

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

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

O.A. No.14/2018

In the matter of : Application on Truing up of accounts for the Financial year 2016-17 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,
3. Smt.Asha. P, Accounts Officer

Daily Order dated 21.11.2018

Heard M/s Rubber Park India (P) Ltd. (RPIL) on 14-11-2018 at the Office of the Commission on the truing up of accounts for the year 2016-17. M/s Rubber Park India (P) Ltd. was represented by Sri.J.Krishna Kumar MD, Sri.Anees.T.M, Resident Engineer & Smt.Asha. P, Accounts Officer. Sri.Anees.T.M, Resident Engineer, Rubber Park India (P) Ltd. presented the details of the application on the truing up of accounts for the year 2016-17 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 2016-17 is 31.52 MU, the energy purchased is 32.22 MU and the actual distribution loss for the year is 2.20%.
- The power purchase cost for the year 2016-17 is Rs.1759.45 lakh for a purchase of 32.22 MU which also includes the cost of Rs. 71.84 lakh

for the purchase of Renewable energy certificates for meeting the renewable purchase obligation.

- The employee cost booked for the year 2016-17 is Rs.55.26 lakh
- A&G expense claimed is Rs.47.07 lakh, which includes Rs.18.92 lakh under Section 3(1) Duty
- The Repair and maintenance cost incurred by the licensee for the year 2016-17 is Rs.31.35 lakh, where Rs.26.38 lakh, is the R&M cost of the O&M contractor.
- The licensee in the application has claimed Rs.47.35 lakh as depreciation for the assets.
- The interest and financing charges of Rs.43.28 lakh claimed in the application for truing up for 2016-17 includes interest on normative loan of Rs.41.99 lakh and Rs.1.29 lakh as bank charges for the security provided to KSEB Ltd.
- Rs.41.83 lakh is claimed as RoE, which is calculated at the rate of 14% on 30% of the opening gross fixed asset during the year 2016-17.
- The licensee has accounted total revenue from sale for power of Rs.1905.08 lakh for a sale of 31.52 MU and a wheeling charge of Rs.0.19 lakh for wheeling power of 0.064 MU to M/s M Fuel.
- The non-tariff income booked is Rs 0.61 lakh which includes miscellaneous receipts and commission for collection of electricity duty
- Accordingly RPIL has arrived at a revenue gap of Rs.144.76 lakh for the year 2016-17

Smt. Mehrunisa, Executive Engineer TRAC, Sri. Manoj.G, AEE, TRAC and Sri.Rajesh.R AEE, TRAC, represented KSEB Ltd. Sri. Manoj.G presented the counter statement/comments of KSEB Ltd. and submitted written remarks on the application. The major points raised by KSEB Ltd are the following:

- T&D Loss - M/s KSEB Ltd submitted that the licensee has claimed a higher T&D loss as against the approved loss of 2.00%. M/s KSEB Ltd requested Commission that the additional cost on power purchase incurred by the licensee on account of higher distribution loss may be disallowed.
- 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. It was submitted

that 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. 41.99 lakh. Commission may disallow the amount as decided in review order on true up for 2015-16.
- The quantum of energy purchased and the energy charges for 2016-17 claimed by the licensee shows slight difference. The demand charges remain the same.

Based on the presentation, the Commission sought various following clarifications :

- (a) Category wise Sanctioned strength, category wise actual number of permanent and contract employees working (for distribution business & other business separately), pay scale, grade, and a comparison of the increase on a year to year basis for past 7 years.
- (b) Break up details of creditors and debtors
- (c) Reason for abnormal increase in vehicle hire charges, and the amount of vehicle hire charges apportioned to RPIL park business.
- (d) Split up details of loans and advances (Rs.191 lakhs for 2016-17 and Rs.117 lakhs for 2015-16) and Cash and bank balances (Rs.184 lakhs for 2016-17 and Rs.302 lakh for 2015-16)
- (e) The reason for not following segmented reporting in the consolidated accounts of RPIL.

M/s RPIL shall submit the details within two weeks before the Commission to substantiate the claims.

Hearing concluded. Reserved for orders.

Sd/-
K.Vikraman Nair
Member

Sd/-
S.Venugopal
Member

Sd/-
Preman Dinaraj
Chairman

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