

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

OA 2/2018

In the matter of : Truing up of Accounts of Kanan Devan Hill Plantations Company Private Limited for the year 2016-17

Applicant : M/s Kanan Devan Hill Plantations Company Private Limited

Respondent : M/s Kerala State Electricity Board Limited

**PRESENT : Shri. Preman Dinaraj, Chairman
Shri. K.Vikraman Nair, Member
Shri. S.Venugopal, Member**

ORDER DATED 05/09/2018

Background

1. Kanan Devan Hill Plantations Company Private Limited (*hereinafter referred to as KDHPCL or the licensee*) is the distribution licensee supplying electricity in its license area at Munnar. KDHPCL procures electricity from KSEB Ltd for the supply to its consumers and for its own consumption and for supply to several consumers of KSEB Ltd residing in the nearby area of supply of KDHPCL. M/s KDHPCL filed the application for truing up of accounts for 2016-17 and the application was admitted as OA No.2/18. The application is based on the audited accounts of the distribution business of the licensee and Regulation 11(b) of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2014 (*hereinafter referred to as the Tariff Regulations, 2014*).
2. The ARR&ERC of the licensee for the first control period from 01-04-2015 to 31-03-2018 was approved by the Commission vide order dated 07-09-2015. The licensee had submitted the truing up of accounts for the financial year 2016-17, and the Commission had issued the order on the accounts on 15-05-2017 in OA 5/2017. A comparison of figures for 2015-16 and figures as per the petition for 2016-17 is given below

**Table 1
Comparative Statement for the years 2015-16 & 2016-17**

Particulars	2015-16 (Rs.Lakh)		2016-17 (Rs.Lakh)		
	As per accounts	Trued Up	ARR Approved (A)	As per accounts (B)	Variance (B)-(A)
Revenue from Sale of Power.	2,346.28	2,357.86	2,443.70	2397.02	-46.68
Other Income	23.18	65.05	16.76	17.18	0.42
Total Income	2,369.46	2,422.91	2460.46	2414.20	

Particulars	2015-16 (Rs.Lakh)		2016-17 (Rs.Lakh)		
	As per accounts	Trued Up	ARR Approved (A)	As per accounts (B)	Variance (B)-(A)
Purchase of Power	2,088.13	2,102.16	2,228.44	2123.88	104.56
R&M Expenses	43.47	16.64	17.62	30.83	-13.21
Employee Cost	134.28	80.09	84.78	155.85	-71.07
A&G Expenses	14.41	13.91	14.73	35.14	-20.14
Depreciation	17.20	16.23	14.80	17.55	-2.75
Interest & Finance Charges	15.83	13.75	12.58	14.21	-1.63
Other debits	0.44	0.44	0.44	13.09	-0.09
Other expenses – (expenses towards modification of Pullivasal power station)		14.10			
Return on Equity	-	6.30	5.04	-	5.04
Total Expenditure	2,325.80	2263.62	2378.43	2390.55	
Net Surplus/(Deficit)	43.66	159.29	82.03	23.65	

3. In the application, the licensee has arrived at a **revenue surplus of Rs.23.65 lakh** for the year 2016-17 as against a revenue surplus of Rs.82.03 lakh approved by the Commission in the order dated 07-09-2015 issued for the financial year 2016-17.

Public Hearing on the Matter

4. Hearing was conducted on 14-02-2018 at the Court room of the Commission. In the public hearing, representatives of the licensee and KSEB Ltd were present. Sri.Srikrishnan, Executive Director, KDHPCL presented the details of the application on the truing up of accounts for the financial year 2016-17 and responded to the queries of the Commission.

The main points made by the licensee are,-

- (a) Revenue from Sale of Power claimed is Rs 2397.02 lakh for the energy sale of 378.73 lakh units and the Non Tariff Income is Rs 17.18 lakh which includes interest receivable on KDHPCL's deposit with KSEB Ltd (Rs.14.82 lakh) and miscellaneous recoveries (Rs.2.36 lakh).
- (b) The power purchase cost for the year 2016-17 is Rs 2123.88 lakh for a purchase of 438.24 lakh units. The approved level of distribution loss as per the ARR order is 12.00% whereas the actual distribution loss is 11.40%

- (c) The employee cost booked by the licensee for carrying out the distribution business is Rs.155.85 lakh as against Rs. 84.78 lakh approved by the Commission.
- (d) The amount booked by the licensee is Rs.30.83 lakh for the repair and maintenance of transmission lines, substations, 11 kV lines & associated works, LT line service etc as against the approved amount of Rs 17.62 lakh
- (e) The A&G expense claimed by the licensee for truing up is Rs 35.14 lakh as against the approved amount of Rs 14.73 lakh. The major claim under A&G expense includes a claim of Rs.24.76 lakh for bank guarantee charges.
- (f) The Commission had approved an interest and finance charge of Rs.12.58 lakh whereas the amount booked by the licensee in the application is Rs.14.21 lakh which includes interest on security deposit and the interest on late payment.
- (g) Asset addition of Rs.54.27 lakh was made during the year 2016-17
- (h) The depreciation claimed by the licensee is Rs 17.55 lakh as against Rs 14.80 lakh approved by the Commission

Accordingly the licensee has claimed an Aggregate Revenue Requirement (ARR) of Rs 2390.55 lakh, Expected Revenue from Charges (ERC) of Rs 2414.20 lakh with a revenue surplus of Rs 23.65 lakh for the year 2016-17.

5. Sri. Bipin Shankar, Deputy Chief Engineer, Smt. Mehrunisa, Executive Engineer, TRAC and Sri. Manoj.G, AEE, TRAC, represented KSEB Ltd. Sri. Bipin Shankar presented the objections of KSEB Limited and submitted written remarks on the application. The summary of the comments of KSEB Ltd is given below:

- a. The depreciation for assets may be allowed only after due consideration of the vintage of the assets and depreciation shall not be allowed for the assets created out of consumer contribution
- b. The licensee has claimed R&M expenses, employee cost and the A&G expenses which are higher than that of the norms approved by the Commission. The Commission may limit the expenses to the approved level.
- c. The interest and finance charges claimed in the application is Rs 14.21 lakh as against Rs 12.58 lakh approved by the Commission. It is submitted that the same is to provide interest on security deposit to consumers and thus there is no rationale from such increase. It was further submitted that only the actual interest paid to consumers for the year is to be allowed.

- d. The claim of the licensee on Section 3(1) duty may be disallowed.
 - e. The licensee has stated that the interest income on security deposit with KSEBL is regularly accrued to the petitioner. The accrued amount as at 31st March 2017 is Rs 77.39 lakh including Rs.14.82 lakh @ 6% on the deposit for financial year ended on that date. It is submitted that KSEB Ltd has not paid the amount nor acknowledged the amount due and the payment of the interest on security deposit has been deferred.
 - f. 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.
6. During the hearing, the Commission sought following clarifications on the petition.
- Justification for the number of employees under distribution business and the basis of apportioning the employee cost to the distribution business.
 - Justification with documentary evidence towards overtime amounting to Rs.26.67 lakh, which is about 50% of the salaries paid for 2016-17.
 - Details of how overtime rate is fixed for the employees of the distribution business and the statutory backing for such fixation of overtime rate.
 - The basis for apportionment of 25% of the salary of the ED & Manager of the distribution business
 - The reason for the increase in the bank guarantee charges from Rs.6.25 lakh in 2015-16 to Rs.24.76 lakh in 2016-17.
 - Details of the basis of apportionment of A&G expenses to distribution business.
 - Details of A&G expenses booked directly to distribution business.
 - Details of the security arrangements made by the licensee and the reason for increase in the expenses
 - Reason for the sudden increase in the conveyance and vehicle hire expenses.
 - Split up of the amount claimed under “cable, lines net works” in R&M expenses.
 - Details of the capital expenditure made by the licensee from 2014-15 to 2016-17 along with details of the approval of the Commission.
 - Details of the consumer contribution used (Rs. 7.07 lakh) during 2016-17.
 - Details of the security deposit furnished to KSEB Ltd.
 - Details of bank guarantee provided to KSEB Ltd for power purchase.
 - Details of the miscellaneous expenses incurred by the licensee.
 - Details on the adjustment of the provision of Rs.9.37 lakh for bad debts in 2016-17.
 - Details of periodic inspection if any for detection of malpractice.

7. The Commission directed KDHPCL to submit the details called for and other details if any to substantiate the claims made in the application for the truing up of accounts for the year 2016-17 on or before 20-03-2018. The licensee vide letter dated 20-03-2018 submitted the clarifications and the reply to the counter statement/remarks of KSEB Ltd which have been duly considered in the analysis of the Commission.
8. The Commission considered the application of the licensee for truing up of accounts for the year 2016-17, the additional submissions along with the comments of KSEB Ltd. The analysis of the issues, views of stakeholders, analysis and decisions of the Commission on the application on the truing up of accounts for the year 2016-17 in accordance with Regulations thereof are presented below:

Income

Revenue from sale of power

9. As stated in Table 1, against an approved revenue from sale of power of Rs.2443.70 lakh, the actual sale revenue was Rs.2397.02 lakh ie., a decrease by Rs.46.68 lakh. The energy sale for the year 2016-17 as per the application for the truing up of accounts is 378.73 lakh units as against the energy sale of 395.50 lakh units approved by the Commission in the order on ARR & ERC.
10. The licensee has stated that the decrease in revenue is due to lower sale when compared to the sale approved by the Commission. The total sale as per the truing up of accounts is 378.73 lakh units as against the energy sale of 395.50 lakh units approved by the Commission in the order on ARR & ERC. Details of revenue from energy sales furnished by the licensee are given below.

**Table 2
Details of Revenue from Sale of Power for 2015-16 & 2016-17**

Consumer Category	2015-16 Trued Up				2016-17 For Truing Up			
	No. of Consumers	Energy sold in lakh units	Revenue (Rs.lakh)	Average Tariff (Rs./kWh)	No. of Consumers	Energy sold in lakh units	Revenue (Rs.lakh)	Average Tariff (Rs./kWh)
HT I Industrial	25	225.90	1,434.41	6.35	25	227.61	1448.16	6.36
HT III Agriculture	2	2.90	13.06	4.46	2	2.90	12.33	4.30
HT VI Commercial	8	21.80	185.09	8.50	8	22.70	190.16	8.39
LT I Domestic	13190	68.10	260.03	3.82	13262	70.22	265.68	3.79
LT II Colonies	-	-	-	-	1	-	0.14	-
LT IV Industries	95	6.10	35.46	5.84	96	5.90	34.24	5.81
LT V Agriculture	5	0.10	0.31	2.53	5	0.20	0.41	2.30
LT VI Non Domestic	714	8.00	66.32	8.30	715	8.50	69.75	8.19
LT VII	1348	34.0	331.27	9.74	1361	36.40	354.88	9.75

Commercial								
Street Lighting	251	4.80	15.41	3.23	252	4.30	14.81	3.45
Sub Total (A)	15638	371.70	2,341.36	6.30	15727	378.73	2390.56	6.31
Fuse off calls/new application fee			0.05				0.02	
Reconnection fee			0.14				0.17	
Interest received on deposit with KSEB			11.58				-	
Public lighting			0.44				1.89	
Delayed payment charges			2.20				3.05	
Other receipts			1.39				1.33	
Sub Total (B)			16.50				6.46	
Total (A+B)	15638	371.70	2357.86		15727	378.73	2397.02	6.31

Analysis and Decision of the Commission

11. The total revenue from tariff as reported by the licensee as per the accounts is Rs. 2397.02 lakh which includes revenue from sale of power and other charges such as reconnection fee, delayed payment etc (Rs.2390.56 lakh + Rs.6.46 lakh). As per the details submitted by the licensee, the salient features of the sale of power are as follows.

12. There is an increase of 89 consumers during the year 2016-17. Though the number of consumers is maximum in LT I domestic category, the major part of sale is under the HT I Industrial category. The analysis of sales shows that the units sold has increased by around 2% as compared to the previous year whereas the consumer base has increased by 0.6%. The percentage of consumption by the major categories of consumers has remained more or less the same. Considering the actual sale of 378.73 lakh units at an average tariff of Rs.6.31 per kWh, the total revenue is Rs.2397.02 lakh

13. The Commission approves the actual energy sales of 378.73 lakh units and the revenue from sale of power of Rs.2397.02 lakh as per the application for the year 2016-17.

Non Tariff Income:

14. The non-tariff income accounted by the licensee in the application for the truing up is Rs 17.18 lakh as against the approved amount of Rs 16.76 lakh. As per the details submitted, the amount includes interest receivable on KDHPCL deposit with KSEB Ltd and miscellaneous recoveries. A comparison of the non-tariff income for 2015-16 and 2016-17 is tabulated hereunder.

Table 3
Details of Non Tariff income (Rs.lakh)

Items	2015-16	2016-17	
	As per accounts	ARR Approved	As per accounts
Interest receivable on KDHPCL deposit with KSEB	11.58	16.67	14.82
Miscellaneous recoveries	11.60	-	2.36
Total	23.18	16.67	17.18

15. KDHPCL has stated that the interest income on security deposit with KSEBL is regularly accrued by the licensee. The accrued amount as at 31st March 2017 is Rs 77.39 lakh including Rs.14.82 lakh @ 6% on the deposit for the financial year ended on that date. KSEB Ltd submitted that they have not paid the amount nor acknowledged the amount due and the payment of the interest on security deposit has been deferred.

16. The Commission notes that KSEB Ltd has to provide interest on security deposit as per law. **Commission after considering the claim, approves the non tariff income of Rs.17.18 lakh as claimed by the licensee.**

Interest on accumulated surplus

17. The licensee is holding an accumulated surplus of Rs.691 lakh at the end of the year 2015-16, as per the order dated 26-09-2017 on the review petition filed against the order on truing up of accounts of the licensee for 2015-16 dated 15-05-2017. **The Commission also approves a notional interest of Rs. 64.26 lakh which is 9.30 % of the accumulated surplus considering the base rate of SBI as on 01-04-2016, and the same is included under non-tariff income approved for truing up of the year.**

Decision of the Commission

18. **Considering the actual non tariff income of Rs.17.18 lakh and the notional interest of Rs. 64.26 lakh on the accumulated surplus, the total non-tariff income approved for the purpose of truing up of accounts for the year 2016-17 is Rs. 81.44 lakh.**

Table – 4
Non-Tariff Income allowed for truing up for 2016-17

Particulars	As per accounts (Rs. Lakh)	Trued Up (Rs lakh)
Non-Tariff Income	17.18	17.18
Interest on accumulated surplus	-	64.26
Total	17.18	81.44

Total Income

19. Based on the above, the total income for the year 2016-17 after truing up is as shown below.

Table – 5
Total Income approved after truing up for 2016-17

Particulars	2016-17		
	ARR Approved (Rs lakh)	As per accounts (Rs lakh)	Trued up (Rs lakh)
Revenue from Sale of Power.	2443.70	2397.02	2397.02
Other Income	16.76	17.18	81.44
Total Income	2460.461	2414.20	2478.46

Expenditure

Energy purchase from KSEB Ltd, Sale of Energy and Distribution loss:

20. The licensee purchased 522.22 lakh units as against an approved purchase of 534.10 lakh units in 2016-17. The details as per the petition for truing up of accounts for 2016-17 are shown below.

Table 6
Details on the distribution loss

Sl.No	Particulars	2015-16	2016-17	
		As per accounts	Approved in ARR	As per accounts
1	Total Energy Sales (lakh units)	372.00	395.50	378.73
2	Billed Energy (lakh units)	429.00	459.60	438.24
3	Distribution loss (lakh units) (2-1)	57.00	64.10	59.51
4	Feed back (lakh units)	82.00	74.50	83.98
5	Gross energy (lakh units) (2+4)	511.00	534.10	522.22
6	Distribution loss % (3/5)%	11.12%	12.00%	11.40%

21. The Distribution loss reported for the year is 11.40% as against the loss target of 12% approved by the Commission in the order on ARR&ERC. The actual energy purchase as per the application for truing up is 438.24 lakh units as against an approved purchase of 459.60 lakh units. The feedback energy to KSEB Ltd is 83.98 lakh units. Feed back is the energy wheeled through the system of KDHPCL for the consumers of KSEB Ltd. Since feed back is wheeled through the lines of KDHPCL, the same is considered for the computation of distribution loss. Accordingly, the total energy passed through the distribution system of KDHPCL is 522.22 lakh units (438.24 lakh units + 83.98 lakh units). Hence the distribution loss is 11.40% of the energy input.

Analysis and Decision of the Commission

22. As shown above, the actual distribution loss reported by the licensee is lower than that approved by the Commission. Distribution loss is a controllable

parameter, and the licensee can retain 2/3rd portion of the efficiency gain as per the provisions of clause 74(4) of the KSERC (Terms and conditions for determination of tariff) Regulations, 2014. The relevant portions of the Regulation are as shown below:

74. Distribution loss:.....

(4) Any variation between the actual level of distribution loss and the approved level of the distribution losses shall be dealt with, as part of the truing up of the respective financial year in the following manner:-

(a) if the actual distribution loss is higher than the approved level of distribution loss for any particular financial year of the control period, then the quantum of power purchase corresponding to the excess distribution loss for that financial year shall be disallowed at the average cost of power purchase for the respective financial year;

(b) if the actual distribution loss is lower than the approved level of distribution loss for any particular financial year of the control period, then the savings in the power purchase cost corresponding to the difference in distribution loss for that financial year at the average cost of power purchase for the respective financial year, shall be shared between the distribution business/licensee and the consumers in the ratio of 2:1

23. Hence, efficiency gain on the controllable parameters has to be shared between licensee and consumers at the ratio of 2:1 ie, 2/3rd of gain is to be retained by the licensee and 1/3rd is to be passed on to the consumers, which is analysed in paragraphs 27 and 28 below.

Power Purchase Cost

24. The actual power purchase cost as per the petition for truing up of accounts for 2016-17 submitted is Rs.2123.88 lakh for a purchase of 438.24 lakh units. The claim includes Rs.2.53 lakh towards excess demand charges which is the penal charge paid by the licensee for the purchase over and above the contract demand. As per the applicable BST for KDHPCL, the energy charge is Rs. 4.30/kWh and demand charge is Rs.300/kVA.

**Table 7
Details of the cost of power purchase claimed for 2016-17**

	Particulars	ARR Approved	For Truing up
1	Total Consumption (lakh units)	534.10	522.22
2	Less: Feed Back to KSEB (lakh units)	74.50	83.98
3	Billed Units (lakh units) (1-2)	459.60	438.24
4	Demand Charges (Rs.lakh)	252.00	236.92
5	Excess Demand Charges (Rs.lakh)	-	2.53
6	Energy Charges (438.24 x Rs.4.30/kWh) (Rs.lakh)	1976.44	1884.43
7	Total Power purchase cost (Rs.lakh) (4+5+6)	2228.44	2123.88
8	Average power purchase Cost (Rs./kWh) (7/3)	4.85	4.85

25. During the hearing, KSEB Ltd has mentioned that the power purchase cost of the licensee tally with the records of KSEB Ltd.

Analysis and Decision of the Commission

26. Commission has gone through the claim made by the licensee. The actual power purchase cost is lower than that approved by the Commission. The actual power purchase cost for the year 2016-17 is Rs.2123.88 lakh at a distribution loss of 11.40%. The average power purchase cost is Rs.4.85 per kWh. Considering details furnished by the licensee, ***the Commission approves the actual power purchase cost of Rs.2123.88 lakh.***

27. In this context it is to be noted that the power purchase cost approved is related to the distribution loss achieved by the licensee viz-a-viz the targets fixed by the Commission. The actual distribution for the year is 11.40%, which is lower than the distribution loss of 12% approved for the year. Since distribution loss is a controllable item as per the Regulations, gains and losses on account of underachievement and overachievement of such items are to be treated as per the 74(4) of the Regulations. In the present case, the licensee has over achieved the distribution loss target by 0.6% (12%-11.4%). As the actual distribution loss is lower than that approved by the Commission, the licensee can retain 2/3rd portion of the efficiency gain of 0.6% as per the provisions of clause 74(4) of the KSERC (Terms and conditions for determination of tariff) Regulations, 2014. Accordingly, the licensee has to pass on 1/3rd of the efficiency gain to the consumers and balance can be retained. The power purchase cost for the year 2016-17 is as shown below:

Table 8
Details of the cost of power purchase approved for 2016-17

1	Actual Distribution loss (lakh units)	11.40%	59.51
2	Energy loss at approved distribution loss (lakh units)	12.00%	62.66
3	Efficiency gain (lakh units) (2-1)		3.15
4	Efficiency gain at average power purchase cost (Rs.lakh) (3.15 lakh units x Rs.4.85/unit)		15.30
5	Efficiency gain to be retained by licensee (2/3 rd) (Rs.lakh) [2/3 rd of 4]		10.20
6	Actual Power purchase cost (Rs.lakh)		2123.88
7	Approved Power purchase cost (Rs.lakh) (5+6)		2134.08

28. The energy loss as per the approved distribution loss of 12% would be 62.66 lakh units whereas the actual distribution loss was 59.51 lakh units only. Of this efficiency gain of 3.15 lakh units, 2/3rd is to be retained by the licensee and balance 1/3rd is to be passed on to the consumers as reflected in the reduction in power purchase cost. The total efficiency gain at an average power purchase

cost is Rs.15.30 lakh (Rs.3.15 lakh units x 4.85/unit). Out of the total efficiency gain of Rs.15.30 lakh, 1/3rd (Rs.5.10 lakh) is passed on to the consumers as reduction in power purchase cost and 2/3rd (Rs.10.20 lakh) is retained by the licensee. **Thus the total power purchase cost approved for the year 2016-17 is Rs.2134.08 lakh**

Capital expenditure

29. The details of the expenditure capitalised for 2016-17 as per the application for the truing up of accounts for the year 2016-17 is as shown below:

**Table 9
Details of expenditure capitalised for 2016-17**

Particulars	Amount (Rs.lakh)
Drawing 11kV line from Chitrapuram power generating station of KSEB Ltd including the connectivity and CT/PT unit (Work in progress as at 31-03-2016)	48.59
Work done during the year	4.70
Sub Total (A)	53.29
Cable crimping tool hydrant	0.19
Puller 5 ton capacity	0.27
Rotary Hammer	0.11
Fire Extinguisher	0.41
Sub Total (B)	0.98
Total expenditure capitalised for 2016-17 (A+B)	54.27

30. As shown above, the licensee has claimed capital addition of Rs.54.27 lakh only for the year 2016-17. The Commission accepts the same for the year 2016-17.

Interest and Finance Charges:

31. Interest and finance charges include interest on security deposit, interest on late payment, interest on working capital and bank charges. The licensee has booked an amount of Rs.14.21 lakh as interest and finance charges which includes Rs.13.97 lakh towards interest on security deposit at the rate of 6.75% and Rs.0.24 lakh as the interest on late payment for the year 2016-17.

**Table 10
Interest & Finance charges claimed for the year 2016-17**

Particulars	As per accounts (Rs. Lakh)
Interest on security deposits	13.97
Interest charged by KSEB Ltd	0.24
Total	14.21

32. The licensee had projected the interest and finance charges of Rs. 18.03 lakh in the ARR for the year whereas the Commission had approved an amount of Rs.12.58 lakh towards this head. Each of the item under the head is explained below.

(a) Interest on the security deposit

33. The licensee has claimed an amount of Rs.13.97 lakh at the rate of 6.75% on security deposit for the year 2016-17. The Commission has examined the claims on interest on the security deposit of the licensee. As per Regulation 72 of the Kerala Electricity Supply Code, 2014, during the year 2016-17 the licensee has to pay interest on the security deposit at the bank rate prevailing as on 01-04-2016.
34. The licensee in the response to the comments of KSEB Ltd has stated that Rs.13.97 lakh was the provision made for payment of interest on security deposit received from the consumers out of which an amount of Rs.13.30 lakh was actually paid and the balance of Rs.0.67 lakh will be reversed in the financial year 2017-18.
35. ***After considering the details furnished by the licensee, the Commission approves Rs.13.30 lakh actually paid as the interest on security deposit for the purpose of truing up for the year 2016-17.***

(b) Interest on late payment

36. The licensee has stated that Rs.0.24 lakh pertain to interest incorrectly charged by KSEB Ltd on the ground of late payment of bills under the letter of credit mechanism. The licensee has stated that the bills related to two months (October and November 2016) where the bills raised in the name of the previous licensee M/s Tata Tea Limited whereas the letter of credit was opened by KDHPCL. Accordingly there was no delay on part of KDHPCL in settlement of the bills of KSEB Ltd and the refund of the amount is being regularly followed up with KSEB Ltd but they are yet to refund the amount.
37. The Commission notes that the amount of Rs.0.24 lakh booked is on the ground of late payment of bills under the letter of credit mechanism involving change in the name of the licensee. As per the submission, the bills related to two months (October and November 2016) where the bills raised in the name of the previous licensee M/s Tata Tea Limited whereas the letter of credit was opened by KDHPCL. As the letter of credit was opened by KDHPCL, and the bill raised by KSEB Ltd was in the name of M/s Tata Tea Limited the previous licensee, the same is to be addressed between the licensee and KSEB Ltd. ***Hence the amount of Rs.0.24 lakh is not considered for the purpose of truing up.***

(c) Interest on working capital

38. In the application for approval of truing up of accounts for 2016-17, the licensee has not sought interest on working capital. Instead the amount of accumulated surplus was used for the purpose of working capital requirement. The

Commission is of the view that interest on working capital can be allowed as per the provisions of Tariff Regulations 2014. As per the Regulation 33, interest on working capital for a distribution licensee is to be computed as quoted hereunder:

“33. Interest on working capital. – (1) *The generation business/company or transmission business/licensee or distribution business/licensee or the state load despatch centre shall be allowed interest on the normative level of working capital for the financial year, computed as under,-*

.....

(e) In the case of distribution business/licensee the working capital shall comprise of,-

(i) operation and maintenance expenses for one month; plus

(ii) cost of maintenance spares equal to one-twelfth of the sum of the book value of stores, materials and supplies at the end of each month of the financial year; plus

(iii) receivables equal to the expected revenue from sale of electricity for two months at the prevailing tariff:

Provided that the following amounts shall be reduced while computing the working capital requirement:

(i) the amount, if any, held as security deposits except the security deposits held in the form of Bank Guarantee from users of the distribution system and consumers; and

(ii) the amount equivalent to the cost of power purchase for one month, based on the cost of power purchase approved by the Commission:

Provided further that the amount equivalent to the cost of power purchased for one month corresponding to the quantity of electricity supplied from the generating station owned by the distribution licensee shall not be deducted:

Provided also that for distribution business/licensees who supply electricity to their consumers on prepaid metering system, no interest on working capital shall be allowed.”

39. As per the provisions of Tariff Regulations, 2014, the working capital for the M/s KDHPCL is estimated as shown below:

Table 11
Working capital for 2016-17

	2016-17	For working capital
	(Rs. Lakh)	(Rs. Lakh)
O&M Expenditure (one month)	117.13	9.76
Maintenance spares	-	
Receivable (2 months revenue)	2397.02	399.50
Gross Working Capital	2514.15	409.26
Less : Amount of Security deposit	195.85	195.85

Less : Power purchase cost (one month)	2123.88	176.99
Net Working capital		36.42
Rate of interest on working capital (SBI Base rate as on 1-4-2016 plus 2%)		11.30%
Interest on working capital (Rs.lakh)		4.12

40. As shown above, Rs.36.42 lakh can be treated as working capital for the year 2016-17. As per the Regulations interest on working capital is to be allowed on a normative manner at 2% higher than the base rate of SBI in which the application for ARR is filed. **Hence, the rate of interest for working capital is 11.30% and accordingly the interest on working capital that can be allowed on a normative basis as per the provisions of the Tariff Regulations,2014 is Rs.4.12 lakh.**

(d) Bank Charges

41. The licensee has booked Rs. 24.76 lakhs towards the bank charges. However, this amount was wrongly booked under Administrative and General expenses. **The Commission considered the claim in detail and had approved the allowable bank charges of Rs.9.47 lakh as detailed in para 64 of this order.** Hence, this amount is also included as part of interest and finance charges

Summary of the interest and finance charges

42. The interest and finance charges approved for the year 2016-17 in the process of truing up is detailed below.

Table 12
Interest & Finance charges approved for the year 2016-17

Particulars	Amount approved for truing up (Rs. Lakh)
Interest on security deposits	13.30
Interest charged by KSEB Ltd	-
Interest on working capital	4.12
Bank Charges on Bank Guarantee	9.47
Total	26.89

43. **As shown above interest and finance charge approved is Rs.26.89 lakh against the claim of Rs.14.21 lakh. The approved amount includes interest on security deposit of Rs.13.30 lakh, bank charges of Rs.9.47 lakh and interest on working capital of Rs.4.12 lakh. The difference is mainly on account of the interest on working capital of Rs.4.12 lakh and bank guarantee charges (Rs.9.47 lakh)**

Depreciation:

44. The depreciation claimed by the licensee in the application for truing up for the year 2016-17 is Rs 17.55 lakh as against Rs 14.80 lakh approved for the year. The depreciation claimed by the licensee as per the application for truing up is detailed below.

Table 13
Depreciation claimed for the year 2016-17

Asset group	GFA (Rs.lakh)	Asset Addition (Rs.lakh)	Depreciation (Rs.lakh)
Transformers	198.48	53.29	10.69
Distribution lines	40.16		2.12
Meters	61.34		3.24
Others	23.62	0.98	1.50
Total	323.60	54.27	17.55

45. The addition to the gross fixed assets for the year 2016-17 is Rs.54.27 lakh as mentioned in para 29.

Analysis and Decision of the Commission

46. The Commission had sought clarifications on addition made during the year 2016-17. The licensee has submitted the details of the addition made during the year 2016-17 as shown in Table 9. The licensee has not submitted the date of commissioning of the same. Hence the expenditure capitalised during the year cannot be considered for allowing depreciation. The licensee has a total consumer contribution of Rs.14.96 lakh as on 01-04-2016. As per the Tariff Regulations, 2014, depreciation on assets created out of consumer contribution is not allowable. Accordingly, the depreciation approved for the purpose of truing up of accounts for the year 2016-17 is shown below.

Table 14
Depreciation approved for the truing up of 2016-17

Asset group	Rate of depreciation	GFA (Rs.lakh)	Depreciation (Rs.lakh)
Transformers	5.28%	198.48	10.48
Distribution lines	5.28%	40.16	2.12
Meters	5.28%	61.34	3.24
Others	6.33%	23.62	1.50
Total		323.60	17.34
(Less) Consumer contribution	5.28%	14.96	0.79
Total assets after excluding Consumer contribution		308.64	16.55

47. The Commission notes that the licensee has to maintain proper fixed asset register including full details of the assets. As shown above, **Commission approves a depreciation of Rs.16.55 lakh for the year 2016-17.**

Employee cost:

48. The Commission approved an amount of Rs 84.78 lakh as employee cost for the year 2016-17 as per the norms in the KSERC (Terms and conditions for determination of tariff) Regulations, 2014. In the application for the truing up of accounts, the licensee has booked an amount of Rs.155.85 lakh as employee cost for carrying out the distribution business. The details of the claim made by the licensee are as shown below.

Table 15
Details of employee cost claimed for the year 2015-16 & 2016-17

Particulars	2015-16		2016-17			
	As per Accounts (Rs.lakh)	Trued Up (Rs.lakh)	ARR Approved (Rs.lakh)	Claimed as per accounts (Rs.lakh)		
Salaries	41.90	80.09	84.78	56.64		
Overtime	25.15			26.67		
DA	11.98			7.38		
Other allowances	3.95			4.98		
Bonus	3.54			3.80		
Sub Total	86.52			99.47		
Medical Expenses reimbursement				0.41		
Leave Travel Concession	0.21			0.23		
Earned leave encashment	1.21			1.46		
Payment under Workmen's Compensation	-			-		
Contribution to the PF	7.08			8.18		
Sub Total	8.50			10.28		
Staff welfare expenses	0.77			1.10		
Terminal benefits	-			-		
Salary of Manager & Executive	29.43			35.93		
ED/Manager's salary proportion	9.06			9.06		
Sub Total	39.26			46.09		
Grand Total	134.28			80.09	84.78	155.84

Analysis and Decision of the Commission

49. The actual employee cost is higher than the approved level by Rs.71.06 lakh. The Commission has sought details of the number of employees under distribution business, the basis of apportioning the employee cost for distribution business and the details of how overtime rate is fixed for the employees of the distribution business. The licensee vide the clarification dated 20th March 2018 submitted the details called for by the Commission as shown below.

Table 16
Apportioned employee cost towards distribution business

Location	Number of Employees	Apportioned charges towards distribution business (Rs.lakh)	% towards distribution business	Works done
Electricity Section Munnar	33	70.81	100%	Managing the switching station at Pullivasal, maintaining HT Lines, OLT lines throughout the licensed area and meter reading in town area
Estate electricians	6	10.94	100%	Maintenance of LT lines and meter reading in respective estates
Factory electricians	24	27.00	50%	Maintenance of LT lines and meter reading in respective areas in addition to attending the requirements of the factory.
Manager Munnar Workshop and Consultant (Electricals)	2	35.93	100%	Manager- Overall in charge of electricity operations Consultant- Qualified person with necessary licences to attend to distribution operations
Executive Director Finance and Senior Manager MIS & systems	2	9.06	ED Finance 10% Senior Manager MIS & systems 5%	ED Fin. Deals with all financial and legal matters relating to the operations. Senior Manager provided MIS and system support to the operations
		2.10		Other expenses like holiday pay, LTC, allowance, medical reimbursement etc.
Total	67	155.84		

50. In reply to details of fixation of overtime rate for the employees of the distribution business, the licensee has stated that the same is based on the assessment of the time spent for the operations. The licensee has claimed an amount of Rs.26.67 lakh as overtime expenses. The licensee has stated that the overtime payment consists of two elements.

(a) fixed over time of one hour per day plus an incentive of 0.75 hour per day (0.50 hour per day for special category employees) for staff on the days they attend office as per South India Plantation Industry- wise settlement. The licensee has stated that the agreement existed since long and much before KDHPCL became a distribution licensee.

(b) Over time for attending emergency work beyond normal working days.

The licensee has also stated that overtime is twice the normal hourly rate. It is computed on the basic salary plus personal allowance considering 8 hours of normal work in a day and 26 days of work in a month. The staff settlement, submitted along with the clarifications mentions about the fixed overtime and incentive of 1.75 hours per day. The split up of the over time expenses incurred by the licensee is as shown here under.

Table 17
Split up of the over time expenses 2016-17

Particulars	As per accounts (Rs. Lakh)
Daily fixed overtime plus incentive	19.18
Normal Overtime	7.49
Total	26.67

51. The Commission while truing up the accounts for the year 2015-16 had observed that the functions of distribution licensee is only minor activity of KDHPCL compared to the volume of business and employees deployed in its main activity and hence the salary of senior management officers apportioned to distribution business is disproportionately high. Thus the amount of employee cost as per the Regulation 81 (6) of the Tariff Regulation 2014 was only approved for 2015-16.
52. In the application for the truing up of accounts, the licensee had apportioned 25% of the salary of the ED & Manager towards distribution business. Commission sought clarification on the basis of the apportionment and the licensee submitted that the allocation of salary of ED and Manager to the electricity operations was incorrectly mentioned as 25% instead of 10% of the salary of the Executive Director and 5% of the salary of Sr. Manager MIS & Systems. The licensee stated that the allocation is based on the assessment of the time spent by the officers for electricity operations. The licensee has further stated that the amount charged in the application was correct.
53. As per regulation 13 of the Tariff Regulations 2014, operation and maintenance expenses which includes employee cost, is a controllable expenditure. Regulation 15(2) of the said regulation clearly states that aggregate loss on account of controllable factors shall be borne by the licensee and shall not be passed on to the consumers. Considering the total business of KDHPCL, the distribution business is only a minor activity and apportioned to the employee cost is disproportionately high. Hence the Commission is of the considered view that only the employee costs as per Regulation 81(6) of the KSERC (Terms and Conditions for Determination of Tariff) Regulations 2014 is to be approved. **Accordingly the approved employee cost for the purpose of truing up of accounts for the year 2016-17 is Rs.84.78 lakh.**

Table 18
Employee cost approved for the year 2016-17

Particulars	As per accounts (Rs. Lakh)	Amount approved for truing up (Rs. Lakh) *
Employee cost	155.84	84.78

*Approved as per the Norms fixed by the Commission

Repair and Maintenance Expenses:

54. The actual amount claimed by the licensee in the application is Rs.30.83 lakh for the repair and maintenance of transmission lines, substations, 11 kV lines & associated works, LT line service etc as against the approved amount of Rs 17.62 lakh as per the norms. The actual claim made by the licensee is higher when compared to the amount based on the norms in KSERC (Terms and conditions for determination of tariff) Regulations, 2014. Out of the total claim, Rs.20.76 lakh is for the R&M of cables and line works for maintaining the distribution system. The split up of the R&M expenses as per the accounts is shown below.

Table-19
Details of R&M expenses for the year 2015-16 and 2016-17

Particulars	2015-16		2016-17	
	As per accounts (Rs. Lakh)	Trued Up (Rs. Lakh)	ARR Approved (Rs. Lakh)	As per accounts (Rs. Lakh)
Maintenance of Building	1.22	16.64	17.62	2.21
Cable, HT Lines	31.93			20.76
LT lines	7.17			5.77
Vehicles/fuel	2.26			1.65
Others	0.89			0.44
Total	43.47	16.64	17.62	30.83

55. The licensee has stated that they have incurred only the minimum necessary repairs and maintenance expenditure for the proper functioning of the distribution business. The major R&M expense of the licensee is towards Cable, HT Lines. The licensee submitted the details of the expenses as shown below.

Table-20
Details of R&M expense of the licensee is towards Cable, HT Lines

Particulars	Rs.lakh
Tree cutting/under growth clearing expenses	6.23
Purchase of Miscellaneous materials	0.85
Expenses relating to post fabrication, transformer rewinding etc	11.94
Cost of hiring vehicle	1.35
Others	0.32
Total	20.69

Analysis and Decision of the Commission

56. As per Regulation 13(2) of the Tariff Regulations 2014, R&M expense is a controllable expense. As per the details furnished by the licensee, the major expense incurred is towards R&M of Cable, HT Lines and networks, amongst which major expense is for post fabrication, transformer rewinding etc as shown in Table 20. As per the Regulations, the controllable expenses have to be approved only as per the provisions of Tariff Regulations, 2014. **Accordingly, the R&M expenses approved for the year 2016-17 is Rs.17.62 lakh.**

Table – 21
R&M expenses allowed for truing up for 2016-17

Particulars	ARR Approved (Rs lakh)	As per accounts (Rs lakh)	Trued Up (Rs lakh)
R&M expenses	17.62	30.83	17.62

Administration and General Expenses:

57. The A&G expense claimed by the licensee as per the application for truing up is Rs 35.14 lakh as against the approved amount of Rs 14.73 lakh in the order on ARR&ERC. The split up of the claim is tabulated hereunder.

Table 22
Details of A&G expenses for 2015-16 and 2016-17

Particulars	2015-16 (Rs lakh)		2016-17 (Rs lakh)	
	As per accounts	Trued Up	ARR Approved	As per accounts
Rents, Rates and Taxes	0.16	13.91	14.73	0.50
Security Arrangement	1.06			1.28
Insurance	0.43			0.74
Telephone/Telex charges	0.07			0.07
Legal charges	0.68			0.33
Bank charges on Bank Guarantee	6.25			24.76
Travelling expenses	0.14			0.16
Conveyance and vehicle charges	0.02			0.37
Fees and subscription	0.69			0.70
Printing and Stationery	1.28			1.61
Advertisement	0.05			-
Electricity charges	0.68			0.72
Miscellaneous expenses	2.45			3.90
Total	14.41			13.91

58. The licensee has submitted that the entire A&G expenses are direct expenses relating to electricity distribution business except for items such as security arrangement, postage & telegrams, systems and courier charges where 25% of the costs is allocated towards electricity distribution business

59. The licensee has submitted that 25% of the costs is allocated towards electricity distribution business since Munnar work shop of the Company has four sections namely Electricity distribution, civil, mechanical and automobile sections. The licensee has stated that the increase in the security charges is due to the increase in the daily rate by 32% (from Rs.250/- to Rs.330/- per person per day) from August 2016.

60. The amount claimed by the licensee under A&G expense includes a claim of Rs.24.76 lakh for bank guarantee charges. The details are as shown below.

Table 23
Details of the bank guarantee charges

Particulars	(Rs lakh)
Bank guarantee provided to KSEB as per the PPA	5.18
Bank guarantee provided to KSEB as per the orders of Hon. Supreme Court Of India	15.29
Charges for opening letter of credit in the current PPA	4.26
Other Bank Charges	0.03
Total	24.76

61. The licensee has stated that the claim of Rs.24.76 lakh for bank guarantee charges is in respect to the bank guarantees/letter of credit provided to KSEB Ltd as per the power purchase agreement. The licensee has submitted the split up of the bank guarantee charges as shown below.

Table 24
Details of the bank guarantee charges

Bank guarantee account no.	Period		Amount	%	Commission	Rs.
	From	To				
67148891922	16/05/2015	15/05/2016	71840563	0.67	480597.00	60072
67148891922	16/05/2016	15/05/2017	71840563	2.33	1676124.00	1469479
67330084228	24/07/2015	31/12/2016	1972000	4.49	88531.00	46875
67341405253	29/10/2015	28/10/2016	4500000	3.14	141084.00	82299
67100450380	01/01/2016	31/12/2016	9000000	3.14	282168.00	211626
67102706626	01/01/2016	31/12/2016	1455000	3.14	45617.00	34212
67142952100	01/01/2016	31/12/2016	1245000	3.14	39033.00	29274
67190940731	01/01/2016	31/12/2016	1700000	3.14	53298.00	39973
67235485184	01/01/2016	31/12/2016	3137000	3.14	98351.00	73763
LC CHARGES for providing LC instead of Bank Guarantee as per PPA.						426414.25
Other bank charges						2263
Total						2476250.25

62. As per the details submitted vide letter dated 20-03-2018, it is seen that Rs.15.29 lakh is the bank guarantee provided to KSEB as per the orders of Hon. Supreme Court of India in Civil Appeal No. 2144/2011. The Commission in the previous orders have specifically directed the licensee that charges for the bank guarantee provided to KSEBL as per the orders of Hon. Supreme Court shall not be included in the allowable expenses. The licensee has further stated that the bank had substantially increased the charges in 2016-17. The licensee has taken up the matter with the bank for reduction of charges. Once the reduction is allowed, the same will be considered as part of income from electricity operations.

Analysis and Decision of the Commission

63. The licensee has claimed Rs.35.14 lakhs towards A&G expenses. It is noted that the licensee has wrongly included Rs. 24.76 lakh towards bank guarantee charges under A&G expenses. This amount consists of Rs.5.18 lakh towards bank guarantee charges given to KSEB Ltd as per the PPA and Rs.4.26 lakh towards charges for letter of credit issued as per PPA. Further Rs0.03 lakh claimed as other bank charges. Further, an amount of Rs.15.29 lakh is claimed towards the bank guarantee charges provided to KSEB as per the orders of Hon. Supreme Court of India. The Commission in the previous orders have specifically directed the licensee that charges for the bank guarantee provided to KSEBL as per the orders of Hon. Supreme Court shall not be included in the allowable expenses. ***The Commission has examined the claim of the licensee and notes that Rs.15.29 lakh cannot be included in the allowable expenses.***

64. *The Commission after considering the other bank charges of Rs. 9.47 lakh (Rs.24.76 lakh - Rs.15.29 lakh) decides that the same is approved and are to be included as other finance charges under the interest and finance charges. The licensee should claim such expenses under proper heads for allowing the same in future. Accordingly the Commission approves the allowable bank charges of Rs.9.47 lakh as part of interest and finance charges.*

65. The licensee has also submitted the details of Rs.3.90 lakh claimed under miscellaneous expenses for 2016-17 as tabulated below.

Table – 25
Details of the miscellaneous expenses for 2016-17

Particulars	(Rs lakh)
Batta / Bus fare	2.01
Computer Consumables	0.13
Provision for doubtful debts	1.20
Others	0.56
Total	3.90

66. **The Commission notes that the amount of Rs.1.20 lakh for doubtful debts is to be included under other debits. Accordingly the Commission also approves Rs.1.20 lakh as doubtful debts is to be included under other debits**

67. After analysis of the claim, Commission views that the A&G expenses after excluding the bank guarantee charges and the provision for doubtful debts (Rs.9.18 lakh) are within the limit of Rs. 14.73 lakh as approved in the Tariff Regulations, 2014. **Accordingly the amount of Rs.9.18 lakh [Rs 35.14 lakh – (Rs.24.76 lakh + Rs.1.20 lakh)] is approved for the purpose of truing up of accounts for the year 2016-17.**

**Table – 26
A&G expenses allowed for truing up for 2016-17**

Particulars	ARR Approved (Rs lakh)	As per accounts (Rs lakh)	Trued Up (Rs lakh)
A&G expenses	14.73	35.14	9.18

Others debits:

68. The Commission had, in the ARR order issued for the year 2016-17, approved an amount of Rs.0.44 lakh as inspection charges under other debits. The licensee has in the application for truing up of accounts claimed an amount of Rs.0.54 lakh towards periodical inspection charges for the year 2016-17. The licensee has also claimed an amount of Rs.12.56 lakh towards electricity duty under section 3 of the Kerala Electricity duty Act, 1963. The details of the amounts under the head other debits are as follows.

**Table 27
KDHPCL- Details of other debits for the year 2016-17**

Particulars	Approved (Rs. lakh)	As per accounts (Rs. lakh)
Duty under Section 3	-	12.56
Inspection Charges	0.44	0.54
Total	0.44	13.10

Analysis and Decision of the Commission

69. The Commission in its order on the ARR &ERC for the control period and the order on the truing up of accounts for 2015-16 had stated the legal position with regard to Section 3 duty and had mentioned that it cannot be passed on to the consumers in view of the statutory provisions laid down in the Kerala Electricity Duty Act, 1963. Hence the Commission can approve only the inspection charges under other debits for the year 2016-17. As mentioned in **paragraph 64**, the

provision for doubtful debts of Rs.1.20 lakh is allowed as part of other debits. **Accordingly the other debits approved for the year 2016-17 is Rs.1.74 lakh (0.54 lakh + 1.20 lakh).**

Return on Equity:

70. The licensee had, not claimed any amount under RoE in the application for truing up for the year 2016-17. The Commission in the order on ARR&ERC approved for the first control period (2015-16 to 2017-18) had stated that the contribution of equity is not clearly identifiable and accordingly allowed the return based on Regulation 29(2) which was 3% of the net fixed assets. The Commission had allowed a return of Rs.5.04 lakh while approving the ARR for the year 2016-17.

Decision of the Commission

71. **The Commission has examined the details furnished by the licensee and allows RoE of Rs.5.82 lakh considering the net fixed assets at the beginning of the year as shown below:**

Table 28
KDHPCL- Details of other debits for the year 2016-17

Net Fixed assets at the beginning of the year	Rs. 209.09 lakh
<u>Less</u> Consumer contribution	Rs. 14.96 lakh
Balance Net Fixed assets	Rs. 194.13 lakh
Return on assets @3%	Rs. 5.82 lakh

72. **Gross Revenue requirements:** Based on the above, the Gross revenue requirement for the year 2016-17 after truing up is as shown below:

Table 29
Gross Revenue Requirements after truing up for 2016-17

Particulars	2016-17		
	ARR Approved (Rs lakh)	As per accounts (Rs lakh)	Trued up (Rs lakh)
Purchase of Power	2228.44	2123.88	2134.08
Interest & Finance Charges	12.58	14.21	13.30
Interest on working capital	-	-	4.12
Other bank charges	-	-	9.47
Depreciation	14.80	17.55	16.55
Employee Cost	84.78	155.85	84.78
R&M Expenses	17.62	30.83	17.62
A&G Expenses	14.73	35.14	9.18
Other debits	0.44	13.09	1.74
Return on Net Fixed Assets	5.04	-	5.82
Total Expenditure	2378.43	2390.55	2296.66

Revenue Surplus/gap after Truing up of Accounts 2016-17

73. Based on the above details of Truing up taking into consideration the approved expense and revenue is given below:

Table 30
Details of amounts approved in Truing up for the year 2016-17

Particulars	2016-17		
	ARR Approved (Rs lakh)	As per accounts (Rs lakh)	Trued up (Rs lakh)
Revenue from Sale of Power.	2,443.70	2397.02	2397.02
Other Income	16.76	17.18	81.44
Total Income	2460.46	2414.20	2478.46
Purchase of Power	2,228.44	2123.88	2134.08
Interest & Finance Charges	12.58	14.21	26.89*
Depreciation	14.80	17.55	16.55
Employee Cost	84.78	155.85	84.78
R&M Expenses	17.62	30.83	17.62
A&G Expenses	14.73	35.14	9.18
Other debits	0.44	13.09	1.74
Return on NFA	5.04	-	5.82
Total Expenditure	2378.43	2390.55	2296.66
Net Surplus/(Deficit)	82.03	23.65	181.80

*Approved interest and finance charge of Rs.26.89 lakh includes interest on security deposit of Rs.13.30 lakh, the approved bank charges of Rs.9.47 lakh and interest on working capital of Rs.4.12 lakh

Orders of the Commission

74. The Commission after considering the application filed by M/s. KDHPCL for truing up of accounts for the year 2016-17, objections raised by KSEB Ltd. and the clarifications and details provided by the licensee approves the total revenue of Rs.2478.46 lakh and total expenditure of Rs. 2296.66 lakh with a revenue surplus of Rs.181.80 lakh. The cumulative revenue surplus till 2016-17 will be Rs.872.80 Lakh (Rs.691 lakh + Rs.181.80 lakh). The licensee shall keep the surplus arrived at after the truing up process in a separate fund and utilize it as per orders of the Commission.

75. The application is disposed of. Ordered accordingly.

Sd/-
K.Vikraman Nair
Member

Sd/-
S.Venugopal
Member

Sd/-
Preman Dinaraj
Chairman

Approved for issue
Sd/-
Santhosh Kumar.K.B
Secretary