

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

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

O.A. No.10/2018

In the matter of : Application for the Truing up of accounts for the year 2016-17 filed by M/s Thrissur Corporation Electricity Department (TCED).

Applicant (s) : The Thrissur Corporation Electricity Department.

Applicant (s) represented by : Sri. Jomon. Sr. Superintendent, TCED
Sri. T.S.Jose, Electrical Engineer, TCED
Sri. Aebee, Audit Assistant, TCED

Daily Order dated 21.11.2018

Heard M/s Thrissur Corporation Electricity Department (TCED) on 14-11-2018 at the Office of the Commission on the truing up of accounts for the year 2016-17. M/s Thrissur Corporation Electricity Department (TCED) was represented by Sri. Jomon. Sr. Superintendent, Sri. T.S.Jose, Electrical Engineer, Sri. Aebee, Audit Assistant, and other officers. Sri. Jomon, presented the details of the application on the truing up of accounts for the year 2016-17. Sri. Aebee. and Sri. T.S.Jose responded to the queries of the Commission.

The main points made by TCED are:-

- The actual energy sale accounted for the year 2016-17 is 140.64 MU, the energy purchased is 152.21 MU and the actual distribution loss for the year is 7.60%.
- The actual power purchase cost as per the truing up application submitted is Rs.9334.40 lakh for the purchase of 152.21 MU.
- In the application for the truing up of accounts, the employee cost booked by the licensee is Rs.1112.55 lakh.
- An amount of Rs.83.19 lakh has been claimed by the licensee for the repair and maintenance of substations, 11 kV lines & associated works, LT line service etc.
- The A&G expense claimed by the licensee as per the application for truing up was Rs 338.64 lakh which include various items such as rent, rates and taxes,

insurance, telephone charges, internet and related charges, legal charges, audit fees, consultancy charges, printing and stationary, advertisement charges, DSM expenses, statutory fee including payments to SERC etc. The major claim booked under A&G expense are towards Rents & taxes and section 3(1) duty amounting Rs.172.03 lakh and Rs.83.32 lakh respectively.

- The licensee had claimed an interest and finance charges of Rs. 188.86 lakh in the truing up application which is exclusively made for on interest on security deposit.
- TCED has claimed depreciation of Rs.221.02 lakh for the year 2016-17. The licensee stated that a fixed asset register is maintained by TCED and depreciation is charged based on the rate of depreciation as per the regulation and vintage of assets. Depreciation is not claimed for the assets created out of consumer contribution and grants.
- The licensee had claimed a return of Rs.85.43 lakh which is 3% of the net fixed assets.
- Accordingly, the licensee claimed a total expense of Rs. 11364.10 lakh for the year 2016-17.
- The licensee has claimed revenue from sale of power of Rs.11122.77 lakh for 140.64 MU and a non-tariff income of Rs 891.71 lakh. Thus as per the application for truing up the accounts for 2016-17, the revenue surplus for the year is Rs.650.38 lakh

Smt. Mehrunisa, Executive Engineer TRAC, Sri. Manoj.G, AEE, TRAC and Sri.Rajesh.R AEE, TRAC, represented KSEB Ltd. Sri. Manoj.G presented the counter statement/comments of KSEB Ltd. and submitted written remarks on the application. The major points raised by KSEB Ltd are the following:

- TCED has claimed R&M expenses, employee cost and the A&G expenses higher than that approved in the order on ARR&ERC. The Commission may limit the expenses to the approved level.
- The Commission may take uniform approach regarding section 3 duty and the claim of the licensee on Electricity duty may be disallowed. With regard to rent, it was submitted that the Commission in the order for the control period 2015-16 to 2017-18 dated 21.10.2015 had restricted the rent to 10% of the claim. The same approach may be followed to fix the rent.
- Interest on security deposit actually paid to consumers during the year only is to be allowed.
- The quantum of the energy purchased from KSEB Ltd and the claim made by the licensee under power purchase tally with the records of KSEB Ltd.

- KSEB Ltd pointed out that the Commission in the true up order for 2015-16, has directed to complete the formalities of signing the PPA with KSEBL at the earliest and submit the initialled PPA before Commission for approval, which TCED has not complied with.
- KSEB Ltd further submitted that as per the true up order for 2015-16, the cumulative revenue surplus is Rs 11312.48 Lakh and requested the Commission to revise the BST of TCED and pass on the surplus to consumers in Kerala.

The Commission sought various clarifications based on the presentation made by TCED. The Commission observed that since the pension contribution is already allowed in the ARR, the practice of paying pension from the account of the Thrissur Corporation Electricity Department is not correct and such payments cannot be allowed in the truing process.

The Commission directed TCED to submit the following details.

- Report on energy audit conducted by Productivity council
- The number of permanent employees and the split up of the salary paid.
- Arrears of electricity charges including the amount pending for more than three years.

Accordingly, it is directed that the M/s TCED shall furnish the details within two weeks before the Commission to substantiate the claims made in the application for the truing up of accounts for the year 2016-17.

Hearing concluded. Reserved for orders.

Sd/-
K.Vikraman Nair
Member

Sd/-
S.Venugopal
Member

Sd/-
Preman Dinaraj
Chairman

Approved for issue
Sd/
Santhosh Kumar.K.B
Secretary