

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

Application No. : **OA 2/2016**

**In the matter of Truing up of Accounts of Kanan Devan Hill Plantations
Company Private Limited for the year 2014-15**

Applicant : M/s Kanan Devan Hill Plantations Company Private Limited

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

ORDER DATED 21/06/2016

1. Kanan Devan Hill Plantations Company Private Limited (hereinafter referred to as KDHPCL or the licensee) is the distribution licensee supplying electricity in and around Munnar. KDHPCL avails electricity from KSEB Ltd for the supply to its consumers, for its own consumption and for supply to several consumers of KSEB Ltd residing in the vicinity of the area of supply of KDHPCL. M/s KDHPCL filed the truing up petition for 2014-15 and it was admitted as OA No.2/16. The petition is based on the audited accounts of the licensee. The ARR&ERC of the licensee for 2014-15 was approved by the Commission vide order dated 07.05.2014. A comparative statement for the years 2013-14 and 2014-15 on the proposal in the application for approval of ARR and ERC and the corresponding figures approved by the Commission thereon along with the claims as per the truing up application is tabulated below.

**Table 1
Comparison for the year 2013-14 and 2014-15 (Rs.lakh)**

Particulars	2013-14			2014-15		Difference
	Approved in ARR	Application for truing up	Trued Up	Approved in ARR	Application for truing up	
Expenditure						
Purchase of Power	1844.11	1949.58	1864.83	1,884.10	2140.99	256.89
R&M Expenses	21.05	96.77	9.26	23.16	22.05	1.11
Employee costs	72.13	15.79	15.03	78.54	126.90	48.36
A & G expenses	10.48	102.64	72.48	9.83	19.67	9.84
Depreciation	8.94	20.23	20.23	15.39	16.15	0.76
Interest & Finance charges	16.51	18.51	12.29	12.50	21.22	8.72
Other debits	0.20	13.11	0.42	0.20	12.31	12.11
Return on Equity	5.00	-	5.00	5.00	-	5.00
Total expenses	1978.42	2216.63	1999.54	2028.72	2359.30	330.58

Revenue						
Revenue from sale of power	1953.75	2065.14	2065.14	1,994.02	2337.79	343.77
Non-Tariff Income	8.43	16.21	16.21	8.46	7.78	0.68
Total Revenue	1962.18	2081.35	2081.35	2,002.48	2345.47	343.09
Revenue Surplus/(Gap)	(16.24)	(135.28)	81.81	(26.24)	(13.73)	

2. In the application, the licensee has arrived at a revenue gap of Rs.13.73 lakh for the year 2014-15 as against a revenue gap of Rs.26.24 lakh approved by the Commission.

Hearing on the matter

3. Public hearing was conducted on 09-03-2016 at the Court room of the Commission. In the public hearing, representatives of the licensee and KSEB Limited were present. Sri.P.M.Srikrishnan, Executive Director of KDHPCL presented the truing up petition and responded to the queries of the Commission.
4. Sri.Anil.J, Executive Engineer, KSEBL. presented the objections of KSEB Limited and submitted written remarks on the application. The summary of the comments of KSEB are abstracted below:
- The licensee has reported a T&D loss of 15.99% against an approved T&D loss of 12.00%. It was submitted that the cost of procurement of power due to excessive T&D loss may not be admitted.
 - The claim of the licensee on Section 3(1) duty and duty on line loss may be disallowed.
 - The licensee has claimed an employee cost higher than that approved in the order on ARR&ERC for the year 2014-15. The Commission may adopt the same principle followed in the order on truing up for the year 2013-14 in allowing the employee cost.
 - The claim of the licensee towards bank charges on bank guarantee under the head "A&G expenses" is not maintainable.
 - The depreciation for assets which are created from own funds only may be allowed after due consideration of the vintage of the assets.
 - The claim of the interest and finance charges was not rational and it was prayed that only the actual interest paid to the consumers by the licensee for the year, be allowed.
5. As against the comment raised by KSEBL on the T&D loss of 15.99%, Sri.Srikrishnan responded that KSEBL has calculated the T&D loss on the

basis of the net sale of energy where as it is to be calculated on the Gross energy sold. He also requested time to submit their rejoinder on other remarks submitted by KSEB Limited.

6. M/s KDHPCL submitted the rejoinder to the Commission on the comments and remarks of KSEB Limited and the clarifications on the application vide letter dated 16-03-2016 . The major clarification given were:
- With regard to the contribution made by the customers towards cost of assets, it was clarified that amounts received from the consumers mainly for installation of transformers for exclusive requirement of Panchayat, BSNL for telephone tower etc were reduced from the cost of the assets and the difference between the cost and revenue were taken to revenue account and no contribution is collected from consumers for installation of transformer unless it was used exclusively by the consumer.
 - The base for allocating employee costs to electricity operations.
 - Particulars of 'vintage' of assets used in operations

Analysis and decision

Number of Consumers and energy sale to different categories of consumers

7. As per the details submitted by the licensee, the actual number of consumers during the 2014-15 is 15499 nos. as against 15793 nos. during the year 2013-14. The reduction in consumer strength is mainly on the LT-1 domestic, HT-1 Industrial and LT-IV Industry category.
8. Even though there was a reduction in the number of consumers, the energy sale as per the application for truing up is 38.67 MU as against the quantum of 36.90 MU approved by the Commission. The details of the sale of power to each consumer category are shown below.

Table 2
KDHPCL-Sale of power to various consumer categories

Consumer Category	2013-14 Actual		2014-15	2014-15 Actual	
	No. of Consumers	Energy sold MU	ARR Approved in MU	No. of Consumers	Energy sold MU
HT I Industrial	46	23.68	23.06	26	24.47
HT III Agriculture	4	0.27	0.24	2	0.29
HT VI Commercial	11	2.13	1.86	10	2.25
LT I Domestic	13392	6.91	6.96	13164	6.81
LT II Colonies	2	0.07	0.31	-	-
LT IV Industries	195	0.59	0.61	97	0.57

LT V Agriculture	10	0.01	0.02	5	0.01
LTVI Non Domestic	705	0.71	0.79	717	0.83
LT VII Commercial	1308	2.77	2.73	1350	3.13
Street Lighting	120	0.32	0.32	128	0.31
Total	15793	37.46	36.90	15499	38.67

Commission here by approves the actual energy sale as per the application for truing-up of accounts for the year 2014-15.

9. **Energy Purchase:** The actual energy purchase as per the application for truing up was 46.03 MU. The back feed energy to the consumers of KSEB Ltd was 8.17 MU. Thus, the total energy consumption within the distribution system of KDHPCL was 54.20 MU.
10. **Distribution Loss:** In the application for approval of ARR & ERC for the year 2014-15, the T&D loss proposed by KDHPCL was 13.00%, however, the T&D loss approved for the year vide the order dated 7-5-2014 on ARR&ERC was 12.00%. The actual T&D loss as per the application for truing up for the year 2014-15 was 13.57 %. The details of the distribution loss as per the application for truing up submitted by the licensee are given below.

Table 3
KDHPCL- Details on the distribution loss

Particulars	Approved in ARR	For Truing Up
Total Energy Sales (MU)	36.90	38.67
Feed back (MU)	7.45	8.17
Distribution loss (MU)	6.05	7.36
Quantum of power purchase from KSEBL for the use of licensed area of KDHPCL	42.95	46.03
Gross energy (MU)	50.40	54.20
Distribution loss %	12.00%	13.57%

11. As detailed above, the actual T&D loss reported by the licensee is 13.57% higher than the target approved by the Commission. Since the T&D loss is a controllable parameter, the Commission is of the considered view that, for the purpose of truing up, the admissible T&D loss has to be maintained at 12.00%, i.e., at the same level approved by the Commission vide its order dated 7-5-2014 on ARR&ERC of KDHPCL for the year 2014-15. Accordingly, the T&D loss and quantum of power purchase by KDHPCL for the distribution of electricity within the licensed area of KDHPCL are as detailed below.

Table 4
KDHPCL- Quantum of distribution loss and power purchase approved for truing up for the year 2014-15

Particulars	Application for truing up	Trued Up approval	Difference
Total Energy Sales (MU)	38.67	38.67	0.00
Feed back (MU)	8.17	8.17	0.00
Distribution loss (MU)	7.36	6.39	0.97
Quantum of power purchase from KSEBL for the use of licensed area of KDHPCL	46.03	45.06	0.97
Gross energy (MU)	54.20	53.23	0.97
Distribution loss %	13.57%	12.00%	1.57%

As detailed above, for the purpose of truing up, the quantum of power purchase approved for the year 2014-15 is 45.06 MU as against the power purchase of 46.03 MU claimed by the licensee.

12. Power Purchase Cost: - The cost of power purchase claimed as per the application for truing up petition for procuring 46.03 MU from KSEB Ltd was Rs.2140.99 lakh for the year 2014-15. The Commission had revised the BST applicable to the distribution licensees from 16-08-2014. The BST energy charge applicable to KDHPCL was increased from Rs. 3.80/kWh to Rs. 4.30/kWh. There was no change on demand charge. The details of the cost of power purchase claimed by the licensee are given below.

Table 5
KDHPCL- Details of the cost of power purchase claimed for 2014-15

Particulars	As per application for truing up
Total Maximum Demand kVA	80591
Demand charge(Rs./kVA)	300.00
Demand charges (Rs./lakh)	241.77
Excess demand charges (Rs./lakh)	2.13
Total demand charges	243.90
Energy purchased (MU)	46.03
Total energy charges	1897.09
Other charges	-
Total charges	2140.99
Average tariff (Rs/unit)	4.65

13. As detailed under Table-4 above, the quantum power purchase approved for the year 2014-15 for the purpose of truing up at the approved T&D loss of 12% was 45.06 MU only as against 46.03 MU claimed by the licensee. Hence the cost of power purchase approved for the year 2014-15 for the purpose of

truing up was 45.06 MU x Rs 4.65/unit = Rs 2095.29 lakh. The details are given below.

Table 6
KDHPCL- Details of power purchase cost approved for 2014-15

Particulars	Application for truing up	Truing up approval
Quantum of power purchase (MU)	46.03	45.06
Average BST (Rs/unit)	4.65	4.65
Cost of power purchase (Rs.lakh)	2140.99	2095.29

The power purchase cost approved after truing up for the year 2014-15 is Rs. 2095.29 lakh

Employee cost:

14. Vide the order dated 07-05-2014 on ARR&ERC of KDHPCL for the year 2014-15, the Commission had approved the employee cost at Rs 78.84 lakh. This includes a notional provision of Rs 5.00 lakh allowed as salary for senior management.
15. In the application for truing up for the year 2014-15, the licensee has booked amount of Rs.126.90 lakh as employee cost for carrying out the distribution business. The details are given below.

Table 7
KDHPCL- Details of employee cost claimed for the year 2014-15 (Rs. Lakh)

Particulars	ARR Proposed	ARR Approved	Truing up
Salaries	24.73	73.84	35.86
Overtime	17.67		22.52
DA	20.02		13.03
Other allowances	5.50		3.54
Bonus	3.23		1.78
Sub Total	71.15		76.74
Medical Expenses reimbursement	0.15		0.04
Leave Travel Concession	0.38		0.19
Earned leave encashment	0.63		1.15
Payment under Workmen's Compensation			0.06
Contribution to the PF	5.16		5.95
Sub Total	6.32		7.40
Staff welfare expenses	0.86		0.61
Terminal benefits	-		-
Salary of Manager & Executive	20.94	5.00	32.47
ED/Manager's salary proportion	21.03		9.69
Sub Total	42.83		42.77
Grand Total	120.30	78.84	126.90

16. The actual employee cost is higher than the approved level by Rs.48.06 lakh. The licensee clarifies that the increase is mainly on account of the share of salary of manager and executive director which sums up to a total amount of Rs.42.16 lakh against approved amount of Rs. 5 lakh by the Commission.
17. KDHPCL is a company primarily engaged in the management of tea plantations as well as manufacture and marketing of tea. It is informed that the company manages about 24000 hectares of tea plantations along with other areas managed for the purposes ancillary to growing of tea. The Company has 16 tea manufacturing units and about 12000 employees. The company does also perform the duties and functions of the distribution licensee which supplies electricity to 15499 consumers within KDH village. For the purpose of distribution of electricity, the no. of senior management officers deployed by the company is only 2. Therefore, it can easily be seen that the performance of duties and functions of distribution licensee is only a very minor activity of KDHPCL in terms of volume of business and employees deployed, when compared to its main activity. In view of the above facts, the Commission finds the amount of Rs.42.16 lakh claimed towards the salary of senior management officers is disproportionately high. Therefore, Commission approves only a due share of employee expenses of senior management in the distribution business. The Commission had approved Rs.5 lakh towards this head, as a proportion of salary of senior management while approving the application for truing up for the year 2013-14 vide the order dated 2-12-2015 and also while approving the order on ARR for the year 2014-15 vide the order dated 7-5-2014. Accordingly, as has been done in previous years, a notional provision of Rs.5 lakh is approved as a proportion of salary of senior management. The licensee had clarified that for Sr.Manager systems and MIS Department 5% of the costs are allocated to the electricity business and 10% of the Executive Director's salary is loaded on to this business which may be reasonable. However, the Commission is at dark whether these expenses have already been recovered from the main business activities. Since there is no clear and clinching evidence to that effect, Commission decides to continue with the notional amount approved in the ARR.
18. The employee cost is a controllable expense. Hence the Commission has taken a considered decision that, in the process of truing up, the Commission may allow increase in employee cost over the previous year at the weighted average of WPI and CPI in the ratio of 70:30. The weighted average indices of WPI and CPI in the ratio of 70:30 for the year 2014-15 is 7.43%. The employee cost approved for the year 2013-14 excluding the salary of senior

management is Rs 67.48 lakh. Based on the weighted average index of WPI and CPI @7.43% for the year 2014-15, the employee cost approved excluding the salary of senior management is Rs 72.49 lakh. As was done in the previous years, the proportional salary of senior management apportioned in the distribution business is Rs 5.00 lakh for the year 2014-15. Accordingly the employee cost approved for the year 2014-15 is Rs 77.49 lakh.

Table 8
KDHPCL- Employee cost approved for the year 2014-15 (Rs. Lakh)

Particulars	Claimed vide the application for truing up	Amount approved for truing up
Employee cost (Rs. Cr)	126.90	77.49

Interest and Finance Charges:

19. The interest on security deposit is booked under interest and finance charges. As per the application for truing up, the amount booked under interest on security deposit includes,
 - (1) 9% interest on the security deposit of Rs 184.51 lakh amounting to Rs 16.61 lakh
 - (2) short provision of Rs 4.61 lakh for the previous year.

20. The Commission has analysed the accounts submitted by the licensee. As per the balance sheet submitted, the outstanding security deposit as on 31-03-2014 was Rs 161.75 lakh and the same as on 31-03-2015 as on 31-03-2015 was Rs 184.54 lakh. As per the Regulation 72 of the Kerala Electricity Supply Code, 2014, during the year 2014-15 the licensee has to provide interest on the security deposit prevailing as on 01-04-2014, i.e., interest on the outstanding security amount of Rs 161.75 lakh existing as on 01-04-2014. Thus, the interest on security @9% on the outstanding security deposit of Rs 161.75 lakh amounts to Rs 14.56 lakh. The licensee has provided Rs 4.61 lakh as short provision, the details and the reasons of which are not given. Hence this not allowed. Thus the interest and finance charges approved for the year 2014-15 in the process of truing up is detailed below.

Table 9
KDHPCL- Interest & Finance charges approved for the year 2014-15 (Rs. Lakh)

Particulars	Claimed vide the application for truing up	Amount approved for truing up
Interest & Finance charges	21.22	14.56

21. **Repair and Maintenance Charges:** Vide the order dated 07-05-2014 on ARR&ERC for the year 2014-15, the Commission had approved an amount of Rs.23.16 lakh as R&M cost for the year 2014-15. The actual amount claimed by the licensee is Rs.22.05 lakh for the repair and maintenance of transmission lines, substations, 11 kV lines & associated works, LT line service etc. Out of Rs.22.05 lakh, Rs.14.88 lakh is for the R&M of cables and line works for maintaining the distribution system. The split up of the R&M expenses is shown below.

Table-10
KDHPCL- Details of R&M expenses for the year 2014-15 (Rs.lakh)

Particulars	Actual
Maintenance of Building	0.81
Cable ,HT Lines	14.88
LT lines	2.51
Vehicles/fuel	2.95
Others	0.90
Total	22.05

22. As in the case of employee cost, the R&M expense is also a controllable expense. Hence, in the process of truing up, the Commission may allow the increase in R&M expenses over the previous year at the weighted average of WPI and CPI in the ratio of 70:30. The weighted average indices of WPI and CPI in the ratio of 70:30 for the year 2014-15 is 7.43%. The R&M cost approved for the year 2013-14 is Rs 20.23 lakh. Based on the weighted average index of WPI and CPI @7.43% for the year 2014-15, the R&M cost approved for the year is Rs 21.73 lakh. The details are given below.

Table 11
KDHPCL- R&M cost approved for the year 2014-15 (Rs. Lakh)

Particulars	Claimed vide the application for truing up	Amount approved for truing up
Repair & Maintenance Cost	22.05	21.73

23. **Administration and General Expenses:**

Vide the order on ARR&ERC dated 07-05-2014, the Commission approved the A&G expenses for the year 2014-15 at Rs.9.83, however as per the application for truing up, the A&G expense claimed by the licensee is Rs.19.67 lakh. The details are given below.

Table 12
KDHPCL-Comparison of A&G Expenses (Rs in lakh)

Particulars	2014-15
	(Actuals)
Rents, Rates and Taxes	2.84
Security Arrangement	0.86
Insurance	0.44
Telephone/Telex charges	0.07
Legal charges	0.05
Bank charges on Bank Guarantee	6.77
Audit Fees & consultancy charges	0.56
Travelling expenses	0.04
Conveyance and vehicle charges	0.04
Fees and subscription	0.61
Printing and Stationery	1.04
Advertisement	0.10
Electricity charges	1.04
Miscellaneous expenses	5.21
Total	19.67

24. The A&G expense also a controllable expense. Hence, in the process of truing up, the Commission may allow the increase in A&G expenses over the previous year at the weighted average of WPI and CPI in the ratio of 70:30. The weighted average indices of WPI and CPI in the ratio of 70:30 for the year 2014-15 is 7.43%. The A&G expense approved for the year 2013-14 is Rs 12.29 lakh. Based on the weighted average index of WPI and CPI @7.43% for the year 2014-15, the A&G expenses approved for the year 2014-15 is Rs 13.20 lakh. The details are given below.

Table 13
KDHPCL- A&G expenses approved for the year 2014-15 (Rs. Lakh)

Particulars	Claimed vide the application for truing up	Amount approved for truing up
A&G expenses	19.67	13.20

Depreciation:

25. Vide the order dated 07-05-2014 in the application of KDHPCL for determination of tariff for the year 2014-15, the Commission had approved the depreciation at Rs 15.39 lakh. The Commission has further clarified that, while truing up the accounts, the depreciation estimated based on actual GFA, considering CERC norms and vintage of assets only would be admissible after prudence checks. It is further clarified that, in case the licensee is unable

to provide the necessary information for estimating the depreciation, the Commission will resort to CERC norms effective from 2004-09.

26. The depreciation proposed by the licensee vide the application for truing up is detailed below.

Table 14
KDHPCL- Depreciation claimed for the year 2014-15

	Gross Fixed Assets (2014-15)	Rate of depreciation	Depreciation (Rs.lakh)
11 kV Works	198.48	5.28%	10.46
LT Lines, Service connections, etc	40.16	5.28%	2.12
Metering equipment	34.30	6.33%	2.17
Miscellaneous equipment	22.25	6.33%	1.40
Grand Total:	295.19		16.15

27. The licensee has not provided the vintage of assets for the year 2014-15. Hence, as decided in the order dated 7-05-2014, the Commission can approve the depreciation only at 3.60%, the rate applicable as per CERC norms for the period 2004-09. For truing up of accounts of KDHPCL for the year 2014-15, the depreciation approved is on the basis of the CERC rates for the period 2004-09.

As per the orders of the Commission, depreciation on assets created out of consumer contribution is not allowable. After considering the claims of the licensee and the orders issued by the Commission the depreciation approved for the purpose of truing up of accounts for the year 2014-15 is shown below.

Table 15
KDHPCL-Depreciation approved in the ARR for the year 2014-15

	Gross Fixed Assets	Rate of depreciation	Depreciation (Rs.lakh)
11 kV Works	198.48	3.60%	7.15
LT Lines, Service connections, etc	40.16	3.60%	1.45
Metering equipment	34.3	3.60%	1.23
Miscellaneous equipment	22.25	3.60%	0.80
Grand Total:	295.19		10.63
(Less) Consumer contribution	14.96	3.60%	0.54
Total Depreciation approved			10.09

Hence, the Commission approves Rs.10.09 lakh as the depreciation for 2014-15 and directs that the licensee shall maintain the accounts strictly as per the provisions of the CERC norms to avail the depreciation at the rates specified by CERC. In order to correctly calculate the depreciation, the

Commission needs the vintage of the assets and the details of assets retired from active use and new additions. The licensee has failed to provide the details called for, by the Commission. In the clarification provided by the licensee on this matter it is mentioned that " *The Vintage Assets are included in the Distribution Assets taken over by us from the previous licensee, Tata Global Beverages Limited, then Tata Tea Ltd. The assets were taken over at a cost of Rs.127.76 lakhs.....*". The Commission does not know whether the assets were revalued at the point of taking over and base used for valuing the assets taken over from Tata Tea. On the wake of not providing the details called for inspite of several directions, Commission is constrained to allow depreciation only at a lower rate.

28. **Others debits:** - The details of the amounts under the head other debits are as follows.

Table 16
KDHPCL- Details of other debits for the year 2014-15 (Rs. lakh)

Particulars	Approved	Actual
Duty under Section 3	-	11.93
Duty on line loss	-	0.27
Inspection Charges	0.20	0.11
Total	0.20	12.31

29. The licensee has included duty on the distribution loss, duty under Section 3 of the Kerala Electricity Duty Act 1963 (hereafter referred to as Section 3 duty) and periodical charges under 'other debits' totaling to Rs.12.31 lakh. The Commission in its order on the application of ARR &ERC for the year 2014-15 had stated the legal position that the Section 3 duty cannot be passed on to the consumers in view of the statutory provisions in the said Act. The other debits approved for the year 2014-15 are detailed below.

Table 17
KDHPCL- Details of other debits approved for the year 2014-15 (Rs. lakh)

Particulars	Claimed as per application for truing up	Amount approved for truing up
Section-3 Duty	11.93	0.00
Duty on line loss	0.27	0.00
Inspection Charges	0.11	0.11
Total	12.31	0.11

30. Return on Equity: The licensee has not shown any equity contribution in the distribution business. In the absence of actual equity in the distribution business, the Commission had provisionally approved a notional return of Rs.5.00 lakh for the year 2014-15 as per ARR order. Since the licensee has not submitted any reasonable ground for a better claim, the Commission approves the same amount of Rs.5.00 lakh towards the return on equity for the year 2014-15.

31. Gross Revenue requirements: Based on the above, the Gross revenue requirement for the year 2014-15 after truing up is as shown below:

Table 18
KDHPCL-Gross Revenue Requirements after truing up for 2014-15 (Rs.lakh)

Particulars	Approved	Claimed	Trued up
Purchase of Power	1,884.10	2140.99	2095.29
R&M Expenses	23.16	22.05	21.73
Employee costs	78.54	126.90	77.49
A & G expenses	9.83	19.67	13.20
Depreciation	15.39	16.15	10.09
Interest & Finance charges	12.50	21.22	14.56
Other debits	0.20	12.31	0.11
Return on Equity	5.00	-	5.00
Total expenses	2028.72	2359.30	2237.47

32. Revenue from sale of power:

The revenue from the sale of power booked by the licensee according to the application for truing up submitted is Rs.2337.79 lakh as against Rs 1994.02 lakh approved vide the order dated 07-05-2014 on ARR &ERC for the year 2014-15. The increase in revenue is mainly on account of tariff revision carried out from August onwards. The licensee has stated that they had realized an additional income of Rs.231.64 lakh due to revision of tariff and there was also a increase in the actual units sold. There was also an increase in the other tariff incomes of the licensee. A percentage wise analysis of the above figures shows that while the quantum of sale of energy increased by 4.80%, the revenue from sales increased by 17.24% even though there has been a reduction in the consumer base in real terms. Details of revenue from energy sales furnished by the licensee are given below.

Table 19
KDHPCL- Details of Revenue from Sale of Power for 2014-15

Category	Actual		
	Sales (MU)	Revenue (Rs.lakh)	Average Tariff (Rs./kWh)
HT I Industrial	24.47	1,471.79	6.01
HT III Agriculture	0.29	11.92	4.05
HT IV Commercial	2.25	184.63	8.22
LT I Domestic	6.81	233.52	3.43
LT IV Industries	0.57	32.15	5.64
LT V Agriculture	0.01	0.19	2.39
LT VI Non-domestic	0.83	67.02	8.09
LT VII Commercial	3.13	300.57	9.59
Street lighting	0.31	12.70	4.12
Total	38.67	2,314.49	5.99

33. The revenue from other charges such as reconnection fee, delayed payment surcharge etc., is reported to be Rs.23.30 lakh as shown below.

Table 20
KDHPCL- Details of other income for the year 2014-15

Items	Amount in Rs.lakh)
Fuse off calls/new application fee	0.06
Reconnection fee	0.10
Interest received on deposits with KSEB	9.62
Public lighting	0.01
Maintenance charge	0.01
Delayed payment charges	2.29
Other receipts	11.22
Total	23.30

Thus the total revenue from tariff as reported by the licensee as per the accounts is Rs.2337.79 lakh. The Commission approves the revenue from sale of power as submitted by the licensee for the purpose of truing up of accounts for the year 2014-15.

34. **Non tariff income:** The actual non-tariff income accounted by the licensee is Rs 7.78 lakh as against the approved amount of Rs 8.46 lakh. The licensee has stated that the amount claimed is for the payments received for electrification work. The Commission approves the actual non-tariff income claimed by the licensee for the purpose of truing up.

35. Thus the details of Truing up taking into consideration the approved expense and revenue is given below:

Table 21
KDHPCL- Details of amounts approved in Truing up for the year 2014-15 (Rs.lakh)

Particulars	ARR	Truing up	
	Approved	Claimed	Trued Up
Expenses			
Purchase of Power	1,884.10	2140.99	2095.29
R&M Expenses	23.16	22.05	21.73
Employee costs	78.54	126.90	77.49
A & G expenses	9.83	19.67	13.20
Depreciation	15.39	16.15	10.09
Interest & Finance charges	12.50	21.22	14.56
Other debits	0.20	12.31	0.11
Return on Equity	5.00	-	5.00
Total expenses	2028.72	2359.30	2237.47
Revenue			
Revenue from sale of power	1,994.02	2337.79	2337.79
Other Income	8.46	7.78	7.78
Total Revenue	2,002.48	2345.47	2345.47
Revenue Surplus/(Gap)	(26.24)	(13.73)	108.00

Orders of the Commission

36. The Commission after considering the application filed by M/s. KDHPCL for truing up of accounts for the year 2014-15, objections raised by KSEB Ltd. and the clarifications and details provided by the licensee approves the total expenditure of Rs 2237.47 lakh and total revenue of Rs 2345.47 lakh with a revenue surplus of Rs 108.00 lakh.

37. The application is disposed off. Ordered accordingly.

Sd/-

K.Vikraman Nair
Member

Sd/-

S.Venugopal
Member

Sd/-

T.M.Manoharan
Chairman

Approved for issue

Santhosh Kumar.K.B
Secretary