

CHAPTER-3

Rationale for ERC Filing

GESCOM is filing this ARR & ERC under MYT principles for **FY-18** with the following imperatives

3.1 Revenue insufficient to Cover Costs in FY-18.

Based on the **2016** tariff order and subsequent amendments, GESCOM is unable to meet its current costs as there is a deficit of Rs 133.44 crs for **FY 16** & Rs 679.41 crs deficit for **FY 18** AND P&G trust amount of Rs. 262.49 total amounting to Rs 1075.34 crs The deficit will met by revision of tariff.

Cost Coverage / Deficit

Rs in Crs.

Sl. No	Particulars	FY-16 Actual	FY-17 Projected	FY-18 Projected
1	Revenue from Existing Tariffs (including Misc. Revenue & Other Income)	4109.01	4087.03	4319.49
2	Expenditure	4180.67	4617.31	4799.44
3	Rate of Return at 15.5% on equity and surplus for FY 16 & FY18	0.00	112.80	146.29
4	Deficit (-) with existing tariffs	-133.44	-682.01	-1075.34
5	Subsidy receivable from GoK	0.00	0.00	0.00
6	GAP	-133.44	-682.01	-1075.34
7	Met by Tariff Hike			148 ps/unit
8	Proposed as Regulatory Asset	0	0	0
9	Unrecovered ROE	0	0	0

Note: Gap of **FY 16 to FY 18** is considered for Tariff hike with proposal of 148 ps per unit for all category installations in the **FY 18**