

CHAPTER-3

Rationale for ERC Filing

GESCOM is filing this ARR & ERC under MYT principles for **FY-21** with the following imperatives.

3.1. ERC Filing Requirement

In terms of Section 27 of the KERC and the Tariff Regulation -2000 (with amendments) framed by the Honourable Commission, the licensee is required to file its Expected Revenue from Charges not later than four months before the commencement of the financial year i.e., on or before **29.11.2019** for the ensuing financial year commencing from **1st April, 2020**. The Expected Revenue from charges and Revision of Retail Supply Tariff for **FY-21** is herewith submitted.

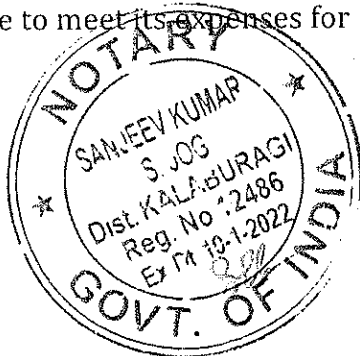
The formats prescribed in KERC (Tariff) Regulations are enclosed with this petition. The details are furnished in respect of ERC filing for the year **FY-21**. The details of the revenue anticipated and the expenditure assessed for **FY-21** is detailed in the following paragraphs.

Hon'ble Commission vide Ltr. No. KERC/DD(Tariff)/02/19/849 dated 04.10.2019 has intimated to file the tariff petition for the year **FY-21** and Annual Revenue Requirement, Distribution/Retail Tariff for **FY-21** on or before **29.11.2019**.

The information provided for the year **FY-19** is as per the Audited Financials. The information provided for the financial year **FY-20** is considered on 1st half of **FY-20** and projected for the **FY-21**. The Hon'ble Commission is therefore requested to consider these figures. The licensee most respectfully submits that it has made sincere efforts to comply with the requirements of the KERC (Tariff) Regulations with the information currently available.

3.2 Revenue insufficient to Cover Costs in FY-20 to 21.

Based on the **2019** tariff order and subsequent amendments, GESCOM is unable to meet its expenses for **FY 21** as there is a deficit of Rs 621.37 crs deficit.



28 NOV 2019

109

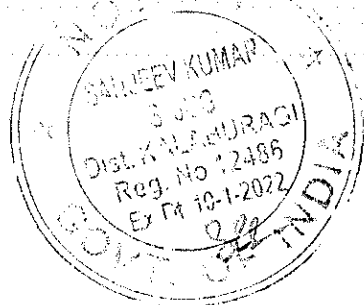
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Table-27
Cost Coverage / Deficit

Rs in Crs.

Sl. No	Particulars	FY-19 Actuals	FY-20 Revised	FY-21 projected
1	Revenue from Existing Tariffs (including Misc. Revenue & Other Income)	5160.77	5349.04	5442.97
2	Expenditure	5141.44	5465.96	6064.35
3	Rate of Return at 15.50 % on equity and surplus for FY19	0.00	40.04	58.64
4	Deficit (-) with existing tariffs	19.33	-116.92	-621.37
5	Subsidy receivable from GoK	0	0	0
6	Other Income	82.33	79.81	60.30
6	GAP (Sl. No 2-1)	19.33	-116.92	-621.37
7	Met by Tariff Hike	-	-	80 Paise

Note: Gap of FY21 is considered for proposing the Tariff hike of 80 Paise per unit for all category installations in the **FY 21**.



Alkumar
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