

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION AT  
BENGALURU**

**FILE NO. \_\_\_\_\_**

**CASE NO. \_\_\_\_\_**

**IN THE MATTER OF:**

**APPLICATION UNDER SECTION 62 OF THE ELECTRICITY ACT, 2003 READ WITH  
KERC (TARIFF) REGULATIONS, 2000 AND REGULATION 2.3 OF KERC (TERMS  
AND CONDITIONS FOR DETERMINATION OF TARIFF FOR DISTRIBUTION AND  
RETAIL SALE OF ELECTRICITY) REGULATIONS, 2006 FOR DETERMINATION OF  
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY-19 AND TARIFF FILING  
FOR FY-2019.**

**AND**

**IN THE MATTER OF:**

**HUKERI RURAL ELECTRIC CO-OPERATIVE  
SOCIETY LIMITED**

**HUKERI TALUKA, BELAGAVI DIST - 591 309**

**...APPLICANT**

**AFFIDAVIT**

I, Sanjaykumar Pujari, son of Siddappa Pujari, aged about 50 years working as Managing Director of the Applicant and residing at Hukeri, do hereby solemnly affirm and state on oath follows.

1. I am the Managing Director of the Applicant HRECS and I am duly authorized by the said Applicant to make this affidavit. I am conversant with the facts of the matter and hence I am competent to depose to this Affidavit.
2. The averments made in paragraphs 1 to 26 of the Application accompanying this Affidavit, herein now marked with letter "A" are true to the best of my knowledge, information and belief.
3. I further say that the statements made and data presented in the aforesaid Application are true to the best of my knowledge, as per records of the Applicant Society and based on estimations. Further, to my knowledge and

belief, no material information has been concealed in the aforesaid Application.

Solemnly affirmed at Hukeri on this 28<sup>th</sup> Day of November 2017 that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed therefrom.

Place: Hukeri

DEPONENT

Date : 28-11-2017

Identified by me:

**‘A’**

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SOCIETY LIMITED**

**HUKERI TALUKA, BELAGAVI DIST - 591 309**

**...APPLICANT**

**MEMORANDUM OF APPLICATION UNDER SECTION 62 OF THE ELECTRICITY ACT,  
2003 READ WITH KERC (TARIFF) REGULATIONS, 2000 AND REGULATION 2.3 OF  
KERC (TERMS AND CONDITIONS FOR DETERMINATION OF TARIFF FOR  
DISTRIBUTION AND RETAIL SALE OF ELECTRICITY) REGULATIONS, 2006 FOR  
DETERMINATION OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY-19  
AND TARIFF FILING FOR FY-19.**

The Applicant above-named most respectfully submits as under:-

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**1. Introduction**

- 1.1.** The address of the Applicant for the purposes of summons and notices and like purposes is as per the cause title, shown above.

## 2.0 Statutory Adherence

- 2.1. Hukeri Rural Electric Co-operative Society Limited (hereinafter called as the “**Applicant**” or “**HRECS**”) is submitting this application for determination of revised Aggregate Revenue Requirement, Expected Revenue and tariff application for FY-19, under Section 62 of the Electricity Act, 2003 (hereinafter called as the “**Act**”) read with KERC (Tariff) Regulations, 2000 and Regulation 2.3 Of KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006 (hereinafter called as the “**MYT Regulations**”) read with KERC (Tariff) Regulations, 2000, for the kind consideration and approval of the Hon’ble Commission.
- 2.2. In this Application, the Applicant has sought to diligently follow the principles and guidelines laid down in the conditions of License for Distribution and Retail Supply of Electricity granted to the Applicant by the Hon’ble Commission, the Electricity Act, 2003, MYT Regulations, Tariff Orders and various directions issued by the Hon’ble Commission from time to time. The Applicant is filing this application before the Hon'ble Commission, under the MYT Regulations, for the kind consideration and approval of the Hon'ble Commission.
- 2.3 The projected numbers are based on actual audited accounts for the period ending FY -17, the actual unaudited figures from 01-04-2017 up to 30<sup>th</sup> September 2017 and expected numbers for the period from 1-10-2017 upto 31-03-2018; and they have been duly adjusted for growth in income, changes in expenses and also changes in assets and liabilities as per the expectations of the HRECS. In the course of validation by the Hon'ble Commission, the HRECS will provide the necessary updated information, if and when required. The projections for FY-19 have been arrived as per CAGR from FY - 14 to FY - 18. During the course of the validation by the Hon’ble Commission, the Applicant will provide the necessary updated information, if sought by the Hon’ble Commission.

2.4 A draft copy of this Application along with proposal for modification of tariff were placed before the Board of the HRECS, in its meeting held on 27th November 2017 and the Board of the HRECS approved the same. The Board of HRECS has also authorized the Managing Director of the HRECS to sign and submit the same before the Hon'ble Commission, in accordance with the applicable Regulations of the Hon'ble Commission. The Board of the HRECS also authorized the Managing Director of the HRECS to take such steps as may be necessary and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the HRECS and also delegated all above powers to the Managing Director and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of implementing the same.

### **3.0 Brief set of Facts**

The HRECS is a holder of Retail Supply License granted by the Hon'ble Commission, under Section 14 of the Act, for carrying out the business of retail supply of electrical energy, within Hukeri Taluk and partial part of the Chikodi Taluka and Belagavi Taluka of Belagavi District of Karnataka State, as more fully described in the said license itself.

### **4.0. Tariff Data**

The data for the years from FY- 14 to FY - 17 are based on audited accounts. The data for the FY 2018 are based on the actuals up to 30<sup>th</sup> September 2017 and estimation from 1<sup>st</sup> October 2017 to 31<sup>st</sup> March 2018. The projections for FY-19 have been arrived as per CAGR from FY - 14 to FY - 18 and actual numbers for the period ending 30<sup>th</sup> September 2017 in the current year (FY18) and projections from 1-10-2017 to 31-03-2018 based on the past and current year growth. However, the income on sale of power has been estimated at the current tariff structure. During the course of the validation by the Hon'ble

Commission, the Applicant will provide the necessary updated information, if sought by the Hon'ble Commission.

**5.0. Profile**

The applicant HRECS is the only Rural Electric Co-Operative Society in the State of Karnataka serving about 86524 members spread over about 991.49 sq. km under the license granted to the HRECS by the Hon'ble Commission, under Section 14 of the Electricity Act, 2003 and catering the needs of 120179 installations. Further, energy consumed for the period ending 31-03-2017 was 265.63 MU. In the distribution networks of the Petitioner there existed 2204 Distribution Transformers as on 31-03-2017. Further, Petitioner's Asset swelled to Rs. 7479.39 lakh on 31-03-2017.

**5.1. Consumer Profile as on 31<sup>st</sup> March, 2017**

**TABLE 1: Consumer Profile**

| Sl. No. | Tariff Category         | Number of Installations |
|---------|-------------------------|-------------------------|
| 1.      | LT-1                    | 12455                   |
| 2.      | LT - 2 (a)              | 72762                   |
| 3.      | LT - 2 (b)              | 78                      |
| 4.      | LT - 3                  | 5677                    |
| 5.      | LT - 4 (a)              | 25816                   |
| 6.      | LT - 4 (b)              | 9                       |
| 7.      | LT-4 (c)                | 4                       |
| 8.      | LT - 5                  | 2252                    |
| 9.      | LT - 6 (Water Supply)   | 595                     |
| 10.     | LT -6 (Public lighting) | 368                     |
| 11.     | LT -7 (Temporary)       | 131                     |
|         | <b>LT Sub Total</b>     | <b>120147</b>           |

|            |                     |               |
|------------|---------------------|---------------|
| <b>12.</b> | HT-1                | <b>6</b>      |
| <b>13.</b> | HT-2 (a)            | <b>10</b>     |
|            | SEZ                 | <b>1</b>      |
| <b>14.</b> | HT - 2 (b)          | <b>5</b>      |
| <b>15.</b> | HT - 2 (c)(i)       | <b>3</b>      |
| <b>16.</b> | HT - 2 (c)(ii)      | <b>2</b>      |
| <b>17.</b> | HT - 3              | <b>5</b>      |
|            | <b>HT Sub Total</b> | <b>32</b>     |
|            | <b>GRAND TOTAL</b>  | <b>120179</b> |
|            |                     |               |

## 5.2 Brief History of the Applicant HRECS

The Applicant HRECS is incorporated under the provisions of the Karnataka Co-Operative Societies Act, 1959, as a Co-Operative Society and was one of the five pilot Rural Electric Co-Operative Societies established on 21-07-1969 through Rural Electrification Corporation Limited (REC), New Delhi, as per the decision of the Government of India and based on sponsorship from United States Agency for International Development (USAID) in collaboration with National Rural Electric Co-Operative Association (NRECA), of the United States of America.

- 5.2.1.** HRECS was the first of its kind in the rural distribution of electricity on a co-operative model and registered as Hukeri Rural Electric Co-Operative Society and is the only one working in Karnataka State.
- 5.2.2.** Initially, the Government of Karnataka (GoK) granted the license for distribution of electricity to the HRECS on 12-10-1970, under the provisions of the Electricity Act, 1910. Since then, the HRECS is engaged in the distribution of electricity to Hukeri Taluka. Thereafter, KERC was constituted under the Karnataka Electricity Reform Act, 1999 (hereafter referred to as '**the KER Act**'). The HRECS was granted the license

initially for a period of five years, in October, 2001. After coming into force of the Act in 2003, KERC, by its order No. L/1/06 dated 14<sup>th</sup> November, 2006, granted the licence for distribution of electricity within its licenced area for a period of twenty five (25) years from 19<sup>th</sup> October, 2006, under the provisions of the Act.

**5.3. Assets**

The HRECS at the time of its constitution (in the year 1970) purchased assets worth Rs. 45.77 Lakhs from the then Karnataka Electricity Board (KEB). The present assets, as on 31<sup>st</sup> March, 2017 held by the HRECS are worth about Rs. 7479.39 lakh.

**5.4. Membership**

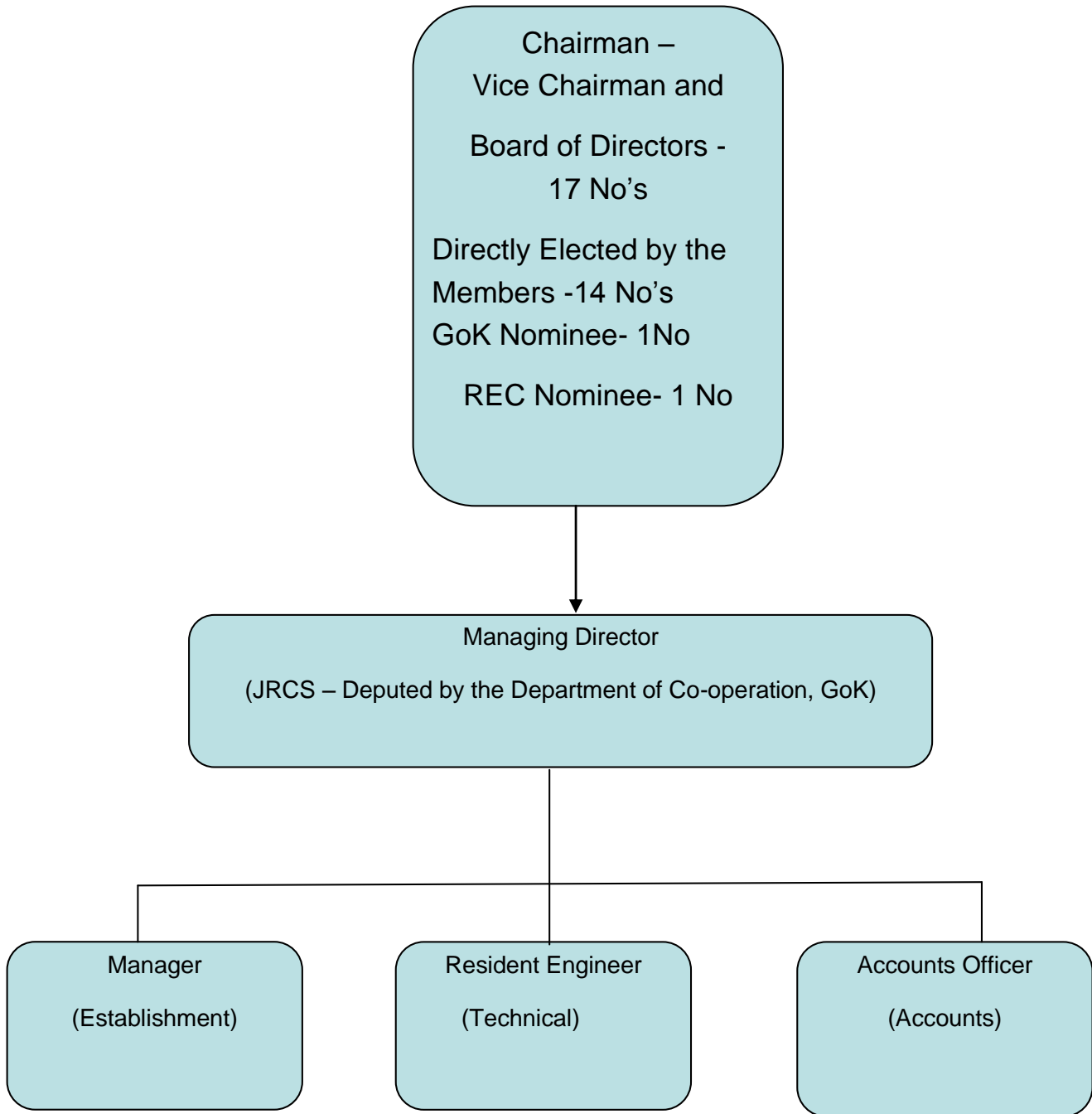
As per the Bye-laws of the HRECS, every consumer should be a member of the HRECS by holding at least one fully paid up equity share of face value of Rs.100/- each. Presently, as on 31<sup>st</sup> March 2017 there are 86,524 members who have paid the share amount of Rs. 6.35 crores.

**5.5. Work Division**

Hukeri Taluka, the distribution area of the HRECS is divided in the following divisions each headed by a Section Officer:

1. Hukeri-I
2. Hukeri-II
3. Sankeshwar
4. Yamakanamaradi
5. Hidakal Dam
6. Kanagala
7. Hebbal
8. Sultanpur
9. Bellad Bagewadi





### **5.6. Master Unit Sub Stations (MUSS)**

The total connected load of the HRECS is around 193 MW. To meet this demand the following Sub Stations are functioning at Hukeri:-

1. Hukeri - 1 No. x 10 MVA Transformer – 110 / 11 KV Sub-station  
1 No. x 20 MVA Transformer – 110 / 11 KV Sub-station
2. Hidakal Dam-1 No. x 10 MVA Transformer – 110 / 11 KV Sub-station  
1 No. x 20 MVA Transformer – 110 / 11 KV Sub-station
3. Sankeshwar- 1 No. x 10 MVA Transformer – 110 / 11 KV Sub-station  
1 No. x 20 MVA Transformer – 110 / 11 KV Sub-station
4. Hattaragi - 2 Nos. x 10 MVA Transformers – 110 / 11 KV Sub-station
5. Shiragaon-2 Nos. x 10 MVA Transformers – 110 / 11 KV Sub-station
6. Daddi-2 Nos. x 10 MVA Transformers – 110 / 11 KV Sub-station
7. Kanagala - 2 No. x 5 MVA Transformers – 33 / 11 KV Sub-station
8. Hebbal - 2 No. x 5 MVA Transformers – 33 / 11 KV Sub-station

### **5.7. Distribution Transformer Centres (DTCs)**

There are about 2204 Nos. of DTCs with various capacities as on 31<sup>st</sup> March, 2017.

### **5.8. Consumer Friendly Measures**

- a) The Applicant is having a website of its own ([www.hreecs.com](http://www.hreecs.com)) and established email communication facilities with its email id [hukeriruralele@yahoo.co.in](mailto:hukeriruralele@yahoo.co.in) / [hukeri.recs@gmail.com](mailto:hukeri.recs@gmail.com).
- b) Consumers can approach the Section Officers of the HRECS at the following phone numbers, which are made available to the consumers:

| <b>Sl. No</b> | <b>Name of the Section</b> | <b>Phone Number</b> |
|---------------|----------------------------|---------------------|
| 1.            | Hukeri-I, Hukeri-II        | 08333 – 265030      |
| 2.            | Sankeshwar                 | 08333 – 273396      |
| 3.            | Yamakanmaradi              | 08333 – 276245      |
| 4.            | Hidkal Dam                 | 08333 – 263230      |
| 5.            | Kanagala                   | 08333-279230        |
| 6.            | Hebbal                     | 08333-275030        |
| 7.            | Sultanpur                  | 08333-258230        |
| 8.            | Bellad Bagewadi            | 08333-267230        |

### **5.9. Employees Strength**

In 1986, the Joint Registrar of Co-operative Society (JRCS) of the Government of Karnataka sanctioned 226 permanent posts for HRECS, besides temporary staffs. The present permanent Working Staff strength in HRCES as on 31 March 2017 is about 131 and Temporary staff numbering 150. Thus strength of the staff is 281as on 31 March 2017.

It is submitted that in 1986, there was one 110/11 KV sub-station and two sub-stations of 33/11 KV capacity. Presently, the power requirements of the HRECS have been catered by six 110/11 KV and two 33/11 KV substations. The total number of consumers in 1986 was about 30,000, which is now tripled. Now the Society is taking steps to recruit more staffs for rendering better services to consumers. In this connection, it is respectfully submitted that the management of the HRECS was in the process of recruitment 104 employees during FY 2018. However HRECS will be able to recruit these men as regular staff and accord permanency for temporary staff which will have an additional burden of Rs.1.85 Crores for the year FY19 which is requested to be allowed as an additional expenditure in the Revenue Requirement for FY19.

### **5.10 Collection, Billing and Vigilance**

The HRECS has an efficient collection and billing mechanism. The Society has established 25 Bill Collection centres for facilitating the consumers. This mechanism has improvised with introduction of Spot Billing System. All Time Payment (ATP) machines are installed in Hukeri, Sankeshwar Town, Yamakanmardi, Paschapur and Daddi Villages. Besides all these bill collection facilities, the HRECS has also introduced mobile bill collection facility.

### **5.11 Vigilance Activity:**

It is submitted that under first proviso to section 135(1A) of the Act, only such officer of the licensee or supplier, as authorised for the purpose by the Appropriate Commission or any other officer of the licensee or supplier, as the case may be, of the rank higher than the rank so authorised shall disconnect the supply line of electricity, on detection of theft of electricity.

The Hon'ble Commission vide its Notification, notified in Part III of Karnataka Gazette dated 3-6-2010 at page 2279 and issued under Section 135(1-A) of the Act authorised the officials of ESCOMS only to disconnect the supply of electricity to any premises upon detection of theft of electricity. In the said notification, the officers/employees of the HRECS have not authorised to disconnect the power supply in case of detection of theft of electricity. Hence, the HRECS is handicapped from executing the vigilance activities effectively. Hence, the HRECS prays the Hon'ble Commission to authorise the officials of the HRECS also to disconnect the power supply upon detection of theft. This matter was brought to the kind notice of Hon'ble Commission earlier as well. Therefore, at present, the Petitioner requests Hon'ble Commission for an early decision on the issue.

## **6 Power Purchase Agreement :**

The HRECS is paying the Bulk Supply Tariff to Hubli Electricity Supply Company Limited (hereafter referred to as '**HESCOM**') as decided by the Hon'ble Commission, from time to time. The Hon'ble Commission, vide order dated 14-02-2015 approved the draft PPA. The PPA is entered into between HESCOM and the Applicant.

In this application, the power purchase cost is assumed as Rs. 4.1885 per unit assumed for FY 19 which is as approved by the Hon'ble Commission for FY 19 vide order dated 30 March 2016. The PPA is entered into between HESCOM and the Applicant.

- 6.1** Transmission charges are being included in the bulk supply tariff of HESCOM as approved by the Hon'ble Commission, from time to time.

## **7 Government of Karnataka (GoK) Support**

- a) Of the total power consumption within the HRECS service area, about 69% of power is consumed by IP Sets (Agriculture). The cross subsidy element is also very less compared to consumer profiles of State owned ESCOMs. The actual tariff for IP Sets are as decided by KERC in its Order dated 11<sup>th</sup> April, 2017. In the said tariff order, the Hon'ble Commission determined tariff for IP Sets below 10 HP as Rs. 5.79 per unit supplied to IP Sets. The Society has been claiming Rs. 5.79 per unit of power supplied to IP Sets below 10 HP, as subsidy from GoK as per the Tariff Order dated 11-04-2017. GoK is releasing IP Set Subsidy on monthly basis, as per the provisional claims of the Society. The GoK has been releasing the balance of IP Set power supply cost as subsidy to the Society only after the annual performance review of the Society is carried out by the Hon'ble Commission, based on the audited accounts, audited earlier by the auditors of the Department of Co-operation, Government of Karnataka and from FY 13 onwards by the Chartered Accountants approved by the Department of Co-operation, Government of Karnataka.
- b) At present, a sum of Rs. 47.61 Crores is due from GoK towards IP Set subsidy and Rs. 13.53 lakhs subsidy towards electricity supplied to

weavers, which were all accounted in the books of accounts of the HRECS, in its accounts for FY 17. The GoK is also yet to release a sum of Rs. 3.5812 crores on account of reimbursement of amount refunded to IP Set consumers who paid the same before 31<sup>st</sup> March 2003, as per the GoK Policies, pertaining to the year 2001 to 2003, which is also accounted in the books of the HRECS.

**8. DIRECTIVES OF THE HON'BLE COMMISSION AND STATUS OF THEIR COMPLIANCES.**

**i. Directive on conducting Consumers' Interaction Meetings in the O & M sub-divisions for redressal of consumer complaints:**

During the Public Hearings held by the Commission to hear the views, comments & suggestions of the consumers and other stakeholders on the ESCOMs' Tariff applications, it was brought to the notice of the Commission by the consumers that the Consumer Interaction Meetings chaired by the Superintending Engineers, in the O&M sub-divisions of ESCOMs are not being conducted regularly, thus denying them of the opportunity to attend such meetings to air their complaints/ grievances pertaining to supply of electricity and any others issues. The consumers have urged the Commission to ensure that ESCOMs take necessary action to make the sub-divisions conduct Consumer Interaction meetings regularly to hear and address the consumer grievances.

The Commission strongly opines that if the ESCOMs conduct consumer interaction meetings regularly, not only most of the grievances of the consumers could be redressed in such meetings, the ESCOMs could also redesign/realign their operations and investments on capital and other works to optimally deliver better and satisfactory service to the consumers. Such development could also increase the efficiency and revenues of the ESCOMs.

Hence, the Commission hereby directs the Hukeri RECS to ensure that Consumer Interaction Meetings chaired by the Managing Director are conducted in each O&M section according to a pre-published schedule, at least once in every three months. Further, the consumers shall be invited to such meetings in advance through emails, letters, notices on

Hukeri RECS's website, local newspapers etc., to facilitate participation of maximum number of consumers in such meetings. The Hukeri RECS should ensure that the proceedings of such meetings are recorded and uploaded on its website, for the information of consumers. Compliance in this regard shall be reported once in three months to the Commission, indicating the date, the number of consumers attending such meetings and the status of redressal of their complaints.

If the Hukeri RECS fails to ensure conduct of the Consumer Interaction Meetings as directed, the Commission would consider imposing a penalty of up to Rupees one lakh per O&M section per quarter for each instance of non-compliance, and also direct that such penalty shall be recovered from the Managing Director who fails to conduct such meetings.

**HRECS Compliance :**

**It is respectfully submitted before this Hon'ble Commission that the Hukeri RECS has been conducting meeting in each O & M section and Managing director chairs the Consumer Interaction Meetings. Hukeri RECS has notified in the news paper regarding time and venue of the Consumer Interaction Meetings and the following table indicates the details of the meeting:**

| <b>Sl. No.</b> | <b>Sections</b>        | <b>Date &amp; place of the meeting</b> | <b>No. of consumers attendening the meeting</b> | <b>Issues raised</b> | <b>Issues resolved</b> |
|----------------|------------------------|----------------------------------------|-------------------------------------------------|----------------------|------------------------|
| <b>1</b>       | <b>Hukkeri-I</b>       | <b>07-11-2017<br/>Hukkeri</b>          | <b>11</b>                                       | <b>11</b>            | <b>11</b>              |
| <b>2</b>       | <b>Hukkeri-II</b>      | <b>07-11-2017<br/>Hukkeri</b>          | <b>14</b>                                       | <b>14</b>            | <b>14</b>              |
| <b>3</b>       | <b>Bellad Bagewadi</b> | <b>07-11-2017<br/>Hukkeri</b>          | <b>8</b>                                        | <b>8</b>             | <b>8</b>               |
| <b>4</b>       | <b>Sultanapur</b>      | <b>07-11-2017<br/>Hukkeri</b>          | <b>21</b>                                       | <b>21</b>            | <b>21</b>              |
| <b>5</b>       | <b>Sankshwar</b>       | <b>08-11-2017<br/>Sankeshwar</b>       | <b>4</b>                                        | <b>5</b>             | <b>5</b>               |

|          |                     |                                  |          |          |                                                                                                             |
|----------|---------------------|----------------------------------|----------|----------|-------------------------------------------------------------------------------------------------------------|
| <b>6</b> | <b>Kanagala</b>     | <b>08-11-2017<br/>Sankeshwar</b> | <b>2</b> | <b>2</b> | <b>1<br/>resolved<br/>on the<br/>same<br/>day &amp;<br/>other<br/>one<br/>resolved<br/>on 09-<br/>11-17</b> |
| <b>7</b> | <b>Hebbal</b>       | <b>08-11-2017<br/>Sankeshwar</b> | <b>1</b> | <b>1</b> | <b>1</b>                                                                                                    |
| <b>8</b> | <b>Yamakanmardi</b> | <b>08-11-2017<br/>Sankeshwar</b> | <b>3</b> | <b>3</b> | <b>3<br/>resolved<br/>on 09-<br/>11-17</b>                                                                  |
| <b>9</b> | <b>Hidkal Dam</b>   | <b>08-11-2017<br/>Sankeshwar</b> | <b>1</b> | <b>1</b> | <b>1</b>                                                                                                    |

**Proceeding of the meetings have been uploaded in web site. Further proceedings have been submitted to the Hon'ble Commission.**

- ii. Directive on preparation of energy bills on monthly basis by considering 15 minute's time block period in respect of EHT/HT consumers importing power through power exchange under Open Access**

The Commission has noticed that, year on year, there has been a substantial increase in the number of EHT and HT consumers of the distribution licensees opting for open access resulting in substantial volume of energy being procured through Power Exchanges, which imposes a burden on the SLDC, in grid management.

Further, in accordance with the stipulations in Clause 6.3 (f) of the Karnataka Electricity Grid Code (KEGC), 2015, under the chapter on Operation Planning, in order to facilitate demand estimation for operational purpose, the distribution licensee is required to provide to the SLDC, on a day ahead basis, at 09.00 hours each day, its estimated demand for each 15-minute block, for the ensuing day. The distribution licensee is also, required to provide to the SLDC, the estimates of loads



that may be shed, when required, in discrete blocks, with the details of arrangements of such load shedding. Consequent to such stipulation the distribution licensees are required to prepare monthly energy bills in respect of EHT/HT consumers importing power through power exchange under Open Access, by considering 15 minute's time block. However, it is observed in rare cases this billing requirement is not being complied with by the distribution licensees.

In view of this, the Commission directs the Hukeri RECS to ensure preparation of energy bills on monthly basis by considering the 15 minutes time block period in respect of EHT/HT consumers importing power through power exchange under Open Access. The Hukeri RECS shall implement the directive forthwith and the compliance regarding the same shall be submitted monthly from May, 2017 onwards, to the Commission, regularly.

**HRECS Compliance.**

**HRECS has in its jurisdiction 32 Nos of HT installations and none of the them are Open Access Consumers. Therefore HRECS is not in a position to submit details in this regard.**

**2. Review of Compliance of Existing Directives:**

The Commission had in its earlier Tariff Orders and other communications issued several directives for compliance by the Hukeri RECS. While reproducing such directives, the compliance of the directives as reported by the Hukeri RECS is analyzed in this Section.

**i. Directive on Energy Conservation:**

The Commission had directed the distribution licensees to service all the new installations only after ensuring that the BEE \*\*\*\*\* (Bureau of Energy Efficiency five-star rating) rated Air Conditioners, Fans, Refrigerators, etc., are being installed in the applicant consumers' premises.

Similarly, all new streetlight/high mast installations including extensions made to the existing streetlight circuits shall be serviced only with LED lamps/energy efficient lamps like induction lamps.

Further, the Commission had directed the distribution licensees to take up programmes to educate all the existing domestic, commercial and industrial consumers, through media and distribution of pamphlets along with monthly bills, regarding the benefits of using five-star rated equipment certified by the Bureau of Energy Efficiency in reduction of their monthly electricity bills and conservation of precious energy.

Compliance by the HRECS:

The Hukeri RECS has already started obeying the directive issued by the Commission. Further, the Hukeri RECS has received around 16,000 LED bulbs from KREDL and the same have been distributed to domestic consumers for replacement of existing energy inefficient bulbs. The Hukeri RECS is also encouraging domestic consumers for replacement of the existing inefficient bulbs by LED bulbs. The result of the programme is being analyzed.

Commission's Views:

The Commission observes that the Hukeri RECS has not submitted the compliance regularly on implementation of the directive. It is also observed from the compliance that the Hukeri RECS has merely stated that it has started obeying the directive but the details having implemented the directive have not been submitted. The Commission views it seriously the non-compliance of its directive by the Hukeri RECS. The Hukeri RECS is directed to verify whether there is any real progress made in the field in servicing of the BEE star rated Air Conditioners, Fans, Refrigerators, etc., in the applicant consumers' premises. In this regard, the Hukeri RECS shall also review the progress/status of implementation of the directive with the field staff periodically.

Further, it is also important that the Hukeri RECS takes up continuous awareness programme to educate the consumers about the benefit of using the energy efficient appliances in their premises to ensure that penetration of energy efficient appliances is increased significantly.

The Commission reiterates that the Hukeri RECS shall service all the new installations only after ensuring that the BEE \*\*\*\*\* (Bureau of Energy Efficiency five-star rating) rated Air Conditioners, Fans, Refrigerators, etc., are being installed in the applicant consumers' premises and the compliance thereon shall be reported to the Commission once in a quarter regularly.

**HRECS Compliance:**

**New installations are serviced only after ensuring that Air Conditioners, Fans, Refrigerators, etc. confirming to standard of Bureau of Energy Efficiency five-star rating. Only then rated Air Conditioners, Fans, Refrigerators, etc are allowed to be installed in the Applicant's consumers premises.**

**ii. Reduction in the Distribution losses:**

In view of the obvious benefits in the introduction of HVDS in reducing distribution losses, the Commission had directed Hukeri RECS to implement High Voltage Distribution System in its jurisdiction by utilizing the capex provision allowed in the ARR for the year.

Compliance by the HRECS:

Hukeri RECS has taken up preliminary survey on one IP-set feeder for implementation of HVDS. The DPR is being prepared and the same will be submitted to Energy Department, GoK, for releasing the grant for the project.

**Commission's Views:**

The Commission has issued the revised guidelines for implementation of HVDS in feeders having the highest distribution losses, so that a higher loss reduction could be achieved on implementation of the HVDS. The Commission notes that the Hukeri RECS has not initiated any step to implement the HVDS in its jurisdiction as a part of its capex, except informing that the DPR is being prepared and the same will be submitted to

the Energy Department, GoK, for its approval. As seen, there is no progress in implementation of HVDS in its jurisdiction as the status is same as that of the last year only.

The Commission directs the Hukeri RECS to implement the HVDS as per the revised guidelines and to report the progress/compliance thereon to the Commission regularly once in a quarter.

**HRECS Compliance:**

**HRECS has not submitted any HVDS proposal to the Commission as per KERC letter bearing ref No. KERC/D/5/2017-18/1199 Dtd.23.10.2017.**

**iii. Demand Side Management in Agriculture:**

In view of the urgent need for conserving energy for the benefit of the consumers in the State, the Commission had directed the Hukeri RECS to take up replacement of inefficient irrigation pumps with energy efficient pumps approved by the Bureau of Energy Efficiency, in its jurisdiction.

Compliance by the HRECS:

The Hukeri RECS will study the pilot project implemented in the HESCOM and will be simultaneously approaching the Energy Efficiency Services Limited (EESL), New Delhi, for executing Demand Side Management (DSM) in the jurisdiction of Hukeri RECS.

Further, the Hukeri RECS has received around 16,000 LED bulbs from KREDL and the same have been distributed to domestic consumers for replacement of existing energy inefficient bulbs. The Hukeri RECS is also encouraging domestic consumers for replacement of the existing inefficient bulbs by LED bulbs. The result of the programme is being analyzed.

**Commission's Views:**

The Commission notes that there is no progress in implementation of DSM in agriculture by the Hukeri RECS. The Commission also observes that the

Hukeri RECS has not taken any concrete action in the field towards implementation of DSM measures in its jurisdiction, seriously.

The Commission is of the view that there is a huge potential for energy saving in the agricultural sector which needs to be tapped by implementing the scheme as early as possible and derive the optimum benefits on completion of the same. In this regard, much emphasis should be given for implementation of DSM measures aimed at conserving energy and also precious water for the benefit of farmers.

Further, the Commission while emphasizing the need for implementation of DSM in agriculture during its review meetings held with the ESCOMs, has been directing them to initiate DSM measures.

The Commission directs the Hukeri RECS to expedite the implementation of DSM measures in its jurisdiction and complete the same at the earliest and compliance thereon shall be submitted to the Commission within three months from the date of this Order.

**HRECS Compliance:**

**Hukeri RECS learnt that the expected savings in energy is not forthcoming from the energy efficient pumps which are installed by ESCOMs. These energy efficient pumps have not established desired results and economics benefit in its performance. Further agencies involved in the installing such pumps are reaping un intended economic benefit. Fearing such negative impact, HRECS respectfully submits to the Hon'ble Commission that it may not be desirable to venture such scheme for small company of the size of Hukkeri RECS.**

**It is also submitted before the Commission that in the review meeting held at KERC on 21-06-2017, the Commission has directed ESCOMs to compute the benefit of energy efficient schemes on a realistic basis taking into account a number of hour of power supply and reduce the financial pay outs on account of this. Hukkeri RECS is looking into the action taken by ESCOMs to decide on initiating energy efficient schemes i.e. DSM in agriculture.**

**iv. Nirantara Jyothi – Feeder Separation:**

The Commission had directed the Hukeri RECS to implement Nirantara Jyothi Yojana in its jurisdiction and furnish monthly reports to the Commission regarding the progress of its implementation.

Compliance by the HRECS:

The Hukeri RECS has implemented the NJY scheme and presently 11 feeders have already been commissioned and the work pertaining to 6 feeders is nearing completion.

Further, the Hukeri RECS has requested M/s CPRI, to carry out analysis of the feeders commissioned under NJY. After submission of analysis report by the CPRI, the same will be submitted to the Commission.

**Commission's Views:**

The Commission notes that the Hukeri RECS has commissioned totally 11 feeders out of 17 feeders taken up for implementation under NJY scheme. But, Hukeri RECS has not expedited the said works as can be seen from its compliance that the works in respect of 6 feeders are not yet completed. The delay on the part of Hukeri RECS to implement the NJY works has only resulted in non-realization of envisaged benefits set out in the DPR when the project was initiated.

The Hukeri RECS is hereby directed to complete and commission the remaining 6 feeders expeditiously and after that to carry out the analysis of those feeders so as to ensure that the objectives set out as per the DPR are accomplished. Further, the Hukeri RECS shall continue to ensure that NJY feeders are not tapped illegally for running IP-sets which would defeat the very purpose of feeder segregation scheme undertaken at huge cost.

Further, it is noted that the Hukeri RECS has already segregated 11 feeders under NJY works and consequent to this, agricultural feeders are exclusive from rural loads and the energy consumed by the IP-sets could be more accurately measured at the 11 KV feeders at the sub-stations after duly allowing for distribution losses in 11 KV lines, distribution transformers and LT lines. The Hukeri RECS is directed to report every month, specific consumption and the overall IP-set consumption only on the basis of reading data obtained from agricultural feeders' energy meters as per the formats prescribed by the Commission.

The Commission reiterates its directive to the Hukeri RECS to continue to furnish feeder-wise IP-set consumption based on feeder energy meter data to the Commission every month in respect of agricultural feeders segregated under NJY.

**HRECS Compliance:**

**HRECS has commissioned 16 feeders out of 17 feeders taken up for implementation under NJY schemes. Balance one number of feeder will be completed by Dec-17. Report of CPRI is awaited and further results/benefits will be analysed and appraised to the Hon'ble Commission. Hukeri RECS is vigilant and is not allowing its NJY feeders being tapped by other consumers. Feeder wise IP set energy consumption based on feeder energy meter in respect of agricultural feeders segregated under NJY are submitted to the Hon'ble Commission.**

**v. Optimizing Transformer Capacities:**

The Commission directs that Hukeri RECS should undertake a systematic audit of transformer loads on a quarterly basis and ensure that transformers installed are of optimum capacity, keeping in view the load to be serviced.

Compliance by the HRECS:

The Hukeri RECS is installing additional distribution transformers in locations where the existing distribution transformers are over-loaded to reduce the load and to maintain optimum capacity.

**Commission's Views:**

The Commission observes that the Hukeri RECS has not submitted the quarterly reports regarding the systematic audit of distribution transformers undertaken by it in its jurisdiction. The Commission reiterates its directive to Hukeri RECS to ensure that the distribution transformers installed are of optimum capacity with regard to connected loads on them, to reduce energy losses prevailing in the distribution system. The Commission directs the Hukeri RECS to report compliance in the matter, to the Commission regularly once in a quarter.

**HRECS Compliance:**

**Hukeri RECS has submitted the quarterly reports regarding the systematic audit of distribution transformers undertaken by it in its jurisdiction. Hukeri RECS ensured that the distribution transformers installed are of optimum capacity with regard to connected loads on them, to reduce energy losses prevailing in the distribution system. In this connection it is brought to the notice of the Hon'ble Commission that during FY 17, HRECS has installed 166 additional numbers of various capacities of DTC's.**

**Hukeri RECS will report on the issue regularly, in future.**

**vi. Service Centers for Improved Responsiveness:**

The Commission is of the view that in order to improve the services to consumers, the distribution licensees must suitably reorganize their field operations. The Commission is of the view that Hukeri RECS should introduce a system of 'Service Centers' manned by a group of 4-5 maintenance workers with appropriate transport facility to enable them to



move to the affected areas quickly with necessary maintenance materials and equipment. The operational area and the level of maintenance work and complaints that can be attended to by the 'Service Centers' could also be appropriately defined. In view of the improved communication network in the rural areas, such Centers can function even in the rural areas very effectively. The maintenance crew in the Service Centers can also be utilized to keep a vigil over cases of unauthorized use of electricity and prevent theft of power by obtaining assistance from the local revenue or police authorities wherever necessary. The Commission directs that Hukeri RECS shall introduce the system of adequately equipped 'Service Centers and report the results of its operations along with details of additional expenditure to the Commission.

Compliance by the HRECS:

The Hukeri RECS will establish a service center for dealing with consumer complaints. The area of operation HRECS is only a taluka. Hence, constitution of one CGRF will be sufficient. The HRECS has already sent the names of two of its officials to function as members of CGRF to be constituted by Commission and requested the Commission to constitute a CGRF by nominating a person in accordance with the KERC Regulations vide HRECS letter No.3668, dated 13.12.2013. The matter is still under the consideration of the Commission. The HRECS assures that the CGRF will start functioning immediately after due constitution of the CRRF by the Commission.

**Commission's Views:**

The Commission is of the opinion that the distribution licensees should establish service centers in each O&M unit for effectively attending to the consumer complaints with regard to interruptions in power supply, defect in meters, billing errors etc. The Hukeri RECS should ensure prompt response to the consumer complaints regarding interruptions in power supply which may be due to breakdown of lines / equipment, failure of distribution transformers etc.

Further, the Commission vide its order No: KERC/D/02/16-17, dated 06.05.2016, has already constituted a CGRF in the jurisdiction of Hukeri

RECS with its Managing Director as the chairperson and its Resident Engineer as Member. Subsequently on 29.08.2016, a non-official Member of the CGRF was also nominated by the Commission. This means, constitution of the CGRF in the jurisdiction of the Hukeri RECS has been completed in all respects long back. This leaves that the Hukeri RECS has to conduct meetings regularly in accordance with the KERC (CGRF & Ombudsman) Regulations, 2004 and its amendments from time to time.

Therefore, the Commission directs the Hukeri RECS to conduct CGRF meetings regularly for redressal of complaints. Further, Hukeri HRECS is directed to establish Service Centers and conduct regular consumer interaction meetings in each O&M section to effectively address the consumer complaints and report the compliance thereon to the Commission regularly once in three months.

**HRECS Compliance:**

- i. Not even a single petition has come before CGRF constituted at Hukeri inspite of notifying CGRF meeting in the notice board of Hukeri RECS on Jun 12<sup>th</sup> 2017.**
- ii. Hukeri RECS is conducting regular consumer interaction meetings.**
- iii. HRECS has established a service centre in Hukeri Taluka.**
- iv. Hukeri RECS has once again notified CGRF meeting to be held on 29-11-2017 at Hukkeri RECS H.Qrs.in Kannadamma News paper dated 23-11-2017, a kannada daily having wide circulation in Hukkeri area.**

**9. ANNUAL PERFORMANCE REVIEW (APR) FOR FY -17.**

A separate application for Annual Performance Review (APR) for FY -17 is filed by the HRECS, for the kind consideration of the Hon'ble Commission along with the present petition.

**10 Energy Input at interface points:**

**TABLE 2: Quantum of input energy at interface points**

| <b>Year</b>              | <b>Actual quantum of Input at Interface points (MU)</b> | <b>Percentage Growth over previous year</b> |
|--------------------------|---------------------------------------------------------|---------------------------------------------|
| 2012-13                  | 257.19                                                  | 12.70                                       |
| 2013-14                  | 270.36                                                  | 5.12                                        |
| 2014-15                  | 280.39                                                  | 3.71                                        |
| 2015-16                  | 311.46                                                  | 11.08                                       |
| 2016-17                  | 312.24                                                  | 0.25                                        |
| Revised Estimate 2017-18 | 344.50                                                  | 10.33                                       |
| 2018-19                  | 375.40                                                  | 8.96                                        |

The quantum of energy input and sales for the previous years are depicted in the above tables.

**11 SALE FORECAST:**

**TABLE 3: Quantum of energy sales**

| <b>Year</b> | <b>Actual quantum of Sales (MU)</b> | <b>Percentage Growth over previous year</b> |
|-------------|-------------------------------------|---------------------------------------------|
| 2012-13     | 218.85                              | 13.23                                       |
| 2013-14     | 229.12                              | 4.69                                        |
| 2014-15     | 238.21                              | 3.82                                        |
| 2015-16     | 264.36                              | 10.98                                       |
| 2016-17     | 265.63                              | 0.48                                        |
| 2017-18     | 292.52                              | 10.12                                       |
| 2018-19     | 318.87                              | 9.00                                        |

Energy Sale and Growth Rate from FY- 14 to FY- 18 and the quantum of energy input and sales for the previous years are depicted in the above tables. Based on sale of previous years, the sale forecast for FY-19 is

estimated applying CAGR formula in respect of metered categories considering average growth rate at 6.30% per annum.

**12 Number of installations:**

12.1 As per Regulation No. 2.5.2 of the MYT Regulations, the Annual Revenue Requirement (ARR) for Retail Supply Business shall be on the expected revenue from charges at the existing tariff. In order to estimate ERC, the accurate sale forecast is necessary. The energy sale for FY-19 depends upon the population, policies of the Government, the various schemes under implementation, the number of hours of supply available to consumers etc. These facts have an impact on growth of installations. Hence the HRECS has analyzed the growth of installations in the area of supply for the period from FY-14 to September-17. Due to various reasons, some of the installations across the categories are being dismantled. This fact is also considered in estimation of sale forecast. In order to have accurate sale forecast, year-end number of installations and total energy sold across the categories during respective year is reviewed to ascertain the growth. The number of installations and growth rate as per CAGR for the period from FY-14 to FY-17 are as follows (except LT1 BJ / KJ, the same has been assessed on realistic basis):

**Table 4 : Number of Installations for FY 19**

| Tariff               | FY14 in No's | FY15 in No's | FY16 in No's | FY17 in No's | FY18 in No's | Yn=               | Yi=             | n=5                       | CAGR                                    | FY 19 in No's |
|----------------------|--------------|--------------|--------------|--------------|--------------|-------------------|-----------------|---------------------------|-----------------------------------------|---------------|
|                      |              |              |              |              |              | FY-18             | FY-14           |                           |                                         |               |
|                      |              |              |              |              |              | $\frac{1}{(n-1)}$ | $\frac{Yn}{Yi}$ | $\frac{Yn}{Yi}^{1/(n-1)}$ | $[(\frac{Yn}{Yi})^{1/(n-1)} - 1] * 100$ |               |
| Upto 40 units        | 7829         | 9817         | 11824        | 11259        | 12132        | 0.25              | 1.55            | 1.12                      | 11.57                                   | 13536         |
| Above 40 units       | 318          | 370          | 559          | 1196         | 436          | 0.25              | 1.37            | 1.08                      | 8.21                                    | 472           |
| <b>LT-1-BJ/KJ</b>    | <b>8147</b>  | <b>10187</b> | <b>12383</b> | <b>12455</b> | <b>12568</b> | 0.25              | 1.54            | 1.11                      | 11.45                                   | <b>14008</b>  |
| <b>LT-2(a)(i) U</b>  | <b>12939</b> | <b>13205</b> | <b>13653</b> | <b>13993</b> | <b>14357</b> | 0.25              | 1.11            | 1.03                      | 2.63                                    | <b>14735</b>  |
| <b>LT-2(a)(ii) R</b> | 56256        | 56974        | 57766        | 58769        | 59807        | 0.25              | 1.06            | 1.02                      | 1.54                                    | <b>60729</b>  |

**Tariff Filing for FY-19 & Approval of ARR & ERC 2019**

|                        |               |               |               |               |               |             |             |             |              |               |
|------------------------|---------------|---------------|---------------|---------------|---------------|-------------|-------------|-------------|--------------|---------------|
| <b>LT -2(b) (i) U</b>  | 36            | 38            | 40            | 40            | 40            | 0.25        | 1.11        | 1.03        | 2.67         | <b>41</b>     |
| <b>LT -2(b) (ii) R</b> | 33            | 34            | 36            | 38            | 38            | 0.25        | 1.15        | 1.04        | 3.59         | <b>39</b>     |
| <b>LT-3(i) U</b>       | <b>2397</b>   | <b>2456</b>   | <b>2574</b>   | <b>2608</b>   | <b>2634</b>   | 0.25        | 1.10        | 1.02        | 2.39         | <b>2697</b>   |
| <b>LT-3(ii) R</b>      | 2849          | 2906          | 2996          | 3069          | 3116          | 0.25        | 1.09        | 1.02        | 2.26         | <b>3187</b>   |
| <b>LT-4(a)</b>         | 23336         | 23817         | 24283         | 25816         | 27052         | 0.25        | 1.16        | 1.04        | 3.76         | <b>28070</b>  |
| <b>LT-4(b)</b>         | <b>9</b>      | <b>9</b>      | <b>9</b>      | <b>9</b>      | <b>9</b>      | 0.25        | 1.00        | 1.00        | 0.00         | <b>9</b>      |
| <b>LT-4(c)</b>         | 2             | 2             | 2             | 4             | 4             | 0.25        | 2.00        | 1.19        | 18.92        | <b>5</b>      |
| <b>LT-5</b>            | 1963          | 2041          | 2140          | 2252          | 2359          | 0.25        | 1.20        | 1.05        | 4.70         | <b>2470</b>   |
| <b>LT-6(a)WS</b>       | <b>574</b>    | <b>594</b>    | <b>609</b>    | <b>595</b>    | <b>595</b>    | 0.25        | 1.04        | 1.01        | 0.90         | <b>600</b>    |
| <b>LT-6(b)STL</b>      | <b>361</b>    | <b>363</b>    | <b>366</b>    | <b>368</b>    | <b>364</b>    | 0.50        | 1.01        | 1.00        | 0.41         | <b>366</b>    |
| <b>LT-7</b>            | <b>124</b>    | <b>114</b>    | <b>70</b>     | <b>131</b>    | <b>90</b>     | 0.25        | 0.73        | 0.92        | -7.70        | <b>83</b>     |
| <b>LT Total</b>        | <b>109026</b> | <b>112740</b> | <b>116927</b> | <b>120147</b> | <b>123033</b> | <b>0.25</b> | <b>1.13</b> | <b>1.03</b> | <b>3.07</b>  | <b>127039</b> |
| <b>HT-1WS</b>          | 4             | 4             | 6             | 6             | 11            | 0.25        | 2.75        | 1.29        | 28.78        | <b>14</b>     |
| <b>HT- 2(a)</b>        | 5             | 8             | 11            | 11            | 13            | 0.25        | 2.60        | 1.27        | 26.98        | <b>17</b>     |
| <b>HT-2(b)</b>         | 5             | 5             | 5             | 5             | 5             | 0.25        | 1.00        | 1.00        | 0.00         | <b>5</b>      |
| <b>HT-2(c) (i)</b>     | 1             | 1             | 3             | 3             | 3             | 0.50        | 3.00        | 1.73        | 0.00         | <b>3</b>      |
| <b>HT-2(c) (ii)</b>    | 2             | 2             | 2             | 2             | 2             | 0.50        | 1.00        | 1.00        | 0.00         | <b>2</b>      |
| <b>HT-3(a)(i)</b>      | 4             | 4             | 4             | 5             | 6             | 0.25        | 1.50        | 1.11        | 10.67        | <b>8</b>      |
| <b>HT total</b>        | <b>21</b>     | <b>24</b>     | <b>31</b>     | <b>32</b>     | <b>40</b>     | 0.25        | 1.90        | <b>1.17</b> | <b>17.48</b> | <b>49</b>     |
| <b>LT+HT</b>           | <b>109047</b> | <b>112764</b> | <b>116958</b> | <b>120179</b> | <b>123073</b> | <b>0.25</b> | <b>1.13</b> | <b>1.03</b> | <b>3.07</b>  | <b>127088</b> |

Projection for FY-18 based on data of Apr-17 to Sep-17 actuals & Oct-17 to Mar-18 projections are made on the basis of growth from Sep-16 to Mar-17 over Apr-16 to Sep-16.

The number of installations for the above period is estimated as follows. (The abnormal variations in growth such as minus growth are avoided/not taken into account for further estimation). The installations for FY-19 as per CAGR formula are as follows:

**CAGR is calculated as under:**

Average of five year growth rates is indicated as per CAGR.

$$CAGR = \left\{ \left( \frac{Y_n}{Y_i} \right)^{\frac{1}{(n-1)}} - 1 \right\} * 100$$

For estimating CAGR for the period FY-2014 to FY-2018

Y<sub>n</sub> is the data pertaining to FY-2018

Y<sub>i</sub> is the data pertaining to FY-2014 and n=5

**13 Energy Sale:**

In order to arrive at the estimated energy sale for the entire FY 2019, HRECS has made assumption that the number of consumers would increase as estimated in the above Table and power supply would be assumed to consumers in FY-19 is as follows:

- 1) 24 hours supply will be available to urban consumers;
- 2) 7 hours 3 phase and 6 hours single phase supply will be arranged to consumers in rural areas;

**Note:** The hours of power supply will change as per the instructions of SLDC / GoK norms.

- 3) Energy sale is closely linked with number of live installations in each category. HRECS has considered consumption pattern for a period of previous 4 years and growth as per CAGR of each category has been arrived except IP sets 10 HP and below and BJ/KJ. The assessment for these categories have been explained elsewhere in the Petition.

The energy sales from FY-14 to FY-17 and growth rate as per CAGR formula for FY-19 are as follows (Assessment for unmetered category is not based on CAGR):

**Table 5: SALES UNITS ON CAGR**

| Tariff                   | FY14 in Units | FY15 in Units  | FY16 in Units  | FY17 in Units  | FY18 in Units  | Y <sub>n</sub> =<br>FY-18 | Y <sub>i</sub> =<br>FY-14      | n=5         | CAGR  | FY 19 in Units |
|--------------------------|---------------|----------------|----------------|----------------|----------------|---------------------------|--------------------------------|-------------|-------|----------------|
|                          |               |                |                |                |                | 1/(n-1)                   | Y <sub>n</sub> /Y <sub>i</sub> |             |       |                |
| LT-1-BJ (upto40 units)   | 712818        | 1298863        | 1907600        | 2038052        | 2922110        | 0.25                      | 4.10                           | 1.42        | 42.29 | 3260277        |
| LT-1-BJ (Above 40 units) | 241746        | 545124         | 484783         | 572024         | 525124         | 0.25                      | 2.17                           | 1.21        | 21.40 | 568483         |
| <b>Total</b>             | <b>954564</b> | <b>1843987</b> | <b>2392383</b> | <b>2610076</b> | <b>3447234</b> | 0.25                      | 3.61                           | <b>1.38</b> | 37.85 | <b>3828760</b> |

**Tariff Filing for FY-19 & Approval of ARR & ERC 2019**

|                        |                  |                  |                  |                  |                  |      |       |             |        |                  |
|------------------------|------------------|------------------|------------------|------------------|------------------|------|-------|-------------|--------|------------------|
| <b>LT-2(a)(i) U</b>    | 7202247          | 7721899          | 8072260          | 8497161          | 8627279          | 0.25 | 1.20  | 1.05        | 4.62   | 9025584          |
| <b>LT-2(a)(ii) R</b>   | <b>15084796</b>  | <b>16438522</b>  | <b>16960081</b>  | <b>18598393</b>  | <b>18231956</b>  | 0.25 | 1.21  | 1.05        | 4.85   | 19116427         |
| <b>LT -2(b) (i) U</b>  | 103604           | 95025            | 107794           | 116116           | 134230           | 0.25 | 1.30  | 1.07        | 6.69   | 143208           |
| <b>LT -2(b) (ii) R</b> | 67892            | 33538            | 58647            | 60674            | 67605            | 0.25 | 1.00  | 1.00        | -0.11  | 67533            |
| <b>LT-3(i) U</b>       | 2381302          | 2467119          | 2753662          | 2949455          | 2966769          | 0.25 | 1.25  | 1.06        | 5.65   | 3134376          |
| <b>LT-3(ii) R</b>      | <b>2940307</b>   | <b>3315822</b>   | <b>3584012</b>   | <b>3904379</b>   | <b>4009628</b>   | 0.25 | 1.36  | 1.08        | 8.06   | 4332933          |
| <b>LT-4(a)</b>         | 170174347        | 173086975        | 193683092        | 183952993        | 201570403        | 0.25 | 1.18  | 1.04        | 4.32   | 212583653        |
| <b>LT-4(b)</b>         | <b>30763</b>     | <b>108064</b>    | <b>55871</b>     | <b>45626</b>     | <b>56498</b>     | 0.25 | 1.84  | 1.16        | 16.41  | 65771            |
| <b>LT-4©</b>           | 1746             | 2529             | 741              | 20023            | 21701            | 0.25 | 12.43 | 1.88        | 87.76  | 40746            |
| <b>LT-5</b>            | 4580726          | 4629559          | 4703496          | 5219505          | 5510602          | 0.25 | 1.20  | 1.05        | 4.73   | 5771188          |
| <b>LT-6(a)WS</b>       | <b>5539840</b>   | <b>5139107</b>   | <b>5516307</b>   | <b>6014070</b>   | <b>5394405</b>   | 0.25 | 0.97  | 0.99        | -0.66  | 5358647          |
| <b>LT-6(b)STL</b>      | <b>2248168</b>   | <b>2229874</b>   | <b>2227560</b>   | <b>2365584</b>   | <b>2182929</b>   | 0.25 | 0.97  | 0.99        | -0.73  | 2166917          |
| <b>LT-7</b>            | <b>93931</b>     | <b>40160</b>     | <b>52054</b>     | <b>64407</b>     | <b>66629</b>     | 0.25 | 0.71  | 0.92        | -8.23  | 61147            |
| <b>LT Total</b>        | <b>211404233</b> | <b>217152180</b> | <b>240167960</b> | <b>234418462</b> | <b>252287868</b> | 0.25 | 1.19  | <b>1.05</b> | 4.52   | <b>265696890</b> |
| <b>HT-1WS</b>          | 4191706          | 4241938          | 4351684          | 4882839          | 6361039          | 0.25 | 1.52  | 1.11        | 10.99  | 7060125          |
| <b>HT- 2(a)</b>        | 5890000          | 7436560          | 8995823          | 11843850         | 11416486         | 0.25 | 1.94  | 1.18        | 17.99  | 13470594         |
| <b>HT-2(b)</b>         | 540266           | 583618           | 698099           | 618475           | 530070           | 0.25 | 0.98  | 1.00        | -0.48  | 527551           |
| <b>HT-2(c) (i)</b>     | 46196            | 40156            | 59775            | 92990            | 113427           | 0.25 | 2.46  | 1.25        | 25.18  | 141986           |
| <b>HT-2(c) (ii)</b>    | 327107           | 334738           | 327665           | 340702           | 350633           | 0.25 | 1.07  | 1.02        | 1.75   | 356774           |
| <b>HT-3(a)(i)</b>      | 2160518          | 2206522          | 1364534          | 1694536          | 1208058          | 0.25 | 0.56  | 0.86        | -13.53 | 2216928          |
| <b>SEZ</b>             | 4559340          | 6219270          | 8394420          | 11739425         | 20249554         | 0.25 | 4.44  | 1.45        | 45.17  | 29396379         |
| <b>HT Total</b>        | <b>17715133</b>  | <b>21062802</b>  | <b>24192000</b>  | <b>31212817</b>  | <b>40229267</b>  | 0.25 | 2.27  | <b>1.23</b> | 22.76  | <b>53170337</b>  |
| <b>LT+HT</b>           | <b>229119366</b> | <b>238214982</b> | <b>264359960</b> | <b>265631279</b> | <b>292517135</b> | 0.25 | 1.28  | <b>1.06</b> | 6.30   | <b>318867227</b> |

**14 Energy requirement:**

- 14.1 On the basis of energy sale estimated above and considering distribution loss/transmission loss, the energy requirement of the HRECS, for the Period of FY 19 is estimated. The following Table indicates energy requirement for the period from for FY 14 to FY 17 and depicts actuals as against approved by the Hon'ble Commission.

**Table 6: Energy requirement for the previous period**

| Particulars                                                  | FY-15         |        | FY-16         |        | FY-17         |        |
|--------------------------------------------------------------|---------------|--------|---------------|--------|---------------|--------|
|                                                              | KERC approved | Actual | KERC approved | Actual | KERC approved | Actual |
| Energy Purchase from HESCOM (MU) including Transmission loss | 293.05        | 280.39 | 303.43        | 311.46 | 312.57        | 312.24 |
| LESS Trans. Loss (MU)                                        |               | 42.18  |               | 47.10  |               | 46.61  |
| Energy Sold (MU)                                             |               | 238.21 |               | 264.36 |               | 265.63 |
| Distribution Loss (%)                                        | 14.75%        | 15.04% | 14.75%        | 15.12% | 14.25%        | 14.93  |

**Table 7: Estimation of Energy requirement for ensuing years 18 and 19.**

| Particulars                      | FY-18  | FY-19  |
|----------------------------------|--------|--------|
| Energy Purchase from HESCOM (MU) | 344.50 | 375.40 |
| LESS Trans Loss (MU)             | 51.98  | 56.53  |
| LESS Trans Loss %                | 15.09% | 15.06% |
| Energy Available (MU)            | 292.52 | 318.87 |

14.2 Energy Requirement of the HRECS for the year FY-17 is based on actual audited accounts and revision for energy purchase as approved by the Honourable Commission has been estimated to be revised to 344.50 MU and 375.40 MU based on the CAGR of sales and grossed up with the estimated energy loss for FY 18 and FY19 respectively.

**15 Revenue from sale of power:**

Details of revenue category wise for FY 15, FY 16, FY 17 are based on audited data and projected for FY 18 and FY 19 is based on the current tariff rate on sales as estimated and as detailed in the earlier para. Further, details are made out at format D2 annexed to the petition



**15.1 Table 8: Abstract of Sales and Revenue for FY-15, FY -16, FY-17 are based on actual and revised for FY-18 and FY- 19 at current Tariff.**

| Particulars                                  | Actual FY-15 | Actual FY-16 | Actual FY-17 | Revised estimate FY 18 | Estimate FY 19 |
|----------------------------------------------|--------------|--------------|--------------|------------------------|----------------|
| Sales in MU                                  | 238.21       | 264.36       | 265.63       | 292.52                 | 318.87         |
| Revenue incl. of misc. charges in Rs. Lakhs. | 12175.28     | 13017.20     | 13378.50     | 17123.91               | 18911.46       |

**16 O &M Costs:**

The calculation of O& M cost is based on approval of this Honourable Commission for FY 18 and 19 and additional employee cost of Rs.1.85 Crores is factored for FY 19. The Following table indicates revised O&M cost as in the table below. Kindly refer Table 3.5 of the tariff order 30 March 2016 and the item under O&M cost is requested to be revised and revised proposal for the FY 2019 are as below:

**Table:9 O &M Costs**

Amount in INR Lacs

| Sl.No | Particulars                                      | Proposed FY19 in the last MYT Petition | Approved by the Commission for FY19 |
|-------|--------------------------------------------------|----------------------------------------|-------------------------------------|
| 1     | R& M Expenses                                    | 428.35                                 | 1527.90                             |
| 2     | Employee Cost                                    | 1438.75                                |                                     |
| 3     | Administrative and General expenses              | 160.27                                 |                                     |
|       | <b>Total</b>                                     | <b>2027.37</b>                         | <b>1527.90</b>                      |
|       | Additional Employee Cost as detailed in Para 5.9 |                                        | 185.00                              |
|       | O&M Cost for FY 19 now requested                 |                                        | 1712.90                             |

Honourable Commission is requested to kindly revise O& M cost for FY 19 to Rs. 1712.90 lakhs as licensee has only sought 185 lakhs as additional Employee Cost owing to proposed recruitment of 104 men and to accord permanency benefit also. Further the Applicant would like to undertake

actuarial valuation of terminal benefit and the same will be brought to the notice of the Hon'ble Commission for any revision in the ARR if any.

**17 Depreciation:**

Honourable Commission is requested to allow deprecation for the year FY19 as detailed in D-8 statement which is placed along side petition.

The applicant requests to allow depreciation for FY 19 as detailed below assest wise.

**Table 10 : Depreciation**

Amounts in Rs. Lakhs

| Particulars                                                       | FY18   | FY19   |
|-------------------------------------------------------------------|--------|--------|
| Buildings                                                         | 0.94   | 0.94   |
| Civil                                                             | 1.35   | 1.35   |
| Other Civil                                                       | 0.01   | 0.01   |
| Plant & Machinery                                                 | 75.06  | 78.57  |
| Line Cable Network etc.                                           | 146.26 | 174.48 |
| Vehicles                                                          | 3.57   | 3.57   |
| Furniture                                                         | 0.52   | 0.52   |
| Office Equipment                                                  | 6.11   | 6.06   |
| Total                                                             | 233.82 | 265.50 |
| Less: Depreciation on Assets created out of Contribution & Grants | 90.33  | 96.19  |
| Total                                                             | 143.49 | 169.31 |

The Depreciation on assets created out of consumer contribution and depreciation on assets created by Government grants have not been charged. The depreciation is estimated for FY 18 & FY 19 duly taking into consideration Ambitious Capex capital works programme approved by the Hon'ble Commission for FY 18 which is the order of Rs. 989.86 lakhs which would substantially be at 60% grants from Govt. of India and 40%

from the Banks. Further revised capital works programme proposed for FY 19 is Rs. 1113.05 lakhs and this also assumed at 60% grants from GoI and 40% from Co Operative bank loan. Accordingly depreciation is also provided for the assets to be the created out of the capex programme for FY 18 & FY 19. Deprecation Assets to be created out of grants & consumer contribution have not been charged in the ARR for FY 19. Details are made out Form D-8 which is place as annexure to the petition.

**18 Interest Charges**

**18.1 Interest on Consumer Security Deposit:**

**TABLE 11: (Rs. In Lakhs)**

|                                                        | <b>FY -18</b> | <b>FY -19</b> |
|--------------------------------------------------------|---------------|---------------|
| Consumer Security Deposit at the beginning of the year | 1368.12       | 1373.12       |
| Interest per annum                                     | 85.51         | 85.82         |

**18.2** As per KERC (Interest on Security Deposit) Regulations, 2005, the Applicant HRECS is liable to pay interest on Consumer Security Deposit at 'Bank Rate' prescribed by the Reserve Bank of India (**RBI**) from time to time. At present Bank rate as available in Web site of RBI is 6.25% and the same is taken for the purpose of projection for FY 18 & FY 19 and this is subject to bank rate prevailing as on 01-04-2018.

**18.3 Interest charges on Working Capital:**

**TABLE 12: Interest charges on working capital  
Rs. in Lakhs.**

| <b>Particulars</b>                                          | <b>FY 18</b>   | <b>FY 19</b>   |
|-------------------------------------------------------------|----------------|----------------|
| One-twelfth of the amount of O&M Exp.                       | 99.79          | 142.74         |
| Stores, materials and supplies 1% of Opening balance of GFA | 74.79          | 84.69          |
| One-sixth of the revenue                                    | 2819.00        | 3114.00        |
| <b>Total Working Capital</b>                                | <b>2993.58</b> | <b>3341.43</b> |
| Rate of Interest (% p.a.)                                   | 11.75          | 11.75          |
| <b>Interest charges on Working Capital</b>                  | <b>351.74</b>  | <b>392.62</b>  |

- 18.4 The HRECS has estimated the total working capital requirement, for FY 19, in accordance with the provisions in MYT Regulations. Further, the said Regulations stipulate that the Rate of Interest on working capital shall be on normative basis and equal to the short-term Prime Lending Rate of State Bank of India as on 1<sup>st</sup> April of the year. Since the HESCOM is claiming interest on belated settlement of power purchase dues of HRECS. Due to delay in release of IP set subsidy the interest claimed on working capital may be allowed in full, without any deductions.
- 18.5 Banks in India have switched to Marginal Cost Lending Rate(MCLR) from Base Rate system from April 01, 2016. Banks may determine their actual lending rates on loans and advances with reference to the MCLR and by including such other customer specific charges as considered appropriate. Short-term Prime Lending Rate of State Bank of India is no longer in existence. However, the HRECS has considered the interest rate at 11.75% for estimating the interest charges on working capital, for FY -18 & FY-19.

#### 18.6 Interest and Finance Charges

**TABLE 13:**

Rs. In Lakhs.

| <b>Particulars</b>                              | <b>Projected<br/>in FY 18</b> | <b>Projected<br/>in FY 19</b> |
|-------------------------------------------------|-------------------------------|-------------------------------|
| Interest on Working<br>Capital                  | 351.74                        | 392.62                        |
| Interest payable on<br>consumer deposits        | 85.51                         | 85.82                         |
| Other Interest and<br>finance charges           | 28.61                         | 88.24                         |
| <b>Total Interest &amp;<br/>Finance Charges</b> | <b>465.86</b>                 | <b>566.68</b>                 |

The Hon'ble Commission may consider the proposed capital investment in the ARR for FY 18 and FY 19 for allowing interest & finance charges.

The Commission may approve interest charges to an extent of Rs. 562.53 Lakhs for FY -19, subject to Annual Performance Review for FY 19. Detail calculation are provided in format D- 9 and D-9C.

**18.7 Other Debits:**

The HRECS is of the view that other debits & prior period expenses cannot be estimated over a three year period. The Applicant hereby seeks the liberty to file suitable proposal for consideration of such expenses as per actuals based on audited accounts during the Annual Performance Review.

**19 Return on Equity (RoE)/:**

19.1 The HRECS has considered Share capital of Rs. 630.00 lakhs for the purpose of computation of RoE and calculated the RoE at 15.5% and grossed up with normative Tax Rate of 30% and 10% on 30% which comes to 23.13% thus the RoE for the year would be Rs. 145.72 lakh for FY 19.

19.2 In earlier Tariff Orders total equity of the Society was considered as negative, after taking into account carry forward loss, without considering Gross Fixed Asset (GFA) and Debt- Equity Ratio as provided under Regulation 3.6 and RoE as provided under Regulation 3.9 of the MYT Regulations, as mandated by the Hon'ble Appellate Tribunal for Electricity, in its decision dated 17-9-2014 in Appeal No:46 of 2014 in Dr. Subrahmanya Bhat V/s KERC and another (Vide para 50 and 52 of the said decision). If the earlier approach of the Hon'ble Commission about denial of RoE in case of negation of net worth of the Society resulted in further deteriorated financial health of the Society. Hence, the HRECS request the Hon'ble Commission to revisit the issue in the light of the above said decision of the Hon'ble APTEL

**20. POWER PURCHASE FOR FY-18 and FY-19**

20.1 The entire power requirement of the HRECS has been sourced from HESCOM. The estimated Power purchase cost of the HRECS for the FY 18, FY-19 are as follows.

**TABLE 14: Power Purchase Cost**

| <b>PARTICULARS</b>                              | <b>FY-18</b>    | <b>FY-19</b>    |
|-------------------------------------------------|-----------------|-----------------|
| Units to be Purchased in MU                     | 344.50          | 375.40          |
| Price in Rs. per unit                           | 3.9546          | 4.1885          |
| <b>Total Power Purchase cost (Rs. in lakhs)</b> | <b>13623.59</b> | <b>15723.62</b> |

The Honourable Commission had approved power purchase and cost including transmission charges in its order dated 30 March 2016 for 342.02 MU and at a cost of Rs.14325.51 lacs for FY 19. However, the Applicant desires to make a proposal for the revision in the approved quantum of power purchase and accordingly cost also as detailed in D1 annexure which comes to 375.40 MU at IF point at a cost of Rs.15723.62 lacs for FY 19, which may kindly be approved.

**21. Capital Works Programme:**

The Applicant in the ERC Filing for FY 17 to 19 had indicated a Capex Programme of Rs. 283.48 lakhs for FY 19 and Hon'ble Commission had approved Capital works programme of the applicant for the year FY19 for the same amount. However, in this Tariff Filing the Applicant desires for an upward revision on account of Deena Dayal Upadhya Gram Jyoti Yojana and proposes to incur Rs. 1113.05 lakh for FY 19 which may be kindly be approved. The details of the works are indicated in the following Table:

**Table 15: Capital Works Programme**

|               |                    | <b>Rs. In lakhs</b> |
|---------------|--------------------|---------------------|
| <b>Sl.No.</b> | <b>Particulars</b> | <b>FY 19</b>        |
| 1             | H T lines          |                     |
|               | a) 11 KV lines     | 79.97               |
| 2             | LT Lines           |                     |
|               | 3 Phase 4wire      | 27.34               |

|   |                                                                                              |                |
|---|----------------------------------------------------------------------------------------------|----------------|
|   | Single Phase 3 wire                                                                          | 21.32          |
|   | Single Phase 2 wire                                                                          | 28.57          |
| 3 | Transformer Centres                                                                          |                |
|   | 100 KV                                                                                       | 21.06          |
|   | 63/50KV                                                                                      | 49.38          |
|   | 25 KV                                                                                        | 17.78          |
| 4 | Service Connection                                                                           |                |
|   | Agriculture LT                                                                               | 30.54          |
|   | Industrial LT                                                                                | 3.33           |
|   | Domestic                                                                                     | 19.52          |
|   | Commercial                                                                                   | 2.01           |
| 5 | (A) Improvement Works                                                                        |                |
|   | 11 KV line                                                                                   | 53.31          |
|   | 100 KVA transformer Centre                                                                   | 31.59          |
|   | LT line 3phase 4 wire                                                                        | 27.34          |
|   | (B) DDUGJY Scheme                                                                            |                |
|   | 11 KV Line Feeder Separation                                                                 | 200.00         |
|   | 11KV Line System Strengthening                                                               | 75.48          |
|   | 11 KV Line reconductoring                                                                    | 124.51         |
|   | Replacement of Single Phase electromechanical energy Meters by electro static energy meters. | 281.10         |
|   | Replacement of three Phase electromechanical energy Meters by electro static energy meters.  | 18.90          |
|   |                                                                                              | <b>1113.05</b> |

Interest on the revised requirement of loan consequent to increase in capex programme is claimed on the basis of actual loan to be drawn in the year FY-19 considering 40 % of cost of the estimates as the rest are coming as grants from Govt. of India. The details of loans and interest rate are made out in format D9. Capital works programme have been proposed taking into consideration the support from the Govt. of India to carry out DDUGJY (Deena Dayal Upadya Gram Jyoti Yojane) and other works which are mainly enhances distribution functions and improve the quality of service to consumer. Therefore the Applicant request the Hon'ble Commission to approve capital works programme of Rs. 1113.05 lakhs for FY 19.

**22. ANNUAL REVENUE REQUIREMENTS FY -18, FY-19**

**Table 16: ANNUAL REVENUE REQUIREMENTS (Rs. in Lakhs.)**

|   | <b>Details</b>                                    | <b>FY-18</b>    | <b>FY-19</b>    |
|---|---------------------------------------------------|-----------------|-----------------|
| 1 | <b>Expenditure</b>                                |                 |                 |
|   | Power Purchase                                    | 13623.59        | 15723.62        |
|   | R&M Expense                                       |                 |                 |
|   | Employee Expenses                                 |                 |                 |
|   | A&G Expense                                       | 1197.57         | 1712.90         |
|   | Depreciation                                      | 143.49          | 169.31          |
|   | Advance against depreciation                      | Nil             | Nil             |
|   | Interest & Finance Charges                        | 28.61           | 88.24           |
|   | Less: Interest & other expenses capitalised       | Nil             | Nil             |
|   | Interest on consumer Deposit                      | 85.51           | 85.82           |
|   | Interest on working capital                       | 351.74          | 392.62          |
|   | Other Debits (including Provisions for Bad debts) | Nil             | Nil             |
|   | Extraordinary Items                               | Nil             | Nil             |
|   | Other (Misc.)-net prior period credit             | Nil             | Nil             |
| 2 | <b>Total</b>                                      | <b>15430.51</b> | <b>18172.51</b> |
| 3 | <b>ROE @ 23.13%</b>                               | 145.72          | 145.72          |
| 4 | <b>Provision for taxes</b>                        | Nil             | Nil             |
|   | <b>Sub Total</b>                                  | <b>15576.23</b> | <b>18318.23</b> |
| 5 | <b>Other Income</b>                               | 272.44          | 294.76          |
|   | <b>Annual Revenue Requirement (2)+(3)+(4)-(5)</b> | <b>15303.79</b> | <b>18023.47</b> |

**23.1 BASIS**

**23.1 BASIS**

The audited accounts of the Society for FY-14, FY -15, FY -16 and FY -17 are available. For FY-18, the actual numbers up to 30<sup>th</sup> of September 17 were available and the numbers are calculated for estimating for the period from Oct-17 to Mar-18 are considered based on earlier numbers. For FY-19 the estimation of number of installations and energy sales are based on the CAGR growth achieved from FY-14 to FY-17.



The HRECS has made every effort to project only live installations in the statements, which is now being filed before the Hon'ble Commission. The figures currently furnished are true reflection of the HRECS's operation and consumer base.

The forecast is dealt in detail in each category in the following paragraphs.

**23.2 LT CATEGORY:**

**23.2.1 LT-1 category:**

Under this category, Bhagya Jyothi /Kutira Jyothi installations are coming under this category. After implementation of RGGY scheme within the service area of the Society, 11259 installations were serviced in this category, in FY- 17.

**Table 17: LT -1 Installations**

**Upto 40 Units**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18<br/>Estimated</b> |
|----------------------------|--------------|--------------|--------------|----------------------------|
| <b>Installations (Nos)</b> | 9817         | 11824        | 11259        | 12132                      |
| <b>Consumption (Units)</b> | 1298863      | 1907600      | 2038052      | 2922110                    |
|                            |              |              |              |                            |

Increased in No. of Installations as per CAGR formula and consumption growth is projected on average basis, 241 units per installation per year is as follows

|                            | <b>FY-19</b> |
|----------------------------|--------------|
| <b>Installations (Nos)</b> | 13536        |
| <b>Consumption (Units)</b> | 3260277      |

**Above 40 Units**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18<br/>Estimated</b> |
|----------------------------|--------------|--------------|--------------|----------------------------|
| <b>Installations (Nos)</b> | 370          | 559          | 1196         | 436                        |
| <b>Consumption (Units)</b> | 545124       | 484783       | 572024       | 525124                     |
|                            |              |              |              |                            |

Increased in No. of Installations as per CAGR formula and consumption growth is projected on average basis, 1204 units per installation per year is as follows

|                            |              |
|----------------------------|--------------|
|                            | <b>FY-19</b> |
| <b>Installations (Nos)</b> | 472          |
| <b>Consumption (Units)</b> | 568483       |

**23.2.2. LT-2 (a) Installations:**

**TABLE 18: LT-2 (a)(i) Urban Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18<br/>estimated</b> |
|----------------------------|--------------|--------------|--------------|----------------------------|
| <b>Installations (Nos)</b> | 13205        | 13653        | 13993        | 14357                      |
| <b>Consumption (Units)</b> | 7721899      | 8072260      | 8497161      | 8627279                    |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 2.63%       | 14735        |
| <b>Consumption (Units)</b> | 4.62%       | 9025584      |

**TABLE 19: LT-2 (a)(ii) Rural Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 56974        | 57766        | 58769        | 59807        |
| <b>Consumption (Units)</b> | 16438522     | 16960081     | 18598393     | 18231956     |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below.

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 1.54%       | 60729        |
| <b>Consumption (Units)</b> | 4.85%       | 19116427     |

**23.2.3 LT-2 (b) Installations**

**TABLE 20: LT-2 (b)(i) Urban Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 38           | 40           | 40           | 40           |
| <b>Consumption (Units)</b> | 95025        | 107794       | 116116       | 134230       |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 2.67%       | 41           |
| <b>Consumption (Units)</b> | 6.69%       | 143208       |

**TABLE 21: LT-2 (b)(ii) Rural Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 34           | 36           | 38           | 38           |
| <b>Consumption (Units)</b> | 33538        | 58647        | 60674        | 67605        |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 3.59%       | 39           |
| <b>Consumption (Units)</b> | -0.11%      | 67533        |

### 23.2.4 LT-3 Installations

**TABLE 22: LT-3(i) Urban Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 2456         | 2574         | 2608         | 2634         |
| <b>Consumption (Units)</b> | 2467119      | 2753662      | 2949455      | 2966769      |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 2.39%       | 2697         |
| <b>Consumption (Units)</b> | 5.65%       | 3134376      |

**TABLE 23: LT-3(ii) Rural Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 2906         | 2996         | 3069         | 3116         |
| <b>Consumption (Units)</b> | 3315822      | 3584012      | 3904379      | 4009628      |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below.

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 2.26%       | 3187         |
| <b>Consumption (Units)</b> | 8.06%       | 4332933      |

**23.2.5 LT-4(a) Installations:**

**TABLE 24:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 23817        | 24283        | 25816        | 27052        |
| <b>Consumption (Units)</b> | 173086975    | 193683092    | 183952993    | 201570403    |

Increase in No. of Installations growth as per CAGR formula and consumption is on average basis as shown below.

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 3.76%       | 28070        |
| <b>Consumption (Units)</b> | 0           | 212583653    |

The monthly assessed consumption of IP sets are being estimated, as directed by the Hon'ble Commission, through metering of sample IP set meters. For FY-19, The Honourable Commission had approved 7341 units per installations per year. The Applicant HRECS wish to bring to the kind notice of the Honourable Commission that in view of the great demand from the IP Set consumers on account of copious rain in the Hukeri RECS area compare to previous year resulted in agriculture growth for FY 18. The sample reading obtained from 249 sample IP set meters installed at various location in Hukkeri area, it is seen that the consumption is of the order of 7573.34 units per year per installation. Therefore, for the purpose of sale to power to IP sets, the consumption is estimated @ 7573.34 units per installation per annum for FY 19. The details are made out in the statement alongside of this petition. The Applicant request the Hon'ble Commission to allow the revised estimation in the sales to IP sets.

**23.2.6 :LT-4(b) & LT-4(c) Installations:**

**TABLE 25: LT-4(b) Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 9            | 9            | 9            | 9            |
| <b>Consumption (Units)</b> | 108064       | 55871        | 45626        | 56498        |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 0           | 9            |
| <b>Consumption (Units)</b> | 16.41%      | 65771        |

**TABLE 25A: LT-4(c) Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 2            | 2            | 4            | 4            |
| <b>Consumption (Units)</b> | 2529         | 741          | 20023        | 21701        |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 18.92%      | 5            |
| <b>Consumption (Units)</b> | 87.76%      | 40746        |

**23.2.7. LT-5 Installations:**

**TABLE 26: LT-5(b) Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 2041         | 2140         | 2252         | 2359         |
| <b>Consumption (Units)</b> | 4629559      | 4703496      | 5219505      | 5510602      |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 4.70%       | 2470         |
| <b>Consumption (Units)</b> | 4.73%       | 5771188      |

**23.2.8 LT-6(a): Water Supply Installations:**

**TABLE 27: LT-6(a) Water Supply Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 594          | 609          | 595          | 595          |
| <b>Consumption (Units)</b> | 5139107      | 5516307      | 6014070      | 5394405      |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 0.90%       | 600          |
| <b>Consumption (Units)</b> | -0.66%      | 5358647      |

**23.2.9 LT-6(b) Public Lighting Installations:**

**TABLE 28: LT-6(b) Public Lighting Installations:**

|                     | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|---------------------|--------------|--------------|--------------|--------------|
| Installations (Nos) | 363          | 366          | 368          | 364          |
| Consumption (Units) | 2229874      | 2227560      | 2365584      | 2182929      |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                     | <b>CAGR</b> | <b>FY-19</b> |
|---------------------|-------------|--------------|
| Installations (Nos) | 0.41%       | 366          |
| Consumption (Units) | -0.73%      | 2166917      |

### 23.2.10 LT-7 Installations:

**TABLE 29: LT-7 Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 114          | 70           | 131          | 90           |
| <b>Consumption (Units)</b> | 40160        | 52054        | 64407        | 66629        |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | -7.70%      | 83           |
| <b>Consumption (Units)</b> | -8.23%      | 61147        |

## 23.3 HT CATEGORY

### 23.3.1 HT-1 INSTALLATIONS

**TABLE 30: HT-1 Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 4            | 6            | 6            | 11           |
| <b>Consumption (Units)</b> | 4241938      | 4351684      | 4882839      | 6361039      |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below



|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 28.78%      | 14           |
| <b>Consumption (Units)</b> | 10.99%      | 7060125      |

**23.3.2 HT-2 (a) Installations:**

**TABLE 31: HT-2 (a) Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 8            | 11           | 11           | 13           |
| <b>Consumption (Units)</b> | 7436560      | 8995823      | 11843850     | 11416486     |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 26.98%      | 17           |
| <b>Consumption (Units)</b> | 17.99%      | 13470594     |

**23.3.3 HT-2 (b) Installations:**

**TABLE 32: HT-2 (b) Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 5            | 5            | 5            | 5            |
| <b>Consumption (Units)</b> | 583618       | 698099       | 618475       | 530070       |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 0           | 5            |
| <b>Consumption (Units)</b> | -0.48%      | 527551       |

**23.3.4 HT-2 (c) Installations:**

**TABLE 33: HT-2 (c)(i) Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 1            | 3            | 3            | 3            |
| <b>Consumption (Units)</b> | 40156        | 59775        | 92990        | 113427       |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 0.00%       | 3            |
| <b>Consumption (Units)</b> | 25.18%      | 141986       |

**TABLE 34: HT-2 (c)(ii) Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 2            | 2            | 2            | 2            |
| <b>Consumption (Units)</b> | 334738       | 327665       | 340702       | 350633       |

Increase in No. of Installations and consumption growth as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 0.00%       | 2            |
| <b>Consumption (Units)</b> | 1.75%       | 356774       |

**23.3.5 HT-3(a) Installations:**

**TABLE 35: HT-3(a) Installations:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Installations (Nos)</b> | 4            | 4            | 5            | 6            |
| <b>Consumption (Units)</b> | 2206522      | 1364534      | 1694536      | 1208058      |

Increased in No. of Installations and consumption growth is not considered as per CAGR formula as shown below

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Installations (Nos)</b> | 0           | 8            |
| <b>Consumption (Units)</b> | 0           | 2216928      |

**23.3.6 SEZ AEQUS- Consumptions**

Since AEQUS is deemed licensee and regularly file its ERC & Tariff application with Hon'ble Karnataka Electricity Regulatory Commission, Hukeri RECS is stating below their consumption in the table below which would help to determine quantum of power purchase of the Applicant.

**TABLE 36:**

|                            | <b>FY-15</b> | <b>FY-16</b> | <b>FY-17</b> | <b>FY-18</b> |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>Consumption (Units)</b> | 6219270      | 8394420      | 11739425     | 20249554     |

Consumption growth as per CAGR formula as shown below.

|                            | <b>CAGR</b> | <b>FY-19</b> |
|----------------------------|-------------|--------------|
| <b>Consumption (Units)</b> | 45.17%      | 29396379     |

**23.4. Summary of Sale of Energy for FY-15, FY-16 , FY-17 and FY-18 and estimated sales of FY 19.**

**TABLE 37:**

| SL. No. | Category of consumer                                                       | Actuals for FY-15 | Actuals FY-16    | Actuals FY-17    | Revised estimation for FY-18 | Revised estimation for FY-19 |
|---------|----------------------------------------------------------------------------|-------------------|------------------|------------------|------------------------------|------------------------------|
|         | <b>LT Installations</b>                                                    |                   |                  |                  |                              |                              |
| 1       | Upto 40 Units BhagyaJyothi / KutirJyothi                                   | 973329            | 1515744          | 2038052          | 2922110                      | 3260277                      |
|         | Above 40 Units BhagyaJyothi / KutirJyothi                                  | 870658            | 876639           | 572024           | 525124                       | 568483                       |
| 2       | Domestic (All electric home & domestic lighting)                           | 24160421          | 25032341         | 27095554         | 26859235                     | 28142011                     |
| 3       | Private professional institutions                                          | 128563            | 166441           | 176790           | 201835                       | 210741                       |
| 4       | Commercial and Non residential                                             | 5782941           | 6337674          | 6853834          | 6976397                      | 7467309                      |
| 5       | Irrigation Pumpsets                                                        | 173197568         | 193739704        | 184018642        | 201648602                    | 212690170                    |
| 6       | LT Industry                                                                | 4629559           | 4703496          | 5219505          | 5510602                      | 5771188                      |
| 7       | Public Water Supply                                                        | 5139107           | 5516307          | 6014070          | 5394405                      | 5358647                      |
| 8       | Public Lighting                                                            | 2229874           | 2227560          | 2365584          | 2182929                      | 2166917                      |
| 9       | Temporary Supply                                                           | 40160             | 52054            | 64407            | 66629                        | 61147                        |
|         | <b>LT Total</b>                                                            | <b>217152180</b>  | <b>240167960</b> | <b>234418462</b> | <b>252287868</b>             | <b>265696890</b>             |
|         | <b>HT Installations</b>                                                    |                   |                  |                  |                              |                              |
| 8       | HT – 1 Public Water Supply                                                 | 4241938           | 4351684          | 4882839          | 6361039                      | 7060125                      |
| 9       | HT – 2(a) Industrial, Non Commercial and Non Industrial including Railways | 13655830          | 17390243         | 11843850         | 11416486                     | 13470594                     |
| 10      | HT – 2(b) Commercial                                                       | 583618            | 698099           | 618475           | 530070                       | 527551                       |
| 11      | HT – 2(c)(i) Govt. Education Inst., Hostels & Hospitals                    | 40156             | 59775            | 92990            | 113427                       | 141986                       |
| 12      | HT – 2(c)(ii) Education Inst., Hostels & Hospitals other than HT-2(c)(i)   | 334738            | 327665           | 340702           | 350633                       | 356774                       |
| 13      | HT – 3 Irrigation & Agriculture farms, list includes societies etc.        | 2206522           | 1364534          | 1694536          | 1208058                      | 2216928                      |
| 14      | SEZ                                                                        |                   |                  | 11739425         | 20249554                     | 29396379                     |
|         | <b>HT Total</b>                                                            | <b>21062802</b>   | <b>24192000</b>  | <b>31212817</b>  | <b>40229267</b>              | <b>53170337</b>              |
|         | <b>Total (LT + HT)</b>                                                     | <b>238214982</b>  | <b>264359960</b> | <b>265631279</b> | <b>292517135</b>             | <b>318867227</b>             |

**24. Annual Revenue Requirement and tariff revision proposals for FY-19**

The HRECS is furnishing the revised details of projections and Annual Revenue Requirement for FY-19 and tariff revision proposals for FY-19, in the following paragraphs;

**24.1 Energy Input at interface points projected for FY-18 and FY19**

**TABLE 38:**

| Details                                                                      | For FY -18 | For FY -19 |
|------------------------------------------------------------------------------|------------|------------|
| HESCOM Hubli<br>(Energy at Buss)                                             | 356.05     | 387.64     |
| Transmission loss @<br>3.47% and 3.37 for<br>FY-18 and FY-19<br>respectively | 11.55      | 12.24      |
| Energy at inter face<br>point Power Purchase<br>(MU)                         | 344.50     | 375.40     |
| Sale of Power (MU)                                                           | 292.52     | 318.87     |
| Loss %                                                                       | 15.09      | 15.06      |
| Average Cost of<br>Purchase (in paise) at<br>interface point                 | 3.9545     | 4.1884     |

**24.2 Quantum of input energy at interface points**

**TABLE 39:**

| Year                        | Actual quantum of<br>Input at Interface<br>points (MU) | Percentage<br>Growth over<br>previous year |
|-----------------------------|--------------------------------------------------------|--------------------------------------------|
| 2012-13                     | 257.19                                                 | 12.70                                      |
| 2013-14                     | 270.36                                                 | 5.12                                       |
| 2014-15                     | 280.39                                                 | 3.71                                       |
| 2015-16                     | 311.46                                                 | 11.08                                      |
| 2016-17                     | 312.24                                                 | 0.25                                       |
| Revised Estimate<br>2017-18 | 344.50                                                 | 10.33                                      |
| 2018-19                     | 375.40                                                 | 8.96                                       |

**24.3. Quantum of energy sales**

**TABLE 40:**

| Year    | Actual<br>quantum of<br>Sales (MU) | Percentage<br>Growth over<br>previous year |
|---------|------------------------------------|--------------------------------------------|
| 2012-13 | 218.85                             | 13.23                                      |
| 2013-14 | 229.12                             | 4.69                                       |
| 2014-15 | 238.21                             | 3.82                                       |

|         |        |       |
|---------|--------|-------|
| 2015-16 | 264.36 | 10.98 |
| 2016-17 | 265.63 | 0.48  |
| 2017-18 | 292.52 | 10.12 |
| 2018-19 | 318.87 | 9.00  |

#### 24.4 Annual Revenue Requirement

**TABLE 41: In Rs. in Lakhs.**

| Sl. No.   | Details                                           | FY-18            | FY-19           |
|-----------|---------------------------------------------------|------------------|-----------------|
|           |                                                   | Projected        | Projected       |
|           | Power Purchase (MU)                               | 344.50           | 375.40          |
|           | Sale of Power (MU)                                | 292.52           | 318.87          |
|           | Loss %                                            | 15.09            | 15.06           |
|           | Average Cost of Purchase at I.F. (in Rs)          | 3.9545           | 4.1884          |
| <b>1</b>  | <b>Receipts</b>                                   |                  |                 |
| <b>a</b>  | Revenue from tariffs & Miscell. Charges           | 5507.53          | 6409.86         |
| <b>b</b>  | RE subsidy from Govt.                             | 11616.39         | 12501.60        |
|           | Revenue to wires business                         | 00               | 00              |
|           | <b>Total</b>                                      | <b>17123.92</b>  | <b>18911.46</b> |
| <b>2</b>  | <b>Expenditure</b>                                |                  |                 |
| <b>a</b>  | Power Purchase                                    | 13623.59         | 15723.62        |
| <b>b</b>  | R&M Expense                                       |                  |                 |
| <b>c</b>  | Employee Expenses                                 |                  |                 |
| <b>d</b>  | A&G Expense                                       | 1197.57          | 1712.90         |
| <b>e</b>  | Depreciation                                      | 143.49           | 169.31          |
|           | Advance against depreciation                      | Nil              | Nil             |
| <b>f1</b> | Interest & Finance Charges                        | 28.61            | 88.24           |
| <b>f2</b> | Less: Interest & other expenses capitalised       | Nil              | Nil             |
| <b>f3</b> | Interest on consumer Deposit                      | 85.51            | 85.82           |
| <b>g</b>  | Interest on working capital                       | 351.74           | 392.62          |
| <b>h</b>  | Other Debits (including Provisions for Bad debts) | Nil              | Nil             |
| <b>i</b>  | Extraordinary Items                               | Nil              | Nil             |
| <b>j</b>  | Other (Misc.)-net prior period credit             | Nil              | Nil             |
|           | <b>Total</b>                                      | <b>15430.51.</b> | <b>18172.51</b> |
| <b>3</b>  | <b>ROE @ 22.14%</b>                               | 145.72           | 145.72          |
| <b>4</b>  | <b>Provision for taxes</b>                        | Nil              | Nil             |
| <b>5</b>  | <b>Sub Total</b>                                  | <b>15576.23</b>  | <b>18318.23</b> |
| <b>6</b>  | <b>Other Income</b>                               | 272.44           | 294.76          |
| <b>7</b>  | <b>Annual Revenue Requirement (2)+(3)+(4)-(6)</b> | <b>15303.79</b>  | <b>18023.47</b> |
|           | <b>Short Fall/Surplus</b>                         | <b>1820.13</b>   | <b>887.99</b>   |

Average cost of supply for FY-19 is Rs. 6.68 (including a deficit of Rs.3286.00 lakh of FY 17).

Note: In this filing, the revenue from tariff has been calculated on the basis of existing tariff.

**24.7 Surplus / deficit:**

The deficit for FY 17 is of the Order of Rs. Rs.3286.00 lakh and the surplus anticipated for FY 19 is Rs.887.99 lakhs. Considering this, Tariff proposal has been made out in the foregoing paragraphs to liquidate the deficit of Rs. 2398.01 lakh. It is brought to kind notice of the Hon'ble Commission that a uniform hike proposal has been made keeping in view the level of cross subsidy which should not further dilute. It is therefore, the proposal for revision of Tariff at 75 paise more per unit is made out in the following paragraphs. This deficit requires to filled in by levy of additional Tariff of 75 paise /Unit and hence the category wise proposed tariff are made out as below:

**25 TARIFF PROPOSALS FOR FY -19**

**25.1. LT CATEGORY WISE TARIFF REVISION**

The detailed tariff proposal for the FY-19 is furnished in Format D - 20.

**25.1.2. LT - 1 Bhagyajyothi / Kutirjyothi**

The electricity consumption for this category of consumers is estimated at 40 units per month per installations. The entire cost of supply to this category of consumers will be met by GoK. The Society is proposing tariff at the cost of supply rate arrived at, through these exercise, which will be Rs. 6.68 per unit up to 40 units subjected to monthly minimum of Rs. 30 per installation per month. If any consumer consumes power above the stipulated 40 units per month per installation, such installations will be

billed as per the tariff applicable to LT-2(a) category consumers for their entire consumption of that month.

**25.1.3. LT 2(a) Domestic Lighting& AEH**

The energy charges proposed to be increased as indicated in the table below.

**TABLE 42:**

**Proposed Tariff for LT 2(a)(i) (in Rs.)**

| Particulars                     | Existing Tariff | Proposed tariff For FY-19 |
|---------------------------------|-----------------|---------------------------|
| <b>Fixed Charges per month</b>  |                 |                           |
| First KW                        | 40              | 40                        |
| Additional KW                   | 50              | 50                        |
| <b>Energy Charges per month</b> |                 |                           |
| Cons.< 30 units                 | 3.25            | 4.00                      |
| Cons.>30, <= 100 units          | 4.70            | 5.45                      |
| Cons.>100, <= 200 units         | 6.25            | 7.00                      |
| Cons.>200, units                | 7.30            | 8.05                      |

**TABLE 43:**

**Proposed Tariff for LT 2(a)(ii) (in Rs.)**

| Particulars                     | Existing Tariff | Proposed tariff For FY-19 |
|---------------------------------|-----------------|---------------------------|
| <b>Fixed Charges per month</b>  |                 |                           |
| First KW                        | 25              | 25                        |
| Additional KW                   | 40              | 40                        |
| <b>Energy Charges per month</b> |                 |                           |
| Cons.< 30 units                 | 3.15            | 3.90                      |
| Cons.>30, <= 100 units          | 4.40            | 5.15                      |
| Cons.>100, <= 200 units         | 5.95            | 6.70                      |
| Cons.>200 units                 | 6.80            | 7.55                      |



**25.1.4 LT – 2(b) Private Professional Institutes**

These categories of consumers constitute private, professional & other educational institutes, Private Hospitals and Nursing Homes. The Energy Charges for all the existing slab consumptions for FY -16, as indicated in the table below.

**TABLE 44:**

**Proposed Tariff for LT 2(b) (i) (in Rs.)**

| Particulars                     | Existing Tariff                                           | Proposed tariff For FY-19 |
|---------------------------------|-----------------------------------------------------------|---------------------------|
| <b>Fixed Charges</b>            | Rs.55/- Per KW per month subject to a minimum of Rs. 85/- |                           |
| <b>Energy Charges per month</b> |                                                           |                           |
| Cons.< =200 units               | 6.50                                                      | 7.25                      |
| Cons. >200 units                | 7.75                                                      | 8.50                      |

**TABLE 45:**

**Proposed Tariff for LT 2(b) (ii) (in Rs.)**

| Particulars                     | Existing Tariff                                            | Proposed tariff For FY-19 |
|---------------------------------|------------------------------------------------------------|---------------------------|
| <b>Fixed Charges</b>            | Rs. 45/- Per KW per month subject to a minimum of Rs. 70/- |                           |
| <b>Energy Charges per month</b> |                                                            |                           |
| Cons.< =200 units               | 5.95                                                       | 6.70                      |
| Cons.> 200 units                | 7.20                                                       | 7.95                      |

**25.1.5 LT 3: Commercial**

**TABLE 46:**

**Proposed Tariff for LT 3(i) (in Rs.)**

| <b>Particulars</b>                    | <b>Existing Tariff</b> | <b>Proposed tariff For FY-19</b> |
|---------------------------------------|------------------------|----------------------------------|
| <b>Fixed Charges</b> Per KW per month | 60                     | 60                               |
| <b>Demand based Tariff (Optional)</b> |                        |                                  |
| Fixed Charges Per KW per month        | 75                     | 75                               |
| <b>Energy Charges per month</b>       |                        |                                  |
| For the first 50 units                | 7.50                   | 8.25                             |
| For the balance units                 | 8.50                   | 9.25                             |

**TABLE 47:**

**Proposed Tariff for LT 3 (ii) (in Rs.)**

| <b>Particulars</b>                    | <b>Existing Tariff</b> | <b>Proposed tariff For FY-19</b> |
|---------------------------------------|------------------------|----------------------------------|
| <b>Fixed Charges</b> per KW Per Month | 50                     | 50                               |
| <b>Demand based Tariff (Optional)</b> |                        |                                  |
| Fixed Charges Per KW per month        | 65                     | 65                               |
| <b>Energy Charges per month</b>       |                        |                                  |
| For the first 50 units                | 7.00                   | 7.75                             |
| For the balance units                 | 8.00                   | 8.75                             |

**25.1.6 LT 4 Agricultural I P Sets**

As at the end of FY-17, there were 25816 registered IP Set consumers. Energy consumption under this category for FY-17 is determined at 183.95 MUs based on assessed consumption. Considering the assessed consumption per IP set per annum at 7125.54 units, the sale of energy

under this category translates to 183.95 MU. The detailed calculation sheet is stated elsewhere in the filing.

The Applicant HRECS requests the Hon'ble Commission to fix Rs. 6.54 per unit for this category as Commission Determined Tariff.

**Table 48:**

| <b>Particulars</b>                | <b>Existing tariff</b> | <b>Proposed Tariff for FY 19</b> |
|-----------------------------------|------------------------|----------------------------------|
| Monthly Fixed Charges             | Nil                    | Nil                              |
| Energy Charges per unit per month | 5.79                   | 6.54                             |

**Proposed Tariff for LT4 (b)**

The difference between the cost of supply and each unit charged to the consumer shall be either born by cross subsidy or by government subsidy, as determined by the Hon'ble Commission.

**TABLE: 49**

**Applicable to IP sets above 10 HP**

| <b>Particulars</b>                | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|-----------------------------------|------------------------|----------------------------------|
| Monthly Fixed Charges per HP      | 50                     | 50                               |
| Energy Charges per unit per month | 3.00                   | 3.75                             |

**Proposed Tariff for LT 4(c)(i): Applicable to Private Horticultural Nurseries, coffee and Tea plantations upto 10 HP sanctioned load.**

The difference between the cost of supply and each unit charged to the consumer shall be either born by cross subsidy or by government subsidy, as determined by the Hon'ble Commission.

**TABLE : 50**

| <b>Particulars</b>                | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|-----------------------------------|------------------------|----------------------------------|
| Monthly Fixed Charges per HP      | 40                     | 40                               |
| Energy Charges per unit per month | 3.00                   | 3.75                             |

**Proposed Tariff for LT 4(c)(ii): Applicable to Private Horticultural Nurseries, coffee and Tea plantations above 10 HP sanctioned load.**

The difference between the cost of supply and each unit charged to the consumer shall be either born by cross subsidy or by government subsidy, as determined by the Hon'ble Commission.

**TABLE :51**

| <b>Particulars</b>                | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|-----------------------------------|------------------------|----------------------------------|
| Monthly Fixed Charges per HP      | 50                     | 50                               |
| Energy Charges per unit per month | 3.00                   | 3.75                             |

**25.1.7 LT 5: Industrial, Non-Industrial Heating and Motive Power**

The proposed tariff, the slab wise rates are given below.

**TABLE 52:**

**Proposed Tariff for LT – 5(b) (in Rs )**

| <b>Particulars</b>                    | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|---------------------------------------|------------------------|----------------------------------|
| <b>Fixed Charges per HP per Month</b> |                        |                                  |
| <= 5 HP                               | 35                     | 35                               |
| >5 & <= 40 HP                         | 40                     | 40                               |
| >40 & <= 67 HP                        | 55                     | 55                               |
| > 67 HP                               | 110                    | 110                              |

| <b>Energy Charges per month</b> |      |      |
|---------------------------------|------|------|
| Cons.< 500 units                | 5.00 | 5.75 |
| Cons.> 500, <= 1000 units       | 5.90 | 6.65 |
| Cons.> 1000 units               | 6.20 | 6.95 |

**TABLE 53:**

**Demand based Tariff (per KW)**

| <b>Particulars</b>                    | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|---------------------------------------|------------------------|----------------------------------|
| <b>Fixed Charges per month per KW</b> | 55                     | 55                               |
| > 5 HP, < 40 HP                       | 80                     | 80                               |
| >40 HP, < 67 HP                       | 160                    | 160                              |
| > 67 HP                               |                        |                                  |
| <b>Energy Charges per month</b>       |                        |                                  |
| Cons.< 500 units                      | 5.00                   | 5.75                             |
| Cons.< 500, <= 1000 units             | 5.90                   | 6.65                             |
| Cons.> 1000 units                     | 6.20                   | 6.95                             |

**25.1.8 LT 6(a) : Water Supply, Sewerage, Pumping, etc.**

The proposed tariff, the slab wise rates are given below

**TABLE 54:**

**Proposed Tariff for LT – 6(a) (in Rs )**

| <b>Particulars</b>                  | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|-------------------------------------|------------------------|----------------------------------|
| <b>Water Supply Installations</b>   |                        |                                  |
| Fixed Charges (Rs per HP per Month) | 55                     | 55                               |
| Energy Charges (Rs per unit)        | 4.25                   | 5.00                             |

**25.1.9 LT 6(b) : Street light**

**TABLE 55: Street light**

| <b>Particulars</b>                        | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|-------------------------------------------|------------------------|----------------------------------|
| Fixed Charges (Rs per kW per Month)       | 70                     | 70                               |
| Energy Charges (Rs per unit)              | 5.85                   | 6.60                             |
| Energy charges for LED/Induction lighting | 4.85                   | 5.60                             |

**25.1.10 LT – 7: Temporary Power Supply**

The proposed tariff, the slab wise rates are given below

**TABLE 56:**

**Proposed Tariff for LT – 7 (a)**

**(in Rs.)**

| <b>Particulars</b>                                          | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|-------------------------------------------------------------|------------------------|----------------------------------|
| <b>Fixed Charges for sanctioned Load of 67 HP and below</b> |                        |                                  |
| Weekly Minimum Per KW                                       | 190                    | 190                              |
| <b>Energy Charges per unit</b>                              | 10.00                  | 10.75                            |

**Proposed Tariff for LT – 7 (b)**

**(in Rs.)**

| <b>Particulars</b>                                          | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|-------------------------------------------------------------|------------------------|----------------------------------|
| <b>Fixed Charges for sanctioned Load of 67 HP and below</b> |                        |                                  |
| Fixed Charges Per KW                                        | 60                     | 60                               |
| <b>Energy Charges per unit</b>                              | 10.00                  | 10.75                            |

**25.2. HT CATEGORY WISE TARIFF REVISION**

The details of tariff proposal are furnished in Tariff Format D-21 of ERC & Tariff Filing Formats for FY-19

**25.2.1 HT – 1: Public Water Supply and Sewage Pumping Installations**

**TABLE 57:**

**Proposed Tariff for HT 1 (in Rs.)**

| <b>Particulars</b>             | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|--------------------------------|------------------------|----------------------------------|
| <b>Demand Charges</b> per kVA  | 200                    | 200                              |
| <b>Energy Charges</b> per unit | 4.85                   | 5.60                             |

**25.2.2 HT - 2(a) Industrial, Non Industrial and Non Commercial**

The proposed tariff, the slab wise rates are given below

**TABLE 58:**

**Proposed Tariff for HT 2(a) (in Rs.)**

| <b>Particulars</b>            | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|-------------------------------|------------------------|----------------------------------|
| <b>Demand Charges</b> per kVA | 200                    | 200                              |
| <b>Energy Charges</b>         |                        |                                  |
| Cons.< 1 lakh units/ month    | 6.60                   | 7.35                             |
| For the balance units         | 6.80                   | 7.55                             |

**25.2.3 HT 2 (b) Commercial**

The proposed tariff, the slab wise rates are given below

**TABLE 59:**

**Proposed Tariff for HT 2(b) (in Rs.)**

| <b>Particulars</b>            | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|-------------------------------|------------------------|----------------------------------|
| <b>Demand Charges</b> per kVA | 220                    | 220                              |
| <b>Energy Charges</b>         |                        |                                  |
| Cons.< 2 lakh units/<br>month | 8.25                   | 9.00                             |
| Cons.>2 lakh units/month      | 8.35                   | 9.10                             |

**25.2.4 HT 2 (c )(i) Govt. Hospital, Educational Institutions & Hostels**

The proposed tariff, the slab wise rates are given below

**TABLE 60:**

**Proposed Tariff for HT 2(c )(i) (in Rs.)**

| <b>Particulars</b>            | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|-------------------------------|------------------------|----------------------------------|
| <b>Demand Charges</b> per kVA | 200                    | 200                              |
| <b>Energy Charges</b>         |                        |                                  |
| Cons.< 1 lakh units/<br>month | 6.40                   | 7.15                             |
| Cons.>1 lakh units/month      | 6.80                   | 7.55                             |

**25.2.5 HT 2 (c )(ii) Hospital, Educational Institutions & Hostels other than above HT-2(c ) (i)**

The proposed tariff, the slab wise rates are given below



**TABLE 61:**

**Proposed Tariff for HT 2(c )(ii) (in Rs.)**

| <b>Particulars</b>            | <b>Existing Tariff</b> | <b>Proposed tariff for FY 19</b> |
|-------------------------------|------------------------|----------------------------------|
| <b>Demand Charges</b> per kVA | 200                    | 200                              |
| <b>Energy Charges</b>         |                        |                                  |
| Cons.< 1 lakh units/<br>month | 7.40                   | 8.15                             |
| Cons.>1 lakh units/month      | 7.80                   | 8.55                             |

**25.2.6 HT 3(a) Agriculture**

The proposed tariff, the slab wise rates are given below

**TABLE 62**

**Proposed Tariff for HT 3(a) (i) (in Rs.)**

| <b>Particulars</b>             | <b>Existing Tariff</b>                                                    | <b>Proposed Tariff for FY 19.</b>                                         |
|--------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Energy Charges/Minimum Charges | 2.25 ps. /unit<br>subject to annual<br>minimum of<br>Rs.1240/HP/<br>annum | 3.00 ps. /unit<br>subject to annual<br>minimum of<br>Rs.1240 HP/<br>annum |

**25.2.7 SEZ**

Since AEQUS is deemed licensee and regularly file its ERC & Tariff application, Hukeri RECS requests the Hon'ble Commission for fixing appropriate power purchase cost taking into consideration expected increase in the cost of supply .

**TABLE 63**

**Proposed for fixing the power purchase cost for SEZ**

| <b>Particulars</b>             | <b>Existing PP cost</b> | <b>Proposed PP cost for FY 19.</b> |
|--------------------------------|-------------------------|------------------------------------|
| Energy Charges/Minimum Charges | Rs.5.81 per unit        | Rs.6.56 per unit                   |

**26. PRAYER**

WHEREFORE, in the light of above submissions, the Applicant HRECS prays that the Hon'ble Commission may be pleased to:

- a) Consider and approve for the revised Annual Revenue Requirement (ARR) of the HRECS for FY-19.
- b) Consider and approve the tariff proposals of the HRECS and increase in power purchase cost for AEQUS for FY -19;
- c) Allow the recovery of expenses incurred by the HRECS in respect of this filing through tariff, while truing up of the accounts of the HRECS;
- d) Pass such other orders as deem fit in the circumstances mentioned above, in the interest of justice and equity.

Place: Hukkeri

Date: 28.11.2017

**APPLICANT**