KERALA STATE ELECTRICITY REGULATORY COMMISSION

THIRUVANANTHAPURAM

PRESENT : Shri. T.M.Manoharan, Chairman
Shri. P. Parameswaran, Member

15th May, 2013

Petition OP. No.7 of 2013

In the matter of
ARR&ERC of Cochin Port Trust for 2013-14

Cochin Port Trust - Petitioner

ORDER

1. M/s Cochin Port Trust (hereinafter referred to as CPT or the Licensee) is a deemed distribution licensee. The Licensee filed their petition for approval of the ARR & ERC for 2013-14 on 01.01.2013. The delay in filing the petition was condoned by the Commission. The Licensee has provided the clarification sought by the Commission at the time of hearing. The petition of approval of the ARR&ERC for 2013-14 filed by the Licensee shows an Aggregate Revenue Requirement of Rs.2863.90 lakh and an Expected Revenue of Rs.2453.77 lakh and a Revenue gap of Rs.410.13 lakh. The summary of the petition is given below:-

Summary of ARR & ERC projected for 2013-14

Particulars	2011-12 (Actuals) Rs. lakhs	2012-13 (Approved) Rs. lakh	2013-14 (Projected) Rs. lakh
Revenue from sale of power	1876.78	2093.01	2441.32
Other Income	16.94	8.70	12.44
Total Income	**1893.72**	**2101.71**	**2453.77**
Expenses			
Purchase of Power	1393.62	1375.68	1894.43
Repairs and Maintenance	7.52	5.00	7.82
Employee cost	432.90	275.13	450.39
Admn. and General Expenses	28.03	34.17	29.16
Depreciation	121.42	121.18	127.13
Interest and Finance Charges	325.88		342.52
Other Debits	11.96		12.44

Return on Investment		10.00	
Total Expenses	**2321.33**	**1821.16**	**2863.89**
Revenue Surplus (Gap)	**- 427.61**	**280.55**	**- 410.12**

Hearing on the Petition

2. The hearing on the petition was held on 27.02.2013 at the Conference Hall, **Administrative Office,** Cochin Port Trust, Wellington Island, Kochi. The petitioner was represented by Shri.K.G.Nath,FA&CAO. Shri.K.Poothapandi, Dy.Chief Accounts Officer, presented the petition. Shri. R. Nandagopal, representing Cochin Lease Holders' Association pointed out that the figures presented by the petitioner are different from that in the petition; employee cost and interest on loan are to be reduced, revenue should be reworked and the tariff in other states may be compared. Shri. G. Venkatesan representing Ultra Tech, requested that, they being a packing unit, may be converted from HT commercial to HT Industry. Representative of Casino Hotel pointed out that the Licensee charges 10% duty on energy charge. He also observed that the service provided by the Licensee is good. Representative of CPT Residents Association stated that the consumers are getting good service. Representing KSEB, Shri. B. Pradeep, Executive Engineer, pointed out that the revenue from sale of power projected by the Licensee is erroneous and needs recalculation. Details of revenue from self-consumption may also be called for since the Licensee has not included revenue from self-consumption in Form – Z. The distribution expense excluding cost of purchase of power projected by the Licensee is in the range of Rs.2.63 per unit which is exorbitantly high. Depreciation on miscellaneous assets may be disallowed as done in 2011-12 and 2012-13. Depreciation on assets created out of consumers' contribution may be disallowed. Interest and financing charges projected by the Licensee need not be admitted, and in case admitted, it may be only on notional debt ie total outstanding debt minus accumulated depreciation. The employee cost projected by the Licensee as well as their employee strength is too high. The Commission may adopt the principle followed while approving the ARR&ERC for 2012-13. The reasonableness of expenses projected towards security arrangements and miscellaneous expenses under A&G expenses may be verified. The deficit, if any in the current year, may be allowed to be met from the surplus of the previous years.

3. During the hearing, the Licensee has clarified that the capital expenditure amounting to Rs.1.58 cores is projected for improvement of distribution network such as providing RMUs, UG cable etc. in the Wellington Island. The Licensee has also proposed to construct a 110 KV substation at Vallarpadom at a cost of Rs.37 cores. This capex was not included in the original ARR&ERC as the same was envisaged

subsequently. Regarding the Interest on loan, the Licensee has clarified that the amount received for creation of assets from Government of India is in the form of loans for which interest has been projected. The Central Government is insisting on repayment from 2013-14.

Analysis and Decision of the Commission.

4. **Energy Sales** : Total energy sales projected by the Licensee as per the petition is 363.88 lakh units including self-consumption of 46.90 lakh units. In the clarification letter dated 19.02.2013, the Licensee has modified the sale projection as 360.27 lakh units which includes self-consumption of 39.30 lakh units. The Licensee has stated that the difference of 4 lakh units is consumption of workshop/dry dock which was earlier accounted under self consumption, now being transferred to Cochin Shipyard and charged accordingly. The average annual sales growth projected from 2011-12 is 4.31% and the annual increase from the approved level of 2012-13 is 9.2%. The revised projection of sale of power is reasonable and the Commission admits the sales of 360.27 lakh units for 2013-14.

5. **Distribution Loss & Energy Requirement:** Energy requirement provided by the Licensee as per the letter dated 19-2-2013 is as shown below:

Energy Requirement Proposed by the Licensee for 2013-14

Category	Units	2011-12 (Actual)	2012-13 (Approved)	2012-13 (Estimate)	2013-14 (Original projection)	2013-14 (Revised projection)
Energy sales to consumers	Lakh units	298.22	302.64	307.23	316.97	320.97
Self - Consumption including Street lights	Lakh units	36.17	30.36	45.98	43.30	39.30
Total sales	Lakh units	334.39	333.30	353.21	360.27	360.27
Distribution Loss	Lakh units	8.12	7.67	8.07	8.23	8.23
Gross Requirement of energy	Lakh units	342.51	341.00	361.28	368.50	368.50
Distribution Loss	%	2.37%	2.25%	2.23 %	2.23 %	2.23 %

6. In the revised projection, the distribution loss is shown as 8.23 lakh units ie 2.23%. The Commission approved a loss level of 2.25% for 2012-13. The Licensee proposes a marginal decrease in losses for the year 2013-14. The estimated loss for 2012-13 is only 2.23% against the approved loss of 2.25% for the year. Considering this, the Commission is of the view that it is only appropriate to fix the loss target for 2013-14 at 2.10%. Accordingly the distribution loss and energy requirement for 2013-14 will be as follows:

Distribution loss and Energy Requirement Approved for 2013-14

Category	2013-14 (Revised Projection) (Lakh units)	2013-14 (Approved) (Lakh units)
Energy sales to consumers	320.97	320.97
Self -consumption including Street lighting	39.30	39.30
Total sales	360.27	360.27
Distribution Loss	8.23	7.73
Gross Requirement of energy	**368.50**	**368.00**
Distribution Loss in %	**2.23 %**	**2.10%**

7. The Licensee shall take necessary steps to reduce the loss to the approved level. Based on the above the energy Requirement for 2013-14 is approved as 368 lakh units.

8. **AT&C Loss:** In the distribution business, distribution 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 2013-14 shall be 2.10%.

9. **Cost of Power purchase:** In the ARR petition, the Licensee has projected the cost of power purchase as Rs.1909.22 lakhs at an average cost of power purchase Rs.5.18/ unit. It was later revised vide letter dated 19.2.2013 and the revised cost of power purchase is as shown below:

Input Voltage	Maximum Demand(in KVA)	Fixed Charge Rs./kVA	Total Fixed Charges	Energy Purchase (Lakh units)	Rate Rs./kWh	Energy Charges Rs.lakhs	Other Charges, Rs.lakhs	Total Charges (Rs.lakh)
W.island(110 kV)	78000	350	273.00	300.95	5.30	1595.04	58.54	1926.58
Vallarpadom	36000	350	126.00	67.55	5.30	358.07	13.51	497.58
Total	114000		399.00	368.51		1953.10	72.06	2424.16

10. In the clarification letter, the Licensee has stated that in the original petition the tariff prevailed before 01.07.2012 was taken for projecting the cost upto June and the rate prevailing with effect from 1.7.2012 is taken for the balance period, which was corrected in the revised petition. The other charge includes fuel surcharge. Fuel surcharge is collected and reimbursed to KSEB, it need not be part of the cost of power purchase. The cost of power purchase at the BST effective from 1.7.2012 is worked out as follows:

Cost of Power Purchase Approved for 2013-14

Particulars	Total
Billing Demand (KVA)	114000
Fixed charge Rate (Rs./kVA)	350
Total Fixed charge (Rs.lakh)	399.00
Energy Purchase (lakh units)	368.00
Energy charge (Rs./Unit)	5.30
Total energy charges (Rs.lakh)	1950.40
Total charges (Rs.lakh)	2349.40

Power cost for 2013-14 is approved as Rs.2349.40 lakh.

11. **Interest and Financing Charges:** The Licensee has projected the interest and financing charges as Rs.342.52 lakhs. The Licensee has mentioned that the opening balance of loans from Government of India is Rs.3103.65 lakhs and Rs.158.45 is projected to receive during the year. The Balance outstanding at the end of the year will be Rs.3262.10 lakh. The interest projected is at the rate of 10.5% on the balance amount outstanding at the end of the year. Capital expenditure proposed in the petition during the year is Rs.158.45 lakh. The loan amount shown is same as the gross fixed asset of the Licensee. But in the clarification letter dated 19.02.2013, the Licensee has stated that capital expenditure worth Rs.38.58 cr. as detailed below is proposed to be incurred during the year:

Improvement of Distribution Net Work at W/ island	:	Rs.1.58 cr.
Setting up of 110kV substation at Vallarpadom	:	Rs.37.00 cr
Total	:	**Rs.38.58 cr.**

12. The Licensee has not included the proposal of construction of 110kV substation in the ARR&ERC proposal. The Licensee has to take specific approval for the capital expenditure programme with proper justification and funding plan by submitting all details sufficiently in advance. In its absence, the same may not be part of the ARR&ERC programme. Accordingly, the capital expenditure proposed above is not approved and included in the ARR&ERC for 2013-14.

13. It is pertinent to note that, 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. It can be seen that the Licensee has a practice of showing the fixed assets and corresponding liabilities as loan from

Government of India. Form C and Form D of the petition are not prepared with due diligence, and hence is outside the purview of approval process. 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 the Licensee got the amount from the Govt. of India as loan and the Government of India has demanded return of loans advanced to Cochin Port Trust with interest and the Licensee has to start the repayment from 2013-14. However no specific repayment plan was specified.

14. 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. The Licensee is also allowed depreciation every year, which should have been formed as a reserve. The Licensee has not explained the nature of utilization of the depreciation amount. Further, the Licensee has also not provided the detailed capital expenditure programme projected for approval. So the Commission considers that it is not fair to pass over the interest on the accumulated loan to the consumers now. The interest if any paid can be considered in the truing up process after prudence check.

15. **Depreciation**: The depreciation estimated by the Licensee for the year is Rs.127.13 lakhs. The GFA at the beginning of the year 2013-14 proposed by the Licensee is Rs.3103.65 lakhs. Addition to GFA proposed in the petition for the year is Rs.158.45 lakh. The depreciation projected by the Licensee for 2013-14 is shown below:

Depreciation Proposed for 2013-14

	GFA at the beginning of 2012-13 (Rs.lakhs)	Depreciation (Rs. Lakhs)
Substations	2600.31	93.61
11kV works	324.50	17.39
LT lines, Service connections	33.30	1.20
Metering equipment	5.67	0.34
Miscellaneous equipment	94.07	13.77
Others	45.80	0.82
Total	**3103.65**	**127.13**

16. The Licensee has calculated depreciation including asset proposed to be constructed at Willingdon island during the year worth Rs.158 lakhs. As the Licensee has not submitted detailed capital plan with cost benefit analysis, the Commission cannot admit the proposed capital expenditure for the purpose of depreciation. The Licensee has provided a detailed list of assets showing the year of commissioning,

original cost, accumulated depreciation etc. In the GFA, items included under miscellaneous equipment are boom crane, van, computer, high mast tower and street lights. **U**nder Other Assets office building and high mast are included for which Rs.14.59 lakhs has been claimed as depreciation.

17. 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. The Licensee has clarified during the hearing that boom crane included in the miscellaneous assets is exclusively used for R&M works of distribution system. But as the asset has already been used for 15 years, depreciation on this asset cannot be provided for 2013-14. However, the miscellaneous assets which are essentially not part of the assets of distribution business (high mast tower, street light etc.) cannot be considered for depreciation. The Commission disallows the depreciation claimed under miscellaneous equipments except computers. However the useful life period of many of the assets under miscellaneous assets are over. So depreciation cannot be admitted on items falling under miscellaneous assets. Similarly depreciation for high mast included as part of other assets is also not admissible.

18. On examination of the list of assets, it can be seen that the Licensee has included depreciation on substation assets whose life exceeded 25 years. The Commission is not in a position to allow depreciation on assets whose useful life as per CERC norms has expired and value upto 90% has been written down as depreciation. An example of some of the substation assets for which depreciation is claimed is furnished below:

Sl no. as per list (Substation assets)	GFA Rs.	No.of years used up to 31.03.2013	Depreciation Amount claimed Rs.
2.	756045	26	27218
7	2665886	27	95972
9	411473	27	14813
11	154537	27	5563
14	1130428	26	40695
17	2783273	25	100198
	7901642		**284459**

Accordingly the depreciation is estimated after removing the assets whose 90% value has been depreciated, and the depreciation allowed for 2013-14 is as shown below:

Depreciation Approved for 2013-14

	GFA at the beginning of 2013-14 (Rs.lakh)	Depreciation projected (Rs.lakhs)	Approved Depreciation (Rs.lakhs)
Substations	2600.31	93.61	90.77
11kV works	324.50	17.39	11.68
LT lines, Service connections	33.30	1.20	1.20
Metering equipments	5.67	0.34	0.34
Miscellaneous equipments	94.07		-
Others	45.80	0.82	0.25
Total	**3103.65**	**127.13**	**104.24**

As per the Order dated 13-4-2012, the depreciation is not available for assets created out of consumer contributions. However, the Licensee has not given details in the petition on consumer contributions and assets created out of consumer contributions. The Licensee has to provide such details as part of ARR&ERC petition and truing up petition now onwards. The Commission approves the depreciation of Rs.104.24 lakhs provisionally subject to the fulfilment of conditions as explained. In the truing up process, the depreciation on assets created out of grants and consumer contribution will be deducted from the allowable depreciation.

19. **Employee cost:** The employee cost proposed by the Licensee for 2013-14 is Rs.450.39 lakhs. The actual employee cost for 2011-12 given by the Licensee is Rs.432.90. The approved amount for 2012-13 was Rs.275.13 lakhs. The Objectors have commented on the high level of employee cost proposed by the Licensee. In fact the per unit employee cost projected is about Rs.1.24/kWh. 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 includes terminal benefits Rs.44.63 lakh and salary of working employees Rs.405.69 lakh. The Licensee has changed the apportionment cost of senior employees in the present filing from 2011-12. A comparison of the apportionment of employee costs to the distribution business is given below:

Comparison of Apportionment of employee costs

Category	2011-12 (Actuals)			2013-14 (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	18.00	5%	1	21.76	5%
CEs	1	8.86	7%	1	10.06	**100%**
EEs & equivalent	1	7.87	40%	1	**6.18**	**100%**
AEEs &Equivalent	1	8.81	85%	1	**5.94**	**100%**
Asst. Engineers	3	20.75	100%	3	**13.67**	100%
Other technical & non-technical staff	**144**	217.22	100%	**104**	**353**	100%

20. The Commission has sought clarifications on changing the apportionment of costs to the distribution business and unreasonable increase in the employee costs. The Licensee has stated in the public hearing that the distribution network has been extended to Vallarpadam and Puthuvypeen area. In order to supervise, monitor, co-ordinate distribution activities in Vallarpadam and Island area, it is necessary to render full service of employees earmarked for distribution activities. Hence, the allocation was changed. The employee cost given by the Licensee is shown below:

	2011-12 (Actual) Rs. lakhs	2012-13 (approved) Rs. lakhs	2013-14 (projection) Rs.lakhs
Salaries +DA Over time & other allowances	389.94	249.09	405.69
Staff welfare expenses	0.07	0.29	0.07
Terminal benefits	42.89	25.75	44.63
Total	**432.90**	**275.13**	**450.39**

21. The details and explanation regarding employee cost provided by the Licensee have been analysed in detail. The Licensee has large number of employees on the rolls, the cost of whom 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 in the port business are deployed in the electricity distribution business continuously and the cost has been charged on the distribution business. As pointed out by the objectors, the employee cost booked for distribution is substantially high. The number of Technical and non-technical employees deployed 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 passing on to the consumers unless it is justified properly. The Commission is not in a position to allow 63.70% increase in employee costs in one year, without much 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 favour of changing the apportionment of employee costs. The apportionment percentages approved for 2011-12 shall continue for 2013-14 also. Considering all aspects, the Commission is inclined to allow 10% increase in employee cost over the approved levels in 2012-13, 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 2013-14 is Rs.302.64 lakhs.

22. **Repair and Maintenance Expenses :** The Licensee has projected Rs.7.82 lakhs for repair and maintenance expenses for 2013-14 against the actuals of Rs.7.52 lakhs for 2011-12.The approved expense for 2012-13 was Rs.5 lakh. The Licensee has segregated the R&M expenses into consumption of Store (Rs.7.69 lakh) and other expenses (Rs.0.13 lakhs). The R&M expenses projected is for 11kV lines and associated works (Rs.6.11 lakh) and vehicles.(Rs.1.71 lakh). The projected R&M expenses are higher than the approved costs for 2012-13 by 56.4%. The R&M expense is a controllable item, and the Licensee is bound to limit the expense within the approved level. So the Commission can allow only maximum of 10% increase from the approved amount for 2012-13. Accordingly, the R &M expense approved for 2013-14 is Rs.5.50 lakh. The Licensee is directed to limit the R&M expense within the approved level .

23. **Administration and General expenses:** The Administration and General expenses proposed by the Licensee is Rs.29.16 lakhs for 2013-14 whereas the actual expenses for 2011-12 is Rs.28.03 lakhs. The approved amount for 2012-13 was Rs.34.17 lakh. The Licensee has included Rs.15.43 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 meantime, the Commission provisionally approves the A&G expenses as projected by the Licensee for 2013-14. 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.

24. **Other Debits:** Though the Licensee included Rs.12.44 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 for prudence check.

25. **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.

26. **Aggregate Revenue Requirements:** Based on the above, the Aggregate Revenue Requirements proposed and approved for 2013-14 is as given below.

Approved Aggregate Revenue Requirements for 2013-14

Expenses	**2013-14 (projected) (Rs.lakhs)**	**2013-14 (Approved) (Rs.lakhs)**
Purchase of power	1894.43	2349.40
Repair & Maintenance	7.82	5.50
Employee costs	450.39	302.64
A& G expenses	29.16	29.16
Depreciation	127.13	104.74
Interest & Financing charges	342.52	0.00
Other debits	12.44	0.00
Return on investment	-	10.00
Total Expenses	**2863.90**	**2801.44**

Based on the approved ARR, the distribution cost (cost other than power purchase cost) is Rs.452.04 lakhs which is Rs.1.25per unit for 2013-14, in comparison with Rs.1.34 per unit for 2012-13.

27. **Revenue from Tariff:** The Licensee has projected the revenue from tariff as Rs.2440.94 lakhs and Rs.0.39 lakh from Miscellaneous charges from consumers. Total revenue from tariff is Rs.2441.32 lakh. The projections of the Licensee is as shown below:

Revenue from Sale of Power Projected for 2013-14 as per Filing

	2013-14 (projected)			
	No. of installations	Energy Sold (lakh units)	Revenue (Rs.lakhs)	Average Tariff (Rs./kWh)
HT consumers	19	203.00	1278.15	6.30
LT I – Domestic	702	11.99	61.42	5.12
LT II Colonies	4	3.56	22.13	6.21
LT III Industry	2	0.03	0.18	6.69
LT IV (a) Swimming pool of Merchant Navy Club	2	0.39	2.45	6.35
LT IV (b) Sea Men's Hostel	3	1.45	7.03	4.86
LT IV (c) educational institutions etc	9	1.81	10.56	5.83
LT VI B Non – Govt..	51	1.92	23.94	12.49
LT VI (B) (G) Government	8	3.37	35.24	10.47
LT VI (C) (G) Govt. , Customs, Railway	17	1.15	10.61	9.20
LT- VII Commercial :				
A -Three phase	253	81.16	744.14	9.17
B -Single phase	248	3.47	26.57	7.66
C. Commercial	3	0.12	1.80	15.31
Sub total	1332	316.98	2265.60	
Self Consumption		46.90	175.33	3.74
Total		**363.88**	**2440.94**	
Miscellaneous charges			0.39	
Total			**2441.32**	

28. As against the original estimates, the Licensee has revised the revenue estimates couple of occasions. In the estimates dated 23-1-2013, the revenue projected as shown below:

Revised Revenue Projections for 2013-14

New tariff category	No of consumers	Connected load/Maximum Demand (kW/kVA)	Billing energy (Lakh units)	Fixed Charges (Rs.lakhs)	Energy Charges (Rs.lakhs)	Total charges (Rs.lakhs)
LT1 A - Domestic	700		11.99	1.76	34.77	36.53
LT 2 Colonies	4		3.56	1.06	23.14	24.20
LT-4 Industrial	3	6	0.06	0.05	0.26	0.31
LT 6 A Non Domestic	9	87	1.81	0.52	9.32	9.84
LT 6 B Non Domestic	29	275	5.29	2.31	32.47	34.78
LT 6 C Non Domestic	20	440	4.72	9.50	38.40	47.90

LT 7 A Commercial	504	5,422	83.09	75.04	604.72	679.76
LT 9 Public lighting	10		9.60	0.04	26.40	26.44
HT II Non industrial	2	200	12.00	6.72	49.20	55.92
HT IV Commercial	20	4,750	198.46	182.40	1,280.39	1,462.79
Total	**1,301**	**11,180**	**330.58**	**279.39**	**2,099.06**	**2,378.45**
Self consumption	42	1,030	29.70	19.08	141.08	160.16
Total	**1,343**	**12,210**	**360.28**	**298.47**	**2,240.13**	**2,538.60**

The Commission for the purpose of ARR&ERC, the revised estimates are approved.

29. **Non-tariff Income :** The Licensee has estimated Rs.12.83 lakhs under revenue from non-tariff income which is the interest on deposits and miscellaneous charges from consumers. The Commission approves the estimate of the Licensee.

30. **Revenue Surplus/Gap:** The revenue gap proposed by the Licensee is Rs.410.13 lakhs. After considering the materials and explanation given by the Licensee, the Commission has arrived at a revenue deficit of Rs.250.01 lakhs for the year 2013-14.

Approved ARR&ERC for 2013-14

Expenses	2013-14 (projected) (Rs.lakhs)	2013-14 (Approved) (Rs.lakhs)
Purchase of power	1,894.43	2,349.40
Repair & Maintenance	7.82	5.50
Employee costs	450.39	302.64
A& G expenses	29.16	29.16
Depreciation	127.13	104.74
Interest & Financing charges	342.52	-
Other debits	12.44	-
Return on investment	-	10.00
Total Expenses	**2,863.89**	**2,801.44**
Revenue from sale of power	2,440.94	2,538.60
Other income	12.83	12.83
Total Revenue	**2,453.77**	**2,551.43**
Revenue deficit	**- 410.12**	**- 250.01**

Orders of the Commission

31. After the analysis of the ARR&ERC and the clarifications thereon submitted by the Licensee, the Commission approves the ARR of Rs.2801.44 lakhs and estimated revenue of Rs.2551.43 lakhs, leaving a revenue deficit of Rs.250.01 lakhs for the year 2013-14 for M/s. Cochin Port Trust as stated above. The Licensee shall limit the expenses at the approved level. The tariff approved as per the order of the Commission dated 25.7.2012 will be in force from 1.7.2012 to 30.4.2013. The

Commission has issued orders on 30.4.2013 revising the Retail Supply Tariff with effect from 1.5.2013 which will be applicable to the consumers of the Licensee as well. Separate order will be issued on the revised BST.

32. The petition is disposed of with a direction that the Licensee shall submit the detailed capital expenditure programme with justification and funding plan for the approval of the Commission before execution.

Sd/-	Sd/-
P.Parameswaran	**T.M.Manoharan**
Member	Chairman

Approved for issue

Secretary