

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present: **Shri. Preman Dinaraj, Chairman**

Petition No. OA 12/2020

In the matter of : Petition on the Truing-up of accounts for 2017-18
filed by Distribution Licensee TECHNOPARK

Petitioner (Technopark) : Electronics Technology Parks –Kerala

Park Centre, Technopark Campus,
Thiruvananthapuram –695581

Respondent : Kerala State Electricity Board Limited (KSEB Ltd)

Petitioner represented by : **Shri. Madhavan Praveen, DGM (Projects)**
Shri. Jayanthi. L., CFO
Shri. Viswanathan, Finance Officer
Shri. Anfal A., Dy. Manager

KSEBL represented by : Shri. Manoj.G, AEE, TRAC, KSEB Ltd.

Daily Order dated 04.08.2020

Public hearing on the petition for the Truing up of accounts for the year 2017-18 filed by Distribution Licensee M/s.Technopark was conducted vide Video Conferencing on 27-07-2020 at 11.00 A.M. The meeting started with a power point presentation on the subject by the licensee. The main points submitted in the petition are briefed below;

1. The licensee has claimed a revenue gap of Rs.171.69 lakh as against the revenue surplus of Rs.190.49 lakh approved in the ARR order.
2. There is an increase for the year 2017-18 in the number of consumers from 787 to 844 and the sale of power from 839.30 lakh units to 850.78 lakh units when compared to the previous year 2016-17. The distribution loss for the year was 2.02 % is lower as against the approved distribution loss of 3.80%.
3. The total power purchase cost for the year is Rs.5257.94 lakhs for 868.33 lakh units at an average power cost of 6.06 per unit which is higher in comparison with the previous year average power cost of Rs.5.73 per unit.

4. The actual claim of employee cost is Rs.21.81 lakh as against Rs.22.21 lakh approved in the ARR by the Commission. Major portion is towards salary, wage revision, and staff welfare expenses.
5. The Repair and Maintenance Charges claimed by the licensee is Rs.380.27 lakh as against Rs.112.63 lakh approved in the ARR for the year. The major portion of these expenses are relating to Phase 1 amounting to Rs.276.69 lakhs. For phase II & III the R&M charges claimed amounts to Rs 76.57 lakhs and for Technopark Kollam the amount claimed is Rs.27.01 lakhs.
6. The A&G expenses claimed by the licensee as per the application for truing up was Rs.194.81 lakh as against the approved amount of Rs.54.64 lakh in the ARR&ERC Order. The major claims booked under A&G expense are towards security arrangements Rs.98.74 lakhs, Section 3(1) duty Rs.51.32 lakh, electricity charges Rs.12.07 lakh, office expenses Rs.10.23 lakh and other expenses Rs.9.99 lakhs. The licensee informed withdrawal of bad debts claimed Rs.7.38 lakhs from the office expenses of Rs 10.23 lakhs. The cost of security arrangements accounts for more than 50% of the total A&G cost.
7. The licensee had claimed interest on loan Rs.121.85 lakhs and Rs.77.75 lakhs as interest on consumer security deposits totaling to Rs.199.60 lakhs as against the ARR approved amount of Rs.155.28 lakhs.
8. The depreciation claimed Rs.299.86 lakhs for the year is inclusive of asset additions out of own funding Rs.8.19 lakh. No formal approval for the asset addition has been obtained. The licensee informed that the depreciation rates adopted were the rates prescribed in the regulations.

Sri. Manoj.G, AEE, TRAC represented KSEB Ltd and presented the counter statement/comments of KSEB Ltd. The major points raised by KSEB Ltd are the following:

- a) The T&D loss claims are lower than that was approved by the commission.
- b) The details of internal generation of solar power is not furnished. For working out the distribution loss the total power injected has to be considered else the figures will not give the correct distribution loss.
- c) The R&M Charges claimed by the petitioner is more than the approved level.

- d) The Administrative and General expenses are very high on account of the security arrangement charges of Rs.98.74 lakhs. Hence KSEB requests Commission to allow to the licensee only reduced rates as was done in the previous year with a maximum increase of 10% above the previous year approved amount.
- e) The Commission may take uniform approach regarding section 3 duty and the claim of the licensee on Electricity duty may be disallowed.
- f) KSEB enquired whether the assets at Kollam substation has been considered while working out the depreciation.
- g) KSEB officials stated that street lighting is not a part of distribution activity and also the Assets not put to use to be removed from the Assets group.
- h) The Return on capital claimed by the petitioner is to be calculated after removing Kollam substation and also street lights.It was also requested to exclude assets procured by utilizing Grants.
- i) KSEB Ltd informed that there was variation in the units consumed by the Kollam substation.The units purchased and the power purchase cost do not match.

The Commission directed that the above inference to be given in writing by KSEB for further examining the matter.

The Commission directed TECHNOPARK to submit the following details.

- Separate petition to be filed in respect of the complete employee details for arriving at a rational employee strength as per CEA norms.
- Security expenses is not an operational activity of a distribution licensee and such huge expenses cannot be allowed. This will have to be met by the licensee. The possibility of installing CC TV cameras and re-deployment of security personnel to be examined on priority.
- Considering the very high R&M expenses, the details of tenders floated including NIT, publicity given, quotes obtained, details of participants and works awarded for the current year and previous year to be submitted.
- Details of solar power injected to be informed.
- The capital additions Rs.34.58 lakhs in the true up petition is without the prior approval of the Commission. Details of Capital expenditure proposals pending for approval to be submitted.
- Depreciation shall not be provided on assets not put to use and for street lighting.
- Whether prior approval of the Commission for the installation of the Solar power plant was taken by the licensee. Cost details including cost of major equipment to be provided to examine the reasonableness of cost incurred on the Solar project.
- The details of wage revision claimed in form D.3.4(a) Rs.1.29 lakhs is to be provided.

- In form D 6.1 the collection efficiency is seen going down. Reasons to be furnished. Any proposals for implementing prepaid metering.

M/s TECHNOPARK shall furnish the above details on or before 4Th August 2020.

Hearing concluded. Reserved for orders.

Sd/-
Preman Dinaraj
Chairman

Approved for issue,

C.R Satheesh Chandran
Administrative
Officer in charge of
Secretary