

KERALA STATE ELECTRICITY REGULATORY COMMISSION

THIRUVANANTHAPURAM

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

13th August, 2013

Petition OP No. 17/2013

In the matter of

Truing up of Accounts of Cochin Port Trust for 2011-12

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 petition for 2011-12 on 30.11.2012. As per the petition, the revenue gap for the year 2011-12 was Rs.427.62 lakhs as against the approved revenue surplus of Rs.22.70 lakhs. A Comparison of the approved and actual ARR&ERC for the year 2011-12 is given below:

Approved and Actual ARR&ERC for 2011-12

| Particulars | 2011-12 | 2011-12 |
|--------------------------------------|-----------------|-----------------|
| | (Approved) | (Actual) |
| Power Purchase Cost | 1,297.38 | 1,393.62 |
| Interest and Finance charges | 396.58 | 325.88 |
| Depreciation | 114.06 | 121.42 |
| Employee cost | 250.13 | 432.90 |
| Repairs & maintenance cost | 3.34 | 7.52 |
| Admn & General expenses | 41.69 | 28.03 |
| Other expenses | - | 11.96 |
| Revenue Return | 10.00 | - |
| Aggregate Revenue Requirement | 2,113.18 | 2,321.34 |
| Revenue from Tariff | 2,135.88 | 1,881.76 |
| Non tariff income | | 11.96 |

| | | |
|--------------------------------------|-----------------|-----------------|
| Expected Revenue from Charges | 2,135.88 | 1,893.72 |
| Surplus (+) / Deficit (-) | 22.70 | (427.62) |

Hearing on the petition

2. The hearing on the petition was held on 19.06.2013. Representatives of the petitioner licensee and the KSEB were present for the hearing. The Licensee was represented by 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 important comments and observations made by the Board are as follows:

- a) The licensee has not complied with the directions issued by the Commission in the order on truing up accounts for the year 2009-10 & 2010-11 on segregation of accounts and auditing of the distribution accounts. The licensee has also not complied with the direction on security deposits.
- b) The distribution expenses of the licensee for the year 2011-12 was increased to Rs.2.31 per kWh compared to Rs.1.19 per kWh in 2010-11.
- c) The licensee has not properly apportioned the employee cost in the distribution business. The licensee has earmarked more than legitimate share of employee expenses in the distribution business.
- d) The interest and financing charges booked by the licensee has to be disallowed as done by the Commission in the previous orders. The interest booked by the licensee on loans from Government of India has not been paid at all.
- e) The Commission has earlier commented on the high security charges on the distribution business.
- f) The depreciation claims has to be limited to 90% of the original cost of assets. The depreciation claims of the licensee in some of the assets has been more than 90% of the original cost of assets as pointed out by the Commission in the earlier orders.
- g) The average realisation from various groups of consumers in the year 2011-12 is lower than approved levels, especially for HT consumers.
- h) By supplying bulk power to M/s CPT by KSEB, the consumers of KSEB shall not be affected and hence the surplus of the licensee if any in the year has to be passed on to the consumers of KSEB by way of higher BST to CPT.

- i) T&D loss for 2011-12 is higher than that of the previous years. The cost incurred for purchasing additional power to meet the excess distribution loss may be disallowed.

Analysis and Decision of the Commission

3. 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 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. This direction was repeated in the order on truing up of accounts for 2010-11 that filing of truing up petition for 2011-12 shall be with separate audit report. However, the licensee did not comply with the direction, but reported that the matter is taken up with Office of the Principal Director of Commercial Audit and Ex-officio Member Audit Board, Chennai to audit the electricity distribution business of CPT and the reply is awaited.
4. The Commission is not satisfied with the reply of the licensee. The licensee has to take serious effort in this regard for compliance of the direction. In the absence of audit report on the distribution business, the truing up process will not complete. The Commission will be constrained to initiate action for non-compliance of directions if the licensee has not complied with the direction.
5. The licensee has provided the clarifications sought by the Commission in its letter 2-7-2013. The present petition is 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 2011-12 are as follows:

Energy Sales for 2011-12

| Consumer category | No. consumers | Sales (Lakh units) |
|--------------------------|----------------------|---------------------------|
| HT consumers | 18 | 208.84 |
| LT-I domestic | 719 | 18.07 |
| LT II Colonies | 4 | 3.44 |
| LT III industry | 2 | 0.02 |
| LT VI (A) swimming pool | 2 | 0.49 |
| LT VI (B) Hostel | 3 | 1.51 |

| | | |
|----------------------------------|------|--------|
| LT VI © Educational institutions | 9 | 0.93 |
| LT V Commercial - I Phase | 247 | 61.8 |
| LT V Commercial - III Phase | 243 | 3.11 |
| Self consumption | | 36.17 |
| Total | 1247 | 334.40 |

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 2011-12 and tariff category in which the connections are billed under the self consumption category. The Commission approves the energy sales as reported by the licensee for 2011-12.

7. **Distribution loss:** Based on the energy sales and total energy purchase, distribution loss for the licensee for 2011-12 is as follows:

Distribution Loss for 2011-12

| | 2009-10 | 2010-11 | 2011-12 (Approved) | 2011-12 (Actual) |
|--------------------------------|---------|---------|-----------------------|---------------------|
| Energy sales (lakh units) | 288.46 | 308.08 | 337.02 | 334.40 |
| Energy purchase (lakh units) | 297.16 | 317.88 | 344.80 | 342.50 |
| Distribution Loss (Lakh units) | 8.70 | 9.80 | 7.80 | 8.10 |
| Distribution Loss (%) | 2.93% | 3.08% | 2.25% | 2.36% |

As shown above, the actual distribution loss for the year is marginally higher than the distribution loss approved by the Commission. Accordingly, the excess distribution loss over the approved distribution loss is worked out as shown below:

| | 2011-12 |
|--|---------|
| Energy sales (lakh units) | 334.40 |
| Energy purchase (lakh units) | 342.52 |
| Distribution Loss (Lakh units) | 8.12 |
| Distribution Loss (%) | 2.37% |
| Approved Loss (%) | 2.25% |
| Excess Distribution loss (%) | 0.12% |
| Excess distribution Losses (Lakh Unit) | 0.41 |

8. The distribution loss of 2.37% for 2011-12 is higher than the approved level of 2.25%. The excess loss is 0.12% or 0.41 lakh units.

9. **Power Purchase Cost:** The approved and actual power purchase cost of the licensee for 2011-12 is as follows:-

| Year | Approved | | Actual | |
|---------|------------|---------|------------|---------|
| | Lakh units | Rs.lakh | Lakh units | Rs.lakh |
| 2011-12 | 344.80 | 1297.38 | 342.52 | 1393.62 |

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

Details of Power Purchase Cost for 2011-12

| | Wellington Island | Vallarpadam | Total |
|---|-------------------|-------------|----------|
| Total Billed kVA | 69065 | 27000 | 96065 |
| Rate (Rs./kW) | 245 | 270 | |
| Amount (Rs.lakhs) | 169.21 | 72.90 | 242.11 |
| Energy Purchased (lakh units) | 267.56 | 74.96 | 342.52 |
| Rate (Rs./kWh) | 3.16 | 3.28 | |
| Total Energy Charges (Rs.lakhs) | 845.49 | 245.87 | 1,091.36 |
| Fuel Surcharge (Rs.lakhs) | 24.52 | 9.16 | 33.68 |
| Total Power purchase cost (Rs.lakhs) | 1,039.22 | 327.93 | 1,367.15 |
| Duty & Surcharge (Rs.lakhs) | | 26.45 | 26.45 |
| Power purchase cost including duty (Rs.lakhs) | | 354.38 | 1,393.60 |
| Average power purchase cost (excluding duty) | 3.88 | 4.37 | 3.99 |

11. As per the details furnished by the licensee, the power purchase cost booked as per the accounts is Rs.1393.60 lakhs. The power purchase cost is inclusive of fuel surcharge and electricity duty. As per the details furnished by the licensee, the revenue from sale of power is inclusive of fuel surcharge and accordingly, the same can be included in the power purchase cost. However, the electricity duty is not allowable as a pass through item. Hence, Rs. 26.45 lakhs booked as duty is disallowed from the power purchase cost.
12. 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. The approved distribution loss for the year was 2.25% where as the actual loss was 2.37%. The excess distribution loss equivalent to 0.41 lakh units at the average power purchase cost (Rs. 3.99 per unit) has to be disallowed from the total power purchase cost. Accordingly, the total allowable power purchase cost shall be Rs. 1365.50 lakhs for 2011-12.

13. 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 with the assumption that all assets are funded from the loan from Government of India. The interest on loan claimed by the licensee for 2011-12 is Rs.325.88 lakhs @10.5% for an amount of Rs.3103.65 lakhs.. 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 interest is paid nor repayment is effected. According to the licensee, though the interest is not paid to Government of India, 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.

14. The Commission in the Truing Up Order dated 16.05.2011 has addressed this issue. Further, the Commission in the truing up order for CPT for the year 2010-11 has stated as follows:

“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.”

In the present case also, the Commission is of the view that interest charges cannot be allowed since no payment of interest charges has been made by the licensee.

15. Repair and Maintenance Expenses: The repair and maintenance expenditure approved and actuals for the year 2011-12 are as follows:

| Year | Approved Rs. in Lakh | Actual Rs. in Lakh |
|---------|-------------------------|-----------------------|
| 2011-12 | 3.34 | 7.52 |

16. The licensee has given the split up details of R&M expenses as shown below:

Details of R&M Expenses

| | Electricity Distribution | | EE(E) Motor vehicle | |
|----------------|--------------------------|-------------|---------------------|-------------|
| | 2010-11 | 2011-12 | 2010-11 | 2011-12 |
| Stores –Fuel | 0.13 | 0.02 | 0.01 | 0.45 |
| Stores - R&M | 2.72 | 5.73 | 0.07 | 1.19 |
| Stores-Uniform | 0.24 | 0.12 | | |
| Total | 3.09 | 5.87 | 0.08 | 1.64 |

According to the licensee, the lower R&M expenses for the year 2010-11 was on account of the fact that the sky lift and office vehicle for the distribution business was under repair and the expenses towards the same was settled during 2011-12. Further, the R&M expense on distribution assets was also higher. Out of the total expenses, Rs.7.39 lakhs was booked under consumption of stores. The Commission notes that on a percentage level, the increase in R&M expenses for the year 2011-12 over the approved level and that of previous year is higher. However, on an absolute terms the amount is not substantial. The R&M expenses booked by the licensee for 2011-12 works out to be only 2 paise per unit. Hence, considering the explanation of the licensee, the Commission allows the R&M expenses as per the actuls for 2011-12.

17. Employee Cost: The approved employee cost and actual employee cost for 2011-12 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 |
| 2011-12 | 250.13 | 432.90 | 57.8% |

18. Employee Cost has increased substantially by about 30 to 60% from the approved level as shown above. Total consumer strength of the Licensee in 2011-12 was 1247 and the number of consumers per employee is 11.23, which is much lower. Further, employee cost per consumer is worked out as Rs.34715 and annual cost per employee is Rs. 3.9 lakhs.

19. The licensee has booked Rs.432.90 lakhs as employee costs where as the approved employee cost was Rs.250.13 lakhs. A comparison of approved and actual employee cost is given below:

Apportionment of Employee Cost approved for 2011-12

| | No. of persons working | Annual Salary | Proportion | Cost booked for Distribution |
|----------------------------------|------------------------|---------------|------------|------------------------------|
| | | (Rs.lakhs) | | (Rs.lakhs) |
| Chairman /CMD of the Company | 1 | 18.00 | 5% | 0.90 |
| Chief Engineer/or equivalent | 1 | 8.86 | 7% | 0.62 |
| Executive Engineer or equivalent | 1 | 7.87 | 40% | 3.15 |
| Asst. Executive Engineer | 1 | 8.81 | 85% | 7.49 |
| Asst. Engineers | 3 | 20.75 | 100% | 20.75 |
| All other technical staff | 84 | 126.13 | 100% | 126.13 |
| All other non-technical staff | 60 | 91.09 | 100% | 91.09 |
| Total | 151 | 281.51 | | 250.13 |

Employee Cost (Actual) booked for 2011-12

| | No. of persons working | Annual Salary | Proportion | Cost booked for Distribution |
|---|------------------------|---------------|------------|------------------------------|
| | | (Rs.lakhs) | | (Rs.lakhs) |
| Chairman /CMD of the Company | 1 | 21.76 | 5% | 1.09 |
| Chief Engineer/or equivalent | 1 | 6.18 | 100% | 10.06 |
| Executive Engineer or equivalent | 1 | 5.94 | 100% | 6.18 |
| Asst. Executive Engineer | 3 | 13.67 | 100% | 5.94 |
| Asst. Engineers | | | 100% | 13.67 |
| All other technical & non-technical staff | 104 | 353 | 100% | 353 |
| Total | 151 | 410.61 | | 389.94 |

20. The employee cost for 2011-12 is higher by Rs.139.81 lakhs over the approved expenses. The actual employee cost for 2010-11 was Rs.238.21 lakhs only. There is substantial increase in employee cost compared to the approved level and that of the previous year (2010-11). According to the licensee, the increase in employee cost is due to wage revision and increase in the proportion of employee cost allocated compared to the approved levels.

21. The reasoning for higher employee cost 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 orders have commented on this practice and directed the licensee to separate accounts and book the expenses directly. However, it seems that the same has not been complied with. The Commission is not in a position to allow such exorbitant increase in employee costs every year. Accordingly, the Commission constrained

to limit the employee cost at the approved level for 2011-12. 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) |
|---------|-------------------------|----------------------|-------------------------|
| 2011-12 | 250.13 | 432.90 | 250.13 |

22. **Depreciation:** Depreciation accounted by the Licensee for 2011-12 is as follows :

Depreciation for the years 2011-12

| | GFA | Depreciation | Rate (%) |
|--------------------------|---------|--------------|----------|
| Substations | 2600.31 | 93.61 | 3.60% |
| 11kV lines | 324.50 | 11.68 | 3.60% |
| LT lines | 33.30 | 1.20 | 3.60% |
| Metering equipments | 5.67 | 0.34 | 6.00% |
| Miscellaneous equipments | 94.07 | 13.77 | 14.64% |
| Others | 45.80 | 0.82 | 1.79% |
| | 3103.65 | 121.42 | |

23. The Commission has analysed the details provided by the licensee. It has been noted that depreciation has been claimed for some assets for which useful life has been completed and also depreciated value is less than 10% of the original cost of assets. In the earlier orders, the Commission has observed that depreciation for assets which are essentially not part of the assets of distribution business (high mast tower, street light etc.) cannot be considered. Accordingly, depreciation allowable for the year 2011-12 is as shown below:

Depreciation allowable for 2011-12

| | GFA (Rs.lakhs) | Depreciation (Rs.lakhs) |
|--------------------------|-----------------|----------------------------|
| Substations | 2,600.31 | 93.61 |
| 11kV lines | 324.50 | 11.68 |
| LT lines | 33.30 | 1.20 |
| Metering equipments | 5.67 | 0.34 |
| Miscellaneous equipments | 94.07 | 13.77 |
| Others | 45.80 | 0.82 |
| Total | 3,103.65 | 121.42 |

| | | |
|--|--|--------|
| Less depreciation for assets which are fully depreciated | | 1.16 |
| Assets which are not part of depreciation | | 13.77 |
| Depreciation allowable | | 106.49 |

24. **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) |
|---------|---------------------|-------------------|
| 2011-12 | 41.69 | 28.03 |

25. As per the details given by the licensee, A&G expenses includes charges for Security arrangements (Rs.14.83 lakh), electricity charges (Rs. 7.00 lakhs) and miscellaneous expenses (Rs.3 lakhs). 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 also notes that the A&G expenses for the year is comparatively lower than the previous year. The Commission allows the A&G expenses as per the accounts of the licensee.

26. **Return on Equity:** The licensee has no equity in their books of accounts for the distribution business. Entire fund for the distribution business is funded through government of India loans, which is equal to the value of Gross Fixed assets. The Commission has engaged a consultant for arriving at a reasonable level of rate-base 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 2011-12 also.

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

Comparison of Approved and Actual Revenue

| | 2011-12 | |
|---------------------|---------------------|-------------------|
| | Approved (Rs.lakhs) | Actual (Rs.lakhs) |
| Revenue from tariff | 2135.89 | 1881.76 |

| | | |
|-------------------|---------|---------|
| Non-Tariff income | 0.00 | 11.96 |
| Total income | 2135.89 | 1893.72 |

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

Split up Details of Revenue for 2011-12

| Particulars | 201-12 (Approved) | | | 2011-12 (Actual) | | | |
|---|----------------------------------|----------------|-----------------------------|----------------------|----------------------------------|----------------|-----------------------------|
| | Energy sold Units (KWH in lakhs) | Revenue Lakhs | Average Realisation Rs /kWh | No. of instatn. Con. | Energy sold Units (KWH in lakhs) | Revenue Lakhs | Average Realisation Rs /kWh |
| Consumer category-wise | | | | | | | |
| (1) HT Consumers | 221.22 | 1338.38 | 6.05 | 18 | 208.84 | 1044.86 | 5.00 |
| (2) LT - I Domestic | 17.67 | 52.66 | 2.98 | 719 | 18.07 | 53.26 | 2.95 |
| (3) LT - II : Colonies | 3.91 | 21.94 | 5.61 | 4 | 3.44 | 21.27 | 6.18 |
| (4) LT - III : Industry - | 0.02 | 0.15 | 7.50 | 2 | 0.02 | 0.17 | 6.80 |
| (5) LT IV (a) - Swimming Pool | 0.50 | 3.03 | 6.06 | 2 | 0.49 | 2.94 | 5.95 |
| (6) LT IV (b) - Seamen's Hostel | 1.56 | 6.97 | 4.47 | 3 | 1.51 | 6.92 | 4.57 |
| (7) LT IV (c) - educational | 0.72 | 3.41 | 4.74 | 9 | 0.93 | 5.23 | 5.63 |
| (8) LT - V : Commercial | | | | | | | |
| A. Three Phase | 62.93 | 585.25 | 9.30 | 247 | 61.80 | 582.82 | 9.43 |
| B. Single Phase | 3.30 | 24.85 | 7.53 | 243 | 3.11 | 24.10 | 7.75 |
| Total | 311.83 | 2036.64 | 6.53 | 1247 | 298.22 | 1741.55 | |
| Self consumption | 25.19 | 99.25 | 3.94 | | 36.17 | 135.23 | 3.74 |
| Total | 337.02 | 2135.89 | 6.34 | | 334.40 | 1876.78 | |
| Recovery of electricity duty and other state levies | | | | | | 99.75 | |
| (i) Misc. charges from consumers | | | | | | 4.98 | |
| Gross Revenue from sale of power (I+II+III+IV) | 337.02 | 2135.89 | | | 334.40 | 1981.50 | |
| Less : (I) Electricity duty payable | | 0.00 | | | | 99.75 | |
| Total of VI | | 0.00 | | | | 99.75 | |
| Net Revenue from sale of power (V -VI) | 337.02 | 2135.89 | | | 334.40 | 1881.76 | |

28. The licensee has provided the split up details of consumer category wise details of revenue from sale of power for own consumption and sales to other consumers. The Commission has noted certain discrepancies in the revenue figures given by the licensee. The average realisation for HT consumers were Rs.5/unit for 2011-12, where as the average realisation in 2009-10 and 2010-11 is more than Rs.6 as shown below:

| Category | 2009-10 | 2011-12 |
|--------------------|---------|---------|
| Sales (lakh units) | 109.45 | 194.69 |

| | | |
|-------------------------------|--------|----------|
| Revenue (Rs.lakhs) | 672.49 | 1,177.30 |
| Average Realisation (Rs./kWh) | 6.14 | 6.05 |

29. As per the information given by the licensee, the consumers at Vallarpadam is billed at HT commercial tariff and the other HT consumers are at Wellington Island. The total revenue from sale of power from HT consumers at Wellington Island is reported as shown below:

Revenue from HT consumers at Wellington Island

| Sl. NO | Particulars | 2011-12 |
|----------|---|---------|
| 1 | Demand (kVA) | 60617 |
| 2 | Demand Charges (Rs.lakhs) | 212.16 |
| 3 | Energy sales (lakh units) | 133.88 |
| 4 | Energy Charges (Rs.lakhs) | 519.41 |
| 5=(2+4) | Total Charges (Rs.lakhs) | 731.57 |
| 6=5/3 | Average Realisation | 5.46 |
| 57 | Total Revenue reported from HT consumers (Rs.lakhs) | 1044.86 |
| 8 | Sales at Vallarpadam (lakh units) | 74.96 |
| 9=(7-5) | Revenue from HT consumers at Vallarpadam (Rs.lakhs) | 313.29 |
| 10=(9/8) | Average Realisation from HT consumers at Vallarpadam (Rs./unit) | 4.18 |

30. As shown above, the revenue from sales to HT consumers at Vallarpadam is the difference between total revenue from HT consumers and revenue from HT consumers at Wellington Island. The derived revenue from HT consumers at Vallarpadam as shown above, is considerably lower as the average realisation is only Rs.4.18 per unit, which is lower than the power purchase cost (Rs.4.37 per unit) at Vallarpadam. In order to rectify this anomaly, the Commission called for the billing details of HT consumers from the licensee. As per the details furnished vide letter dated 2-7-2013, the billing at ICTT for 2011-12 is for Rs.419.76 lakhs. Accordingly the Commission re-estimate the revenue from HT consumers at Vallarpadam. The revised revenue is as shown below:

| | |
|---|------------|
| Revenue from HT consumers other than Vallarpadam (Rs.lakhs) | Rs.731.57 |
| Revenue from HT consumers at Vallarpadam (Rs.lakhs) | Rs.419.76 |
| Total Revenue from HT consumers (Rs.lakhs) | Rs.1151.33 |

31. The Commission notes that the licensee has included the equivalent revenue in the revenue from self consumption for the free units given to the employees. The total revenue for the purpose of trueing up is estimated as shown below.

Revenue from sale of power for truing up

| | Actuals (Rs.lakhs) | Allowed in Truing up (Rs.lakhs) |
|--------------------------|-----------------------|---------------------------------------|
| HT consumers | 1,044.86 | 1,151.31 |
| LT consumers | 696.69 | 696.69 |
| Self use | 135.23 | 135.23 |
| Total | 1,876.78 | 1,983.23 |
| Miscellaneous recoveries | 4.98 | 4.98 |
| Total income from tariff | 1,881.76 | 1,988.20 |
| Non Tariff income | 11.96 | 11.96 |
| Total Revenue | 1,893.72 | 2,000.16 |

32. Revenue gap/surplus after truing up: The ARR&ERC after the truing up is given below:

| Particulars | 2011-12 | 2011-12 | 2011-12 |
|--------------------------------------|-----------------|-----------------|-----------------|
| | (Approved) | (Actual) | (True up) |
| Power Purchase Cost | 1,297.38 | 1,393.62 | 1,365.50 |
| Interest and Finance charges | 396.58 | 325.88 | - |
| Depreciation | 114.06 | 121.42 | 106.49 |
| Employee cost | 250.13 | 432.90 | 250.13 |
| Repairs & maintenance cost | 3.34 | 7.52 | 7.52 |
| Admn & General expenses | 41.69 | 28.03 | 28.03 |
| Other expenses | - | 11.96 | 11.96 |
| Revenue Return | 10.00 | - | 10.00 |
| Aggregate Revenue Requirement | 2,113.18 | 2,321.34 | 1,779.63 |
| Revenue from Tariff | 2,135.88 | 1,881.76 | 1,988.20 |
| Non tariff income | | 11.96 | 11.96 |
| Expected Revenue from Charges | 2,135.88 | 1,893.72 | 2,000.16 |
| Surplus (+) / Deficit (-) | 22.70 | (427.62) | 220.54 |

Orders of the Commission

33. The Commission, after considering the truing up petitions of M/s CPT for the year 2011-12 and the details and clarifications given by the licensee, hereby arrives at a total revenue surplus of Rs. 220.54 lakhs. The revenue surplus from 2004-05 to 2008-09 is Rs.1429.06 lakh as per the Commission's order dt.16.05.2011 and Rs.831.15 lakhs for the years 2009-10 & 2010-11 as per order dated 8-2-1012. Hence, the total surplus till 2011-12 will be Rs. 2480.75 lakhs. 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.

34. The licensee shall arrange to conduct separate audit of distribution business by a competent authority preferably the C&AG. Audit Report shall compulsorily be filed along with the Truing up petition.

35. The petition is disposed of with the above direction. Ordered accordingly.

Sd/-
P.Parameswaran
Member

Sd/-
Mathew George
Member

Sd/-
T.M.Manoharan
Chairman

Approved for Issue

Secretary