

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

OA No 31/2019

**In the matter of Truing up of accounts of M/s Technopark for the
financial year 2016-17**

Applicant : **M/s Technopark, Thiruvananthapuram**

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

Order Dated 27/04/2020

Background

1. M/s Technopark, Thiruvananthapuram (*herein after referred as Technopark or the licensee*) vide letter No.ETPK/KSERC/2018-19/508 dated 27-03-2019 submitted a petition for truing up of accounts for the financial year 2016-17. The Commission had approved the ARR&ERC for the first control period from 2015-16 to 2017-18 as per the Order dated 11-04-2016. The present petition pertains to the truing up of accounts for the second year of the control period i.e. 2016-17.
2. The Commission had notified the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2014 (*hereinafter referred to as the Tariff Regulations, 2014*), applicable for the first control period from 2015-16 to 2017-18. Regulation 11 of the Tariff Regulations, 2014 provide for the filing of the petition for truing up of accounts for the relevant years.
3. In the petition, the licensee has arrived at a revenue deficit of Rs.204.31 lakh for the year 2016-17, as against a revenue surplus of Rs.316.78 lakh approved by the Commission in the ARR Order dated 16-11-2016. A statement of comparison of ARR&ERC Order and the truing up petition for the year 2016-17 is tabulated hereunder.

Table 1
Comparison of the Truing Up for 2015-16 & 2016-17

Particulars	2015-16		2016-17		
	Truing Up Petition (Rs.Lakh)	Trued Up (Rs.Lakh)	ARR & ERC Order (Rs.Lakh)	Truing Up Petition (Rs.Lakh)	Difference (Rs.Lakh)
Revenue from Sale of Power.	5,336.90	5,336.90	5,920.70	5,957.64	33.65
Non Tariff Income	47.57	65.76	49.53	70.68	21.15
ERC- Total Revenue	5,384.47	5,402.66	5,970.23	6,028.32	54.80
Purchase of Power	4,648.73	4,638.70	5,232.00	4,975.52	-256.48
Repairs and Maintenance	274.50	224.28	106.40	330.69	224.29
Employee Cost	26.38	20.26	20.99	18.14	-2.85
A&G Expenses	156.79	51.22	51.62	227.33	175.71
Depreciation	280.77	131.07	121.92	281.00	159.08
Interest & Finance Charges	145.93	17.69	84.40	146.14	62.04
Interest on security deposits	61.13	61.13	-	70.42	70.42
Interest on Working Capital	41.45	-	-	62.63	62.63
Return on NFA	129.00	58.41	36.12	120.76	84.64
ARR- Total Expenditure	5,764.80	5,202.86	5,653.45	6,232.63	579.19
Revenue Surplus/(Deficit)	(380.21)	199.80	316.78	(204.31)	-524.39

4. The Commission vide letter dated 17-12-2019 sought clarifications on the petition and directed the licensee to submit the clarification on or before 27-12-2019. The licensee vide letter dated 24-12-2019 sought additional time for three weeks for submission of balance clarifications, which was allowed. Thereafter, the licensee vide letters dated 6-1-2020 and 28-1-2020 submitted the clarifications. Considering the clarifications submitted, the application was admitted as OA No. 31/2019 and posted for matter for hearing.

Hearing on the Petition

5. The hearing on the petition was held at the Commission's Court Room on 28-01-2020. The applicant M/s Technopark was represented by Smt. Jayanthi. L, Chief Finance Officer, Sri Madhavan Praveen, Dy General Manager, Sri. Anfal. Dy Manager, Sri. Viswanathan, Finance Officer and other officers of the licensee. Sri. Anfal, presented the details of the petition on the truing up of accounts for the year 2016-17 and Sri. Viswanathan gave clarifications on the queries of the Commission. The main points made by Technopark are: -

- The total sale for the year 2016-17 is 83.93 MU and the energy purchased from M/s KSEB Ltd. is 86.80 MU.
- The distribution loss claimed by the licensee for the financial year 2016-17 is 3.32%
- Revenue from sale of power is Rs.5957.64 lakh for a sale of 83.93 MU.

- The non-tariff income accounted by the licensee is Rs 70.68 lakh which includes interest on bank deposits and miscellaneous recoveries.
- The total power purchase cost for the year 2016-17 is Rs.4975.52 lakh for a purchase of 86.80MU.
- The employee cost claimed for the year is Rs.18.14 lakh.
- The Repair and maintenance (R&M) cost incurred by the licensee for the year 2016-17 is Rs.330.69 lakh for the various Phases of Technopark at Thiruvananthapuram and Kollam
- A&G expense claimed by the licensee is Rs.227.33 lakh. This include "Security arrangements" amounting to Rs.85.44 lakh and Rs.49.49 lakh of Electricity Duty payable to the Government under Section 3(1) of the Kerala Electricity Duty Act 1963. Rs.46.51 lakh is claimed for the purchase of Renewable Energy Certificates (REC).
- Depreciation claimed for the year is Rs.281.00 lakh
- Rs.279.19 lakh claimed as interest and finance charges for 2016-17 includes interest on loans, interest on working capital loan and interest on consumer security deposits.
- Rs 120.76 lakh is claimed as Return on Net fixed Assets @ 3%
- Accordingly, the revenue gap for the year as per the truing up petition is Rs. 204.61 lakh.

6. Sri. Suresh A, Executive Engineer TRAC and Sri. Manoj G, AEE, TRAC represented M/s KSEB Ltd. Sri. Manoj. G presented the counter statement/comments of M/s KSEB Ltd. and submitted written remarks on the petition. The major points raised by M/s KSEB Ltd are abstracted below.

- a) In the licensee's O&M claim, the R&M and A&G expenses are higher than that approved by the Commission. Hence, the O&M cost may be limited to the norms fixed by the Commission.
- b) The Commission may take a uniform approach regarding Section 3 duty and the licensee's Electricity Duty claim may be disallowed.
- c) Depreciation for assets may be allowed only after obtaining approval of the Commission and after duly considering the vintage of the assets. Further, depreciation may be allowed only after considering the details of commissioning and the details of the asset being put into use.
- d) The depreciation may be allowed only after deducting the grants/consumer contribution from the Gross fixed assets.
- e) The details of the electricity units purchased by Technopark, Trivandrum tally with the records of M/s KSEB Ltd whereas the details of the units purchased by Technopark, Kollam shows a slight difference.

7. During the hearing the Commission directed Technopark to submit the following:
- Reason for drastic reduction in the distribution loss over the previous year.
 - Details regarding the purchase of Renewable energy certificates-
 - Date of purchase of the certificates.
 - Year pertaining to which the purchase is done.
 - Price of the certificates.
 - Number of certificates purchased.
 - The licensee may seek formal approval for the capital investments made from 2012-13 to 2016-17, including the date of commencing and actual date on which the asset is put into use.
 - A copy of the Energy Audit Report submitted by Kerala State Productivity Council along with the Action Taken Report.
 - The details with dates of the commissioning of the different construction phases of the licensee's park.
8. The Commission allowed time till 8-2-2020 for filing the details. The licensee however submitted the details vide letter dated 14-2-2020.

Analysis and decision of the Commission

9. The Commission has carefully considered the licensee petition for truing up of accounts for the year 2016-17, the additional clarifications and submissions furnished by the licensee along with the comments of KSEB Ltd. The analysis and decisions of the Commission on the truing up petition is detailed below:

No. of Consumers:

10. The petition indicates that the consumers strength of 684 in 2015-16 increased by 103 to 787 in 2016-17. The phase wise number of consumers is tabulated below:

Table 2
Details of consumer strength

Particulars	2015-16				2016-17			
	Phase I	Phase II & III	Kollam	Total	Phase I	Phase II & III	Kollam	Total
LT IV A (Industrial)	1	0	3	4	1	0	3	4
LT IVA (Industrial) 10kW<CL<20kW	2	4	0	6	2	4	0	6
LT IV A CL> 20 kW (Industrial)	2	2	0	4	2	2	0	4
LT IV B IT/ITES CL< 10kW	20	0	19	39	32	0	40	72
LT IVB IT/ITES 10kW<CL<20kW	46	91	1	138	48	129	3	180
LT IV B IT/ITES CL > 20 kW IT & ITES	205	24	5	234	201	35	6	242
LT VI A General	1	0	0	1	2	0	0	2
LT VI B General	8	0	0	8	9	0	0	9
LT VI C General (1 Phase or 3 Phase)	33	4	0	37	34	4	0	38

LT VI F General (1 Phase)	14	18	0	32	23	20	1	44
LT VI F General (3 Phase)	25	10	0	35	28	11	0	39
LT VII A Commercial (1 phase)	46	0	1	47	46	0	1	47
LT VII A Commercial (3 phase)	51	0	2	53	55	0	0	55
LT VII B Commercial	13	0	0	13	12	0	0	12
Self Consumption	1	1	0	2	1	1	0	2
Street Lighting	11	1	0	12	11	1		12
Sub Total - LT Consumers	479	155	31	665	507	207	54	768
HT -I Industrial	14	3	0	17	14	3	0	17
HT -II Non Industrial	1	0	0	1	1	0	0	1
HT- IV Commercial	1	0	0	1	1	0	0	1
Sub Total - HT Consumers	16	3	0	19	16	3	0	19
Total Consumers	495	158	31	684	523	210	54	787

11. The licensee's petition reveals that the increase in consumers was mainly in Phase III. The licensee stated that the increase in consumers is mainly due to the commencement of operations from Ganga/Yamuna IT building in Technopark Phase-III campus. The LT IV (A&B) category (i.e. IT Industry) represents about 60% of the overall consumer base of the licensee in 2016-17. While there is an increase of 83 consumers in the LT IV(B) category above 20kW, there was no increase in the number of HT consumers. The Commission approves the number of consumers for the year 2016-17 for truing up.

Energy sales and Energy Requirement

12. The approved sale of power for the year 2016-17 as per ARR order was 86.04 MU. As per truing up petition the actual sales is 83.93 MU. The increasing trend in the sale of energy over the years is tabulated below

Table 3
Trend in the sale of energy

Year	Actual Sale of energy in MU	(%) of increase over previous year
2013-14	61.31	-
2014-15	68.57	11.84%
2015-16	75.71	10.41%
2016-17	83.93	10.85%

13. As mentioned, the reason for increase is mainly due to the commencement of operations from Ganga/ Yamuna IT building in Technopark Phase-III campus and the commencement of operations in Kollam. The phase wise energy sales is as shown below:

Table 4
Phase wise energy sales for 2015-16 and 2016-17

	2015-16 (MU)	2016-17 (MU)	% increase over previous year
Phase -I	60.65	62.10	2.39%
Phase -II & III	14.53	21.26	46.32%
Kollam	0.52	0.57	9.62%
Total	75.70	83.93	10.87%

14. The Table above reveals that there is substantial increase in the energy sales and number of consumers in Phase II and III. The sales in Phase II and III have increased by about 46% over the previous year. Considering the details, the Commission approves the actual sale of 83.93 MU for the year 2016-17. The energy purchased from KSEB Ltd to cater the requirement of the sales for the year 2016-17 is 86.80MU.

Distribution Loss:

15. The actual distribution loss of the licensee for the year 2016-17 is 3.32% which is lower than the approved level (3.80%) as per the ARR order. The distribution loss claimed by the licensee as per the truing up petition for 2015-16 was 5.83% as against the loss of 3.80% approved by the Commission in the order on ARR&ERC. The details are tabulated hereunder:

Table 5
Comparison of the distribution loss

	2015-16		2016-17	
	Actual	Trued Up	ARR approved	Truing up Petition
Energy Purchased (MU)	80.40	78.69	89.44	86.80
Energy Sold (MU)	75.70	75.70	86.04	83.93
Distribution Loss (MU)	4.69	2.99	3.40	2.87
Distribution Loss	5.83%	3.80%	3.80%	3.32%

16. During the year 2016-17, the actual distribution loss for the year is 3.32%, which is lower than the Commission approved loss of 3.80%. The Commission has sought the details for the sharp decrease in distribution loss from the previous year. The licensee vide letter dated 14-2-2020 stated that energy audit of Phase I campus was conducted by Kerala State Productivity Council in the month of April 2016. The licensee has also furnished a copy of the energy audit report. The study revealed that there were major errors in 80 LT meters and 5 HT meters. Subsequently, the metering errors were rectified, resulting in substantial reduction in loss. The licensee in their letter dated 14-02-2020 stated that the following actions were taken based on the energy audit report :

- Replaced all faulty meters and rectified the erroneous multiplication factors, which resulted in reduction in loss
- Sealed all the energy meters and terminal boxed with unique seal number and also installed proper energy meters wherever needed.
- Took appropriate measures to correct the voltage and current imbalance.
- Initiated action to follow up with all consumers who have harmonics level above the permissible value for taking action to reduce the harmonic level to the permissible levels.

17. The Commission also sought phase wise loss for the year. The licensee has furnished the following details.

Table 6
Phase wise distribution loss as per the petition

2015-16				
Particulars	Phase I	Phase II & III	Kollam	Total
Energy Purchased (MU)	65.05	14.94	0.41	80.40
Energy Sold (MU)	60.65	14.53	0.51	75.70
Distribution Loss (MU)	4.40	0.41	-0.10	4.69
Distribution Loss (%)	6.76%	2.74%	-24.40%	5.83%
2016-17				
Energy Purchased (MU)	64.43	21.85	0.53	86.80
Energy Sold (MU)	62.09	21.26	0.57	83.93
Distribution Loss (MU)	2.34	0.59	-0.04	2.87
Distribution Loss (%)	3.63%	2.70%	-7.55%	3.32%

18. As shown above, the loss reduction is largely attributable to reduction in loss in Phase I campus. However, the Commission also noted the negative loss in Kollam campus, which was pointed out in the previous year also. In reply to the Commission's query, the licensee in the letter dated 06-01-2020 stated that the matter is being probed. Subsequently, vide letter dated 28-1-2020, the licensee informed that the multiplication factor as well as the meter reading to the project office and main gate at the Kollam campus was not taken correctly. Therefore, the sales exceeded the power purchase, leading to negative loss. The licensee further stated that the same is corrected and the present loss is 16%. Further, based on the energy audit at Kollam campus, the licensee has disconnected one of the transformers in the campus. The licensee further submitted that since the load in the Kollam campus is very low, the no load loss is predominant and hence the overall loss is high.
19. The Commission has gone through the distribution loss figures of the licensee. There is substantial reduction in loss in the Phase I campus, from 6.76% to

3.63%. The Commission notes that the licensee has taken corrective measures as per recommendation from the energy audit study.

20. However, the issue of negative loss in Kollam is continuing since the previous year. The licensee has conducted the energy audit study for the Kollam campus during May 2019. As per the details given in the report, the campus is fed through 11kV Overhead lines from M/s KSEB Ltd, which after metering is fed to the substation located in the Ashtamudi building. There are three distribution transformers of capacity 250kVA, 500kVA and 1600 kVA. The average loading of these transformers is very low. Further, as per the report, the negative loss is due to LT metering errors and if the errors are rectified, the distribution loss would become 8.34% from the present negative loss. The study recommended that by rectifying the metering errors, the loss can be reduced by 1.51% and through transformer load optimization, the total loss can be reduced by 2.39%. The licensee has stated that the loss has been reduced by disconnecting one transformer.
21. The above details suggest that there is a requirement on the part of the licensee to be more vigilant in controlling the distribution losses. ***Accordingly, the Commission directs that the licensee shall continuously monitor and take corrective action to keep the distribution loss within permissible levels and also prepare a plan for periodic monitoring of loads and calibration of meters, so as to take timely action for controlling the distribution loss.***
22. As per the details furnished by the licensee, the distribution loss for the year is lower than the approved loss level. As per Regulation 13 of the Tariff Regulations, 2014, distribution loss is a controllable item and Regulation 74(4) specifies the mechanism for sharing the gains or losses on account of distribution loss.

“74 (4) Any variation between the actual level of distribution losses and the approved level of distribution losses shall be dealt with, as part of the truing up of the respective financial year, in the following manner:-

 - (a) If the actual distribution loss is higher than the approved level of distribution loss for any particular financial year of the control period, then the quantum of power purchase corresponding to the excess distribution loss for that financial year, shall be disallowed at the average cost of power purchase for the respective financial year;*
 - (b) If the actual distribution loss is lower than the approved level of distribution loss for any particular financial year of the control period, then the savings in power purchase cost corresponding to the difference in distribution loss for that financial year at the average cost of power purchase for the respective financial year, shall be shared between the distribution business/licensee and the consumers in the ratio of 2:1.”*

23. As per the provisions of Regulation 74(4), the quantum of power purchase for the approved distribution loss of 3.80% is detailed below:

Table-7
Approved Distribution loss

Particulars	Approved in ARR for 2016-17	As per truing up petition for 2016-17	Approved for Trued up for 2016-17
Total Energy Sales (MU)	86.04	83.93	83.93
Energy Requirement (MU)	89.44	86.80	87.25
Distribution loss (MU)	3.40	2.87	3.32
Distribution loss %	3.80%	3.31%	3.80%
Saving in Distribution loss (MU)			0.45

24. As shown above, the power purchase requirement at the approved distribution loss would be 87.25 MU, whereas the actual power purchase is 86.80MU resulting in savings in the distribution loss by 0.45MU. This savings in power purchase cost is to be shared between the licensee and consumers in the ratio of 2:1.

Power purchase Cost:

25. The total power purchase cost for the year 2016-17 as per the petition is Rs. 4975.52 lakh for a purchase of 86.80MU. The Commission had, in the order on ARR, approved a power purchase of 89.44MU at a purchase cost of Rs.5232.00 lakh.. The phase wise power purchase cost for the year 2016-17 is tabulated below:

Table-8
Phase wise power purchase cost for the year 2016-17

	Billing demand	Energy received	Fixed charges.	Variable charges	Other charges	Total charges
Campus	(kVA)	(MU)	(Rs. Lakh)	(Rs. Lakh)	(Rs. Lakh)	(Rs. Lakh)
Technopark Phase-I	1,79,281	64.43	543.99	3,124.82	0.04	3,668.85
Technopark Phase -II&III	56,242	21.85	168.97	1,059.66	-	1,228.63
Technopark Kollam (IT building)	14,400	0.47	43.20	26.14	0.57	69.91
Technopark Kollam (site)	900	0.06	3.60	3.90	0.64	8.13
Total	2,50,823	86.80	759.76	4,214.52	1.25	4,975.52

26. The licensee stated that M/s KSEB Ltd is supplying power at the approved BST rates for Phase I, II and III campuses. However, in the Kollam park, there are two HT connections which are supplied at HT I(B) and HT II(B) tariff by M/s KSEB Ltd. Hence, the power purchase cost at Kollam is inclusive of electricity duty and

electricity surcharge. The same is included under other charges. In other phases, late payment charges are included under Other charges.

27. The Commission notes that the power supply to licensee should be billed at the BST approved by the Commission. The license is still continuing with the initial connection taken for establishment of the park at Kollam. **Hence, the Commission hereby directs that the licensee shall immediately take measures to convert the supply to BST in coordination with M/s KSEB Ltd.**
28. As per the details furnished by the licensee, the average power purchase cost for the year 2016-17 is worked out at Rs.5.73/kWh. As per Regulation 74, the licensee can retain the gain in distribution loss in the ratio of 2:1. Thus as per Regulation 74(4), the cost of savings in distribution loss is to be allowed at the average cost of power purchase. The approved distribution loss of 3.80% and the actual distribution loss is 3.31%. The savings in distribution loss is 0.45 MU. Based on this, the approved power purchase cost is as shown below:

Table-9
Approved Power Purchase Cost for the year 2016-17

	Particulars	Approved in Truing up
1	Total cost of power purchase (Rs. lakh)	4975.52
2	Actual quantum of power purchased (MU)	86.80
3	Average cost of purchase (Rs. /kWh)	5.73
4	Power purchase approved (MU)	87.25
5	Savings in distribution loss (MU) (4-2)	0.45
6	Efficiency gain to be retained by the licensee 2/3rd (0.45*5.73*3/2) *10	17.20
7	Power purchase approved for 2016-17 (1+6) (Rs. lakh)	4,992.72

29. **Based on the above, the approved power purchase cost for the year is Rs.4992.72 lakh.**

O&M Expenses:

30. The Operation & Maintenance expenses include controllable expenses like Employee cost, Repair & Maintenance Expenses & Administrative & General Expenses. The Commission had vide order dated 16-11-2016, approved the O&M expenses for the control period 2015-16 to 2017-18
31. The licensee in the petition for truing up the accounts for 2016-17, has furnished the O&M expenses higher than the ceiling level specified by the Commission. A comparison of the expenses under O&M in the licensee's petition for truing up and the amount approved in the ARR order are tabulated below

Table-10
Comparison of the O&M Expenses for the year 2016-17

O&M Expenses	ARR approved (Rs. Lakh)	Petition for truing up (Rs. Lakh)
Employee Cost	20.99	18.14
R & M Expenses	106.40	330.69
A & G Expenses	51.62	227.33
Total	179.01	576.16

Employee Cost:

32. The employee cost claimed by the licensee as per the truing up petition is Rs.18.14 lakh for the year 2016-17, whereas the employee cost approved as per norms is Rs.20.99 lakh. The claim made by the licensee in their truing up petition for 2015-16 was Rs.26.38 lakh, whereas the Commission had approved only Rs.20.26 lakh. The split up of the employee expenses claimed for the year 2016-17 is shown below.

Table-11
Employee cost Claimed

Particulars	2015-16	2016-17
	As per accounts (Rs.lakh)	As per accounts (Rs.lakh)
Salaries	7.91	8.47
DA	9.27	7.28
House Rent Allowance	0.20	0.14
Other allowances	0.03	0.02
Interim Relief /Wage Revision	0.64	0.72
Staff welfare expenses	7.78	1.37
Others	0.55	0.14
Grand Total	26.38	18.14

33. In the petition, the licensee has stated that the employee cost incurred is for payment of remuneration and other expenses of the staff employed in the sanctioned posts. The details of the apportionment of the employee cost furnished by the licensee is as follows:

Table-12
Details of apportionment of the employee cost for 2016-17

Designation	No. of Posts	Apportionment
General Manager (Technical)	01	50%
Chief Finance Officer	01	20%
Asst. General Manager (Projects) (Feb & March 2017 only)	02	25%

Finance Officer	01	20%
Asst. Manager (Electrical)	01	100%
Jr. Finance officer	01	20%

34. The licensee stated that GM (Technical) was appointed on deputation basis up to January 2017, whereas only 2 month's salary (February and March 2017) is taken for AGM (Projects). Hence the total employee expenses were lower in comparison to the previous year. There was no pay revision in the year 2016-17.
35. As per the Tariff Regulations,2014 all components of O&M expenses are controllable. The actual employee expenses claimed by the licensee is lower than previous year and also lower than the approved level. However, the Commission notes that this lower amount is due to the repatriation of GM (Technical) and the salary of AGM was accounted only for 2 months. **Considering the above details, the Commission approves the employee cost of Rs.18.14 lakh for the year 2016-17 as claimed by the licensee.**
36. **The Commission has also decided to review the engagement and deployment of workers/staff by the distribution licensee, so as to arrive at firm employee requirement and deployment norms. To facilitate this process, the Commission hereby direct the licensee to make available with proper justification, the complete list of workers/staff (permanent/contract/temporary), their qualification, place of deployment, category, salaries, wages and all other benefits paid to them. The licensee shall make this data available within three months of the date of issue of this Order.**

R&M Expenses:

37. The licensee's petition indicates that they have incurred Rs.330.69 lakh as R&M expenses, as against the approved cost of Rs.106.40 lakh. Though the licensee in their truing up for 2015-16 has claimed Rs.274.50 lakh under this head, the Commission in the trued up accounts had approved only Rs.224.84 lakh.
38. The licensee explained that the major deviation in the R&M expense is due to the capitalization of Technopark Phase III and Technopark Kollam Campuses. The phase wise split up of the R&M expense incurred by the licensee is shown below.

Table-13
Phase wise Actual R&M expense for 2015-16

Particulars	2015-16 As per petition	2015-16 Approved in true up	2016-17 As per petition	% increase in figures as per petition over the previous year
	Rs. lakh	Rs. lakh	Rs. lakh	Rs. lakh
Technopark Phase I	182.25	132.03	229.38	25.9%
Technopark Phase – II & III	69.88	69.88	76.41	9.3%
Technopark Kollam	22.37	22.37	24.89	11.3%
Total	274.50	224.28	330.68	20.5%

39. The detailed split up of the R&M expense submitted the licensee for 2015-16 and 2016-17 is shown below.

Table-14
Detailed split up of R&M expense for 2015-16 & 2016-17

Particulars		2015-16	2016-17
		Rs. lakh	Rs. lakh
Phase I campus	O&M of the phase	180.69	225.89
	R&M of 110 kV substation	1.56	3.49
Phase-III	O&M of Phase	63.39	69.18
	R&M of 110 kV substation	6.49	6.49
Kollam	O&M of 110 kV substation	22.37	24.89
Total		274.50	330.68

40. The licensee has stated that actual amount incurred for operation, maintenance and repairs of the distribution system in each area is included under R&M expenses. The contracts for R&M expenses are finalized through a transparent process of competitive bidding.
41. The Commission has examined the details of the R&M expenses of the licensee. There is an overall increase of 20.5% in R&M expenses over the previous year. The increase is mainly contributed by the increase in R&M expenses for the Phase I campus which is about 26%. In other areas, the increase is about 9 & 12%. The licensee could not explain the high R&M expenses for the Phase I campus, but stated that the contract for R&M works are being outsourced and the agency is selected through competitive bidding process. In this context, it is to be noted that the Commission in the ARR&ERC order for the year 2016-17 dated 16-11-2016 in OA No.7/2016, has mentioned as following:

“....The Commission has asked for the details of the contract labourers employed by the contractor and the licensee has provided the details. It is seen that there are 32 operators, 38 assistant operators, 3 maintenance technicians and 11 technicians in phase I

campus. Taking into consideration the consumer strength and limited area of operation, the Commission directs that the licensee should resort to a prudent work study and decide on an optimum level of employees in Phase I campus and renegotiate the labour component with the contactor”

42. However, the licensee has not mentioned any measures taken in compliance of the above direction. Hence the Commission is not in a position to approve the entire expenses for Phase I campus as claimed by the licensee.
43. The Commission in the ARR&ERC order while determining the norms for the R&M expenses for the control period, had considered the approved R&M expense for 2012-13 of Rs.84.75 lakh which was escalated at a rate of 5.85 %. During the year 2012-13, Phase III and Kollam campuses were not commissioned. For the year 2015-16, considering the increase in the area of the licensee, the Commission had separately allowed the additional expense for the phases II, III & Kollam campuses, which were not included in the norms. The Commission has adopted the same methodology for 2016-17 also. Accordingly, considering the escalation rate of 5.85% over the approved R&M expense of Phase I for 2015-16 and the actual expenses towards Phase III and Kollam campuses, the Repair and Maintenance expenses approved for the year 2016-17 is as shown below.

Table-15
Approved R&M expense for 2016-17

Particulars	2015-16		2016-17	
	As per petition	Approved in True up	As per petition	Approved in True up
	Rs. Lakh	Rs. lakh	Rs. Lakh	Rs. lakh
Technopark Phase I	182.25	132.03	229.38	139.75
Technopark Phase – II & III	69.88	69.88	76.41	76.41
Technopark Kollam	22.37	22.37	24.89	24.89
Total	274.5	224.28	330.68	241.05

44. ***As shown above, the R&M expense approved for the year 2016-17 is Rs.241.05 lakh as against Rs.330.68 lakh claimed by the licensee. In view of the wide variation between the claim and the normative amount, it is necessary for the Commission to examine the reasons thereof. The Commission therefore directs that the licensee shall within three months of the date of this Order, make available to the Commission, with proper justification, the complete list of staff (permanent/contract/temporary), their qualification, place of deployment, category, salaries, wages and all other benefits paid to them.***

A&G expenses:

45. A&G expense claimed by the licensee is Rs.227.33 lakh, whereas the approved amount as per norms is Rs.51.62 lakh. A comparison of the split up of the A&G expense for 2015-16 and 2016-17 is shown below.

Table-16
Comparison of A&G for 2015-16 & 2016-17

Particulars	As per Petition	
	2015-16 (Rs lakh)	2016-17 (Rs lakh)
Insurance	1.18	1.21
Telephone& postage	3.40	0.61
Audit Fee	0.30	0.50
Consultancy charge	1.90	11.32
Bank charges	0.02	0.01
Conveyance	5.59	6.46
Printing and Stationery	1.61	0.32
Security Arrangement	68.86	85.44
Electricity charges	11.09	11.85
Office Expenses	5.91	0.95
License fee and other fees	1.33	12.37
Other expenses	10.10	46.60
Electricity Duty u/s 3(1)	44.90	49.69
Total	156.79	227.33

46. The major items booked under A&G expense are the expenses towards “Security arrangements” amounting to Rs.85.44 lakh and the Electricity Duty payable to the Government under Section 3(1) of the Kerala Electricity Duty Act 1963 which is Rs.49.69 lakh. The licensee has also claimed Rs.46.60 lakh towards purchase of Renewable Energy Certificates (Rs.46.51 lakh) and electricity charges for Technocity (Rs.0.09 lakh). Under license fee and other related fees, the amount claimed is Rs. 12.37 lakh. Another major item included in the A&G expense was consultancy charges. According to the licensee, the same is the professional fee paid to Kerala State Productivity Council towards the conduct of the energy audit study in the Technopark phase -I campus in 2016-17. The licensee further stated that other than cost of REC and professional charges paid to Productivity Council, no other expenses are in the nature of onetime expenses incurred in 2016-17.
47. The Commission has examined the A&G expenses claimed by the licensee. In the ARR&ERC order dated 16-11-2016, the Commission has approved an amount of Rs.51.62 lakh towards A&G expenses. As per the petition, A&G expenses, excluding the claim of electricity duty under Section 3(1) (Rs.49.69

lakh), security charges (Rs.85.44 lakh) and other expenses (Rs.46.60 lakh) is only Rs.45.60 lakh.

48. The Commission in its previous orders had clearly directed that Electricity Duty payable by the licensee under Section 3 (1) of the Kerala Electricity Duty Act cannot be accounted as an expenditure and cannot be passed on to the consumers.
49. With regard to Rs.85.44 lakh claimed as security charges, the licensee has been apportioning 25% of the total security charges under A&G expenses. The Commission has in its previous orders already pointed out that the security expenses claimed by the licensee is high. While truing up the accounts in the previous years, the Commission had approved only 10% increase over the security charges approved for the previous year. Accordingly, during the year 2014-15, the Commission had approved an amount of Rs.7.99 lakh and Rs.8.79 lakh for 2015-16. The Commission is of the view that the same methodology is to be followed for 2016-17 also. Accordingly, Rs.9.67 lakh is approved towards security charges for the year 2016-17. However, only the increase in amount approved is additionally allowed under A&G expenses for the year, since a component of security charges is already included in the approved A&G expenses of Rs.51.62 lakh.
50. The licensee also claimed Rs.10.72 lakh towards professional charges paid to Kerala State Productivity Council for energy audit study. The licensee has claimed the same as one time expenses. The Commission notes that there has been substantial improvement in distribution loss in the year 2016-17. Accordingly, the same is allowed as one time expenses.
51. The licensee also claimed Rs.46.60 lakh under 'other expenses, which is inclusive of Rs.46.51 lakh towards REC and Rs.0.09 lakh towards the electricity charges for Technocity. Since Technocity has not been commissioned during the year, such expenses are to be capitalized. Regarding the cost of RECs, the licensee has furnished the copies 3131 non-solar certificate purchased for the year 2016-17. The Commission has been insisting that the licensees should strive to purchase the required quantity of renewable energy for RPO compliance. Purchase of REC should be an exception and resorted to only as a last measure. ***Hence, the Commission directs that the licensee to take immediate and effective steps either to generate renewable energy or alternatively to purchase renewable energy for meeting RPO. Thus, the Commission hereby approves additionally and as a onetime measure, Rs. 46.51 lakh towards the cost of RECs purchased under A&G expenses.***

52. The licensee has claimed Rs.12.37 lakh towards licence fee and inspection charges. The inspection charges claimed is Rs.8.04 lakh and licence fee is Rs.1.79 lakh. In the previous year the inspection charges of Rs.10.10 lakh was included under other expenses. Thus, there is no substantial change in the above items and hence no additional amount is allowed under the head.
53. Based on the above and after excluding the Electricity Duty payable to the Government under Section 3(1) of the Kerala Electricity Duty Act 1963, the total A&G expenses approved for the year 2016-17 is as shown below:

Table 17
A&G expenses approved for 2016-17

	Rs. Lakh
A&G expenses approved in the ARR for 2016-17	51.62
Additional security charges allowed (Rs.9.67 lakh -Rs.8.79 lakh)	0.88
Consultancy charges for Energy audit study	10.72
Cost of REC	46.51
Total	109.73

- 54. Thus, the approved A&G cost for 2016-17 after truing is Rs.109.73 lakh as against Rs.227.33 lakh claimed in the petition.**

Depreciation:

55. The licensee in their truing up petition has claimed a depreciation of Rs.281 lakh as against an amount of Rs.121.92 lakh approved by the Commission vide ARR Order dated 16-11-2016. Depreciation claimed by the licensee is shown below.

Table 18
Depreciation claimed for 2016-17

Assets	Rs. Lakh					
	GFA at the beginning of the year		Additions	GFA at the end of the year		Depreciation claimed
	Grant	Own Source		Grant	Own Source	
Land & land rights	-	-	-	-	-	-
Other Civil works	-	188.95	-	-	188.95	6.31
Distribution lines	-	661.95	-	-	661.95	37.67
Transformers	454.52	2,550.05	232.30	454.52	2,782.35	135.94
LT Distribution system	-	83.29	-	-	83.29	6.50
Distribution lines	-	34.87	-	-	34.87	1.95
Sub-station equipment	-	2.54	-	-	2.54	0.15
Others	1,835.50	1,750.10	124.98	1,835.50	1,875.08	92.41
IT Equipment	-	0.47	-	-	0.47	0.07
Total	2,290.02	5,272.21	357.28	2,290.02	5,629.48	281.00

56. As shown above, the licensee has segregated the fixed assets based on the source of funding and claimed depreciation for all assets created till 2016-17. The asset addition made during the year through own funds is Rs.357.28 lakh.
57. The Commission notes that in violation of the Regulation 21 of the KSERC (Conditions of Licence for Existing Distribution Licensee) Regulations, 2006 and Regulation 72(2) of Tariff Regulations 2014, licensee did not obtain the prior approval for the assets addition from 2012-13 to 2016-17. In the truing up petition, the licensee has furnished the details of assets added during the financial years from 2012-13 to 2016-17, which are shown below.

Table 19
Details of GFA addition during the years from 2012-13 to 2016-17

Financial Year	Asset addition	Remarks
2012-13	Rs.19.38 Lakh	Own funds
2013-14	Rs.229.28 Lakh	Own funds/ loan
2014-15	Rs.4316.18 Lakh	Own fund / Loan/Govt grant Rs.2290.01 lakh Govt. Grant.
2015-16	Rs.6.20 Lakh	Own funds
2016-17	Rs.357.27 lakh	Own funds
Total	Rs.4928.31 lakh	

58. Table above indicates that the total asset addition from 2012-13 to 2016-17 is Rs.4928.31 lakh. Out of this, government grant is Rs.2290.01 lakh and the balance Rs.2638.30 lakh is funded from licensee's own funds/loans. Since the licensee failed to furnish the complete details for the approval of capital expenditure for the said period, the Commission in the Order dated 2-12-2019 in the truing up of accounts for 2015-16 has directed as follows:

“Accordingly the Commission considers the assets as on the beginning of the financial year 2012-13 for allowing depreciation. If however the licensee desires to furnish the details of capital investments incurred without the Commission’s approval for the period from 2012-13 to 2016-17, they shall file a separate petition within the next 3 months failing which the Commission shall treat this issue as closed.”

59. Based on the above direction, the licensee has filed the petition for approval of capital expenditure from 2012-13 to 2016-17. The Commission will consider this capital expenditure petition in due course. In the meantime, the Commission is provisionally providing depreciation for the 50% cost of asset addition from 2012-13 to 2016-17 as an interim measure.

60. In the truing up order for 2015-16, the Commission has allowed depreciation of Rs.131.07 lakh considering the assets at the beginning of the year 2012-13. In addition to this, deprecation for 50% of the assets added from 2012-13 is being allowed provisionally. **Accordingly, the Commission provisionally approve depreciation of Rs. 200.72 lakh for the year as shown below:**

Table 20
Depreciation approved provisionally for 2016-17

	Rs. Lakh
1. Depreciation approved for 2015-16	131.07
2. Asset addition provisionally approved (50% of Rs. 2638.30 lakh)	1,319.15
3. Depreciation for provisional addition of assets (@5.28%)	69.65
4. Total depreciation for the year (1+3)	200.72

Interest and Finance Charges:

61. The licensee, in their truing up petition has claimed interest on loans including working capital loan and consumer security deposits. The Commission had approved Rs.84.40 lakh under this head in the ARR for the year 2016-17. The licensee has in the petition for truing up, claimed an amount of Rs.279.19 lakh. The details of the claim made by the licensee is shown below.

Table 21
Details of Interest and finance charges claimed for 2016-17

Particulars	ARR Order (Rs. lakh)	Truing up Petition (Rs. lakh)
Interest on loans	84.40	146.14
Interest on consumer security deposits	-	70.42
Interest on Working Capital	-	62.63
Total	84.40	279.19

Interest on loans:

62. The licensee in their petition has booked an amount of Rs 146.14 lakh towards interest on actual loans for the year 2016-17. The details of interest on the loans are given below.

Table 22
Details of Interest on loans claimed for 2016-17

Sl. No	Particulars	Interest Amount (Rs. lakh)
A	Loan 1 (Canara Bank)	12.56
B	Loan2 (South Indian Bank & Federal Bank)	133.58
C	Total	146.14

63. The licensee has stated that the interest and finance charges represent actual interest on loan availed for the creation of electrical infrastructure at Technopark.
64. The Commission has examined the details furnished by the licensee. The Commission in the truing up order for 2015-16 had approved the interest charges of Rs. 17.69 lakh only for the First Loan, since the licensee had not obtained the Commission's approval for the assets addition from 2012-13. Hence, the interest charges for the loan taken from South Indian Bank and Federal Bank were not allowed. In this context, the Commission noted that the licensee has funded the assets from its own funds and from loans. Hence, interest on normative loan may also have to be provided once the capital expenditure approval process is over. Since the licensee has now submitted the petition for approval of capital expenditure, as in the case of depreciation, 50% of the actual interest charges for the Loan 2 is being allowed provisionally. **Accordingly, interest charges of Rs.79.35 lakh is approved provisionally for 2016-17 as shown below.**

Table 23
Interest on loan approved for 2016-17

	As per petition (Rs. Lakh)	Approved (Rs. lakh)
Loan 1 (Canara Bank)	12.56	12.56
Loan 2 (South Indian bank & Federal Bank)	133.58	66.79
Total	146.14	79.35

Interest on security deposits:

65. The licensee has claimed Rs.70.42 lakh towards interest on security deposit. The licensee has *stated* that the actual interest on security deposits paid to consumers in 2016-17 is Rs.70.42 lakh. **Since the licensee has paid Rs. 70.42 lakh as interest on security deposits to the consumers, the same is approved.**

Interest on working capital:

66. The licensee in their petition had claimed Rs.62.63 lakh as interest on working capital as shown below:

Table 24
Interest on working capital claimed for 2016-17

Particulars	2016-17
	Rs. Lakh
O&M expenses (as per norms) 1 month	48.01
Maintenance Spares (as per norms) 1 month average	0.00
Receivables (as per norms) 2 months ERC	992.94

Less : Security deposits except security deposits held in the form of Bank Guarantee from Users	0.00
Less : Cost of Power Purchase (as per norms)	414.63
Total Working Capital	626.33
Interest Rate (as per norms)	10.00%
Interest on Working Capital (actual)	62.63

67. As per the Regulation 33 of the Tariff Regulations 2014, interest on working capital for a distribution licensee is to be computed as shown below:

“33. Interest on working capital. – (1) The generation business/company or transmission business/licensee or distribution business/licensee or the state load dispatch centre shall be allowed interest on the normative level of working capital for the financial year, computed as under, -

.....

(e) In the case of distribution business/licensee the working capital shall comprise of, -

(i) operation and maintenance expenses for one month; plus

(ii) cost of maintenance spares equal to one-twelfth of the sum of the book value of stores, materials and supplies at the end of each month of the financial year; plus

(iii) receivables equal to the expected revenue from sale of electricity for two months at the prevailing tariff:

Provided that the following amounts shall be reduced while computing the working capital requirement:

(i) the amount, if any, held as security deposits except the security deposits held in the form of Bank Guarantee from users of the distribution system and consumers; and

(ii) the amount equivalent to the cost of power purchase for one month, based on the cost of power purchase approved by the Commission: Provided further that the amount equivalent to the cost of power purchased for one month corresponding to the quantity of electricity supplied from the generating station owned by the distribution licensee shall not be deducted:

Provided also that for distribution business/licensees who supply electricity to their consumers on prepaid metering system, no interest on working capital shall be allowed.”

68. The Commission notes that the licensee’s claim is not as per the Regulation provisions. The Regulations states that the normative working capital requirement will consists of O&M expenditure for one month, receivable equivalent to two months revenue from the sale of power and cost of maintenance spares equivalent to 1/12th of the book value of stores.

69. Accordingly, the Commission has estimated the working capital requirement of the licensee at Rs.1019.81 lakh. This includes O&M expense for one month of Rs.26.87 lakh and the sales revenue for two months of Rs.992.94 lakh. Though

the licensee is eligible for maintenance of spares for one month as part of working capital, the licensee has not claimed the same. Hence cost of maintenance of spares has not been included as part of working capital. As per the Regulation, the amount held as security deposits and the amount equivalent to the cost of power purchase for one month is to be deducted from the normative working capital. The amount of security deposit as on 31-03-2016 is Rs.1071.42 lakh and cost for one month's power purchase is Rs.416.06 lakh. The net normative working capital requirement is as shown below.

Table 25
Working capital for 2016-17

Particulars	As per petition	Approved for Truing up
	Rs. lakh	Rs. Lakh
O&M expenses (as per norms) 1 month	48.01	26.87
Maintenance Spares (as per norms). 1month average	0.00	-
Receivables (as per norms) 2 months ERC	992.94	992.94
<u>Less</u> Security deposits except security deposits held in the form of Bank Guarantee from Users	0.00	1,071.42
<u>Less</u> Cost of Power Purchase (as per norms)	414.63	416.06
Total Working Capital	626.33	-467.67
Interest Rate (as per norms)	10.00%	-
Interest on Working Capital (actual)	62.63	-

70. As shown above, the licensee has negative working capital requirement and accordingly no interest on working capital is approved for 2016-17.

Return on Net Fixed Assets:

71. The Commission in the ARR order had allowed RoNFA of Rs.36.12 lakh at the rate of 3%of NFA. The licensee has claimed a return of Rs 120.76 lakh on the basis of net fixed assets at the rate of 3% of NFA. The details of the claim as per the truing up petition for the year 2016-17 are given below.

Table 26
RoNFA claimed for 2016-17

Particulars	Rs. lakh
NFA (Net of consumer contributions and grants at the beginning of the year)	4025.34
Rate of return (%)	3%
Total return on NFA	120.76

72. The difference in the RoNFA claimed in the licensee’s petition over the approved ARR is because the licensee’s claim includes the capital addition made from 2012-13 to 2015-16. As mentioned earlier, these capital investments were made without the Commission’s approval.

73. The Sub Regulation (2) of Regulation 29 of the Tariff Regulations, 2014, on return on investment specifies that,

“(2) If the equity invested in the regulated business of the generating business/company or transmission business/licensee or distribution business/licensee or state load dispatch centre is not clearly identifiable, return at the rate of three percent shall be allowed on the net fixed assets at the beginning of the financial year for such regulated business:

Provided that net fixed assets shall be exclusive of the assets created out of consumer contribution, deposit works, capital subsidy or grants.

74. As detailed in above, the Commission considers the assets created as on the beginning of the financial year 2012-13 with the approval of the Commission for allowing return. The Commission has also provisionally allowed to include 50% of the assets additions made from 2012-13 to 2016-17. Hence the same is also considered provisionally for allowing Return on Net Fixed Assets. However, as and when the addition of fixed assets is approved by the Commission based on the petition submitted for approval, the licensee will be eligible for return on net Fixed assets for the approved assets. **Hence, the licensee may approach the Commission for revision of interest charges, depreciation and Return RoNFA for the intermediate years once the approval of capital expenditure is received.** In the meantime, Return on NFA is approved as shown below:

75. The Gross Fixed Asset excluding grants and contributions at the beginning of the financial year 2012-13 is Rs.2459.11 lakh. The approved return based on the net fixed assets at the beginning of 2012-13 and the provisional asset addition from 2012-13 to 2015-16 is Rs.90.81 lakh as shown below.

Table 27
RoNFA approved for 2016-17

	Particulars	(Rs.Lakh)
1	GFA at the beginning of 2012-13	2,990.56
<u>2</u>	<u>Less:</u> Grants/Contributions	612.06
3	GFA eligible for depreciation at the beginning of 2012-13 (1-2)	2,459.11
4	Accumulated depreciation at the beginning of the year 2012-13	512.25
5	Net Fixed Asset at the beginning of 2012-13 (3-4)	1,946.86

6	Assets addition from 2012-13 to 2015-16 approved provisionally*	1,140.50
7	Provisional depreciation thereof @5.28%	60.22
8	Net Fixed Asset from 202-13 to 2015-16 (6-7)	1,080.28
9	Total NFA considered for Return (5+8)	3,027.14
10	Rate of return (%)	3%
11	Total return on NFA	90.81

*Asset addition at the beginning of 2016-17

Revenue from Sale of Power:

76. The revenue from sale of power as per the truing up petition, is Rs.5957.64 lakh for a sale of 83.93 MU. The actual sale for the year 2015-16 was 75.70 MU and the revenue from the sale of power was Rs.5336.91 lakh. The licensee has claimed that the revenue from sale of power has increased mainly due to the operationalization of Technopark Phase-III campus. The split up of the revenue from sale of power for the year 2016-17 is tabulated below.

Table 28
Revenue from Sale of Power for the year 2016-17

	No. of consumers	Sales (MU)	Revenue (Rs. Lakh)	Average Realisation (Rs./kWh)
LT – IV B IT/ITES below 10kW	72	0.38	22.87	6.01
LT – IV B IT/ITES above 10kW up to 20kW	180	2.68	164.82	6.15
LT – IV B IT/ITES above 20kW	242	40.46	2,941.03	7.27
LT - VI (A) General	2	0.02	1.15	7.19
LT VI (B) General	9	0.13	10.01	7.85
LT VI (c) General (Single phase or 3 phase)	38	0.30	29.82	10.09
LT VI (F) General (Single phase)	44	0.11	9.47	8.53
LT VII (A) Commercial (Single phase)	47	0.11	9.41	8.91
LT VI (F) General (3 phase)	39	1.35	129.55	9.62
LT VII (A) Commercial (3 Phase)	55	0.86	89.30	10.34
LT VII (B) Commercial	12	0.01	0.91	6.14
LT IV A Industrial below 10 KW	4	0.07	5.27	8.00
LT IV A Industrial above 10 KW below 20 KW	6	0.04	2.44	5.85
LT IV A Industrial above 20 KW	4	0.37	22.91	6.23
Self Consumption	2	0.36	29.63	8.33
Street Lighting	12	0.17	6.05	3.63
Sub Total	768	47.40	3,474.65	7.33
HT -I Industrial	17	35.42	2,395.72	6.76
HT -II Non Industrial	1	0.38	24.43	6.36
HT- IV Commercial	1	0.72	59.56	8.22
Sub Total	19	36.53	2,479.71	6.79
Total	787	83.93	5,954.35	7.09
Electricity Duty Recovery			364.21	
Gross Revenue From Sale of Power			6,318.56	

Less: i) Electricity Duty Payable to Govt.			360.92	
Net Revenue from Sale of Power			5,957.64	

77. After examining the details, the Commission approves Rs. 5957.64 lakh as the revenue realized by the licensee for the year 2016-17.

Non tariff income:

78. The non-tariff income accounted by the licensee is Rs 70.68 lakh as against the approved amount of Rs 49.53 lakh vide ARR Order dated 16-11-2016. The licensee had a non-tariff income of Rs.47.57 lakh during 2015-16. There is an increase of Rs. 21.15 lakh in the non-tariff income compared to the previous year.

Table 29
Non-tariff income for 2015-16 & 2016-17

Particulars	2015-16		2016-17	
	Truing up Petition	Approved in truing up	ARR approved	Truing up Petition
	Rs. lakh	Rs. lakh	Rs. lakh	Rs. lakh
Interest on securities, and bank deposits	45.19	45.19	47.60	56.82
Interest on accumulated surplus		18.19		
Income from late payments	0.67	0.67	1.13	11.73
Meter/service line rental	0.30	0.30		-
Misc. recoveries	1.41	1.41	0.80	2.13
Grand Total	47.57	65.76	49.53	70.68

79. Compared to the previous year 2015-16, the increase of Rs.23.11 lakh in the non-tariff income for 2016-17 is on account of the interest on securities and bank deposits and late payment surcharge.

80. The licensee is holding an accumulated surplus of Rs.691.38 lakh at the end of the year 2015-16, as per the Order dated 02-02-2019 on the truing up of accounts of the licensee for 2015-16. Considering the SBI base rate of 9.3% at the beginning of the year, the interest would be Rs 64.29 lakh. However, the licensee has accounted Rs 56.82 lakh as interest from bank fixed deposits under non-tariff income. Since Rs.56.82 lakh have already been accounted, the balance amount of Rs.7.47 lakh has been included under non-tariff income. **Accordingly, the Commission approves the licensee's non-tariff income for 2016-17 as Rs. 78.15 lakh (Rs 70.68 lakh+ Rs 7.47 lakh).**

Revenue Surplus/Gap for 2016-17

81. Based on the above, the approved expenditure and revenue for the year 2015-16 after truing up is as shown below:

Table 30
Details of amounts approved in Truing up for the year 2016-17

Particulars	As per ARR&ERC order (Rs. lakhs)	Truing Up Petition (Rs. lakh)	Approved in Truing up (Rs. lakh)
Revenue from Sale of Power.	5,920.70	5,957.64	5,957.64
Non-Tariff Income	49.53	70.68	78.15
ERC- Total Revenue	5,970.23	6,028.32	6,035.79
Purchase of Power	5,232.00	4,975.52	4,992.72
Repairs and Maintenance	106.40	330.69	241.05
Employee Cost	20.99	18.14	18.14
A&G Expenses	51.62	227.33	109.73
Depreciation	121.92	281.00	200.72
Interest & Finance Charges	84.40	146.14	79.35
Interest on security deposits	-	70.42	70.42
Interest on Working Capital	-	62.63	-
Return on NFA	36.12	120.76	90.81
ARR- Total Expenditure	5,653.45	6,232.93	5,802.94
Net Surplus/(Deficit)	316.78	-204.31	232.85

Orders of the Commission

82. The Commission after considering the application filed by M/s. Technopark for truing up of accounts for the year 2016-17, objections raised by KSEB Ltd and the clarifications and details provided by the licensee approves the following:

- a) Total revenue is Rs. 6035.79 lakh
- b) Total expenditure is Rs.5802.94 lakh
- c) The revenue surplus for the year is Rs.232.85 lakh.
- d) The cumulative revenue surplus till 2016-17 will be Rs. 924.23 Lakh (Rs.691.38 lakh + Rs.232.85 lakh).

83. In addition, the Commission further **directs the licensee to make available the complete list of workers/staff, their qualification, place of deployment,**

category, salaries, wages and all other benefits paid to them. The licensee shall make this data available within three months of the date of issue of this Order.

84. The petition is disposed of. Ordered accordingly.

**Sd/-
S.Venugopal
Member**

**Sd/-
Preman Dinaraj
Chairman**

Approved for issue

Secretary (i/c)