

**KERALA STATE ELECTRICITY REGULATORY
COMMISSION**

THIRUVANANTHAPURAM

Petition No: OP 59 / 2022

Present : **Adv. A. J. Wilson, Member (Law)**

In the matter of : Petition filed by M/s Smart City, Kochi for the truing up of accounts for the financial year 2019-20

Petitioner : M/s Smart City, Kochi Infrastructure Private Limited

Date of Hearing: : 27.10.2022 at Smart City, Kochi.

Represented by : Sri.Jinu John Jacob, Company Secretary
Smt. Sini.P.S, Senior Director-Projects
Sri.Ranjithlal, Senior Manager- Asset & Infrastructure

Order Dated 21.12.2022

1. M/s Smart City (Kochi) Infrastructure Private Limited (hereinafter referred to as SCK or the licensee or the petitioner) is an Information Technology Special Economic Zone in Kochi, Kerala. SCK is a Joint Venture company formed by Government of Kerala (16% holding) and Dubai Holding (84% holding) for development of infrastructure for knowledge-based industries. The Kerala State Electricity Regulatory Commission (hereinafter referred to as 'the Commission') had granted Distribution license to Smart City (Kochi) Infrastructure Private Limited vide Notification No. 1756/C.Engg/SCK/2013 dated 17.07.2014 and commenced distribution business in the year 2016.
2. As per the Regulation 10(1) of KSERC (Terms and Conditions for Determination of Tariff) Regulations 2018, the petition for truing up of accounts for the year 2019-20 should have been filed by 30.11.2020. However, the licensee filed the petition for Truing Up of Accounts only on 18-05-2022 i.e., after delay of 538 days. In the petition filed for condonation of delay, the licensee has stated that COVID 19 pandemic and related issues as the reasons. The Commission after examining the reasons mentioned in the petition, condoned the delay vide Order dated 23.06.2022 and admitted the petition as OP 59/2022.

3. The Commission vide Order dated 08.11.2019 in OA 02/2019 had issued Order on ARR & ERC of the licensee for the control period from 2018-19 to 2021-22. The Commission had approved a revenue surplus of Rs.45.36 lakh in the said ARR Order, as against revenue deficit of Rs.127.82 lakh proposed by the licensee. The revenue gap as per the present petition for truing up of accounts for 2019-20 is Rs.187.49 lakh. A comparison of the ARR approved in the Order dated 08.11.2019 and the Truing up claim for the financial year 2019-20 as per the petition along with the trued-up figures for the year 2018-19 is shown below;

Table 1
Comparison of the Truing up of accounts for the period 2018-19 and 2019-20

Particulars	2018-19		2019-20	
	As per Truing Up Petition (Rs. lakh)	Trued UP (Rs.lakh)	ARR Approved (Rs. Lakh)	Truing Up Claim (Rs. Lakh)
Purchase of power	226.13	226.13	520.78	348.28
R&M Expenses	16.35	16.35	45.13	19.51
Employee Cost	9.78	9.12		13.72
A & G Expenses	8.33	8.33		4.12
Interest and financing charges	67.90	-	-	88.72
Depreciation	25.61	-	-	58.58
Return on equity	42.00	-	-	54.60
Total Expenditure	396.10	259.93	565.91	587.53
Revenue from sale of power	249.84	249.84	604.91	388.90
Other income	6.41	6.41	6.36	11.14
Total income	256.25	256.25	611.27	400.04
Revenue surplus/(Gap)	(139.85)	(3.68)	45.36	(187.49)

Hearing on the Petition

4. The public hearing on the petition was conducted at the Conference Hall, Smart City Pavilion, Kochi on 27-10-2022 at 11.00 A.M. Sri.Jinu John Jacob, Company Secretary, Smt. Sini P.S, Senior Director-Projects and Sri. Ranjithlal, Senior Manager- Asset & Infrastructure represented the petitioner and responded to the queries of the Commission. Sri.Ranjithlal briefed the petition before the Commission and the team representing the petitioner replied to the queries of the Commission. The main points mentioned in the presentation are briefed below;

- a) The actual sale for the year is 44.21 lakh units and stated that the decrease in sales compared to the ARR approved sales of 75.22 lakh units is due to delay in leasing out office space and starting of operations in the leased-out space.
- b) The energy purchased from KSEB Ltd is 46.44 lakh units at a total cost of Rs.348.28 lakh.
- c) The actual distribution loss for the year 2019-20 is 4.80% as against the ARR approved rate of 2.20%. Actual distribution loss includes loss of 4.50% allowed (from September 2019) as per power purchase agreement for power intake through Infopark system.
- d) The employee cost claimed for the year is Rs. 13.72 lakh as against the approved cost of Rs.20.61 lakh and the licensee stated that they have apportioned 50% of the total salary of three employees towards the distribution business activity.
- e) The actual R&M expenses for the year is Rs.19.51 lakh, which includes Rs.16.64 lakh for the O&M cost of the outsourced agency and Rs.2.87 lakh for materials and services.
- f) The A&G expenses claimed for the year is Rs.4.12 lakh as against the approved amount of Rs.12.58 lakh. The licensee has apportioned some expenses as part of A&G (10% to 15% of the total expense) such as Telephone & Postage, Water charges, Printing & Stationery, Office Expenses, V-sat, Internet and related charges.
- g) The licensee has also claimed Depreciation, Interest and Finance Charges and Return on Equity (RoE) of Rs. 88.72 lakh, Rs.58.58 lakh and Rs.54.60 lakh respectively. The Commission while approving the ARR & ERC and the truing up the accounts of the previous years had deferred the said expenses due to the reason that licensee did not obtain approval for the capital expenditure.
- h) The revenue from sale of 44.21 lakh units of electrical energy is Rs.388.90 lakh and the non-tariff income for the year is Rs.11.14 lakh.
- i) Smart City has commissioned grid connected solar plant (564.46 kWp) and the electricity injected to the distribution network from solar plant is treated as the power generated by a prosumer. During the year the solar generation is 3,74,572 units of energy, which was used for common area lighting, common area loads like lifts, pumps, HVAC units etc.
- j) The revenue gap as per the truing up of accounts for 2019-20 is Rs.187.49 lakh.

5. After examining the petition and the details briefed during the hearing, the Commission sought further clarifications vide letter dated 03.11.2022. M/s Smart City furnished their clarifications vide letter dated 28.11.2022.

Analysis and decision of the Commission

6. The Commission has carefully examined the petition submitted by the licensee, the comments and arguments during the hearing, the written submissions and additional clarifications furnished by the licensee. The analysis and decision of the Commission on the petition for truing up of accounts for the year 2019-20 are detailed below:

Energy sales and consumer mix

7. The licensee in the petition for approval of ARR & ERC for the year 2019-20 had estimated energy sales of 75.22 lakh units to 38 consumers, which were approved by the Commission as such. The energy sale as per the petition for truing up of accounts for the year 2019-20 is 44.21 lakh units to 53 consumers. The actual sale of the licensee during the previous year 2018-19 was 32.68 lakh units. A comparison of the actual sale of power for different consumer categories for the year 2018-19 and 2019-20 is given below.

Table-2
Comparison of no. of consumers and sales units for the years 2018-19 and 2019-20

Tariff Category	2018-19 Trued Up		2019-20 for Truing Up	
	Number of Consumers	Energy sales units (In lakhs)	Number of Consumers	Energy sales units (In lakhs)
LT IV (B) – Industrial IT &IT Enabled	12	11.84	24	16.84
LT VI (F) -Construction	12	3.52	26	6.62
LT VII (A)	1	0.08		
LT III (B)-Temp connection	8	1.80		0.36
HT I (B)	1	14.06	1	14.56
HT II (B)	1	1.38	2	5.83
TOTAL	35	32.68	53	44.21

8. Compared to the previous year, there is increase in the number of consumers and sale of energy during 2019-20 whereas the sale during the year is lower when compared to the sales approved as per Order on ARR. The licensee in the petition has stated that the decrease when compared to the ARR approved sales is due to the reason that there is delay in leasing out of office spaces and starting of operation from the leased-out space.

9. As per the petition for truing up for the year 2019-20, the sale of 20.39 lakh units is for the HT category, consists of three consumers and it represents 46.12% of total sale of power. With regard to LT category, the sale is 23.82 lakh units to 50 consumers (including 26 connections for construction works) and it works out to 53.88 % of total sale of power. ***After analyzing the details and duly considering the increasing trend in the number of consumers and sale of power, the Commission hereby approves the actual energy sales of 44.21 lakh units as per petition for the purpose of Truing Up of Accounts for the financial year 2019-20.***

Energy requirement and Distribution Loss

10. As per details provided in the petition, the energy purchased from KSEB Ltd during the year 2019-20 is 46.44 lakh units and the actual distribution loss claimed by the licensee is 2.00% up to August 2019 and 6.72% for thereafter up to March 2020 (overall 4.80%). The Commission while approving the ARR & ERC for the year had limited the distribution loss to 2.20%.

Table-3
Comparison of Distribution loss for 2018-19 & 2019-20

Particulars	2018-19		2019-20	
	As per Truing up petition	Trued up	ARR Approved	As per Truing up petition
Energy Purchased (lakh units)	33.43	33.43	76.91	46.44
Energy Sold (lakh units)	32.68	32.68	75.22	44.21
Distribution Loss (lakh units)	0.75	0.74	1.69	2.23
Distribution Loss %	2.24%	2.24%	2.20%	4.80%

11. The licensee has stated that up to the month of August-2019, it received power at 11 kV voltage level directly from 220kV Brahmapuram substation of KSEB Ltd, whereas from September-2019 onwards, the licensee has been drawing power from 220/33 KV substation at Infopark. The above change in power intake arrangement was done as per the direction from Govt. of Kerala and also with concurrence of the Commission. As per clause 8.1 of the triparty power purchase agreement entered into with KSEB Ltd and Infopark, electrical energy supplied at the delivery point shall be calculated by adding the loss in the Infopark system at the rate approved by the Commission for Infopark system (i.e., 4.5%) along with consumption recorded in the energy meter at the interconnection point and billed accordingly. The licensee has stated that the distribution loss of the distribution network of Smart City is within the approved loss, if loss at Infopark is not considered.

12. Details of the distribution loss claimed by the licensee for the period up to August 2019 and thereafter up to March 2020 are shown below;

Table-4
Split Up of Distribution loss for 2019-20

Voltage-wise Apportionment of Distribution losses		
Total Energy Purchase (11 kV) (lakh units)	18.73	Up to August 2019
Total Energy Sold (lakh units)	18.36	
Distribution Loss (lakh units)	0.37	
Distribution Loss % (upto August-2019)	1.98%	
Total Energy Purchase (33 kV) (lakh units)	27.71	From September 2019
Total Energy Sold (lakh units)	25.85	
Distribution Loss (lakh units)	1.86	
Distribution Loss % (from September 2019)	6.71	Includes loss of 4.5% at Infopark network
Overall Distribution Loss	4.80	Smart City Distribution loss excluding Infopark Loss 6.71 - 4.80 = 1.91%

13. The distribution loss of 4.50% approved by the Commission is for the distribution of power in Infopark area and considering the same rate for the high voltage transmission (220/33 KV) of electrical energy to Smart City lacks reasonability. The Commission examined the submission of the licensee and observes that loading the same rate of distribution loss (approved for power distribution system in Infopark) for the transmission of power to Smart City through the 220/33 KV substation is not prudent. Thus, the Commission is of the considered view that all the three parties to the PPA (Smart City, Infopark and KSEB Ltd) shall review the PPA specifically with regard to clause 8.1 and a considered decision is to be taken to rectify the anomaly.

14. Further the Commission while seeking clarifications had directed the licensee to furnish a copy of the Energy Audit Report conducted by the Kerala State Productivity Council. In the report submitted with regard to the Audit conducted for April 2021 to March 2022, it is stated that the CT used inside the facility for every consumer is only 0.5 classes and it was recommended to upgrade the CT class to 2S in order to have accurate energy consumption and reduction in losses. The Commission takes note of the comment in the Energy Audit Report and directs the licensee to take necessary steps to address the matter. **Accordingly, Commission approves the actual overall distribution loss of 4.80% claimed by the licensee for the year 2019-20.**

Power Purchase Cost

15. The licensee has stated that from April-2019 to August-2019, power was availed through one number 11 kV feeder from 220kV Brahmapuram substation, KSEB Ltd. This feeder directly feed the power to SCK utility power substation and distributes the power to the consumers at SCK01 building. Subsequently, the Licensee commissioned two 33kV substations at licensee area of Land- A and B for strengthening the distribution network of licensee. Smart City has also signed a Power Purchase agreement for 3000 kVA with KSEB Ltd for availing power through Infopark 220 kV substation with the concurrence of the Commission.
16. In the petition for the truing up of accounts, the licensee has claimed Rs.348.28 lakh for 46.44 lakh units of power purchased as against the approved power purchase of 76.91 Lakh units at a cost of Rs.520.78 Lakh. The licensee has stated that the main reason for the difference is that the sale had not increased as anticipated.
17. The licensee has also stated that, since the power is wheeled through the network of Infopark, the wheeling charges as per the approved rate and sharing of distribution loss were considered by the licensee while calculating the power purchase cost for the year. The licensee has also stated that considering the rise in the power requirement inside the licensee area, the contract demand has been revised to 3000 kVA from 1500 kVA from September-2019 onwards. The power purchase cost claimed by the licensee is shown below;

Table-5
Details of the cost of power purchase claimed for 2019-20

Particulars	Actual (In Lakh)	
Energy Purchase (Lakh Units)	46.44	
Demand Charges		
April 19 - August 19	19.54	73.09
September 19 - March 20	53.55	
Energy Charges		
April19 - August 19	104.04	260.59
September19 - March 20	156.55	
Wheeling Charge to Info park	14.60	
Total	348.28	

18. The licensee has in the petition stated that M/s Smart City have commissioned grid connected solar plant at SCK 01 of capacity 564.46 kWp consisting of two units with individual capacity of 475 kWp (Roof top of SCK01 building) 89.46 kWp (Bike

parking roof). The electricity injected to the distribution network from solar plant is requested to treat as power generated by a prosumer. During the year the solar generation is 3,74,572 units of energy, which was used for common area lighting, common area loads like lifts, pumps, HVAC units etc.

19. In reply to the clarifications sought during hearing on the petition, the licensee confirmed that the solar power generated (3.75 lakh units) was less than the quantum of energy consumed (9.71 lakh units) for common area. Thus, the Commission observes that no power (net) injected to the grid, which is to be treated as power generated by a prosumer.

20. After duly considering the above details, the actual power purchase cost of Rs.348.28 lakh claimed by the licensee in the petition is approved for the year 2019-20.

Operation & Maintenance Expenses

21. Operation and Maintenance expenses are controllable expenses which include Employee cost, Repair & Maintenance expenses and Administrative & General expenses. The Commission, for carrying out the distribution business of the licensee had approved Rs.45.13 lakh towards the Operation & Maintenance expenses of Smart City for the year 2019-20 vide the Order on ARR&ERC dated 08-11-2019. However, the actual expenses claimed by SCK is Rs.37.35 lakh which is lower than the approved amount. The comparison of the claim made by the licensee with that of the amount approved in the previous year as well as the amount approved in the ARR&ERC Order is tabulated hereunder.

**Table-6
Comparison of the O&M expenses for 2018-19 and 2019-20**

O&M Expenses	2018-19		2019-20	
	As per Truing Up Petition (Rs. lakh)	Trued Up (Rs. lakh)	Approved in ARR (Rs. lakh)	As per Truing Up Petition (Rs. lakh)
Employee expenses (Rs. lakh)	19.66	9.78	20.61	13.72
R&M expenses (Rs. lakh)	11.39	16.35	12.59	19.51
A&G expenses (Rs. lakh)	12.00	8.33	11.93	4.12
Total O&M expenses (Rs. lakh)	43.05	34.46	45.13	37.35

22. It is seen that, though the total operation and maintenance cost claimed by the licensee is lower than the approved level, the repair and maintenance cost claimed

is in excess of the limit specified by the Commission. Each component of the Operation & Maintenance Expense is analysed separately in the succeeding paragraphs.

Employee cost

23. The employee cost claimed by the licensee for the year 2019-20 is Rs. 13.72 lakh. Commission while approving the ARR had allowed Rs.20.61 lakh as the employee cost for the year. The licensee in the truing up petition has apportioned 50% of the total salary of three employees as part of the distribution business activity. The split up of the employee cost claimed by the licensee is shown below;

Table-7
Comparison of the Employee expenses for 2018-19 and 2019-20

Particulars	2018-19		2019-20	
	As per Truing Up Petition (Rs. lakh)	Trued Up (Rs. lakh)	ARR Approved (Rs. lakh)	As per Truing Up Petition (Rs. lakh)
Basic Salary	6.06	9.12	20.61	6.13
House Rent Allowance	3.63			3.91
Conveyance Allowance	1.50			1.68
Other Allowances	2.83			3.54
Medical Reimbursement	0.15			-
Provident Fund Contribution	0.77			0.77
Gratuity Payment	0.25			0.25
Others (Personal Accident)	0.08			0.23
Gross Employee Expenses	15.27			16.53
Less: Expenses Capitalised	5.49			2.81
Net Employee Expenses	9.78	9.12	20.61	13.72

24. The Commission while truing up of accounts for the year 2018-19 had approved an amount of Rs.9.12 lakh as against a claim of Rs.9.78 lakh. The Commission had disallowed the amount claimed towards gratuity payment stating the reason that the expenses of gratuity can only be allowed based on actual disbursement of gratuity payment.

25. The licensee in the petition has submitted the employee wise detailed split up of the employee expenses for the year 2019-20 which is shown below.

Table-8
Split up of the employee expenses for the year 2019-20

Particulars	Assistant Director- Asset & Infrastructure	Deputy Manager- MEP	Deputy Manager- Accounts
Basic Pay	5.52	2.90	3.84
HRA	4.44	1.14	2.24
Conveyance	1.44	1.24	0.68
Children Education Allowance	1.92	0.68	1.07
Other Allowances	1.86	0.81	0.74
PF Employer Contribution	0.70	0.37	0.48
Gratuity	0.23	0.12	0.16
Medical Insurance / Expenses	0.17	0.07	0.09
Life Insurance / Expenses	0.06	0.03	0.04
Total	16.34	7.36	9.35
Grand Total	33.05		
Less Staff cost capitalized	5.61		
Balance	27.44		
50% of the salary considered for Licensee	13.72		

26. The Commission noticed that the amount of staff cost capitalized was reckoned wrongly. The licensee had apportioned the same like apportioning the entire employee expenses. The Commission directed the licensee to correct the error. As per clarifications submitted, the licensee had revised the employee cost to Rs.10.91 lakh.

27. Commission had gone through the details submitted by the licensee. It is seen that there is a minimal increase in the employee cost over the previous year. With regard to the gratuity payment, Commission had sought the actual details of the disbursement. The licensee clarified that no gratuity has been disbursed as against the provision created. The Commission while truing up the accounts in 2018-19 had clearly stated that, any provision created for discharging future liability cannot be claimed in the truing up petition. It was further stated that Commission will allow the same, as and when the actual disbursement of gratuity is made to the employees. Commission is of the consistent view as in the previous year and directs the licensee to claim only actual disbursed expenses in the truing up of accounts. **Therefore, the amount of Rs.0.25 lakh relating to provision for gratuity payment is disallowed from the employee's cost.**

28. Considering the fact that the licensee has maintained only the very essential staff and maintained only the minimum level of employees, the employee cost approved for the year 2019-20 is shown below.

Table-9
Employee cost allowed for Truing Up of Accounts for the year 2019-20

Particulars	ARR Approved Rs.lakh	As per revised submission Rs.lakh	Trued Up (Rs lakh)
Employee Cost	20.61	10.91	10.66

29. After examining the details furnished by the licensee, the Commission hereby approves the employee cost of Rs.10.66 lakh for the year 2019-20.

Repair and Maintenance Expenses

30. The Repair and Maintenance cost incurred by the licensee for the year 2019-20 is Rs.19.51 lakh as against the approved cost of Rs.11.94 lakh. The claim for Repair and Maintenance expense for the year 2019-20 is higher by Rs.7.57 lakh, than the amount approved in the ARR&ERC Order dated 08.11.2019. The actual expense approved by the Commission for the year 2018-19 was Rs.16.36 lakh. The comparison of the R&M expenses for the years 2018-19 and 2019-20 is shown below;

Table-10
Details of R&M expenses for the years 2018-19 and 2019-20

Description	2018-19		2019-20	
	As per Truing Up petition (Rs in Lakh)	Trued Up (Rs in Lakh)	ARR Approved (Rs in Lakh)	For Truing Up (Rs in Lakh)
Technical Executive	1.72	1.72	11.94	3.96
Electricians	8.44	8.44		8.93
Housekeeping Staffs	3.40	3.40		3.75
Total	13.55	13.55		16.64
Material & Services	2.80	2.80		2.87
Grand Total	16.36	16.36		11.94

31. The Repair and Maintenance expense claimed by the licensee includes Rs.16.64 lakh for the O&M expense of the outsourced agency and Rs.2.87 lakh for materials and services. As per the details submitted, the outsourced agency deployed seven employees, which includes one technical executive, four electricians and two housekeeping staffs.

32. The actual expenses towards R&M for the year is higher than that actually incurred in the previous year. The claim for the year 2019-20 is higher by Rs. 3.15 lakh over the previous year. The licensee has stated that two 33 kV substations were commissioned on September-2019 and the licensee had appointed one full time

technical executive for overall supervising, which is the main reason for the increase in the R&M for the year

33. The Commission noted that the operation and maintenance of the substation is outsourced to an agency appointed through competitive bidding process. Accordingly, the Commission approves the actual R&M expense of Rs.19.51 lakh incurred in the year 2019-20.

A&G Expenses

34. The A&G expenses claimed by the licensee as per the petition is Rs.4.12 lakh for the year 2019-20, against the approved amount of Rs.12.58 lakh in the ARR Order for the same period. While truing up the accounts for the year 2018-19, the Commission had approved the actual amount of Rs.8.33 lakh as claimed by the licensee. The split up of the claim made by the licensee is shown below;

Table 13
Comparison of A&G expenses for the year 2018-19 and 2019-20

Particulars	2018-19 Trued Up	2019-20 For Truing Up
Rent Rates & Taxes	1.96	-
Insurance	0.72	0.90
Telephone & Postage, etc.	0.25	0.17
Audit Fees	0.20	0.20
Periodical Inspection charges	1.94	0.01
Water charges	0.07	0.09
Printing & Stationery	0.13	0.13
Advertisements, exhibition publicity	0.18	-
Bank Charges	1.16	1.54
Office Expenses	0.65	0.70
License Fee and other related fee	0.04	0.13
Outsourcing of metering and billing system	1.98	-
V-sat, Internet and related charges	0.29	0.20
Books & periodicals	0.00	0.00
Computer Stationery	0.14	0.03
Others -PPA, ARR	0.58	-
Gross A&G Expenses	10.29	4.12
Less Ele. Duty u/s 3(I), KED Act	1.96	-
Net A&G Expenses	8.33	4.12

35. The licensee has apportioned some expenses as part of A&G (10% to 15% of the total expense) such as Telephone & Postage, Water charges, Printing & Stationery, Office Expenses, V-sat, Internet and related charges. The details of the apportionment made by the licensee is shown below;

Table 14
Apportionment of A&G expenses for the year 2019-20

Particulars	Total Expense Rs.lakh	Apportionment %	Distribution Business Expense Rs.lakh
Insurance	0.90	100%	0.90
Telephone & Postage, etc.	1.15	15%	0.17
Audit Fees	0.20	100%	0.20
Periodical Inspection charges	0.01	100%	0.01
Water charges	0.95	10%	0.09
Printing & Stationery	0.86	15%	0.13
Bank Charges	1.54	100%	1.54
Office Expenses	4.68	15%	0.70
License Fee and other related fee	0.13	100%	0.13
V-sat, Internet and related charges	1.35	15%	0.20
Books & periodicals	0.03	15%	0.00
Computer Stationery	0.03	100%	0.03
Gross A&G Expenses	45.75		4.12

36. *After considering the licensee's submission, the Commission hereby approves the actual A&G expenses of Rs.4.12 lakh for the year 2019-20.*

O&M Expenses Approved

37. The O&M expense, which is inclusive of Employee costs, R&M expenses, and A&G expenses, approved by the Commission for the year 2019-20 is Rs.34.29 lakh as shown in Table below.

Table 15
O&M Expenses approved for 2019-20

O&M Expenses	Approved in ARR (Rs. lakh)	Truing Up Petition (Rs. lakh)	Trued Up (Rs. lakh)
Employee expenses (Rs. lakh)	20.61	13.72	10.66
R&M expenses (Rs. lakh)	12.59	19.51	19.51
A&G expenses (Rs. lakh)	11.93	4.12	4.12
Total O&M expenses (Rs. lakh)	45.13	37.35	34.29

38. *The Commission hereby approves the O&M expenses of Rs.34.29 lakh for the period 2019-20 against the licensee's claim of Rs.37.35 lakh.*

Asset Addition for 2016-17 to 2019-20

39. The Commission while issuing the Orders on the ARR & ERC and truing up of accounts over the years had not allowed any depreciation, interest and finance charges, RoE due to the reason that the capital expenditure over the years has been claimed by the licensee without obtaining approval of the Commission. The Commission had given specific directions to the licensee to file proper petition for the approval of Capital Expenditure. Accordingly, the licensee filed petition for approval of Capital expenditure incurred over the years, which was admitted as OP 67/2021. The details of the claim in the petition filed by the licensee are shown below;

Table 16
Year wise details of capital expenditure claimed by the petitioner

No	Year	Description	Contractor/ Service provider	Rs. Lakh	Total (Rs. Lakh)
1	Upto 2015-16	HT Panels	Sterling & Wilson	27.13	493.31
2		Distribution Transformer		74.52	
3		HT Cables & Termination		2.37	
4		Control Cables & Termination		0.61	
5		Earthing System		24.36	
6		Miscellaneous Items		4.86	
7		Lt Panels		48.87	
8		Busduct Works		40.46	
9		Lt Cable & Terminations		112.65	
10		Cable Tray		27.26	
11		Ups, Inverter & Associated Works		4.92	
12	11KV feeder depository work	KSEB Ltd	17.00	1.67	
13	Chief Electrical Inspector - Scrutiny fee	Government of Kerala (Apr'14)	1.92		
14	Chief Electrical Inspector - Scrutiny fee	Government of Kerala (May'14)	0.59		
15	Consultancy Fees for obtaining approvals from Chief Electrical Inspectorate	Power Skill Corporation (Aug'14)	3.80		
16	Electrical Distribution Lines	FathimaEngineering Company	80.86		
17	Leasehold Land	Government of Kerala	21.14		
18	2016-17	IT Equipment- Laptop	Magna System	0.83	1.67
19		IT Equipment- Laptop	Cloudzone IT Services Pvt Ltd	0.84	

No	Year	Description	Contractor/ Service provider	Rs. Lakh	Total (Rs. Lakh)
20	2017-18	IT Equipment – Printer	Cloudzone IT Services Pvt Ltd	0.19	0.19
21	2018-19	IT Equipment- Prepaid Energy Metering System	Siemens LTD	7.47	7.47
22	2019-20	Electrical works for Infra Development	Larsen & Toubro Ltd	547.06	1098.92
23		33KV HT Cable Laying Work	Fathima Engineering Company P Ltd.	286.86	
24		MP WP 03 - PHE Civil Works Package (Compound Wall, Water Tanks, GR, CUST, SS & Entrance Plaza)	RS Development and Constructions India (P) Ltd	197.89	
25		PD Staff cost charged to CWIP	Power Distribution Staff Cost	18.77	
26		Supply, Installation, Testing & Commissioning of ABB Make 33KV RMU Unit SS 2	Imperial Engineering Company	14.90	
27		Supply of 11KV Cable for SCK	Trans Waves Equipments Pvt Ltd	13.40	
28		MP WP 03 - PHE Civil Works Package (Compound Wall, Water Tanks, GR, CUST, SS & Entrance Plaza)Balance	Jeeva Associates	8.49	
29		Supply of Static and Numeric relays for 33KV Substation	ABB India Limited	2.04	
30		CEIG Inspection fee for 33kv Substations	CEIG Inspection fee for 33kv Substations	1.90	
31		Laisoning Work for renewal of Electrical Scheme Approval	SHINE ELECTRICALS	1.80	
32		Statutory Fee for Relay Testing to CEIGCapex Infra	Statutory Fee for Relay Testing to CEIG	1.79	
33		CEIG Statu. &Laisoning Fee for Scheme approvalCapex Infra	CEIG Statu. & Laisoning Fee for Scheme approval	1.77	
34		11KV Cable Laying Work at SS 1 & 2 and from SS to RMUs at Land B and SCK01	Neotech Engineering	1.34	
35		Connectivity Enhancement Charges to STU remitted by Infopark Kochi	Infoparks Kerala	0.50	
36	Supply of 20mm Metal at Transformer Yard, Manpower & Earth Work at SS 1 & 2	Alfa Builders	0.41		
Grand Total				1601.56	1601.56

40. Commission conducted hearing in the matter and issued final order on 09.12.2022 approving the capital expenditure as follows.

Table 17
Approved capital expenditure

Year	Rs. In Lakh
2015-16	493.31
2016-17	1.67
2017-18	0.19
2018-19	7.47
2019-20	1098.92
Total	1601.56

41. The licensee in the petition had stated that up to the month of August-2019, the power drawn directly at 11 kV voltage level from 220kV Brahmapuram substation of KSEB Ltd, whereas from September-2019, the licensee has been drawing power through Infopark network utilising the two newly commissioned 33/11 KV substation. The licensee also stated that they have dismantled some of the assets in view of the new arrangement. The Commission had ordered that the assets in use for drawing power till the month of August-2019 and dismantled thereafter is to be withdrawn from the books of accounts (valued Rs.18.34 lakh) with effect from September 2019.

42. The Commission vide para 20 of the said Order specified that approval for the capital expenditure was subject to the condition that the licensee has to submit extract of the Board Minutes confirming that the source of capital investments was equity alone. In Para 33 of the Order, the Commission decided to provisionally allow depreciation, interest and finance charges and RoE for the capital expenditure incurred by the licensee for the periods up to 2015-16 and thereafter during 2016-17, 2017-18, 2018-19 and 2019-20 subject to submission of the aforementioned Board Minutes. It was further stated that the provisionally approved depreciation, interest and finance charges and RoE for the period 2016-17 to 2019-20 shall reflect in the Order on Truing Up of Accounts for the year 2019-20.

43. Accordingly, the provisionally approved depreciation, interest and finance charges and RoE is calculated by the Commission, in accordance to the Order dated 09.12.2022 in OP 67/2021 is detailed below.

Depreciation

44. The depreciation claimed by the licensee in the petition for Truing Up of Accounts for the year 2019-20 is Rs. 58.58 lakh. The licensee has made an asset addition of Rs.1098.92 lakh in the year 2019-20. The actual depreciation claimed by the licensee included depreciation provided for the existing assets and also pro-rata depreciation for the new assets capitalised during the year 2019-20. The depreciation claimed by the licensee as per the petition for Truing Up of Accounts is detailed below;

Table-18
Depreciation claimed for the year 2019-20

Asset Group	Rate of depreciation (%)	Gross Fixed assets (Rs. lakh)			Provision for depreciation (Rs. lakh)		
		At the beginning of the year	Addition during the year	At the end of the year	Cumulative up to the beginning of the year	Additions during the year	Cumulative at the end of year
Land & land rights	1.01%	21.14	0.00	21.14	1.74	0.21	1.95
Other Civil Works	3.34%	-	206.38	206.38		4.03	4.03
HV Distribution system	5.28%	391.30	0.00	391.30	65.43	20.66	86.09
Distribution lines	5.28%	80.86	0.00	80.86	13.52	4.27	17.79
Switchgears, Control gear & Protection	5.38%	-	892.54	892.54	-	28.01	28.01
IT Equipment's	15.00%	9.34	0.00	9.34	0.77	1.40	2.17
Total		502.64	1098.92	1601.56	81.46	58.58	140.04

45. The licensee has claimed depreciation for the leased land at a rate of 1.01%. It is seen that the company had entered into an agreement with Government of Kerala for leasing land for a period of 99 years in consideration of an amount of Rs.104.00 crores as land lease premium for 246 acres. The licensee stated that, out of 246 acres, 0.50 acres of land was used for the development of utility substation. So, the licensee charged proportionate amount of lease premium for the distribution business ($104 \text{ crores} / 246 \text{ acres} * 0.5 \text{ acres} = 21.14 \text{ lakh}$). Total value of lease hold land for Electricity Distribution Business is Rs.21.14 lakh, this was allocated over 99 years i.e., Rs 0.21 lakh per year.

46. The Commission examined the details furnished in the petition and the additional submissions/clarifications of the licensee. As mentioned in the forgoing paragraphs, the Commission in the previous years had not approved the depreciation, since the licensee did not obtain the prior approval for the asset additions. As per the Order

dated 09.12.2022, the Commission has approved the asset addition and therefore the licensee is eligible for depreciation at the rates as per the Regulations. The eligible amount of depreciation for the period 2016-17 to 2019-20, as worked out by the Commission, is as follows;

Table-19
Depreciation approved for the period from 2016-17 (Rs. lakh)

Assets group	Rate of depreciation (%)	GFA beginning of the year	Additions during the year	Depreciation for the year	Closing NFA
Land & land rights	1.01%	21.14	-	0.21	20.93
HV Distribution system					
Switchgears, Control gear & Protection	5.28%	44.13	-	2.33	41.80
Others	5.28%	36.13	-	1.91	34.22
LT Distribution system					
Distribution lines	5.28%	80.86	-	4.27	76.59
Transformers	5.28%	74.52	-	3.93	70.59
Switchgears, Control gear & Protection	5.28%	48.87	-	2.58	46.29
Batteries	5.28%	4.92	-	0.26	4.66
Others	5.28%	182.73	-	9.65	173.08
IT Equipments	15.00%		1.67	0.05	1.62
Total		493.30	1.67	25.20	469.77

Table-20
Depreciation approved for the period from 2017-18 (Rs. lakh)

Assets group	Rate of depreciation (%)	GFA beginning of the year	Additions during the year	Depreciation for the year	Accumulated Depreciation	Closing NFA
Land & land rights	1.01%	21.14	-	0.21	0.43	20.71
HV Distribution system						
Switchgears, Control gear & Protection	5.28%	44.13	-	2.33	4.66	39.47
Others	5.28%	36.13	-	1.91	3.82	32.31
LT Distribution system						
Distribution lines	5.28%	80.86	-	4.27	8.54	72.32
Transformers	5.28%	74.52	-	3.93	7.87	66.65
Switchgears, Control gear & Protection	5.28%	48.87	-	2.58	5.16	43.71
Batteries	5.28%	4.92	-	0.26	0.52	4.40
Others	5.28%	182.73	-	9.65	19.30	163.43
IT Equipments	15.00%	1.67	0.19	0.26	0.31	1.55
Total		494.97	0.19	25.40	50.60	444.56

Table-21
Depreciation approved for the period from 2018-19 (Rs. lakh)

Assets group	Rate of depreciation (%)	GFA beginning of the year	Additions during the year	Depreciation for the year	Accumulated Depreciation	Closing NFA
Land & land rights	1.01%	21.14	-	0.21	0.64	20.50
HV Distribution system						
Switchgears, Control gear & Protection	5.28%	44.13	-	2.33	6.99	37.14
Others	5.28%	36.13	-	1.91	5.72	30.41
LT Distribution system						
Distribution lines	5.28%	80.86	-	4.27	12.81	68.05
Transformers	5.28%	74.52	-	3.93	11.80	62.72
Switchgears, Control gear & Protection	5.28%	48.87	-	2.58	7.74	41.13
Batteries	5.28%	4.92	-	0.26	0.78	4.14
Others	5.28%	182.73	-	9.65	28.94	153.79
Meters	5.28%		7.47	0.05	0.05	7.42
IT Equipments	15.00%	1.86	-	0.28	0.59	1.27
Total		495.16	7.47	25.47	76.07	426.56

Table-22
Depreciation approved for the period from 2019-20 (Rs. lakh)

Assets group	Rate of depreciation (%)	GFA beginning of the year	Additions during the year	Deductions during the year	Depreciation for the year	Accumulated Depreciation	Closing NFA
Land & land rights	1.01%	21.14	-	-	0.21	0.85	20.29
Other Civil works	3.34%	-	206.38	-	3.97	3.97	202.41
HV Distribution system							
Distribution lines	5.28%	-	286.86	-	8.71	8.71	278.15
Transformers	5.28%	-	123.78	-	3.76	3.76	120.02
Switchgears, Control gear & Protection	5.28%	44.13	203.55	18.34	7.96	14.95	214.39
Batteries	5.28%	-	9.26	-	0.28	0.28	8.98
Others	5.28%	36.13	211.62	-	8.34	14.06	233.69
LT Distribution system							
Distribution lines	5.28%	80.86	14.74	-	4.72	17.53	78.07
Transformers	5.28%	74.52	12.83	-	4.32	16.13	71.22
Switchgears, Control gear & Protection	5.28%	48.87	12.39	-	2.96	10.70	50.56
Batteries	5.28%	4.92	-	-	0.26	1.04	3.88
Others	5.28%	182.73	17.51	-	10.18	39.12	161.12
Meters	5.28%	7.47	-	-	0.39	0.44	7.03
IT Equipments	15.00%	1.86	-	-	0.28	0.87	0.99
Total		502.63	1098.92	18.34	56.34	132.41	1450.80

47. On the basis of the above detailed calculation, summarized position of depreciation allowed for each year (subject to compliance to the direction of the Commission) is tabulated below;

Table-23
Total depreciation approved for the Years (Rs. lakh)

Year	Opening GFA	Closing GFA	Depreciation for the year	Accumulated Depreciation	Closing Net Fixed Assets
2016-17	493.30	494.97	25.20	25.20	469.77
2017-18	494.97	495.16	25.40	50.60	444.56
2018-19	495.16	502.63	25.47	76.07	426.56
2019-20	502.63	1583.21	56.34	132.41	1450.80

48. **Accordingly, in view of the approval accorded in OP 67/2021 for the capital expenditure incurred by the licensee over the years, the Commission hereby provisionally approves depreciation of Rs.56.34 lakh for the year 2019-20 and Rs.76.07 lakh as prior period depreciation subject to submission of the Board Minutes confirming that the source of capital expenditure was equity alone.**

Interest and Finance Charges

49. The licensee has claimed an amount of Rs.88.72 lakh as interest on normative loan under the head Interest and Financing charges for the year 2019-20. The interest on normative loan claimed in the petition is shown below.

Table 24
Interest on normative loan

Particulars	Rs.lakh
Gross Normative loan - Opening	700.00
Cumulative repayment of Normative Loan up to previous year	0.00
Net Normative loan - Opening	700.00
Increase/Decrease due to ACE/de-capitalization during the Year	210.00
Repayments of Normative Loan during the year	0.00
Net Normative loan - Closing	910.00
Weighted average Rate of Interest of actual Loans	9.75%
Interest on Normative loan (Rs 910.00 lakh*9.75%)	88.72

50. The Commission had deferred the approval for interest on normative loan while issuing the Orders on ARR& ERC for the control period and the truing up of

accounts of the previous years as the licensee had not obtained any prior approval from the Commission with regard to Capital Investment.

51. As per Regulation 29 of Tariff Regulations, 2018, interest is to be allowed based on normative loan. The Regulation 29 (2) states that, the normative loan outstanding as on the First day of April, 2018, shall be worked out by deducting the amount of cumulative repayment as approved by the Commission up to the Thirty First day of March, 2018, from the normative loan.

52. Regulation 26 of the Tariff Regulations 2018 clearly specifies the methodology with regard to Debt - Equity ratio. The relevant portion of the regulation is reproduced below:

“26. Debt-equity ratio - (1) For the purpose of determination of tariff, debt equity ratio as on the date of commercial operation in the case of a new generating station, transmission line and distribution line or substation commissioned or capacity expanded on or after the First day of April 2018, shall be 70:30 of the capital cost approved by the Commission:

Provided that the debt-equity ratio shall be applied only to the balance of such approved capital cost after deducting the financial support provided through consumer contribution, deposit work, capital subsidy or grant, if any.

(2) Where equity employed is more than thirty percent of the approved capital cost, the amount of equity for the purpose of tariff shall be limited to thirty percent and the balance amount shall be considered as normative loan and interest on the same may be allowed at the weighted average rate of interest of the actual loan portfolio.

(3) Where actual equity employed is less than thirty percent of the capital cost, the actual equity shall be considered and the balance of the Commission approved capital cost after adjusting for grants and/or contribution shall be treated as normative loan.

(4) If any fixed asset is capitalised on account of capital expenditure incurred prior to the First day of April, 2018, the debt-equity ratio allowed by the Commission for determination of tariff for the period ending the Thirty First day of March, 2018 shall be considered.....”

53. In view of the approval of capital expenditure incurred by the licensee over the years in OP 67/2021, the Commission approves the interest on normative loan, calculated based on the applicable Regulations, as shown below;

Table 25
Approved Interest on normative loan (Rs. lakh)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Assets Additions approved by the Commission - (A)	493.31	1.67	0.19	7.47	1098.92
Dismantle of Assets approved by the Commission - (B)	-	-	-	-	18.34
Deprecation Approved by the Commission - (C)	-	25.20	25.40	25.47	56.34
Assets Additions considered for Normative loan - 70 % of (A)	345.32	1.17	0.13	5.23	769.24
Opening Normative loan	345.32	345.32	328.85	311.20	298.60
Additional Normative loan during the year	-	1.17	0.13	5.23	769.24
Deduction of Normative loan during the year 70% of (B)	-	-	-	-	12.84
Allowable depreciation/ Repayment - 70 % of (C)	-	17.64	17.78	17.83	39.44
Closing Normative loan	345.32	328.85	311.20	298.60	1015.56
Average Normative Loan	-	337.08	320.03	304.90	657.08
Rate of Interest (%)	-	9.30%	9.10%	8.15%	8.55%
Interest on normative loan	-	31.35	29.12	24.85	56.18

54. **Accordingly, in view of the approval of capital expenditure incurred by the licensee over the year in OP 67/2021, the Commission hereby provisionally approves an interest on normative loan of Rs.56.18 lakh for the year 2019-20 and Rs.85.32 lakh as prior period interest on normative loan, subject to submission of the Board Minutes confirming that the source of capital investments was equity alone.**

Return on Equity

55. The licensee in the petition has claimed an amount of Rs.54.60 lakh as Return on Equity for the year 2019-20 which is 14% return on the 30% of the equity at the beginning of the year. The return on equity claimed by the licensee for the year 2019-20 is shown below.

Table- 26
Return on Equity claimed for the year

Particulars	Rs.lakh
Equity at the beginning of the year	1300.00
Capitalisation	-
Equity portion of capitalization	100.00
Equity at the end of the year	1400.00
Return on Equity for equity portion (30%) at the rate of 14%	54.60

56. The shareholding pattern in Smart City Infrastructure jointly held by Smart City (India) FZ LLC, Dubai and Government of Kerala in the ratio of 84:16 respectively. The Balance Sheet of the company shows an amount of Rs.195.00 crore as Equity

amount. The licensee had stated that the assets and losses have been funded by way of transferring funds from the company, Smart City (Kochi) Infrastructure Pvt. Ltd. These funds which have been received from the company's main bank accounts have been disclosed as 'Head office account' in the power licensee's financial statements.

57. As per details furnished by the licensee in response to clarifications sought on the petition filed for approval of capital expenditure, it was stated that the capital expenditure on distribution assets have been incurred from internal accruals and loan, whereas, during the hearing, it was stated that the source of finance was equity alone. The Commission sought clarifications in this regard and licensee submitted vide letter dated 14.11.2022 that, there was an oversight error, as it was incurred in initial stages of the projects and reiterated that the source of funding was equity alone. The licensee has also stated that necessary board approval will be submitted after completion of December-2022 board meeting.

58. As per the provision of Regulation 28(1), Return on Equity shall be computed in rupee terms, on the paid-up equity share capital determined in accordance with the Regulation 26 and shall be allowed at the rate of fourteen percent for generating business/companies, transmission business/licensee, distribution business/licensee and State Load Despatch Centre. Provided further that at the time of truing up, return on equity share shall be allowed on monthly pro-rata basis for the investments made during the current year.

59. Considering the approval of the capital expenditure in the Order in OP 67/2021 and relevant provisions of the Tariff Regulations 2014 and 2018, the RoE approved for the years is shown below.

Table- 27
Approved Return on Equity (Rs. lakh)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Assets Additions approved by the Commission – (A)	493.31	1.67	0.19	7.47	1098.92
Dismantle of Assets approved by the Commission - (B)	-	-	-	-	18.34
Assets Additions considered for Return on Equity - 30 % of (A)	147.99	0.50	0.06	2.24	329.68
Opening Equity Capital (including previous year addition)		147.99	148.49	148.55	150.79
Additional Equity Capital during the year	-	0.50	0.06	2.24	329.68
Deduction from Equity Capital 30 % of (B)	-	-	-	-	5.50
Rate of Return (%)	-	14.00%	14.00%	14.00%	14.00%
Return on Equity	-	20.73	20.79	20.82	47.59

60. **Accordingly, in view of the approval of capital expenditure incurred by the licensee over the year in OP 67/2021, the Commission hereby provisionally approves a Return on Equity of Rs.47.59 lakh for the year 2019-20 and Rs.62.34 lakh as prior period Return on Equity subject to submission of the Board Minutes confirming that the source of capital investments was equity alone.**

Revenue from Sale of Power

61. The total revenue from sale for power is 44.21 lakh units for Rs.388.90 lakh as against approved revenue from sale of power of 75.22 lakh units for Rs.604.91 lakh, as approved in the Order on ARR&ERC. Category wise comparison of the revenue from sale of power for the year 2018-19 and 2019-20 is as shown below.

Table-28
Comparison of Revenue from Sale of Power for 2018-19 and 2019-20

Tariff Category	2018-19- Trued Up			2019-20 – Truing Up		
	Energy sales units (In lakhs)	Revenue from Sales (Rs. lakh)	Avg. realization (Rs/kWh)	Energy sales units (In lakhs)	Revenue from Sales (Rs. lakh)	Avg. realization (Rs/kWh)
LT IV (B) -Industrial IT &IT Enabled	11.84	84.48	7.14	16.84	133.52	7.93
LT VI (F) -Construction	3.52	35.39	10.05	6.62	67.96	10.27
LT VII (A)	0.08	0.74	9.25		5.04	0.00
LT III (B)-Temp connection	1.81	25.30	13.98	0.36		
HT I (B)	14.06	86.02	6.12	14.56	110.48	7.59
HT II (B)	1.38	17.91	12.98	5.83	71.90	12.33
TOTAL	32.69	249.84	7.64	44.21	388.90	8.80

62. The Commission has examined the claim made by the licensee and notes that there is an increase in the revenue from sale of power in 2019-20 compared to previous year 2018-19. As per the petition, the major revenue (Rs.206.52 lakh) is from the sale to the LT category. Considering the actual revenue realized for the year 2019-20, **the Commission hereby approves Rs.388.90 lakh as the revenue from sale of power.**

Non-tariff income

63. The Non-tariff income claimed by the licensee in the petition for Truing Up of Accounts for the year 2019-20 is Rs.11.14 lakh as against the approved amount of Rs.6.36 lakh in ARR&ERC Order dated 08-11-2019. The split-up details of non-Tariff income claimed are shown below.

Table 29
Details of Non-Tariff Income for the year 2018-19 and 2019-20

Particulars	2018-19	2019-20
	Trued Up Rs. In lakh	For Truing Up Rs. In lakh
Interest on security deposits	6.02	6.61
Commission for collection of electricity duty	0.27	0.19
Interest on delayed or deferred payment of bills	0.12	-
Application fee (Renewable Energy)	-	4.34
Total	6.41	11.14

64. The licensee has claimed Rs.6.61 lakh as Interest on security deposit under the head non-tariff income. The Balance Sheet of power distribution business of the licensee showed an amount of Rs.30.00 lakh towards security deposit with KSEB Ltd under the head 'long term loan & advances' and Rs.70.50 lakh under fixed deposits in bank. The licensee has claimed an amount of Rs.4.34 lakh as non-tariff income with regard to Application fee (Renewable Energy). **Accordingly, the Commission approves Rs.11.14 lakh as actual non-tariff income for the year 2019-20.**

65. Based on the above, the approved expenditure and revenue for the year 2019-20 after Truing Up is as shown below:

Table 30
Income and Expenditure Statement after Truing Up of Accounts for 2019-20

Particulars	2019-20		
	ARR Approved (Rs. Lakh)	Truing Up Claim (Rs. Lakh)	Trued Up (Rs. Lakh)
Purchase of power	520.78	348.28	348.28
Employee Cost	45.13	13.72	10.66
R&M Expenses		19.51	19.51
A & G Expenses		4.12	4.12
Depreciation	-	58.58	56.34
Prior period Depreciation	-	-	76.07
Interest and financing charges	-	88.72	56.18
Prior period Interest and financing charges	-	-	85.32
Return on equity	-	54.60	47.59
Prior period Return on equity	-	-	62.34
Total Expenditure	565.91	587.53	766.41
Revenue from sale of power	604.91	388.90	388.90
Other income	6.36	11.142	11.14
Total income	611.27	400.04	400.04
Revenue (Gap)/surplus	45.36	(187.49)	(366.37)

Revenue (Gap)/Surplus for 2019-20

66. Accordingly, as against the approved Revenue surplus of Rs.45.36 lakh for the year 2019-20, the licensee in the petition for Truing Up of Accounts has claimed a Revenue Gap of Rs.187.49 lakh. The approved Revenue (Gap)/ Surplus for the year 2019-20 after Truing Up the accounts is as shown below.

Table 20
Revenue (Gap)/ Surplus Approved for the year 2019-20

Particulars	ARR Approved (Rs. lakh)	As per Truing Up Petition (Rs. lakh)	Trued Up (Rs.lakh)
Total Income	611.27	400.04	400.04
Total Expenditure	565.91	587.53	766.41
Revenue (Gap)/Surplus	45.36	(187.49)	(366.37)

Orders of the Commission

67. The Commission after considering the petition filed by M/s. Smart City for Truing Up of Accounts for the year 2019-20, views presented by the licensee during the hearing and the clarifications and details provided by the licensee approves the following:

- a) Total income is Rs. 400.04 lakh**
- b) Total expenditure is Rs.766.41 lakh (Provisional)**
- c) The revenue gap for the year 2019-20 is Rs. 366.37 lakh (Provisional)**
- d) Total cumulative revenue gap till 2019-20 will be Rs.413.38 lakh (Rs.47.01. lakh as opening cumulative revenue gap + current year revenue gap of Rs.366.37 lakh)**

Directives

68. The Commission issues the following directives for compliance by the licensee.

- a) M/s Smart City, M/s Infopark and M/s KSEB Ltd shall review the clause 8.1 of the PPA specifically with regard to distribution loss.
- b) The licensee shall submit the extract of the resolution passed by the Board of Directors regarding the source of funding assets within one month of issue of this Order.
- c) The licensee should carry out necessary adjustments in books of account regarding the dismantled assets of Rs.18.34 lakh .

- d) Commission notices that the distribution infrastructure including one 33 kV substation installed in land parcel B has not been put to use at optimum level for want of consumers/demand. Therefore, the licensee is hereby directed to put in their earnest efforts to attract more consumers, in order to make the licensee's operations more cost effective.

69. The petition is disposed of. Ordered accordingly.

Sd/-

Adv. A. J. Wilson

Member (Law)

Approved for issue

Sd/-

C.R.Satheesh Chandran

Secretary