

**KERALA STATE ELECTRICITY REGULATORY COMMISSION**

Thiruvananthapuram

**Petition No.TP-5 of 2004**

February 07, 2005

Present : Shri.M.K.G.Pillai, Chairman  
Shri.C.Balakrishnan, Member

Cochin Port Trust  
W. Island.  
Kochi-682 003.

**Petitioner**

**ORDER**

The Kerala State Electricity Regulatory Commission having scrutinized the Petition on ARR&ERC for 2004-05 filed by Cochin Port Trust *vides* their letter No.D2/State Ele. Regl. Commssion/2004 dated 15.06.2004 and considered the comments of the KSEB on the petition, heard the views of the petitioner and KSEB in Commission's proceedings on 30<sup>th</sup> December 2004 and having considered other documents and materials on record passes the following order in exercise of the powers vested in it under the Electricity Act, 2003 in this behalf.

Sd/-  
C.Balakrishnan  
Member

Sd/-  
M.K.G.Pillai  
Chairman

Authenticated copy for issue

*Aji Thomas*  
Secretary

# KERALA STATE ELECTRICITY REGULATORY COMMISSION

## THIRUVANANTHAPURAM

### 1. Background

Cochin Port Trust is a licensee for distribution of power in the Cochin Port Trust Area and nearby premises.

Presently, the Cochin Port Trust receives power through two 11 kV feeders (Bristow Feeder and Port Feeder) from the Kerala State Electricity Board (KSEB) at grid tariff to meet its own power requirements and to supply to the consumers within Cochin Port Trust area.

Cochin Port Trust has 15 HT consumers, 438 LT Consumers and 868 domestic LT consumers.

During the year 2004-05, Cochin Port Trust is expected to receive electrical energy to the extent of 27.20 MU from the KSEB. About 30 % of the energy is accounted for self-consumption and the balance is supplied to the ultimate consumers. During the year 2005-06, the intake of energy is expected to increase to 28.49 MU.

The difference between the intake and supply of energy accounts for self consumption of energy and distribution losses. Based on the data furnished on energy input and energy supplied, the distribution loss during 2004-05 is estimated at 2.98%. As the self consumption is assumed to be about 30% of the total intake and not separately metered, the computation of the loss on the basis of figures submitted is not realistic.

### 2. ARR&ERC for the year 2004-05

The ARR&ERC for 2004-05 filed by Cochin Port Trust projected an aggregate revenue requirement of Rs.1011.65 lakhs, total revenue of Rs.1025.39 lakhs and revenue surplus of Rs.13.74 lakhs during 2004-05, as per details given below: -

(Rs.lakhs)				
Sl.No	Particulars	2003-04	2004-05	2005-06
1	Power Purchase Cost	558.22	569.7	581.53
2	Interest and Finance charges	0	0	0
3	Depreciation	44.57	44.57	47.69
4	Employee cost	324.28	327.53	330.81
5	Repair & Maintenance Cost	46.22	46.35	48.25
6	Administration&General Expenses	15.98	23.5	23.85
7	Other Expenses	--	--	--
8	Gross Expenses (total 1 to 7)	989.27	1011.65	1032.13
9	Less Expenses capitalized	-	-	-
10	Interest capitalised	-	-	-
11	<b>Aggregate Revenue Requirement</b>	<b>989.27</b>	<b>1011.65</b>	<b>1032.13</b>
12	Revenue from Tariff	999.11	1019.09	1039.47
13	Non tariff Income	6.22	6.3	6.36
14	<b>Total Revenue</b>	<b>1005.33</b>	<b>1025.39</b>	<b>1045.83</b>
15	<b>Surplus</b>	<b>16.06</b>	<b>13.74</b>	<b>13.7</b>

The Commission sought the comments of the KSEB and the KSEB *vide* letter No.KSEB/TRAC/T/SERC/ERC/CPTRUST/878/R1/04/525 dated 14.9.04 indicated the following:

1. Cochin Port Trust has submitted the power purchase figures for 2003-04 based on the data for the period from March 2003 to Feb 2004 instead of that from April 2003 to March 2004.
2. Cochin Port Trust has included the arrear amount of Rs.62.46 Lakhs for the period from October 2002 to February 2003 due to revision of Grid Tariff as 'other charges' in the ARR of 2003-04; this should have been included in the 'power purchase cost' for the year 2002-03.
3. The employee cost in terms of Rs. per Unit of Cochin Port Trust is far in excess of that of KSEB.
4. The overall realization and consumer categorywise realization in terms of Rs per Unit of Cochin Port Trust is more than that of KSEB.
5. No expenses have been shown as capitalized in the profit and loss account.
6. KSEB also commented on the methodology adopted in finding depreciation value.

The Commission forwarded a copy of KSEB's response to Cochin Port Trust on 17.9.04 and Cochin Port Trust submitted their comments *vide* letter dated 8.10.04 with revised Form B- Profit and Loss Account, Form F- Cost of power purchased for the year 2003-04, Form N – Depreciation, and Form X-Expenditure Capitalized.

The Commission directed Cochin Port Trust *vide* its letter dated 30.10.04 to file all the remaining formats as required as per Kerala State Electricity Regulatory Commission (Tariff) Regulations, 2003.

The Commission directed Cochin Port Trust to furnish a copy of the ARR&ERC to each of their consumers, which was complied with by Cochin Port Trust. However, no stakeholder has responded to the ARR&ERC.

### **3. Proceedings of the Commission**

In considering the ARR&ERC for 2004-05, the Commission held proceedings on 30<sup>th</sup> December 2004 at Commission's Office at Thiruvananthapuram for hearing Cochin Port Trust, Kerala State Electricity Board and consumers availing supply from them, on the petition for ARR&ERC filed by Cochin Port Trust. Only Cochin Port Trust and KSEB attended the proceedings.

After hearing the views of Cochin Port Trust and KSEB on the petition, the Commission directed Cochin Port Trust to modify the ARR&ERC for 2004-05 on the following lines.

- a. Cochin Port Trust shall rework energy sales after including selfconsumption at the rate applicable to HT – II.
- b. Cost of power purchase shall include selfconsumption.
- c. Employee cost details shall be separated for normal distribution works and DG Sets.

In accordance with the above directives, the Cochin Port Trust had filed revised ARR&ERC *vide* their letter No. D2/Elec. Regl. Commission/2004 dated 29.01.05.

Further to the above, Cochin Port Trust informed that 2.2 Lakh units of electricity have been supplied by its own DG Set during 2003-04; and it is expected to supply 2.3 Lakh units in FY 2004-05 and 2.4 Lakh units in FY 2005-06 from its own diesel generators.

The Port Trust informed that there was no repayment of loans scheduled as capital restructuring programme of Cochin Port Trust is undergoing.

The Commission noted that in the revised ARR&ERC submitted by the Port Trust, an amount of Rs.67.85 lakhs has been provided towards depreciation which was found to be on the high side. The Commission has, however, decided to allow only 4.9% of the net fixed assets at the beginning *ie.*, 2004-05 towards depreciation, which is considered reasonable for distribution works. The Port Trust has projected a return on investment @6% of the net fixed assets. Since the return is claimed as a percentage of net fixed asset, the Commission propose to allow only 3% as return on net fixed assets.

On the basis of the above, the revised ARR&ERC has been modified by the Commission with a projected Aggregate Revenue Requirement of Rs.1349.10 lakhs and total Revenue of Rs.1400.45 lakhs leaving revenue surplus of Rs.51.35 lakhs during 2004-05, details of which are furnished below:-

(Rs.lakhs)			
SI.No	Particulars	2003-04	2004-05
1	Power Purchase Cost	745.36	782.62
2	Interest and Finance charges	132.68	133.64
3	Depreciation @ 4.9%	19.44	49.48
4	Employee cost	169.44	177.91
5	Repair & Maintenance Cost	80.02	84.13
6	Administration & General Expenses	88.05	92.45
7	Other Expenses	--	--
8	Gross Expenses (total 1 to 7)	1234.99	1320.23
9	Less Expenses capitalized	-	-
10	Less Interest capitalised	-	-
11	<b>Returns @3% of net fixed assets</b>	<b>11.90</b>	<b>28.87</b>
12	<b>Aggregate Revenue Requirement</b>	<b>1246.89</b>	<b>1349.10</b>
13	Revenue from Tariff, including self consumption, at the rate applicable to HT-II Consumers of KSEB	1331.79	1394.34
14	Non tariff Income	6.08	6.11
	<b>Total Revenue</b>	<b>1337.87</b>	<b>1400.45</b>
15	<b>Surplus/Deficit</b>	<b>90.98</b>	<b>51.35</b>

**4. Commission's Order on ARR&ERC for 2004-05**

***The Commission hereby approves an Aggregate Revenue Requirement of Rs.1349.10 lakhs and total Expected Revenue from Charges of Rs.1400.45 lakhs leaving a revenue surplus of Rs.51.35 lakhs for the FY 2004-05.***

***The Commission approves the continuance of the existing tariffs and other charges by Cochin Port Trust for its consumers till further orders.***

***Commission directs the Cochin Port Trust to submit the following in the ARR & ERC filing for the FY 2005-06.***

- 1. Copy of distribution licence of Cochin Port Trust.***
- 2. Metered value of selfconsumption of Cochin Port Trust with values of distribution loss and schematic single line diagram showing metering points in respect of selfconsumption.***
- 3. Power Generated, sold and selfconsumption from Captive Generation.***
- 4. The Load Factor and Power Factor of HT consumers of Cochin Port Trust.***