

## **CHAPTER – 3**

### **TRUING UP FOR FY-17**

BESCOM, in its application dated 15th December, 2015, has sought approval of ARR for FY17-19. The Commission in its Tariff Order- 2016, dated 30th March 2016 approved the ARR for FY-17-19 and approved the revision of Tariff for FY-17.

On 16th February 2015, the Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2015, which include a road map for implementation of Indian Accounting Standards (Ind AS) for class of Companies.

As per the said Notification under rule 4, Companies having net worth of rupees five hundred crore or more, shall comply with Indian Accounting Standards (Ind AS) and to prepare their financial statements and audit respectively.

As per clarification bulletin-6 issued by the Institute of Chartered Accounts of India, vide Issue - 4, it is clarified that, “grants received from government, which is in the nature of promoter’s contribution. In substance, the capital reserve is in the nature of promoter’s contribution is a capital contribution by promoters and should be included in the calculation of net worth”.

From the above interpretation, Bangalore Electricity Supply Company (BESCOM) falls under the Companies having net worth of Rupees five hundred crore, and shall prepare the financial statements as per Indian Accounting Standards (Ind AS) for FY-17 and onwards.

Bangalore Electricity Supply Company (BESCOM) has finalized the accounts under Indian Accounting Standards (Ind AS) for the year 2016-17 and submitted to Comptroller and Auditor General of India (C&AG) for their Comments.

Consequent to adoption of Indian Accounting Standards (Ind AS), a lot of change happened in reporting the financial statements. Hence, the reporting financial statements are not in commensurate with the reporting desired by the Commission for determination of Tariff.

As per Section 129 of the Companies Act-2013, there is a provision for deviation from the reporting of financial statements for the company engaged in the generation or supply of electricity for which a form of **financial statement has been specified in or under the Act governing such class of company.** (Emphasis added). Commission is empowered under Section 181 of the Electricity Act, 2003 to specify regulations consistent with this Act and the rules generally to carry out the provision. Hence, it is submitted before the

Commission to specify the form of financial statements for reporting for the sake of Stake holders and general public.

**Actuals Expenses for FY 2016-17 is compared with the Approved**

The details of expenses under various heads of ARR are given in Table below:

**Table No: 3.1**

<b>Sl. No</b>	<b>Particulars</b>	<b>Approved for FY-17 ( In tariff Order 30th March2016)</b>	<b>Actual for FY-17</b>
	<b>Revenue from tariff and Misc. Charges</b>		
1	Revenue from tariff and Misc. Charges	13808.27	13776.74
2	Tariff Subsidy	1956.7	2084.43
3	<b>Total Existing Revenue (1 + 3 )</b>	<b>15764.97</b>	<b>15861.17</b>
	<b>Expenditure in Rs. Crs.</b>		
4	Power Purchase Cost	11457.8	12168.3
5	Transmission charges of KPTCL	1487.22	1495.51
6	SLDC Charges	9.17	9.17
7	<b>Total Power Purchase Cost including cost of transmission (4 to 6)</b>	<b>12954.19</b>	<b>13672.98</b>
8	<b>O&amp;M Expenses</b>	1348.61	1197.68
9	Depreciation	271.29	374.37
	<b>Interest &amp; Finance charges</b>		
10	Interest on Capital Loans	282.84	319.99
11	Interest on Working capital Loans	306	354.01
12	Interest on consumer security deposits	257.45	244.17
13	Other Interest & Finance charges	10.19	14.30
14	<b>Less</b> interest & other expenses capitalized	80	69.30
15	<b>Total Interest &amp; Finance charges ( 10 to 14)</b>	<b>776.49</b>	<b>863.17</b>
16	Other Debits	0	
17	Net Prior Period/Exceptional Debit/Credit <b>(Credit )</b>	0	2.17
18	Return on Equity	35.1	
19	Funds towards Consumer Relations/Consumer Education	1	
20	Other Income	203	193.35
21	<b>ARR (7+8+9+15-17-20)</b>	<b>15183.68</b>	<b>15912.68</b>

Commission approved the ARR for FY-17 for Rs.15, 764.67Cr. in which Rs.15,183.68 for the stand alone FY-17 and the other expenses related to regulatory deferrals. Actual Annual Revenue Requirement (ARR) as per accounts are compared with approved ARR for FY-17 Details as under:

Table No: 3.2

Sl. No	Particulars	Approved for FY-17 ( In tariff Order 30th March2016)	Carried for FY-17 for true up
1	<b>Expenditure:</b> Standalone ARR FY-17	15183.68	15912.68
2	<b>Revenue Receipts for FY-17</b>	15764.97	15861.17
3	<b>Surplus/(Deficit)</b>	<b>581.29</b>	<b>-51.51</b>

Rs.581.29 Crs. of surplus tariff was approved to make good the deficit approved by the Commission in its truing up exercise of previous years. But due to increase in power purchase cost, approved tariff receipts are not fetched the standalone ARR of FY-17.

The item wise review of expenditure of FY-17 and comments thereon are as discussed in the following paragraphs.

## I. EXPENDITURE:

### 1. POWER PURCHASE:

#### a) Source wise Power purchase units and the Cost for FY-17:

Commission in its Tariff Order dated 30th March 2016 approved the Power purchase quantum and the cost. Actual source wise power purchase quantum and the cost is tabulated below:

Table No: 3.3

Source of Power	Power Purchase Cost approved by the Commission FY-17			Actual Power Purchase Cost FY-17			Variation FY-17		
	Energy in MU	Cost in Rs Cr	Per Unit cost in Rs	Energy in MU	Cost in Rs Cr	Per Unit cost in Rs	Energy in MU	Cost in Rs Cr	Per Unit cost in Rs
KPCL Hydel Energy	3636.159	407.226	1.12	1859.32	176.81	0.95	-1776.84	-230.416	- 0.17
KPCL Thermal Energy	9912.495	4044.067	4.08	9424.57	3977.06	4.22	-487.925	-67.007	0.14
CGS Energy	10286.415	3335.994	3.24	10619.38	3631.4	3.42	332.965	295.406	0.18
UPCL	3566.254	1478.399	4.15	3378.86	1387.45	4.11	-187.394	-90.949	- 0.04
Renewable Energy	3522.21	1439.082	4.09	3380.62	1329.25	3.93	-141.59	-109.832	- 0.15
Other State Hydel	68.854	32.367	4.70	57.43	28.86	5.03	-11.424	-3.507	0.32
Short Term	529.872	267.058	5.04	2225.21	988.3	4.44	1695.338	721.242	- 0.60
Section 11 and UI Trading				257.66	114.4	4.44	257.66	114.4	4.44
PGCIL & POSOCO Charges		453.606			753.42		0	299.814	0.00
ENERGY Balancing				29.6	11.19		29.6	11.19	0.00
KPTCL Transmission & SLDC and PGCIL		1496.39			1507.39		0	11	0.00

POSOCO Charges									
Prior periods					-301.11		0	-301.11	0.00
<b>TOTAL</b>	<b>31522.26</b>	<b>12954.2</b>	<b>4.11</b>	<b>31487.9</b>	<b>13672.98</b>	<b>4.34</b>	<b>-34.369</b>	<b>718.791</b>	<b>0.23</b>

The Commission while approving the power purchase cost for FY-17, observed that:

- Any short-term/ contingent power procurement over and above the approved rate shall be Rs.4.50 per Kwh.
- Shall be made only through competitive bidding duly complying with the GoI guidelines and
- Only with the prior approval of the Commission.

All short term procurements was made due procedure and approval from the Hon'ble Commission.

**b) RPO target for FY17:**

As per the KERC(Procurement of Energy from Renewable Sources)(Third Amendment) Regulations, 2015, target for FY-17 for non- solar RPO is 11% of the total power procurement and Solar RPO target of 0.75% of total power procurement.

**Achievement of RPO in respect of Non-solar RPO and Solar-RPO is tabulated below:**

**Table No: 3.4**

<b>Particulars</b>	<b>Mus</b>
<b>Energy Requirement</b>	31487.99
<b>Obligation</b>	
Non-Solar energy to be procured @ 11%	3463.67
Solar energy to be procured (@0.75%)	236.16
<b>Compliance (Non-Solar)</b>	
Non-Solar energy	3380.62
Solar energy	324.14
Compliance- Non solar (as % of Energy Requirement)	10.74%
Compliance -Solar (as % of Energy Requirement)	1.02%

BESCOM in its application for approval of ARR-FY-17 on 15.12.2015, expressed its inability to achieve the target of Non-solar RPO for FY-17 and proposed to purchase REC certificates in the Market.

In response to the above, the Commission in its order dated 30th March 2016, opined that BESCOM may achieve the target over and above in Solar RPO and that excess achievement in Solar RPO maybe adjust against RPO of Non-solar.

As per actual, Solar RPO is achieved in excess by 0.27% and Non-sola RPO short by 0.26%.

Hence, it is requested to the Commission to set off the unmet RPO of Non solar by Solar RPO for FY-17.

**2. CAPITAL EXPENDITURE FOR FY-17:**

The approved and Expenditure incurred for FY-16 is tabulated below.

**Table No: 3.5**

<b>Heads of works</b>	<b>Approved by KERC on 23/11/2016</b>	<b>Expenditure incurred in Rs Crs</b>
Ganga kalyana Works		83.34
Service connection works		59.98
Water Works	264.6	38.50
Providing Infra. to General IP Set		0.66
11 KV Evacuation line	68.10	46.97
Providing Additional DTC's /Enhancement of DTCs	39.40	27.17
Reconductoring of HT lines in No.s/Circuit kms	21.03	14.50
Reconductoring of LT lines in No.s/circuit kms	25.29	17.44
SDP Progress	-	14.00
Strengthening of HT/LT network including OH/UG cable and AB cable	51.52	35.53
Local planning	156.59	107.99
Safety works	19.23	13.26
Emergency / Calamity Works	1.91	1.32
Meters	20.22	6.05
Providing Infrastructure to Un authorised IP sets	260.26	179.49
NJY	453.83	312.98
HVDS	213.15	147.00
RGGVY 12th plan	25.85	17.83
RAPDRP B	15.00	4.25
RAPDRP A	60.99	42.06
DAS	135.08	93.16
SG	0.82	0.57
DSM	17.06	11.77
DDUGJY	-	0.00
IPDS	-	0.00
One time maintenance	91.15	82.78
Civil Engineering Works	48.91	33.73
IT initiative	10.00	9.92
TIC	-	0.00
Replacement of existing conventional Tc. by Amorphous core Tc. In South Circle	-	0.00
Corporate office reserve fund	-	0.00
<b>Grand Total</b>	<b>2000.00</b>	<b>1402.25</b>

**3. DISTRIBUTION LOSS:**

Commission approved the trajectory Distribution loss for FY-17 as under.

**Table No: 3.6**

Particulars	Approved	Actuals
Upper limit	13.25	
Average	13.00	13.19%
Lower limit	12.75	

**Commission is requested to approve the actual distribution loss for FY-17 13.19%.**

**4. O & M EXPENSES:**

O&M expenses includes, Repair and Maintenance expenses, (Termed as Other operating expenses in Accounts), Employee cost (Termed as Employee benefits expenses in accounts) and A&G expenses. O&M expenses as per accounts of FY-17 is tabulated as under:

**Table No: 3.7****Amount in Cr.**

Repair and maintenance expenses	74.83
Employee Expenses	879.96
A&G expenses	242.89
<b>Total</b>	<b>1197.68</b>

The Commission in the Tariff Order issued on 30th March 2016, calculated the FY-17 O&M expenses considering the following points:

- Computed the O & M expenses for FY17 by considering the actual O & M expenses of FY15 inclusive of contribution to the Pension and Gratuity Trust as per the audited accounts (being the data available as per the audited accounts) to arrive at the O & M expenses for the base year i.e. FY16.
- Wholesale Price Index (WPI) as per the data available from the Ministry of Commerce & Industry, Government of India and Consumer Price Index (CPI) as per the data available from the Labor Bureau, Government of India and adopting the methodology followed by CERC with CPI and WPI in a ratio of 80 : 20,
- The three year compounded annual growth rate (CAGR) of the number of installations considering the actual number of installations as per the audited accounts up to FY15 and as projected by the Commission for FY16-FY19.
- Efficiency factor at 1% as considered in the earlier two control periods.

- The weighted inflation index (WII) at 7.24% as computed above.

Now, FY-16 actuals of base figure is available as per audited accounts. As per the MYT Regulations -2006 vide regulation 2.6.3, Expenses on account of Inflation is considered as uncontrollable.

The Commission in its earlier truing up exercises, treating contribution to P&G Trust in the employees cost as

O&M expenses. Hence, the same is factored separately.

Considering the above points, O&M expenses on normative basis works out as under:

O&M expenses for FY-16 as per audited accounts (Base year) are as under::

**Table No: 3.8**

Amount in Rs. Crores

<b>O&amp;M Expenses</b>	<b>FY-16 (Base year)</b>
Repair and Maintenance expenses	83.37
Employee Expenses	860.8
A&G expenses	223.21
<b>Total</b>	<b>1167.38</b>

BESCOM, in its truing up petition before the Commission vide its application dated 30.11.2016, submitted that there are new recruitment happened in FY-16 and requested the Commission to consider the same for truing up of FY-16. A detail submitted to the Commission is as under.

**Table No: 3.9**

<b>Name of the Post</b>	<b>No.</b>	<b>Avg. Salary per employee</b>	<b>Total expenditure per month</b>	<b>Recruited month</b>	<b>No. of Months for which full month salary paid</b>	<b>Addl. Expenditure on account of New recruitment for FY-16 in Crs.</b>	<b>Addl. Expense attributable to FY-17</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4=2 X3</b>	<b>5</b>	<b>6</b>	<b>7=4X6</b>	<b>8=3X12 months/10^7</b>
Assistant Line Man ( ALM)	627	19497	12224619	15-Aug	7	8.56	14.67
Assistant Engineer (Ele)	15	43940	659100	15-Jul	8	0.53	0.79
Assistant Accounts Officer (AAO)	3	43940	131820	15-Jul	8	0.11	0.16
Junior Engineer (JE)	19	28816	547504	15-Jul	8	0.44	0.66
Assistant	249	25137	6259113	16-Jan	2	1.25	7.51
Junior Assistant(JA)	284	22195	6303380	16-Jan	2	1.26	7.56
Junior Line Man (JLM)	1229	10000	12290000	15-Dec	3	3.69	14.75
<b>TOTAL</b>	<b>2426</b>	<b>193525</b>	<b>38415536</b>			<b>15.83</b>	<b>46.1</b>

It is also submitted before the Commission that, in view of Hon'ble High Court directions in the WP 9667/2014,BESCOM, modified the existing 11kv GOS by repositioning /redesigning to make foot path free for pedestrians. Additional cost of Rs.12.79 Crs. was incurred to modifying 59,000 numbers of GOS in BESCOM jurisdictions and requested to allow as additional uncontrollable expenses for FY-16.

The Commission, while truing up of FY-16, approve to consider addition employee cost due to new recruitment but denied the claim of Rs.12.79 Crs. towards expenses for modification of 59000 GOS with a remark that the allowed normative expenses are more than the actual O&M expenses of FY-16. However, these two factors are to be consider for adjustment of actual O&M expenses of base year i.e. FY-16. Adjusted base year O&M expenses are worked as under:

**Table No: 3.10**

Particulars	Actuals as per Audited Accounts	Corrections		
		Less	Add	Adjusted O&M Expenses for FY-16 ie., Base year
1	2	3	4	5=2-3+4
Repair and Maintenance expenses	83.37	12.1		71.27
Employee Expenses				
	860.80	**15.83	46.1	740.84
		*150.23		
A&G expenses	223.21	0	0	223.21
<b>Total</b>	<b>1167.38</b>	<b>178.16</b>	<b>46.1</b>	<b>1035.32</b>

\* Rs.150.23 Crs Terminal benefits is being considered by as Un controllable expenses for truing up

\*\* Rs.15.83 crs of additional employees cost is already accounted in FY-16 accounts

Considering Rs. 1035.32 Crs. being the adjusted O&M expenses of FY16, normative O&M expenses are computed with the following inputs:

**a) Inflation indices:**

The Commission in its earlier tariff Orders, opined that,

“ ..... the weighted inflation index based on 12 year data in line with the methodology followed by the CERC and consumer growth is based on three year Compounded Annual Growth Rate (CAGR) to represent the true inflation and growth rate. One year data of WPI and CPI and consumer growth rate does not reflect the true index due to situational variations if any”

It is humbly submitted before the Commission that, CERC issuing “NOTIFICATION ON ESCALATION FACTOR” on two issues. One issue related to evaluation of biddings and the second is for actual payments. Evaluation of bidding is before issue of work award and this will happen before the commencement of work. The other is for actual payments. This is while executing the work and is for arranging payment to successful bidder while



execution of work. Both the inflations are different. Hence CERC demarked the inflation rates in its half yearly notifications.

The methodology adopted by CERC for considering 12 years weighted average of inflation of CPI and WPI for the purpose of evaluation of bidding is in line for estimation of O&M expenses for the future years and considering the methodology adopted by the CERC for arranging payment is the correct method for truing up.

It is submitted before the Commission that considering Inflation index of previous 12 years weighted average for both estimation of O&M expenses and approving O&M expenses for truing up is not in line with MYT regulations.

Regulation 2.6.3 of MYT regulations, 2006 considered the inflation factor as uncontrollable and the expenses incurred on account of inflation is to be allowed on actual inflation basis. If Commission is approving the inflation rate for both estimation and for actual payment at one and the same rate, then the objective of MYT regulations will fail.

Likewise, Commission is considering the 3 years compounded growth rate of consumers for the purpose of estimation as well for truing up.

Commission's ruling for considering consumer growth rate for the purpose of computing O&M expenditure in its order dated 11.01.2008 is reiterated as under.

*"....., the Commission notes that, in addition to the inflationary increase, there is a need to factor in the business growth as well, which is also an important cost driver.*  
.....

Under the above said ruling, Commission has to consider the actual increase in inflation and the actual growth of the business as well.

If the Commission is to consider the inflation rate at 12 years weighted average and business growth rate at 3 years CAGR, it will not commensurate to the MYT regulations as well as its own ruling.

Under the above said circumstance, Commission is requested to consider the actual increase in the weighted inflation rate for FY-17 and actual consumer growth of FY-17.

CERC notified the weighted inflation rate for FY-17 considering WPI at 45% and CPI at 55% for payments on 30.03.2017. Details notified as under:

**Table No: 3.11**

Period	WPI (45%)	CPI (55%)	Composite series*
16-Jan	175.4	269	226.9
16-Feb	174.1	267	225.2
16-Mar	175.3	268	226.3
16-Apr	177.8	271	229.1
16-May	180.2	275	232.3
16-Jun	182.9	277	234.7
16-Jul	184.2	280	236.9
16-Aug	183.3	278	235.4
16-Sep	183.2	277	234.8
16-Oct	183.6	278	235.5
16-Nov	183.5	277	234.9
16-Dec	183.3	275	233.7
<b>Average Index</b>	<b>(Jan16 to June16)</b>		<b>229.07</b>
<b>Average Index</b>	<b>(July16 to Dec16)</b>		<b>235.21</b>
<b>Half Yearly inflation</b>			<b>2.68%</b>
<b>Annual Yearly inflation</b>			<b>5.36%</b>

Re-computing the values to arrive at composite series by considering CPI 80% and WPI 20%, is as under:

**Table No: 3.12**

Period	WPI (20%)	CPI (80%)	Composite series*
16-Jan	175.4	269	250
16-Feb	174.1	267	248
16-Mar	175.3	268	249
16-Apr	177.8	271	252
16-May	180.2	275	256
16-Jun	182.9	277	258
16-Jul	184.2	280	261
16-Aug	183.3	278	259
16-Sep	183.2	277	258
16-Oct	183.6	278	259
16-Nov	183.5	277	258
16-Dec	183.3	275	257
<b>Average Index (Jan16 to June16)</b>			<b>252</b>
<b>Average Index (July16 to Dec16)</b>			<b>259</b>
<b>Half Yearly inflation</b>			<b>2.47%</b>
<b>Annual Yearly inflation</b>			<b>4.95%</b>

Commission is requested to consider 4.95% as the weighted inflation indices for FY-17.

## **b) Business growth Rate:**

Commission recognized the business growth is the cost factor in O&M expenses. Commission is considering the average growth rate of 3 years. If the Commission is to consider the business growth is the cost factor, then the growth rate of that particular year is appropriate to consider rather than the average of 3 years.

The consumer growth for FY-17 over FY-16 is tabulated below:

**Table No: 3.13**

Consumers as on 31.03.2016 ( Numbers)	10,146,965
Consumers as on 31.03.2017(Numbers)	10,696,029
Growth rate (%)	5.41%

Commission is requested to consider 5.41% as business growth rate for FY-17.

Considering the above parameters, a normative O&M expense for FY-17 is tabulated below:

**Table No: 3.14**

Particulars	FY17
Adjusted O&M expenses of Base year FY-16	1051.15
Weighted Inflation Index	4.95%
Consumer Growth Index	5.41%
<b>O&amp;M Index= O&amp;M (t-1)*(1+WII+CGI-X)- Rs. Crs.</b>	<b>1132.22</b>

Normative O&M expenses works out to Rs.1132.32 Crs,

### **c) Un-Controllable expenses:**

Commission is considering the P&G trust contribution as un controllable expenditure. By adding the actual P&G trust contribution, allowable O&M expenses for FY-17 is tabulated below:

#### **Allowable O & M Expenses for FY17**

**Table No: 3.15**

Amount in Rs. Crores

Sl. No.	Particulars	FY17
1	Normative O & M expenses	1132.32
2	P&G Trust contributions (uncontrollable O & M expenses)	143.15
<b>3</b>	<b>Allowable O &amp; M expenses for FY14</b>	<b>1275.47</b>

Commission is requested to approve Rs.1275.47 Crs. as O&M expenses for FY-17

### **5. DEPRECIATION:**

Commission approved the depreciation for FY-17 considering the actual assets of FY-15 and with some assumptions. Actuals of FY-17 is compared with approved:

**Table No: 3.16**

Particulars	FY-17	
	Approved	Actual
Buildings	4.03	<b>7.74</b>
Civil	0.16	0.22

Other Civil	0.07	0.05
Plant & M/c	97.83	122.62
Line, Cable Network	294.78	367.13
Vehicles	1.06	1.57
Furniture	0.57	0.63
Office Equipment's	0.77	0.63
Intangible assets	0.01	0.01
<b>Sub Total</b>	<b>399.26</b>	<b>500.6</b>
Depreciation Withdrawn AS12	127.98	126.25
<b>Total</b>	<b>271.29</b>	<b>374.35</b>

**Commission is requested to approve the actual depreciation of Rs. 374.35Crs.**

## **6. INTEREST & FINANCE EXPENSES:**

Commission approved the interest finance charges for FY-17 in Tariff Order dated 30th March 2016 is as under:

**Table No: 3.17**

<b>Particulars</b>	<b>FY17</b>
Interest on Loan Capital	282.84
Interest on Working Capital	306
Interest on Consumers Security Deposit	257.45
Other Interest & Finance Charges	10.19
Less Interest & other expenses capitalized	-80
<b>Total Interest &amp; Finance Charges</b>	<b>776.49</b>

Actual Individual expenses on account of interest and finance expenses are discussed and detailed as under:

### **a) Long term Loans:**

**Status of Long term loans as on 31.03.2017.**

**Table No: 3.18**

<b>Long term</b>							
<b>Sl. NO.</b>	<b>BANK Name</b>	<b>AS on 31.03.2016</b>	<b>Additions</b>	<b>Total</b>	<b>Repayment</b>	<b>As on 31.3.2017</b>	<b>Int. paid for FY-17</b>
1	SBI	518.5	131.5	650	39.07	610.93	62.37
2	BOI	85.6		85.6	28.6	57	10.17
3	Canara Bank	610.74		610.74	77	533.74	62.53
4	Bank of Maharashtra	248.16		248.16	57.16	191	27.5
5	State Bank of Mysore	100		100	2.5	97.5	9.88
6	REC- APDRP counterpart funding	2.41		2.41	0.75	1.66	0.32
7	PFC-RAPDRP (Part A)	146.64	73.26	219.9		219.9	0
8	PFC-RAPDRP( part-B)	43.54		43.54		43.54	0
9	RAPDRP-Part B counterpart funding	140.54		140.54	10.41	130.13	17.07
10	PFC-DRUM	2.05		2.05		2.05	0.33
11	REC-NJY Phase2	26.24	204.29	230.53		230.53	29.42
12	REC-DTC Metering	136.48	2.03	138.51		138.51	17.70
13	REC_HVDS	93.41	97.11	190.52		190.52	17.15

14	REC_ UAIP	195.1		195.1	19.51	175.59	22.23
15	REC_ General Capex	126.36	4.07	130.43	13.03	117.4	14.56
16	REC-Static meters	101.24	4.57	105.81		105.82	11.36
17	REC-RGGVY 12th plan	1.39	1	2.39		2.4	0.15
18	REC_ NJY Phase-3	0	420.82	420.82		420.82	9.41
19	REC-HVDS	0	74.84	74.84		74.84	1.75
	<b>Sub Total</b>	<b>2578.4</b>	<b>1013.49</b>	<b>3591.89</b>	<b>248.03</b>	<b>3343.88</b>	313.897
<b>Loan from State Govt.</b>							
20	PMGY	0.55		0.55	0.11	0.44	0.08
21	APDRP	25.02		25.02	4.17	20.85	4.81
22	Interest free	0.94		0.94		0.94	0
23	RGGY	9.13		9.13	2.25	6.88	1.21
24	JICA	327.84	73.96	401.8		401.8	0
	<b>Sub Total</b>	<b>363.48</b>	<b>73.96</b>	<b>437.44</b>	<b>6.53</b>	<b>430.91</b>	6.10
	<b>Total</b>	<b>2941.88</b>	<b>1087.45</b>	<b>4029.33</b>	<b>254.56</b>	<b>3774.79</b>	<b>319.99</b>

Status of loan estimated and approved by the Commission is compared with the actual loan drawn; repaid and average interest paid is computed as under.

**Table No: 3.19**

Particulars	FY17	
	Approved	Actuals
Opening Balance long term loans	3005.12	2941.88
Add new Loans	697.65	1087.45
Less: Repayments	352.36	254.56
Total loan at the end of the year	3350.41	3774.77
Average Loan	3177.77	3358.33
Interest on long term loans	282.84	319.99
Weighted average rate of interest in %	8.90%	9.53%
Interest on long term loans	282.84	319.99

It could be seen from the above table, the weighted rate of interest for FY-17 is increased when compared to approved weighted rate of interest.

**Reasons for increase in weighted average rate of interest:**

- Almost 50% of the loan borrowed are from PFC/REC. i.e., Central Finance institutions.
- Commercial Banks are not lending loans for Central/State Government initiated projects.
- Rate of interest is higher side in financial institutions when compared to Commercial Banks.

Commission is requested to allow Rs.319.99 Crs. on interest on long term loans.

**b) Short term loan:**

Status of short term loan and over drafts as on 31.03.2017 is shown in the below table:

**Table No: 3.20**

<b>Short term</b>						
<b>BANK Name</b>	<b>AS on 31.03.2016</b>	<b>Additions</b>	<b>Total</b>	<b>Repayment</b>	<b>As on 31.3.2017</b>	<b>Int. paid for FY-17</b>
Vijaya Bank	550	750	1300	550	750	65.14
Corporation Bank	350	100	450	350	100	14.59
SBM	100		100	0	100	9.63
Bank of Maharashtra	343.7		343.7	250	93.7	19.14
syndicate Bank	56.25	250	306.25	170.87	135.38	19.96
Union Bank	0	250	250	68.19	181.81	14.08
Bank Of India	0	248	248		248	9.16
<b>Sub Total</b>	<b>1399.95</b>	<b>1598</b>	<b>2997.95</b>	<b>1389.06</b>	<b>1608.89</b>	<b>151.7</b>
<b>OVER DRAFTS</b>						
Bank of Baroda	150.16		150.16	52.84	97.32	
Vijaya Bank	404		404	7	397	
Canara Bank	885.51		885.51	43.25	842.26	
Syndicate Bank	264.74	84.09	348.83		348.83	
Bank of India	170.81	180	350.81	183.76	167.05	
State Bank of Mysore	297.31		297.31	36.66	260.65	
State Bank of India	102.05	144	246.05	186.24	59.81	202.32
<b>Sub Total</b>	<b>2274.58</b>	<b>408.09</b>	<b>2682.67</b>	<b>509.75</b>	<b>2172.92</b>	<b>354.02</b>

**c) Interest on Working Capital:**

Loan drawn by BESCO under short term and by bank overdraft to meet the working capital. Interest on working capital is considered as controllable expenditure and Commission is approving this expenses under normative basis.

Formula approved for interest on working capital as per MYT regulations and normative working capital allowed as per the actual inputs are tabulated below:

**Table No: 3.21**

<b>Particulars</b>	<b>FY 17</b>	
	<b>Approved</b>	<b>Actual</b>
One-twelfth of the amount of O&M Expenses	112.38	96.105
Opening Gross Fixed Assets (GFA)	7568.3	8908.46
Stores, materials and supplies 1% of Opening balance of GFA	75.68	89.0846
One-sixth of the Revenue	2416.23	2643.528
Total Working Capital	2604.29	2828.718
Rate of Interest (% p.a.)	11.75%	*12.45%
<b>Interest on Working Capital</b>	<b>306</b>	<b>352.18</b>
<b>Actual interest incurred by BESCO for FY-17</b>		<b>354.02</b>
<b>Allowable interest on working capital= Normative+50% of difference between Normative and actual (352.18+0.91(354-352.18)=1.82/2=0.91)</b>		<b>352.18</b>

- As per RBI notification Base Rate of Scheduled Commercial Banks for the Month Ended March 2016: Min 9.30% and Max 9.95% (9.95%+250 points=12.45%)

Computed interest on working capital based on the actual inputs and applying the rate of interest at amended version of this regulation works out to Rs.353.09Crs.

#### **d) Interest on Consumer Deposit:**

In accordance with the KERC (Interest on Security Deposit) Regulations 2005, the interest rate on consumer security deposit to be allowed is the bank rate prevailing on the 1<sup>st</sup> of April of the financial year for which interest is due. As per Reserve Bank of India notification dated 1st April, 2016, notified bank rate as 7.75%.

Actual interest paid to consumer security deposit against the approved is tabulated below:

**Table No: 3.22**

Particulars	FY17	
	Approved	Actual
Opening balance of consumer security deposits (01.04.2016)	3171.94	3401.75
Added for FY-17		261.16
Consumer security at the end of year		3662.91
Weighted Average		3532.33
Rate of Interest	7.75%	7.75%
Calculated interest on consumer security deposit	<b>257.45</b>	273.76
Interest on Consumer security deposit paid	257.4	244.17

Commission is requested to allow Rs.244.17 Crs as interest on consumer security deposit for FY-17.

#### **e) Other Interest and Finance Charges:**

BESCOM incurred other finance charges of Rs.11.60 Crs. as other bank charges related to financial transactions of the Company and incurred Rs. 80,00,000/- towards stamp duty for obtaining loans to capex works and other purpose. RS.1.90 Crs incurred as guarantee commission to Government of Karnataka. Commission is requested to approved other Rs.14.30 Crs. as other bank charges.

**Table No: 3.23**

Particulars	Approved	Actual
Other finance charges	10.19	11.63
Stamp duty		0.80
Guarantee Commission to GoK		1.90
<b>Total</b>	<b>10.19</b>	<b>14.30</b>

Abstract of total interest and finance charges approved and actuals are tabulated below:

**Table No: 3.24**

Particulars	FY17	
	Approved	Actuals
Interest on Loan Capital	282.84	319.99
Interest on Working Capital	306	352.18
Interest on Consumers Security Deposit	257.45	244.16
Other Interest & Finance Charges	10.19	14.3
<b>Total Interest &amp; Finance Charges</b>	<b>856.48</b>	<b>930.63</b>

Commission is requested to approve Rs. 930.63 Crs towards interest and finance charges of FY-17.

#### **f) Expenses Capitalized:**

As per the accounts of FY-17, following expenses are capitalized. Commission is requested to allow this expenditure as a reduction from total expenses

**Table No: 3.25**

Particulars	Approved	Actual
Interest capitalized	80.00	69.30
Employees cost		8.04
A&G expenses		21.65
<b>Total</b>		<b>98.99</b>

#### **7. Other Debits:**

As per the Accounts of FY-17, following expenditure is incurred in the day to day business and it is classified as Other debits. Details are as under:

**Table No: 3.26**

Particulars	Amount in Crs.
Small and Low value asset written off	0.03
Decommissioning cost	0.07
Material variance cost	9.70
Bad Debts written off	0.63
Others	0.37
<b>Total</b>	<b>10.80</b>

Commission is requested to allow Rs.10.41 as other debits.

#### **8. Return on Equity:**

The Commission in Tariff Order dated 30<sup>th</sup> March 2015 stated that, in accordance with the provisions of the MYT Regulations, return on equity has considered at 15.5% duly grossed up with the applicable Minimum Alternate Tax (MAT) of 21.342%. Further, an amount of Rs.100.00 Crores of recapitalized consumer security deposit as net-worth is



considered as per the orders of the Hon'ble Appellate Tribunal for Electricity in Appeal No.46/2014.

Return on Equity computed and approved for FY17 is as follows:

**Approved Return on Equity for FY17**

**Table No: 3.27**

Amount in Rs. Crores

Particulars	FY17
Opening Balance of Paid Up Share Capital	546.915
Share Deposit	188.03
Reserves and Surplus	-456.82
Less Recapitalized Security Deposit	-100
<b>Total Equity</b>	<b>178.13</b>
<b>Approved Return on Equity with MAT</b>	<b>35.1</b>

For the above Commissions view, following points are placed for kind consideration of the Commission.

- As per Accounts of FY-17, debit and equity ratio for FY-17 is tabulated as under:

**Table No: 3.28**

Year	Particulars	GFA	Debt	Equity	Normative Debt @ 70% of GFA	Normative Equity @ 30% of GFA	%age of actual debt on GFA	%age of actual equity on GFA
FY17	Opening Balance	8907	2942	450.87	6234.9	2672.1	33.03%	5.06%
	Closing Balance	10424	3775	803.7	7296.8	3127.2	36.21%	7.71%

From the above table, the percentage of debt to gross fixed asset is within the norms framed by the Commission under MYT Regulations.

**Disallowance on ATE Appeal No. 46/2014: Deduction of Rs. 100/- cr. for computation of equity.**

The Commission is deducting Rs. 100 Cr. from the equity for computation of equity by referring the Hon'ble Tribunal order in Appeal No. 46/2014 dated 17th Sept 2014 Dr. Subrahmanya Bhat, S/O Dr. Bheema Bhat, Residing at Hegdekodi, Veerakambha Village, Bantval Taluk, Post-Kodapadavu-574 222 Karnataka State. Versus KERC and MESCOM.

The extract of the findings of the Tribunal Order on this issue is reiterated as under and emphasis is made by underling the word for better explanation:

*“The Fifth Issue is relating to the Computation of Return on Equity.*

*44. According to the Appellant, the State Commission has ignored the fact of capitalization of consumer security despot amounting to Rs.49.03 Crores for the purpose of calculating ROE for the*

*Respondent No.2. The Respondent No.2 is claiming ROE on the same and the interest on the consumer security is passed through in the APR as well. The State Commission should have disallowed ROR on the said amount of Rs.49.03 Crore.*

*45. According to the learned Counsel for the State Commission, this issue is covered by the judgment dated 2.1.2013 of this Tribunal in Appeal No.108 of 2010. According to the learned Counsel for the MESCOM (R-2), the consumer's deposit was capitalized as per the Government Order dated 31.5.2003 and they are claiming interest paid on consumer security deposit as pass through and also ROE strictly in accordance with the provisions of the MYT Regulations and once the asset has been capitalized in the books, the ROE will accrue in such capitalized assets. He has also relied on the decision of the Tribunal in Appeal No.108 of 2013.*

*46. Admittedly, the consumer security deposit has been capitalized pursuant to the State Govt order and the Respondent No.2 is claiming ROE on such capitalized sum. We feel that the consumer security deposit is not a capital asset on which ROE can be claimed. Even if the State Government has ordered capitalization of consumer security deposit and accordingly the balance sheet of the Distribution Companies has been drawn up with gross fixed assets including the consumer security deposit, the State Commission should have deducted the amount of consumer security deposit while allowing ROE on the equity component of the capital cost.*

*47. As already held by this Tribunal, the State Commission is not bound to follow the audited accounts and the State Commission can scrutinize the same and allow the expenditure only after prudence check. By allowing ROE on consumer security deposit and also allowing interest paid by the Distribution Licensee to the consumers against consumer security deposit in the ARR of the Distribution Licensee, the consumer has been burdened unreasonably. On one hand the Distribution Company has been allowed ROE on the security deposit which is contributed by the consumer and on the other hand the interest paid to the consumer on such deposit is also allowed as a pass through in the tariff to be recovered from the consumers. This is wrong.*

*48. Hence, we find force in the arguments of the Appellant that ROE on consumer security deposit amount capitalized in the books of accounts of the Distribution Licensee should not have been allowed in the ARR of the Distribution Licensee. Accordingly, we direct the State Commission to adjust the excess amount of ROE allowed in the Impugned Order from FY 2011-12 onwards in the APR/True up for these years to provide relief to the consumers.*

*49. The learned Counsel for the State Commission and the Respondent No.2 has argued that the issue is covered by the decision of this Tribunal in Appeal No.108 of 2010 as against the Appellant. We do not agree with the same. In the judgment dated 2.1.2013 in Appeal No.108 of 2010, this Tribunal did not go into the issue of inclusion of the consumer security deposit in the gross fixed assets of the Distribution Company and consequent allowance of ROE on the same being passed on in the ARR and retail supply tariff. The Tribunal only noted the statement of the State Commission that the interest is being paid regularly to the consumers on the consumer's deposit despite the capitalization of the security deposit and held that the issue has become in fructuous.*

50. Another issue raised by the Appellant is that the State Commission has violated the MYT Regulations in so far as ROR in APR as well as ARR are concerned and the State Commission has allowed ROE on the equity component (aggregate of equity and free reserve) without considering the debt equity ratio, as per the Regulations.

51. According to the learned Counsel for the State Commission, gross asset in FY 2011-12 is Rs.218 Crores and increase in equity is Rs.57.20 Crore which would show that component of equity was less than 30%.

52. We find that the State Commission has not shown the break-up of GFA into debt and equity component. In the absence of the opening and closing GFA figures and corresponding debt and equity components, we are not able to find whether the debt equity ratio and ROE has been allowed as per the Regulations. The State Commission is directed to transparently show the opening and closing GFA along with break-up into equity and loan component in the tariff order henceforth. The State Commission is also directed to consider the contentions of the Appellant while truing-up the accounts for the FYs 2011-12 to 2014-15. Accordingly, this issue is decided in favour of the Appellant.

From the above Hon'ble Tribunal decided the issue that the Capitalized portion of Consumer security deposit shall be deducted while allowing ROE. The implied aspect in the same order is that the State Commission is not bound to follow the audited accounts and the State Commission can scrutinize the same and allow

Commission's kind attention is drawn to the Chapter No. 4 in on page NO.60 to 62 of the Tariff Order -2009 issued on 25th November 2009. Commission noted the break up furnished by the BESCOM for capitalization Consumer Meter Security Deposit (Not consumer security deposit) and others. Details in the said order is reiterated as under.

**“4.10 Directive - 10**

**Directive on Analysis of Consumers' Security Deposit (Page 29 of Tariff Order dated 11.01.2008)**

*The relevant extract of the tariff order is as under:*

*The Commission notes that, besides the above objector, the FKCCI and many other objectors have been repeatedly raising the issue of differences in the closing balances and opening balances of consumers' security deposit, but no satisfactory answer has been provided by BESCOM. BESCOM is therefore directed to make an analysis of the closing balances and opening balances before and after the formation of BESCOM, in consultation with KPTCL and highlight the factual position as to whether a part of the consumer deposits has been capitalized as equity by the GoK, while arriving at the opening balance sheet figures of BESCOM. Since this is a matter, which involves public money, the Commission expects that, all the adjustments made should be brought out in a clear and transparent manner. BESCOM shall file a status report along with details in this regard within two months from the date of issue of this order.*

**Compliance:**

The GoK vide Order No: D18/PSR 2003/Bangalore dated 31.05.2003 approved to recapitalize net worth of KPTCL/ESCOMs by utilizing the balances of meter equipment security deposit existing in the books of ESCOMs aggregating to Rs.205 Crores. Further, the GoK has assured the contingent liability arising on account of recapitalization as and when it arises.

KPTCL was consulted on the captioned subject and KPTCL has clarified vide letters dated 15th &16th May 2008. The separation of Transmission and Distribution business was done considering Accounting units as the basis. The segregated figures were made available to GoK, for verifying the Opening Balance Sheets of new Companies. GoK vide Order dt.31.05.2003 notified the Opening Balance Sheet of KPTCL and ESCOMs as on 31.05.2002. After notification, the sum total of Trial balance rendered by the Accounting units as on 31.05.2002 under each ESCOM and KPTCL was tallied after taking into BRP Adjustments.

As per May 2002 Closure Accounts, the Security Deposit held by the Accounting units under the jurisdiction of BESCOM was Rs.632 cores. The Amount of Security deposit from the consumer notified as Opening Balance by GoK was also Rs.632 Crores and as such no BRP adjustment was made in respect of Security Deposit from the consumers.

However, GoK vide Order dt.31.05.2003, approved recapitalization of the net worth of KPTCL/ESCOMs utilizing the balances of meter equipment security deposit existing in the books of ESCOMs aggregating to Rs.205 Crores. The details of adjustments along with accounting code and ESCOMs wise are shown below.

TABLE – 4.12

**Security Deposit – Adjustment**

Accounting Codes	Nomenclature	Amount in Rs. Crores				
		BESCOM	MESCOM	HESCOM	GESCOM	TOTAL
47.603	Security deposit for meter equipment's	85.97	47.72	32.29	17.57	183.55
47.604	Revenue suspense	12.07	1.08	0.99	0.04	14.18
47.605	Voluntary loan contribution by IP consumers	2.4	0.12	0.01	0.03	2.56
47.606	Revenue collection pending classification over sundry debtors	0.99	0.11	0.02	4.07	5.19
<b>Total</b>		<b>101.43</b>	<b>49.03</b>	<b>33.31</b>	<b>21.71</b>	<b>205.5</b>

GoK resorted to recapitalization of Deposits to ensure providing viable opening balance sheets to ESCOMs with ideal Debt: Equity Ratio. This metering security deposit is refundable to the consumer at the time of termination of contract (permanent disconnection) & the corresponding obligation in respect of such deposits would stand transferred to the GoK.

**Commission's Views:**

The information furnished by BESCOM has been communicated to the FKCCI. The Commission has informed FKCCI to contact BESCOM, incase further clarification in the matter is required. “

As per the above data, capitalized BESCOM's consumer meter security deposit is Rs.85.97 Crs. and not Rs. 100 Crs. Hence, Commission is requested to correct the amount as Rs. 85.97 Crs. instead of Rs.100/- Cr.

Further, Commission kind attention is drawn for the Annual Account of BESCO for the year 2011-2012, 2012-13 and 2013-14 vide Note No.20 'Other Income' head. Amount received from the Government of Karnataka under tripartite agreement was credited to other income instead of reducing the receivable from the Government of Karnataka. Details are as under:

<b>Year</b>	<b>Nomenclature</b>	<b>Amount in Crs.</b>
2011-12	Subsidy received from GOK	10.93
2012-13	Subsidy received from GOK	10.38
2013-14	Subsidy received from GOK	9.85
<b>Total</b>		<b>31.16</b>

Since the amount is credited to other income, and Commission already considered as a reduction in ARR of respective years for truing of respective years, BESCO requested the Commission to credit this amount against the capitalized consumer security deposit and balance to be considered as reduction in the equity. It is submitted that, Hon'ble Appellate Tribunal for Electricity ruled in the appeal No. 46/2014 that the State Commission is not bound to follow the audited accounts and the State Commission can scrutinize the same and allow the expenditure only after prudence check.

On the above ruling, Commission is requested to look into the accounts submitted by the Commission for the year FY-12, FY-13 and FY-14 and to consider the BESCOs request. Amount to be considered for reduction is tabulated below:

<b>Sl.NO.</b>	<b>Particulars</b>	<b>Amount in Crs.</b>
1	Security deposit for meter equipment	85.97
2	Less: Amount considered as other income for the year from 2011-12,2012-13 and 2013-14	31.16
<b>Amount to be considered for reduction in equity consequent to capitalization of consumer meter security deposit</b>		<b>54.81</b>

- Government of Karnataka induced the equity for FY-17. The details are as follows:

**Table No: 3.29**

<b>Head of Account</b>	<b>G O No</b>	<b>G O Date</b>	<b>Month</b>	<b>Sum of BESCO</b>
4801-01-190-0-09-133(Plan)	EN 10 PSR 2016	17-09-2016	006- SEP 2016	4.80
		24-12-2016	009- DEC 2016	4.80
		27-06-2016	003- JUN 2016	4.80
		31-01-2017	010- JAN 2017	4.80
				<b>19.20</b>
4801-01-190-0-09-135(Plan)	EN 23 PSR 2016	01-09-2016	006- SEP 2016	1.71
		03-02-2017	011- FEB 2017	0.85
		24-12-2016	009- DEC 2016	0.86
				<b>3.42</b>

4801-01-190-0-09-136(Plan)	EN 23 PSR 2016	01-09-2016	006- SEP 2016	0.58
		03-02-2017	011- FEB 2017	0.30
		24-12-2016	009- DEC 2016	0.29
				<b>1.17</b>
4801-01-190-0-09-211(Plan)	EN 27 PSR 2016	07-12-2016	009- DEC 2016	45.00
		09-02-2017	011- FEB 2017	37.14
		31-05-2016	002- MAY 2016	35.00
		31-08-2016	005- AUG 2016	45.00
				<b>162.14</b>
4801-01-190-0-09-422(Plan)	EN 23 PSR 2016	01-09-2016	006- SEP 2016	11.25
		03-02-2017	011- FEB 2017	5.62
		24-12-2016	009- DEC 2016	5.63
				<b>22.50</b>
4801-01-190-0-09-423(Plan)	EN 23 PSR 2016	01-09-2016	006- SEP 2016	3.62
		03-02-2017	011- FEB 2017	1.82
		24-12-2016	009- DEC 2016	1.81
				<b>7.25</b>
4801-80-190-0-06-422	EN 23 PSR 2016	01-09-2016	006- SEP 2016	1.13
		03-02-2017	011- FEB 2017	0.55
		24-12-2016	009- DEC 2016	0.57
				<b>2.25</b>
4801-80-190-0-06-423	EN 23 PSR 2016	01-09-2016	006- SEP 2016	0.37
		03-02-2017	011- FEB 2017	0.20
		24-12-2016	009- DEC 2016	0.18
				<b>0.75</b>
<b>Grand Total</b>				<b>218.68</b>

For FY-17, Government of Karnataka induced Rs. 218.68 Crs. towards equity under different occasions as tabulated above. The Commission is requested to consider the same for computation of return on equity.

With the above back ground BESCOs calculated eligible return on equity as under for FY-17.

**Table No: 3.30**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount in Crs.</b>
1	Opening Equity	546.91
2	Share deposit	248.10
3	Equity Addition During the Year	218.68
4	Add: Profit for the year FY-16	100.10
Less:	Consumer meter security deposit capitalized	54.81
3	Closing Equity During the Year	1058.9
4	Average of Opening and Closing	899.59
<b>5</b>	<b>Return on Equity @15.5%</b>	<b>139.44</b>

## **9. Treatment of Regulatory Asset & Carrying Cost:**

The Commission as per the Tariff Order dated 12th May, 2014, tried up for FY-13 and arrived the deficit of Rs.1151.63 Cr. Out of 1151.63 Cr. deficit, Rs. 524.53 Crores was assigned to Government of Karnataka, an amount of Rs.611.00 Crores was set aside as regulatory asset to be recovered in the tariff over the next two years (FY16 & FY17) and an amount of 17.13 Crs. was absorbed in Tariff determination for FY-15.

It could be seen from the accounts, that Rs.524.53 Crs. assigned to Government is not yet realized. As per the Accounts of FY-15, FY-16 and FY-17, after excluding Regulatory assets from the accounts, the receipts are not sufficient to meet the standalone expenditure of that particular year.

It is submitted to the Commission that, Multi Year Tariff regulations are performance based regulations and Commission shall fix the targets prior to the commencement of the Control period and validated the actuals against the targets. There are cases, where the DISCOMS failed to reach the target, in which Commission is cutting the incurred cost as a penalty, and the same time Commission should incentivize for over reaching the norms. As per the Tariff policy, Commission should allow the carrying cost for the Regulatory Asset created by the Commission. Commission in the Tariff order notes that,

*“the revenue earned was sufficient enough to meet the expenses incurred during FY15 excluding the penalty levied on account of increase in distribution losses during FY15. Hence, allowing carrying cost on the regulatory asset which was the notional deficit for FY15 does not arise”*

The Commission is levying penalty on account of increase in distribution loss, and at the same time shall not disallow the carrying cost of the Regulatory Asset of its own creation. Hence it is submit before the Commission to evaluate all the expenses and Revenue as per the targets framed under MYT regulations and levy penalty and allow incentive as per MYT regulations.

As per the Accounts of FY-17, the operating loss for the standalone FY-17, shows loss to the extent of Rs.51.50 Crs.

Commission vide Tariff order dated 30th March 2016, allowed to recover the Regulatory asset of Rs. 541.97 Crs related to FY-13 and Rs.28.11 related to Commission's order dated 10th December, 2015 in R.P. No.6/2013 and Order dated 7th January, 2016 in the R.P. No.5/2014.

As per the accounts of FY-17, the receipts of FY-17 is not sufficient to meet the expenses of standalone year. Under the said circumstances, Commission is requested to allow to recover the same in FY-19 with carrying cost for two years at 12% per annum, i.e., FY-17 and FY-18 at the rate of 12% of each year).

**Table No: 3.31**

Sl.	Particulars	Rs. Crores
1	Deficit of FY-15 carried	11.21
2	Regulatory asset to be recovered in FY17	541.97
3	RP No.5/2014 and RP No.6/2013	28.11
4	<b>Total Regulatory Asset</b>	<b>570.08</b>
5	<b>Carrying cost at 12%</b>	<b>68.41</b>
<b>Total</b>		<b>649.70</b>

## 10. Other Income:

Commission considered the other income of Rs.203.00 Crores for FY17. But actual details are as under:

**Table No: 3.32**

Particulars	Amount in Crs.
Interest Income :	6.46
Profit/(Loss) on sale of stores	(0.36)
Rent	2.49
Incentives received	129.12
Value of materials found excess during physical verification	0.01
Miscellaneous	47.27
Rebate at 0.5% for collection of Electricity Duty	3.66
Supervision charges collected from Cable Operators	3.63
Rental income from cable operators	1.06
<b>Total</b>	<b>193.35</b>

Under the head 'other Income' Major portion is Incentive earned on power purchase payment. Though BESCO is facing liquidity problem and the Company's cash being closed by over draft on each day with a maximum over draft of Rs.2100Crs and minimum of Rs. 600 Crs. With efficient financial management, power purchase bills are being paid in advance to earn incentives on this count. Company is drawing overdraft from the commercial bank and making advance payments to the Generators to earn arbitrage in the difference of interest on over draft and the incentive earned. The Commission is restricting the interest on working capital hence, requested to allow the arbitrage earned as incentive.

In this context National Tariff policy, is also quoted for supporting the claims. National tariff policy states that

".....Making the distribution segment of the industry efficient and solvent is the key to success of power sector reforms and provision of services of specified standards. Therefore, the Regulatory Commissions need to strike the right balance between the requirements of the commercial viability of distribution licensees and consumer interests. Loss making utilities need to be transformed into profitable ventures which can raise necessary resources from the capital markets to provide services of international



standards to enable India to achieve its full growth potential. Efficiency in operations should be encouraged. Gains of efficient operations with reference to normative parameters should be appropriately shared between consumers and licensees.....”

State Commission is disallowing the interest on belated power purchase payment bills under the concept that interest on working capital is being passed through and restricting interest on working capital on normative basis. Hence, on the same lines, Incentive earned by the Distribution Company on efficient financial management in paying billis should be allowed to be retained by the Distribution Company as an efficiency gain.

BESCOM is facing serious cash flow problems on operational issue. The Commission is allowing expenditure at predetermined norms. This is usually resulting non- recovery of actual costs. Under recovery of costs over the years ended in poor financial position. If the efficiency parameters are not appraised and not allowed to retain will results in disallowing the costs and capturing the legitimate income. This will further worsen the situation.

**a) Incentive earned over previous years are tabulated below:**

The above data clearly shows that the incentive on prompt payment of power purchase is declining year on year.

**Table No: 3.33**

**Amount in Crs.**

<b>Year</b>	<b>Total Power purchase cost</b>	<b>Incentive earned</b>	<b>% of incentive to PP cost</b>
FY-12	8560	146	1.71%
FY-13	10787	145	1.34%
FY-14	10656	128	1.20%
FY-15	11685	141	1.21%
FY-16	12601	116	0.92%
FY-17	13673	129	0.91%

To make the Distribution Company as efficient and solvent, Commission is requested to strike the right balance the requirements of the commercial viability of the BESCOM. Commission is requested to allow full retention of the incentive earned on prompt payment of power purchase cost. Excluding the incentive earned other income is tabulated as under:

Proposed other:

Table No: 3.34

Particulars	Amount in Crs.
Interest Income :	6.46
Profit/(Loss) on sale of stores	-0.36
Rent	2.49
Value of materials found excess during physical verification	0.01
Miscellaneous	47.27
Rebate at 0.5% for collection of Electricity Duty	3.66
Supervision charges collected from Cable Operators	3.63
Rental income from cable operators	1.06
<b>Total</b>	<b>64.22</b>

## 11. ABSTRACT:

Abstract of approved, actual and proposed for truing up of receipts and payments for FY-17.

Approved, Actual and Proposed for true up of FY-17 is tabulated below:

Table No: 3.35

Sl. No	Particulars	FY-17		
		Approved	Actual	Proposed for truing up
	<b>Revenue at existing tariff</b>			
1	Revenue from tariff and Misc. Charges	12865.95	13776.74	13776.74
2	Tariff Subsidy	1631.4	2084.43	2084.43
3	<b>Total Existing Revenue ( 1 + 2)</b>	<b>14497.4</b>	<b>15861.17</b>	<b>15861.17</b>
	<b>Expenditure in Rs Crs</b>			
4	Power Purchase Cost	11457.8	12168.3	12168.3
5	Transmission charges of KPTCL	1487.22	1495.51	1495.51
6	SLDC Charges	9.17	9.17	9.17
7	<b>Power Purchase Cost including cost of transmission ( 4 +5+6)</b>	<b>12954.2</b>	<b>13672.98</b>	<b>13672.98</b>
8	<b>O&amp;M Expenses</b>	<b>1348.61</b>	<b>1216.69</b>	<b>1275.47</b>
9	Depreciation	271.29	374.37	374.36
	<b>Interest &amp; Finance charges</b>			
10	Interest on Capital Loans	282.84	319.99	319.99
11	Interest on Working capital Loans	306	354.01	352.17
12	Interest on consumer security deposits	257.45	244.17	244.17
13	Other Interest & Finance charges	10.19	14.30	14.30
14	<b>Total Interest &amp; Finance charges ( 10 to 13)</b>	<b>856.48</b>	<b>932.47</b>	<b>930.63</b>
15	Less interest & other expenses capitalized	-80	-98.99	-98.99
16	Other Debits	0	10.80	10.80
17	Net Prior Period/Exceptional Debit/Credit	0	2.17	
18	Return on Equity	35.1	85.02	139.44
19	Funds towards Consumer Relations/Consumer Education	1		
20	Other Income	203	193.35	64.22

21	<b>ARR (7+8+9+14-15+16-17+18+19-20)</b>	<b>15183.67</b>	<b>16002.16</b>	<b>16240.47</b>
22	Deficit for FY15 carried forward	11.21		11.21
23	Regulatory asset as per T.O. dtd. 02.03.2015	541.97		541.97
24	Additional allowable expenses as per decision of KERC in RP5/2014 & RP6/2013	28.11		28.11
25	Carrying cost			68.41
<b>25</b>	<b>Net ARR</b>	<b>15764.96</b>	<b>16002.16</b>	<b>16890.17</b>

From the above table, Rs. 15,861.17 Crs. of Revenue earned as against approved Rs.15,764.97. Due to increase in the ARR from 15,183.66 to 16,240.35 for the year FY-17, the income of FY-17 is not sufficient to cater the expenses of standalone FY-17. Thus leaving the earlier approved regulatory asset of Rs.581.29 Crs. (11.21+541.97+28.11). UN met gap for FY-17 is tabulated below.

**Table No: 3.36**

Particulars	FY-17
	Approved
Un met ARR for FY-17 (in Rs. Crores)(Rs.16240.35-Rs.15861.17)	379.18
Un- recovered gap of FY-15(in Rs. Crores	11.21
Regulatory Asset per T.O. dtd. 02.03.2015(in Rs. Crores	541.97
Additional allowable expenses as per decision of KERC in RP5/2014 & RP6/2013	28.11
Carrying Cost at 12% per annum	68.41
<b>Total GAP</b>	<b>1028.88</b>

## **12. Average Cost of Supply:**

Commission determined the average cost of supply at Rs.5.96 per unit for FY-17. Actual Average cost of supply is tabulated below:

**Table No: 3.37**

Particulars	FY-17	
	Approved	Proposed for truing up
Net ARR including carry forward gap of FY15 (in Rs. Crores)	15764.97	<b>16890.05</b>
Approved /Actual sales (in MU)	26472.74	26239.23
Average cost of supply for FY17 (in Rs./unit)	5.96	6.44

**13. Composition of Fixed and Variable cost for FY-17:**

Approved and actual fixed and variable cost components of FY-17 is tabulated below:

**Table No: 3.38**

Particulars	Approved			Actual		
	Fixed	Variable	Total	Fixed	Variable	Total
Generation	2547.69	8456.5	11004.19	2674.89	8719.65	11394.54
Transmission	1950		1950	2278.44		2278.44
Distribution	2229.49		2229.49	2567.37		2567.37
Regulatory asset	581.29		581.29	649.7		649.7
	7308.47	8456.5	15764.97	8217.04	8719.65	16890.05
	46%	54%	100%	49%	51%	100%

It is seen from the above table, the fixed component are increased when compared to approved level.

**14. Segregation of total ARR into ARR for Distribution Business and ARR for Retail Business is tabulated below:****Table No: 3.39**

Particulars	Rs. Crores			
	Approved level of segregation		Proposed for Truing up FY-17	
	Distribution Business	Retail Supply Business	Distribution Business	Retail Supply Business
Power Purchase	0	100%	0	13672.98
Transmission Charges	0%	100%	0	1504.68
O&M	56%	44%	714.26	561.21
Depreciation	88%	12%	329.44	44.92
Interest on Loans	100%	0%	319.99	0.00
Interest on Consumer Deposits	0%	100%	0.00	244.17
RoE	50%	50%	69.72	69.72
GFA	88%	12%		
Non-Tariff Income	19%	81%	12.20	52.02
<b>TOTAL</b>			<b>1445.61</b>	<b>16149.70</b>

**Consequent to increase in ARR of distribution business for FY-17, actual wheeling charges would be computed as under.**

**15. Wheeling charges:****Table No: 3.40**

Particulars	Approved for FY-17	Actuals for FY-17
Distribution ARR-Rs. Crs	1221.06	1445.61
Sales-MU	26472.74	26239.23
Wheeling charges-paise/unit	46.13	55.09
	<b>Paise/unit</b>	
HT-network	13.84	16.53
LT-network	32.29	38.57

From the above table, it is evident that BESCO lost 8.96 per unit of wheeling charges during FY-17.

**16. CROSS SUBSIDY SURCHARGE:****A. Calculation of loss Cross subsidy Charge due to increase in cost for FY-17****1. Weighted average cost of power purchase at prevailing formula (Earlier formula)**

Weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power for FY-17 at respective loss levels is tabulated as under.

**Table No: 3.41**

Sl No.	source of energy	energy	cost
1	BTPS Unit II	1051.35	569.01
2	RTPS-VIII	722.84	337.34
3	3=1+2	1774.19	906.35
4	weighted Average Cost	Rs/unit	5.11
5	Loss	3.37%	0.17
6	Cost at 66 KV level	Rs/unit	5.28
7	loss	3.61%	0.19
8	Cost at 11 kV level	Rs/unit	5.47
9	transmission cost	Rs/unit	0.57
10	Distribution cost	Rs/unit	0.17
<b>11</b>	<b>Cost at 66 KV level</b>	<b>Rs/unit</b>	<b>6.02</b>
<b>12</b>	<b>Cost at 11 Kv level</b>	<b>Rs/unit</b>	<b>6.21</b>

**Calculation of cross subsidy surcharge as per prevailing formula.**

Table No: 3.42

Particulars	HT-1 Water Supply	HT-2a Industries	HT-2b Commercial	HT2©	HT-4 Residential Apartments	HT5 Temporary
Average Realisation rate-Paise/unit	467.87	754	975	775	650	1203
Cost of supply at 5% margin @ 66kV and above level	601.6	601.6	601.6	601.6	601.6	601.6
Cross subsidy surcharge paise/unit @ 66kV and above level	-133.7	152.4	373.4	173.4	48.4	601.4
Cost of supply at 5% margin @ HT level	620.66	620.66	620.66	620.66	620.66	620.66
Cross subsidy surcharge paise/unit @ HT level	-152.79	133.34	354.34	154.34	29.34	582.34

**B. Comparison of Approved v/s Actual cross subsidy surcharge applicable to open access.**

**Approved:**

**(Commission decides to determine the surcharge at 75% (instead of the 80% considered in its Tariff Order dated 02.03.2015))**

Table No: 3.43

Voltage level	HT-1	HT-2a	HT-2b	HT-2c	HT-4	HT-5
66 kV & above	0	118	253	128	45	709
HT level-11 kV/33kV	0	86	222	96	14	677

**Actual cross subsidy surcharge to be levied considering the surcharge at 75% is tabulated below:**

Table No: 3.44

Voltage level	HT-1	HT-2a	HT-2b	HT-2c	HT-4	HT-5
66 kV & above	0	114	280	130	36	451
HT level-11 kV/33kV	0	100	266	116	22	437

Considering at the lower average power purchase cost affected the recovery of cross subsidy surcharge from the open access consumers.

## **II. RECEIPTS:**

### **1. Sales - FY17:**

#### **a) Details analysis of Revenue from sale power:**

Commission in its order dated 30th March 2015, approved the category wise number of installations, sales and revenue for each category of consumers along with the rate of realization and cross subsidy level for FY-17.

As per the Accounts for FY-17, revenue from sales includes, revenue from sale of energy, interest on belated payments, Fuel adjustment chargers collected, cross subsidy surcharge collected and some adjustments related to unbilled provisions, and other adjustments related to transfer of inter related tariff transfers and bill cancellations, adjustments of excess demand etc., . For comparison, these figures to be separated and then compared for better understanding.

Segregation of Revenue under different heads are tabulated below:

**Table No: 3.45**

<b>Amount in Crores</b>									
<b>Tariff</b>	<b>Installations</b>	<b>Net Consumption</b>	<b>Demand</b>	<b>Interest</b>	<b>FAC</b>	<b>Un billed</b>	<b>Adjustments</b>	<b>CSS</b>	<b>Total Revenue as per accounts</b>
HT-1	203	681.56	318.88	5.70	1.35	4.03	0.00		329.95
HT-2A I	2707	2143.16	1631.71	4.28	4.08	45.26	5.07	42.70	1733.11
HT-2A II	3596	2313.01	1726.76	1.79	4.43	-51.27	0.00	73.20	1754.91
HT-2B I	5160	2393.77	2353.47	4.63	4.48	9.28	0.00	6.10	2377.96
HT-2B II	549	225.85	199.86	0.18	0.44	-2.70	0.00		197.78
HT-2C I	221	131.14	89.60	0.87	0.25	1.05	0.00		91.77
HT-2C II	385	138.91	119.61	0.31	0.27	3.62	0.00		123.80
HT-3A I	26	14.42	4.91	0.36	0.02	0.01	0.00		5.30
HT-3A II	0	0.00	0.00	0.00	0.00	0.00	0.00		0.00
HT-3A III	1	0.00	0.00	0.00	0.00	0.00	0.00		0.00
HT-3B	11	0.65	0.32	0.01	0.00	-0.03	0.00		0.29
HT-4	223	106.41	69.17	0.11	0.19	-0.78	0.00		68.69
HT-5	759	82.49	99.24	0.02	0.18	1.39	0.00		100.83
<b>HT total</b>	<b>13841.00</b>	<b>8231.38</b>	<b>6613.53</b>	<b>18.26</b>	<b>15.67</b>	<b>9.85</b>	<b>5.07</b>	<b>122.00</b>	<b>6784.38</b>
LT-1 Below 18	798199	54.27	38.21	0	0.11	0	0.00		38.32

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LT-1 Above 18	5490	74.46	23.76	6.88	0.14	0.47	0.00		31.25
LT-2A I	5497982	5751.77	3078.59	10.69	11.16	30.61	0.00		3131.06
LT-2A II	1654861	617.90	265.85	3.99	1.19	3.48	0.00	0.00	274.52
LT-2B I	9036	40.51	30.92	0.07	0.08	0.35	0.00		31.43
LT-2B II	2179	5.79	3.91	0.01	0.01	0.04	0.00		3.98
LT-3 I	879492	1733.85	1482.16	5.06	3.37	12.53	6.79		1509.92
LT-3 II	113583	145.45	147.39	0.45	0.29	1.58	0.00		149.71
LT-4A	841228	7285.47	2044.53	110.39	16.70	-11.69	-110.39		2049.54
LT-4B	365	2.04	0.96	0.23	0.00	-0.05	0.00		1.15
LT-4C I	1067	3.34	1.20	0.16	0.01	0.02	0.00		1.39
LT-4C II	385	1.71	0.40	0.07	0.00	0.03	0.00		0.51
LT-5A I	27021	88.09	57.82	0.22	0.16	-1.86	0.00		56.35
LT-5A II	55546	299.46	202.92	0.72	0.60	2.46	0.00		206.70
LT-5A III	10678	349.86	244.47	0.58	0.71	3.62	0.00		249.38
LT-5A IV	1639	55.37	44.38	0.07	0.11	0.41	0.00		44.98
LT-5B I	48470	48.91	29.37	0.23	0.10	-0.28	0.00		29.42
LT-5B II	44652	140.85	92.86	0.42	0.28	-0.36	0.00		93.21
LT-5B III	5959	169.11	112.50	0.32	0.34	-1.25	0.00		111.91
LT-5B IV	657	11.55	9.32	0.03	0.02	-0.27	0.00		9.10
LT-6A [WS]	67451	581.85	256.77	155.45	1.39	10.50	0.00		424.11
LT-6B [SL]	60976	387.47	250.56	73.39	0.85	1.90	0.00		326.70
LT-7 Temp	555272	158.68	210.37	0.28	0.32	-0.08	0.00		210.88
<b>LT Total</b>	<b>10682188</b>	<b>18007.86</b>	<b>8629.24</b>	<b>369.74</b>	<b>37.96</b>	<b>52.33</b>	<b>-103.60</b>	<b>0.00</b>	<b>8985.68</b>
<b>HT+LT</b>	<b>10696029</b>	<b>26239.23</b>	<b>15242.77</b>	<b>388.01</b>	<b>53.63</b>	<b>62.18</b>	<b>-98.52</b>	<b>122.00</b>	<b>15770.06</b>
Other operating Revenue									91.11
<b>Grand Total</b>									<b>15861.17</b>

## 2. Analysis:

### Metered category excluding BJ/KJ and IP:

#### Domestic:

Details of domestic category of installations and their consumption and actuals are compared as under:

**Table No: 3.46**

Category	Approved	Actuals	Variation
<b>LT2a*</b>	7214327	<b>7152843</b>	-61484

No. of domestic installations for FY-16 is 68, 08,445 numbers and for FY-17, 71,52, 843 numbers. There is 5.06% growth on FY-16. But Commission considered the BJ/KJ consumers consuming more than 18 units under this category, it seems negative growth. In reality the growth rate under this category is positive.



**Consumption:**

Approved sales and actual sales of FY-17 is tabulated below:

**Table No: 3.47**

Sl. No.	Sub-Category	Particulars	Approved			Actual		
			Sales in Mu	Revenue in Cr	ARR	Sales in Mu	Revenue in Cr	ARR
1	LT-2(a)(i)	Dom. / AEH - Applicable to Bruhat Bangalore Mahanagara Palike(BBMP), Municipal Corporations & all areas under Urban Local Bodies .	5933.40	3093.34	5.21	5751.77	3078.59	5.35
2	LT-2(a)(ii)	Dom. / AEH - Applicable to areas coming under Village Panchayats	684.18	290.20	4.24	617.90	265.85	4.30
3	LT-2(b)(i)	Pvt. Educational Institutions Bruhat Bangalore Mahanagara Palike(BBMP), Municipal Corporations & all areas under Urban Local Bodies .	37.89	29.54	7.80	40.51	30.92	7.63
4	LT-2(b)(ii)	Pvt. Educational Institutions Applicable to areas coming under Village Panchayats	5.23	3.33	6.37	5.79	3.91	6.76

Sales in Domestic category is not reached the approved limit but exceed the realization rate.

In respect of LT2 (b) category though sales exceed the approved limit, it is not fetched the cross subsidy at the approved level.

Cross subsidy requirement approved and actual are tabulated below:

**Table No: 3.48**

Sub-Category	Particulars	Rs. Crs			
		Approved with respect to ACS Rs.5.96 (in %)	Actual with respect to ACS Rs.6.44 per unit (in %)	Approved Cross subsidy requirement	Actual cross subsidy requirement
LT-2(a)(i)	Dom. / AEH - Applicable to Bruhat Bangalore Mahanagara Palike(BBMP), Municipal Corporations & all areas under Urban Local Bodies .	-12.53	-17.02%	442.97	625.55
LT-2(a)(ii)	Dom. / AEH - Applicable to areas coming under Village Panchayats	-28.83	-33.30%	117.57	132.08
LT-2(b)(i)	Pvt. Educational Institutions Bruhat Bangalore Mahanagara Palike(BBMP),	30.82	18.36%	-6.96	-4.84

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	Municipal Corporations & all areas under Urban Local Bodies .				
LT-2(b)(ii)	Pvt. Educational Institutions Applicable to areas coming under Village Panchayats	6.8	5.43%	-0.21	-0.18

**Commercial:**

Details of commercial category consumers and consumption approved and actuals are tabulated below:

**Table No: 3.49**

Sl. No.	Sub-Category	Particulars	Approved				Actual			
			No. of installation	Sales in Mu	Revenue in Cr	ARR	No. of installation	Sales in Mu	Revenue in Cr	ARR
1	LT-3(i)	Dom. / AEH - Applicable to Bruhat Bangalore Mahanagara Palike(BBMP), Municipal Corporations & all areas under Urban Local Bodies .	985386	1788.02	1572.54	8.79	993075	1733.85	1482.16	8.55
2	LT-3(ii)	Dom. / AEH - Applicable to areas coming under Village Panchayats		154.42	125.76	8.14		145.45	147.39	10.13

From the above data, there is increase in number of consumers against the approved, but the consumption as well as ARR is met at the approved level. Commercial category is subsidizing category, reduction sales and reduction in realization rate affects the cross subsidy. Approved level of cross subsidy and actual are tabulated below:

**Table No: 3.50**

Sub-Category	Particulars	Rs. Crs			
		Approved with respect to ACS Rs.5.96 (in %)	Actual with respect to ACS Rs.6.44 per unit (in %)	Approved Cross subsidy requirement	Actual cross subsidy requirement
LT-3(i)	Dom. / AEH - Applicable to Bruhat Bangalore Mahanagara Palike(BBMP), Municipal Corporations & all areas under Urban Local Bodies .	47.57%	32.53%	-506.88	-365.56
LT-3(ii)	Dom. / AEH - Applicable to areas coming under Village Panchayats	36.64%	57.11%	-33.73	-53.72

**Industrial:**

Details of Industrial category consumers, consumption, and ARR approved with actuals are tabulated below:

**Table No: 3.51**

Sl. No.	Sub-Category	Particulars	Approved				Actual			
			No. of Inst.	Sales in Mu	Revenue in Cr	ARR	No. of Inst.	Sales in Mu	Revenue in Cr	ARR
1	LT-5(a)	Industrial - Applicable to Bruhat Bangalore Mahanagara Palike(BBMP), Municipal Corporations	195943	916.82	656.50	7.16	1914622	792.78	549.59	6.93
2	LT-5(b)	Industrial - Applicable to all areas other than those covered under LT5(a)		286.83	201.91	7.04		370.42	244.05	6.59

No. of installations, sales and realization under this category is less when compared to actual. Industrial category is an subsidizing category, reduction in sales and realization affects the cross subsidy.

Approved level of cross subsidy and actual are tabulated below:

**Table No: 3.52**

Sub-Category	Particulars	Rs. Crs			
		Approved with respect to ACS Rs.5.96 (in %)	Actual with respect to ACS Rs.6.44 per unit(in %)	Approved Cross subsidy requirement	Actual cross subsidy requirement
LT-5(a)	Industrial - Applicable to Bruhat Bangalore Mahanagara Palike(BBMP), Municipal Corporations	20.14%	7.48%	-110.08	-39.04
LT-5(b)	Industrial - Applicable to all areas other than those covered under LT5(a)	18.11%	2.15%	-30.96	-5.51

**Water Supply and Streetlights:**

Details of Water Supply and Streetlight installations are tabulated below:

**Table No: 3.53**

Sl. No.	Sub-Category	Particulars	Approved				Actual			
			No. of Inst.	Sales in Mu	Revenue in Cr	ARR	No. of Inst.	Sales in Mu	Revenue in Cr	ARR
1	LT-6(a)	Water supply	68649	509.97	251.09	4.92	67451	581.85	256.77	4.41
2	LT-6(b)	Public lighting	63012	370.38	241.60	6.52	60976	387.47	250.56	6.47

Water supply tariff is a subsidized tariff whereas Street light is just at the Average cost of supply. Though there is reduction in number of installations, consumption is increased against the approved level. Reduction in the realization rate for water supply causes the need of higher cross subsidy.

Approved level of cross subsidy and actual are tabulated below:

**Table No: 3.54**

Sub-Category	Particulars	Rs. Crs			
		Approved with respect to ACS Rs.5.96 (in %)	Actual with respect to ACS Rs.6.44 per unit (in %)	Approved Cross subsidy requirement	Actual cross subsidy requirement
LT-6(a)	Water supply	-17.39%	-31.58%	52.85	117.94
LT-6(b)	Public lighting	9.45%	0.26%	-20.85	-1.03

**Temporary Tariff:**

Details of Temporary installations are tabulated below:

**Table No: 3.55**

Sl. No.	Sub-Category	Particulars	Approved				Actual			
			No. of Inst.	Sales in Mu	Revenue in Cr	ARR	No. of Inst.	Sales in Mu	Revenue in Cr	ARR
1	LT7	Temporary Supply	533394	185.94	213.88	11.50	555272	158.68	210.37	13.26

Temporary tariff is a subsidizing tariff. Though there is increase in number of installations, the sales are less, compared to approved level. There is significant increase in the realization rate. Achieved cross subsidy is tabulated below:

Table No: 3.56

Sub-Category	Particulars	Rs. Crs			
		Approved with respect to ACS Rs.5.96 (in %)	Actual with respect to ACS Rs.6.44 per unit (in %)	Approved Cross subsidy requirement	Actual cross subsidy requirement
LT7	Temporary Supply	93.00%	105.54%	-103.06	-108.18

### **HT-1: High tension –Water Supply:**

Details of High Tension-Water Supply category consumers, consumption, and ARR approved with actuals are tabulated below:

Table No: 3.57

Sub-Category	Particulars	Approved				Actual			
		No. of Inst.	Sales in Mu	Revenue in Cr	ARR	No. of Inst.	Sales in Mu	Revenue in Cr	ARR
HT1	Water supply & sewerage	234	723.98	366.98	5.07	203	681.56	318.88	4.68

HT-Water supply is subsidized category. Reduction in the realization rate affected the cross subsidy. Approved level of Cross subsidy under this category is tabulated:

Table No: 3.58

Sub-Category	Particulars	Approved with respect to ACS Rs.5.96 (in %)	Actual with respect to ACS Rs.6.44 per unit (in %)	Approved Cross subsidy requirement	Actual cross subsidy requirement
HT1	Water supply & sewerage	-14.95%	-27.46%	64.51	120.05

### **HT-2A: High tension –Industrial:**

Details of High Tension-Industrial category consumers, consumption, and ARR approved with actuals are tabulated below:

Table No: 3.59

Sl. No.	Sub-Category	Particulars	Approved				Actual			
			No. of Inst.	Sales in Mu	Revenue in Cr	ARR	No. of Inst.	Sales in Mu	Revenue in Cr	ARR
1	HT-2A I	Industrial - Applicable to Bangalore Mahanagara Palike(BBMP) and Municipall	6719	2442.89	1811.07	7.41	6303	2143.16	1631.71	7.61
2	HT-2A II	Industrial -		2300.58	1640.90	7.13		2313.01	1726.76	7.47

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	Applicable to areas other than those under HT2(a) (i)									
<b>Total</b>		<b>6719</b>	<b>4743.47</b>	<b>3451.97</b>	<b>7.28</b>	<b>6303</b>	<b>4456.17</b>	<b>3358.47</b>	<b>7.54</b>	

This is one of the big subsidizing category. Here the consumption is less by 287 Mu. Though the overall realization under this category is more than approved level, decrease in the sales is affected the cross subsidy.

Approved level of Cross subsidy under this category is tabulated:

**Table No: 3.60**

Sub-Category	Particulars	Approved with respect to ACS Rs.5.96 (in %)	Actual with respect to ACS Rs.6.44 per unit (in %)	Approved Cross subsidy requirement	Actual cross subsidy requirement
HT-2A I	Industrial - Applicable to Bangalore Mahanagara Palike(BBMP) and Municipall	24.39	18.04%	-355.11	-251.52
HT-2A II	Industrial - Applicable to areas other than those under HT2(a) (i)	19.67	15.74%	-269.75	-237.18

**HT-2B: High tension –Commercial:**

Details of High Tension-Commercial category consumers, consumption, and ARR approved with actuals are tabulated below:

**Table No: 3.61**

Sl. No.	Sub-Category	Particulars	Approved				Actual			
			No. of Inst.	Sales in Mu	Revenue in Cr	ARR	No. of Inst.	Sales in Mu	Revenue in Cr	ARR
1	HT-2(b)(i)	Commercial - Applicable to areas under Bangalore Mahanagara Palike Municipal Corporation.	6108	2629.96	2383.23	9.06	5709	2393.77	2353.47	9.83
2	HT-2(b)(ii)	Commercial - Applicable to areas other than those covered under HT2(b) (i)		204.05	185.35	9.08		225.85	199.86	8.85
<b>Total</b>			<b>6108</b>	<b>2834.01</b>	<b>2568.58</b>	<b>9.06</b>	<b>5709</b>	<b>2619.62</b>	<b>2553.34</b>	<b>9.75</b>

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This is one of the highest cross subsidizing category. Overall reduction of 214 Mu sales in this category. Reduction loss affected the cross subsidy. Approved level of Cross subsidy under this category is tabulated:.

**Table No: 3.62**

Sub-Category	Particulars	Approved with respect to ACS Rs.5.96 (in %)	Actual with respect to ACS Rs.6.44 per unit (in %)	Approved Cross subsidy requirement	Actual cross subsidy requirement
HT-2(b)(i)	Commercial - Applicable to areas under Bangalore Mahanagara Palike Municipal Corporation.	52.04	52.43%	-815.77	-811.88
HT-2(b)(ii)	Commercial - Applicable to areas other than those covered under HT2(b) (i)	52.41	37.20%	-63.74	-54.41

**HT2 (c): High tension –Hospitals and Educational Institutions:**

Details of High Tension- Hospitals and Educational Institutions category consumers, consumption, and ARR approved with actuals are tabulated below:

**Table No: 3.63**

Sl. No.	Sub-Category	Particulars	Approved				Actual			
			No. of Inst.	Sales in Mu	Revenue in Cr	ARR	No. of Inst.	Sales in Mu	Revenue in Cr	ARR
1	HT-2( c) (i)	Govt./ Aided Hospitals & Educational Institutions	510	96.11	72.96	7.59	606	131.14	89.60	6.83
2	HT-2( c) (ii)	Hospitals and Educational Institutions other than covered under HT-2( c) (i)		144.17	107.38	7.45		138.91	119.61	8.61
<b>Total</b>			<b>510</b>	<b>240.28</b>	<b>180.34</b>	<b>7.51</b>	<b>606</b>	<b>270.05</b>	<b>209.21</b>	<b>7.75</b>

This category is also subsidizing category and achieved the approved sales as well as ARR, but due to increase in the cost of supply , it is not fetched the approved level of cross subsidy.

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Approved level of Cross subsidy under this category is tabulated:

**Table No: 3.64**

Sub-Category	Particulars	Approved with respect to ACS Rs.5.96 (in %)	Actual with respect to ACS Rs.6.44 per unit (in %)	Approved Cross subsidy requirement	Actual cross subsidy requirement
HT-2(c) (i)	Govt./ Aided Hospitals & Educational Institutions	27.37	5.93%	-15.68	-5.15
HT-2(c) (ii)	Hospitals and Educational Institutions other than covered under HT-2( c) (i)	24.97	33.49%	-21.45	-30.15

**HT 3: High tension –Lift Irrigations:**

HT-3: high tension –Lift irrigation category is also subsidized category details are as under:

**Table No: 3.65**

Sl. No.	Sub-Category	Particulars	Approved			Actual				
			No. of Inst.	Sales in Mu	Revenue in Cr	ARR	No. of Inst.	Sales in Mu	Revenue in Cr	ARR
1	HT-3A I	Lift Irrigation - Applicable to Lift Irrigation Schemes under Govt. Depts. / Govt. owned Corporations.	37	74.11	14.82	2.00	38	14.42	4.91	3.41
2	HT-3A II	Lift Irrigation - Applicable to Lift Irrigation schemes Lift Irrigation Societies connected to Urban/Express feeders.		2.21	0.73	3.30		0.00	0.00	
3	HT-3B	Irrigation & Agriculture Farms, Govt. Horticultural Farms, Pvt. Horticulture Nurseries, Coffee, Tea, Coconut & Arecanut		1.28	0.51	3.98		0.65	0.32	4.84

Though it is a subsidized category, consumption is very less. Approved level of Cross subsidy under this category is tabulated:



Table No: 3.66

Sub-Category	Particulars	Approved with respect to ACS Rs.5.96 (in %)	Actual with respect to ACS Rs.6.44 per unit (in %)	Approved Cross subsidy requirement	Actual cross subsidy requirement
HT-3A I	Lift Irrigation - Applicable to Lift Irrigation Schemes under Govt. Depts/ Govt. owned Corporations.	-63.57	-47.20%	29.35	4.37
HT-3b	Irrigation & Agriculture Farms, Govt. Horticultural Farms, Pvt. Horticulture Nurseries, Coffee, Tea, Coconut & Arecanut	-32.89	-24.96%	0.25	0.10

#### **HT-4: Residential Apartments:**

Details of High Tension-Residential Apartments, category consumers, consumption, and ARR approved with actuals are tabulated below:

Table No: 3.67

Sub-Category	Particulars	Approved				Actual			
		No. of Inst.	Sales in Mu	Revenue in Cr	ARR	No. of Inst.	Sales in Mu	Revenue in Cr	ARR
HT-4	Residential Apartments - Colonies	314	104.50	65.25	6.24	223	106.41	69.17	6.50

This category achieved the approved level of sales and higher ARR. But due to increase in cost of supply, It is not fetched the approved level of cross subsidy. Approved level of Cross subsidy under this category is tabulated:

Table No: 3.68

Sub-Category	Particulars	Approved with respect to ACS Rs.5.96 (in %)	Actual with respect to ACS Rs.6.44 per unit (in %)	Approved Cross subsidy requirement	Actual cross subsidy requirement
HT-4	Residential Apartments - Colonies	4.76%	0.78%	-2.97	-0.64

**HT-5: High tension- Temporary installation:**

Details of High Tension-Residential Apartments, category consumers, consumption, and ARR approved with actuals are tabulated below:

**Table No: 3.69**

Sub-Category	Particulars	Approved				Actual			
		No. of Inst.	Sales in Mu	Revenue in Cr	ARR	No. of Inst.	Sales in Mu	Revenue in Cr	ARR
HT-5	Temporary supply	734	78.54	114.37	14.56	759	82.49	99.24	12.03

**This is a subsidizing category. Though the sales are exceed the approved level but fail to achieve the approved ARR.**

Approved level of Cross subsidy under this category is tabulated:

**Table No: 3.70**

Sub-Category	Particulars	Approved with respect to ACS Rs.5.96 (in %)	Actual with respect to ACS Rs.6.44 per unit (in %)	Approved Cross subsidy requirement	Actual cross subsidy requirement
HT-5	Temporary supply	144.43%	86.53%	-67.56	-46.12

**BJ/KJ installations:****Table No: 3.71**

Sl. No.	Sub-Category	Particulars	Approved				Actual			
			No. of Inst.	Sales in Mu	Revenue in Cr	ARR	No. of Inst.	Sales in Mu	Revenue in Cr	ARR
1	LT1 Bj/KJ Less than 18 units	BJ/KJ installations	631754	49.15	29.29	5.96	672057	54.38	38.32	7.05

**Table No: 3.72**

Sl. No.	Sub-Category	Particulars	Approved				Actual			
			No. of Inst.	Sales in Mu	Revenue in Cr	ARR	No. of Inst.	Sales in Mu	Revenue in Cr	ARR
1	LT1 Bj/KJ more than 18 units *	BJ/KJ installations	*	*	*	*	131632	74.46	30.93	4.15

\*Commission merged these installations under LT 2(a)

**IP Sets:****Table No: 3.73**

Sub-Category	Particulars	Approved				Actual			
		No. of Inst.	Sales in Mu	Revenue in Cr	ARR	No. of Inst.	Sales in Mu	Revenue in Cr	ARR
LT4(a)	IP<=10HP	853519	6739.18	1927.41	2.86	841228	7285.47	2044.53	2.81

**Table No: 3.74**

Sl. No.	Sub-Category	Approved with respect to ACS Rs.5.96 (in %)	Actual with respect to ACS Rs.6.44 per unit (in %)	Approved Cross subsidy requirement	Actual cross subsidy requirement
1	LT1 Bj/KJ Less than 18 units	0	-7.60%	0.00	-3.24
2	LT4(a)	-52.51%	-56.49%	2089.14	2654.60

It appears the realization rate of IP set is below the Commission approved rate by 5 paise per unit. This is because, the tariff applied with effect from 01.04.2016, i.e., bills from 01.05.2016. Hence, April'16 bill is under old tariff i.e., at Rs.2.36 paise per unit. This constitutes reduction of 4 paise across FY-17 billing period and One paise contributes for reduction due to UN billed provision.

**Consequent to increase in Cost of Supply from approved level Rs.5.96 per unit to Rs.6.44per unit, and added consumption in this category cross subsidy required increase from 52.5% to 61%.**

**Misc. Revenue:**

Revenue collected for belated payment of energy charges, amount collected towards process fee, transfer fee, Registration fee, other non- tariff related amount collected from the consumers are termed as Miscellaneous Revenue. Detail of Miscellaneous revenue is tabulated below:

**Table No: 3.75**

Sl. No.	Other Operating Income	Amount in Crs
1	Fuse charges	0.01
2	Reconnection Fee (D & R)	1.16
3	Service Connection	53.34
4	Other Receipts from consumers	30.14
5	Registration fee towards SRTPV connection (Solar rooftop PV system.	0.96
6	Facilitation fee towards SRTPV connection (Solar rooftop PV.	0.03

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	system)	
7	Recoveries for theft of power	5.47
8	Total	91.11
9	Interest on belated payment	<b>277.61</b>
<b>Total (8+9)</b>		<b>368.72</b>

Major part of the miscellaneous revenue is from interest on belated payment charges.

Tariff wise belated payment charges is tabulated below:

**Table No: 3.76**

<b>Tariff</b>	<b>Interest</b>
HT-1	5.70
HT-2A I	4.28
HT-2A II	1.79
HT-2B I	4.63
HT-2B II	0.18
HT-2C I	0.87
HT-2C II	0.31
HT-3A I	0.36
HT-3B	0.01
HT-4	0.11
HT-5	0.02
<b>HT Total</b>	<b>18.26</b>
LT-1	6.88
LT-2	0.00
LT-2A I	10.69
LT-2A II	3.99
LT-2B I	0.07
LT-2B II	0.01
LT-3 I	5.06
LT-3 II	0.45
LT-4A	0.00
LT-4B	0.23
LT-4C I	0.16
LT-4C II	0.07
LT-5A I	1.60
LT-5B I	1.01
LT-6A [WS]	155.45
LT-6B [SL]	73.39
LT-7 Temp	0.29
<b>LT Total</b>	<b>259.35</b>
<b>Total (HT + LT)</b>	<b>277.61</b>

**Other Receipts:****Fuel Adjustment Charges:**

As per the KERC (Fuel Adjustment charges) Regulations, 2013, Commission approved Fuel adjustment charges as under:

- Order dated 21st March 2016: Approved One paise per unit for the consumption from 1st of April'16 to 30th June'16.
- Order dated 8th June 2016: Approved One paise per unit for the consumption from 1st of June 16 to 30th Sept 2016
- Order dated 19th Sept 2016: Zero FAC for 1st Oct 16 to 30th Dec 2016
- Order dated Dec 2016: Approved 6 paise per unit from 1st of Jan17 to 31st March 17.

Tariff FAC collected for the period from 1st April to 31st March 2017 is as under.

**Table No: 3.77**

<b>Tariff</b>	<b>Cons</b>	<b>FAC</b>	<b>AVG. FAC</b>
HT-1	681.56	1.35	0.02
HT-2A I	2143.16	4.08	0.02
HT-2A II	2313.01	4.43	0.02
HT-2B I	2393.77	4.48	0.02
HT-2B II	225.85	0.44	0.02
HT-2C I	131.14	0.25	0.02
HT-2C II	138.91	0.27	0.02
HT-3A I	14.42	0.02	0.01
HT-3A II	0.00	0.00	0.00
HT-3A III	0.00	0.00	0.00
HT-3B	0.65	0.00	0.02
HT-4	106.41	0.19	0.02
HT-5	82.49	0.18	0.02
<b>HT TOTAL</b>	<b>8231.38</b>	<b>15.67</b>	<b>0.02</b>
LT-1	128.84	0.25	0.02
LT-2	0.00	0.00	0.02
LT-2A I	5751.77	11.16	0.02
LT-2A II	608.12	1.17	0.02
LT-2A FL	9.78	0.02	0.02
LT-2B I	40.51	0.08	0.02
LT-2B II	5.79	0.01	0.02
LT-3 I	1733.85	3.37	0.02
LT-3 II	145.45	0.29	0.02
LT-4A	7285.47	16.70	0.02
LT-4B	2.04	0.00	0.02
LT-4C I	3.34	0.01	0.02
LT-4C II	1.71	0.00	0.02
LT-5A I	88.09	0.16	0.02
LT-5A II	299.46	0.60	0.02
LT-5A III	349.86	0.71	0.02

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LT-5A IV	55.37	0.11	0.02
LT-5B I	48.91	0.10	0.02
LT-5B II	140.85	0.28	0.02
LT-5B III	169.11	0.34	0.02
LT-5B IV	11.55	0.02	0.02
LT-6A [WS]	581.85	1.39	0.02
LT-6B [SL]	387.47	0.85	0.02
LT-7 Temp	158.68	0.32	0.02
<b>LT Total</b>	<b>18007.86</b>	<b>37.96</b>	<b>0.02</b>
<b>Total (HT + LT)</b>	<b>26159.58</b>	<b>53.63</b>	<b>0.02</b>

Rs.53.63 Cr. collected as Fuel adjustment charges as against the increase of power purchase cost from 4.11 to 4.34 per unit.

Cross Subsidy Surcharges: Cross subsidy surcharge levied to open access consumers for FY-17 is tabulated. Month wise details are as under:

**Table No: 3.78**

<b>Month</b>	<b>OA sales-MU</b>	<b>CSS levied &amp; collected-Rs. Crs.</b>
April	45.78	5.17
May	84.34	4.88
June	90.26	9.71
July	97.22	10.15
August	102.42	10.66
September	102.76	10.90
October	145.50	11.31
November	210.85	11.34
December	117.18	10.58
January	117.41	11.00
February	121.71	12.68
March	123.32	13.59
<b>TOTAL</b>	<b>1358.76</b>	<b>122.00</b>

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**Abstract:**

Revenue realized through tariff is compared with the approved revenue from tariff.

**Table No: 3.79**

SI No	Category	Approved				Actuals			
		Sales in MU	Revenue Rs. crores	Average Realization in Rs. Per Kw h	Level of Cross Subsidy in % With ref. to ACS	Sales in MU	Revenue Rs. Crores	Average Realization in Rs. Per Kw h	Level of Cross Subsidy in % With ref. to ACS @ Rs. 6.44
1	LT-1 [fully subsidized by GoK]*	49.15	29.29	5.96	0.00	54.27	38.21	7.04	9.14%
1a	LT-1 BJ/KJ >18unitss					74.46	23.76	3.19	-50.54%
2	LT-2(a)(i)	5933.40	3093.34	5.21	-12.53	5751.77	3078.59	5.35	-17.02%
3	LT-2(a)(ii)	684.18	290.20	4.24	-28.83	617.90	265.85	4.30	-33.30%
4	LT-2(b)(i)	37.89	29.54	7.80	30.82	40.51	30.92	7.63	18.36%
5	LT-2(b)(ii)	5.23	3.33	6.37	6.80	5.79	3.91	6.76	4.80%
6	LT-3(i)	1788.02	1572.54	8.79	47.57	1733.85	1482.16	8.55	32.53%
7	LT-3(ii)	154.42	125.76	8.14	36.64	145.45	147.39	10.13	57.11%
8	LT-4(a)(i)*	6739.18	1927.41	2.86	-52.01	7285.47	2044.53	2.81	-56.49%
10	LT-4(b)	2.88	1.19	4.13	-30.90	2.04	0.96	4.71	-26.94%
11	LT-4 (c) (i)	6.07	2.23	3.67	-38.26	3.34	1.20	3.58	-44.47%
12	LT-4 (c) (ii)	0.00	0.00	0.00	0.00	1.71	0.40	2.37	-63.31%
13	LT-5(a)	916.82	656.50	7.16	20.14	792.78	549.59	6.93	7.48%
14	LT-5(b)	286.83	201.91	7.04	18.11	370.42	244.05	6.59	2.15%
15	LT-6 (WS)	509.97	251.09	4.92	-17.39	581.85	256.77	4.41	-31.58%
16	LT-6 (SL)	370.38	241.60	6.52	9.45	387.47	250.56	6.47	0.26%
17	LT-7	185.94	213.88	11.50	93.00	158.68	210.38	13.26	105.54%
<b>LT - TOTAL</b>		<b>17670.36</b>	<b>8639.82</b>	<b>4.89</b>	<b>-17.96</b>	<b>18007.86</b>	<b>8629.23</b>	<b>4.79</b>	<b>-25.71%</b>
1	HT-1	723.98	366.98	5.07	-14.95	681.56	318.88	4.68	-27.46%
2	HT-2(a)(i)	2442.89	1811.07	7.41	24.39	2143.16	1631.72	7.61	18.04%
3	HT-2(a)(ii)	2300.58	1640.90	7.13	19.67	2313.01	1726.76	7.47	15.74%
4	HT-2(b)(i)	2629.96	2383.23	9.06	52.04	2393.77	2353.47	9.83	52.43%
5	HT-2(b)(ii)	204.05	185.35	9.08	52.41	225.85	199.86	8.85	37.20%
6	HT-2 (c) (i)	96.11	72.96	7.59	27.37	131.14	89.60	6.83	5.93%
7	HT-2 (c) (ii)	144.17	107.38	7.45	24.97	138.91	119.61	8.61	33.49%
8	HT-3(a)(i)	74.11	14.82	2.00	-66.44	14.42	4.91	3.41	-47.20%
10	HT-3(a)(iii)	0.00	0.00	0.00	0.00	0.00	0.00		-100.00%
11	HT - 3b	1.28	0.51	3.98	-32.89	0.65	0.32	4.84	-24.96%
12	HT-4(a)	104.50	65.25	6.24	4.76	106.41	69.17	6.50	0.78%
13	HT-5	78.54	114.37	14.56	144.33	82.49	99.24	12.03	86.53%
<b>HT - TOTAL</b>		<b>8802.38</b>	<b>6763.56</b>	<b>7.68</b>	<b>28.92</b>	<b>8231.38</b>	<b>6613.54</b>	<b>8.03</b>	<b>24.57%</b>
<b>TOTAL</b>		<b>26472.74</b>	<b>15403.38</b>	<b>5.82</b>	<b>-2.37</b>	<b>26239.23</b>	<b>15242.77</b>	<b>5.81</b>	<b>-9.94%</b>

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From the above table, it is evident that all most all category sales are less than the approved level except IP category ie., un metered category. Reduction of sales to an extent of 541Mu under HT ie., subsidizing category hit the cross subsidy component by 4.35%. Increase in IP sales demands more cross subsidy by 7.75%.

Breakup of HT and LT realization is tabulated below:

**Table No: 3.80**

Category	Sales	Breakup for total Revenue							ARR
		Total Revenue	Un billed	interest	FAC	Adjust.	Cross subsidy surcharge	Net Rev	
1	2	3	4	5	6	7	8	9=3+4+5+6+7+8	10=9/2
LT	18007.86	8629.24	52.33	369.74	37.96	-103.6	0	8985.67	4.99
HT	8231.38	6613.53	9.85	18.27	15.67	5.07	122	6784.39	8.24
<b>LT + HT</b>	<b>26239.23</b>	<b>15242.77</b>	<b>62.18</b>	<b>388.01</b>	<b>53.63</b>	<b>-98.53</b>	<b>122.00</b>	<b>15770.06</b>	<b>6.01</b>
Other operating income		91.11	0	0	0	0	0	91.11	
<b>Total</b>	<b>26239.23</b>	<b>15333.88</b>	<b>62.18</b>	<b>388.01</b>	<b>53.63</b>	<b>-98.53</b>	<b>122.00</b>	<b>15861.17</b>	<b>6.04</b>

From the above, table component of receipts is tabulated below:

**Table No: 3.81**

Sl. No.	Particulars	Approved		Actuals	
		Amount In Crs.	Rate of Realization	Amount In Crs.	Rate of Realization
1	<b>Total Sales In Mu</b>	<b>26472.74</b>		<b>26239.23</b>	
2	Pure Revenue from Sale of power	<b>15403.38</b>	5.82	15242.77	<b>5.81</b>
3	Interest earned on belated payment			277.61	<b>0.11</b>
4	Fuel Adjustment charges collected			53.63	<b>0.02</b>
5	Cross Subsidy surcharge collected from Open access consume		361.6	122.00	<b>0.05</b>
7	Un billed provisions			62.18	<b>0.02</b>
8	Other Non-tariff receipts			91.11	<b>0.03</b>
9	Other Adjustments			11.86	<b>0.00</b>
<b>Total</b>		<b>15764.98</b>	<b>5.96</b>	<b>15861.16</b>	<b>6.04</b>

From the table it is clear that, the average realization rate is increased from approved Rs. 5.96 per unit to Rs. 6.04 per unit. But due to increase the average cost of supply (Details discussed in the following paragraph) the tariff fails to fetch the cost