

KERALA STATE ELECTRICITY REGULATORY COMMISSION

THIRUVANANTHAPURAM

PRESENT : Sri. T.M.Mahoharan, Chairman
Sri. P.Parameswaran , Member
Sri. Mathew George , Member

1st July, 2013

Petition OP No. 39/2012

In the matter of Truing up of Accounts of KDHPCL for 2011-12

Kanan Deven Hill Plantations Company Private Limited (KDHPCL)

- Petitioner

ORDER

Background

1. Kanan Devan Hills Plantations Company Private Limited (*herein after referred to as KDHPCL or Licensee*) filed petition for truing up of accounts for the year 2011-12. As per the petition, the revenue gap excluding tax and return on capital is Rs. 225.03 lakhs for 2011-12. The revenue gap after net prior period credits is Rs.211.23 lakhs. The Commission in its order on ARR&ERC of M/s KDHPCL dated 3-5-2011 had approved the revenue gap as Rs.129.40 lakhs for the year 2011-12

Approved and Actual ARR&ERC for 2011-12

Particulars	Approved	Actual
	(Rs.lakhs)	(Rs.lakhs)
Power Purchase Cost	1,492.86	1,528.97
Interest & Financing Charges	8.15	43.10
Depreciation	14.89	16.95
Employee Cost	58.23	87.23
R&M Expenses	15.68	13.29
A&G Expenses	7.39	35.77

Other debits	0.20	12.58
Return on Equity	5.00	-
Net prior period charges		(13.80)
Gross Revenue Requirements	1,602.40	1,724.09
Revenue from sale of power	1,464.27	1,499.64
Other Income	8.73	13.22
Total Revenue	1,473.00	1,512.86
Revenue Surplus/(Gap)	(129.40)	(211.23)

2. The Commission sought clarifications on the truing up petition from the licensee vide letter dated 14-11-2012. The licensee furnished the clarifications and other details vide letter dated 26-11-2012. As per the directions of the Commission, the licensee had published the abstract of the petition in the newspapers as shown below:

- Malayala Manorama (Kottayam edition) : 15-1-2013
- Indian Express (Kochi edition) : 12-1-2013
- The Daily Thanthi (Dindigul edition) : 12-1-2013

Hearing on the matter

3. Hearing on the petition for truing up of accounts of M/s KDHPCL for the year 2011-12 was held on 11-2-2013 at the Panchyath Hall, Munnar along with the hearing on the petition for approval of ARR&ERC for 2013-14. During the hearing, representatives of M/s KDHPCL, KSEB and a few consumers were present. Sri.Srikrishnan, Exe. Director of M/s.KDHPCL presented the petition on truing up of accounts for 2011-12 and responded to the queries of the Commission. Shri. Dinesh, Chief Engineer (Commercial & Tariff), KSEB, presented responses of KSEB. According to KSEB, the energy input of the Licensee for the year 2011-12 had increased when compared to that of 2010-11 (ie., from 42.42MU to 42.75 MU), whereas the revenue from sales had decreased (from Rs.1522.73 lakhs to Rs.1485.49 lakhs), which shows the poor performance of the Licensee. The distribution loss as per the reported energy sales and energy input for the year works out to 15.86% against the approved level of 13%. Hence, the excess cost of power procurement due to excess distribution loss may not be admitted for the purpose of truing up. Regarding revenue, the Board pointed out that the average realisation was reduced when compared that of previous year for consumer categories such as HT-I, HT IV, LT IV and LT V, which are mainly the connections of parent organisation of the licensee itself. Further, number of consumers have decreased when compared

to the previous year, though the consumption has increased. KSEB further pointed out that electricity duty under section 3(1) of the Kerala Electricity Duty Act 1963 and the duty on excess line loss booked by the licensee shall not be passed on to the consumers. The licensee has claimed about 32.41% of the employee cost towards salary of top management, which is not fair considering the low consumer base and small area of operation. The legal charges, constituting about 68.55% of the A&G expenses, is incurred for unwarranted litigation. The admissibility of miscellaneous expenses of Rs.7.58 lakhs needs to be examined to ensure reasonableness of the expenditure. Regarding interest and financing charges, the Board commented that claiming of interest of Rs.43.10 lakhs against the approved level of Rs.8.15 lakhs is not reasonable.

4. The licensee vide letter dated 15-2-2013 has furnished replies to the objections of the Board. According to the licensee, the higher volume of energy input despite lower sales is due to the increase in energy losses on account of additional transmission losses on the increased volume of energy through feed back points. The estimate of the Board on the distribution loss of 15.86% as pointed out in its objections is not correct and the distribution loss has to be worked out based on the energy wheeled through the system. Accordingly, the distribution loss for the year 2011-12 is 13.74%. The licensee has also clarified that lower per unit realisation in respect of HT-I category is on account of lower realisation due to incentive/disincentive for power factor, demand charges etc., In the case of HT IV and LT IV, lower realisation is due to higher consumption without increase in demand charges. The lower realisation of LT V agriculture was on account of refund of Rs.0.15 lakhs, without corresponding adjustment in the sales.
5. The reduction in number of consumers is on account of removal of obsolete/incorrect data while upgrading in to the new system. The licensee also justified the employee costs, as minimum staff is required for providing satisfactory supply and the services of top management is required for dealing with regulatory and legal matters. The licensee has also given the details on the increase in legal charges and miscellaneous charges.

Analysis and Decision of the Commission

6. The Commission considered the truing up petition of the licensee and the clarifications and additional details furnished thereon, the comments of the

Board and the reply of the licensee. The analysis and the decisions of the Commission on the petition are detailed below:

7. **Energy Sales** : Energy sales approved and the actuals reported by the licensee for the year 2011-12 are as follows:

Comparison of Approved and Actual Energy Sales

Category	2010-11 (Actual)		2011-12 (approved)		2011-12 (Actual)	
	No.of consumers	Sales (MU)	No.of consumers	Sales (MU)	No.of consumers	Sales (MU)
HT Industrial	25	24.17	8	8.58	24	22.93
HT Commercial	8	1.49	6	0.91	8	1.77
LT I Domestic	12174	5.11	11696	4.30	11768	5.68
LT II Colonies	8	1.21	8	1.16	8	1.34
LT IV Industries	117	0.46	35	0.29	101	0.59
LT V Agriculture	5	0.04	1		4	0.05
LT VI Non Domestic	747	1.00	346	0.73	677	0.84
LT VII Commercial	1577	2.55	944	2.12	984	2.50
Street Lights	44	0.23	2	0.23	45	0.27
Own consumption			1	16.59		
Total	14705	36.26	13047	34.91	13619	35.97

At the time of filing ARR&ERC petition, the licensee has clubbed the sales to Own factories/units under 'own consumption'. However, the same has been corrected and the sales towards own units are treated similar to other consumers and accounted accordingly. There is substantial decrease in the number of consumers, and the licensee stated that the reduction is on account of 'cleaning up of the database' while transferring from manual system to new system. Based on the explanation of the licensee, the Commission approves the sales as per the accounts of the licensee for the purpose of trueing up.

8. **Distribution Losses** : Based on the energy sales and energy input into the system actual distribution loss reported by the licensee is as follows:

Approved and Actual Distribution Loss for 2011-12

Particulars	2010-11 Actual (MU)	2011-12 (Approved)	2011-12 (Actual) (MU)
Total Energy Sales	36.26	34.91	35.97
Feed Back	5.77	5.80	6.68
Distribution Loss	6.16	6.09	6.79
Gross Energy Requirement	48.19	46.80	49.44
Distribution Loss %	12.78	13.00%	13.74%

9. The Commission has approved the distribution loss of 13% for the year 2011-12, against which the actual distribution loss reported is 13.74%. The licensee has clarified that increase in losses is on account of increased wheeling through the system as the feed back energy to KSEB has increased from 5.77 MU in 2010-11 to 6.68 MU in 2011-12. According to the Licensee, the increase in line loss over the approved level is estimated to be on account of excessive load on the grid during peak hours especially on account of usage of induction cookers, higher drawing of power at feed back points etc., Further, when power from Madupetty generating station is available, factories draw more power from the grid, which may increase the line loss. It is also reasonable to note that the energy sales of the licensee has also increased from the approved level. As per the practice, if the actual loss is higher than the approved level, the energy on account of the excess loss is disallowed in the power purchase. Accordingly, the excess distribution loss is worked out as shown below:

Distribution loss Approved for Truing up

Particulars	2011-12 (Approved)	2011-12 (Actual) (MU)	2011-12 (Allowed)
Total Energy Sales (MU)	34.91	35.96	35.96
Feed Back (MU)	5.80	6.68	6.68
Distribution Loss (MU)	6.09	6.79	6.37
Gross Energy Requirement (MU)	46.80	49.43	49.01
Distribution Loss %	13.00%	13.74%	13.00%
Excess Distribution loss (MU)			0.42

It can be noted that the distribution loss for the year 2011-12 has increased by about 0.96% over that of 2010-11. The increase in distribution loss might have been contributed by the increase in energy wheeling and also higher sales in the licence area. Since the licensee has no control over the energy taken through feed back points, it is not reasonable to load the entire burden of increase in distribution loss on the account of the licensee. Hence, it is decided to apportion the excess distribution loss of 4.2 lakh units in the ratio of energy consumed by the licensee to the energy fed back into KSEB system, i.e., 85:15. Thus, 3.57 lakh units of excess distribution loss is on the account of the licensee.

10. **Power purchase Cost** : The actual power purchase cost reported by the licensee for the FY 2011-12 was Rs.1528.97 lakhs against the approved amount of Rs.1492.86lakhs. The Licensee has clarified that the increase in power

purchase cost is due to the increase in the quantity of energy purchased during the year. The details of power purchase cost given by the licensee are as shown below:

Actual Power Purchase Cost Reported for 2011-12

Total Demand (kVA)	75813
Rate per kVA (Rs./kVA)	270
Demand charges (Rs. lakhs)	204.70
Excess demand charges (Rs.lakhs)	2.39
Total demand charges (Rs.lakhs)	207.09
Energy purchased (lakh units)	427.50
Rate (Rs./kWh)	3.28
Total Energy charges (Rs. lakh)	1,402.35
Rebate (5%)	80.47
Total Charges (net of Rebate)	1,528.96
Average Power Purchase Cost (Rs./kWh)	3.58

11. The total purchase cost as per the accounts is Rs.1528.96 lakhs which is as per the revised tariff effective from 1-12-2007. As mentioned above, since the cost of excess power purchase on account of non-achievement of distribution loss is to be deducted (ie., 3.57 lakh units @Rs.3.58/unit), the total power purchase cost allowed for the year is Rs. 1516.18 lakhs (Rs.1528.96 lakhs – Rs.12.78 lakhs).

12. **Interest and Financing charges:** The licensee has accounted Rs.43.10 lakh as interest and financing charges against the approved amount of Rs.8.15 lakh. Details of Interest and Financing charges as per the accounts are as follows:

Interest and Financing Charges for 2011-12

Particulars	Approved (Rs.in lakh)	Actual (Rs. in Lakh)
Interest on Security Deposit	8.15	8.43
Interest on Average working capital		34.67
Total	8.15	43.10

13. According to the licensee, in the approved ARR&ERC for the year 2011-12 interest on working capital for the operations funded by the parent organisation (Rs.34.67 lakhs) was not approved in the ARR&ERC. The Commission notes that the licensee has not sought the interest on working capital as part of ARR&ERC petition for 2011-12. In the accounts for 2011-12, the licensee has

included Rs.34.67 lakhs as interest on average funds employed (Rs.338.25 lakhs) for the year. The average funds is in addition to the working capital and include funds employed for net fixed assets and cumulative loss from the operations.

14. The reason given by the Licensee for claiming interest charges is not acceptable. As per the information furnished by the licensee, the amount includes the accumulated accounting losses of distribution business and cost towards net fixed assets. The Commission in its truing up order for 2010-11 for the Licensee had clarified that the estimation of working capital and its interest is not convincing and allowed a token provision of Rs.2 lakhs. The Commission did not allow the claim for interest on working capital as part of the ARR&ERC for 2013-14 also. It can be seen that the licensee has been funding the capital expenses from parent organisation. It is reasonable to claim interest charges for the capital expenditure as part of interest charges. However, such claim should be a part of the approved capital expenditure plan. The Commission has been insisting on the licensees to have proper capital expenditure programme with proper funding plan. Such details have not been provided so far. The licensee has shown Rs.18.29 lakh towards asset addition, which is towards the re-conductoring of about 8.8km of distribution lines. The Commission is inclined to provide interest charges for the said capital additions. Accordingly, the Commission allows the interest towards the amount used for capital assets in distribution for the year 2011-12. Regarding the accounting losses during previous years pointed out by the licensee, the Commission has arrived at a revenue surplus of Rs.645.63 lakhs for the period from 2005-06 to 2010-11 after truing up.
15. The Licensee has accounted Rs.8.43 lakh being the Interest @ 6% on security deposits from consumers, which is allowed. Thus the total interest and financing charges allowed is Rs.10.26 lakhs for 2011-12 as shown below:.

Interest and Financing Charges Allowed for 2011-12

Particulars	Approved (Rs.lakh)	Actual (Rs. Lakh)	Allowed in Truing up (Rs.lakhs)
Interest on Security Deposit	8.15	8.43	8.43
Interest on Average working capital/ loan for capital assets		34.67	1.83
Total	8.15	43.10	10.26

16. **Repair and Maintenance expenses** Actual expenses booked under Repair and Maintenance is Rs.13.29 lakh against the approved amount of Rs.15.68 lakh. The Commission allows the actual R&M expenses reported by the licensee for the purpose of truing up.

17. **Employee Cost** : The Licensee has accounted Rs.87.23 lakh towards employee cost against the approved amount of Rs.58.23 lakh. Split up details of the employee cost furnished by the licensee are given below:

Employee cost for 2011-12

Particulars	Approved (Rs.lakhs)	Actual (Rs.lakhs)
Salary of Manager and ED	5.00	28.27
Other employee's salary	53.23	58.96
Total	58.23	87.23

The salary of Manager and Exe. Director constitutes about 32% of the total employee cost. As per the information provided by the licensee, the entire salary of one Manager and 25% of the salary each of the Executive Director and the Finance manager is booked under distribution business. While approving the ARR & ERC for 2011-12, the Commission allowed Rs.5 lakhs towards the cost of senior management in the distribution business. the Commission continue to adopt the stand taken in the previous orders and allows a provision of Rs.5 lakhs towards the share of salary to top management. Accordingly, the allowable employee costs for 2011-12 is Rs.63.96 lakh.

18. **Administration & General Expenses** : Actual expenditure reported by the licensee towards A&G Expenses is Rs. 35.77 lakh against the approved amount of Rs.7.39 lakh. Comparison of the various expenses included under the head A&G charges is furnished below :

Comparison of A&G Expenses

Particulars	2009-10	2010-11	2011-12
	(Actuals)	(Actuals)	(Actuals)
Rents, Rates and Taxes	0.24	0.64	0.94
Security Arrangement	0.78	0.48	0.56
Insurance	0.49	0.14	0.41
Telephone/Telex charges	0.09	0.07	0.08
Legal charges	5.01	22.95	18.25
Bank charges on Bank Guarantee	0.26	0.61	4.76
Audit Fees & consultancy charges	0.33	0.55	1.3
Travelling expenses	0.39	0.07	0.15

Conveyance and vehicle charges	0.87	0.14	0.17
Fees and subscription	0.45	0.50	1.05
Printing and Stationery	0.30	0.30	0.05
Computer Stationery	0.11		
Advertisement	0.41	0.29	0.11
Electricity charges	2.31	0.51	0.36
Miscellaneous expenses	13.96	4.85	7.58
Total	26.00	32.10	35.77

19. The major reason for increase in A&G expense is the legal expenses amounting to Rs. 18.25 lakh and miscellaneous expenses of Rs. 7.58 lakhs. Details of legal expenses as given by the licensee are as follows:

Details of Legal Expenses for 2011-12

Particulars	Amount (Rs. lakh)
Civil Appeal 2144/2011 before the Hon' Supreme Court – Tariff revision of KDHP wef1.12.2007	10.63
Appeal 25/2011 before APTEL - tariff Revision w.e.f 01.12.2010	5.16
Appeal 93/2011– Against the order of the Commission on the licensee's truing up petitions from 2005-06 to 2009-10	1.71
Other miscellaneous cases relating to electricity matters	0.75
Total	18.25

Civil appeal No. 2144/2011 is against the order of the Commission dated 25-5-2010 on the retrospective revision of Bulk Supply Tariff effective from 1-12-2007. According to the Licensee, the Hon. Supreme Court has stayed the retrospective increase in tariff on furnishing a bank guarantee for Rs.7.18 crore to KSEB. Another case is the appeal on the Order of the Commission on the truing up of accounts of the licensee for 2005-06 to 2009-10 before the Hon. Supreme Court. The Commission in the truing up order for the year 2010-11 has noted that most of the appeals filed by the Licensee relate to the increase in bulk supply tariff, which does not confer any benefit to the licensee as it is a pass through item. The Commission has allowed the power purchase cost at the revised bulk supply tariffs approved by the Commission. Accordingly, the Licensee sustains no financial impact on revision of tariff. In a regulatory regime expenses which are neither beneficial to consumers nor essential for running the distribution business are not passed on to the customers. Hence, the Commission is not in a position to allow the legal expenses on account of litigations with regard to the revision of BST.

20. The Licensee has included Rs.4.57 lakhs towards bank guarantee charges. The details are given below:

	Rs.lakhs
For bank guarantee of Rs.117 lakhs to KSEB towards 50% of the security deposit for power purchase	0.76
For Bank guarantee of Rs.718.41 lakhs to KSEB as per the order of Hon. Supreme Court of India in Civil Appeal No. 5122/2012	3.99
Total	4.75

The Bank guarantee charges of Rs.3.99 lakh is for the bank guarantee provided to KSEB as per the direction of the Hon. Supreme Court in the Civil Appeal No.2144/2011 against the order dated 25-5-2010 revising the BST retrospectively from 1-12-2007. The Commission has already allowed the power purchase cost for the licensee as per the Orders of the Commission and the surplus/revenue gap arrived at for the truing up of accounts for the years has been based on the power purchase cost at approved levels. Therefore the claim of bank guarantee charges for the amount of Rs.3.99 lakhs is not admissible.

21. The licensee has included Rs.7.58 lakhs under miscellaneous expense, the details are as given below:

Particulars	Amount (Rs. Lakhs)
Provision for doubtful debts	4.88
Fare and Batta	1.00
Computer stationery	0.20
General Charges	1.50
Total	7.58

22. The Licensee has not clarified why provision for doubtful debts is required. The Commission has already made it clear that the provision for bad debts can be allowed once it is established that the outstanding is absolutely non-recoverable. Hence, the provision given for doubtful debts is not admitted. Based on the above, the A&G expenses allowed for 2011-12 is Rs.11.11 lakhs.

23. **Depreciation:** The Licensee has accounted Rs.16.95 lakh as depreciation for the year 2011-12. The licensee has stated that the depreciation is accounted as per the revised CERC norms. As per the details given by the licensee, depreciation estimated by the licensee is as shown below:

Depreciation estimated by the Licensee

	Rate of depreciation	Original Cost (Rs.lakhs)	Depreciation Rs. lakhs
11kV works	6.33%	197.45	11.62
LT Lines, Service connections etc.	5.28%	40.16	2.12
Metering equipments	5.28%	34.3	1.81
Miscellaneous equipments	6.33%	22.25	1.40
Total		294.16	16.95

The CERC has revised the depreciation rates for the tariff period from 2009-14. As per the new norms, higher rates of depreciation is allowed for the first 12 years for enabling repayment and the balance depreciation is spread over the balance useful period. The Commission has been allowing depreciation as per the revised norms on the condition that, the licensees have to maintain the accounts strictly as per the provisions of the CERC norms. The Commission notes that the depreciation estimated by the licensee is slightly different from the rates as per the CERC norms. Accordingly, the Commission re-estimates the depreciation as shown below:

Depreciation approved for 2011-12

	Rate of depreciation	Original Cost (Rs.lakhs)	Depreciation (Rs.lakhs)
11kV works	5.28%	197.45	10.43
LT Lines, Service connections etc.	5.28%	40.16	2.12
Metering equipments	5.28%	34.3	1.81
Miscellaneous equipments	6.33%	22.25	1.40
Total		294.16	15.76

24. Hence, the Commission allows Rs.15.76 lakh as the depreciation for 2011-12. It is directed that the licensee has to maintain the accounts strictly as per the provisions of revised CERC norms to avail the depreciation.

25. **Other Debits:** The Licensee has accounted Rs.12.58 lakh under Other Debits, and the details are given below:

Details of other debits

Particulars	Approved (Rs.lakhs)	Actual (Rs.lakhs)
Duty III	0	11.85
Duty on Line Loss	0	0.54
Periodical Inspection Charges	0.20	0.24
Total	0.20	12.58

26. As per the provisions of Kerala Electricity Duty Act 1963 and the orders of APTEL, the duty under Section 3(1) of the Act is not admissible. The duty on line loss is also relating to duty under section 3(1) of KED Act. Hence, only Rs.0.24 lakhs is allowed under this head.

27. **Net prior period credit/charges:** The licensee has written back Rs.13.80 lakh being reduction in interest charges booked earlier on account of transfer of assets from M/s Tata tea limited. Previous years' accounts were trued up by excluding this amount. Hence, this amount need not be considered further.

28. **Return on Equity:** The licensee has not shown any equity contribution in the distribution business. In the absence of actual equity invested in the distribution business, the Commission is not in a position to allow RoE. Hence, as in the previous year, the Commission provisionally allows a notional return of Rs.10 lakh for the year 2011-12.

29. **Gross Revenue requirements:** Based on the above, the Gross revenue requirements for the year 2011-12 after truing up is as shown below:

Gross Revenue Requirements after truing up

Particulars	Approved	Actuals claimed	Trued up
	(Rs.lakhs)	(Rs.lakhs)	(Rs.lakhs)
Power Purchase Cost	1,492.86	1,528.97	1,516.18
Interest & Financing Charges	8.15	43.10	10.26
Depreciation	14.89	16.95	15.76
Employee Cost	58.23	87.23	63.96
R&M Expenses	15.68	13.29	13.29
A&G Expenses	7.39	35.77	11.11
Other debits	0.20	12.58	0.24
Return on Equity	5.00	-	10.00
Net prior period charges		(13.80)	
Gross Revenue Requirements	1,602.40	1,724.09	1,640.80

30. **Revenue from Sale of Power:** The actual revenue from sale of power reported by the licensee is Rs. 1485.49 lakhs against the approved amount of Rs.1464.27 lakhs. The reason furnished by the licensee for the increase in revenue is the increase in sales. The licensee has also reported that the actual

realisation decreased to Rs.4.13 per unit from Rs.4.20 per unit for the previous year (2010-11) on account of lower realisation towards power factor charges, demand charges, proportionately higher consumption at lower tariff slab etc. Details of revenue from energy sales furnished by the licensee are given below

Details of Revenue from Sale of Power

Category	Approved by Commission			Actual		
	Sales (MU)	Revenue (Rs.lakhs)	Average Tariff (Rs./kWh)	Sales (MU)	Revenue (Rs.lakhs)	Average Tariff (Rs./kWh)
HT Industrial	8.58	349.07	4.07	22.93	929.80	4.05
HT IV Commercial	0.91	46.57	5.12	1.77	83.41	4.71
LT Domestic	4.30	62.45	1.45	5.68	98.09	1.73
LT Colonies	1.16	72.36	6.24	1.34	77.70	5.80
LT Industries	0.29	12.25	4.23	0.59	20.98	3.56
LT Agriculture				0.05	0.15	0.30
LT Non-domestic	0.73	60.34	8.27	0.84	54.59	6.50
LT Commercial	2.12	176.57	8.33	2.50	210.31	8.41
Street lighting	0.23	9.71	4.22	0.27	10.46	3.87
Own consumption	16.59	674.96	4.07			
Total	34.91	1,464.27	3.46	35.97	1,485.49	4.13

31. The Licensee has stated that the revenue from own consumption of electricity is computed at normal tariff. The details of consumption and revenue from own units were also provided by the licensee. The revenue from other charges such as reconnection fee, delayed payment surcharge etc., is reported to be Rs.14.15 lakhs as shown below.

Items	Rs.lakhs
Fuse off calls/new application fee	0.06
Reconnection fee	0.22
Interest received on deposits with KSEB	6.75
Service connection charges	0.79
Delayed payment charges	2.94
Other receipts	3.39
Total	14.15

Thus the total revenue from tariff as reported by the licensee as per the accounts is Rs.1499.64 lakhs. The same is approved for the purpose of truing up.

32. **Other Income:** The Licensee has accounted Rs.13.22 lakh towards other income as detailed below:

Profit on sale of scrap	Rs. 13.04 lakhs
Miscellaneous receipts from trading	Rs. 0.18 lakhs
Total	Rs.13.22 lakhs

Total Revenue of the Licensee including other income for the FY 2011-12 is thus Rs.1512.86 lakh.

33. **Revenue Surplus/(gap) for 2011-12:** The revenue gap/surplus after the truing up process is as shown below:

Summary of ARR&ERC for 2011-12 After Truingup

Particulars	Approved (Rs.lakhs)	Actual (Rs.lakhs)	True up (Rs.lakhs)
Power Purchase Cost	1,492.86	1,528.97	1,516.18
Interest & Financing Charges	8.15	43.10	10.26
Depreciation	14.89	16.95	15.76
Employee Cost	58.23	87.23	63.96
R&M Expenses	15.68	13.29	13.29
A&G Expenses	7.39	35.77	11.11
Other debits	0.20	12.58	0.24
Return on Equity	5.00	-	10.00
Net prior period charges		(13.80)	
Gross Revenue Requirements	1,602.40	1,724.09	1,640.80
Revenue from Sale of Power	1,464.27	1,499.64	1,499.64
Non- Tariff Income	8.73	13.22	13.22
Total Revenue	1,473.00	1,512.86	1,512.86
Revenue Surplus/(gap)	(129.40)	(211.23)	(127.94)

34. Based on the above, the revenue gap after truing up is Rs.127.94 lakhs. The Commission had arrived at a revenue surplus of Rs.645.63 lakhs for the period 2005-06 to 2010-11 after the truing up of accounts. Thus, after adjusting the revenue gap for 2011-12, the balance surplus available with the Licensee is Rs.517.69 lakhs.

Orders of the Commission

35. The revenue gap after truing up for the year 2011-12 is Rs..127.94 lakhs. Orders issued by the Commission, in paragraph 24 of the truing up Order dated 26.04.2011, on keeping and utilisation of the revenue surplus will be applicable to the balance revenue surplus.
36. This order is subject to the decision of the Appeal pending before the Hon. APTEL and the Hon. Supreme Court. The petition is disposed of and ordered accordingly.

Sd/-
P. Parameswaran
Member

Sd/-
Mathew George
Member

Sd/-
T.M.Manoharan
Chairman

Approved for Issue

Secretary