

# KERALA STATE ELECTRICITY REGULATORY COMMISSION THIRUVANANTHAPURAM

## OA No.13/2016

### In the matter of the Truing up of accounts of Technopark for the financial year 2013-14

Applicant : M/s. Technopark, Thiruvananthapuram

Present : **Shri T.M.Manoharan, Chairman**  
**Shri K.Vikraman Nair, Member**  
**Shri S.Venugopal, Member**

## ORDER DATED 08.03.2017

### Background

1. M/s Technopark, Thiruvananthapuram (herein after mentioned as Technopark or the licensee) has filed an application for truing up of accounts for the year 2013-14 vide letter No.ETPK/KSERC/2016-17/612 dated 08<sup>th</sup> August 2016. The application was admitted as OA No.13/16. The Commission sought additional information and clarifications on the application on 07-10-2016. M/s Technopark vide letter No.ETPK/KSERC/2016-17/907 dated 17-10-2016 submitted the reply to the clarifications sought
2. The Commission had issued the order dated 15-05-2013 in OP No. 10/2013 approving the ARR and ERC for the financial year 2013-14 (hereinafter referred to as ARR order dated 15.05.2013). A comparison of the expenditure and revenue as approved by the Commission as per order dated 15-05-2013 and the corresponding actual expenditure and revenue as per truing up application are given below:

**Table 1**  
**TECHNOPARK - Summary of the Application for Truing up of Accounts for the financial year 2013-14**

(Rs Lakh)

Description	ARR		Truing up	
	Claimed	Approved	Claimed	Difference over ARR
<b>Expenditure</b>				
Cost of power purchase	4172.03	4172.03	3939.79	-232.24
Interest and Finance Charges	149.88	61.81	68.86	7.05
Depreciation	145.40	124.40	104.54	-19.86
Employee cost	17.27	17.27	22.28	5.01
R & M Expenses	196.70	196.70	139.89	-56.81
A & G Expenses	61.37	58.04	99.03	40.99
Return on Investment	887.57	10.00	<b>0.00</b>	-10.00
<b>Expenses</b>	<b>5,630.22</b>	<b>4,640.25</b>	<b>4374.39</b>	<b>-265.86</b>
Less Other debits	0.00	0.00	<b>1.76</b>	1.76
<b>Total Expenses</b>	<b>5,630.22</b>	<b>4,640.25</b>	<b>4372.63</b>	-267.62
<b>Revenue</b>				
Revenue from tariff	4,523.61	4,523.61	3932.18	-591.43
Non- Tariff Income	20.40	20.40	42.02	21.62
<b>Total Revenue</b>	<b>4,544.01</b>	<b>4,544.01</b>	<b>3974.2</b>	-569.81
<b>Revenue Surplus/(Gap)</b>	<b>-1,086.21</b>	<b>-96.24</b>	<b>-398.43</b>	

### Hearing on the application

3. The hearing on the application was held at the Court Room, Office of the Commission on 25-10-2016. Representatives of the licensee and of KSEB Ltd were present for the hearing. The licensee was represented by Sri. A.S Raju General Manager (Projects), Smt. L. Jayanthi, Chief Finance Officer and officers of the licensee. Sri. E.V.Einstein, Assistant Manager (Electrical) presented the details of the application on the truing up of accounts for the year 2013-14 before the Commission.
4. KSEB Ltd was represented by Sri.V.K,Joseph, Chief Engineer (C&T), Sri.Bipin Sankar Deputy Chief Engineer (TRAC), Sri.Manoj.G, Assistant Executive Engineer (TRAC) and Smt. Bindhu.V, Assistant Executive Engineer (TRAC). Sri.Manoj.G presented the objections of KSEBL and submitted written remarks on the application which are abstracted below.

- a. The A&G expenses have increased exorbitantly when compared to the previous years.
- b. The depreciation may be allowed only after deducting the grants/consumer contribution from the Gross fixed assets.
- c. The employee cost claimed is higher than the approved figures
- d. Return on Equity may be allowed based on the modality followed in the previous years.
- e. The interest claimed on the loan from South Indian Bank for construction of substation in Phase III may be allowed only after commencement of commercial operation of the same.

M/s Technopark vide the letter dated 5-12-2016 had submitted the details sought by the Commission vide the daily order dated 5-12-2016.

#### **Analysis and decision of the Commission**

5. The Commission considered the application, objections submitted by KSEB Ltd. and the clarifications submitted thereon by the licensee while finalizing the truing up of accounts of the licensee for the year 2013-14. Each item in the application is discussed below.
6. **Sale of Energy:** The actual energy sales claimed by the licensee as per truing up application for the year 2013-14 is 61.31 MU against 78.64 MU approved vide the order dated 15-05-2013 on ARR for the year 2013-14. The licensee submitted the month wise details of the sales. A comparison between the actual sale for the year 2012-13 and the actual sales for 2013-14 is tabulated as shown below.

**Table-2**  
**Technopark – Details of Actual energy sold in MU**

<b>Consumer Category</b>	<b>2012-13</b>	<b>2013-14</b>
HT Consumers	19.71	20.07
LT Consumers	38.45	40.18
Self Consumption	1.55	0.89
Public Lighting	0.17	0.17
Total	59.88	61.31

7. M/s Technopark had submitted that, though they had anticipated the commercial operation of Technopark Kollam, Technopark Phase-2&3 campuses, this has not

materialized as anticipated. Hence the actual energy sale was less than the same approved by the Commission vide the ARR order dated 15-5-2013. When compared to the previous year, there is an increase in the actual energy sold by the licensee to the consumers. For the purpose of truing up of 2013-14, the Commission here by approve the energy sale as per the audited accounts as detailed in Table-2 above.

**8. Quantum of power purchase from KSEB Ltd**

As per the application for truing up, the licensee had procured 65.41 MU from KSEB Ltd as against 81.75 MU approved by the Commission vide the order on ARR. In order to verify the power purchase, the Commission sought the month wise details of the power purchase based on the invoice raised by the KSEB Ltd. The details are given below.

**Table-3**  
**Technopark – Month wise details of power procured by Technopark from KSEB Ltd.**

Month	Total (MU)
April-2013	5.7002
May-2013	5.6002
June-2013	4.9360
July-2013	5.4075
August-2013	5.3848
September-2013	5.1595
October-2013	5.5823
November-2013	5.4626
December-2013	5.4180
January-2014	5.5762
February-2014	5.2123
March-2014	5.9717
<b>Total</b>	<b>65.41</b>

**Distribution Loss and quantum of power purchase approved in the process of truing up.**

9. As per truing up application, the licensee claimed a distribution loss of 6.27% for the year 2013-14 against the approved T&D loss of 3.80%. The details are given below.

**Table 4**  
**Technopark- Distribution loss claimed by the Licensee for 2013-14**

Year	2013-14 ARR		2013-14
	Projected	Approved	Truing up
Total Energy sales (MU)	78.64	78.64	61.31
Total Energy Requirement (MU)	81.75	81.75	65.41
Distribution loss(MU)	3.11	3.11	4.10
Distribution loss(%)	3.80	3.80	6.27

10. As detailed above, the distribution loss claimed for the year 2013-14 is 6.27% as against 3.80% approved vide the ARR order dated 15-5-2013. In the order on the truing up of accounts for the previous financial year 2012-13, the Commission had expressed its view that there were some mistakes, either in accounting for the distribution loss or that the figures of distribution loss shown were not correct. The Commission directed the licensee to carry out a proper study of loss in the system and report the results of the study to the Commission within a period of three months. The reduction of distribution loss being a performance indicator of the efficiency of the system equipments and taking into consideration the limited geographical area of operation, the Commission had approved the distribution loss at 3.80% for the year 2013-14 in the ARR order dated 15-5-2013. Since the distribution loss is a controllable item, Commission approves the distribution loss at 3.80% as originally approved by the Commission vide the ARR order dated 15-5-2013, for the process of truing up and also for approving the cost of power purchase.
11. Based on modality followed over the years while truing up of accounts and considering the approved target of distribution loss, the energy requirement approved for the purpose of truing up of accounts for the year 2013-14 is detailed below.

**Table 5**  
**Technopark- Distribution loss approved in truing up of accounts 2013-14**

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Approved
Total Energy sales	78.64	78.64	61.31	61.31
Distribution loss(%)	3.80	3.80	6.27	3.80
Distribution loss(MU)	3.11	3.11	4.10	2.42
Total power purchase	81.75	81.75	65.41	63.73

12. As detailed above, for the process of truing-up, Commission approves the quantum of power purchase at 63.73 MU, as against the actual purchase of 65.41 MU as claimed by the licensee.
13. **Power Purchase Cost:** The Commission in the order on ARR had approved a power purchase cost of Rs. 4172.03 lakh considering a distribution loss of 3.80%. The licensee in the application for truing up for the year 2013-14, had claimed a cost of Rs. 3939.79 lakh for the purchase of 65.41 MU from KSEB Ltd.
14. However in the month wise split up and other details submitted along with additional clarifications submitted, it is seen that the actual power purchase cost is only Rs.3814.00 lakh. The details are given below.

**Table-6**  
**Technopark - Monthly Details of cost of power purchase for 2013-14**

Month	Quantum in MU	Billing Demand (MVA)	Demand charges Rs. Lakh	Energy Charge Rs. Lakh	Excess charges Rs. Lakh	Duty & Surcharge Rs. Lakh	Total Rs. Lakh
April-2013	5.7002	20.08	60.27	228.08	7.55	1.44	297.56
May-2013	5.6002	18.65	56.03	271.69	0.00	1.75	329.47
June-2013	4.9360	17.37	52.18	239.48	0.00	0.00	291.68
July-2013	5.4075	18.11	54.39	262.35	0.00	0.00	316.77
Aug-2013	5.3848	18.39	55.23	261.25	0.00	0.00	316.51
Sep-2013	5.1595	18.31	55.00	250.31	0.00	0.00	305.33
Oct-2013	5.5823	18.25	54.83	270.83	0.00	0.00	325.69
Nov-2013	5.4626	18.27	54.87	265.02	0.00	0.00	319.91
Dec-2013	5.4180	19.11	57.39	262.88	0.00	0.00	320.30
Jan-2014	5.5762	18.79	56.45	270.63	0.00	0.00	327.11
Feb-2014	5.2123	19.63	58.97	253.00	0.00	0.00	312.01
Mar-2014	5.9717	20.47	61.47	289.83	0.66	0.00	352.00
Total	65.41	225.41	677.00	3125.00	8.21	3.19	3814.00

15. As detailed above, M/s Technopark has claimed Rs 3814.00 lakh for the total power purchase of 65.41 MU at an average rate @ Rs 5.83/unit. However, as detailed under Table-5 above, the quantum of power purchase approved for the purpose of truing up after accounting the under achievement of T&D loss reduction target is 63.73 MU only. Accordingly, the cost of power purchase approved for the purpose of truing up for the year 2013-14 is Rs 3715.46 lakh. The details are given below.

**Table 7**

**Technopark – Cost of power purchase approved in truing up for 2013-14**

Particulars	As per application for truing up	Approved
Quantum of power purchase (MU)	65.41	63.73
Average cost of power purchase (Rs/ unit)	5.83	5.83
Cost of power purchase (Rs Lakh)	3814	3715.46

16. **Employee cost:** - The Commission, in the ARR for the year 2013-14 had approved an amount of Rs.17.27 lakh under this head. In the application for truing up, the licensee has claimed an amount of Rs.22.28 lakh. As per the application submitted, there is an increase in salaries and staff welfare benefits. The licensee has stated that there are 59 number of employees engaged for the distribution business. The summary of the employee cost submitted by the licensee is given below.

**Table 8**

**Technopark – Summary of Employee Cost 2013-14**

Particulars	Claim (Rs. lakh)
Salaries	<b>15.00</b>
Staff welfare expenses	<b>7.28</b>
Total	<b>22.28</b>

In 2011-12, the licensee claimed an amount of Rs.17.30 lakh as actual expense towards employee cost and the Commission approved Rs.15.32 lakh being 8.56% increase over the actual of 2010-11 towards the employee cost. The Commission had approved an employee cost of Rs.16.79 lakh for the year 2012-13, based on the weighted average of the increases in WPI and CPI in the ratio of 30:70, assessed at 9.56%. Hence, for the year 2013-14 too, Commission approves an increase of 8.55% (weighted average of the increases in WPI and CPI in the ratio of 30:70 for the year 2013-14) over the employee cost of Rs.16.79 lakh, approved for the year 2012-13. Accordingly, the employee cost approved for the year 2013-14 is Rs.18.23 lakh.

**Table 9**  
**Technopark – Employee Cost Approved in truing up of accounts**  
**for 2013-14 (Rs. Lakh)**

Particulars	ARR	Truing up	
	Approved	Claimed	Approved
Salaries	12.73	15.00	12.91
Staff welfare expenses	4.54	7.28	5.32
Total	17.27	22.28	18.23

17. **Repair and Maintenance Charges:** - The Commission had approved an amount of Rs.196.70 lakh vide the order on ARR as projected by the licensee. The actual amount claimed by the licensee is Rs.139.89 lakh for the repair and maintenance of transmission lines, substations, 11 kV lines & associated works, LT line service etc. The licensee has not submitted any detailed split up on the claim. The licensee in the write up has stated that decrease in R&M cost for this year is due to the fact that the R&M contracts were extended on the existing terms and conditions and also due to the fact that Technopark Kollam and Technopark Phase-III campuses were not put to complete operation since those campuses were not fully occupied.
18. The licensee has not submitted the details of the total works entrusted with outsourced agency and the portion thereof for the distribution business. Hence it is not possible for the Commission to analyze properly the R&M expenses claimed by the licensee. The Commission had earlier found that the scope of outsourcing agreement was not restricted to distribution of electricity business alone and hence had arrived at a factor of 68% to assess the portion attributable to distribution business. The finding of the Commission in this regard in order dated 11 May 2011, on the truing up of accounts of Technopark for the year 2007-08 & 2008-09 is quoted hereunder.

*“The R&M operations of the licensee is carried out by an outside agency. The actual R&M expenses booked for 2007-08 was Rs.32.21 lakhs and Rs.54.49 lakhs for 2008-09. The reason provided by the licensee for increase in R&M expenses was the asset addition during 2007-08. As part of the details provided by the licensee, it was stated that the outsourced agency is entrusted with the maintenance of total infrastructure. The licensee has also provided a copy of the agreement*



*with the agency. The Commission has examined the agreement which includes all electrical equipments in the park, including equipments not part of distribution business such as for water supply and Diesel generators. During the clarification meeting the Commission directed the licensee for segregation/apportionment of the cost of the distribution business alone. In reply, the licensee in its letter dated 31-1-2011 has provided separate estimate of R&M expenses. As per the details, about 68% of the contract amount is for electrical distribution, about 22% for plumbing/waterworks and 10% for fire and safety. As per the agreement equipments included in the contract consists of a total 20MVA transformers, 79 HT circuit breakers, 36 LT circuit breakers, 12.5km UG 11kV cables, about 42 batteries, 23 nos of diesel generators (total 8.56 MVA), 14 motors (total 227kW), 29 elevators (total 170 passengers capacity), 13 water pumps (total 330kW), 4 compressors (166 tonne) etc., The Commission notes that the licensee as part of its main operations, separately charges the clients/consumers for water, diesel generation and other miscellaneous services. Further, other than transformers, circuit breakers and cables, other items are not part of the distribution assets. Accordingly, the apportionment used by the licensee is not completely convincing. Considering the fact that the Commission has initiated the process of segregation of joint costs, for the purpose of truing up the estimates of apportionment provided by the licensee is accepted.”*

The licensee has not given any additional information to dispute the same. Hence, in the present case too, the Commission is inclined to allow only 68% of the expenses claimed. (ie.) 68% of Rs.139.89 lakh towards R&M expenses. Accordingly, the R&M expenses is Rs.95.13 lakh for 2013-14 for the purpose of truing up of accounts.

**Table 10  
Technopark –R&M Expenses Approved in  
Truing up of Accounts for 2013-14 (Rs.Lakh)**

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Approved
R&M Expenses	196.70	196.70	139.89	95.13

19. **Administration and General Expenses:-** The licensee has claimed Rent, Rates & Taxes, Security charges, Insurance, Telephone charges, Internet & Related Charges, Legal Charges (Inspection fee), Audit Fees, Consultancy Charges, Technical Fee (License fee), Other Administrative Charges, Travelling Expenses, Conveyance & Vehicle Hire etc under the head. The actual A&G expenses claimed by the licensee is higher than the amount approved by the Commission. The Commission had approved Rs.58.04 lakh in the ARR as proposed by the licensee. The licensee in the application has claimed an expense of Rs.99.03 lakh. The major difference is due to variation in security charges claimed by the licensee. Vide the order dated 15-5-2013 on ARR for the year 2013-14, Commission had approved Rs.18.87 lakh for the year 2013-14. The licensee has now claimed an amount of Rs.43.33 lakh under security charges.
20. The licensee has stated that the common expenses like security charges, telephone charges, printing & stationery account for 25% of the total expenses incurred by Technopark. The licensee has made a claim under 'Other administrative charges' for an amount of Rs.21.25 lakh. As per the clarification submitted on the same, it is seen that the claim is towards surcharge on electricity duty for the period from 01-04-2010 to 31-03-2013 and for the year 2009-10 amounting to a total of Rs.20.40 lakh. The Commission is of the view that the claim towards surcharge on electricity duty cannot be passed on to the consumers.
21. The Commission has already taken the decision that security of the licensed area is one among the principal business functions of Technopark and therefore such portion of security charges exclusively for the electrical installation can only be charged to distribution business. However, vide the truing up order dated 12.01.2016 in OP No. 38/2015, for the year 2012-13 Commission had approved the security charges of Rs 6.60 lakhs. For the purpose of truing up for the year 2013-14, the Commission provides an increase of 10% over the security charges approved for the year 2012-13. The A&G expenses approved for the purpose of truing up are detailed below.

**Table-11**  
**Technopark- A&G expense approved**  
**for the purpose of truing up for the year 2013-14 (Rs. Lakh)**

Particulars	Claimed	Approved
Security Charges	43.34	7.26
Insurance	1.47	1.47
Telephone & Postage, etc	0.52	0.52
Legal Charges	-	
Audit Fee	0.1	0.1
Consultancy Charges	0.56	0.56
Technical fee	6.38	6.38
Other administrative charges	21.25	0.85
Vehicle expenses	5.25	5.25
Printing & stationary	1.96	1.96
Advertisements	-	
Electricity charges	18.2	18.2
A&G Expenses	99.03	42.55

22. **Depreciation:** The Commission had, vide ARR order dated 15.05.2013 for the year 2013-14, approved an amount of Rs.124.40 lakh towards depreciation. In the application for truing up, the actual depreciation booked by the licensee for the year 2013-14 amounts to Rs.104.54 lakh.
23. As per the audited accounts of the licensee for the year 2013-14, an amount of Rs.412.98 lakh is booked under the head "Government Grants" and an amount of Rs.199.08 lakh is booked under "One time Connection Charges". It is further certified in the Notes on the Accounts that the one-time payment received from the consumers at the time of granting power connection has been credited to Reserve and Surplus as 'One time Connection Charges'. As per established regulatory principles, depreciation on assets created out of grants is to be excluded from allowable expenses unless the replacement of capital assets is segregated from routine capital additions. The Commission has already taken the decision that depreciation on the assets made out of grants and contribution from consumers is not allowable.
24. The total GFA at the beginning of the year 2013-14 as per the audited accounts is Rs 3009.94 lakh. The assets created out of Government Grants amounting to

Rs 412.98 lakh and one time connection charges amounting to Rs 199.08 lakh are not eligible for depreciation. Thus out of the total GFA of Rs.3009.94 lakh, the assets created out of Government Grant and one time connection charges amounting to Rs 612.06 lakh is not eligible for depreciation. The Commission excludes the depreciation on the above grants and contributions, as per the audited accounts submitted by the licensee and approves the depreciation for the year 2013-14 accordingly.

25. The depreciation claimed as per the audited accounts is Rs.104.54 lakh for the GFA amounts to Rs.3009.94 lakh. As per ARR order dated 15-05-2013 in O.P. No.10/2013 for the year 2013-14, the Commission stated that the licensee has to maintain accounts as per the revised CERC norms. In its absence, depreciation as per the pre-revised CERC norms applicable for the period 2004-2009 will only be allowed during the truing up process. The licensee has not given the details on depreciation as per the revised CERC norms. Therefore the Commission approves depreciation as per the CERC norms applicable for the period 2004-09 for the purpose of truing up of accounts as shown below:

**Table 12**  
**Technopark – Depreciation Allowed in Truing up of Accounts for 2013-14**  
(Rs.Lakh)

Particulars		
a	GFA beginning of the year	3009.94
b	Depreciation claimed	104.54
c	Grants/Contributions	612.06
d	Depreciation for Grants/Contributions @3.6%	22.03
e	Net depreciation approved (b-d)	82.51

26. Accordingly the depreciation approved for the year 2013-14 for the purpose of truing up is Rs 82.51 lakh. The details are given below.

**Table 13**  
**Technopark – Depreciation allowed in truing up of accounts for 2013-14**  
(Rs.Lakh)

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Trued up
Depreciation	145.40	124.40	104.54	82.51

27. **Interest and Finance Charges:** The licensee, in the application for truing up of accounts for the year 2013-14 has claimed interest on different loans and interest on consumers deposit. The Commission vide the order on ARR&ERC had approved Rs.61.81 lakh under this head where as in the application for truing up, the licensee has claimed an amount of Rs.68.86 lakh. The details of the claims of the licensee are shown below.

**Table 14**  
**Technopark – Details of Interest and finance charges (Rs. lakh)**

Interest and finance charges	ARR Approved	Truing Up Proposed
Interest on loans	23.41	<b>28.43</b>
Interest on Consumer deposit	38.40	<b>40.43</b>
Total	61.81	<b>68.86</b>

The Commission approves the claim on interest and finance charges for the process of truing up of accounts for the year 2013-14 as detailed below

**Table 15**  
**Technopark – Interest and finance charges approved in truing up of accounts for 2013-14 (Rs. lakh)**

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Approved
Interest on loans	23.41	23.41	<b>28.43</b>	<b>28.43</b>
Interest on Consumer deposit	38.40	38.40	<b>40.43</b>	<b>40.43</b>
Interest on KSEB share on 110 KV	88.07	-	-	-
Total	149.88	61.81	<b>68.86</b>	<b>68.86</b>

28. **Return on Equity:** - The licensee has not booked any equity in the books of account and also not claimed any return thereon. The Commission has been allowing an amount of Rs.10.00 lakh per annum towards return on equity in the previous years. The same is approved for the year 2013-14.
29. **Other Debits:** - The licensee in the application has claimed the net prior period credits/charges of an amount of Rs.1.76 lakh under other debits. During the hearing the licensee has stated that net prior period credits comprises of expenses/ income which are not related to FY 2013-14 but which are paid or billed during the year 2013-14. The same has been transferred to prior period account. The claims made by the licensee are tabulated hereunder.

**Table 16**  
**Technopark – Net prior period credits/ charges claimed in Truing up of**  
**Accounts for 2013-14 (Rs. lakh)**

Particulars	2013-14
<b>Income Relating to Previous Years</b>	
Power charges Kollam for 01.10.12 to 31.03.13	22.31
Inspection fee for 2012-13	0.05
Inspection fee for 2012-13	0.20
Excess quota charges for April 2012 charged to CDAC	0.07
Unidentified debit in pass book pertaining to 2005-06	0.47
O&M charges of 2012-13 - Aegis Power Engineers	0.14
<b>Total</b>	<b>23.24</b>
<b>Expenditure Relating to Previous Years</b>	
Fuel surcharge reversed - since outdated cheque	4.74
Service connection charge earlier treated as Work Deposit now rectified	20.25
Exhibition space power charges accounted in deposit now rectified	0.00
<b>Total</b>	<b>25.00</b>
<b>Net Prior Period (credit)/charges</b>	<b>1.76</b>

30. Under the expenses relating to the previous years, the licensee has included an amount of Rs.20.25 lakh as service connection charges, which was earlier booked under work deposit. The said amount of Rs.20.25 lakh is in the nature of the capital expenditure and cannot be booked under this head. Accordingly the same has been removed and the total amount considered under this head is a credit of Rs.18.50 lakh.
31. **Total Revenue Requirements:** The total expenses approved after truing up process for 2013-14 are as given below:

**Table 17**  
**Technopark – Approved expenses for 2013-14 (Rs. lakh)**

Particulars	Projected in ARR	Approved in ARR	As per Application for Truing Up	Trued Up
Cost of power purchase	4172.03	4172.03	3939.79	3715.46
Interest and Finance Charges	149.88	61.81	68.86	68.86
Depreciation	145.4	124.4	104.54	82.51
Employee cost	17.27	17.27	22.28	18.23
R & M Expenses	196.7	196.7	139.89	95.13
A & G Expenses	61.37	58.04	99.03	42.55
Return on Investment	887.57	10.00	0	10.00
<b>Expenses</b>	<b>5,630.22</b>	<b>4,640.25</b>	<b>4374.39</b>	<b>4032.74</b>
Less Other debits	0	0	1.76	18.50
<b>Total Expenses</b>	<b>5,630.22</b>	<b>4,640.25</b>	<b>4372.63</b>	<b>4014.24</b>

32. **Revenue from sale of power:** - The revenue from the sale of power booked by the licensee in the application for truing up is Rs. 3932.19 lakh, as against the revenue from sale power approved by the order on ARR at Rs.4523.61 lakh.. The details of the revenue from sale of power and consumption from different categories of consumers are tabulated here under.

**Table 18**  
**Technopark – Details of Revenue from Sale of Power for 2013-14**

Particulars	Application for truing up		
	Sales (MU)	Revenue (Rs.lakh)	Avg. realisation (Rs/kWh)
HT Consumers	20.07	1317.75	6.57
LT Consumers	40.18	2520.23	6.27
Self Consumption	0.89	65.67	7.40
Public Lighting	0.17	9.01	5.16
<b>Total</b>	<b>61.31</b>	<b>3912.66</b>	
Miscellaneous charges		0.56	
State levies (Electricity Duty)		231.80	
Surcharge on Electricity Duty		4.79	
Delayed payment		10.62	
Other Receipts		8.35	
<b>Total</b>		<b>4168.78</b>	
Less: Electricity Duty Payable		<b>236.59</b>	
<b>Net Revenue</b>		<b>3932.19</b>	

33. The Commission, had revised the BST applicable to M/s Technopark from Rs.4.00 /unit to Rs.4.85/unit with effect from 01-05-2013. There is no change in demand charges. The Commission approves the actual revenue realized by the licensee for the purpose of truing up of accounts for the year 2013-14.
34. **Non-Tariff Income:** Non-tariff income as per the truing up application for 2013-14 is Rs.42.02 lakh against the approved amount of Rs.20.40 lakh. The non-tariff income claimed by the licensee in the application includes interest on security deposits and interest on bank deposits. The increase in non-tariff income is due to the increase in bank fixed deposits. The details of the claims of the licensee towards non-tariff income are shown below:

**Table 19****Technopark – Details of Non-tariff Income as per the application for truing up of accounts for 2013-14 (Rs.lakh)**

Particulars	ARR		Truing up
	Projected	Approved	Claimed
Interest on securities/KSEB Deposit	19.40	19.40	7.28
Interest on bank fixed deposits	0.30	0.30	34.74
Interest from banks	0.20	0.20	-
Misc. Recoveries	0.50	0.50	-
<b>Total</b>	<b>20.40</b>	<b>20.40</b>	<b>42.02</b>

It is noticed that there is considerable increase from interest on bank deposits and this may be due to the accumulated surplus available with licensee. However, the application for truing up of accounts shows considerable reduction in the interest on security deposit available with KSEB Ltd. Commission has verified the interest on security deposit with KSEB Ltd during the previous financial years 2009-10 and 2010-11 and the details are given below.

**Table-20****Technopark- Details of Interest on Security Deposit with KSEB Ltd (Rs. Lakh)**

Year	Interest on security deposit with KSEB Ltd	Remarks
<b>2009-10</b>	11.35	As per orders on truing up
<b>2010-11</b>	12.84	
<b>2011-12</b>	13.21	
<b>2012-13</b>	8.68	
<b>2013-14</b>	7.28	claimed in truing up

As detailed above, the interest on security deposits with KSEB Ltd approved vide the orders on truing up for the previous years was higher than the same claimed for the year 2013-14. According to the licensee the interest on the security deposit held by KSEB Ltd is the actual amount realised by the licensee in 2013-14, which was actually adjusted towards the monthly electricity bills. The power purchase by the licensee from KSEB Ltd and the cost of power purchase has been increasing over the years; there is no rationale for reduction of interest on security deposit with KSEB Ltd. The Commission hereby directs the licensee to submit the relevant records and documents in this regard in consultation with KSEB Ltd and provisionally approves the interest on security deposit with KSEB



Ltd as claimed by the licensee. Accordingly, the non-tariff income approved in the process of truing up of accounts for the year 2013-14 is detailed below.

**Table 21**  
**Technopark – Details of Non-tariff Income Approved for 2013-14 (Rs.lakh)**

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Approved
Interest on securities/KSEB Deposit	19.40	19.40	7.28	7.28
Interest on bank fixed deposits	0.30	0.30	34.74	34.74
Interest from banks	0.20	0.20	-	-
Misc. Recoveries	0.50	0.50	-	-
<b>Total</b>	<b>20.40</b>	<b>20.40</b>	<b>42.02</b>	<b>42.02</b>

35. **Revenue Surplus/(gap) for 2013-14:** The revenue gap/surplus after the truing up process is as shown below.

**Table 22**  
**Technopark - ARR and Revenue Surplus/Gap after Truing up of accounts for the financial year 2013-14 (Rs.lakh)**

Description	ARR		Truing up	
	Claimed	Approved	Claimed	Approved
<b>Expenditure</b>				
Cost of power purchase	4172.03	4172.03	3939.79	3715.46
Interest and Finance Charges	149.88	61.81	68.86	68.86
Depreciation	145.4	124.4	104.54	82.51
Employee cost	17.27	17.27	22.28	18.23
R & M Expenses	196.7	196.7	139.89	95.13
A & G Expenses	61.37	58.04	99.03	42.55
Return on Investment	887.57	10	<b>0</b>	10.00
<b>Sub-total</b>	<b>5,630.22</b>	<b>4,640.25</b>	<b>4374.39</b>	4032.74
Less Other debits	0	0	<b>1.76</b>	18.50
<b>Total Expenses</b>	<b>5,630.22</b>	<b>4,640.25</b>	<b>4372.63</b>	4014.24
<b>Revenue</b>				
Revenue from tariff	4523.61	4523.61	3932.18	3932.19
Non- Tariff Income	20.4	20.4	42.02	42.02
<b>Total Revenue</b>	<b>4544.01</b>	<b>4544.01</b>	<b>3974.2</b>	3974.21
<b>Revenue Surplus (+) / Gap (-)</b>	<b>-1086.21</b>	<b>-96.24</b>	<b>-398.43</b>	<b>-40.03</b>

### **Directives of the Commission:**

36. The Commission gives the following directives,-

- (i) The licensee shall maintain separate set of books and records relating to the assets, employee cost, repairs and maintenance and administrative expenses of the distribution business.
- (ii) The licensee shall install separate meters for recording the self-consumption for the licensing business alone.
- (iii) The licensee shall analyse the reason for the considerable decline in the number of consumers from that of the projected numbers and shall also carry out an audit of the billing system to ensure that there has been no leakage of revenue and that the revision of tariff was implemented properly.
- (iv) The licensee shall submit a report to the Commission on the action taken to replace the faulty or sluggish meters in a time bound manner.
- (v) The licensee shall provide the details of interest received from KSEB Ltd. on security deposit and also the details of interest paid to KSEB Ltd

An action taken report on the above directives shall be filed with the Commission on or before 31-05-2017.

### **Orders of the Commission**

37. The Commission, after considering the application filed by the licensee for truing up of accounts for the year 2013-14, the objections raised by KSEB Ltd and the clarifications and details submitted by the licensee, hereby approves a total expenditure of Rs. 4014.24 lakh, a total revenue of Rs 3974.21.lakh and a revenue gap of Rs. 40.03 lakh. The total accumulated surplus after the truing up of accounts for the period from 2007-08 to 2012-13 was Rs.465.56 lakh. The total accumulated surplus after the truing up of accounts for the period 2013-14 is Rs 425.53 lakh.

The petition is disposed of as above.

**Sd/-**  
**K.Vikraman Nair**  
Member

**Sd/-**  
**S.Venugopal**  
Member

**Sd/-**  
**T.M.Manoharan**  
Chairman  
Approved for issue

**Sd/-**  
**Santhosh Kumar.K.B**

Secretary