

KERALA STATE ELECTRICITY REGULATORY COMMISSION THIRUVANANTHAPURAM

OA No.42/2015

In the matter of **Truing up of accounts of M/s Rubber Park India (P)
Ltd for the year 2013-14**

Applicant : M/s. Rubber Park India (P) Limited

Present : **Shri. T.M.Manoharan, Chairman**
Shri. S. Venugopal, Member
Shri. K.Vikraman Nair, Member

ORDER dated 01/03/2016

Background

1. M/s Rubber Park India (P) Ltd, a joint venture company of Rubber Board and KINFRA (herein after mentioned as RPIL or the licensee), is a distribution licensee under the Electricity Act 2003. The licensee purchases power at a voltage level of 110kV from Kerala State Electricity Board Limited.
2. The licensee has filed application for truing up of accounts for the financial year 2013-14 vide letter No.RP/E/02/11024 dated 27th November 2015. The Commission considered the application for the truing up of accounts for 2013-14 and admitted the petition as OA No. 42/15. The Commission sought clarifications vide letter dated 10-12-2015 from the licensee regarding the accounts submitted by them. The licensee had submitted the additional clarifications required on the application vide letter dated 22-12-2015.
3. A comparison on the amounts of expenditure and revenue as approved by the Commission for the year 2013-14 as per ARR order dated 15-05-2013 and the corresponding actual amounts of expenditure and revenue as per truing up application submitted by the licensee are given below:

Table 1
RPIL - Summary of Truing up application for 2013-14

Particulars	Proposed in ARR	Approved in ARR	Application for Truing up	Variation over approval
Total Energy Sales (MU)	27.38	27.38	24.00	(3.38)
Distribution loss (MU)	0.70	0.55	0.90	0.35
Gross energy (MU)	28.08	27.93	24.90	(3.03)
Distribution Loss (in %)	2.50%	1.97%	3.61%	
Expenditure (Rs.lakh)				
Purchase of Power	1,282.63	1,222.41	1419.32	196.91
R&M Expenses	24.49	23.67	24.07	0.40
Employee costs	31.64	24.74	33.25	8.51
A & G expenses	21.47	16.13	17.37	1.24
Depreciation	28.38	34.27	43.68	9.41
Interest & Finance charges	-	-	-	-
Other debits	-	-	-	-
Return on Equity	36.07	10.00	28.26	18.26
Total expenses	1,424.68	1,331.22	1565.95	234.73
Revenue (Rs.lakh)				
Revenue from sale of power	1,392.91	1,323.40	1379.34	55.94
Non-Tariff Income	13.97	13.97	12.02	(1.95)
Total Revenue	1,406.88	1,337.37	1391.36	53.99
Revenue Surplus/(Gap)	(17.80)	6.15	(174.59)	(180.74)

Hearing on the application

- Hearing on the application for truing up of accounts of the licensee for the year 2013-14 was held on 27-01-2016 at the Court Room, Office of the Commission, Thiruvananthapuram. During the hearing, representatives of RPIL and KSEB Ltd were present. RPIL was represented by Sri.J.Krishna Kumar, Managing Director, RPIL and Sri.Anees.T.M, Resident Engineer, RPIL. Sri. Anees.T.M presented the details of the application for the truing up of accounts for the year 2013-14 and responded to the queries of the Commission.

5. Sri. B.Pradeep, Deputy Chief Engineer, KSEB Ltd. presented the remarks/ observations of KSEB Ltd. and submitted the written remarks on the application. The summary of the issues raised by KSEB Ltd is given below.

- (i) T&D Loss claimed by the licensee is at 3.61% as against the approved level of 1.97%. It was requested that the additional cost on power procurement due to higher distribution loss may be disallowed.
- (ii) It was submitted that all expenses of the licensee have increased from that of the approved level for the year 2013-14, particularly in respect of employee cost and depreciation.
- (iii) The licensee claimed Rs.24.60 lakh towards Repair and Maintenance expenses as against the approved amount of Rs 21.52 lakh.
- (iv) Employee Cost claimed by the licensee was higher than the approved level for 2013-14. It was further submitted that Rs 10.35 lakh had been claimed towards salary to 'Chief Engineers/equivalent'. The licensee also claimed Rs 10.64 lakh towards salary for 3 Nos. of non – technical staff, which were not approved by the Commission.
- (v) It was submitted that under 'Administration and General Expenses', the licensee claimed Rs.2.95 lakh towards 'Security arrangements', which was 62% higher than that of the approved level for 2013-14. It was requested that the Commission may have a prudence check on the expense.
- (vi) The licensee had not provided the details of vintage of the assets for claiming depreciation and requested the Commission that the depreciation claimed, if any, for asset additions without approval of the Commission, may be disallowed.
- (vii) It was also requested to allow the RoE as was done in the previous years.
- (viii) The licensee accounted Rs.157.36 lakh under the head "Marginal Cost paid" on the expenditure side and the same was not seen accounted as collected from the consumers on the revenue side

6. After hearing the licensee and M/s KSEB Ltd, the Commission directed the licensee to submit the following additional details
 - (i) Copy of cash flow statement for the year 2013-14
 - (ii) Copy of the asset register and details of the vintage of the assets.
 - (iii) Details of the employee cost and the methodology followed in the apportionment of employee cost (including the salary towards CMD).
 - (iv) Month wise details of the marginal cost collected and paid to KSEB Ltd.
7. The licensee vide the letter No.RP/E/02 dated 12th February 2016 has submitted the additional details as directed by the Commission.

Analysis and Decision of the Commission

8. The Commission considered the application of the licensee for truing up of accounts for the year 2013-14, the clarifications and the additional details submitted by the licensee thereon along with the comments of KSEB Ltd. The analysis and decisions of the Commission on the application for truing up of accounts for the year 2013-14 are detailed below:
9. **Sale of energy:** The actual sales reported by the licensee as per the application for truing up of accounts for the year 2013-14 are as follows.

Table 2
RPIL - Number of consumers and Sale of power for 2013-14

Category	As per the ARR orders		Actual claimed as per the application on truing up	
	No. of consumers	Sales (MU)	No. of consumers	Sales (MU)
HT Consumers	16	26.09	15	22.71
LT IV Consumers	12	1.02	15	1.08
LT VI B	2	0.20	1	0.04
LT VI C			1	0.01
LT VII A	14	0.07	14	0.11
Public Lighting			8	0.05
Total	44	27.38	54	24.00

A comparison on the number of consumers and actual sale of energy over the years is tabulated hereunder.

Table 3
RPIL - Number of consumers and Sale of power over the years

Category	2011-12 (Actual)		2012-13 (Actual)	
	No. of Consumers	Sales (MU)	No. of Consumers	Sales (MU)
HT Consumers	12	17.27	14	21.11
LT Consumers	11	0.91	13	0.99
Temporary Connections	19	0.09	16	0.08
Rubber Park Utilities	1	0.23	1	0.18
Total	43	18.49	44	22.36

10. As per the application, the licensee sold total energy of 24.00 MU to various categories of consumers for the year 2013-14 as against an approved quantum of 27.38 MU. The licensee has stated that the reason for the lower energy sales was due to the power restriction imposed in the State in the months of April & May-2013 and general industrial slowdown. The Commission approves the actual energy sales as submitted by the licensee for the truing up of accounts for the year 2013-14.
11. **Energy Input and Distribution Loss:**

As per the details submitted in the application, the licensee had purchased 24.90 MU from KSEB Ltd and distributed 24.00 MU.

The distribution loss reported by the licensee is 3.61% as against the approved loss level of 1.97%. The licensee has stated that the higher distribution loss was due to metering errors of consumers. For the purpose of truing up, the Commission hereby approves the distribution loss at 1.97%, i.e., the loss target approved by the Commission vide the order on ARR&ERC dated 15-05-2013. Accordingly, the quantum of power purchase approved in the process of truing up is detailed below.

Table - 5
RPIL- Energy Requirement and Distribution Loss

Particulars	ARR		Truing up	
	Proposed	Approved	Claimed	Approved
Total Energy sales (MU)	27.38	27.38	24	24
Distribution loss(%)	2.50%	1.97%	3.61%	1.97%
Distribution loss(MU)	0.79	0.55	0.9	0.48
Total Energy Requirement (MU)	28.08	27.93	24.9	24.48

12. Cost of Power Purchase:

The quantum of power purchase as per the application for truing up is 24.90 MU, which includes the excess consumption of 1.79 MU during the power restriction periods April-2013 and May-2013. The licensee had collected Rs. 157 lakh as penalty for the excess consumption and remitted the same to KSEB Ltd. The total power purchase cost excluding the penalty for the excess consumption paid to KSEB Ltd is Rs. 1262 lakh. The Commission had revised the Bulk Supply Tariff (BST) applicable to the distribution licensees with effect from 01.05.2013, from Rs. 3.70/kWh to Rs. 4.55/kWh. There was no change on demand charge. The details of the power purchase cost claimed by the licensee as per the application for truing up are detailed below:

Table – 6
RPIL – Cost of Power Purchase

Energy Purchase (MU)		24.90
Maximum Demand(KVA)		4951.00
Contract Demand(KVA)		4500.00
Demand Charges (Rs./KVA)		300.00
Demand charges (Rs in lakh)		165.66
Excess Demand (Rs in lakh)		2.61
Total Demand charges (Rs in lakh)		168.27
Energy Charges (Rs./kWh)	Apr-13	3.70
	May-'13 to Mar-'14	4.55
Total energy Charges (Rs.in lakh)		1040.53
Marginal Cost (Rs lakh)		157.36
Other Charges (Rs Lakh)		53.16
Cost of power purchase (Rs lakh)		1419.32
Average Power Purchase Cost (Rs./kWh)		5.70

13. Commission collected the month wise details of the energy purchased from KSEB Ltd, the amount incurred for power purchase as per the monthly invoices raised by KSEB Ltd, the marginal cost collected from the consumers and the same paid to KSEB Ltd etc. The details are given below.

Table-7

RPIL- Month wise details of the power purchase from KSEB Ltd

Month	Energy purchase from KSEBL	Billing Demand	Demand raised by KSEBL as per KSEB invoice				Marginal cost paid to KSEBL	Total payment to KSEBL	Avg. cost of power purchase
			Energy charge	Demand charge	Any Other Charge	Total			
	(MU)	(kVA)	(Rs. lakh)	(Rs. lakh)	(Rs. lakh)	(Rs. lakh)	(Rs. lakh)	(Rs. lakh)	(Rs/kWh)
Apr-13	2.12	4453.00	78.32	22.08	0.00	100.40	67.73	129.00	6.09
May-13	2.30	4698.00	104.50	24.28	2.13	130.91	89.64	166.47	7.25
Jun-13	2.31	4758.00	104.97	16.91	0.00	121.88	0.00	119.63	5.19
Jul-13	2.23	4483.00	101.32	15.67	0.00	117.00	0.00	114.77	5.15
Aug-13	1.72	4136.00	78.34	14.11	0.00	92.46	0.00	90.75	5.27
Sep-13	1.91	4780.00	86.85	17.01	0.00	103.86	0.00	101.61	5.32
Oct-13	2.14	4951.00	97.18	17.78	0.00	114.96	0.00	112.71	5.28
Nov-13	2.00	4599.00	90.94	16.20	0.00	107.14	0.00	104.89	5.25
Dec-13	1.99	4667.00	90.47	16.50	0.00	106.97	0.00	104.71	5.27
Jan-14	1.93	4409.00	87.65	15.34	0.00	102.99	0.00	100.86	5.24
Feb-14	2.00	4670.00	90.94	16.52	0.00	107.46	0.00	105.20	5.26
Mar-14	2.28	4616.00	103.64	16.27	51.02	170.93	0.00	168.68	7.41
Total	24.90		1115.12	208.67	53.16	1376.94	157.36	1419.27	5.70

14. As detailed above, as per the truing up application filed by the licensee, the total cost of power purchase for the year 2013-14 is Rs 1419.27 lakh for procuring 24.90MU from M/s KSEB Ltd. The average cost of power purchase submitted by the licensee is Rs 5.70/ unit.
15. However, it is seen that, the total cost of power purchase booked for the year 2013-14 includes Rs 53.16 lakh booked under other charges. This amount is not pertaining to the quantum of power purchase made during the year 2013-14. Further, the licensee M/s RPIL has also not submitted the details of the claim. Hence, Commission considered the cost of power purchase during the year 2013-14, by excluding the claim under 'other charges' amounting to Rs 53.16 lakh. Thus the cost of power purchase considered for the year 2013-14 is Rs 1366.11 lakh at an average cost of Rs 5.49/unit.
16. Further, as detailed under table 5 above, the Commission approves only 24.48 MU as the total quantum of power purchase for the year 2013-14, as against 24.90 MU claimed by the licensee, which is less by 0.42 MU from the quantum of

power purchase claimed for the year 2013-14. The Commission hereby approves only Rs.1343.95 lakh as the cost of power purchase for 24.48MU @ Rs 5.49/unit, after deducting the cost of 0.42 MU of electricity at the average power purchase rate of Rs 5.49/unit. Accordingly the net power purchase cost approved by the Commission is detailed below.

Table - 8
RPIPL – Net Power Purchase Cost approved

Quantum of power purchase approved at the T&D loss level of 1.97% (MU)	24.48
Average cost of power purchase (Rs/unit)	5.49
Net Power purchase approved in the process of truing up (Rs in lakh)	1343.95

17. **Interest and financing charges:** The licensee has not booked any amount under interest and financing charges for the truing up of accounts for the year 2013-14.
18. **Depreciation:** - The licensee has claimed depreciation of the assets as Rs.43.68 lakh as against the approved amount of Rs.34.26 lakh. The depreciation accounted for the distribution business are at the rates specified by CERC as per the terms and conditions of tariff applicable for the period 2004-2009. The depreciation booked by the licensee as per accounts for the year 2013-14 is detailed below:

Table – 8
RPIL – Depreciation claimed for the year 2013-14

Particulars	Gross Fixed Assets (Rs. lakh)	Asset Addition (Rs lakh)	Depreciation (Rs. lakh)	Rate of depreciation (%)
Transmission lines	99.00	0.00	5.23	5.28
Substations	412.40	7.39	22.16	5.28
11kV Works	108.05	0.00	5.71	5.28
LT Lines	30.38	0.00	1.60	5.27
Metering Equipment		0.20	0.01	5.00
Service connections	0.28	0.00	0.01	3.57
Misc equipment	10.88		0.57	5.24
Others	228.00	0.00	8.38	3.68
Total	888.99	7.59	43.68	4.87

19. The depreciation of Rs.8.38 lakh claimed by the licensee on the assets under the head 'others' worth Rs.228 lakh is detailed below.

Table – 9

RPIL – Split up details on depreciation claimed under 'Others' for the year 2013-14

Particulars	Amount Rs. lakh	Depreciation %	Depreciation (Rs. lakh)
Leasehold land	27.00		0.00
Building	148.00	3.34	4.95
Plant and machinery	7.00	5.28	0.37
Electronic equipment	18.00	5.28	0.96
Office equipment	0	6.33	0.01
Computers	4.00	15.00	0.53
Furniture and fittings	25.00	6.33	1.56
Total	228.00		8.38

The depreciation claimed by the licensee during the year 2013-14 includes the depreciation on the assets created amounting to Rs 7.59 lakh during the year 2013-14. The Commission approves depreciation only on the Gross Fixed Assets existing at the beginning of the year 2013-14. Since the licensee has not provided the details of the assets created out of consumer contribution and grants including the vintage of assets, Commission here by approves the depreciation at the rates specified by CERC as per the terms and conditions of tariff applicable for the period 2004-09. Thus, the amount of depreciation approved in the process of truing up of accounts for the year 2013-14 is detailed below:

Table – 10

RPIL - Approved Depreciation for 2013-14

Particulars	Gross Fixed Assets (Rs. lakh) at the beginning of the year	Depreciation (Rs. lakh)	Rate of Depreciation (Rs. lakh)
Land	26.85		
Transmission lines	99.00	2.53	2.56%
Substations	412.40	14.85	3.60%
11kV Works	108.05	3.89	3.60%
LT Lines	30.38	1.09	3.60%
Service connections	0.28	0.01	3.60%
Misc. Equipments	10.88	0.39	3.60%
Others	228.00	8.37	3.60%
Total	915.84	31.13	

The Commission approves Rs 31.13 lakh as depreciation, in the process of truing up of accounts for the year 2013-14. The details are given below.

Table - 11
RPIL – Depreciation allowed in truing up of accounts for 2013-14 (Rs. lakh)

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Trued up
Depreciation	28.38	34.27	43.68	31.13

20. **Employee Cost:**

Vide the order on ARR&ERC of M/s RPIL dated 15-05-2013, the Commission provisionally approved the employee cost for the year 2013-14 at Rs 24.74 lakh. In the application for truing up, the licensee has booked an amount of Rs.33.25 lakh as employee cost for carrying out the distribution business. The licensee stated that the increase in employee cost was due to the DA hike of 17% during the year. The details of the employee cost claimed by the licensee is as below:

Table – 12
RPIL – Details of Employees – 2013-14

Particulars	Designation	Sanctioned	Working	Cost (Rs in lakh)
CMD (Part)	Managing Director	1	1	0.89
Executive (Part)	Manager – Technical	2	1(full)	10.35
Resident Engineer	Resident Engineer	1	1	5.04
Tech. Staff	Assistant Resident Engineer & Electrician	2	2	5.29
Non Tech Staff	Company Secretary, Accounts Officer & Asst. Manager (Admn)	2	2 (part) & 1 (full)	10.64
Staff welfare expenses				1.03
Total		8	8	33.25

The licensee has also furnished the duties and responsibilities of the staff whose salary has been accounted in the distribution business. The Commission directs the licensee to have a closer look at the base used to apportion the expenses to the distribution business and also to have a review of the number of staff deployed on the background of the fact that repairs and maintenance function of the licensee is fully outsourced.

The employee cost approved for the year 2011-12 was Rs.20.84 lakh. For the year 2012-13, Commission had approved an increase of 9.56% (weighted average increase of WPI and CPI in the ratio of 30:70) over the employee cost approved for the year 2011-12. Accordingly, the Commission had approved the employee cost of Rs.22.83 lakh for the year 2012-13. For the year 2013-14, the Commission adopts the same methodology and approves an increase of 8.55% (weighted average increase of WPI and CPI in the ratio of 30:70 for the year 2013-14) over the employee cost approved for the year 2012-13. The employee cost thus approved for the year 2013-14 is Rs.24.78 lakh

Table - 13

RPIL – Employee Cost Approved in truing up of accounts for 2013-14

(Rs. lakh)

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Trued Up
Employee cost	31.64	24.74	33.25	24.78

21. **Repairs and Maintenance Charges:** The amount booked by the licensee for R&M expenses in the truing application is slightly higher than that of approved level in the order on ARR&ERC for the year 2013-14. While approving the ARR, the Commission had approved an amount of Rs.23.67 lakh as R&M cost for the year 2013-14. The actual amount claimed by the licensee in the truing up application is Rs.24.07 lakh for the repair and maintenance. Out of Rs.24.07 lakh, an amount of Rs.20.89 lakh was paid to the O&M contractor for operating the substation and the balance amount of Rs.3.17 lakh represents the spares and consumables used in substation. According to the licensee, the increase in the R&M expenses was due to the unavoidable expenditure incurred for maintaining the distribution system. The comparison of the approved R&M expenses and the actual booked by the licensee is detailed below:

Table – 14

RPIL – Actual and Approved R&M Expenses – 2013-14 (Rs. lakh)

Particulars	2013-14	2013-14
	ARR Approved	Claimed
Substations	20.26	20.89
11kV lines and associated works	1.50	1.08
Others	1.91	2.09
Total	23.67	24.07

The licensee has not provided clarification for the higher amount booked under the head 'others'. For the year 2012-13, the Commission approved an increase of 9.56% (weighted average increase of WPI and CPI in the ratio of 30:70) over the R&M cost approved for the year 2011-12. Accordingly, the Commission approved the R&M cost for the year 2012-13 at 21.29 lakh. Since the Commission had approved an amount of Rs.23.67 lakh for the head Repairs and Maintenance, taking into consideration the past trends and the forecast given by the licensee at the time of filing the ARR, the Commission approves the ARR approved figures for the truing up purpose.. Based on the above, the repair and maintenance expenses approved for the year 2013-14 is Rs. 23.67 lakh. The details are given below.

Table - 15
RPIL – R&M expenses approved in truing up of accounts for 2013-14
(Rs. lakh)

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Trued Up
R&M cost	24.49	23.67	24.07	23.67

22. Administration and General Expenses:

While approving the ARR vide the order dated 15.5.2013, the Commission had approved Rs. 16.13 lakh as A&G expenses for the year 2013-14. The A&G expenses booked by the licensee in the truing up application for 2013-14 is Rs.17.37 lakh. The licensee has booked higher amounts for security charges and insurance. The licensee has also included an amount of Rs. 1.35 lakh paid as fee for the energy audit conducted by M/s.Kerala State Productivity Council. The licensee has stated that the audit was done to ensure that there is no energy losses/ wastage in the distribution system.

23. The actual A&G expenses approved for the year 2012-13 was Rs 15.77 lakh, considering an increase of 9.56% (weighted average increase of WPI and CPI in the ratio of 30:70) over the A&G expenses approved for the year 2011-12. The Commission approves the A&G expenses for the year 2013-14 after considering the increase of 8.55% (weighted average increase of WPI and CPI in the ratio of 30:70) and approves a total amount of Rs.17.12 lakh.

Table - 16
RPIL – A&G expenses approved in truing up of accounts for 2013-14
(Rs.Lakh)

Particulars	ARR		Truing up	
	Projected	Approved	Claimed	Trued Up
A&G expenses	21.47	16.13	17.37	17.12

24. **Return on Equity:** The licensee had projected Rs.36.07 lakh towards Return on Equity in ARR & ERC for the year 2013-14. This amount projected was 14% on the 30% of the net fixed assets. The Commission had allowed a provisional amount of Rs. 10.00 Lakh as RoE, as was done in the previous years. In the truing up application, the return on equity claimed is Rs. 28.26 lakh, which is 14% on the 30% of the Net fixed asset of Rs. 672.79 lakh. The Commission has been allowing Rs 10.00 Lakh as RoE. In the absence of any convincing reasons to substantiate a higher return, the Commission approves only Rs 10.00 lakh as RoE.
25. **Total Revenue Requirements:** The total expenses approved after truing up of accounts for the year 2013-14 is as given below:

Table - 17
RPIL - Approved expenses for 2013-14 (Rs. lakh)

Particulars	ARR		Truing Up	
	Projected	Approved	Claimed	Trued Up
Purchase of Power	1,282.63	1,222.41	1,419.32	1,343.95
R&M Expenses	24.49	23.67	24.07	23.67
Employee costs	31.64	24.74	33.25	24.78
A & G expenses	21.47	16.13	17.37	17.12
Depreciation	28.38	34.27	43.68	31.13
Interest & Finance charges	-	-	-	-
Other debits	-	-	-	-
Return on Equity	36.07	10.00	28.26	10.00
Total expenses	1,424.68	1,331.22	1,565.95	1,450.65

26. **Revenue from Sale of Power:** The licensee has claimed total revenue from sale for power of Rs.1379.34 lakh which includes the penalty for excess over quota collected from the consumers and remitted to KSEB Ltd. There is an increase of

Rs. 55.94 lakh in actual revenue from sale of power from that of the approved value in the ARR application. The details of energy sale and revenue there from, as per application submitted by the licensee are detailed below:

Table - 18
RPIL - Revenue from Sale of Power for 2013-14

Particulars	ARR Approved			Truing Up Claimed		
	Energy Sales (MU)	Revenue in Rs lakh	Avg. realisation	Energy Sales (MU)	Revenue in Rs lakh	Avg. realisation
HT Consumers	26.09	1253.29	4.80	22.71	1235.57	5.44
LT IV Consumers	1.12	57.03	5.11	1.08	62.53	5.78
LT VI B	0.04	2.63	7.31	0.04	2.74	7.77
LT VI C	0.01	1.01	9.18	0.01	1.06	10.60
LT VII A	0.09	8.81	9.37	0.11	11.35	10.42
Public lighting	0.02	0.60	2.86	0.05	1.61	2.97
Total	27.38	1323.37		24.00	1314.86	
Recovery of electricity duty					34.90	
Wheeling charges					0.04	
Misc. charges from consumers, penalty ,marginal cost, meter		0.03			79.32	
Gross Revenue		1323.40			1429.12	
<i>Less Electricity Duty payable</i>					34.60	
<i>Less Other State levies payable</i>					15.19	
Net Revenue from Sale of Power		1323.40			1379.34	

27. The Commission had verified the month wise details of the demand raised from the HT consumers, and LT IV Industrial consumers. There was no discrepancy in the demand raised and accounted by the licensee under revenue from sale of power including the marginal cost collected and accounted.

28. However, the licensee has deducted Rs 15.19 lakh under 'other State levies payable'. On verification, it is found that, this amount pertains to the duty payable to the State Government under section-3 of the Kerala Electricity Duty Act, 1963. The Commission has been taking a consistent stand that, the section 3 duty cannot be approved as expenses considering the provisions under subsection (3) of the Section (3) of the Kerala Electricity Duty Act, 1963 that, the section-3 duty cannot be passed on to the consumers. The licensee is hereby directed to state clearly its claim for electricity duty, instead of using ambiguous terms such as other state levies payable. Accordingly, the revenue from sale of power approved for the year 2013-14 is detailed below.

Table-20
RPIL- Revenue from sale of power approved for the year 2013-14

Particulars	Application for truing up		Approval	
	Energy Sales (MU)	Revenue in Rs lakh	Energy Sales (MU)	Revenue in Rs lakh
HT Consumers	22.71	1235.57	22.71	1235.57
LT IV Consumers	1.08	62.53	1.08	62.53
LT VI B	0.04	2.74	0.04	2.74
LT VI C	0.01	1.06	0.01	1.06
LT VII A	0.11	11.35	0.11	11.35
Public lighting	0.05	1.61	0.05	1.61
Total	24.00	1314.86	24.00	1314.86
Recovery of electricity duty		34.90		34.90
Wheeling charges		0.04		0.04
Misc. charges from consumers, penalty ,marginal cost, meter		79.32		79.32
Gross Revenue		1429.12		1429.12
<i>Less Electricity Duty payable</i>		34.60		34.90
<i>Less Other State levies payable</i>		15.19		
Net Revenue from Sale of Power		1379.34		1394.22

29. **Non Tariff Income:** The actual non-tariff income accounted by the licensee is Rs 12.02 lakh as against the approved amount of Rs 13.97 lakh for the year 2013-14. The details are given below.

Table- 19
RPIL- Non tariff income 2013-14

Particulars	2013-14 ARR		2013-14 Truing up
	Projected	Approved	Claimed
Interest on Bank Fixed Deposits	12.97	12.97	5.90
Misce. Recoveries	1.00	1.00	6.12
Total	13.97	13.97	12.02

The Commission approves the non – tariff income as claimed by the Licensee for the truing up of accounts for the year 2013-14.

30. **Revenue Surplus/(gap) for 2013-14:** The revenue gap arrived at by the Commission after the truing up process is Rs.44.41 lakh as against the revenue gap of Rs 174.59 lakh as per the application for the truing up of accounts for the year 2013-14. The details are given below.

Table- 20
RPIPL - Approved Revenue Surplus for 2013-14

Particulars	ARR		Trued up	
	Projected	Approved	Claimed	Approved
Purchase of Power	1,282.63	1,222.41	1419.32	1,343.95
R&M Expenses	24.49	23.67	24.07	23.67
Employee costs	31.64	24.74	33.25	24.78
A & G expenses	21.47	16.13	17.37	17.12
Depreciation	28.38	34.27	43.68	31.13
Interest & Finance charges	-	-	-	-
Other debits	-	-	-	-
Return on Equity	36.07	10	28.26	10.00
Total Expense	1,424.68	1,331.22	1565.95	1,450.65
Revenue from sale of power	1,392.91	1,323.40	1379.34	1394.22
Non Tariff income	13.97	13.97	12.02	12.02
Total Revenue	1,406.88	1,337.37	1391.36	1406.24
Surplus/ (Gap)	(17.80)	6.15	(174.59)	(44.41)

31. As detailed above, the revenue gap arrived by the Commission in the process of truing up of accounts of RPIL for the year 2013-14 is Rs 44.41 lakh. The net

accumulated revenue gap upto the year 2012-13 is Rs 7.12 lakh. Thus the net accumulated revenue gap upto the year 2013-14 is Rs 51.53 lakh.

Orders of the Commission

32. The Commission, after considering the application filed by the licensee for the truing up of accounts for the year 2013-14, the objections raised by M/s KSEB Ltd and the clarifications and details submitted by the licensee hereby approves a total expenditure of Rs.1450.65 lakh, a total revenue of Rs.1406.24 lakh and a revenue gap of Rs.44.41 lakh. The net revenue gap after the truing up of accounts till 2013-14 is Rs 51.53 lakh.
33. The application is disposed of.

Sd/-

**K.Vikraman Nair
Member**

Sd/-

**S.Venugopal
Member**

Sd/-

**T.M.Manoharan
Chairman**

Approved for issue

Sd-

**Santhosh Kumar.K.B
Secretary**