

KERALA STATE ELECTRICITY REGULATORY COMMISSION

THIRUVANANTHAPURAM

PRESENT : Shri. K.J.Mathew, Chairman
Shri.P.Parameswaran, Member
Shri. Mathew George, Member

February 8, 2012

Petition OP No. 13/2011

In the matter of

Truing up of Accounts of Cochin Port Trust for 2009-10

Petition OP No.19/2011

In the matter of

Truing up of accounts of Cochin Port Trust for 2010-11

M/s. Cochin Port Trust , Cochin

Petitioner

ORDER

Background

1. M/s. Cochin Port Trust (*herein after referred to as CPT or licensee*) filed truing up petitions for 2009-10 and 2010-11 on 17.03.2011 and 10.06.2011 respectively. As per the petition, the revenue gap for the year 2009-10 was Rs.78.52 lakhs as against the approved gap of Rs.121.92 lakhs. For the year 2010-11, the revenue gap reported was Rs.56.06 lakhs as against the approved gap of Rs.53.11 lakhs. A Comparison of the approved and actual ARR&ERC for the year 2009-10 & 2010-11 is given below:

Approved and Actual ARR&ERC for 2009-10 & 2010-11

Particulars	2009-10 (Rs. in Lakh)		2010-11 (Rs. in Lakh)	
	Approved	Actual	Approved	Actual
Revenue				
Revenue from sale of power	1,691.99	1,780.68	1,777.40	1,949.12
Other Income	1.49	-	6.00	
Total Income	1,693.48	1,780.68	1,783.40	1,949.12
Expenses				
Power purchase cost	983.66	1,027.87	1,040.85	1,183.79
Interest & Financing charges	407.96	368.03	420.71	373.75
Depreciation	121.30	140.40	125.18	156.12
Employee Cost	156.87	202.05	170.45	238.21
Repair & Maintenance	29.80	41.18	25.47	12.61
Administrative & General	115.81	79.67	53.85	40.69
Other Expenses	-		-	-
Total Expenses	1,815.40	1,859.20	1,836.51	2,005.18
Revenue surplus/ (gap)	(121.92)	(78.52)	(53.11)	(56.06)

Hearing on the petition

2. The hearing on both the petitions was held on 18.10.2011. Representatives of the petitioner licensee and the KSEB were present for the hearing. The Licensee was represented by Shri. K. Puthupandian, Senior Deputy CAO and Shri. M.M. Abdul Rahim, Executive Engineer. KSEB was represented by Smt. B. Sreedevi, Deputy Chief Engineer, Shri. B. Pradeep, Executive Engineer and Shri. S. Prasad, Asst. Exe. Engineer. The written comments of KSEB were subsequently filed vide letter dated 31.10.2011. The important comments and observations made by the Board are as follows:

- a) The Licensee's expenses other than purchase cost are exorbitantly high.
- b) The average rate of realisation from various groups of consumers during 2010-11 is reduced from that of 2009-10. Total revenue of the Licensee would increase by Rs.175.28 lakh if rate of realisation for 2009-10 is applied.
- c) Repairs and Maintenance charges and Depreciation on DG sets are claimed again, though the same was disallowed by the Commission in the previous Year's Truing up order .
- d) The Licensee has an accumulated surplus of Rs. 625.40 lakh as per the earlier Truing up orders .Yet the Licensee is taking Govt. Loan for its capital investment. Further, the Licensee has not been repaying the Loan or interest there on, but interest on the accumulated loan is claimed as expenditure.

- e) T&D Loss for 2009-10 & 2010-11 is higher than that of the previous years .The cost incurred for additional power may be disallowed.
 - f) Employee Cost may be reduced as done in the previous years' Truing up orders as the Licensee has employed 151 employees to serve 1350 consumers.
 - g) The expenses towards security arrangements form 32% and 54.22% respectively of A&G expenses for 2009-10 and 2010-11 which is higher in relation to the area of operation.
 - h) The Licensee has not segregated the distribution accounts in spite of the directive issued by the Commission in the Truing Up orders for 2004-05 to 2008-09.
3. The Licensee furnished their reply to the comments of the Board, vide their letter dated 28.10.11. In the reply, the Licensee stated that they had provided sufficient distribution infrastructure facilities like multiple feeders through ring main systems, switching stations etc., for ensuring uninterrupted and trouble free power supply to its consumers who are dealing with maritime and logistic related activities. Hence the per unit cost other than power purchase cost is higher. About 50% of energy generated by the DG sets is consumed by private consumers and the balance is for own use. Further the Commission had allowed to restrict capacity sharing of DG sets between self consumption and others in the ratio of 1:1 vide order dated. 30.06.2006 and thus 50% of the depreciation was allowed. Above all, energy generated from the DG set was included in the revenue from sale of power as per form G. Regarding the interest on loan taken from Government of India, it is stipulated by Govt. of India to keep aside the principal and interest thereon and whenever Govt. of India demand for repayment, it has to be repaid with interest. The Licensee has brought down distribution loss to 3% and 3.1% during 2009-10 & 2010-11 respectively which is less than that of KSEB's distribution loss. The reason for the excess man power is that CPT has employed different categories of employees since it started power distribution business in 1941 for providing uninterrupted power supply to the maritime activities of the port. However, the Port Trusts has been taking various steps to reduce man power. The increase in employee cost is not on account of increase in man power but on account of wage revision and DA increase. The licensee is forced to spend more amount on security arrangements as the area is identified as a vulnerable area by the security authorities. The Licensee reported that they had already prepared action plan for preparation of separate accounts for the Licensee business for the year from 2011-12. They had also conducted detailed discussion with Deputy Accountant

General, Kochi on 03.08.11 relating to maintaining separate accounts and separate auditing for the distribution business and the Deputy AG had given assurance that the separation of accounts and separate auditing would be done from 2011-12, subject to the approval of the Principal Accountant General (Audit) Kerala.

Analysis and Decision of the Commission

4. The two petitions pertain to truing up of accounts. Hence, the Commission decides to dispose of them together. The Commission in its order dated 16.05.2011 on truing up of accounts of M/s CPT for the years 2004-05 to 2008-09 had given clear direction to separate the accounts and auditing of accounts preferably by C&AG. It was also directed that the truing up petition shall be filed along with separate audit certificate. However, the petition for 2010-11 was filed without audit certificate. Instead the Licensee has reported vide letter dated 05.08.11 that an action plan for preparation of separate accounts for 2011-12 is complete and produced copy of minutes of the meeting between the licensee and the Deputy Accountant General (CE) held on 03.08.2011 on the request of M/s.CPT for separate audit by AG for electricity Distribution business. As per the minutes, the Deputy AG has assured that the issue of separate audit report for 2011-12 would be taken up with their Headquarters office for a decision in this regard. In the light of the above, the Commission has decided to accept the petition for truing up for 2010-11. However, from 2011-12, the accounts shall be separated and petitions for truing up shall be filed along with audit Certificate from a competent authority preferably C&AG.
5. The licensee has provided the clarifications sought by the Commission in its letter 28.10.11. The present petitions are analysed based on the arguments made during the hearing, comments of KSEB and the clarifications given by the licensee on various issues.
6. **Energy Sales:** Actual Energy Sales reported by M/s CPT for 2009-10 and 2011-12 are as follows

Category	2009-10 (lakh units)	2010-11 (lakh units)
HT Consumers	109.45	194.69
LT Consumers	110.26	86.30
Self Consumption	68.75	27.09
Total	288.46	308.08

The Licensee has accounted self consumption as part of sales as directed by the Commission. The licensee has provided the list of connections, consumption during 2009-10 and tariff category in which the connections are billed. The Licensee has reported that self generation of energy has also been billed and accounted at the appropriate tariff. The Commission allows the energy sales as reported by the licensee for 2009-10 and 2010-11.

7. **Distribution loss:** Based on the energy sales and total energy purchase, distribution loss for the Licensee for 2009-10 and 2010-11 is worked out as follows:

	2009-10	2010-11
Energy sales (lakh units)	288.46	308.08
Energy purchase (lakh units)	297.16	317.88
Distribution Loss (Lakh units)	8.70	9.80
Distribution Loss (%)	2.93	3.08
Approved Loss (%)	3.00	2.94
Excess Distribution loss (%)	Nil	0.14
Excess distribution Losses (Lakh Unit)	Nil	0.44

8. The distribution loss of 2.93% for 2009-10 is within the approved limits. However, the actual loss in 2010-11 is 3.08%, which is higher than the approved level of 2.94%. The excess loss is 0.14% or 0.44MU.
9. **Power Purchase Cost:** The Approved and Actual Power Purchase cost of the Licensee for 2009 -10 and 2010-11 are as follows:-

Year	Approved		Actual	
	Lakh units	Rs.lakh	Lakh units	Rs.lakh
2009-10	288.8	983.66	297.16	1027.87
2010-11	283.41	1040.85	317.88	1183.79

10. As per the details submitted by the licensee, the split up details of power purchase are as follows:

Details of Power purchase cost

	2009-10		2010-11		
	CPT Station	Total	CPT Station	Vallarpadom	Total
Energy purchased (lakh units)	297.16	297.16	294.78	23.10	317.88
Fixed charges (Rs.lakhs)	192.53	192.53	185.05	66.40	251.45
Energy Charges (Rs.lakhs)	817.19	817.19	810.64	86.50	897.14
Fuel Escalation charges	74.29	74.29	18.88	0.91	19.79
Charges for Excess consumption (Rs.lakhs)	18.15	18.15	-	-	18.88
Other Charges	-	-	-	8.38	8.38
Surcharge (Rs.lakhs)	7.43	7.43	7.37	0.58	7.95
Incentive	-	-	-	(0.93)	(0.93)
Total charges	1,109.59	1,109.59	1,021.94	161.84	1,183.78
Average Tariff	3.73	3.73	3.47	7.01	3.72

11. The licensee has revised the power purchase cost in 2009-10 to Rs.1109.59lakhs from Rs.1027.87 lakhs reported in the original filing. The licensee has included the fuel escalation charges and charges for the excess consumption at marginal rates, as part of the power purchase costs. Since the amount is collected from the consumers and remitted to KSEB, the same shall not be part of the power purchase cost. Further in the year 2009-10, fuel escalation charges are not applicable. As per the accounts the energy charge is claimed @ Rs. 2.75/unit for 2009-10 and 2010-11. The Licensee has stated that they have not claimed at the revised BST rate since the matter is before the Appellate Tribunal for Electricity. The Commission notes that though the matter is before the APTEL, there is no stay on the Order on revision of Bulk Supply Tariff dated 13-12-2010 effective from 1-12-2010. As per the order, the energy tariff has been revised to Rs.3.16/unit and Rs.3.28/kWh respectively for 110kV and 11kV. The Commission also notes that the KSEB is charging M/s CPT for the Vallarpadam connection as per the prevailing HT-Industrial Tariff, instead of the Bulk Supply Tariff approved by the Commission. However, this is not permitted and KSEB has to charge only as per the approved tariff in force. The Commission hereby directs that KSEB shall charge only as per the approved Bulk Supply rate applicable to the voltage class and shall adjust the amount extra remitted by M/s CPT in this regard if any in the future bills from April 2012.

12. As mentioned earlier, distribution loss is a performance parameter and non-achievement of distribution loss target would result in the treatment approved by APTEL. The cost of additional quantity of energy purchased to meet the

excess distribution loss over the approved level is to be deducted from the Power purchase cost. In 2010-11, the licensee did not achieve the loss target fixed by the Commission. Accordingly, the excess power purchase of 0.44 lakh units at average power purchase cost has to be disallowed. The power purchase cost to be allowed for truing up is estimated as given below:

Year	2009-10
Drawing point	CPT Station
Energy purchased (lakh units)	297.16
Fixed charges (Rs.lakhs)	192.53
Energy Charges (Rs.lakhs)	817.19
Total charges (Rs.lakhs)	1,009.72

	2010-11		
Drawing point	CPT Station	Vallar Padam	Total
Purchase from April to November (pro-rata)	196.52	12.83	209.35
Purchase from December to March (pro-rata)	98.26	10.27	108.53
Fixed charges	185.05	66.40	251.45
Energy charges (April to November) @ 2.75/kWh / Rs.2.85/kWh	540.43	36.58	577.01
Energy charges (December to March) @3.16/kWh/Rs.3.28/kWh	310.50	33.67	344.18
Total Charges	1,035.98	136.65	1,172.63
Average power purchase cost (Rs./kWh)			3.69
Excess power purchase cost to be disallowed (Rs.lakhs)			1.62
Net Power Purchase cost allowed (Rs.lakhs)			1,171.01

13. As shown above the total power purchase cost allowed for 2009-10 is Rs.1009.72lakhs and for 2010-11 is Rs.1171.01 lakhs.

14. **Interest and financing charges:** M/s CPT has claimed interest on the loans advanced by the Govt. of India. The total loan amount is taken as the value of Gross Fixed Assets. The interest charges claimed by the licensee for 2009-10 are Rs.368.03 lakhs @10.5% interest and Rs.373.75 lakhs for 2011-12. According to the licensee, the distribution system is developed using the funds from Government of India, which is mostly through loans. However, till now neither payment of interest nor repayment is effected. The Licensee has

clarified that though interest is not paid, they have to keep the interest amount separately since it is due to the Government of India. The same has to be paid whenever it is demanded by the Govt of India.

15. The Commission in the Truing Up Order dated 16.05.2011 has addressed this issue. The Commission has clarified that generally all the genuine financing charges for the loans raised for the distribution business, which are prudent and useful for the licensed business are allowed as pass through. However, the licensee has stated that the loans are not repaid and interest is on the total accumulated amount. Hence the Commission is of the view that since the interest is not paid to the Government and it is not likely to pay the interest, it is not fair to pass on the same in the truing up process. Hence, the interest that is not paid cannot be allowed as genuine expenditure in truing up process and is to be excluded.

16. **Repair and Maintenance Expenses:** Repair and Maintenance expenditure as per the Approved and Actuals are as follows:

Year	Approved Rs. in Lakh	Actual Rs. in Lakh
2009-10	29.80	41.18
2010-11	25.47	12.61

17. Details of split up of R&M expenses charged as per the Accounts submitted by the Licensee for Truing up are as follows

Particulars	2009-10 Rs.in Lakh	2010-11 Rs. in Lakh
Generating plant	12.30	9.43
Transmission lines& LT Lines	22.35	3.10
Vehicles	6.53	
Furniture & Fixtures and office equipments	0.00	0.09
Total	41.18	12.61

18. There is wide variation in the R&M Expenditure in two years. While the actual expenditure for 2009-10 was Rs 41.18 lakh against the approved amount of Rs.29.80 lakh, the actual figure for 2010-11 is Rs. 12.61 lakh against the approved amount of Rs.25.47 Lakh. The licensee did not explain the variation in

expenses. The Commission in the previous truing up orders have taken a position that Repairs and Maintenance expenses on DG sets cannot be allowed. For the purpose of Truing up, R & M expenses allowed is as follows:

R&M Expenses allowed for 2009-10 & 2010-11

Year	Approved (Rs.lakhs)	Actual (Rs.lakhs)	Less R&M for DG Sets (Rs.lakhs)	True up (Rs.lakhs)
2009-10	29.80	41.18	12.30	28.88
2010-11	25.47	12.61	9.43	3.18

19. **Employee Cost** The Approved Employee Cost and Actual Employee Cost for the two years under consideration are as follows:

Year	Approved Rs. in Lakh	Actual Rs. in Lakh	Increase in %
2009-10	156.87	202.05	28.80
2010-11	170.45	238.21	39.75

20. Employee Cost has increased substantially by about 30 to 40% from the approved level as shown above. Total consumer strength of the Licensee in 2009-10 was 1282 and that of 2010-11 was 1369. Number of consumers per employee is 8.72, which is much lower than the previous years.

21. The reason given by the licensee for increase in employee cost is the revision of salary and increase in DA. According to the licensee, the cost is justified for providing trouble free supply in the Port. However, this explanation is not satisfactory in the light of the level of expenses booked. According to the Commission, the main reason for the increase is adhoc assignment of employee costs without properly segregating cost for the licensed functions. The Commission in its previous Truing up order dated 16-5-2011 has commented on this practice and directed the licensee to separate accounts. However, it seems that the same has not been complied with. Accordingly, the Commission after considering the explanations provided by the licensee and also taking in to account the higher employee/consumer ratio and arbitrary apportionment of the cost followed by M/s CPT, makes reduction of 10% of the employee costs to make the expenditure more rational as has been done for the previous years. Accordingly, the employee cost allowed for truing up is as give below.

Employee costs allowed for truing up

Year	ARR Order (Rs.lakhs)	Actual (Rs.lakhs)	Truing up (Rs.lakhs)
2009-10	156.87	202.05	181.85
2010-11	170.45	238.21	214.39

22. Depreciation: Depreciation accounted by the Licensee is as follows :

Depreciation for the years 2009-10 & 2010-11

Asset Details	2009-10			2010-11		
	Fixed Assets (Rs.lakhs)	Rate of Depreciation (%)	Depreciation (Rs.lakhs)	Fixed Assets (Rs.lakhs)	Rate of Depreciation (%)	Depreciation (Rs.lakhs)
Gen. Station	597.35	5.94	35.50	597.35	5.94	35.50
Sub Station	2,395.12	3.62	86.81	2,505.81	3.67	91.91
11 KV works	314.23	3.48	10.94	324.50	3.59	11.68
LT Lines	33.30	3.60	1.20	33.30	3.60	1.20
Metering Equipment	5.67	6.00	0.34	5.67	6.00	0.34
Misce. Equipment	94.07	5.08	4.78	94.07	15.58	14.66
Others	45.80	1.79	0.82	45.80	1.79	0.82
Total			140.40			156.12

23. The Commission in its previous Truing up Order for CPT dated 16-5-2011 has clearly stated with reasons that depreciation or any other claim relating to DG set is not admissible. The Commission is of the view that no change is required on the policy taken on depreciation for DG sets and accordingly, the claim on depreciation of DG sets is not admitted.

24. The License has accounted the depreciation at the rate of 15.58% for miscellaneous equipments for the year 2010-11, where as the same was only 4.78% in 2009-10. The licensee has not explained the reasons for the difference in depreciation amount. The rate of 5.08% is closer to the allowable depreciation and hence, same rate is allowed for 2010-11 also. Accordingly, the depreciation allowed for the purpose of truing up is given below:

Depreciation allowed for truing up

Details of Assets	2009-10 (Rs.lakhs)	2010-11 (Rs.lakhs)
Sub stations	86.81	91.91
11 KV works	10.94	11.68
LT Lines ,Service	1.20	1.20
Metering Equipment	0.34	0.34
Misce. Equipment	4.78	4.78
Others	0.82	0.82
Total	104.89	110.73

25. **Administrative & General Expenses:** The A & G Expenses approved and the actual as per the accounts are as follows :

Year	Approved (Rs.lakhs)	Actual (Rs.lakhs)
2009-10	115.81	79.67
2010-11	53.85	40.69

26. As per the details given by the licensee, A&G expenses includes charges for Security arrangements (Rs.25.61 lakh for 2009-10 and Rs.22.06 for 2010-11), legal charges (Rs.5 lakh for 2009-10 and 0.98 lakhs for 2010-11), Consultancy charges (Rs 12 lakh in 2009-10), Telephone and other related charges, Audit charges (Rs.6.15 lakhs for 2009-10 and Rs.2.02 lakh for 2010-11), electricity charges (Rs. 13.10 lakhs for 2009-10 and Rs.6.25 lakhs for 2010-11). The Licensee has clarified that the consultancy charge of Rs.12 lakh is the charge paid to M/s NTPC Electric Company Ltd.(NESCL), Noida @12 % of the project cost for the consultancy work for providing power supply arrangement at Vallarpadam. Regarding security charges, M/s CPT has repeated the same argument advanced in the previous truing up process that it is mandatory to follow the security rules pertaining to the International Ship and Port facility Security (ISPS) code since CPT is an ISPS compliant Port. Further CPT has been identified as Vulnerable area by the security agencies. So the Licensee has to provide security arrangement to electrical installation also. The Commission does not agree with the Licensee's view since providing security for the port is part of the port operations. However, the Commission, as in the previous occasion, approves the expense till a final view on the apportionment of cost is taken based on the consultant's Report. The Commission allows the A&G expenses as per the accounts of the licensee.

27. Return on Equity: The Licensee has no equity in their books of accounts for the distribution business. The whole fund for the distribution business is through loan availed from Central Govt. and the loan amount apportioned for distribution purposes is equal to the value of Gross Fixed assets. The Commission has awarded the consultancy for arriving at a reasonable level of ratebase for providing returns for the licensees. In the previous truing up order, the Commission has allowed a provisional surplus of Rs.10 lakhs for the distribution business, which is continued for 2009-10 and 2010-11 also.

28. Revenue from tariff and non-tariff : The revenue from tariff and non-tariff reported by the licensee is given below

Comparison of approved Revenue and actual revenue

	2009-10		2010-11	
	Approved (Rs.lakhs)	Actual (Rs.lakhs)	Approved (Rs.lakhs)	Actual (Rs.lakhs)
Revenue from tariff	1,691.99	1780.67	1,777.40	1,957.50
Non-Tariff income	1.49		6.00	-
Total income	1,693.48	1,780.67	1,783.40	1,957.50

The split up details of the actual revenue from sale of power are given below.

Category	2009-10			2010-11		
	Sales (lakh units)	Revenue (Rs.lakhs)	Average Realisation (Rs./kWh)	Sales (lakh units)	Revenue (Rs.lakhs)	Average Realisation (Rs./kWh)
HT consumers	109.45	672.49	6.14	194.69	1,177.30	6.05
LT-1 Domestic	10.57	33.30	3.15	16.83	50.14	2.98
LT-II Colonies	2.76	15.89	5.76	3.72	20.86	5.61
LT III Industries	0.02	0.21	10.50	0.02	0.14	7.00
LTIVA Swimming Pool	0.41	3.06	7.46	0.48	2.91	6.06
LTIV(b) Seamen's Club	1.26	5.59	4.44	1.48	6.63	4.48
LTIV (c) Educational Institutions	1.06	4.07	3.84	0.69	3.27	4.74
LT V (A) Commercial 3 phase	87.85	774.68	8.82	59.94	557.34	9.30
LT V (B) Commercial 1 phase	6.53	20.59	3.15	3.14	23.67	7.54
Income from Self use	68.75	242.03	3.52	27.09	106.87	3.94
Total	288.66	1,771.91	6.14	308.08	1,949.13	6.33
Recovery of Ele. Duty		169.07			82.95	
Interest income (KSEB)		12.30				
Miscellaneous recoveries		8.77				
Gross revenue		1,962.05			2,032.08	
Less electricity duty payable		87.35			74.57	
Other state levies		81.72				

Category	2009-10			2010-11		
	Sales (lakh units)	Revenue (Rs.lakhs)	Average Realisation (Rs./kWh)	Sales (lakh units)	Revenue (Rs.lakhs)	Average Realisation (Rs./kWh)
Interest on SD paid to the consumers		12.30				
Total VI		181.37			74.57	
Total Revenue		1,780.67			1,957.51	

29. The Commission noted several discrepancies in the reporting of income by the licensee especially in 2009-10. The licensee has accounted Rs.12.30 lakhs as interest from KSEB in 2009-10 as part of revenue from sale of power instead of Other income. The licensee has stated that an amount of Rs.2.4 lakhs was received as delayed payment surcharge in 2010-11, which was not included in the statements in the petition.

30. The CPT also deducted Rs.12.30 lakhs as the interest on Security Deposits paid to the consumers in the year 2009-10. The Licensee has as part of the clarifications stated that security deposit is realised from HT consumers only and no security deposit is received from LT consumers. The interest on Security Deposit for HT consumers is credited in their deposit account maintained in the Port for the years 2009-10 and 2010-11. As per the details provided by the licensee for 2009-10 an amount of Rs.8.29 lakhs @8.10% and for 2010-11 an amount of Rs.8.30 lakhs @6% is shown as interest.

31. There is considerable discrepancy in the figures reported by the licensee. The licensee has clarified that the interest is credited in the deposit account, and hence it is clear that consumers are not getting the benefit of interest on security deposit as reduction in their bills as provided in the Supply code. It is also noted that in 2010-11 no such adjustment was made. Hence, the amount claimed by the licensee is not admissible. The Commission notes that the licensee has violated Section 47 of the Electricity Act 2003 and provisions of Kerala State Electricity Supply Code, while charging security deposit and providing interest thereon, which is a serious matter. The violations noted are given below:

- a. Neither adequate security deposit is collected from the consumers nor periodic adjustments made as provided in the Supply Code
- b. No security deposit was collected from LT consumers, in violation of Section 47(1)(a) of the Act.
- c. Interest on security deposit is not given as per clause 16 of Kerala Electricity Supply Code.

32. The Commission accordingly, directs that the licensee shall collect the security deposit as per the provisions of the Act & Supply code in the first quarter of 2012-13 and adjust the interest on security deposit as per the existing provisions for those consumers who provided the security. The licensee shall report the compliance in the first week of June 2012.

33. As per the details given by the licensee, in 2010-11, in the domestic category about 32% of the energy sold is given free (5.39 lakh units) and only the balance is billed at an average rate of 4.39/kWh. Thus the average realisation from the domestic category is a lower figure of Rs.2.98/kWh. The free units cannot be at the cost of other consumers. Hence the Commission recognises the value of free units at the average rate of Rs.4.39/kWh. Since the same is continuing in 2009-10 also, same treatment is made for 32% of the sales to domestic category and the resultant income is added to the revenue from sale of power. The total revenue for the purpose of trueing up is estimated as shown below.

Revenue from sale of power for trueing up

	2009-10 (Rs.lakhs)	2010-11 (Rs.lakhs)
HT consumers	672.49	1,177.30
LT consumers	857.39	664.96
Self use	242.03	106.87
Total	1,771.91	1,949.13
Add adjustment for free units	15.67	23.60
Total revenue from sale of power	1,787.58	1,972.73
Miscellaneous recoveries	8.77	2.40
Total income from tariff	1,796.35	1,975.13
Non Tariff income	12.30	12.30
Total Revenue	1,808.65	1,987.43

34. **Revenue gap/surplus after trueing up:** The ARR&ERC after the trueing up is given below:

Particulars	2009-10 (Rs. in Lakh)			2010-11 (Rs. in Lakh)		
	Approved	Actual	True up	Approved	Actual	True up
Revenue						
Revenue from sale of power	1,691.99	1,780.68	1,796.35	1,777.40	1,949.12	1,975.13
Other Income	1.49	-	12.30	6.00		12.30
Total Income	1,693.48	1,780.68	1,808.65	1,783.40	1,949.12	1,987.43
Expenses						
Power purchase cost	983.66	1,027.87	1,009.72	1,040.85	1,183.79	1,171.01

Particulars	2009-10 (Rs. in Lakh)			2010-11 (Rs. in Lakh)		
	Approved	Actual	True up	Approved	Actual	True up
Interest & Financing charges	407.96	368.03	-	420.71	373.75	-
Depreciation	121.30	140.40	104.89	125.18	156.12	110.73
Employee Cost	156.87	202.05	181.85	170.45	238.21	214.39
Repair & Maintenance	29.80	41.18	28.80	25.47	12.61	3.18
Administrative & General	115.81	79.67	79.67	53.85	40.69	40.69
Return on investment			10.00			10.00
Total Expenses	1,815.40	1,859.20	1,414.93	1,836.51	2,005.18	1,550.00
Revenue surplus/ (gap)	(121.92)	(78.52)	393.72	(53.11)	(56.06)	437.43

Total Revenue surplus after truing up is as follows

	Approved	Actual	True up
	Rs.in Lakh	Rs.in Lakh	Rs. in Lakh
2009-10	(121.92)	(78.52)	393.72
2010-11	(53.11)	(56.06)	437.43
Total	(175.03)	(134.58)	831.15

Orders of the Commission

35. The Commission, after considering the truing up petitions of M/s CPT for the years 2009-10 and 2010-11 and the details and clarifications given by them, hereby arrives at a total Revenue Surplus of Rs. 831.15 lakhs for the years 2009-10 and 2010-11. The revenue surplus from 2004-05 to 2008-09 is Rs.1429.06 lakh as per the Commission's order dt.16.05.2011. The Licensee shall keep the surplus arrived at after the truing up process, in a separate fund and utilise it as per the orders of the Commission. The additional expense on account of increase in power purchase cost can be met from this fund and the utilisation shall be periodically reported to the Commission.

Directives

36. As agreed by the licensee, accounts shall be segregated and from 2011-12 and auditing of the same shall be done by a competent authority preferably the C&AG. Audit Report shall be filed along with the Truing up petition.

37. The licensee shall separately show the revenue and energy consumption at appropriate tariff category in Form G for own consumption.

38. The licensee shall ensure that sufficient Security Deposit as per the provisions of Electricity Act and Kerala Electricity Supply Code is collected from the consumers.

39. The licensee may initiate steps to ensure that approved Bulk Supply Tariff is remitted to KSEB as per the invoices raised by them. It is also directed that KSEB shall charge only as per the approved Bulk Supply rate applicable to the voltage class for the connections of M/s Cochin Port Trust and shall adjust the extra amount remitted by M/s CPT in this regard if any in the future bills from April 2012. A copy of this order shall be served to KSEB for compliance of this direction.

40. The petitions are disposed of with the above directions. Ordered accordingly.

Sd/-
P.Parameswaran
Member

Sd/-
Mathew George
Member

Sd/-
K.J.Mathew
Chairman

Approved for Issue

Secretary