



KARNATAKA ELECTRICITY REGULATORY COMMISSION

TARIFF ORDER 2013

OF

GESCOM

(UNDER MYT FRAMEWORK)

ON

ANNUAL PERFORMANCE REVIEW FOR FY12

&

APPROVAL OF MYT FOR FY14-16

&

RETAIL SUPPLY TARIFF FOR FY14

6th May 2013

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ABBREVIATIONS	
AAD	Advance Against Depreciation
AEH	All Electric Home
ABT	Availability Based Tariff
A&G	Administrative & General Expenses
AG	Accountant General
APDRP	Accelerated Power Development and Reforms Programme
APR	Annual Performance Review
APV	Above Poverty Line
ARR	Annual Revenue Requirement
ATE	Appellate Tribunal for Electricity
ATL	Anti Theft Law
BBMP	Bruhut Bangalore Mahanagara Palike
BEE	Bureau of Energy Efficiency
BJ	Bhagya Jyothi
BMAZ	Bangalore Metropolitan Area Zone
BESCOM	Bangalore Electricity Supply Company
BNC	Billing & Collection
BPL	Below Poverty Line
BRAZ	Bangalore Rural Area Zone
BWSSB	Bangalore Water Supply & Sewerage Board
CAG	Comptroller & Auditor General
CAGR	Compound Annual Growth Rate
CDT	Commission Determined Tariff
CERC	Central Electricity Regulatory Commission
CE	Chief Engineer
CEA	Central Electricity Authority
GESCOM	Chamundeshwari Electricity Supply Corporation
CGR	Consumer Growth Rate
CGS	Central Generating Stations
CKM	Circuit Kilometre
CMD	Chairman & Managing Director
CPI	Consumer Price Index
CPRI	Central Power Research Institute
CoS	Cost of Service
DA	Dearness Allowance
DC	Direct Connection
DC LINES	Double Circuit Lines
DCB	Demand Collection & Balance
DG PLANT	Diesel Generating Plant
DMS	Distribution Management System
DPR	Detailed Project Report
DRUM	Distribution Reforms, Upgrade & Management

DSM	Demand Side Management
DTC	Distribution Transformer Centre
EC	Energy Charges
EHT	Extra High Tension
EHV	Extra High Voltage
EOU	Export Oriented Units
ERC	Expected Revenue From Charges
ES&D CODE	Electricity Supply & Distribution Code
ESCO	Electricity Service Companies
ESCOMs	Electricity Supply Companies
FAC	Fuel Adjustment Cost
FC	Fixed Charges
FDSC	Foreign Debt Service Charges
FEC	Fuel Escalation Charges
FY	Financial Year
FEV	Foreign Exchange Variation
GESCOM	Gulbarga Electricity Supply Company
GFA	Gross Fixed Assets
GIS	Geographical Information System
Gol	Government of India
GoK	Government of Karnataka
HESCOM	Hubli Electricity Supply Company
HP	Horse Power
HT	High Tension
HV	High Voltage
Hz	Hertz
IDC	Interest During Construction
IP SETS	Irrigation Pump Sets
IPPs	Independent Power Projects/ Producers
KEB	Karnataka Electricity Board
KER Act	Karnataka Electricity Reform Act
KERC	Karnataka Electricity Regulatory Commission
KJ	Kutira Jyothi
KM/Km	Kilometre
KPCL	Karnataka Power Corporation Limited
KPTCL	Karnataka Power Transmission Corporation Limited
KV	Kilo Volts
KVA	Kilo Volt Ampere
KW	Kilo Watt
KWH	Kilo Watt Hour
LDC	Load Despatch Centre
LT	Low Tension
MAT	Minimum Alternate Tax
MD	Managing Director

GESCOM	Mangalore Electricity Supply Company
MFA	Miscellaneous First Appeal
MGHE Station	Mahatma Gandhi Hydro Electric Station
MIS	Management Information System
MNR	Meter Not Recording
MoP	Ministry of Power
MU	Million Units
MUSS	Master Unit Sub Station
MVA	Mega Volt Ampere
MVAR	Mega Volt Ampere Reactive
MW	Mega Watt
MYT	Multi Year Tariff
NFA	Net Fixed Assets
NTPC	National Thermal Power Corporation
O&M	Operation & Maintenance
PCKL	Power Corporation of Karnataka Ltd.,
PFC	Power Finance Corporation Limited
PGCIL	Power Grid Corporation Of India Limited
PKCL	Power Corporation of Karnataka Ltd.,
PLF	Plant Load Factor
POCA	Power Purchase & Other Cost Adjustment
PPA	Power Purchase Agreement
PPCA	Power Purchase Cost Adjustment
PRDC	Power Research & Development Consultants
PTC	Power Trading Corporation
RE	Rural Electrification
RGGVY	Rajiv Gandhi Grameena Vidyuth Yojana
R&M	Repair and Maintenance
RLMS	Rural Load Management System
ROE	Return on Equity
ROR	Rate of Return
RTPS	Raichur Thermal Power Station
SC & ST	Schedule Caste & Schedule Tribe
SC LINE	Single Circuit Line
SEB	State Electricity Board
SERCs	State Electricity Regulatory Commissions
SLDC	State Load Despatch Centre
SPV	Special Purpose Vehicle
T&D	Transmission & Distribution
TCs	Transformer Centres
TERI	The Energy & Resource Institute
TPC	Tanirbavi Power Company
TRL	Total Revenue Management
UG CABLES	Underground Cables

VC	Variable Charges
VVNL	Visvesvaraya Vidyuth Nigama Limited
WPI	Wholesale Price Index
YOY	Year on Year

**KARNATAKA ELECTRICITY REGULATORY COMMISSION,
BANGALORE - 560 001**

Dated this 6th day of May, 2013.

**ORDER ON GESCOM's APPROVAL OF Annual Performance Review for FY12, ARR
for FY14 to FY16 & TARIFF FOR FY14**

In the matter of:

**Application of GESCOM in respect of the Annual Performance Review for FY12,
ARR for FY14 to FY16 & TARIFF FOR FY14 under Multi Year Tariff framework.**

Present:	Shri M.R.Sreenivasa Murthry	Chairman
	Shri Vishvanath Hiremath	Member
	Shri K.Srinivasa Rao	Member

O R D E R

The Gulbarga Electricity Supply Company Ltd., (hereinafter referred to as GESCOM) is a Distribution Licensee under the provisions of the Electricity Act 2003, and has on 10.12.2012 filed the following applications for consideration and orders:

- a) Approval of the Annual Performance Review for the financial year FY-12 and ARR for FY-14 to FY-16.
- b) Approval of the revised distribution and Retail supply Tariff for the financial year 2013-14 (FY14).

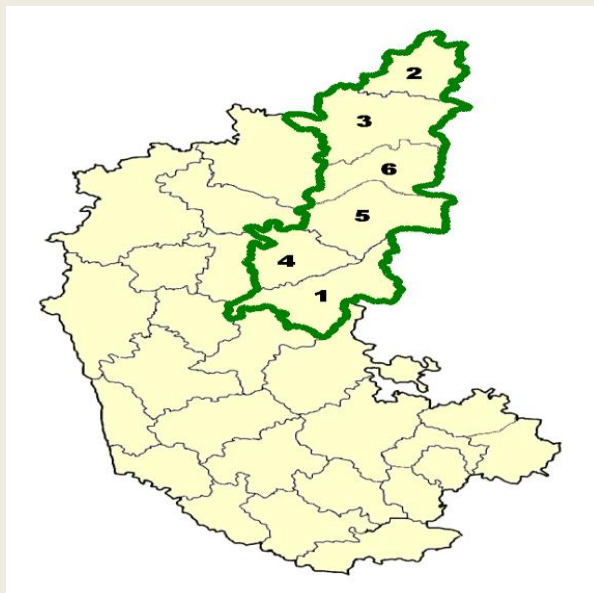
In exercise of the powers conferred under Sections 62, 64 and other provisions of the Electricity Act, 2003, read with KERC (Terms and conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, and other enabling Regulations the Commission has carefully considered the applications and the views and objections submitted by the consumers and other stakeholders. The Commission's decisions are given in this order, Chapter wise.

CHAPTER – 1

INTRTODUCTION

1.0 Brief History of GESCOM:

Gulbarga Electricity Supply Company., (GESCOM) is a DistributionLicensee under Section 14 of the Electricity Act 2003(hereinafter referred to as the Act). GESCOM is responsible for purchase of power, distribution and retail supply of electricity to its consumers in its area of operation which includes six Districts of the State as indicated below:



1. Bellary
2. Bidar
3. Gulbarga
4. Koppal
5. Raichur
6. Yadgir

GESCOM is a registered company under the Companies Act, 1956, incorporated on 30thApril 2002. GESCOM has commenced its operations from 1stJune 2002.

At present GESCOM's area of operations is divided into Two Distribution zones headed by Chief Engineers namely Gulbarga Zone and Bellary Zone. These zones are further divided into four circles headed by Superintending Engineers, and nine divisions headed by Executive Engineers. The divisions are further divided into sub-divisions. Each of the subdivisions having 2 to 3 O & M section offices. Section offices are the base level offices looking into operation and maintenance of the

distribution system in order to provide reliable and quality power supply to its consumers.

1.1 Multi Year Tariff Regulations:

In terms of KERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2006 (MYT Regulations), GESCOM is filing its ERC & Tariff applications from FY08 onwards. Under this MYT regime, the incentive/penalty framework is based on over or under achievement of the licensee with respect to the targets set by the Commission on the distribution losses and expenses that are deemed 'controllable' in the tariff regulations.

1.2 GESCOM at a glance:

The profile of GESCOM is as indicated below:

Sl. No.	Particulars (As on 31-03-2012)		Statistics
1.	Area	Sq. km.	43681
2.	Districts	Nos.	6
3.	Taluks	Nos.	31
4.	Population	lakhs	90.50
5.	Consumers	lakhs	23.50
6.	Energy Consumption	MU	5441.83
7.	Zone	Nos.	2
8.	DTCs	Nos.	53663
9.	Assets	Rs. in Crores	1892.44
10.	HT lines	Ckt. kms	37366
11.	LT lines	Ckt. kms	75595
12.	Total employees strength:		
A	Sanctioned	Nos.	8411
B	Working	Nos.	5142
13.	Demand	Rs. in Crores	2513.17
14.	Collection	Rs. in Crores	2563.29

GESCOM has filed its application for approval of Annual Performance Review for FY12, ERC for FY14 to FY16 and also a retail supply tariff petition for FY14 under MYT Regulations.

GESCOM's applications, as also the objections / views of stakeholders and the Commission's decisions on the approval of Annual Performance Review for FY12, ERC for FY14 to FY16 and the retail supply tariff for FY14 are discussed in detail in the subsequent Chapters of this Order.

CHAPTER – 2

SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

2.0 Background for Current Filing:

The Commission in its Order dated 28th October 2011 had approved the revised ERC and the retail supply tariff of GESCOM for FY12. GESCOM in its present application dated 10th December 2012 has sought approval of ERC for the third control period FY14 to FY16 and approval of the retail supply tariff for FY14 under the MYT principles. Further, GESCOM has also sought approval for Annual Performance Review based on the audited accounts for FY12.

2.1 Preliminary Observations of the Commission

After preliminary scrutiny of applications the Commission had communicated its preliminary observations on 28th December 2012, which were mainly on the following points:

- Details to be furnished in formats
- Sales Forecast
- Power Purchase
- O&M Expenses
- Distribution losses
- Capex

In response GESCOM has furnished its replies on 4th January 2013. The replies furnished by GESCOM are considered in the respective Chapters of this Order.

2.2 Public Hearing Process

2.2.1 As per the Karnataka Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, read with the KERC Tariff Regulations 2000, and KERC (General and Conduct of Proceedings) Regulations 2000, the Commission in its letter dated 11th January 2013 accepted the application of GESCOM as petition and directed GESCOM to publish the summary of ERC and Tariff proposals in the newspapers calling for objections if any from interested persons.

Accordingly, GESCOM has published the same in the following newspapers:

Name of the News Paper	Language	Date of Publication
Vijaya Karnataka	Kannada	18 th & 19 th January 2013
Deccan Herald	English	
Samyuktha Karnataka	Kannada	1 st & 2 nd February 2013
Praja Vani		
The New Indian Express	English	2013
The Hindu		

GESCOM's ERC and Tariff Applications was also hosted on the web sites of GESCOM and the Commission for the ready reference and information of the general public.

In response to the application of GESCOM the Commission has received totally eleven statements / letters of objections. GESCOM has furnished its replies to all these objections. The Commission has held a Public Hearing on 12th March 2013 at Gulbarga. The details of the written / oral submissions made by various stake holders and the responses from GESCOM thereon have been discussed in Chapter - 3 of this Order.

2.3 Consultation with the Advisory Committee of the Commission

The Commission has also discussed the proposals of KPTCL and all ESCOMs in the State Advisory Committee meeting on 19th March 2013. Members of the Committee have offered their valuable suggestions on the proposals. The Commission has taken note of these suggestions while passing the order.

CHAPTER – 3

SUGGESTIONS & OBJECTIONS

The Commission had addressed the Members of Parliament and Members of the State Legislature, requesting them for their views/ opinion on the ARR and Tariff petitions filed by ESCOMs. In response, the Commission has received views from the following persons as detailed below:

3.1 Hon'ble Sri Pralhad Joshi, Member of Parliament.

The Hon'ble Member of Parliament has stated that inflation has increased enormously due to increase in the prices of Petrol, diesel and other essential commodities. In this situation if electricity tariff is also increased, it will cause much inconvenience to the general public. If present proposals to increase the tariff are accepted, there would be further increase in inflation. The Hon'ble Member has further mentioned that, based on various studies, the following are the important reasons for the ESCOMs incurring losses.

- a. Non recovery of dues by ESCOMs.
- b. Increase in Technical losses.
- c. Increase in Commercial losses and
- d. Loss due to defective Distribution system.

Further the Hon'ble MP has suggested that the ESCOMs should control and bring down the Transmission and Distribution losses to the minimum level and take up system improvement works. He has urged the Commission to consider the above issues and to take a practical view of the proposal keeping in mind the interest of ESCOMs.

3.2 Hon'ble Shri M.V Rajashekharan, Former Union Minister of State for Planning, Sri Mallikarjuna Nilaya, No. 20/1, Kanakapura road, Basavanagudi, Bangalore -4.

The Hon'ble Former Minister and Member of the Karnataka Legislative Council has expressed the view that it is not desirable to allow increase in the price of Electricity as the State is facing a severe drought situation, and the people are experiencing severe financial crunch and also prices of essential commodities are sky rocketing.

GESCOM Reply

In order to bridge the projected revenue gap in the coming year, the proposal to increase electricity tariff by 70 paise per unit in respect of all categories except IP sets up to and inclusive of 10HP and BJ/KJ installations is submitted to the Commission. As a drought relief measure, GESCOM has taken necessary action to provide power supply to drinking water installations. Increase in electricity rates is inevitable in order to bridge the revenue gap. In this regard the Commission may fix different rates for different category of consumers.

3.3 Hon'ble Shri Ramachandra Gowda, MLC, Vice Chairman, State Planning Commission, Vidhana Soudha, Bangalore-1.

The Hon'ble member of the Karnataka Legislative Council has given the following suggestions/ views to the Commission.

1. The proposal for not increasing the Electricity charges in respect of BJ/KJ and IP sets up to 10HP is appropriate.
2. Electricity rates should not be raised in respect of consumers who are consuming up to 100 units.
3. Electricity rates should not be raised in respect of installations pertaining to hostels of Backward Classes, SC/ST and general student's.
4. The proposal to hike Rs 0.70 per unit at a time seems to be high and the same is to be reduced to Rs 0.35 per unit.

GESCOM Reply

In order to bridge the revenue gap the increase of electricity rates in respect of all categories except IP sets up to and inclusive of 10HP and BJ/KJ installations is inevitable.

LT (2) (a) tariff is applicable to Backward, SC/ST and general student's hostels installations. The tariff rate applicable to these installations is less when compared to other categories of installations.

Due to increase in power purchase cost and employee's cost and in order to bridge the revenue gap the proposal for increasing electricity rates is submitted to the Commission.

Commission's Views:

The Commission has taken note of the points raised by the respected dignitaries and the views expressed by them are kept in mind while determining retail tariff.

3.4 Other interested persons who have filed/objections/ offered their suggestions/viewson the ARR for the Financial Years 2013-14 to 2015-16 and Tariff petitions for FY14 & Truing up for FY12.

Sl No	Application No.	Name & Address of Objectors
1	GB-01	Hyderabad Karnataka Chamber of Commerce & Industry, II floor chamber Building complex- Super Market- Gulbarga -585 101.
2	GA-1	Sri Deepak G. Gala, President Hyderabad Karnataka Environment Awareness and Protection Organisation, No. 8-142, AsifGunj, Gulbarga
3	GA -2	Sri Prem Chand, Chief Electrical Services Engineer, South Western Railway, Hubli.
4	GA-3	Sri S. Rajashekar, Secretary General, FKCCI, Federation House, K.G.Road, Bangalore- 560 009.
5	GA-4	Sri S.N. Eswar, Hon General Secretary, KASSIA, #2/106, 17th Cross, Magadi Chord Road, Vijayanagar, Bangalore-560 040.
6	AE-01	M/s Bangalore Chamber of Industry & Commerce. No,3/4, 3 rd Floor, Southern side of Oblong Block, Unity Buildings, J.C Road, Bangalore-560 002

7	AE-02	M/s Doddanavar Global Energy Pvt Ltd., No.6, Lower Palace Orchards, Sankey Road, Sadashivanagar, Bangalore-560 003.
8	AE-03	M/s Association of Health Care Providers (India) Ground Floor, Indian Medical Association House, IndraprasthaMarg, New Delhi – 110 002, India.(AE-3)
9	AE-04	Sri.K.Padmanbha, No.16, First Cross, Binny Mill Road, GanganagarExtn., Bangalore -560 032.(AE-4)
10	AE – 05	Sri RamachandraGowda, MLC, Vice Chairman, State Planning Commission, VidhanaSoudha, Bangalore-1.
11	AE- 06	Sri M V Rajashekhara, Former Union Minister of State for Planning, Sri MallikarjunaNilaya, No. 20/1, Kanakapura road, Basavanagudi, Bangalore -4.

3.5 List of the persons who made oral submissions during the Public Hearing on 12.03.2013.

SI No.	Name & Address of Objectors
1.	Sri.Raghavendra Prasad & K. Siddanna, Advocates for FKCCI & KASSIA.
2.	Sri Deepak G. Gala, President Hyderabad Karnataka Environment Awareness and Protection Organisation
3.	Sri.SiddaramiahHiremath, RTI Activists Association, Gulbarga.
4.	Sri.KishoreDevapare, Sr. Dvl. Elec. Engineer. South Western Railways
5.	Sri.Vaijanath S. Jalaki, Mahatma Gandhi GrahakaraHitarakshanaVedike, Gulbarga.
6.	Sri.Chandappa, LingasagurTaluk.
7.	Sri.Kashinath.S Gulbarga.
8.	Sri. UmakanthNigudgi, President, Hyderabad Karnataka Chamber of Commerce & Industry
9.	Sri. Vishal Pratap Singh, AamAdmi Party, Gulbarga.
10.	Sri. R.P Reddy, Chairman, Energy Sub Committee, Hyderabad Karnataka Chamber of Commerce & Industry,
11.	Sri.BasavanaGowda, reporter Karnataka Electricity Dairy, Jewargi.
12.	Sri. Vijay Makale, KASSIA.
13.	Sri.Raghavendra Prasad & K. Siddanna, Advocates for FKCCI & KASSIA.

3.6 Brief outline of Objections raised response from GESCOM and Commissions view:

Sl.No	Appn. No.	Objections	GESCOM Replies
1	GA-01	<p>Hyderabad Karnataka Environment Awareness and Protection Organization.</p> <p>Uniform Increase</p> <p>ESCOMs have sought for an uniform increase of 70 paisa per unit, though the they have separate capital structure, expenditure, sales, Loans raised etc., Hence,request the Commission to take action against all ESCOMs as per Section 60 of the Electricity Act 2003 and reject the tariff application filed by them.</p> <p>Distribution Loss:</p> <p>The Distribution loss in Shahabad, Yadgir, Bidar, Basavakalyan, Raichur, Sindhanoor and Bellary is in the range of 25% to 35% for very long time. GESCOM has not taken any steps to contain losses in the above places. Considering the Capital expenditure incurred in the past and the proposed capital expenditure, the reduction in Distribution loss is not commensurate with the investment</p>	<p>GESCOM has sought a Tariff hike of 70 paisa per unit in respect of all categories of consumers except LT-4(a) & BJ / KJ to bridge the short fall in ARR during FY-14 which is in no way a violation of Section 60 of EA 2003.</p> <p>GESCOM has taken adequate steps to bring down the distribution losses in the towns of Shahabad, Yadgir, Bidar, Basavakalyan, Raichur, Sindhanoor, and Bellary. All these towns are included in the R-APDRP which is presently under implementation with a view to bring down the loss to 15% in the ensuing years by way of IT application in the field of meter data acquisition, metering, billing and collection, GIS, MIS, and providing additional distribution transformers, providing AB cable,</p>

	<p>made. Request the Commission to direct the GESCOM to bring down distribution losses.</p> <p>Electrical Accidents.</p> <p>The Electrical accidents in GESCOM are increasing during the last five years, due to the negligence of staff. Requested the Commission to direct GESCOM to conduct safety audit by an independent Agency and based on the report,the Commission should take action.</p> <p>Rural Load Management system. (RLMS Package).</p> <p>GESCOM has spent a sum of Rs.91.76 crores towards RLMS. But the project has failed. Request the Commission to conduct an inquiry and take action against the persons responsible for the failure of RLMS.</p>	<p>reconducting etc., and taking up DTC wise Energy audit as per the guidelines of MoP.</p> <p>GESCOM has taken several measures to identify hazardous areas prone to accidents and taken measures to improve the system by utilization of earmarked funds. From the statistics it is noticed that electrical accidents are mainly in the case of non-departmental persons. To educate the public the Consumer awareness programs have been conducted in all areas of GESCOM and pamphlets regarding 'Dos' and 'Don'ts' have been printed and distributed to the consumers both in rural and urban areas.</p> <p>RLMS was implemented in Gulbarga Zone in 77 Nos of 11KV feeders at a cost of Rs.94.76 crs. For successful implementation of the scheme continuous power supply on these feeders was a requirement to regulate the power supply. However, due to shortage of power, there were unscheduled load sheddings and the consumers were not given specific programmed hours of power supply. Due this problem, the PLCs</p>
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		<p>NirantraJyothi (NJY)</p> <p>Rs.124.31 crores has been spent on NJY scheme but not even the first phase is completed. Only 26 feeders have been completed against 235 feeders. It is pointed out that where feeders have been taken up under NJY, the T&D loss and the number of interruptions is also high. For example, in Chandori Aurad Tq of Bidar District the T&D loss is 32% to 33%.</p> <p>Recovery of Arrears Receivable from Government Local Bodies, IP</p>	<p>were disconnected rendering RLMS units non-functional.</p> <p>The total estimated cost for NirantaraJyotiYojane in 31 taluks of GESCOM is Rs.550.00 crore. The NJY works are ongoing works. As on date 47 Nos of NJY feeders have been commissioned and others are at various stages of Commissioning. Due to field constraints and labour problems the works have been impeded. In the commissioned feeders the interruptions in fact have come down and as per the sample survey the consumers of these rural areas have expressed satisfaction due to increased hours of three phase power supply. GESCOM is yet to evaluate the benefits of the scheme which will emerge in due course of time.</p> <p>100% Provision for doubtful arrears from HT Installations is made in the accounts as per the Company's Significant Accounting Policy No 9.2 stated under Note 1 to the Financial Statements of GESCOM for the Year ending 31/3/2012. The same is also in compliance to Statutory Auditors Observations in</p>
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	<p>sets and Other Consumers.</p> <p>GESCOM is not taking action to recover long pending dues of Rs.1,427.56 crores. Instead of recovering pending dues, the GESCOM had made a provision of Rs.18.53 crores for 100% write off of bad debts of 23 HT consumers.</p> <p>60% of DTC are not metered in rural arrears.</p> <p>2077 numbers of DTCs in urban areas and 32757 numbers of DTCs in rural areas are not metered. The Assessment of Distribution loss is made on estimates only.</p> <p>GESCOM Violating Section 55 of Electricity Act 2003.</p> <p>Section 55 of Act has mandated that no installation shall be serviced without a meter. But GESCOM has not made efforts for metering of IP sets and BJ/KJ installations. GESCOM is supplying 53% of energy out of its total sales through</p>	<p>the previous years. No arrears in case of HT installations have been written off during the financial year 2011-12.</p> <p>DTC metering in rural areas of GESCOM is recently awarded on total turnkey basis by way of tender and the works are in progress. There are 46252 numbers of DTCs existing in rural areas out of which 21794 numbers have been metered as on date. GESCOM has programmed for 100% DTC metering in rural areas by the end of Jan 14.</p> <p>GESCOM has already initiated steps to provide meters to all the BJ/KJ installations by making use of the released electro mechanical meters which are replaced by static meters in 21 RAPDRP towns. Further, GESCOM has taken up metering of all DTCs in rural areas which will enable assessment of IP set consumption precisely.</p> <p>In emergencies GESCOM has to resort to unscheduled load shedding to maintain grid discipline</p>
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	<p>unmetered installations by violating the directions issued by the Commission.</p> <p>Load Shedding:</p> <p>Load Shedding is being carried out without informing the consumers.</p> <p>Business Plan:</p> <p>As per the Business Plan it appears that GESCOM is not going to achieve 100% metering. Business plan does not state about filling of 3280 posts in various categories. In the Business Plan GESCOM has stated that it is going for smart grid, smart meters etc., but it does not show how much investment will be made in providing smart meters. Hence requested the Hon'ble Commission not to allow any hike in the tariff for the reasons stated above.</p>	<p>within a short span of time. In such circumstances it is not possible to intimate the consumers regarding the unscheduled load sheddings. However GESCOM has taken all precautions to intimate the affected consumers whenever scheduled load shedding is done with prior notice by publishing in daily newspapers.</p> <p>GESCOM has sought a Tariff hike of 70 paisa per unit in respect of all categories of consumers except LT-4(a) & BJ / KJ to bridge the short fall in ARR during FY-14.</p>
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2	GA-02	<p>South Western Railway.</p> <p>1. The proposed hike in the tariff at Rs.0.70 per unit at a flat rate irrespective of categories is unjustified as it brings a variation of 10.77% to 30.43% hike in different categories.</p> <p>2. Requested for a single part tariff instead of the present two part tariff and to award a special tariff at a much lower rate than the present rate of Rs.4.80/ Kwh.</p> <p>3. BMRCL which is using electrical energy for traction purposes is presently being charged at Rs.4.60/ unit and MD charges at Rs.180/KVA. Request to apply the same tariff to Railway Traction also.</p> <p>4. Provide incentives for improved power factor above 0.9.</p> <p>5. At present Railway Quarters is under HT-4 tariff, it is requested to charge a tariff of LT-2(a)(i) to Railway Quarters treating it as a special case.</p> <p>6. Under Tariff LT2 (a), it is requested</p>	<p>GESCOM has sought a tariff hike of 70 paise per unit in respect of all categories of consumers other than LT4(a) & BJ/KJ to bridge the shortfall in ARR during FY-14.</p> <p>The tariff for various categories of consumers is determined by the Hon'ble Commission. GESCOM will abide by the orders of the Hon'ble Commission.</p> <p>GESCOM has stated that the objection pertains to BESCO.</p> <p>The tariff for various categories of consumers is determined by the Hon'ble Commission. GESCOM will abide by the orders of the Hon'ble Commission.</p> <p>The Hon'ble Commission determines the tariff for all categories of consumers. GESCOM will abide by the orders of the Hon'ble Commission.</p> <p>The Hon'ble Commission determines the tariff for all categories of consumers. GESCOM will abide by the orders of the</p>
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		to introduce a new category for consumers taking bulk domestic supply at one point and further distributing themselves. The line maintenance and bill collection shall be undertaken by the ESCOMs.	Hon'ble Commission.
3	GA-03 GA-04	<p>FKCCI</p> <p>KASSIA</p> <p>Defective Filing.</p> <p>GESCOM has not published all the documents filed before the Commission except the following.</p> <p>1) The Petition for APR for FY12, ARR for FY14 –FY16, and determination of tariff for FY14.</p> <p>2) Copy of preliminary observations by the Commission.</p> <p>3) As per Preliminary observations it is noticed that GESCOM has not filed (i) Audited Accounts for FY 12 and half yearly accounts ending 30.09.2012; and (ii) Format D6(a), D9 for FY 14 to 16, (iii) D22 to D24. Apart from this there are numerous other documents that this Hon'ble Commission has directed GESCOM to file.</p> <p>The objector has stated that he would file an application before</p>	<p>All document of the petition for tariff filing are published and furnished before the Hon'ble KERC and uploaded on GESCOM website.</p> <p>GESCOM, has submitted the Audited Annual Accounts for FY-12, half yearly accounts for the period ending 30.09.12 and format D6(a), D9 for FY 14 to 16, D22 to D24 for FY-12 as per actuals to the Hon'ble Commission and also uploaded the same on the official website.</p>

	<p>the Commission for necessary directions and reserves their right to file a detailed final objection to the GESCOM's petition.</p> <p>Performance Review & Prudence Check.</p> <p>None of the audited accounts or the provisional accounts for any of the previous years has been made available to the objectors. It is also pertinent that the GESCOM has not got any prudence check of its figures pertaining to any of the previous years and the previous control period.</p> <p>Alteration/Modification of the Control Period.</p> <p>As per KERC MYT Regulations the control period shall mean, at the first instance a period of 3 years commencing from FY 2008-09 and thereafter a period of 5 years. Whereas, GESCOM has considered 3 years in contravention of the said Regulations.</p> <p>Non Adherence to Accounting Standards.</p> <p>GESCOM's Annual Accounts are not being prepared as per the</p>	<p>The Audited Accounts for FY-12 have been submitted to the Hon'ble Commission and uploaded on GESCOM website. KERC has entrusted the work of prudence check of GESCOM's CAPEX for the years FY-10 to FY-12 to Dhiya Consultancies Bangalore and the work is in progress.</p> <p>The third control period is for a period of 3 years from FY-14 to FY-16 in obedience to the letter No KERC/B/16/12/1454 dated 28.08.2012 of the Commission.</p> <p>The direction of the Hon'ble Commission will be followed.</p>
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	<p>Companies Act, 1956. In view of the APTEL order in Appeal No.108 of 2010, the Company has to redraw its Annual Accounts according to the Companies Act, 1956.</p> <p>Capitalization of Consumer Deposits.</p> <p>GESCOM ought to be given a direction that the consumer contributions that have been capitalized, either under any order of the Government or otherwise, need to be excluded from the capital. Further, a prudence check has to be conducted as to whether GESCOM has claimed/ earned RoE, depreciation, interest or other incomes on the said amount.</p> <p>Unlawful Power Allocation</p> <p>The State Government is not empowered to allocate power among ESCOMs as there is no provision either in Electricity Act or Karnataka Electricity Reforms Act or in any of the Regulations issued by the KERC. Hence, requested the Commission to allocate power among ESCOMs as per Electricity Act 2003.</p>	<p>GESCOM did not offer any comments.</p> <p>The allocation of power to ESCOMs is being done by the GoK for the CGS, KPCL and other State owned generations etc. For any additional requirement of power GESCOM can procure through IEX or by way of tender. Further, PCKL is nominated as the nodal agency for procurement of additional power requirements on behalf of ESCOMs. Also GESCOM is entering into short term power purchase agreements from Captive Generators, wherever</p>
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		<p>Objections to Petition for APR</p> <p>Any review of the performance at the beginning of the control period can only be a comprehensive review on prudence check of the earlier period. The KERC MYT Regulations do not provide for APR in between two control periods. Reading of Regulation 2.8.1 would only reinforce that APR is not meant to be conducted in between two control periods. As such, the petition for APR is not maintainable and deserves dismissal.</p> <p>GESCOM has received a total of Rs.2510.45 crore revenue from tariff as against an approved receipt of Rs.2130.66 crore. There are no details regarding its earning from subsidy/ cross subsidy. Also the details as to how the amount of tariff subsidy receipts has been treated is also not available. It is further submitted that the increased sale of energy is only to IP sets consumers and all other consumers have drawn/ been supplied less than what had been approved by the KERC in its previous tariff order.</p>	<p>necessary.</p> <p>Hon'ble KERC has already taken up the Prudence check of Capex.</p> <p>The tariff subsidy figures have been furnished in page No. 104 of Tariff Petition.</p>
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	<p>GESCOM has claimed that it has utilized/ appropriated the previous year's Tariff Subsidy amounting to Rs.127.93 crore into its P&L A/c and thus calculated its loss to be Rs.4.62 crores. But this is completely impermissible. The subsidy received has to be debited towards subsidy. If there is any surplus then it has to ensure to the benefit of the subsidizing consumer.</p> <p>GESCOM has claimed a higher distribution Loss level than what has been permitted by the Commission. The same cannot be allowed in to in terms of Hon'ble ATE Judgment in appeal No.15 of 2008.</p> <p>Objections to the Contents in the Petition for ARR, ERC and Tariff.</p> <p>GESCOM has not segregated the Accounts between distribution and retail supply business as required by the Regulations.</p> <p>GESCOM has not taken sufficient action to achieve regularization of unauthorized IP sets and the target of 100% metering of its connections. Also 2,01,332 numbers of IP sets,</p>	<p>The basis of accounting the True up subsidy has been disclosed as additional information to Note 23 Clause (b). The accounting is made on Subsidy Receivables basis and the subsidy received is debited against the claims.</p> <p>GESCOM has planned to gradually reduce the distribution losses expressed in terms of percentage from the existing 21.70% in FY-12 as follows:</p> <table data-bbox="954 1115 1239 1255"> <tr> <td>FY-13</td> <td>-- 20.00</td> </tr> <tr> <td>FY-14</td> <td>-- 18.00</td> </tr> <tr> <td>FY-15</td> <td>-- 17.50</td> </tr> <tr> <td>FY-16</td> <td>-- 16.50</td> </tr> </table> <p>The directions of the Commission will be followed.</p> <p>Due to agitation by farmers there is slowdown in the metering of IP sets. For assessing the actual consumption by IPsets it is programmed to meter all DTCs in</p>	FY-13	-- 20.00	FY-14	-- 18.00	FY-15	-- 17.50	FY-16	-- 16.50
FY-13	-- 20.00									
FY-14	-- 18.00									
FY-15	-- 17.50									
FY-16	-- 16.50									

	<p>141168 numbers of BJ/KJ connections and 2402 numbers of street light installations are yet to be metered.</p> <p>Hence, any ARR or ERC for unmetered connections does not arise and ought to be disallowed.</p> <p>GESCOM is entitled to claim 14% Return on Equity on either 30% of its capital invested or on the actual equity invested whichever is lower.</p> <p>GESCOM has sought for O&M expenses for the ensuing control period, in its petition without the</p>	<p>rural areas. DTC metering in rural areas of GESCOM is recently assigned on total turnkey basis by way of tender and the work is in progress. There are 46252 numbers of DTCs existing in rural areas out of which 21794 numbers of have been metered as on date. GESCOM has programmed for 100% DTC metering in rural areas by the end of Jan 14.</p> <p>GESCOM has also initiated steps to provide meters to all the BJ/KJ installations. About 3.5 lakhs of electro mechanical meters will be replaced by static meters in 21 RAPDRP towns. The released electromechanical meters will be utilized for BJ/KJ installations.</p> <p>Further out of 12837 metering points GESCOM has already completed metering of 10435 Nos. GESCOM further commits that 100% metering will be achieved during FY 14.</p> <p>The Calculation of RoE is furnished at page 114 of the Application for revision of tariff.</p> <p>The Audited Accounts for FY 12 and Half yearly accounts for the period ending 30.09.2012 are submitted to</p>
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	<p>audited accounts for the year previous to the base year, which is a mandatory requirement, it would be impossible to make projections for the ensuing control period.</p> <p>GESCOM has not given the details regarding interest on finance charges including the interest on working capital.</p> <p>GESCOM has claimed depreciation at the rates prescribed by the CERC Regulations. But the rates prescribed under MYT Regulations apply to the state of Karnataka. Hence the depreciation claimed by GESCOM cannot be allowed.</p> <p>GESCOM has sought for 70 paise per unit increase in tariff across all categories except BK/KJ and IP (Below 10 HP), but it has not</p>	<p>the Hon'ble Commission with a request to allow the O&M Expenses as per the projections based on the base year.</p> <p>The Details of the Interest & Finance are provided in Format D9.</p> <p>The Hon'ble Commission is requested to kindly consider the same for approving the Interest & Finance Charges for the MYT Period.</p> <p>The directions of the Hon'ble Commission will be adhered to by GESCOM. As per the Hon'ble Appellate Tribunal for Electricity in appeal No. 108 of 2010 "that the distribution companies are bound under law to maintain their accounts according to the Accounting Standards specified under the provisions of the companies Act, 1956". GESCOM requests the Hon'ble Commission to allow the depreciation rates as prescribed in the Companies Act 1956.</p> <p>The details are already furnished in the petition filed on 10.12.2012.</p>
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		submitted any details or justification for such an increase in tariff.	
4	GB-01	<p>Hyderabad Karnataka Chamber of Commerce & Industry,</p> <p>The power supply is not maintained properly and there are frequent load sheddings. Hence, the hike in the power tariff is not justifiable.</p> <p>GESCOM shall reduce and minimize the distribution losses and save its valuable resources instead of resorting to frequent tariff hike.</p> <p>Further ,the objector has sought for restructuring of power tariff and not an upward revision of tariff and</p>	<p>GESCOM is committed to maintain quality power supply to its esteemed consumers. As for as load shedding is concerned, GESCOM relies on its share of power in Karnataka upon which the power supply is regulated. However, except in emergency cases such as major breakdowns in the Generation which affects the entire State, GESCOM has successfully distributed scheduled hours of power to different categories of consumers with minimum outages.</p> <p>GESCOM has taken measures to reduce the Distribution Losses and further proposes to reduce the existing losses of 21.70% during FY - 12 to 20% during FY-13. GESCOM has further planned to reduce the losses to 18% during FY-14, 17.50% during FY-15 and 16.5% during FY-16.</p> <p>GESCOM in its earlier tariff petitions</p>

	<p>this could be done by :-</p> <ol style="list-style-type: none"> 1. Removing the existing slab system. 2. Doing away with classification of categories 3. Average cost of power supply per unit shall be the power tariff per unit irrespective number of units consumed by the consumer. <p>Directives issued by the Hon'ble KERC are not promptly</p>	<p>had already requested for flatter/single slab tariff structure. GESCOM had proposed that cross-subsidy within same tariff could be eliminated by this GESCOM requests the Hon'ble Commission to allow the ARR and ROE sought in the tariff petition.</p> <p>Classifications of consumers are necessary and done on the basis of Socio-economic condition, purpose of use of power and the paying capacity of the consumers. However, the tariff/proposals are to be within $\pm 20\%$ of the Average cost of supply and GESCOM is gradually achieving the same.</p> <p>As per, the tariff policy of MOP, GOI dated 06/01/2006 "the tariff progressively reflects the cost of supply of electricity. Tariffs are within $\pm 20\%$ of the average cost of supply". Hence the tariff structure can be within $\pm 20\%$ of the average cost of supply.</p> <p>Directives given by Hon'ble Commission are being implemented by GESCOM and compliance is being submitted to the Hon'ble Commission regularly. GESCOM is committed to comply</p>
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		implemented by the GESCOM.	with all the directives of KERC.
5	AE-01	<p>M/s Bangalore Chamber of Industry & Commerce.</p> <p>a) The objector expressed anguish over the proposals submitted by the five ESCOMs to hike power tariff by 70 paise per unit to the KERC</p> <p>b) The industries in the Karnataka state are facing hardship due to unscheduled power cuts and struggling to manage their production and growth.</p> <p>c) Karnataka is purchasing power at cheaper rates from various independent power producers apart from State owned generation and Hydro/renewable power plants. This should also be reflected in the power costs being charged by ESCOMs.</p> <p>d) ESCOMs should also look at adopting Gujarat model of distributing power to farmers, as the Distribution companies are making enough profits to invest in developing new and competitive</p>	<p>The revenue realization through existing tariff is less than the actual revenue requirement. GESCOM has to bridge the gap to meet the expenditure, which mandates seeking hike in tariff for FY-14.</p> <p>Shortage in availability of power due to unforeseen outage of Generating units, makes unscheduled Load shedding inevitable. Load shedding to industries is done as a last resort.</p> <p>The details of source wise, plantwise procurement of power and cost for the entire control period is available in D1 statement of GESCOM application. To cover the short fall in each of the filing year the hike is proposed.</p> <p>GESCOM has taken up the NJY to achieve the following objectives:</p> <p>a. Providing 24 X 7 power supply to non-agricultural loads in villages.</p> <p>b. Providing 6 Hours 3 Phase Power</p>

		<p>resources.</p> <p>e) The ESCOMs should improve their efficiency by reducing Distribution losses & curbing the pilferage of power, as the same will take care of their revenue deficit.</p> <p>f) The ESCOMs should control their Administration and Distribution costs and also to provide adequate infrastructure for efficient functioning.</p> <p>g) Incentives shall be given to the industries with high load factors and to be treated them differently.</p>	<p>supply to agricultural loads as envisaged by GoK.</p> <p>GESCOM has introduced ToD facility to HT-2(a) & HT -2 (b) consumers to reduce consumption of electricity in peak hours and incentives for consumption of electricity in non-peak hours.</p> <p>GESCOM has taken up new projects like HVDS, regularization of unauthorized IP sets, RAPDRP to improve the efficiency of the Company.</p> <p>Vigilance wing of GESCOM is actively involved in detecting theft cases and performance of the wing is indicated in the MYT application.</p> <p>Noted</p> <p>Noted.</p>
6.	AE-02	M/s Doddanavar Global Energy Pvt Ltd.	

		<p>Levy of Cross Subsidy Charges.</p> <p>The Objector has stated that they are in the generation of wind power availing the wheeling and Banking provision in Karnataka, reintroduction of cross subsidy surcharges has put the generators to hardship and rendered their business unviable and hence sought:</p> <p>a) To withdraw the cross subsidy charges for wind power in order to make the infirm wind energy power projects economically viable.</p> <p>b) To treat the Wheeling and Banking Agreement with Long term consumers on similar lines as captive generation.</p> <p>c) To provide option to Wheeling And Banking suppliers to switch over to PPA.</p>	<p>GESCOM did not offer any comments.</p> <p>GESCOM did not offer any comments.</p> <p>Noted</p> <p>GESCOM has requested the Commission to allow application for approval of Annual Revenue Requirement and Expected Revenue from charges for FY-14 to FY-16 and not to consider the objections raised by the objector.</p>
7.	AE-03	<p>M/s Association of Health Care Providers (India)</p> <p>Tariff for Private Hospitals.</p>	<p>Nursing homes and private hospitals</p>

	<p>The objector has submitted that private hospitals are paying Electricity Charges on par with commercial installations though they are service oriented. In an effort to ensure a sterile and clean environment to patients, they tend to consume large amount of Electricity and Electricity charges is a significant expense head in private hospitals.</p> <p>The survey conducted by Hosmac, a hospital planning and management consultancy, has revealed that tertiary-care hospitals with 300 beds and above spend approximately 60% on their power expenditure on services directly related to patient care services such as OPD,IPD,ICU, Radiology and Diagnostic services. The expenditure of Electricity by these hospitals is 2% to 4% of their total expenditure.</p> <p>The hospitals in Karnataka rank high in terms of Electricity consumption per bed per day i.e. about Rs.450/bed/day. They request to reduce the Tariff to private hospitals, so as to enable them to bring down the costs to their patients.</p>	<p>are billed under LT-3/HT-2(b) tariff. The tariff of various categories of consumers is determined by the Hon'ble Commission. GESCOM abides by the decision of the Hon'ble Commission.</p> <p>GESCOM did not offer any comments.</p> <p>The tariff of various categories of consumers is determined by the Hon'ble Commission. GESCOM abides by the decision of the Hon'ble Commission.</p>
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8.	AE-04	<p>Sri.K.Padmanbha</p> <p>Tariff Schedule to Advertisement Boards/Hoardings.</p> <p>In the existing Tariff schedule advertising units displaying sign boards and hoardings placed in public places and private premises are bifurcated into two categories. Private Advertising posts/ Sign boards in the interest of public are brought under LT-3 Commercial Tariff and all other advertisement boards are brought under LT-7 Temporary Power Supply tariff.</p> <p>The classification of tariff on the basis of public importance is unscientific and requested to review the same based on the license period granted by the Corporation/ Local Bodies.</p> <p>The mobile towers are also of similar nature of installations which are brought under LT-3 tariff and urged to extend same benefit to the advertisement agencies also.</p>	<p>GESCOM requests the Hon'ble Commission to continue the existing tariff category. The advertising units are collecting high rates from the consumers and to reduce the gap, it is necessary to load higher tariffs.</p> <p>For Mobile Towers etc., the tariff applicable is appropriate which is determined by the Hon'ble Commission taking into account all the aspects. Similarly, the tariff applicable to advertising Agencies is also appropriately determined by the Commission.</p> <p>GESCOM prays not to consider the objections raised by the objector</p>

			and to allow the application for Annual Revenue Requirement for the control period FY-14 to FY-16, Perspective Plan for the period FY-14 to FY-18 and Tariff for FY-14.
9.		<p>Objections raised during the public hearing by Sri. Deepak Gala.</p> <p>Due to the use of single phase converters to three phases by the farmers, the transformer failure rate is increasing in GESCOM and GESCOM has not taken remedial measures to control the failure of transformers.</p>	The GESCOM has taken appropriate measures to control the failure of transformers.
10.		<p>Sri Siddaramaiah Hiremutt.</p> <p>Sri. Srinivasa Thiranukar- Deccan Herald.</p> <p>In BJ/KJ installations the Government has given subsidy for use of 18 units only but in reality BJ/KJ installations are using more units by connecting more number of outlets.</p> <p>Regarding consumer services – GESCOM is yet to update the contact numbers of officers / service stations to facilitate contact with the concerned for attending to complaints.</p>	MD GESCOM has stated that, 24X7 customer call centre has been established at the corporate office to receive the complaints from all the regions of GESCOM and the staff handling complaints have been instructed to respond to the consumer complaints and treat the consumers courteously.

11.		<p>Sri. BasavanthaRaoPatilValkeri.</p> <p>In Bapunagara and Sundarnagar areas of Gulbarga city there is a lot of illegal tapping of power supply, but GESCOM has not taken any action despite informing it on many occasions and wanted the Commission to take note of this and instruct GESCOM accordingly.</p>	<p>MD GESCOM, has stated that measures will be taken to curb the illegal tapping of power supply by chalking out continues drives by the vigilance.</p>
12.		<p>Sri. VyjanathZalaki- Mahatma Gandhi HitharakshanaSamithi:</p> <p>In Gulbarga city, 40% of the DTCs are not provided with fencing and poles are erected in the middle of the road posing great danger to the public which needs to be attended immediately to ensure public safety.</p>	<p>MD GESCOM has stated that appropriate action will be taken to ensure public safety.</p>
13.		<p>Sri. Umakanth</p> <p>No representation to consumers in CGRF for the last one year in GESCOM and consumer grievances have not been redressed and wanted the Commission to instruct the GESCOM to make CGRF functional.</p>	<p>MD GESCOM has responded that functioning of CGRF will be stream lined soon in the interest of resolving all the consumer grievances.</p>
14.		<p>Sri. Vishal Prathapsingh – Gulbarga:</p> <p>Introduce single window clearance to applications seeking for power supply connections and publish complete information with procedures / amount to be paid</p>	<p>MD GESCOM has responded that appropriate action will be taken to redress the complaints.</p>

		etc., towards deposits on the notice boards for information of the public, in order to avoid exploitation of the consumers by the contractors.	
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3.7 Commission Findings:

Regarding General Observations on Service made by the Objectors :

Several consumer organizations, and individuals who participated in the public hearing held at Gulbarga on 11.03.2013 in their oral submissions, were generally appreciative of the services rendered by the company. Further, they have also made several suggestions for further improvements regarding the loading of transformers, safety of the equipment established in public places, grant of new services connections, etc. Most of these suggestions were welcomed by the Managing Director representing the GESCOM who expressed his sincere thanks for the suggestions and assured that the company will bring in further improvements in the services. The Commission hopes that GESCOM will achieve better standards in the coming years.

Regarding Uniform tariff increase sought by ESCOMs:

Even though ESCOMs filed tariff increase proposal of 70 paise per unit, the Commission determines the tariff taking into consideration factors like socio economic conditions, paying capacity of the consumers and other factors while deciding the tariff for each category.

Regarding Distribution loss.

The Commission has noted the response of GESCOM. The efforts made by GESCOM to reduce losses are not adequate given the magnitude of the problem. It shall take all urgent measures to reduce the losses as per the target set by the Commission. Reduction of losses needs no further emphasis.

Regarding Electrical Accidents and Consumer Complaints.

GESCOM shall take urgent and proper measures to address the problems relating to safety and reduce the accidents. The company shall also ensure payment of compensation in case of accidents within a reasonable time. It is suggested that in BESCO there is a good system for consumer complaints handling and the same can be adopted by GESCOM with some modifications to suit the local conditions. Further, consumer education has to be taken up by GESCOM on priority to create awareness in the use of electricity/Conservation measures.

Regarding Unscheduled interruptions in power supply.

The Commission has noted the several system improvements taken up by KPTCL as well as GESCOM for providing uninterrupted power supply. We are sure, KPTCL and GESCOM will continue to take effective measures on unscheduled interruptions.

Regarding extending BMRCL rates for Railway Traction

The Railways cannot seek application of BMRCL tariff to the Railways traction also, as they are not comparable. The BMRCL tariff has been fixed considering the cost of supply of BESCO and the overall context in which BMRCL is required to operate.

Regarding the change of tariff for Railways Staff Colonies.

The South Western Railway has contended that at present Railway Quarters is under HT-4 Tariff and has requested that Railway Quarters should be charged a tariff of LT-2(a), treating it as a special case. A similar request was made by the Railways while finalizing the tariff petition of the GESCOM. This Commission, after considering the request, by its Tariff Order 2011 for GESCOM, dated 28.10.2011, has rejected the same for the following reasons :

“As regards residential colonies, no change need be made as colonies cannot be compared with individual consumers. The Hon'ble High Court of Karnataka in the above-referred decision, after following the decision of AP High Court reported in AIR 1985 AP 299, has held that the colonies of HT consumers form a class by themselves and hence can be treated differently.”

For the same reasons mentioned above, this request of the Railways is also rejected.

Regarding P.F. Incentives.

The South Western Railway has requested for providing incentives for improved power factor above 0.9. This Commission, while considering a similar request made by Railways, in its Tariff Order 2011 for GESCOM, dated 28.10.2011, rejected the demand for Power Factor Rebate above 0.9 for the following reasons :

“As regards demand for incentive of power factor bonus, on the ground that Railway has invested on capacitors, it cannot be considered as maintenance of 0.90 or above power factor helps the consumers in terms of lesser demand charge besides reducing losses. The issue of grant of power factor bonus had also come before the Hon'ble High Court of Karnataka in the case reported in (1993) 1 KLJ 160. The Hon'ble High Court after considering the arguments advanced in support of grant of bonus rejected the same for the reasons that there is no justification to grant the

bonus. This Judgment has been upheld by the Division Bench in W.A.No.189/83."

For the same reasons mentioned above, the present request of the Railways is also not accepted.

Regarding objections on the Maintainability of application for not having filed within the due date.

The objector, in its objections, has sought for rejection of the application for revision of tariff filed by GESCO, as it has not been filed on or before 30.11.2012, as required under the KERC (Tariff) Regulations, 2000 and the KERC MYT Regulations, 2006. This objection has to be rejected, as GESCO has filed its application for revision of tariff within the extended time granted by this Commission. The GESCO, while seeking extension of time for filing its application, had given reasons to this Commission and the Commission, after considering the same, had granted extension of time. Once the Commission had extended time for filing, the application of GESCO cannot be considered as a delayed application. The Hon'ble Appellate Tribunal for Electricity (ATE), in the case reported in 2010 ELR (APTEL) 0175, had observed that, "if the licensee is unable to file ARR petition due to some reasons, it will not be proper to say that the application has to be rejected. What could be done in such a situation is that the carrying cost can be denied and not the revenue recoverable for the period of delay." In the present case, the revenue requirement sought is from 1st April, 2013 and therefore the time taken by GESCO for filing the application will not adversely affect the consumers' interest.

Regarding Prudence Check.

This issue is dealt separately.

Regarding Altering Control period.

FKCCI and KASSIA have contended that as per KERC MYT Regulations, the Control Period shall mean, at the first instance a period of 3 years commencing from FY-2008-09 and thereafter a period of 5 years; whereas GESCOM has considered 3 years, which is contrary to MYT Regulations.

While raising the above contention, the objector has not noticed the Regulation fully. Regulation 2.4 of the KERC MYT Regulations, 2006 states that the Control Period normally shall be five years or such other period as may be specified by the Commission from time-to-time. Accordingly, the Commission has fixed the present control period again as three years. This is followed by GESCOM and the same cannot be found fault with.

Regarding Non-adherence to Accounting Standards.

It is contended by the objectors that GESCOM has not drawn up its accounts in accordance with the Companies Act, 1956 and also has not followed the relevant Accounting Standards.

The Hon'ble Appellate Tribunal for Electricity (ATE), while passing its Order dated 2.1.2013 in Appeal No.108/2010 filed by the objector (FKCCI), has ordered at Paragraph-57(ii) as follows :

“Since Section 69 of the 1948 Act was not applicable to the Companies those were in the business of supply of electricity prior to enactment of the Electricity Act 2003, it cannot be held to be applicable to the companies formed after the enactments of 2003 Act and restructuring of the Board under Section 172 of 2003 Act by virtue of 185(2)(d) of the 2003 Act. The Commission is accordingly directed to direct the 2nd Respondent to submit the Annual Accounts Statement in accordance with the Companies Act henceforth. Depreciation on Grants, consumer's contribution etc shall have to be treated in accordance with Accounting Standard 12 of Institute of Chartered Accounts.” [Emphasis supplied]

As per the above Order, the accounts of GESCOM have to be in accordance with the provisions of the Companies Act after 2013. Therefore, the accounts filed by GESCOM along with the present application have to be considered. However, it is ordered that the GESCOM has to maintain its accounts hereafter as per the provisions of the Companies Act and file the same.

Regarding Capitalization of consumer security deposit.

The objector (FKCCI) has stated that the GESCOM ought to be given a direction that the consumer contributions that have been capitalized, either under any order of the Government or otherwise, need to be excluded from the capital. In the Appeal filed by the objector (FKCCI), the Hon'ble ATE, accepting the clarification filed by the Commission that GESCOM is regularly paying interest on consumer deposits despite capitalization of security deposits, has held the similar contention as infructuous. Therefore, this Commission again need not go into the same question, subject to the decision of the Hon'ble Supreme Court in the pending Appeal of the objector.

Regarding Power allocation.

It is observed that the State is allocating the power based on the availability and requirement, the consumer profile and other factors of each ESCOM and the Commission is taking note of the same while determining the tariff. Therefore, while passing the present Tariff Order also, the Commission decides to go by the power allocation made by the State Government.

Regarding Cross subsidy.

It has been the intention of the Commission to progressively reduce the cross subsidy levels. The Commission will take necessary measures in the matter as per the provisions of Electricity Act 2003 and Tariff Policy.

Regarding RoE Calculation.

As per clause 3.9 of KERC (Terms and Conditions for determination of Tariff for distribution and retail sale of Electricity Regulations) 2006, the Rate of

Return on Equity at 14% per Annum has been amended to 15.5% per Annum vide notification dated 1st February 2012. Hence, ESCOMs are entitled to a RoE at the rate of 15.5% per Annum.

Regarding Levy of cross-subsidy surcharge.

It is contended on behalf of the objectors that due to the re-introduction of the cross-subsidy surcharge, its business has become unviable and therefore the cross-subsidy surcharge should be withdrawn, in order to make generation of wind energy economically viable. The contention of the objector cannot be accepted, as the cross-subsidy surcharge is statutory and is determined based on the loss of cross-subsidy suffered by the ESCOMs on account of allowing consumers to avail open access.

It is contended by the objector that the long-term open access consumers be treated on the similar lines as captive generators. This contention also does not merit acceptance, as the general open access consumers and captive open access consumers belong to two different classes and both are governed differently by the statutory provisions provided under the Electricity Act, 2003.

Regarding Tariff to Private Hospitals.

The Association of Health Care Providers (India) has pleaded for reduction in tariff to the private hospitals to reduce their costs in providing health care facilities.

From the material produced before the Commission, it is observed that private hospitals do provide service to the patients belonging to different sections of society. Like in education, providing medical facility is also a gigantic task and State alone cannot do the same. Therefore, there is need to encourage private hospitals also, who are supplementing with their services the function of the State.

Regarding Tariff Schedule to Advertisement Boards/hoardings.

Shri K. Padmanabha has raised certain issues regarding Tariff Schedule to Advertisement / Hoardings. The said issues are dealt with while determining the Tariff.

Regarding Solar Rebate.

The Points raised by various objectors is examined. Commission also considered the views of GESCOM. Keeping in view the financial health of ESCOMs,request for increase in the rebate from Rs.50 to Rs.100 is not considered.

GENERAL:

The views expressed by some of the objectors, who did not file any objections within the time permitted, have also been considered by the Commission while determining the Tariff.

CHAPTER – 4

ANNUAL PERFORMANCE REVIEW FOR FY12

4.0 GESCOM's Filing for APR for FY12:

In its application dated 10th December 2012, GESCOM has filed for approval of the Annual Performance Review for FY12 based on the Audited Accounts for FY12.

The Commission in its letter dated 28th December 2012 had communicated its preliminary observations. GESCOM has replied to the preliminary observations of the Commission in its letter dated 4th January 2013.

The Commission in its tariff order dated 7th December 2010, had approved ERC for FY11 – FY13. In its tariff order dated 28th October 2011, the Commission had also approved the revised ERC and retail supply tariff for FY12. Further, in its tariff order dated 30th April 2012, the Commission has approved the APR for FY11 and has revised the ERC for FY13 along with retail supply tariff for FY13.

This Chapter contains the Annual Performance Review for FY12 based on the Audited Accounts filed by GESCOM.

4.1 GESCOM's Submission:

GESCOM has submitted its proposals for revision of ARR for FY12 based on the Audited Accounts as follows:

TABLE – 4.1
ARR for FY12
Amount in Rs.Crs.

Sl. No.	Particulars	As per filing
	Expenditure	
1	Power Purchase	1686.93
2	Transmission Charges	206.54
3	SLDC Charges	0
4	Total Power Purchase cost	1893.47
5	R&M Expenses	31.45
6	Employee Expenses	210.56
7	A&G Expense	35.75
8	Total O&M Expenses	277.76
9	Depreciation	82.81
	Interest & Finance Charges	
10	Interest on Loan Capital	61.35
11	Interest on Working Capital	64.21
12	Interest on Consumer Deposits	17.73
13	Interest on belated payment of power purchase cost	49.53
14	Other Interest & Finance Charges	0.00
15	Total	2446.86
16	Less: Interest & other expenses capitalised	0.99
17	Other Debits (incl. Prov for Bad debts)	130.07
18	Extraordinary Items	
19	Other (Misc.)-net prior period credit	-26.20
20	Total	2549.74
21	ROE	55.39
22	Other Income	30.66
23	Provision for taxes	-4.01
24	Funds for consumer relation / consumer education	0.00
25	Power purchase cost as per decision in OP No. 8/2009 dated 11.12.2009	0.00
26	Incentive for loss reduction in FY12	0.00
	NET ARR	2570.46

As per the filings, taking into account the revenue of Rs.2510.46 Crores, GESCOM has projected a revenue deficit of Rs.60.00 Crores for FY12. GESCOM has proposed to carry forward this deficit to its proposed ARR for FY14.

4.2 GESCOM's Financial Performance as per Audited Accounts for FY12:

An overview of the financial performance of GESCOM for FY12 as per their Audited Accounts is given below:

TABLE – 4.2
Financial Performance as per Audited Accounts for FY12

Amount in Rs.Crs.

Sl. No.	Particulars	Actual as per Audited Accounts
	Expenditure	
1	Power Purchase	
2	Transmission Charges	
3	SLDC Charges	
4	Total Power Purchase cost	1893.46
5	R&M Expenses	31.46
6	Employee Expenses	210.56
7	A&G Expense	35.75
8	Total O&M Expenses	277.78
9	Depreciation	82.80
	Interest & Finance Charges	
10	Interest on Loan Capital	61.37
11	Interest on Working Capital	0.00
12	Interest on Consumer Deposits	17.29
13	Interest on belated payment of power purchase cost	113.75
14	Other Interest & Finance Charges	0.44
15	Total	2446.89
16	Less: Interest & other expenses capitalised	1.00
17	Other Debits (incl. Prov for Bad debts)	130.06
18	Extraordinary Items	0.00
19	Other (Misc.)-net prior period credit	-26.20
20	Total	2549.75
21	ROE	
22	Other Income	30.67
23	Provision for taxes	-4.02
24	Funds for consumer relation / consumer education	0.00
25	Power purchase cost as per decision in OP No. 8/2009 dated 11.12.2009	0.00
26	Incentive for loss reduction in FY12	0.00
27	NET ARR	2515.07

As per the Audited Accounts GESCOM has incurred a loss of Rs.4.61 Crores for FY12.

4.3 Commission's Analysis and decisions:

The Annual Performance Review for FY12 has been taken up duly considering the actual expenditure as per the Audited Accounts against the expenditure approved by the Commission in its tariff order dated 28th October 2011. The item wise review of expenditure and the decisions of the Commission thereon are as discussed in the following paragraphs:

i) Sales for FY12:

The Commission in its tariff order 28th October 2011, had allowed sales of 5129.20 MU for FY12. As per the Audited Accounts, GESCOM has reported sales of 5441.83 MU. Thus the actual sales are higher by 312.63 MU.

The approved and the actual sales for IP and BJ/KJ category and other consumers for FY12 are as follows:

TABLE – 4.3
Comparison of sales – Approved Vs Actuals – FY12

Figures in MU

Particulars	As approved in tariff order dtd. 28.10.2011	As per audited accounts	Increase (+) / Decrease (-)
Sales to categories other than IP sets and BJ/KJ	2742	2532	(-)210
Sales to IP & BJ/KJ	2387	2910	(+)523
Total sales	5129	5442	(+)313

As per the Audited Accounts the total sales of 5442 MU include sales to other than IP and BJ/KJ consumers of 2532 MU and sales to IP sets and BJ/KJ of 2910 MU as against the approved sales of 2742 MU and 2387 MU respectively. The Commission considers the actual sales of 5442 MU for the purpose of approval of APR for FY12.

ii) Distribution Losses for FY12:

The Commission had approved the distribution losses of 21.00% for FY12. GESCOM, in its filing has reported distribution losses of 21.70%.

As per the audited accounts, as against an input of 6950.50 MU at interface points, GESCOM has recorded sales of 5441.83 MU resulting in distribution losses of 1508.67 MU. This works out to 21.71% of distribution losses for FY12. Thus the actual distribution losses are 0.71% higher than the approved level of losses.

Since the actual loss levels fall within the approved range of distribution losses i.e. from 20.00% at the lower limit to 22.00% at the upper limit, GESCOM is not entitled to any incentive / penalty in accordance with the provisions of the MYT Regulations.

iii) Power Purchase for FY12:

In the tariff order dated 28th October 2011, the approved quantum and cost of power purchase are as shown in the following table:

SL.NO.	Source of Power	Quantum in MUs	Cost Rs. in Crs.	Average Cost
1	KPCL Hydel	2703.99	125.95	0.47
2	KPCL Thermal	1394.62	425.93	3.05
3	CGS	1411.53	408.16	2.89
4	IPP Major	588.25	217.89	3.70
5	NCE & IPP Minor	741.97	264.51	3.56
6	Short Term/ Medium Term purchase	165.78	68.97	4.16
7	Others	36.07	7.92	2.20
8	Other charges	-280.43	-112.17	4.00
9	Transmission charge	0.00	207.99	0.31
	TOTAL	6761.78	1615.15	2.39

GESCOM has submitted Audited Accounts of FY12 according to which the quantum and cost of power procured are as follows:

TABLE – 4.4
Power Purchase Costs as per Audited Accounts

SL.NO.	Source of Power	Quantum in MUs	Cost Rs. in Crs.	Average Cost
1	KPCL Hydel	2837.32	142.16	0.50
2	KPCL Thermal	1527.05	470.15	3.08

3	CGS	1432.29	399.61	2.79
4	IPP Major	423.70	129.33	3.05
5	NCE & IPP Minor	580.47	189.00	3.26
6	Short Term/ Medium Term purchase	373.75	190.23	5.09
7	Others	63.47	165.10	26.01
8	Transmission charges	0.00	207.89	0.29
	TOTAL	7238.05	1893.47	2.62

From the tables above, the Commission notes that, there is a variation of 23 paise per unit between the approved power purchase cost per unit and the actual power purchase cost per unit. As per the MYT Regulations, power purchase cost is considered as uncontrollable cost, thus the Commission approves the quantum and cost of power purchase as in the table above which is based on the audited accounts for FY12.

GESCOM in its audited accounts has factored reconciled quantum and cost of power purchases. However, it is observed that reconciliation has not reached its finality among all the ESCOMs. Therefore, the quantum and cost of power purchase as per the audited accounts is considered for the purpose of APR. However GESCOM is directed to reflect finalized reconciliation figures in its books of accounts for FY13.

iv) Operation and Maintenance Expenses:

The amount of actual O&M Expenses reported by GESCOM in its filing is Rs.277.76 Crores. This includes Employees costs of Rs.210.56 Crores, Administrative & General Expenses of Rs.35.75 Crores and Repairs & Maintenance expenses of Rs.31.45 Crores. The Commission in its Tariff Order dated 28th October 2011, had approved O&M Expenses of Rs.247.53 Crores. Thus the actual O&M expenditure is more than the approved expenditure by Rs.30.23 Crores.

As per the provisions of the MYT Regulations, the normative O & M expenses are determined based on the actual O & M expenses of the base year, consumer growth rate, and the applicable inflation factor.

The Commission in its tariff order dated 28th October 2011, while approving the O & M expenses for FY12, had allowed additional employee costs due to revision of pay and increase in the number of employees as also increase in the contribution to the Pension and Gratuity fund. These additional expenses were considered as uncontrollable O & M expenses besides the normative O & M expenses. On the same principles, the Commission decides to allow O & M expenses as per norms plus actual additional employee costs incurred by GESCOM on account of revision of pay and change in Pension and Gratuity contribution.

In its preliminary observation and letter dated 29th January 2013, the Commission sought details of employee costs incurred for FY11 and FY12 due to revision of pay, revision of HRA, P&G contribution and contribution to new contributory pension scheme. In this regard, GESCOM vide its letter dated 5th February 2013, has reported that an amount of Rs.101.74 Crores has been incurred as additional employee costs due to revision of pay, revision of HRA, contribution to new contributory pension scheme and contribution to P&G Trust. Since the Commission in its tariff order dated 28th October 2011 had factored additional employee costs of Rs.32.24 Crores in the APR for FY11, the Commission decides to allow balance of Rs.69.50 Crores as additional employee costs treated as uncontrollable O & M expenses for FY12.

Thus the allowable O & M expenses for FY12 are as follows:

TABLE – 4.5
Allowable uncontrollable O & M Expenses for FY12

Particulars	Amt.in Rs. Crs
Total Employee Cost incurred for FY11 & FY12	101.74
Additional Employee Cost already factored in APR FY11	32.24
Additional Employee Cost to be allowed in FY12	69.50

TABLE – 4.6
Allowable O & M Expenses for FY12

Particulars	FY12
No. of Installations As per actuals as per Audited Accts	2350818
Inflation rate*	5.49%
CGI based on 3 Year CAGR (Using actuals of FY10 for FY12)	3.60%
O&M Index= $O\&M (t-1) * (1+WII+CGI-X)$ (Rs.in Crs.)	222.41
Allowable uncontrollable additional O&M cost (Rs.in Crs)	69.50
Total allowable O&M Expenses (Rs.in Crs.)	291.91

* Inflation rate is as per CERC Order dated 25.09.2012

v) Depreciation:

GESCOM has indicated an amount of Rs.82.80 Crores towards depreciation for FY12. The Commission in its tariff order 28th October 2011, had approved Rs.75.27 Crores towards depreciation. As such the actual depreciation claimed is higher by Rs.7.53 Crores.

The allowable depreciation has been determined by the Commission in accordance with the KERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2006 as amended on 1st February 2012. Considering the actual opening and closing gross block of fixed assets for FY12, the weighted average rate of depreciation works out to 4.61%. Since GESCOM has determined the actual depreciation based on the opening block of gross fixed assets and the actual capitalization/retirement of assets from time to time, the Commission decides to allow depreciation of Rs.82.80 Crores as claimed by GESCOM. Depreciation allowed in this order is subject to review in respect of depreciation on assets created if any out of consumer contribution and grants.

vi) Prudence Check of Capital Investment for the control period FY10 to FY12:

In its Tariff Order dated 25th November 2009, the Commission had approved a Capital expenditure of Rs. 768.68 Crores for FY10 as proposed

by GESCOM. Further, the Commission in its Tariff Order dated 7th December 2010 had approved a Capex of Rs. 520 Crores and Rs.577 Crores for FY 11 and FY 12 respectively. The approved capex for FY12 was again revised to Rs. 572.7 Crores in the Commission's Tariff Order dated 28.10.2011.

As against the approved Capex, the following is the actual Capex incurred by GESCOM:

Particulars	FY10	FY11	FY12
Capital Investment Proposed & Approved	768.68	520.00	572.7
Capital Investment actually incurred (Figures as per Annual Report)	269.19	145.37	183.65
Short fall	499.49	374.63	393.35
% Achievement	35.02	27.96	31.83

While the Annual Performance Review for FY12 was taken up, the Commission decided to carry out the assessment of the prudence of the Capital expenditure incurred by GESCOM. The Commission engaged the services of a Consultant M/s Dhiya Consultants Bangalore to prepare a report on the capital works based on the following technical and financial parameters:

1) Technical Parameters:

- a) The objective of investment of the works as envisaged in the Detailed Project Reports (DPR) vis-a-vis the same realised after commissioning of the works (The objectives could be to meet load growth in the area, to reduce over loading of existing stations / lines, to reduce losses in the system or to improve quality and reliability of supply).
- b) Capacity utilisation as envisaged in the DPR vis-a-vis as actually realised.
- c) Issues if any, pertaining to execution of works – to ascertain factors delaying commencement and completion / commissioning of works.

d) Energy savings as envisaged in the DPR verses actually realized after commissioning of the works.

II) Financial Parameters:

- a) Review of cost over runs with respect to the estimated cost.
- b) Review of cost to benefit as per actuals with respect to the ratio as envisaged in the DPR.
- c) Review of capitalisation of interest with respect to works completed and commissioned on an annual basis.

The consultant has examined 37 works completed during FY10, FY11 & FY12 costing more than Rs. 50 Lakhs each with a total expenditure of Rs. 237.22 Crores during FY10 to FY12.

The consultant has selected the sample of works based on the objects as indicated below:

Objective wise	Population	Sample	% Coverage
DSM	1	01	100
Energy Audit	15	06	40
Loss	12	02	17
Quality	53	21	40
Village electrification	06	03	50
Load growth	1	1	100
Miscellaneous	6	3	50
Total	94	37	39

- ✓ The consultant has taken the sampling categorised on the works of substation and associated lines, reconductoring of lines, Distribution transformer centre metering and rural load management scheme (RLMS). The grouping and sampling has been carried out covering all geographical divisions, all types of categories.
- ✓ The consultants have checked the Very Important Objectives (VIO) assigned to each category of works selected, such as loss reduction, system demand, quality and demand side management, load growth and energy audit. Based on the primary and secondary objectives achieved, marks are assigned to each category to find whether the works are prudent or not.
- ✓ Each of the projects is rated on a scale of 100 marks with 50 marks being assigned for very important objectives (VIO) and balance 50 marks for the other secondary objectives.
- ✓ The project is found to be prudent, if it scores a minimum of 30 marks in VIO and 40 marks over all.

The consultants have pointed out 10 Nos of works with time over runs ranging from 36 months to 59 months delay and observed that, had the projects been completed in time, the intended benefits from the projects would have been reaped and would have more positively impacted on the financial viability of the company. **However, the consultant has not quantified the time overrun in terms of financial impacts.**

Though the consultants have stated that there are no major cases of cost over runs, out of the 37 works examined, two works were found to have cost overruns of Rs 3.13 Crores amounting to 7.8% of the estimated cost.

Further, the capacity utilisation in 2 out of 4 stations studied was less than 25 %. The consultants have reported that, the RLMS scheme in Bidar district was not functioning as intended, even though about 78% of the infrastructure created could be used for other purposes and the balance 22% is stated to be imprudent investment.

The Prudence check reveals the short comings as follows:

1. The DPRs / related documents dating back to 2000-05 were found to be used without revising before the execution of the works.
2. Planning requirements like Load forecast and perspective plan in coordination with the transmission planning were not undertaken.
3. In DTC metering, even though the meter data is being received at a central place the same is not being utilised for energy audit and for reducing over load on transformers and energy losses of feeders.
4. The time overruns in many cases reveals that, there is need for a close monitoring by the Company for proper planning and execution.

Further, inferences drawn from the prudence checks are:

1. Voltage regulation is largely met and is in the range of not more than 10%.
2. The HT: LT ratio has improved.
3. Distribution Loss reduction of nearly 5% has been achieved.
4. Maintenance and upkeep of 33kV substations were up to the standards.

The overall company analysis shows that, 90% of expenditure is for E&I works including substations and associated lines, APDRP and replacement of faulty DTCs.

The Commission also held a review meeting in March 2013 to assess the prudence of investments made during FY10 to FY12. The Zonewise Distribution works completed during these periods were reviewed and the capacity utilisation as per the data furnished by the concerned Chief Engineers was considered.

Apart from the above findings of the consultants, it was observed that:

In the case of 33kV substations and 110kV substations the capacity utilisation by drawing lines is not optimised and in some cases GESCOM is yet to draw the 33kV lines. This would result in idling of assets created by KPTCL. The same should be coordinated with KPTCL and completed within the time as envisaged.

Further, it is noted that, out of **837**nos of feeders, GESCOM has commissioned **567** feeders and **270**nos of feeders are yet to be commissioned as at the end of 31.01.2013 as informed by KPTCL. Hence, GESCOM should ensure that balance feeders are commissioned and optimally utilised so as to achieve the envisaged benefit.

The Commission directed GESCOM to take corrective measures on investments which are identified as underutilized. However, during the meeting GESCOM prayed for some time to address the issues raised in the study relating to the prudence check and submit detailed compliance report to the Commission.

The Commission has considered GESCOM's request and has decided to allow time up to 31st December 2013 to GESCOM to address the issues which have come up during the prudence check and submit compliance reports to the Commission. Also, the Commission is of the view that the scope of the prudence check should be further widened so as to cover categories of works which were not included and those not adequately covered in the earlier study. After considering the action taken by GESCOM in compliance of the above direction, the Commission will take a view on whether the entire capital expenditure during the relevant period should be considered as meeting the norms of prudence, or whether the Commission should consider disallowing any part of the capital expenditure. This will be factored into the annual performance review for the financial year 2012-13 to be taken up before 31st March 2014.

The report of the Consultant will be uploaded on the Commission's Website.

vii) Interest on Loans:

GESCOM has claimed an amount of Rs.61.37 Crores towards interest and finance charges. The Commission in its tariff order dated 28th October 2011, had approved an amount of Rs.86.69 Crores. Thus, the actual

interest and finance charges is lower than the approved interest and finance charges by Rs.25.32Crores.

As per the Audited Accounts and data furnished under format D9, considering the opening and closing balances of loans, the average loan for the year FY12 would be Rs.527.35 Crores.GESCOM has achieved a capex of Rs.184.00Crores against a proposed investment of Rs.573.00 Crores and has availed long term loans of Rs.49.27 Crores towards capex. The weighted average rate of interest on these loans works out to 11.64%.

In view of the above, considering the prevailing interest rates, the actual rate of interest is comparable with the then prevailing interest rates in FY12. Therefore, the Commission decides to allow actual interest and finance charges of Rs.61.37 Crores for FY12. Further, considering the actual capitalization of interest of Rs.1.00 Crore the net interest and finance charges would be Rs.60.37 Crores.

viii) Interest on Working Capital:

As per the format D9 of the filing, GESCOM has incurred interest on short term loans to an extent of Rs.64.21 Crores. However as per the audited accounts there is no interest on working capital.

GESCOM is entitled to interest on working capital as per the norms under MYT Regulations as amended. Accordingly, the allowable interest on working capital for FY12 is as follows:

TABLE – 4.7
Allowable Interest on Working Capital
Amount in Rs.Crs.

Particulars	FY 12
One-twelfth of the amount of O&M Exp.	24.33
Opening GFA	1709.58
Stores, materials and supplies 1% of Opening balance of GFA	17.10
One-sixth of the Revenue*	418.41
Total Working Capital	459.83
Rate of Interest (% p.a.)	11.75%

Interest on Working Capital	54.03
Actual interest on WC as per audited accounts	0
Allowable interest on working capital as per regulations as amended(actual plus 50% of difference between actual and normative)	27.02

*As per actual revenue for FY12

Thus the allowable interest on working capital is Rs.27.02 Crores.

ix) Interest on Consumer Deposits:

In its filing / audited accounts GESCO has claimed an amount of Rs.17.29 Crores towards interest on consumer deposits for FY12.

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 relevant year. Accordingly, the Commission has considered the then prevailing bank rate of 6% per annum for computation of interest on consumer deposits.

The Commission notes that, the claims of Rs.17.29 Crores made by GESCO indicates the actual rate of interest of 6.12% on the average balance of consumer deposits for FY12. Since the claims are being computed on the basis of the opening balances of deposits and deposits collected from time to time during the year, the Commission decides to allow the amount of Rs.17.29 Crores as claimed by GESCO towards interest on consumer deposits for FY12.

x) Other Debits:

GESCO in its filing has claimed an amount of Rs.130.06 Crores towards other debits. As per the audited accounts, this includes Provision for bad and doubtful debts of Rs.18.84 Crores which is disallowed as the same is actually not written off. As such the Commission decides to allow an amount of Rs.111.21 Crores towards other debits for FY12.

xi) Net Prior Period Charges:

GESCOM in its Audited Accounts has indicated an amount of Rs.26.20 Crores as net prior period credits. This amount pertains to prior period income/expenses.

The Commission decides to allow the amount of Rs.26.20 Crores as net prior period credit for FY12.

xii) Return on Equity:

The Commission in its tariff order dated 28th October 2011 had allowed RoE of Rs.16.36 Crores. GESCOM has claimed RoE of Rs.55.39 Crores for the year FY12. Considering the present status of share capital, share deposits and reserves & surplus as per audited accounts, the allowable RoE for FY12 is as given below:

TABLE – 4.8
Allowable RoE for FY12

Particulars	FY12
Paid Up Share Capital	305.14
Share Deposit	105.06
Carried forward Profit/loss	-155.29
Equity	254.91
Allowable RoE	39.51

xiii) Other Income:

GESCOM in its Audited Accounts has indicated an amount of Rs.30.67 Crores as other income. This mainly pertains to rent from staff quarters, profit from sale of store and interest on bank deposits. The Commission decides to allow an amount of Rs.30.67 Crores as other income for FY12.

xiv) Abstract of Approved ARR for FY12:

As per the above item wise decisions of the Commission, the consolidated Statement of ARR for FY12 is as follows:

TABLE – 4.9
ARR for FY12

Amount in Rs.Crs.

Sl. No.	Particulars	Approved as per Order dated 28.10.2011	As per filing	Actual as per Audited Accounts	As appd in APR
	Expenditure				
1	Power Purchase	1407.16	1686.93		1892.01
2	Transmission Charges	206.54	206.54		0.00
3	SLDC Charges	1.45	0		1.45
4	Total Power Purchase cost	1615.15	1893.47	1893.46	1893.46
5	R&M Expenses		31.45	31.46	
6	Employee Expenses		210.56	210.56	
7	A&G Expense		35.75	35.75	
8	Total O&M Expenses	247.53	277.76	277.78	291.91
9	Depreciation	75.27	82.81	82.80	82.80
	Interest & Finance Charges				
10	Interest on Loan Capital	86.69	61.35	61.37	61.37
11	Interest on Working Capital	48.94	64.21	0.00	27.02
12	Interest on Consumer Deposits	14.92	17.73	17.29	17.29
13	Interest on belated payment of power purchase cost	0	49.53	113.75	0.00
14	Other Interest & Finance Charges	0	0.00	0.44	0.44
15	Total	2088.50	2446.86	2446.89	2374.29
16	Less: Interest & other expenses capitalised	10.00	0.99	1.00	1.00
17	Other Debits (incl. Prov for Bad debts)	0.00	130.07	130.06	111.21
18	Extraordinary Items	0.00		0.00	0.00
19	Other (Misc.)-net prior period credit	0.00	-26.20	-26.20	-26.20
20	Total	2078.50	2549.74	2549.75	2458.30
21	ROE	16.36	55.39		39.51
22	Other Income	26.95	30.66	30.67	30.67
23	Provision for taxes	0.00	-4.01	-4.02	-4.02
24	Funds for consumer relation / consumer education	0.50	0.00	0.00	0.00
25	Power purchase cost as per decision in OP No. 8/2009 dated 11.12.2009	0.76	0.00	0.00	0.00
26	Incentive for loss reduction in FY12	0.00	0.00	0.00	0.00
27	NET ARR	2069.17	2570.46	2515.07	2463.13

xv) Gap in Revenue for FY12:

Thus, as against an approved ARR of Rs.2069.17 Crores and the actual expenditure of Rs.2515.07 Crores, the Commission after the annual performance review for FY12, decides to allow an ARR of Rs.2463.13Crores for FY12. Considering the revenue of Rs.2413.14 Crores, there is a deficit of Rs.49.99 Crores for FY12. The Commission decides to carry forward this deficit to the proposed ARR for FY14as discussed in the subsequent Chapter of this Order.

xvi) Additional Subsidy for FY12:

The Commission in its tariff order dated 28th October 2011 had approved a subsidy of Rs.864.68 Crores towards BJ/KJ and IP Set consumption for FY12. However considering the actual consumption of electricity by IP sets for FY12, the actual subsidy payable by Government of Karnataka is determined on the basis of the approved Commission Determined Tariff (CDT) as follows:

TABLE – 4.10
Approved additional Subsidy for FY12

Sl. No.	Particulars	As approved in Tariff Order dtd. 28.10.2011	As per actuals
1	Consumption of BJ/KJ in MU	119.81	121.36
2	Average cost of supply in Rs.per unit	4.43	4.43
3.	Consumption of IP Sets less than 10 HP	2267.28	2788.29
4	Commission Determined Tariff	3.58	3.58
5	Subsidy in Rs.Crs.	864.68	1052.82
6	Additional subsidy payable by GoK for FY12 in Rs.Crs.	188.14	

Accordingly, based on the actual consumption and approved CDT, the additional subsidy payable by Government of Karnataka for FY12 is Rs.188.14 Crores.

CHAPTER – 5

BUSINESS PLAN & ANNUAL REVENUE REQUIREMENT FOR FY14-16

5.0 BUSINESS PLAN:

In accordance with Clause 2.5.4 of the KERC (Terms & Conditions for Determination of Tariff for Distribution & Retail Sale of Electricity) Regulations 2006, GESCOM in its filing dated 10th December 2012 has proposed the sales forecast, power procurement plan and capex for the period of five years i.e. from FY14 to FY18.

The Commission has considered the proposals of GESCOM for the period FY14 to FY16 for determination of ARR as discussed in the following paragraphs.

5.1 ARR for FY14-16 - GESCOM's Filing:

In its application dated 10th December 2012, GESCOM has sought approval for the ARR for FY14-16. The summary of the proposed ARR for FY14-16 is as follows:

TABLE – 5.1
ARR for FY14-16

Amount in Rs.Crs.

Sl. No	Particulars	As Filed		
		FY14	FY15	FY16
	Expenditure in Rs Crs			
1	Power Purchase Cost	2053.98	2593.61	3040.63
2	Transmission charges of KPTCL	328.35	353.76	376.95
3	SLDC Charges	1.55	1.7	1.85
4	Power Purchase Cost including cost of transmission	2383.88	2949.07	3419.43
5	Employee Cost	257.86	279.48	302.57
6	Repairs & Maintenance	35.69	40.37	44.4
7	Admin & General Expenses	41.17	45.26	49.57
8	Total O&M Expenses	334.72	365.11	396.54
9	Depreciation	112.55	126.89	139.92
	Interest & Finance charges			

10	Interest on Loans	88.31	145.22	174.48
11	Interest on Working capital	76.32	82.29	89.28
12	Interest on belated payment on PP Cost	75.00	90.00	98.00
13	Interest on consumer deposits	19.18	20.14	21.15
14	Other Interest & Finance charges			
15	Less interest capitalised	30	15	20
16	Total Interest & Finance charges	228.81	322.75	362.86
17	Other Debits	9.73	13.28	14.27
18	Net Prior Period Debit/Credit	8.35	10	10
19	RoE	90.73	113.16	139.93
20	Other Income	35.94	21.19	20.52
21	Net ARR	3132.83	3879.07	4462.43

GESCOM has requested the Commission to approve the Annual Revenue Requirement as stated above and has proposed to increase the retail supply tariff by 70 paise per unit across all categories of consumers excluding BJ/KJ and IP set consumers for FY14 in order to bridge the gap in revenue of Rs.216.40 Crores (including Rs.60.00 Crores gap of FY12).

5.2 Annual Revenue Requirement for FY12 & FY13:

As discussed in the preceding Chapter of this order, the Commission has carried out the Annual Performance Review for FY12 based on the audited accounts furnished by GESCOM. Accordingly, the deficit of Rs.49.99 Crores from FY12 is to be carried forward in to the ARR of FY14.

Since the financial year FY13 is not yet ended, the Commission decides to take up APR of FY13 during the revision of ERC / Tariff for FY15.

5.3 Annual Revenue Requirement for FY14-16:

5.3.1 Capital Investments for the Control Period FY14-16:

GESCOM Proposal:

GESCOMs capital investments proposed in the major areas are:

1. **Construction of 33/11 kV sub- station along with associated lines**
:Construction of 20 Nos new 33/11 kV sub-stations along with associated 33 kV lines at various places in its jurisdiction. Out of these 10 Nos. of 33/11 kV station works are already in progress.
2. **Augmentation of 33/11 kV sub-station:** Augmentation of 3 Nos existing 33/11 kV sub-stations by installing additional 1X5 MVA, power transformer with associated switchgear & equipment at various places.
3. **Re-Conductoring of 33 kV & 11 kV lines:** Re- Conductoring of 33 kV lines by replacing existing Rabbit Conductor by Coyote Conductor to a distance of 244 RKms and Re-Conductoring of 11 kV lines by replacing existing Weasel/Squirrel Conductor by Rabbit Conductor to a distance of 2931 Rkms.
4. **Construction of 227 Nos. of Niranthara Jyothi feeders:** Construction of 227 Nos of 11 kV Niranthara Jyothi feeders to provide 24 Hrs continuous power supply to non – agricultural load in rural areas in its jurisdiction.
5. **SCADA works** :Implementation of integrated extended SCADA works in 54 Nos of existing / proposed 33/11 kV sub-stations for communication and controls.
6. **R-APDRP works** :Implementation of R-APDRP works in 21 Towns of GESCOM area.

7. **DTC metering works:** Metering of balance 75 % of DTCs in the rural area and 100 % metering of all DTCs in the towns where R-APDRP works are planned.
8. **RGGVY works:** Electrification of balance un-electrified Harijan Bastis / Janata Colonies / Ashreya Colonies / Thandas in Gulbarga district under the 11th plan.
9. **Ganga Kalyana works.** Energising 3000 Nos IP sets under Ganga Kalyana Scheme.
10. **Water Supply works.** Energising 500 Nos drinking water supply installation works in GESCOM area.

11. Metering:

- ✓ Replacement of all MNR Meters with good meters.
- ✓ Metering of all Street light installations.
- ✓ Replacement of existing Electromechanical meters by high precision meters.
- ✓ Metering of all DTC's.

For the capital works mentioned above, GESCOM has proposed investments from 2013 –14 to 2015-16 as under.

TABLE – 5.2
Proposed Capex for FY14-16

SI No	Works	2013-14	2014-15	2015-16
1	33kV Sub-station, 33kV line works & Augmentation of 33kV S/S's	20	15	25
2	RGGVY works	10	50	75
3	RAPDRP works			
	Part-A	25	5	-
	Part-B	85	25	-
4	Reconductoring works:			
	a) 33kV lines	3	3	3
	b) 11kV lines	5	5	15
5	DTC metering works	45	10	2

6	Water supply works	5	5	5
7	Additional DTC's works:			
	a) New DTC's	5	6	6
	b) Enhancement of DTC's	3	3	3
8	Replacement failed 11 KV transformers	3	3	3
9	Replacement of Power transformers	2	2	2
10	Replacement of MNR meters	5	5	5
11	Providing ETV meters	1	1	1
12	Providing HT metering Cubicles for ring fencing	0.5	0.5	0.5
13	Service Connection works:			
	a) General works	10	15	15
	b) IP set works	2	2	2
14A	SI works (33KV link line / Express feeders)	1	2	2
14B	SI works (11KV Link line / Express feeders,)	15	20	20
15	Nirantara Jyoti works	125	110	0
16	a) Major Replacements in S/S's & lines	5	0.5	0.5
	b) Replacement of Age old Equipments in existing S/S & lines	10	10	10
17	Civil Engineering works	5	8	8
18	IT initiatives	3	5	5
19	HVDS Works	60	75	75
20	Providing ABC , UG Cables & RMUs	1	1	1
21	SCADA works	1	1	1
22	SCP & TSP works			
	a) Energisation of IP sets	1	1	1
	b) Electrification of HB's/JC's	0.5	0.5	2
	c) KutirJyoti	0.5	0.5	0.5
23	Ganga kalyan scheme works	25	25	25
24	T & P Articles	1	0.5	0.5
25	Replacing of Electro Magnetic meters by Static meters	1	1	1
26	Metering of IP/St. Lights/BJ&KJ sets	1	1	1
27	Providing Infrastructure to Regularisation of Unauthorized IP sets	60	40	30
28	R.E General works:			

	a) KutirJyoti		50	20
29	Prevention of electrical accident & safety	5	5	5
30	Electrification of Rehabilitation villages	2	5	5
31	Taluka wise segregation of 11kV feeders			
Total		552.5	517.5	376

Commission Analysis and Decision:

The Capital Investment proposed and the actual expenditure incurred during the first and second control periods are indicated below:

Particulars	First Control Period			Second Control Period		
	FY08	FY09	FY10	FY11	FY12	FY13
Capital Investment Proposed & Approved	761	773.83	768.68*	520.00	572.70***	466.67
Capital Investment actually incurred (Figures as per Annual Report)	328.09	225.88	269.19	145.37	183.65	122.97**
Short fall	432.91	547.95	499.49	374.63	389.05	343.7
% Achievement	43.11	29.19	35.02	27.96	32.07	

* **The Proposed Capex for FY10 as per the MYT order dtd. 17-01-2008 was Rs.321.80 Crs. As per the Tariff Order dtd. 25-11-2009, the same was revised to Rs.768.68 Crs.**

** **The expenditure up to the end of Aug'2012.**

*****The Commission in its MYT order dated 07.12.2010 had approved a Capex of Rs.577.00 Crores for FY12. As per the Tariff order 2011 dated 20th October 2011 the same was revised to Rs.572.70Crores.**

The Commission has noted that, GESCOM has proposed a Capex of Rs. 552.50 Crores, Rs. 517.50 Crores and Rs.376 Crores for FY14, FY15 and FY16 respectively. The Commission decides to allow Capex as proposed by GESCOM subject to prudence check.

The approved capex in respect of the classification of works as per the request of GESCOM are as under:

TABLE – 5.3
Approved Capex for FY14-16

SI No	Works	2013-14	2014-15	2015-16
1	33kV Sub-station, 33kV line works & Augmentation of 33kV S/S's	20	15	25
2	RGVY works	10	50	75
3	RAPDRP works	110	30	
4	Reconductoring works:	8	8	18
5	DTC metering works	45	10	2
7	Water supply works	5	5	5
8	Additional DTC's works:	8	9	9
9	Replacement failed 11 KV transformers	5	5	5
11	Replacement of MNR meters	5	5	5
12	Providing ETV meters	1	1	1
13	Providing HT metering Cubicles for ring fencing	0.5	0.5	0.5
14	Service Connection works:	12	17	17
15	SI works (33KV link line / Express feeders) & (11KV Link line / Express feeders,)	16	22	22
16	Nirantara Jyoti works	125	110	0
17	a) Major Replacements in S/S's & lines	15	10.5	10.5
18	Civil Engineering works	5	8	8
19	IT initiatives	3	5	5
20	HVDS Works	60	75	75
21	Providing ABC , UG Cables & RMUs	1	1	1
22	SCADA works	1	1	1
23	SCP & TSP works	2	2	3.5
24	Ganga kalyan scheme works	25	25	25
25	T & P Articles	1	0.5	0.5
26	Replacing of Electro Magnetic meters by Static meters	1	1	1
27	Metering of IP/St. Lights/BJ&KJ sets	1	1	1
28	Providing Infrastructure to Regularisation of Unauthorized IP sets	60	40	30
29	R.E General works:	-	50	20
30	Prevention of electrical accident & safety	5	5	5
31	Electrification of Rehabilitation villages	2	5	5
Total		552.5	517.5	376

The Commission directs GESCOM to ensure achieving the following objectives of the proposed schemes under capex on due priority:

1. Reducing distribution losses,
2. Reducing the HT:LT Ratio
3. Reduce Transformer failures
4. Segregate the loads in the feeders.
5. Increase the penetration of HVDS
6. Reduce Power theft and
7. Bring programs for the awareness among the people on usage and conservation of energy.
8. Improve the sales to metered category.
9. Improve the Power factor of the IP set loads by installing switched capacitors of suitable capacity to the secondary of the transformers.

5.3.2 Sales Forecast for FY14-16:

1. GESCOM's filing:

GESCOM in its filings has stated that sales estimates are based on the previous billing information for each category excluding IP sets and BJ/KJ. The growth rates considering the actual consumption for FY11 to FY13 has been used for estimating sales. It is stated that for BJ/KJ installations specific consumption of 18 units per month has been adopted and for IP sets sales are estimated based on sample studies. Based on the above, the number of installations and sales for the Control Period are estimated by GESCOM as indicated below:

TABLE – 5.4
Projected Sales for FY14-16

Particulars	FY14		FY15		FY16	
	No. of Installations	Sales-MU	No. of Installations	Sales-MU	No. of Installations	Sales-MU
Categories other than	1631972	3091.41	1695334	3295.33	1761612	3610.74

BJ/KJ and IP sets						
BJ/KJ and IP sets	903764	3469.89	950841	3939.11	997463	4174.13
Total	2535736	6561.30	2646175	7234.44	2759075	7784.87

2. Preliminary observations of the Commission and Replies of GESCOM:

The Commission has noted that the overall sales growth rate of 10% considered for estimation is on the higher side compared to the growth in the past. Further, sales estimate for LT-5, HT-1, HT-2(a), HT-2(b) and HT-4 is on the higher side in comparison to the normal growth rate based on CAGR.

GESCOM in their reply has stated that growth rate would increase due to Capex in distribution and increased application for electricity service connections. In response to the observations in the validation meeting GESCOM has stated that the sales to rural households have increased due to NJY based on analysis of one feeder at Chandori.

The Commission notes that the statement by GESCOM regarding increased growth rate due to Capex is not supported by facts and figures. Regarding increase in sales due to NJY, the results of only one feeder cannot be taken as a representative sample. Therefore, the Commission has estimated the sales to categories other than IP sets and BJ/KJ based on CAGR as done in the earlier orders keeping in view the reasonableness of this approach.

The Commission had noted that BJ/KJ sales were estimated based on 18 units per month per installation instead of considering the actual specific consumption. Thus the Commission had requested GESCOM to furnish the breakup of installations consuming less than or equal to 18 units per month and those consuming more than 18 units per month.

GESCOM in their reply dated 04.01.2013, has furnished the breakup of BJ/KJ installations as per actuals for the period January 2012 to November

2012. The Commission has considered the actual specific consumption for estimating sales to BJ/KJ installations.

The Commission had also requested the additions under RGGVY Scheme.

GESCOM has stated that the RGGVY installations under BJ/KJ installations is already accounted. Further, the details of additions under LT-2A category under RGGVY Scheme is also furnished. The Commission has considered the additional sales under RGGVY Scheme and the same is accounted in LT-2A category.

Regarding IP sets the Commission had requested for specific consumption based on actual data from April 2011 to March 2012 and also the actual consumption up to November 2012. Further, GESCOM was requested to give reasons for the difference in the number of installations and consumption between the monthly reports furnished to the Commission and the current filing.

GESCOM in their reply has stated that there is a revision in the number of installations due to RAPDR Scheme. It has also furnished the number of installations and consumption for FY12. In response to the validation meeting GESCOM has stated that the hours of supply to IP sets would be regulated to six hours per day with the implementation of NJY Scheme.

The Commission's approach to IP sets sales is discussed under the heading "Sales to IP sets".

3. Commission's estimation of number of Installations and sales for the Control Period FY14-FY16.

a. Sales to categories other than BJ/KJ and IP sets:

After duly considering the replies of GESCOM and the Comments/suggestions of stakeholders in the matter of sales, the Commission has adopted the five year CAGR [FY07- FY12] for the purpose of estimating the number of installations for categories other than BJ/KJ and IP sets. The number of installations for BJ/KJ has been considered as proposed by GESCOM and apportioned between installations consuming less than or equal to 18 units and installations consuming more than 18 units per month in the ratio as furnished by GESCOM in their replies to preliminary observation / validation meeting. The estimation of number of IP sets is discussed under the heading sales to IP Sets.

For sales estimates for categories LT2(a), LT3, LT5, HT1, HT2(a) and HT2(b), highest of the three years CAGR and five years CAGR has been considered. For the remaining categories, other than BJ/KJ and IP sets, the sales has been estimated considering the five year CAGR, with suitable modifications. The base year FY13 estimates as revised by GESCOM has been considered after duly validating the same. On that basis, the number of installations and sales as proposed and as approved for categories other than BJ/KJ and IP sets is as under:

Category	FY14 as proposed by GESCO		FY14 as approved by the Commission		FY15 as proposed by GESCO		FY15 as approved by the Commission		FY16 as proposed by GESCO		FY16 as approved by the Commission	
	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs
LT-2a	1324172	858.99	1465794	903.86	1369990	937.86	1513484	1001.79	1417691	1023.96	1561563	1109.49
LT-2b	3375	7.37	3624	7.40	3713	8.19	4281	8.26	4084	9.10	5057	9.23
LT-3	204553	254.01	202235	251.88	215497	295.26	210624	289.63	227044	344.05	219361	333.05
LT-4 (b)	1794	9.06	1374	9.50	1866	9.33	1541	10.26	1922	9.70	1729	11.08
LT-4 (c)	155	2.78	161	4.84	178	2.92	191	8.88	199	3.09	228	16.30
LT-5	51854	176.31	52050	182.70	54447	186.97	54860	189.39	57169	198.29	57821	196.33
LT-6	16227	129.31	16330	132.25	17201	138.44	17419	144.80	18233	148.21	18581	158.54
LT-6	11277	179.03	11234	203.78	12067	186.19	11974	238.92	12911	197.36	12764	280.11
LT-7	16775	25.48	16775	25.48	18453	30.27	18453	30.27	20298	35.96	20298	35.96
HT-1	83	82.63	83	81.54	87	90.23	88	87.87	92	98.53	93	94.69
HT-2 (a)	1215	1133.51	1296	1064.81	1310	1157.99	1516	1150.31	1413	1255.10	1774	1242.68
HT-2 (b)	274	62.07	275	59.74	293	69.73	297	65.20	311	77.61	321	71.17
HT-3(a) & (b)	175	127.29	174	139.01	184	147.02	182	175.34	193	169.81	189	221.16
HT-4	36	18.07	34	17.57	38	19.93	34	18.84	40	21.97	35	20.20
HT-5	7	25.50	7	25.50	10	15.00	10	15.00	12	18.00	12	18.00
Total of categories other than BJ/KJ and IP sets	1631972	3091.41	1771447	3109.86	1695334	3295.33	1834955	3434.76	1761612	3610.74	1899824	3817.99

Note: Both installations and sales retained as estimated by GESCO for HT & LT temporary category.

b) Sales to BJ/KJ:

As stated earlier the Commission has considered the specific consumption of 13.33units/month as per the actuals based on the information furnished by GESCO for installations under BJ/KJ who are consuming less than or equal to 18 units/month/installation. The remaining installations consuming 19.17units/installation/ month as per actuals, are already accounted in LT-2a sales. Considering specific consumption of 13.33 units/installation/month, the estimated BJ/KJ sales is as under:

Category	FY14 as proposed by GESCO		FY14 as approved by the Commission		FY15 as proposed by GESCO		FY15 as approved by the Commission		FY16 as proposed by GESCO		FY16 as approved by the Commission	
	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs
LT-1	590970	129.26	523978	82.84	608699	133.13	539697	85.33	626960	137.13	555888	87.89

c) Sales to IP Sets:

The process of determining annual consumption of IP Sets in an ESCOM involves assessment of specific consumption and identification of the number of IP sets connected to the distribution system of the ESCOMs.

The Commission had conducted studies through TERI for determining the specific consumption of IP Sets in all the ESCOMs across the State. The Commission in its first MYT Order for FY08 -10, had benchmarked the LT Line losses for each ESCOM as follows:

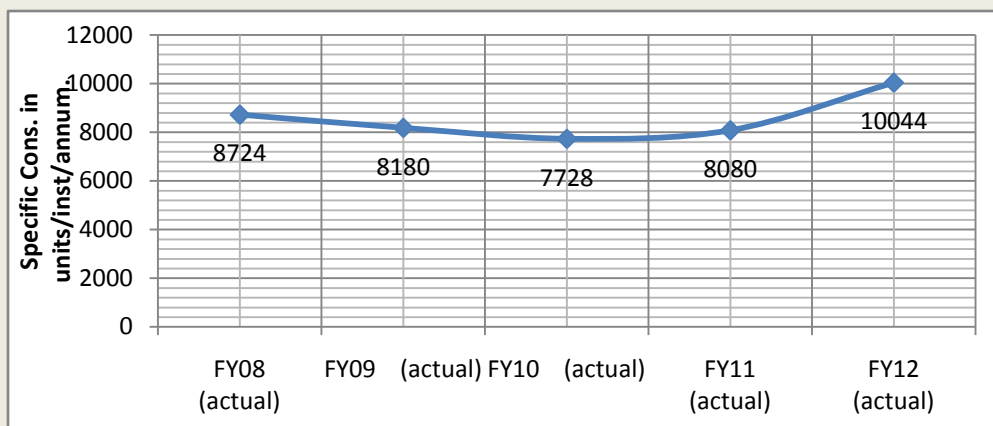
Benchmarked LT Line losses as per TERI Studies

ESCOM	Benchmarked LT Line losses in %
BESCOM	6.00
MESCOM	7.00
CESC	5.80
HESCOM	6.50
GESCOM	7.50

Further, the commission decided to arrive at the specific consumption based on the monthly reports of readings at the DTC level after deducting LT line losses as bench marked above. The Commission is consistently adopting the above methodology to arrive at the specific consumption and the consumption reported by ESCOMs is based on assessment using this methodology.

The specific consumption arrived as per actuals for the period FY08 to FY12 is depicted in the graph below:

Financial year	FY08	FY09	FY10	FY11	FY12
Specific Cons. in units/inst/annum.	8724	8180	7728	8080	10044



It is noted that in FY12 GESCOM has indicated a specific consumption of 10044 units/installation/annum which shows a 24.3 % growth over the actual of FY11. As seen from the graph it is observed that there is no appreciable change in the trend of specific consumption from FY8 to FY11, whereas in FY12 the specific consumption has increased suddenly which the Commission considers as abnormal. Also, GESCOM does not seem to have taken into account the unauthorized IP sets while computing specific consumption. The Commission takes into account the presence of 17422 Nos. of un-authorized installations in FY12 while arriving at the specific consumption in this tariff order.

As per the monthly reports received in the Commission, the number of IP installations in FY12 is 277607. Considering 17422 Nos. of un-authorized IP Set installations, the total No. of installations recognized for FY12 are 295029. Taking the total consumption of 2788.29 Mu and the mid-year installations of 283419, the specific consumption for FY12 works out to 9838 units/installation/annum. The Commission freezes the specific consumption at 9838 units/installation/annum for the entire control period FY14 to FY16. On the basis of this specific consumption and the number of installations as proposed by GESCOM for the control period, the Commission has worked out the sales to IP category as indicated here under:

TABLE – 5.5
Approved specific consumption of IP Sets for FY14-16

Particulars	As per filing by GESCOM			As approved by the Commission		
	FY14	FY15	FY16	FY14	FY15	FY16
Sales in Mu.	3340.63	3805.98	4037.00	3009.56	3221.63	3505.5
No. of Installations	312794	342142	370503	312794	342142	370503
Mid Year No. of installations	302794	327468	356323	305912	327468	356323

Sp. cons. in units/installation /annum	10680	11124	10896	9838	9838	9838
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Thus the number of installations, total sales and growth rate approved by the Commission for the Control Period is as under:

TABLE – 5.6
Approved Sales for FY14-16

Particulars	FY14			FY15			FY16		
	No. of Instls.	Sales in MUs	Growth in %age	No. of Instls.	Sales in MUs	Growth in %age	No. of Instls.	Sales in MUs	Growth in %age
Categories other than BJ/KJ and IP Sets	1771447	3109.86	12.06	1834955	3434.76	10.45	1899824	3817.99	11.16
BJ/KJ and IP Sets	836772	3092.40	3.00	881839	3306.96	6.94	926391	3593.39	8.66
Total	2608219	6202.26	7.43	2716794	6741.72	8.69	2826215	7411.38	9.93

5.3.3. Distribution Losses for FY14-16 GESCOM's Submission:

As per the audited accounts for FY12, GESCOM has reported distribution losses of 21.71% as against an approved loss level of 20.00%. The Commission in its tariff order dated 30th April 2012 has fixed the target level of losses for FY13 at 19.50%. GESCOM in its filing has proposed to achieve loss level of 20.00% for FY13.

The distribution loss levels projected for the control period FY14-16 are as follows:

Particulars	FY14	FY15	FY16
Distribution losses in %age of input at interface points	18.00%	17.50%	16.50%

Commission's Analysis and Decisions:

The Commission in its preliminary observations directed GESCOM to indicate reduced loss levels for FY14-16. GESCOM in its replies has stated that, reduction in losses to below 20% requires higher capex.

The performance of GESCOM in achieving the loss reduction targets set by the Commission in the previous two control periods is as follows:

Particulars	FY08	FY09	FY10	FY11	FY12	FY13
Approved Distribution losses (%)	27.05%	26.50%	24.02%	23.00%	21.00%	19.50%
Actual distribution losses (%)	26.02%	24.06%	25.53%	22.03%	21.71%	20.00%*

* As projected by GESCOM in its filing

From the above data, it is evident that GESCOM has been able to bring down its distribution loss levels from 26.02% in FY08 to 21.71% in FY12 i.e. a reduction by 4.31%. Further, it has proposed loss levels of 20% as against approved losses of 19.50% for FY13.

GESCOM has incurred capital expenditure of Rs.1152 Crores during the period FY08 to FY12. Further, it has proposed capital expenditure of Rs.1447.00 Crores for the third control period i.e. FY14-16.

During the past two control periods i.e. from FY08 to FY13, GESCOM has incurred the following capital expenditure:

Capital Investment in Rs.Crs.	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Approved	761	620	769	520	573	557			
Actuals/Proposed	328	226	269	145	184		553	518	376

The Commission notes that, Capex programme in the past and the proposed capex includes works that would enable reduction of distribution losses. It is observed that, in the past two years GESCOM has not achieved the targeted loss levels. Further, the current loss levels for

FY13 is indicated as 20.00% as against an earlier approved loss level of 19.50%. Considering the present status of losses of GESCO, the Commission approves the following range of distribution losses for FY14-16:

TABLE – 5.7

Approved Percentage Distribution Losses for FY14-16			
Particulars	FY14	FY15	FY16
Upper limit	21.00	20.50	20.00
Average limit	20.00	19.50	19.00
Lower limit	19.00	18.50	18.00

5.3.4 Power Purchase for Control Period FY14 to FY16:

a) GESCO's submission for procurement of Power for the Control Period FY14 to FY16:

In its filings, GESCO has submitted the proposal for procurement of 8329.82 MUs of energy at a cost of Rs.2055.53 Cr in FY14, 9126.80MUs of energy at a cost of Rs.2595.31Cr in FY15, and 9701.56MUs of energy at a cost of Rs. 3042.48 Cr in FY16. The Source-wise procurement Proposal submitted for the Control Period FY-14 to FY16 is shown in the following tables:

TABLE – 5.8

Source-wise procurement Proposal submitted by GESCO for FY-14

Sl No	Sources	Energy as per Filings (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Unit)
1	KPCL Hydro, Jurala& TB Dam Share	2719.21	165.06	0.61
2	KPCL Thermal	2102.92	727.12	3.46
3	CGS	1959.89	603.45	3.08
4	IPPs	986.35	308.43	3.13
5	NCE	556.98	196.70	3.53

6	Total Energy Available	8325.35	2000.76	2.40
	Energy proposed for procurement	8329.82	2055.53	2.47

TABLE – 5.9

Source-wise procurement Proposal submitted by MESCOM for FY-15

SL No	Sources	Energy as per Fillings (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Unit)
1	KPCL Hydro, Jurala & TB Dam Share	2346.05	150.45	0.64
2	KPCL Thermal	2499.94	882.24	3.53
3	CGS	2079.06	669.10	3.22
4	IPPs	986.35	308.43	3.13
5	NCE	681.63	257.09	3.77
6	Total Energy Available	8593.03	2267.31	2.64
7	Deficit Energy to be procured	533.77	328.00	6.14
	Energy proposed for procurement	9126.80	2595.31	2.84

TABLE – 5.10

Source-wise procurement Proposal submitted by GESCOM for FY-16

SL No	Sources	Energy as per Fillings (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Unit)
1	Hydel, Jurala & TB Dam Share	2346.05	151.65	0.65
2	KPCL Thermal	4667.97	1881.32	4.03
3	CGS	2124.81	699.56	3.29
4	IPPs	986.35	308.43	3.13
5	NCE	834.91	328.87	3.94
6	Total Energy Available	10960.09	3369.83	3.07
7	Excess Energy	-1258.53	-327.35	2.60
	Energy proposed for procurement	9701.56	3042.48	3.14

b) Commission's Analysis and decision:

Energy Requirements

The total requirement of energy for a Distribution Company to meet the demand of its consumers would be the sum of estimated energy sales and the system losses (distribution losses and Transmission losses) as allowed by the Commission. Based on the energy sales, distribution losses and transmission losses in the system, as discussed in above paragraphs of sales forecast and distribution losses for FY14-16, the energy requirement for the Control Period FY14-16 is calculated and shown in the following table and the same is allowed for calculating the retail supply tariff.

TABLE – 5.11

Estimated Energy requirement allowed for the control period FY-14-16

PARTICULARS	UNIT	FY14 QUANTUM	FY15 QUANTUM	FY16 QUANTUM
Estimated Sales	MUs	6202.26	6742.00	7411.00
Percentage distribution losses	%	20.00	19.50	19.00
Energy at interface point	MUs	7752.83	8375.16	9149.38
Percentage transmission losses	%	3.94	3.92	3.90
Total energy requirement	MUs	8070.82	8716.86	9520.69

Further, the Commission has observed that due to the prevailing situation of Power shortage in the State, ESCOMs are resorting to short term / medium buying of power. Even though the per unit cost of short and medium term procurement of power has declined from Rs.6.93 in FY-09 to Rs.4.33 in 2013 the quantum of short / medium term power procured has increased from 1293.68 MUs in FY-09 (just 3.15% of the total energy consumption of 41060.60MUs) to about 10170 MUs in FY13 (17.84% of around 57000 MUs consumption of energy). This has significantly impacted on the average cost of power supplied. In the last tariff order dated 30th April 2012, the Commission had directed ESCOMs their plan its requirements in advance and make arrangements for procurement of power on medium and long term basis, so that the power purchase cost would be reasonable.

The Commission will continue to monitor the process of procurement of power on short term basis in order to moderate / minimize the cost of such procurement. The Commission therefore directs that any short term / medium term procurement of power in excess of Rs.4.50 per Kwh shall be made by ESCOMs only with the prior approval of the Commission.

The availability of power from different source is assigned to each one of the ESCOMs as per the allocation made by the Government of Karnataka vide its Order No. EN 11 PSR 2013, Bangalore, dated 22.03.2013 for FY14. Any variation in actual quantum and the actual cost of power purchase will be reviewed at the time of respective Annual Performance Review of FY14-16.

Taking into consideration the energy availability as estimated and the latest costs per unit both variable and fixed costs, the Commission decides to approve the quantum and cost of procurement of power by GESCOM for FY14 to FY16 as detailed in the following tables.

TABLE – 5.12

Approved Power Purchase requirement of GESCOM for calculation of Retail tariff for FY-14

SL No	Name of the Generating Station	Allowed Energy in MUs	Cost of Energy Rs Cr	Unit Cost of Energy Rs/Kwh
1	KPCL HYDEL	3295.13	194.63	0.59
2	KPCL THERMAL	2161.68	806.61	3.73
3	CGS SUPPLY	1733.60	513.44	2.96
4	IPPS	324.08	134.07	4.14
5	NCE	556.32	196.70	3.53
	TOTAL	8070.81	1845.45	2.29

TABLE – 5.13

**Approved Power Purchase requirement of GESCO for
calculation of Retail tariff for FY-15**

SL No	Name of the Generating Station	Allowed Energy in MUs	Cost of Energy Rs Cr	Unit Cost of Energy Rs/Kwh
1	KPCL HYDEL	3525.13	207.91	0.59
2	KPCL THERMAL	2248.55	868.94	3.86
3	CGS SUPPLY	1825.87	545.50	2.99
4	IPPS	324.08	135.69	4.19
5	NCE	681.63	257.09	3.77
7	SHORT - TERM (To be Procured)	111.60	55.36	4.96
	TOTAL	8716.86	2070.49	2.38

TABLE – 5.14**Approved Power Purchase requirement of GESCOM for calculation of Retail tariff for FY-16**

SL No	Name of the Generating Station	Allowed Energy in MUs	Cost of Energy Rs Cr	Unit Cost of Energy Rs/Kwh
1	KPCL HYDEL	3525.13	210.02	0.60
2	KPCL THERMAL	3192.11	1541.55	4.83
3	CGS SUPPLY	1825.87	552.96	3.03
4	IPPS	143.02	60.59	4.24
5	NCE	834.91	328.87	3.94
	TOTAL	9521.04	2693.99	2.83

The source wise details of approved Primary charges, Secondary charges and the Total cost in case of KPCL Hydro Stations, and approved fixed charges and Variable/Energy charges and the Total Cost in case of KPCL and CGS Thermal Stations for the Control Period FY14-16 are shown in **Annexure- I (a) to (c)**

Abstract of approved Sales, Distribution losses and Power purchase for FY14-16:

As discussed above, the following is the abstract of approved Sales, Distribution losses and Power purchase for FY14-16:

TABLE – 5.15**Abstract of approved Sales, Distribution losses and Power purchase for FY14-16**

Sl. No	Particulars						
		FY14		FY15		FY16	
		As filed	As Appd	As filed	As Appd	As filed	As Appd
1	Energy @ Gen Bus MU	8329.76	8070.82	9126.78	8716.86	9701.55	9520.69

2	Transmission Losses in %	3.94%	3.94%	3.92%	3.92%	3.90%	3.90%
3	Energy @ Interface in MU	8002	7753	8769	8375	9323	9149
4	Distribution Losses in %	18.00%	20.00%	17.50%	19.50%	16.50%	19.00%
	Sales in MU						
5	Sales to other than IP sets and BJ/KJ	3091.40	3109.86	3295.62	3434.76	3610.73	3817.99
6	Sales to IP sets and BJ/KJ	3469.89	3092.40	3938.81	3306.96	4174.13	3593.39
7	Total Sales	6561.29	6202.26	7234.43	6741.72	7784.86	7411.38

5.3.5 O & M Expenses:

GESCOM's Proposal:

GESCOM in its filing has projected the O& M expenses for the years FY14-16 on the basis of employee cost, R&M expenses and A&G expenses as shown below:

O & M Expenses – FY14-16 - GESCOM's Proposal

Amount in Rs.Crs.

Particulars	FY-14	FY-15	FY-16
Employee cost	257.86	279.48	302.57
R& M expenses	35.69	40.37	44.40
A & G expenses	41.17	45.26	49.47
Total O & M cost	334.72	365.11	396.54

Commission's Analysis & Decision:

As per the norms specified under the MYT Regulations, the Commission has computed the O & M expenses for the control period FY14-16 duly considering the actual O & M expenses for the base year FY12.

The Commission notes that, the actual O& M expenses for FY12 was Rs.277.78 Crores. As per the norms under the MYT Regulations, the normative O & M expenses for FY12 was Rs.222.41 Crores. The difference was mainly on account of additional employee costs due to revision of

pay and revision of HRA during FY12. Though the O & M expenses is termed as 'controllable expenses', the Commission has considered the additional employee costs due to revision of pay as uncontrollable O & M expenses.

For the purpose of determining normative O & M expenses for FY14-16, the Commission has considered the following aspects:

- a) The actual O & M expenses for FY12 without contribution to Pension and Gratuity Trust (since the contribution to Pension and Gratuity Trust is made by GESCOM on the basis of actuarial valuation report for each financial year).
- b) The three year compounded annual growth rate (CAGR) of the number of installations considering the actual number of installations as per audited accounts for the period FY09 to FY12.
- c) The inflation factor at 5.49% as per the CERC Notification dated 25th September 2012.
- d) Efficiency factor at 2% as considered in the earlier two control periods.

Accordingly, the normative O & M expenses for the control period are as follows:

Approved Normative O & M expenses for FY14-16

Particulars	FY12	FY14	FY15	FY16
No. Of Installations	2350818	2535737	2646173	2759074
CGI based on 3 Year CAGR (Using actuals of FY09 to FY12)	3.60%	3.60%	3.60%	3.60%
Inflation as per CERC Order dated 25.09.2012	5.49%	5.49%	5.49%	5.49%
Base Year O&M Cost excluding P&G Contribution (FY12 as per actuals) (Rs.in Crs.)	248.21			
O&M Index= $O\&M (t-1) * (1+WII+CGI-X)$ (Rs.in Crs.)		284.64	304.82	326.43

The contribution to pension and gratuity trust is determined on the basis of the present actuarial valuation report of the P & G trust of KPTCL. Further,

the Commission has considered the additional employees costs on account of revision of HRA as per the orders of GoK / KPTCL with effect from 1st April 2012. The additional O & M expenses treated as uncontrollable O & M expenses for the control period are as follows:

Approved Uncontrollable O & M Expenses – FY14-16

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Basic Pay	157.79	162.52	167.40
DA on Basic pay	18.93	32.50	46.87
Pension Contribution @ 29.11% on Basic+DP+DA	51.44	56.77	62.37
Gratuity Contribution @ 3.34% on Basic+DP	5.27	5.43	5.59
P&G Contribution	56.71	62.20	67.96
Increase in HRA due to Revision by GoK w.e.f 01.04.2012	1.18	1.22	1.26
Allowable uncontrollable additional O&M cost	57.90	63.42	69.22

Thus, the approved O & M expenses for the control period are as follows:

TABLE – 5.16

Approved O & M Expenses for FY14-16

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Normative O & M expenses	284.64	304.82	326.43
Uncontrollable O & M expenses	57.90	63.42	69.22
Total approved O&M Expenses	342.54	368.24	395.65

5.3.6 Depreciation:

GESCOM has projected depreciation for each year of the Control period as follows:

TABLE – 5.17

Projected Depreciation for FY14-16 – GESCOM's Proposal

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Depreciation	112.55	126.89	139.92

Commission's Analysis and Decision:

In accordance with the provisions of the MYT Regulations and its amendment, the Commission has projected depreciation for the period FY14-16. The following aspects have been considered for determination of depreciation:

- a) The actual rate of depreciation of category wise assets is determined considering the actual depreciation and gross block of opening and closing balance of fixed assets as per audited accounts for FY12.
- b) This actual rate of depreciation is considered on the gross block of fixed assets projected by GESCOM in its filing.
- c) The depreciation on account of assets created out of consumer contribution / subsidies are considered as proposed by GESCOM.
- d) The projected depreciation for the control period by GESCOM does not separately indicate depreciation of assets on account of contribution by consumers / grants. As such, for the present the Commission has not considered projected depreciation on assets from contribution by consumers / Grants. However in accordance in with the orders of the Hon'ble ATE in Appeal No.108/2010, the Commission will factor the depreciation of assets created from contribution by consumers / Grants during the Annual Performance Review.

Accordingly, the depreciation for the control period is as follows:

TABLE – 5.18

Depreciation for FY14-16 on the basis of actual rate of depreciation in

FY12

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Buildings	1.07	1.27	1.47
Civil	0.22	0.22	0.22
Other Civil	0.00	0.00	0.00
Plant & M/c	19.61	20.79	22.38

Line, Cable Network	81.70	93.60	105.08
Vehicles	0.05	0.06	0.06
Furniture	0.27	0.30	0.33
Office Equipments	0.34	0.46	0.59
Total	103.25	116.70	130.13

5.3.7 Interest on Loans:

GESCOM has projected its interest on loans for the control period as follows:

Interest on Loan – FY14-16 – GESCOM's Proposal

Year	Amount Rs. in Crs.
FY14	88.31
FY15	145.32
FY16	174.48

Commission's Analysis and Decision:

As per the audited accounts for FY12, GESCOM has an average loan of Rs.527.35Crores and has incurred an interest of Rs.61.37 Crores. This works out to 11.64% of interest on loan.

Considering, the existing loans and repayments as proposed by GESCOM and applying a normative interest of 12% per annum as against 11.64% in FY12, the interest on existing loans for FY14-16 are as follows:

TABLE – 5.19

Approved Interest on Loans Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Opening balance of loan	590.74	824.31	977.88
Add New loans	305	250	200
Less repayment	71.43	96.43	121.43
Closing balance of loans	824.31	977.88	1056.45
Average loan	707.53	901.10	1017.17
Rate of interest in %age	12%	12%	12%
Interest on loans	84.90	108.13	122.06

Further, the Commission has considered the capitalization of interest as proposed by GESCOM at Rs.30.00 Crores, Rs.15.00 Crores and Rs.20.00 Crores for FY14,FY15 and FY16 respectively.

5.3.8 Interest on Working Capital:

GESCOM has claimed interest on working capital for FY14-16 as follows:

Interest on Working Capital for FY14-16 – GESCOM's Proposal

Rs. in Crs			
Particulars	FY-14	FY-15	FY-16
Interest on Working Capital	76.32	82.29	89.28

Commission's Analysis and Decision:

As per the norms specified under the MYT Regulations, the Commission has computed the interest on working capital. The Commission has considered approved O & M expenses, opening GFA and revenue as proposed by GESCOM.

The interest rates for the working capital loans by the State Bank of India with effect from 1st June 2012 is the base rate of 10.00% plus spread of 2.50% for loans between Rs.1.00 Crore to Rs.100.00 Crores. Further, the base rate which was considered at 10% as on 1st June 2012 has reduced to 9.70% with effect from 4thFebruary 2013. Since interest rates are at present on a downward trend, the Commission has decided to adopt the normative rate of interest of 11.75% p.a. as approved in the earlier tariff orders for the purpose of projecting interest on working capital for FY14 to FY16. Accordingly, the approved interest on working capital is as follows:

TABLE – 5.20
Approved Interest on Working Capital for FY14-16
Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
One-twelfth of the amount of O&M Exp.	28.55	30.69	32.97
Opening GFA as per Provisional Accts	2117.42	2381.92	2707.42
Stores, materials and supplies 1% of Opening balance of GFA	21.17	23.82	27.07
One-sixth of the Revenue	496.07	533.53	577.61
Total Working Capital	545.79	588.03	637.66
Rate of Interest (% p.a.)	11.75%	11.75%	11.75%
Interest on Working Capital	64.13	69.09	74.92

5.3.9 Interest on Consumer Deposit:

GESCOM in its filing has claimed the interest on consumer deposit for the period FY14-16 as follows:

Interest on Consumer Deposits for FY14-16 – GESCOM's Proposal
Amount in Rs.Crs.

Particulars	FY-14	FY-15	FY-16
Interest on Consumer deposits	19.18	20.14	21.15

Commission's Analysis and Decision:

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 relevant year. Accordingly, the Commission has considered the present bank rate of 8.75% per annum for computation of interest on consumer deposits.

The Commission has considered the deposits as projected by GESCOM and has computed the allowable interest on consumer deposits based on the average deposit for each year of the control period.

Thus the approved interest on consumer deposits for the control period FY14-16 is as follows:

TABLE – 5.21
Approved Interest on Consumer Deposits for FY14-16
Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Opening balance of consumer deposits	304.50	319.73	335.71
Rate of Interest at bank rate to be allowed as per regulations	8.75%	8.75%	8.75%
Approved Interest on consumer deposits	27.31	28.68	30.11

The abstract of approved interest and finance charges for the control period is as follows:

TABLE – 5.22
Approved Interest and finance charges for FY14-16
Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Interest on Loans	84.90	108.13	122.06
Interest on Working Capital	64.13	69.09	74.92
Interest on Consumers Deposit	27.31	28.68	30.11
Less Interest capitalised	(30.00)	(15.00)	(20.00)
Total Interest & Finance Charges	146.34	190.90	207.09

5.3.10 Return on Equity:

GESCOM in its filing has claimed the RoE for the 3rd control period as follows:

Amount Rs. in Crs.

Particulars	FY14	FY15	FY16
RoE (19.377%)	90.73	113.16	139.93

Commission's Analysis and Decision:

The Commission has considered the share capital, share deposits and reserves & surplus for computation of RoE. The share deposit and share capital as per the audited accounts for FY12 has been considered for the period FY14-16. The reserves & surplus are considered as per the audited Balance Sheet of FY12 duly considering the RoE earned during each year of the control period. Further, the Commission has considered infusion of additional equity of Rs.79.00 Crores during FY13 by Government of Karnataka.

in accordance with the provisions of the MYT Regulations, the Commission has considered 15.5% of Return on Equity duly grossed up with the applicable Minimum Alternate Tax (MAT) of 20.00775%. This works out to 19.377% per annum. Thus, the approved Return on Equity for FY14-16 will be as follows:

TABLE – 5.23

Approved RoE for FY14-16

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Paid Up Share Capital	305.14	305.14	305.14
Share Deposit	238.06	238.06	238.06
Reserves and surplus	-112.76	-46.04	31.02
Equity	430.44	497.16	574.22
Approved RoE	83.41	96.34	111.27

5.3.11 Other Income:

GESCOM has projected other income for the period FY14-16 as follows

Other Income for FY14-16 – GESCOM's Proposal

Amount in Rs.Crs.			
Other income	FY-14	FY-15	FY-16
	35.94	21.19	20.52

Commissions' Analysis and Decisions:

The Commission notes that, as per the audited accounts for FY12 the actual other income is Rs.30.67 Crores. GESCOM has not indicated the basis of its projection of other income for FY14-16 from the actual other income recorded in its audited accounts for FY12.

The Commission notes that, while the other income as per audited accounts in FY12 is Rs.30.67 Crores, GESCOM has projected other income for FY14 at Rs.35.94 Crores which is 17% more than the actuals in FY12. However, the other income for FY15 and FY16 is indicated as Rs.21.19 Crores and Rs.20.52 Crores respectively without any explanation / basis.

As such, the Commission decides to consider the other income of FY14 at Rs.35.94 Crores as projected by GESCOM and Rs.37.74 Crores and Rs.39.62 Crores for FY15 and FY16 respectively at a normative increase of 5% per year.

5.3.12 Fund towards Consumer Relations / Consumer Education:

The Commission has been allowing an amount of Rs.0.50 Crore per year towards consumer relations / consumer education. This provision has been specifically made by the Commission to meet the expenditure on consumer awareness and grievance redressal meetings periodically and institutionalize a mechanism for addressing common problems of the consumers. The Commission has already issued guidelines for consumer education and grievance redressal activities.

The Commission decides to continue providing an amount of Rs.0.50 Crore per year during the control period FY14-16 towards meeting expenditure on consumer relations / consumer education.

5.4 Abstract of ARR for FY14-16:

In the light of above analysis and decisions of the Commission, the following is the approved ARR for the control period FY14-16:

TABLE – 5.24

Approved consolidated ARR for FY14-16

Amount in Rs.Crs.

Sl. No	Particulars						
		FY14		FY15		FY16	
		As filed	As Appd	As filed	As Appd	As filed	As Appd
	Expenditure						
7	Power Purchase Cost	2053.98	1844.83	2593.61	2070.19	3040.63	2692.08
	Transmission charges of KPTCL	328.35	442.89	353.76	449.47	376.95	484.97
	SLDC Charges	1.55	3.92	1.7	3.83	1.85	3.91
	Power Purchase Cost including cost of transmission	2383.88	2291.64	2949.07	2523.49	3419.43	3180.96
8	Employee Cost	257.86		279.48		302.57	
	Repairs & Maintenance	35.69		40.37		44.4	
	Admin & General Expenses	41.17		45.26		49.57	
	Total O&M Expenses	334.72	342.54	365.11	368.24	396.54	395.65
9	Depreciation	112.55	103.25	126.89	116.70	139.92	130.13
10	Interest & Finance charges						
11	Interest on Loans	88.31	84.90	145.32	108.13	174.48	122.06
12	Interest on Working capital	76.32	64.13	82.29	69.09	89.28	74.92
13	Interest on belated payment on PP Cost	75.00		90.00		98.00	
14	Interest on consumer deposits	19.18	27.31	20.14	28.68	21.15	30.11
15	Other Interest & Finance charges						
16	Less interest capitalised	30.00	30.00	15.00	15.00	20.00	20.00
	Total Interest & Finance charges	228.81	146.34	322.75	190.90	362.91	207.09
17	Other Debits	9.73	0.00	13.28	0.00	14.27	0.00
18	Net Prior Period Debit/Credit	8.35	0.00	10.00	0.00	10.00	0.00
19	RoE	90.73	83.41	113.16	96.34	139.93	111.27
20	Funds towards Consumer Relations/Consumer Education	0.00	0.50	0.00	0.50	0.00	0.50
21	Other Income	35.94	35.94	21.19	37.74	20.52	39.62

Net ARR	3132.83	2931.74	3879.07	3258.42	4462.48	3985.98
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5.5 Segregation of ARR into ARR for Distribution Business and ARR for Retail Supply Business:

GESCOM's Proposal:

GESCOM in its filing has not proposed segregation of the consolidated ARR into ARR for Distribution Business and ARR for Retail Supply Business.

Commission's Analysis and Decision:'

In the absence of any justified proposal byGESCOM, the Commission decides to continue the existing ratio of segregation as given below:

TABLE – 5.25

Approved Segregation of ARR

Particulars	Distribution Business	Retail Supply Business
O&M	70%	30%
Depreciation	84%	16%
Interest on Loans	100%	0%
Interest on Consumer Deposits	0%	100%
RoE	84%	16%
GFA	84%	16%
Non Tariff Income	0%	100%

Accordingly, the following is the approved ARR for Distribution Business and Retail supply business:

TABLE – 5.26

APPROVED ARR FOR DISTRIBUTION BUSINESS FOR FY 14-16- GESCOM

Amount in Rs.Crs.

Sl. No	Particulars	FY14	FY15	FY16
1	O&M Expenses	239.78	257.77	276.95
2	Depreciation	86.73	98.03	109.31
3	Interest & Finance Charges			
4	Interest on Loan Capital	84.90	108.13	122.06

5	Interest on Working Capital	16.10	17.41	18.96
6	Interest on Consumer Deposits	0.00	0.00	0.00
7	Less: Interest & other expenses capitalised	30.00	15.00	20.00
8	Total	397.51	466.34	507.28
9	ROE	70.06	80.92	93.46
10	Other Income	0.00	0.00	0.00
11	NET ARR	467.57	547.26	600.75

TABLE – 5.27

APPROVED ARR FOR RETAIL SUPPLY BUSINESS FOR FY 14-16 – GESCOM

Amount in Rs.Crs.

Sl. No	Particulars	FY14	FY15	FY16
1	Power Purchase including Transmission and SLDC charges	2291.64	2523.49	3180.96
2	O&M Expenses	102.76	110.47	118.69
3	Depreciation	16.52	18.67	20.82
4	Interest & Finance Charges			
5	Interest on Loan Capital	0.00	0.00	0.00
6	Interest on Working Capital	48.04	51.68	55.97
7	Interest on Consumer Deposits	27.31	28.68	30.11
9	Total	2486.27	2732.99	3406.55
10	ROE	13.35	15.41	17.80
11	Other Income	35.94	37.74	39.62
12	Fund towards Consumer Relations / Consumer Education	0.50	0.50	0.50
13	NET ARR	2464.17	2711.16	3385.23

5.6 Gap in Revenue for FY14:

The Commission in its tariff order dated 30th April 2012 had arrived at revenue gap of Rs.69.38 Crores for FY13. This was on account of the Regulatory Asset of Rs.50.00 Crores for FY13 as per the Commission's Tariff Order dated 28th October 2011 and a projected gap in revenue of Rs.19.38 Crores on account of the projected unmet revenue gap of FY12

subject to APR of FY12. This gap in revenue of Rs.69.38 Crores for FY13 was met by the revision of retail supply tariff for FY13.

In this order, the Commission has approved the Annual Performance Review (APR) for FY12 and the revenue gap of Rs.49.99 Crores has been carried forward to the ARR of FY14.

Since the financial year 2012-13 has not yet ended, the data on actual expenditure and gap in revenue is not available. Therefore, for the present, the Commission has not considered the same.

Considering the approved ARR and revenue at the existing rates for FY14, the gap in revenue for FY14 along with deficit of FY12 will be Rs.144.03 Crores.

5.7 Average Cost of Supply:

As per the approved ARR for FY14 and the approved sales, the average cost of supply for FY14 is computed as follows:

TABLE – 5.28
Average Cost of Supply for FY14

Sl.No.	Particulars	Amount in Rs.Crs.
1	Approved ARR for FY14	2931.74
2	Deficit of FY12	49.99
3	Net ARR for FY14 (1+2 above)	2981.73
4	Approved Energy sales in MU for FY14	6202.26
5	Average cost of supply in Rs. Per unit	4.81

The determination of the retail supply tariff of GESCOM for FY14 on the basis of the approved ARR and the projected revenue deficit is taken up in the subsequent Chapter of this order.

CHAPTER – 6

DETERMINATION OF TARIFF FOR FY14

6.0 GESCOM'S Proposal and Commission's Analysis for FY14:

6.1 **Tariff Application**

As discussed in the preceding Chapters, GESCOM has projected an unmet gap in revenue of Rs.216.40 Crores for FY14. This includes the deficit in revenue of Rs.60.00 Crores for FY12. In order to bridge this gap in revenue, GESCOM, in its Tariff Application, has proposed a tariff increase of 70 paise per unit in respect of all the categories of consumers except BJ/KJ and irrigation pump sets consumers.

6.2 **Statutory Provisions guiding determination of Tariff**

As per section 61 of the Electricity Act 2003, the Commission, is guided inter-alia, by the National Electricity Policy, the National Tariff Policy and the following factors, while, determining the tariff:

- that the distribution and supply of electricity are conducted on commercial basis;
- that competition, efficiency, economical use of resources, good performance, and optimum investment are encouraged;
- that the tariff progressively reflects the cost of supply of electricity, and also reduces and eliminates cross subsidies within the period to be specified by the Commission;
- that efficiency in performance is to be rewarded ; and
- that a multi-year tariff framework is adopted

Section 62(5) of the Electricity Act 2003, read with Section 27(1) of the KER Act 1999, empower the Commission to specify, from time to time, the methodologies and the procedure to be observed by the licensees in calculating the Expected Revenue from Charges (ERC). The Commission determines the Tariff in accordance with the Regulations and the Orders issued by the Commission from time to time.

6.3 Consideration for Tariff setting:

The Commission has considered the following relevant factors for determination of retail supply tariff:

a) Tariff philosophy:

As discussed in the earlier tariff orders, the Commission continues to fix tariff below the average cost of supply for consumers whose ability to pay is considered inadequate and fix tariff at or above the average cost of supply for categories of consumers whose ability to pay is considered to be greater. As a result the system of cross subsidy continues. However, the Commission has taken due care to progressively bring down the cross subsidy levels as envisaged in the Tariff Policy of the Government of India dated 6th January 2006.

b) Average cost of supply:

The Commission has been determining the retail supply tariff on the basis of the average cost of supply. The KERC (Tariff) Regulations 2000, require the licensees to provide details of embedded cost of electricity voltage / consumers category wise. This methodology requires the necessary data to be furnished by the licensee and the validation of the same by the Commission. Since this process of categorization of data / validation is not finalized, the Commission decides to continue with the existing method of determining retail supply tariff on the basis of average cost of supply.

c) **Differential Tariff:**

Beginning with its tariff order dated 25th November 2009 the Commission has been determining differential retail supply tariff for consumers in urban and rural areas. The Commission decides to continue the same in the present order also.

6.4 Revenue at existing tariff and deficit for FY14:

The Commission in its preceding Chapters has decided to carry forward the deficit in revenue of FY12 to the ARR of FY14. Further, the net unmet gap in revenue for FY14 is proposed to be filled up by revision of retail supply tariff as discussed in this Chapter.

Considering the approved ARR for FY14 and the revenue as per the existing tariff, the gap in revenue for FY14 is as follows:

TABLE – 6.1
Revenue Deficit for FY14
Amount Rs. in Crs.

Particulars	Amount
Approved Net ARR for FY14 including surplus of FY12	2981.73
Revenue at existing tariff	2837.70
Surplus / deficit	(144.03)

As per the approved ARR for FY14, the average cost of supply to be recovered through tariff is Rs.4.81 per unit.

Accordingly, in this Chapter, the Commission has proceeded to determine the retail supply tariff for FY14. The category-wise tariff as existing, as proposed by GESCOM and as approved by the Commission are as follows:

1. LT-1 Bhagya Jyothi

The existing tariff and the tariff proposed by GESCOM are given below:

Sl. No	Details	Existing (As per 2012 tariff order)	Proposed by GESCOM
1	Energy charges (including recovery towards service main charges)	450 Paise / Unit Subject to a monthly minimum of Rs. 30 per installation per month.	Nil Fully subsidized by GoK

Commission's Views/ Decision

The GoK, as a policy, has extended free power to all BJ/KJ consumers, whose consumption is not more than 18 units per month. Hence, the tariff payable by these consumers is the revised average cost, which is Rs. 4.81 per unit.

Further, the ESCOMs have to claim subsidy for only those consumers who consume 18 units or less per month per installation. If the consumption exceeds 18 units per month or any BJ/KJ installation is found to have more than one out let, it shall be billed as per the Tariff Schedule LT 2(a).

The Commission determines the tariff (CDT) in respect of BJ / KJ installations as follows:

LT – 1 Approved Tariff for BJ / KJ installations

Commission determined Tariff	Retail Supply Tariff determined by the Commission
481 Paise per unit, Subject to a monthly minimum of Rs. 30 per installation per month.	-Nil- Fully subsidized by GoK

***Since GOK is meeting the full cost of supply to BJ / KJ, the Tariff payable by these Consumers is shown as Nil. However, if the GOK does not release the subsidy in advance, a Tariff of Rs. 4.81 per unit subject to monthly minimum of Rs. 30/- per Installation per month shall be demanded and collected from these Consumers.**

Note: If the consumption exceeds 18 units per month or any BJ/KJ installation is found to have more than one light point being used, it shall be billed as per Tariff Schedule LT 2(a).

2. LT2 (a) Domestic Consumers:

GESCOM's Proposal:

The details of the existing and proposed tariff under this category are given in the Table below:

Proposed Tariff for LT-2 (a)

LT-2 a (i) Domestic Consumers Category

Applicable to areas coming under City Municipal Corporation and all areas under Urban Local Bodies

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	For the first KW Rs.25	For the first KW Rs.25
	For every additional KW Rs.35	For every additional KW Rs.35
Energy Charges 0-30 units (life line Consumption)	0 to 30 units 230 paise/unit	0 to 30 units 300 paise /unit
Energy Charges exceeding 30 Units per month	31 to 100 units 350 paise/unit	31 to 100 units 420 paise / unit
	101 to 200 units 460 paise /unit	101 to 200 units 530 paise /unit
	Above 200 units 560 paise /unit	Above 200 units 630 paise /unit

LT-2(a)(ii) Domestic Consumers Category
Applicable to Areas under Village Panchayats

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
Fixed charges per Month	For the first KW Rs.15	For the first KW Rs.15
	For every additional KW Rs.25	For every additional KW Rs.25
Energy Charges 0-30 units (life line Consumption)	0 to 30 units 220 paise /unit	0 to 30 units 290 paise /unit
Energy Charges exceeding 30 Units per month	31 to 100 units 320 paise / unit	31 to 100 units 390 paise / unit
	101 to 200 units 430 paise /unit	101 to 200 units 500 paise /unit
	Above 200 units 510 paise /unit	Above 200 units 580 paise /unit

Commission's Views/ Decision

The Commission has decided to continue the two tier tariff in respect of the domestic consumers as shown below:

- (i) Areas coming under city Municipal Corporations and all Urban Local Bodies
- (ii) Areas under Village Panchayats.

The Commission approves the tariff for this category as follows:

Approved Tariff for LT 2 (a) (i) Domestic Consumers Category:

Applicable to Areas coming under City Municipal Corporations and all areas under Urban Local Bodies

Details	Tariff approved by the Commission
Fixed charges per Month	For the first KW Rs.25
	For every additional KW Rs.35
Energy Charges up to 30 Units per month (0-30 Units)- life line consumption.	Upto 30 units: 250 paise/unit
Energy Charges in case the Consumption exceeds 30 Units per month	31 to 100 units: 370 paise/unit
	101 to 200 units: 485 paise/unit
	Above 200 units: 585 paise/unit

LT-2(a)(ii) Domestic Consumers Category:

Applicable to Areas under Village Panchayats

Details	Tariff approved by the Commission
Fixed charges per Month	For the first KW Rs.15
	For every additional KW Rs.25
Energy Charges up to 30 Units per month (0-30 Units)- Lifeline Consumption	Upto 30 units: 240 paise/unit
Energy Charges in case the Consumption exceeds 30 Units per month	31 to 100 units: 340 paise/unit
	101 to 200 units: 455 paise/unit
	Above 200 units: 535 paise/unit

3. LT2 (b) Private Professional Educational Institutions etc.

GESCOM's Proposal:

The details of the existing and the proposed tariff by GESCOM under this category are given in the Table below:

**LT 2 (b) (i) Private and Professional Educational Institutions
Applicable to all areas coming under Urban Local Bodies
including Municipal Corporations**

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs.35 Per KW subject to a minimum of Rs.65 PM	Rs.35 Per KW subject to a minimum of Rs.65 PM
Energy Charges	For the first 200 units 570 paise per unit	For the first 200 units 640 paise per unit
	For the balance units 670 paise per unit	For the balance units 740 paise per unit

**LT 2 (b) (ii) Private & Professional Educational Institutions
Applicable in Areas under Village Panchayats**

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs.25 Per KW subject to a minimum of Rs.50 PM	Rs.25 Per KW subject to a minimum of Rs.50 PM
Energy Charges	For the first 200 units 520 paise per unit	For the first 200 units 590 paise per unit

	For the balance units 620 paise per unit	For the balance units 690 paise per unit
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Commission's Views/ Decision

Professional education and skill training institutions need to be supported in the use of machinery, equipment and tools to improve the quality of skills imparted. This in turn would have a positive impact on the socio economic conditions of the State. Therefore, in order to provide electricity at a reasonable rate to such installations, the Commission decides to retain the existing tariff to this category without any increase. Further, considering the representations received for rationalising the tariff for hospitals and nursing homes, it is decided to include private hospitals with LT power supply in this tariff category with the following tariff:

Approved Tariff for LT 2 (b) (i) Private Professional Educational Institutions & Private Hospitals and Nursing Homes

Applicable to areas coming under City Municipal Corporations and all areas under urban Local Bodies

Details	Tariff approved by the Commission
Fixed charges per Month	Rs.35 Per KW subject to a minimum of Rs.65 PM
Energy Charges	0-200 units: 570 paise/unit
	Above 200 units: 670 paise/unit

Approved Tariff for LT 2 (b) (ii) Private Professional Educational Institutions & Private Hospitals and Nursing Homes

Applicable in Areas under Village Panchayats

Details	Tariff approved by the Commission
Fixed charges per Month	Rs.25 Per KW subject to a minimum of Rs.50 PM
Energy Charges	0-200 units: 520 paise/unit
	Above 200 units: 620 paise/unit

4. LT3- Commercial Lighting & Heating

GESCOM's Proposal:

The existing and proposed tariff is as follows:

**LT- 3 (i) Commercial Lighting, Heating & Motive Power
Applicable in areas under all Urban Local Bodies including City Municipal Corporations**

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs.40 per KW	Rs. 40 per KW
Energy charges	For the first 50 units 620 paise per unit	For the first 50 units 690 paise per unit
	For the balance units 720 paise per unit	For the balance units 790 paise per unit

Demand based tariff (optional) where sanctioned load is above 5 KW but below 50 KW.

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
Fixed charges	Rs. 55 per KW	Rs. 55 per KW
Energy Charges	For the first 50 units 620 paise per unit	For the first 50 units 690 paise per unit
	For the balance units 720 paise per unit	For the balance units 790 paise per unit

LT-3 (ii) Commercial Lighting, Heating & Motive Power

Applicable in areas under village Panchayats

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
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Fixed charges per Month	Rs. 30 per KW	Rs.30 per KW
Energy Charges	For the first 50 units 570 paise per unit	For the first 50 units 640 paise per unit
	For the balance units 670 paise per unit	For the balance units 740 paise per unit

Demand based tariff (optional) where sanctioned load is above 5 KW but below 50 KW

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs. 45 per KW	Rs. 45 per KW
Energy Charges	For the first 50 units 570 paise per unit	For the first 50 units 640 paise per unit
	For the balance units 670 paise per unit	For the balance units 740 paise per unit

Commission's Views/ Decision

As in the previous Tariff Order dated 30th April 2012, the Commission decides to continue tariff at two levels i.e.

- (i) Municipal Corporation and areas coming under other urban local bodies
- (ii) Areas under Village Panchayats

LT- 3 (i) Commercial Lighting, Heating & Motive Power

Applicable to areas under all urban local bodies including Municipal Corporations

Details	Approved by the Commission
Fixed charges per Month	Rs. 40 per KW
Energy Charges	For the first 50 units: 645 paise/ unit
	For the balance units: 745 paise/unit

Demand based tariff (Optional) where sanctioned load is above 5 kW but below 50 kW.

Details	Approved by the Commission
Fixed charges per Month	Rs. 55 per KW
Energy Charges	For the first 50 units: 645 paise /unit

	For the balance units: 745 paise/unit
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LT-3 (ii) Commercial Lighting Heating & Motive Power

Applicable to areas under Village Panchayats

Details	Approved by the Commission
Fixed charges per Month	Rs. 30 per KW
Energy Charges	For the first 50 units: 595 paise per unit
	For the balance units: 695 paise per unit

Demand based tariff (Optional) where sanctioned load is above 5 kW but below 50 kW

Details	Approved by the Commission
Fixed charges per Month	Rs. 45 per KW
Energy Charges	For the first 50 units: 595 paise per unit
	For the balance units: 695 paise per unit

5. LT4-Irrigation pump sets:

GESCOM Proposal:

The existing and proposed tariff for LT4 (a) is as follows:

LT-4 (a) Irrigation pump sets Applicable to IP sets upto and inclusive 10 HP

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Nil	Free (In case GoK does not release the subsidy in advance, CDT of 368 paise per unit will be demanded and collected from consumers)
Energy charges	CDT 368 paise per unit	

Commission's Views/ Decision

The Government of Karnataka has extended free supply of power to farmers as per Government Order EN 55 PSR 2008 dated 04.09.2008. As per this policy of GoK, the entire cost of supply to IP sets upto and inclusive of 10 HP is being borne by the GoK through tariff subsidy. In view of this all

the categories under the existing LT-4a tariff are covered under free supply of power.

Considering the cross subsidy contribution from categories other than IP Sets & BJ/KJ Categories, the Commission has determined the tariff for IP Set under LT4(a) category as follows:

Approved CDT for IP Sets for FY14

Particulars	FY14
Approved ARR in Rs Crores	2981.73
Revenue from other than IP & BJ/KJ in Rs Crores	1774.17
Amount to be recovered from IP & BJ/KJ in Rs Crores	1207.56
Approved Sales to BJ/KJ in MU	82.84
Revenue from BJ/KJ at Average Cost of supply in Rs Crores	39.85
Amount to be recovered from IP Sets category in Rs Crores	1167.71
Approved Sale to IP Sets in MU	3009.56
Commission Determined Tariff (CDT) for IP set Category for FY14 in Rs/Unit	3.88

Accordingly, the Commission decides to approve tariff of Rs.3.88 per unit as CDT for FY14 for IP Set category under LT4(a). In case the GoK does not release the subsidy in advance, a tariff of Rs.3.88 per unit shall be demanded and collected from these consumers.

Approved by the Commission

LT-4 (a) Irrigation pump sets

Applicable to IP sets upto and inclusive 10 HP

Details	Approved by the Commission
Fixed charges per Month Energy charges	Nil*
CDT (Commission Determined Tariff): 388 paise per unit	

*** In case the GoK does not release the subsidy in advance, a tariff of Rs.3.88 per unit shall be demanded and collected from these consumers.**

LT4 (b) Irrigation pump sets above 10 HP:

GESCOM's Proposal

Existing and proposed tariff for LT-4(b) is as follows:

LT-4 (b) Irrigation pump sets:
Applicable to IP sets above 10 HP

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs. 30 per HP	Rs. 30 per HP
Energy charges	150 paise per unit	220 paise per unit

The existing and proposed tariff for LT4(c) is as follows:

**LT-4 (c) (i) Irrigation pump sets :
Applicable to Private Horticultural Nurseries, Coffee and Tea plantations up to & inclusive 10 HP**

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs. 20 per HP	Rs. 20 per HP
Energy charges	150 paise per unit	220 paise per unit

**LT-4 (c) (ii) Irrigation pump sets:
Applicable to Private Horticultural Nurseries, Coffee and Tea plantations above 10 HP.**

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs. 30 per HP	Rs. 30 per HP
Energy charges	150 paise per unit	220 paise per unit

Approved Tariff:

The Commission decides to include rubber plantations under LT4(c) category on par with the coffee and tea plantations. The Commission decides to revise the tariff in respect of these categories as shown below:

LT-4 (b) Irrigation pump sets:
Applicable to IP sets above 10 HP

Fixed charges per Month	Rs. 30 per HP per month.
Energy charges for the entire consumption	175 paise/unit

LT4(c) (i) Irrigation Pump sets
Applicable to Horticultural Nurseries,
Coffee, Tea & Rubber plantations upto & inclusive 10 HP

Fixed charges per Month	Rs.20 per HP per month.
Energy charges	175 paise / unit

LT4 (c)(ii) Irrigation pump sets
Applicable to Horticultural Nurseries, Coffee, Tea & Rubber plantations
above 10 HP

Fixed charges per Month	Rs.30 per HP per month.
Energy charges	175 paise/unit

6. LT5 Installations-LT Industries:

GESCOM's Proposal

The existing and proposed tariffs by GESCOM are given below:

LT-5 LT Industries:
Applicable to all areas under GESCOM

i) Fixed charges

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
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Fixed Charges per Month	i)Rs. 25 per HP for 5 HP & below	i) Rs. 25 per HP for 5 HP & below
	ii) Rs. 30 per HP for above 5 HP & below 40 HP	ii) Rs. 30 per HP for above 5 HP & below 40 HP
	iii) Rs. 35 per HP for 40 HP & above but below 67 HP	iii) Rs. 35 per HP for 40 HP & above but below 67 HP
	iv)Rs. 100 per HP for 67 HP & above	iv)Rs. 100 per HP for 67 HP & above

ii) Demand based Tariff (optional)

Details	Description	Existing Tariff as per 2012 Tariff order	Proposed by GESCOM
	Above 5 HP and less than 40 HP	Rs. 45 per KW of billing demand	Rs. 45 per KW of billing demand
	40 HP and above but less than 67 HP	Rs. 60 per KW of billing demand	Rs. 60 per KW of billing demand
	67 HP and above	Rs. 150 per KW of billing demand	Rs. 150 per KW of billing demand

iii. Energy Charges

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
For the first 500 units	400 paise per unit	470 paise/ unit
For the next 500 units	470 paise per unit	540 paise/ unit
For the balance units	500 paise per unit	570 paise/ unit

Existing ToD Tariff for LT5 : At the option of the consumers

ToD Tariff

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs	(-) 125 paise per unit
06.00 Hrs to 18.00 hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 paise per unit

Proposed ToD Tariff for LT5 :At the option of the consumer

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs	(-) 195 paise per unit
06.00 Hrs to 18.00 hrs	0
18.00 Hrs to 22.00 Hrs	(+) 170 paise per unit

Approved Tariff:**Time of the Day Tariff:**

As per the decision of the Commission in its Tariff Order dated 30th April 2012, the mandatory Time of Day Tariff for HT2(a) and HT2(b) consumers with a contract demand of 500 KVA and above is continued. The optional ToD would continue as existing earlier for HT2(a) and HT2(b) consumers with contract demand of less than 500 KVA. Further, for LT5 and HT1 consumers the optional ToD is continued as existing earlier.

The Commission approves the tariff under LT 5 as given below:

Approved Tariff for LT 5 :**Applicable to all the areas of GESCO****i) Fixed charges**

Details	Approved by the Commission
Fixed Charges per Month	i) Rs. 25 per HP for 5 HP & below ii) Rs. 30 per HP for above 5 HP & below 40 HP iii) Rs. 35 per HP for 40 HP & above but below 67 HP iv) Rs. 100 per HP for 67 HP & above

ii) Demand based Tariff (optional)

Demand based Tariff		
	Above 5 HP and less than 40 HP	Rs. 45 per KW of billing demand
	40 HP and above but less than 67 HP	Rs. 60 per KW of billing demand
	67 HP and above	Rs. 150 per KW of billing demand

iii) Energy Charges

Details	Approved tariff
For the first 500 units	425 paise/ unit
For the next 500 units	495 paise/ unit
For the balance units	525 paise/unit

Approved ToD Tariff for LT5 :At the option of the consumer

ToD Tariff

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs	(-) 125 paise per unit
06.00 Hrs to 18.00 hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 paise per unit

LT6 Water Supply Installations and Street Lights

GESCOM's Proposal:

The existing and the proposed tariffs are given below:

LT-6(a) : Water Supply

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs. 35/HP/month	Rs. 35/HP/month
Energy charges	320 paise/unit	390 paise/unit

LT-6 (b) : Public Lighting

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs. 50/KW/month	Rs. 50/KW/month
Energy charges	420 paise/unit	490 paise/unit

Commission's Views/ Decision:

The Commission decides not to increase tariff for water supply installations for the present.

Tariff Approved by the Commission for LT-6 (a): Water supply

Details	Approved Tariff
Fixed charges per Month	Rs. 35/HP/month
Energy charges	320 paise/unit

Tariff Approved by the Commission for LT-6 (b): Public Lighting

Details	Approved Tariff
Fixed charges per Month	Rs. 50/KW/month
Energy charges	445 paise/unit

8. LT 7- Temporary Installations:

GESCOM's Proposal:

The existing rate and the rate proposed byGESCOM are given below:

Temporary Supply

Details	Existing as per 2012 Tariff Order	Proposed by GESCOM
a) Less than 67 HP:	Energy charge at 820 paise per unit subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.	Energy charge at 890 paise per unit subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.

Commission's Views/Decision

The Commission decides to continue the inclusion of Hoarding & advertisement boards, which are temporary in nature under this Tariff category.

Hitherto bus shelters with advertising boards, Private Advertising Posts / Sign boards in the interest of Public such as Police Canopy Direction boards, and other sign boards sponsored by the Private Advertising Agencies and bus shelters with advertising boards were billed under LT3 (a) (i) & (ii) categories. In this Order, the Commission decides to include these categories of consumers also under LT7 Category.

As decided in the previous Tariff Order, the tariff specified for installations with sanctioned load / contract demand above 67 HP is covered under the HT temporary tariff category under HT5.

TARIFF SCHEDULE LT-7

Applicable to Hoardings & Advertisement boards, Bus Shelters with Advertising Boards, Private Advertising Posts / Sign boards in the interest of Public such as Police Canopy Directionboards, and other sign boards sponsored by the Private Advertising Agencies. Temporary Power Supply of all categories

Details	Approved Tariff
Less than 67 HP:	Energy charge at 850 paise / unit subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.

9. H.T. Categories:

Time of the Tariff (ToD)

The Commission decides to continue the mandatory Time of Day Tariff for HT2(a) and HT2(b) consumers with a contract demand of 500 KVA and above. Further, the optional ToD would continue as existing earlier for HT2(a) and HT2(b) consumers with contract demand of less than 500 KVA. The details of ToD tariff are indicated under the respective tariff category.

10. HT1 Water Supply & Sewerage

GESCOM's Proposal:

The Existing and the Proposed tariff by GESCOM

Sl. No.	Details	Existing tariff as per 2012 order	Proposed tariffs
1	Demand charges	Rs. 180 / kVA of billing Demand / month	Rs. 180 / kVA for billing demand / month
2	Energy charges	380 paise per unit	450 paise per unit

Existing ToD tariff to HT-1 tariff to Water Supply & Sewerage installations at the option of the consumer

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-) 125 Paise per unit

06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit

Proposed ToD Tariff to HT-1

Time of day	Increase (+) / reduction (-) the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-) 195 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 170 Paise per unit

Commission's Views/Decision:

The Commission decides not to increase tariff for water supply installations for the present.

The Commission approves the tariff for HT 1 Water Supply & Sewerage category as below:

Approved Tariff for HT 1

Details	Tariff approved by the Commission
Demand charges	Rs.180 / kVA of billing demand / month
Energy charges	380 paise/ unit

Approved ToD tariff to HT-1 tariff to Water Supply & Sewerage installations at the option of the consumer

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-) 125 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit

11. HT2 (a) – HT Industries & HT 2(b) – HT Commercial**GESCOM's Proposal:**

Existing & proposed tariff – HT – 2 (a) - HT Industries

Applicable to all areas of GESCOM

Details	Existing tariff as per tariff order 2012	Proposed by GESCOM
Demand charges	Rs. 170 / kVA of billing demand / month	Rs. 170 / kVA of billing demand / month
Energy charges (iii) For the first one lakh units	510 paise per unit	580 paise per unit
(iv) For the balance units	540 paise per unit	610 paise per unit

Railway traction and Effluent Plants

Details	Existing tariff as per tariff order 2012	Proposed by GESCOM
Demand charges	Rs. 180 / kVA at billing demand / month	Rs. 180 / kVA of billing demand / month

Energy charges	480 paise per unit for all the units	550 paise per unit for all the units
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Existing ToD Tariff to HT-2(a)

Time of day	Increase (+) / reduction (-) the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-) 125 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit

Proposed ToD Tariff to HT-2(a)

Time of day	Increase (+) / reduction (-) the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-) 195 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 170 Paise per unit

Commission's Views/Decision

The Commission approves the tariff for HT 2(a) category as below:

Approved Tariff for HT – 2 (a)

Applicable to all areas of GESCOM

Details	Approved Tariff
Demand charges	Rs. 170 / kVA of billing demand / month
Energy charges	
For the first one lakh units	535 paise/ unit
For the balance units	565 paise/ unit

Railway Traction & Effluent Treatment Plants

Details	Tariff approved by the Commission
Demand charges	Rs. 180 / kVA of billing demand / month
Energy charges	500 paise / unit for all the units

12. HT-2 (b) HT Commercial

GESCOM's Proposal:

Existing and proposed tariff for HT – 2 (b)-HT Commercial

Applicable to all areas of GESCOM

Details	Existing tariff as per tariff order 2012	Proposed by GESCOM
Demand charges	Rs. 190 / kVA of billing demand / month	Rs. 190 / kVA of billing demand / month
Energy charges		
(i) For the first two lakh units	650 paise per unit	720 paise per unit
(ii) For the balance units	680 paise per unit	750 paise per unit

Proposed ToD Tariff to HT-2(b)

Time of day	Increase (+) / reduction (-) the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-) 195 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 170 Paise per unit

Commission's Views/Decision

The Commission approves the following tariff for HT 2 (b) consumers:

Approved tariff for HT – 2 (b) - HT Commercial

Applicable to all areas of GESCOM

Details	Tariff approved by the Commission
Demand charges	Rs. 190 / kVA of billing demand / month
Energy charges	
(i) For the first two lakh units	675 paise per unit
(ii) For the balance units	705 paise per unit

Note: The above tariff under HT2 (b) is not applicable for construction of new industries. Such power supply shall be availed under the new temporary category HT5.

13 HT – 2 (c) – Applicable to Hospitals and Educational Institutions:

During the public hearing representations have been received to provide electricity to Hospitals/Educational Institutions at lower rates as they are catering to the health care/educational needs of the society. Considering these requests, the Commission decides to introduce a new tariff category for all Hospitals and Educational Institutions in the HT category with the following tariff:

Approved tariff for HT – 2 (c) (i)

**Applicable to Government Hospitals & Hospitals run by Charitable Institutions & ESI Hospitals
and
Educational Institutions belonging to Government, Local Bodies and Aided Institutions & Hostels of all educational institutions**

Details	Tariff approved by the Commission
Demand charges	Rs. 170 / kVA of billing demand / month
Energy charges	
(i) For the first one lakh units	500 paise per unit
(ii) For the balance units	550 paise per unit

Approved tariff for HT – 2 (c) (ii) -

**Applicable to Hospitals/Educational Institutions and Hostels of Educational Institutions
other than those covered under HT2(c) (i)**

Details	Tariff approved by the Commission
Demand charges	Rs. 170 / kVA of billing demand / month
Energy charges	
(i) For the first one lakh units	600 paise per unit
(ii) For the balance units	650 paise per unit

Time of the Day Tariff:

Approved ToD Tariff to HT-2(a), HT- 2(b) and HT2(c)

Time of day	Increase (+) / reduction (-) the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-) 125 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit

13. HT-3(a) Lift Irrigation Schemes under Government Departments / Government owned Corporations/ Lift Irrigation Schemes under Pvt /Societies:

GESCOM's Proposal:

Existing and proposed tariff by GESCOM for HT – 3 (a) –Lift Irrigation Schemes are given below

HT 3(a) (i) Applicable to LI Schemes under Government Departments / Government owned Corporations

Details	Existing charges as per tariff order 2012	Proposed charges by GESCOM
Energy charges/ minimum charges	125 paise / unit Subject to an annual minimum of Rs.1000 per HP / annum	195 paise / unit Subject to an annual minimum of Rs. 1000 per HP / annum

HT 3(a) (ii) Applicable to Pvt. LI Schemes and Lift Irrigation Societies:

Connected to Urban / Express feeders

Details	Existing Tariff	Proposed by GESCOM
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Fixed charges	Rs. 30 / HP / Month of sanctioned load	Rs. 30 / HP / Month of sanctioned load
Energy charges	85 paise / unit	155 paise / unit

**HT 3(a) (iii) Applicable to Pvt. LI Schemes and Lift Irrigation Societies:
other than those covered under HT-3 (a)(ii)**

Details	Existing Tariff	Proposed by GESCOM
Fixed charges	Rs. 10 / HP / Month of sanctioned load	Rs. 10 / HP / Month of sanctioned load
Energy charges	85 paise / unit	155 paise / unit

Commission's Analysis & Decision:

The approved Tariff is as follows:-

Approved tariff for HT 3 (a) (i)

Applicable to LI schemes under Govt. Dept. / Govt. owned Corporations

Energy charges / Minimum charges	150 paise/ unit subject to an annual minimum of Rs. 1000 per HP / annum
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Approved tariff for HT 3 (a) (ii)

**Applicable to Pvt. LI Schemes and Lift Irrigation Societies fed through express
/ urban feeders**

Fixed charges	Rs. 30 / HP / Month of sanctioned load
Energy charges	110 paise / unit

Approved tariff for HT 3 (a) (iii)

**Applicable to Pvt. LI Schemes and Lift Irrigation Societies other than
those fed through express/ urban feeders**

Fixed charges	Rs. 10 / HP / Month of sanctioned load
Energy charges	110 paise / unit

**HT3 (b)- Irrigation & Agricultural Farms, Government Horticulture farms,
Private Horticulture Nurseries, Coffee, tea, Coconut & Arecanut Plantations:**

GESCOM's Proposal:

The existing and the proposed tariff by GESCOM are given below:

**HT3 (b)- Irrigation & Agricultural Farms, Government Horticulture farms,
Private Horticulture Nurseries, Coffee, tea, Coconut & Arecanut Plantations:**

Details	Existing tariff order 2012	Proposed tariff by GESCOM
Energy charges / minimum charges	295 paise / unit subject to an annual minimum of Rs. 1000 per HP of sanctioned load	365 paise / unit subject to an annual minimum of Rs. 1000 per HP of sanctioned load

Commission's Views/Decision

The Commission decides to include rubber plantations under HT3 (b) category on par with the coffee and tea plantations. The Commission approves the tariff for this category as indicated below:

Approved Tariff

**HT3 (b)- Irrigation & Agricultural Farms, Government Horticulture farms,
Private Horticulture Nurseries, Coffee, tea, Rubber, Coconut & Arecanut
Plantations:**

Details	Approved Tariff
Energy charges / Minimum charges	320 paise / unit subject to an annual minimum of Rs. 1000 per HP of sanctioned load

14. HT4- Residential Apartments/ Colonies

GESCOM's Proposal:

The existing & proposed tariff by GESCOM for this category is given below:

Existing and proposed tariff for HT – 4 - Residential Apartments/ Colonies

Applicable to all areas of GESCOM

Details	Existing tariff order 2012	Proposed tariff by GESCOM
Demand charges	Rs. 100 / kVA of billing demand	Rs. 100 / kVA of billing demand
Energy charges	470 paise per unit	540 Paise/ unit

Commission's Views/Decision

The approved Tariff is as follows:-

Approved tariff
HT – 4 Residential Apartments/ Colonies Applicable to all areas of
GESCOM

Demand charges	Rs. 100 / kVA of billing demand
Energy charges	490 Paise/ unit

TARIFF SCHEDULE HT-5

GESCOM's Proposal:

The existing & proposed tariff by GESCOM for this category is given below:

HT – 5 – Temporary supply

	Existing	Proposed
67 HP and above:		
Fixed charges / Demand Charges	Rs.210/HP/month for the entire sanction load / contract demand	Rs.210/HP/month for the entire sanction load / contract demand
Energy Charge	820 paise / unit (weekly minimum of Rs.160/- per KW is not applicable)	890 paise / unit (weekly minimum of Rs 160/- is not applicable)

Commission's Views/Decisions:

The Commission in its Tariff Order dated 30th April 2012, had introduced a new HT temporary supply category applicable to 67 HP and above. The Commission in the present order decides to continue with reclassification as below.

TARIFF SCHEDULE HT-5

Tariff applicable to 67 HP and above hoardings and advertisement boards and construction power for industries excluding those category of consumers covered under HT2(b) Tariff schedule availing power supply for construction power for irrigation and power projects and also applicable

to power supply availed on temporary basis with the contract demand of 67 HP and above of all categories.

Approved Tariff for HT - 5 - Temporary supply

67 HP and above:	Approved Tariff
Fixed charges / Demand Charges	Rs.210/HP/month for the entire sanction load / contract demand
Energy Charge	850 paise / unit

The Approved Tariff schedule for FY14 is enclosed in **Annex – III** of this Order.

6.5 Other Issues

1) Tariff for Green Power:

In order to encourage generation and use of green power in the State, the Commission decides to slash the existing Green Tariff of Re.1.00 per unit to 50 paise per unit as the additional tariff over and above the normal tariff to be paid by HT-consumers, who opt for supply of Green power from out of the renewable energy procured by distribution utilities over and above their Renewable Purchase Obligation (RPO).

6.6 Determination of wheeling charges

In the current filings, GESCOM has worked out wheeling charges of 33.99 paise per unit and loss of 5.74% for HT level and 79.31 paise per unit and loss of 7.61 % for LT level. It has stated that while arriving at the above figures, GESCOM has adopted the methodology as specified by the Commission. Further, GESCOM has stated that concessional charges to NCE sources is affecting the distribution business and hence has requested for maintaining parity in wheeling charges for NCE sources also.

In determining the wheeling charges, the Commission has considered the ARR pertaining to distribution wires business as done in the previous years.

6.6.1 Wheeling within GESCOM Area:

The allocation of the distribution network costs to HT and LT networks for determining wheeling charges is done in the ratio of 30:70, as was being done earlier. Based on the approved ARR for distribution business, the wheeling charges to each voltage level is worked out as under:

TABLE – 6.2
Wheeling Charges

Distribution ARR-Rs. Crs	467.57
Sales-MU	6202
Wheeling charges- paise/unit	75.39
	Paise/unit
HT-network	22.62
LT-network	52.77

In addition to the above, the following technical losses are applicable to all open access/wheeling transactions:

Loss allocation	% loss
HT	6.78
LT	8.97

Note: Total loss is allocated to HT, LT & Commercial loss based on energy flow diagram furnished by GESCOM.

The actual wheeling charges payable (after rounding off) will depend upon the point of injection & point of drawal as under:

	paise/unit	
Injection point →	HT	LT
Drawal point ↓		
HT	23.00 [6.78%]	75.00 [15.76%]
LT	75.00 [15.76%]	52.00 [8.97%]

Note: Figures in brackets are applicable loss

The wheeling charges as determined above are applicable to all the open access/wheeling transactions for using the GESCOM network, except for energy wheeled from NCE sources to the consumers in the State.

6.6.2 WHEELING OF ENERGY USING TRANSMISSION NETWORK OR NETWORK OF MORE THAN ONE LICENSEE

In case the wheeling of energy [other than NCE sources wheeling to consumers in the State] involves usage of Transmission network or network of more than one licensee, the charges shall be as indicated below:

- i. If only transmission network is used, transmission charges determined by the Commission shall be payable to the Transmission Licensee.
- ii. If the Transmission network and the ESCOMs' network are used, Transmission Charges shall be payable to the Transmission Licensee. Wheeling Charges of the ESCOM where the power is drawn shall be shared equally among the ESCOMs whose networks are used.

Illustration:

If a transaction involves transmission network & GESCO's network and 100 units is injected, then at the drawal point the consumer is entitled for 80.93 units, after accounting for Transmission loss of 3.94% & GESCO loss of 15.76%.

The Transmission charge in cash as determined in the Transmission Tariff order shall be payable to KPTCL & Wheeling charge of 75 paise per unit shall be payable to GESCO. In case more than one ESCOM is involved the above 75 paise shall be shared by all ESCOMs involved.

- iii. If ESCOMs' network only is used, the Wheeling Charges of the ESCOM where the power is drawn is payable and shall be shared equally among the ESCOMs whose networks are used.

Illustration:

If a transaction involves injection to BESCO's network & drawal at GESCO's network, and 100 units is injected, then at the drawal point the

consumer is entitled for 84.24 units, after accounting GESCOM's loss of 15.76%.

The Wheeling charge of 75 paise per unit applicable to GESCOM shall be equally shared between GESCOM& BESCO.

6.6.3 CHARGES FOR WHEELING ENERGY BY NCE SOURCE TO CONSUMERS IN THE STATE

The Commission decides to continue existing wheeling charges at 5% of the injected energy. Further, Wind, MiniHydel and Solar sources of energy shall pay additional banking charges at 2% irrespective of the network used in addition to payment of UI charges between the time of injection and time of drawal of power.

The Commission decides not to charge any wheeling charge on transmission / wheeling of solar energy as an encouragement for solar energy generation.

6.6.4 CHARGES FOR WHEELING ENERGY BY NCE SOURCES WHEELING ENERGY FROM THE STATE TO A CONSUMER/OTHERS OUTSIDE THE STATE

In case the NCE energy is wheeled from the State to a consumer/others outside the State, the normal wheeling charges as determined in para 6.6.1 and 6.6.2 of this order shall be applicable.

6.7 Other tariff related issues:

i) Fuel Cost Adjustment Charge

The Commission in its tariff order dated 30th April 2012 had decided to introduce fuel cost adjustment charges. Accordingly, during FY13 the Commission had notified draft Regulations in the official gazette on 5th October 2012 seeking the suggestions / comments of interested persons. The Commission also held a public hearing in the matter on 14th December 2012.

Considering the suggestions / comments, the Commission has notified the Regulations on 22nd March 2013. Accordingly the Fuel cost adjustment

charges will come into effect from the billing quarter beginning from 1st July 2013.

ii) Cross subsidy surcharge:

GESCOM in the current filings has proposed cross subsidy surcharge of 303.20 paise per unit for 66 KV and above level and 149.52 paise per unit at 33 KV level.

The Commission in its MYT Regulations has specified the methodology for calculating the cross subsidy surcharge. Based on the above methodology, the category wise cross subsidy will be as indicated below:

Particulars	HT-1 Water Supply	HT-2a Industries	HT-2b Commercial	HT3 (a) Lift Irrigation	HT3 (b) Irrigation & Agricultural Farms	HT-4 Residential Apartments	HT5 Temporary
Average Realization rate- Paise/unit	422.30	616.75	795.93	177.04	439.02	539.00	905.90
Cost of supply at 5% margin @ 66 kV and above level	536.31	536.31	536.31	536.31	536.31	536.31	536.31
Cross subsidy surcharge paise/unit @ 66 kV & above level	-114.00	80.40	259.60	-359.30	-97.30	2.70	369.60
Cost of supply at 5% margin @ HT level	578.20	578.20	578.20	578.20	578.20	578.20	578.20
Cross subsidy surcharge paise/unit @ HT level	-155.90	38.50	217.70	-401.20	-139.20	-39.20	327.70

For the categories where the surcharge is negative, the surcharge is made zero at the respective voltage level. For the remaining categories, the Commission decides to determine the surcharge at 80% of the cross subsidy worked out above, as the cross subsidy surcharge has to be gradually reduced. Thus, the cross subsidy surcharge is determined as under:

Paise/unit

Voltage level	HT-2a	HT-2b	HT-4	HT-5
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66 kV & above	64	208	2	296
HT level-11 kV/33kV	31	174	0	262

Since the realisation rate for the newly introduced categories HT2(c)(i) and HT2(c)(ii) is not available, the cross subsidy surcharge shall be calculated based on the actual realisation rate and adopting the surcharge formula as specified in the KERC (Terms and Conditions for Open Access) (First Amendment) Regulations 2006.

The wheeling charges and cross subsidy surcharge determined in this order will supersede the charges determined earlier and are applicable to all open access/wheeling transactions in the area coming under GESCOM.

The Commission directs the Licensees to account the transactions under open access separately. Further, the Commission directs the Licensees to carry forward the amount realized under Open Access/wheeling to the next ERC, as it is an additional income to the Licensees.

iii) Rebate for use of Solar Water Heater

The Commission has decided to retain the existing rebate of 50 paise per unit subject to a maximum of Rs.50 per installation per month for use of solar water heaters.

iv) Prompt payment incentive

The Commission had approved a prompt payment incentive (i) in all cases of payment through ECS and (ii) in the case of monthly bill exceeding Rs.1,00,000/- (Rs. One lakh). The rate of incentive was 0.25 % of the bill amount. The Commission decides to continue the same.

v) Relief to Sick Industries

The Government of Karnataka has extended certain reliefs to sick industries under the New Industrial Policy 2001-06 vide G.O. No. CI 167 SPI 2001, dated 30.06.2001. The Commission, in its Tariff Order 2002, has accorded approval for implementation of reliefs to the sick industries as per the Government policy and the same was continued in the Tariff Order 2003/2005. The Commission decides to continue the same subject to the collection of the amount of relief from the GoK in advance.

vi) Power Factor

The Commission had retained the PF threshold limit and surcharge, both for LT and HT installations at the then existing levels in the Tariff Order 2005. The Commission has decided to continue the same in the present order as indicated below:

LT Category (covered under LT-3, LT-4, LT-5 & LT-6 where motive power is involved): 0.85

HT Category: 0.90

vii) Rounding off of KW / HP

In the Tariff Order 2005, the Commission had approved rounding off of fractions of KW / HP to the nearest quarter KW / HP for the purpose of billing and the minimum billing being for 1 KW / 1HP in respect of all the categories of LT installations including IP sets. This shall be followed accordingly. In the case of street light installations, fractions of KW shall be rounded off to the nearest quarter KW for the purpose of billing and the minimum billing shall be for a Quarter KW.

viii) Interest on delayed payment of bills by consumers

The Commission, in its previous Order had approved interest on delayed payment of bills at 12% per annum. The Commission decides to continue the same in this Order also.

ix) Security Deposit (3 MMD/ 2 MMD)

The Commission had issued K.E.R.C. (Security Deposit) Regulations, 2007 on 01.10.2007 and the same has been notified in the official Gazette on 11.10.2007. The payment of security deposit shall be regulated accordingly, pending orders of the Hon'ble High Court in respect of WP 18215/2007.

6.8 Effect of Revised Tariff

As per the KERC (Tariff) Regulations 2000, read with MYT Regulations 2006, the ESCOMs have to file their applications for ERC/Tariff before 120 days of the close of each financial year in the control period. The Commission observes that the ESCOMs have filed their applications for revision of tariff on 10th December 2012. As the tariff revision is effective from **1st May 2013** onwards, ESCOMs would be recovering revenue for the entire year.

A statement indicating the proposed revenue and approved revenue is enclosed vide **Annexure – II** and detailed tariff schedule is enclosed vide **Annexure - III**.

6.9 Summary of Tariff Order 2013:

- ❖ The Commission has approved an ARR of Rs.2981.73 Crores as against GESCOM's proposed ARR of Rs.3192.83 Crores.
- ❖ The revenue gap as worked out by the Commission is Rs. 144.03 Crores as against GESCOM's estimated gap of Rs.216.40 Crores.
- ❖ The Commission has allowed an additional revenue of Rs.144.03 Crores on tariff Revision as against the proposed additional revenue of Rs. 216.40Crores.
- ❖ Approved increase in revenue is 5% against GESCOM's proposed increase of 7 %.
- ❖ GESCOM has proposed an increase of 70 paise for all categories of consumers other than BJ/KJ & IP Sets. The Commission has increased the tariff for IP Sets and domestic category upto first 100 units by 20 paise per unit and the average increase in tariff for other categories is at 24 paise per unit.
- ❖ Private Hospitals under existing LT3 tariff are recategorised under LT2(b) on par with private educational institutions. Further there is no change in the existing tariff for educational institutions under LT2(b) category.
- ❖ The Commission has not increased the tariff for LT and HT Water Supply installations both in urban and rural areas.
- ❖ Time of the day tariff which was made mandatory in the previous Tariff Order for installations under HT2 (a) and HT2(b) with contract demand of 500KVA and above is continued in this Order.
- ❖ The Commission has notified the Regulations for introduction of Fuel Cost Adjustment charge and the same will be effective from 1st July 2013.

- ❖ Green tariff has been slashed by 50 paise per unit. Consumers opting for green tariff have to Pay Re. 0.50/unit over and above the normal tariff as

against the earlier rate of Re.1.00 / unit. Green Tariff introduced in the previous tariff order for HT Industries & HT Commercial Consumers at their option, to promote purchase of energy from Renewable Sources and to reduce carbon footprint is continued.

- ❖ A new HT tariff category namely HT2(c) (i) is introduced for Government Hospitals & Hospitals run by Charitable Institutions & ESI Hospitals and Educational Institutions belonging to Government, Local Bodies and Aided Institutions and HT2(c) (ii) applicable for all other hospitals and educational institutions not covered under HT2(c)(i). ToD tariff for HT2(c) category is exempted.
- ❖ As in the previous Order, the Commission has continued to provide a separate fund for facilitating better Consumer Relations /Consumer Education Programs.
- ❖ The cap on short-term power is revised to Rs.4.50 per unit to meet shortfall in supply.

6.10 Commission's Order

- 1. In exercise of the powers conferred on the Commission under Sections 62, 64 and other provisions of the Electricity Act 2003, the Commission hereby determines and notifies the distribution and retail supply tariff of GESCO for FY14 as stated in Chapter-6 of this Order.**
- 2. The tariff determined in this order shall come into effect for the electricity consumed from the first metering date falling on or after 1stMay 2013.**
- 3. This order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bangalore this day, the 6thMay 2013.**

(M.R.Sreenivasa Murthy)
Chairman

(Vishvanath Hiremath)
Member

(K.Srinivasa Rao)
Member

APPENDIX

REVIEW OF COMPLIANCE OF DIRECTIVES ISSUED BY THE COMMISSION

The Commission had in the earlier tariff orders and in various letters issued the following directives for compliance by GESCOM. Compliance of those directives as reported by GESCOM is outlined in this section.

The Commission has decided to review the action taken by GESCOM to comply with each of the directions by holding separate hearings/meetings for the purpose. This chapter therefore does not indicate the Commission's views/decisions on the compliance as reported by GESCOM of the Commission's directions. On conclusion of the Commission's review, appropriate orders will be issued by the Commission which will be recorded in the next APR/tariff order relating to GESCOM. The details of the review proceedings will also be published on the Commission's website.

1 Directive on Demand Side Management and Energy Efficiency Measures

GESCOM is directed to explore the possibility of introducing the following DSM and Energy Efficiency measures which would result in reduction in peak demand.

- a) Making "Time of Day Tariff" compulsory for industrial consumers.
- b) Installing electronic "Timer Switches" for Streetlight installations for switching "on" and "off" at the required timings.
- c) Bifurcation of agricultural loads from the existing 11 KV feeders.
- d) Adopting HVDS which results in reduction of line losses and prevents theft of energy.

e) To adopt "Bachat Lamp Yojana" that is being launched by the Bureau of Energy Efficiency.

GESCOM is directed to formulate a time bound action plan to implement the above Demand Side Management and Energy Efficiency Measures and submit the same to the Commission.

Compliance by GESCOM

a) Making "Time of Day Tariff" compulsory for industrial consumers

There are 117 numbers of live HT installations under HT 2(a) and HT 2(b) category with sanctioned load of 500 KVA and above. All these 117 numbers of installations have been provided with ToD meters.

b) Installing electronic "Timer Switches" for Streetlight installations for switching "on" and "off" at the required timings

It is submitted that, letters have been addressed to the Deputy Commissioners of all Districts, in turn to instruct the urban/rural Local bodies to install Automatic Timer Switches for Streetlight installations in their respective jurisdictions with in June 2013.

c) Bifurcation of agricultural loads from the existing 11 KV feeders

Nirantar Jyothi Scheme is being implemented in two phases. In Phase-I & II, out of 337 numbers of feeders taken up for implementation of NJY scheme, 13 feeders have been commissioned as on 31.12.2012. Further details of NJY progress is indicated as below.

- Totally 45 feeders have been completed.
- For 147 feeders the work is under progress.
- For 81 feeders the work is to be taken up and
- For balance 51 feeders, tender to be invited.

Probable date of completion of phase I works in 20 Taluks:

15 Taluks	April 2013
3 Taluks	June 2013
2 Taluks	Dec 2013

Probable date of completion of phase II works in 8 Taluks:

6 Taluks	April 2013
2 Taluks	Dec 2013

d) Adopting HVDS which results in reduction of line losses and prevents theft of energy.

It is proposed to implement HVDS in Manvi Taluk of Raichur division, for all 30 numberof rural feeders for which DPR is under preparation by M/s C-Step, Bangalore. Further, for enabling preparation of DPR a pilot study and analysis work is entrusted to M/s CPRI Bangalore.

e) To adopt “Bachat Lamp Yojana” that is being launched by the Bureau of Energy Efficiency.

Lol placed on M/s GCI power Pvt. Ltd., has been cancelled and the fresh tenders were floated on 25.03.2011 and 20.04.2011 but no firms have participated in the tenders. It is further proposed to implement the Bachat Lamp Yojana project with the assistance of KREDL.

2 Directive on Implementation of Intra State ABT

The Commission had earlier directed that the work of establishing ALDCs in all the ESCOMs shall be completed fully and Intra State ABT made operational by 31st August 2010. Thereafter, progress achieved in this regard to be reported to the Commission on fortnightly basis.

Compliance by GESCOM

The Distribution Control Center has started functioning at corporate office and 24X7 load monitoring is being carried out. All the interface points have been provided with 0.2 class ABT meters.

Sl. No.	SSMD	No. of Sub-stations	No. of IF Points				Total IF Points	No. of Auxiliary Points	ABT Meters Fixed to IF Points
			33 KV	11 KV	EHT	IPP			
1	Gulbarga	10	7	22	0	0	29	12	29
2	Humnabad	17	15	33	0	0	48	18	48
3	Shahabad	10	9	17	2	6	26	12	26
4	Yadgir	9	8	15	6	0	23	10	23
5	Lingasugur	38	24	65	11	8	89	38	89
6	Munirabad	38	8	69	16	7	77	37	77
	Total	122	71	221	35	21	292	127	292

3 Directive on Taluk wise Feeders Segregation

ESCOMs shall furnish to the Commission the programme of implementing 11 KV Taluk wise feeders segregation with the following details:

- Number of 11 KV feeders considered for segregation.
- Month wise time schedule for completion of envisaged work.
- Improvement achieved in supply after segregation of feeders.

Compliance by GESCOM

It is submitted that in phase I & II, out of 337 feeders taken up under NJY scheme, 13 feeders have been commissioned as on 31.12.2012. Further progress is given as below:

- Totally, 45 feeders have been completed.
- 147 feeders work is under progress.
- 81 feeders work is to be taken up and
- For balance 51 feeders tender is to be invited.

Probable date of completion: phase I works

15 Taluks	April 2013
3 Taluks	June 2013
2 Taluks	Dec 2013

Phase II works

6 Taluks	April 2013
2 Taluks	Dec 2013

4 Directive on Metering at the Distribution Transformer Centres (DTCs)

The Commission had earlier directed the ESCOMs to complete the installation of meters at the DTCs by 31st December, 2010. The ESCOMs were required to furnish the following information on monthly basis on the progress achieved in respect of:

- a) Number of DTCs existing in the Company.
- b) Number of DTCs already metered.
- c) Number of DTCs yet to be metered.
- d) Time bound monthly programme for completion

Compliance by GESCOM

It is submitted that out of total 55398 numbers of DTCs as on 30.09.2012, 22641 numbers have been metered and the balance 32757 numbers have to be metered. Awards of contracts for metering of 30,296 numbers have been issued and out of these 30,296 numbers, 8584 numbers of DTCs have already been metered. The metering of balance DTCs will be speeded up and completed by 31.03.2013.

At present Energy Audit in respect of 22,641 numbers of DTCs is being conducted and for 8584 number of DTCs, energy audit will be taken up by 31.03.2013.

5 Directive on preventing Electrical Accidents

The Commission has reviewed the electrical accidents that have taken place in the State during FY 12 and with regret noted that as many as 353 people and 442 animals have died due to these accidents. From the analysis, it is seen that the major causes of these accidents are due to snapping of LT/HT lines, accidental contact with live LT/HT/EHT lines, hanging live wires around the electric poles / transformers etc., in the Streets posing danger to human lives.

Having considered the above matter, the Commission hereby directs all the ESCOMs/Hukkeri RECS/KPTCL to prepare an action plan to effect improvements in the Transmission and Distribution Networks and implement safety measures to prevent electrical accidents. Detailed Division wise action plans shall be submitted to the Commission within two months from the date of this order.

Compliance by GESCOM

It is submitted that, action has been taken to identify the hazardous locations Division wise and allotment of funds for prevention of accidents in such areas has been made as per the letter No: GESCOM/CEE (CP)/SEE (MIS)/EEE (TP)/2012-13/CYS-60 dated 07.05.2012. The progress in this regard

will be furnished to the Commission by 10.02.2013. The Division-wise action plan is as given below:

Time Bound Action Plan Fund to Divisions for reducing electrical accidents

Sl. No	Name of the Division	Allocation of funds in Lakhs
1	Gulbarga-I	4.00
2	Gulbarga-II	4.00
3	CSC Gulbarga	3.50
4	Yadgir	4.00
5	Bidar	4.00
6	Humnabad	4.00
7	Raichur	4.00
8	CSC Raichur	3.50
9	Koppal	4.00
10	Hospet	4.00
11	CSC Hospet	3.50
12	Bellary	4.00
13	CSC Bellary	3.50
	Total	50.00

Following remedial measures have been taken to reduce the electrical accidents.

- i. To carry out periodical and preventive maintenance works on Distribution System.
- ii. Providing intermediate Poles on LT/ HT lines.
- iii. Replacement of deteriorated Conductors by new Conductors for LT/HT lines. Action has been taken to set right the slanted Poles by foot concreting.
- iv. Re-stringing of loose span in HT/LT lines.
- v. Rectification of defects in hazardous installations of lines and equipment.
- vi. Rectification of defects in dangerous locations where the LT/HT Lines are passing very close to the buildings.

6 Directive on HT / LT Ratio

GESCOM is directed to take measures to achieve HT: LT line ratio of 1:1 by adopting Niranthara Jyothi Yojana in rural areas and by converting LT lines into HT lines and providing additional DTCs in Urban areas in one taluk as a pilot project. By achieving 1:1 ratio, LT line losses will be reduced. GESCOM shall furnish time bound action plan to achieve this ratio in one taluk of the Company.

Compliance by GESCOM

It is submitted that, HT/LT Ratio at present is 1:1.992. Under NJY and HVDS it is proposed to increase the length of HT lines which will improve the HT/LT Ratio, significantly. After completion of NJY, the ratio would be reduced significantly and progress of the same would be submitted from December 2013 onwards to the Commission.

7 Directive on MIS and Computerization

GESCOM shall improve its Management Information System (MIS) and provide more details and explain the basis for all the projections indicating the sources of data and the method of estimating the projected values in the next filing.

GESCOM shall furnish the details of sanctioned load and slab wise consumption for the purpose of computation of fixed charges in the next ERC filing. GESCOM has to improve its database and achieve consistency in the data furnished to the Commission.

Compliance by GESCOM

TRM activity has been out sourced to Private Firm NSDFT (India) from September 2011 onwards and is consistently making efforts to improve the data base.

**A brief about the implementation of the Total Revenue Management at
GESCOM**

The operations are based on a Centralized Database with a Web based application and operate on a private cloud created by the service provider. The database is located in a secure data center in ITPL at Bangalore. The database is accessed through secured socket layer based VPN connectivity with 256 bit encryption.

The application is built on a Dot Net Platform with windows based client machines located at each of the Sections and Sub-Divisions. The application covers the modules of Billing/Collection/Disconnection modules/MIS reports as required under the TRM project.

Special features are:

- All officers have been provided login to access the system through Internet.
- All work flow features are controlled through Biometric finger print reading devices.
- Information is presented through Dash Board which allows the users to navigate across the entire company. The information is aggregated at different levels automatically.
- Emails are sent to the Sub-Divisional officers containing the various reports related to the Sub-Divisional performance. The Email also contains reports related to all the changes made in the data base by different levels of the officers in the Sub- Division.
- Login has been provided for corporate level officers for Vigilance, Audit and other functions.
- Information access is provided to all consumers of GESOM. The consumers can access the database through the GESCOM Website.

- The system produces the DCB on the last day of the month at midnight and generates the DCB report.
- The system provides a variety of reports which help in the management of the Revenue at the sub division.

The system works through the Broadband connectivity provided by GESCOM. The cash counters have been configured to directly synchronize with the central database through the internet. However, the cash counters have been also configured to work in the absence of internet connection.

The system has worked efficiently over a period of 16 months and has been serving the needs of the company. All operations are being carried out on this system and billing of all tariffs is being carried out through this system. There are zero complaints from the consumers relating to the accuracy of the bills.

8 Directive on Energy Audit

The Commission had directed GESCOM to prepare a metering plan for energy audit to measure the energy received in each of the interface points and to account for the energy sales. The Commission had also directed GESCOM to conduct energy audit and chalk out an Action Plan to reduce distribution losses to a maximum of 15% wherever it was above this level in 11 towns and cities having a population of over 50000.

Compliance by GESCOM

The division wise energy audit details for FY11, FY12 and FY13 (up to August 2012) have been furnished. Energy balance sheet for FY13 (up to September 2012) is also furnished. It is stated that, total 12,592 numbers of non recording meters out of 18,679 numbers of non recording / defective meters have been replaced by good meters as at the end of September 2012. The segregation of technical and commercial losses is furnished as below.

Energy Loss statement: FY 11 to FY16

Sl. No.	Particulars	FY-11	FY-12	FY-13	FY-14	FY-15	FY-16
		Audited	Audited	Projected	Projected	Projected	Projected
A	Energy input	5994.21	6949.97	7449.93	8001.57	8769.00	9323.18
B	Metered Sales (in MU)	2212.15	2362.71	2579.29	2912.37	3109.13	3413.38
C	Un-metered Sales (in MU)						
	(i) IP Set	2196.15	2788.29	3081.36	3340.63	3805.98	4037.00
	(ii) Street-light	154.67	169.47	173.81	179.03	186.19	197.36
	(iii) BJ/KJ	108.92	121.36	125.49	129.26	133.13	137.13
	(iv) MUSS						
	Total Un-metered (in MU)	2459.74	3079.12	3380.66	3648.92	4125.30	4371.48
D	Total Sales (B+C) (in MU)	4671.89	5441.83	5959.95	6561.29	7234.43	7784.86
E	Energy Un-accounted (in MU)	1436.98	1492.61	1489.99	1440.28	1534.58	1538.33
F	% Loss	22.06	21.70	20.00	18.00	17.50	16.50
G	33 KV Line Loss	0.98	0.99	0.98	0.96	0.97	0.97
	33 KV Power Transformer Loss	0.40	0.40	0.40	0.52	0.52	0.51
	11 KV Distribution Transformer Loss	4.74	4.86	4.82	4.62	4.67	4.64
	Distribution Transformer Loss	2.50	2.57	2.54	2.50	2.53	2.52
	LT Line Loss	5.76	5.90	5.85	5.58	5.65	5.61
	Total Technical Loss	14.38	14.72	14.59	14.18	14.34	14.25
G	Commercial Loss	7.68	6.98	5.41	3.82	3.16	2.25
	Total Loss	22.06	26.03	20.00	18.00	17.50	16.50

Energy Balance Sheet for the year 2012-13 (up to Sep.12)

Month	Total Input	Metered Sales DCB MU	Un-Metered Sales MU	Total Sales MU	Total Energy Loss	Distribution Loss
Apr-12	572.342	201.653	299.627	501.280	71.06	12.41
May-12	597.910	210.303	239.707	450.010	147.10	24.73
Jun-12	553.428	222.470	224.660	447.130	106.29	19.21
Jul-12	537.213	205.610	232.750	438.360	98.85	18.40
Aug-12	548.009	208.130	231.230	439.360	108.65	19.82
Sep-12	530.230	213.580	226.780	440.360	89.87	16.94

Energy Audit of Towns and Cities

Sl. No.	Name of the Town/City	Average % Distribution loss recorded		
		FY 2010-11	FY 2011-12	FY 2012-13 up to Aug 2012
1	GULBARGA	23.66	20.50	21.6
2	SHAHABAD	43.15	27.16	29.27
3	YADGIR	27.31	27.44	32.47
4	BIDAR	33.89	26.84	27.56
5	B'KALYAN	27.95	29.74	24.23

6	RAICHUR	22.01	24.35	24.73
7	SINDHNOOR	20.4	20.71	21.71
8	KOPPAL	16.46	14.48	13.67
9	GANGAVATHI	19.54	17.61	16.36
10	HOSPET	15.27	11.35	14.65
11	BELLARY	21.82	22.87	27.55
	GESCOM	23.31	21.50	23.41

9 Directive on Assessment of IP Sets' consumption

The Commission had directed GESCOM to provide meters to DTCs predominantly feeding IP Sets at the rate of two to four DTCs per O&M Section.

The Commission directs GESCOM to furnish the monthly data downloaded from 32 ETV meters that was being furnished by M/s TERI, in addition to the monthly statement of assessment of IP consumption based on DTC metered sampling points.

ESCOMs shall install meters to all DTCs which are predominantly feeding IP Sets and put in place a mechanism to obtain periodical meter readings of such DTCs and assess the consumption. Once this mechanism is put in place, the existing method of assessment of consumption based on sample DTC meters shall be discontinued.

Compliance by GESCOM

It is submitted that, the month wise details of assessment of IP Set's consumption is being furnished to the Commission. The assessment of IP Set consumption is submitted up to September 2012 and the information for October and November 2012 will be furnished to the Commission by 31.01.2013.

10 Directive on Quality of Service

The Commission had earlier commented on the poor quality of supply, particularly in rural areas. The Commission has been directing GESCOM to take appropriate action to reduce interruptions by attending to periodic maintenance of lines and equipment, with particular reference to rural areas.

Compliance by GESCOM

It is submitted that, during FY13, 11 number of 33/11 KV Sub-Stations will be added to the Network. Further, 127 Kms of 33 KV line and 376 Kms of 11 KV line is proposed to be added besides completing the NJY works to improve the quality of service. The 9 number of 33 KV Sub-Stations have been awarded to various Agencies and works are in progress which will be commissioned during May 2013. The balance 3 numbers of Sub-Stations are likely to be completed by March 2014. Further, under RAPDRP part II scheme Rs186 crore has been earmarked for strengthening of the infrastructure which will be completed by 31.09.2013. After completion of the above works the quality of services will be further improved.

11 Directive on Reliability Index of supply of power to consumers

As per the Schedule-II of the KERC (Licensees' Standards of Performance) Regulations, 2004, the Licensees are required to compute the following Reliability Indices:

- a. Average number of interruptions in 11KV feeders.
- b. Average duration of interruptions in 11KV feeders.
- c. Average number of interruptions per consumer.
- d. Average duration of interruptions per consumer.

At present, ESCOMs are furnishing the following monthly data on Benchmark parameters for both urban and rural areas separately.

- a) Average number of interruptions in 11KV feeders.
- b) Average duration of interruptions in 11KV feeders.

Clause 8 under Distribution System Planning and Security Standard of the Distribution Code in the Karnataka Electricity Grid Code- 2005 also specifies computation of the Reliability Indices for planning of extension and improvement to a distribution system.

Compliance by GESCOM

As per the Hon'ble Commission's directives, GESCOM is regularly furnishing Reliability Index details in the prescribed formats every month. The information sought has been furnished to the Hon'ble KERC vide this office letter No. GESCOM/CEE (CP)/EE (RA)/2012-13/25503-08 dated 03.10.2012 and 28806-09 dated 13.10.2012.

12 Directive on Regularization of unauthorized IP Sets

The Commission, in a number of letters, and in earlier Tariff orders, directed GESCOM to regularize unauthorized IP Sets (except those in the grey and dark areas), immediately without imposing any condition and bring IP Sets into books of Accounts.

Compliance by GESCOM

It is submitted that total un-authorized IP Sets registered for regularization are 26,485 numbers. Out of 26,485 numbers of un-authorized IP Sets registered for regularization, 9063 numbers of IP Sets have been regularized. Out of the IP Sets regularized, infrastructure is created for 1821 numbers and for remaining 7248 numbers tenders have been invited for creating infrastructure.

13 Directive on Metering

The Commission in a number of letters and in the earlier Tariff orders had directed GESCOM to provide meters to IP sets, BJ/KJ and Street Light installations, immediately. It has observed that, continuation of supply by GESCOM to these un-metered categories without meters from

10.06.2005 onwards violates the provisions of Section 55 of the Electricity Act, 2003.

The Commission reiterates its directive to achieve 100% metering in respect of IP Sets, BJ/KJ and Streetlight installations.

Compliance by GESCOM

Out of total 2,84,602 number of IP installations existing, 83,270 numbers have been metered and the balance is 2,01,332 numbers. Separate Feeders are being formed for IP Sets under NJY scheme. Feeders meter provided to will record IP consumption accurately. Further, GESCOM is also providing meters to DTCs. Therefore, IP consumption DTC wise will also be available. It is decided to drop metering of individual IP Sets for the time being.

Out of the total 5,60,613 numbers of BJ/KJ installations around 4,19,445 numbers have been metered and balance is 1,41,168 numbers under RAPDRP Scheme, GESCOM is replacing 3.5 Lakh Electro Mechanical meters by Static meters. The released Electro Mechanical meters will be utilized for metering of the balance of BJ/KJ installations. The same will be completed by 30.06.2013.

Out of total 12,837 number of Street light installations, 10,435 numbers have been metered and balance is 2,402 numbers, which will also be metered by the end of 30.06.2013.

14 Directive on segregation of Distribution and Retail supply business

GESCOM is directed to segregate accounts between Distribution and Retail supply business by adopting a suitable methodology and implement the same from the next Financial Year.

Compliance by GESCOM

It is submitted that in the existing manual process of maintenance of accounts, it is very difficult to implement the segregation of account wise expenses between the Retail and Distribution business. In this regard a tender has been called for computerization of accounts which is under evaluation. The segregation of Distribution and Retail supply business will be implemented upon computerization of the accounts.

15 Directive on Lifeline supply to unelectrified Households

The Commission has directed ESCOMs to prepare a detailed and time bound action plan to provide electricity to all the un-electrified villages, Hamlets and Habitations in every taluk and to every Household therein. The action plan shall spell out the details of additional requirement of power, infrastructure and manpower along with the shortest possible time frame (not exceeding three years) for achieving the target in every taluk and district.

Compliance by GESCOM

It is submitted that, total 50284 numbers of un-electrified Households have been identified for which formulation and sanction of scheme is in process. It is further stated that there is a proposal to formulate RGGVY Scheme under 12th Plan for Electrification of left out Habitations including those having population of less than 100. An estimated un-electrified Household of 15788 numbers (revised figure) would be covered under this scheme. The Households will be electrified in a span of one year from the date of sanction.

16 Directive on Power Supply during Night Hours for Villages

The distribution utilities shall ensure at least 11 hours of single-phase power supply to the rural areas every day between 6 pm and 6 am with provision for one hour of load shedding if required, to manage evening peak

demand between 6 pm and 10 pm. The Commission will consider the implications of any additional power purchase required for the purpose.

Compliance by GESCOM

Average hours of Power Supply arranged from April 2012 to September 2012 in GESCOM are given below:

Month	Urban/Rural		Name of the District					
			Gubarga Zone			Bellary Zone		
			Gubarga	Yadagir	Bidar	Raichur	Koppal	Bellary
April-2012	Urban		22:11:32	20:27:36	21:59:05	21:24:16	21:54:48	22:29:19
	Rural	3 – Phase	5:34:50	5:21:27	5:05:49	6:21:40	5:50:22	5:33:00
		1- Phase	8:59:37	10:51:47	9:34:30	9:44:45	9:36:57	10:31:09
May-2012	Urban		22:23:41	22:17:55	22:25:18	22:50:56	22:37:22	22:55:43
	Rural	3 – Phase	6:17:01	5:09:48	5:41:30	5:58:37	5:21:20	5:42:02
		1- Phase	10:13:04	10:37:03	10:42:13	10:38:23	10:31:29	10:44:41
Jun-2012	Urban		22:25:05	21:35:37	21:52:10	22:31:37	22:01:43	22:22:44
	Rural	3 – Phase	5:57:45	5:06:35	5:16:02	5:36:30	5:12:40	5:32:33
		1- Phase	9:34:17	9:44:10	10:11:18	10:00:20	10:08:49	10:26:40
July-2012	Urban		21:46:09	20:43:55	22:02:44	22:04:32	21:25:05	21:57:49
	Rural	3 – Phase	6:18:28	5:39:38	6:59:36	6:09:26	5:38:58	6:24:08
		1- Phase	9:16:50	8:55:39	9:42:42	9:44:22	9:43:12	9:18:41
Aug-2012	Urban		21:14:02	20:42:48	20:31:33	21:13:14	21:23:05	20:24:54
	Rural	3 – Phase	6:25:15	6:09:45	8:02:19	6:47:05	5:22:47	6:16:00
		1- Phase	7:47:26	8:02:16	8:00:58	8:10:24	8:49:40	7:43:22
Sept-2012	Urban		21:20:40	21:00:33	20:02:20	19:30:47	20:32:42	18:22:39
	Rural	3 – Phase	6:22:56	6:25:36	6:21:27	5:11:19	5:20:32	4:47:59
		1- Phase	7:48:01	8:33:38	8:39:17	8:06:27	8:53:49	7:14:38

17 Directive on Reliability of Electricity Supply

The Commission directs GESCOM to prepare and publish its weekly Feeder/Substation wise supply schedules. The Commission also directs that the GESCOM shall submit to the Commission, by the 10th of every month, a report Distribution Zone wise, on the number and duration of interruptions in supply during the previous month with reasons.

Compliance by GESCOM

The statement showing the 11 KV feeders Reliability Index for District Head Quarters, Towns and rural Areas is furnished to the Hon'ble Commission.

Sl. No.	Name of the Town	SAIFI	SAIDI for feeder	RI for Feeder	SAIDI for Consumer	RI for Consumer
1	Gulbarga	415	10048.36	98.09	-	-
2	Yadgir	512	27184.08	94.83	1359.20	99.74
3	Bidar	779	38290.67	92.71	7275.23	98.62
4	Koppal	425	11345	97.84	680.70	99.87
5	Raichur	418	35064.95	93.33	5961.04	98.87
6	Bellary	823	2741.05	94.78	6580.09	98.75
7	Shahabad	308	22760.1	95.67	1820.81	99.65
8	Sindnoor	132	12846.7	97.56	770.80	99.85
9	Basavakalyan	245	17524.2	96.67	175.24	99.97
10	Hospet	236	17235.54	96.72	3274.75	99.38
11	Gangavathi	264.5	0	100.00		

18 Directive on Responsiveness to Consumers

The commission directs GESCOM to hold consumer interaction meetings in each O&M Sub-Division once in every two months according to a published schedule. Such meetings shall be attended by officers of the level of Superintending Engineers along with the Divisional and the Sub-Divisional level Engineers. GESCOM shall submit a schedule of such meetings to the Commission.

Compliance by GESCOM

In GESCOM all the field officers are attending the monthly meetings conducted by District Administration where discussion regarding grievance aired by the consumers takes place. Further, all the superintending Engineers of O&M Circle have been directed to hold consumer interaction meetings in each O&M Sub-Division once in every two months according to a published schedule with due notification in the local media for necessary information of the consumers.

19 Directive on Conservation of Energy in Irrigation

The Commission directs that GESCOM shall set up an Efficient Irrigation Promotion cell to promote drip/sprinkler irrigation systems among farmers. This cell should coordinate, with universities of Agricultural Sciences and the various Departments of Government to set up demonstration units of drip irrigation and conduct consumer education programmes for the benefit of IP set users. GESCOM is directed to submit to the Commission a blue print for implementing this programme in its jurisdiction within two months.

Compliance by GESCOM

GESCOM has appealed to the firms and all IP Set consumers to use only ISI marked Appliances, Irrigation pump sets, P.V.C pipes and efficient Foot Valves to conserve the electric energy at the consumer interaction meetings. It is proposed to implement the Efficient Irrigation Pump set scheme through WENNEXA programme.

20 Directive on reduction in the distribution losses

It is the Commission's view that the ESCOMs can reduce distribution losses to a significant level by taking up certain improvements in the existing distribution networks. The State Level Advisory Committee of the Commission has also discussed these issues on more than one occasion, and suggested specific measures which should be taken by the ESCOMs to substantially reduce the distribution losses. Considering the obvious need for the ESCOMs in the State to launch a major drive in this regard,

and after considering appropriate technical advice, the Commission directed the ESCOMs to take up the following measures during the current year:

i) Implementation of HVDS

In view of the obvious benefits in the introduction of HVDS in reducing distribution losses, the Commission had directed GESCOM to implement High Voltage Distribution System in at least one O&M Division in a rural area in its jurisdiction during the Financial Year 2012 by utilizing the capex provision allowed in the ARR for the year.

Compliance by GESCOM

It is proposed to implement HVDS in Manvi Taluk of Raichur division, for all 30 numbers of rural feeders for which DPR is under preparation by M/s C Step Bangalore. Further, for enabling preparation of DPR a pilot study and analysis work is entrusted to M/s CPRI, Bangalore.

ii) Demand Side Management in Agriculture

In view of the urgent need for conserving energy for the benefit of the consumers in the State, the Commission directs that GESCO shall take up replacement of inefficient pumps with energy efficient pumps approved by the Bureau of Energy Efficiency, at least in one Sub-Division in its jurisdiction.

Compliance by GESCO

GESCO has appealed to the firms and all IP Set consumers to use only ISI marked Appliances, Irrigation pump sets, P.V.C pipes and efficient Foot Valves to conserve the electric energy at the consumer interaction meetings. It is proposed to implement the Energy Efficient Pump set scheme through WENNEXA programme.

iii) Nirantara Jyothi – Feeder Separation

The Commission had directed GESCO to take all necessary steps to complete Phase-I of Nirantara Jyothi Project in its area within FY12 and also complete preparations for commencing the implementation of Phase II of the Programme. GESCO was also directed to submit monthly reports to the Commission regarding the progress of implementation.

Compliance by GESCO

It is stated that in Phase I & II, out of 337 feeders taken up under NJY scheme, 13 feeders have been commissioned as on 31.12.2012. Further, progress is given as below:

- Totally 45 feeders have been completed.
- 147 feeders work is under progress.
- 81 feeders work is to be taken up and
- For balance 51 feeders tender is to be invited.

Probable date of completion: Phase I works

15 Taluks	April 2013
3 Taluks	June 2013
2 Taluks	Dec 2013

Phase II works

6 Taluks	April 2013
2 Taluks	Dec 2013

iv) Optimizing Transformer Capacities

The Commission had directed that the ESCOMs should undertake a systematic audit of transformer loads in each Sub-Division on a quarterly basis and ensure that transformers installed are of optimum capacity, keeping in view the load to be serviced. The GESCOM was directed to submit the report indicating results of the audit to the Commission with effect from the last quarter of the calendar year 2011.

Compliance by GESCOM

It is submitted that the field officers have been directed to remove the under loaded transformers and optimize the capacity by reducing the capacity of transformers which are under loaded.

21 Directive on Improving the quality and reach of service and adoption of a customer-oriented approach in business

The quality of service provided by the ESCOMs is in need of urgent improvement to meet the expectations and needs of the consumers. The Commission has also noted that a large number of vacancies in the field staff of the ESCOMs and non-availability of materials on a timely basis are

two important factors constraining the ESCOMs in providing quality service by undertaking maintenance of the distribution network and attending to the complaints of the consumers. The Commission views the matter seriously and directs the ESCOMs to take the following measures expeditiously

(i) Recruitment of Field Staff

The Commission in its earlier order had directed GESCOM to fill up at least 50 percent of the vacancies in the cadres of Junior Engineers, Linemen and Assistant Linemen during the Financial Year 2012. GESCOM was also directed to submit to the Commission a report on the action taken to fill up the vacancies as above in the specified time limit.

Compliance by GESCOM

As per the kind directions of the Hon'ble Commission, GESCOM has already called applications for the recruitment of Assistant Linemen. The process is delayed due to grant of stay by the Hon'ble High Court. Now the stay is vacated and the process is once again initiated. GESCOM will recruit 235 Linemen in this year.

Further, it is submitted that recruitment of Junior Engineers is also initiated, a letter has been already addressed to the Additional Chief Secretary, Energy Department, GOK vide reference No. 39581 dated 24th December 2011, seeking permission to recruit Junior Engineers and the order of the Government is awaited.

(ii) Service Centres for Improved Responsiveness

The Commission had earlier directed GESCOM to introduce the system of adequately equipped 'Service Centres' at least in two rural Sub-Divisions during the current year and report the results of its operations along with details of additional expenditure to the Commission. The GESCOM could

introduce the proposed 'Service Centres' even with outsourced personnel, if necessary, till the recruitment of their own staff is completed.

Compliance by GESCOM

It is submitted that for delivering improved responsiveness to the consumers, GESCOM has provided mobile phones to officers and linemen working in O&M Sections and the mobile numbers have been published in the newspapers for the convenience of the consumers.

Further, 24x7 Customer Call Centre with toll free number has been provided for registering of consumer complaints which are also being attended on priority. Also in city jurisdictions a fully equipped vehicle with line men is provided for attending emergency complaints round the clock. As directed by the Hon'ble Commission, GESCOM will take steps to extend this facility to the rural sections also in this year on priority.

(iii) Customer-Oriented Approach in Service

The Commission had directed GESCOM to prepare a detailed training schedule for their Operational and Administrative staff, so that each field level functionary undergoes training at least once in a period of two years. The content and duration of the training programme shall be decided in consultation with HR professionals and the details of the programme and its implementation shall be reported to the Commission on a quarterly basis.

Compliance by GESCOM

As directed by the Hon'ble commission GESCOM will take steps to train officers and Maintenance Establishment staff for upgrading their skills both in Operational and Administrative areas. A detailed programme and its implementation will be submitted to the Hon'ble Commission shortly.

(i) Recovery of Arrears Receivables

The arrears of receivables to the GESCOM from various consumers including the local bodies were to the tune of Rs 1407.56 crore as on 31.3.2011. The Commission is of the view that the realisation of these arrears is crucial to the financial viability of the ESCOMs. The Commission, therefore, had directed GESCOM to take up the recovery of arrears with Government's assistance, so that at least 33 percent of the arrears outstanding as on 31.3.2011 are realised every year over the next three years.

Compliance by GESCOM

It is submitted that action has been taken to recover the outstanding arrears. The outstanding arrears from consumers including Local Bodies was to the tune of Rs 1427 crore as on 31.03.2011 has now been reduced to Rs 1385 crore. However, GESCOM will put forth all its efforts to recover the arrears.

(ii) Sub-Divisions as Strategic Business Units

The present organizational set up of ESCOMs at the field level appears to be mainly oriented to maintenance of power supply without a corresponding emphasis on realization of revenue. This has resulted in a serious mismatch between the power supplied, expenditure incurred and revenue realised in many cases. The continued viability of the ESCOMs urgently calls for a change of approach in this regard, so that the field level functionaries are made accountable for ensuring realization of revenues corresponding to the energy supplied in their jurisdiction.

Therefore, the Commission had directed GESCOM to introduce the system of Cost-Revenue Centre Oriented Sub-Divisions at least in two divisions in its operational area during the Financial Year 2012 and report the results of the experiment to the Commission.

Compliance by GESCOM

As per the kind directions of the Hon'ble commission, GESCOM has introduced the system of Cost-Revenue center oriented Sub-Division at Gulbarga City CSC Division. All the activities are being monitored now and a report in this regard will be submitted to the Hon'ble commission shortly.

Annexure-1(a)

I. Approved Energy and its costs from Hydro Power Stations for ARR of GESCO FOR FY-14

Name of the Generating Station	Approved Energy in MUs	Per Unit Capacity Charges (Rs/Kwh)	Capacity Charges (Rs Cr)	Per Unit primary Charges (Rs/Kwh)	Primary Charges (Rs Cr)	Per Unit Secondary Charges (Rs/Kwh)	Secondary Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
SVP-	1,383.36	0.06	8.92	0.25	23.45	0.02	0.71	33.09	0.24
LDPH-	69.47	0.07	0.46	0.25	1.25	0.02	0.04	1.74	0.25
KVP-	786.68	0.08	6.55	0.56	27.50	0.03	0.77	34.81	0.44
Supa	122.38	0.07	0.87	0.56	3.11	0.01	0.09	4.07	0.33
VVP-	203.49	0.18	3.58	0.79	17.15	0.00	0.00	20.73	1.02
Mani Dam Power House	6.53	0.21	0.14	0.79	0.67	0.00	0.00	0.81	1.23
Varahi 3&4	0.00	0.00	8.09	3.94	3.34	0.00	0.00	11.43	0.00
KPH	100.66	0.40	3.99	1.05	11.72	0.00	0.00	15.71	1.56
KDPH	92.76	0.30	2.82	0.88	8.73	0.00	0.00	11.55	1.25
GPH	145.03	0.34	4.89	1.01	11.84	0.15	0.42	17.14	1.18
GHEP	25.84	0.19	0.49	0.80	1.79	0.15	0.05	2.33	0.90
BEH	16.40	0.16	0.27	2.97	3.98	0.14	0.04	4.29	2.62
ADPH	140.61	1.03	14.44	1.19	9.04	0.14	0.91	24.39	1.73
MGHE	79.03	0.12	0.96	1.07	3.36	0.03	0.15	4.47	0.57
Shlvasamudra	81.57	0.14	1.18	0.76	3.57	0.05	0.17	4.93	0.60
Shimsha	15.10	0.27	0.41	0.76	1.46	0.00	0.00	1.87	1.24
MPH	26.22	0.07	0.17	0.62	1.07	0.03	0.03	1.27	0.48
Total	3295.13		58.23		133.03		3.38	194.63	0.59

II. Approved Energy and its costs from Thermal Power Stations for ARR of GESCO FOR FY-14

Name of the Generating Station	Approved Energy in MUs	Per Unit Fixed Charges (Rs/Kwh)	Fixed Charges (Rs Cr)	Per Unit Energy Charges (Rs/Kwh)	Energy Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
KPCL-RTPS: 1 to 7	1133.88	0.67	75.54	3.24	367.11	442.66	3.90
KPCL-RTPS: 8	190.82	1.64	31.24	2.78	52.96	84.21	4.41
KPCL-BTPS: 1	416.28	1.09	45.55	2.01	83.53	129.08	3.10
KPCL-BTPS: 2	416.28	1.56	65.00	1.91	79.43	144.43	3.47
KPCL-DG-Plant	4.43	0.58	0.25	13.51	5.98	6.23	14.09
CGS-NTPC-Ramagundam: Stage-I & II	373.19	0.55	20.41	2.09	78.06	98.47	2.64
CGS-NTPC-Ramagundam: Stage-III	93.72	0.96	9.04	2.63	24.63	33.67	3.59
CGS-NTPC-Talcher: Stage-II	342.51	0.75	25.63	1.57	53.66	79.29	2.32
CGS-NTPC-Simhadri: Stage-II	187.91	1.72	32.32	2.21	41.50	73.82	3.93
CGS-NLC;TPS-II:Stage-I	113.82	0.34	3.84	2.03	23.15	26.98	2.37
CGS-NLC;TPS-II:Stage-II	170.53	0.33	5.60	2.03	34.63	40.22	2.36
CGS-NLC;TPS-I:Exp	92.85	1.27	11.81	1.89	17.56	29.37	3.16
CGS-NPCIL;MAPS	30.14	0.00	0.00	2.08	6.26	6.26	2.08
CGS-NPCIL;KAIGA-1&2	110.06	0.00	0.00	3.07	33.74	33.74	3.07
CGS-NPCIL;KAIGA-3&4	119.79	0.00	0.00	3.07	36.72	36.72	3.07
CGS-NTECL;STPS-Vallur-1	37.31	2.17	8.08	1.91	7.13	15.22	4.08
CGS-NTECL;STPS-Vallur-2	18.30	3.73	6.82	1.91	3.50	10.32	5.64
CGS-NTECL;STPS-Vallur-3	2.89	19.44	5.61	1.91	0.55	6.16	21.35
Tuficoran	4.38	25.38	11.12	1.91	0.84	11.96	27.29
Kudankulam (2x1000MW)	36.20	0.00	0.00	3.10	11.22	11.22	3.10
Total	3895.29		357.86		962.16	1320.03	3.39
UPCL-Unit-1 & 2 (Provisional charges subject to the final orders from CERC)		324.08		45.76		88.31	4.14

**III. Approved Energy and its costs from NCE Sources for ARR of GESCOM
FOR FY-14**

	Approved Energy (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs per Unit)
Mini HYdel	148.22	46.81	3.158143
Wind Mill	136.90	48.28	3.526662
Co-Gen	161.17	57.60	3.573866
BioMass	103.07	40.54	3.933249
KPCL Wind Mill	0	0	0
KPCL Solar	7.62	3.47	4.553806
Total	556.98	196.70	3.53

Annexure – 1 (b)

I. Approved Energy and its costs from Hydro Power Stations for ARR of GESCOM FOR FY-15

Name of the Generating Station	Approved Energy in MUs	Per Unit Capacity Charges (Rs/Kwh)	Capacity Charges (Rs Cr)	Per Unit primary Charges (Rs/Kwh)	Primary Charges (Rs Cr)	Per Unit Secondary Charges (Rs/Kwh)	Secondary Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
SVP-	1,479.90	0.06	9.54	0.25	25.09	0.02	0.76	35.40	0.24
LDPH-	74.32	0.07	0.49	0.25	1.33	0.02	0.04	1.86	0.25
KVP-	841.58	0.08	7.00	0.56	29.42	0.03	0.82	37.24	0.44
Supa	130.92	0.07	0.93	0.56	3.32	0.01	0.09	4.35	0.33
VVP-	217.69	0.18	3.83	0.79	18.34	0.15	-0.21	21.97	1.01
Mani Dam Power House	6.99	0.21	0.15	0.79	0.72	0.15	-0.03	0.83	1.19
Varahi 3&4	0.00	0.00	8.66	3.94	3.57	0.00	0.00	12.23	0.00
KPH	107.69	0.40	4.27	1.05	12.54	0.00	0.00	16.81	1.56
KDPH	99.24	0.30	3.02	0.88	9.34	0.00	0.00	12.36	1.25
GPH	155.15	0.34	5.23	1.01	12.67	0.15	0.44	18.34	1.18
GHEP	27.64	0.19	0.52	0.80	1.92	0.15	0.05	2.49	0.90
BEH	17.54	0.16	0.29	2.97	4.26	0.14	0.05	4.59	2.62
ADPH	150.43	1.03	15.45	1.19	9.67	0.14	0.97	26.09	1.73
MGHE	84.55	0.12	1.02	1.07	3.60	0.03	0.17	4.78	0.57
Shlvasamudra	87.26	0.14	1.26	0.76	3.82	0.05	0.18	5.27	0.60
Shimsha	16.15	0.27	0.44	0.76	1.56	0.15	-0.07	1.94	1.20
MPH	28.05	0.07	0.19	0.62	1.14	0.03	0.03	1.36	0.48
Total	3525.10		62.29		142.31		3.29	207.91	0.59

1. Approved Energy and its costs from Thermal Power Stations for ARR of GESCOM FOR FY-15

Name of the Generating Station	Approved Energy in MUs	Per Unit Fixed Charges (Rs/Kwh)	Fixed Charges (Rs Cr)	Per Unit Energy Charges (Rs/Kwh)	Energy Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
KPCL-RTPS: 1 to 7	1133.88	0.68	77.61	3.30	373.88	451.49	3.98
KPCL-RTPS: 8	190.82	1.59	30.36	2.83	53.94	84.30	4.42
KPCL-	416.28	0.98	40.62	2.04	85.07	125.69	3.02
KPCL-BTPS:	416.28	1.45	60.42	1.94	80.89	141.31	3.39
YARAMARUS-1	91.99	4.67	42.94	2.55	23.46	66.41	0.00
CGS-NTPC- Ramagundam: Stage-I & II	354.98	0.57	20.22	2.13	75.62	95.83	2.70
CGS-NTPC- Ramagundam: Stage-III	89.15	0.97	8.68	2.68	23.86	32.54	3.65
CGS-NTPC-Talcher: Stage- II	329.46	0.68	22.53	1.60	52.57	75.10	2.28
CGS-NTPC-Simhadri: Stage-II	178.18	1.92	34.29	2.25	40.07	74.37	4.17
CGS-NLC;TPS-II:Stage-I	108.61	0.37	3.98	2.07	22.49	26.48	2.44
CGS-NLC;TPS-II:Stage-II	162.71	0.36	5.90	2.07	33.65	39.55	2.43
CGS-NLC;TPS-I:Exp	88.59	1.32	11.70	1.93	17.07	28.76	3.25
CGS-NPCIL;MAPS	28.75	0.00	0.00	2.12	6.08	6.08	2.12
CGS-NPCIL;KAIGA-1&2	105.01	0.00	0.00	3.12	32.78	32.78	3.12
CGS-NPCIL;KAIGA-3&4	114.30	0.00	0.00	3.12	35.68	35.68	3.12
CGS-NTECL;STPS-Vallur-	35.60	2.25	8.01	1.95	6.93	14.94	4.20
CGS-NTECL;STPS-Vallur-	35.60	2.02	7.21	1.95	6.93	14.14	3.97
CGS-NTECL;STPS-Vallur-	35.60	1.82	6.49	1.95	6.93	13.42	3.77
Tuficoran (2x500MW)	53.21	2.25	11.97	1.95	10.36	22.33	4.20
Kudankulam	106.25	0.00	0.00	3.16	33.54	33.54	3.16
Total	4075.25		392.93		1021.80	1414.74	3.47
UPCL-Unit-1 & 2 (Provisional charges subject to the final orders from CERC)	324.08		45.76		89.93	135.69	4.19

**III. Approved Energy and its costs from NCE Sources for ARR of
GESCOM FOR FY-15**

	Approved Energy (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost Of Energy (Rs per Unit)
Mini HYdel	179.93	57.89	3.217362
Wind Mill	172.84	61.58	3.562833
Co-Gen	161.17	59.09	3.666315
BioMass	103.07	40.54	3.933249
KPCL Wind Mill	39.49	18.29	4.631552
KPCL Solar	25.13	19.7	7.839236
Total	681.63	257.09	3.77

Approved Energy and its costs from Hydro Power Stations for ARR of GESCOM FOR FY-16

Name of the Generating Station	Approved Energy in MUs	Per Unit Capacity Charges (Rs/Kwh)	Capacity Charges (Rs Cr)	Per Unit primary Charges (Rs/Kwh)	Primary Charges (Rs Cr)	Per Unit Secondary Charges (Rs/Kwh)	Secondary Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
SVP-	1,479.90	0.06	9.52	0.26	26.26	0.02	0.76	36.54	1,479.90
LDPH-	74.32	0.07	0.49	0.26	1.40	0.02	0.04	1.92	74.32
KVP-	841.58	0.08	6.95	0.59	30.83	0.03	0.82	38.60	841.58
Supa	130.92	0.07	0.93	0.59	3.48	0.01	0.09	4.51	130.92
VVP-	217.69	0.18	3.82	0.83	19.18	0.15	-0.21	22.80	217.69
Mani Dam Power House	6.99	0.21	0.14	0.83	0.75	0.15	-0.03	0.86	6.99
Varahi 3&4	0.00	0.00	8.66	3.94	3.57	0.00	0.00	12.23	0.00
KPH	107.69	0.40	4.27	1.09	12.94	0.00	0.00	17.21	107.69
KDPH	99.24	0.30	3.02	0.91	9.66	0.00	0.00	12.68	99.24
GPH	155.15	0.34	5.23	1.04	13.00	0.15	0.44	18.67	155.15
GHEP	27.64	0.19	0.52	0.83	1.99	0.15	0.05	2.56	27.64
BEH	17.54	0.16	0.29	3.14	4.50	0.14	0.05	4.83	17.54
ADPH	150.43	0.83	12.47	1.21	9.82	0.14	0.97	23.27	150.43
MGHE	84.55	0.12	1.02	1.07	3.60	0.03	0.17	4.78	84.55
Shlvasamudra	87.26	0.14	1.26	0.76	3.82	0.05	0.18	5.27	87.26
Shimsha	16.15	0.27	0.44	0.76	1.56	0.15	-0.07	1.94	16.15
MPH	28.05	0.07	0.19	0.62	1.14	0.03	0.03	1.36	28.05
Total	3525.10		59.22		147.50		3.29	210.03	0.60

**II. Approved Energy and its costs from Thermal Power Stations for ARR of GESCOM
FOR FY-16**

Name of the Generating Station	Approved Energy in MUs	Per Unit Fixed Charges (Rs/Kwh)	Fixed Charges (Rs Cr)	Per Unit Energy Charges (Rs/Kwh)	Energy Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
KPCL-RTPS: 1 to 7	1133.88	0.69	78.22	3.36	380.76	458.99	4.05
KPCL-RTPS: 8	190.75	1.55	29.51	2.88	54.91	84.43	4.43
KPCL-BTPS:1	416.11	0.93	38.79	2.08	86.61	125.39	3.01
KPCL-BTPS: 2	416.11	1.40	58.14	1.98	82.35	140.49	3.38
YARAMARUS-1 & 2	811.92	3.11	252.73	2.60	210.92	463.65	5.71
Bidadi CCPP	223.50	3.72	83.12	8.30	185.52	268.65	12.02
CGS-NTPC-Ramagundam: Stage-I & II	354.98	0.57	20.22	2.17	77.01	97.23	2.74
CGS-NTPC-Ramagundam: Stage-III	89.15	0.97	8.68	2.73	24.30	32.98	3.70
CGS-NTPC-Talcher: Stage-II	329.46	0.68	22.53	1.63	53.54	76.07	2.31
CGS-NTPC-Simhadri: Stage-II	178.18	1.92	34.29	2.29	40.81	75.11	4.22
CGS-NLC;TPS-II:Stage-I	108.61	0.37	3.98	2.11	22.91	26.89	2.48
CGS-NLC;TPS-II:Stage-II	162.71	0.36	5.90	2.11	34.27	40.17	2.47
CGS-NLC;TPS-I:Exp	88.59	1.32	11.70	1.96	17.38	29.08	3.28
CGS-NPCIL;MAPS	28.75	0.00	0.00	2.15	6.20	6.20	2.15
CGS-NPCIL;KAIGA-1&2	105.01	0.00	0.00	3.18	33.39	33.39	3.18
CGS-NPCIL;KAIGA-3&4	114.30	0.00	0.00	3.18	36.34	36.34	3.18
CGS-NTECL;STPS-Vallur-1	35.60	2.25	8.01	1.98	7.06	15.07	4.23
CGS-NTECL;STPS-Vallur-2	35.60	2.02	7.21	1.98	7.06	14.27	4.01
CGS-NTECL;STPS-Vallur-3	35.60	1.82	6.49	1.98	7.06	13.54	3.80
Tuticoran (2x500MW)	53.21	2.25	11.97	1.98	10.55	22.52	4.23
Kudankulam	106.25	0.00	0.00	3.22	34.16	34.16	3.22
Total	5018.27		681.49		1413.11	2094.62	4.17
UPCL-Unit-1 & 2 (Provisional charges subject to the final orders from CERC)	143.02		20.19		40.39	60.59	4.24

**III. Approved Energy and its costs from NCE Sources for ARR of GESCOM
FOR FY-16**

	Approved Energy (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost Of Energy (Rs per Unit)
Mini HYdel	233.59	78.11	3.34
Wind Mill	257.28	95.95	3.72
Co-Gen	161.17	59.09	3.66
BioMass	103.07	40.54	3.93
KPCL Wind Mill	39.49	18.29	4.63
KPCL Solar	40.31	36.89	9.15
Total	834.91	328.87	3.94

Annex - II

PROPOSED AND APPROVED REVENUE FOR FY-14 OF GESCOM

Proposed by GESCOM					Approved as per RST	
Sl No	Category	Description	Sales-MU	Revenue Rs. crores	Sales-MU	Revenue Rs. crores
1	LT-1[fully subsidised by GoK]*	Bhagya Jyothi/Kutir Jyothi	129.26	58.16	82.84	39.85
2	LT-2(a)(i)	Dom. / AEH - Applicable to City Municipal Corporations areas and all area under Urban Local Bodies.	627.24	251.78	660.00	279.73
4	LT-2(a)(ii)	Dom. / AEH - Applicable to areas under Village Panchayats	231.75	95.36	243.86	106.50
5	LT-2(b)(i)	Pvt. Educational Institutions Applicable to all areas of Local Bodies including City Corporations	5.69	1.65	5.71	3.96
6	LT-2(b)(ii)	Pvt. Educational Institutions Applicable to areas under Village Panchayats	1.68	0.25	1.69	1.07
7	LT-3(i)	Commercial - Applicable in areas under all ULBs including City Corporations.	202.32	143.72	200.62	147.55
8	LT-3(ii)	Commercial - Applicable to areas under Village Panchayats	51.69	35.88	51.26	36.87
9	LT-4(a)*	IP<=10HP	3235.72	1190.75	2915.06	1,131.04
	LT-4(a)*	IP<=10HP- Urban Feeder	104.90	38.6	94.50	36.67
10	LT-4(b)	IP>10HP	9.06	2.17	9.50	2.36
11	LT-4 (c) (i)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of 10 HP & below	2.78	0.44	4.84	0.87
12	LT-4 (c) (ii)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of above 10 HP	0.00	0	0	0
13	LT-5	LT Industrial	176.31	104.75	182.7	112.35
14	LT-6	Water supply	129.31	46.21	132.25	47.17
15	LT-6	Public lighting	179.03	76.8	203.78	92.28
16	LT-7	Temporary supply	25.48	20.89	25.48	21.66
		LT - TOTAL	5112.22	2067.41	4814.09	2059.93
					Page - 175	
1	HT-1	Water supply & sewerage	82.63	35.48	81.54	35.08
2	HT-2(a)	Industrial -	1133.51	664.07	1064.81	657.41
3	HT-2(b)	Commercial	62.07	44.63	59.74	44.62
4	HT-3(a)(i)	Lift Irrigation - Applicable to lift irrigation schemes under Govt Dept, / Govt. owned Corporations	113.07	17.80	123.48	22.18

5	HT-3(a)(ii)	Lift Irrigation - Applicable to Private lift irrigation schemes Lift Irrigation societies on urban/express feeders	14.22	1.54	15.53	2.04
6	HT-3(a)(iii)	LI schemes other than those covered under HT 3(a)(ii)	0.00	0.00	0.00	0.00
7	HT - 3b	Irrigation & Agriculture Farms, Govt. Horticultural Farms, Pvt. Horticulture Nurseries, Coffee, Tea, Coconut & Arecanut Plantations	0.00	0.00	0.00	0.00
8	HT-4	Residential Apartments - Colonies	18.07	8.88	17.57	8.99
9	HT-5	Temporary supply	25.50	22.33	25.50	22.15
HT - TOTAL			1449.07	794.73	1388.17	792.47
TOTAL			6561.29	2862.14	6202.26	2852.40
Misc. Revenue				114.29		129.33
Grand Total			6561.29	2976.43	6202.26	2,981.73
<p>* These categories are subsidised by GoK. In case subsidy is not released by the Gok in advance, ESCOM shall raise demand & collect CDT of Rs. 4.81/unit by BJ/KJ & Rs.3.88/unit from IP set Consumers.</p>						

ANNEX - III

ELECTRICITY TARIFF - 2014

K.E.R.C. ORDER DATED: 06.05.2013

**Effective for the Electricity consumed from the first metering
date falling on or after 01.05.2013**

**Gulbarga
Electricity Supply Company Ltd.,**

ELECTRICITY TARIFF-2014

GENERAL TERMS AND CONDITIONS OF TARIFF: **(APPLICABLE TO BOTH HT AND LT)**

1. **Supply of power is subject to execution of agreement by the Consumer in the prescribed form, payment of prescribed deposits and compliance of terms and conditions as stipulated in the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka and Regulations issued under Electricity Act 2003 at the time of supply and continuation of power supply is subject to compliance of the said Conditions of Supply / Regulations as amended from time to time.**
2. **The tariffs are applicable to only single point of supply unless otherwise approved by the Licensee.**
3. **The Licensee does not bind himself to energize any installation, unless the Consumer guarantees the minimum charges. The minimum charge is the power supply charges in accordance with the tariff in force from time to time. This shall be payable by the Consumer until power supply agreement is terminated, irrespective of the installation being in service or under disconnection.**
4. **The tariffs in the schedule are applicable to power supply within the Karnataka State.**
5. **The tariffs are subject to levy of Tax and Surcharges thereon as may be decided by the State Government from time to time.**
6. For the purpose of these tariffs, the following conversion table would be used:
1 HP=0.746 KW. 1HP=0.878 KVA.
7. The bill amount will be rounded off to the nearest Rupee, i.e., the bill amount of 50 Paise and above will be rounded off to the next higher Rupee and the amount less than 50 Paise will be ignored.
8. Use of power for temporary illumination in the premises already having permanent power supply for marriages, exhibitions in hotels, sales promotions etc., is limited to sanctioned load at the applicable permanent power supply tariff rates. Temporary tariff rates will be applicable in case the load exceeds sanctioned load as per the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.
9. No LT power supply will be given where the requisitioned load is 50 KW/67 HP and above. This condition does not apply for installations serviced under clause 3.1.1 of K.E.R.C. (Recovery of Expenditure for supply of

Electricity) Regulations, 2004 and its amendments from time to time. The applicant is however at liberty to avail HT supply for lesser loads. The minimum contract demand for HT supply shall be 25 KVA or as amended from time to time by the Licensee with the approval of KERC.

10. The Consumer shall not resell electricity purchased from the Licensee to a third party except -

(a) Where the Consumer holds a sanction or a tariff provision for distribution and sale of energy,

(b) Under special contract permitting the Consumer for resale of energy in accordance with the provisions of the contract.

11. Non-receipt of the bill by the Consumer is not a valid reason for non-payment. The Consumer shall notify the office of issue of the bill if the same is not received within 7 days from the meter reading date. Otherwise, it will be deemed that the bills have reached the Consumer in due time.

12. The Licensee will levy the following charges for non-realization of each Cheque

1	Cheque amount upto Rs. 10,000/-	5% of the amount subject to a minimum of Rs.100/-
2	Cheque amount of Rs. 10,001/- and upto Rs. 1,00,000/-	3% of the amount subject to a minimum of Rs.500/-
3	Cheque amount above Rs. 1 Lakh:	2% of the amount subject to a minimum of Rs.3,000/-

13. In respect of power supply charges paid by the Consumer through money order, Cheque /DD sent by post, receipt will be drawn and the Consumer has to collect the same.

14. In case of any belated payment, simple interest at the rate of 1 % per month will be levied on the actual No. of days of delay subject to a minimum of Re.1/- for LT installation and Rs.100/- for HT installation. No interest is however levied for arrears of Rs.10/- and less.

15. All LT Consumers, except Bhagya Jyothi and Kutir Jyothi Consumers, shall provide current limiter/Circuit Breakers of capacity prescribed by the Licensee depending upon the sanctioned load.

16. All payments made by the Consumer will be adjusted in the following order of priority: -

- (a) Interest on arrears of Electricity Tax
- (b) Arrears of Electricity Tax
- (c) Arrears of Interest on Electricity charges
- (d) Arrears of Electricity charges
- (e) Current month's dues

17. For the purpose of billing,
- the higher of the rated load or sanctioned load in respect of LT installations which are not provided with Electronic Tri-Vector meter.
 - sanctioned load or MD recorded, which ever is higher, in respect of installations provided with Electronic Tri-Vector meter.
- will be considered.
Penalty and other clauses shall apply if sanctioned load is exceeded.
18. The bill amount shall be paid within 15 days from the date of presentation of the bill failing which the interest becomes payable.
19. For individual installations, more than one meter shall not be provided under the same tariff. Wherever two or more meters are existing for individual installation, the sum of the consumption recorded by the meters shall be taken for billing, till they are merged.
20. In case of multiple connections in a building, all the meters shall be provided at one easily accessible place in the ground floor / cellar floor.
21. **Reconnection charges:** The following reconnection charges shall be levied incase of disconnection and included in the monthly bill.

For reconnection of:

a	Single Phase Domestic installations under Tariff schedule LT 1 & LT2 (a)	Rs.20/-per Installation.
b	Three Phase Domestic installations under Tariff schedule LT2 (a) and Single Phase Commercial & Power installations.	Rs.50/-per Installation.
c	All LT installations with 3 Phase supply other than LT2 (a)	Rs. 100/-per Installation.
d	All HT& EHT installations	Rs. 500/-per Installation.

22. Revenue payments up to and inclusive of Rs.10, 000/- shall be made by cash or cheque or D.D and payments above Rs.10, 000/- shall be made by cheque or D.D only. Payments under other heads of account shall be made by cash or D.D up to and inclusive of Rs.10, 000/- and payment above Rs.10, 000/-shall be by D.D only.

Note: The Consumers can avail the facility of payment of monthly power supply bill through Electronic clearing system (ECS)/ Credit cards / on line E-Payment @ www.billjunction.com at counters wherever such facility is provided by the Licensee in respect of revenue payments up to the limit prescribed by the RBI.

23. For the types of installations not covered under any Tariff schedules, the Licensee is permitted to classify such installations under appropriate Tariff schedule under intimation to the K.E.R.C.

24. Seasonal Industries

Applicable to all Seasonal Industries.

- The industries that intend to avail this benefit shall have Electronic Tri- Vector Meter fitted to their installations.

- i) 'Working season' months and 'off-season' months shall be determined by an order issued by the Executive Engineer of the concerned O&M Division of the Licensee as per the request of the Consumer and will continue from year to year unless otherwise altered. The Consumer shall give a clear one month's notice in case he intends to change his 'working season'.
 - ii) The Maximum Demand/consumption during any month of the declared off-season shall not be more than 50% of the contract demand/average consumption of the previous working season.
 - iii) The 'Working season' months and 'off-season' months shall be full-calendar months. If the power availed during a month exceeds the allotment for the 'off-season' month, it shall be taken for calculating the billing demand as if the month is the 'working season' month.
 - iv) The Consumer can avail the facility of 'off-season' up to six months in a calendar year not exceeding in two spells in that year. During the 'off-season' period, the Consumer may use power for administrative offices etc., and for overhauling and repairing plant and machinery.
- 25 Whether an institution availing Power supply can be considered as charitable or not will be decided by the Licensee on the production of certificate Form-12 A from the Income Tax department.

26 **Time of the Tariff (ToD)**

The Commission as decides in the earlier tariff order, decide to continue compulsory Time of Day Tariff for HT2(a) and HT2(b) and also decided to extend the same to newly introduced HT2(c) consumers with a contract demand of 500 KVA and above. Further, the optional ToD would continue as existing earlier for HT2(a) and HT2(b) consumers with contract demand of less than 500 KVA. Also the ToD for HT1 consumers on optional basis would continue as existing earlier. Details of ToD tariff are indicated under the respective tariff category.

27. SICK INDUSTRIES: The Government of Karnataka has extended certain reliefs to sick industries under the New Industrial Policy 2001-06 vide G.O.No.CI 167 SPI 2001, dated 30.06.2001. The Commission, in its Tariff Order 2002 has accorded approval for implementation of reliefs to the sick industries as per the Government policy and the same was continued in the Tariff Order 2003. The Commission approves continuation of the implementation of reliefs to sick industries by the Licensees subject to collection of the amount of relief from the GOK in advance.

28. Incentive for Prompt Payment / Advance Payment: An incentive at the rate of 0.25% of such bill shall be given to the following Consumers by way of adjustment in the subsequent month's bill:

(i) In all cases of payment through ECS.

(ii) And in the case of monthly bills exceeding Rs.1, 00,000/- (Rs. one lakh), if the payment is made 10 days in advance of the due date.

(iii) Advance Payment exceeding Rs.1000/- made by the Consumers towards monthly bills

29. Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka and amendments issued thereon from time to time and Regulations issued under Electricity Act 2003 will prevail over the extract given in this tariff book in the event of any discrepancy.

30. Self-Reading of Meters:

The Commission has approved Self-Reading of Meters by Consumers and issue of bills by the Licensee based on such readings and the Licensee shall take the reading at least once in six months and reconcile the difference, if any and raise the bills accordingly. This procedure may be implemented by the Licensee as stipulated under Section 26.01 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

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ELECTRICITY TARIFF—2014

PART-1

HIGH TENSION SUPPLY

Applicable to Bulk Power Supply of Voltages at 11KV (including 2.3/4.6 KV) and above at Standard High Voltage or Extra High Voltages when the Contract Demand is 50 KW / 67 HP and above.

ELECTRICITY TARIFF - 2014

PART-1

HIGH TENSION SUPPLY

Applicable to Bulk Power Supply at Voltages of 11KV (including 2.3/4.6 KV) and above at Standard High Voltage or Extra High Voltages when the Contract Demand is 50 KW / 67 HP and above.

CONDITIONS APPLICABLE TO BILLING OF HT INSTALLATIONS:

1. **Billing Demand**
 - A) The billing demand during unrestricted period shall be the maximum demand recorded during the month or 75% of the CD, whichever is higher.
 - B) When the Licensee has imposed demand cut of 25% or less, the conditions stipulated in (A) shall apply.
 - C) When the demand cut is in excess of 25%, the billing demand shall be the maximum demand recorded or 75% of the restricted demand, whichever is higher.
 - D) If at any time the maximum demand recorded exceeds the CD, or the demand entitlement, or opted demand entitlement during the period of restrictions, if any, the Consumer shall pay for the quantum of excess demand at two times the normal rate per KVA per month as deterrent charges as per Section No. 126(6) of Electricity Act 2003. If time of day Meter is fixed and is operational, there will be no penalty for over drawal upto 1. 2 times the Contract Demand during off peak hours, provided, the Licensee has declared the peak and off peak periods. For over drawal during peak periods, and over drawal above 1.2 times the Contract Demand during off peak hours, the penalty shall be two times the normal rate.
 - E) During the periods of disconnection, the billing demand shall be 75% of CD, or 75% of the demand entitlement that would have been applicable, had the installation been in service, whichever is less. This provision is applicable only, if the installation is under disconnection for the entire billing month.
 - F) During the period of energy cut, the Consumer may get his demand entitlement lowered, but not below the percentage of energy

entitlement, (For example, In case the energy entitlement is 40% and the demand entitlement is 80%, the re-fixation of demand entitlement cannot be lower than 40% of the CD). The benefit of lower demand entitlement will be given effect to from the meter reading date of the same month, if the option is exercised on or before 15th of the month. If the option is exercised on or after 16th of the month, the benefit will be given effect to from the next meter reading date. The Consumer shall register such option by paying processing fee of Rs.100/- at the Jurisdictional sub-division office.

- (i) The billing demand in such cases, shall be the "Revised (Opted) Demand Entitlement" or, the recorded demand, whichever is higher. Such option for reduction of demand entitlement, is allowed only once during the entire span of that particular "Energy Cut Period". The Consumer, can however opt for a higher demand entitlement up to the level permissible under the demand cut notification, and the benefit will be given effect to from the next meter reading date. Once the Consumer opts for enhancement of demand, which has been reduced under Clause (F), no further revision is permitted during that particular energy cut period.
 - (ii) The opted reduced demand entitlement will automatically cease to be effective, when the energy cut is revised. The facility for reduction and enhancement can however be exercised afresh by the Consumer as indicated in the previous paras.
- G) For the purpose of billing, the billing demand of 0.5 KVA and above will be rounded off to the next higher KVA, and billing demand of less than 0.5 KVA shall be ignored.

2. **Power factor (PF)**

It shall be the responsibility of the HT Consumer to determine the capacity of PF correction apparatus and maintain an average PF of not less than 0.90.

- (i) The specified P.F. is 0.90. If the power factor goes below 0.90 Lag, a surcharge of 3 Paise per unit consumed will be levied for every reduction of P.F. by 0.01 below 0.90 Lag.
- (ii) The power factor when computed as the ratio of KWh / KVAh will be determined up to 3 decimals (ignoring figures in the other decimal places), and then rounded off to the nearest second decimal as illustrated below:
 - (a) 0.8949 to be rounded off to 0.89

(b) 0.8951 to be rounded off to 0.90

In respect of Electronic Tri-Vector meters, the recorded average PF over the billing period shall be considered for billing purposes. If the same is not available, the ratio of KWh to KVAh consumed in the billing month shall be considered.

3. **Rebate for supply at high voltage:**

If the Consumer is availing power at voltage higher than 13.2 KV, he will be entitled to a rebate as indicated below:

Supply Voltage: Rebate

- | | |
|--------------------|---------------------------------|
| A) <u>33/66 KV</u> | 2 Paise/unit of energy consumed |
| B) <u>110 KV</u> | 3 Paise/unit of energy consumed |
| C) <u>220 KV</u> | 5 Paise/unit of energy consumed |

The above rebate will be allowed in respect of all the installations of the above voltage class, including the existing installations, and also for installations converted from 13.2 KV and below to 33 KV and above and also for installations converted from 33/66 KV to 110/220 KV, from the next meter reading date after conversion / service / date of notification of this Tariff order, as the case may be. The above rebate is applicable only on the normal energy consumed by the Consumer, including the consumption under TOD Tariff, and is not applicable on any other energy allotted and consumed, if any, viz.,

- i) Wheeled Energy.
- ii) Any energy, including the special energy allotted over and above normal entitlement.
- iii) Energy drawal under special incentive scheme, if any.

The above rebate is not applicable for Railway Traction.

4. In respect of Residential Quarters/ Colonies availing Bulk power supply by tapping the main HT supply, the energy consumed by such Colony loads, metered at single point, shall be billed under HT-4 tariff schedule. No reduction in demand recorded in the main HT meter will be allowed.
5. Energy supplied may be utilized for all purposes associated with the working of the installations, such as, Office, Stores, Canteens, Yard Lighting, Water Supply and Advertisements within the premises.
6. Energy can also be used for construction, modification and expansion purposes within the premises.
7. Power supply under HT-4 tariff schedule may be used for Commercial and other purposes **inside the colony**, for installations such as Canteen, Club, Shop, Auditorium etc., provided, this load is less than 10% of the CD.
8. In respect of **Residential Apartments** availing HT Power supply under HT-4 tariff schedule, the supply availed for Commercial and other purposes like Shops, Hotels, etc., will be billed under appropriate tariff schedule, (Only Energy charges) duly deducting such consumption in the main HT supply bill. No reduction in the recorded demand of the main HT meter is allowed. Common areas shall be billed at Tariff applicable to that of the predominant Consumer category.
9. **Seasonal Industries**

- a. The industries, which intend to utilize seasonal industry benefit, shall conform to the conditionalities under Para no. 25 of the General terms and conditions of tariff (applicable to both HT & LT).
- b. The industries that intend to avail this benefit, shall have Electronic Tri-Vector Meter fitted to the installation.
- c. Monthly charges during the working season shall be the demand charges on 75% of the contract demand or the recorded maximum demand during the month, whichever is higher, plus the energy charges
- d. Monthly charges during the off season, shall be demand charges on the maximum demand recorded during the month, or 50% of the CD which ever is higher plus the energy charges.

TARIFF SCHEDULE HT 1

[[Applicable to Water Supply, Drainage / Sewerage water treatment plant and Sewerage Pumping installations, belonging to Karnataka Urban Water Supply and Sewerage Board, other local bodies, State and Central Government.

RATE SCHEDULE

Demand charges	Rs.180/kVA of billing demand/month
Energy charges	380 paise/unit

TOD Tariff at the option of the Consumer

Time of Day	Increase + / reduction (-) in energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs	(-) 125 paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	+ 100 paise per unit

Note: Energy supplied to residential quarters availing bulk supply by the above category of Consumer, shall be metered separately at a single point, and the energy consumed shall be billed at HT-4 Tariff. No reduction in the demand recorded in the main HT meter will be allowed.

TARIFF SCHEDULE HT-2(a)

Applicable to Industries, Factories, Workshops, Research & Development Centres, Industrial Estates, Milk dairies, Rice Mills, Phova Mills, Roller Flour Mills, News Papers, Printing Press, Railway Workshops/KSRTC Workshops/ Depots, Crematoriums, Cold Storage, Ice & Ice-cream mfg. Units, Swimming Pools of local bodies, Water Supply Installations of KIADB and other industries, all Defence Establishments. Hatcheries, Poultry Farm, Museum, floriculture, Green House, Bio Technical Laboratory, Hybrid Seeds processing Units, Stone Crushers, Stone cutting, Bakery Product Manufacturing Units, Mysore Palace illumination, Film Studios, Dubbing Theatres, Processing, Printing, Developing and Recording

Theaters, Tissue Culture, Aqua Culture, Prawn Culture, Information Technology Industries engaged in development of Hardware & Software as certified by the IT & BT Department of GOK/GOI, Drug Mfg. Units, Garment Mfg. Units, Tyre retreading units, Nuclear Power Projects, Stadiums maintained by Government and local bodies, also Railway Traction, Effluent treatment plants and Drainage water treatment plants owned other than by the local bodies, LPG bottling plants, petroleum pipeline projects, Piggery farms, Analytical Lab. for analysis of ore metals, Saw Mills, Toy/wood industries, Satellite communication centers, and Mineral water processing plants / drinking water bottling plants.

RATE SCHEDULE

HT-2(a): Applicable to all areas of MESCOM.

Demand charges	Rs.170/kVA of billing demand/month
Energy charges	
For the first one lakh units	535 paise per unit
For the balance units	565 paise per unit
Railway Traction and Effluent Treatment Plants	
Demand charges	Rs.180/kVA of billing demand/month
Energy Charges	500 paise per unit for all the units

TARIFF SCHEDULE HT-2(b)

Applicable to Commercial Complexes, Cinemas, Hotels, Boarding & Lodging, Amusement Parks, Telephone Exchanges, Race Course, All Clubs, T.V. Station, All India Radio, Railway Stations, Air Port, KSRTC bus stations, All offices, Banks, Commercial Multi-storied buildings.

APMC Yards, Stadiums other than those maintained by Government and Local Bodies, Construction power for irrigation, Power Projects and Konkan Railway Project, Petrol / Diesel and Oil storage plants, Information Technology (IT) enabled services and I.T. based medical transcription centers.

RATE SCHEDULE

HT-2 (b): Applicable to all areas of MESCOM

Demand charges	Rs. 190 /kVA of billing demand/month
Energy charges	
For the first two lakh units	675 paise per unit
For the balance units	705 paise per unit

TARIFF SCHEDULE HT-2(c)

RATE SCHEDULE

HT-2 (c) (i)- Applicable to Government Hospitals and Hospitals run by Charitable Institutions and ESI hospitals and Universities, Educational Institutions belonging to Government, Local bodies, Aided Institutions and Hostels of all Educational Institutions.

Demand charges	Rs.170/kVA of billing demand/month
Energy charges	
For the first one lakh units	500 paise per unit
For the balance units	550 paise per unit

RATE SCHEDULE

HT-2 (c) (ii) - Applicable to Hospitals and Educational Institutions and Hostels of Educational Institutions other than those covered under HT-2 (c)(i).

Demand charges	Rs.170/kVA of billing demand/month
Energy charges	
For the first one lakh units	600 paise per unit
For the balance units	650 paise per unit

Note: Applicable to HT-2 (a) , HT-2 (b) & HT-2(c) Tariff Schedule.

1. Energy supplied may be utilized for all purposes associated with the working of the installation such as offices, stores, canteens, yard lighting, water pumping and advertisement within the premises.
2. Energy can be used for construction, modification and expansion purposes within the premises.

TOD Tariff applicable to HT 2(a), HT2(b) and HT2(c) category.

Time of Day	Increase + / reduction (-) in energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs	(-) 125 paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	+ 100 paise per unit

TARIFF SCHEDULE HT-3 (a)

Applicable to Lift irrigation Schemes/ Lift irrigation societies,

RATE SCHEDULE

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

Energy charges/ Minimum Charges	150 paise per unit subject to an annual minimum of Rs.1000 per HP/Annum
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HT-3(a)(ii): Applicable to Private LI schemes and Lift Irrigation societies: Connected to Urban/Express feeders

Fixed Charges	Rs.30 /HP/PM of sanctioned load
Energy charges	110 paise/unit

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

Fixed Charges	Rs.10 /HP/PM of sanctioned load
Energy charges	110 paise/unit

TARIFF SCHEDULE HT-3 (b)

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

RATE SCHEDULE

Energy charges / Minimum Charges	320 Ps. Per unit subject to an annual minimum of Rs.1000/- per HP of sanctioned load.
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Note: These installations are to be billed on quarter yearly basis.

TARIFF SCHEDULE HT-4

Applicable to Residential apartments and colonies (whether situated outside or inside the premises of the main HT Installation) availing power supply independently or by tapping the main H.T. line. Power supply can be used for residences, theatres, shopping facility, club, hospital, guest house, yard/street lighting, canteen located within the colony. Also applicable to Hospitals, dispensaries, Health Centres run by State/Central Govt. & Local bodies, Ashrams.

RATE SCHEDULE

Applicable to all areas

Demand charges	Rs.100/- per kVA of billing demand
Energy charges	490 paise/unit

- NOTE:**
- (1) In respect of residential colonies availing power supply by tapping the main H.T. supply, the energy consumed by such colony loads metered at a single point, is to be billed at the above energy rate. No reduction in the recorded demand of the main H.T. supply is allowed.
 - (2) Energy under this tariff may be used for commercial and other purposes inside the colonies for installations such as, Canteens, Clubs, Shops, Auditorium etc., provided, this commercial load is less than 10% of the Contract demand.
 - (3) In respect of Residential Apartments, availing HT Power supply under HT-4 tariff schedule, the supply availed for Commercial and other purposes like Shops, Hotels, etc., will be billed under appropriate tariff schedule (Only Energy charges), duly deducting such consumption in the main HT supply bill. No reduction in the recorded demand of the main HT meter is allowed. Common areas shall be billed at Tariff applicable to the predominant Consumer category.

TARIFF SCHEDULE HT-5

Tariff applicable to 67 HP and above hoardings and advertisement boards and construction power for industries excluding those category of consumers covered under HT2(b) Tariff schedule availing power supply for construction power for irrigation and power projects and also applicable to power supply availed on temporary basis with the contract demand of 67 HP and above of all categories.

HT - 5 - Temporary supply RATE SCHEDULE

67 HP and above:	
Fixed charges / Demand Charges	Rs.210/HP/month for the entire sanction load / contract demand
Energy Charge	850 paise / unit

Note:

1. Temporary power supply with or without extension of distribution main shall be **arranged through a pre-paid energy meter** duly observing the provisions of Clause 12 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.
2. This Tariff is also applicable to touring cinemas having licence for duration less than one year.
3. All the conditions regarding temporary power supply as stipulated in Clause 12 the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka shall be complied with before service.

ELECTRICITY TARIFF-2014

PART-II

**LOW TENSION SUPPLY
(400 Volts Three Phase and
230Volts Single Phase Supply)**

ELECTRICITY TARIFF - 2014

PART-II

LOW TENSION SUPPLY

**(400 Volts Three Phase and
230Volts Single Phase Supply)**

CONDITIONS APPLICABLE TO BILLING OF LT INSTALLATIONS:

1. In case of LT Industrial / commercial Consumers, **Demand based Tariff** at the option of the Consumer, can be adopted. The Consumer is permitted to have more connected load than the sanctioned load. The billing demand will be the sanctioned load, or Maximum Demand recorded in the Tri-Vector Meter during the month, whichever ever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at two times the normal rate shall apply.
2. Use of power within the Consumer premises for bonafide temporary purpose is permitted subject to the conditions that, total load of the installation on the system does not exceed the sanctioned load.
3. Where it is intended to use power supply temporarily, for floor polishing and such other portable equipments, in a premises having permanent power supply, such equipments shall be provided with earth leakage circuit breakers of adequate capacity.
4. The laboratory installations in educational institutions are allowed to install connected machineries up to 4 times the sanctioned load. The fixed charges shall however be on the basis of sanctioned load.
5. Besides combined lighting and heating, electricity supply under tariff schedules LT2 (a) & LT2 (b), can be used for Fans, Televisions, Radios, Refrigerators and other household appliances, including domestic water pumps and air conditioners, provided, they are under single meter connection. If a separate meter is provided for Air-conditioner load, the Consumer shall be served with a notice to merge this load and to have a single meter for the entire load. Till such time, the air conditioner load will be billed under Commercial Tariff.

6. Bulk LT supply

If power supply for lighting / combined lighting & heating {LT 2(a)}, is availed through a bulk Meter for group of houses belonging to one Consumer, (ie, Where bulk LT supply is availed), the billing for energy shall be done at the slab rate for energy charges matching the consumption obtained by dividing the bulk consumption by number of houses. In addition, fixed charges for the entire sanctioned load shall be charged as per Tariff schedule.

7. A rebate of 25 Paise per unit will be given for the House/ School/Hostels meant for Handicapped, Aged, Destitute and Orphans, Rehabilitation Centres under Tariff schedule LT 2(a).
8. **SOLAR REBATE:** A rebate of 50 Paise per unit of electricity consumed subject to a maximum of Rs. 50/- per installation per month will be allowed to Tariff schedule LT 2(a), if solar water heaters are installed and used. Where Bulk Solar Water Heater System is installed, Solar Water Heater rebate shall be allowed to each of the individual installations, provided that, the capacity of Solar Water Heater in such apartment / group housing shall be a minimum capacity of 100 Ltr. per household.
9. A rebate of 20% on fixed charges and energy charges will be allowed in the monthly bill in respect of public Telephone booths having STD/ISD/ FAX facility run by handicapped people, under Tariff schedule LT 3.

10. A rebate of 2 paise per unit will be allowed if capacitors are installed as per Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka in respect of all metered IP Set Installations.
11. **Power Factor (PF):**
Capacitors of appropriate capacity shall be installed in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, in case of installations covered under Tariff category LT 3, LT4, LT 5, & LT 6, where motive power is involved.
- (i) The specified P.F. is 0.85. If the PF is found to be less than 0.85 Lag, a surcharge of 2 Paise per unit consumed will be levied for every reduction of P.F. by 0.01 below 0.85 Lag. In respect of LT installations, however, this is subject to a maximum surcharge of 30 Paise per unit.
 - (ii) The power factor when computed as the ratio of KWh/KVAh will be determined up to 3 decimals (ignoring figures in the other decimal places) and then rounded off to the nearest second decimal as illustrated below:
 - (a) 0.8449 to be rounded off to 0.84
 - (b) 0.8451 to be rounded off to 0.85
 - (iii) In respect of Electronic Tri-Vector meters, the recorded average PF over the billing period shall be considered for billing purposes.
 - (iv) During inspection, if the capacity of capacitors provided is found to be less than what is stipulated in Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, a surcharge of 30 Paise/unit will be levied in the case of installations covered under Tariff categories LT 3, LT 5, & LT 6 where motive power is involved.
 - (v) In the case of installations without electronic Tri-vector meters even after providing capacitors as recommended in Clause 23.01 and 23.03 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, if during any periodical or other testing / rating of the installation by the Licensee, the PF of the installation is found to be lesser than 0.85, a surcharge determined as above shall be levied from the billing month following the expiry of Three months' notice given by the Licensee, till such time, the additional capacitors are installed and informed to the Licensee in writing by the Consumer. This is also applicable for LT installations provided with electronic Tri-vector meters.
12. All new IP set applicants shall fix capacitors of adequate capacity in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka before taking service.
13. All the existing IP set Consumers shall also fix capacitors of adequate capacity in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, failing which, **PF surcharge at the rate of Rs.60/-per HP/ year** shall be levied. If the capacitors are found to be removed / not installed, a penalty at the same rate as above (Rs. 60/-per HP / Year) shall be levied.
14. The Semi-permanent cinemas having Semi-permanent structure, with permanent wiring and licence of not less than one year, will be billed under commercial tariff schedule i.e., LT 3.

15. Touring cinemas having an outfit comprising cinema apparatus and accessories, taken from place to place for exhibition of cinematography films, and also outdoor shooting units, will be billed under Temporary Tariff schedule i.e., LT 7.
16. The Consumers under IP set tariff schedule, shall use the energy only for pumping water to irrigate their own land as stated in the IP set application / water right certificate and for bonafide agriculture use. Otherwise, such installations shall be billed under appropriate Industrial / Commercial tariff, based on the recorded consumption if available, or on the consumption computed as per the Table given under Clause 42.06 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.
17. The water pumped for agricultural purposes may also be used by the Consumer for his bonafide drinking purposes and for supplying water to animals, birds, Poultry farms, Dairy farms and fish farms maintained by the Consumer in addition to agriculture.
18. The motor of IP set installations can be used with an alternative drive for other agricultural operations like sugar cane crusher, coffee pulping, etc., with the approval of the Licensee. The energy used for such operation, shall be metered separately by providing alternate switch and charged at LT Industrial Tariff (Only Energy charges) during the period of alternative use. However, if the energy used both for IP Set and alternate operation is measured together by one energy meter, the energy used for alternate drive shall be estimated by deducting the average IP Set consumption for that month as per the IP sample meter readings for the sub division, as certified by the sub divisional Officer.
19. The IP Consumer is permitted to use energy for lighting the pump house and well limited to two lighting points of 40 Watts each.
20. Billing shall be made at least once in a quarter year for all IP sets.
21. In case of welding transformers, the connected load shall be taken as:
- a) Half the maximum capacity in KVA as per the nameplate specified under IS: 1851
- OR
- b) Half the maximum capacity in KVA as recorded during the rating by the Licensee, which ever is higher.
22. Electricity under Tariff LT 3 / LT 5 can also be used for Lighting, Heating and Air-conditioning, Yard-Lighting, water supply in the premises of Commercial / Industrial Units respectively.
23. Fluorescent fittings shall be provided by the Licensee for the Streetlights in the case of villages covered under the Licensee's electrification programme for initial installation.
- In all other cases, the entire cost of fittings including Brackets, Clamps, etc., and labour for replacement, additions and modifications shall be met by the organizations making such a request. Labour charges shall be paid at the standard rates fixed by the Licensee for each type of fitting.**
24. Lamps, fittings and replacements for defective components of fittings shall be supplied by the concerned Village Panchayaths, Town Panchayaths or Municipalities for replacement.

25. Fraction of KW / HP shall be rounded off to the nearest quarter KW / HP for purpose of billing and the minimum billing being for 1 KW / 1HP in respect of all categories of LT installations including I.P. sets. **In the case of street lighting installations, fraction of KW shall be rounded off to nearest quarter KW for the purpose of billing and the minimum billing shall be quarter KW.**

26. Seasonal Industries.

- a) The industries who intend to utilize seasonal industry benefit, shall comply with the conditionalities under Para no. 25 of the General terms and conditions of tariff (applicable to both HT & LT).
- b) The industries that intend to avail this benefit, shall have Electronic Tri-Vector Meter fitted to their installation.
- c) Monthly charges during the seasonal months shall be fixed charges and energy charges. The monthly charges during the off seasonal months, shall be the energy charges plus 50% of the fixed charges.

TARIFF SCHEDULE LT-1

LT-1: Applicable to installations serviced under Bhagyajyothi and Kutirajyothi (BJ/KJ) schemes.

RATE SCHEDULE

Energy charges (including recovery towards service main charges)	Nil* Fully subsidized by the GOK
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Commission Determined Tariff for the above category i.e., LT-1 is Rs.4.81 per unit.

***Since GOK is meeting the full cost of supply to BJ / KJ, the Tariff payable by these Consumers is shown as Nil. However, if the GOK does not release the subsidy in advance, a Tariff of Rs.4.81 paise per unit subject to monthly minimum of Rs. 30/- per Installation per month shall be demanded and collected from these Consumers.**

Note: If the consumption exceeds 18 units per month or any BJ/KJ installation is found to have more than one out let, it shall be billed as per Tariff Schedule LT 2(a).

TARIFF SCHEDULE LT-2(a)

Applicable to **lighting/combined lighting, heating and motive Power** installations of residential houses and also to such houses where a portion is used by the occupant for (a) Handloom weaving (b) Silk rearing and reeling and artisans using motors up to 200 watts (c) Consultancy in (i) Engineering (ii) Architecture (iii) Medicine (iv) Astrology (v) Legal matters (vi) Income tax (vii) Chartered Accountants (d) Job typing (e) Tailoring (f) Post Office (g) Gold smithy (h) Chawki rearing (i) Paying guests/Home stay guests (j) personal Computers (k) Dhobis (l) Hand operated printing press (m) Beauty Parlours (n) Water Supply

installations, Lift which is independently serviced for bonafide use of residential complexes/residence, (o) Farm Houses and yard lighting limiting to 120 Watts.

Also applicable to the installations of (i) Hospitals, Dispensaries, Health Centers run by State/Central Govt. and local bodies. (ii) Houses, schools and Hostels meant for handicapped, aged destitute and orphans (iii) Rehabilitation Centres run by charitable institutions, AIDS and drug addicts Rehabilitation Centres (iv) Railway staff Quarters with single meter(v) fire service stations.

It is also applicable to the installations of (a) Temples, Mosques, Churches, Gurudwaras, Ashrams, Mutts and religious/Charitable institutions (b) Hospitals, Dispensaries and Health Centres run by Charitable institutions including X-ray units (c) Jails and Prisons (d) Schools, Colleges, Educational institutions run by State/Central Govt./Local Bodies (e) Seminaries (f) **Hostels run by the Government, Educational Institutions, Cultural, Scientific and Charitable Institutions** (g) Guest Houses/Travelers Bungalows run in Government buildings or by State/Central Govt./Religious/Charitable institutions (h) Public libraries (i) Silk rearing (j) Museums (k) Installations of Historical Monuments of Archeology Departments(l) Public Telephone Booths without STD/ISD/FAX facility run by handicapped people (m) Sulabh / NirmalSouchalayayas (n) Viswa Sheds having Lighting Loads only.

RATE SCHEDULE

LT 2 (a) (i): Applicable to areas coming under City Municipal Corporations and all areas under Urban Local Bodies

Fixed charges per month	For the first KW	Rs.25/- per KW
	For every additional KW	Rs.35/- per KW
Energy charges	For 0 - 30 units (Lifeline consumption)	250 Ps/unit
	31 to 100 units	370Ps /unit
	101 to 200 units	485Ps/unit
	Above 200 units	585 Ps/unit

LT-2(a)(ii): Applicable to Areas under Village Panchayats

Fixed charges per month	For the first KW	Rs.15/- per KW
	For every additional KW	Rs.25/- per KW
Energy charges	For 0 - 30 units (Lifeline consumption)	240 Ps/unit
	31 to 100 units	340 Ps /unit
	101 to 200 units	455 Ps/unit
	Above 200 units	535 Ps/unit

TARIFF SCHEDULE LT-2(b)

Applicable to the installations of Private Professional and other Private Educational Institutions including aided, unaided institutions, Nursing Homes and Private Hospitals having only lighting or combined lighting & heating, and motive power.

RATE SCHEDULE

LT 2 (b) (i): Applicable to all areas coming under Urban Local Bodies including City Corporations

Fixed charges	Rs.35 Per KW subject to a minimum of Rs.65 PM	
Energy charges	0 to 200 units	570 Ps/unit
	Above 200 units	670 Ps/unit

LT-2(b)(ii): Applicable in Areas under Village Panchayats

Fixed charges	Rs.25 Per KW subject to a minimum of Rs.50 PM	
Energy charges	0 to 200 units	520 Ps/unit
	Above 200 units	620 Ps/unit

Note: Applicable to LT-2 (a), LT-2 (b) Tariff Schedules.

- 1 A rebate of 25 Ps. Per unit shall be given for installation of a house/ School/ Hostels meant for Handicapped, Aged, Destitute and Orphans, Rehabilitation Centres run by Charitable Institutions.
- 2 (a) Use of power within the Consumer's premises for temporary purposes for bonafide use is permitted subject to the condition that, the total load of the installation on the system does not exceed the sanctioned load.
(b) Where it is intended to use floor polishing and such other portable equipment temporarily, in the premises having permanent supply, such equipment shall be provided with an earth leakage circuit breaker of adequate capacity.
- 3 The laboratory installations in educational institutions are allowed to install connected machinery up to 4 times the sanctioned load. The fixed charges shall however be on the basis of sanctioned load.
4. Besides lighting and heating, Electricity supply under this schedule can be used for fans, Televisions, Radios, Refrigerators and other house-hold appliances including domestic water pump and air conditioners, provided, they are under single meter connection. If a separate meter is provided for Air conditioner Load, the consumption shall be under commercial tariff till it is merged with the main meter.
5. **SOLAR REBATE:** A rebate of 50 Paise per unit of electricity consumed to a maximum of Rs.50/- per installation per month will be allowed to Tariff schedule LT 2(a), if solar water heaters are installed and used. Where Bulk Solar Water Heater System is installed, Solar Water Heater rebate shall be allowed to each of the individual installations, provided that, the capacity of Solar Water Heater in such apartment / group housing shall be a minimum capacity of 100 Ltr, per household.

TARIFF SCHEDULE LT-3

Applicable to **Commercial Lighting, Heating and Motive Power** installations of Clinics, Diagnostic Centers, X Ray units, Shops, Stores, Hotels/Restaurants/Boarding and Lodging Homes, Bars, Private guest Houses, Mess, Clubs, KalyanMantaps / Choultry, permanent Cinemas/ Semi Permanent Cinemas, Theatres, Petrol Bunks, Petrol, Diesel and oil Storage Plants, Service Stations/ Garages, Banks, Telephone Exchanges. T.V.Stations, Microwave Stations, All India Radio, Dish Antenna, Public Telephone Booths/ STD, ISD, FAX

Communication Centers, Stud Farms, Race Course, Ice Cream Parlours, Computer Centres, Photo Studio / colour Laboratory, Xerox Copiers, Railway Installation excepting Railway workshop, KSRTC Bus Stations excepting Workshop, All offices, Police Stations, Commercial Complexes, Lifts of Commercial Complexes, Battery Charging units, Tyre Vulcanizing Centres, Post Offices, Bakery shops, Tailoring Shops, Beauty Parlours, Stadiums other than those maintained by Govt. and Local Bodies. It is also applicable to water supply pumps and street lights not covered under LT 6, Cyber cafés, Internet surfing cafés, Call centers, Information Technology (IT) enabled services, I.T. based medical transcription centers, **Private Hostels not covered under LT -2 (a), Paying guests accommodation provided in an independent / exclusive premises.**

RATE SCHEDULE

LT-3 (i): Applicable in areas under all urban local bodies including City Municipal Corporations.

Fixed charges	Rs. 40 per KW	
Energy charges	For 0 - 50 units	645 Ps /unit
	Above 50 units	745 Ps /unit

Demand based tariff (optional) where sanctioned load is above 5 KW but below 50 KW	
Fixed charges	Rs. 55 per KW
Energy charges	As above

RATE SCHEDULE

LT-3 (ii): Applicable in Areas under Village Panchayats

Fixed charges	Rs. 30 per KW	
Energy charges	For 0 - 50 units	595 Ps /unit
	Above 50 units	695 Ps /unit

Demand based tariff (optional) where sanctioned load is above 5 KW but below 50 KW	
Fixed charges	Rs. 45 per KW
Energy charges	As above

- Note:** 1. Besides Lighting, Heating and Motive power, Electricity supply under this Tariff can also be used for Yard lighting/ air Conditioning/water supply in the premises.
2. The semi permanent Cinemas should have semi Permanent Structure with permanent wiring and licence for a duration of not less than one year.
3. Touring Cinemas having an outfit comprising Cinema apparatus and accessories taken from place to place for exhibition of cinematography film and also outdoor shooting units shall be billed under LT- 7 Tariff.
4. A rebate of 20% on fixed charges and energy charges shall be allowed in the monthly bill in respect of telephone Booths having STD / ISD/FAX facility run **by handicapped people.**
- 5. Demand based Tariff at the option of the Consumer can be adopted as per Para 1 of the conditions applicable to LT installations.**

TARIFF SCHEDULE LT-4 (a), LT-4 (b) & LT-4(c)

Applicable to (a) Agricultural Pump Sets including Sprinklers (b) Pump sets used in (i) Nurseries of forest and Horticultural Departments (ii) Grass Farms and Gardens (iii) Plantations other than Coffee, Tea, Rubber and Private Horticulture Nurseries

TARIFF SCHEDULE LT-4 (a) Applicable to I.P. Sets Up to and inclusive of 10 HP RATE SCHEDULE

Fixed charges	Free
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Energy charges	
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Commission Determined Tariff (CDT) for LT4 (a) category is 388 Paise per unit. In case the GOK does not release the subsidy in advance in the manner specified by the Commission in K.E.R.C. (Manner of Payment of subsidy) Regulations, 2008, CDT of 388 Paise per unit shall be demanded and collected from these Consumers.

Note: This Tariff is applicable for Coconut and Areca nut plantations also.

**TARIFF SCHEDULE LT-4 (b):
Applicable to IP sets above 10 HP
RATE SCHEDULE**

Fixed charges	Rs.30 per HP per month.
Energy charges	175 paise per unit

**TARIFF SCHEDULE LT-4 (c) (i):
Applicable to Private Horticultural Nurseries, Coffee, Tea and Rubber
plantations of sanctioned load up to and inclusive of 10 HP.**

RATE SCHEDULE

Fixed charges	Rs.20 per HP per month.
Energy charges	175 paise per unit

**TARIFF SCHEDULE LT-4 (c)(ii):
Applicable to Private Horticultural Nurseries, Coffee, Tea and Rubber
plantations of sanctioned load above 10 HP.**

RATE SCHEDULE

Fixed charges	Rs.30 per HP per month.
Energy charges	175 paise per unit

Note:

- 1) The energy supplied under this tariff shall be used by the Consumers only for Pumping water to irrigate their own land as stated in the I.P. Set application / water right certificate and for bonafide agriculture use. Otherwise, such installations shall be billed under the appropriate Tariff (LT-3/ LT-5) based on the recorded consumption if available, or on the consumption computed as per the Table given under Clause 42.06 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.
- 2) The motor of IP set installations **can be used with an alternative drive for other agricultural operations like sugar cane crusher, coffee pulping, etc.**, with the approval of the Licensee. The energy used for such operation shall be metered separately by providing alternate switch and charged at LT Industrial Tariff (Only Energy charges) during the period of alternative use. If the energy used both for IP Set and alternate operation, is however measured together by one energy meter, the energy used for alternate drive shall be estimated by deducting the average IP Set consumption for that month as per the IP sample meter readings for the sub division as certified by the sub divisional Officer.
- 3) The Consumer is permitted to use the energy for lighting the pump house and well limited to 2 lighting points of 40 W each.
- 4) The water pumped for agricultural purposes may also be used by the Consumer for his bonafide drinking purposes and for supplying water to animals, birds, Poultry

farms, Dairy farms and fish farms maintained by the Consumer in addition to agriculture.

- 5) Billing shall be made at least once in a quarter year for all IP sets.
- 6) A rebate of 2 paise per unit will be allowed if capacitors are installed as per Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka in respect of all metered IP Set Installations.
- 7) Only fixed charges as in Tariff Schedule for Metered IP Set Installations shall be collected during the disconnection period of IP Sets under LT 4(a), LT 4(b) and LT 4(c) categories irrespective of whether the IP Sets are provided with Meters or not.

TARIFF SCHEDULE LT-5

Applicable to **Heating & Motive power (including lighting)** installations of industrial Units, Workshops, Poultry Farms, Sugarcane Crushers, Coffee Pulping, Cardamom drying, Mushroom raising installations, Flour, Huller & Rice Mills, Wet Grinders, Milk dairies, Dry Cleaners and Laundries having washing, Drying, Ironing etc., Bulk Ice Cream and Ice manufacturing Units, Coffee Roasting and Grinding Works, Cold Storage Plants, Bakery Product Mfg. Units, KSRTC workshops/Depots, Railway workshops, Drug manufacturing units and Testing laboratories, Printing Presses, Garment manufacturing units, Bulk Milk vending Booths, Swimming Pools of local Bodies, Tyre retreading units, Stone crushers, Stone cutting, Chilly Grinders, Phova Mills, pulverizing Mills, Decorticators, Iron & Red-Oxide crushing units, crematoriums, hatcheries, Tissue culture, Saw Mills, Toy/wood industries, Viswa Sheds with mixed load sanctioned under Viswa Scheme, Cinematic activities such as Processing, Printing, Developing, Recording theatres, Dubbing Theatres and film studios, Agarbathi manufacturing unit., Water supply installations of KIADB & industrial units, Gem & Diamond cutting Units, Floriculture, Green House, Biotech Labs., Hybrid seed processing units. Information Technology industries engaged in development of hardware & Software as certified by the IT & BT Department of GOK/GOI, Silk filature units, Aqua Culture, Prawn Culture, Brick manufacturing units, Silk / Cotton colour dying, Stadiums maintained by Govt. and local bodies, Fire service stations, Gold / Silver ornament manufacturing units, Effluent treatment plants, Drainage water treatment plants, LPG bottling plants and petroleum pipeline projects, Piggery farms, Analytical Lab. for analysis of ore metals, Satellite communication centers, Mineral water processing plants / drinking water bottling plants and soda fountain units.

RATE SCHEDULE

LT 5 Applicable to all the areas of MESCOM

i. Fixed charges

Fixed charges	i) Rs. 25 per HP for 5 HP & below ii) Rs. 30 per HP for above 5 HP & below 40 HP
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	iii) Rs. 35 per HP for 40 HP & above but below 67 HP iv)Rs. 100 per HP for 67 HP & above
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ii. Demand based Tariff (optional)

Fixed charges	Above 5 HP and less than 40 HP	Rs. 45 per KW of billing demand
	40 HP and above but less than 67 HP	Rs. 60 per KW of billing demand
	67 HP and above	Rs. 150 per KW of billing demand

iii. Energy Charges

0 to 500 units	425 Ps/unit
501 to 1000 units	495 Ps/unit
Above 1000 units	525 Ps/unit

TOD Tariff applicable to LT-5:At the option of the Consumer

Time of Day	Increase+ / reduction (-) in energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs	(-) 125 paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	+ 100 paise per unit

NOTE:

1. DEMAND BASED TARIFF

In the case of LT Industrial Consumers, **Demand based Tariff** at the option of the Consumer can be adopted. The Consumer is permitted to have more connected load than the sanctioned load. The billing demand will be the sanctioned load or Maximum Demand recorded in the Tri-Vector Meter during the month which ever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at two times the normal rate shall apply.

- 2. Seasonal Industries:** The industries which intend to utilize seasonal industry benefit shall comply with the conditionalities under para no. 26 of general terms and conditions applicable to LT.
- 3.** Electricity can also be used for lighting, heating, and air-conditioning in the premises.
- 4.** In the case of welding transformers, the connected load shall be taken as (a) Half the maximum capacity in KVA as per the name plate specified under-IS1851 or (b) Half the maximum capacity in KVA as recorded during rating by the Licensee, whichever is higher.

TARIFF SCHEDULE LT-6

Applicable to water supply and sewerage pumping installations **and also Applicable to Public Street lights/Park lights** of village Panchayat, Town Panchayat, Town Municipalities, City Municipalities / Corporations / State and Central Govt. / APMC, Traffic signals, subways, water fountains of local bodies. Also applicable to Streetlights of residential Campus of universities, other educational institutions, housing colonies approved by local

bodies/development authority, religious institutions, organizations run on charitable basis, industrial area / estate and notified areas,also Applicable to water supply installations in residential Layouts, Street lights along with signal lights and associated load of the gateman hut provided at the Railway level crossing.

RATE SCHEDULE

Water Supply- LT-6 (a)	
Fixed charges	Rs. 35/HP/month
Energy charges	320 Ps/unit
Public lighting- LT-6 (b)	
Fixed charges	Rs. 50/KW/month
Energy charges	445 Ps/unit

TARIFF SCHEDULE LT-7

Applicable to Hoardings& Advertisement boards, Bus Shelters with Advertising Boards, Private Advertising Posts / Sign boards in the interest of Public such as Police Canopy Directionboards, and other sign boards sponsored by the Private Advertising Agencies.Temporary Power Supply of all categories

RATE SCHEDULE

Less than 67 HP:	Energy charge at 850 Ps/unit, subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.
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Note:

1. Temporary power supply with or without extension of distribution main shall be **arranged through a pre-paid energy meter** duly observing the provisions of Clause 12 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.
2. This Tariff is also applicable to touring cinemas having licence for duration less than one year.
3. All the conditions regarding temporary power supply as stipulated in Clause 12 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka shall be complied with before service.

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