

**BEFORE THE KERALA STATE ELECTRICITY  
REGULATORY COMMISSION**

Petition No:

In the matter of:

**Truing-Up of ARR & ERC for FY 2023-24**

Petitioner

Assistant Secretary

Thrissur Corporation

Thrissur 680001

**AFFIDAVIT VERIFYING THE APPLICATION ACCOMPANYING THE PETITION FOR TRUING UP OF ARR 2023-24 OF THRISSUR CORPORATION ELECTRICITY DEPARTMENT**

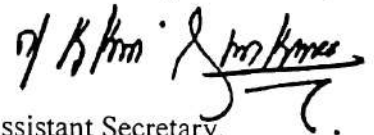
I, N.K. Krishnakumar, (S/o of Late. V.K. Kumaran) aged 47 years, residing at, "Nambiparambil House", 18/43, Keezhmad, Erumathala P.O., Aluva - 683 112 do hereby solemnly affirm and state as follows:

I am the Assistant Secretary, Thrissur Corporation, and the petitioner in the above matter and I am duly authorized by Secretary Thrissur Corporation to make this affidavit on his behalf. I solemnly affirm at Thrissur on this, the 27<sup>th</sup> day of November 2024 that

- (i) The contents of the above petition are true to my information, knowledge and belief. I believe that no part of it is false and no material has been concealed there from.
- (ii) The statements made in paragraphs of the accompanying application are true to my knowledge and are derived from the official records made available to me and are based on the information and advice received which I believe to be true and correct.

എൻ.കെ. കൃഷ്ണകുമാർ / N.K. KRISHNAKUMAR M.A., LL.M.  
 അസിസ്റ്റന്റ് സെക്രട്ടറി / ASSISTANT SECRETARY  
 വൈദ്യുതി വിഭാഗം / ELECTRICITY DEPARTMENT  
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 പിൻ / PIN : 680 001

Deponent

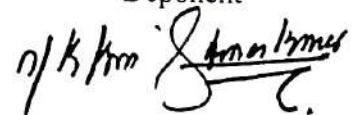


Assistant Secretary,  
 Thrissur Corporation,  
 Thrissur- 680001

**VERIFICATION**

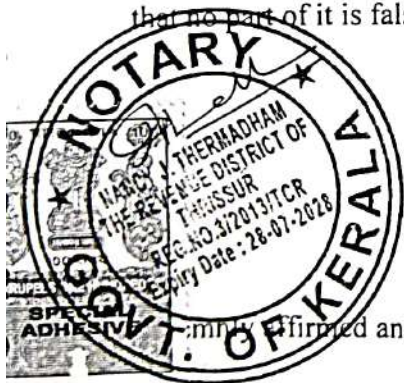
I, the above named deponent, solemnly affirm at Thrissur on this, the 27<sup>th</sup> day of November 2024 that the contents of the affidavit are true to my information, knowledge and belief, that no part of it is false and that no material has been concealed there from.

Deponent



Assistant Secretary,  
 Thrissur Corporation,  
 Thrissur- 680001


Solemnly affirmed and signed before me by the deponent who is personally known to me on this the 27<sup>th</sup> day of November 2024 at my office at Thrissur.



affirmed and signed before me.

Advocate and Notary

എൻ.കെ. കൃഷ്ണകുമാർ / N.K. KRISHNAKUMAR M.A., LL.M.  
 അസിസ്റ്റന്റ് സെക്രട്ടറി / ASSISTANT SECRETARY  
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 NANCY J. THERMADHAM  
 ADVOCATE & NOTARY  
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## **1. Introduction**

This chapter provides background information on TCED and outlines the report's purpose, scope, and structure.

### **1.1 About the Report**

This Annual Report for the financial year 2023-24 provides a comprehensive overview of the financial performance of the Thrissur Corporation Electricity Department (TCED). It includes the Balance Sheet, Profit and Loss Account, Significant Accounting Policies, and Notes to Accounts, all of which have been prepared on an accrual basis and are based on the records and registers maintained by the various sections of TCED.

### **History**

The Thrissur Municipal Corporation stands out as the only local governing body in Kerala responsible for electricity distribution. Thrissur Municipal Corporation manages this through the Thrissur Corporation Electricity Department (TCED). TCED boasts a robust network spanning approximately 12.65 square kilometers, serving 43,000 consumers (as of FY 2023-24) with an annual energy sale of 182.08 Million Units (MU). The infrastructure includes substations with voltage capacities of 33KV, 66KV, and 110KV, along with 634 distribution transformers.

### **1.2 Objectives of the Report**

The annual accounts, prepared using the accrual basis of accounting, provide insights into the performance of TCED for the year, as well as its assets and liabilities as of 31st March 2024. They also outline the methodology and accounting policies adopted in the preparation of the accounts.

On 16th November 2021, the Hon'ble Commission notified the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021, which apply to the five-year control period starting from FY 2022-23. These regulations introduce a performance-based approval mechanism, along with a framework for sharing gains and losses, and define the controllable and uncontrollable factors.

TCED submitted its Multi-Year Tariff (MYT) petition for the control period from 2022-23 to 2026-27, which included the Annual Revenue Requirement (ARR), Expected Revenue from Charges (ERC), and a capital investment plan, to the Hon'ble Commission on 28th January 2022. This submission was made in full compliance with the MYT Regulations 2021. The petition was subsequently revised following the tariff revision order issued by the Hon'ble Kerala State Electricity Regulatory Commission (KSERC) and re filed on 13th January 2023.

The Hon'ble Commission reviewed the petition, including the additional clarifications and submissions provided by TCED, and approved the ARR and ERC for the control period from 2022-23 to 2026-27, vide order dated 27/02/2024 and the capital investment plan was approved on 16/08/2024.

The summary of TCED's audited Annual Statement of Accounts for the year 2023-24, including the requested true-up amount, is provided in the table below. The audit for the year 2023-24 has been completed by TCED's auditors, and the audit certificate has been issued. A copy of the audited accounts is submitted separately along with this petition for the kind reference of the Hon: KSERC

No	Particulars	Approved (Rs. Lakhs)	Truing up (Rs. Lakhs)
1	ARR	<b>14112.35</b>	15927.33
2	ERC	<b>14436.68</b>	<b>15777.18</b>
3	<b>Revenue gap(2-1)</b>	<b>324.33</b>	<b>(150.15)</b>

## 2. TCED Distribution Network

TCED serves a total of 43000 consumers, comprising 23,383 domestic consumers, 16394 commercial and 2,222 non-domestic consumers, 494 industrial consumers, 182 agricultural consumers, and 325 street lighting connections. The key statistics of the distribution network are provided below:

<b>Statistics of TCED Distribution Network as on 31.03.2024</b>	
Area Sq.km.	12.65
Electrical Section Offices	4
Consumers (Nos)	43000
Distribution transformers (Nos)	634
HT lines ( Kms)	115.92
LT lines (Kms)	261.91
Energy input including solar	182.08
Energy output including solar	169.87
Distribution loss in %	6.70

### 3. Energy Sales & Loss Trajectories

#### 3.1 Energy Sales for 2023-24:

The billed energy units of TCED for FY 2023-24 was 166.39 MU. The category wise energy sale to consumers of TCED is given in table below.

Energy sales details for the year 2023-24			
Consumption Category	Number of consumers	Connected Load of consumers	Energy Sale
		KW	MU
<b>LT Categories</b>			
<i>LT I</i>	23,383	142392	44.07
<i>LTIVA</i>	485	4349.51	3.36
<i>LTIVB</i>	4	102	0.059
<i>LTVA</i>	181	395.62	0.055
<i>LTVB</i>	1	2	0.0003
<i>LTVIA</i>	254	2323.32	2.24
<i>LTVIB</i>	467	2695.6	2.78
<i>LTVIC</i>	503	5980.99	5.27
<i>LTVID</i>	32	144	0.059
<i>LTVIE</i>	43	99.14	0.07
<i>LTVIF</i>	716	4074.11	5.43
<i>LTVIG</i>	83	1287.29	1.109
<i>LTVIAA</i>	14597	56191.57	48.85
<i>LTVIIA</i>	1688	1654.5	0.85
<i>LTVIIC</i>	15	467	0.34
<i>LTVIII</i>	325	899.2	1.17
<i>LTII</i>	5		0.001
<i>LT IX</i>	77	363.45	0.08
<i>LT III</i>			0.06
<i>LT X</i>	2	125	0.046
<b>LT TOTAL</b>	<b>42861</b>	<b>223546.30</b>	<b>115.88</b>
<b>HT Categories</b>			
<i>HT-1A</i>	5	588.97	0.895
<i>HT-2A</i>	10	3117.96	2.64
<i>HT-2B</i>	29	14704.61	19.14
<i>HT-4A</i>	58	14717.57	14.46
<i>HT-4B</i>	36	10236.09	13.02
<i>SPS</i>	1	48	0.35
<b>HT TOTAL</b>	<b>139</b>	<b>43413.20</b>	<b>50.51</b>
Self Consumption			0.13
<b>GRAND TOTAL</b>	<b>43000</b>	<b>266959.50</b>	<b>166.39</b>

As of 31st March 2024, solar prosumers with a total installed capacity of 5,555 kW contributed energy to the grid and consumed energy via banking arrangements. For the purpose of loss calculation Energy supplied by TCED for meeting the banked energy injected by solar prosumers 3.48 MU is taken into account and the total energy output comes to 169.87 MU.

### **3.2 Energy input**

The energy purchased from KSEBL for the year 2023-24 is 178.228 MU and the net energy exported by the solar prosumers is 3.33 MU, while solar generation from TCED-owned solar plants is 0.525 MU. The total energy input comes to 182.08 MU.

### **3.3 Distribution Loss:**

It is important to note that both the energy exported by solar prosumers and the own generation of TCED are factored into the T&D loss calculation. To address and reduce losses, TCED is proactively conducting regular annual energy audits, the findings of which are submitted to the Bureau of Energy Efficiency (BEE) and the Power Finance Corporation (PFC). Furthermore, TCED is diligently implementing the recommendations arising from these audits.

However, upon a thorough evaluation of the current operational environment and the steps taken so far, TCED is of the considered opinion that the existing T&D loss reduction trajectory may not be fully achievable under the current targets. In light of these circumstances, TCED respectfully requests the Hon'ble Commission to consider resetting the T&D loss reduction targets to a more realistic and achievable level. This year, TCED achieved a distribution loss of 6.70%, surpassing the previous FY's achievement. But the target set remains challenging under current conditions. TCED is committed to overcoming these challenges and is actively participating in the Union Government's Revamped Distribution Sector Scheme (RDSS). These initiatives, focused on infrastructure upgrades, digitalization, and loss reduction, are expected to deliver long-term improvements in efficiency and service delivery. TCED remains dedicated to driving progress and enhancing the sustainability of power distribution. Therefore, TCED respectfully requests the Commission to take a lenient view and approve a distribution loss of 6.70% for the financial year 2023-24.



#### **4. Analysis on various ARR components**

##### **4.1 Cost of Power Purchase**

The energy requirement for the FY 2023-24 was 169.87 MU including supply to solar prosumers against their banked energy. This was met through power purchase of 178.228 MU from KSEBL at a cost of Rs.134.13 Cr, self generation of 0.524 MU and 0.73 MU purchase from solar prosumers at a cost of Rs 22.98 Lakhs as detailed in **Form D3.1(4)**. Thus the total power purchase cost works out to Rs.134.36 Cr. The approved cost of power purchase by the Hon. Commission after considering the power purchase from KSEBL at the distribution loss reduction targets approved for the financial year and the anticipated sales was Rs.120.67 Cr.

The primary reason for the deviation in power purchase costs and the increase in sale of power is largely attributable to the post-COVID-19 recovery period, which resulted in an unexpected surge in demand. This immediate surge in power consumption was not anticipated in the original projections. TCED's financial forecasting and power purchase cost calculations for the period were based on the actual data from FY 2022-23 as directed by the Hon. Commission in its daily order dated 12.10.2023. However, due to the unforeseen acceleration in economic recovery and a rebound in industrial and commercial activities post-pandemic, the extensive usage of air conditioners even during day time due to the change in climate conditions etc., the actual sale of power for the subsequent period significantly surpassed these projections.

##### **Settlement of Energy for Solar Prosumers (FY 2023-24)**

As of March 31, 2024, solar prosumers of TCED collectively had an installed capacity of 5.555 MW. The total generation by solar prosumers for the year was 5.75 MU. These prosumers both inject surplus energy into the grid and consume energy from it through banking arrangements. The 3.325 MU energy injected to the grid (export) and 15.15 MU energy drawn from the grid by the solar prosumers (import). The energy supplied by TCED for meeting the banked energy against this injection was 3.48 MU. The energy accumulated in the bank at the end of the settlement period is used for settlement purposes. At the conclusion of the settlement period, a total of 0.73 million units

(MU) of energy were settled for the solar prosumers. . For the financial year 2023-24, the Approved Power Purchase Cost (APPC) rate was set at Rs. 3.15 per unit. This resulted in a total settlement amount of Rs. 22.98 lakhs.

#### 4.2 O&M expenses

The actual Operations & Maintenance (O&M) expenses for TCED during the financial year 2023-24 amounted to Rs. 1,576.51 lakhs (net of capitalization), as detailed in Form D3.4. In comparison, the O&M expenses sought for true-up, based on the norms prescribed in the Tariff Regulations, 2021, and approved in the Annual Revenue Requirement (ARR) and ERC order dated 27/02/2024, total Rs. 1,588.43 lakhs. The following table presents a comparison between the approved and actual O&M expenses for the year 2023-24:

No	Particulars	As per Norms (in lakhs)	Projected (in lakhs)	Approved (in lakhs)	True-up (in lakhs)
1	Employee Cost	1,373.71	1,274.53	1,373.71	1138.07
2	A&G Expenses	111.61	315.32	111.61	334.44
3	R&M Expenses	103.11	88.14	103.11	104.01
	<b>Total</b>	<b>1,588.43</b>	<b>1,677.99</b>	<b>1,588.43</b>	<b>1576.51</b>

The actual O& M expenses Rs 1576.51 Lakhs is below the approved figure of Rs 1588.43 Lakhs, so TCED respectfully requests the Hon: Commission to approve the Rs 1576.51 Lakhs.

##### 4.2.1 Employee Cost

Employee costs for TCED are recognized on an accrual basis. The employee costs associated with consumer-contributed assets have been included along with the cost of those assets. Where consumer contributions are not directly attributable to capital expenditure, they have been correspondingly set off.

The primary component of employee costs is the basic salary, which amounts to Rs. 7.50 Cr. Under the subheading "Employer Contribution," contributions towards employees' National Pension System (NPS and EPF) totalling Rs. 22.58 lakhs is added. TCED has made the Earned Leave

encashment of Rs.72.69 lakhs and Pension contributions made by TCED during the year totalled Rs. 85.48 lakhs. Additionally, payments made towards wages for temporary staff amounted to Rs. 1.93 Crores. Bonus and festival allowance comes to Rs.9.21 Lakhs and other allowances amounts to Rs. 5.31 Lakhs.

As per the 2013 Pay Revision Order, the Dearness Allowance (DA) declared by KSEBL is applicable to TCED employees, and the DA declared by the state government is not provided to TCED staff. Furthermore, the 2018 Pay Revision Order by KSEBL has not yet been implemented in TCED and is still under consideration by the Government of Kerala. Even though the rates of DA are to be revised biannually, the employees of TCED have been denied the DA declared to the state government employees since 2020. The denial is reportedly based on an interpretation of a clause in the pay revision order of 2013 (GO (MS) 184/18 dated 12.12.2018). As DA is tied to cost of living and is a crucial component of salary in order to offset the impact of inflation, non payment of the revised DA for over four years has significantly affected the financial well being and the standard of living of TCED employees. The non payment of revised DA and pay revision benefits are the key reasons for the reduction in employee costs compared to the approved employee cost.

In addition to the employee cost, TCED has made a provision of Rs.1.275 Cr for giving pay revision arrears to its employees as the accounts are prepared on accrual basis.

It is important to note that the pension disbursements made by TCED to retired employees from its own funds are accounted as loans and advances receivable from the government, and are not included in the employee cost. In light of the above, TCED respectfully requests the Hon'ble Commission to approve an employee cost of Rs. 1138.07 Lakhs for the year.

It is respectfully submitted that, as directed by the Hon: KSERC, the TCED has finalized the appointment of an agency to conduct a comprehensive, need-based workforce study. This study will take into account current technological advancements and the phased adoption of new technologies in the near future. The selected agency will assess the existing staffing levels to ensure optimal utilization of manpower. Additionally, the agency will provide recommendations on how excess staff, if found, can be effectively redeployed to support activities within the TCED. The work study report will be submitted to the Hon: Commission soon after its receipt.

### **Respectful Submission Regarding Pension Contribution**

In para 80 of the True-Up Order for FY 2022-23 dated 04/11/2024, the Hon'ble Commission has expressed concern about the practice followed by the licensee, TCED, in setting off a portion of amounts irregularly paid as pension by not remitting the pension contribution for serving employees. The Hon'ble Commission has rightly highlighted that such actions are unjustified and may jeopardize the pension claims of current employees.

However, it is respectfully submitted that the practice followed by TCED is in line with the directions provided by the Hon'ble Commission in Para 28 of the Order dated 17/09/2012 in OP 14/2012 to OP 18/2012. For the Hon'ble Commission's kind reference, the relevant direction is as follows:

*“The above details suggest that in the last five years, the licensee has remitted about Rs. 4.75 crore as pension contribution and also paid out about Rs. 7.04 crore towards pension to the employees. Though the licensee has clarified that the amount is not included in the ARR, this practice of double payment cannot be allowed, which results in serious cash flow problems. The licensee has shown this amount as receivable from the Department. The licensee has to take urgent steps to realize the amount from the respective agency, and pension payment from electricity business in addition to contribution will not be allowed. With this observation, the employee cost reported by the licensee is allowed for the purpose of truing up.”*

As per the directions issued in this order, TCED has continued to follow the practice of adjusting pension contributions towards pension disbursements, as the dual payment structure was deemed untenable by the Hon'ble Commission due to cash flow concerns. This course of action has been adopted with the intention of ensuring uninterrupted pension disbursements to retired employees, as halting such payments abruptly may lead to complications, especially with respect to employee welfare and rights. Furthermore, the pension disbursal is being carried out by TCED as per the direction of Govt Secretary, LSGD. In addition, the detailed statement of pension contribution per employee with the adjustment made against pension disbursal amount is being submitted to the Principal Director, LSGD month after month.

TCED acknowledges the concerns raised by the Hon'ble Commission and assures that it remains committed to complying with all relevant regulations. However, considering the human element involved and the potential consequences of disrupting the ongoing pension payments, TCED humbly requests the Hon'ble Commission to reconsider the stance taken in para 80 of the True-Up Order and allow the practice to continue in the current form. During the DRC meeting held on 04/11/2024, the Chief Secretary of the Government of Kerala assured that a Government Order (GO) would be issued concerning the settlement of pension arrears owed by the Government. The minutes of this meeting will be submitted to the Hon'ble Commission once they are received by TCED.

#### **4.2.2 Repair and Maintenance Expense**

TCED hereby submit the details of the repair and maintenance (R&M) expenses for the financial year 2023-24, which total Rs. 104.01 Lakhs. This amount is just above the approved norm of Rs. 103.11 Lakhs, as per the regulatory guidelines.

The major heads under repair and maintenance expenses is as follows:

- **Plant & Machinery:** Rs. 8.63 Lakhs
- **Lines & Cables:** Rs. 83.06 Lakhs
- **IT & Office Equipment:** Rs. 7.83 Lakhs

TCED respectfully requests the Hon'ble Commission to kindly approve the total R&M expenses of Rs. 104.01 Lakhs, which is in accordance with the prescribed norms and adequately covers the necessary maintenance requirements.

#### **4.2.3 Administration and General Expenses**

The TCED respectfully requests the Hon'ble Commission to approve the Administrative and General (A&G) expenses for FY 2023-24 amounting to Rs. 334.44 Lakhs, as compared to the normative allowance of Rs. 111.61 Lakhs.

**Key Components of A&G Expenses:**

**1. Electricity Duty & Rent:**

The rent claimed by TCED is as approved by the Hon'ble Commission in the true up order for the FY 22-23 with 5% escalation every three years.

With respect to the area for calculation of rent, TCED respectfully submits that in the financial year 2014-15, only a portion of the Paravattani building was utilized. However, from FY 2018-19 onwards, TCED began using the entire building to accommodate additional functions, including the Record Keeping Room, Project Development Section, the RDSS (Revamped Distribution Sector Scheme) Office, the PMA (Project Management Agency) Office, in addition to the electricity store.

Regarding the area of the TCED main office building, it is respectfully submitted that upon verification it was found that the built in area considered (7000 sq.ft.) for calculation was erroneous and the LSGD Engineering wing reassessed the area once again and finalised the area as 9669.73 sq.ft. In light of this expanded usage, TCED requests that the Hon'ble Kerala State Electricity Regulatory Commission (KSERC) kindly consider this aspect and approve the rent for the full building as per the current utilization. The calculation incorporating total used area is submitted below :

Rent calculation statement																
S No	Name	Building / Land	Ownership	ANNUAL rent												
				2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
1	TCED main office	Building	Thrissur Corporation	23.50	23.50	23.50	24.74	24.74	24.74	25.97	25.97	25.97	27.27	27.27	27.27	37.84
2	Paravattani electrical store	Building	Thrissur Corporation					4.20	4.20	4.20	31.32	31.32	31.32	32.89	32.89	32.89
3	Paravattani electrical store	Shed	TCED									3.96	3.96	3.96	4.16	4.78
4	Corporation office northern side building	Building	TCED	11.54	11.54	11.54	12.12	12.12	12.12	12.72	12.72	12.72	13.36	13.36	13.36	17.94
5	<b>Total</b>			<b>11.96</b>	<b>11.96</b>	<b>11.96</b>	<b>12.62</b>	<b>16.82</b>	<b>16.82</b>	<b>17.46</b>	<b>44.58</b>	<b>40.61</b>	<b>41.28</b>	<b>42.84</b>	<b>42.65</b>	<b>48.01</b>

The total approved rent up to the financial year 2022-23 comes to Rs.89.95 lakhs. As per the revised calculation, the rent is Rs.311.57 lakhs. The balance amount to be approved as per the calculation is Rs.221.62 lakhs. TCED requests the Hon. Commission to consider this aspect and allow the rent for the financial year 2023-24 Rs 48.01 lakhs and Rs.221.62 lakhs for the previous years accordingly.

Electricity Duty under section 3 of Rs. 98.45 lakhs is reiterated to justify the inclusion as a legitimate expense.

2. Regulatory Impact of Tariff Revision:

Due to frequent bulk supply tariff revisions by the Hon'ble KSERC, based on the regulatory surplus of the TCED, the margin between power purchase and sale continues to narrow year after year. Consequently, disallowing essential expenses like the above will have a significant negative impact on the financial sustainability of TCED.

3. Accident Compensation

The compensation paid to the family of deceased workers, as per a court verdict, amounts to Rs. 52.12 Lakhs may be treated as a onetime expense and allowed.

4. Professional Charges (Rs. 10.93 Lakhs):

These include:

- Inspection Fee: Rs. 1.12 Lakhs
- Testing Fee for Substation: Rs. 7.96 Lakhs
- Project Processing Fee for 110 kV SS: Rs. 1.85 Lakhs

5. Consultancy Charges (Rs. 17.41 Lakhs)

- Mandatory Energy Audit Fees: Rs. 14.87 Lakhs
- Chartered Accountant Fees: Rs. 2.54 Lakhs

The above Professional and consultancy charges are statutory and mandatory, so TCED requests to treat it as a special case and approve.

6. Conveyance Charges (Rs. 29.23 Lakhs)

This represents the vehicle hiring charges including vehicle for project purpose.

7. Miscellaneous Expenses (Rs. 4.88 Lakhs)

This includes minor expenses such as:

- o Discount for advance remittance: Rs. 1.49 Lakhs
- o Imprest Expense: Rs. 2.55 Lakhs
- o General charges: Rs. 0.82 Lakhs

8. Bank Charges (Rs. 8.10 Lakhs)

These are the charges levied by banks for issuing/renewing bank guarantees. As per the directive of the Hon: KSERC, TCED has taken steps to renew Bank Guarantees with banks offering the lowest renewal charges. The impact of these measures will be reflected in the next years' financial statements.

9. Wages for Security Staff on Contract (Rs. 19.56 Lakhs):

This includes the wages paid to contracted security staff. Providing 24\*7 security to the properties of TCED is essential. So wages for security staff may be allowed as a genuine expenditure.

10. Advertisement (Rs.10.76 lakhs) & Printing and stationery Charges (Rs. 6.06 lakhs)

The increase in advertisement, printing and stationery charges mainly attributed to RDSS project related works and tender notifications and TCED request to treat this increase as a special case and approve in full.

11. Self Consumption Charges (Rs.9.58 lakhs)

The energy charge for the self consumed 0.13 MU of TCED is accounted under this sub heading.

Given the detailed breakdown of the above expenses, TCED respectfully requests the Hon'ble Commission to approve the A&G expenses for FY 2023-24 in line with the operational needs and challenges faced by the organization.



#### 4.3 Fixed Assets capitalised during the year 2023-24

S. No.	Asset Group (as per notification in respect of depreciation)	Fixed Assets	
		Additions during the year	Adjustment & deducitons
1	2	5	6
1	LT Distribution system		
a)	Distribution lines	12.18	21.69
b)	Sub-station equipments	85	25.53
2	Meters	18.60	
3	Furniture & fixtures	2.07	
4	Office Equipments	1.02	
5	IT Equipments	3.3	
6	Software		
	Gross Asset (Total (1) to (15))	122.16	47.23

As directed by the Commission, in OP 33/2023 dated 22/11/2023, TCED has engaged a professional agency for physical verification of the assets currently in use by TCED. This process is aimed at making necessary updates to the Fixed Assets Register. The report is currently awaited, and the updated register incorporating the recommendations of the agency will be submitted once it is received. As the verification is done after the financial year 2023-24, the impact of the physical verification will be reflected only in the fixed asset register of 2024-25.

In the order on OP 79/2023 dated 04.11.2024, the Hon. Commission directed TCED to claim assets additions for the year 2022-23 incorporating with the decisions in the order dated 16.08.24 on OP 52/2022. But it is respectfully submitted that TCED has not added any additions to the fixed assets for the year 2022-23 as projected in the Capital Investment Petition OP 52/2022. The supporting documents to substantiate the claim of total assets addition of Rs. 137.29 lakhs has already been submitted along with the true up petition 2022-23. Therefore TCED humbly requests to consider the assets additions and issue orders accordingly.

#### 4.4 Consumer Contribution

Consumers Contribution for service connection lines and associated works amounts to Rs.23.65 Lakhs.

#### 4.5 Inventories

Table showing the details of inventory is given below

Sl No	Particular	2022-23
1	Opening Balance	49.28
2	Inventory capitalised during the year	112.73
3	Inventory issued for repairs and Maintenance	20.20
4	Consumption during the period (2+3)	132.93
5	Purchase during the period	133.50
6	Closing balance (1+5-4)	49.85

#### 4.6 Depreciation:

The actual depreciation for the Distribution assets as per the accounts for the year is Rs. 228.08 lakhs. Depreciation is calculated in accordance with the KSERC (Terms and Conditions for Determination of Tariff) 2021, dated 16.11.2021. In this regard, TCED has considered Rs. 23.65 lakhs related to consumer-contributed assets and reversed depreciation of Rs. 5.82 lakhs, as explained in Form D.3.5. After these adjustments, the final depreciation amount is Rs. 228.08 lakhs. Therefore, TCED respectfully requests the Hon'ble Commission to approve the final depreciation of Rs. 228.08 lakhs for the year.

In para. 60 of the truing up order 2022-23 dated 04.11.2024, the Hon. Commission has taken a stand that the depreciations for the years of Control period shall be based on the approval of the Capital investment plan and the actual depreciation shall be approved while finalising the truing up accounts for the year 2023-24. The Commission vide order dated 16.08.2024 has approved the capital investment of TCED for the control period 22-23 to 26-27 with a remark that the assets created using the internal accrued regulatory surplus as approved by the Commission, is not eligible for 'interest charges', depreciation and RoE/RoNFA. Likewise, TCED calculated the depreciation, incorporating the revised guidelines and the amount for the FY 22-23 comes to Rs.127.49 lakhs and Rs.119.57 for FY 2023-24.

At the same time, TCED would like to place on record that reducing the amounts under the heads like depreciation will be detrimental to the very existence of TCED. Furthermore, TCED does not have the reserve fund as arrived by the Hon: Commission. In order to carry out the development projects envisioned by TCED, a lenient view of the Hon: Commission is necessary. The actual

depreciation based on the gross fixed assets for the FY 22-23 is Rs 235.35 Lakhs and for the FY 23-24 is Rs. 228.08 Lakhs. TCED requests the Hon. Commission to approve the same.

#### **4.7 Interest on consumers' security deposit**

The interest on consumers' security deposits for the year 2023-24 amount to Rs. 295.45 lakhs. These charges have been calculated on the Security Deposit amounts held from consumers, based on an accrual basis, at an interest rate of 6.75% per annum. When compared to the previous year, the interest rate has gone up from 4.25% to 6.75%. In the MYT petition filed by TCED, the Hon: KSERC approved only ₹93.77 Lakhs (4.5 % of Rs 22.06 Cr) as interest on consumers' security deposits instead of the projected amount of Rs.189.95 lakhs for the FY.23-24. This approval was based on the anticipated reduction in security deposits due to the implementation of the smart meter project, which would have led to a corresponding refund to consumers. However, the smart meter project has not yet been implemented, and during this period, the security deposit amount has increased by 6.56%. Consequently, the interest payable on these deposits has also increased. Therefore, TCED respectfully requests the Commission to approve the interest payable on the security deposits as claimed in the true up petition.

#### **4.8 Interest on Normative Loan**

TCED has calculated the interest on normative loan considering the directives in Para 56 of the order on OP No. 79/2023 dated 04/11/2024 and the provisions in 26(3) a of KSERC (Terms and conditions for determination of tariff) first amendment 2023. The interest on normative loan for the financial year 21-22 is calculated as directed by the Hon. Commission in the ARR & ERC order dated 28.02.2024 is Rs.106.99 lakhs and for FY 23-24 the amount is Rs.124.50 lakhs. The calculation is shown in form D3(6) (b). TCED respectfully requests to approve the interest on normative loan for both the financial years 21-22 and 23-24. In addition, due to the change in the amount calculated as depreciation for the year 2022-23, the interest on normative loan also got changed. The additional amount to be approved as interest on normative loan for the year 2022-23 after the revision is Rs.0.86 lakhs. TCED humbly requests to approve the total amount of Rs.232.35 (106.99+124.50+0.86) as interest on normative loan.

#### **4.9 Return on Equity:**

The Return on NFA (RoNFA) for the financial year 2023-24, amounting to Rs. 141.01 lakhs, has been calculated in accordance with the provisions outlined in the KSERC (Terms and Conditions for Determination of Tariff) 2021, dated 16.11.2021. As per the guidelines, RoNFA is to be allowed at the rate of 5.5% on the Net Fixed Assets after deducting the consumer contributions at the beginning of the financial year. The Net Fixed Assets at the beginning of the financial year stand at Rs. 32.68 Crores. After adjusting for the value of consumer-contributed assets amounting to Rs. 7.04 Crores, the revised value of Net Fixed Assets is Rs. 25.64 Crores. The ROE is then calculated at 5.5% of Rs. 25.64 Crores, resulting in a total ROE of Rs. 1.41 Crores.

The TCED respectfully discloses the facts before the Hon'ble Commission regarding the adjustments made on the Return on Equity (RoE) up to FY 2023-24 payable to Thrissur Corporation Rs 10.17 Cr towards the outstanding energy charges for street lighting services of Rs.10.26 Cr. The balance amount Rs 0.09 Cr to be adjusted later. TCED is planning to continue this practice as elimination of electricity arrears especially that of govt departments is an important factor in RDSS's pre qualification criteria and result evaluation frame work

### **5 Revenue**

#### **5.1 Non-tariff income**

As per the financial statements, the total share of other income for TCED amounts to ₹604.98 lakhs, as detailed in Form D 2.4. The main components of this non-tariff income are as follows:

- **Interest Income:**
  - Interest from Fixed Deposits: ₹314.86 Lakhs
  - Interest on Security Deposit with KSEBL: ₹63.55 Lakhs
  - Interest on Belated Payments: ₹68.94 Lakhs

- **Rental Income:**

Pole Rental Income Rs.52.58 lakhs is claimed on accrual basis as the demand raised by TCED is being challenged by the cable operators and is under dispute since 2018. The rental charges are collected by TCED as per the interim order of the Kerala High Court. During the year 2023-24, the rent collected as per interim order is only Rs.8.30 lakhs. TCED respectfully requests the Hon. Commission to consider this aspect and approve the actual amount received Rs.8.30lakhs as pole rental income.

- **Service and Administrative Charges:**

- Collection Charges for Section 4 Duty: ₹12.49 Lakhs
- Meter Rent: ₹48.76 Lakhs

- **Miscellaneous Receipts:**

The miscellaneous receipts of Rs.41.30 lakhs primarily includes the following:

- Reconnection Fee: ₹13.14 Lakhs
- Store Occupancy Charges (SOC): ₹4.66 Lakhs
- CDC Fee: ₹2.13 Lakhs
- Cost of Tender Forms: ₹1.99 Lakhs
- Additional Load Charge: ₹3.01 Lakhs
- Application Fee Income: ₹1.01 Lakhs
- Solar Connectivity Fee: ₹4.47 Lakhs

In total, these income streams contribute to TCED's non-tariff revenue, amounting to ₹601 Lakhs for the period under review.

## 5.2 Tariff Income (FY 2023-24)

No	category	Energy sales		Revenue	
		MU	%	Lakhs	%
1	Domestic	44.08	26.49%	2899.65	19.11%
2	Agriculture	0.06	0.036%	2.47	0.02%
3	Non Domestic	17.11	10.28%	1690.18	11.14%
4	Commercial (LT)	50.04	30.07%	5354.72	35.29%

5	Public Lighting	1.17	0.7%	58.51	0.385%
6	Industrial(LT)	3.42	2.06%	242.26	1.597%
7	HT	50.51	30.36%	4924.41	32.46%
	Total	166.39	100%	15172.20	100%

## 6 Deficit / Surplus

Particulars	ARR	True Up	Difference
Power Purchase cost	12067.16	13435.79	(1368.63)
Interest on security deposit	93.77	295.45	(201.68)
Interest on normative loan	-	231.49*	
Depreciation	207.39	119.57	87.82
O&M Expenses	1588.43	1,576.51	11.92
Return on equity (5.5%)	155.60	141.01	14.59
Provision for salary pay revision		127.50	(127.50)
<b>Total ARR</b>	<b>14112.35</b>	<b>15928.18</b>	<b>(1815.83)</b>
Tariff Income	13504.33	15172.2	(1667.87)
Non-Tariff Income	932.35	604.98**	327.37
<b>Total ERC</b>	<b>14436.68</b>	<b>15777.18</b>	<b>(1340.5)</b>
<b>Net Revenue Gap (-)/ Surplus (+)</b>	<b>324.33</b>	<b>(150.15)</b>	<b>475.33</b>

\*Rs. 231.49 lakhs includes the interest on normative loan to be approved for the years 21-22

\*\* Rs. 604.98 lakhs includes pole rental income on accrual basis. It includes the receivable rent of Rs.44.28 lakhs (52.58-8.3)

7 Prayer

The Thrissur Corporation Electricity Distribution (TCED) humbly submits before the Hon'ble Commission the following prayer for consideration:

1. Truing Up of Expenses and Revenue for FY 2023-24:

The TCED respectfully requests the Hon: Commission to approve the truing up of expenses and revenue for the financial year 2023-24, in recognition of the prudence and caution exercised by TCED in carrying out its duties as a public utility. This will ensure alignment with the actual financial performance and provide the necessary adjustments to meet the regulatory requirements.

2. Approval of Deficit for FY 2023-24:

TCED seeks the Commission's approval for the deficit of ₹1.51 Cr for the financial year 2023-24, which has resulted due to uncontrollable factors and challenges in the operations of the utility. The approval of this deficit will facilitate appropriate measures to address the financial shortfall and continue providing uninterrupted services to the public.


3. Any Other Relief Deemed Fit:

The TCED humbly requests that the Hon: Commission pass any other order or relief that it may deem just and appropriate, based on the facts and circumstances of the case, in the larger interest of fairness, justice, and the sustainability of public utility services.

Place: Thrissur

Dated: 27.11.2024



  
Signature of Petitioner

എൻ.കെ. കൃഷ്ണകുമാർ / N.K. KRISHNAKUMAR M.A., LL.M.  
അസിസ്റ്റന്റ് സെക്രട്ടറി / ASSISTANT SECRETARY  
വൈദ്യുതി വിഭാഗം / ELECTRICITY DEPARTMENT  
തൃശ്ശൂർ കോർപ്പറേഷൻ / THRISSUR CORPORATION  
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