

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

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

OA.No.32/19

In the matter of : Petition on the Truing up of accounts for the year 2017-18 filed by M/s Thrissur Corporation Electricity Department (TCED)

Applicant (s) : M/s Thrissur Corporation Electricity Department (TCED)

Applicant (s) represented by :

1. Sri. Jomon, Asst. Sectary, TCED
2. Sri. T.S. Jose, Electrical Engineer, TCED
3. Sri. Kedaram V R, Consultant Team TCED

Daily Order dated 12-03-2020

Conducted hearing on the petition for the Truing up of accounts for the year 2017-18 filed by M/s Thrissur Corporation Electricity Department (TCED) at the Conference Hall, Guest House, Ramanilayam, Thrissur on 06-03-2020 at 11.00 A.M. Sri. Jomon, Sr. Superintendent, TCED, Sri. T.S. Jose, Electrical Engineer, TCED, Sri. Kedaram V R, Consultant Team TCED and other officers represented the petitioner. Sri. T.S. Jose briefed the details of the petition and responded to the queries of the Commission. The main points submitted in the petition are briefed below

- The licensee has claimed a revenue surplus of Rs.152.73 lakh as against the revenue gap of Rs.60.26 lakh approved in the ARR order.
- There is an increase in the number of consumers and sale of power compared to the previous year. The distribution loss approved for the year was 7.84%. The actual loss for the year is 7.25% which is lower than the approved level.
- The actual claim of employee cost is Rs.1177.75 lakh as against Rs.996.47 lakh approved by the Commission. Major portion is towards salary, wages, pension contribution, and salary arrears.
- The Repair and Maintenance Charges claimed by the licensee is Rs.90.79 lakh as against Rs 57.81 lakh approved for the year. The licensee in the clarifications submitted that Rs.13.00 lakh may be treated as onetime expense increased for the repair of transformers at KEL.

- The A&G expense claimed by the licensee as per the application for truing up was Rs 394.69 lakh as against the approved amount of Rs.272.29 lakh in the order on ARR&ERC. The major claim booked under A&G expense are towards Rents, rates & taxes, section 3(1) duty and towards UJALA LED expense amounting Rs.172.03 lakh, Rs.84.48 lakh and Rs.71.76 lakh respectively.
- The licensee had claimed interest on security deposits of Rs. 215.97 lakh at an interest rate of 6.75%. The actual disbursement in 2017-18 amounts to Rs.159.98 lakh.
- The depreciation claimed for the year is inclusive of asset additions worth Rs.449.79 lakh. No formal approval for the asset addition has been obtained.

Sri. Manoj.G, AEE, TRAC represented KSEB Ltd and presented the counter statement/comments of KSEB Ltd. The major points raised by KSEB Ltd are the following:

- a) The actual disbursement of interest on security deposit during the year 2017-18 is Rs. 159.88 lakh, but that claimed in truing up petition is Rs.215.97 lakh. The Commission may allow only the actual interest paid to consumers during the year.
- b) The O&M expenses claimed in truing up petition is 150.53% higher than the approved cost.
- c) The R&M Charges claimed by the petitioner is Rs 90.79 lakh against the approved amount of Rs 57.81 lakh. The claim is higher by 57.04 % against the approved amount.
- d) Employee cost claimed by the petitioner is Rs 1177.75 lakh against the approved amount of Rs 996.47 lakh and is higher by 18.19 %.
- e) The Commission may take uniform approach regarding section 3 duty and the claim of the licensee on Electricity duty may be disallowed. With regard to rent, it was submitted that the Commission in the order for the control period 2015-16 to 2017-18 dated 21.10.2015 had restricted the rent to 10% of the claim. The same approach may be followed to fix the rent
- f) TCED has claimed the expenses towards the Implementation of Unnat Jyothi by Affordable LED's for All (UJALA) and Energy Efficient Fans Programme (EEFP). Commission clearly indicated that "Expenses, if any , in connection with the programme will not be allowed in the ARR".
- g) The licensee has claimed depreciation of Rs.238.33 lakh against the approved value of Rs.221.28 lakh. It is noticed that, the petition is silent about the capital expenditure approval of current year asset additions and the

consumer contribution and grants are not deducted for calculating depreciation.

- h) The Return on capital claimed by the petitioner is Rs 87.53 lakh against the approved amount of Rs 50.63 lakh and is higher by 72.88 %. It may be limited to the approved level.
- i) The quantum of the energy purchased from KSEB Ltd and the claim made by the licensee under power purchase tally with the records of KSEB Ltd.
- j) The Commission in the truing up order for 2015-16, has directed TCED to complete the formalities of signing the PPA with KSEBL, which TCED has not been complied with.

The Commission directed TCED to submit the following details.

- Details regarding the revision of depreciation for the assets created using consumer contribution.
- Details of age wise analysis of sundry debtors.

M/s TCED shall furnish the above details within two weeks.

Hearing concluded. Reserved for orders.

Sd/-
S. Venugopal
Member

Sd/-
Preman Dinaraj
Chairman

Approved for issue

Sd/-
Secretary