

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

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

OA.No. 11 /20

In the matter of : Petition on the Truing up of accounts for the year 2018-19 filed by M/s Thrissur Corporation Electricity Department (TCED)

Applicant (s) : M/s Thrissur Corporation Electricity Department (TCED)

Applicant (s) represented by : 1. Sri. T.S. Jose, Electrical Engineer, TCED
2. Sri. Rahul, Consultant Team TCED

Respondent : Kerala State Electricity Board Limited,
Vydyuthi Bhavanam, Pattom,
Thiruvananthapuram

Daily Order dated 27-07-2020

Public hearing on the petition for the Truing up of accounts for the year 2018-19 filed by M/s Thrissur Corporation Electricity Department (TCED) was conducted vide Video Conferencing on 22-07-2020 at 11.00 A.M. Sri. T.S. Jose, Electrical Engineer, TCED, Sri. Rahul, Consultant Team TCED and other officers represented the petitioner. The meeting started with a power point presentation on the subject by the licensee. Sri. T.S. Jose briefed the details of the petition and responded to the queries of the Commission. The main points submitted in the petition are briefed below

- The licensee has claimed a revenue gap of Rs.63.55 lakh as against the revenue surplus of Rs.799.94 lakh approved in the ARR order.
- There is an increase in the number of consumers and sale of power compared to the previous year. The distribution loss approved for the year was 7%.
The actual loss for the year is 7.72% which is higher than the approved level.
- The actual claim of employee cost is Rs.1141.65 lakh as against Rs.1092.60 lakh approved in the ARR by the Commission. Major portion is towards salary, wages, pension contribution, earned leave encashment and employer contribution. The licensee made a request for approval of pay revision arrears which was relating to earlier periods in 2008 and 2013.

- The Repair and Maintenance Charges claimed by the licensee is Rs.95.36 lakh as against Rs 82.01 lakh approved in the ARR for the year.
- The A&G expense claimed by the licensee as per the application for truing up was Rs 400.92 lakh as against the approved amount of Rs.79.66 lakh in the order on ARR&ERC. The major claim booked under A&G expense are towards Rent, rates & taxes, section 3(1) duty, flood donation and conveyance and vehicle expense etc. amounting Rs.172.03 lakh, Rs.85.13 lakh and Rs.50 lakh and Rs.12.92 lakhs respectively.
- The licensee had claimed interest on security deposits of Rs. 220.07 lakh at an interest rate of 6.25%. The actual disbursement of Rs.159.68 reported by the licensee in the current year 2018-19 is the interest relating to the previous year 2017-18.
- The depreciation claimed for the year is inclusive of asset additions worth Rs.282.57 lakh. No formal approval for the asset addition has been obtained.

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 actual disbursement of interest on security deposit during the year 2018-19 is Rs. 187.62.88 lakh, but that claimed in truing up petition is Rs.220.07 lakh. The Commission may allow only the actual interest paid to consumers during the year.
- b) The T&D loss approved by the commission was 7% as against this the licensee has claimed T&D loss of 7.72% and hence the additional power purchase cost be disallowed.
- c) All components under O&M expenses claimed in truing up petition is 30% higher than the approved cost. As these are controllable expenses, the licensee may reduce these expenses.
- d) The R&M Charges claimed by the petitioner is Rs 90.79 lakh against the approved amount of Rs 57.81 lakh. The claim is higher by 57.04 % against the approved amount.
- e) Employee cost claimed by the petitioner is Rs 1177.75 lakh against the approved amount of Rs 996.47 lakh and is higher by 18.19 %.
- f) 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 2017-18 had deferred for submission of details. The details not seen submitted by the licensee.

- g) The licensee has claimed depreciation of Rs.241.83 lakh against the approved value of Rs.198.81 lakh. It is noticed that, the petition is silent about the capital expenditure approval of current year asset additions and the consumer contribution and grants are not deducted for calculating depreciation.
- h) The Return on capital claimed by the petitioner is Rs 93.61 lakh against the approved amount of Rs 73.50 lakh. It may be limited to the approved level.
- i) 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.
- j) TCED has not yet executed the power purchase agreement with KSEBL. The intervention of the Commission is sought in this regard to complete the formalities of signing the PPA with KSEBL.
- k) Considering the fact that the cumulative surplus Rs.13889.42 lakhs available with the licensee, BST rates to be revised at the time of tariff revision.

The Commission directed TCED to submit the following details.

- Separate petition to be filed in respect of the employee details for arriving at a rational employee strength as per CEA norms.
- The details called for regarding the rent charged by the Trichur Corporation Rs.20.64 crores may be submitted urgently and the issue be sorted out this being a long pending matter.
- Details of solar project to be submitted for approval.
- The capital additions Rs.2.93 crores 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 generated from consumer contributions.
- Age wise analysis of sundry debtors including provision created for doubtful debts.
- Details of doubtful debts amounting to Rs.14.32 crores to be submitted including age wise and all measures to be taken for realizing these dues.
- Details of Housing loan written off Rs.6.50 lakhs to be furnished.
- Purchases of inventory Rs.2.29 crores is very high and there is considerable increase in the inventory levels. A report on the inventory holding to be submitted with suggestions for reducing the level and the carrying cost.
- Details of liability for service connection charges of Rs 1.21 crores to be submitted with recommendation for treatment of liabilities pending exceeding the limitation period.
- To give justification as to why unviable small hydro projects are being proposed which will lead to exhaustion of available surplus.
- Basis on which pension is being disbursed by TCED. Government orders in this issue to be provided.

- Efforts taken by TCED to get reimbursement of pension amount paid from LSGD. Correspondence in this regard to be made available.
- Detailed report to be submitted on pension amount of Rs.30.35 crores recoverable from Government.
- Details of contributory pension along with relevant Government Orders for old scheme existing prior to 2013 and the orders regarding the revised scheme.
- As directed in truing up order No.32/2019, employee details to be submitted and Energy audit to be conducted and report to submitted in a time bound manner.

M/s TCED shall furnish the above details on or before 14Th August 2020

Hearing concluded. Reserved for orders.

Sd/-
Preman Dinaraj
Chairman

Approved for issue

Secretary