

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present: **Shri. R. Preman Dinaraj, Chairman**
Shri. S. Venugopal, Member
Shri. K. Vikraman Nair, Member

O.A. No.3/2018

In the matter of : Application on the Truing up of accounts for the year 2016-17 filed by M/s Cochin Port Trust (CoPT).

Applicant (s) : Cochin Port Trust
Willingdon Island
Cochin-682009

Applicant (s) represented by :

1. Sri. M.M.Abdul Rahim, Executive Engineer
2. Sri. Aji Kurian, Deputy CAO
3. Smt. Archana Viswanathan, Accounts Officer

Daily Order dated 21.02.2018

Conducted public hearing on 14-02-2018 at the Court Room, Office of the Commission. Heard the applicant M/s Cochin Port Trust (CoPT) represented by Sri. M.M. Abdul Rahim, Executive Engineer, Sri. Aji Kurian, Deputy CAO and Smt. Archana Viswanathan, Accounts Officer. Sri. Aji Kurian presented the details of the application on the truing up of accounts for the year 2016-17. Sri M.M. Abdul Rahim and Smt. Archana Viswanathan responded to the queries of the Commission.

Sri. Bipin Shankar, Deputy Chief Engineer, Smt. Mehrunisa, Executive Engineer, TRAC and Sri. Manoj.G, AEE, TRAC, represented KSEB Ltd. Sri. Bipin Shankar presented the remarks of KSEB Ltd. and submitted written remarks on the application for the year 2016-17. The major points raised are the following:

1. The distribution expenses of the licensee are exorbitantly high and the Commission may allow only the level approved in the ARR.
2. The Commission may, as decided while truing up of the accounts for the previous years, allow the interest only when it is actually paid.

3. KSEB Ltd had commented that Cochin Port Trust is making Capital investments entirely out of Government loan and the same is not repaid but retained. The Licensee is claiming the interest for the entire accumulated loan and also claiming depreciation without repaying the principal component of debt which is not a prudent financial practice. The Commission may disallow such claims. It was also submitted that the licensee is having sufficient internal resources in the form of non-cash expenditure items like depreciation over the years, the same is not seen invested in the business whereas fresh loan is seen apportioned to the distribution business.
4. The employee cost, administrative & general expenses and repair & maintenance costs claimed are over and above the approved value and the Commission may limit the expenses to the approved level.
5. It was also submitted that the quantum of the energy purchased from KSEB Ltd and the claim made by the licensee under power purchase cost tally with the records of KSEB Ltd.

The Commission sought the following clarifications on the application and directed the licensee to submit the same.

- a. The details on the modality followed by the licensee in accounting the auxiliary consumption of the substation.
- b. The detailed split up of the expenses incurred towards various audits including C&AG audit conducted in CoPT.
- c. Details of the actual legal charges incurred by CoPT and for the distribution business. The actual vouchers may also be submitted and the rationale for such high expense is to be explained.
- d. The rationale of the high expense under A&G is to be explained.
- e. Copy of the Orders of Government of India on the loans given to CoPT for the infrastructure development including distribution business.
- f. Split up details of the loans/grant availed by the distribution licensee and the terms and conditions for the repayment of such loans.
- g. Justification for the number of employees engaged in the distribution business and the split up details of the number of employees allotted to the distribution business from 2005-06 to 2016-17.

The licensee may also submit the counter remarks if any on the observations/remarks made by KSEB Ltd along with the details called for by the

Commission and any other details that need to be submitted before the Commission to substantiate the claims made in the application for the truing up of accounts for the year 2016-17 on or before 07-03-2018

Reserved for orders.

Sd/-
K.Vikraman Nair
Member

Sd/-
S.Venugopal
Member

Sd/-
R.Preman Dinaraj
Chairman

Sd/-
Santhosh Kumar.K.B
Secretary