

KERALA STATE ELECTRICITY REGULATORY COMMISSION

THIRUVANANTHAPURAM

Present: **Shri. Preman Dinaraj, Chairman**

Petition No. OA 18/2020 & 19/2020

In the matter of : Petition for Truing Up for the financial year 2017-18 & 2018-19 of Distribution Licensee INFOPARK.

Petitioner : M/s. InfoParks Kerala
Park Centre, Infopark kochi P.O
Kakkanad,Kochi-682042

Petitioner represented by : Shri. Vijayan V.R, Head Projects & Engineering,
Shri. Santhosh. V, Manager (Finance)
Shri. Arun.S, Jr. Engineer-Electrical

Hearing No. and date of hearing:- 1st hearing held on 19-11-2020

Daily Order dated 24.11.2020

Public hearing on the petition for the Truing up of accounts for the years 2017-18 & 2018-19 filed by the Distribution Licensee M/s. Infopark Kerala was conducted vide Video Conferencing on 19-11-2020 at 11.00 A.M. The main points submitted in the petition are stated below;

1. The licensee has claimed a revenue gap of Rs.255.76 lakh for 2017-18 and a revenue gap of Rs 262.33 lakhs for 2018-19 as against the revenue gap of Rs.41.16 lakh approved by the Commission in the True up Order for the financial year 2016-17.
2. There is an increase in the number of consumers to 62 in 2017-18 and to 81 in 2018-19 compared to 52 as per trued up accounts for 2016-17. The sale of power increased to 6.83 MU in 2017-18 and to 7.84 MU in 2018-19 when compared to the 6.03 MU in the previous year 2016-17.

3. The licensee has reported that the sale of power could not reach the expected levels due to one HT consumer M/s Cognizant Technologies limiting their actual demand to 1000 KVA as against the Contracted Demand of 3000 KVA. The majority of sales was to the HT 1B category.
4. The Commission observed that the licensee had included Electricity Duty and Surcharge collected along with the sales revenue figures in the True up Accounts submitted for 2017-18 and 2018-19. The licensee also submitted that they were claiming Electricity Duty and Surcharge as expenses along with power purchase cost, though not disclosed separately. The Commission informed that as per Regulations, Electricity Duty cannot be allowed as expenditure and has to be borne by the licensee.
5. The Commission enquired as to whether consumers having leased land from Infopark were following the load maximum limit and whether the load actually connected exceeded the maximum load as per the Kerala Electricity Supply Code. The licensee informed that there were consumers like Media Systems, Muthoot Group etc. who were located on leased land and availing power. The licensee was directed to give the details of such consumers i.e., their Connected Load, Contract Demand, Maximum recorded consumption, etc. The licensee was also directed to ensure strict compliance to the provisions of the Kerala Electricity Supply Code.
6. Capital expenditure incurred for providing additional facilities to consumers was to be recovered from them and this expenditure is not to be included under the licensee's own expenditure.
7. The Distribution loss for the year 2017-18 was reported as 8.02% which is higher than the distribution loss of 6.00 % for the previous year. For 2018-19 the Distribution loss reported was 7.28%. However, during the public hearing held on 10-11-2020 the licensee submitted that the reworked Distribution loss figures are 6.04% for 2017-18 and 5.20% for 2018-19 and the error occurred due to not taking into account their own consumption. The licensee was directed to ensure that the above correction are effected and to ensure that own consumption is accounted for and billed. Further, the power generated from the two Solar power plants installed which was also injected into the system is also to be taken into consideration for working out the distribution loss. The Commission directed that Distribution loss be reworked after including the complete power injected into the system so as to get a correct figure of the Distribution loss.
8. The Commission observed that employee cost submitted was on the higher side and also in certain cases like leave salary, other allowances, pay revision

arrears, etc. proper accounting was not seen done. Earned leave encashment Rs 1.03 lakh for the financial year 2017-18 was not matching with the basic salary details furnished. Dearness allowance was noticed to be 258% of the basic salary. The licensee was directed to verify and furnish the correct figures so as to have a true and fair picture of the accounts. Details of pay revision effected along with copies of necessary GOs and expenditure incurred year wise, no. of employees and their posts and other details of amounts are to be included under the head of account 'Prior Period Expenses' to be provided.

9. The Commission observed that there were certain wrong classifications under Administration and General expenses such as interest paid to consumers was wrongly grouped under this head.
10. It was observed that the repairs and maintenance expenses has increased from Rs 17.12 lakhs in 2017-18 to Rs.27.37 lakhs in 2018-19. This amounts to approximately 60% increase and needs proper justification. The licensee explained that due to increased operations in Phase II which called for 24 hours supervision and more operational staff was required which resulted in the increased cost. The Commission directed that complete details of all personnel engaged including post and nature of duties and number of personnel engaged be furnished.
11. The licensee submitted that depreciation was being disallowed to them for the past two years. The Commission informed that the licensee had not informed the commissioning of two solar plants and the power injected into the system thereby vitiating the power consumption details. Also, the source of funding of assets was not disclosed by clearly segregating own funds, consumer contributions, despite directions given vide Truing up orders for the financial year 2015-16. This has made it impossible to consider the claim towards depreciation and Return on equity/RONA.
12. Shri Manoj, AEE, TRAC, KSEBL submitted their remarks on the petition as under;
 - I. The Distribution loss should be based on the norms fixed in the approved ARR&ERC and power purchase cost of the licensee to be adjusted accordingly.
 - II. Operation and maintenance expenditure is on the higher side and may be limited to the norms fixed in the 2018 Tariff Regulations.
 - III. As mentioned in the Truing Up Orders of the Commission, the depreciation and ROE need not be allowed till all the required details vide Truing up Orders of the Commission for 2015-16 are submitted by the licensee.

- IV. The power purchase units furnished by M/s Infopark is matching but the total billed amount is not matching with KSEB accounts. For 2017-18 Infopark has reported Rs.5.14 Crores as power purchase cost whereas as per KSEB books it was Rs.5.02 Crores. Similarly, for 2018-19, Infopark has claimed Rs.5.82 crores whereas KSEB books shows Rs.5.61 crore only.

The Commission directions consequent to the hearing held for INFOPARK to comply with are as under;

- The accounts submitted by the licensee for truing up do not give a true and fair view of the accounts of the licensee. The Commission directs that the defects and inconsistencies pointed out by the Commission be rectified and revised statements of accounts for truing up be re-submitted for the years 2017-18 and 2018-19 on or before 18th December 2020. The second hearing for the same is posted on 23rd December 2020.
- The financial statements and forms as per Regulations submitted has to be duly certified by a practicing Chartered Accountant.
- Separate petition to be filed in respect of the complete Assets and Liabilities for cleaning up the books of accounts of the licensee with the approval of their Board of Directors before 10th February 2021. The Hearing shall be conducted on 17th February 2021.
- Details of Capital expenditure proposals pending for approval to be submitted. Source of funding of Assets to specified i.e. whether from own funds, consumer contributions, Grants or subsidies etc.

M/s INFOPARK shall furnish the revised details for Truing Up the accounts of the financial years 2017-18 and 2018-19 and other submissions as above not later than the dates specified herein above.

Sd/-

Preman Dinaraj

Chairman

Approved for Issue

Sd/-

Secretary (i/c)