

**KERALA STATE ELECTRICITY REGULATORY COMMISSION  
THIRUVANANTHAPURAM**

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

**OA.No.04/2020**

In the matter of :Application on the Truing up of accounts for the year 2018-19 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 25.02.2020**

Conducted hearing on the petition for the Truing up of accounts of the year 2018-19 filed by M/s Kanan Devan Hills Plantations Company Private Limited (KDHPCL) at the Court Room, Office of the Kerala State Electricity Regulatory Commission on 14-02-2020 at 02.30 P.M. Sri. P.M. Srikrishnan, Executive Director, KDHPCL representing the petitioner,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 actual number of consumers for 2018-19 is 15964 and the sale for year is 43.98 MU whereas in 2017-18 the sale was 46.21 MU.There is decrease in the sales over the previous year due to high rainfall and consequent floods.
- The Commission had approved a distribution loss of 11.13% for 2018-19. The actual distribution loss for the year is 11.30%
- The licensee has claimed an actual power purchase cost of Rs.2679.75 lakh for the purchase of 50.84 MU.
- The licensee stated that the employee cost claimed is only the actual expenses.
- The actual amount claimed for the repair and maintenance of transmission lines, substations, 11 kV lines & associated works, LT line service etc.is Rs.52.66 lakh. Out of the total claim, Rs.31.52 lakh is for the R&M of cables and line works for maintaining the distribution system, Rs.8.98 lakh for repairs and damages caused due to the unprecedented monsoon. Rs.11.01 lakh for works relating to improvement of voltage levels, rewinding work on transformer etc. The balance amount (Rs.11.53 lakh) is for materials like posts, conductors, insulators etc and also the labour cost to clear the under growths along the distribution lines.
- The actual administrative and general expense booked is Rs.16.89 lakh.

- An amount of Rs.65.59 lakh is claimed as interest and finance charges which includes interest on normative loan, interest on working capital, interest on security deposits and the Bank Charges on Bank Guarantee/L.C to KSEB.
- Depreciation claimed is Rs.21.02 lakh as against Rs 17.84 lakh approved for the year.
- The non-tariff income includes interest receivable on KDHPCL deposit with KSEB Ltd and miscellaneous recoveries. It was submitted that if the income received is to be used, the deposit is to be accounted part of working capital

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

- a. Distribution loss as per the petition works out to 11.44% whereas the licensee has claimed only 11.30%
- b. The depreciation for assets may be allowed only after due consideration of the vintage of the assets
- c. The licensee has not accounted any interest on accumulated surplus as part of the non-tariff income for the year 2018-19.
- d. The licensee has claimed O&M expenses higher than the norms approved by the Commission.
- e. The claim of the licensee on Section 3(1) duty may be disallowed.

The Commission directed the licensee to re-negotiate on the interest on bank guarantee since the proposed rates are high. The licensee shall also furnish the clarifications on the following.

- As per Form G, the total sales is 43.98 MU, whereas as per the write up the sale is 44.06 MU. The difference is to be clarified.
- The rationale for treating the works relating to voltage improvement works (Rs.11.01 lakh) under R&M rather than capital expenditure.
- Whether Rs.11.53 lakh under R&M is in the nature of one time expenses or not

The petitioner, may furnish the clarifications and the reply on the counter statement of KSEB Ltd, if any before 03-03-2020.

Hearing concluded. Reserved for orders.

Sd/-  
**S.Venugopal**  
Member

Sd/-  
**Preman Dinaraj**  
Chairman

Approved for issue

Secretary