KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

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

June 22, 2012

Petition No. OP 12/2012

In the matter of
ARR & ERC of M/s KINESCO Power and Utilities Private Limited for 2012-13

M/s KINESCO Power and Utilities Private Limited
------Petitioner

ORDER

Background

1. M/s KINESCO Power and Utilities Private Limited, (hereinafter called *KPUPL or the Licensee*) is a joint venture Company established on 17.09.2008, under the Companies Act, 1956, for the distribution of electricity in the Industrial Park of KINFRA at Kakkanad, Kalamassery and Palakkad. The licence for distribution of power was transferred to M/s SKPUPL from M/s.KINFRA Export Promotion Industrial Parks Limited (KEPIP), a deemed distribution licensee, as per the first proviso of Section 14 of Electricity Act 2003.

2. M/s KPUPL filed the ARR&ERC petition for 2012-13 on 06.02.2012. The petition ought to have been submitted on or before 30.11.2012. The Commission in its order on the ARR &ERC for the FY 2011-12 of M/s KPUPL had directed to submit the ARR &ERC petition within the prescribed time. The Commission had also issued a Circular dated 15.09.2011 to remind all the licensees to file the ARR&ERC petition for the year 2012-13 before 01.12.2011. M/s KPUPL did not submit the petition in time and sought extension of time for filing the petition on 20.12.2011, after a delay of about 20 days, which was

rejected by the Commission. A Show Cause Notice under Section 142 of the Electricity Act 2003 was therefore issued to the licensee on 19.01.2012. The licensee apologised for the delay and assured that in future ARR&ERC petitions would be submitted in time and finally filed the petition vide their letter dated 03.02.2012. In the light of the reply submitted by the licensee, the Commission decided to drop further action against the licensee.

3. The ARR & ERC petition for the year 2012-13 filed by the licensee was admitted as OP No.12 of 2012. The projection for the FY 2012-13 shows an Aggregate Revenue Requirement of Rs.3155.99 lakhs including Return on Investment of Rs.71.10 lakhs and an Expected Revenue from Charges of Rs.2546.48 lakhs, leaving a Revenue Gap of Rs.609.51 lakhs. The summary of the ARR & ERC petition of the licensee is given below:

ARR&ERC projected for 2012-13

Particulars	Provisional 2010-11 (Rs.lakhs)	Approved 2011-12 (Rs.lakhs)	Projection 2012-13 (Rs.lakhs)
Revenue			
Revenue from Sale of Power	1846.48	2231.79	2527.42
Non – Tariff Income	13.16	17.25	19.06
Total Revenue	**1859.65**	**2249.04**	**2546.48**
Expenses			
Purchase of Power	1579.92	2048.00	2548.64
Repair & Maintenance	29.01	52.22	53.74
Employee costs	39.13	39.13	42.00
A & G Expenses	23.33	26.83	30.72
Depreciation	51.84	55.30	93.57
Interest & Finance Charges	12.74		169.72
Other Debits (Lease payments)	(2.06)		10.61
Less interest Capitalised	-		(-) 77.30
Total Expenses	**1733.91**	**2221.48**	**2871.68**
Income Tax	49.00		213.21
Revenue Return	55.85	10.00	71.10
Total Expenditure	**1825.60**	**2231.48**	**3155.99**
Surplus/(Deficit)	**34.05**	**17.56**	(**609.51)**

The Commission sought clarification on the petition vide letter dated 15-3-2012 and the clarifications were provided by the licensee vide letter dated 10-5-2012

Hearing on the matter

4. Public Hearing on the petition was held on 16.04.2012 at the Conference Hall of KEPIP, KINFRA Park Office, Kakkanad. The following persons represented the licensee:
    1) Shri. Joseph Kurian, CEO, KPUPL.
    2) Shri. George Thomas, DGM,NESCL
    3) Shri.C.R.Kumar, Sr. Manager, KPUPL
    4) Shri. Anil Kumar, CA, KPUPL

    The following Consumers were also present.
    1) Shri. Sandeep Anand, Hashroot Technology Ltd.
    2) Shri. Jimmy George, L&T Infotech Park.
    3) Shri.Nasal A, Infopark.
    4) Shri.Finis P.I., AVT
    5) Shri. Vipin, AVT

    The Kerala State Electricity Board was represented by
    1) Smt.Gayathri Nair R, CE (C&T)
    2) Shri. B. Pradeep, Executive Engineer
    3) Shri. Prasad, Asst. Executive Engineer.

5. Shri. C.R. Kumar, representing M/s.KPUPL presented the ARR & ERC for 2012-13 and responded to the queries. However, representatives of the consumers objected to the imposition of the cost of developing new areas on the existing consumers. They at large expressed satisfaction on the performance of the licensee and requested that the licensee should give at least one week advance information regarding maintenance shut downs.

6. Shri. B. Pradeep presented the comments of KSEB on the petition and submitted a written statement. KESB, in their comments, stated that their participation in the hearing may not be treated as a consent to supply the entire quantity of power requirement projected by the licensee in the ARR&ERC for 2012-13. The Board opined that the Commission may initiate action against the licensee for the non-adherence to the Commission's directive to produce the documents of transfer of assets and liabilities. The projected average realisation is low and the average realisation shows a downward trend. The Board pointed out that Rs.213.1 lakhs projected as tax expense may not be allowed as done in the case of M/s.Rubber Park. Further, electricity duty under Section 3 of the Electricity

Duty Act claimed by the licensee is also not admissible. Regarding capital expenditure, the Board opined that the Commission may not accept the proposal as the projections are exorbitantly high and the huge capital outlay is projected for meeting a proportionately low demand. The increase in depreciation may not be allowed since the related assets have not been added to the asset block during the previous year. The employee cost projected is too high since the O&M work is completely outsourced and charged under R&M expenses. The A&G expenses may be allowed subjected to prudence check. The projected O&M expenses are 2.5 times higher than the 2008-09 level. T&D loss may be limited to the approved level of 2011-12. The Board also opined that the gap, if any, after the approval of ARR&ERC for 2012 -13 may be filled up with the surplus cash as per the truing up order.

7. The licensee submitted their reply to the Board's comments vide letter dated 26.04.2012. The licensee argued that the Board, being the representative of the State, is bound to provide supply to all licensees. The licensee could not produce the documents in respect of transfer of assets as the signing of the PPA has not been completed. As the licensee is in its growing phase, Capacity Utilisation Factor (CUF) is growing up. As the CUF goes up RPU (Revenue per unit) goes down. Tax expenses are claimed as per legal provisions. Section 3(1) duty is claimed since it is an expenditure. The proposed capital expenditure is for catering to the future power requirements of the expected large number of customers of Kalamassery and Palakkad upto 2020. Employees who are on deputation from NTPC have to be paid salary as per terms and conditions of their parent company. The R&M expenses increase due to increase in area of operation and increase in sales. Increase in A&G expenses is due to the extension of area to Kalamassery and Palakkad. AT&C loss of 0.5% approved in 2011-12 is technically impossible as the technical loss in transformer itself is 0.55% and that in the cables and conductors is 1%.

Analysis and Decision of the Commission:

8. The Commission considered the petition filed by the licensee, views and opinion of the consumers and the Board, and the replies thereon furnished by the licensee. Each item of the petition is discussed below.

9. **Capital Expenditure**: The licensee has projected capital expenditure of Rs.3410 lakhs for 2012-13 as detailed below:

Capital expenditure proposed for 2012-13

Sl.No.	Particulars	Amount (Rs. lakhs)
1	Takeover of 110 KV substation at Kalamassery	2000.00
2	Substation at Palakkad	686.00
3	Cost of land	120.00
4	Capital Additions at Kakkanad	73.00
5	Add capital works projected in 2011-12 not executed/to be executed At Kalamassery At Palakkad	 331.00 200.00
	Total	3410.00

The capital expenditure proposed at Kalamassery is for taking over of 110 kV substation and network constructed by KINFRA for the Kalamassery area. The one acre of land on which the substation has been constructed is expected to be leased out to the licensee by KINFRA at an expected lease rental of Rs.90 lakhs which is to be paid upfront. The lease rentals are proposed to be amortised over the period of licence. Construction of an overhead line at a cost of Rs.331 lakhs projected in 2011-12 has not been executed in the year and the same is proposed to be executed during 2012-13. The licensee's operations in Palakkad have not been started. A 22kV substation at a cost of Rs.886 lakhs is proposed to be constructed on turnkey contract by M/s NTPC Electric Supply Company Ltd on Work Deposit basis. The land for the construction of the 22kV substation is expected to be leased to KINESCO at an estimated amount of Rs. 30 lakhs which is to be paid upfront and to be amortised over the period of validity of the licence.

10. The Commission notes that the substation in Kalamassery has not been energised and commissioned. Similarly, the construction works at Palakkad are yet to be started. The licensee has not submitted the detailed capital expenditure with cost benefit analysis. The Commission cannot allow the capital expenditure for the assets yet to be commissioned without proper scrutiny. Hence, the capital expenditure proposed for Kalamassery and Palakkad cannot be admitted at this stage. The licensee has stated that the capital additions at the existing park in Kakkanad is to augment the prepaid metering system and to purchase cables, transformers, switchgear equipment and Ring Main Units to enable the system to function at optimum efficiency. As the capital expenditure proposed is for increasing the efficiency and life of the existing assets, the Commission can consider the proposed capital expenditure at Kakkanad subject to prudence check. **The licensee has to provide the details of capital expenditure for scrutiny and approval.**

Energy Sales :

11. The licensee has projected 67.71 MU as the total sales for 2012-13. This is 12.59 MU (22.84%) higher than the approved sales of 55.11 MU for 2011-12 and 21.41 MU (46.25%) higher than that of the provisional figure of 2010-11. A comparison of energy sales projections of the licensee is given below:

Energy Sales projections for 2012-13

Category	2010-11 (Provisional) MU	2011-12 (Approved) MU	2012-13 (Projection) MU
HT Consumers	42.17	50.15	61.53
LT consumers	3.99	4.79	6.17
Temporary Connections	0.13	0.17	0.01
Total	46.29	55.11	67.71

12. The licensee has reported that the higher projection in the energy sales is due to the expected increase in the number of consumers in the existing as well as in new areas. The actual number of consumers in 2010-11 was 120 which is projected to grow to 227 in 2012-13. Further as the consumers' operation grows, their requirement for energy will also increase. Admitting the arguments of the licensee, the Commission desists from proposing any change in the sales estimation of the licensee.

Distribution loss and Energy Requirement

13. The distribution loss projected by the licensee for 2012-13 is 2%. The approved loss for 2011-12 is 0.50%. The licensee with supporting details stated that the technical loss in the power transformer is 0.55%. The licensee also claims that loss in the cables and conductors is in the range of 1%. So their distribution loss will be from 1% to 1.5%. By considering average distribution loss in the State, the licensee proposed a normative figure of about 2%. The licensee has also stated, vide letter dated 26.04.2012, that the actual loss reported during 2010-11 was 1% and that in 2011-12 was 1.37%. The Commission noted the actual loss reported for 2010-11. The licensee has not produced details of distribution loss recorded in 2010-11. Considering the recorded loss levels in the previous years the Commission is of the opinion that the approved level of 0.5% for 2011-12 need not be changed.

Approved Distribution loss for 2012-13

Particulars	2010-11 (Provisional)	2011-12 (Approved)	2012-13 Projection	2012-13 Approved
Sales (MU)	46.29	55.11	67.71	67.71
Distribution Loss in MU	0.42	0.28	1.37	0.34
Energy input in MU	46.71	55.39	69.08	68.05
Distribution Loss %	**0.90%**	**0.50%**	**2.0%**	**0.50%**

Since the licensee has prepaid metering system the collection efficiency is 100%. Hence the AT&C loss for 2012-13 is fixed as 0.5%.

14. **Power purchase cost:** The licensee has projected the power purchase cost as Rs.2548.64 lakhs, based on the revised BST with effect from 01.12.2010. The power purchase cost for the FY 2012-13 on the basis of approved energy requirement with a distribution loss of 0.5% is as shown below:

Power purchase cost projected and approved for 2012-13

Particulars	2012-13 (projection)	2012-13 (Approved)
Energy Requirement (MU)	69.08	68.05
Maximum Demand (MVA)	12.50	12.50
Demand charge(Rs./kVA)	245.00	245.00
Demand Charge (Rs.in lakhs) A	365.66	365.66
Energy charge (Rs./kWh)	3.16	3.16
Energy Charges B	2182.97	2150.38
Total Power Purchase cost A+B	**2548.64**	**2516.04**
Average cost/kWh	3.69	3.70

The total power Purchase cost approved for 2012-13 is Rs.2516.04 lakhs.

15. **Interest & Finance Charges:** The licensee has projected an amount of Rs.169.72 lakhs towards interest and Finance Charges. Details of the projection are given below:

Projected interest and financing charges

Particulars	Loan Amount (Rs. lakhs)	Interest Rate (%)	Interest (Rs. lakhs)
Loan from others secured	3393.00	11%	166.24
Equity capital in excess of 70%	25.20	10%	2.52
Interest on SD	16.00	6%	0.96
Total			169.72

Rs.166.24 lakhs is projected as interest @11% on the debt portion of Rs.3393 lakhs out of the total capital expenditure of Rs.3410 lakhs proposed by the licensee. The Commission has already mentioned that the financing cost of capital expenditure can be allowed only after prudence check. The licensee has not provided sufficient details on the loans. The licensee has not furnished the opening Balance Sheet after the taking over of licence from KEPIP. It was reported that only the physical assets are taken over and ownership is still with KEPIP. Unless the complete picture of the transfer is available, a view on equity cannot be taken at this moment. The licensee has unequivocally stated that pre-paid metering system is in vogue. Hence there is no requirement of security deposit and interest charges thereon. Thus, the Commission disallows the projected Interest and Finance charges of Rs.169.72 lakhs.

16. The licensee has projected Rs.93.57 lakhs towards Depreciation as detailed below:

Particulars	Assets as on 01.01.2012 (Rs.in lakhs)	Assets as on 31.03.2012 (Rs.in lakhs)	Depreciation Amount (Rs.in lakhs)	% of Depreciation
Transmission Lines	1670.24	4762.04	86.65	2.69 %
Metering equipment	50.90	50.90	5.54	10.88%
Others	15.79	15.79	1.37	8.67%
Total	1736.93	4828.73	93.56	

The Commission has deliberated on the approval of the proposed capital expenditure in Kalamassery and Kakkanad in previous sections. Accordingly, depreciation can also be charged only on assets that are used for providing supply to the consumers. So depreciation on the proposed capital additions are not allowed. The depreciation approved for 2012-13 accordingly is given below:

Approved depreciation for 2012-13

	Depreciation approved in 2011-12 (Rs.in lakh)		Depreciation claimed for 2012-13 (Rs.in lakh)		Depreciation approved for 2012-13 (Rs.in lakh)	
	FA Value	Depreciation Amount	FA value	Depre: Amount	FA value	Depre: Amount
Substations	1504.74	51.19	4762.04	86.65	1504.74	51.19
Metering equipment	50.90	3.05	50.90	5.54	50.90	3.05
Others	15.79	1.05	15.79	1.37	15.79	1.05
Total		55.30		93.57		55.30

17. **Employee costs:** The projected employee cost of the licensee for 2012-13 is Rs.42 lakhs. The approved employee cost for 2011-12 was Rs.39.13 lakhs. The projected increase is about 7%. As per details furnished by the licensee, the projected employee costs includes the salary of CMD, three Board members,

one Chief Executive, one Executive Engineer or equivalent and one non–Technical staff. The licensee has explained that the employees are on deputation from NTPC and hence the employee cost is comparatively higher. The Commission notes that entire R&M operation of the licensee is outsourced and hence such high level of employee costs is not justified. The Commission has already pointed out the issue in the order on the ARR&ERC for 2011-12. The actual employee cost booked by the erstwhile licensee for the same operations in 2008-09 was only Rs.14.8 lakhs. So the Commission finds it reasonable to limit the employee costs to the approved level in 2011-12 for 2012-13 also. Accordingly, the approved employee cost is Rs.39.13 lakhs. The licensee should endeavour to limit the employee cost to the approved amount.

18. **Repair & Maintenance expenses:** The R&M expenditure projected by the licensee for 2012-13 is Rs.53.74 lakhs which is 2.91% more than the approved expenditure of 2011-12 by Rs.1.52 lakhs. The licensee has given item wise details of the proposed expenditure. The licensee has clarified that the whole expenditure is outsourced and the outsourcing has been done through open and transparent tendering procedures. The licensee has also stated that the increase in projection is on account of the increased area of operation and consequential increase in maintenance activities. Increase in the consumption of spares and maintenance cost due to ageing of equipment has also been taken into account while making the projection. Considering the explanation given by the licensee, the Commission approves the projected R&M expenses of Rs.53.74 lakhs for 2012-13

19. **A&G Expenses**: The A&G expenses projected by the licensee for 2012-13 is Rs.30.72 lakhs which is 14.5% higher than the amount of Rs.26.83 lakhs approved for the previous year. Major expenses under this head are Rents, Rates and Taxes Rs.3.75 lakhs, Insurance Rs.4.24 lakhs, statutory fees Rs.2.20 lakhs, Consultancy charges Rs.1 lakh, other professional charge Rs.3.05 lakhs, travelling expenses Rs.6 lakhs, conveyance and vehicle hire charges Rs.4.50 lakhs and miscellaneous expenses Rs.3.90 lakhs. While approving the ARR & ERC order for 2011-12, the Commission has given 15% increase on the previous year’s expenses. The licensee has not given the actuals of the previous years. The licensee has justified the increase in A&G expenses by stating that its establishments have been extended to Kalamassey and Palakkad. The A&G expenses is a controllable item. The Commission has allowed 15% increase in the previous year. Such uncontrolled increase cannot

be accepted and the Commission approves A&G expenses as Rs.28.17 lakhs which is 5% above the approved expenses for 2011-12.

20. **Other debits:** The licensee has projected Rs.10.61 lakhs towards premium on lease hold lands under the head Other Debits. The licensee has explained that the land on which the substations and other electrical assets are erected/proposed to be erected at Kakkanad, Kalamassery and Palakkad is expected to be leased out by KINFRA to KINESCO and the estimated lease rentals are Rs.135 lakhs Rs.90 lakhs and Rs. 30 lakhs respectively. The lease rentals are to be paid upfront which have to be amortised over the period of the validity of the licence. Since the issue of transfer is not yet finalised, the Commission is not in a position to allow the expenses under this head.

21. **Tax Expenses:** The licensee has projected Rs.213.21 lakhs towards tax expenses. The licensee has explained that provision for taxation is mainly on account of deferred taxation as per AS 22 issued by the Chartered Accountants of India. The provision is on account of the difference in depreciation as per Income Tax rates and that provided in the books and is a legitimate item of expenditure. The licensee has clarified that the provision of deferred tax liability is on account of the difference in accounting of income and taxable income. This may happen due to various factors and depreciation is only one such factor. The licensee has not provided data for projecting Rs.213.21 lakhs on this account. The Commission has already examined the matter and rejected the claim of the difference in amount, which amounts to charging depreciation as per the Company's Act.

22. **Return on investment:** The licensee has projected Rs.71.10 lakhs towards return on investment for 2012-13. The amount is arrived by computing 14% of the 30% projected Net Fixed Asset at the beginning of the year. The Commission has already addressed the issue in the orders on ARR&ERC for 2011-12. The licensee has not complied with the direction of the Commission to produce within one month the transfer deed and other related documents for transfer of licence and assets including the Opening Balance sheet. So the Commission is of the view that only a provisional amount of Rs.10 lakhs is to be allowed till the finalisation of transfer.

23. **Aggregate Revenue Requirement** Based on the above, the ARR proposed and approved for 2012-13 is as given below:

Approved Aggregate Revenue Requirements for 2012-13

Particulars	Projected by the licensee	Approved by the Commission
	(Rs.lakhs)	(Rs. lakhs)
Purchase of Power	2,548.64	2,516.04
Repairs and Maintenance	53.74	53.74
Employee costs	42.00	39.13
A & G expenses	30.72	28.17
Depreciation	93.57	55.30
Interest & Finance charges	169.70	
Less Interest charges capitalised	(77.30)	
Other debits	10.61	
Total	**2,871.68**	**2,692.38**
Tax expenses	213.21	
Return on Equity	71.10	10.00
Total expenses	**3,155.99**	**2,702.38**

24. **Revenue from sale of power:** The licensee has projected the revenue from sale of power as Rs.2527.42 lakhs as shown below:

Revenue from sale of power projected for 2012-13

Particulars	2012-13 (Projection)		
	Sales (MU)	Revenue (Rs.lakhs)	Avg. realisation (Rs./kWh)
HT consumers	61.53	2,323.44	3.78
LT consumers	6.17	242.39	3.93
Temporary Connections	0.01	1.35	10.00
Total	67.71	2,567.18	3.79
Electricity duty		85.90	
Gross Revenue		2,653.08	
Less Ele .duty		85.04	
Other state levies payable		40.62	
Net Revenue		2,527.42	

25. The Commission has noted that the projected per unit realisation from sale of power for the year 2012-13 is Rs.3.79/unit. The actual realisation in 2010-11 was Rs 3.92 /unit and the approved realisation for 2011-12 was Rs.4.05/ unit. As part of clarifications, the licensee explained, vide their letter dated 10.05.2012, that the reasons for reduction in the average realisation of energy are attributable to: 1) capacity utilisation factor, 2) components of revenue – the

actual revenue of the previous years was inclusive of incentives, penalties and excess demand charges while the projection for 2012-13 contains only demand charges and energy charges 3) variation in the consumption pattern across the tariff category. However, the Commission notes that the reasons furnished by the licensee do not fully justify the reduction in average realisation. The Commission sought the billing details from the licensee for estimating the revenue. Based on the details furnished by the licensee, the Commission estimates the revenue from sale of power as follows:

Approved revenue from Tariff for 2012-13

Tariff category	No. of consumers	Connected load/Max demand (kW/kVA)	Sales (Lakh units)	Demand charge (Rs./kW /kVA)	Energy Charge (Rs./kWh)	Fixed Charges (Rs. lakhs)	Energy Charges (Rs. lakhs)	Total Revenue (Rs.lakhs)
HT	17	124251	500.3	270.00	3.00	402.57	1,500.90	1,903.47
DHT	40	47014	114.95	278.00	3.10	156.84	356.35	513.18
LT Industrial	137	62685	60.25	45.00	3.25	33.85	195.81	229.66
LT Commercial	21	7462	1.35	100.00	8.05	8.95	10.87	19.82
Temporary	12	5074	0.14		10.00	-	1.40	1.40
Total	**227**		**670.00**			**602.22**	**2,065.33**	**2,667.54**

26. **Non Tariff Income:** The licensee has projected Rs.19.06 lakhs towards non-tariff income which consists of Rs.10.5 lakhs towards Interest on Bank Fixed Deposit, Rs.6.75 towards other miscellaneous receipts and Rs.1.81 lakhs on account of miscellaneous recoveries. The Commission approves the projection made by the licensee.

27. Thus the total revenue from charges of the licensee for the year 2012-13 will be as follows

Revenue from Charges for the year 2012-13

Particulars	Projected (Rs.in lakhs)	Approved (Rs.in lakhs)
Revenue from Sale of Power	2,527.42	2,667.54
Non – Tariff Income	19.06	19.06
Total	2,546.48	2,686.60

28. **Revenue surplus/gap:** Based on the above, the Commission arrives at a revenue gap of Rs.15.78 lakhs against the gap of Rs.609.51 lakhs projected by the licensee as shown below:

Approved Revenue gap for 2012-13

Particulars	2012-13 Projection (Rs.lakhs)	2012-13 Approved (Rs.lakhs)
Revenue		
Revenue from Sale of Power	2,527.42	2,667.54
Non – Tariff Income	19.06	19.06
Total Revenue	**2,546.48**	**2,686.60**
Expenses		
Purchase of Power	2,548.64	2,516.04
Repair & Maintenance	53.74	53.74
Employee costs	42.00	39.13
A & G Expenses	30.72	28.17
Depreciation	93.57	55.30
Interest & Finance Charges	169.72	
Other Debits	10.61	
Sub Total	**2,948.98**	**2,692.38**
Less interest Capitalised	(77.30)	
Total Expenses	**2,871.68**	**2,692.38**
Income Tax	213.21	
Revenue Return	71.10	10.00
Aggregate Revenue Requirements	**3,155.99**	**2,702.38**
Surplus/(Deficit)	**(609.51)**	**(15.78)**

29. The licensee has submitted a proposal for revision of tariff to cover the proposed deficit of Rs.609 lakhs. The Commission has not considered the same. The approved revenue gap is Rs.15.78 lakhs only. Further, the proposal of revision of tariff filed by Kerala State Electricity Board is already under the consideration of the Commission. Since the Commission is following uniform retail tariff, the revision if any applicable for the retail consumers of KSEB shall be *mutatis mutandis* applicable to the consumers of M/s KPUPL also. Hence, the Tariff petition of M/s KPUPL need not be considered now.

Orders of the Commission

30. After considering the ARR&ERC petition of M/s KPUPL, the clarifications thereon, comments of the consumers & KSEB and explanation thereon submitted by the M/s KPUPL, the Commission approves the ARR of Rs.2702.38 lakhs and Estimated Revenue of Rs.2686.60 lakhs, leaving a revenue gap of Rs.15.78 lakhs for the year 2012-13 as stated above. The licensee shall take earnest effort to limit the expenses to the approved level. The existing Retail Supply Tariff shall continue until further orders.

Directives

1. The licensee shall provide details of capital expenditure including cost benefit analysis and source of funding, demarcating the amount to be recovered from the beneficiaries and that to be charged on the ARR to the Commission for approval within two months

2. Statement regarding transfer deed, position of assets etc. shall be furnished within a month, failing which, the Commission may initiate proceedings for revocation of transfer of licence, since this direction had been given in the order on ARR & ERC for 2011-12 also, but not complied with.

3. The licensee shall limit the AT&C loss at the approved level.

Sd/-	Sd/-	Sd/-
P. Parameswaran	Mathew George	K.J. Mathew
Member	Member	Chairman

Approved for Issue

Secretary