

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

Present: **Shri. R. Preman Dinaraj, Chairman**
Shri. K. Vikraman Nair, Member

OA.No.5/2019

In the matter of : Application on the Truing up of accounts for the year 2017-18 filed by M/s Kanan Devan Hills Plantations Company Private Limited (KDHPCL)

Applicant (s) : M/s Kanan Devan Hills Plantations Company Private Limited, Munnar

Applicant (s) represented by : Sri.P.M. Srikrishnan, Executive Director, KDHPCL

Daily Order dated 16.04.2019

Conducted public hearing on the application on the Truing up of accounts for the year 2017-18 filed by M/s Kanan Devan Hills Plantations Company Private Limited (KDHPCL) at the KDH Club Hall, Munnar on 05-04-2019. The petitioner was represented by Sri. P.M. Srikrishnan, Executive Director, KDHPCL and other officers of the licensee. Sri. P.M. Srikrishnan, briefed the details of the application and responded to the queries of the Commission. The main points submitted in the petition are briefed below.

- The licensee proposes revenue gap for the year 2017-18.
- The actual number of consumers for 2017-18 is 15884 and the sale for 2017-18 is 46.21 MU whereas in 2016-17 the sale was 37.87 MU. The licensee has stated the reason for the increase is that, in March 2017, an additional 2MVA was sanctioned leading to a higher consumption of grid power and lower generation station usage.
- The Commission had approved a distribution loss of 12% for 2017-18. The actual distribution loss as per the application for truing up for the year 2017-18 is 11.13%
- The licensee has claimed an actual power purchase cost of Rs.2811.98 lakh for the purchase of 53.17 MU. The average power purchase cost is Rs.5.31 per unit.
- Operation & maintenance includes controllable expenses like Employee cost, R&M Expenses and A&G Expenses. KDHPCL has claimed the O&M higher than that approved by the Commission in ARR.

- The Commission had approved an amount of Rs 89.74 lakh as employee cost for the year 2017-18. In the application the licensee has booked an amount of Rs.180.14 lakh. The claim made by the licensee is for 67 employees. The licensee has stated that 10% of the salary of Executive director, 5% salary of Sr.Manager and 25% salary of Executive is apportioned to the distribution business.
- The actual amount claimed by the licensee in the application is Rs.33.11 lakh for the repair and maintenance of distribution lines, substations, 11 kV lines & associated works, LT line service etc as against the approved amount of Rs 18.65 lakh as per the norms. The A&G expense claimed by the licensee as per the application for truing up is Rs.11.27 lakh as against the approved amount of Rs 15.59 lakh in the ARR.
- The interest and finance charges claimed by the licensee for the year 2017-18 includes interest on security deposit (Rs. 12.33 lakh) and interest on bank guarantee charges (Rs.15.22 lakh).
- The licensee in the petition has claimed depreciation in the straight line method as per the Tariff Regulations 2014. The depreciation claimed by the licensee in the application for truing up for the year 2017-18 considering the asset added for Rs 20.26 lakh
- The licensee has claimed a return at the rate of three percent on the net fixed assets at the beginning of the financial year.
- The licensee has included Section III duty and periodical charges under other debits
- The non-tariff income accounted by the licensee in the application includes interest receivable on KDHPCL deposit with KSEB Ltd and miscellaneous recoveries

Sri.Bipin Shankar, Deputy Chief Engineer TRAC and Sri. Ajith Kumar.G, DAO, TRAC represented KSEB Ltd. Sri.Bipin Shankar presented the counter statement/comments of KSEB Ltd. and stated that the written remarks on the application will be submitted subsequently. The major points presented by KSEB Ltd are abstracted below.

- a. The licensee has claimed R&M expenses and employee cost higher than the norms approved by the Commission. The Commission may limit the expenses to the approved level.
- b. The depreciation for assets may be allowed only after due consideration of the vintage of the assets and depreciation not to be allowed for the assets created out of consumer contribution.
- c. The claim of the licensee on Section 3(1) duty may be disallowed.

The Commission during the hearing stated that the licensee may approach the banks to negotiate to obtain a higher interest on the accumulated surplus of the licensee. The Commission directed KDHPCL to submit details if any that need to be submitted before the Commission to substantiate the claims made in the application and the reply on the counter statement submitted by KSEB Ltd, on or before 29-04-2019.

Hearing concluded. Reserved for orders.

Sd/-
K.Vikraman Nair
Member

Sd/-
Preman Dinaraj
Chairman

Approved for issue
Sd/-
G.Jyothichudan
Secretary