

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present: **Shri. R. Preman Dinaraj, Chairman**
Shri. S. Venugopal, Member

O.A. No.01/2020

In the matter of : Application on Truing up of accounts for the Financial year 2017-18 filed by M/s Rubber Park India (P) Ltd.

Applicant(s) : The Managing Director,
Rubber Park India (P) Limited
2 A Kautileeyam, Rubberpark
Valayanchirangara,Ernakulam

Applicant(s) represented by :
1. Sri.J. Krishna Kumar, Managing Director.
2. Sri.Anees.T.M, Resident Engineer,

Daily Order dated 07.02.2020

The hearing on the petition filed by M/s Rubber Park India (P) Ltd. (RPIL) for truing up of accounts for the year 2017-18 was held at the Office of the Commission on 28-01-2020. M/s Rubber Park India (P) Ltd. was represented by Sri.J. Krishna Kumar MD and Sri.Anees.T.M, Resident Engineer, Rubber Park India (P) Ltd. Sri.Anees.T.M presented the details of the application on the truing up of accounts for the year 2017-18 and gave clarifications on the queries raised by the Commission.

The main points made by RPIL are:-

- The energy sale as per the application for truing up for 2017-18 is 29.63 MU, the energy purchased is 30.21 MU and the actual distribution loss for the year is 1.94%. The licensee submitted that the efficiency gain with regard to the reduction in the distribution loss over the approved level, may be passed on.
- The power purchase cost for the year 2017-18 is Rs.1589.60 lakh for a purchase of 30.21 MU.
- The employee cost booked for the year 2017-18 is Rs.58.74 lakh

- A&G expense claimed is Rs.48.50 lakh, which includes Rs.17.80 lakh under Section 3(1) Duty. The licensee submitted that the increase in licence fee and legal fee, may be approved as one time expense incurred under A&G expenses.
- The Repair and maintenance cost incurred by the licensee for the year 2017-18 is Rs.33.87 lakh, where Rs.29.01 lakh, is the R&M cost of the O&M contractor. The licensee has also claimed Rs.2.62 lakh as one time expense towards the repair charges of distribution transformer.
- The licensee in the application has claimed Rs.49.94 lakh as depreciation for the assets.
- The interest and financing charges of Rs.40.20 lakh claimed in the application for truing up for 2017-18 includes interest on normative loan of Rs.39.26 lakh and Rs.0.94 lakh as bank charges for the security provided to KSEB Ltd.
- Rs.42.16 lakh is claimed as RoE, which is calculated at the rate of 14% on 30% of the opening gross fixed asset during the year 2017-18.
- The licensee has accounted total revenue from sale for power of Rs.1871.33 lakh for a sale of 29.63 MU and a wheeling charge of Rs.0.21 lakh for wheeling power to M/s M Fuel.
- The non-tariff income booked is Rs 0.60 lakh which includes miscellaneous receipts and commission for collection of electricity duty
- Accordingly RPIL has arrived at a revenue surplus of Rs.9.40 lakh for the year 2017-18

Sri Suresh.A, Executive Engineer,TRAC and Sri. Manoj.G, AEE, TRAC represented KSEB Ltd. Sri. Manoj.G presented the counter statement/comments of KSEB Ltd. The major points raised by KSEB Ltd are the following:

- The claim of the licensee on the Operation and Maintenance cost such as R&M expenses, Employee cost and A&G expenses are higher than the same approved by the Commission. Hence, the Operation and Maintenance cost may be limited to the norms fixed by the Commission.
- The Commission may take uniform approach regarding section 3 duty and the claim of the licensee on Electricity duty may be disallowed

- RPIL has claimed the interest on normative loan of Rs. 39.26 lakh. Commission may disallow the amount as decided in review orders issued by the Commission.
- There is a significant decrease in the non-tariff income booked by the licensee as the licensee has not included the interest on security provided with KSEB Ltd and the interest on accumulated surplus as part of non-tariff income.
- The quantum of energy purchased and the energy charges for 2017-18 claimed by the licensee shows slight difference. The demand charges remain the same.

The licensee may furnish additional details on the following:

1. The licensee may clarify whether input tax credit is availed for the GST, if not the reason for not claiming the same may be furnished
2. The licensee may clarify whether the medical reimbursement claim under employee costs is a provision or actual payment. If so the details on the same to be furnished.

Hearing concluded. The licensee shall furnish the additional details, if any, within two weeks before the Commission to substantiate the claims.

Reserved for orders.

Sd/-
S.Venugopal
Member

Sd/-
Preman Dinaraj
Chairman

Approved for issue

Sd/
Secretary