lakh (Rs.3476.69 lakh + Rs 3.59 lakh). Out of the total efficiency gain of Rs.3.59 lakh, 1/3rd (Rs.1.20 lakh) is passed on to the consumers as reduction in power purchase cost and 2/3rd (Rs.2.39 lakh) is retained by the licensee. Thus the total power purchase cost approved for the year 2015-16 is Rs.3479.08 lakh

Interest and Finance Charges:

15. The licensee has not claimed any interest and financing charges for 2015-16. The Government of India has met the entire investment on the infrastructure for the power distribution in CSEZA.

Depreciation:

16. The depreciation claimed by the licensee in the application for truing up for the year 2015-16 is Rs 65.21 lakh as against Rs 58.68 lakh approved in the ARR & ERC order dated 09-09-2015. The depreciation approved by the Commission is based on the existing asset as per the order on ARR &ERC for the year 2015-16 base.

17. The details of depreciation claimed by the licensee as per the application for truing up are shown below.

Table 6
CSEZA - Depreciation claimed for the year 2015-16

Asset Group	Rate	GFA (Rs Lakh)		Depreciation claimed (Rs Lakh)
		At the beginning of the year	Additions during the year	
Distribution Lines	5.28%	496.79	-	26.23
Transformers	5.28%	3.50	-	0.18
Switch gear	5.28%	1.35	-	0.07
Transformers	5.28%	15.56	-	0.82
Switch gear	5.28%	484.97	-	25.61
Communication Equipment	6.33%	54.41	-	3.44
Meters	5.28%	164.75	-	8.70
Plant & Machinery	5.28%	-	9.84	0.03
Furniture & Fixtures	6.33%	0.44	-	0.03
Office Equipments	6.33%	1.39	-	0.09
Total		1223.17	9.84	65.21

18. The Commission in the ARR&ERC order for the control period from 2015-16 to 2017-18, depreciation of Rs.58.68 lakh was allowed based on the opening level of GFA of as on 1-4-2013. The asset additions for the subsequent period were not considered, as specific approval was pending. However, the Commission in the orders on the ARR&ERC for the years 2013-14 and 2014-15 dated 15-05-2013 (para 33) and 30-04-2014 (para 40) had mentioned regarding the capital expenditure proposed by the M/s CSEZA as:

“Some of the items are of routine nature. The Licensee may carry out the capital expenditure as proposed and report the funding arrangements in due course.”

19. Similarly, the Commission had further approved, in principle, the capital expenditure for the first control period as per the order dated 18-07-2016 in RP 1/2016. It is to be noted that the Commission, in para 24 of the order on ARR&ERC for the first control period from 2015-16 to 2017-18 specifically stated that the claims for depreciation relating to the assets actually created will be duly considered after commissioning of the project as per the Tariff Regulations, 2014, during the truing up process. Thus, the asset additions made by the licensee during the years 2013-14, 2014-15 and 2015-16 were as per the directions of the Commission through various orders, the Commission is of the view that the asset additions made by the licensee during the years from 2013-14 to 2015-16 can be considered for allowing depreciation.

20. Based on the details furnished by the licensee, the Commission noted the asset additions made by the licensee during the years 2013-14, 2014-15 and 2015-16 as shown below.

Table 7
CSEZA – Asset additions over the years (Rs.lakh)

Asset group	GFA at the beginning 2013-14	Asset Additions made		
		2013-14	2014-15	2015-16
Substations	484.27	-	-	-
11kV works	496.79	-	-	-
Distribution transformer	3.50	-	15.56	-
Metering Equipment	97.99	8.48	58.28	-
Batteries	1.35	-	-	-
Miscellaneous Equipment	-	10.84	43.57	-
Furniture & Fixtures	0.18	-	0.26	-
Office Equipments	1.38	-	-	-
Plant & Machinery	-	-	-	9.84
Total	1086.16	19.32	117.67	9.84

21. Accordingly, the depreciation for the year 2015-16, is as detailed below.

Table 8
CSEZA - Depreciation approved for 2015-16 (Rs Lakh)

Asset group	Rate of depreciation	GFA			Depreciation Approved
		At the beginning 2013-14	Asset additions 2013-14 to 2015-16	Total	
Substations	5.28%	484.97	-	484.97	25.61
11kV works	5.28%	496.79	-	496.79	26.23
Distribution transformer	5.28%	3.50	15.56	19.06	1.00
Metering Equipment	5.28%	97.99	66.76	164.75	8.70
Switchgears, Control gear & Protection	5.28%	1.35	-	1.35	0.07
Furniture & Fixtures	6.33%	0.18	0.26	0.44	0.03
Office Equipments	6.33%	1.38	-	1.38	0.09
Communication Equipment	6.33%	-	54.41	54.41	3.44
Plant & Machinery	5.28%	-	9.84	9.84	0.00
Total		1086.16	146.83	1232.99	65.17

22. Since the date of asset addition made towards plant and machinery worth Rs.9.84 lakh in the year 2015-16 is not given in the petition, depreciation for the same for the year 2015-16 is not provided. Hence the depreciation approved by the Commission for the financial year 2015-16 is Rs.65.17 lakh

O&M expenses:

23. The details of the O&M expenses claimed by the CSEZA for 2015-16 in comparison with the amounts as per the Tariff Regulation 2014 is as shown below:

O&M Expenses for 2015-16	As per the Regulations	As per the application for truing up
Employee expenses (Rs. lakh)	152.31	132.40
R&M expenses (Rs. lakh)	7.80	0.22
A&G expenses excluding electricity Duty (Rs. lakh)	25.43	23.18
Total O&M Expenses	185.54	155.80

24. As shown above, the actual O&M expenses were lower than the amount approved in the ARR&ERC as per the Tariff Regulations 2014. Regulation 15 of the Tariff Regulations, 2014 details the mechanism for sharing of gains or losses on account of controllable factors which is quoted hereunder.

15. Mechanism for sharing of gains or losses on account of controllable factors. – (1) *The aggregate gain to the generating business/company or transmission business/licensee or distribution business/licensee or state load despatch centre, as approved by the Commission, on account of controllable factors shall be dealt with in the following manner:-*

(a) *one-third of the amount of such gain shall be passed on to consumers as a rebate in tariffs;*

(b) *the balance two-third of the amount of such gain, may be utilised at the discretion of the generating business/company or transmission business/licensee or distribution business/licensee:*

Provided that the net gain or loss to the generating business/company on account of normative operational parameters specified in sub-regulations (5), (6), (7), (8), and (9) of regulation 47 shall be shared as specified in regulation 41 of these Regulations.

(2) *The aggregate loss to the generating business/company or transmission business/licensee or distribution business/licensee or state load despatch centre, as approved by the Commission, on account of controllable factors shall be borne by such generating business/company or transmission business/licensee or distribution business/licensee or state load despatch centre and shall not be passed on to the consumer in any manner.*

25. Based on the provisions of Tariff Regulations, 2014 the approved O&M expenses for the year 2015-16 are detailed below.

Employee cost:

26. In the order on ARR & ERC for the year, the Commission had approved a total employee cost of Rs.152.31 lakh as per the norms in the Tariff Regulations, 2014 and the actual employee cost incurred as per the

application for truing up of accounts submitted by the licensee is Rs.132.40 lakh. As per the split up of the employee cost submitted by the licensee, the major claim is for the charges of the O&M agency M/s Kitco Ltd amounting to Rs.116.20 lakh.

27. The Tariff Regulation 2014, being in force, the Commission is to allow the employee costs as per the provisions of the regulation. Based on the Regulation 15 of the Tariff Regulations, 2014, the 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. Accordingly the employee cost approved for the year 2015-16 duly considering the regulation is as shown below.

Table 9
CSEZA- Employee cost approved for the year 2015-16 (Rs Lakh)

Particulars	ARR approved	Truing up Claimed	Approved for Truing up
Employee cost	152.31	132.40	145.67

Repair and Maintenance Expenses:

28. The actual repair and maintenance expenses claimed by the licensee in the application for truing up of accounts for 2015-16 is Rs.0.22 lakh as against the approved amount of Rs 7.80 lakh as per the ARR&ERC order. It is noted that the labour portion of the R&M expense are booked under employee cost as O&M Charges paid to M/s.KITCO. Hence, the R&M cost claimed by the licensee may be the cost of materials only. Further the licensee has stated during the hearing that the R&M expenses planned for the year as mentioned in the application for ARR&ERC for the year 2015 was not undertaken and requested that the amount may be passed on to the next year. The Commission notes that the licensee has not carried out the R&M works as planned and proposed in the application for ARR&ERC 2015-16. It is directed that the licensee has to undertake the maintenance activities as planned for maintaining the reliability of the system. In future, the Commission may disallow the amount if such practices are continued.
29. The split up of the R&M expenses as per the accounts is shown below.

Table 10
CSEZA- Details of R&M expenses for the year 2015-16

Particulars	As per accounts (Rs.lakh)
Plant & Machinery	0.11
Civil works	0.11
Total	0.22

30. As per the norms approved in the Tariff Regulations, the R&M expenses for the year 2015-16 was Rs.7.80 lakhs. As specified in Regulation 15 of the KSERC (Terms and conditions for determination of tariff) Regulations, 2014, the 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. Accordingly the R&M cost approved for the year 2015-16 duly considering the regulation is as shown below

Table 11
CSEZA- R&M Expenses approved for the year 2015-16 (Rs Lakh)

Particulars	ARR approved	Truing up Claimed	Approved for Truing up
R&M Expenses	7.80	0.22	5.27

Administration and General Expenses:

31. The A&G expense (including electricity duty) claimed by the licensee as per the application for truing up is Rs 62.24 lakh as against the approved amount of Rs 25.43 lakh in the order on ARR&ERC for the year 2015-16. The A&G expense excluding the electricity duty and interest thereon claimed as per the application is Rs.23.18 lakh. The split up details of the expenses claimed by the licensee as per truing up application for the year 2015-16 is shown below.

Table 12
CSEZA - A&G Expenses claimed for 2015-16

Particulars	As per accounts (Rs.lakh)
Rents, Rates and Taxes	9.13
Insurance	1.47
Telephone/Telex charges	0.07
Fees and subscription	4.52
Printing and Stationery	0.05
Advertisement	0.65
Electricity & water charges	1.78
V-sat, internet and related charges	4.22
Others	0.37
Travelling expenses	0.49
Meeting expenses	0.43
Electricity Duty u/s 3(1) KED Act	33.60
Interest on Sec.3 Duty	5.46
Total	62.24

32. The amount of electricity duty under Section 3 (1) of the Kerala Electricity Duty Act,1963 and interest thereon cannot be admitted as an item of expenditure in view of the above statutory provisions. The Commission has, in its previous orders also, taken this consistent stand on the issue relating to electricity duty payable by the licensee under Section 3 (1) of the Kerala Electricity Duty Act.
33. Based on Regulation 15 of the Tariff Regulations, 2014, the gain on the controllable parameters is 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. Accordingly the A&G expense approved for the year 2015-16 duly considering the regulation is as shown below

Table 13
CSEZA- A&G Expenses approved for the year 2015-16 (Rs Lakh)

Particulars	ARR approved	Truing up Claimed	Approved for Truing up
A&G Expenses (excluding electricity duty)	25.43	23.18	24.68

34. Based on the regulation, the Commission approves O&M expenses for the year 2015-16 as shown below.

Table 14
CSEZA- O&M Expenses approved for the year 2015-16

Particulars	As per the application for truing up	As per the Regulations	Efficiency Gain to be retained by the licensee	Trued Up
Employee expenses (Rs. lakh)	132.40	152.31	13.27	145.67
R&M expenses (Rs. lakh)	0.22	7.80	5.05	5.27
A&G expenses (Rs. lakh)	23.18	25.43	1.50	24.68
Total O&M Expenses(Rs Lakh)	155.80	185.54	19.82	175.62

Return on Equity:

35. The licensee has claimed return on equity on the basis of debt equity ratio of 70:30. The licensee projects Rs.114.03 lakh as RoE for the year 2015-16. The distribution infrastructure of CSEZA has been funded by a proprietary grant and it was used for the development of the entire Zone and there is no documentary proof to prove that the same has been exclusively given for the setting up of distribution business of the licensee. As per sub-regulation (2) of Regulation 29 of the KSERC (Terms and conditions for determination of tariff) Regulations, 2014, if the equity invested in the regulated business is not clearly identifiable, return at the rate of 3% shall be allowed on the net fixed

assets at the beginning of the financial year for such regulated business. Hence, RoE allowable can be assessed and approved on the basis of fixed assets at the rate of 3% of NFA as shown below.

Table-15
CSEZA - Return on Equity approved for the year 2015-16 (Rs. Lakh)

Particulars	2015-16	
	ARR order	Trued up
Gross Fixed Assets	1097.89	1223.15
Opening cumulative Depreciation	278.20	439.67
Net Fixed Assets	819.69	783.48
Rate of Return	3%	3%
Eligible Return	24.59	23.50

36. The Commission allows a return of Rs.23.50 lakh while approving the truing up of accounts for the year 2015-16.

Revenue from sale of power:

37. The licensee has accounted total revenue from sale for power of Rs.3523.76 lakh against approved amount of Rs.3280.06 lakh in the Order on ARR. The details of revenue from sale of power as furnished by the licensee are given below.

Table 16
CSEZA - Details of Revenue from Sale of Power for 2015-16

Particulars	No. of Consumers	Energy Sale (MU)	Revenue (Rs Lakh)	Avg. Realisation (Rs/kWh)
HT Consumers	32	50.32	3056.46	6.07
LT Consumers	119	6.94	467.30	6.73
Total	151	57.25	3523.76	
Electrical Duty Recovery			87.25	
Other State Levies Recovery			11.94	
Gross Revenue			3622.95	
Less: Electricity Duty payable to Govt			87.25	
Less: Other State Levies payable to Govt			11.94	
Net Revenue			3523.76	

Non tariff income:

38. The actual non-tariff income accounted by the licensee is Rs 176.38 lakh as against the approved amount of Rs 148.82 lakh vide ARR order dated 09-09-2015. The details of the claim made by the licensee are tabulated hereunder.

**Table 17
CSEZA- Details of Non Tariff income**

Particulars	2014-15 Trued Up (Rs Lakh)	2015-16 ARR Approved (Rs Lakh)	2015-16 for Truing up (Rs Lakh)
Interest on investments, fixed and calls deposits and bank balances.	159.27	125.00	159.77
Interest on advances	12.95	12.16	13.71
Miscellaneous Receipts	2.87	-	1.18
Commission for collection of electricity duty	1.02	1.00	1.05
Meter/service line rentals	-	10.66	0.67
Non Tariff income	176.11	148.82	176.38

39. The non-tariff income includes an amount of Rs.159.77 lakh towards interest on investments, fixed and calls deposits and bank balances. As per the accounts, the licensee has deposit accounts of Rs.1902 lakhs as on 31-03-2015 and Rs.1682 lakhs as on 31-03-2016. As per the order of the Commission dated 09-11-2016 on the truing up of accounts for the year 2014-15, the accumulated revenue surplus till 2014-15 was Rs.1364.94 lakh. Since the licensee has accounted an interest on deposits of Rs.159.77 lakh, separate interest on accumulated surplus is not provided. For the year 2015-16 the Commission approves the non-tariff income as per the accounts of the licensee.

**Table 18
CSEZA- Non Tariff income approved for the year 2015-16 (Rs Lakh)**

Particulars	ARR approved	Truing up Claimed	Approved for Truing up
Non Tariff income	148.82	176.38	176.38

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

Table 19
CSEZA- Details of amounts approved in Truing up for the year 2015-16(Rs Lakh)

Particulars	2015-16		
	Approved	Actual	Trued up
Revenue from Sale of Power.	3280.06	3523.76	3523.76
Other Income	148.82	176.38	176.38
Total Income	3428.88	3700.14	3700.14
Purchase of Power	3317.54	3476.69	3479.08
Employee Cost	152.31	132.40	145.67
Repairs and Maintenance	7.80	0.22	5.27
A&G Expenses	25.43	62.24	24.68
Depreciation	58.68	65.21	65.17
Interest & Finance Charges	-	-	-
Return on Equity	24.59	114.03	23.50
Total Expenditure	3586.35	3850.79	3743.37
Net Surplus/(Deficit)	(157.47)	(150.65)	(43.23)

Orders of the Commission

41. The Commission after considering the application filed by M/s. CSEZA 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.3743.27 lakh and total revenue of Rs.3700.14 lakh with a revenue gap of Rs.43.23 lakh. The cumulative revenue surplus till 2015-16 will be Rs.1321.71 Lakh (Rs.1364.94 lakh - Rs.43.23 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.
42. The application is disposed of. Ordered accordingly.

Sd/-
K.Vikraman Nair
Member

Sd/-
S.Venugopal
Member

Approved for issue
Sd/-
Santhosh Kumar.K.B
Secretary