

3. Based on the above provisions, all licensees have to submit the application for truing up of aggregate revenue requirements for the previous year before November 30th of the current year. The Commission had issued the order on the ARR&ERC for M/s TCED for the first control period from 2015-16 to 2017-18 on 21-10-2015 in OA 6/2015. In the said order, the Commission had approved the revenue gap of Rs.131.21 lakh for the year 2015-16. The present application pertains to the truing up of accounts for the year 2015-16. A comparison of the approved and actual expenditure & revenue as per the application for truing up submitted by the licensee is given below:

Table -1
Comparison of approved and actual ARR&ERC for 2015-16

Particulars	2015-16	
	Approved in ARR&ERC (Rs.Lakh)	As per accounts (Rs.Lakh)
Revenue from Sale of Power.	10499.09	10798.55
Other Income	662.89	931.96
Total Income	11161.98	11730.51
Purchase of Power	9617.62	9246.97
Repairs and Maintenance	51.59	69.00
Employee Cost	889.37	1266.69
Administration and General Expenses	243.03	306.82
Depreciation	221.28	189.01
Interest & Finance Charges	206.39	215.34
Return on investment	63.91	82.70
Total Expenditure	11293.19	11376.53
Net Surplus/(Deficit)	(131.21)	353.98

4. In the application, the licensee has arrived at a **revenue surplus of Rs.353.98 lakh** for the year 2015-16 as against a revenue gap of Rs.131.21 lakh approved by the Commission in the order dated 21-10-2015 issued for the entire control period. After admitting the application, the Commission sought clarifications on the application vide letter dated 17-3-2017 and the details were furnished by the licensee as per the letter dated 1-4-2017.

Hearing on the application

5. Hearing on the application was conducted on 11-04-2017 at the Office of the Commission. M/s Thrissur Corporation Electricity Department (TCED) was represented by Sri. Latesh, Asst. Secretary, Sri. T.S.Jose, Electrical Engineer, Sri. Francis. P.X, Assistant Engineer, Sri. Kedaram. V.R, Chartered Accountant and other officers. Sri. Francis. P.X, presented the details of the application on the truing up of accounts for the year 2015-16. Sri. Kedaram. V.R and Sri. T.S.Jose responded to the queries of the Commission.
6. Sri. Bipin Shankar, Deputy Chief Engineer (TRAC), Smt. Mehrunisa, Executive Engineer, TRAC and Sri. Manoj.G, AEE, TRAC, represented KSEB Ltd. Sri. Bipin Shankar presented the counter statement/comments of KSEB Ltd. and submitted written remarks on the application. The major points raised by KSEB Ltd are the following:
 - a. TCED reported a self consumption of 0.12 MU and has stated that the same has neither been included in the sales nor is it claimed as an expense in the application. KSEB Ltd stated that TCED has to include the amount of self consumption as its sale income.
 - b. It was submitted that only the actual interest on security deposits paid to consumers during the year be allowed in the truing up.
 - c. It was submitted that depreciation may be limited to actual/norms considering the vintage of assets and depreciation corresponding to consumer contribution shall not be allowed.
 - d. The licensee had claimed R&M expenses, employee cost and the A&G expenses higher than that approved in the order on ARR&ERC for the year 2015-16. The Commission may limit the expenses to the approved level.
 - e. The Hon'ble Commission may take uniform approach regarding section 3 duty and the claim of the licensee on Electricity duty may be disallowed.
 - f. It was also submitted that 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.
 - g. KSEB Ltd further stated that TCED has not yet completed the formalities of signing the power purchase agreement (PPA) with KSEBL for bulk supply of power, though an initialed PPA had been sent to TCED.

7. The Commission sought clarifications from the licensee on the actual interest on security deposit paid, the necessary details of the capital investments approved by the Commission, the methodology followed in maintaining the inventories, the details of other current liabilities claimed by the licensee, the details of the salary arrears and the monthly details of remittance of the section 4 duty. The Commission directed TCED to submit the details on or before 24-04-2017. The licensee submitted the details vide its letter dated 24-04-2017.

Analysis and decision of the Commission

8. The Commission considered the application of the licensee along with the comments of KSEB Ltd. The analysis and decisions of the Commission on the application for truing up of accounts for the year 2015-16 are detailed below:

Energy Sales:

9. The actual energy sale for the year 2015-16 is 139.07 MU as against the energy sale of 139.16 MU approved by the Commission for the ARR & ERC for the year 2015-16. Compared to the actual sale for the year 2014-15, there is an increase in the sale for the year 2015-16. A comparison between the actual sale for 2014-15 and 2015-16 is tabulated below.

Table 2
TCED – Details of sales of energy for 2015-16

Category	Actual for 2014-15 Trued Up		As per Accounts 2015-16	
	No of consumers	Sales	No of consumers	Sales
	(Nos)	(MU)	(Nos)	(MU)
Domestic	20202	36.24	20599	38.79
Non domestic	15583	45.26	16109	49.60
Agriculture	210	0.07	205	0.07
Industry	576	3.39	565	3.52
Street lighting	196	4.31	193	4.01
HT	95	39.12	103	43.08
Total	36862	128.39	37774	139.07

10. An analysis of the sales shows that, while there has been an increase in the number of domestic consumers by 2%, non-domestic consumers by 3% and HT

consumers by 8%, number of agricultural, industrial consumers have slightly gone down. The total sale units have increased by 8.5%. While HT sale units have increase by 10%, the same for domestic and non-domestic are 7% and 9.6% respectively. The licensee while computing the total sale has not considered the sale to own buildings and units (self consumption). However, it was reported that the self consumption is 0.12 MU. Though the Commission had sought the billing details of self consumption, the same was not furnished. If the self consumption of 0.12 MU is included in the sales, the total sale for the year 2015-16 will be 139.19 lakh units. **It is directed that the licensee should properly reveal the sales including self consumption as part of sales.**

Energy purchase from KSEB Ltd and Distribution loss: -

11. As per the application, the licensee purchased 150.40 MU against an approved purchase of 151.00 MU. As per the application, the actual distribution loss for the year reported at 7.46% as against the target level of distribution loss of 7.84% approved by the Commission in the order on ARR&ERC for 2015-16. The licensee has stated that the self consumption of 0.12 MU has not been included as part of sales whereas the same has been considered while computing the actual distribution loss of 7.46%. The actual distribution loss was lower than the loss level approved by the Commission. The details of the distribution loss as per the application submitted are shown below.

**Table - 3
TCED- Energy Requirement and Distribution Loss**

Particulars	Trued Up 2014-15	Approved in ARR 2015-16	As per Truing Up accounts 2015-16
Total Energy Sales (MU)	128.39	139.16	139.19*
Distribution loss (MU)	10.92	11.84	11.22
Gross energy (MU)	139.31	151.00	150.40
Distribution loss %	7.84%	7.84%	7.46%

*Including self consumption of 0.12MU.

12. As shown above, the actual distribution loss reported by the licensee is lower than the levels approved by the Commission. Since the distribution loss is a controllable performance parameter, the licensee can retain a 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 is 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

Hence, efficiency gain on the controllable parameters has to be shared 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.

13. As detailed above, the actual distribution loss reported by the licensee is 0.38% lower as compared to the level approved by the Commission. Based on the provisions of Tariff Regulations 2014, as quoted above, the power purchase cost for the year is computed as shown below.

Power Purchase Cost: -

14. The actual power purchase cost as per the truing up application submitted is Rs.9246.97 lakh for a purchase of 150.40 MU. The Commission in the order on ARR&ERC had approved a cost of Rs.9617.62 lakh for a purchase of 151 MU. As per the approved BST, the energy charges applicable for TCED is Rs. 5.40/kWh and the demand charge is Rs.300/kVA for the year 2015-16. The power purchase cost reported by the Licensee is as shown below:

Table – 4
TCED - Details of cost of power purchase for the year 2015-16

Particulars	ARR Approved	As per Accounts
Energy requirement (MU)	151.00	150.40
Maximum demand (kVA)	40656	31792
Rate of Demand charge (Rs./kVA)	300	300
Demand charges (Rs.lakh)	1463.62	1125.14
Rate of energy charges (Rs./kWh)	5.40	5.40
Energy charges (Rs.lakh)	8154.00	8121.83
Total cost of Power (Rs.lakh)	9617.62	9246.97
Average power purchase cost (Rs./kWh)	6.37	6.15

15. As mentioned above, as per the Tariff Regulations 2014, the licensee has to pass on 1/3rd of the efficiency gain to the consumers and balance can be retained. Accordingly the power purchase cost for the year 2015-16 duly considering the regulation 74(4) is as shown below:

Table 5
TCED- Details of the cost of power purchase approved for 2015-16

Actual Energy loss (MU)	7.46%	11.22
Energy loss at approved distribution loss (MU)	7.84%	11.79
Efficiency gain (MU)		0.57
Efficiency gain at average power purchase cost (Rs.lakh) (5.7 lakh units x Rs.6.15/unit)		35.05
Efficiency gain to be retained by licensee (2/3 rd) (Rs.lakh)		23.37
Actual Power purchase cost (Rs.lakh)		9,246.97
Approved Power purchase cost (Rs.lakh)		9,270.34

O&M expenses:

16. The O&M expenses claimed by the TCED for 2015-16 is much higher than the expenses as per the KSERC (Terms and Conditions for Determination Of Tariff) Regulation 2014 as shown below:

O&M Expenses for 2015-16	As per the Regulations	As per the application for truing up
Employee expenses (Rs. lakh)	889.37	1266.69
R&M expenses (Rs. lakh)	51.59	69.00
A&G expenses (Rs. lakh)	243.03	306.82

Employee cost: -

17. The Commission had approved Employee cost as per the norms laid down in the KSERC (Terms and conditions for determination of tariff) Regulations, 2014 an amount of Rs 889.37 lakh for the year 2015-16. In the application for the truing up of accounts, the licensee has booked an amount of Rs.1266.69 lakh as employee cost for carrying out the distribution business..

Table 6
TCED- Details of employee cost claimed for the year 2015-16

Particulars	Approved in the ARR for 2015-16 (Rs. Lakh)	For Truing Up 2015-16 (Rs. Lakh)
Salary	889.37	758.87
Wages		45.49
Pension Contribution		113.67
Bonus		4.30
Others		6.87
Medical expenses		-
Earned Leave Encashment		79.10
Staff welfare expenses		-
Salary Arrears		258.39
Total		889.37

18. TCED claimed an amount of Rs. 258.39 lakh as the salary arrears which form a significant part of the claim. The licensee in its letter dated 24-4-2017 stated that the provision of Rs.258.39 lakh is towards the pay revision to be implemented with effect from 01.07.2013, the same date on which salary revision in KSEBL employees was allowed. It is also mentioned that the Corporation Council has accorded approval in this regard and it has been placed for the approval of the Government of Kerala and the approval is pending. The total provision for arrears or the closing balance of arrears is Rs.622.92 lakh. The opening balance of salary arrears was Rs.364.53 lakh towards the old pay revision from 2008. The approval for old pay revision is also pending with the Government.

19. Since the KSERC (Terms and Conditions for Determination of Tariff) Regulation 2014, being in force, the allowable employee costs is only as per the provisions of the regulation. As per Regulation 81 (8) and annexure IX, the approved employee costs for the purpose of truing up of accounts for the year **2015-16 is Rs.889.37 lakh.**

Repair and Maintenance Charges: -

20. The actual amount claimed by the licensee is Rs.69.00 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 51.59 lakh as per the order on ARR. The actual claim made by the licensee is on the higher side when compared to the norms in KSERC (Terms and conditions for determination of tariff) Regulations, 2014. Out of the total claim, Rs.54.90 lakh is claimed under consumption of store. The details of the R&M are tabulated hereunder.

**Table-7
TCED- Details of R&M expenses for the year 2015-16**

Particulars	Rs. lakh
Stores	54.90
Other R&M cost	14.10
Total	69.00

21. Since R&M expense being a controllable expense, the expenses approved for the year 2015-16 based on the norms specified by the Commission in the Tariff Regulations, 2014 can only be allowed. Accordingly, the R&M expenses is approved at Rs.51.59 lakh.

**Table – 8
TCED - R&M expenses allowed for truing up for 2015-16**

Particulars	ARR Approved (Rs lakh)	As per accounts (Rs lakh)	Trued Up (Rs lakh)
R&M expenses	51.59	69.00	51.59

Administration and General Expenses: -

22. The A&G expense claimed by the licensee as per the application for truing up was Rs 306.82 lakh as against the approved amount of Rs.243.03 lakh in the order on ARR&ERC for the year 2015-16. A&G expenses include various items such as

rent, rates and taxes, insurance, telephone charges, internet and related charges, legal charges, audit fees, consultancy charges, printing and stationary, advertisement charges, DSM expenses, statutory fee including payments to SERC etc. The major claim is Rs.172.03 lakh under the head rent, rates and taxes. Other major expense item booked under A&G expense is the duty of Rs.80.50 lakh under section 3(1) Kerala Electricity Duty Act,1963 payable by TCED to the Government. The Commission has not been admitting section 3(1) duty as a revenue expenditure as per the provisions of the Kerala Electricity Duty Act,1963, as the duty under section 3(1) should be borne by the Licensee and shall not be passed on to the consumers. The split up details of the A&G expense as per the accounts is tabulated hereunder. There is no point of claiming the duty in the true up application when the same is against the provisions of a duly passed Act of legislation. The licensee is advised to take up the matter with the State Government.

Table 9
TCED-Actual details of A&G Expenses

Particulars	As per Norms (Rs in lakh)	As per accounts (Rs in lakh)
Rents, rates and taxes	243.03	172.03
Insurance		2.63
Telephone telex charges, etc		2.05
Internet and related charge		-
Legal charges		0.95
Audit fees		-
Consultancy charges		0.62
Technical fee		1.69
Other Professional charges		1.84
Conveyance and Vehicle Exp		3.18
KSERC Charges		3.11
Training to Staff		0.18
Other expenses		6.29
Sec 4 Duty Demand		-
Section 3 Duty		80.50
Books & periodicals		0.05
Printing & stationery		9.51
Advertisements		12.96
Miscellaneous expenses		9.22
Grand Total		243.03

23. The Commission has approved the A&G expenses of Rs.243.03 lakhs for the year 2015-16 as per the provisions of KSERC (KSERC (Terms and Conditions for Determination of Tariff) Regulations 2014. In this context it is to be mentioned that the Commission has determined the A&G expenses for TCED in the KSERC (Terms and Conditions for Determination of Tariff) Regulations 2014 for the first control period based on the Truing up of accounts for the year 2011-12 dated 15-1-2014. In the said order the Commission held as follows:

“The licensee in the petition has reiterated the statements given earlier for justification of the rent charged. It is seen as a reciprocal arrangement for separating the street lighting undertaken by the Thrissur Corporation. The Commission is not in agreement with such arrangement. Hence, the licensee has to have a reasonable arrangement which would satisfy the principles of regulatory process. Accordingly, the Commission can only allow the rent estimated by the licensee provisionally for the purpose of first stage of truing up. The licensee has to furnish the details as directed vide order dated 15-5-2013 along with the final truing up so as to claim the expense.”

24. The Commission in the ARR&ERC order dated 15-5-2013 for the year 2013-14 had clearly indicated the guidelines on which the rent is to be estimated and also directed to furnish the certificate from PWD on fixation of rent. However, no attempt is seen made to consult PWD for fixation of fair rent. The Commission had discussed the matter in detail vide the order dated 19-05-2014 on ARR&ERC of the licensee for the year 2014-15. The relevant portion of the order is extracted below for ready reference.

“As per the information filed by the Board, the monthly rent payable in Thrissur as per the PWD Technical circular No. B1/59974/90 dated 25-05-2011 is Rs.51.71 per sq.meter or Rs.4.67 per sq.ft per month. Thrissur Corporation did not object to the above data furnished by the Board in the said proceedings, but maintained that the Corporation is empowered to fix the rates for its assets. It can be seen that the alternate rent administered by Government agency is about 10% of the rent proposed by the petitioner. On the same parlance, the rent for land can also be considered as 10% of the proposed rates of the petitioner.

Accordingly, the rates now arrived at is provisionally used for approving the ARR till the licensee has furnished the information as directed or any alternate decision on rent is fixed by the Commission. Accordingly, the rates now arrived at is provisionally used for approving the ARR till the licensee has furnished the information as directed or any alternate decision on rent is fixed by the Commission. The rent allowable for the year 2014-15 for the purpose of ARR will be Rs.17.2 lakh as shown below:

Rent Proposed and provisionally approved by the Commission for 2014-15

Particulars	Proposed by the Licensee*			Approved by the Commission	
	Area	Rate (per month)	Amount (Rs.) per month	Reasonable rate as fixed by PWD (Rs./sq.ft)	Rent assessed (Rs.)
Office space (Sq.ft)	7000	50	3,50,000	5	35,000
Store building (Sq.ft)	2000	50	1,00,000	5	10,000
Land area (Sq.mt)	698	250	1,74,419	25	17,450
33 KV S/s (Sq.mt)	1214	250	3,03,450	25	30,350
66 /110 KV S/s (Sq.mt)	2023	250	5,05,750	25	50,575
Rent per month			14,33,619		1,43,375
Total rent for the year			172,03,423		17,20,500

25. In line with the above decision, the Commission while truing up the accounts of the year 2013-14 & 2014-15 had approved a rent of Rs 17.20 lakh.
26. The Commission while issuing the order of ARR&ERC for the year 2015-16 dated 21-10-2015 had considered in detail, the rent payable to the Thrissur Corporation by TCED. It was also directed that the rent payable shall be approved only after prudence check. Though, the Commission had allowed the A&G expenses for the year 2015-16 as per the Tariff regulations 2014, the issue of determining the allowable rent under A&G expenses was kept open and directed the licensee to take steps for determining the reasonable level of rent.
27. TCED in their clarifications dated 1-4-2017 has produced the minutes of the meetings between the officers of Electricity Department and Thrissur Corporation on the issue of rent. As per the minutes, it was decided in the meeting to designate the revenue officer to value the land and to submit proper details to take a decision on the rent applicable to the same. It was further decided to submit the details on the next meeting of the finance committee. Thus, the Commission notes that so far, the TCED had not complied with the directions of the Commission

regarding rent. Considering the above and the fact that TCED failed comply with the directions of the Commission regarding fixation of rent even after considerable amount of time, the Commission has no alternative but to deviate from the provisions of the Tariff Regulations 2014 for allowing the component of rent under A&G expenses.

28. Accordingly for the purpose of truing up for the year 2015-16, the approved rent amount of Rs.17.20 lakh for the year 2014-15 is escalated at a rate of 5.85% which is the CERC escalation rate for the period. Accordingly, the Commission approves an amount of Rs.18.21 lakh as rent for the purpose of truing up for the year 2015-16. The A&G expense approved by the Commission for the truing up of accounts for 2015-16 is as shown below

Table – 10
TCED - A&G expenses allowed for truing up for 2015-16

Particulars	Trued Up (Rs in lakh)
Rents, rates and taxes	18.21
Insurance	2.63
Telephone telex charges, etc	2.05
Legal charges	0.95
Consultancy charges	0.62
Technical fee	1.69
Other Professional charges	1.84
Conveyance and Vehicle Exp	3.18
KSERC Charges	3.11
Training to Staff	0.18
Other expenses	6.29
Books & periodicals	0.05
Printing & stationery	9.51
Advertisements	12.96
Miscellaneous expenses	9.22
Grand Total	72.49

Interest and Finance Charges:

29. The licensee had claimed an interest and finance charges of Rs. 215.34 lakh in the truing up application. The Commission had approved an amount of Rs.206.39 lakh in the order on ARR&ERC as interest and financing charges. As per the schedule 11 submitted in the application, the claim raised is for the interest on security deposit and the same is accounted on accrual basis. The licensee has further

stated that the total amount paid in the financial year is Rs.158.09 lakh which pertains to the interest accrued for year 2014-15, which was disbursed in the first quarter of 2015-16.

30. As per the provisions of the Kerala Supply Code the licensee is bound to provide interest on the security deposit collected from consumers. The Commission has been taking the consistent stand that, the actual disbursement of interest on security deposit during the year can only be allowed in the process of truing up. Accordingly, for the purpose of truing up, the Commission approves the **interest and finance charges as Rs 158.09 lakh for the year 2015-16.**

Depreciation:

31. The depreciation claimed by the licensee in the application for truing up for the year 2015-16 is Rs 189.01 lakh as against Rs 221.28 lakh approved in the order for the first control period. The licensee has stated that depreciation has not been claimed for the assets created out of consumer contribution and grants. The licensee has stated that the claim on depreciation for the year 2015-16 is computed based on the rates notified in the KSERC (Terms and conditions for distribution and retail sale of electricity under MYT framework) Regulations, 2006. The detail of the claim made by the licensee on depreciation is tabulated below.

Table 11
Depreciation estimated for the year 2015-16

Descriptions of Assets	Rate of Depreciation	Depreciation Rs.lakh
Building	1.80%	1.81
Underground Cables	2.57%	13.78
Plant and Machinery	3.60%	84.68
Overhead Lines	3.60%	50.84
Office Furniture and Fittings	6.00%	0.48
Office Equipment	6.00%	5.69
Vehicles	18.00%	7.09
Meters	6.00%	20.39
Software	18.00%	4.25
Total		189.01

32. The Commission has examined the details furnished by the licensee. It is noted that as per the accounts the licensee has claimed depreciation for the asset addition of Rs.377.94 lakh. The major additions are Rs.179.24 lakh for substation-machinery and Rs.167.62 lakh under plant and machinery. The licensee has not submitted complete details of the assets created. Hence, the claim of additional capitalization cannot be considered at present.
33. The year under consideration for the purpose of truing up of accounts is 2015-16 which is part of the first control period as per the provisions of KSERC (Terms and Conditions for Determination of Tariff) Regulation, 2014. However it is seen that TCED has claimed depreciation based on the rates in the KSERC (Terms and conditions for distribution and retail sale of electricity under MYT framework) Regulations, 2006, which has been repealed and rates as per the said regulations are not applicable now. It is further noted that the licensee has not furnished the details of estimation of depreciation as per the provisions of Tariff Regulations 2014 considering the vintage of assets. As per the provisions of the regulations, depreciation at accelerated rates have to be provided for the first 12 years of the useful life of assets and the balance depreciation is spread over the balance useful life. Hence the amount of depreciation as per the Tariff regulations 2014 will be higher than the depreciation as per the repealed regulations. In the present filing the licensee has not furnished the estimation of depreciation as per the provisions of 2014 regulations.
34. Since the licensee has not sought depreciation as per the tariff regulations 2014, and also not furnished the details of the vintage of the assets etc. as per the regulations, the Commission is of the view that the amount of depreciation sought for by the licensee for the year is only to be admitted, though the licensee is eligible for higher amount of depreciation. Unless the licensee furnishes the details and maintains books of accounts as per the Tariff Regulation 2014, higher rate of depreciation cannot be admitted.
35. Based on the above, the Commission approves the depreciation at Rs.189.01 as sought by the licensee for the year 2015-16.

Return on Equity:-

36. The licensee had claimed RoE of Rs.82.70 lakh in the application for truing up for the year 2015-16. The Commission had allowed a return of Rs.63.91 lakh in the

order on ARR&ERC which was 3% of the net fixed assets. Based on the actual accounts, the return on Assets is worked out as shown below:

Particulars	Rs. Lakhs
Net fixed assets at the beginning of the year	3,137.03
<u>Less</u> Fixed Assets financed by Consumer contribution	380.37
Balance Net Fixed assets on which RoE can be allowed	2,756.66
Return on net fixed assets	82.70

37. As shown above, the return on net fixed assets excluding consumer contribution is Rs.82.70 lakhs for the year 2015-16.

Total Expenses: -

38. The licensee has actually claimed a total expense of Rs. 11376.53 lakh for the year as against Rs.11293.19 lakh approved by the Commission in the order on ARR for the year 2015-16. The actual expenditure approved for the purpose of truing up is as tabulated hereunder.

Table 13
Aggregate Revenue Requirement approved for 2015-16

Particulars	Approved in ARR (Rs in lakh)	As per Accounts (Rs in lakh)	Trued Up (Rs in lakh)
Purchase of Power	9,617.62	9,246.97	9,270.34
Repairs and Maintenance	51.59	69.00	51.59
Employee Cost	889.37	1,266.69	889.37
Administration and General Expenses	243.03	306.82	72.49
Depreciation	221.28	189.01	189.01
Interest & Finance Charges	206.39	215.34	158.09
Return on Equity	63.91	82.70	82.70
Total Expenditure	11,293.19	11,376.53	10,713.59

Revenue from sale of power: -

39. The licensee has claimed total revenue from sale for power of Rs.10798.55 lakh for 139.07 MU against approved revenue from sale of power of Rs.10499.09 lakh as approved in the Order on ARR. The details of the revenue from sale of power are tabulated hereunder.

Table – 14
TCED – Details of revenue from sale of power for 2015-16

Category	Consumers	MU	Revenue	Avg. Tariff
Domestic	20599	38.79	1890.79	4.87
Non-domestic	16109	49.60	4758.13	9.59
Agricultural	205	0.07	2.02	3.08
Industry	565	3.52	216.05	6.13
Street Lighting	193	4.01	145.55	3.63
HT	103	43.08	3786.02	8.79
Total	37774	139.07	10798.55	7.77
Sec 4 Duty			912.87	
Thermal Surcharge			-	
HT Surcharge			10.77	
Power Cut Charge			-	
Total			923.64	
Wheeling charges recovery			-	
Misc. charges from consumers			-	
(i) Fuse off calls			-	
(ii) Reconnection fee			-	
(iii) Public lighting			-	
(iv) Maintenance charges			-	
(v) Service connection charges			-	
(vi) Delayed payment charges			18.55	
(vii) Meter Rent			70.62	
Total			89.16	
Gross Revenue from sale of Power			11811.36	
Less				
(i) Electricity duty payable			912.87	
Thermal Surcharge Payable			-	
HT Surcharge Payable			10.77	
Power Cut Charge Payable			-	
(ii) Other State levies payable			-	
(iii) Shown as Non-tariff Income			89.16	
Total			1012.80	
Net Revenue from sale of power			10798.55	

40. The licensee has not accounted the revenue from self consumption of 0.12 MU. The licensee has also stated that revenue from self consumption as well as the expenditure on self consumption has not been claimed under A&G expenses. The Commission approves the revenue from sale of power as per the accounts.
41. **Non-Tariff Income:** - The actual non-tariff income accounted by the licensee is Rs 931.96 lakh as against the approved amount of Rs 662.89 lakh. The licensee has included meter rent, interest from deposits, etc under this head. The licensee has also included charges such as testing fee, recovery consequent to detection of theft of power, meter box charges, pole rental charges etc under non-tariff income. The split-up details of Non-Tariff income claimed are shown below.

Table.15
Non-tariff income for 2015-16

Particulars	Approved ARR (Rs. Lakh)	For Truing Up (Rs. Lakh)
Meter Rent/Service Line Rental	72.60	70.62
Miscellaneous Charges. Reasonable cost for providing supply, Testing fee, Reconnection fee, Penal charges etc	137.50	194.80
Interest from SD and FD	388.63	569.79
Commission for collection electricity duty	8.80	9.31
Income from sale of scrap etc.	2.20	-
Interest on advances to Suppliers	53.16	59.51
Interest from banks	-	27.94
Grand Total	662.89	931.96

42. The licensee is holding an accumulated surplus of Rs.9968.21 lakh at the end of the year 2014-15, as per the order on truing up of accounts of the licensee. The interest computed at an interest rate of 9% comes to of Rs 897.14 lakh whereas TCED has accounted Rs 569.79 as interest under non tariff income. Since Rs.569.79 lakh have already been accounted, the balance amount of Rs 327.35 lakh has been included under non-tariff income. Accordingly the non-tariff income approved for the purpose of truing up of accounts for the year 2015-16 is **Rs. 1259.31 lakh** (Rs 931.96 lakh+ Rs 327.35 lakh).

Revenue gap/ surplus after truing up

43. The summary of the amounts of expenditure and revenue approved in the truing up of accounts for 2015-16 is given below

Table -16
TCED - Summary of Truing up of accounts for the year 2015-16

Particulars	2015-16		
	Approved in ARR	As per Accounts	Trued Up
	(Rs in lakh)	(Rs in lakh)	(Rs in lakh)
Revenue from Sale of Power.	10,499.09	10,798.55	10,798.55
Other Income	662.89	931.96	1,259.31
Total Income	11,161.98	11,730.51	12,057.86
Purchase of Power	9,617.62	9,246.97	9,270.34
Repairs and Maintenance	51.59	69.00	51.59
Employee Cost	889.37	1,266.69	889.37
Administration and General Expenses	243.03	306.82	72.49
Depreciation	221.28	189.01	189.01
Interest & Finance Charges	206.39	215.34	158.09
Return on Equity	63.91	82.70	82.70
Total Expenditure	11,293.19	11,376.53	10,713.59
Net Surplus/(Deficit)	-131.21	353.98	1,344.27

Orders of the Commission

44. The Commission after considering the application for the truing up of Thrissur Corporation Electricity Department for the year 2015-16 arrives at a total expenditure of Rs. 10713.59 lakh, total revenue of Rs. 12057.86 lakh and a revenue surplus of Rs 1344.27 lakh. The cumulative revenue surplus till 2015-16 will be Rs.11312.48 Lakh (Rs.9968.21 lakh + Rs.1344.27 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.
45. The Commission directs that the licensee shall complete the formalities of signing the PPA with KSEBL at the earliest and submit the initialed PPA before the Commission for approval.

The application is disposed of as above.

Sd/-
K.Vikraman Nair
Member

Sd/-
S.Venugopal
Member

Approved for issue

Sd/-
Santhosh Kumar.K.B
Secretary