

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

Petition No: OP 33 / 2023

**Present : Sri T K Jose, Chairman
Adv. A J Wilson, Member
Sri. B Pradeep, Member**

In the matter of : Petition for approval of truing up of accounts for the financial year 2021-22

Petitioner : M/s Thrissur Corporation Electricity Department

Represented by : Sri.Krishnakumar, Assistant Secretary
Sri. T.S Jose, Electrical Engineer
Sri. Muhamed Munaz, Consultant

Respondent : M/s Kerala State Electricity Board Limited

Represented by : Sri. Rajan, Deputy Chief Engineer, TRAC, KSEB Ltd
Sri. Ajith Kumar K.N, Executive Engineer, KSEB Ltd
Sri. Shine Raj, Assistant Engineer, KSEB Ltd
Smt. Biji Christudas, Assistant Engineer, KSEB Ltd

Date of Hearings : First Hearing : 05.07.2023
Second Hearing : 05.10.2023

Venue : Court Hall, Office of the Commission

Order Dated 22.11.2023

1. M/s Thrissur Corporation Electricity Department under Thrissur Municipal Corporation (*hereinafter referred as TCED or the Licensee*) is a deemed distribution licensee under the Electricity Act, 2003, having an operational history since August 1937, when the generation & distribution business of Cochin State Power & Light Corporation Ltd was purchased by the then Thrissur Municipality. The current license area of the TCED corresponds to the administrative limits of the old Thrissur Municipality limits covering an area of approximately 12.65 sq.km.
2. TCED has filed the instant petition for the Truing up of accounts for the Financial Year 2021-22 (fourth year of the Control Period 2018-19 to 2021-22). The Commission had admitted the petition as OP 33/2023. The first hearing on the petition was conducted on 05-07-2023 at the Court Hall, Office of the

Commission. Commission viewed that the audited financial statements together with schedules and audit certificate was not submitted along with the petition for truing up of accounts which is necessary to obtain a true and fair view of the financial position as well as financial performance of the licensee. This is required for prudence check while truing up the accounts for the year.

3. As per the provisions of the Tariff Regulations, 2018 and the KSERC (Condition of licence for Existing Distribution Licensees) Regulation 2006, the licensee is to submit the petition for truing up of accounts along with the audited accounts of the relevant financial year. The relevant portion of the Tariff Regulations, 2018 and the KSERC (Condition of licence for Existing Distribution Licensees) Regulation 2006 are given below.

Tariff Regulations, 2018

15. Truing up of Aggregate Revenue Requirement and expected revenue from tariff and charges. –

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Provided that the generating business/company or transmission business/licensee or distribution business/licensee or State Load Despatch Centre, as the case may be, shall submit to the Commission, the information for the respective year and for the previous year in such form as specified in Annexure-XII mutatis mutandis, together with the audited accounts and such other details as the Commission may require to assess the reasons for and the extent of variation in financial performance if any, from the Aggregate Revenue Requirement and expected revenue from tariff and charges as approved by the Commission:

Provided further that the petition for truing up shall be with reference to figures approved for the respective financial years

KSERC (Condition of licence for Existing Distribution Licensees) Regulation 2006

9. Accounts-

(2) The distribution licensee shall, in respect of the licensed business and any other business,

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(b) prepare on a consistent basis from such accounting records and deliver to the Commission,

(i) the accounting statements;

.....
(iii) in respect of the accounting statements prepared, an auditor's report for each financial year, stating whether in their opinion the statements have been properly prepared and give a true and fair view of

the revenues, costs, assets, liabilities, reserves and provisions of, or reasonable attributable to such business to which the statements relate;

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4. It is evident from the above regulations and provisions, that the licensee has to furnish to the Commission, along with every Truing up petition, a copy of the Audited Annual Accounts for the respective year as the same is required for the prudence check of each item of income, expenditure, assets and liabilities. The Audited Accounts along with audit certificate stating the financial statements showing a true and fair view of the financial position as well as financial performance of the licensee is required for truing up the accounts for the year. Accordingly, the Commission vide Daily Order dated 11.07.2023 directed the licensee to submit the duly signed audited accounting statements together with audit certificate along with schedules for the year 2021-22. The licensee vide letter dated 10.08.2023 filed the petition along with the signed audited accounting statements and audit certificate with the schedules for the year 2021-22.

5. The Commission vide Order dated 08-11-2019 in OA 09/2019 had issued the Order on the ARR & ERC of the licensee for the Control Period from 2018-19 to 2021-22. The Commission had approved a revenue surplus of Rs.840.01 lakh in the said ARR Order. In the present petition for truing up the accounts, the licensee has claimed a revenue gap of Rs.49.24 lakh. A comparison of the ARR approved in the Order dated 08-11-2019 and the Truing up claim for the financial year 2021-22 as per the petition along with the trued-up figures for the year 2020-21 is shown below:-

Table 1
Comparison of ARR&ERC for the period 2020-21 & 2021-22 (Rs.lakh)

Particulars	2020-21		2021-22		
	Truing Up Claim	Trued Up	Approved ARR&ERC (A)	For truing up (B)	Difference (B)-(A)
Power Purchase Cost	8886.06	8886.06	12008.41	9511.93	-2496.48
Employee cost	1267.37	0.00	1259.05	1273.18	14.13
R&M Expenses	89.91	89.91	94.51	74.51	-20.00
A&G Expenses	217.24	87.56	91.80	221.20	129.40
Provision	796.98	0.00	-	107.07	107.07
Depreciation	264.95	263.90	198.81	207.39	8.58
Interest and FinanceCharges	179.80	213.66	255.18	168.60	-86.58
Return on NFA	96.80	96.80	55.61	89.30	33.69
Total Expenditure	11799.11	9637.89	13963.37	11653.18	-2310.19
Revenue from sale of power	10269.74	10269.74	13609.25	11033.50	-2575.75
Other income	643.85	1062.21	1194.13	570.44	-623.69
Total income	10913.59	11331.95	14803.38	11603.94	-3199.44
Revenue Surplus (+)/ Gap (-)	(-)885.52	(+)1694.06	(+)840.01	(-)49.24	-889.25

6. The Commission considered the petition along with the signed audited accounting statements and audit certificate with the schedules for the year 2021-22 and posted the petition for a second hearing. The second hearing on the petition was conducted on 05.10.2023. The licensee was represented by Sri.Krishnakumar, Assistant Secretary, Sri. T.S Jose, Electrical Engineer, Sri. Muhamed Munaz, Consultant and other officers of the licensee. Sri. Rajan, Deputy Chief Engineer, TRAC, Sri. Ajith Kumar K.N, Executive Engineer, Sri. Rajesh R, Assistant Executive Engineer, Sri. Shine Raj, Assistant Engineer and Smt.Biji Christudas, Assistant Engineer, KSEB Ltd represented KSEB Ltd.
7. Sri. Muhamed Munaz, presented the petition before the Commission and replied to the queries of the Commission. The main points mentioned in the presentation are briefed below.
 - a) The number of consumers during the year was 41068 and the actual sales is 1291.60 lakh units.
 - b) The energy purchased from KSEB Ltd was 1375.90 lakh units, the energy generated by the solar PV of the licensee was 5.30 lakh units and purchase of energy from prosumers was 3.10 lakh units. The actual distribution loss claimed is 6.70%.
 - c) The licensee has claimed the power purchase cost as Rs.9511.93 lakh for 1379.00 lakh units.
 - d) The employee cost claimed by the licensee for the year is Rs. 1273.18 lakh. An additional amount of Rs.107.07 lakh has been claimed towards Provision for Pay Revision.
 - e) The R&M expenses claimed for the year is Rs.74.51 lakh as against Rs.94.51 lakh approved in the ARR.
 - f) The A&G expenses claimed by the licensee is Rs.221.20 lakh as against Rs.91.80 lakh approved in the ARR. The licensee has claimed Rs.50.58 lakh as rent for the building and Rs.75.95 lakh as Section 3(1) duty.
 - g) The licensee during the year has made total asset addition of Rs.73.80 lakh towards Plant & Machinery, Furniture and Fittings, Cables etc and a deduction of Rs.11.70 lakh was also claimed. The net addition in the fixed asset register is Rs.62.10 lakh
 - h) The licensee has booked depreciation of Rs.207.39 lakh for the year in the straight-line method as per the provisions of the regulations.
 - i) The licensee has claimed interest and finance charges of Rs.168.60 lakh towards interest on security deposits at the interest rate of 4.25%.
 - j) Rs.89.30 lakh has been claimed as Return on NFA for the financial year 2021-22.

- k) The revenue from sale of power of 1291.60 lakh units is Rs.11033.50 lakh. The major sale of power and revenue realisation is from LT I A, LT VII A, HT II B and HT IV category of consumers.
 - l) The non-tariff income booked by the licensee for the year is Rs.570.44 lakh.
 - m) The licensee has claimed a revenue deficit of Rs.49.24 lakh for the year 2021-22 as against the revenue surplus of Rs.840.01 lakh approved in the ARR.
8. KSEB Ltd vide submitted their written comments. The major points raised by KSEB Ltd are the following:
- a) The T&D loss approved by the Commission was 6.25%. As against this, the licensee has claimed T&D loss of 6.70%. Distribution loss being a controllable item the additional power purchase cost on account of higher loss may be disallowed.
 - b) The O&M expenses claimed in truing up petition is higher than the approved cost. KSEB Ltd submitted that these are controllable expenses, and requested the Commission to limit these expenses.
 - c) The R&M Charges claimed by the petitioner is Rs.74.51 lakh against the approved amount of Rs 94.51 lakh which is lower by 21.16 % against the approved amount.
 - d) Employee cost of Rs.1273.18 lakh was claimed by the petitioner against the approved amount of Rs.1259.05 lakh and is higher by 1.12%.
 - e) The A&G expense claimed by the petitioner is Rs.221.20 lakh as against the approved amount of Rs.91.80 lakh. The claim is higher by 140.96%.
 - f) The Commission may take uniform approach regarding Section 3 Duty and the claim of the licensee on Electricity Duty may be disallowed.
 - g) It was pointed out that the energy accounted as part of energy sale in street light is lower than that in the previous year which needs prudence check.
 - h) The licensee has not considered any interest on the accumulated surplus which need to be considered as part of the non-tariff income.
 - i) Depreciation and RoNFA may be allowed only after prudence check of asset additions made by the licensee and justification in the matter.
 - j) The quantum of the energy purchased from KSEB Ltd and the claim made by the licensee tally where as there is difference in the cost of power purchase with the records of KSEB Ltd.

- k) TCED has not yet executed the power purchase agreement with KSEB Ltd. The intervention of the Commission is sought for completion of the formalities of signing the PPA with KSEB Ltd.

Analysis and decision of the Commission

9. The Commission considers the petition submitted by the licensee, the comments and arguments during the hearing, the additional written submissions furnished by the licensee vide letters dated 14.03.2023, 19.05.2023, 10.08.2023, and 06.10.2023 and the comments/ counters of KSEB Ltd vide letter dated 07.07.2023.
10. The Commission vide Daily Order dated 11.07.2023 directed the licensee to submit the duly signed audited accounting statements together with audit certificate along with schedules for the year 2021-22. The licensee vide letter dated 10.08.2023 filed the petition along with the signed audited accounting statements and audit certificate with the schedules for the year 2021-22. The Commission has gone through the audit report and noted the qualified opinion mentioned in the audit report. The observations on the qualified opinion as per the Audit report are discussed in the below paragraphs.
11. In the Audit Report, the Auditors have stated that the amount of Consumers' security deposit as shown in the Accounts does not tally with the amount as per subsidiary ledgers. It is also stated that the Security Deposit collected from Permanently Disconnected Consumers has also not been taken into account while calculating interest on Security Deposits. The Commission views this seriously and being the Regulator, the Commission is very much concerned about this. As per Regulations, interest has to be paid to all the consumers on the Security Deposit collected from them. ***Therefore, the Commission hereby directs the licensee to reconcile the amount of security deposit as per accounts with that of individual consumers within 6 months from the date of this order and refund with interest or adjust against outstanding bills, the security deposit held against permanently disconnected consumers. The Compliance Report in this regard is to be filed before the Commission.***
12. The Auditors further reported that assets damaged, removed and returned to stores as well as replaced by new assets from stores are not accounted properly leading to duplication in accounting of Fixed Assets. As per regulations assets damaged, removed and not in use have to be deleted from gross fixed assets and depreciation can be calculated only on the reduced amount. ***Therefore, the commission hereby directs the licensee to conduct a physical verification of the assets in use and make necessary changes in***

the fixed assets register and make it up to date within 6 months from the date of this order.

13. The Auditors also reported that the accuracy of balances before 2012 could not be verified by them due to non-availability of sufficient records. The Commission noticed that the sundry debtors as on 31st March 2022 includes Rs.653.49 lakh pertaining to the period up to 31st March 2012. **Therefore, the Commission hereby directs the licensee to compile consumer wise details of outstanding energy charges and delayed payment charges included in the above sundry debtors and initiate fruitful action to recover the same after adjusting the Security Deposit.**
14. **The Commission hereby further directs that, the licensee shall take appropriate action against the other qualified opinion mentioned in the Audit Report.** As part of the disposal of the Truing Up petition, the claim of the licensee towards each of the components has been analysed in detail. The analysis and decisions of the Commission as per the provisions of the Tariff Regulations 2018 on the petition for Truing Up of Accounts for the year 2021-22 are detailed below:

Energy Sales and Consumer mix

15. The number of consumers during the year 2020-21 was 40436 which has increased to 41068 in the year 2021-22 ie an increase of 632 consumers. The actual sale during the year 2021-22 is 1291.60 lakh units as against an approved sale of 1652.90 lakh units as proposed by the licensee. The actual sale during the year 2020-21 was 1211.90 MU. There is increase in the sales and the number of consumers compared to the previous year. The comparison of the actual number of consumers and energy sales claimed for the year 2021-22 with that of trued up figures for 2020-21 is shown below:

**Table 2
Comparison of No of Consumers and sales for 2020-21 and 2021-22**

Category	2020-21 Trued Up		2021-22 for Truing Up	
	No of consumers	Sales Lakh Units	No of consumers	Sales Lakh Units
Domestic	21812	431.40	22161	415.50
Non domestic	17533	416.60	17813	467.10
Agriculture	188	0.70	191	0.50
Industrial	505	25.70	498	27.70
Street lighting	272	13.40	274	11.70
High Tension	126	323.00	131	368.00
Self-Consumption	-	1.10	-	1.10
Total	40436	1211.90	41068	1291.60

16. Though there was decrease in the sales in 2020-21 compared to 2019-20 due to restrictions imposed on account of COVID 19 lockdown, now the sales have

started improving from the impact of the pandemic. ***After analyzing the details and duly considering the recovery from COVID 19, the Commission hereby approves the actual energy sales of 1291.60 lakh units as per petition for the purpose of Truing up of Accounts for the financial year 2021-22.***

Energy requirement and Distribution Loss

17. As per the Truing Up petition of 2021-22, the total energy input is 1384.30 lakh units, which is inclusive of 1375.90 lakh units of energy purchased from KSEB Ltd, 5.30 lakh units generated by the solar plant of the licensee and 3.10 lakh units purchased from solar prosumers. The licensee has claimed a distribution loss of 6.70% as against an approved loss of 6.25% in the ARR&ERC Order dated 08.11.2019. The comparison of Energy Requirement and Distribution Loss as per the petition are as shown below.

**Table 3
Comparison of Energy Purchase and Distribution Loss**

	Particulars	2020-21			2021-22	
		ARR Approved	As per Truing Up Petition	Trued Up	ARR Approved	As per Truing Up Petition
1	Energy Requirement (lakh units)					
	(a) Purchase from KSEB Ltd	-	1293.30	1293.30	-	1375.90
	(b) Self-generation (solar)	-	5.60	5.60	-	5.30
	(c) Solar energy purchase	-	2.50	2.50	-	3.10
	Total	1721.70	1301.40	1301.40	1763.10	1384.30
2	Energy sales (lakh units)	1609.80	1211.90	1211.90	1652.90	1291.60
3	Distribution loss (lakh units) (1-2)	111.90	89.50	89.50	110.20	92.70
4	Distribution loss (%)	6.50%	6.87%	6.87%	6.25%	6.70%

18. The licensee has claimed a distribution loss of 6.70% which is higher than the approved loss of 6.25%. During 2020-21, the actual distribution loss was 6.87% which is higher than the approved loss of 6.50%. The Commission while truing up the accounts for 2020-21 had approved the actual loss of 6.87% as claimed by the licensee as a one-time exception considering the pandemic condition. The licensee in the present petition has stated that they have not been able to achieve the approved T&D loss due to uncontrollable reasons such as Covid-19 and subsequent lockdowns during last three years.
19. The Commission has gone through the actual claims of the licensee over the years. A comparison of the sales and the distribution loss over the years is tabulated below;

Table 4
Comparison of Actual Energy Purchase and Distribution Loss over the years

Particulars		As per Truing Up Petition			
		2018-19	2019-20	2020-21	2021-22
1	Energy Requirement (lakh units)	1570.27	1623.70	1301.40	1384.30
2	Energy sales (lakh units)	1449.00	1511.90	1211.90	1291.60
3	Distribution loss (lakh units) (1-2)	121.27	111.80	89.50	92.70
4	Distribution loss (%)	7.72%	6.88%	6.87%	6.70%

20. It is seen that there is significant decrease in the sales of the licensee consequent to Covid-19 and now the sales are showing improvement from the impact of the pandemic. It is also seen that the distribution loss has been reducing over the years. Distribution loss being a controllable parameter and considering the fact that licensee is recovering from the impact of the pandemic and the loss is seen decreasing compared to the previous years, the Commission is of the considered view that the actual loss of 6.70% is to be approved. **Accordingly, the Commission hereby approves the actual distribution loss of 6.70% as submitted in the Truing up of Accounts petition and there is no adjustment made in the power purchase cost for the year 2021-22. The Commission also directs the licensee to continue all efforts to further reduce the distribution loss.**

Power Purchase Cost

21. In the Truing Up petition, the licensee has claimed the power purchase cost as Rs.9511.93 lakh for 1379.00 lakh units. Out of this, Rs.9502.00 lakh towards purchase of energy from KSEB Ltd and Rs.9.93 lakh for energy purchased from solar prosumers. The Commission in the ARR&ERC Order for the year 2021-22 approved the power purchase cost of Rs.12008.41 lakh for purchasing 1763.10 lakh units. The details of power purchase cost as per the petition is given below:-

Table 5
Details of Power Purchase Cost for the year 2021-22

Source	Energy purchased (lakh units)	Fixed charge (Rs.lakh)	Energy charges (Rs.lakh)	Total cost (Rs.lakh)	Average cost (Rs./kWh)
KSEB Ltd	1375.90	1177.97	8324.03	9502.00	6.91
Solar energy from prosumers	3.10	-	9.93	9.93	3.22
Total	1379.00	1177.97	8333.95	9511.93	6.90

22. The Commission has examined the power purchase cost claimed by the licensee. The total energy purchased includes the power purchased from KSEB Ltd and solar energy purchased from prosumers. The total cost incurred for the purchase of 1375.90 lakh units from KSEB Ltd is Rs.9502.00 lakh. **Since there is no adjustment required in the power purchase cost based**

on the distribution loss as mentioned in para 15 above, the Commission approves Rs.9502.00 lakh as the purchase cost of 1375.90 lakh units from KSEB Ltd as claimed in the petition.

23. The solar energy purchased from consumers is 3.10 lakh units @3.22 per unit, costing Rs.9.93 lakh. The Commission examined the submission of the licensee to approve the purchase cost for solar energy at the average power purchase cost approved by the Commission i.e., Rs.3.22/units. **The Commission approves the amount of Rs.9.93 lakh towards cost of solar power purchase from the prosumers during the year 2021-22 as claimed by the licensee.**
24. **Accordingly, the Commission for the truing up of accounts approves Rs.9511.93 lakh as the cost of power purchase of 1379.00 lakh units during the year 2021-22.**

O & M Expenses

25. Operation & Maintenance expenses are the controllable expenses such as Employee cost, R & M expenses and A & G expenses. The Commission has specified the norms applicable to the licensee in the Tariff Regulations 2018. The relevant portion of Regulation 79(8) of the Tariff Regulations 2018 regarding O&M expenses is reproduced hereunder;

79. Operation and maintenance expenses... ..

(8) The distribution business of the Trissur Corporation Electricity Department shall be allowed to recover operation and maintenance expenses as per the norms specified in Annexure-IX to these Regulations for each financial year of the Control Period.

26. The Commission as per the provisions of clause 79(8) of the KSERC (Terms and Conditions for Determination of Tariff) Regulation 2018 has approved the Operation & Maintenance cost for the year 2021-22 at Rs.1445.36 lakh in the ARR& ERC Order. The actual claim as per the Truing Up Petition for the year 2021-22 and the amount as per norms approved for the year 2021-22 is shown below.

**Table 6
Comparison of O&M Expenses for 2020-21 and 2021-22 (Rs.lakh)**

Particulars	2020-21			2021-22	
	ARR Approved	For truing up	Trued Up	ARR Approved	For truing up
Employee cost	1200.92	1267.37	0.00	1259.05	1273.18
Salary Pay Revision	0.00	747.73	0.00	0.00	107.07
R&M Expenses	90.15	89.91	89.91	94.51	74.51
A&G Expenses	87.56	217.25	87.56	91.80	221.20
Total	1378.63	2322.26	177.47	1445.36	1675.96

27. The table above shows that, the actual O&M expenses as per the Truing up petition for the year 2021-22 is higher than the norms approved in the ARR&ERC Order for the year 2021-22. The Commission has analyzed each of the components submitted by the licensee. The details are given below:

Employee cost

28. The employee cost claimed by the licensee for the year 2021-22 is Rs. 1273.18 lakh as against Rs.1259.05 lakh approved in the ARR Order. The split up of the claim of the licensee is shown below.

Table 7
Comparison of Employee Cost for 2020-21 and 2021-22 (Rs. lakh)

Particulars	2020-21		2021-22				
	ARR Approved	Truing up claim	Trued Up	ARR Approved	Truing up claim		
Basic Salary	1200.92	808.70	Deferred	1259.05	741.48		
Earned Leave Encashment		52.84			54.57		
Employer Contributions		12.43			17.18		
Other Allowances		0.31			3.57		
Bonus/Festival Allowance		6.17			7.06		
Pension Payments		86.44			87.18		
Stipend and Wages		127.68			182.42		
Grade promotion Arrear		16.91			2.19		
Pensioners' Pay Revision Arrear		155.89			-		
DA Arrear		-			177.53		
Gross Employee Expenses		1200.92			1267.37	1259.05	1273.18

29. The licensee has claimed Rs.107.07 lakh as provision for Pay revision in addition to Rs.1273.18 lakh claimed as employee cost for the year 2021-22. During the year 2020-21, the licensee had claimed a provision of Rs.747.73 lakh. The licensee has stated that the same is with regard to pay revision which has not yet been implemented since 2018.

30. The licensee further stated that, dearness allowance for employees which were pending due to absence of Government Order in the year 2019 and 2020 has been paid during the year and a total amount of Rs.177.53 lakh disbursed during the year caused a hike in total employee cost. As in 2020-21 true up petition, TCED's employee cost expense is Rs.1111.48 lakh (Rs.1267.37 lakh - Rs.155.89 lakh, here 155.89 lakh is for 2013 pay revision arrear) which is far less than KSERC approved limit of Rs. 1200.92 lakh.

31. Due to Covid-19 some of the benefits for employee were deferred, for example Earned leave surrender was not allowed (first and then partially allowed) except terminal surrender from 2020 April till date. This surrender amount has to be paid to employees once the order is reinstated and hence difference between

approved employee cost and actual would occur once the benefits are reinstated.

32. As a part of local self-government body, pension has to be distributed by T.C.E.D receiving pension allotment from DUA. For the past few years T.C.E.D has not received proper pension allotment from The Director of Urban Affairs (DUA). As per government order dt.04-03-2016 deficit amount to pension distribution is to be met from own fund of local body. As Thrissur corporation refused to release any amount T.C.E.D is forced to distribute pension from its own fund. Thus, an amount of Rs 5087.08 lakh is pending receipt from government as pension allotment. As per the KSERC truing up order, for the combined year 2006-11 double payment in pension payment and pension contribution from T.C.E. D's electricity business was objected, so T.C.E.D stopped remitting pension contribution for employees from June 2012. This amount is adjusted against the allotment dues from DUA in Corporation current account (Pension Recoverable from Government).
33. TCED had submitted reports of actions taken and even though all efforts were taken to recover pension allotments from DUA, TCED has not received proper pension allotments all these years. T.C.E.D is distributing pension without government pension allotments which in turn helped government from not giving interest to pensioners at the rate of 12% by high court order (mentioned in true up hearing 2020-21). Distributing pension from own fund without delay, not waiting for pension allotment from government is supporting government in avoiding payment of 12% interest for delay.
34. The Commission examined the submission of the licensee and noted that, while Truing Up the Accounts for the year 2020-21 the Commission had deferred the claim of the licensee as the licensee had not filed separate petition for the approval of the employee cost detailing the required/available employee strength, qualifications, experience, scale of pay, number engaged in shifts, etc. to arrive at the optimal employee strength.
35. The licensee in compliance to the direction of the Commission filed petition on 25.07.2023 seeking approval of employee strength and employee cost of Distribution licensee. The Commission has gone through the petition and is of the considered view that matter shall be treated separately, based on the petition filed before the Commission. **Accordingly, the Commission hereby provisionally approves the employee cost for the year 2020-21 and 2021-22 considering the compliance of direction issued by the Commission.**

36. As per the Tariff Regulations, 2018 the Commission had approved the employee cost of Rs.1200.92 lakh for the year 2020-21 and Rs.1259.05 lakh for 2021-22. **Considering this, the Commission hereby approves provisionally Rs.1200.92 lakh as employee cost for the year 2020-21 as a prior period item. Further, an amount of Rs.1259.05 lakh is provisionally approved as employee cost for the year 2021-22.**

Repair and Maintenance Expenses

37. The licensee in the petition has claimed Rs.74.51 lakh as the R&M expenses for the year 2021-22 as against Rs.94.51 lakh approved in the ARR Order. The comparison of the R&M for the year 2020-21 and 2021-22 is shown below.

Table 8
Details of R&M Expenses for the year 2020-21 and 2021-22 (Rs. lakh)

Particulars	2020-21		2021-22	
	Truing up claim	Trued up	ARR Approved	Truing up claim
Plant & Machinery	29.71	29.71	94.51	18.34
Buildings	-	-		0.08
Labour Works	-	-		4.83
Lines & Cable Networks	49.52	49.52		40.67
Vehicles	2.10	2.10		2.26
Furniture & Fixtures	0.03	0.03		0.98
Office & IT Equipment	8.55	8.55		7.35
Gross R&M Expenses	89.91	89.91		74.51
Less: Expenses Capitalised	-	-		-
Net R&M Expenses	89.91	89.91		94.51

38. The claim for the current year is lower compared to that made in the previous year. During 2020-21, the licensee has claimed Rs.89.91 lakh as against Rs.90.14 lakh approved in the ARR order. The Commission had approved the actual claim while truing up the accounts for the year 2020-21. The major expenses booked under R&M is for Plant & Machinery, Lines & Cable Networks and Office Equipment.

39. The licensee is to note that reducing R&M expenses without properly maintaining the equipment is not a prudent practice and the Commission directs the licensee to maintain the equipment as per required standards and effective functioning of the equipment and **approves the actual expense of Rs.74.51 lakh claimed by the licensee as the R&M expenditure for the year 2021-22.**

A&G Expenses

40. The A&G expenses claimed for the year 2021-22 is Rs.221.20 lakh which is significantly higher compared to the amount of Rs.91.80 lakh approved in the

ARR&ERC Order. A comparison of the claims made in 2020-21 and 2021-22 is tabulated below;

Table 9
Details of A&G Expenses for the year 2020-21 and 2022-22

Particulars	2020-21			2021-22	
	ARR in Approved	Truing up claim	Trued Up	ARR in Approved	Truing up claim
Rent Rates & Taxes	87.56	50.58	87.56	91.80	50.58
Insurance		2.54			1.85
Telephone & Postage, etc.		7.55			5.51
Legal charges		0.65			0.91
Consultancy charges		1.91			5.01
Other Professional charges		6.82			6.67
Conveyance		23.41			23.55
Water charges		-			1.02
Printing & Stationery		11.36			7.47
Advertisements, exhibition publicity		1.26			2.90
Training expenses		-			0.18
Miscellaneous Expenses		2.41			2.30
License Fee and other related fee		7.17			7.00
Others		22.36			22.58
Self-Consumption		7.71			7.73
Gross A&G Expenses					145.73
Ele. Duty u/s 3(I), KED Act		71.52			75.95
Net A&G Expenses	87.56	217.25	87.56	91.80	221.20

41. The major amounts booked as part of administrative and general expenses are the rent, conveyance and vehicle expenses, printing and stationery expenses and duty under Section 3 of the Kerala Electricity Act 1963. Commission while truing up the accounts had taken a consistent stand and has disallowed the rent and the duty under Section 3 of the Kerala Electricity Act 1963.
42. The licensee has claimed Rs.50.58 lakh as the rent per annum. The licensee had until 2019-20 claimed rent at the rate of Rs.172.03 lakh per annum. The Commission had disallowed the claim and had directed the licensee to finalise rent as per the PWD rates. During 2021-22, the licensee has claimed Rs.50.58 lakh as rent for the building which is calculated by authorised engineers of the Corporation based on G.O (Rt.) No/.269/2016/PWD. The licensee has stated that rent of the yard occupied for substations and store were calculated proportional to market value of the property. Commission has considered the submission made by the licensee and viewed that the estimation of rent by the engineers of the Corporation is not proper and prudent and had directed the

licensee to approach PWD for fixing the rent on a reasonable manner as per the PWD rates. The licensee has so far not complied with the said direction whereas in the present petition has stated that the Hon'ble Mayor has initiated steps to reevaluate the rent factor.

43. The Commission is of the considered view that rent shall be finalized and certified by the PWD and then the licensee shall approach the Commission for consideration of the matter. Till then the **Commission decides to continue the decision as in the previous truing up and approval of rent under A& G expenses for the year 2021-22 is deferred.**
44. The licensee has booked Rs.75.95 lakh towards Electricity Duty for the year 2021-22. The Commission in the previous Orders had stated that duty under Section 3 cannot be passed on to the consumers in view of the statutory provisions of the Kerala Electricity Duty Act, 1963. **Hence the same is disallowed.**
45. The other major items booked are under conveyance charges (Rs.23.55 lakh) and under the head other charges (Rs.22.58 lakh). The Commission had sought clarifications with regard to the said expenses which was submitted by the licensee. The licensee submitted that, licensee has now taking steps to curtail the vehicle hiring expenses. The licensee has intended to reduce the number of hired vehicles to Two instead of Four. The licensee has also claimed an amount of Rs.22.58 lakh under the head other charges. The licensee has not submitted the split up of the expenses booked under the head other charges. During the previous year the expenses under the head was Rs.22.36 lakh which included expenses towards Security Staff Wages, Diesel for Generator, Postage and Water Bill.
46. The Commission has already taken a stand with regard to rent and duty under Section 3. Accordingly, after duly considering the claims made by the licensee, the clarifications and details submitted, Commission is of the considered view that there is further scope for reduction in the A&G expenses and **approves Rs.91.80 lakh as the A&G expense for the year 2021-22 as per the norms fixed by the Commission.** The licensee is directed to take effective and efficient steps/arrangements for reducing the A&G expenses.

Summary of O&M Expenses approved for 2021-22

47. The summary of O&M expenses approved by the Commission for the year 2021-22 is shown below:-

Table 10
Approved O & M expenses for the year 2021-22 (Rs.lakh)

Particulars	2021-22		
	ARR Approved	For truing up	Trued Up
Employee cost	1259.05	1273.18	1259.05*
Salary Pay Revision	0.00	107.07	-
R&M Expenses	94.51	74.51	74.51
A&G Expenses	91.80	221.20	91.80
Total	1445.36	1675.96	1425.36

**provisional*

48. ***Accordingly, the Commission hereby approves Rs.1425.36 lakh as O&M Expenses for the year 2021-22 and Rs.1200.92 lakh as prior period employee cost for the year 2020-21 as mentioned in para 31 of this Order.***

Asset additions

49. The licensee in the petition stated that the total asset addition made during the year is Rs.73.80 lakh. The licensee has also stated that a deduction of Rs.11.70 lakh has been made from the fixed assets. The split up is shown below.

Table 11
Details of asset additions and deductions made during the year 2021-22

Assets	Total Addition to Assets	Deductions from fixed assets	Net Additions in fixed asset Register
Office equipment	2.15	-	2.15
IT Equipment's	5.49	-	5.49
Office F&F	0.78	-	0.78
Plant &Machinery	26.66	4.36	22.30
Lines & Cables	24.75	7.34	17.41
Meters	8.73	-	8.73
Software	5.25	-	5.25
Total	73.80	11.70	62.10

50. During the previous year, the licensee had made an asset addition of Rs.35.10 lakh. The Commission while truing up the accounts had not considered the same as the licensee had not submitted supporting documents and justification for the assets additions to enable the Commission to conduct prudence check of the investment. The Commission directed the licensee to submit the justification and documents and had stated that the same would be considered for approval after prudence check while the Truing Up of accounts for the year 2021-22.
51. The licensee vide letter dated 14.03.2023 has submitted the details of the assets additions made in the year 2020-21. Further, the licensee vide letter dated 06.10.2023 has submitted the details of assets additions made in the

year 2021-22. **The Commission examined the justification and supporting documents for the assets additions during the years 2020-21 and 2021-22 and hereby approves assets additions claimed by the licensee. The details are shown below.**

**Table 12
Split-up of Assets additions approved for the year 2020-21**

Plant & Machinery	Rs. lakh	Underground cables & network	Rs. lakh
11KV I/D CT 600-300/5-5-1A	1.24	Cable End Kit 300 XLPE/HS Outdoor	0.13
11KV I/D PT 11000/110-110V	0.53	HDD Pipe	5.43
11KV O/D NCT 600/1A	0.32	Cable Straight Kit 300mm XLPE–HS O/D	0.54
11KV O/D NCT 800-160/1-5A	0.32	Sub Total (D)	6.10
11KV O/D NCT 800-400/1A	0.67	Overhead Lines	Rs.lakh
BUSH FOR TRANSFORMER 10MVA	2.36	HDPE pipe 110 mm	0.83
CT 100/5 A	0.59	Stay Set Complete	0.14
AB Switch 400 A	1.36	Channel Iron Piece 75 x 40 x 6 mm	1.08
HRC Fuse Link 315A	0.09	X-arm 'V' for PSC poles	0.66
HRC Fuse Link 400A	0.33	X-arm 2'x3 ½"	0.35
Sub Total (A)	7.81	Sub Total (E)	3.05
Office F&F	Rs.lakh	IT Equipments	Rs.lakh
Table	1.82	Printers and its accessories	0.36
L Shaped Table	0.29	Monitors	0.20
Revolving Chair	0.99	Toner 3018	0.50
Visitors Chair	0.79	Toner Ricoh	0.19
Executive Revolving Chair	0.84	Mouse	0.04
Manager Glass Top Table	1.28	Keyboard	0.07
Cubicle Work	2.90	Hard disk	0.14
Sub Total (B)	8.91	Sub Total (F)	1.50
METER	Rs.lakh	Total (A+B+C+D+E+F)	35.10
Meter 3 x 4 x 10-60 LCD	4.99		
Single Phase Bidirectional Meter	0.16		
3Ph.4W 10.60 ALCD/TOD Bidirectional Meter	1.68		
3Ph Bidirectional LT CT Meters-5A	0.90		
Sub Total (C)	7.73		

**Table 13
Asset additions approved the year 2021-22**

Assets	Total Addition to Assets
Office equipment	2.15
IT Equipment's	5.49
Office F&F	0.78
Plant &Machinery	26.66
Lines & Cables	24.75
Meters	8.73
Software	5.25
Total	73.80

52. **The Commission hereby approves the assets addition of Rs.73.80 lakh for the year 2021-22 and Rs.35.10 lakh for the year 2020-21. These assets are considered as additions in the asset base and allows the licensee the eligible depreciation and RoNFA for the approved assets.**

Depreciation

53. The licensee has claimed depreciation of Rs.207.39 lakh for the year 2021-22. The Commission had approved a depreciation of Rs.198.81 lakh while approving the Order on ARR& ERC. The details of the depreciation claimed by the licensee for the year 2021-22 are as shown below.

Table 14
Depreciation claimed by the licensee for the year 2021-22

Particulars	GFA as on	Assets	Adjustments	Depreciation
	01-04-2021	Addition	&Deductions	
	(Rs. lakh)	(Rs.lakh)	(Rs.lakh)	(Rs.lakh)
Distribution Lines	2418.26	24.75	7.34	66.71
Sub Station Equipments	3298.24	26.66	4.36	92.35
Furniture & Fixtures	31.08	0.78	-	1.60
Office Equipments	135.79	2.15	-	3.62
Vehicles	53.68	-	-	1.60
Land & Land rights	23.39	-	-	-
Building	119.93	-	-	3.50
Meter	603.69	8.73	-	32.11
Software	29.38	5.25	-	0.26
IT Equipment	111.50	5.49	-	5.64
Total	6824.93	73.80	11.70	207.39

54. The licensee stated that the depreciation is calculated based on the rates as per the Tariff Regulations, 2018 for the first twelve years of useful life of assets. The remaining depreciable value has been spread over the remaining useful life and depreciated accordingly. The residual value is considered at 10%. Further, in the case of assets capitalized during the year, depreciation is provided at 50% of the normal rates. The licensee in the petition stated that no depreciation has been provided on assets created out of consumer contribution.
55. The Commission while issuing the Orders on the truing up of accounts for the years 2020-21 had provisionally disallowed the depreciation on asset addition for the year due to the reason that the licensee had not properly submitted the details of depreciation as required for proper analysis and prudence check by the Commission. **Accordingly, as mentioned in previous para 47, the depreciation admissible for the year 2020-21 and 2021-22 has been approved as shown below.**

Table 15
Depreciation approved for the year 2020-21

Particulars	GFA as on 01-04-2020 (Rs.lakh)	Assets Addition (Rs.lakh)	Adjustments & Deductions (Rs.lakh)	Depreciation (Rs.lakh)
Distribution Lines	2412.69	9.16	3.59	69.31
Sub Station Equipments	3293.51	7.81	3.08	132.18
Furniture & Fixtures	22.18	8.90	-	1.32
Office Equipments	135.79	-	-	3.70
Vehicles	53.68	-	-	1.60
Land & Land rights	23.39	-	-	-
Building	119.93	-	-	4.01
Meter	595.96	7.73	-	31.80
Software	29.38	-	-	4.41
IT Equipment	110.00	1.50	-	16.62
Total	6796.50	35.10	6.67	264.95

56. *As against Rs.264.95 lakh, the Commission had approved Rs.263.90 lakh as depreciation for 2020-21 while Truing Up of accounts. Therefore, the Commission hereby approves Rs.1.05 lakh as prior period depreciation for 2020-21.*

Table 16
Depreciation approved for the year 2021-22

Particulars	GFA as on 01-04-2021 (Rs. lakh)	Assets Addition (Rs. lakh)	Adjustments & Deductions (Rs. lakh)	Depreciation (Rs. lakh)
	Distribution Lines	2418.26	24.75	7.34
Sub Station Equipments	3298.24	26.66	4.36	92.35
Furniture & Fixtures	31.08	0.78	-	1.60
Office Equipments	135.79	2.15	-	3.62
Vehicles	53.68	-	-	1.60
Land & Land rights	23.39	-	-	-
Building	119.93	-	-	3.50
Meter	603.69	8.73	-	32.11
Software	29.38	5.25	-	0.26
IT Equipment	111.50	5.49	-	5.64
Total	6824.93	73.80	11.70	207.39

57. *Accordingly, the Commission hereby approves the amount of Rs.1.05 lakh as prior period depreciation and Rs.207.39 lakh as depreciation for the years 2020-21 and 2021-22 respectively.*

Interest and finance charges

58. The licensee has claimed interest and finance charges of Rs.168.60 lakh for the year 2021-22 towards interest on security deposits at an interest rate of 4.25%. The Commission had approved an amount of Rs.255.18 lakh in the

Order on ARR&ERC for the year. It is seen that the licensee has in the write up to the petition stated that during the year 2021-22, the total amount of interest charges paid to the consumers on the security deposits is Rs.158.08 lakh which pertains to the financial year 2020-21.

59. As per the provision of the Kerala Electricity Supply Code, the licensee is bound to provide interest on security deposit collected from consumers. The Commission has been taking the consistent stand that, the actual disbursement of interest on security deposit during the year can only be allowed in the process of truing up. **Accordingly, Commission approves interest on security deposit of Rs.158.08 lakh for the year 2021-22 under interest and finance charges.**

Return on Net Fixed Assets

60. The licensee has claimed Rs.89.30 lakh as return on net fixed assets for the financial year 2021-22. The Commission approved Rs.55.61 lakh in the ARR&ERC Order for the financial year 2021-22. It may be seen that while Truing Up the accounts in 2020-21, the Commission had approved Rs.96.80 lakh as RoNFA as claimed by the licensee. The details of amount claimed by the licensee is stated below.

Table 17
Return on NFA for the years 2020-21 and 2021-22 (Rs.lakh)

Particulars	2020-21 Trued Up	2021-22 Truing Up Petition
Balance net fixed assets on which returns can be allowed	3226.56	2976.68
3 % on Net Fixed Assets	96.80	89.30

61. The Commission has examined the claim of the licensee. As per the Tariff Regulations, 2018, return on net fixed assets shall be allowed at the rate of 3% on net fixed assets as reduced by consumer contribution at the beginning of the financial year. Based on the above, the Commission hereby approves the Return on NFA for the year 2021-22 is shown below.

Table 18
Return on NFA for the years 2021-22 (Rs.lakh)

Particulars	Trued Up
Gross Fixed Assets as on beginning of the year	6824.93
Less: Cumulative Depreciation at the beginning of the year	3281.44
Net Fixed Assets at the beginning of the year	3543.49
Less: Fixed assets financed by Consumer contribution at the beginning of the year (553.45+13.37)	566.82
Balance net fixed assets on which returns can be allowed	2976.67
3 % on Net Fixed Assets	89.30

62. **The Commission hereby approves the return on NFA at Rs.89.30 lakh for the Financial Year 2021-22.**

Revenue from Sale of Power

63. During the year 2021-22, revenue from the sale of power of 1291.60 lakh units is Rs.11033.50 lakh against the approved amount of Rs.13609.25 lakh for 1652.90 lakh units in the ARR&ERC Order. The major sale of power and revenue realisation is from LT I A, LT VII A, HT II B and HT IV category of consumers. The actual revenue from sale of power in 2021-22 has increased when compared to that of the year 2020-21. The Revenue from sale of power claimed by the licensee for the year 2020-21 was Rs.10269.74 lakh for 1211.90 lakh units. The category wise Revenue from Sale of power for the year 2021-22 is as shown below.

Table-19
Comparison of Revenue from Sale of Power for 2021-22

Particulars	Number of consumers	Units Sold in lakhs	Total Revenue (Rs.lakh)	Average Realisation Rs/kwh
LT Categories				
LTI	22161	415.48	2446.17	5.89
LT IV A	497	27.66	199.75	7.22
LT IV B	1	0.04	0.28	6.62
LT V A	189	0.49	1.89	3.87
LT V B	2	0.04	0.15	3.79
LT VI A	254	17.32	131.46	7.59
LT VI B	463	23.29	179.66	7.71
LT VI C	494	40.77	463.23	11.36
LT VI D	30	0.72	1.63	2.27
LT VI E	39	0.64	4.41	6.94
LT VI F	685	48.62	477.58	9.82
LT VI G	78	10.23	102.46	10.01
LT VII A	14186	318.69	3428.04	10.76
LT VII B	1493	5.90	41.75	7.08
LT VII C	9	0.42	14.34	33.90
LT VIII B	274	11.72	52.30	4.46
LTII	1	0.01	0.30	37.21
LT IX	80	0.47	11.13	23.49
LT III	1	0.00	0.17	46.03
HT Categories				
HT- I A	4	5.20	42.48	8.17
HT- II A	7	16.11	118.17	7.33
HT- II B	30	163.91	1412.85	8.62
HT- IV A	53	97.80	1010.09	10.33
HT- IV B	36	81.93	851.48	10.39
SPS	1	3.01	34.00	11.28
Self-consumption		1.11	7.73	6.95
Electricity Duty Recovery			880.35	
Gross Revenue From Sale of Power	41068	1291.60	11913.85	9.22
Less: Electricity Duty Payable to Govt	-	0.0	880.35	
Net Revenue from Sale of Power	41068	1291.60	11033.50	8.53

64. The Commission notes that, the collection efficiency of the licensee for the year 2021-22 is 99.80% which has improved compared to the previous year. It is

seen that the actual sale for the year is higher than the previous year. There is also increase in the total number of consumers. All these shows signs of recovery from the general industrial slowdown due to the Covid-19 pandemic. **Accordingly, the Commission hereby approves the revenue from sale of power at Rs.11033.50 lakh as claimed by the licensee for the purpose of Truing Up of Accounts for the year 2021-22.**

Non-tariff income

65. The non-tariff income booked by the licensee for the year 2021-22 is Rs.570.44 lakh. The comparison of the non-tariff income for the year 2020-21 and 2021-22 is tabulated below.

Table 20
Details of Non-Tariff Income for the year 2020-21 and 2021-22 (Rs.lakh)

Particulars	2020-21 Truing Up Accounts	2021-22 Truing Up Accounts
Interest on investment, fixed and call deposit, bank balance	353.58	268.53
SD interest from KSEB	40.11	36.66
Miscellaneous receipt	26.82	25.37
Commission for collection of electricity duty	8.21	8.93
Interest on delayed or deferred payment	123.12	136.10
Pole rent income	39.21	42.74
Recovery of theft and pilferage of energy	4.51	3.62
Meter/metering equipment/service line rentals	46.69	46.62
Solar Energy Connectivity Fees	1.60	1.85
Total	643.85	570.44

66. There is significant decrease in the interest on investments, interest on Security deposit compared to the previous year, whereas there is increase in the Interest on delayed or deferred payment, pole rent etc. Another major item booked under the head is miscellaneous receipts. The split-up details of the miscellaneous receipt submitted by the licensee is tabulated below.

Table 21
Details of miscellaneous receipt for the year 2020-21 and 2021-22 (Rs.lakh)

Particulars	2020-21	2021-22
Application Fees Income	1.11	0.78
CDC Fees	1.61	1.55
Centage (Meter)	0.04	0.02
Conversion Charges Income	0.98	0.13
Conveyance Charges Income	-	0.03
Cost of Tender Form	0.65	0.51
Enhancement Charges Income	1.02	-
Feasibility Charges	-	-
HT On/Off Charges	0.44	0.14
Inspection Fee	0.56	-
Interest On TDS Refund	0.13	-
Power Allocation Fee	-	0.15
Processing Fee	0.76	0.63

Reconnection Fee	13.61	16.02
SOC Income	3.34	3.39
Short Assessment	-	-
Additional load charge	2.15	2.02
Omitted Asset booked during PY	0.42	-
Total	26.82	25.37

67. The cumulative revenue surplus till 2020-21 is Rs. 16910.50 lakh. The Commission notes that the licensee has not considered the interest on accumulated surplus as part of the non-tariff income for the year 2021-22. The interest income is worked out on regulatory surplus held by the licensee. The rate of interest considered for the year is the SBI retail term deposit rate for a tenure up to one year prevailing at the beginning of 2021-22, which is 5.00%.
68. The Commission in the previous Truing Up Orders while computing the interest income took a consistent stand with regard to allowing interest on accumulated surplus after duly reducing the surplus to the tune of asset addition considering the request of the licensee. The total assets additions from surplus approved by the Commission up to 2019-20 is Rs.1673.61 lakh. During this year 2020-21, the licensee has made an asset addition of Rs.35.10 lakh and during the current year, the asset addition is Rs.73.80 lakh. While truing up the accounts for the year 2020-21, the Commission has not approved the asset additions for the year and the asset additions till 2019-20 was considered and interest on accumulated surplus was calculated accordingly. Now considering the approval of the asset additions for the year 2020-21 and 2021-22, the interest on accumulated surplus is calculated as shown below.

Table 22
Interest on Revenue Surplus for the year 2021-22

Particulars	Rs. lakh
Cumulative surplus at the beginning of 2021-22	16910.50
(Less) Capital Addition funded from Surplus upto 2020-21(1673.61+35.10)	1708.71
(Less) Prior period item of Depreciation and Employee cost approved during the current year (1.05+1200.92)	1201.97
Revised surplus available for interest income	13999.82
Rate of interest considered (SBI retail term lending rate upto 1 year)	5.00%
Revised Interest income on Surplus	699.99

69. The total interest applicable for the Cumulative Revenue Surplus is Rs.699.99 lakh. The licensee has already accounted Rs.268.53 lakh towards interest on FD and bank balances. Thus, the balance amount of Rs.431.46 lakh is accounted as interest income and included under non-tariff income. **Accordingly, the Commission approves Rs.431.46 lakh as interest on accumulated surplus for the year 2021-22.** Thus, the total non-tariff income for the year 2021-22 is as shown below:

Table 23**Non-Tariff Income for the year 2021-22 (Rs. lakh)**

Particulars	As per Truing Up Petition	Trued Up
Other Income	570.44	570.44
Interest on accumulated surplus	-	431.46
Total	570.44	1001.90

70. **The Commission hereby approves Rs.1001.90 lakh as Non-Tariff Income for the year 2021-22 as against Rs.570.44 lakh claimed in the petition.**
71. Based on the above, the approved expenditure and revenue for the year 2021-22 after Truing Up is as shown below:

Table 24**Income and Expenditure after Truing Up of Accounts for 2021-22**

Particulars	Approved ARR&ERC (Rs. lakh)	For Truing up (Rs. lakh)	Trued Up (Rs. lakh)
Power Purchase Cost	12008.41	9511.93	9511.93
Employee cost	1259.05	1273.18	1259.05
Prior Period Employee Cost	-	-	1200.92
R&M Expenses	94.51	74.51	74.51
A&G Expenses	91.80	221.20	91.80
Provision	-	107.07	0
Depreciation	198.81	207.39	207.39
Prior Period Depreciation	-	-	1.05
Interest and Finance Charges	255.18	168.60	158.08
Return on NFA	55.61	89.30	89.30
Total Expenditure	13963.37	11653.18	12594.03
Revenue from sale of power	13609.25	11033.50	11033.50
Other income	1194.13	570.44	1001.90
Total income	14803.38	11603.94	12035.40
Revenue Surplus (+)/ Gap (-)	(+)840.01	(-)49.24	(-)558.63

Revenue (Gap)/Surplus for 2021-22

72. Accordingly, as against the approved Revenue surplus of Rs.840.01 lakh for the year 2021-22 in ARR&ERC Order, the licensee in the petition for Truing Up of Accounts has claimed a Revenue Gap of Rs.49.24 lakh. After Truing Up of accounts, the approved Revenue Surplus for the year 2021-22 is as shown below.

Table 25**Revenue (Gap)/ Surplus Approved for the year 2021-22 (Rs.lakh)**

Particulars	2021-22		
	Approved ARR&ERC	For truing up	Trued Up
Total Expenditure	13963.37	11653.18	12594.03
Total income	14803.38	11603.94	12035.40
Revenue Surplus (+)/ Gap (-)	(+)840.01	(-)49.24	(-)558.63

Orders of the Commission

73. The Commission after considering the petition filed by M/s. Thrissur Corporation Electricity Department for Truing Up of Accounts for the year 2021-22, views presented by the licensee during the hearing and the clarifications and details provided by the licensee approves the following:

- a) Total income is Rs.12035.40 lakh**
- b) Total expenditure is Rs.12594.03 lakh (provisional)**
- c) The revenue gap for the year 2021-22 is Rs.558.63 lakh (provisional)**
- d) Total cumulative revenue surplus till 2021-22 will be Rs.16351.87 lakh (Rs.16910.50 lakh as opening cumulative revenue surplus + current year revenue gap of Rs.558.63 lakh)**

Directives

74. The Commission issues the following directives for compliance by the licensee.

- a) The licensee shall take effective measures to meet the targeted percentages of distribution loss as approved in ARR&ERC for the Control Periods.**
- b) The rent shall be finalized and certified by the PWD and the licensee shall approach the Commission for consideration of the same.**
- c) The licensee shall take appropriate action to rectify issues brought out in the qualified opinion mentioned in the Audit Report.**
- d) The licensee shall file compliance report on the directives contained in paragraphs 11 to 14 of this Order, within the time period specified therein.**

75. The petition is disposed of. Ordered accordingly.

Sd/-
Sri. T.K Jose
Chairman

Sd/-
Adv. A. J. Wilson
Member

Sd/-
Sri. B. Pradeep
Member

Approved for Issue

Sd/-
C.R Satheesh Chandran
Secretary