



Telangana State Electricity Regulatory Commission

**5thFloor, Singareni Bhavan, Red Hills, Lakdi-ka-pul,
Hyderabad 500004.**

ORDER

ON

AGGREGATE REVENUE REQUIREMENT /

EXPECTED REVENUE FROM CHARGES

FOR FY 2018-19

FOR

**THE CO-OPERATIVE ELECTRIC SUPPLY SOCIETY LIMITED,
SIRICILLA**

27.03.2018

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**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION
HYDERABAD**

Present

Sri Ismail Ali Khan, Chairman

Sri H. Srinivasulu, Member

Dated: 27.03.2018

O. P. No. 20 of 2017

The Co-operative Electric Supply Society Limited, Siricilla

... Applicant

The Co-operative Electric Supply Society Limited, Siricilla has been exempted from the requirement of obtaining a Distribution and Retail Supply Licence for the supply area specified in the Licence granted to it earlier under the AP Electricity Reform Act, 1998, for one year from 10.06.2004 to 09.06.2005 as per the orders of the Commission dated 15.06.2004 which is separately being exempted from time to time by the Commission. As per the terms and conditions contained in the said exemption orders, the Rural Electric Co-operative Society (RESCO) is required to file its Aggregate Revenue Requirement (ARR) / Expected Revenue from Charges (ERC) for the ensuing year by 30th November of the current year.

The petitioner filed its ARR / ERC for FY 2018-19 on 15.12.2017. The Commission, in exercise of its powers under the Electricity Act, 2003 and after considering Petitioner's averments in the filing submissions, suggestions and objections of the other stakeholders, responses of Petitioner, to issues that are raised during the public hearing, and all other relevant material, passed the following order.

ORDER

1 INTRODUCTION

1.1 BACKGROUND

- 1.1.1 Telangana State Electricity Regulatory Commission (herein referred to as TSERC or Commission) was constituted by the Government of Telangana (GoTS) in terms of the provisions of Schedule XII (C) (3) of the A.P. Reorganisation Act of 2014, read with Section 82 of the Electricity Act, 2003 (Act, 2003) vide G.O.Ms.No.3, (Energy) (Budget) Department Dt:26.07.2014.
- 1.1.2 This Commission having been established u/s 82(1) of the Act, 2003 is required to exercise the powers and functions vested in it in terms of Section 86 and Section 62(1) of the Act, 2003 to determine the tariff for (1) supply of electricity by a generating company to a distribution licensee; (2) transmission of electricity; (3) wheeling of electricity; and (4) retail sale of electricity as the case may be within the state of Telangana.
- 1.1.3 The Co-operative Electric Supply Society Limited, Siricilla (Siricilla RESCO) has been exempted from the requirement of obtaining a Distribution and Retail Supply Licence for the supply area specified in the Licence granted to it earlier under AP Electricity Reform Act, 1998, for one year from 10.06.2004 to 09.06.2005 as per the Orders of the Commission dated 15.06.2004 which is separately being exempted from time to time by the Commission. As per the terms and conditions contained in the said exemption Orders, the Rural Electric Co-operative Society (RESCO) is required to file its ARR / ERC for the ensuing year by 30th November of the current year. Siricilla RESCO filed its ARR / ERC for FY 2018-19 on 15.12.2017.

1.2 ADMISSION OF PETITIONS AND REGULATORY PROCESS

- 1.2.1 The petition for approval of ARR / ERC for FY 2018-19 submitted by the petitioner was scrutinised and found to be generally in order as required under the TSERC (Conduct of Business) Regulations, 2015 (Regulation No. 2 of 2015). The Commission admitted the filings and the same were taken on record by assigning the Original Petition (O.P.) number 20 of 2017.
- 1.2.2 Upon scrutiny of the ARR filings of the Petitioner, the Commission identified certain data gaps and directed to furnish additional information. As directed by the Commission, the Petitioner furnished the additional information.
- 1.2.3 The petitioner, as directed by the Commission, published for information of all

stakeholders a notice in four Telugu newspapers in Telugu on 16.02.2018. The notice was to inform the general public that the Petitioner has filed the ARR / ERC for FY 2018-19 before the Commission.

1.2.4 Overview of stakeholders' consultation process:

1.2.4.1 The filings have been made available by the petitioner along with supporting material to the public at large including all stakeholders. The filings and supporting material were also hosted on the website of the Commission.

1.2.4.2 It was also notified in the public notice (Annexure - 1) that, objections / suggestions on the filings may be filed with the petitioner by 22.02.2018 with a copy marked to the Commission. In response to the public notice, number of objections / suggestions were received (Annexure - 2) by the Commission both in writing as well as oral during the public hearing.

1.2.4.3 The petitioner was directed to give its response in writing to all the written objections received by 24.02.2018 by sending the same to the respective objector with a copy to the Commission before the scheduled date of public hearing. The replies were also posted on the website of the Commission.

1.2.4.4 The Commission has conducted the public hearing at Siricilla on 02.03.2018. During the hearing, the petitioner made a brief presentation on the filings and then the Commission heard the objectors desiring to be heard in person. At the hearings, apart from the registered objectors, the persons / organizations who had turned up at the venue directly were also heard and their objections / suggestions were also considered. At the end, as directed by the Commission, the petitioner responded on the issues raised by the objectors during the hearing.

1.3 DATA GAPS

1.3.1 The filings of the petitioner were found to be deficient in certain aspects and therefore, additional information was sought from it. Subsequently, the petitioner submitted the additional information sought by the Commission. Further, technical validation sessions were held on 26.02.2018 and 21.03.2018 for discussions on the information submitted by the Petitioner. The Commission has considered the original filings and the additional information submitted by the Petitioner in determining the ARR / ERC for FY 2018-19.

1.4 STRUCTURE OF THE ORDER

1.4.1 This Order is organised in three chapters as detailed below:

Chapter 1 provides the background and details of the quasi-judicial regulatory process undertaken by the Commission.

Chapter 2 summarises the interaction with the stakeholders including issues raised by stakeholders, petitioner's responses, and the Commission's views thereon.

Chapter 3 discusses the petitioner's' submissions, Commission's analysis, scrutiny and conclusion on Aggregate Revenue Requirement / Expected Revenue from Charges for FY 2018-19.

Chapter 4 discusses the Commission's Directives.

2 STAKEHOLDER CONSULTATION

The stakeholders have filed objections/ suggestions/ comments on the petition for ARR / ERC for FY 2018-19. The petitioner has filed replies on the objections/ suggestions/ comments received from the stakeholders. For the sake of clarity, the objections/ suggestions/ comments raised by the stakeholders and responses of the petitioner have been consolidated and summarised issue-wise.

The Commission has concluded all the objections/suggestions/comments of the stakeholders made in writing as well as during the course of Hearing and the responses to them by the petitioner. In the subsequent Chapters of this Order, the Commission has kept in view the objections/ suggestions/ comments of the stakeholders and replies of the petitioner while determining the ARR / ERC for FY 2018-19.

2.1 RELEASE OF NEW SERVICE CONNECTIONS

Stakeholders' submissions

2.1.1 The industrial consumers are availing multiple service connections in the same premises so as to avail the subsidy benefits linked to the contracted demand of the power looms.

Petitioner's replies

2.1.2 The Petitioner has not submitted any reply.

Commission's Views

2.1.3 The Commission has taken note of the stakeholders' submissions in this regard. The Commission shall examine the prudence of this issue separately and appoint an independent agency, if required, for the verification of the same. Such practice is against tariff determined by each category of consumer for a defined demand in kVA by the Commission. **The Commission directs the petitioner to desist from the practice of giving multiple service connections to the same premises till a decision is taken by the Commission.** Any new such connection released after the issue of this order violating the tariff order will be viewed seriously.

2.2 TECHNICAL LOSSES

Stakeholders' submissions

2.2.1 The Commission has directed to reduce the losses from 13.98% to 11%. Even with adequate 132/11 kV and 220/11 kV substations, losses are still above 11%.

Petitioner's replies

2.2.2 The Petitioner has not submitted any reply.

Commission's Views

- 2.2.3 The Commission has taken note of the stakeholders' submissions in this regard. The Commission observes that some of the 11 kV feeders and 400 V, 3 phase electric lines in the supply area of Siricilla RESCO are consistently loaded beyond their rated capacity. It is reported that, though NPDCL on its part has set up 57 no. 33/11 kV substations in the RESCO area, the RESCO has not been able to expand the 11 kV system and install adequate number of 11 kV feeders so as to optimally distribute the load on 11 kV feeders and further 400 V, 3 phase lines for strengthening the distribution system. **The Commission directs the Petitioner to submit a capital investment plan for the ensuing five-year period indicating the cost benefit analysis of the proposed works. Any failure to submit the plan to the Commission shall lead to non-consideration of depreciation and other relevant expenses for determination of tariff.**

2.3 TOLL FREE NUMBER FOR REGISTERING SUPPLY RELATED COMPLAINTS

Stakeholders' submissions

- 2.3.1 In the absence of toll free number, agricultural consumers are facing difficulties in reporting failure of DTRs, loose lines and other supply related complaints.

Petitioner's replies

- 2.3.2 Development of online website and mobile app is under process and it would be completed within one month's time. Toll free number for registering supply related complaints would be made available by 01.04.2018.

Commission's Views

- 2.3.3 The Commission has taken note of the stakeholders' submissions and petitioner's replies. The Commission advises the petitioner to seek technical assistance, if any required, of NPDCL in this regard.

2.4 CONSUMER GRIEVANCES REDRESSAL MECHANISM

Stakeholders' submissions

- 2.4.1 There is no mechanism for redressal of consumer grievances in the supply area of Siricilla RESCO. The consumer redressal mechanism available in the form of Consumer Grievances Redressal Forum (CGRF) in the supply area of Northern Power Distribution Company of Telangana State ("TSNPDCL" or "NPDCL") should also be available to the consumers in the supply area of Siricilla RESCO.

Petitioner's replies

- 2.4.2 Wide publicity is being given through print and electronic media for conducting Vidyut

Adalath on quarterly basis. No CGRF meetings were conducted.

Commission's Views

- 2.4.3 The CGRFs appointed by the Commission are for redressal of the consumer grievances in the supply areas of the Distribution and Retail Supply Licensees in the State. The Commission vide its Order dated 26.08.2017 on approval of ARR / ERC for the Petitioner for FY 2017-18 directed the Petitioner to establish a mechanism for redressal of the consumer grievances in its supply area. However, several stakeholders have stated that no mechanism is in place for redressal of the consumer grievances in the supply area of the RESCO. The Commission reiterates its earlier direction to establish a mechanism for redressal of the consumer grievances in its supply area and submit the quarterly report on number of consumer grievances registered, redressed and pending, to the Commission. **The Commission directs the RESCO to start a consumer grievance forum headed by a single member. The head of this forum has to be a retired officer of the role of SE/DE of a distribution company. The Commission is not in favour of nominating a working officer under the RESCO to maintain transparency in the decision making of consumer redressal. The Commission directs the RESCO that non-implementation of directives can lead of cancellation of exemption.**

2.5 OPERATIONAL ISSUES

Stakeholders' submissions

- 2.5.1 The operational issues like loose lines, damaged poles, and absence of AB switches are persistent in the supply area of Siricilla RESCO.
- 2.5.2 The poles and other material supplied by Siricilla RESCO are charged exorbitantly in comparison NPDCL and SPDCL. In case of DTR failure, the transportation charges are being forcefully collected from the agricultural consumers getting supply from that DTR.
- 2.5.3 Siricilla RESCO is not adhering to the Standards of Performance (SOP) schedule.
- 2.5.4 The live wires and DTRs in some of the areas are causing accidents to public. No action was taken on the requests for replacement of the same.
- 2.5.5 The levy of delayed payment surcharge and reconnection charges is being done in violation of the provisions in the Tariff Orders of the Commission.

Petitioner's replies

- 2.5.6 The loose lines are being stringed, middle poles being replaced and maintenance of AB switches is being carried out by replacing the fixed and moving contacts.

- 2.5.7 In NPDCL supply area, the works pertaining to agricultural services are covered under SPA ::PE Scheme and subsidy of Rs. 70,000/- with DTR and Rs. 45,000/- without DTR is being claimed by NPDCL, whereas this scheme is not applicable to Siricilla RESCO. In Siricilla RESCO, the amounts are collected for no pole, 1 pole, 2 poles and 3 poles depending on the field requirements. All material pertaining to agricultural services covered under Shramadanam are transported by the consumers themselves and for all other remaining works, the material is transported by Siricilla RESCO.
- 2.5.8 The SOP schedule will be adhered on par with NPDCL.

Commission's Views

- 2.5.9 The Commission has taken note of the stakeholders' submissions and petitioner's replies. The tariff and other charges leviable on the consumers should be in accordance with the tariff order of the Commission. As the issues raised mostly do not relate to the ARR / ERC determination, the same are not being examined in detail now. The Commission will in appropriate case examine and issue suitable orders at appropriate time. The RESCO shall desist from adopting the concept of Shramadanam and should pay for the cost of transportation of material from the store to the site.

3 AGGREGATE REVENUE REQUIREMENT / EXPECTED REVENUE FROM CHARGES FOR FY 2018-19

3.1 AGGREGATE REVENUE REQUIREMENT FOR FY 2018-19

3.1.1 The Aggregate Revenue Requirement (ARR) for the petitioner comprises of the following:

- i. Power purchase cost
- ii. Reasonable Return
- iii. Other expenditure

3.2 CONSUMER CATEGORY WISE SALES

Petitioner's submissions

3.2.1 The petitioner has claimed the sales projections of 871.71 MU for FY 2018-19. The petitioner has not submitted the basis for its sales projections for FY 2018-19.

Commission's Analysis and Ruling

3.2.2 The Commission in its order dated 26.08.2017 on approval of ARR / ERC for FY 2017-18 had approved the sales projection of 672.82 MU for FY 2017-18. As against the same, the petitioner has claimed the revised estimated sales projections of 808.27 MU for FY 2017-18 and the sales projections of 871.71 MU for FY 2018-19. From the revised estimates of category wise sales submitted by the petitioner for FY 2017-18, the Commission observes that the sales for all the categories except for LT V (agriculture) have been projected to be equal to or lower than the sales approved by the Commission while the LT V sales have been projected to be exorbitantly higher.

3.2.3 The petitioner has not submitted any justification or write-up on the basis of revised sales projections for FY 2017-18 and the sales projections for FY 2018-19. Further, the petitioner, during the validation session held on 26.02.2018 stated that the agricultural sales are arrived at by subtracting the total metered sales from the total sales. In light of the above, the Commission does not find it prudent to accept the revised sales projections for FY 2017-18 and the sales projections for FY 2018-19 claimed by the petitioner.

3.2.4 For arriving at the sales projections for FY 2018-19, the Commission has considered the actual sales during the previous years and accordingly, approved the sales projections for FY 2018-19 as shown below:

Table 3.1: Category wise sales projections for FY 2018-19 (MU)

Consumer Category		Claimed	Approved
LT Category			
Category I (A&B)	Domestic	112.78	112.78
Category II (A, B & C)	Non-Domestic/Commercial	17.86	17.86
Category III (A&B)	Industrial	19.68	19.68
Category IV (A&B)	Cottage Industries & Dhobighats	37.29	37.29
Category V (A&B)	Irrigation & Agriculture	646.89	516.27
Category VI (A)	Local Bodies, Street Lighting	6.32	6.32
Category VI (B)	PWS	29.20	29.20
Category VII (A&B)	General Purpose	1.70	1.70
Category VIII (A&B)	Temporary Supply	-	-
Total		871.71	741.09

3.3 POWER PURCHASE REQUIREMENT

Petitioner's submissions

3.3.1 The petitioner has claimed the power purchase requirement of 990.58 MU for FY 2018-19.

Commission's Analysis and Ruling

3.3.2 As against the sales projections of 871.71 MU, the petitioner has claimed the power purchase requirement of 990.58 MU for FY 2018-19 thereby, the loss levels claimed by the petitioner works out to 12.00%. The Commission vide its order dated 26.08.2017 on approval of ARR / ERC for FY 2017-18 had approved the loss level for FY 2017-18 as 10.26% as against the claimed loss level of 11.48%. Vide the said order, the Commission had also directed the petitioner to bring down these losses to 10.15% by the end of FY 2017-18. In contrary, the petitioner has claimed the loss level of 12.00% for FY 2018-19 which is even higher than the claimed loss level of 11.48% in the ARR / ERC filings for FY 2017-18. The petitioner has also not submitted justification or write-up for the claimed loss level of 12.00%. In light of the above, the Commission does not find it prudent to approve the loss level of 12.00% claimed by the petitioner for FY 2018-19.

3.3.3 The Commission has considered the loss level of 10.15% (11 kV and LT) for FY 2018-19. Considering the approved loss level of 10.15%, the Commission has arrived at the power purchase requirement of 824.81 MU for FY 2018-19.

3.3.4 Hence, the Commission has approved the power purchase requirement of 824.81 MU as against the claim of 990.58 MU for FY 2018-19.

3.4 POWER PURCHASE COST

Petitioner's submissions

3.4.1 The petitioner has claimed the power purchase cost of Rs. 99.06 crore for FY 2018-19 considering the purchase price of Rs. 1.00/kWh approved by the Commission for FY 2017-18.

Commission's Analysis and Ruling

3.4.2 The Commission in its order on approval of retail supply tariffs for FY 2018-19 has approved the tariff of Rs. 4.52/kWh for sale of energy by NPDCL to RESCO. Considering the same, for the approved power purchase requirement of 824.81 MU, the Commission has approved the power purchase cost of Rs. 372.81 crore for FY 2018-19.

3.5 CAPITAL BASE

Commission's Analysis and Ruling

3.5.1 **Original Cost of Fixed Assets (OCFA) and Capital Works-in-Progress (CWIP):**

The petitioner has projected Rs. 8528.24 lakhs under OCFA and Rs. 1599.56 lakhs under CWIP. Based on the provisional annual accounts for FY 2016-17 and projections for the ensuing year submitted by the petitioner, the Commission has approved Rs. 8229.73 lakhs under OCFA and Rs. 1245.38 lakhs under CWIP.

3.5.2 **Working capital:** Working capital consists of (i) average cost of stores and (ii) average cash and bank balances. The petitioner has claimed Rs. 34.68 lakhs and Rs. 224.07 lakhs towards average cost of stores and average cash and bank balances respectively. Based on the wages and salaries, contribution to provident fund, staff pension and gratuity, A&G expenses and R&M expenses approved by the Commission, the amounts of Rs. 26.79 lakhs and Rs. 166.80 lakhs have been approved towards average cost of stores and average cash and bank balances respectively.

3.5.3 **Accumulated depreciation:** The petitioner has claimed the accumulated depreciation of Rs. 7166.63 lakhs for FY 2018-19. Considering the historic information of capital expenditure and capitalisation of the assets, the Commission has arrived that the accumulated depreciation of Rs. 6817.24 lakhs for FY 2018-19.

3.5.4 **Other items:** The petitioner has claimed the outstanding loan balance of Rs. 32.17 lakhs for FY 2018-19 after repayment without obtaining any new loans. The consumer security deposits are projected at Rs. 737.51 lakhs. The outstanding loan balance and the consumer security deposit has been considered as claimed by the petitioner.

3.5.5 Based on the above, the net capital base for FY 2018-19 claimed by the approved by

the Commission is as shown below:

Table 3.2: Statement of Net Capital Base for FY 2018-19 (Rs. lakhs)

S. No.	Particulars	Units	Claimed	Approved
	Positive elements			
1	Original cost of Fixed Assets	Rs. lakhs	8528.24	8229.73
2	Capital Works in Progress	Rs. lakhs	1599.56	1245.38
3	Working Capital	Rs. lakhs		
	a) Average cost of Stores	Rs. lakhs	34.68	26.79
	b) Average cash and bank balance	Rs. lakhs	224.07	166.80
A	Total of positive items of Capital Base	Rs. lakhs	10386.55	9668.70
	Negative elements			
1	Accumulated Depreciation	Rs. lakhs	7166.63	6817.24
2	Loans	Rs. lakhs	32.17	32.17
3	Consumer Security Deposit	Rs. lakhs	737.51	737.51
B	Total of negative items of Capital Base	Rs. lakhs	7936.31	7586.92
	Net Capital Base	Rs. lakhs	2450.24	2081.78
		Rs. crore	24.50	20.82

3.6 REASONABLE RETURN

Petitioner's submissions

3.6.1 The petitioner has claimed the reasonable return of Rs. 3.41 crore for FY 2018-19.

Commission's Analysis and Ruling

3.6.2 The Petitioner has claimed the reasonable return considering the rate of 16%. The Tariff Regulations of the Commission for determination of Distribution and Retail Supply Tariff specify the rate of return for Distribution business as 14% and the supply margin of 2% for the Retail Supply Business. In the case of the petitioner, each consumer is a member of the Co-operative Society wherein each consumer contributes share capital. Hence, the nature of operations of the Petitioner is akin to the Retail Supply Business and only the supply margin of 2% is only to be allowed. Hence, considering the net capital base approved for FY 2018-19 and the rate of 2%, the Commission has approved the reasonable return on Rs. 0.42 crore for FY 2018-19.

3.7 OTHER EXPENDITURE

Petitioner's submissions

3.7.1 The petitioner has claimed the other expenditure of Rs. 32.21 crore for FY 2018-19.

Commission's Analysis and Ruling

3.7.2 The other expenditure comprises of the following:

- i. Wages and salaries

- ii. Administration & General (A&G) expenses
- iii. Repairs & Maintenance (R&M) expenses
- iv. Rent, Rates & taxes
- v. Interest on Loan
- vi. Depreciation
- vii. Contribution to provident fund, staff pension and gratuity
- viii. Interest on consumer security deposit
- ix. Legal charges
- x. Auditor's fees
- xi. Other expenses

3.7.3 The Commission's analysis on each item of other expenditure is as follows:

3.7.4 **Wages and salaries:** The petitioner has projected the wages and salaries of Rs. 1645.70 lakhs for FY 2018-19. The Commission has carried out the prudence check of the expenditure claimed by the Petitioner towards wages and salaries. The wages and salaries for the previous years submitted by the petitioner are as follows:

Table 3.3: Wages and salaries for previous years as submitted by the petitioner

Year	Wages and salaries (Rs. lakhs)
FY 2010-11 (Audited)	1047.88
FY 2011-12 (Audited)	991.44
FY 2012-13 (Audited)	1046.64
FY 2013-14 (Audited)	913.03
FY 2014-15 (Audited)	1063.82
FY 2015-16 (Audited)	1491.06
FY 2016-17 (Provisional)	1329.62
FY 2017-18 (Estimates)	1403.00

3.7.5 The Commission vide its order dated 26.08.2017 on approval of ARR / ERC for FY 2017-18 had approved the amount of Rs. 1419.75 lakhs for FY 2017-18. As against same, the petitioner has claimed the estimated amount of Rs. 1403.00 lakhs for FY 2017-18. As against the estimated amount of Rs. 1403.00 lakhs for FY 2017-18, the petitioner has claimed the amount of Rs. 1645.70 lakhs for FY 2018-19. Subsequently, the petitioner in the additional information submitted the amount of Rs. 1614.62 lakhs towards wages and salaries for FY 2018-19. The amount claimed by the petitioner towards wages and salaries for FY 2018-19 is significantly higher than the estimated amount for FY 2017-18. Further, the petitioner has not submitted the justification for the significantly higher wages and salaries for FY 2018-19 in comparison to FY 2017-18. Hence, the Commission has arrived at the wages and salaries for FY 2018-19 by

considering the estimated amount of Rs. 1403.00 lakhs for FY 2017-18 and the CPI inflation of 4.12% (FY 2016-17 over FY 2015-16). Accordingly, the Commission has approved the wages and salaries of Rs. 1460.80 lakhs for FY 2018-19.

- 3.7.6 **Administration & General (A&G) expenses:** The petitioner has claimed the A&G expenses of Rs. 163.12 lakhs for FY 2018-19. The A&G expenses for FY 2016-17 as per the provisional annual accounts is Rs. 130.91 lakhs. The petitioner has not submitted the justification/basis for the A&G expenses claimed for FY 2018-19. The Commission has arrived at the A&G expenses for FY 2018-19 by considering the amount of Rs. 130.91 lakhs and considering the WPI inflation of 3.69% (FY 2016-17 over FY 2015-16) twice. Accordingly, the Commission has approved the A&G expenses of Rs. 140.75 lakhs for FY 2018-19.
- 3.7.7 **Repairs & Maintenance (R&M) expenses:** The petitioner has claimed the R&M expenses of Rs. 416.10 lakhs for FY 2018-19. The R&M expenses for FY 2016-17 as per the provisional accounts is Rs. 298.97 lakhs. The petitioner has not submitted the justification/basis for the R&M expenses claimed for FY 2018-19. The Commission has arrived at the R&M expenses for FY 2018-19 by considering the amount of Rs. 298.97 lakhs and considering the WPI inflation of 3.69% (FY 2016-17 over FY 2015-16) twice. Accordingly, the Commission has approved the R&M expenses of Rs. 321.47 lakhs for FY 2018-19.
- 3.7.8 **Rent, rates & taxes:** The petitioner has claimed the amount of Rs. 5.00 lakhs towards rent, rates & taxes for FY 2018-19. The Commission has approved the amount of Rs. 5.00 lakhs towards rent, rates & taxes for FY 2018-19, the same as claimed by the petitioner.
- 3.7.9 **Interest on loan:** The petitioner has claimed the amount of Rs. 4.90 lakhs towards interest on loan for FY 2018-19. The Commission has approved the amount of Rs. 4.90 lakhs towards interest on loan for FY 2018-19, the same as claimed by the petitioner.
- 3.7.10 **Depreciation:** The petitioner has claimed the depreciation of Rs. 531.76 lakhs for FY 2018-19. After considering the projected capitalisation of assets, the Commission has approved the depreciation of Rs. 528.35 lakhs for FY 2018-19.
- 3.7.11 **Contribution to provident fund, staff pension and gratuity:** The petitioner has claimed the amount of Rs. 400 lakhs towards contribution to provident fund, staff pension and gratuity, for FY 2018-19. The Commission has approved the amount of Rs. 400 lakhs towards contribution to provident fund, staff pension and gratuity, for FY 2018-19, the same as claimed by the petitioner.

3.7.12 **Interest on consumers security deposit:** The petitioner has claimed the interest on consumer security deposit of Rs. 43.12 lakhs for FY 2018-19. The Commission has approved the interest on consumer security deposit of Rs. 43.12 lakhs for FY 2018-19, the same as claimed by the petitioner.

3.7.13 **Legal charges:** The petitioner has claimed the legal charges of Rs. 3.00 lakhs for FY 2018-19. The Commission has approved the legal charges of Rs. 3.00 lakhs for FY 2018-19, the same as claimed by the petitioner.

3.7.14 **Auditors fees:** The petitioner has claimed the auditors fees of Rs. 8.00 lakhs for FY 2018-19. The Commission has approved the auditors fees of Rs. 8.00 lakhs for FY 2018-19, the same as claimed by the petitioner.

3.7.15 Based on the above, the other expenditure claimed by the petitioner and approved by the Commission for FY 2018-19 is as shown in the Table below:

Table 3.4: Other expenditure for FY 2018-19

S. No.	Particulars	Units	Claimed	Approved
1	Wages and Salaries	Rs. lakhs	1645.70	1460.80
2	Admin & General expenses	Rs. lakhs	163.12	140.75
3	Repairs & Maintenance	Rs. lakhs	416.10	321.47
4	Rent, Rates & taxes	Rs. lakhs	5.00	5.00
5	Interest on Loans	Rs. lakhs	4.90	4.90
6	Depreciation	Rs. lakhs	531.76	528.35
7	Contribution to provident fund, staff pension and gratuity	Rs. lakhs	400.00	400.00
8	Interest on Security Deposit	Rs. lakhs	43.12	43.12
9	Legal charges	Rs. lakhs	3.00	3.00
10	Auditor's fees	Rs. lakhs	8.00	8.00
	Total	Rs. lakhs	3220.70	2915.40
		Rs. crore	32.21	29.15

3.7.16 The ARR claimed by the Petitioner and approved by the Commission for FY 2018-19 is as shown in the Table below:

Table 3.5: ARR for FY 2018-19 (Rs. crore)

Particulars	FY 2018-19	
	Claimed	Approved
Power purchase cost	99.06	372.81

Particulars	FY 2018-19	
	Claimed	Approved
Other expenditure	32.21	29.15
Reasonable Return	3.41	0.42
Aggregate Revenue Requirement	134.68	402.38

3.7.17 Considering the ARR of Rs. 402.38 crore and the approved sales of 741.09 MU, the average CoS works out to Rs. 5.43/kWh.

3.8 EXPECTED REVENUE FROM CHARGES (ERC)

Petitioner's submissions

3.8.1 The petitioner has claimed the expected revenue from charges as Rs. 106.04 crore for FY 2018-19.

Commission's Analysis and Ruling

3.8.2 The petitioner shall charge retail supply tariffs as per the Commission's order dated 27.03.2018 in O. P. Nos. 21 & 22 of 2017 on retail supply tariffs for FY 2018-19 issued separately, as applicable in the case of NPDCL. Considering the category wise sales approved for the petitioner and the retail supply tariffs approved for FY 2018-19, the Commission has projected the expected revenue from charges as Rs. 106.21 crore for FY 2018-19. The category wise revenue claimed by the petitioner and approved by the Commission for FY 2018-19 is as shown in the Table below:

Table 3.6: Category wise revenue projections for FY 2018-19 (Rs. crore)

Consumer Category		Claimed	Approved
LT Category			
Category I (A&B)	Domestic	36.43	34.57
Category II (A, B & C)	Non-Domestic/Commercial	16.48	15.60
Category III (A&B)	Industrial	12.99	14.93
Category IV (A&B)	Cottage Industries & Dhobighats	15.81	15.80
Category V (A&B)	Irrigation & Agriculture	2.56	2.61
Category VI (A)	Local Bodies, Street Lighting	4.13	4.21
Category VI (B)	PWS	16.50	17.47
Category VII (A&B)	General Purpose	1.15	1.02
Category VIII (A&B)	Temporary Supply	-	-
Total		106.04	106.21

3.9 NON-TARIFF INCOME

3.9.1 The petitioner has claimed the non-tariff income of Rs. 6.76 crore for FY 2018-19. The Commission has approved the non-tariff income of Rs. 6.76 crore for FY 2018-19, the same as claimed by the petitioner.

3.10 TOTAL REVENUE

3.10.1 The total revenue claimed by the petitioner and approved by the Commission is as shown in the Table below:

Table 3.7: Total revenue for FY 2018-19 (Rs. crore)

Particulars	FY 2018-19	
	Claimed	Approved
Expected Revenue from Charges	106.04	106.21
Non-tariff income	6.76	6.76
Total revenue	112.80	112.97

3.11 REVENUE DEFICIT/(SURPLUS)

3.11.1 The category wise revenue including the non-tariff income (apportioned to each category) is compared with the average CoS. Based on the cost and revenue from each consumer category, some consumer categories are classified as subsidising if the revenue is more than the cost (surplus) and others are subsidised if the revenue is less than cost (deficit).

3.11.2 The sum of surplus of revenue over cost available from subsidising categories is first utilised to meet the deficit of subsidized consumer categories other than LT-I: Domestic and LT-V: Agriculture. The remaining surplus, if any, is allocated to LT – I: Domestic and LT-V: Agriculture categories. After allocation of the surplus available, the net deficit (cost for that category less revenue from the category and surplus allocated to that category) is computed for LT-I: Domestic and LT-V: Agriculture consumer categories. The net deficit computed for LT-I and LT-V categories is Rs. 289.42 crore.

3.11.3 Further, the Commission has considered the impact of internal performance efficiencies to the tune of Rs. 0.60 crore and accordingly, has deducted the same from the net deficit of Rs. 289.42 crore. Accordingly, the resultant deficit for the Petitioner for FY 2018-19 works out to Rs. 288.82 crore.

3.11.4 The revenue deficit of Rs. 288.82 crore approved for the petitioner for FY 2018-19 is included in the total subsidy commitment of GoTS to NPDCL for FY 2018-19. The methodology of raising of monthly bills for the energy sold to Siricilla RESCO and the subsequent subsidy adjustment is as follows:

- i. After completion of the billing month, NPDCL shall compute the total amount due from RESCO at the approved procurement tariff of Rs. 4.52/kWh and the energy sold to RESCO.
- ii. From the total bill amount computed above, NPDCL should subtract the actual subsidy amount actually received from GoTS against the RESCO.
- iii. After such adjustment if any balance amount is still due to be paid by RESCO, such amount shall be billed to RESCO and RESCO should make the payment of the due amount within 1 month of receipt of the energy bill for the month.
- iv. However, after such adjustment in point (ii) above, if any balance amount is to the credit of RESCO in the books of accounts of NPDCL, such amount should be transferred to the RESCO within 15 days of completion of the month.
- v. NPDCL should raise the energy bills to RESCO on monthly basis clearly giving the detailed computations of amount to be recovered from or amount to be transferred to the RESCO in accordance with the procedure stipulated above.
- vi. Any delay on part of RESCO to pay the due amount to NPDCL, or NPDCL to transfer the credit amount to the RESCO within the above stipulated time shall attract interest at the rate of 18% for the period of delay on the due amount or the credit amount as the case may be. Further, if such delay exceeds 15 days, the interest for a period of 30 days should be levied by either party as applicable.
- vii. NPDCL and RESCO management should establish a suitable payment mechanism like Escrow cover or any other suitable alternative to make sure timely payments.

4 COMMISSION'S DIRECTIVES

- 4.1.1 The Commission vide its order dated 26.08.2017 on approval of ARR / ERC for FY 2017-18 directed the Petitioner to hand over all the service connections under LT III category with connected load above 100 HP to NPDCL. The Petitioner has not made any submissions on compliance to this directive of the Commission. The Commission directs the Petitioner to submit the compliance to the same within 15 days from the date of issue of this order.
- 4.1.2 The Petitioner is directed to regularly pay the full amount due to NPDCL for power purchase at the rate fixed by the Commission. NPDCL and RESCO management should establish a suitable payment mechanism like Escrow cover or any other suitable alternative to make sure timely payments..
- 4.1.3 The Commission directs the Petitioner to submit a capital investment plan for the ensuing five-year period indicating the cost benefit analysis of the proposed works. Any failure to submit the plan to the Commission shall lead to non-consideration of depreciation and other relevant expenses for determination of tariff.
- 4.1.4 The Petitioner is directed to maintain asset class wise details of gross fixed assets capitalised during the year.
- 4.1.5 The Petitioner is directed not to release any new connection for industrial category of consumers in violation of tariff determined for each category of consumer.
- 4.1.6 The Petitioner is directed not to release new agriculture service connections without DSM measures and to ensure that the pump sets are of 5-star rating.
- 4.1.7 The Petitioner is directed to collect 100% of outstanding dues, as on 31.03.2018, from its consumers.
- 4.1.8 The Petitioner is directed to collect 100% current consumption charges and effect immediate disconnection for consumers with pending dues (including arrears) for more than two months' current billing amount.
- 4.1.9 The Commission directs the petitioner to desist from the practice of giving multiple service connections to the same premises.
- 4.1.10 The Petitioner is directed to conduct energy audit in all Mandal headquarters in its supply area and file quarterly reports, also indicating there-in the progress made month-wise.

- 4.1.11 The petitioner is directed to setup the consumer grievance redressal forum in consultation with the Commission within 90 days of the issue of this order.
- 4.1.12 The Commission directs the RESCO to start a consumer grievance forum headed by a single member. The head of this forum has to be a retired officer of the rank of SE/DE of a distribution company. The Commission is not in the favour of nominating a working officer under the RESCO to maintain transparency in the decision making of consumer redressal forum. The Commission directs the RESCO that non-implementation of directives can lead to cancellation of exemption.
- 4.1.13 The Petitioner is directed to take appropriate action for timely settlement of electrical accident cases in terms of the Commission's proceedings dated 28.12.2015.
- 4.1.14 In view of the State Government's initiative to provide 24-hours power supply for agricultural consumers, the Petitioner is directed to do away with the usage of automatic starters so as to regulate the consumption of electricity. A detailed report of the same shall be submitted by 30.06.2018.

This order is corrected and signed on this day the 27th March, 2018.

**Sd/-
(H. SRINIVASULU)
MEMBER**

**Sd/-
(ISMAIL ALI KHAN)
CHAIRMAN**

ANNEXURE 1 – PUBLIC NOTICE

గౌరవనీయ తెలంగాణ రాష్ట్ర విద్యుత్ నియంత్రణ మండలి వారి సమక్షంలో
 టోర్ నెం. 11-4-860, 5వ లంకన్న పింగళి భవన్, రెడ్ హిల్స్, హైదరాబాద్ - 500 004

సహకార విద్యుత్ సరఫరా సంఘం లి. సిరిసిల్ల
బహిరంగ ప్రకటన

1. జంతుమూలముగా సహకార విద్యుత్ సరఫరా సంఘం లిమిటెడ్ (సెస్) పరిధిలో యావచ్ఛందికి తెలియజేయునది ఏమనగా, లెసెస్సు నుండి మినహాయింపు పొందిన ప్రొ.సెం. 65/2016 తేది: 11-11-2016 తదిగుయిస్తు సహకారవిద్యుత్ సరఫరా సంఘం లి. (సెస్) 2018-19 సంవత్సరానికి గానూ సమగ్ర అదాయ అవశ్యకత సమాచారాన్ని (ఏఆర్ఆర్) 14.12.2017 రోజున టి.ఎన్.ఇ.ఆర్.సి.కి సమర్పించడమైనది. ఈ ప్రతిపాదనలను గౌరవనీయులైన కమీషన్ వారిచే ఓ.సి.సెం. 20/2017గా సమయ చేయబడినది.

2. పై 1వ పేరాలో పేర్కొన్న ఫైలింగ్ ప్రతులు మేనేజింగ్ డైరెక్టర్ సెన్ లి. సిరిసిల్ల చంద్రంపేట 505301 ప్రధాన కార్యాలయంలో అభ్యవహతున్నాయి. అసక్తి గల వారు, ఈ.ఎ.ఆర్.ఆర్. టారీఫ్ ప్రతిపాదనలను పైన పేర్కొన్న కార్యాలయములో సమీక్షల్లో ఉచితముగా పరిశీలించవచ్చు. ఈ ప్రతిపాదనలు రెగ్యులేటరీ కమీషన్ వారి వెబ్సైట్ www.tserc.gov.in లింక్ ద్వారా పరిశీలించవచ్చు. తేది: 16-02-2018 నుండి ప్రతి కాపీ ఒక్కంటికి 200/-లు నగదు రూపేణా చెల్లించిన మీదట ఈ ఫైలింగ్ యొక్క ప్రతులను సరకు కార్యాలయములో పొందవచ్చును. ఈ ఏఆర్ఆర్ మరియు టారీఫ్ ఫైలింగ్ యొక్క సంక్షిప్త సమాచార ప్రతులను ఇంగ్లీష్ లో లేదా తెలుగు ప్రతి ఒక్కంటికి రూ. 10/- చొప్పున నగదు రూపేణా చెల్లించి పైన వివరించిన కార్యాలయములో పొందవచ్చును.

3. సెన్ లి. సిరిసిల్ల సమర్పించిన ఎ.ఆర్.ఆర్. మరియు ప్రతిపాదించిన ఛార్జీలు ఫ్రాన్ విద్యుత్ ఛార్జీ మరియు అదనపు విద్యుత్ సరఫరా ఛార్జీలపై సూచనల అభ్యంతరాలు ఏమైనా ఉంటే వారిని సపోర్టింగ్ మెటీరియల్స్ తో అతవరిచి ఫిబ్రవరి 22వ తేది లోగా పాయంత్రం 5-00 గంటలలోగా రిజిస్టరు పోస్టుద్వారా లేదా వ్యక్తిగతంగా గాని సెన్ ప్రధాన కార్యాలయము నందు పంపగలరు. పతరు అభ్యంతరాలు/సలహాలు నివేదికలో పొందుపర్చును దరఖాస్తుదారు ఫూర్తి పేరు నిరువాకు, మరియు పోస్టల్ దిరువామా పొందుపర్చవలెను. ఏమైనా సంస్థ లేదా వినియోగదారుల కేటగిరికి సంబంధించిన అభ్యంతరాలను, సూచనలను బహు కలరినలో ఆ విషయము కూడా నివేదికలో స్పష్టించ వలెను. తమ దాదనలు గాని/అభ్యంతరాలను గాని వ్యక్తిగతంగా విన్నవించుకొని ప్రశ్నకంగా పేర్కొనవలెను. అభ్యంతరాలు / సలహాల వివరాలను ఈక్రింద తెలుపబడిన పద్ధిలో పొందుపరిచి అతవరిచవలెను.

అభ్యంతరదారుని పేరు	అభ్యంతరాలు సలహాల సంక్షిప్త వివరాలు	సెన్ టారీఫ్ ప్రతిపాదనల అభ్యంతరాలు	సెన్ లి. వారియొక్క కార్యాలయమునకు అభ్యంతర ప్రతిని జూలై పులు సమర్పించవలెను.	అభ్యంతరం దారు వ్యక్తిగతంగా విన్న విందబట్టకుద్వారా అవును / కాదు
4.	2018-19 ఆర్థిక సంవత్సరమునకు వినియోగదారులకు రిజిల్టర్ పంఫిట్ కోసం ప్రతిపాదించిన ధరలు మరియు వినియోగదారులకు ఫ్రాన్ సక్చిడీ ఛార్జీ మరియు అదనపు ఛార్జీ ప్రతిపాదనలు ఈ క్రింది షెడ్యూల్-1లో సూచించబడినది.			
5.	తెలంగాణ రాష్ట్ర విద్యుత్ నియంత్రణ మండలి వారిచే తేది: 02-03-2018 (శుక్రవారం) రోజున వర్షాధారిత కల్పణ మండపం, సిద్దిపేట రోడ్డు, సిరిసిల్ల నందు ఈ: 10-30 గంట నుండి బహిరంగ విదారణ విచ్ఛిన్నం చేయవలెను.			

తేది : 15-02-2018
 స్థలం : సిరిసిల్ల

మేనేజింగ్ డైరెక్టర్
 సెన్ లి. సిరిసిల్ల

**ANNEXURE 2 – LIST OF STAKEHOLDERS WHO SUBMITTED THE
WRITTEN COMMENTS / OBJECTIONS / SUGGESTIONS**

S. No.	Name and Address of the stakeholder
1	J. Sri Ranga Rao, H.No. 2-2-18/18/7, Flat No. 503, Sri Lakshmi Solitude, DD Colony, Hyderabad - 500 013, Telangana State
2	J. SAMPATH RAO, C/o. Prathima Medical College, Karimnagar
3	J.RAMACHANDRA RAO Cherlavanha Village, Rajanna Sircilla District.
4	M. SRIDHAR REDDY General Secretary, Bharateeya Kisan Sangh Rajput Residency, Nallakunta, Hyderabad.
5	D.NARASAI AH Ex-Sarpanch, Narayanpur Village, Yellareddy Pet Mandal, Rajanna Sircilla District.
6	NIMMA NARAYANA REDDY President, Rajanna Sircilla District (BKS), Narayanpur Village, Yellareddy Pet Mandal, Rajanna Sircilla District.
7	DAPA DEVAIAH Secretary, Rajanna Sircilla District. (BKS), Narayanpur Village, Yellaieddy Pet Mandal, Rajanna Sircilla District.
8	KONDAM RAJI REDDY Namapur Village, Mustabad Mandal, Rajanna Sircilla District.
9	BANDARU BAL REDDY Mandal Secretary, BKS, Yellareddy Pet Village & Mandal, Rajanna Sircilla District.
10	M. SREENIVAS Vice-President, BKS Avnoor Village, Mustabad Mandal, Rajanna Sircilla District
11	P. ANJI REDDY President, Bharatiya Kisan Sangh for Telangana State Rajput Residency, Nallakunta, Hyderabad.
12	ALLAKUNTA LINGAIAH Gollapalli Village, Yellareddy Pet Mandal, Rajanna Sircilla District.
13	GAJJALA RAJASHEKAR Vallampatla Village, Ellanthakunta Mandal, Rajanna Sircilla Dist.
14	YADA ANJIAH, President, Northern Telangana Chamber of Commerce & Trade, Balaji Electrical Shop, Opp to Head Post Office, Karimnagar.