

**KERALA STATE ELECTRICITY REGULATORY COMMISSION**  
**THIRUVANANTHAPURAM**

Present: **Shri. Preman Dinaraj, Chairman**

**Petition No. OA 16/2020**

In the matter of : Petition for Truing Up for the financial year 2018-19  
of Distribution Licensee TECHNOPARK.

Petitioner : Electronics Technology Parks –Kerala (Technopark)  
Park Centre, Technopark Campus,  
Thiruvananthapuram –695581

Petitioner represented by : Shri. Madhavan Praveen, DGM (Projects)  
Shri. Jayanthi. L., CFO  
Shri. Viswanathan, Finance Officer  
Shri. Anfal A., Dy. Manager  
Shri .Bipin Consultant

Hearing No. and date of hearing: 1<sup>st</sup> hearing on 03-11-2020

**Daily Order dated 11.11.2020**

Public hearing on the petition for the Truing up of accounts for the year 2018-19 filed by Distribution Licensee M/s. Technopark was conducted vide Video Conferencing on 03-11-2020 at 11.00 A.M. The meeting started with a power point presentation on the subject by the licensee. The main points submitted in the petition are stated below;

1. The licensee has claimed a revenue gap of Rs.165.78 lakh as against the revenue surplus of Rs.594.05 lakh approved in the Commission's ARR order.
2. There is an increase for the year 2018-19 in the number of consumers from 844 to 872 and the sale of power from 850.80 lakh units to 865.70 lakh units when compared to the previous year 2017-18. The majority of consumers belonged to the LT IVB category in the IT sector. Also, the rates charged for Hoardings was on the higher side. The distribution loss for the year was 2.20% which is higher than the distribution loss of 2.02 % for the previous year and the ARR approved distribution loss of 1.53%.

3. The total power purchase cost for the year is Rs.5337.12 lakhs for 882.13 lakh units at an average power cost of 6.05 per unit as against previous year power cost of Rs.5257.94 lakhs for 868.33 lakh units at an average rate of Rs.6.06 per unit.
4. The claim of the licensee on account of employee cost is Rs.22.85 lakh as against Rs.29.98 lakh approved in the ARR by the Commission. Major portion is towards salary, wage revision and staff welfare expenses. The Commission directed the licensee to debit the cost on account of employees/contract workers to the employee cost head of account. This would reflect the true cost on this account and give a fair estimate of the cost control exercised by the licensee.
5. The Repair and Maintenance Charges claimed by the licensee is Rs.410.13 lakh as against the previous year's 2017-18 as per the trued up accounts figure of Rs.261.50 lakhs. The major portion of these expenses are relating to Phase 1 amounting to Rs.291.89 lakhs. For phase II & III the R&M charges claimed amounts to Rs 87.77 lakhs and for Technopark Kollam the amount claimed is Rs.30.46 lakhs. The licensee informed that details regarding tenders invited and evaluation records have been submitted separately. The contracts entered into after inviting tenders and were running contracts for varying periods extending up to three years in some instances.
6. The A&G expenses claimed by the licensee as per the application for truing up was Rs.195.56 lakh as against the trued-up amount of Rs.58.25 lakh in the Commission's Order dated 15-10-2020. The major claims booked under A&G expense are towards security arrangements Rs.114.24 lakhs, Section 3(1) duty Rs.51.34 lakh. It was requested for allowing Section 3(1) Duty as an allowable expenditure.
7. The licensee had claimed interest on loan Rs.98.58 lakhs and Rs.81.36 lakhs as interest on consumer security deposits totaling to Rs.199.60 lakhs as against the trued-up amount of Rs.25.85 lakhs. The Commission enquired as to whether the interest on security deposits was actually paid to the consumers for which the licensee replied in the affirmative.
8. The licensee informed that they were contemplating submission of a petition for revising the capital expenditure considering the adverse impact on return on net fixed assets (RONA) when a capital expenditure is disallowed.

9. Deprecation claimed Rs.300.30 lakhs for the year is inclusive of asset additions out of own funding of Rs.224.13 lakh. No formal approval for the asset addition has been obtained. The licensee informed that the depreciation rates adopted were the rates prescribed as per the regulations.

The Commission directed TECHNOPARK to submit the following details.

- Separate petition to be filed in respect of the complete employee details as called for vide Commission's Order dated 27-04-2020 for arriving at a rational employee strength as per CEA norms.
- Security expenses is not an operational activity of a distribution licensee and such huge expenses cannot be allowed. This will have to be met by the licensee. The possibility of installing CC TV cameras and re-deployment of security personnel to be examined on priority.
- Licensee to recast employee expenses so as to give a more realistic view.
- The capital additions Rs.360.25 lakhs in the true up petition is without the prior approval of the Commission.
- Details of Capital expenditure proposals pending for approval to be submitted.

M/s TECHNOPARK shall furnish the above details not later than 20<sup>th</sup> November 2020 for finalizing the orders.

**Preman Dinaraj  
Chairman**

Approved for issue,

C.R Satheesh Chandran  
Secretary(i/c)