

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

Present: **Shri. R. Preman Dinaraj, Chairman**
Adv. A.J. Wilson Member(law)

OA.No.41/2020

In the matter of : Application on the Truing up of accounts for the year 2019-20 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 23.02.2021

1. The Commission conducted public hearing on the Truing up petition of accounts for the year 2019-20 filed by M/s Kanan Devan Hills Plantations Company Private Limited (KDHPCL) at the Kanan Devan Hills Club, Munnar at 11 a.m. on 05-02-2021. Sri. P.M. Srikrishnan, Executive Director, KDHPCL representing the petitioner, briefed the details of the petition and responded to the queries of the Commission.
2. The Commission enquired regarding the status of pending court cases filed by the licensee. The petitioner submitted that the challenge to the Tariff Revision, 2007 regarding enhancement of tariff with retrospective effect and the matter relating to Aggregate Revenue Surplus/Gap for the period 2005-06 to 2009-10 were admitted by the Hon'ble Supreme Court and was awaiting hearing.
3. The main points submitted in the current petition are briefed below.
 - a. The actual number of consumers for 2019-20 is 16,045 and the energy sale for the year is 436.60 lakh units. During 2018-19, the figures were 15,964 and sale was 439.80 lakh units. The sales were lower compared to the previous year

due to lower demand.

- b. "Other income" for the year at Rs.26.99 lakh was lower than the previous year's trued-up figure of Rs.77.51 lakh and the ARR approved figure of Rs.70.24 lakh.
- c. Against the Commission approved distribution loss of 11.13% for 2018-19, the actual distribution loss for the year is 11.30%
- d. The licensee has claimed an actual power purchase cost of Rs.2, 748.73 lakh for the purchase of 508.40 lakh units which is higher by Rs. 79.89 lakh when compared to the previous year's trued up figure of Rs.2,668.84 lakh .
- e. The O&M expenses was Rs.204.92 lakhs in comparison with the trued-up figure of Rs.194.90 lakhs for the previous years and the ARR approved figure of Rs.185.20 lakhs.
- f. The employee cost claimed at Rs.155.22 lakhs is the actual expenses incurred which is significantly higher than the ARR approved amount of Rs. 132.52 lakhs and the trued-up figure of Rs.126.40 lakhs for the previous year.
- g. The licensee submitted that the worker's wage increase is based on the Minimum Wage Notification and Dearness Allowance by UPASI every quarter. The licensee agreed to submit the Notifications to substantiate the claims.
- h. The actual R&M amount claimed for transmission lines, substations, 11 kV lines and associated works, LT line service etc.is Rs.36.59 lakh as against the ARR approved figure of Rs.38.27 lakhs and the trued-up figure of Rs.51.93 lakhs for the previous year.
- i. The actual Administrative and General Expense booked is Rs.13.11 lakh as against the ARR approved amount of Rs.14.41 lakhs and the previous year figure of Rs.16.57 lakhs.
- j. The licensee submitted that they may be allowed to claim the cost of funds set apart for furnishing Bank Guarantees for meeting the cash deposit requirements of KSEB Ltd. This is claimed in the backdrop that the interest received from KSEB Ltd is treated as income under non-tariff income while computing the net surplus/gap.

The Commission also took on record the following counter raised by KSEB Ltd vide their letter no:KSEB/ TRAC/KDHPCPL/R3/1308 dated 23-01-2021:

1. Even though the consumption is almost equal compared to 2018-19, the increase in revenue due to tariff revision is not seen properly reflected in the revenue realisation.
2. The licensee has not accounted any interest on accumulated surplus as part of the non-tariff income for the year 2018-19.
3. The rate of depreciation based on norms for assets may be allowed only after due consideration of the vintage of the assets. The Asset Register furnished shows that for assets which have completed more than 12 years also, lower rates are not seen applied. In addition, depreciation corresponding to consumer contribution is not seen deducted.
4. The licensee has claimed O&M expenses higher than the norms approved by the Commission. This may be limited to the approved level.
5. The licensee claim of Rs.13.12 lakhs under Section 3(1) Electricity Duty may be disallowed.
6. The claim of Rs.6.10 lakhs toward bank guarantee for the Rs 7.18 crore provided to KSEB Ltd. as security as per directions of the Hon'ble Supreme Court be not included under allowable expenses as was done in the previous year 2018-19.
7. The quantity of power purchased and claimed by the petitioner is matching with the KSEB Ltd. records.

The Commission took on record the licensee's submissions and the counter filed by KSEB Ltd. and directed as under:

- In view of the long pendency of the legal proceedings, review the litigations pending before Courts /Tribunals for arriving at an amicable settlement.
- The licensee has to submit documentary evidence for claiming the wage revisions and DA enhancements.
- The petitioner is required to furnish replies/clarifications/justifications to the counter statement of KSEB Ltd. if any .

- The replies and additional documents to be submitted before 26-02-2021.

Hearing concluded. Reserved for orders.

Sd/-
Adv. A.J.Wilson
Member

Sd/-
Preman Dinaraj
Chairman

Approved for issue

Sd/-
Secretary(i/c)

