

CHAPTER – 1

INTRODUCTION

1.0 Brief History of Hukeri Rural Electric Co-operative Society (HRECS)

Hukeri Rural Electric Co-operative Society (HRECS) was established on 21st July, 1969 as a Rural Electric Co-operative Society under the provisions of the Karnataka Co-operative Societies Act, 1959. It is a Distribution Licensee under Section 14 of the Electricity Act, 2003 (herein after referred to as the Act), responsible for purchase, distribution and retail supply of electricity to the consumers in Hukeri Taluk of Belagavi District. The Society is catering to 123922 consumers as on 31st March, 2019.

AEQUS is a Special Economic Zone establishment in Hukeri taluk and is availing HT power supply from the HRECS. It has filed separate application for approval of ARR for FY21 as a Distribution Licensee.

The distribution area of HRECS with six numbers of 110 / 11 kV substations and two numbers of 33 / 11 kV sub-stations, is divided into the following section offices:

1. Hukeri East
2. Hukeri West
3. Sankeshwar
4. Yamakanamaradi
5. Hidkal Dam
6. Kanagala
7. Hebbal
8. Sulthanpur
9. Bellada Bagewadi

1.1 HRECS's Profile

The profile of HRECS as on **31.03.2019**, is as under:

Sl. No	Particulars		Statistics
1.	Area	Sq. km.	991.49
2.	Consumers	Nos	126325
3.	Energy Consumption	MU	280.42
4.	Distribution Transformers	Nos.	2574
5.	Assets	Rs. Lakhs	8754.03

1.2 Background for Current filing:

HRECS has filed its application for approval of the ARR under APR for FY19 and the ARR for the next Control Period FY21 and revision of Retail Supply Tariff for FY21, on 27th November, 2019. The Commission, communicated its preliminary observations on the application to the HRECS on 20th December, 2019. The replies to the observations were submitted by the HRECS on 27th December, 2019.

1.3 Public Consultation Process:

The Commission treated the application of HRECs as a petition and directed it vide letter dated 7th January, 2020 to publish the summary of the ARR and Tariff proposals in the newspapers to invite objections / suggestions from the stakeholders.

Accordingly, the HRECS has published the summary of tariff application in the following newspapers:

Newspaper name	Date of publication	Language
Deccan Herald	09.01.2020	English
Vijayakarnataka	09.01.2020	Kannada
Indian Express	10.01.2020	English
Vijayavani	10.01.2020	Kannada

In response to the above notifications, the Commission received nine objections.

1.4 SUGGESTIONS / OBJECTIONS & REPLIES

In pursuance of the provisions of Section 64 of the Electricity Act, 2003, the Commission has undertaken the process of public consultation, to obtain suggestions / views / objections from the interested stake-holders, on the application filed by the HRECS, for the Annual Performance Review for FY19, approval of ERC and ARR for FY21 and also approval of revised retail supply tariff for FY21, under the provisions of the MYT Regulations. In the written submissions as well as during the public hearing, the stake-holders and the public have raised several objections and have made suggestions, on the Tariff Application.

The names of the persons who have filed written objections are given below:

List of persons who filed written objections within due date:

SI No	Application No	Name & Address of the Objectors
Objections Filed with Affidavit:		
1	HRA-01	Smt Vaijayanti M Chougala, Secretary, The Womens Welfare Society, Belagavi – 10.
2	HRA-02	Sri Jinagowda Rayagowda Patil, Hebbala, Hukkeri Taluk, Belagavi District.
3	HRA-03	Sri Vinoda Ramegowda Patil, Ammanagi, Hukkeri Taluk, Belagavi District.
4	HRA-04	Sri Sleema Balasaheba Kalavantha, Gajabaravadi Road, Hukkeri Taluk, Belagavi District.
5	HRA-05	Sri Shashikantha Malagowda Desai, Hukkeri, Hukkeri Taluk, Belagavi District.
6	HRA-06	Sri Yalagowda Ramachandragowda Patil, Boragalla, Hukkeri Taluk, Belagavi District.
7	HRA-07	Sri Balappa Babu Kanthi, Masaraguppi, Hukkeri Taluk, Belagavi District.
8	HRA-08	Sri Basavanni Ghulappa Doddamani, Hukkeri, Hukkeri Taluk, Belagavi District.
9	HRA-09	Sri Kempanna Basavanneppa Nerali, Hukkeri, Hukkeri Taluk, Belagavi District.

The objections / suggestions mainly pertain to:

- a. Tariff;
- b. Quality of Power Supply and Service;
- c. Employees and Vacancies;
- d. Functioning of Consumer Grievance Cell;
- e. Compliance of Commission's directives; and
- f. Certain specific requests.

The gist of objections relevant to the Tariff, Replies by HRECS and the Commission's Views are appended to this order in **Appendix-1**.

As a part of the Public consultation, the Commission also held a public hearing at Hukkeri on 18.02.2020. In the public hearing, the following persons made oral submissions before the Commission. A List of the persons who made oral submissions during the Public Hearing on 18.02.2020 is as under:

SL. No.	Names & Addresses of Objectors
1	Sri Ravindra B Hidakal
2	Sri B.B.Kanti
3	Sri Srishaila Matapathi
4	Sri Satyappa B Naik
5	Sri Shivashankar
6	Sri Shashikantha Desai
7	Sri Basavaraj Narasannavar Gouda
8	Smt Padmashree K T, HESCOM
9	Sri S M Kanade

In public hearing conducted by the Commission, the stakeholders raised several points / issues relating to the operation and working of the Hukkeri RECS. The gist of the submissions made during the Public Hearing held on 18.02.2020 is listed below:

- i) The Commission should not increase the tariff to an extent of Rs.1.80 as requested by the Society.

- ii) The Commission is requested to review the request made by HESCOM to increase the trading margin from the present 5 paise / unit to 10 paise / unit.
- iii) The Commission shall take a stand to revise the tariff by balancing in such a way that the Society do not incur loss and the consumers shall also not be burdened with increase in Tariff.
- iv) 3 phase power supply shall be provided as per the directions of the Government during day time which helps the farmers.
- v) The Society is availing loans at high rate of interests and depositing the surplus for low rate of interests. The Society has to take action to avail loans in banks offering low rate of interests and deposit the surplus amount in such banks to earn more interest.
- vi) The Society is incurring losses due to issues within it. It shall resolve the administrative issues to reduce losses.
- vii) The flood havoc has devastated the conditions of the farmers and hence the tariff hike has to be dropped.
- viii) Since the electricity theft in the Society is increasing and causing losses, the Society has to strengthen the vigilance instead of relying more on the public information.
- ix) Requested to provide solar IP sets in order to reduce IP set consumption the jurisdiction of the Society.
- x) Energy meters provided at the interface points of the Society shall be calibrated periodically.

HRECSs Response

The Managing Director, HRECS stated that the replies to most of the issues raised in the public hearing have been furnished in the written replies. The other issues not covered earlier would be looked into and remedial action taken.

Commission's views

The Commission directed HRECS to analyse and submit a detailed report on the following:

- In respect of distribution loss reported in its APR for FY19 as 19.10% against the approved distribution losses of 14.32%.
- Failure of large number of distribution transformers.
- Increase in sales to BJ / KJ installations.
- Providing capacitors to IP installations.
- Action shall be taken to reduce distribution losses.

Also, the Commission directs HRECS to look into the unresolved issues and attend to them on priority, under intimation to the respective objectors.