

APPENDIX-1

Statement showing the Objections of the Stakeholders / Public, MESCOM's Response and the Commission's Views thereon:

Objections	Replies by the MESCOM
<p>1. The previous year the Commission had issued the tariff order without any room to loss.</p> <p>In spite of this, it proposing a Tariff hike by projecting expenditure on higher side for the ensuing years to seek tariff increase, which is not correct.</p> <p>Hence, objection is placed for the present tariff increase proposal.</p>	<p>MESCOM has elaborately detailed the methodology followed for projecting various expenditures.</p>
<p>Commission's Views: The Commission has taken note of the reply furnished by the MESCOM and the matter has been with dealt appropriately in the relevant chapter of this Tariff Order.</p>	
<p>2. An amount of about Rs. 1,231 Crores is due from other ESCOMs, and Government to MESCOM. If the same is realized then there will be no necessity of tariff increase.</p>	<p>MESCOM is continuously pursuing with the ESCOMs and Government for realizing the dues. As a result, Government is diverting partly a portion of the subsidy to MESCOM.</p>
<p>Commission's Views: The reply furnished by MESCOM is acceptable.</p>	
<p>3. MESCOM has not complied with the directions of the Commission for providing timer switches to the street light installations.</p>	<p>Installations and maintenance of streetlights are the subject matter relating to local bodies. This aspect has been brought to the notice of Hon'ble Commission. Hence, Commission has directed to pursue with the concerned local bodies. In this regard, a positive response is received from the MCC Mangalore and in the same line, action is being taken to liaison with other local bodies.</p>
<p>Commission's Views: The reply furnished by MESCOM is noted. However, MESCOM shall take up the matter with the civic authorities and complete the process early.</p>	
<p>4. MESCOM has to confirm as to how they can render quality service to the consumers with the existence of 41% employee vacancy.</p>	<p>MESCOM has recruited 1953 numbers of Junior Linemen and action is being taken to fill the remaining vacancies in phases.</p>

Objections	Replies by the MESCOM
Commission's Views: The reply furnished by MESCOM is noted. However, MESCOM shall take up the matter of filling up of vacant posts with the Government and complete the process early.	
5. Action has not been taken in respect of unauthorized IP sets as indicated in the GPS survey. Transparency has to be brought in with respect of their consumption.	GPS survey contract has been concluded on 18-01-2019. Appropriate action will be initiated after receipt of all the documents.
Commission's Views: The reply furnished by MESCOM is noted. The Commission directs MESCOM to speed up the GPS survey and complete the regularization of Unauthorized IP Sets at the earliest.	
6. There are a huge arrears of Rs.130.70 Crores from MPM Bhadravathi. The objector desired to know the action taken to recover the same.	MESCOM is pursuing with the Government for recovery of arrears.
Commission's Views: The reply furnished by MESCOM is acceptable.	
7. Reluctant to refund or transfer to the account of the same consumer the credit amounts available in IP consumer account.	MESCOM is considering such written requests after vetting the same through audit.
Commission's Views: The reply furnished by MESCOM is noted. The Commission directs MESCOM to speed up the process and take immediate remedial action.	
8. Excess credit amounts available in the ledger accounts of temporary installations are not being refunded.	It is the generalized statement of the objector. MESCOM will take suitable action if specific cases are brought to the notice.
Commission's Views: The reply furnished by MESCOM is noted. The Commission directs MESCOM to take up the remedial action. These issues should be redressed without bring the same in the tariff hearing proceedings.	
9. Up to the meter point all the arrangements are belonging to Company. Even though, whenever service wires are required to be replaced, the consumers are insisting to replace the same at their cost.	As stated by the objector, all the arrangements are belonging to Company. Hence, Company will decide to replace the service wires wherever required based on the workability, safety and other conditions.
Commission's Views: The Commission directs MESCOM to take necessary action as per law.	
10. The objector has stated not to allow the claims of employee bonus, safety fund and company advertisement, contribution, etc., which the	MESCOM is claiming the O&M expenses on the normative basis as per MYT regulations and not separately claimed employee bonus, safety

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Hon'ble Commission had disallowed in the earlier orders.	fund and company advertisement, contribution, etc.,
Commission's Views: The reply furnished by MESCOM is noted.	
11.Concerned SEEs / EEs are not attending the consumer interaction meetings at sub divisions. Whenever tried to contact 24 Hrs. complaint receiving center, some of the times it will be busy or in the night hours calls are not being received.	It is the generalized statement of the objector. MESCOM will take suitable action if specific cases are brought to the notice.
Commission's Views: The reply furnished by MESCOM is acceptable.	
12.MESCOM has reasoned to state that there is no relationship between capex investment and reduction of losses and capped the distribution loss to 11.32%.	MESCOM has not stated that there is no relationship between capex investment and reduction of losses. MESCOM's distribution loss is very minimal. Due to expansion of LT network by adding LT lines and DTCs it is natural that there will be some addition to losses.
Commission's Views: The reply furnished by MESCOM is noted. However, the Commission imposing penalty, if the distribution losses exceed the approved loss level, for a specific year.	
13.Even after segregation of 150 rural feeders in MESCOM jurisdiction, proper supply is not being received.	Statement of the objector is not acceptable. In MESCOM, work of segregation of 134 rural feeders is in progress.
Commission's Views: The reply furnished by MESCOM is noted. However, the Commission directs MESCOM to complete the work at the earliest.	
14.MESOM is stating that it is the responsibility of the distributor to replace the LED Bulbs and fans which were failed within the guarantee period but not of MESCOM.	On enquiry, the distributor has informed that due to non-availability of stock no outlet is available in Udupi. But, in the month of March-2019, they will open the outlets again.
Commission's Views: The reply furnished by MESCOM is noted.	
15.LT line losses increased due to non-maintenance of LT network.	For maintenance of electrical network, action is being taken. In the rainy seasons, separate teams are being deployed to maintenance and supervision.
Commission's Views: The reply furnished by MESCOM is noted.	

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16. Agriculture and dairy farming are being mechanized. Confusion prevails in application of tariff for such categories.	MESCOM is classifying the consumer category as per the orders of Hon'ble Commission. It is required to classify the consumers of dairy farming based on the nature and capacity of the machines that are used in the dairy farming.
Commission's Views: The reply furnished by MESCOM is noted. The Commission directs MESCOM to resolve any such issues immediately.	
17. The objector has referred to the Annual Accounts of MESCOM to state that the Company is in profit and there is no necessity of increase in tariff.	MESCOM has drawn its proposal for approval of ARR/ERC for FY20 as per the framework of the relevant Regulations notified by the Hon'ble Commission. In the proposal, MESCOM has detailed all the parameters and the basis which has been considered by MESCOM, to propose increase in tariff.
Commission's Views: The Commission has taken note of the reply furnished by the MESCOM and the matter has been dealt with appropriately while issuing the Tariff Order.	
18. The objector has observed that the proposed tariff for IP set category and that of BJ / KJ category is less than average cost of supply. As these categories are being subsidized by GOK, the GOK has to bear the full cost arising out of their commitment. Cross subsidization factor is destroying the small scale industries.	The tariff proposed in respect of BJ/KJ category is at the level of average cost of supply whereas the tariff in respect of IP category is after factoring the cross subsidy from other cross subsidizing categories. In the prevailing socio-economic conditions continuing the cross subsidization is inevitable. Hence, during 2007, the Electricity Act 2003 has been amended to delete the phrase "eliminates" and to say "that the tariff progressively reflects the cost of supply of electricity and also, reduces cross-subsidies in the manner specified by the Appropriate Commission." As such, MESCOM proposes a tariff to IP sets which is about 86% of the average cost of supply.
Commission's Views: The reply furnished by MESCOM is acceptable.	

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<p>19.The objector has observed that the receivables by MESCOM from KPTCL & other ESCOMs etc. have increased to Rs.1231.90 Crores from Rs.234 of 2007-08 and there should be a clear mechanism for the settlement of the same. The objector has observed that in the Annual Accounts, the auditors have stated that these balances are subject to confirmations & reconciliations and hence, suggested to get a certificate from the concerned parties confirming the balance due from them.</p>	<p>The receivables among the ESCOMs are being reconciled periodically and efforts are being put forth to liquidate the same. Further, at the request of MESCOM, the GOK is also diverting a part of the subsidy of other ESCOMs to MESCOM towards energy balancing dues.</p>
<p>Commission's Views: The reply furnished by MESCOM is noted.</p>	
<p>20.The objector has stated that in the Annual Accounts, the independent Auditors has mentioned that MESCOM has paid interest and damages by not paying PF money to the concerned authority in time, which is adding to the expenditure resulting it to be passed on to the consumers.</p>	<p>These issues are pending before various legal forums and the interest & damages have been paid as per the directions of the respective authorities so as to file MESCOM's appeal against the claims.</p>
<p>Commission's Views: The reply furnished by MESCOM is noted.</p>	
<p>21.The objector has stated that the "Temporary Power" tariff being applied to construction of industries is very high and hence, there should be separate tariff category for industries during construction.</p>	<p>MESCOM is not in favour of a separate tariff category for construction of industries as Hon'ble Commission has already included the same under HT-5 / LT-7 category.</p>
<p>Commission's Views: The reply furnished by MESCOM is noted.</p>	
<p>22.The objector has stated that small scale industries have been undergoing severe hardship on account of global recession, demonetization, reduced sales and recessionary conditions prevailing in the domestic market for the last two years. In such a situation, increase in electricity tariff will hit the industries and kill competitiveness.</p>	<p>As the cost of supply is increasing due to increase in power purchase cost, transmission cost, O&M expenses, etc., an upward revision of power tariff is inevitable to sustain the business of MESCOM.</p>

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Commission's Views: The reply furnished by MESCOM is acceptable.	
23.The objector has stated that MESCOM is insisting for certificate by the Electrical Inspectorate in spite of that the Department of Industries & Commerce have issued tax exemption certificate.	There is an instruction from the Electrical Inspectorate to move the proposal of electricity tax exemption to them for certification before extending the same to the industries. Accordingly, MESCOM is following the procedure.
Commission's Views: The reply furnished by MESCOM is noted. However, the objection does not pertain to the tariff issues and consumers shall desist from raising such issues in the tariff proceedings.	
24.The objector has requested to design the ToD tariff only to incentivize for usage during the period from 20.00 Hrs. to 8.00 Hrs. without having any disincentive factor for usage in peak hours.	The rationale behind the ToD tariff is to incentivize the usage during off-peak hours and disincentives at peak hours. Hence, the contention of the objector on ToD is not acceptable.
Commission's Views: The reply furnished by MESCOM is acceptable.	
25.The objector has requested to increase the present limit of 67 HP to 100 HP for availing LT power supply.	MESCOM will follow the regulations of the Hon'ble Commission.
Commission's Views: The threshold limit of 67 HP, in the matter of availing LT/HT supply, is as per the Regulations notified by the Commission and the same is binding on all the stakeholders.	
26.The objector has stated that power purchase cost per unit is Rs.3.71 / unit and the average cost of supply is Rs.8.09 / unit. Difference between them is Rs.4.38 / unit, more than double the power purchase cost.	Rs.3.71 / unit is the cost of power at generation point. After transmission & distribution loss, transmission charges, SLDC charges, the cost of power at consumer point will be Rs.4.76 / unit.
Commission's Views: The Commission has taken note of the reply furnished by the MESCOM and the matter has been dealt with appropriately while issuing the Tariff Order.	
27.The petition has been filed on 31-12-2018 which is not 120 days before the commencement of financial year.	MESCOM has filed the petition before Hon'ble Commission on 30-11-2018 which is within 120 days before the commencement of financial year.
Commission's Views: The Commission notes that MESCOM has filed the Petition within the timeline specified in the Regulations.	

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28.MESCOM has not detailed the efficiency improvement measures.	Hon'ble Commission will compute the efficiency gains to be transferred to the consumers while approving the APR.
Commission's Views: The reply furnished by the MESCOM is noted and the APR is carried out as per the MYT Regulations. The gains and losses are being shared as per the provisions of the MYT Regulations, as discussed in the relevant Chapter of the Order.	
29.MESCOM has taken APR deficit of FY18 as Rs.641 Cr. This should not be loaded on to the consumers. But should be borne by the Government.	Revenue deficit has been occurred in the course of service to the electrical consumers and hence, the deficit is required to be passed on the consumers.
Commission's Views: The reply furnished by the MESCOM is noted and the APR is carried out as per the MYT Regulations. The gains and losses are being shared as per the provisions of the MYT Regulations, as discussed in the relevant Chapter of this Order.	
30."Cost to Serve" model not approved.	Implementation of "Cost to Serve" model would be a policy matter of the Government because of its far-reaching implications on the consumers in the state.
Commission's Views: The Commission takes note of the replies furnished by the MESCOM. The Commission has implemented the Orders of the Hon'ble ATE in indicating the cross subsidy levels both under average cost as well as voltage-wise cost of supply.	
31.Resorting to load shedding without approval of KERC.	The scheduled load shedding is being notified in advance. However, the unscheduled load shedding is resorted to only when the power supply demand and the availability mismatches. Even after taking all precautionary measures & plans the sudden reduction in generation by some generators for the reasons which are beyond their control will affect the power supply position.
Commission's Views: The reply furnished by the MESCOM is noted and MESCOM is advised to intimate the scheduled outages on priority to the consumers. The consumers, on their part, should update their phone details with MESCOM, in order get all the information relating to the supply of electricity.	

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32.Tariff proposed for IP sets category is below average cost of supply.	MESCOM has proposed the increase for IP set category by Rs.1.63 per unit thereby the tariff of the category will be about 86% of average cost of supply.
Commission's views: The Commission has noted the reply furnished by MESCOM. The Commission has dealt with this matter appropriately in the relevant chapters of the Tariff Order. Further, IP set sales is being subsidized by the GoK at Commission determined tariff. Subsidy is released to the IP sets according to the Orders issued by the GoK from time to time. The Commission is endeavouring to reduce the cross-subsidy levels gradually as envisaged under the Act and the Tariff Policy.	
33.MESCOM has totally failed in improving efficiency of its operations and complying with the directives of the Commission.	The statement of the objector is not acceptable. Hon'ble Commission is periodically reviewing the performance of MESCOM and also compliance of various directives.
Commission's Views: The reply furnished by MESCOM is noted. The compliance to directives is a continuous process and the same has been dealt with suitably in this Order.	
34.HT consumers are leaving the GRID as the HT tariff is very high. Hence, requested Hon'ble Commission to bring down the tariff rates.	Hon'ble Commission has introduced the Special Incentive Scheme to the HT consumers with certain incentives for utilizing grid power at day off-peak hours and night hours to encourage them to use more grid power.
Commission's Views: The Commission has noted the reply furnished by MESCOM.	
35.Hon'ble Commission has approved the distribution loss as 11.25% for FY-18. But MESCOM's distribution loss was 11.32%. MESCOM has not make effort to reduce losses.	The reduction of distribution is a focused and continuous task of MESCOM. While implementing the system improvement work, MESCOM is prioritizing the works for reduction of distribution losses. Thus, MESCOM has emerged as one of the distribution companies managing better distribution loss.
Commission's Views: The reply furnished by the MESCOM is noted. The treatment of losses is appropriately discussed in relevant chapter of this Order.	
36.Revenue deficit of Rs.641.982 Cr relating to FY-18 cannot be justified.	MESCOM has explained the cause of deficit in the tariff petition with all details.

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<p>Commission's Views: The reply furnished by MESCOM is noted. The Commission scrutinizes all the claims in the light of MYT Regulations before admitting any claim.</p>	
<p>37.MESCOM has not limit the capex to the amount approved by the Hon'ble Commission.</p>	<p>MESCOM submitted all the details regarding capex incurred during FY-18 and Hon'ble Commission is validating the same.</p>
<p>Commission's Views: The reply furnished by MESCOM is noted. The Commission scrutinizes all the claims in the light of MYT Regulations before admitting any claim.</p>	
<p>38.MESCOM has incurred more towards purchase of power than what was approved by the Commission. MESCOM has failed to regulate the consumption by various consumers.</p>	<p>In this regard, it is to be submitted that, the power purchase cost is an uncontrollable parameter as the primary responsibility of a distribution company is to provide continuous and quality supply to its consumers. However, subject to technical constraints. Hon'ble Commission has also term same as 'uncontrollable' in the MYT regulations also. Thus, it is not fair to regulate the consumption of consumers in order to limit power purchase cost.</p>
<p>Commission's Views: The Commission has taken note of the reply furnished by the MESCOM and the matter has been dealt appropriately in the relevant chapter of this Tariff Order.</p>	
<p>39.ToD tariff is meant to bring down the evening peak. Domestic consumers are contributing to peak but TOD is being applied to HT consumers. Hence, ToD should be made optional instead of making it compulsory for HT consumers.</p>	<p>The rationale behind the ToD tariff is to incentivize the usage during off-peak hours and disincentives at peak hours. Hon'ble Commission has introduced the ToD tariff considering the overall load curve of the State. MESCOM will follow the orders of Hon'ble Commission in this regard.</p>
<p>Commission's Views: The reply furnished by MESCOM is noted. The ToD billing is compulsory for 500kVA and above installations and others can opt for the ToD facility. The positive impact of ToD is indisputable, but will be visible, only when the quantum of power consumed by the ToD metered category is substantial in the respective ESCOM's jurisdiction.</p>	
<p>40.Timer switches are not provided to street lights.</p>	<p>Fixing & maintenance of the street lights is the responsibility of local bodies. This aspect has been brought to the kind notice of the Hon'ble</p>

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	Commission and the Commission has directed to convince the local bodies to take action in this regard. Towards this MESCOM has received a positive response from the MCC, Mangalore and efforts are being made to convince the administrators of other local bodies also.
Commission's Views: The reply furnished by MESCOM is noted. However, MESCOM shall take up the matter with the civic authorities and complete the process early.	
41.Independent feeders are to be provided to industries.	On specific application from the individual industries the feasibility of providing independent feeders will be examined.
Commission's Views: The reply furnished by MESCOM is acceptable.	
42.MESCOM has not indicated the details of how many installations are yet to be serviced with solar water heaters.	Installing solar water heater is mandatory for domestic consumers, for which they are entitled to rebates as provided by Hon'ble Commission
Commission's Views: The reply furnished by the MESCOM is noted.	
43.Nirantara Jyothi Scheme is being done as per the Govt. directions for better supply to rural consumers. As this is the Govt. welfare scheme, the related capital cost should be borne by Govt. and not by consumers.	Central Government will provide 60% grant for implementing feeder segregation scheme. The remaining 40% have to be borne by respective ESCOMs.
Commission's Views: The reply furnished by MESCOM is noted. Further, it is to be noted that, the NJY would be beneficial to the consumers of the Rural area for availing 24X7 power supply, Therefore, MESCOM should complete the works at the earliest and get the reimbursement of funds from the respective Governments.	
44.MESCOM is not serious in implementing HVDS.	Focused HVDS program is required where cluster of electrical load exists. But MESCOM is having staggered electrical loads. Hence, MESCOM, in the system improvement works, has moved to replace higher capacity of distribution transformers with lower capacity transformers which will result in increased HT lines.

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<p>Commission's Views: The reply furnished by MESCOM is noted. The Commission has directed the MESCOM not propose any new HVDS scheme, until further orders.</p>	
<p>45. MESCOM has not completed metering of DTCs to work out the losses in order to plug the same.</p>	<p>MESCOM is initiating action to install meters to the balance DTCs.</p>
<p>Commission's Views: The reply furnished by MESCOM is noted. The Commission however, directs MESCOM to speed up the process and complete the installation of the DTC meters. MESCOM shall also conduct energy audit of the metered DTCs in order to plug leakages and commercial losses.</p>	
<p>46. No action plan proposed by MESCOM to prevent electrical accidents.</p>	<p>MESCOM is periodically identifying the hazardous installations and system improving programmes are being suitably taken up to rectify the hazardous installations in order to prevent the electrical accidents.</p>
<p>Commission's Views: The reply furnished by MESCOM is noted. The Commission directs MESCOM to take immediate measures to rectify all the hazardous locations in a phased manner and minimize the accidents.</p>	
<p>47. HT/LT lines ratio not maintained at the level of 1:1.</p>	<p>the ideal ratio is 1:1, to be maintained for HT / LT lines and MESCOM keeps it in view as benchmark, as far as possible, while implementing system improvement works.</p>
<p>Commission's Views: The reply furnished by MESCOM is noted. However, the Commission directs MESCOM to bring down the HT:LT ratio to reap the benefits of LT loss reduction.</p>	
<p>48. MESCOM is hiding the data relating to Reliability Index as it appears that there is no improvement in quality of supply.</p>	<p>MESCOM has no intention to hide the data. MESCOM is providing the data of Reliability Indices to the Hon'ble Commission regularly and the same is also being hosted on the MESCOM website.</p>
<p>Commission's Views: The reply furnished by MESCOM is noted and The Commission, directs MESCOM to carry out the analysis of the reports and take necessary steps to improve the reliability of the system in places, where the reliability indices are found to be far less than allowable.</p>	
<p>49. Data on actual number of IP sets not furnished. MESCOM has not regularized the un-authorized IP sets. Specific consumption should be worked out taking into account the un-authorized IP sets</p>	<p>As per the directions of Hon'ble Commission MESCOM has completed the GPS survey of all the IP sets on 18-01-2019 and final report is</p>

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also so that more subsidy will come from the Govt.	awaited based on which necessary action will be taken.
Commission's Views: The reply furnished by MESCOM is noted. The Commission directs MESCOM to speed up the GPS survey and complete the regularization of Unauthorized IP Sets at the earliest.	
50.MESCOM has not given the details of failures of Distribution Transformers.	During the year 2017-18 MESCOM has recorded a failure rate of 11.20% of Distribution Transformers. In the current year, upto Dec-18, the failure rate is only 8.98%.
Commission's Views: The reply furnished by MESCOM is noted. But, the Commission considers that, MESCOM needs to take a serious view of this matter and bring down the failure rate of distribution transformers by taking remedial measures.	
51.MESCOM is quoting only distribution losses but not ATC losses.	ATC loss is correlated with the distribution loss. However, it is to be indicated that ATC loss of MESCOM for FY-17 is 13.36% only.
Commission's Views: The reply furnished by MESCOM is noted. However, the Commission directs MESCOM to improve its billing and collection efficiency and bring down the ATC losses along with reduction in distribution losses.	
52.MESCOM is not monitoring the implementation of Standards of Performance.	The Standards of performance as per the KERC (Licensee's standards of performance) Regulation-2004 is being hosted on MESCOM website. Action is taken to display the SoP in all sub-division / Divisions of MESCOM. The periodical reports are being sent to Hon'ble Commission regularly.
Commission's Views: The reply furnished by MESCOM is noted. Besides hosting he details on the website and displaying it in the offices, MESCOM shall review the compliance of SoP by its officers. Non-compliance should be addressed suitably by paying compensation to the respective consumers.	
53.Software companies should be brought under Commercial Tariff. Solar rebate should be enhanced to Rs.100/-.	MESCOM will follow Hon'ble Commission's order.
Commission's Views: To solar rebate has been introduced to encourage the consumers to opt for installation of solar water heaters which is beneficial to consumers as well to the ESCOMs as it conserves	

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<p>energy. The Commission is not in favour of increasing the solar rebate as the financial burden thereon will have to be borne by all the consumers.</p> <p>IT, BT & IT enabled companies are classified under industrial category on the basis of a policy by the Government. For availing this benefit the above companies have to produce necessary certificate from the Government. In the normal course all office establishments are treated as commercial consumers and charged commercial tariff.</p>	
<p>54.MESCOM has not produced the subsidy allocation letter.</p>	<p>As per the policy of the Government electricity charges in respect of BJ / KJ consumers up to 40 units and IP set consumers up to 10 HP have to be released by the Govt. to the respective ESCOMs.</p>
<p>Commission's Views: The reply furnished by MESCOM is noted.</p>	
<p>55.Segregation of technical and commercial losses not done.</p>	<p>In the energy flow diagram, MESCOM has indicated the commercial and technical loss separately.</p>
<p>Commission's Views: The reply furnished by the MESCOM is noted. MESCOM is advised to carry out scientific studies to arrive at technical and commercial losses, as and when required.</p>	
<p>56.Tariff should not be increased for any of the categories including commercial, domestic, educational institutions. If distribution loss is properly maintained then there will be no necessity of tariff increase.</p>	<p>Several actions have been taken to curb electricity theft, distribution loss. Thereby, MESCOM has registered lowest distribution loss of 11.32% in 2017-18 compared to other ESCOMs. Like other sectors, ESCOMs are also suffering the effect of increase in cost relating to electricity generation, supply and maintenance of electrical network, inflation, increased electricity usage. Since source of income for ESCOMs are only through the revenue generated from the consumers, increase in tariff is inevitable.</p>
<p>Commission's Views: The Commission has taken note of the reply furnished by the MESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.</p>	
<p>57.Government may consider to release grants to ESCOMs for balancing the revenue deficit</p>	<p>Providing grants is policy matter of Government and hence, is unable to react on this.</p>

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instead of increasing the tariff like other Government departments.	
Commission's Views: The reply furnished by MESCOM is noted. However, MESCOM shall take up the matter with the Government and pursue to get the grants released early.	
58. Consumers should be educated about vigilance provisions in the Act & regulations. Provision should be made to reassess the penalties that have been imposed previously.	Vigilance wing is booking cases as per the provisions of Electricity Act and regulations thereunder. There is provision under Section 127 of the Electricity Act, 2003 for assessment of the penalties imposed by Vigilance.
Commission's View: The reply furnished by MESCOM is noted.	
59. Action should be taken to prevent prejudicial use of electricity, theft of electricity.	MESCOM has taken action in this regard. If the consumers bring any specific cases of electricity pilferage / theft to the notice of MESCOM, suitable action will be taken.
Commission's View: The reply furnished by MESCOM is noted.	
60. Electricity to farmers' IP sets are being provided free of cost. Therefore, do not confuse farmers' by sending bills.	Though IP set consumers are being issued bills, a phrase "Government paid" is incorporated. This is to inform the IP set consumers, how much subsidy is being paid by the Government.
Commission's View: The reply furnished by MESCOM is noted.	
61. Rs.10000/- should not be collected for providing electricity to IP sets.	In order to provide infrastructure, Rs.10000/- is being collected which is as per Government order.
Commission's Views: The reply furnished by MESCOM is noted.	
62. Electricity conservation campaign should be taken up at section office levels.	MESCOM has noted the suggestion of the objector.
Commission's Views: The reply furnished by MESCOM is noted.	
63. While servicing the new connection additional amount should not be collected, replacement of meter cost should not be received, higher interest should not be levied on arrears.	In all the matters MESCOM is following the regulations framed by the Hon'ble Commission.
Commission's Views: The reply furnished by MESCOM is noted.	

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64.collection center should be opened for a minimum of 10 days in all the sections.	MESCOM has introduced different payment options for payment of electricity bills; the consumers may make use of the same. Further, based on the necessity decision will be taken to provide collection centers at the required sections.
Commission's Views: The reply furnished by MESCOM is noted.	
65.The objector has requested Hon'ble Commission for third party verification of the MESCOM performance on compliance to directives.	The Commission is issuing directives to ESCOMs on the issues and also periodically reviewing the same.
Commission's Views: The reply furnished by MESCOM is noted.	
66.The objector has requested Hon'ble Commission to give appropriate instructions for releasing service connections to irrigation pump sets.	MESCOM has to abide by the regulations as well as policy directions of the Government in servicing of the IP installations.
Commission's Views: The reply furnished by MESCOM is noted.	
67.The objector has stated that IP sets' consumption figure is irrational and not practical since geographical and weather characteristics of the areas coming under MESCOM is different and versatile. It was also suggested to consider the actuals readings at the meters.	IP sets' specific consumption considered by MESCOM is the Company average. But, it is different for different sub divisions / sections as the energy recorded in the predominantly IP feeding DTCs of particular sub divisions / sections are being considered for that particular sub-divisions / sections only. Further, as it has been brought to the notice of the Hon'ble Commission that taking meter readings from IP set installations is being continuously objected by many of the farmers, and some of the meters were un-authorizedly removed by the farmers. In such a situation considering the meter readings at the meters will end up with misleading figures.
Commission's Views: The reply furnished by MESCOM is noted. However, the Commission directs MESCOM to complete the feeder segregation at the earliest in its entire area of operation and consider the feeder meter readings for arriving at the IP Set consumptions.	

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<p>68.The objector has stated that at present MESCOM is considering the certificate issued by Income Tax Authorities to classify whether the installations is charitable, as per Hon'ble Commission's order. The objector has requested the Hon'ble Commission to review this provision and suggested to authorize ESCOMs to scrutinize such of the installations whether they are actually doing charitable activities or not before giving any rebate / incentive in the tariff.</p>	<p>Hon'ble Commission has specified to consider the certificate issued by the Income Tax Authorities to identify whether an institution is charitable or not. But, it may not be appropriate on the part of ESCOMs to scrutinize the activities of a particular institution since it is nothing but interfering with the authority of concerned Government Department.</p>
<p>Commission's Views: The reply furnished by MESCOM is noted.</p>	
<p>69.Hon'ble Commission has stopped the office of consumer advocacy cell (OCA) working under it. OCA has been doing wonderful work for the benefit of consumers, and appeals the commission to start the functioning of OCA.</p>	<p>Hon'ble Commission may take a view on the above.</p>
<p>Commission's Views: The Commission has taken note of the suggestion.</p>	
<p>70.Proposal of MESCOM for upward revision of electricity tariff will add to the burden of the planters. Hon'ble Commission may consider the paying capacity of various categories while determining the tariff.</p>	<p>MESCOM has sought only 50 paise increase in respect of LT-4b & LT-c category. As the cost of supply is increasing due to increase in power purchase cost, transmission cost, O&M expenses, etc., an upward revision of power tariff is inevitable to sustain the business of MESCOM.</p>
<p>Commission's Views: The reply furnished by MESCOM is noted.</p>	
<p>71.Insisted to club all the sub-categories of IP sets into LT-4a. Classification of below 10 HP(LT-4ci) and above 10 HP (LT-4cii) is not proper.</p>	<p>The classification of consumers across categories was extensively dealt at length by the Hon'ble Commission in its previous tariff orders and MESCOM has continued the same in the present proposal.</p>
<p>Commission's Views: The Commission has taken note of the reply furnished by the MESCOM. The clubbing of all installations is possible only when the Government of Karnataka agrees to subsidize the installations under LT4-b & C. For the present, the subsidy is being allowed only for LT4-a installations.</p>	

Objections	Replies by the MESCOM
72.KERC has approved the ARR for FY18 as Rs.3122.85 Cr and the tariff has also inbuilt to recover that much of cost. Then how the revenue deficit occurs for that year.	ARR approved by the Hon'ble Commission for FY18 was only an estimate and the same is compared with the actuals of FY18, in which it has been realized that there is a deficit of Rs.641.98 Cr for that year. MESCOM has explained the same in detail under the chapter "Annual Performance Review".
Commission's Views: The reply furnished by MESCOM is noted. The Commission scrutinizes all the claims in the light of MYT Regulations before admitting any claim.	
73.MESCOM has boosted the ARR and revenue receipts are projected low to arrive at the gap of Rs.706.39 Cr.	It is to be submitted that, in the tariff petition application, MESCOM has explained all the parameters and bases considered for arriving at the ARR for FY20. Hon'ble Commission is in the process of validating the same.
Commission's Views: The reply furnished by MESCOM is noted. The Commission scrutinizes all the claims in the light of MYT Regulations before admitting any claim.	
74.If the arrears receivable from other consumers, ESCOMs and statutory institutions are recovered then there will be no necessity of tariff hike.	It is to be submitted that MESCOM is following the accrual basis of accounting and hence, the pending receivables have hardly any impact on the tariff. However, it is to be stated that MESCOM is endeavoring by its potential to liquidate the receivables on top priority.
Commission's Views: The reply furnished by MESCOM is noted. The Commission scrutinizes all the claims in the light of MYT Regulations before admitting any claim and the level of receivable will not affect the ARR to be approved by the Commission.	
75.Ensure uninterrupted power supply for pulping of Coffee between 3 PM to 8 PM. Requested to provide uninterrupted power during February and March.	As far as possible MESCOM is trying to maintain uninterrupted power supply with pre-scheduling as per the prevailing policy.
Commission's Views: The reply furnished by the MESCOM is noted and MESCOM is advised to intimate the scheduled outages on priority to the consumers. The consumers, on their part, should update their phone details with MESCOM, in order get all the information relating to the supply of electricity.	

Objections	Replies by the MESCOM
76.Frequent power disruptions from Karthikere Feeder line in Chikkamgaluru Urban and Rural Circle.	There were frequent disruptions in the above stated feeder on account of carrying improvement works under IPDS for which MESCOM has published the information in newspapers. Now there are no power supply disruptions as was in the past.
Commission's Views: The reply furnished by MESCOM is noted.	
77.Exempting Merchant charges for online payments.	Now there are no merchant charges for online payments up to a payment limit of Rs.2000/-. However, the issue of exemption from payment of merchant charges for any amounts is being examined.
Commission's Views: The reply furnished by MESCOM is noted.	
78.They understand that there is a need for MESCOM to increase the tariff. However, timing of increase in power tariff is fatal as the SSI units are just coming out from the difficulties of implementation of GST and increase in minimum wages to the labours.	As the cost of supply is increasing due to increase in power purchase cost, transmission cost, O&M expenses, etc., an upward revision of power tariff is inevitable to sustain the business of MESCOM.
Commission's Views: The reply furnished by MESCOM is noted.	
79.They have requested the Hon'ble Commission to advice MESCOM to improve the financial health of the Company by reducing the transmission losses and by improved recovery of the power bills from the consumers.	MESCOM's distribution loss is 11.32% in the year 2017-18 which is one of the lowest among the other distribution companies in the country. MESCOM's collection efficiency is also above 100% in the year 2017-18 which amounts to collection of revenue arrears of past period also. Hence, concentrating only to the aspects of reduction in distribution loss and improvement in collection efficiency will not suffice for the financial requirement to MESCOM. Hence, an upward tariff revision is inevitable.
Commission's Views: The reply furnished by MESCOM is noted.	

Objections	Replies by the MESCOM								
<p>80. Transmission and distribution charges under the head "other charges" or "power purchase" should not be considered as open access consumers are separately paying these network charges.</p> <p>The under recovery of fixed cost does not reflect that in a given time block when open access consumer was procuring power through open access. DISCOMs had stranded capacity and DISCOMs had to back down certain generating station in that time block. There is no such rational in the methodology adopted by Hon'ble Commission.</p>	<p>MESCOM will follow the orders of Hon'ble Commission in determining the additional surcharge.</p>								
<p>Commission's Views: The reply furnished by MESCOM is noted. The Commission scrutinises all the claims in the light of MYT Regulations before admitting any claim.</p>									
<p>81. MESCOM has not given any calculations or basis for having proposed an increase of 70 paise in power purchase rate. In the absence of the details, they have requested the Hon'ble Commission to follow the methodology as was considered in the Tariff Order 2018 for determining the tariff for MSEZ.</p>	<p>MESCOM has considered the methodology as approved by the Hon'ble Commission in determining the tariff for MSEZ in the Tariff Order 2018. But MESCOM has considered the trading margin, energy handling and grid support charges as Rs.1.46 / unit, which is half of the difference between average cost of supply and average power purchase cost (excluding KPCL hydel sources). The calculations are as below;</p> <table border="1" data-bbox="857 1417 1466 1808"> <thead> <tr> <th data-bbox="857 1417 1073 1564">Particulars</th> <th data-bbox="1073 1417 1198 1564">Energy in Mu</th> <th data-bbox="1198 1417 1323 1564">Cost Rs.in Cr.</th> <th data-bbox="1323 1417 1466 1564">Average Cost</th> </tr> </thead> <tbody> <tr> <td data-bbox="857 1564 1073 1808">1. Avg. PP cost as proposed by MESCOM (excluding</td> <td data-bbox="1073 1564 1198 1808">3876.81</td> <td data-bbox="1198 1564 1323 1808">2009.73</td> <td data-bbox="1323 1564 1466 1808">5.18</td> </tr> </tbody> </table>	Particulars	Energy in Mu	Cost Rs.in Cr.	Average Cost	1. Avg. PP cost as proposed by MESCOM (excluding	3876.81	2009.73	5.18
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1. Avg. PP cost as proposed by MESCOM (excluding	3876.81	2009.73	5.18						

Objections	Replies by the MESCOM			
	KPCL Hydel) for FY-20			
	2. Avg. Cost of supply proposed by MESCOM for FY-20	-	-	8.09
	3. Avg. Distribution cost [2-1]	-	-	2.91
	4. Half of Avg. Distribution Cost	-	-	1.46
	5. PP Cost for MSEZ for FY-10 [1+4]	-	-	6.64
<p>Commission's Views: The reply furnished by MESCOM is noted. The Commission scrutinises all the claims in the light of MYT Regulations before admitting any claim.</p>				
<p>82.The energy supplied by MESCOM to MSEZL shall not form part of MESCOM's overall energy sales. The energy supply from MESCOM to MSEZL cannot be considered as sales as it amounts to supply of power by one distribution licensee to another deemed distribution licensee.</p>	<p>Irrespective of the fact that MSEZL is a deemed licensee under the Act, since it is drawing power from MESCOM under an agreement, MSEZL is also one of the consumers of MESCOM on par with any other 110 kV consumers.</p>			
<p>Commission's Views: The reply furnished by MESCOM is noted and the Commission has dealt with the matter appropriately in the relevant chapters of the MESCOM and the MSEZL Tariff Orders.</p>				