

KERALA STATE ELECTRICITY REGULATORY COMMISSION

THIRUVANANTHAPURAM

PRESENT : Shri. K.J.Mathew, Chairman
Shri P Parameswaran, Member
Shri. Mathew George, Member

May 3, 2012

Petition OP No.10 of 2012

In the matter of
ARR&ERC of Thrissur Corporation for 2012-13

Thrissur Corporation - Petitioner

ORDER

Background

1. Thrissur Corporation (hereinafter called the *Corporation* or *licensee*) is a deemed Distribution Licensee of the Commission. The licensee has filed the ARR&ERC petition for the year 2012-13 on 6-2-2012 with a delay of around two months from the due date. In order to avoid the delay and to ensure regulatory compliance by the licensees, the Commission had issued a circular dated 15-9-2011 directing all licensees to submit ARR&ERC petition for 2012-13 on time. However, the Thrissur Corporation did not respond to the circular and or seek extension of time for filing the ARR&ERC petition. Hence the Commission issued a show cause notice to Thrissur Corporation under Section 142 of the Act as to why action should not be initiated for contravening the provisions of the Regulations and directions of the Commission. In reply to the notice, the Secretary, Thrissur Corporation requested for condonation of delay in filing the ARR&ERC petition, as the delay occurred due to preparation of truing up petitions for 2006-07 to 2009-10, and was not wilful. The Secretary further assured that in future all required statements would be submitted in time. Considering the explanation and request of the licensee favourably, the Commission condoned the delay and dropped the proceedings initiated under section 142.
2. In the petition for ARR&ERC, the total revenue requirements for 2012-13 are projected as Rs.6822.03 lakhs and the total revenue as Rs.6817.66 lakhs, thereby showing a revenue deficit of Rs.4.37 lakhs. The Commission admitted

the petition as OP No.10 on 13-2-2012 and issued notice. The licensee vide letter dated 9-3-2012 furnished clarifications on the petition. The summary of the petition is given below:

Summary of ARR&ERC projected for 2012-13

| Particulars | 2010-11 | 2011-12 | 2012-13 |
|------------------------------|-------------------------|--------------------------|-----------------------------|
| | (Actual) (Rs.lakhs) | (Approved) (Rs.lakhs) | (Projections) (Rs.lakhs) |
| Revenue from sale of power | 5,718.75 | 6,309.14 | 6,187.74 |
| Non-Tariff Income | 812.38 | 686.17 | 629.92 |
| Total revenue | 6,531.12 | 6,995.31 | 6,817.66 |
| Expenses | | | |
| Power purchase cost | 4,181.03 | 4,615.56 | 4,864.10 |
| Interest & Finance Charges | - | 38.00 | 70.25 |
| Depreciation | 188.48 | 197.92 | 220.67 |
| Employee Cost | 614.45 | 833.34 | 1,030.96 |
| R & M expenses | 152.66 | 110.70 | 389.68 |
| A & G expenses | 124.29 | 86.59 | 90.50 |
| Return on Investment | 372.00 | 10.00 | 145.87 |
| Other Debits | 142.97 | 5.00 | 10.00 |
| Total Expenditure | 5,775.88 | 5,897.11 | 6,822.03 |
| Revenue Surplus/(Gap) | 755.24 | 1,098.21 | (4.37) |

Hearing on the matter

3. Hearing on the petition was held on 23-3-2012 at the Conference Hall, Ramanilayam, Thrissur. Some consumers as well as the Kerala State Electricity Board presented their objections on the petition. In their objections, the Board has stated that there is discrepancy in the number of consumers reported in the petition. Further, the cost of employees deputed for the work not relating to the distribution business shall not be allowed. The projected pension contribution is higher by 205% and the O&M expenses by 252%. The detail of capital expenditure provided by the licensee is also not complete. The average realization from the consumers except street lighting has shown a downward trend compared to 2010-11 and 2011-12. In the case of domestic category, though the average consumption has increased, the average realization is seen decreasing from Rs.3.09 per unit in 2011-12 to Rs.2.67 per unit in 2012-13. Hence re-estimation of the revenue from sale of power is required. The high average realization of Rs.6.12 per unit compared to Rs.3.78 per unit power purchase cost resulted in higher margin. Hence upward revision of BST is

required. The estimation of Section 4 duty is also not proper resulting in low net average realization. The Commission may follow a uniform policy in allowing Section 3(1) duty. The receivables of the licensees are also very high. Though the licensee has huge cash surplus as per the accounts, keeping the same, the licensee has shown Rs.70.25 lakhs towards interest and financing charges. The licensee has introduced a new item under A&G expenses, ie., rent rates & taxes, which was absent in the previous years. It is to be allowed only after scrutiny. The petitioner has not filed the demand collection statement along with the ARR.

Analysis and decision of the Commission

4. The Commission has considered the petition of the licensee and the objections of the stakeholders. Decision on each of the components in the petition is discussed below
5. **Energy Sales:** The licensee has projected total sales for the year 2012-13 as 116.92 MU as shown below:

Proposed Energy sales for 2012-13

| | No. of installations | | | | Energy Sales (MU) | | | |
|-----------------|----------------------|---------------------|-----------------------|------------------------|---------------------|---------------------|-----------------------|------------------------|
| | 2009-10 (Actual) | 2010-11 (actual) | 2011-12 (Approved) | 2012-13 (projected) | 2009-10 (Actual) | 2010-11 (actual) | 2011-12 (Approved) | 2012-13 (projected) |
| Domestic | 18295 | 18297 | 18347 | 18550 | 29.78 | 31.04 | 32.25 | 38.17 |
| Non-Domestic | 16439 | 16451 | 16490 | 16535 | 62.53 | 63.84 | 69.56 | 71.19 |
| Agricultural | 524 | 524 | 528 | 520 | 0.11 | 0.11 | 0.11 | 0.12 |
| Industry | 875 | 875 | 882 | 895 | 4.06 | 3.61 | 3.97 | 4.09 |
| Street lighting | | | | | | | 3.47 | 3.35 |
| Total | 36133 | 36147 | 36247 | 36500 | 96.48 | 98.60 | 109.36 | 116.92 |

6. The average annual growth of consumer projected for 2012-13 is less than 1%, where as the sales growth is about 7%. The growth projected for domestic sector is significant. It is about 18%, where as the growth in consumers is only less than 2%. The licensee assumed that numbers of temporary domestic connections are to be converted to the permanent domestic category, and hence the consumption would increase. Though the reasons given by the licensee for the projections are not on a sound footing, the Commission is not inclined to revise the projections of the licensee. As per the additional details provided, the sales include own consumption under LT VI-B and VIIA category of about 71700 units. The Commission accepted the sales projections for 2012-13.

7. **Distribution loss and Energy requirement:** The licensee has projected the distribution loss for 2012-13 as 10% and the loss reduction proposed is 0.46%. However, as per the data furnished the distribution loss works out to be 7.88% only. The reason for the discrepancy may be the inclusion of consumption of street lights. The distribution loss approved for the year 2011-12 was 10.46%. the estimates given by the licensee are shown below:

Distribution loss estimated by the licensee

| | 2010-11 (Actual) | 2011-12 (Approved) | 2012-13 (projected) |
|------------------------------|---------------------|-----------------------|------------------------|
| Energy sales (MU) | 101.99 | 109.36 | 116.92 |
| Energy input (MU) | 118.19 | 122.13 | 127.00 |
| Distribution loss (MU) | 16.2 | 12.77 | 10.08 |
| Distribution loss (%) | 13.71% | 10.46% | 7.94% |

8. As part of the clarifications, the licensee has given the following measures for loss reduction:
- a. A new 33kV substation has been commissioned and four 11kV feeders are charged from the substation, which would reduce the load as well as the length of the feeders.
 - b. Six 250kVA transformers are installed and commissioned
 - c. Consumers with inductive load have been advised to install capacitors
 - d. Reconductoring of about 10km 11kV lines.
9. The licensee has reported that about 708 single phase and 258 3phase meters are faulty. The licensee also reported that about 11050 electromechanical meters are proposed to be replaced during 2012-13. The licensee has taken several measures for improving the revenue collection as well as reducing the arrears. The disconnections are now promptly done for non-payment and the efforts taken are expected to improve the reduction in losses. The anti-theft squad is formed and inspections started. The license has also stated that feeder/DTR metering is in progress. The Commission noted the efforts taken by the licensee. The licensee shall replace all reported faulty meters within 6 months. Considering all these, the Commission is of the view that distribution loss target for 2012-13 is 8.5%, which is about 2% lower than the previous year.

Approved Distribution Loss for 2012-13

| | 2012-13 (Approved) |
|-----------------------|-----------------------|
| Energy sales | 116.92 |
| Energy input | 127.78 |
| Distribution loss | 10.86 |
| Distribution loss (%) | 8.50% |

10. **AT&C Loss:** In the distribution business, distribution loss and AT&C loss are the common performance parameters employed. As part of the clarifications, the collection efficiency reported by the licensee is nearly 99.1% against the current demand. As per the information provided by the licensee total receivable as on 31-3-2011 is Rs.1909 lakh, which is high considering the limited area of operation. **The licensee shall take immediate action for collection of arrears.** The Commission fixes the collection efficiency for the year 2012-13 as 100%. Hence, approved AT&C loss for 2012-13 shall be 8.5%.

11. **Power purchase cost :** In the ARR, the licensee has projected the power purchase cost as Rs.4864.10 lakhs with average power purchase cost of Rs.3.83 per unit. The Commission has sought the details of the calculation of the power purchase cost. The licensee has provided following details.

Estimate of power purchase cost for 2012-13

| | 2012-13 (Estimate) | | |
|---------------------------------|--------------------|-----------------|-----------------|
| | 66kV | 110kV | Total |
| Maximum Demand (kVA) | 8435 | 20000 | |
| Rate (Rs./kVA) | 260 | 245 | |
| Demand Charges (Rs.lakhs) | 263.172 | 588 | 851.17 |
| Energy purchased (lakh units) | 330.2 | 939.8 | 1,270.00 |
| Rate (Rs./kWh) | 3.16 | 3.16 | |
| Total Energy charges (Rs.lakhs) | 1,043.43 | 2,969.77 | 4,013.20 |
| Total Charges (Rs.lakhs) | 1,306.60 | 3,557.77 | 4,864.37 |

12. The power purchase approved is 127.78MU, which is higher by 7.8 lakh unit. Hence the power purchase cost for the approved quantity of energy is Rs.4889.02 lakhs, which is higher than the estimate of the licensee by about Rs.24.65 lakhs
13. **Interest and financing charges:** The licensee has projected the interest & financing charges as Rs.70.25 lakhs. The provision given by the licensee is much higher than what is required. Though the licensee has not included the interest on security deposit in the previous ARR, the Commission has approved Rs.38 lakhs toward interest on security deposits. As part of the clarifications, the licensee has stated that the provision of interest and financing charges for the year Rs.70.25 lakhs includes Rs.32.65 lakhs interest on security deposits for the previous year. The Commission has allowed the provision for previous year in the order for ARR&ERC for 2011-12. The Commission is bound to accept only the current year provision. Hence the interest and financing charges approved for 2012-13 is Rs.37.6 lakhs only.
14. **Depreciation:** The depreciation estimated by the licensee for the year 2012-13 is Rs.220.67 lakhs, which is about 3.8% of the average GFA. The licensee has proposed Rs.843 lakhs as addition to GFA. The total GFA at the beginning of the year is projected as Rs.5593 lakhs. The addition of Rs.843 lakhs proposed in the current year is about 15% of the opening level of GFA, which is very high. The licensee has not claimed depreciation for the addition of assets. The licensee has also stated that the depreciation is estimated as per the CERC approved rates. The Commission approves the depreciation proposed by the licensee for the purpose of ARR&ERC for 2012-13. Detailed verification of the accounts will be taken up during the truing up process to firm up the actual depreciation.
15. The licensee has included Rs.200 lakhs for computer and accessories and Rs.50 lakhs for solar power generation. However, detailed projects are not given. Unless proper project reports with cost benefit analysis are furnished for approval, the expenditure cannot form part of ARR&ERC approval process. The Commission in the previous Order had observed that the categories of assets given as part of the table is not in the format specified and directed the licensee to provide the list of assets as per the specified format. However, the licensee failed to provide the same. Hence, in the next filing it shall be as per the specified format.

16. **Employee cost:** The employee cost proposed by the licensee for 2012-13 is Rs.1030.96 lakhs, which is about 24% more than the approved level in 2011-12. The details of employee cost projected by the licensee is shown below:

Employee cost projected for 2012-13

| Category | 2010-11 | 2011-12 | 2012-13 |
|---------------------------|---------------|---------------|-----------------|
| | (Rs.lakhs) | (Rs.lakhs) | (Rs.lakhs) |
| Salary including DA | 496.04 | 512.94 | 600.00 |
| Stipend & Daily wages | 8.78 | 9.62 | 11.15 |
| Pension contribution | 62.83 | 83.59 | 255.00 |
| Other allowances | 2.43 | 2.59 | 7.25 |
| Bonus/Festival allowances | 2.56 | 2.44 | 3.00 |
| Sub Total | 572.64 | 611.18 | 876.40 |
| Medical expenses | 0.03 | 0.02 | 5.00 |
| Earned leave Encashment | 40.64 | 46.44 | 60.00 |
| Sub total | 40.67 | 46.46 | 65.00 |
| Staff welfare expenses | 1.14 | 0.69 | 1.00 |
| Salary arrears | | 175.00 | 88.56 |
| Sub total | 1.14 | 175.69 | 89.56 |
| Total | 614.45 | 833.33 | 1,030.96 |

The Commission has sought the details of estimates of the salary given in the petition. However, the licensee has given entirely different estimates as the explanation for the figures given earlier. As per the details, the average monthly salary including DA is estimated as Rs.46.22 lakhs and for 13 months (including one month leave salary), the licensee has estimated the salary and DA for 2012-13 as Rs.600 lakhs. However, estimation of other components are not justifiable. Since the estimates and clarification given by the licensee are not acceptable, the Commission would allow a 10% increase (except for arrears) over the approved rates for 2011-12 except for provision for salary arrears. The approved expense for 2012-13 is as shown below:

Employee costs approved for 2012-13

| Category | 2011-12 | 2012-13 | |
|-----------------------|------------|------------|------------|
| | Approved | Projected | Approved |
| | (Rs.lakhs) | (Rs.lakhs) | (Rs.lakhs) |
| Salary including DA | 512.94 | 600.00 | 600.00 |
| Stipend & Daily wages | 9.62 | 11.15 | 11.15 |
| Pension contribution | 83.59 | 255.00 | 91.95 |

| | | | |
|---------------------------|---------------|-----------------|---------------|
| Other allowances | 2.59 | 7.25 | 2.85 |
| Bonus/Festival allowances | 2.44 | 3.00 | 2.68 |
| Sub Total | 611.18 | 876.40 | 708.63 |
| Medical expenses | 0.02 | 5.00 | 0.02 |
| Earned leave Encashment | 46.44 | 60.00 | |
| Sub total | 46.46 | 65.00 | 0.02 |
| Staff welfare expenses | 0.69 | 1.00 | 0.76 |
| Salary arrears | 175.00 | 88.56 | 88.56 |
| Sub total | 175.69 | 89.56 | 89.32 |
| Total | 833.33 | 1,030.96 | 797.97 |

17. The Commission in the previous order clearly stated that exorbitant employee cost shall not be allowed to be passed on to the consumers. The employee strength was noted as unrealistically high and disproportionate. The licensee shall take appropriate action for reduction of this cost component immediately. The licensee shall provide complete details of arrear payment if any on account of pay revision during the truing up process.

18. **Repair and maintenance expenses:** The licensee has projected Rs.389.68 lakhs as R&M expenses. Against this, the actual for 2010-11 was Rs.152.66 crore. Of the total Rs.389.68 lakhs, Rs.94.88 lakhs is for consumption of materials and Rs.294.80 lakhs is for other expenses. The split up details given by the licensee are as follows:

| | 2010-11 (Actual) (Rs.lakhs) | 2011-12 (Approved) (Rs.lakhs) | 2012-13 (Projected) (Rs.lakhs) |
|----------------------|-----------------------------------|-------------------------------------|--------------------------------------|
| Vehicles | 1.80 | 1.79 | 15.00 |
| Furniture & fixtures | 0.20 | 0.06 | 5.00 |
| office equipments | 0.19 | 0.45 | 5.00 |
| Others | 150.47 | 108.40 | 364.68 |
| Total | 152.66 | 110.70 | 389.68 |

19. The projections given by the licensee is unreasonably high for the year 2012-13 compared to actual. The projected R&M for 2012-13 is more than 2.5 times than that of 2011-12 (approved level) and more than 1.5 times higher than that of 2010-11 level. It is also to be noted that in 2010-11, R&M expenses included Section 3(1) duty also. On a per unit basis, the projected R&M expense for 2012-13 is about 33 paise. The licensee has clarified that the increase in R&M

expenses is due to the ongoing process of conductor replacement, replacement of meters, changing of poles and R&M expenses of street lights. The licensee has clarified that following are planned in 2012-13 as part of R&M expenses:

- a. 35 km conductor changing
- b. Renovation of aged DP structures
- c. Replacement of damaged posts
- d. Maintenance of 33kV substation OH line and UG cable

The clarification given by the licensee shows that many of the capital works such as replacement of conductors and replacement of meters are included as part of the R&M expenses, which is not correct. Further, section 3(1) duty is not admissible. The expenses towards maintenance of streetlights is also not admissible as part of the R&M expenses of the distribution licensee. The same has to be funded by the Corporation. In the absence of split up details, the Commission is of the considered view that an increase of 10% over the approved expenses is the maximum that can be allowed as per R&M expenses. In the truing up process only eligible expenses shall be passed on to the consumers. Accordingly, the approved R&M expenses for 2012-13 is Rs.121.77 lakhs.

20. Administration and General expenses: The Administration and General expenses proposed by the licensee is Rs.90.50 lakhs. The major item is the new provision included under Rent, rates and taxes of Rs.51 lakhs. Other items, except miscellaneous expenses, projected under A&G expenses are not substantial. The licensee has stated that since the revenue from street lighting is included as part of revenue, rent to be paid to the Corporation's General Section is included. However, the licensee has clarified that the Corporation has not yet raised any demand for rent and rent is not yet paid. Since no such demand exists, the Commission is not in a position to allow the same. However the Commission will allow such expenditure in future once the accounts of distribution business is totally segregated from the accounts of the Corporation and all amounts receivable from the Corporation, as a consumer, is properly accounted. The Audit fee projected by the licensee is much lower than that for 2011-12. The reason given is that audit fee is based on the revenue from the distribution business and while considering the revenue, power purchase cost is allowed to be deducted for ascertaining the audit fee. Hence the audit fee is substantially lower for 2012-13. Considering the factors the A&G expenses allowed for 2012-13 is Rs.32.05 lakhs as shown below:

A&G Expenses allowed for 2012-13

| | 2011-12 (Approved) (Rs.lakhs) | 2012-13 (Projected) (Rs.lakhs) | 2012-13 (Approved) (Rs.lakhs) |
|------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| Rent, rates and taxes | | 51.00 | |
| Insurance | 2.73 | 3.00 | 3.00 |
| Telephone charges | 1.56 | 1.50 | 1.72 |
| legal charges | 0.83 | 2.00 | 0.91 |
| audit fees | 63.20 | 12.00 | 12.00 |
| Technical fees | 0.18 | 0.70 | 0.20 |
| Other expenses | 8.34 | 10.20 | 9.17 |
| Books and periodicals | 0.04 | 0.10 | 0.04 |
| Printing & stationery | 2.75 | 2.00 | 2.00 |
| Advertisements | 6.95 | 1.00 | 1.00 |
| miscellaneous expenses | | 7.00 | 2.00 |
| Total | 86.58 | 90.50 | 32.05 |

21. **Other debits:** The licensee has included Rs.10 lakhs as provision for doubtful debts. Since the licensee has all powers to recover the electricity charges, the Commission is not in a position to allow such higher provision for bad debts. However, considering the commercial nature of the business, the Commission allows Rs.5 lakhs as a token provision for doubtful debts. However, the provision will be reverted if adequate efforts are not made to recover the arrears.

22. **Return on equity:** The licensee has projected Rs.145.87 lakhs towards return for the year computed based on 30% of NFA at 14.%. The Commission is of the view that a reasonable level of profits is allowable for commercial operation of the distribution business. However, the basis on which return is to be provided is still not clear. The Commission has already initiated a study by consultants for determining the appropriate rate base for allowing return. Till then a provisional return of Rs.10 lakhs is allowed for the year 2012-13.

23. **Gross Aggregate revenue requirements:** Based on the above, the Aggregate Revenue Requirements proposed and approved for 2012-13 is as given below.

Approved Aggregate Revenue Requirements for 2012-13

| Expenses | 2012-13 (projected) (Rs.lakhs) | 2012-13 (Approved) (Rs.lakhs) |
|------------------------------|--------------------------------------|-------------------------------------|
| Purchase of power | 4,864.10 | 4,889.12 |
| Repair & Maintenance | 389.68 | 121.77 |
| Employee costs | 1,030.96 | 797.97 |
| Interest & Financing charges | 70.25 | 37.60 |
| A& G expenses | 90.50 | 32.05 |
| Depreciation | 220.67 | 220.67 |
| Other debits | 10.00 | 5.00 |
| Return on investment | 145.87 | 10.00 |
| Total Expenses | 6,822.03 | 6,114.18 |

24. Revenue from tariff : The licensee has projected the revenue from tariff as Rs.6187.74 lakhs.. The projection of the licensee is as shown below:

Estimates of revenue from Tariff for 2012-13

| Revenue | Energy sales (MU) | Revenue | Average Realisation |
|---------------------------------------|----------------------|----------------|------------------------|
| | | (Rs.lakhs) | (Rs./kWh) |
| Domestic | 38.17 | 1020.78 | 2.67 |
| Non-Domestic | 71.19 | 5391.18 | 7.57 |
| Agricultural | 0.12 | 2.6 | 2.16 |
| Industry | 4.09 | 231.78 | 5.66 |
| Streetlighting | 3.35 | 700 | 2.09 |
| Total | 116.92 | 6716.36 | |
| Reconnection fee | | 8.00 | |
| Delayed payment charges | | 25.00 | |
| Total Gross Revenue | | 6749.36 | |
| Less duty payable | | 481.66 | |
| Less other State levies | | 79.96 | |
| Net Revenue from sale of power | | 6187.74 | |

The Commission has noted the discrepancies in the revenue projections. The licensee has since provided the details of estimation of revenue. Based on the details, the Commission has worked out the revenue for the year 2012-13 as shown below:

Revenue from sale of power projected for 2012-13

| | No.of consumer | Connected Load/ MD (kVA/ kW) | Sales (MU) | Demand charges (Rs./kW/ kVA) | Energy charges (Rs./ kWh) | Demand charges (Rs. lakhs) | Energy Charges (Rs. lakhs) | Total Charges (Rs. lakhs) |
|--------------------|----------------|------------------------------|------------|------------------------------|---------------------------|----------------------------|----------------------------|---------------------------|
| Domestic | 18550 | 57000 | 38.17 | | 3.65 | | 1,393.21 | 1,393.21 |
| HT industrial | 1 | 87 | 2.13 | 300 | 3.00 | 3.13 | 63.90 | 67.03 |
| HT Commercial | 64 | 20800 | 29.85 | 350 | 3.70 | 873.60 | 1,104.45 | 1,978.05 |
| LT industrial | 895 | 6530 | 4.09 | 45 | 3.25 | 35.26 | 132.93 | 168.19 |
| LT Commercial VIIA | 12890 | 34200 | 27.09 | 50/100 | 6.75 | 307.80 | 1,828.58 | 2,136.38 |
| VIIB | 2550 | 2250 | 0.94 | 30 | 5.20 | 8.10 | 48.88 | 56.98 |
| VIIC | 6 | 460 | 0.69 | 80 | 5.90 | 4.42 | 40.71 | 45.13 |
| LT non-domestic | | | | | | | - | - |
| VIA | 226 | 2085 | 2.19 | 40 | 5.20 | 10.01 | 113.88 | 123.89 |
| VIB | 410 | 3592 | 3.59 | 55 | 5.90 | 23.71 | 211.81 | 235.52 |
| VIC | 350 | 3504 | 4.63 | 170 | 8.40 | 71.48 | 388.92 | 460.40 |
| VID | 7 | 8 | 0.04 | | 0.85 | - | 0.34 | 0.34 |
| 1B | 31 | 33 | 0.03 | | 3.45 | - | 1.10 | 1.10 |
| LT agriculture | 520 | 845 | 0.12 | 6 | 0.65 | 0.61 | 0.78 | 1.39 |
| Street lights | 8812 | 803 | 3.35 | 12 | 0.90 | 12.69 | 30.15 | 42.84 |
| Total | 45312 | 132197 | 116.91 | | | 1,350.80 | 5,359.63 | 6710.43 |

25. The total revenue from tariff is estimated to be Rs.6710.43 lakhs. Other miscellaneous charges such as reconnection fee, delayed payment charges etc., are projected as Rs.33 lakhs. Thus, the total income from charges for 2012-13 is projected as Rs.6743.43 lakhs.

26. **Non- Tariff income:** The licensee has projected Rs.629.92 lakhs as non tariff income which includes Rs.496.41 lakhs towards interest on fixed deposits, Rs.125.70 lakhs towards meter rent and miscellaneous recoveries. As per the details furnished by the licensee, miscellaneous recoveries amount to Rs.158.56 lakhs, of which meter rent is estimated as Rs.48.33 lakhs. The Commission approves the other income as projected by the licensee.

27. **Total revenue:** The total approved revenue for the year 2012-13 is Rs.7373.35 lakhs.

28. **Revenue Surplus/gap:** The revenue gap proposed by the licensee is Rs. 4.37 lakhs. After considering the materials and explanation by the licensee and the views of stakeholders, the Commission has arrived at a surplus of Rs.1259.17 lakhs for the year 2012-13 as follows:

Approved ARR&ERC for 2012-13

| Expenses | 2012-13 (projected) (Rs.lakhs) | 2012-13 (Approved) (Rs.lakhs) |
|------------------------------|--------------------------------------|-------------------------------------|
| Purchase of power | 4,864.10 | 4,889.12 |
| Repair & Maintenance | 389.68 | 121.77 |
| Employee costs | 1,030.96 | 797.97 |
| Interest & Financing charges | 70.25 | 37.60 |
| A& G expenses | 90.50 | 32.05 |
| Depreciation | 220.67 | 220.67 |
| Other debits | 10.00 | 5.00 |
| Return on investment | 145.87 | 10.00 |
| Total Expenses | 6,822.03 | 6,114.18 |
| Revenue from sale of power | 6,187.74 | 6,743.43 |
| Non-Tariff Income | 629.92 | 629.92 |
| Total revenue | 6,817.66 | 7,373.35 |
| Revenue Surplus/(Gap) | (4.37) | 1,259.17 |

Orders of the Commission

29. After analysis of the ARR&ERC and the clarifications thereon submitted by the licensee, the Commission provisionally approves the ARR of Rs.6114.18 lakhs and the estimated revenue of Rs.7373.35 lakhs, leaving a revenue surplus of Rs.1259.17 lakhs for the year 2012-13 for Thrissur Corporation as stated above. The licensee shall take earnest efforts to limit the expenses at the approved level. The existing Retail Supply tariffs will continue till further orders. The licensee shall retain the surplus funds in a separate and independent account of the Electricity Department.

Directions:

- The licensee shall within one month file proposal for approval of charges for various services as per the provisions of Kerala Electricity Supply Code
- Report on the progress on the collection of arrears with complete details to be furnished within three months.
- As provided in para 16, approval for capital expenditure projects shall be obtained by furnishing all the relevant details.

30. The petition is disposed of. Ordered accordingly.

Sd/-
P.Parameswaran
Member

Sd/-
Mathew George
Member

Sd/
K.J.Mathew
Chairman

Approved for Issue

Secretary