

KERALA STATE ELECTRICITY REGULATORY COMMISSION

THIRUVANANTHAPURAM

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

April 9, 2012

Petition OP No.5 / 2012

In the matter of
ARR&ERC of Cochin Port Trust for 2012-13

M/s. Cochin Port Trust

- Petitioner

ORDER

Background

1. M/s Cochin Port Trust (hereinafter called CPT or licensee) is a deemed Distribution Licensee of the Commission. The licensee vide letter dated 19-12-2011 had submitted the ARR&ERC petition for 2012-13 before the Commission. The revenue gap shown in the petition was Rs.426.41 lakhs. The licensee subsequently revised the petition and in the revised petition, the total revenue requirements for 2012-13 was projected as Rs.2400.96 lakhs and the revenue from charges as Rs.1979.02 lakhs, thereby showing a revenue gap of Rs.421.94 lakhs. The summary of the petition is given below:

Summary of ARR&ERC projected for 2012-13

Particulars	2010-11 (Actuals) Rs. lakhs	2011-12 (Approved) Rs. lakhs	2012-13 (Projected) Rs.lakhs
Revenue from Sale of Power	1,949.12	2,135.88	1,970.32
Other Income			8.7
Total Income	1,949.12	2,135.88	1,979.02
Expenses			
Purchase of Power	1,183.79	1,297.38	1,320.48
Repairs and Maintenance	12.61	3.34	15.12
Employees cost	238.21	250.13	423.55
Admn. And General Expenses	40.69	41.69	34.17
Depreciation	156.12	114.06	165.71
Interest and Finance charges	373.75	396.58	433.23

Particulars	2010-11 (Actuals) Rs. lakhs	2011-12 (Approved) Rs. lakhs	2012-13 (Projected) Rs.lakhs
Other Debits	-	-	8.7
Return on Investment	-	10	-
Sub Total	2,005.17	2,113.18	2,400.96
Revenue Surplus/ (Gap)	-56.05	22.7	-421.94

Hearing on the matter

2. The hearing on the petition was held on 24-2-2012 at Cochin Custom House Agents' Association Hall, Willington Island. Kerala State Electricity Board and some consumers presented their objections on the petition. According to KSEB, the distribution expense of the Licensee is exorbitantly high. By presenting the year wise cost of distribution, KSEB stated that for the year 2012-13 the distribution cost excluding power purchase cost is projected as Rs.3.14 per unit, which is higher than that of other small licensees in the State. The practice of providing free units to the employees of the CPT during 2011-12 is expected to continue. The Board stated that the Commission may approve the sale at the same tariff applicable to the relevant category using the principle adopted in the truing up order for the year 2010-11. The Board further stated that the estimation given by the licensee on consumer strength, sales and thus the revenue seems erratic, which needs to be explained. The Commission disallowed the repair and maintenance cost of DG sets in the previous truing up orders. The same principle is to be adopted in the present year also. The entire assets are made out of Government a loan, which is not repaid at all. If both interest and depreciation are allowed, it amounts to double charging the consumers. If the interest is allowed, it has to be on a notional basis. The licensee has accounted Rs.8 lakhs as electricity charges under A&G expenses. T&D loss projected by the licensee is higher than the approved levels in 2011-12. As part of power purchase costs, the licensee has included Rs.4.29lakhs as incentive payment and Rs.32.84 lakhs as other charges. The Commission may ascertain the reasonableness of such expenses before approval. The licensee has not segregated the employee costs and changed the apportionment method of costs. The licensee has projected Rs.16.35 lakhs towards security expenses, which is 50% of the total A&G expenses, the reasonableness of the same has to be examined.
3. Representative of ICGT, Vallarpadam stated that there is considerable interruption in the supply at Vallarpadam. In the previous month itself, about 34

interruptions occurred. The licensee in its reply clarified that the interruption is due to the overloading of incoming feeders of KSEB due to capacity limitations.

4. During the hearing, the licensee clarified that as per the directions of the Commission, the matter regarding separate audit of licensed activity was taken up with C&AG. Accordingly the audit report can be submitted from 2011-12 onwards. On a query on capital expenses, the FA& CAO stated that for meeting the capital expenditure, loan from State Bank of India is planned. As part of the capital expenditure programme, 11kV extension for providing power connection for ships is planned. Further, at ICGT, Vallarpadam upgradation to 110kV system is also planned considering the gradual increase in demand. It was also clarified that expansion programme for Vallarpadam and Puthuvypin is planned at a cost of Rs.150 crore, which includes upgradation to 110kV system.
5. M/s Haileyburia Tea Estates limited in their statement mentioned that if there is any tariff increase, the same has to be in line with the tariff increases of KSEB. .

Analysis and decision of the Commission

6. **Energy Sales:** The licensee has projected total sales for the year 2012-13 as 333.30 lakhs units. Of this, own consumption is estimated as 30.66 lakhs units and the total energy requirement projected is 343.32 lakh units. The increase projected is almost the same level as approved for 2011-12.
7. The Board has objected to the sales projections of the licensee, by showing the erratic nature of the projections on number of consumers and average realization. As per the data given in the petition, the licensee has estimated the consumption based on the actuals for April to November 2011, which is projected for 12 months. The same is assumed as the consumption for 2012-13. The Commission approves the projections of the licensee for the year 2012-13.

Proposed and approved Energy sales for 2012-13

	2010-11 (Actual)		2011-12 (Approved)		2012-13 (projected & approved)	
	No. of installations	Energy Sold (lakh units)	No. of installations	Energy Sold (lakh units)	No. of installations	Energy Sold (lakh units)
HT consumers	22	194.69	19	221.22	18	213.76
LT I - Domestic	808	16.83	808	17.67	735	19.26
LT II Colonies	2	3.72	2	3.91	4	3.44
LT III Industry	3	0.02	3	0.02	2	0.02
LT IV(a) Swimming pool	2	0.48	2	0.50	2	0.51
LT IV(b) Seamens'	3	1.48	3	1.56	3	1.55

	2010-11 (Actual)		2011-12 (Approved)		2012-13 (projected & approved)	
	No. of installations	Energy Sold (lakh units)	No. of installations	Energy Sold (lakh units)	No. of installations	Energy Sold (lakh units)
Hostel & Club						
LT IV (c) Educational institutions	8	0.69	8	0.72	9	0.89
LTV Commercial -Three phase	259	59.94	259	62.93	246	60.03
LTV Commercial -Single phase	261	3.14	261	3.30	234	3.18
Self Consumption		27.09		25.19		30.66
Total		308.08		337.02		333.30

8. **T&D loss and Energy requirement:** As per the estimations given in the petition, the distribution loss projected for the year 2012-13 is 2.92%. The distribution loss approved for 2011-12 is 2.25% and the actual loss in 2010-11 is 3.08%. The actual T&D loss reported from 2006-07 to 2010-11 is given below:

	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Approved
Total energy sales (lakh units)	277.81	277.91	277.81	288.46	308.08	337.02
Total energy input (lakh units)	286.57	286.54	284.72	297.16	317.88	344.8
Actual Distribution Loss (lakh units)	8.76	8.63	6.91	8.7	9.8	7.78
Actual Distribution loss(%)	3.06%	3.01%	2.43%	2.93%	3.08%	2.25%

9. The loss target proposed by the licensee for 2012-13 is higher than the approved levels in 2011-12. The Commission is not in a position to allow a loss target higher than the approved level in the previous year. Hence the Commission decides to fix the distribution loss target for 2012-13 as 2.25%. The licensee shall take necessary steps to reduce the loss to the approved level. Based on the approved level of loss, the energy requirement for 2012-13 is approved as shown below:

Approved T&D Loss for 2012-13

Category	2012-13 (Projection)	2012-13 (Approved)
Total Sales (lakh units)	333.31	333.31
Distribution Loss (lakh units)	10.01	7.67
Gross energy requirement (lakh units)	343.32	341.00
Distribution Loss (%)	2.92%	2.25%

10. **AT&C Loss:** In the distribution business, T&D loss and AT&C loss are the common performance parameters employed. The collection efficiency reported by the licensee is nearly 100%. Hence, the AT&C loss for 2012-13 shall be 2.25%.

11. **Power purchase cost :** In the ARR, the licensee has projected the power purchase cost as Rs.1320.48lakhs at an average tariff of Rs.3.85/kWh. The licensee has included fuel escalation charges of Rs.6.53 lakhs and other charges of Rs.32.84 lakhs in the power purchase cost. The Commission as part of the clarifications sought the details of estimation of power purchase cost, which was provided by the licensee. The licensee has estimated the power purchase cost for 2012-13 based on the actuals up to October 2011-12, which was prorated for full year. As per the calculations, the power purchase cost was estimated without considering the revision of BST. The power purchase cost estimated by the licensee is as follows:

Power purchase cost projected by the licensee for 2012-13

	Proposed by Licensee
Units purchased (MU)	343.32
Fixed charges (Rs. lakhs)	256.81
Variable charges (Rs.lakhs)	1028.59
Fuel escalation (Rs.lakhs)	6.53
Incentive payment (Rs.lakhs)	4.29
Other charges (Rs.lakhs)	32.84
Total charges (Rs.lakhs)	1320.48
Average rate (Rs./kWh)	3.85

12. The Commission notes that the licensee has approached the Hon. High Court and obtained a stay on the Bills issued by KSEB, which cannot be construed as the stay on the Orders on BST. The licensee has also approached Hon. APTEL on the revision of BST. The proceedings are going on and no stay has been granted. Since there is no legal bar on the BST order, the Commission proceeds to estimate the power purchase cost based on the revised BST which is applicable from 1-12-2010. During the hearing, the licensee has clarified that the contract demand at Vallarpadam is 3000kVA and at Willington Island is 6500kVA. The estimate of energy drawn at Vallarpadom and Wilington island is taken in the same proportion as projected by the licensee. Based on the approved energy requirements and revised BST, the approved power purchase cost for 2012-13 is estimated as shown below. The estimate for fuel surcharge is not included since the same has to be collected from consumers and passed on to KSEB :

Power purchase cost approved for 2012-13

	Willington Island	Vallarpadam	Total
Energy Requirement (lakh units)	259.16	81.84	341.00
Contract Demand (kVA)	6500	3000	
Fixed Charges (Rs./kVA)	245	270	
Total Fixed Charges (Rs.lakhs)	191.10	97.20	288.30
Energy Charges (Rs./kWh)	3.16	3.28	
Total Energy Charges (Rs.lakhs)	818.95	268.44	1,087.38
Total Charges (Rs.lakhs)	1,010.05	365.64	1,375.68

13. The Commission desires to point out that only the relevant BST has to be applied on both the points of supply, i.e., at 110kV and 11kV. The licensee shall take up the matter with KSEB and get the anomalies in the BST bill corrected. Thus, the approved power purchase cost for 2012-13 is Rs.1375.68 lakhs.
14. **Interest and financing charges:** The licensee has projected the interest and financing charges as Rs.433.23 lakhs. The licensee has mentioned that the opening balance of loans from Government of India is Rs.4126 lakhs and no capital expenditure is proposed in the petition. Hence the total outstanding loans at the end of 2012-13 shown by the licensee is Rs.4126 lakhs. The loan amount shown is same as the gross fixed asset of the licensee.
15. The Commission in the truing up order has not allowed the interest on account of the fact that the licensee has not paid the interest to Government of India. Further, the accumulated interest charges have not been reflected in the balance sheet of the licensee. The interest charges proposed for the existing loans can be allowed only if it is likely to be incurred. The licensee has stated during the public hearing that Government of India has demanded return of loans advanced to Cochin Port Trust with interest. Hence the loans and interest are payable to the Government.
16. The Commission in the previous truing up orders has not allowed the interest charges for the licensee mainly on the reason that the interest was never paid to the Government of India. Now the licensee has stated that Government for the time being allows the interest as proposed by the Licensee, which shall be adjusted once the actual accounts are available. Though the licensee in the petition has shown the source of capital expenditure as Government of India loans, in the public hearing representative of the licensee mentioned that they are expecting a subsidy from Government of India and the same may be utilized for capital expenditure. Since the funding sources of the loans is not clearly stated by

the licensee, the Commission is not in a position to allow the interest cost for capital expenditure proposed. Further, the licensee has also not provided the detailed capital expenditure programme for approval. The interest if any paid can be allowed in the truing up process after considering the actual capital expenditure.

17. **Depreciation:** The depreciation estimated by the licensee for the year is Rs.165.71 lakhs. The GFA at the beginning of the year 2012-13 proposed by the licensee is Rs.4126.00 lakhs. No addition to GFA is proposed for the year. The depreciation projected by the licensee for 2012-13 is shown below:

Depreciation proposed for 2012-13

	GFA at the beginning of 2012-13 (Rs.lakhs)	Depreciation (Rs. Lakhs)
Generating plant and Machinery	597.35	35.50
Substations	3025.31	107.21
11kV works	324.50	11.68
LT lines, Service connections	33.30	1.20
Metering equipments	5.67	0.34
Miscellaneous equipments	94.07	8.95
Others	45.80	0.82
Total	4126.00	165.71

18. The licensee has provided a detailed list of assets showing the year of commissioning, original cost, accumulated depreciation etc., In the GFA, as part of Miscellaneous Assets & other assets, items included are boom crane, Van, Computer, High mast tower and Street lights for which Rs.9.77 lakhs depreciation has been claimed.

19. The Commission has analysed the details provided by the licensee. As mentioned in the previous orders, the depreciation can be claimed for the assets used for distribution of electricity. However, the miscellaneous assets comprise items which are essentially not part of the assets of distribution business (boom crane, High mast tower, street light etc.). The Commission disallows the depreciation claimed for items except computers.

20. The Commission in the truing up orders have mentioned that depreciation for generating sets is not eligible since the same is mostly used for licensee's own use. The depreciation approved for 2012-13 is as shown below:

Approved depreciation for 2012-13

	GFA at the beginning of 2012-13	Depreciation projected (Rs.lakhs)	Allowed (Rs.lakhs)
Generating plant and Machinery	597.35	35.50	-
Substations	3025.31	107.21	107.21
11kV works	324.50	11.68	11.68
LT lines, Service connections	33.30	1.20	1.20
Metering equipments	5.67	0.34	0.34
Miscellaneous equipments	94.07	8.95	0.50
Others	45.80	0.82	0.25
Total	4126.00	165.71	121.18

21. Employee cost: The employee cost proposed by the licensee for 2012-13 is Rs.423.55 lakhs. The licensee has given the actual employee cost for 2010-11 as Rs.238.21 lakhs. The Objectors have commented on the high level of employee cost proposed by the Licensee. In fact the per unit employee cost is about Rs.1.27/kWh in 2012-13, where as the actual for 2010-11 is only 77 paise. The Commission in the Truing up Order has also commented on the high level of employee cost and urged for segregation of licensee activities. In the present filing the employee costs include the terminal benefits and salary of working employees. The salary and other allowances projected was Rs.381.35 lakhs for 2012-13, whereas the actual for 2010-11 was only Rs.215.67 lakhs. The licensee has changed the apportionment cost of senior employees in the present filing. A comparison of the apportionment of employee costs to the distribution business is given below:

Comparison of Apportionment of employee costs

Category	2010-11 (Actuals)			2012-13 (estimated)		
	No. of employees	Annual salary (Rs.lakhs)	Apportionment to distribution business	No. of employees	Annual salary (Rs.lakhs)	Apportionment to distribution business
Chairman/CMD	1	17.14	5%	1	17.98	5%
CEs	1	8.43	7%	1	9.13	100%
EEs & equivalent	1	7.5	40%	1	5.62	100%
AEEs & Equivalent	1	8.39	85%	1	5.53	100%
Asst. Engineers	3	19.76	100%	3	14.53	100%
Other technical & non-technical staff	144	206.87	100%	158	345.35	100%

22. The Commission has sought clarifications on changing the apportionment of costs to the distribution business and unreasonable increase in the employee costs. In the letter dated 30-1-2012, the licensee has stated that the distribution network has been extended to Vallarpadam and Puthuvypeen area. In order to supervise, monitor, co-ordinate every aspect of distribution activities in Vallarpadam and Island area, it is necessary to render full service of officers earmarked for distribution activities. Hence the allocation was changed. Further, the increase in salary projected is due to the increase in Variable DA in every quarter in accordance with the changes in price level. A separate set of 14 employees have been deployed in Vallarpadam area for providing trouble free supply. Hence 67% increase in employee cost is proposed for 2012-13. The change in employee cost given by the licensee is shown below:

	2010-11 (Actual) Rs. lakhs	2011-12 (approved) Rs. lakhs	2012-13 (projection) Rs.lakhs
Salaries +DA			
Over time & other allowances	215.67	226.45	381.35
Staff welfare expenses	0.25	0.26	0.25
Terminal benefits	22.29	23.41	41.95
Total	238.21	250.12	423.55

23. The details and explanation regarding employee cost provided by the licensee has been analysed in detail. The licensee has large number of employees in the rolls, the cost of which has to be borne at present. However, it is not fair to put the load of all the employees in the electricity business. It seems that the excess employees are deployed in the distribution business continuously and the cost has been charged on the distribution business. The Commission has examined the arguments of the licensee. As pointed out by the objectors, the employee cost booked for distribution is substantially high. The number of Technical and non-technical employees booked for distribution business is very high considering the area of operation and number of consumers. Further, the licensee has altered the apportionment of employee costs. However, such inflated employee costs cannot be allowed for pass on to the consumers unless it is justified properly. The Commission is not in a position to allow 67% increase in employee costs in one year, without genuine increase in sales or other parameters. The employee cost in previous years shows that the projection made by the licensee is unreasonable. The Commission is also not in favor of changing the apportionment of employee costs. The apportionment percentages approved for 2011-12 shall continue for 2012-13 also. Considering all aspects,

the Commission is inclined to allow 10% increase in employee cost over the approved levels in 2011-12, to cover the inflation. The existing employees shall be deployed in Vallarpadom and no additional costs can be allowed on this account. Accordingly, the employee costs allowed for 2012-13 is Rs.275.13 lakhs. In the truing up process actual inflation rate for 2012-13 shall be applied.

24.Repair and maintenance expenses : The licensee has projected Rs.15.12 lakhs for repair and maintenance expenses for 2012-13 as against Rs.12.62 lakhs for 2010-11. The licensee has segregated the R&M expenses into consumption of Store (Rs.8.57 lakh) and other expenses (Rs.6.55 lakhs). The R&M expenses projected is inclusive of the R&M expenses for generating sets as shown in the table below.

Repair and maintenance expenses proposed for 2012-13

Particulars	2010-11 (Actual) (Rs.lakhs)			2011-12 (Estimate) (Rs.lakhs)			2011-12 (Estimate) (Rs.lakhs)		
	Consumption store	Other expenses	Total	Consumption store	Other expenses	Total	Consumption store	Other expenses	Total
Generating plant and Machinery	6.11	3.32	9.43	6.42	9.48	15.9	8.23	1.89	10.12
Substations	3.1		3.1	3.25	-	3.25	0.03	2.92	2.95
11kV works									
LT lines, Service connections									
Vehicles	0.09		0.09	0.09		0.09	0.31	1.74	2.05
Furniture & fixtures									
Office equipments & Others									
Total	9.3	3.32	12.62	9.76	9.48	19.24	8.57	6.55	15.12

25.The licensee has projected R&M expenses lower than the approved costs in previous year. The Commission in the truing up order has mentioned that the R&M expenses for generating sets are not allowable. Considering this, the Commission approved the R&M expenses as shown below:

R&M Expenses approved for 2012-13

Particulars	2012-13 (Approved) (Rs.lakhs)		
	Consumption store	Other expenses	Total
Generating plant and Machinery			-
Substations			
11kV works	0.03	2.92	2.95
LT lines, Service connections			
Vehicles			
Furniture & fixtures	0.31	1.74	2.05
Office equipments & Others			
Total	0.34	4.66	5.00

26. Administration and General expenses: The Administration and General expenses proposed by the licensee is Rs.34.17 lakhs for 2012-13 where as the actual expenses for 2010-11 is Rs.40.69 lakhs. The licensee has included Rs.16.35 lakhs towards security arrangements under A&G expenses. Other than this, the projections under various heads are not substantial. The Commission in the truing up order has taken a position that cost of security arrangements booked by the licensee is substantial considering the distribution operations of the licensee. However, the final decision on assigning the joint costs may be taken once the detailed study is over. In the mean time, the Commission provisionally approves the A&G expenses as projected by the licensee for 2012-13. The final allowable A&G expenses shall be decided at the time of truing up based on the final decision on apportionment of joint costs.

27. Other debits: Though the licensee included Rs.8.70 lakhs, no details are provided. Hence, the Commission is not in a position to allow other debits. However, during the truing up process, the Commission can consider the actual expenses under this head.

28. Return on equity: No ROE has been claimed by the Licensee. The Commission in the Truing up Order of the licensee considered the matter and allowed Rs.10 lakhs per year as surplus which is transferred to the reserves. The Commission hence allows a token amount of Rs.10 lakhs as return for the licensee. The reasonable level of return can be considered once a decision based on the study reports of the consultancy assignment is taken by the Commission.

29. Gross Aggregate revenue requirements: Based on the above, the Aggregate Revenue Requirements proposed and approved for 2012-13 is as given below.

Approved Aggregate Revenue Requirements for 2012-13

Expenses	2012-13 (projected) (Rs.lakhs)	2012-13 (Approved) (Rs.lakhs)
Purchase of power	1,320.48	1,375.68
Repair & Maintenance	15.12	5.00
Employee costs	423.55	275.13
A& G expenses	34.17	34.17
Depreciation	165.71	121.18
Interest & Financing charges	433.23	-
Other debits	8.70	-
Return on investment	-	10.00
Total Expenses	2,400.96	1821.16

30. Revenue from tariff : The licensee has projected the revenue from tariff as Rs.1970.32 lakhs. The licensee has not projected any income from miscellaneous items or non tariff revenue. The projections of the licensee is as shown below:

Revenue from sale of power projected for 2012-13

	2012-13 (projected)			
	No. of installations	Energy Sold (lakh units)	Revenue (Rs.lakhs)	Average Tariff (Rs./kWh)
HT consumers	18	213.76	1,178.71	5.51
LT I – Domestic	735	19.26	52.23	2.71
LT II Colonies	4	3.44	20.67	6.01
LT III Industry	2	0.02	0.16	8.00
LT IV(a) Swimming pool	2	0.51	2.87	5.63
LT IV(b) Seamens' Hostel & Club	3	1.55	4.89	3.15
LT IV (c) Educational institutions	9	0.89	4.90	5.51
LTV Commercial -Three phase	246	60.03	562.18	9.36
LTV Commercial -Single phase	234	3.18	23.85	7.50
Self Consumption		30.66	114.19	3.72
Total		333.30	1,964.65	5.89
Miscellaneous charges from consumers			5.66	
Total			1,970.31	

31. The Commission has noted that the variation in average realization over the years and especially for 2012-13 is very low for many categories. The average realization of HT consumers for the year 2010-11 given by the licensee is Rs.5.82

per unit whereas the projection for 2012-13 is only Rs.5.51/unit. Similarly, in other categories also this is noticeable. The licensee has given actual billing data for 2011-12 till November in the petition; apparently the same is used for projecting the revenue from sale of power, except for the HT consumers, the major consumer category. As pointed out by the KSEB, the Commission also noted that under the domestic category about 4.7lakh units are billed as free units. In the truing up order for 2010-11, the Commission has directed to separately account for the revenue for the free units. Hence, the Commission is not in a position to realistically estimate the revenue from sale of power and hence decided to use the average realization of 2010-11 for estimating the revenue from sale of power. Accordingly, the revenue from sale of power for the year 2012-13 is estimated as given below:

Revenue from sale of power approved by the Commission for 2012-13

	2012-13 (Approved)			
	No. of installations	Energy Sold (lakh units)	Average Tariff (Rs./kWh)	Revenue (Rs.Lakhs)
HT consumers	18	213.76	6.05	1,293.25
LT I – Domestic	735	19.26	2.98	57.39
LT II Colonies	4	3.44	5.61	19.30
LT III Industry	2	0.02	7.42	0.15
LT IV(a) Swimming pool	2	0.51	6.06	3.09
LT IV(b) Seamens' Hostel & Club	3	1.55	4.47	6.93
LT IV (c) Educational institutions	9	0.89	4.74	4.22
LTV Commercial -Three phase	246	60.03	9.30	558.28
LTV Commercial -Single phase	234	3.18	7.53	23.95
Self Consumption		30.66	3.94	120.80
Total		333.30		2,087.35
Miscellaneous charges from consumers				5.66
Total				2,093.01

32. Revenue from Non-tariff : The licensee has estimated Rs.8.70 lakhs under revenue from non-tariff income which is the interest on deposits. The Commission approves the estimate of the licensee.

33. Revenue Surplus/gap: The revenue gap proposed by the licensee is Rs.426.41 lakhs. After considering the materials and explanation given by the licensee, the Commission has arrived at the net revenue surplus of Rs.280.55 lakhs for the year 2012-13.

Approved ARR&ERC for 2012-13

Expenses	2012-13 (projected) (Rs.lakhs)	2012-13 (Approved) (Rs.lakhs)
Purchase of power	1,320.48	1,375.68
Repair & Maintenance	15.12	5.00
Employee costs	423.55	275.13
A& G expenses	34.17	34.17
Depreciation	165.71	121.18
Interest & Financing charges	433.23	-
Other debits	8.70	-
Return on investment	-	10.00
Total Expenses	2,400.96	1821.16
Revenue from sale of power	1,970.32	2,093.01
Other income	8.70	8.70
Total Revenue	1,979.02	2,101.71
Revenue deficit	(421.94)	280.55

34. The Commission notes the commitment of the licensee made during the public hearing that separate auditing of the distribution business will be carried out from 2011-12 onwards. The Commission also notes that the licensee is still following the old ToD tariff system. The same has to be modified on the lines of KSEB. The revenue from sale of power data of the licensee is not streamlined. The licensee has given the estimates of self consumption and the revenue. Since notional bills are not generated, the same is not officially made part of the accounts. The revenue from sale of power from own consumption and other categories shall be given separately according to the tariff category as part of the truing up petition.

Orders of the Commission

35. After the analysis of the ARR&ERC and the clarifications there on submitted by the licensee, the Commission provisionally approves the ARR of Rs.1821.16 lakhs and estimated revenue of Rs.2101.71 lakhs, leaving a revenue surplus of Rs.280.55 lakhs for the year 2012-13 for M/s. Cochin Port Trust as stated above. The licensee shall take earnest efforts to limit the expenses at the approved level. The existing Retail Supply tariffs will continue until further orders.

Directions

- a) The licensee shall in future provide the tariff category wise revenue from sale of power from general consumers and 'self consumption' separately. Notional billing shall be done for 'self consumption' so that the revenue shall be accounted properly.
- b) The licensee shall give a proposal for revising the ToD billing and for introduction of kVAh billing system.
- c) The licensee shall keep separate accounts for identifiable expenses like employee costs, A&G expenses and R&M expenses of licensed business.

36. The petition is disposed of. Ordered accordingly.

Sd/-

**P.Parameswaran
Member**

Sd/-

**Mathew George
Member**

Sd/-

**K.J.Mathew
Chairman**

Approved for Issue

Secretary