

BEFORE KARNATAKA ELECTRICITY REGULATORY COMMISSION
BENGALURU.

Filing No.....
Case No.....

IN THE MATTER OF

An Application for approval of Annual Performance Review (APR) along with the audited Accounting Statements of Hukeri Rural Electric Co-operative Society Limited, under the provisions of the Electricity Act, 2003 and KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006, for FY 2016-17.

AND IN THE MATTER OF

Hukeri Rural Electric Co-operative Society Limited, a Co-operative Society incorporated under the provisions of the Karnataka Co-operative Societies Act, 1959, having its registered Office at HUKKERI ---

APPLICANT

THE APPLICANT ABOVE NAMED MOST RESPECTFULLY
SHOWETH THAT:

1. The Applicant is a Co-operative Society, incorporated under the provisions of the Karnataka Co-operative Societies Act, 1959 and a "Distribution and Retail Supply Licence" under Section 14 of the Electricity Act, 2003.

2. The Applicant is hereby submitting its audited Accounting Statements for the financial Year 2016-17 for the scrutiny of the Hon'ble Commission and also for the purpose of Annual Performance Review as provided under Regulation 2.8 of the Karnataka Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006 (hereinafter referred to as "the **MYT Regulations**") or truing up exercise to be conducted by the Hon'ble Commission, in compliance of the directions of the Hon'ble Commission.
3. The Applicant submitted that in the tariff order dated 30-03-2016, Hon'ble Commission had approved. 312.57 MU of power purchase at the cost of Rs. 12120.84 lakhs and sale of 260.21(including AEQUS 14.39) MU of energy resulting in 52.36 MU energy loss, which translates into 16.75% which includes transmission loss also. Distribution loss and transmission loss of 3.8%, As against the above approval, the Society has achieved 312.24 MU of power purchase at the cost of Rs. 15530.51 lakhs (including the power purchase cost & interest of previous period amounting to Rs. 3350.25 lakhs) and sale of 265.63 MU of energy resulting in 46.61 MU loss , which translates into 14.93% T & D loss.
4. The audited Accounting Statements of the applicant for the Financial Year 2016-17 shows a revenue loss of Rs. 3204.80 Lakhs, after taking into account a sum of Rs. 8642.35 lakhs IP set and BJ/KJ subsidy accounted in the books of account of the Society. The Government of

Karnataka is required to pay a sum of Rs. 4760.57 lakhs towards outstanding Subsidy for the period ending of FY-17. The Government of Karnataka may be ordered to release this amount, at the earliest with carrying costs.

5. The Applicant respectfully submits before the Hon'ble Commission that Share Capital at the beginning of FY 17 is Rs. 594.65 lakhs. The Commission in its successive Tariff Order did not allow RoE for the reason that accumulated losses have eroded the Equity Capital. The Commission taking in to consideration the efficiency of the Applicant in its operation, kindly to allow 15.5% Return on Equity on the opening balance grossed up with applicable tax at 30% and Cess of 3% of Rs. 131.84 lakh as a special case.
6. The Applicant prays that notional interest on working capital and other savings made by the Society may be allowed to be retained by the Society as reward for the efficiency, as provided under the MYT Regulations. The Commission in their Order dated 30-03-2016 had allowed interest on working capital of Rs. 251.39 lakh for FY 17 which may kindly be retained in the Annual performance Review for FY 17 and determine the ARR for FY 19 accordingly.
7. It is respectfully submitted before this Honourable Commission that the following tables indicates the various items of revenue requirements as approved by the Commission and also, as per Audited accounts/notional item like interest on working capital for FY 2016-17.

Rs. in lacs

Particulars	FY 2016-17 (Approved)	FY 2016-17 (As per Audited Accounts)	Difference	Remarks
Power Purchase Cost	12120.84	15530.51	3409.67	
Employee Expenses				
R& M Expenses	1257.28	1134.86	(122.42)	
A & G Expenses				
Depreciation	111.70	119.28	7.58	
Interest and Finance Charges				
Interest on Loan Capital	22.59	8.40	(14.19)	
Interest on Working Capital	251.39	*251.39	-	Notional
Interest on Consumer Deposit	96.73	84.95	(11.78)	
Return on Equity	0	*131.84	131.84	Notional
Less: Other Income including revenue from sale of power to AEQUS	846.17	960.61	114.44	
Total Expenses	13014.36	16300.62	3286.26	
Add Surplus of FY 2015 carried forward	1211.94	1211.94	-	For Tally purpose
Regulatory Asset of FY 17 as per Tariff order dated 30-03-2016	50.00	50.00	-	For Tally purpose
Net ARR	11752.42	15038.68	3286.26	

It is submitted before the Hon'ble Commission to allow Rs.32.8626 Crores in the ARR of FY19 which has been factored in the application for revised ARR and tariff application filed alongside of this application for the kind consideration of the Hon'ble Commission.

8. The Applicant Hukkeri RECS respectfully submit to this Hon'ble Commission that the Subsidy due from the State Government to the Applicant is mounting year on year and no interest is calculated and paid by the Government. Whereas Hubballi Electricity Supply Company is claiming interest year on year which has the cascading effect of inflating the power purchase cost from HESCOM. It is therefore, submitted that a suitable direction may kindly be issued for waiving the interest claimed by the Hubballi Electricity Supply Company from time to time as Applicant is not receiving any interest on the subsidy due. It is also earnestly requested by the Applicant that Hon'ble commission to give direction to Government of Karnataka to release Rs. 4760.57 lakh which is due as on 31-03-2017. The details of the dues to be received from the Government was taken up vide our letter dated 07-08-2017 which is placed in the Petition and marked as Annexure B
9. The Applicant is ready and willing to provide any further information/clarifications, in due course, if sought by the Hon'ble Commission.

PRAYER

10. WHEREFORE, in the light of the above submissions, the applicant prays that this Hon'ble Commission may be pleased to :

- (i) To allow gap of Rs.32.8626 Crores of the year 2016-17 in the ARR of FY19 which has been factored in the application for revised ARR and tariff application filed alongside of this application for the kind consideration of the Hon'ble Commission.
- (ii) Approve the annexed audited Accounting Statements of the Applicant for the Financial Year 2016-17;
- (iii) Direct the Government of Karnataka to release the outstanding Subsidy amount payable to the Applicant amounting to Rs 4760.57 lakhs as per Audited Accounts;
- (iv) Allow the items Interest on working capital and RoE for the year 2016-17 as mentioned in para 5 & 6 under revenue requirement which are normative in nature which are allowed by the MYT Regulations as a reward for the efficiency,
- (v) Allow the recovery of filing fees, costs and other expenses to be incurred in this regard as a pass through;
- (vi) Pass such other Orders as the Hon'ble Commission deems fit under the facts and circumstances of the case; and
- (vii) Allow this application, in the interest of justice.

Place: Hukkeri
Date: 28-11-2017

Applicant

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---APPLICANT

AFFIDAVIT

I, Sanjeevkumar S Pujari, son of Siddappa, aged about 50 years working as Managing Director of the Applicant and residing at Hukkeri, do hereby solemnly affirm and state on oath follows.

1. I am the Managing Director of the Applicant Society 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 10 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 Hukkeri on this 28th day of November 2017 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: Hukkeri

DEPONENT

Date : 28-11-2017

Identified by me: