

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

FILE NO._____

CASE NO._____

IN THE MATTER OF:

**APPLICATION UNDER SECTION 62 OF THE ELECTRICITY ACT, 2003 READ WITH
KERC (TARIFF) REGULATIONS, 2000 AND REGULATION 2.3 OF KERC (TERMS AND
CONDITIONS FOR DETERMINATION OF TARIFF FOR DISTRIBUTION AND RETAIL
SALE OF ELECTRICITY) REGULATIONS, 2006 FOR DETERMINATION OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE PERIOD FROM FY-2023
TO 2025 AND TARIFF FILLING FOR FY-2023.**

AND

IN THE MATTER OF:

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

HUKERI TALUKA, BELAGAVI DIST - 591 309

...APPLICANT

AFFIDAVIT

I, K. L. Shrinivas, son of K. G. Lokanth, aged about 48 years working as Managing Director of the Applicant and residing at Hukeri, do hereby solemnly affirm and state on oath follows.

1. I am the Managing Director of the Applicant HRECS and I am duly authorized by the said Applicant to make this affidavit. I am conversant with the facts of the matter and hence I am competent to depose to this Affidavit.
2. The averments made in paragraphs 1 to 25 of the Application accompanying this Affidavit, herein now marked with letter "A" are true to the best of my knowledge, information and belief.
3. I further say that the statements made and data presented in the aforesaid Application are true to the best of my knowledge, as per records of the

Applicant Society and based on estimations. Further, to my knowledge and belief, no material information has been concealed in the aforesaid Application.

Solemnly affirmed at Hukeri on this 1st Day of December 2021 that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed therefrom.

Place: Hukeri

DEPONENT

Date : 01-12-2021

Identified by me:

'A'

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IN THE MATTER OF:

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

HUKERI TALUKA, BELAGAVI DIST - 591 309

...APPLICANT

MEMORANDUM OF APPLICATION UNDER SECTION 62 OF THE ELECTRICITY ACT, 2003 READ WITH KERC (TARIFF) REGULATIONS, 2000 AND REGULATION 2.3 OF KERC (TERMS AND CONDITIONS FOR DETERMINATION OF TARIFF FOR DISTRIBUTION AND RETAIL SALE OF ELECTRICITY) REGULATIONS, 2006 FOR DETERMINATION OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE PERIOD FROM FY-2023 TO FY- 2025 AND TARIFF FILLING FOR FY-2023.

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

1. Introduction

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

2.0 Statutory Adherence

- 2.1. Hukeri Rural Electric Co-operative Society Limited (hereinafter called as the “**Applicant**” or “**HRECS**”) is submitting this application for determination of Aggregate Revenue Requirement, Expected Revenue and tariff application for FY-23, FY-24 and FY-25 and Tariff application for FY-23, under Section 62 of the Electricity Act, 2003 (hereinafter called as the “**Act**”) read with KERC (Tariff) Regulations, 2000 and Regulation 2.3 Of KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006 (hereinafter called as the “**MYT Regulations**”) read with KERC (Tariff) Regulations, 2000, and MYT 6th control period is determined by the Hon’ble Commission for FY23, FY24 and FY25 vide KERC/DD(tariff)B /02/21/806 dated 24-09-2021 for the kind consideration and approval of the Hon’ble Commission.
- 2.2. In this Application, the Applicant has sought to diligently follow the principles and guidelines laid down in the conditions of License for Distribution and Retail Supply of Electricity granted to the Applicant by the Hon’ble Commission, the Electricity Act, 2003, MYT Regulations, Tariff Orders and various directions issued by the Hon’ble Commission from time to time. The Applicant is filing this application before the Hon’ble Commission, under the MYT Regulations, for the kind consideration and approval of the Hon’ble Commission.
- 2.3 The projected numbers are based on actual audited accounts for FY -17, FY -18, FY -19, FY-20 and FY-21 and they have been duly adjusted for growth in income, changes in expenses and also changes in assets and liabilities as per the expectations of the HRECS. In the course of validation by the Hon’ble Commission, the HRECS will provide the necessary updated information, if and when required. The projections for FY-22 and the control period for FY-23, FY-24 and FY-25 have been arrived as per CAGR from FY - 17 to FY – 21 and expectations of the Applicant. However, the income on sale of power has been estimated at the current tariff structure. During the course of the validation by the Hon’ble Commission, the Applicant will provide the necessary updated information, if sought by the Hon’ble Commission.

2.4 A draft copy of this Application along with proposal for modification of tariff were placed before the Board of the HRECS, in its meeting held on 24th September, 2021 and the Board of the HRECS approved the same. The Board of HRECS has also authorized the Managing Director of the HRECS to sign and submit the same before the Hon'ble Commission, in accordance with the applicable Regulations of the Hon'ble Commission. The Board of the HRECS also authorized the Managing Director of the HRECS to take such steps as may be necessary and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the HRECS and also delegated all above powers to the Managing Director and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of implementing the same.

3.0 Brief set of Facts

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

4.0. Tariff Data

The data for the years from FY- 17 to FY - 21 are based on audited accounts. The projections for FY-22 and the control period for FY-23, FY-24 and FY-25 have been arrived as per CAGR from FY - 17 to FY - 21 and expectations of the Applicant. However, the income on sale of power has been estimated at the current tariff structure. During the course of the validation by the Hon'ble Commission, the Applicant will provide the necessary updated information, if sought by this Hon'ble Commission.

5.0. Profile

The applicant HRECS is the only Rural Electric Co-Operative Society in the State of Karnataka serving about 91394 members spread over about 991.49 sq. km under the license granted to the HRECS by the Hon'ble Commission, under Section 14 of the Electricity Act, 2003 and catering

the needs of 139157 installations. Further, energy consumed for the period ending 31-03-2021 was 279.09 MU. In the distribution networks of the Petitioner there existed 2890 Distribution Transformers as on 31-03-2021. Further, Petitioner's Asset rose to Rs. 12638.30 lakh on 31-03-2021.

5.1. Consumer Profile as on 31st March, 2021

TABLE 1: Consumer Profile

Sl. No.	Tariff Category	Number of Installations
1.	LT-1	12454
2.	LT - 2 (a)	85923
3.	LT - 2 (b)	89
4.	LT - 3	6275
5.	LT - 4 (a)	30443
6.	LT - 4 (b)	10
7.	LT-4 (c)	4
8.	LT - 5	2535
9.	LT - 6 (Water Supply)	696
10.	LT -6 (Public lighting)	510
11.	LT -7 (Temporary)	165
	LT Sub Total	139104
12.	HT-1	11
13.	HT-2 (a)	18
14.	HT - 2 (b)	5
15.	HT - 2 (c)(i)	4
16.	HT - 2 (c)(ii)	2
17.	HT-3(a)(i)	10
18.	HT-3(a)(ii)	1
19.	HT-5 TEMP	1
20.	AEQUS (SEZ)	1
	HT Sub Total	53
	GRAND TOTAL	139157

5.2 Brief History of the Applicant HRECS

The Applicant HRECS is incorporated under the provisions of the Karnataka Co-Operative Societies Act, 1959, as a Co-Operative Society and was one of the five pilot Rural Electric Co-Operative Societies established on 21-07-1969 through Rural Electrification Corporation

Limited (REC), New Delhi, as per the decision of the Government of India and based on sponsorship from United States Agency for International Development (USAID) in collaboration with National Rural Electric Co-Operative Association (NRECA), of the United States of America.

5.2.1. HRECS was the first of its kind in the rural distribution of electricity on a co-operative model and registered as Hukeri Rural Electric Co-Operative Society, and is the only one working in Karnataka State.

5.2.2. Initially, the Government of Karnataka (GoK) granted the license for distribution of electricity to the HRECS on 12-10-1970, under the provisions of the Electricity Act, 1910. Since then, the HRECS is engaged in the distribution of electricity to Hukeri Taluka. Thereafter, KERC was constituted under the Karnataka Electricity Reform Act, 1999 (hereafter referred to as '**the KER Act**'). The HRECS was granted the license initially for a period of five years, in October, 2001. After coming into force of the Act in 2003, KERC, by its order No. L/1/06 dated 14th November, 2006, granted the licence for distribution of electricity within its licenced area for a period of twenty five (25) years from 19th October, 2006, under the provisions of the Act.

5.3. **Assets**

The HRECS at the time of its constitution (in the year 1970) purchased assets worth Rs. 45.77 Lakhs from the then Karnataka Electricity Board (KEB). The present assets, as on 31st March, 2021 held by the HRECS are worth about Rs. 12638.30 lakh.

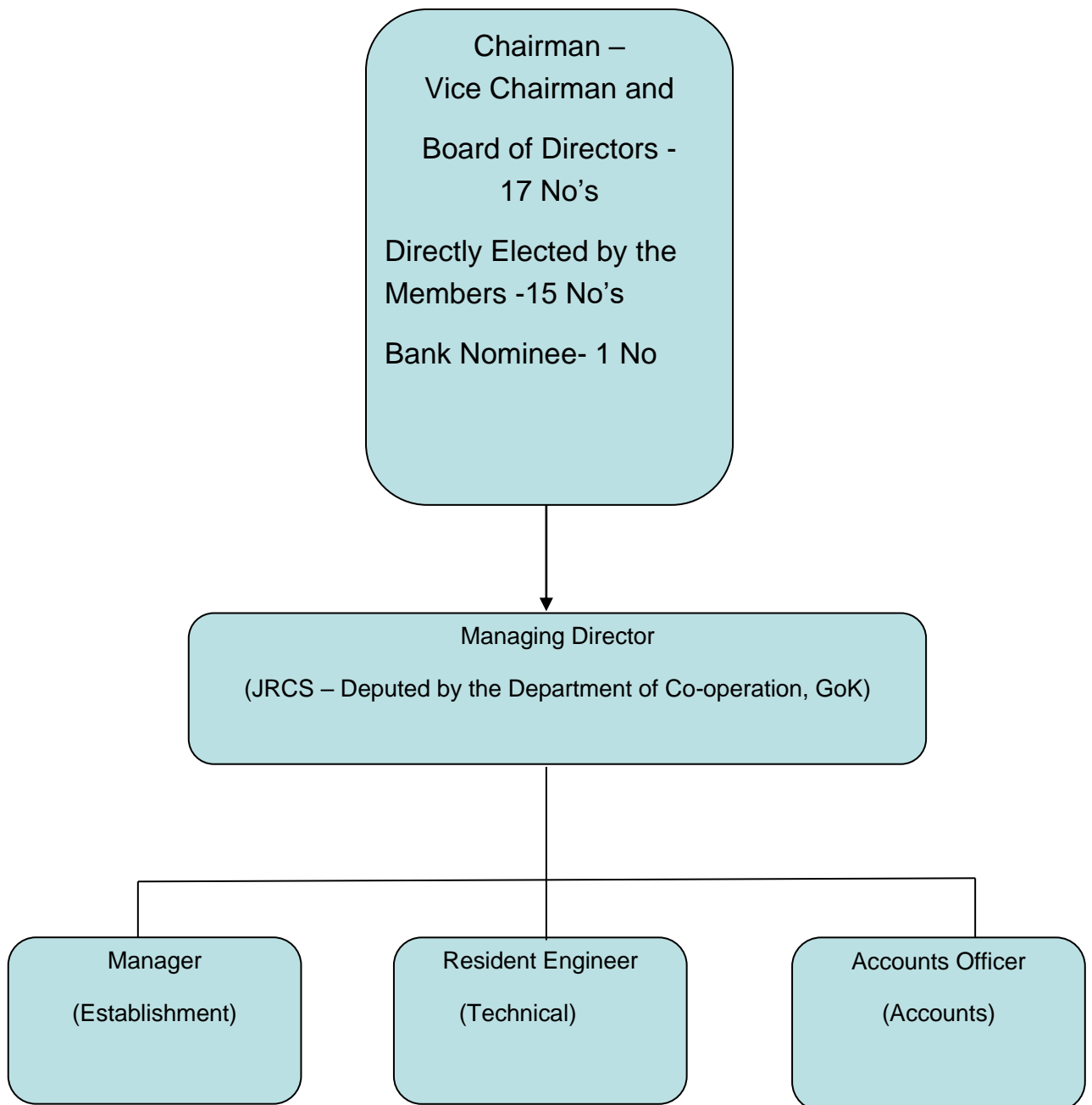
5.4. **Membership**

As per the Bye-laws of the HRECS, every consumer should be a member of the HRECS by holding at least one fully paid up equity share of face value of Rs.100/- each. Presently, as on 31st March 2021 there are 91394 members who have paid the share amount of Rs. 9.32 crores.

5.5. **Work Division**

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

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



5.6. Master Unit Sub Stations (MUSS)

The total connected load of the HRECS is around 236 MW. To meet this demand the following Sub Stations are functioning at Hukeri:-

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

5.7. Distribution Transformer Centres (DTCs)

There are about 2890 Nos. of DTCs with various capacities as on 31st March, 2021.

5.8. Consumer Friendly Measures

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

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

- c) HRECS has established CGRF to enable consumers to lodge their complaint in regard to service and bills etc. it is the endeavour of HRECS to give priority to address consumer grievance and resolve.

5.9. Employees Strength

In 2018, Department of Co-operative of the Government of Karnataka sanctioned 330 permanent posts for HRECS, besides temporary staffs. The present permanent Working Staff strength in HRCES as on 31 March 2021 is about 102 and Temporary and consolidate staff numbering 238. Thus strength of the staff is 340 as on 31 March 2021.

5.10 Collection, Billing and Vigilance

The HRECS has an efficient collection and billing mechanism. The Society has established 31 Bill Collection centres for facilitating the consumers. This mechanism has improvised with introduction of Spot Billing System. All Time Payment (ATP) machines are installed in Hukeri, Sankeshwar Town, Yamakanmardi, Paschapur and Daddi Villages. Besides all these bill collection facilities, the HRECS has also introduced mobile bill collection facility.

5.11 Vigilance Activity:

It is submitted that under first proviso to section 135(1A) of the Act, only such officer of the licensee or supplier, as authorised for the purpose by the

Appropriate Commission or any other officer of the licensee or supplier, as the case may be, of the rank higher than the rank so authorised shall disconnect the supply line of electricity, on detection of theft of electricity.

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

6 Power Purchase Agreement :

The HRECS is paying the Bulk Supply Tariff to Hubli Electricity Supply Company Limited (hereafter referred to as **HESCOM**) as decided by the Hon'ble Commission, from time to time. The Hon'ble Commission, vide order dated 14-02-2015 approved the draft PPA. The PPA is entered into between HESCOM and the Applicant on 15-12-2016.

In this Application, the power purchase cost is assumed as Rs. 5.75715 (including transmission charges) per unit at interface points for FY 22 which is as approved by the Hon'ble Commission vide Tariff order dated 09th June, 2021 and in case HESCOM revises its power sale price to HRECS and variation of the approved price may kindly be allowed in the ARR for FY-24.

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

7 Government of Karnataka (GoK) Support

1. Of the total power consumption within the HRECS service area, about 63% of power is consumed by IP Sets (Agriculture). The cross subsidy element is also very less compared to consumer profiles of State owned ESCOMs. The actual tariff for IP Sets are as decided by Hon'ble KERC in its Order dated 09th June, 2021. In the said tariff order, the Hon'ble Commission determined tariff for IP Sets below 10 HP as Rs. 5.77 per unit supplied to IP Sets. The Society has been claiming Rs. 5.77 per unit of power supplied to IP Sets below 10 HP, as subsidy from GoK as per the Tariff Order dated 09-06-2021. GoK is releasing IP Set Subsidy on monthly basis, as per the provisional claims of the Society. The GoK has been releasing the balance of IP Set power supply cost as subsidy to the Society only after the annual performance review of the Society is carried out by the Hon'ble Commission, based on the audited accounts, audited earlier by the auditors of the Department of Co-operation, Government of Karnataka and from FY 13 onwards by the Chartered Accountants approved by the Department of Co-operation, Government of Karnataka.

2. At present, a sum of Rs. 27.87 Crores is due from GoK towards IP Set subsidy and Rs.7.67 lakhs subsidy towards electricity supplied to weavers, which were all accounted in the books of accounts of the HRECS, in its accounts for FY 21. The GoK is also yet to release a sum of Rs. 3.5812 crores on account of reimbursement of amount refunded to IP Set consumers who paid the same before 31st March 2003, as per the GoK Policies, pertaining to the year 2001 to 2003, which is also accounted in the books of the HRECS. Further HRECS had waived IP sets dues Rs. 39.81crores in the year 2011-12 is remained unsettled by the GoK. Which is also one of the substantial reason for accumulated loss of the HRECS.

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

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

Commission's Views:

The Hukeri RECS has submitted the details (summary) of consumer's interaction meetings conducted in its jurisdiction during FY20 and FY21 till September 2020 only, in its replies to preliminary observation. The Hukeri RECS was directed to submit the details of the CIMs conducted, in the prescribed formats. In its Filing Hukeri RECS has submitted that, it is a small distribution utility, hence has taken up the CIM in the Head Office at Hukeri.

The commission had reiterated its directions to the Hukeri RECS to conduct the consumer interaction meetings in the sections chaired by the Managing Director, Hukeri RECS to effectively redress the consumer grievances. The Commission notes from the submissions made by Hukeri RECS that, such meetings are being conducted on a single day in the Head Office only, **The Commission directs HRECS to explore the possibility of conducting the CIMs at different places in a different quarter, instead of conducting at its Head Office for all the quarters, so that the maximum number of consumers can participate and take advantage of getting their grievance resolved.**

The commission is of view that the dates of such meetings indicating the venue shall be arranged in a quarter in such a way that the Managing Director can chair the meetings and is able to redress all the complaints relating to supply of electricity effectively. Accordingly, the Hukeri RECS is directed to conduct consumer interaction meetings at the HO/other venues on different designated dates. Further, **the Commission desires that, such meetings are strictly chaired by the Managing Director and not by any other officer.** The Commission also decides that, if the consumer interaction meetings are conducted without the participation of the Managing Director, then it will be considered as non-compliance of the commission's directives and the Commission would consider imposing a penalty of up to Rupees One lakh per quarter for each instance of non-compliance and also direct that such penalty shall be recovered from the Managing Director towards non-conduct of such meetings.

The Commission reiterates its directive to Hukeri RECS to conduct consumer interaction meetings once in a quarter, to redress the consumer grievances relating to supply of electricity. Advance notices shall be sent to the stakeholders by email/ website and through SMS (whoever they are in the consumer database) well in advance. A compliance report (Quarterly) shall be submitted to the Commission regularly in the format given in the previous Tariff Order, along with a copy of the proceedings of each meeting.

Compliance by the Hukeri RECS

It is submitted that Hukeri RECS has been conducting Consumer Interaction Meeting in head office at Hukeri and also in section offices chaired by the Managing Director, by giving paper notification and submitting regularly the details of the Consumer Interaction Meetings (CIM) conducted in different sections in the prescribed formats. Previously meeting was conducted on 25.09.2021 at Kanagala section office and at Sultanpur section office. Detailed report sent to the Commission on 28.10.2021 in the prescribed format along with a copy of the proceedings of the meeting. The meeting is also scheduled in the month of December-2021 and proceedings will be submitted thereafter. As directed by the Hon'ble Commission in future also meetings will be conducted once in a quarter at different section offices at different dates and details in the prescribed format along with the proceedings will be submitted to the Hon'ble commission.

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

Commission's Views:

The commission notes that at present the Hukeri RECS doesn't have any HT consumer sourcing power through open access. However, in future, if any of the HT consumers in its jurisdiction source power through Open Access, then it should implement this directive and submit compliance thereon, once in a quarter regularly.

Compliance by the Hukeri RECS

It is submitted that the Hukeri RECS, in its jurisdiction, has 52 numbers of HT installations and none of them are availing Open Access. Therefore, Hukeri RECS is not in a position to submit details in this regard. However, in future, if any of the HT consumers in jurisdiction of Hukeri RECS, source power through Open Access, then the Hukeri RECS will implement this directive and submit compliance to the commission.

3. Directive on Energy Conservation.

Commission's Views:

The Commission observes from the compliance submitted by the Hukeri RECS that, it has not submitted any fresh details for having implemented the directive. It is noted that the same status is being furnished to the Commission in the previous Tariff Order also, which means that Hukeri

RECS has not made any fresh Progress on the ground. In this regard, the Hukeri RECS should verify whether there is any progress made in the field in servicing of the BEE star rated Air Conditioners, Fans, Refrigerators, etc., in the consumers' premises. The Hukeri RECS is directed to implement this programme by reviewing the current progress/status of implementation.

The Commission observes that the Hukeri RECS has not submitted the compliance regularly on implementation of the directive, Further, it is also observed that Hukeri RECS has merely stated that it is insisting on servicing the consumer installations with 5 star rated equipment without elaborating on this or submitting the detailed progress made in detail. The Hukeri RECS needs to review the implementation of the directive with the field officers periodically, to know about the progress.

The Commission notes that the Hukeri RECS has not submitted the compliance in respect of ensuring and providing of LED lamps/ energy efficient lamps while servicing of new streetlight /high mast installations including extensions made to the existing streetlight circuits. This shows that the Hukeri RECS has not implemented the directive in its letter and spirit, to take forward the initiative of conservation of energy.

To begin with, Hukeri RECS could have issued instructions to all its officers to ensure use of BEE five-star rated Energy Efficient Appliance in their offices. Hukeri RECS has not submitted the details/ current status of the scheme in its tariff filing. On the whole, the Commission finds that the progress in implementation of this directive is very poor. Therefore, the commission directs Hukeri RECS to focus on effective implementation in the field and take necessary corrective steps.

Further, the Commission directs Hukeri RECS to conduct the awareness programs to the consumers/ public, for use of LED bulbs, energy efficient electrical equipment etc., by making use of the fund reserved for customer relation/ consumer education program. Hukeri RECS shall use only energy efficient bulbs and appliance in some of its offices and demonstrate their benefits to the general consumers.

Looking into the practical difficulty, by partially modifying the directive, the Commission reiterates its directive to service all new streetlight/ high mast installations including extensions made to the existing streetlight circuits, only after ensuring that the LED lamps/energy efficient lamps like induction lamps are provided to the street light points and the compliance thereon shall be submitted to the Commission once in a quarter on a regular basis. Inspection by jurisdictional Assistant Executive Engineers /Executive Engineers/ Resident Engineers of new installations, selected on random basis shall be undertaken to cross check adherence to the directive by the field offices.

Compliance by the Hukeri RECS

The Hukeri RECS submits that instructions have been issued to all section officers to ensure use of BEE five-star rated Energy Efficient Appliances like Air Conditioners, Fans, Refrigerators etc., in the consumer premises. The instructions have also been issued to the all section officers to ensure providing of LED Lamps/ Energy Efficient lamps while servicing of new streetlight/high mast installations including extensions made to the existing streetlight circuits. The Hukeri RECS is conducting the awareness programs to the consumers for use of Energy Efficient electrical equipments, LED bulbs etc., Hukeri RECS is using Energy Efficient bulbs/Appliances in some of its offices. Further as per the direction of Hon'ble Commission, Resident Engineer is also cross checks new installations selected on random basis whether LED lamps/energy efficient lamps are provided and the compliance thereon will be submitted to the Hon'ble Commission every quarter.

4. Directive in Nirantara Jyothi-Feeder Separation:

Commission's Views:

The Commission notes that the Hukeri RECS has commissioned 17 feeders out of 19 feeders taken up under NJY scheme. However, there has been an inordinate delay in completion of the NJY works which has resulted in non-realization of envisaged benefits to the organization, as per the DPR.

The commission notes that, HRECS in its earlier tariff filings, has submitted that 2 (two) NJY feeder out 19 feeders has not been commissioned and has committed to commission the remaining 2 feeders during December 2019. In the replies to the preliminary observations, HRECS has informed that the remaining 2 feeders will be commissioned in October 2020 and readings of all the 19 feeders will be furnished from January 2021 onwards.

The Hukeri RECS is directed to commission the remaining two feeders, as committed by it and thereafter carry out the feeder-wise analysis to ensure that the objectives set out in the DPR are accomplished.

Further, the Hukeri RECS shall ensure that, any illegal tapping of NJY feeders by the farmers for running their IP-sets should be stopped. Failure to stop this illegal activity will defeat the very purpose of feeder segregation works undertaken at huge cost and therefore, the Hukeri RECS needs to take stern action on such offenders, further, the field officers/officials who fail to curb illegal tapping shall be personally held responsible for these irregularities.

It is noted that the Hukeri RECS has already segregated 19 number of feeders under NJY works and consequently the energy consumed by the IP

sets could be more accurately measured at the 11KV feeder levels, at the sub-stations, duly considering the distribution losses in 11KV lines, distribution transformers and LT lines. But the Commission observes that, HRECS is not furnishing the assessment of IP sets based on the 19 number of segregated IP set feeders. Instead it has furnished the data based on 10 feeders till November 2019 and 17 feeders from December 2019 to March 2020. Therefore, the commission directs the Hukeri RECS to continue to report every quarter, the monthly specific consumption and the overall IP set consumption, only on the basis of the data from the energy meters installed to all the agricultural feeders, as per the prescribed formats. Any data furnished based on other assumptions will not be considered by the commission.

The Commission reiterates its directive to the Hukeri RECS to continue to furnish feeder-wise, month wise IP set consumption based on energy meter data taken from all the agriculture feeders segregated under NJY and other schemes, to the commission every month.

Compliance by the Hukeri RECS

The Hukeri RECS submits that as per the direction of Hon'ble Commission, Hukeri RECS will continue to report every month, the specific consumption and the overall IP set consumption, only on the basis of the data from energy meters installed to the 19 numbers of segregated agricultural feeders, as per the prescribed formats. Inspection is conducted regularly by field staff preventing any illegal tapping of NJY feeders by the farmers for running their IP sets. The details of month wise specific consumption and overall IP set consumption on the basis of the data collected from energy meters installed to the 19 numbers of segregated agricultural feeders from Apr-21 to Oct-21 submitted to the Hon'ble Commission.

5. Directive on Demand Side Management in Agriculture:

Commission's Views:

The Commission observes that the Hukeri RECS has not seriously taken the implementation of DSM in its jurisdiction. The compliance submitted by the Hukeri RECS is very much generic and the same submissions are being repeated since 2-3 tariff filings and cannot be considered as compliance.

The commission notes that the Hukeri RECS has so far not taken any concrete action to implement the Agricultural DSM measures in its jurisdiction. The progress /status reported this year is same as that of previous years, that too without any appreciable change in the field. The Commission while emphasizing the need for implementation of DSM in agriculture, during its review Meetings held with the distribution licensees, has been directing them to initiate DSM measure, in view of huge potential for energy savings in the agricultural sector which needs to be tapped to derive the optimum benefits on completion of such programmes. Therefore

the Hukeri RECS is directed to implement the DSM measures aimed at conserving energy and also precious water for the benefit of farmers.

The Commission directs the Hukeri RECS to take up the implementation of DSM measures in its jurisdiction. The compliance thereon shall be submitted to the Commission, within three months from the date of this Order.

Compliance by the Hukeri RECS

The Hukeri RECS submits that the matter has been placed before Board of Directors Meeting and it is decided to implement replacement of inefficient pump sets by Energy Efficient pump sets (BEE star rated) initially in one agricultural feeder on a pilot basis depending on availability of fund. After its satisfactory completion, can examine implementing it in all sections.

The field staff has been carried out the survey in one agricultural feeder and identified inefficient irrigation pump sets for implementation of DSM on a pilot basis for replacement of inefficient pump sets by Energy Efficient pump sets (BEE star rated). Once the report as to outcome of the survey conducted by the HESCOM is received, HRECS would undertake further survey.

6. Directive on Optimizing Transformer Capacities:

Commission's Views:

The Commission takes note of the replies of the Hukeri RECS in respect of the above directive. The Commission desires that the Hukeri RECS shall conduct audit of transformer loads and submit the compliance report, at least quarterly. The Commission reiterates its directive to Hukeri RECS to ensure that the distribution transformers installed are of loaded to the optimum capacity, to reduce energy losses prevailing in the distribution system.

The Hukeri RECS shall conduct audit of transformer loads to ensure that the loads in the transformers are optimized to reduce losses. The Hukeri RECS is directed to report compliance thereon to the Commission, regularly, once in a quarter.

Compliance by the Hukeri RECS

The Hukeri RECS submits overloaded transformers are identifying regularly by the field staff to ensure that the loads on the transformers are optimized to reduce losses. As soon as over loading of transformer is noticed, action is being taken to balance the load. Depending upon availability of funds, transformers are taken up for optimal utilization. During FY-21, 126 numbers of overloaded transformers are identified and action has been taken

to ensure that they are optimally utilized and compliance will be submitted to the Hon'ble Commission in future once on a quarter.

7. Directive on Service Centers for improved Responsiveness:

Commission's Views:

The Commission notes that Hukeri RECS has not furnished any details on the establishment of Service Center to deal with the consumer complaints. **Its submission that it is conducting CGRF meetings to attend to consumer's complaints, does not stand to reasons, since the CGRF is a different Forum wherein the consumer's disputes are heard and disposed of by the competent authority.** The Commission notes the submissions made by Hukeri RECS in conducting the consumer interaction meetings for redressal of their complaints relating to supply of electricity. The Commission is of the view that the Hukeri RECS needs to ensure prompt response to the consumer complaints regarding interruptions in power supply which may be due to breakdown of lines/equipment, failure of distribution transformers etc., by establishing a service Center. The Hukeri RECS is also directed to strive to reduce the time taken to attend the complaint, in order to ensure prompt response to the consumer complaints.

The Commission directs the Hukeri RECS to furnish the mechanism adopted in its jurisdiction for resolving the routine consumer complaints viz., power supply interruptions, billing issues etc., within 3 months from the date of this order, Also, Hukeri RECS shall furnish the number of complaints registered during FY20 and FY21 along with the classification of nature of complaints.

Further, the Commission directs the Hukeri RECS to submit the details of the Service Center establish to attend to the consumer complaints in restoring power supply. Also, wide publicity should be continuously made in the local newspapers regarding the availability of Service Center, for redressal of their grievances relating to supply of electricity. The Hukeri RECS is directed to report the compliance thereon, to the Commission, regularly once in three months.

Compliance by the Hukeri RECS:

The Hukeri RECS is giving prompt response to the consumer complaints regarding interruptions in power supply which may be due to breakdown of lines / equipment, failure of distribution transformers etc. The HRECS is having its own transformer repair center at Hukeri head office. The failed transformers are repaired and being replaced immediately on priority basis. There are 10 section offices and in each section a group of maintenance staff

is available with appropriate transport facility to enable them to move to the affected areas quickly with necessary maintenance materials and equipments. Logistics of transport etc. is provided on call by the head office.

9. ANNUAL PERFORMANCE REVIEW (APR) FOR FY -21.

A separate application for Annual Performance Review (APR) for FY -21 is filed by the HRECS, for the kind consideration of the Hon'ble Commission along with the present petition.

10 SALE FORECAST:

Based on sale of previous years, the sale forecast for FY-22 and for FY-23 to FY-25 are estimated applying CAGR formula in respect of metered categories.

10.0 Number of installations:

As per Regulation No. 2.5.2 of the MYT Regulations, the Annual Revenue Requirement (ARR) for Retail Supply Business shall be on the expected revenue from charges at the existing tariff. In order to estimate ERC, the accurate sale forecast is necessary. The energy sale depends upon the population, policies of the Government, the various schemes under implementation, the number of hours of supply available to consumers etc. These facts have an impact on growth of installations. Hence the HRECS has analyzed the growth of installations in the area of supply for the period from FY-17 to FY-21. Due to various reasons, some of the installations across the categories are being dismantled. This fact is also considered in estimation of sale forecast. In order to have accurate sale forecast, year-end number of installations and total energy sold across the categories during respective year is reviewed to ascertain the growth. The number of installations and growth rate as per CAGR for FY-22 and

the periods of FY-23 to FY-25 is as follows (except LT1 BJ / KJ and IP Set below 10 HP, the same has been assessed on realistic basis):

Table 2 : Installations CAGR

Tariff	Actual Installations					Y _n =	Y _i =	n=5	CAGR
						FY-21	FY-17		
	FY17	FY18	FY19	FY20	FY21	1/(n-1)	Y _n /Y _i	Y _n /Y _i ^(1/(n-1))	[(Y _n /Y _i ^(1/(n-1)))-1]*100
LT-1 <=40	11259	11989	12100	12140	12183	0.25	1.08	1.02	0.00
LT-1 >40	1196	463	354	314	271	0.25	0.23	0.69	0.00
LT-1 Total	12455	12452	12454	12454	12454	0.25	1.00	1.00	0.00
LT-2(a)(i)T	13993	14543	14875	15116	15895	0.25	1.14	1.03	3.24
LT-2(a)(ii) V	58769	60019	60676	61170	70028	0.25	1.19	1.04	4.48
LT-2(b)(i) T	40	41	44	45	45	0.25	1.13	1.03	2.99
LT-2(b)(ii) V	38	38	37	42	44	0.25	1.16	1.04	3.73
LT-3(i) T	2608	2701	2820	2868	2960	0.25	1.13	1.03	3.22
LT-3(ii) V	3069	3140	3188	3216	3315	0.25	1.08	1.02	1.95
LT-4(a)(i)	25816	27347	28485	29445	30443	0.25	1.18	1.04	4.21
LT-4(b)	9	9	9	10	10	0.25	1.11	1.03	2.67
LT-4(c)	4	3	3	3	4	0.25	1.00	1.00	0.00
LT-5(b)	2252	2458	2476	2511	2535	0.50	1.02	1.01	1.18
LT-6[a]	595	622	652	661	696	0.25	1.17	1.04	4.00
LT-6[b]	368	396	434	460	510	0.25	1.39	1.09	8.50
LT-7	131	116	129	33	165	0.25	1.26	1.06	5.94
LT total	120147	123885	126282	128034	139104	0.25	1.16	1.04	3.73
HT-1	6	11	11	11	11	0.25	1.83	1.16	0.00
HT-2(a)	10	11	11	13	18	0.25	1.80	1.16	15.83
HT-2(b)	5	5	5	5	5	0.25	1.00	1.00	0.00
HT-2(c)(i)	3	3	3	3	4	0.25	1.33	1.07	7.46
HT-2(c)(ii)	2	2	2	2	2	0.25	1.00	1.00	0.00
HT-3(a)(i)	5	5	10	10	10	0.25	2.00	1.19	0.00
HT-3(a)(ii)	0	0	0	0	1	0.25	0.00	0.00	0.00
HT-5 TEMP	0	0	0	0	1	0.25	0.00	0.00	0.00
SEZ	1	1	1	1	1	0.25	1.00	1.00	0.00
HT total	32	38	43	45	53	0.25	1.66	1.13	13.44
Grand total	120179	123923	126325	128079	139157	0.25	1.16	1.04	3.73

The number of installations for the below period is estimated as follows. (The abnormal variations in growth such as minus growth are avoided/not taken into account for further estimation). The installations for FY-22, FY-23, FY-24 and FY-25 as per CAGR formula are as follows:

Table 3: Number of Installations growth rate for the control period

Tariff	CAGR	Projected installation			
	$[(Y_n/Y_i)^{1/(n-1)} - 1] * 100$				
		FY22	FY23	FY24	FY25
LT-1 <=40	0.00	12183	12183	12183	12183
LT-1 >40	0.00	271	271	271	271
LT-1 Total	0.00	12454	12454	12454	12454
LT-2(a)(i)T	3.24	16410	16941	17489	18055
LT-2(a)(ii) V	4.48	73165	76442	79866	83444
LT-2(b)(i) T	2.99	46	47	48	49
LT-2(b)(ii) V	3.73	46	48	50	52
LT-3(i) T	3.22	3055	3153	3254	3359
LT-3(ii) V	1.95	3380	3446	3513	3581
LT-4(a)(i)	4.21	31724	33059	34450	35900
LT-4(b)	2.67	10	10	10	10
LT-4(c)	0.00	4	4	4	4
LT-5(b)	1.18	2565	2595	2626	2657
LT-6[a]	4.00	724	753	783	814
LT-6[b]	8.50	553	600	651	706
LT-7	5.94	175	185	196	208
LT total	3.73	144311	149737	155394	161293
HT-1	0.00	11	12	12	13
HT-2(a)	15.83	21	24	28	32
HT-2(b)	0.00	5	5	5	5
HT-2(c)(i)	7.46	4	4	4	4
HT-2(c)(ii)	0.00	2	2	2	2
HT-3(a)(i)	0.00	11	11	11	12
HT-3(a)(ii)	0.00	2	2	2	2
HT-5 TEMP	0.00	1	1	1	1
SEZ	0.00	1	1	1	1
HT total	13.44	58	62	66	72
Grand total	3.73	144369	149799	155460	161365

CAGR is calculated as under:

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

$$\text{CAGR} = \{(Y_n/Y_i)^{(1/(n-1))} - 1\} * 100$$

For estimating CAGR for the period FY-2017 to FY-2021

Y_n is the data pertaining to FY-2021

Y_i is the data pertaining to FY-2017 and $n=5$

10.1 Energy Sale:

In order to arrive at the estimated energy sale for FY-22, FY-23, FY-24 and FY-25, HRECS has made assumption that the number of consumers would increase as estimated in the above Table and power supply would be assumed to consumers in for FY-22, FY-23, FY-24 and FY-25 is as follows:

- 1) 24 hours supply will be available to consumers coming under urban feeders and NJY feeders.
- 2) 7 hours 3 phase and 6 hours single phase supply will be arranged to consumers coming under IP feeders in rural areas,
- 3) As per the GoK/SLDC order 7 hours continuous 3 phase power supply in day hours, 12 hours single phase power supply is available wherever load is minimum. However hours of power supply changes in the course of the year depending upon the availability of power and instructions of SLDC/GoK norms.
- 4) Energy sale is closely linked with number of live installations in each category. HRECS has considered consumption pattern for a period of previous 5 years and growth as per CAGR of each category has been arrived except IP sets 10 HP and below and BJ/KJ. The assessment for these categories have been explained elsewhere in the Petition.

The abnormal variations in growth such as minus growth are avoided/not taken into account for further estimation. The energy sales from FY-17 to FY-21 and growth rate as per CAGR formula for control period is as follows:

Table 4: Energy sales CAGR

Tariff	Actual consumption					Yn= FY-21	Yi= FY-17	n=5	CAGR
	FY17 in Units	FY18 in Units	FY19 in Units	FY20 in Units	FY21 in Units	1/(n-1)	Yn/Yi	Yn/Yi^(1/(n-1))	[(Yn/Yi^(1/(n-1)))-1]*100
LT-1 <=40	2038052	3297345	3849063	3918147	4029730	0.25	1.98	1.19	0.00
LT-1 >40	572024	450664	337430	294103	300368	0.25	0.53	0.85	0.00
LT-1 Total	2610076	3748009	4186493	4212250	4330098	0.25	1.66	1.13	13.49
LT-2(a)(i) T	8497161	8675467	8659697	8900552	9079878	0.25	1.07	1.02	1.67
LT-2(a)(ii) V	18598393	18477548	18449190	19638012	20816408	0.25	1.12	1.03	2.86
LT-2(b)(i) T	116116	128080	131075	142482	93323	0.33	1.23	1.07	7.06
LT-2(b)(ii) V	60674	71109	61591	61453	34402	0.33	1.01	1.00	0.43
LT-3(i) T	2949455	3050571	3103545	3293281	2838096	0.33	1.12	1.04	3.74
LT-3(ii) V	3904379	3943546	4393323	4510054	4954984	0.25	1.27	1.06	6.14
LT-4(a)(i)	183952993	194191234	183488711	175706821	175355330	0.25	0.95	0.99	0.00
LT-4(b)	45626	42314	33459	30418	119962	0.25	2.63	1.27	0.00
LT-4(c)	20023	-3665	1039	1008	2911	1.00	2.80	2.80	0.00
LT-5(b)	5219505	5684392	5707521	5759353	5880103	0.25	1.13	1.03	3.02
LT-6[a]	6014070	5361041	5483709	5715509	5738777	0.33	1.07	1.02	2.30
LT-6[b]	2365584	2272945	2286022	2293468	2358215	0.33	1.04	1.01	1.24
LT-7	64407	45179	116356	72235	376432	0.25	5.84	1.55	1.00
LT total	234418462	245687770	236101731	230336896	231978919	0.25	0.99	1.00	-0.26
HT-1	4882839	5879026	7170494	6923222	8509056	0.25	1.74	1.15	14.90
HT-2(a)	11843850	12058210	8580787	9371260	10048409	1.00	1.07	1.07	7.23
HT-2(b)	618475	625494	591292	494620	266559	0.25	0.43	0.81	0.00
HT-2(c)(i)	92990	105798	106867	93664	96402	0.25	1.04	1.01	0.90
HT-2(c)(ii)	340702	344720	337509	333213	211355	0.25	0.62	0.89	0.00
HT-3(a)(i)	1694536	1399330	4654523	1925871	5361549	1.00	1.15	1.15	15.19
HT-3(a)(ii)	0	0	0	0	310335	0.00	0.00	0.00	0.00
HT-5 TEMP	0	0	0	0	98100	0.00	0.00	0.00	0.00
SEZ	11739425	18434400	22879200	26181600	22212320	0.25	1.89	1.17	17.28
HT total	31212817	38846978	44320672	45323450	47114085	0.25	1.51	1.11	10.84
Grand total	265631279	284534748	280422403	275660346	279093004	0.25	1.05	1.01	1.24

Table 5 : Energy sales as per CAGR for control periods

Tariff	CAGR	Projected Consumption			
	$[(Y_n/Y_i)^{1/(n-1)} - 1] * 100$				
		FY22	FY23	FY24	FY25
LT-1 <=40	0.00	4029771	4029771	4029771	4029771
LT-1 >40	0.00	300368	300368	300368	300368
LT-1 Total	13.49	4330139	4330139	4330139	4330139
LT-2(a)(i)T	1.67	9231697	9386055	9542994	9702557
LT-2(a)(ii) V	2.86	21411071	22022721	22651844	23298940
LT-2(b)(i) T	7.06	99911	106964	114514	122597
LT-2(b)(ii) V	0.43	34549	34696	34844	34992
LT-3(i) T	3.74	2944350	3054582	3168941	3287581
LT-3(ii) V	6.14	5259141	5581969	5924613	6288290
LT-4(a)(i)	0.00	179047570	186581807	194432851	202612221
LT-4(b)	0.00	119962	119962	119962	119962
LT-4(c)	0.00	2911	2911	2911	2911
LT-5(b)	3.02	6057924	6241123	6429862	6624309
LT-6[a]	2.30	5870513	6005274	6143128	6284147
LT-6[b]	1.24	2387343	2416831	2446683	2476904
LT-7	1.00	380196	383998	387838	391716
LT total	-0.26	237177277	246269032	255731124	265577266
HT-1	14.90	9776505	11232744	12905894	14828265
HT-2(a)	7.23	10774487	11553030	12387829	13282949
HT-2(b)	0.00	494620	494620	494620	494620
HT-2(c)(i)	0.90	97274	98154	99042	99938
HT-2(c)(ii)	0.00	333213	333213	333213	333213
HT-3(a)(i)	15.19	4654523	5361549	6175973	7114109
HT-3(a)(ii)	0.00	472921	635507	635507	635507
HT-5 TEMP	0.00	240000	240000	240000	240000
SEZ	17.28	26051378	30553958	35834739	42028222
HT total	10.84	52894921	60502775	69106817	79056823
Grand total	1.24	290072198	306771807	324837941	344634089

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

10.2 LT CATEGORY:

10.2.1 LT-1 category:

Under this category, Bhagya Jyothi /Kutira Jyothi installations are coming under this category.

Table 6: Upto 40 Units

	FY-19	FY-20	FY-21
Installations (Nos)	12100	12140	12183
Consumption (Units)	3849063	3918147	4029730

The consumption is estimated on the basis of average as shown below;

Particulars	FY 21 Actual	FY 22	FY 23	FY 24	FY 25
Number of installations	12183	12183	12183	12183	12183
Specific consumption in units / installation / annum	330.77	330.77	330.77	330.77	330.77
Sales in MU	4029730	4029771	4029771	4029771	4029771

Table 7: Above 40 Units

	FY-19	FY-20	FY-21
Installations (Nos)	354	314	271
Consumption (Units)	337430	294103	300368

The consumption is estimated on the basis of average as shown below;

Particulars	FY 21 Actual	FY 22	FY 23	FY 24	FY 25
Number of installations	271	271	271	271	271
Specific consumption in units / installation / annum	1108.37	1108.37	1108.37	1108.37	1108.37
Sales in MU	300368	300368	300368	300368	300368

10.2.2. LT-2 (a) Installations:**TABLE 8: LT-2 (a)(i) Urban Installations:**

	FY-19	FY-20	FY-21
Installations (Nos)	14875	15116	15895
Consumption (Units)	8659697	8900552	9079878

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

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	3.24	16410	16941	17489	18055
Consumption (Units)	1.67	9231697	9386055	9542994	9702557

TABLE 9: LT-2 (a)(ii) Rural Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	60676	61170	70028
Consumption (Units)	18449190	19638012	20816408

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

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	4.48	73165	76442	79866	83444
Consumption (Units)	2.86	21411071	22022721	22651844	23298940

10.2.3 LT-2 (b) Installations**TABLE 10: LT-2 (b)(i) Urban Installations:**

	FY-19	FY-20	FY-21
Installations (Nos)	44	45	45
Consumption (Units)	131075	142482	93323

Due to Covid 19, lockdown imposed by Government. So there was decrease in consumptions of LT-2(b)(i) category in FY 21. For projection of this category, FY17 to FY20 period is considered for CAGR.

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	2.99	46	47	48	49
Consumption (Units)	7.06	99911	106964	114514	122597

TABLE 11: LT-2 (b)(ii) Rural Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	37	42	44
Consumption (Units)	61591	61453	34402

Due to Covid 19, lockdown imposed by Government. So there was decrease in consumptions of LT-2(b)(i) category in FY 21. For projection of this category, FY17 to FY20 period is considered for CAGR.

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	3.73	46	48	50	52
Consumption (Units)	0.43	34549	34696	34844	34992

10.2.4 LT-3 Installations

TABLE 12: LT-3(i) Urban Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	2820	2868	2960
Consumption (Units)	3103545	3293281	2838096

Due to Covid 19, lockdown imposed by Government. So there was decrease in consumptions of LT-2(b)(i) category in FY 21. For projection of this category, FY17 to FY20 period is considered for CAGR.

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	3.22	3055	3153	3254	3359
Consumption (Units)	3.74	2944350	3054582	3168941	3287581

TABLE 13: LT-3(ii) Rural Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	3188	3216	3315
Consumption (Units)	4393323	4510054	4954984

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

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	1.95	3380	3446	3513	3581
Consumption (Units)	6.14	5259141	5581969	5924613	6288290

10.2.5 LT-4(a) Installations:**TABLE 14:**

	FY-19	FY-20	FY-21
Installations (Nos)	28485	29445	30443
Consumption (Units)	183488711	175706821	175355330

Increase in No. of Installations growth as per CAGR

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	4.21	31724	33059	34450	35900

The consumption is estimated on the basis of average as shown below;

IP set specific consumption

Particulars	FY 21 Actual	FY 22	FY 23	FY 24	FY 25
Number of installations	30443	31724	33059	34450	35900
Mid-year number of installations		31084	32392	33755	35175
Specific consumption in units / installation / annum	5760.12	5760.12	5760.12	5760.12	5760.12
Sales in Units	175355330	179047570	186581807	194432851	202612221

10.2.6: LT-4(b) & LT-4(c) Installations:**TABLE 15: LT-4(b) Installations:**

	FY-19	FY-20	FY-21
Installations (Nos)	9	10	10
Consumption (Units)	33459	30418	119962

Increase in No. of Installations as per CAGR Formula and consumption growth is so higher side and therefore consumption of FY 21 is considered for control periods

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	2.67	10	10	10	10
Consumption (Units)	0.00	119962	119962	119962	119962

TABLE 16: LT-4(c) Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	3	3	4
Consumption (Units)	1039	1008	2911

Increase in No. of Installations as per CAGR Formula and the consumption of FY 21 is considered for control periods

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	0.00	4	4	4	4
Consumption (Units)	0.00	2911	2911	2911	2911

10.2.7. LT-5 Installations:

TABLE 17: LT-5(b) Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	2476	2511	2535
Consumption (Units)	5707521	5759353	5880103

No. of Installations growth is considered 3 year CAGR and consumption growth as per CAGR formula as shown below

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	1.18	2565	2595	2626	2657
Consumption (Units)	3.02	6057924	6241123	6429862	6624309

10.2.8 LT-6(a): Water Supply Installations:

TABLE 18: LT-6(a) Water Supply Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	652	661	696
Consumption (Units)	5483709	5715509	5738777

Increase in No. of Installations growth as per CAGR formula and 4 years growth consumption is considered for projection as shown below;

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	4.00	724	753	783	814
Consumption (Units)	2.30	5870513	6005274	6143128	6284147

10.2.9 LT-6(b) Public Lighting Installations:

TABLE 19:

	FY-19	FY-20	FY-21
Installations (Nos)	434	460	510
Consumption (Units)	2286022	2293468	2358215

Increase in No. of Installations growth as per CAGR formula and 4 years growth consumption is considered for projection as shown below;

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	8.50	553	600	651	706
Consumption (Units)	1.24	2387343	2416831	2446683	2476904

10.2.10 LT-7 Installations:

TABLE 20: LT-7 Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	129	33	165
Consumption (Units)	116356	72235	376432

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

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	5.94	175	185	196	208
Consumption (Units)	1.00	380196	383998	387838	391716

10.3 HT CATEGORY

10.3.1 HT-1 INSTALLATIONS

TABLE 21: HT-1 Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	11	11	11
Consumption (Units)	7170494	6923222	8509056

CAGR growth is not considered for Installations projection and consumption growth as per CAGR formula as shown below

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	0	11	12	12	13
Consumption (Units)	14.90	9776505	11232744	12905894	14828265

10.3.2 HT-2 (a) Installations:

TABLE 22: HT-2 (a) Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	11	13	18
Consumption (Units)	8580787	9371260	10048409

Increase in No. of Installations as per CAGR formula and one year consumption growth is considered for projection as shown below

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	15.83	21	24	28	32
Consumption (Units)	7.23	10774487	11553030	12387829	13282949

10.3.3 HT-2 (b) Installations:

TABLE 23: HT-2 (b) Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	5	5	5
Consumption (Units)	591292	494620	266559

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

is negative so FY 21 consumptions is considered for control periods as shown below;

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	0.00	5	5	5	5
Consumption (Units)	0.00	266559	266559	266559	266559

10.3.4 HT-2 (c) Installations:

TABLE 24: HT-2 (c)(i) Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	3	3	4
Consumption (Units)	106867	93664	96402

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

growth as shown below:

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	7.46	4	4	4	4
Consumption (Units)	0.90	97274	98154	99042	99938

TABLE 25: HT-2 (c)(ii) Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	2	2	2
Consumption (Units)	337509	333213	211355

Increase in No. of Installations growth as per CAGR formula.

Due to Covid 19, lockdown were imposed by the Government. So there was decrease in consumptions of HT-2(c)(ii) category in the period of FY 21. The consumptions of FY 20 is considered for projection of control periods.

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	0.00	2	2	2	2
Consumption (Units)	0.00	333213	333213	333213	333213

10.3.5 HT-3(a)(i) Installations:

TABLE 26: HT-3(a)(i) Installations:

	FY-19	FY-20	FY-21
Installations (Nos)	10	10	10
Consumption (Units)	4654523	1925871	5361549

CAGR growth is not considered for Installations projection and 2 years consumption growth is considered as per CAGR formula as shown below

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	0.00	11	11	11	12
Consumption (Units)	15.19	4654523	14727013	46596592	147432637

10.3.6 HT-3(a)(ii) Installations:

TABLE 27: HT-3(a)(ii) Installations:

CAGR growth is not considered for Installations and consumptions projection

	FY-21	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	1	2	2	2	2
Consumption (Units)	310335	472921	635507	635507	635507

10.3.7 HT-5 Installations:

TABLE 28: HT-5 Installations:

	FY-21	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	1	1	1	1	1
Consumption (Units)	98100	240000	240000	240000	240000

10.3.8 SEZ AEQUS- Consumptions

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

TABLE 29:

	FY-19	FY-20	FY-21
Installations (Nos)	1	1	1
Consumption (Units)	22879200	26181600	22212320

As per GAGR growth consumption is considered as shown below:

	CAGR	FY-22	FY-23	FY-24	FY-25
Installations (Nos)	0.00	1	1	1	1
Consumption (Units)	17.28	26051378	30553958	35834739	42028222

10.4. Summary of Sale of Energy for FY-19, FY-20 and FY-21 and estimated sales of FY 22 to FY 25.

TABLE 30 Summary of Sale:

SL. No.	Category of consumer	Actual FY-19	Actual FY-20	Actual FY 21	Estimated FY 22	Estimated FY 23	Estimated FY 24	Estimated FY 25
	LT Installations							
1	Upto 40 Units BhagyaJyothi / KutirJyothi	3849063	3918147	4029730	4029771	4029771	4029771	4029771
	Above 40 Units BhagyaJyothi / KutirJyothi	337430	294103	300368	300368	300368	300368	300368
2	Domestic (All electric home & domestic lighting)	27108887	28538564	29896286	30642768	31408776	32194838	33001497
3	Private professional institutions	192666	203935	127725	134460	141660	149358	157589
4	Commercial and Non residential	7496868	7803335	7793080	8203491	8636551	9093554	9575871
5	Irrigation Pumpsets	183523209	175738247	175478203	179170443	186704680	194555724	202735094
6	LT Industry	5707521	5759353	5880103	6057924	6241123	6429862	6624309
7	Public Water Supply	5483709	5715509	5738777	5870513	6005274	6143128	6284147
8	Public Lighting	2286022	2293468	2358215	2387343	2416831	2446683	2476904
9	Temporary Supply	116356	72235	376432	380196	383998	387838	391716
	LT Total	236101731	230336896	231978919	237177277	246269032	255731124	265577266
	HT Installations							
10	HT - 1 Public Water Supply	7170494	6923222	8509056	9776505	11232744	12905894	14828265
11	HT - 2(a) Industrial, Non Commercial and Non Industrial including Railways	8580787	9371260	10048409	10774487	11553030	12387829	13282949

SL. No.	Category of consumer	Actual FY-19	Actual FY-20	Actual FY 21	Estimated FY 22	Estimated FY 23	Estimated FY 24	Estimated FY 25
12	HT – 2(b) Commercial	591292	494620	266559	494620	494620	494620	494620
13	HT – 2(c)(i) Govt. Education Inst., Hostels & Hospitals	106867	93664	96402	97274	98154	99042	99938
14	HT – 2(c)(ii) Education Inst., Hostels & Hospitals other than HT-2(c)(i)	337509	333213	211355	333213	333213	333213	333213
15	HT – 3(i) Irrigation & Agriculture farms, list includes societies etc.	4654523	1925871	5361549	4654523	5361549	6175973	7114109
16	HT – 3(a)(ii) Pvt. Lift Irrigation & societies etc.	0	0	310335	472921	635507	635507	635507
17	HT-5 Temporary Supply	0	0	98100	240000	240000	240000	240000
18	AEQUS	22879200	26181600	22212320	26051378	30553958	35834739	42028222
	HT Total	44320672	45323450	47114085	52894921	60502775	69106817	79056823
	Total (LT + HT)	280422403	275660346	279093004	290072198	306771807	324837941	344634089

11 Energy requirement & Distribution Loss:

11.1 On the basis of energy sale estimated above and considering distribution loss/transmission loss, the energy requirement of the HRECS, for the control period are estimated and actual are as follows;

Table 31: Input energy for the previous period prior to FY 22.

Particulars	FY-19		FY-20		FY-21	
	KERC Approved	Actual	KERC Approved	Actual	KERC Approved	Actual
Energy Purchase from HESCOM (MU) including Transmission loss	358.9	357.95	349.282	334.23	357.38	337.49

Particulars	FY-19		FY-20		FY-21	
	KERC Approved	Actual	KERC Approved	Actual	KERC Approved	Actual
Transmission Loss in %		3.16		3.16		3.039
Energy at interface point		346.63		323.66		327.23
Energy Sold (MU)		280.42		275.66		279.09
Distribution Loss (%)	14.32	19.10	13.50	14.83	13.75	14.71

Table 32: Estimation of Energy requirement for FY 22 to FY 25

Particulars	Estimation			
	FY-22	FY-23	FY-24	FY-25
Energy Purchase from HESCOM (MU) including Transmission loss	350.17	369.12	389.86	407.77
Transmission Loss in %	2.978	2.978	2.978	2.978
Energy at interface point	339.74	358.13	378.25	395.63
Energy Sold (MU)	290.07	306.77	324.84	344.63
Distribution Loss (%)	14.62	14.34	14.12	12.89

11.2 Quantum of input energy at interface points

TABLE 33:

Year	Actual quantum of Input at Interface points (MU)	Percentage Growth over previous year
2018-19	346.63	4.18
2019-20	323.66	-7.10
2020-21	327.23	1.10
Estimation 2021-22	339.74	3.84

Year	Actual quantum of Input at Interface points (MU)	Percentage Growth over previous year
Estimation 2022-23	358.13	5.41
Estimation 2023-24	378.25	5.62
Estimation 2024-25	395.63	4.59

11.3. Quantum of energy sales

TABLE 34:

Year	Actual quantum of Sales (MU)	Percentage Growth over previous year
2018-19	280.42	-01.44
2019-20	275.66	-01.73
2020-21	279.09	1.24
Estimation 2021-22	290.07	3.93
Estimation 2022-23	306.77	5.76
Estimation 2023-24	324.84	5.89
Estimation 2024-25	344.63	6.09

12 Revenue from sale of power:

Details of revenue category wise for, FY 19, FY 20 and FY 21 are based on audited data and projected for FY 22 to FY 25 is based on the current tariff rate on sales as estimated and as detailed in the earlier para.

12.1 Table 35: Abstract of Sales and Revenue for FY -19, FY-20 and FY-21 are based on actual and estimated for FY-22 to FY-25 at current Tariff.

Particulars	Actual	Actual	Actual	Estimation	Estimation	Estimation	Estimation
	FY 19	FY 20	FY 21	FY-22	FY-23	FY-24	FY-25
Sales in MU	280.42	275.66	279.09	290.07	306.77	324.84	344.63
Revenue incl. of misc. charges in Rs. Lakhs.	18812.79	18115.73	18285.58	19009.58	20134.77	21364.57	22714.58

13. POWER PURCHASE FOR FY-23 to FY-25:

13.1 The entire power requirement of the HRECS has been sourced from HESCOM. The estimated Power purchase cost of the HRECS for the FY-22 and FY-23 to FY-25 as follows.

TABLE 36: Power Purchase Cost

Year	Purchase from HESCOM			Purchase from Solar			Total Purchase		
	MU	Rate	Cost (in lakhs)	MU	Rate	Cost (in lakhs)	MU	Cost (in lakhs)	price per unit
2021-22	339.74	5.7572	19559.34	0.00	0.00	0.00	339.74	19559.34	5.7572
2022-23	358.13	5.9299	21236.62	0.00	0.00	0.00	358.13	21236.62	5.9299
2023-24	218.25	6.2264	13589.01	160.00	2.72	4352.00	378.25	17941.01	4.7432
2024-25	235.63	6.5377	15404.83	160.00	2.72	4352.00	395.63	19756.83	4.9938

The power purchase cost has been estimated with 3% increase year on year Keeping in view increasing trend in cost of power purchase, taking the current year cost at Rs. 5.75715. Further to submit that for the year FY 23, estimated purchase of power from solar may not come and hence the entire source of power purchase would come from HESCOM. Therefore estimated power purchase cost for FY23 has been estimated accordingly.

14 O &M Costs:

The O & M expenses is estimated for FY-22 to FY-25 considering O&M expenses for FY-21 as the base year at Rs 1523.31 as per account of FY-21. Considering the 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 Labour

Bureau, Government of India and adopting the methodology followed by CERC with CPI and WPI in a ratio of 80: 20, the allowable inflation comes to 6.9606%. The same has been considering for projecting O&M expenses for FY-22 to FY-25.

Table 37 : Details of Allowable Inflation

Year	WPI	CPI	Composite Series	Yt/Y1=Rt	Ln Rt	Year (t-1)	Product
							[(t-1)* (LnRt)]
2009	81.9	54.5	59.98				
2010	89.7	61.1	66.82	1.11	0.11	1	0.11
2011	98.2	66.5	72.84	1.21	0.19	2	0.39
2012	106.0	72.7	79.36	1.32	0.28	3	0.84
2013	111.0	80.6	86.68	1.45	0.37	4	1.47
2014	115.0	85.7	91.56	1.53	0.42	5	2.11
2015	110.3	90.8	94.7	1.58	0.46	6	2.74
2016	110.3	95.3	98.3	1.64	0.49	7	3.46
2017	114.0	97.6	100.88	1.68	0.52	8	4.16
2018	118.9	102.4	105.7	1.76	0.57	9	5.10
2019	121.2	110.2	112.4	1.87	0.63	10	6.28
2020	121.8	116.3	117.4	1.96	0.67	11	7.39
A= Sum of the product column							34.05
B= 6 Times of A							204.29
C= (n-1)*n*(2n-1) where n= No. of years of data=12							3036
D=B/C							0.067
g(Exponential factor)= Exponential (D)-1							0.06961
e=Annual Escalation Rate (%)=g*100							6.9606

For the purpose of determining the normative O & M expenses for FY22 to FY25 the following has been considered:

- a) The actual O & M expenses incurred for FY21 as per accounts as the base year O&M expenses adjusted with required increase..
- b) The three year compounded annual growth rate (CAGR) of the number of installations considering the actual number of installations as per audited accounts up to FY21 and as projected for FY22 to FY25.
- c) The weighted inflation index (WII) at 6.9606% as computed above.
- d) Efficiency factor at 0.50% is considered.

The above said parameters are computed duly considering the same methodology as followed in the Tariff Orders of the Hon'ble Commission.

Accordingly, the normative O & M expenses for FY22 to FY25 are projected as below:

Table 38 : Projected O & M expenses for FY22 to FY25.

Particulars	FY21	FY22	FY23	FY24	FY25
No. of Installations	139157	144369	149799	155460	161365
CGI based on 3 Year CAGR in %		4.55	5.36	3.76	3.78
Weighted Inflation index in %		6.9606	6.9606	6.9606	6.9606
Efficiency factor in %		0.50	0.50	0.50	0.50
Net growth rate in %		11.0106	11.8206	10.2206	10.2406
Base Year O&M Cost (as per actuals of FY21)	1523.48				
Expenses projected		1691.22	1891.13	2084.41	2297.87
Amount on account of Revision of pay scale which is due from 01-04-2017 to 31-03-2023		-	1594.50	279.04	292.99
Total O & M expenses		1691.22	3485.63	2363.45	2590.86

Employees of Hukkeri RECS are to be paid on par with HESCOM employees. Revision of pay scale have been effected in HESCOM with effect from 01-04-2017 and revision has to be given to the Hukkeri RECS's employees on the same line. The same is factored amounting to Rs. 1594.50 from 01-04-2017 to 31-03-2023. The quantum of arrears due is worked out taking 26% increase in the basic pay and revision in allowances including meargeable pay is calculated as per revision allowed in HESCOM which may kindly allowed in the ARR of FY-23.

15 Depreciation:

Th Honourable Commission is requested to allow deprecation for the year FY23, FY24 and FY25 as detailed in D-8 statement which is placed along side of the petition.

The applicant requests to allow depreciation for FY23, FY24 and FY25 as detailed below asset wise.

Table 39 : Depreciation

Rs. Lakhs

Particulars	FY-22	FY-23	FY-24	FY-25
Buildings	1.13	1.13	1.13	1.13
Civil	0.01	0.01	0.01	0.01
Plant and Machinery	70.67	71.83	71.83	71.83
Line Cable Network etc	380.89	454.73	568.29	726.95
Vehicles	3.78	3.78	3.78	3.78
Furniture	0.60	0.60	0.60	0.60
Office Equipment	0.08	0.08	0.08	0.08
Total	457.16	532.16	645.72	804.38
Less: Depreciation on assets created out of contribution and grants	-221.36	-283.94	-388.12	-535.94
Total	235.80	248.22	257.60	268.44

The Depreciation on assets created out of consumer contribution and depreciation on assets created by Government grants have not been charged. The depreciation is estimated for FY-22, FY-23, FY-24 and FY-25 duly taking into consideration of Capital Works Programme proposed for FY-22, FY-23, FY-24 and FY-25. Depreciation on Assets to be created out of grants & consumer contribution have not been charged in the ARR for FY 22 and FY 22 to FY 25. Details are made out Form D-8 which is place as annexure to the petition. Further it is brought kind notice to the Hon'ble Commission that 90% of the Capital expenditure envisaged for FY-23 to FY-25 are taken as capitalised for charging depreciation out of this 60% of the such assets are considered for assessing depreciation.

16 Interest and Finance charges:

16.1 Interest on Capital Loan:

HRECS is proposing the interest on loan capital for FY-23, FY-24 and FY-25 as noted below. HRECS has worked out individual source wise loan and interest which are indicated in D-9.

TABLE 40 Interest on Capital Loan: (Rs. In Lakhs)

Particulars	FY-22	FY-23	FY-24	FY-25
Opening balance	106.71	209.60	633.53	686.86
Add new loans	224.00	593.80	279.00	323.00
Less repayment	121.11	169.87	225.67	290.27
Closing balance loans	209.60	633.53	686.86	719.59
Average loans	158.155	421.565	660.195	703.225
Interest on loans	21.94	59.68	97.12	125.88

16.2 Interest on Consumer Security Deposit:**TABLE 41 Interest on Consumer Deposit: (Rs. In Lakhs)**

Particulars	FY-22	FY-23	FY-24	FY-25
Consumer Deposit at the beginning of the year	1750.73	1847.73	1944.73	2041.73
Consumer Deposit at the end of the year	1847.73	1944.73	2041.73	2138.73
Average of consumer deposit	1799.23	1896.23	1993.23	2090.23
Interest per annum %	4.25	4.25	4.25	4.25
Interest on consumer deposit	76.47	80.59	84.71	88.83

16.3 In accordance with the KERC (Interest on Security Deposit) Regulations 2005, the interest rate to be allowed is the bank rate prevailing on the 1st of April of the financial year for which the interest is due. As per Reserve Bank of India, the bank rate is 4.25% as on 01-04-2020 and perusal of their web site, it is seen that there is no change in interest rate. This being the latest available bank rate, the HRECS has considered the same, for computation of interest on consumer deposits for FY23 to FY25.

16.4 Interest on Working Capital:**TABLE 42: Interest on working capital
Rs. in Lakhs.**

Particulars	2021-22	2022-23	2023-24	2024-25
One-twelfth of the amount of O&M exp.	140.93	290.47	196.95	215.91
Stores, Materials and supplies 1% of Opening balance of GFA	126.38	142.03	156.91	168.13
One-sixth of revenue	3168.26	3355.80	3560.76	3785.76
Total working Capital	3,435.58	3,788.29	3,914.63	4,169.80
Rate of interest (11%p.a)	11%	11%	11%	11%
Total interest on working Capital	377.91	416.71	430.61	458.68

- 16.5 The HRECS has estimated the total working capital requirement, for FY 22 to FY-25 in accordance with the provisions in MYT Regulations. Further, the said Regulations stipulate that the Rate of Interest on working capital shall be on normative basis and equal to the short-term Prime Lending Rate of State Bank of India as on 1st April of the year. The same is calculated at 11% as adopted by the Hon'ble Commission while issuing Tariff order for FY-21. Since the HESCOM is claiming interest on belated settlement of power purchase dues of HRECS. Due to delay in release of IP set subsidy the interest claimed on working capital may be allowed in full, without any deductions.
- 16.6 Banks in India have switched to Marginal Cost Lending Rate(MCLR) from Base Rate system from April 01, 2016. Banks may determine their actual lending rates on loans and advances with reference to the MCLR and by including such other customer specific charges as considered appropriate. Short-term Prime Lending Rate of State Bank of India is no longer in existence. However, the HRECS has considered the interest rate at 11% for estimating the interest charges on working capital, for FY-23 to FY-25.

16.7 Interest and Finance Charges**TABLE 43: Interest and Finance Charges**

Rs. In Lakhs.

Particulars	Projected in FY 22	Projected in FY 23	Projected in FY 24	Projected in FY 25
Interest on Loan Capital	21.94	59.68	97.12	125.88
Interest on Working Capital	377.91	416.71	430.61	458.68
Interest payable on consumer deposits	76.47	80.59	84.71	88.83
Total Interest & Finance Charges	476.32	556.98	612.44	673.39

The Hon'ble Commission may kindly consider the proposed capital investment in the ARR for FY 23 to FY 25 for allowing interest & finance charges.

17. Other Debits:

The HRECS is of the view that other debits & prior period expenses cannot be estimated for FY 22 & for FY 22 to FY 25. The Applicant hereby seeks the liberty to file suitable proposal for consideration of such expenses as per actuals based on audited accounts during the Annual Performance Review.

18 Return on Equity (RoE)/:

- 18.1 The HRECS has calculated the RoE at 15.5% and grossed up with normative Tax Rate of 31.2% which comes to 22.53%. So the projection for FY-23 to FY-25 are as below:

TABLE 44: Return on Equity (RoE)

Rs. In Lakhs

Particulars	FY-2022	FY-2023	FY-2024	FY-2025
Equity at the beginning of the year	931.71	1034.29	1156.54	1274.74
Addition during the year	102.58	122.25	118.20	130.53
Surplus				
Total Equity	1034.29	1156.5	1274.7	1405.3
ROE @ 15.5%	160.32	179.26	197.59	217.82
IT @ 22.53%	36.12	40.39	44.52	49.07
Total RoE	196.44	219.65	242.11	266.89

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

19. Regulatory Assets for FY23:

The Commission issued the Tariff Order for FY21 on 04.11.2020, which was applicable from 1st November, 2020. The total revenue gap approved was Rs. 1.136 Crores for FY21. Due to applicability of the revised tariff from 1st November, 2020, out of the projected revenue gap of Rs.1.136

Crores, the Commission decided to create the unrecovered portion of the revenue gap of seven months amounting to Rs.0.665 Crores of FY21 as Regulatory Asset to be recovered in the tariff over the next two years (FY22 and FY23). The Commission also decided to allow carrying cost at 10% per annum (based on the current MCLR plus reasonable Basis points) on the amount of Regulatory Asset which will be assessed at the time of the Annual Performance Review (APR) of FY22 and FY23. Accordingly, the HRECS has considered Rs.0.3325 Crores towards Regulatory Asset and Carrying cost on Regulatory Assets at 10% is Rs.0.0665 of 2 years Crores for FY23.

20. Capital Works Programme:

The following Capital Works Programme for FY 23. FY 24 and FY 25.

Table 45: Capital Works Programme

Sl. No	Particulars	Position of	Rate As Per	Proposed work programme		Proposed work programme		Proposed work programme	
		Assets as on	Common	2022-23		2023-24		2024-25	
		31-03-21	SR 2018-19 in Rs	Qty	Amount (in lakhs)	Qty	Amount (in lakhs)	Qty	Amount (in lakhs)
1	H.T Lines	1636							
	a) 11 KV Lines		313202	68	212.98	86	269.35	108	338.26
2	L.T Lines	4629							
	a) 3 Phase 5 Wire		-		-		-		-
	b) 3 Phase 4 Wire		196437	38	74.65	44	86.43	54	106.08
	c) 1 Phase 3 Wire		227412	27	61.4	31	70.5	23	52.3
	d) 1 Phase 2 Wire		219660	32	70.29	42	92.26	25	54.92
3	Transformer Centres								
	a) 500 KVA Transform Centre	1							
	b) 250 KVA Transform Centre	1	-		-		-		-

Sl. No	Particulars	Position of	Rate As Per	Proposed work programme		Proposed work programme		Proposed work programme	
		Assets as on	Common	2022-23		2023-24		2024-25	
		31-03-21	SR 2018-19 in Rs	Qty	Amount (in lakhs)	Qty	Amount (in lakhs)	Qty	Amount (in lakhs)
	c) 200 KVA Transformer	1							
	d) 150 KVA Transform Center	0							
	e) 100 KVA Transform Center	949	246426	10	24.64	12	29.57	15	36.96
	f) 63/50 KVA Transform Center	1374	203056	71	144.17	83	168.54	98	198.99
	g) 25 KVA Transform Center	413	145195	32	46.46	44	63.89	56	81.31
	h) Others (10 & 15 KVA)	151	-	-	-	-	-	-	-
4	Service connection								
	a) Agriculture -HT	5	-	1	-	-	-	1	-
	b) Industrial -HT & others	47	-	3	-	4	-	5	-
	c) Agriculture -LT	30457	3000	1335	40.05	1391	41.73	1450	43.5
	d) Industrial -LT	2535	3000	30	0.9	31	0.93	31	0.93
	e) Domestic	98466	1500	3811	57.17	3975	59.63	4147	62.21
	f) Commercial	6275	1500	164	2.46	168	2.52	173	2.6
	g) Street Light Brackets	510	-	29	-	30	-	31	-
	h) Water Supply	696		47		51		55	
			Total		735.17		885.35		978.06
5	Improvement Works								
	a) 11 KV Line		313202	42	131.54	48	150.34	57	178.53
	b) 100 KVA Transform Center		246426	10	24.64	14	34.5	17	41.89
	c) LT Line 3 Ph.4 Wire		196437	44	86.43	48	94.29	52	102.15
			Total		242.61		279.13		322.57
	Total				977.78		1164.48		1300.63
6	Electrification of un electrified Households								
	a) Electrification of household service connection			5335	170.81				

Sl. No	Particulars	Position of	Rate As Per	Proposed work programme		Proposed work programme		Proposed work programme	
		Assets as on	Common	2022-23		2023-24		2024-25	
		31-03-21	SR 2018-19 in Rs	Qty	Amount (in lakhs)	Qty	Amount (in lakhs)	Qty	Amount (in lakhs)
	b) LT 1 Phase 3 wire			64.50	180.38				
			Total		351.19				
	Grand Total				1328.97		1164.48		1300.63

As per the direction of Energy Department, GoK letter No. Energy/606/VSC/2021 dated 29-09-2021 electrification of un-electrified households has been taken up in HRECS. In the HRECS jurisdiction, there exists 5335 numbers of un-electrified households as per the information collected from the local Gram panchayats. This has been slated to be incurred during the FY 2022-23. All other items of Capex are as per Perspective plan and Business plan submitted to KERC. Observations issued by the Hon'ble Commission is replied separately.

The Central Government has launched Revamped Distribution Sector Scheme (RDSS) and the same has been taken up in HRECS and estimate is prepared for Rs. 484.58 crores. The proposal sent to Energy Department GoK. After getting approval from GoK the same will be included.

21. Annual Revenue Requirement for FY-23 to FY-25:**21.1 Annual Revenue Requirement****TABLE 46:****Rs. in Lakhs.**

Details	FY-22	FY-23	FY-24	FY-25
	Projected	Projected	Projected	Projected
Power Purchase (MU)	339.74	358.13	378.25	395.63
Sale of Power (MU)	290.07	306.77	324.84	344.63
Loss %	14.62	14.34	14.12	12.89
Receipts				
Revenue from tariffs & Miscell. Charges	8426.27	9116.74	9893.53	10771.59
RE subsidy from Govt.	10583.31	11018.03	11471.04	11942.99
Total	19009.58	20134.77	21364.57	22714.58
Expenditure				
Power Purchase	19559.34	21236.62	17941.01	19756.83
R&M Expense	438.28	490.08	540.17	595.48
Employee Expenses	1146.48	2876.68	1692.42	1851.27
A&G Expense	106.46	118.87	130.86	144.11
Depreciation	235.80	248.22	257.60	268.44
Interest & Finance Charges	21.94	59.68	97.12	125.88
Less: Interest & other expenses capitalised	-150.20	-152.12	-154.14	-155.15
Interest on consumer Deposit	76.47	80.59	84.71	88.83
Interest on working capital	377.91	416.71	430.61	458.68
ROE @ 22.53%	196.44	219.65	242.11	266.89
Other Income	-799.65	-902.17	-985.55	-1086.47
ARR	21209.27	24692.82	20276.92	22314.79
Regulatory assets as per Tariff order 04-11-2020	33.25	33.25	-	-
Carrying Cost on Regulatory Assets at 10%	3.33	6.66	-	-
Surplus/Deficite of FY21 carried forward	-	1479.00	-	-
Net ARR	21245.85	26211.73	20276.92	22314.79

22. Average Cost of Supply for FY23:

The average cost of supply for FY23 is as follows:

TABLE 47: **Rs. in Lakhs.**

Particulars	FY23
ARR in Rs. Lakhs	26211.73
Sales in MU	306.77
Average Cost of Supply (Rs. Per unit)	8.54

23. Deficit for FY23:

TABLE 48: **Rs. in lakhs**

Particulars	Amount
ARR for FY-23	24692.82
Add deficit for FY-21	1479.00
Add Regulatory Assets & Carrying cost	39.91
Net ARR for FY-23	26211.73
Revenue for FY-23 @ Current Tariff	20134.77
Gap for FY-23	6076.96

Tariff proposal has been made out in the foregoing paragraphs to liquidate the deficit of Rs. 6076.96 lakh. It is brought to kind notice of the Hon'ble Commission that a uniform hike proposal has been made keeping in view the level of cross subsidy which should not further dilute. It is therefore, the proposal for revision of Tariff at Rs.1.98 more per unit is made out in the following paragraphs. This deficit requires to filled in by levy of additional Tariff of Rs.1.98 per unit and hence the category wise proposed tariff are made out as below:

24 TARIFF PROPOSALS FOR FY -23

24.1. LT CATEGORY WISE TARIFF REVISION

The detailed tariff proposal for the FY-23 is furnished in Format D - 20.

24.1.2. LT - 1 Bhagyajyothi / Kutirjyothi

The electricity consumption for this category of consumers is estimated at 40 units per month per installations. The entire cost of supply to this category of consumers will be met by GoK. The Society is proposing tariff at the cost of supply rate arrived at, through these exercise, which will be Rs. 8.54 per unit up to 40 units subjected to monthly minimum of Rs. 60 per installation per month. If any consumer consumes power above the stipulated 40 units per month per installation, such installations will be billed as per the tariff applicable to LT-2(a) category consumers for their entire consumption of that month.

24.1.3. LT 2(a) Domestic Lighting& AEH

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

TABLE 49:

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

Particulars	Existing Tariff	Proposed tariff For FY-23
Fixed Charges per month		
First KW	85	85
For every additional KW up to and inclusive of 50 KW	95	95
For every additional KW above 50 KW	150	150
Energy Charges per month		
Cons.< 50 units	4.05	6.03
Cons.>50, <= 100 units	5.55	7.53
Cons.>100, <= 200 units	7.10	9.08
Cons.>200, units	8.15	10.13

TABLE 50:**Proposed Tariff for LT 2(a) (ii) (in Rs.)**

Particulars	Existing Tariff	Proposed tariff For FY-23
Fixed Charges per month		
First KW	70	70
For every additional KW up to and inclusive of 50 KW	85	85
For every additional KW above 50 KW	140	140
Energy Charges per month		
Cons.< 50 units	3.95	5.93
Cons.>50, <= 100 units	5.25	7.23
Cons.>100, <= 200 units	6.80	8.78
Cons.>200 units	7.65	9.63

24.1.4 LT – 2(b) Private Professional Institutes

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

TABLE 51:**Proposed Tariff for LT 2(b) (i) (in Rs.)**

Particulars	Existing Tariff	Proposed tariff For FY-23
Fixed Charges	Rs.100/- Per KW subject to a minimum of Rs. 125/- per month up to and inclusive of 50 KW	
	Rs, 155 per KW for every additional KW above 50 KW	
Energy Charges per month		
Cons.< =200 units	7.25	9.23
Cons. >200 units	8.50	10.48

TABLE 52:**Proposed Tariff for LT 2(b) (ii)****(in Rs.)**

Particulars	Existing Tariff	Proposed tariff For FY-23
Fixed Charges	Rs.90/- Per KW subject to a minimum of Rs. 110/- per month up to and inclusive of 50 KW	
	Rs. 145 per KW for every additional KW above 50 KW	
Energy Charges per month		
Cons.< =200 units	6.70	8.68
Cons.> 200 units	7.95	9.93

24.1.5 LT 3: Commercial**TABLE 53:****Proposed Tariff for LT 3(i)****(in Rs.)**

Particulars	Existing Tariff	Proposed tariff For FY-23
Fixed Charges		
Per KW up to and inclusive of 50 KW per month	105	105
For every additional KW above 50 KW per month	205	205
Demand based Tariff (Optional) where sanction load is above 5 KW but below 150 KW		
Fixed Charges		
Per KW up to and inclusive of 50 KW per month	120	120
For every additional KW above 50 KW per month	220	220
Energy Charges		
For the first 50 units	8.35	10.33
For the balance units	9.35	11.33

TABLE 54:**Proposed Tariff for LT 3 (ii)****(in Rs.)**

Particulars	Existing Tariff	Proposed tariff For FY-23
Fixed Charges		
Per KW up to and inclusive of 50 KW per month	95	95
For every additional KW above 50 KW per month	195	195
Demand based Tariff (Optional) where sanction load is above 5 KW but below 150 KW		
Fixed Charges		
Per KW up to and inclusive of 50 KW per month	110	110
For every additional KW above 50 KW per month	210	210
Energy Charges		
For the first 50 units	7.85	9.83
For the balance units	8.85	10.83

24.1.6 LT 4 Agricultural I P Sets

The Applicant HRECS requests the Hon'ble Commission to fix Rs. 7.27 per unit for this category as Commission Determined Tariff.

Table 55:

Particulars	Existing tariff	Proposed Tariff for FY 23
Energy Charges per unit per month	5.77	7.75

Proposed Tariff for LT4 (b)

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

TABLE: 56**Applicable to IP sets above 10 HP**

Particulars	Existing Tariff	Proposed tariff for FY 23
Monthly Fixed Charges per HP	90	90
Energy Charges per unit per month	3.85	5.83

Proposed Tariff for LT 4(c) Applicable to Private Horticultural Nurseries, coffee and Tea plantations.

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

TABLE : 57

Particulars	Existing Tariff	Proposed tariff for FY 23
Monthly Fixed Charges per HP	80	80
Energy Charges per unit per month	3.85	5.83

24.1.7 LT 5: Industrial, Non-Industrial Heating and Motive Power

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

TABLE 58:**Proposed Tariff for LT - 5(b)****(in Rs)**

Particulars	Existing Tariff	Proposed tariff for FY 23
Fixed Charges per HP per Month		
<= 5 HP	65	65
>5 & < 40 HP	80	80

Particulars	Existing Tariff	Proposed tariff for FY 23
>40 & < 67 HP	100	100
>67 & < 100 HP	155	155
>=100 HP	185	185

TABLE 59:**Demand based Tariff (per KW)**

Particulars	Existing Tariff	Proposed tariff for FY 23
Fixed Charges per month per KW		
> 5 HP, < 40 HP	95	95
>=40 HP & < 67 HP	125	125
>= 67 HP & <100 HP	210	210
>=100 HP	220	220
Energy Charges per month		
Cons.< 500 units	5.70	7.68
Cons.< 500, <= 1000 units	6.65	8.63
Cons.> 1000 units	6.95	8.93

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

The proposed tariff, the slab wise rates are given below

TABLE 60:**Proposed Tariff for LT – 6(a) (in Rs)**

Particulars	Existing Tariff	Proposed tariff for FY 23
Water Supply Installations		
Fixed Charges		
Per HP per Month up to 67 HP	95	95
For every additional kw above 67 HP	195	195
Energy Charges (Rs per unit)	4.95	6.93

LT 6(b) : Street light**TABLE 61: Street light**

Particulars	Existing Tariff	Proposed tariff for FY 23
Fixed Charges (Rs per kW per Month)	110	110
Energy Charges (Rs per unit)	6.60	8.58
Energy charges for LED/Induction lighting	5.55	7.53

LT 6(C) : Vehicle Charging Stations**TABLE 62: Street light**

Particulars	Existing Tariff	Proposed tariff for FY 23
Fixed Charges (Rs per KW per Month) LT	70	70
For every additional kw above 50 kw	170	170
Fixed Charges (Rs per KVA per Month) HT	200	200
Energy Charges (Rs per unit)	5.00	6.98

24.1.9 LT – 7: Temporary Power Supply

The proposed tariff, the slab wise rates are given below

TABLE 63:**Proposed Tariff for LT – 7 (a)****(in Rs.)**

Particulars	Existing Tariff	Proposed tariff for FY 23
Fixed Charges for sanctioned Load of 67 HP and below		
Weekly Minimum Per KW	250	250
Energy Charges per unit	11.10	13.08

TABLE 64:**Proposed Tariff for LT – 7 (b) (in Rs.)**

Particulars	Existing Tariff	Proposed tariff for FY 23
Fixed Charges for sanctioned Load of 67 HP and below		
Fixed Charges Per KW	125	125
Energy Charges per unit	11.10	13.08

24.2. HT CATEGORY WISE TARIFF REVISION

The details of tariff proposal are furnished in Tariff Format D-21 of ERC & Tariff Filing Formats for FY-20

24.2.1 HT – 1: Public Water Supply and Sewage Pumping Installations**TABLE 65:****Proposed Tariff for HT 1 (in Rs.)**

Particulars	Existing Tariff	Proposed tariff for FY 23
Demand Charges per kVA	230	230
Energy Charges per unit	5.55	7.53

24.2.2 HT - 2(a) Industrial, Non Industrial and Non Commercial

The proposed tariff, the slab wise rates are given below

TABLE 66:**Proposed Tariff for HT 2(a) (in Rs.)**

Particulars	Existing Tariff	Proposed tariff for FY 23
Demand Charges per kVA		
Energy Charges	240	240
Cons.< 1 lakh units/ month	7.30	9.28
For the balance units	7.55	9.53

24.2.3 HT 2 (b) Commercial

The proposed tariff, the slab wise rates are given below

TABLE 67:**Proposed Tariff for HT 2(b) (in Rs.)**

Particulars	Existing Tariff	Proposed tariff for FY 23
Demand Charges per kVA	260	260
Energy Charges		
Cons.< 2 lakh units/ month	9.00	10.98
Cons.>2 lakh units/month	9.10	11.08

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

The proposed tariff, the slab wise rates are given below

TABLE 68:**Proposed Tariff for HT 2(c)(i) (in Rs.)**

Particulars	Existing Tariff	Proposed tariff for FY 23
Demand Charges per kVA	240	240
Energy Charges		
Cons.< 1 lakh units/ month	7.15	9.13
Cons.>1 lakh units/month	7.55	9.53

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

The proposed tariff, the slab wise rates are given below

TABLE 69:**Proposed Tariff for HT 2(c)(ii) (in Rs.)**

Particulars	Existing Tariff	Proposed tariff for FY 23
Demand Charges per kVA	240	240
Energy Charges		
Cons.< 1 lakh units/ month	8.15	10.13
Cons.>1 lakh units/month	8.55	10.53

24.2.5 HT 3(a) Agriculture**TABLE 70**

HT-3 (a)(i): Applicable to LI schemes under Govt Departments/ Govt owned Corporations.

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

Particulars	Existing Tariff	Proposed Tariff for FY 23
Energy Charges/Minimum Charges	3.10 ps. /unit subject to annual minimum of Rs.1720/HP/ annum	5.08 ps. /unit subject to annual minimum of Rs. 1720 HP/ annum

**HT-3(a)(ii): Applicable to Private LI schemes and Lift Irrigation societies:
Connected to Urban/Express feeders.**

TABLE 71:**Proposed Tariff for HT 3(a) (ii) (in Rs.)**

Particulars	Existing Tariff	Proposed Tariff for FY 23
Fixed Charges per HP per Month	95	95
Energy Charges	3.10	5.08

HT-3(a)(iii): Applicable to Private LI schemes and Lift Irrigation societies other than those covered under HT-3 (a)(ii).

TABLE 72:**Proposed Tariff for HT 3(a) (iii) (in Rs.)**

Particulars	Existing Tariff	Proposed Tariff for FY 23
Fixed Charges per HP per Month	75	75
Energy Charges	3.10	5.08

HT-3 (b): Applicable to Irrigation and Agricultural Farms, Government Horticultural Farms, Private Horticulture nurseries, Coconut & Arecanut Plantations

TABLE 73:**Proposed Tariff for HT 3(b) (in Rs.)**

Particulars	Existing Tariff	Proposed Tariff for FY 23
Energy Charges/Minimum Charges	5.10 ps. /unit subject to annual minimum of Rs.1780/HP/ annum	7.08 ps. /unit subject to annual minimum of Rs. 1780 HP/ annum

24.2.6 HT-4: Applicable to Residential apartments and colonies.**TABLE 74:****Proposed Tariff for HT 4 (in Rs.)**

Particulars	Existing Tariff	Proposed Tariff for FY 23
Demand Charges per KVA of billing demand per Month	155	155
Energy Charges	7.00	8.98

24.2.7 HT-5: Applicable to Temporary supply of 67HP and above.**TABLE 75:****Proposed Tariff for HT 5 (in Rs.)**

Particulars	Existing Tariff	Proposed Tariff for FY 23
Demand Charges/ Fixed charges per Month	300	300
Energy Charges	11.10	13.08

24.2.8 SEZ

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

TABLE 76**Proposed for fixing the power purchase cost for SEZ**

Particulars	Existing PP cost	Proposed PP cost for FY 23
Energy Charges/Minimum Charges	Rs.6.8393 per unit	8.8193

25.

PRAYER

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

- a) Consider and approve for the Annual Revenue Requirement (ARR) of the HRECS for FY-23, FY-24 and FY-25.
- b) Consider and approve the tariff proposals of the HRECS and increase in power purchase cost for AEQUS for FY -23.
- c) Allow the recovery of expenses incurred by the HRECS in respect of this filing through tariff, while truing up of the accounts of the HRECS.
- d) Pass such other orders as deem fit in the circumstances mentioned above in the interest of justice and equity.

Place: Hukkeri

Date: 01.12.2021

APPLICANT