KARNATAKA ELECTRICITY REGULATORY COMMISSION

TARIFF ORDER 2013

OF

HESCOM

(*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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C O N T E N T S

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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 Reivew
ARR	Annual Revenue Requirement
ATE	Appellate Tribunal for Electricity
ATL	Anti Theft Law
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 & Sewarage 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
HESCOM	Chamundeshwari Electricity Supply Corporation
CGS	Central Generating Stations
CKM	Circuit Kilometre
CMD	Chairman & Managing Director
CPI	Consumer Price Index
CoS	Cost of Service
DA	Dearness Allowance
DC	Direct Connection
DC LINES	Double Circuit Lines
DCB	Demand Collection & Balance
DG PLANT	Diesel Generating Plant
DPR	Detailed Project Report
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
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
GoI	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
MAT	Minimum Alternate Tax
MD	Managing Director
MESCOM	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
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
RST	Retail Supply Tariff
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 HESCOM's APPROVAL OF Annual Performance Review for FY12, ARR for FY14 to FY16 & TARIFF FOR FY14

In the matter of:

Application of HESCOM 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 Hubli Electricity Supply Company Ltd., (hereinafter referred to as HESCOM) 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).

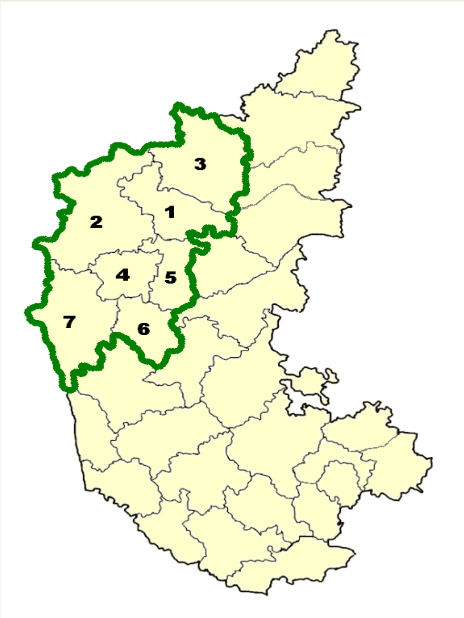
In exercise of the powers conferred under Sections 62, 64 and other provisions of the Electricity Act, 2003, read with KERC (Terms and conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, and other enabling Regulations the Commission has carefully 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 HESCOM:

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



1. Bagalkot
2. Belgaum
3. Bijapur
4. Dharwad
5. Gadag
6. Haveri
7. Uttara Kannada

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

At present HESCOM's area of operations is divided into Two Distribution zones headed by Chief Engineers namely Hubli Zone and Belgaum Zone. These zones are further divided into Seven circles headed by Superintending Engineers,andTwenty onedivisions headed by Executive Engineers. The divisions are further divided into seventy six sub-divisions. The subdivisions have 255 O & M section offices. Section offices are the base level offices looking into the 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), HESCOM is filing its ERC & Tariff applications 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 HESCOM at a glance:

The profile of HESCOM is as indicated below:

Sl. No.	Particulars (As on 31-03-2012)		Statistics
1.	Area	Sq. km.	54513
2.	Districts	Nos.	7
3.	Taluks	Nos.	49
4.	Population	lakhs	166
5.	Consumers	lakhs	36.87
6.	Energy Consumption	MU	10031
7.	Zone	Nos.	2
8.	DTCs	Nos.	93851
9.	Assets	Rs. in Crores	4839
10.	HT lines	Ckt. kms	55479
11.	LT lines	Ckt. kms	107803
12.	**Total employees strength:**		
A	Sanctioned	Nos.	13073
B	Working	Nos.	7394
13.	Demand	Rs. in Crores	3457.34
14.	Collection	Rs. in Crores	3326.63

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

HESCOM’s applications, as also the objections / views of stakeholders and the Commission’s decisions on the approval of the 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 HESCOM for FY12. HESCOM 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, HESCOM 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 observations on 28th December 2012. The preliminary observations were mainly on the following points:

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

In response HESCOM has furnished its replies on 8th January 2013. The replies furnished by HESCOM 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 vide its letter dated 11th January 2013 accepted the application of HESCOM as petition and directed HESCOM to publish the summary of its ERC and Tariff proposals in the newspapers calling for objections if any from the interested persons.

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

Name of the News Paper	Language	Date of Publication
Samyuktha Karnataka	Kannada	18th& 19th January 2013
Vijaya Karnataka		
The New Indian Express	English	
Deccan Herald		

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

In response to the application of HESCOM the Commission has received totally fifteen statements / letters ofobjections. HESCOM has furnished its replies to all these objections. The Commission has held a Public Hearing on 14thMarch 2013 at Dharwad. The details of the written / oral submissions made by various stake holders and the responses from HESCOM 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 theESCOMs. 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 the 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. Apart from the above objections, Hon'ble Member of Parliament has expressed the view that since HESCOM has earned profit of Rs.39.75 crores during FY12 there may be no justification for the company to seek an increase in the tariff.

3.2 Hon'ble Shri M.V Rajashekharan, Former Union Minister of State for Planning, Sri MallikarjunaNilaya, 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 hardship.Also the prices of essential commodities are sky rocketing.

HESCOM's Reply

Increase in electricity rate is inevitable as the HESCOM is facing severe financial constraints.

3.3 Hon'ble ShriRamachandraGowda, MLC, Vice Chairman, State Planning Commission, VidhanaSoudha, 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 rate shall not be raised in respect of consumers who are consuming up to 100 units.

3. Electricity rate shall not be raised in respect of installations pertaining to the students hostels of backward classes Scheduled Castes / Tribes and others.
4. The proposal to hike Rs 0.70 per unit at a time seems high and the same is to be reduced to Rs 0.35 per unit.

HESCOM's Reply

As for the suggestions that the Electricity rates shall not be increased in respect of the consumers who are consuming up to 100 units, it is clarified that the burden on account of this will have to be borne by other consumers. Therefore, HESCOM is not willing to support this suggestion.

On the suggestion that Electricity rates shall not be increased in respect of installations pertaining to Backward, SC/ST and other student's hostels,it is clarified that the burden on account of this will also to be borne by other consumers. Therefore, HESCOM is not willing to support this suggestion.

With regard to the suggestion to allowan increase 35 paise per unit instead of 70 paise per unit, it is stated that HESCOM requires 70 paiseincrease per unit to bridge the revenue gap. Therefore, HESCOM is not in favour of reducing this to 35 paise per unit.

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 the retail tariff.

3.4 Other interested persons have filed/ objections /offered their suggestions/ views on 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.	HA-01	Sri.R.K.Rangrej, President, GadagTalukVidyutBalikedarSangh, SushilaNivas, Health Camp, Betgeri, Gadag- 582102.
2.	HA-02	Sri G.G. Hedge Kadekodi, President, North Kanara District Chamber of Commerce, Industry and Agriculture, C.P. Bazar, Sirsi-581401.
3.	HA-03	Sri. Vishwanath S. Ginimav, Hon. Secretary, Karnataka Chamber of Commerce and Industry, J C Nagar, Hubli-580 020
4.	HA-04	Sri. M.Basappa, Chairman, Gadag District Chamber of Commerce & Industry. A.P.M.C Road Gadag-582 101.
5	HA-05	Sri Prem Chand, Chief Electrical Services Engineer, South Western Railway, Hubli.
6.	HA-06	Sri Prafulla Sham Kale, General Manager (Utilities), Gokak Mills, Gokak falls, Gokak Tq
7	HA-07	Sri.V.Subash, Secretary, Karnataka Textile Mills Association, 'VastraBhawan' 64, 4th Floor, Malleshwaram, Bangalore.
8	HA-08	Sri S. Rajashekar, Secretary General, FKCCI, Federation House, K.G.Road, Bangalore- 560 009.
9	HA-09	Sri S.N. Eswar, Hon General Secretary, KASSIA. #2/106, 17th Cross, Magadi Chord Road, Vijayanagar, Bangalore-560 040.
10	AE-01	Sri M Lakshminarayan, M/s Bangalore Chamber of Industry & Commerce, No. 3/4, 3rd Floor, Southern side of Oblong Block, Unity Buildings, J.C Road, Bangalore-560 002
11	AE-02	Sri Anish Shah, Vice President, M/s Doddanavar Global Energy Pvt Ltd., No.6, Lower Palace Orchards, Sankey Road, Sadashivanagar, Bangalore-560 003.
12	AE-03	Association of Health Care Providers (India), Ground Floor, Indian Medical Association House, IndraprasthaMarg, New Delhi – 110 002.
13	AE-04	Sri.K.Padmanabha, No.16, First Cross, Binny Mill Road, GanganagarExtn., Bangalore -560 032.
14	AE – 05	Sri RamachandraGowda, MLC, Vice Chairman, State Planning Commission, VidhanaSoudha, Bangalore-1.
15	AE- 06	Sri M V Rajashekharan, 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 submission during the Public Hearing on 14.03.2013

Sl No.	Name & Address of Objectors
1.	Sri.R.K.Rangrej, President, GadagTalukVidyutBalikedararaSangha, Gadag.
2.	Sri.A.S. Kulkarni, Chairman, Power Sub Committee, Chamber of Commerce, Hubli.
3.	Sri RamachandraGanapathiJoshi, Retired Employees Association Kumta.
4.	Sri.ArvindaPai, SamajikaHorataSamithi, Kumta.
5.	Sri. W.P. Astekar, Asst. Divi.Ele.Engr., South Western Railways, Hubli.
6.	Sri. M. Basappa, Chairman, Power Committee, GadagDistrictChamber of Commerce & Industry, Gadag
7.	Sri. B.M. Bani, Vice President, Retried Employees Association,Gadag.
8.	Sri.ShireeshNaik, SamajikaHorataSamithi, Kumta
9.	Sri. V.L. Neelkund, VidyuthBalakedararaVedike, Kumta
10.	Sri. U.S. Naik, Dharwad.
11.	Sri.PramodShanbhag, Shreyas papers, Dandeli.
12.	Sri.Raghavendra Prasad, Advocate for FKCCI, KASSIA, KTMA.
13.	Sri. Anil Kumar Gudmeti, Ashok Iron Works Pvt Ltd, Belguam.
14.	Sri. P.N. Mullur, Farmer,AttaniTaluk.
15.	Sri. G.G. Hedge Kadekodi, North Kanara District Chamber of Commerce, Industry and Agriculture, Sirsi
16.	Sri. S.S. Lathurkar, District Chamber of Commerce,Bagalkot.
17.	Sri.Mallikarjuna. A. Kambalyal, Energy Auditor, Sunshubh Renewables and Research Centre, Hubli.

3.6 Brief outline of Objections raised, response from HESCOM and the Commission's view:

Sl.No	Appn. No.	Objections	HESCOM Replies
1	HA-01	**GadagTalukVidyutBalikedaraSangha.** **a) Regarding HESCOM's Revenue Gap.** HESCOM'sAnnualReport for FY12 shows that the total income is Rs.3910.55 crore,but in the A1 format the total income for FY12 is shown as Rs.3672.14 crore.Further,as per the Audited Accounts for FY12, HESCOM has a	As per the Annual report of HESCOM for FY12, there is a surplus of Rs.39.75 crores. The revenue from sale of power

		revenue surplus of Rs.39.75 crore. But HESCOM has arrived at a deficit of Rs.156.42 crore by showing thetotalincome as Rs.3672.14 crore and ARR as Rs.3828.56 crore. Hence request the Commission to reject the HESCOM's tariff increase proposals. **b) Fuel Escalation Charges.** The FEC at the rate of 25 paise per unit was collected by the erstwhile KEB in 1995 and the same rate has been continued in the Tariff Order 2000/2002. The Commission has merged FEC 25 paise per unit with the base tariff in the Tariff Order 2003 and the same was indicated under the General Terms & Conditions of tariff in various Tariff Orders issued by the Commission from time to time. **c) TOD meters:** In respect of ToD meter installations the Maharashtra State Electricity Regulatory Commission has fixed a	includes additional subsidy of Rs.196.18 crores which pertains to the arrears of subsidy of previous years which is not accounted in the revenue of FY12 in the filing. Hence, there is deficit of Rs.156.42 crores. In view of the absence of the full data for FY13, the Commission approved figures are considered, according to which there will be a surplus of Rs.153.69 crores for FY13. For the two years together the net deficit comes to Rs. 2.73 crores. The projected deficit for FY14 beingRs.249.47 crore, and total works out to 252.70 crores. To meet this deficit, tariff hike is required. In accordance with the decision of the Hon'ble ATE in its order in OP.NO.1/2011 dated 11.11.2011, the Commission has decided to introduce the mechanism for collection of fuel escalation charges in the tariff order

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<td>rebate of Rs.2.50 per unit for the units consumed between 22.00 hours to 06.00 hours. But in Karnataka for the same duration rebate is fixed at the rate of Rs.1.25 per unit. Hence, request the Commission to allow rebate at the rate of Rs.2.50 per unit on par with Maharashtra State Electricity Commission.

d) Distribution Loss:
The Distribution loss approved by the Commission for FY13 is 18% whereas in the petition HESCOM has shown the following Distribution losses.
<table>
<tr><td>FY</td><td>13</td><td>14</td><td>15</td><td>16</td></tr>
<tr><td>Losses</td><td>18.96%</td><td>18.56%</td><td>18%</td><td>17.80%</td></tr>
</table>
The above losses are assessed by the petitioner based on the assessed consumption of unmetered IP set installations.
In Karnataka the average consumption of one IP installation is below 6500 units. Hence, calculation of distribution losses on the basis of assessed consumption should not be used for tariff revision.
e) Power Purchase cost:
The power purchase cost projected by the petitioner for FY15 and FY16 is Rs.5022 crores and 5743 crores respectively. Since the transmission losses for the said period are not fixed,</td>
<td>dated 30.04.2012. Public hearing in this regard is already completed and the order is awaited.

In HESCOM the ToD tariff is made mandatory to all the 140 HT installations with a contract demand of 500 KVA and above. The reduction of Rs.1.25 per unit is given for the consumption in the off peak period. HESCOM is not willing to make any changes in the existing rate.

IP set consumption is very important for the calculation of Distribution losses. In HESCOM 55% of the energy is utilized by IP set consumers. IP set consumers are increasing</td>
</tr>
</table>

		the power purchase cost projections made has to be rejected. Similarly, power purchase based on assessed IP sets consumption of 13905 Mu and 15683 MU for FY15 and FY16 has to be rejected. **f) Revenue Subsidy:** Based on assessed consumption of IP setstheGovernment is paying subsidy of about Rs.4800 crores per year.Hence, request the commission to constitute a committee in each taluk to assess the average number of hours pump setsare running each year and worked out the subsidy based on such consumption. **g) Interest on working capital:** Petitioner has sought the following information. i) Working capital loan raised during FY12& FY13. ii) Name of the bank from which the working capital loan was raised and at what of Rate of interest. iii) Duration for repayment of loan. iv) Details of loan repayment during FY12 & FY13 and the names of bank.	at the rate of 3.04% per year,while their consumption is increasing at the rate of 12.98%. In view of this,the specific consumption of IP sets is increasing. Accordingly increase is noticed in the assessed consumption. As per the MYT Regulations, KPTCL has also submitted the application to the Commission for ARR of FY14, FY15 and FY16 along with the Transmission Tariff Petition for FY14. Accordingly the transmission loss and ERC will be determined by the Commission. For FY14, as per CAGR calculations, about 12403.89 Mu energy is required. But, due to non-availability of energy, HESCOM has proposed 11129.37 Mu only. HESCOM

		h) The interest on delayed payment of Electricity tax to the Government Rs.6.66 crores and Rs.14.10 crores for the year FY11& FY12 respectively shall not be allowed by the Commission. i) Large number of installations in HESCOM is still not provided with meters. Hence notice as per section 142 of EA 2003 should be issued to the concerned to take action for fixing meters within the prescribed period. j) Request to increase the solar rebate from Rs.50 to Rs.125. K) The existing rate for LT-7 category (Temporary Installations) is too high. Hence a separate tariff shall be fixed in respect of construction activities.	would have to purchase high cost power to meet the balance requirement. Hence the proposal is not made for the same. Regarding free power supply to IP sets, HESCOM is willing to follow the directions of the Commission. The details of interest onworkingcapital and interest on loan capital are furnished in D9 format enclosed to the application.

			The matter raised by the objector is a controversial issue, the amount is kept under contingent liability. Except BJ/KJ and IP installations all the other installations are provided with meters. Due to the resistance from farmers the expected progress is not achieved in installing meters for IP sets. However, 181439 IP installations are provided with meters up to November 2012. Also a work award has been issued to M/s Sintex Industries Ltd., Kalor to fix meters to 109432 BJ/KJ installations which were serviced on direct connection basis HESCOM is not willing to make any changes in the existing rebate. HESCOM is willing to follow the

			existing rate.
2	HA-02	**North Kanara District Chamber of Commerce, Industry and Agriculture.** a) HESCOM has failed to file the petition in time as per the EA Act and KERC Regulations. Hence the petition should be rejected out right. b) The Central Government has approved a scheme for financial Restructuring of the state DISCOMS. According to this 50% of the outstanding short term liabilities will be taken over by the State Governments. Hence HESCOM has to take necessary action as per this scheme. The objector has also stated that mismanagement in HESCOM has caused huge loss and urged for review of its accounts by an independent authority.	a) HESCOM has obtained the approval of the Commission for extension of time up to 10.12.2012 to file the application for APR for FY-14 to FY16, tariff revision application for FY-14 vide the Commission's letter dated 30.11.2012. b) HESCOM has already put up a proposal for financial assistance from Government. Since the functioning of HESCOM as distribution company in June-2002, HESCOM was forced to spend heavily on power purchase to

		The high level of AT & C losses, high proportion of short term and high cost power purchasesare the major reasons for the financial woes of HESCOM. Hence, the Commission has to review the progress in loss reduction, the metering status and energy audit in HESCOM. Failure in power purchase planning has led to a huge gap between demand and supply.Further, large scale load shedding on the one hand, and buying high cost short-term power on the basis of bilateral contract on the other has significantly increased expenditure. Section 65 of EA Act empowers the Commission to demand advance payment of subsidy from Government, but the Commission has not made use	meet the growing demand. Under the circumstances, HESCOM has suffered losses on account of heavy expenditure and not account of mismanagement. HESCOMs accounts are verified & audited at various levels including statutory Audit. The Distribution losses of HESCOM have reduced from 31.62% in 2003 to 19.99% in 2012, HESCOM is making all efforts to bring down the Technical losses as well as Commercial losses through metering, vigilance activities, educating consumers etc. Nearly 50% of the energy goes to IP sets, where the non metering of IP sets has become a big hurdle in view of resistance from farmers. HESCOM has to provide the hours of supply as directed by Government. Hence, short term procurement of power and some high cost power

		of this provision. HESCOM is getting loans despite its huge deficit, but it is not making any sincere attempt to recover the dues. Moreover the interest on the loan has put the finances of the company under severe stress and has eroded the working capital. The Commission had directed the HESCOM to have separate feeders providing 3 phase predictable power supply to Agriculture loads, but the same has not been fully implemented. It is stated that the HESCOM has invested only Rs.224.48 crore towards capital investment against the approved Capex of Rs.1328.34 crore for FY12,whereas,O&M expenses & interest on loan capital have gone beyond the approved limit resulting in poor financial management.	purchases become inevitable. The Commission is reviewing HESCOM's energy audit, cross subsidy reduction and status of open access. HESCOM agrees with the views of objector that 60% to 70% of expenditure has been incurred for power purchase. It is pointed here that PCKL, is procuring power on behalf of ESCOMs as per the availability and is also planning for the whole state. HESCOM is receiving advance payment of subsidy from Government and also pursuing recovery of arrears of subsidy which will improve the financial condition of HESCOM. To fulfil certain obligations HESCOM has to go for power purchase and has suffered huge losses. As a result of which HESCOM has no resources of its own to

			carryout improvement works and new projects. There are certain social obligations which HESCOM has to carryout and for which funding is required from REC, PFC and Commercial Banks. HESCOM is not intending to put burden on consumers by unnecessary borrowings. The feeder separation for agricultural purpose is being carried out under the NiranthataJyothiYojana. HESCOM has to depend on funding by some financial institutions like PFC, REC and Commercial Banks. In view of some unavoidable financial constraints, HESCOM could not invest as much as the the Capital expenditure allowed by the Commission. HESCOM is making efforts to reduce the expenditure on O & M and interest on loans. But some expenditure is uncontrollable.

3	HA-03	**Karnataka Chamber of Commerce and Industry.** The objector sought the reasons for tariff hike even though the HESCOM has a profit of Rs.39.75 crore during FY12. Dues to be collected from consumers is RS.1601.72 crores and the total deficit claimed is Rs.252.20 crores. If the entire amount is collected, there would be no deficit. HESCOM has not fully implemented the directives issued by the Commission in various tariff orders. Hence the concerned officials of HESCOM have	As per the Annual report of HESCOM for FY12, there is a surplus of Rs.39.75 crores,but there is an accumulated deficit of about Rs.684 crores as at the end of FY12. The revenue from sale of power includes an additional subsidy of Rs.196.18 crores pertainingto the arrears of subsidy of previous years which is not accounted in the revenue of FY12 in the application for filing. Hence, there is a deficit of Rs.156.52 crores. In view of the absence of full data for FY13, the Commission approved figures are considered, according to which there will be a surplus of Rs.153.79 crores for FY13. The deficit for FY14 works out to Rs.249.47 crores and thus the total works out to Rs.252.20 crores. To overcome this deficit, tariff hike is required.

		to be made accountable.	HESCOM has considered total income from revenue including arrears. The deficit is arrived at after considering the arrears as collected. Hence, the deficit shown is correct. HESCOM has complied with the directives issued by the Commission. However, HESCOM is furnishing status of the directives from time to time to the Commission.
4	HA-04	**Gadag District Chamber of Commerce & Industry.** The objector has explained the problems faced by the industries and requested not to approve hike in tariff as proposed by HESCOM. It is suggested to the HESCOM to improve its collection efficiency and to reduce the distribution losses.	The cost of raw materials, transportation costs and coal prices have increased, due to which power purchase cost of HESCOM has increased. This has created a revenue gap which has to be made good by tariff revision. HESCOM is making efforts to reduce the distribution losses by carrying out maintenance/ improvement works and implementing new projects.

5	HA-05	**South Western Railway.** 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.	HESCOM is facing a deficit of Rs.252.60 crore due to increase in power purchase cost, transportation cost, coal price etc., In order to maintain the financial equilibrium tariff revision is inevitable.
		2. Requested for single part tariff instead of present two part tariff and to award a special tariff at a much lower rate than the present rate of Rs.4.80/ Kwh. BMRCL which is using electrical energy for traction purpose is presently being charged at Rs.4.60/ unit and MD charges at Rs.180/KVA. Requested to apply the same tariff to Railway Traction also.	Single part tariff structure is unscientific and is not acceptable to HESCOM and is in favour of continuation of present two part tariff system. HESCOM also opposes any tariff reduction in respect of railway traction installations.
		3. Provide incentives for improved power factor above 0.9.	HESCOM is not in favour of allowing any special incentive for maintaining the PF above 0.95, as it will put additional financial burden on HESCOM. However,maintaining higher PF will benefit the consumers.
		4. 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. 5. Under Tariff LT2 (a), it is requested to introduce a new category for consumers taking bulk domestic supply at one point and further distributing	HESCOM does not agree to charge the HT-4 installations of

		themselves. The line maintenance and bill collection shall be undertaken by the ESCOMs.	Railways at LT-2(a)(i). HESCOM does not agree to the request of the objector. HESCOM is ready to provide independent connection to each Railway staff quarters and the line maintenance and bill collections of bills will be made by HESCOM.
6.	HA-06	**Gokak Mills.** The objector has requested the Commission to consider the following a) To provide incentives for improved power factor above 0.9 b) To charge only for actual Recorded Demand and not for 75% of Contact Demand c) To bill the High tension supply to their Effluent Treatment plant, Sewerage Treatment Plant & drinking water supply separately as per the tariff applicable to sewerage and water supply. d) Charge domestic rates in respect of labour colony consisting of 2000 houses attached to high tension installation.	HESCOM opposes any incentives to be given for maintaining higher PF than the prescribed as it would put additional burden on HESCOM. The present method of HT billing is scientific and HESCOM does not want any changes in it. There is a separate rate schedule for effluent treatment plants under HT-2(a), where there is no slab

		e) High Tension consumers are subsidizing other sectors such as All Electric Homes, Domestic lighting and Agriculture. Any further increase in tariff is not justifiable.	restriction, provided such installations are serviced and metered separately under HT installations. HESCOM opposes to bill the colony lighting under HT category at domestic tariff as it will put financial loss on HESCOM. HESCOM has to maintain its financial viability. Hence, tariff revision is inevitable.
7.	HA-07 HA-08 HA-09	**Karnataka Textile Mills Association** **FKCCI** **KASSIA** **Defective Filing.** HESCOM has not published all the documents filed before the Commission except the following. 1) The Petition for APR for FY12, ARR for FY14 –FY16, and determination of tariff for FY14. 2) Copy of preliminary observations by the Commission. 3) As per Preliminary Observations it is noticed that HESCOM has not filed format D6 (a), D18, D22 to D24, previous year audited accounts & half yearly accounts along with the	All the details regarding its application for approval of APR for FY-12, ERC/ARR for the control period FY14 to FY16 and Tariff Revision Application for FY14 were published in the newspapers. HESCOM has furnished the required formats, viz D6 (a) D-

		application. **Performance Review & Prudence Check** HESCOM has not got any prudence check done of its figures pertaining to previous control period. **Alteration/Modification of the Control Period.** 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 HESCOM has considered 3 years in contravention of thesaid Regulations. **Non Adherence to Accounting**	18, D-22 to D-24 while complying with the preliminary observations made by the Commission. All the information which was required by the Commission on its verification has been furnished to the Commission. The Audited Accounts for FY12 was also furnished to the Commission along with the Application. HESCOM has submitted the audited Annual Accounts for FY12 along with the application and hosted all its audited Annual reports from FY2002. In all the previous occasions the performance review was made by the Commission with reference to the audited accounts only. All facts and figures regarding the truing up/ prudence check have been furnished in the application with reference

		Standards. HESCOM's Annual Accounts are not being prepared as per the 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. **Capitalization of Consumer Deposits** HESCOM ought to be given a direction that the consumer contributions that have been capitalized, either under any order of the Government or otherwise, needs to be excluded from the capital. Further,requested for a prudence check on RoE, depreciation, interest or other incomeby the Commission. **Unlawful Power Allocation** 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,	to audited accounts for FY12, and relevant MYT Regulations. The Commission has the power to shorten the duration of the control period. Accordingly, the Commission has specified the control period to be of 3 years commencing from FY14 to FY16 vide its letter No. KERC/B/16/12/1454 dated 28.08.2012. As directed in the order in Appeal No.108 of 2010, before the Hon'ble APTEL, New Delhi HESCOM is maintaining its Accounts as perthe Accounting Standards as specified under the provisions of the Companies Act 1956. The depreciation provided on the assets created out of consumer grants has already been withdrawn in HESCOM. HESCOM has filed its petition

		request the Commission to allocate power among ESCOMs as per Electricity Act 2003. **Objections to Petition for APR** 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. HESCOM has not filed its Audited Accounts for FY12 and half yearly accounts for the period ending September 2012. Hence petition for APR deserves dismissal. HESCOM has received Rs.3868.32 crores revenue from tariff, but has not given details regarding what was approved in the earlier tariff. There are no details regarding its earnings from subsidy/ cross subsidy. Also the detail as to how the amount received towards tariff subsidy has been treated is also	on the basis of actual figures as per the Audited Accounts for FY12 as well as previous years. HESCOM has not claimed depreciation, ROE or interest on the consumer contribution. HESCOM did not offer any Comments. The performance review is for

		not available. HESCOM has claimed a higher Distribution loss level than what has been permitted by the KERC in the earlier tariff order. The same cannot be allowed into tariff, in terms of the Hon'ble APTEL judgment in Appeal No. 15 of 2008, which has been filed by HESCOM and all other distribution Companies. **Objections to the Contents of the Petition for ARR, ERC and Tariff.** HESCOM is not segregating the Accounts between distribution and retail supply business despite the Regulations. HESCOM has not taken sufficient action to achieve regularization of Unauthorized IP sets and the target of 100% metering of its connections. It is pointed out that 44,620 unauthorized IP sets are yet to be regularized and 3,61,883 installations are yet to be metered. Hence any ARR or ERC for unmetered connections does not arise and ought to be disallowed. The dues from IP set consumers amounting to Rs.1124.73 crores and	the year FY-12 for which the Audited Annual Accounts have been submitted. The performance review is for the year FY12 of the control period FY11 to FY13 which is not yet completed. Hence, FY12 is subject to APR during the Control period FY11 to FY-13. Therefore, it is maintainable. HESCOM has submitted its Audited Annual Accounts every year to the Commission. The Audited Annual Reports of HESCOM for FY12 contains in its notes and schedulesall the details of the income of Rs.3863.32 crores for FY12. (Notes No.-22 &23).There is no surplus subsidy and subsidy has been accounted as per rules under proper account head.

		dues amounting to Rs.124.91 crores from BJ/KJ &Street lightsare seriously affecting the finances of HESCOM. HESCOM is entitled to claim 14% Return on Equity on either 30% of its equity invested or on the actual equity invested whichever is lower. The HESCOM has provisioned certain amounts under O&M expenses as un-controllable expenses. However, in terms of the KERC MYT regulations O&M expenses have been categorized as controllable expenses. As such, the filing for O&M expenses of the HESCOM, in its present form cannot be accepted. HESCOM has not given the details regarding interest on finance charges including the interest on working capital. HESCOM has claimed depreciation at the rates prescribed by the CERC Regulations. But the rates prescribed under MYT Regulations apply to the	HESCOM is making efforts to bring down the distribution losses to the Commission approved level. If it is not possible to achieve the approved loss level, the Commission will levy penalty on HESCOM as per the Regulations. HESCOM has made the segregation of accounts into distribution business and retail supply business as per the percentage fixed by the Commission in its tariff order 2012. HESCOM is making all efforts to regularize the unauthorized IP sets. Metering of IP sets will be taken up in a phased manner and it may be noted here that, HESCOM has already installed 40172 Nos. of

		State of Karnataka. Hence the depreciation claimed by HESCOM cannot be allowed. HESCOM has submitted that as per the audited accounts it has a revenue surplus of Rs.39.76 crores. This amount has been arrived at, by including previous years 'arrears of subsidy' to the revenues of HESCOM. But this practice is incorrect and impermissible under law. The HESCOM has sought for 70 paise per unit increase in tariff across all categories except BK/KJ and IP (Below 10 HP). But HESCOM has not submitted any details or justification for such an increase in tariff.	meters to DTCs as per the directives of KERC. HESCOM is making all efforts to recover the dues. However, these dues have been already considered as income while arrivingat the revenue gap. The ROE claimed is as per the CERC Regulations and the order in Appeal 108 of 2010 pertains to FY2008 to FY 2010, which would be as per KERC (Terms and Conditions for Distribution of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006. ROE is calculated as per MYT Regulations. O&M expenditure has been calculated as per the formula and as per the MYT Regulations duly considering the Audited Accounts for FY12.

			HESCOM has calculated the interest on working capital as per MYT Regulations. The details of loans and interest are provided in the format D-9(a). Depreciation is calculated as per the rates prescribed by CERC and is allowed under MYT Regulations. HESCOM has proposed the gap duly excluding the arrears of subsidy pertaining to previous years. The BJ/KJ and LT-4(a) categories are subsidized by the Government and the subsidy is considered at the

			Commission determined Tariff vide Tariff order 2012. The 70 paise hike is proposed duly considering the overall gap.
8.	AE-01	**M/s Bangalore Chamber of Industry & Commerce.** a) The industries in the Karnataka are facing hardship due to unscheduled power cuts and are struggling to manage their production and growth. b) Karnataka is purchasing power at cheaper rates from various independent power producers at Rs. 4-5 per unit apart from State owned generations. This should also be reflected in the power costs being charged by ESCOMs. c) ESCOMs should also look at adopting the Gujarat model of distributing power to farmers, as the Distribution companies are making enough profits to invest in developing new and competitive resources.	Sometimes unscheduled power cuts are unavoidable as the State is facing acute shortage of power. Karnataka is purchasing power atcompetitive rates, through bidding by PCKL, on behalf of all ESCOMs and is reflected in the fillings. Even then the gap exists. In order to bridge the gap, HESCOM has proposed for increase in tariff not only in respect of industries but also across all categories except BJ/KJ and IP sets of 10 HP and below. HESCOM is making efforts to provide uninterrupted and quality power to the industry 24x7. HESCOM welcomes the objector's suggestion for adopting the Gujarat model

		d) 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. e) The ESCOMs should control their Administration and Distribution costs and also to provide adequate infrastructure for efficient functioning. f) Incentives shall be given to the industries with high load factors and to be treated them differently.	of distributing power to farmers and to send a team to understand the model in details for implementation in Karnataka and HESCOM will examine the suggestion. HESCOM is making all efforts to reduce the losses and to improve efficiency. HESCOM is taking strong action for curbing the pilferage of power. HESCOM is putting all efforts for efficient administration and to minimize the administrative and distributing costs. HESCOM is trying to provide adequate infrastructure for its optimal functioning. Objector's suggestion to look at giving incentives to the industries with high load factors and treat them differently will be reviewed by HESCOM.
9.	AE-02	**M/s Doddanavar Global Energy Pvt Ltd.** **Levy of Cross Subsidy Charges.**	

		The Objector has stated that they are in the generation of wind power availing the wheeling and Banking facilities in Karnataka.Reintroduction of cross subsidy surcharges has put them to hardship and rendered their business unviable and hence sought: a) To withdraw the cross subsidy charges for wind power in order to make the infirm wind energy power projects economically viable. b) To treat the Wheeling and Banking Agreement with Long term consumers on similar lines of captive generation. c) To provide option to Wheeling And Banking suppliers to switch over to PPA.	The cross subsidy charge is mainly considered by the Commission duly studying the revenue loss as the wheeling and banking is allowed to high end consumers like industries. The wheeling and Banking units are increasing year by year there by compelling HESCOM to purchase the deficit energy to the quantum wheeled, either by short term power purchase or by high cost power purchase which is normally Rs,5/ unit. The Cross subsidy surcharge is levied on HT consumers who have opted for open access and not on generators. In the absence of wheeling and Banking charges the consumer would be paying HT2(a)/ HT-2(b) tariff which is naturally more than that of generation cost plus wheeling and banking cost and other costs. HESCOM does not prefer wheeling and

			Banking and instead welcomes PPA to fulfil RPO as directed by the Commission. HESCOM encourages the option of conversion of Wheeling and banking to PPA.
10.	AE-03	**Association of Health Care Providers (India),** **Tariff for Private Hospitals.** 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.Electricity chargesare a significant expense head in private hospitals. It is also indicated that 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% of their power expenditure on services directly related to patient care services such as OPD,IPD,ICU, Radiology and Diagnostic services. The expenditure towards Electricity by these hospitals is 2 to 4% of their total expenditure. Further Hospitals in Karnataka rank high	There are other service oriented installations like Railways, KSRTC, Bank etc., which are billed under commercial tariff. Hence billing of private hospitals/ nursing homes under commercial tariff is appropriate. It is also noted that the Government Hospitals, Hospitals maintained by Local Bodies, Charitable Institutions provide free services to the patients. Therefore, the present tariff for private hospitals is appropriate and HESCOM does not wish to reduce the same.

		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.	
11.	AE-04	**Sri.K.Padmanabha,** **Tariff Schedule to Advertisement Boards/Hoardings.** The objector has pointed out that in the existing Tariff schedule the 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. 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. The mobile towers are also of similar nature of installations are brought under LT-3 tariff and urged to extend the same benefit to the advertisement agencies also.	HESCOM has requested the Commission to consider the point raised by the objector regarding the Advertisement structure in which there can be public interest advertisements for about 3 to 4 months and later on it could be used for other commercial advertisements for the remaining lease period. If the Advertisement Agencies specifically ask for power supply under LT-7 for shorter period then HESCOM will sanction the power under temporary power supply only. Though, there may be profit motive in private advertisement, the period is of

			short duration by different Agencies. Hence billing under LT7 is appropriate. The present tariff schedule for these installations is appropriate and HESCOM is in favour of continuing the same.
12		**Objections raised during the public hearing by Sri. A.S. Kulkarni.** 1. HESCOM has not taken any action to collect dues of Rs.1600 crore from various consumers. 2. Rs.50 lakhs allocated towards consumer education has not been utilized by HESCOM. 3. Requested the Commission to make it compulsory to implement SOP.	HESCOM will take all measures to collect dues from all the categories of consumers.The amount towards consumer education is also being utilized.
13		**S.K. Rangrej President, GadagTalukVidyutBalikedarSangh.** As per provisions of the tariff order penalty at 1.2 times shall be withdrawn in the interest of consumers. As per the directions of KERC, HESCOM has reduced the	The MD, HESCOM responding to the issue of reducing distribution losses has stated, that Micro level energy audit is being done and all

		distribution losses but the reduction is not commensurate with investment. But actually there is no reduction as claimed by HESCOM.	measures will be taken to reduce the distribution losses in HESCOM and fixing of responsibility on officers will be taken up.
14.		**Sri. RamachandraGanapathy** **Sri. SrisihNayak-SamajikHorataSamithi.** In Kumta there is no 24X7 Call Centre to take the complaints from the consumers. Unscheduled interruptions are more and the number of hours of power supply is also ranging from 10 hours to 15 hours only which is causing a lot of inconvenience. HESCOM's staff are not receiving complaints after 6 pm. This has caused inconvenience to consumers.	The Commission instructed the MD HESCOM to inform the consumers in advance regarding the power supply schedules and the load shedding.Information regarding 24X7 Call Centres with contact numbers of all the field and higher officers should be published. Further the Commission instructed MD, HESCOM to hold regular consumer interaction meetings with advance information to them in the local media in order to redress the complaints effectively.
15.		**Sri. G.G. HegdeKadekodi** ESCOMs should procure power through long term agreements and short-term procurement of power should be dispensed with immediately.	Karnataka is purchasing power at competitive rates, through bidding by PCKL, on behalf of all ESCOMs

		In HESCOM, CGRF is not conducting any meetings. Requested the Commission to instruct the HESCOM to conduct CGRF meetings. The quality of the re-conductoring work turned out is poor and accidents have taken place soon after charging the line.The contractors have not done proper earthing to equipment as required for ensuring safety. HESCOM's senior officers have not visited the spot for verification.	The Commission has directed MD HESCOM to take action to make the CGRF more active and functional. Regarding an accident in Kumta, the Commission directed the DT, HESCOM to inspect the spot to take appropriate action and submit a report to the Commission.
16.		**Sri. MallikarjunKambalia - Energy Auditor:** The implementation of energy conservation measures such as mandatory replacement of conventional tube lights by T5 tube lights will save lot of energy and investment will come back within 8 months.	The Commission instructed the MD, HESCOM to organize a meetingsinviting interested persons to out a program aimed at energy conservation and energy accounting in HESCOM.
17.		**Sri PramodShanbog- HT consumer.** He has stated that as per Tariff Order 2000 the benefit is not extended to their ETP installation.	The Commission directed the MD, HESCOM to look into the complaint regarding applicability of tariff to ETP installation and resolve it.

18.		**Sri. P.N. Mullur- Farmer AthaniTaluk** He has stated that only 6 hours of staggered power supply on Agriculture feeders is being arranged by HESCOM and there are many interruptions in power supply and requested HESCOM to improve the power supply position.	The Commission opined that power supply is arranged by ESCOM as per Govt. Policy and any increase in power supply, all the farmers on that particular feeder must be ready to bear that extra cost.

3.7 Commission'sFindings:

Regarding General Observations on Service made by the Objectors:

Several consumer organizations, and members of the public during the course of their oral submissions, in the public hearing held on 14.03.2013 were generally appreciative of the services rendered by the company. Further, several suggestions were made for further improvements regarding the loading of transformers, safety of the equipment established at the public places, grant of new services, etc. The Managing Director representing the HESCOM expressed his sincere thanks for the suggestions made and assured that the company will take the suggestions in all sincerity and bring in further improvements in the services. The Commission also appreciates the efforts of the company in improving the quality of service and hopes that HESCOM will further improve its service in the coming years.

Regarding Fuel Escalation Charges.

Hon'ble Appellate Tribunal for Electricity has given directions to the State Commissions in this regard as fuel and power purchase cost are the major items of the expenditure of the Distribution Company, which is uncontrollable vide its judgment in O.P No. 1 of 2011 dated 11.11.2011. The Hon'ble ATE has further directed that every state Commission must have in place a mechanism for fuel and power purchase cost in terms of section 62(4) of the Act. Therefore, FAC has to be levied and collected as per the Commission's Regulations.

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 BESCOM 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. This Commission, after considering the request, by its Tariff Order 2011 for HESCOM, 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 HESCOM, 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 been filed within the due date.

The objector, in its objections, has sought for rejection of the application for revision of tariff filed by HESCOM, 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 HESCOM has filed its application for revision of tariff within the extended time granted by this Commission. The HESCOM, 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 the time for filing, the application of HESCOM 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 HESCOM for filing the application will not adversely affect the consumers' interest.

Regarding Load Forecasts and Energy Estimation.

Even though the utilities have forecast their energy requirement on the higher side, The Commission is validating the sales estimate while approving the same. The Commission is adopting the CAGR methodology for forecasting sales to all categories other than IP and BJ/KJ installations. In the last 5 years adopting the above methodology it is noted that the forecast is generally close to actuals in respect of metered sales. Thus the Commission has adopted the same methodology for metered sales. For IP sets the Commission is considering the specific consumption based on the monthly reports furnished to the Commission. For BJ/KJ installations the Commission is considering the specific consumption based on the actuals dulysegregating the consumption into those installations consuming less than or equal to 18 units and those consuming more than 18 units.

Regarding Prudence Check.

This issueis 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 HESCOM 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 HESCOM and the same cannot be found fault with.

Regarding Non-adherence to Accounting Standards.

It is contended by the objectors that HESCOM 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 Charted Accounts."* [Emphasis supplied]

As per the above Order, the accounts of HESCOM have to be in accordance with the provisions of the Companies Act after 2013. Therefore, the accounts filed by HESCOM along with the present application have to be considered. However, it is ordered that the HESCOM 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 HESCOM 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 HESCOM is regularly paying interest on consumer deposits despite capitalization of security deposits, has held a 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 contended by the objector that the allocation of power shall be made by this Commission and not by the Government. It is observed that the State is allocating the power based on 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.

The Commission has been striving continuously to progressively reduce the cross subsidy levels. The Commission will take appropriate measures in the matter as per the provisions of Electricity Act 2003 and the 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 RoE at the rate of 15.5% per Annum.

Regarding Uniform tariff increase sought by ESCOMs.

Even though HESCOM has filed its tariff increase proposal for an increase of 70 paise per unit, the Commission while determining the tariff takes into consideration factors like socio economic conditions, paying capacity of the consumers and other factors while deciding tariff increase for each category.

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 shall be withdrawn, in order to make the wind energy generation 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 a similar footing as the 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 in the Electricity Act, 2003.

Regarding Tariff to PrivateHospitals.

The Association of Health Care Providers (India)has pleaded for reduction in tariff to the private hospitals in view of the service rendered by them and to reduce the costs incurred by them.

From the material produced before the Commission, it is observed that the private hospitals do provide service to patients belonging to different sections of society. Like in education, providing medical facility is also a gigantic task and the 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 HESCOM. Keeping in view the Financial health of ESCOMs,request for increase in the rebate from Rs.50 to Rs.100 is not considered.

Regarding Distribution losses.

The Commission has noted the response of HESCOM. The HESCOM should take all necessary measures aimed at improving its performance and reducing the losses, as per the target set by the Commission.

Regarding Metering of IP installations.

The HESCOM should take all necessary measures to complete the metering of IP sets since the Regulation also stipulates metering of IP sets.

Regarding arrears due from Local Bodies.

Sincere efforts should be made by the HESCOM to collect dues from the Local Bodies by adopting stringent measures.

Regarding Energy Audit.

HESCOM should take action for conducting energy audit of all DTCs and carryout proper analysis to take remedial action to reduce losses based on the analysis.

Regarding uninterrupted power supply to rural areas.

HESCOM shall expedite the implementation of NJY works so as to arrange uninterrupted power supply to rural areas.

Regarding Unscheduled interruptions in power supply.

We direct HESCOM to continue to take corrective measures on unscheduled interruptions, keeping in view the convenience of its consumers.

G E N E R A L :

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 *HESCOM's Filing for APR for FY12:*

In its application dated 10thDecember 2012, HESCOM has filed for approval of 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. HESCOMhas replied to the preliminary observations of the Commission in its letter dated 8th January 2013.

The Commission in its tariff order dated 7th December 2010, had approved the 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 HESCOM.

4.1 **HESCOM's Submission*:***

HESCOM 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	2735.68
2	Transmission Charges	288.19
3	SLDC Charges	3.97
4	Total Power Purchase cost	3027.84
5	R&M Expenses	28.05
6	Employee Expenses	370.40
7	A&G Expenses	53.13
8	Total O&M Expenses	451.58
9	Depreciation	92.79
	Interest & Finance Charges	
10	Interest on Loan Capital	127.29
11	Interest on Working Capital	32.84
12	Interest on Consumer Deposits	22.71
13	Interest on belated payment of power purchase cost	97.21
14	Other Interest & Finance Charges	1.32
15	**Total**	**3853.58**
16	Less: Interest & other expenses capitalised	0.56
17	Other Debits (incl. Prov for Bad debts)	17.77
18	Extraordinary Items	
19	Other (Misc.)-net prior period credit	0.00
20	Total	**3870.79**
21	ROE	0.00
22	Other Income	42.23
23	**NET ARR**	**3828.56**

As per the filings, taking into account the revenue of Rs.3672.14 Crores, HESCOM has projected a revenue deficit of Rs.156.42 Crores for FY12. However, considering Rs.153.69 Crores of the gap already factored in tariff revision for FY13, HESCOM has proposed to carry forward the balance gap of Rs.2.73 Crores to its proposed ARR for FY14.

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

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

TABLE – 4.2
Financial Performance as per Audited Accounts

Amount in Rs.Crs.

Sl. No.	Particulars	Actual as per Audited Accounts
	Expenditure	
1	Power Purchase	2655.70
2	Transmission Charges	368.17
3	SLDC Charges	3.97
4	Total Power Purchase cost	3027.84
5	R&M Expenses	28.05
6	Employee Expenses	370.40
7	A&G Expense	53.13
8	Total O&M Expenses	451.59
9	Depreciation	92.79
	Interest & Finance Charges	
10	Interest on Loan Capital	146.50
11	Interest on Working Capital	12.70
12	Interest on Consumer Deposits	22.71
13	Interest on belated payment of power purchase cost	97.21
14	Other Interest & Finance Charges	2.26
15	**Total**	**3853.59**
16	Less: Interest & other expenses capitalised	0.56
17	Other Debits (incl. Prov for Bad debts)	17.77
18	Extraordinary Items	0.00
19	Other (Misc.)-net prior period credit	-8.65
20	Total	**3862.15**
21	ROE	0.00
22	Other Income	33.58
23	**NET ARR**	**3828.57**

As per the Audited Accounts HESCOM has earned a profit of Rs.39.76 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 7647.45 MU for FY12. As per the Audited Accounts, HESCOM has reported sales of 7675.99 MU. Thus the actual sales are higherby 28.54 MU.

The approved and the actual sales for other than IP sets and BJ/KJ category and for IP and BJ/KJ category 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	3241	3291	(+)50
Sales to IP & BJ/KJ	4406	4384	(-)22
Total sales	7647	7675	(+)28

As per the Audited Accounts the total sales of 7675.19 MU includes metered sales of 3290.81 MU and sales to IP sets and BJ/KJ of 4384.38 MU as against the approved metered sales of 3241 MU and 4406 MU respectively. The Commission considers the actual sales of 7675.19 MU for the purpose of approval of APR for FY12.

ii) Distribution Losses for FY12:

The Commission had approved the distribution losses of 19.35% for FY12. HESCOM, in its filing has reported distribution losses of 19.99%.

As per the audited accounts,as against an input of 9593.11 MU at interface points, HESCOM has recorded sales of 7675.19 MU resulting in a distribution loss of 1917.91 MU. This works out to 19.99% of distribution losses for FY12. Thus the actual distribution lossesare0.64% higher than the approved level of losses.

Since the actual loss levels fall within the approved range of distribution losses i.e. from 18.35% at the lower limit to 20.35% at the upper limit, HESCOM 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 asshown in the following table:

TABLE – 4.4
Approved Power Purchase for FY12

SL.NO.	Source of Power	Quantum in MUs	Cost Rs. in Crs.	Average Cost
1	KPCL Hydel	2338.28	108.92	0.47
2	KPCL Thermal	1908.13	582.83	3.05
3	CGS	1935.25	559.60	2.89
4	IPP Major	806.51	298.73	3.70
5	NCE & IPP Minor	832.42	284.13	3.41

6	Short Term/ Medium Term purchase	1528.51	685.41	4.48
7	Others	49.44	10.86	2.20
8	Short term	476.77	190.71	4.00
9	Tr.Charge	0.00	296.44	0.30
	TOTAL	**9875.31**	**3017.63**	**3.06**

HESCOM has submitted Audited Accounts of FY12 according to which the actual quantum and cost of power purchased are as follows:

TABLE – 4.5
Actual Power Purchase for FY12

SL.NO.	Source of Power	Quantum in MUs	Cost Rs. in Crs.	Average Cost
1	KPCL Hydel	2450.67	132.70	0.54
2	KPCL Thermal	1953.27	626.55	3.21
3	CGS	2085.90	662.16	3.17
4	IPP Major	582.52	257.57	4.42
5	NCE & IPP Minor	787.87	275.39	3.50
6	Energy balancing	1681.76	514.22	3.06
7	Others HERC	-228.72	-69.90	3.06
8	Tr, charges	0	292.16	0.29
9	High Cost –short Term	717.83	352.61	4.91
10	Others	00.00	-15.72	
	Total	**10031.10**	**3027.74**	3.02

From the tables above, the Commission notes that, there is a minor variation (of 4 paise) between the approved power purchase cost per unit and actual power purchase cost. As per the MYT Regulations, the power purchase cost is considered as uncontrollable. 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.

HESCOM in its audited accounts has factored the 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 purchased as per the audited accounts is considered for the purpose of APR. However HESCOMis directed toreflect finalized reconciliation figures in its books of accounts for FY13.

iv) Operation and Maintenance Expenses:

The actual O&M Expenses reported by HESCOMin its filing is Rs.451.58 Crores.This includes Employees costs of Rs.370.40 Crores, Administrative & General Expenses of Rs.53.13 Crores and Repairs & Maintenance expenses of Rs.28.05 Crores. The Commission in its Tariff Order dated 28th October 2011, had approved O&M Expenses of Rs.381.95 Crores.Thus the actual O&M Expenses is more than the approved expenses by Rs.69.63 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 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 cost incurred by HESCOM on account of revision of pay and change in Pension and Gratuity contribution.

The Commission in its preliminary observation and letter dated 29th January 2013, sought details of employee costs incurred for FY11 and FY12 due to revision of pay, revision of HRA, P&G contribution and the contribution made to new contributory pension scheme. In this regard, HESCOM vide its letter dated 6th February 2013, has reported that an amount of Rs.122.13 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.61.35 Crores in the APR for FY11, the Commission decides to allow the balance of Rs.60.78 Crores as additional employee costs treated as uncontrollable O & M expenses for FY12.

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

Allowable uncontrollable O & M Expenses for FY12

Particulars	Amt.in Rs. Crs
Total Employee Cost incurred for FY11 & FY12	122.13
Additional Employee Cost already factored in APR FY11	61.35
Additional Employee Cost to be allowed in FY12	60.78

TABLE – 4.6
Allowable O & M Expenses for FY12

Particulars	FY12
No. of Installations As per actuals as per Audited Accts	3687066
Inflation rate*	5.49%
CGI based on 3 Year CAGR (Using actuals of FY10 for FY12)	4.24%
O&M Index= 0&M (t-1)*(1+WII+CGI-X) (Rs.in Crs.)	340.75
Allowable uncontrollable additional O&M cost (Rs.in Crs.)	60.78
Total allowable O&M Expenses (Rs.in Crs.)	401.53

*** Inflation rate is as per CERC Order dated 25.09.2012**

v) Depreciation:

HESCOM has claimed an amount of Rs.92.79 Crores towards depreciation for FY12. The Commission in its tariff order 28th October 2011, had approved Rs.137.74 Crores towards depreciation. The actual depreciation claimed is lower by Rs.44.95 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 3.29%. Since HESCOM 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 allowdepreciation of Rs.92.79 Crores as claimed by HESCOM. 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 FY10to FY12:

In its Tariff Order dated 25th November 2009,the Commission had approved a Capital expenditure of Rs. 719.38Crores for FY10as proposed by HESCOM. Further, the Commission in its Tariff Order dated 7th December 2010 had approved Capex of Rs. 702.84 Crores and Rs.530Crores for FY 11 and FY 12 respectively. The Commission in its Tariff Order dated 28thOctober 2011 had approved the revised Capex proposal of Rs. 1495.17 Crores for FY 12.

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

Particulars	FY10	FY11	FY12
Capital Investment Proposed & Approved	719.38	702.84	1495.17
Capital Investment actually incurred (Figures as per Annual Report)	323.93	159.95	224.48
Short fall	395.45	542.89	1270.69

% Achievement	45.03	22.76	15.01

While the Annual Performance Review of HESCOM for FY12 was being taken up, the Commission decided to carry out an assessment of the prudence of the Capital expenditure incurred by HESCOM. The Commission engaged the services of a Consultant M/s. Deloitte Touche Tohmatsu India Private Limited, Bangalore to prepare a report on the capital works based on the following technical and financial parameters:

i) 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 DPRsvis-a-vis actual realisation.
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 DPRs versus actualiy 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 collected details of 101 projects in HESCOM with a total value of Rs. 131.10 crores and examined 20 works costing more than Rs. 50 Lakhs each and 19 works costing less than Rs 50 lakhs during FY10 to FY12. Out of the projects a stratified year-wise sample set was constructed with adequate representation of projects from the three years under consideration which is shown in the table below.

	FY 10	FY 11	FY 12
Total Number of Projects	**45**	**5**	**51**
Social Obligation Project Exclusions	33	0*	8
Remaining Universe of Projects	12	5	43
Sample Size of Projects	**7**	**5**	**27**
Sampling percentage	58%	100%	63%

The Consultant has categorised the woks on the basis of their objectives like system improvement, social obligation and customer infrastructure. They have considered the system improvement and customer infrastructure projects for prudence check, but, the social obligation works were not considered for prudence check, as such investments were not undertaken strictly on the basis of commercial criteria.

The methodology adopted for evaluating the prudence is as under:

- The various benefits from a project would be identified and the most important objective among them would be tagged as the Very Important Objective (VIO)
- All projects would be given a score out of a maximum of 100 marks. The VIO will be given 50 marks and the remaining 50 marks would be equally distributed among the remaining objectives;
- Any objective which meets or exceeds the benefit specified in the DPR/estimate would be awarded the full share of marks. For projects which fall short of the benefits specified in the DPR/estimate scoring will come downon pro-ratabasis.
- For Projects in which 11kV feeders are not chargedno score was assigned.
- A project has to score a minimum of 40 marks out of 100to be considered as prudent, with the **VIO** contributing at least 30 marks.

Based on this methodology, the sampled projects are as under:

Type of Project	Prudent	Not Prudent	Not Evaluated
RAPDRP	0	0	2
Link Lines	22	4	4
Sub-Station	1	2	1
Consumer Infrastructure	1	0	0
Social Objective	0	0	2
Total	**24**	**6**	**9**

The consultant has reported that, out of the sample of 20+19=39 projects, 24 projects were found to be prudent, 6 projects were not prudent and the remaining 9 projects were not evaluated for reasons listed below:

a) **Two RAPDRP projects** – Both RAPDRP projects (IT initiative & DTC metering) are under progress

b) **Two projects** (Tonshyal Village rehabilitation) had VIOs relevant to a **"Social objective"** project

c) Link lines

- **Gajendragad link lines** – the 11 kV lines emanating from this station are not charged due to **ROW** issues.
- **Toravi link lines** –lines were not charged for want of the input 110 kV sub-station which is not yet completed by KPTCL
- **Bidari link lines** – These lines have not been charged.
- **Hirehal to Holealur link lines** –have not been charged as the input transformer was diverted to other place on an emergency.

d) Sub-stations – The 5 MVA additional transformer in Tidagundi is yet to be commissioned. The bus bar formation and wiring is under progress with possible charging date indicated as 15th May 2013.

Works not qualifying as prudent:

The scores assigned results in 6 projects being classified as imprudent. It must be noted that all the six projects had at least one feeder which was idle/not charged. While the contribution of the uncharged elements is considered while determining the maximum score, their contribution is not evaluated while calculating the "actual" score for the project.

I. **Sidenur sub-station:** Two feeders out of 6 are idle, which means that the scoring for the VIO (i.e. improvement in Voltage Regulation) is based on the working of 4 feeders only.

II. **Tadakanahalli sub-station:** Out of the total 6 feeders, 2 are not charged. The third feeder showed deterioration in the voltage regulation performance.

III. **BabhleshwarHangrangi linked lines** - 4 lines from Bableshwar out of the 7 originally proposed are yet to be completed because of ROW issues.

IV. **Hulkunda Link lines -** Out of 2 feeders, only one surpasses the estimate values. The other feeder shows only a 8% reduction in VR against a projected 78%. This contributes to reducing the score below the qualifying levels.

V. **Haliyal -Joida Link Lines -** Only Haliyal Feeder meets the Voltage Regulation criteria. Desai - Awarli is not charged and Teragaon was charged earlier but is currently shutdown due to some problems.

VI. **Savalagi link lines -** The assessment is based on only one line i.e. Takkalakki. The other two lines from Savalagi S/S are not yet charged. However, the Voltage regulation for Takkalakkiis not meeting the standards.

The consultant has stated that, the projects like Sidenur, Babhleshwar and Haliyal-Joida do not meet the overall passing mark in total, the individual elements that are "charged" have shown readings that demonstrate improved performance equal to or better than what is claimed in the DPR/estimate. This is not the case for Tadakkanahalli, Hulkunda and Savalagi projects and hence the above projects are classified as not prudent.

Cost overrun Cases:

The consultant has reported that, a cost overrun of Rs. 16 lakhs in case of the 11 kV link line from 33/11 kV s/s Pala sub-station has been observed. Further, many projects show actual spending of less than the DWA awarded amount. **A final assessment regarding the exact cost overrun/saving can only be made once the worksare completed and financial closure is achieved.**

The consultant has also highlighted issues relating to data availability and traceability while conducting the prudence check of HESCOM.

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 actual data furnished by the concerned Chief Engineers was considered.

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

a) Metering of Distribution Transformer Centres:

Though many of theDTCs are already metered, HESCOM has not conducted energy auditing to detect losses and take corrective measures. There is a need to institutionalisea mechanismfor Energy auditing at DTC level in order to achieve loss reduction in the distribution system.

b) Downstream works of KPTCL substations:

It is noted that, out of **726**nos of feeders, HESCOM has commissioned **506** feeders and **217**nos of feeders are yet to be commissioned as at the end of 31.01.2013 as informed by KPTCL. Hence, HESCOM should ensure that balance feeders are commissioned and optimally utilised so as to achieve the envisaged benefit.

c) 33kV Substations and Line works:

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

The Commission directed HESCOM to take remedial measures to address the shortcomings mentioned in the prudence check and report the compliance to the Commission. HESCOM has prayed for grant of time to address and submit detailed compliance report to the Commission.

The Commission has considered HESCOM's request and has decided to allow time up to 31st December 2013 to HESCOM 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 HESCOM 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:

HESCOM has claimed an amount of Rs.127.29 Crores towards interest and finance charges. The Commission in its tariff order dated 28th October 2011, had approved an amount of Rs.148.75 Crores towards interest. As per the Audited Accounts,an amount of Rs.146.50 Crores is shown as the interest and finance charges for FY12. Thus, the actual interest and finance charges are lower than the approved interest and finance charges by Rs.2.25Crores.

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.1296.73 Crores.HESCOM has achieved a capex of Rs.224.00Crores against a proposed investment of Rs.1495.00 Crores and has availed long term loans of Rs.152.00 Crores towards capex. The weighted average rate of interest on these loans works out to 11.30%.

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 the actual interest and finance charges of Rs.146.50 Crores for FY12. Further, considering the capitalization of interest of Rs.0.56 Crores the net interest and finance charges would be Rs.145.94 Crores.

viii) Interest on Working Capital:

As per the format D9 of the filing, HESCOM has incurred interest on short term loans to an extent of Rs.32.84 Crores. However as per audited accounts the interest on short term loans is Rs.12.70 Crores.

HESCOM 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.	33.46
Opening GFA	2765.73
Stores, materials and supplies 1% of Opening balance of GFA	27.66
One-sixth of the Revenue*	661.49
Total Working Capital	722.60
Rate of Interest (% p.a.)	11.75%
Interest on Working Capital	**84.91**
Actual interest on WC as per audited accounts	12.70
Allowable interest on working capital as per regulations as amended(actual plus 50% of difference between actual and normative)	48.80

*As per actual revenue for FY12

Thus the allowable interest on working capital is Rs.48.80 Crores.

ix) Interest on Consumer Deposits:

HESCOM in its filing / audited accounts has claimed an amount of Rs.22.71 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 claim of Rs.22.71 Crores made by HESCOM towards interest on consumer deposits indicates the actual rate of interest of 6.00% on the average balance of consumer deposits for FY12. Since the claims are being computed on the basis of opening balances of deposits and deposits collected from time to time during the year, the Commission decides to allow an amount of Rs.22.71 Crores as claimed by HESCOM towards interest on consumer deposits for FY12.

x) Other Debits:

HESCOMin its filing has claimed an amount of Rs.17.77 Crores towards other debits. As per the audited accounts, this includes Provision for bad and doubtful debts of Rs.0.456 Crores which is disallowed as the same is actually not written off. As such the Commission decides to allow an amount of Rs17.32 Crores towards other debits for FY12.

xi) Net Prior Period Charges:

HESCOM in its Audited Accounts has shown an amount of Rs.8.65 Crores as net prior period credits. This amount pertains to prior period income/expenses.

The Commissiondecides to allow an amount of Rs.8.65 Crores as net prior period credit for FY12.

xii) Return on Equity:

HESCOM has not claimed RoE for FY12.The Commission in its tariff order dated 28th October 2011 had not allowed RoE as there was negative net worth for FY12.Considering the present status of share capital, share deposits and reserves & surplus as per audited accounts, there is still negative net worth for FY12 as indicated below:

RoE for FY12 – HESCOM's Proposal

Particulars	Amount in Rs. Crs.
Paid Up Share Capital	233.34
Share Deposit	400.50
Reserves and Surplus	-723.79
Total Equity	-89.95
Allowable RoE @ 19.377% on equity inclusive of MAT	**0.00**

In view of the negative networth HESCOM is not entitle for any RoE.

xiii) Other Income:

HESCOM in its Audited Accounts has indicated an amount of Rs.33.58 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.33.58 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 – 4.8
Approved ARR as per APR 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	2721.19	2735.68	2655.70	2655.70
2	Transmission Charges	294.42	288.1944	368.17	368.17
3	SLDC Charges	2.02	3.97	3.97	3.97
4	Total Power Purchase cost	3017.63	3027.84	3027.84	3027.84
5	R&M Expenses		28.05	28.05	

6	Employee Expenses		370.40	370.40	
7	A&G Expense		53.13	53.13	
8	Total O&M Expenses	381.95	451.58	451.59	401.53
9	Depreciation	137.74	92.79	92.79	92.79
	Interest & Finance Charges				
10	Interest on Loan Capital	148.75	127.29	146.50	146.50
11	Interest on Working Capital	68.7	32.84	12.70	48.80
12	Interest on Consumer Deposits	19.52	22.71	22.71	22.71
13	Interest on belated payment of power purchase cost	0	97.21	97.21	0.00
14	Other Interest & Finance Charges	0	1.32	2.26	2.26
15	**Total**	**3774.29**	**3853.58**	**3853.59**	**3742.42**
16	Less: Interest & other expenses capitalised	0	0.56	0.56	0.56
17	Other Debits (incl. Prov for Bad debts)	0	17.77	17.77	17.32
18	Extraordinary Items	0.00		0.00	0.00
19	Other (Misc.)-net prior period credit	0	0.00	-8.65	-8.65
20	Total	**3774.29**	**3870.79**	**3862.15**	**3750.31**
21	ROE	0.00	0.00	0.00	0.00
22	Other Income	21.46	42.23	33.58	33.58
23	Provision for taxes	0	0.00	0.00	0.00
24	Funds for consumer relation / consumer education	0.5	0.00	0.00	0.00
25	Power purchase cost as per decision in OP No. 8/2009 dated 11.12.2009	0	0.00	0.00	0.00
26	Incentive for loss reduction in FY12	0	0.00	0.00	0.00
27	**NET ARR**	**3753.33**	**3828.56**	**3828.57**	**3716.94**

xv) Gap in Revenue for FY12:

Thus, as against an approved ARR of Rs.3753.33 Crores and the actual expenditure of Rs.3828.57 Crores, the Commission after the annual performance review for FY12, decides to allow an ARR of Rs.3716.94Crores for FY12. Considering the revenue of Rs.3968.91 Crores, there is a surplus of Rs.251.97 Crores for FY12. The Commission decides to carry forward this surplusto 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.1826.01 Crores towards BJ/KJ and IP Set consumption for FY12. However considering the actual consumption for FY12, the subsidy payable by Government of Karnataka is determined on the basis of the approved Commission Determined Tariff (CDT) as follows:

TABLE – 4.9
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	168.51	87.72
2	Average cost of supply in Rs.per unit	4.79	4.79
3	Consumption of IP Sets less than 10 HP	4237.89	4296.66
4	Commission Determined Tariff	4.12	4.12
5	Subsidy in Rs.Crs.	1826.01	1812.24
6	**Excess subsidy paid to be recovered by GoK for FY12 in Rs.Crs.**	**(13.76)**	

Accordingly, based on the actual consumption and approved CDT, the excess subsidy of Rs.13.76 Crores has to be recovered by Government of Karnataka for FY12.

CHAPTER – 5

BUSINESS PLAN &ANNUAL REVENUE REQUIREMENT FOR FY14-16

5.0 BUSINESS PLAN:

In accordance with the provisions under Clause 2.5.4 of the KERC (Terms & Conditions for Determination of Tariff for Distribution & Retail Sale of Electricity) Regulations 2006, HESCOM 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 HESCOM for the period FY14 to FY16 for determination of ARR as discussed in the following paragraphs.

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

In its application dated 10th December 2012, HESCOM 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			
1	Power Purchase Cost	2998.72	4506.98	5181.3
2	Transmission charges of KPTCL	553.33	515.55	561.65
3	SLDC Charges			
4	**Power Purchase Cost including cost of transmission**	**3552.05**	**5022.53**	**5742.95**
5	Employee Cost	375	399.84	426.34
6	Repairs & Maintenance	28.4	30.28	32.29
7	Admin & General Expenses	53.79	57.35	61.15
8	**Total O&M Expenses**	**457.19**	**487.47**	**519.78**

9	Depreciation	93.46	175.1	187.56
	Interest & Finance charges			
10	Interest on Loans	165.51	250.81	314.15
11	Interest on Working capital	119.83	133.82	149.68
12	Interest on belated payment on PP Cost	0	0	0
13	Interest on consumer deposits	30.43	35.09	40.46
14	Other Interest & Finance charges	1.51	1.51	1.51
15	Less interest capitalised			
16	**Total Interest & Finance charges**	317.28	421.23	505.8
17	Other Debits	24	36	44
18	Net Prior Period Debit/Credit			
19	RoE	0	142.62	142.62
20	Power Purchase cost related to OP No.8/2009 dated 11.12.2009			
21	Provision for taxation		10	10
22	Funds towards Consumer Relations/Consumer Education	0.5	0.5	0.5
23	Other Income	64	75	86
24	**Net ARR**	**4380.48**	**6220.45**	**7067.21**

HESCOM 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.252.20 Crores.

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 HESCOM. Accordingly, the surplus of Rs.251.97 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 duringthe 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:

HESCOM's Proposal:

HESCOM has mentioned the objectives of carrying out the envisaged capital works as:

1. The network should cater to sale growth over the next three years.
2. Achieve targets for efficiency improvement viz. loss reduction trajectory.
3. Improve Quality of Supply.

Accordingly, HESCOM proposes to invest for carrying out of preventive measures to reduce accidents, replacement of old/faulty equipment/power transformers in 33 KV stations & faulty distribution transformers & faulty/Not recording meters by HP EM meters etc.

In order to extend the reach of electricity to the economically weaker sections of the Society, HESCOM proposes to energise IP-sets under RE General / Ganga Kalyan schemes, to create infrastructure for electrification of HB/JC/AC Tandas& Hamlets / servicing BPL households under RGGVY.

HESCOM has identified the following key areas for need-based investments:

1. **Adopting HVDS for agriculture loads which results in reduction of distribution losses and prevents theft of energy.**

HESCOM, has selected the Gadag Division of the Company for implementation of HVDS as a pilot project and Gadag Division has 19,050 Nos of IP sets in the rural area.The present loss level in the feeders is 22.01% and HVDS is planned to bring down these losses to a minimum value. Preparation of DPR for one feeder is under progress and based on the results the entire division DPR will be prepared and executed.

2. **Construction of new 33 kV station /Lines.**

HESCOM has stated that, it has constructed 5 Nos of 33kV substations along with lines during FY12 and added another 2 nos in FY13 till Sep'2012 and plans to add some more substations and augment the substation by installing transformers to cater to the increased load and improve the system voltage.

3. **DTC metering for conducting energy audit.**

HESCOM has stated that, at present energy auditing is being carrying out from the readings taken from 6529 DTC. Action will be taken to obtain the readings of the remaining metered DTCs for energy auditing.

4. **Implementation of NJY:**

HESCOM has stated that, the bifurcation of agricultural and non agricultural loads from the existing 11KV feeders is being implemented under the Niranthara Jyothi Yojana. In HESCOM totally there are 48 Talukas, out of which 11 Taluks in Uttara Kannada Districts are already being given 24 Hrs power supply and hence they are excluded from the Niranthara Jyothi scheme. A Pilot Project has been implemented in three Talukas namely Bailhongal in Belgaum District, Shiggaon&Savanur Taluks in Haveri District. In the remaining 34 Taluks, NJY works are proposed in 2 phases.

Details of Pilot Project taken up under Niranthara Jyothi Yojana in Bailhongal, Shiggaon&Savanur Taluks.			
Name of the Taluk	**Bailhongal**	**Shiggaon**	**Savanur**
Total villages	138	94	64
Villages covered under RLMS	18	60	29
No of RLMS feeders	5	7	5
Villages covered under NJ	120	34	35
No of 11 KV feeders proposed & length in KMs	16 & 433 Kms	3 & 103.8 Kms	3 & 131.8 Kms
Average Cost per Km	Rs. 3.56 Lakhs	Rs. 3.5 Lakhs	Rs. 3.41 Lakhs
Cost of the project	Rs. 15.423Crores	Rs.3.64 Crores	Rs. 4.49 Crores

5. **Restructured Accelerated Power Development and Reform Programme (RAPDRP) works and Distribution Automation system (DAS)**

HESCOM has stated that, they have taken up R-APDRP (Restructured APDRP) primarily aiming at reducing the Aggregate Technical and Commercial (AT&C) losses in urban areas.

6. **Providing infrastructure to unauthorized IP sets.**

HESCOM has stated that, 21228 Nos of unauthorized IP sets have been regularized out of the total existing 44620 Nos.Further, 17927 Nos of IP sets require infrastructure and 3301 Nos of IP sets are regularized on service connection. It is estimated to extend 1066.90 kms of 11KV line, 5068.55 Kms of LT Line and providing 25KVA x 2248Nos, 63KVA x 949 Nos& 100KVA x 228 Nos of distribution transformers. Further, HESCOM has stated that, Consequent to regularization of unauthorized IP sets they are expecting additional revenue and a reduction of AT & C losses of around 2% to 3%.

7. Rajiv Gandhi Vidyut Yojana

The HESCOM has stated that, it has taken up RE works under RGGVY program (Rajiv Gandhi Vidyut Yojana) which covers electrification of un-electrified habitations, Colonies etc. and rural households. The works underthe 1st phase in Dharwad, Gadag, Haveri, Bijapur&Bagalkot districts are already completed and RGGVY of 2nd phase in Uttar Kannada & Belgaum is in progress.

TABLE – 5.2

The schemewise details of the proposed investment from 2013-14 to 2015-16 are as under

Amount in Rs.Crs.

Sl. No.	Scheme	Unit	2013-14		2014-15		2015-16	
			Physical	Financial	Physical	Financial	Physical	Financial
1	**Mandatory works, Social obligation and other works**							
a	Ganga kalyana IP sets *	Nos.	5000	60	5000	50	5000	50
b	Electrification of Hamlets(Not covered under RGGVY) *	Nos.		1		1		1
c	Electrification of HB/DB/JC/AC (Habitations) under SCP (Not covered under RGGVY) *		-	1	-	0.5	-	0.5
d	Electrification of TC (Habitations) under TSP * (Not covered under RGGVY)		-	0.5	-	0.5	-	0.5
e	Electrification of BPL Households * (Not covered under RGGVY)		-	2	-	1	-	1
f	Water works	Nos.		30		30		30
g	RGGVY	Nos.	-	6	-	-	-	-
h	Rehabilitation of flood affected villages(special programme).	Nos of Villages	-	15	-	10	-	10
	Sub - total			115.50		93.00		93.00
2	**Expansion of network and system improvement works.**			0		0		0
a	E & I works.			60		50		40
b	Energisation of IP sets under general. *	Nos.	9800	40	10000	40	11000	45
c	Service connections other	Nos.	100000	30	105000	35	115000	35

	than IP/BJ/KJ/Water works. *							
d	Construction of new 33 KV stations and lines. *	Nos.	2\30	20	1\15	8		-
e	Augmentation of 33 KV stations.	Nos.	8	20	4	8	4	5
f	Construction of 11 KV lines for 33 KV / 110 KV sub-stations.	Kms	450	50	400	40	350	30
g	NirantarJyoti Yojana.	Nos.		250	0	50	0	0
h	R- APDRP.	Nos of Towns	0	80	0	0	0	0
ii	Sub - total			550.00		231.00		155.00
3	**Reduction of T & D and ATC loss**			0		0		0
a	Providing meters to un-metered IP sets.	Nos.	25000	7.5	25000	7.5	25000	7.5
b	Providing meters to un-metered BJ/KJ installations.	Nos.	0	5	0	15	0	0
c	Replacement of faulty / MNR energy meters by static meters.	Nos.	50000	10.00	50000	10.00	50000	10.00
d	Replacement of more than 10 year old electromechanical energy meters by static meters.	Nos.	100000	15	100000	15	100000	15
e	DTC's metering (Other than APDRP)	Nos.	8000	25	8000	10	8000	10
f	Replacement of 33 KV lines Rabbit conductor by Coyote conductor.	Kms	250	15	50	10		
g	Replacement of 11 KV lines Weasel conductor by Rabbit conductor.	Kms	1000	10	750	8	500	5
h	Replacement of age old LT conductor by Rabbit conductor.	Kms	2000	20	2000	20	2000	20
i	HVDS (Pilot project for 1 district/year)			200		200		200
iii	Sub - total			307.50		295.50		267.50
4	New initiatives works			0		0		0
a	IT initiatives, automation and call centre			10		10		10
b	Installation of energy efficient motors		-	2	-	1	-	1
c	Smart grid/sprinklar/drip irrigation system		-	2	-	1	-	1
d	Establishing ALDC & SCADA.		-	10	-	-	-	-
iv	Sub - total			24.00		12.00		12.00
5	Replacement and other			0		0		0

	miscellaneous works							
a	Replacement of failed distribution transformers. *	Nos.	13000	90	12000	80	10000	70
b	Replacement of Power Transformers.	Nos.	10	5	10	5	10	5
c	Replacement of old and failed equipment's and other works of existing 33 KV stations and lines.			3		3		3
d	Preventive measures to reduce the accidents. (Providing intermediate poles replacement of detoriated conductor, DTC earthing etc.)			10		10		10
e	T&P materials.			3		3		3
g	Creating infrastructure to UAIP Sets		9800	50	9000	45	9000	45
h	Civil Engineering works.	Nos.		20		20		20
v	Sub - total			181.00		166.00		156.00
Total (i+ii+iii+iv+v)				**1178.00**		**797.50**		**683.50**

Commission's Analysis and Decisions:

The Capital investment proposed and the actual expenditure incurred by HESCOM during the first & second control periods are indicated below:

Amount Rs. In Crs

Particulars	First Control Period			Second Control Period		
	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Capital Investment Proposed & Approved	1252.7	860.8	719.38*	702.84	1495.17	1189.22
Capital Investment actually incurred (Figures as per Annual Report)	417.33	535.73	323.93	159.95	224.48	93.37 **
Short fall	835.37	325.07	395.45	542.89	1270.69	1095.85
% Achievement	33.31	62.24	45.03	22.76	15.01	

***The proposed capex for FY10 as per MYT order dated 18.01.2008 was Rs.882.37 Crores. As per the Tariff Order dated 25.11.2009, the same was revised to Rs.719.38 Crores.**

**** Expenditure up to the end of August 2012.**

The Commission has noted that, from the work in progress statement, the amount shown for the ongoing works for FY12 is very high and the projection for FY13 to FY18 alsohas an increasing trend. This may result in time overrun as well as cost overrun of the projects. The Commission directs HESCOM to have a concrete plan to complete and capitalise the works in a definite time bound manner.

The works in progress details pertaining to HESCOM is as under:

Amount Rs in Crs.

Description	FY-12(Actual)	FY-13 (Revised)	FY-14	FY-15	FY-16
Opening balance	**25.85**	**71.93**	**72.97**	**74.08**	**76.00**
i) Capital expenditure	224.48	1,189.22	1,139.50	762.50	648.50
Total capital expenditure for the year (I+ii+iii)	**250.33**	**1,261.15**	**1,212.47**	**836.58**	**724.50**
Less: Expenditure Capitalised (Transferred to Form-T15/D15)	178.40	1,188.18	1,138.39	760.58	646.50
Closing Balance	**71.93**	**72.97**	**74.08**	**76.00**	**78.00**

HESCOM has proposed Capex of Rs.1178 Crores, Rs.797.5 Crores and Rs.683.5 Crores respectively for the FY14 to FY16.

Considering the investment proposal of HESCOM, the Commission decides to allow Capex as proposed by HESCOM subject to prudence check and directs HESCOM to initiate concrete measures to achieve capex as proposed in a time bound manner.

The approved capex in respect of the classification of works is as follows:

TABLE – 5.3

Approved Capex for F14-16

Sl. No.	Scheme	2013-14	2014-15	2015-16
1	Mandatory works, Social obligation and other works	115.5	93	93
2	Expansion of network and system improvement works.	550	231	155
3	Reduction of T & D and ATC loss	307.5	295.5	267.5
4	New initiatives works	24	12	12

5	Replacement and other miscellaneous works	181	166	156
Total		**1178**	**797.5**	**683.5**

The Commission directs HESCOM to strive to achieve 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:

HESCOM's filing:

HESCOM in its filings has analysed the growth in installations and energy sales for the period FY09-FY12 and has adopted the CAGR for the above period for estimating the number of installations and sales. Wherever growth was negative or a specific trend was not available, the estimates have been suitably modified. Subsequently, in response to the preliminary observations, HESCOM has revised the estimates (reply dated 21.1.2013). AS per the revised D-2 format, the number of installations and sales for the Control Period is as indicated below:

Particulars	FY14		FY15		FY16	
	No. of Installations	Sales-MU	No. of Installations	Sales-MU	No. of Installations	Sales-MU
Categories other than BJ/KJ and IP sets	2630842	3614.50	2757714	4542.94	2894599	5152.21
BJ/KJ and IP sets	1387317	5084.99	1439958	6375.49	1494650	7196.24
Total	**4018159**	**8699.49**	**4197672**	**10918.43**	**4389249**	**12348.45**

1. **Preliminary observations of the Commission and Replies of HESCOM:**

The Commission based on the original filing, had noted that the overall sales growth rate of 13% considered for the control period was on the higher side compared to the normal growth based on a three year or five year CAGR.

HESCOM in its replies to preliminary observations has stated that the growth considered by them is correct. Further, HESCOM vide its reply dated 21.01.2013 has furnished a revised D-2 format.

The Commission has in earlier orders worked out estimates of sales for categories other than BJ/KJ and IP sets based on three year CAGR and five year CAGR. The same approach is being adopted in this order also.

In respect of BJ/KJ consumers, the Commission had noted that the estimates were made on CAGR basis instead of considering the specific consumption. As such, HESCOM was requested to furnish the breakup of installations consuming less than or equal to 18 units and those consuming more than 18 units per month.

HESCOM in their replies to preliminary observations has furnished the break up for the period Jan-12 to Nov-12. Based on the above break up the Commission has worked out the sales to BJ/KJ installations.

HESCOM was requested to furnish the details of RGGVY additions in BJ/KJ and LT-2(a).HESCOM in their replies to preliminary observations has stated that the installations under RGGVY arealready accounted under BJ/KJ and there would be no additions under LT-2(a) category under the scheme.

Regarding IP sets HESCOM was requested to furnish the specific consumption based on actuals from Apr-11 to March12 and also for the period Apr-12 to Nov12.

HESCOM has furnished the data for the period April11 to March 12 and the cumulative IP consumption up to septemer11 in the current year.

2. Commission's estimates 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 HESCOM 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 HESCOM 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 HESCOM in their replies to preliminary observation / validation meeting.

For sales estimates for categories LT2(a), LT3, LT5, HT1, HT2(a) and HT2(b), higher of the three years CAGR and the five years CAGR has been considered. For the remaining categories, other than BJ/KJ and IP sets, the sales have been estimated considering the five year CAGR, with suitable modifications. The base year FY13 estimates as revised by HESCOM have 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 HESCOM-Rev.D2		FY14 as approved by the Commission		FY15 as proposed by HESCOM-rev D2		FY15 as approved by the Commission		FY16 as proposed by HESCOM-rev D2		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	2147065	1086.87	2380768	1337.58	2233163	1310.78	2465524	1446.03	2322713	1418.40	2553305	1563.36
LT-2b	5042	9.53	4996	11.56	5541	11.21	5438	12.29	6092	11.88	5920	13.55
LT-3	295208	366.83	294289	404.47	311078	473.43	309138	461.75	327805	550.26	324737	527.13
LT-4 (b)	485	3.04	486	3.29	490	3.54	491	3.33	496	3.69	497	3.37
LT-4 (c)	134	0.37	121	0.40	168	0.51	136	0.46	210	0.62	153	0.54
LT-5	94830	294.80	94240	321.27	102329	348.39	101012	332.88	110471	369.66	108271	344.91
LT-6 WS	26022	167.38	26116	184.91	27796	201.27	27997	197.75	29691	217.16	30013	211.47
LT-6 SL	19714	112.42	19977	124.95	20645	132.02	21199	131.30	21619	139.10	22495	137.97
LT-7	40170	25.50	40170	25.50	54064	34.74	54064	34.74	72763	42.46	72763	42.46
HT-1	204	168.92	205	188.13	226	202.70	229	202.40	250	218.24	256	217.76
HT-2 (a)	1237	1048.60	1255	1167.03	1418	1345.73	1460	1341.93	1624	1549.59	1699	1543.04
HT-2 (b)	527	101.55	522	116.55	575	122.68	562	130.10	626	132.97	606	145.22
HT-3(a) & (b)	138	207.33	136	197.33	149	326.79	144	238.15	161	462.46	152	287.40
HT-4	66	21.36	63	20.03	72	29.15	65	20.66	78	35.72	67	21.30
HT-5			0	0			0	0			0	0
Total of categories other than BJ/KJ and IP sets	**2630842**	**3614.50**	**2863344**	**4102.59**	**2757714**	**4542.94**	**2987459**	**4553.77**	**2894599**	**5152.21**	**3120934**	**5059.48**

Note:

1. LT-4b and HT-4 sales growth is negative. Hence, Installations growth rate applied for sales.

2. LT-7 :estimates of HESCOM retained for control period

b) Sales to BJ/KJ:

As stated earlier, the Commission has considered the specific consumption of 10.83 units/month as per the actuals based on the information furnished by HESCOM [reply dated 28.01.2013] for installations under BJ/KJ who are consuming less than or equal to 18 units/month/installation. The remaining installations consuming40.83 units/installation/ month as per actuals, are already accounted in LT-2a sales. Considering the specific consumption of 10.83 units/installation/month, the estimated BJ/KJ sales is as under:

Category	FY14 as proposed by HESCOM		FY14 as approved by the Commission		FY15 as proposed by HESCOM		FY15 as approved by the Commission		FY16 as proposed by HESCOM		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	831882	163.78	709515	89.14	867652	178.63	740024	92.97	904961	194.83	771845	96.97

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:

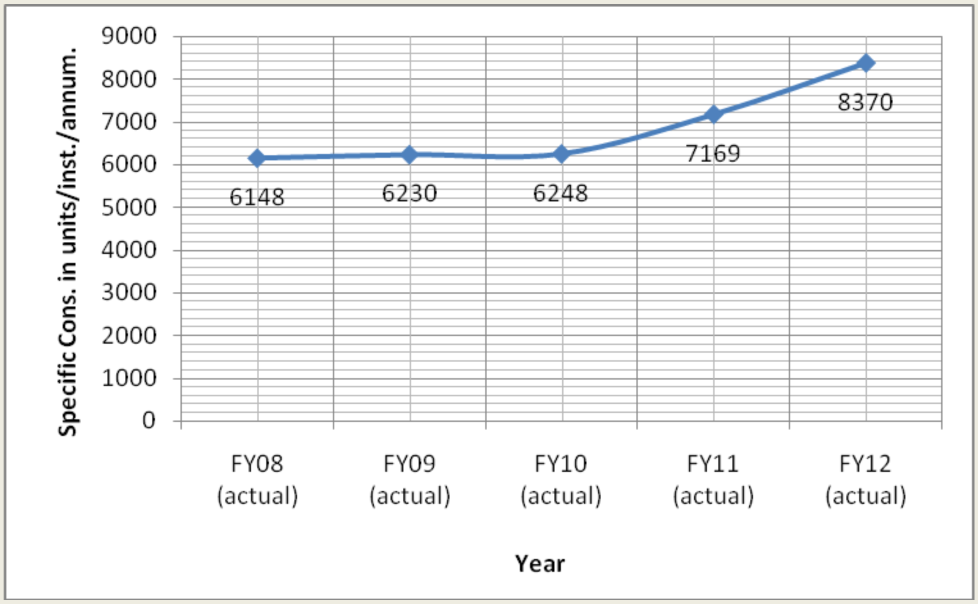
Benchmarked LT Line losses as per TERI Studies

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 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.	6148	6230	6248	7169	8370



It is noted that in FY12 HESCOM has indicated a specific consumption of 8370 units/installation/annum which indicates 16.75% growth over the actual of FY11. As seen from the graph it is observed that the trend in specific consumption from FY08 to FY11 is gradually increasing without much appreciate change, whereas in FY12 the specific consumption has increased suddenly which the Commission considers as abnormal. Also, HESCOM does not seem to have taken into account the unauthorized IP sets while computing specific consumption. The Commission takes into account the presence of 15758 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 523170. Considering 15758 Nos. of un-authorized IP Set installations, the total No. of installations recognized for FY12 are 538928. Taking the total consumption of 4296.66 Mu and the mid-year installations of 521198, the specific consumption for FY12, works out to 8244 units/installation/annum. The Commission freezes the specific consumption at 8244 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 HESCOM for the control period, the Commission has worked out the sales to IP category as indicated here under:

TABLE – 5.4

Approved Specific consumption of IP set for FY14-16

Particulars	As per filing by HESCOM			As approved by the Commission		
	FY14	FY15	FY16	FY14	FY15	FY16
Sales in Mu.	5484.77	6196.86	7001.41	4532.12	4648.55	4789.74
No. of Installations	555434	572306	589689	555434	572306	589689
Mid Year No. of installations	547248	563878	580998	549748	563871	580998
Sp. cons. in units/installation /annum	9875	10828	11873	8244	8244	8244

Thus the number of installations, total sales and growth rate approved by the Commission for the Control Period is as under:

TABLE – 5.5

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	2863344	4103.00	12.38	2987459	4553.77	10.99	3120934	5059.48	11.11
BJ/KJ and IP Sets	1264949	4621.26	1.47	1312330	4741.52	2.60	1361534	4886.71	3.06
Total	**4128293**	**8724.26**	**6.34**	**4299789**	**9295.29**	**6.55**	**4482468**	**9946.19**	**7.00**

5.3.3. Distribution Losses for FY14-16

HESCOM's Submission:

As per the audited accounts for FY12, HESCOM has reported distribution losses of 19.99% as against an approved loss level of 19.35%. The Commission in its tariff order dated 30th April 2012 has fixed the target level of losses for FY13 at 18%. HESCOM in its filing has proposed to achieve loss level of 18.96% for FY13.

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

Particulars	FY14	FY15	FY16
Distribution losses in %age of input at interface points	18.50%	18.00%	17.80%

Commission's Analysis and Decisions:

The Commission in its preliminary observations had directed HESCOM to indicate reduced loss levels for FY14-16. HESCOM in its replies has stated that, the works like NJY, RAPDRP, metering of unmetered IP installations, replacement of energy meters would result in only a marginal reduction in losses. As such, HESCOM has requested to retain the loss levels as proposed in its filings for FY14-16.

The performance of HESCOMin 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 (%)	25.00	24.00	22.50	20.00	19.35	18.00
Actual distribution losses (%)	25.06%	24.96%	20.86%	20.54%	19.99%	18.96*

* **As projected by HESCOM in its filing**

From the above data, it is evident that HESCOM has been able to bring down its distribution loss levels from 25.06% in FY08 to 19.99% in FY12 i.e. a reduction by 5.07%. Further, it has estimatedloss levels of 18.96% as against approved losses of 18% for FY13.

HESCOM has incurred capital expenditure of Rs.1660.00 Crores during the period FY08 to FY12. Further, it has proposed a capital expenditure of Rs.2660.00 Crores for the third control period i.e. FY14-16.

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

Capital Investment in	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16

Rs.Crs.									
Approved	1253	861	719	703	1495	500			
Actuals/Proposed	417	536	324	159	224		1178	798	684

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 HESCOM has not achieve the targeted loss levels. Further, the current loss levels for FY13 is indicated as 18.96%. Considering the present status of losses of HESCOM, the Commission approves the following range of distribution losses for FY14-16:

TABLE – 5.6

Approved Distribution Losses for FY14-16

Particulars	FY14	FY15	FY16
Upper limit	20.00	19.50	19.00
Average limit	**19.00**	**18.50**	**18.00**
Lower limit	18.00	17.50	17.00

5.3.4 Power Purchase for the Control Period FY14 to FY16:

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

In its fillings, HESCOM has proposed procurement of 11129.37 MUs of energy at a cost of Rs.2986.58 Cr in FY14, 13905.32MUs of energy at a cost of Rs.4506.98Cr in FY15, and 15683.12MUs of energy at a cost of Rs. 5181.30 Cr in FY16. Source-wise procurement Proposal submitted for the Control Period FY-14 to FY16 is indicated in the following tables:

TABLE – 5.7

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

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	2755.35	146.81	0.53
2	KPCL Thermal	2975.17	1033.87	3.47
3	CGS	2693.33	840.87	3.12
4	IPPs	1352.33	422.87	3.13
5	NCE	836.35	290.39	3.47
6	Short-term	349.56	146.50	0.00
7	Total Energy Available	10962.09	2881.31	2.59
8	Deficit Energy to be procured	167.28	105.27	6.29
	Energy proposed for procurement	**11129.37**	**2986.58**	**2.68**

TABLE – 5.8

Source-wise procurement Proposal submitted by HESCOM 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	2644.44	149.60	0.57
2	KPCL Thermal	3427.51	1209.58	3.53

3	CGS	2850.43	917.31	3.22
4	IPPs	1352.33	422.87	3.13
5	NCE	1065.58	387.99	3.64
6	Total Energy Available	11340.29	3087.35	2.72
7	Deficit Energy to be procured	2565.03	1419.63	5.53
	Energy proposed for procurement	**13905.32**	**4506.98**	**3.24**

TABLE – 5.9

Source-wise procurement Proposal submitted by HESCOM 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	2644.44	151.29	0.57
2	KPCL Thermal	6399.97	1114.20	1.74
3	CGS	2913.17	959.07	3.29
4	IPPs	1352.33	422.87	3.13
5	NCE	1246.11	462.80	3.71
6	Total Energy Available	14556.02	3110.23	2.14
7	Deficit Energy to be procured	1127.10	2071.07	18.38
	Energy proposed for procurement	**15683.12**	**5181.30**	**3.30**

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 – 5.10

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

PARTICULARS	UNIT	FY14 QUANTUM	FY15 QUANTUM	FY16 QUANTUM
Estimated Sales	MUs	8724.26	9295.29	9946.19
Percentage distribution losses	%	19.00	18.50	18
Energy at interface point	MUs	10770.69	11404.91	12129.27
Percentage transmission losses	%	3.94	3.92	3.90
Total energy requirement	**MUs**	**11212.46**	**11870.22**	**12621.51**

Further, the Commission has observed that due to 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 (over 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 has directed ESCOMs to 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 each 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 for FY14 to FY16 as detailed in the following tables.

TABLE – 5.11

Approved Power Purchase requirement of HESCOM 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	2187.64	129.22	0.59
2	KPCL THERMAL	3127.79	1167.11	3.73
3	CGS SUPPLY	2508.39	742.90	2.96
4	IPPS	1697.98	702.43	4.14
5	NCE	836.35	290.39	3.47
6	SHORT - TERM (approved)	685.47	299.24	4.37
7	SHORT - TERM (To be Procured)	476.98	236.58	4.96
8	SUB TOTAL	11520.60	3567.87	3.10
9	Less: the share of HRECS Ltd.,	308.14	95.86	3.11

10	Net Total	11212.46	3472.01	3.10

TABLE – 5.12

Approved Power Purchase requirement of HESCOM 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	2987.64	176.21	0.59
2	KPCL THERMAL	3254.48	1257.67	3.86
3	CGS SUPPLY	2641.90	789.30	2.99
4	IPPS	1697.98	710.95	4.19
5	NCE	1065.58	387.99	3.64
6	SHORT - TERM (To be Procured)	561.94	278.72	4.96
7	SUB TOTAL	12209.52	3600.84	2.95
8	Less: the share of HRECS Ltd.,	339.30	100.43	2.96
9	**Net Total**	**11870.22**	**3500.41**	**2.95**

TABLE – 5.13

Approved Power Purchase requirement of HESCOM 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	2917.64	173.82	0.60
2	KPCL THERMAL	4620.16	2231.19	4.83
3	CGS SUPPLY	2641.90	800.09	3.03
4	IPPS	1565.96	663.41	4.24
5	NCE	1246.11	462.80	3.71
6	SUB TOTAL	**12991.77**	**4315.72**	**3.32**

7	Less: the share of HRECS Ltd.,	**370.26**	**123.40**	**3.33**
8	**Net Total**	**12621.51**	**4192.32**	**3.32**

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 – 5.14

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 BusMU	11129.37	11212.46	13905.35	11870.22	15683.14	12621.51
2	Transmission Losses in %	3.94%	3.94%	3.92%	3.92%	3.90%	3.90%
3	Energy @ Interface in MU	10690.87	10770.69	13360.26	11404.91	15071.50	12129.27
4	Distribution Losses in %	18.50%	19.00%	18.00%	18.50%	17.80%	18.00%
	Sales in MU						
5	Sales to categories other than IP sets and BJ/KJ	3030.62	4103.00	4542.95	4553.77	5152.21	5059.48
6	Sales to IP and BJ/KJ	5682.44	4621.26	6412.46	4741.52	7236.56	4886.71
7	**Total Sales**	**8713.06**	**8724.26**	**10955.41**	**9295.29**	**12388.77**	**9946.19**

5.3.5 O & M Expenses:

HESCOM's Proposal:

HESCOM in its filing has projected the O& M expenses for the years FY14-16 on the basis of theformula adopted by the Commission in its earlier tariff orders. HESCOM has considered the following factors:

a) Base year O & M expenses of FY12 at Rs.428.78 Crores as per actuals.
b) Inflation rate at 6.03%
c) Consumer growth index based on 2 year CAGR @ 4.24%.
d) Efficiency factor @ 2%

Accordingly, HESCOM has proposed the following O & M expenses for the control period:

TABLE -5.15

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

'O&M Cost t'	O&M cost of the Financial year	FY-14	FY-15	FY-16
O&M Cost t-1	O&M Cost of the previous year (Rs.in Crs)	428.78	457.18	487.48
WII	Weighted inflation index of CP and WPI	6.03%	6.03%	6.03%
CGI	Consumer growth index linked to CAGR	4.24%	4.24%	4.24%
X	Efficiency factor of HESCOM	2.00%	2.00%	2.00%
O&M Cost in Rs. Crs.		**457.18**	**487.48**	**519.78**

Further, HESCOM has segregated the above O & M expenses into employee costs, A&G expenses and R&M expenses on the basis of actuals of FY12 as follows:

Segregation of O &M Expenses – FY14-16 - HESCOM's Proposal

Amount in Rs.Crs.

Particulars	FY-12	FY-13	FY-14	FY-15	FY-16
R&M cost	28.05	26.63	28.40	30.28	32.29
Employee cost	370.40	351.70	375.00	399.84	426.34
A&G expenses	53.13	50.45	53.79	57.35	61.15
Total O&M cost	**451.58**	**428.78**	**457.18**	**487.48**	**519.78**

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.451.59 Crores. As per the norms under the MYT Regulations, the normative O & M expenses for FY12 was Rs.340.75 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 are termed as 'controllable expenses', the Commission has considered the additional employee costsdue 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 FY12without contribution to Pension and Gratuity Trust (since the contribution to Pension and Gratuity Trust is made by HESCOM 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) Inflation factor at 5.49% as per the CERC Notification dated25th 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:

TABLE -5.16

Approved Normative O & M expenses for FY14-16

Particulars	FY12	FY14	FY15	FY16
No. Of Installations	3687256	4128295	4299791	4482498
CGI based on 3 Year CAGR (Using actuals of FY09 to FY12)	4.24%	4.24%	4.24%	4.24%
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.)	351.48			
O&M Index= 0&M (t-1)*(1+WII+CGI-X) (Rs.in Crs.)		**407.93**	**439.47**	**473.45**

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:

TABLE -5.17

Approved Uncontrollable O & M Expenses – FY14-16

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Basic Pay	252.09	259.65	267.44
DA on Basic pay	30.25	51.93	74.88
Pension Contribution @ 29.11% on Basic+DP+DA	82.19	90.70	99.65

Gratuity Contribution @ 3.34% on Basic+DP	8.42	8.67	8.93
P&G Contribution	90.61	99.37	108.58
Increase in HRA due to Revision by GoK w.e.f 01.04.2012	1.89	1.95	2.01
Allowable uncontrollable additional O&M cost	**92.50**	**101.32**	**110.59**

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

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Normative O &M expenses	**407.93**	**439.47**	**473.45**
Uncontrollable O & M expenses	92.50	101.32	110.59
Total approved O&M Expenses	**500.43**	**540.79**	**584.04**

5.3.6 Depreciation:

HESCOM has stated that, computation of the projected assets for the 3rd control period is based on the 3 year CAGR of the item wise assets for the years FY09 to FY12 based on the audited accounts.The depreciation is computed on the basis of the rate of depreciation prescribed in the MYT Regulations as amended by the Commission.

Accordingly, the depreciation projectedby HESCOMfor each year of the Control periodis as follows:

TABLE -5.18

Projected Depreciation for FY14-16 – HESCOM's Proposal

Amount in Rs.Crs.

Particulars	FY-14	FY-15	FY-16
Net Depreciation	**93.46**	**175.10**	**187.56**

Commission's Analysis and Decision:

In accordance with the provisions of the MYT Regulations and its amendment, the Commission has determined the 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 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 HESCOM in its filing.
c) The projected depreciation for the control period by HESCOM does not separately indicate depreciation of assets on account of contribution by consumers / grants. Therefore, 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 -5.19

Depreciation for FY14-16 on the basis of actual rate of depreciation in FY12

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Buildings	2.48	2.69	2.93
Civil	0.14	0.15	0.15
Other Civil	0.09	0.10	0.11
Plant & M/c	31.90	33.67	35.53
Line, Cable Network	68.29	73.16	78.36
Vehicles	0.07	0.07	0.07
Furniture	0.16	0.16	0.17
Office Equipments	0.05	0.06	0.07
Total	**103.17**	**110.06**	**117.41**

5.3.7 Interest and Finance Charges:

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

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

Year	Amount Rs. in Crs.
FY14	165.51
FY15	250.81
FY16	314.15

Commission's Analysis and Decision:

As per the audited accounts for FY12, HESCOM has an average loan of Rs.1296.73Crores and has incurred an interest of Rs.146.50 Crores. This works out to 11.30% of interest on loan.

Considering, the existing loans and repayments as proposed by HESCOM and applying a normative interest of 12% per annum as against 11.30% in FY12, the interest on existing loans for FY14-16 are as follows:

TABLE -5.20

Approved Interest on existing Loans

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Opening balance of loan	900.36	1781.67	2346.78
Add New loans	1050.00	684.50	570.50
Less repayment	168.69	119.39	143.83
Closing balance of loans	1781.67	2346.78	2773.45
Average loan	1341.02	2064.23	2560.12

Rate of interest in %age	12%	12%	12%
Interest on loans	**160.92**	**247.71**	**307.21**

5.3.8 Interest on Working Capital:

HESCOM has claimed interest on working capital at 14.50% on working capital computed as per the provisions of the MYT Regulations. The following is the claims of interest on working capital for FY14-16:

TABLE -5.21

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

AmountRs. in Crs

Particulars	FY-14	FY-15	FY-16
One -twelfth of the amount of O &M Exp	38.10	40.62	43.31
Opening GFA as per Audited Accts	3055.79	3265.72	3490.08
Stores, materials and supplies 1% of opening balance of GFA	30.56	32.66	34.90
One-Sixth of the Revenue	757.74	849.62	954.05
Total Working Capital	826.40	922.90	1032.27
Rate of Interest (% p.a) BPLR	14.50%	14.50%	14.50%
Interest on Working Capital	**119.83**	**133.82**	**149.68**

Commission's Analysis and Decision:

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

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 1stJune 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. approved in the earlier tariff orders. Accordingly, the approved interest on working capital is as follows:

TABLE -5.22

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.	41.70	45.07	48.67
Opening GFA as per Provisional Accts	3056.00	3266.00	3490.00
Stores, materials and supplies 1% of Opening balance of GFA	30.56	32.66	34.90
One-sixth of the Revenue	688.50	849.62	954.05
Total Working Capital	760.76	927.34	1037.62
Rate of Interest (% p.a.)	11.75%	11.75%	11.75%
Interest on Working Capital	**89.39**	**108.96**	**121.92**

5.3.9 Interest on Consumer Deposit:

HESCOM in its filing has claimed interest on consumer deposits based on compounded annual growth rate of deposits from FY10 to FY12. HESCOM has considered 6% as the rate of interest. Accordingly, the following is the interest on consumer deposit claimed by HESCOM for the period FY14-16:

TABLE -5.23

Interest on Consumer Deposits for FY14-16 – HESCOM's Proposal

Amount in Rs.Crs.

Particulars	FY-14	FY-15	FY-16
Security Deposit	507.16	584.83	674.40
Rate of Interest	6%	6%	6%
Interest on Consumer deposits	**30.43**	**35.09**	**40.46**

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 HESCOM 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 -5.24

Approved Interest on Consumer Deposits for FY14-16

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Opening balance of consumer deposits	393.02	418.02	443.02
Rate of Interest at bank rate to be allowed as per regulations	8.75%	8.75%	8.75%
Approved Interest on consumer deposits	**35.48**	**37.67**	**39.86**

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

TABLE -5.25

Approved Interest and finance charges for FY14-16

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Interest on Loans	160.92	247.71	307.21
Interest on Working Capital	89.39	108.96	121.92
Interest on Consumers Deposit	35.48	37.67	39.86
Other interest and finance charges	1.51	1.51	1.51
Total Interest & Finance Charges	**287.30**	**395.85**	**470.50**

5.3.10 Return on Equity:

HESCOM in its filing has computed theRoE for the 3rd control period as follows:

Amount Rs. in Crs.

Particulars	FY14	FY15	FY16
RoE (15.5%)	0.00	142.62	142.62

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.69.00 Crores during FY13 by Government of Karnataka.

Further, the Commission, in accordance with the provisions of the MYT Regulations 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 -5.26

Approved RoE for FY14-16

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Paid Up Share Capital	707.53	707.53	707.53
Share Deposit	69	69	69
Reserves and surplus	-680.388	-665.485	-648.274
Equity	96.14	111.04	128.26
Approved RoE	18.63	21.52	24.85

5.3.11 Other Income:

HESCOM has indicated the following item wise other income for the period FY14-16.

Other Income for FY14-16 – HESCOM's Proposal

Amount in Rs.Crs.

Sl.No.	Particulars	FY-14	FY-15	FY-16
1	Interest on Bank Deposit	13.82	16.20	18.57
2	Profit on sale of stores	0.28	0.33	0.38
3	Sale of scrap	0.06	0.07	0.08
4	Other Miscellaneous receipts from Trading	3.94	4.62	5.30
5	Reactive energy charges demanded on IPPs	0.09	0.11	0.13
6	Meter Readings and Calibration of meter - charges of Wind Mill Project.	0.77	0.90	1.04
7	Processing Fees	2.82	3.31	3.79
8	Rental from Staff Quarters	1.14	1.34	1.53
9	Rental from Others	0.02	0.02	0.02
10	Excess found on Physical verification	0.04	0.05	0.05
11	Rebate for collection of Electricity Duty	0.57	0.67	0.77
12	Other Recoveries	27.32	32.02	36.71
13	Prior period items (net)	13.12	15.37	17.62
14	**Total other income**	**64.00**	**75.00**	**86.00**

Commissions' Analysis and Decisions:

The Commission notes that, as per the audited accounts for FY12 the actual other income is Rs.33.58 Crores. The proposal of HESCOM mainly includes income from incentives, miscellaneous recoveries, interest on bank deposits, rent from staff quarters and sale of scrap.HESCOM 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.

Considering, the item wise other income for the control period as projectedby HESCOM, the Commission decides to approve the same.

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 -5.27

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	2998.72	3472.01	4506.98	3500.41	5181.3	4192.32
	Transmission charges of KPTCL	553.33	262.85	515.55	306.27	561.65	323.35
	SLDC Charges		2.33		2.61		2.61
	Power Purchase Cost including cost of transmission	**3552.05**	**3737.19**	**5022.53**	**3809.29**	**5742.95**	**4518.28**
8	Employee Cost	375		399.84		426.34	
	Repairs & Maintenance	28.4		30.28		32.29	
	Admin & General Expenses	53.79		57.35		61.15	
	Total O&M Expenses	**457.19**	**500.43**	**487.47**	**540.79**	**519.78**	**584.04**
9	Depreciation	93.46	103.17	175.1	110.06	187.56	117.41
10	**Interest & Finance charges**						
11	Interest on Loans	165.51	160.92	250.81	247.71	314.15	307.21

12	Interest on Working capital	119.83	89.39	133.82	108.96	149.68	121.92
13	Interest on belated payament on PP Cost	0	0	0	0	0	0
14	Interest on consumer deposits	30.43	35.48	35.09	37.67	40.46	39.86
15	Other Interest & Finance charges	1.51	1.51	1.51	1.51	1.51	1.51
16	Less interest capitalised	0	0	0	0	0	0
	Total Interest & Finance charges	**317.28**	**287.30**	**421.23**	**395.85**	**505.80**	**470.50**
17	Other Debits	24	0	36	0	44	0
18	Net Prior Period Debit/Credit	0	0	0	0	0	0
19	RoE	0	18.63	142.62	21.52	142.62	24.85
20	Funds towards Consumer Relations/Consumer Education	0.5	0.5	0.5	0.5	0.5	0.5
21	Other Income	64	64	75	75	86	86
	Net ARR	**4380.48**	**4583.23**	**6220.45**	**4803.01**	**7067.21**	**5629.59**

5.5 Segregation of ARR into ARR for Distribution Business and ARR for Retail Supply Business:

HESCOM's Proposal:

HESCOM in its filing has segregated the consolidated ARR into ARR for Distribution Business and ARR for Retail Supply Business as follows:

TABLE -5.28

Segregation of ARR- HESCOM's Proposal

Particulars	Distribution Business	Retail Supply Business
O&M Expenses	63%	37%
Depreciation	84%	16%
Interest on Loans	100%	0%
Interest on consumer deposits	0%	100%
RoE	82%	18%
GFA	84%	16%
Non Tariff Income	0%	100%

Commission's Analysis and Decision:'

HESCOM has furnished its proposal for segregation of ARR in the same ratio of apportionment as existing in the tariff order 2012. As such the Commission decides to continue the existing ratio of segregation as given below:

TABLE -5.29

Approved Segregation of ARR

Particulars	Distribution Business	Retail Supply Business
O&M Expenses	63%	37%
Depreciation	84%	16%
Interest on Loans	100%	0%
Interest on consumer deposits	0%	100%
RoE	82%	18%
GFA	84%	16%
Non Tariff Income	0%	100%

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

TABLE -5.30

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

Amount in Rs.Crs.

Sl. No	Particulars	FY14	FY15	FY16
1	O&M Expenses	315.27	340.70	367.94
2	Depreciation	86.66	92.45	98.63
3	**Interest & Finance Charges**			
4	Interest on Loan Capital	160.92	247.71	307.21
5	Interest on Working Capital	22.28	26.53	29.47
6	Interest on Consumer Deposits	0.00	0.00	0.00
7	Other Interest & Finance Charges	1.51	1.51	1.51
8	**Total**	**586.65**	**708.89**	**804.76**

9	ROE	15.28	17.64	20.38
10	Other Income	0.00	0.00	0.00
11	**NET ARR**	**601.93**	**726.54**	**825.14**

TABLE -5.31

APPROVED ARR FOR RETAIL SUPPLY BUSINESS FOR FY 14-16 - HESCOM

Amount in Rs.Crs.

Sl. No	Particulars	FY14	FY15	FY16
1	Power Purchase including SLDC charges	3737.19	3809.29	4518.28
2	O&M Expenses	185.16	200.09	216.09
3	Depreciation	16.51	17.61	18.79
4	**Interest & Finance Charges**			
5	Interest on Loan Capital	0.00	0.00	0.00
6	Interest on Working Capital	67.11	82.44	92.45
7	Interest on Consumer Deposits	35.48	37.67	39.86
8	**Total**	**4041.45**	**4147.10**	**4885.47**
9	ROE	3.35	3.87	4.47
10	Other Income	64.00	75.00	86.00
11	Fund towards Consumer Relations / Consumer Education	0.50	0.50	0.50
12	**NET ARR**	**3981.30**	**4076.47**	**4804.45**

5.6 Gap in Revenue for FY14:

The Commission in its tariff order dated 30th April 2012,had arrived at a revenue gap of Rs.153.70 Crores for FY13. This was on account of the Regulatory Asset of Rs.130.00 Crores for FY13 as per the Commission's Tariff Order dated 28th October 2011 and a projected gap in revenue of Rs.23.70Crores on account of theprojected unmet revenue gap of FY12 subject to APR of FY12. This gap in revenue of Rs.153.70 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 surplus of Rs.251.97 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 surplus of FY12 will be Rs.196.70 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 -5.32

Average Cost of Supply for FY14

Sl.No.	Particulars	Amount in Rs.Crs.
1	Approved ARR for FY14	4583.23
2	Surplus of FY12	251.97
3	Net ARR for FY14 (1 - 2 above)	4331.26
4	Approved Energy sales in MU for FY14	8724.26
5	Average cost of supply in Rs. Per unit	4.96

The determination of the retail supply tariff of HESCOM 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 HESCOM'S Proposal and Commission's Analysis for FY14:

6.1 Tariff Application

As discussed in the preceding Chapters, HESCOM has projected an unmet gap in revenue of Rs.252.20 Crores for FY14. This includes the deficit in revenue of Rs.2.73 Crores for FY12. In order to bridge this gap in revenue, HESCOM, 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	4331.26
Revenue at existing tariff	4134.56
Surplus / deficit	(196.70)

As per the approved ARR for FY14, the average cost of supply to be recovered through tariff is Rs.4.96 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 HESCOM and as approved by the Commission are as follows:

1. LT-1 Bhagya Jyothi

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

Sl. No	Details	Existing (As per 2012 tariff order)	Proposed by HESCOM
1	Energy charges (including recovery towards service main charges)	470 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. 4.96 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
496 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. 4.96per 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:

HESCOM'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 HESCOM
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 HESCOM
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
Energy charges	101 to 200 units: 455 paise/unit
	Above 200 units: 535 paise/unit

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

HESCOM's Proposal:

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

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

Details	Existing as per 2012 Tariff Order	Proposed by HESCOM
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 HESCOM
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

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

HESCOM's Proposal:

The existing and proposed tariff is as follows:

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

Applicable in areas under all Urban LocalBodiesincluding City Municipal Corporations

Details	Existing as per 2012 Tariff Order	Proposed by HESCOM
Fixed charges per Month	Rs.40 per KW	Rs. 40 per KW
	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 HESCOM
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 HESCOM
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 HESCOM
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) CommercialLighting,Heating& Motive Power

Applicable to areas under all urban local bodiesincluding 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

LT-3 (ii) Commercial LightingHeating& 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**:

HESCOM 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 HESCOM

Fixed charges per Month	Nil	Free (In case GoK does not release the subsidy in advance, CDT of 422 paise per unit will be demanded and collected from consumers)
Energy charges	CDT 422 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 IPSets for FY14

Particulars	HESCOM
Approved ARR in Rs Crores	4331.26
Revenue from other than IP & BJ/KJ in Rs Crores	2283.85
Amount to be recovered from IP & BJ/KJ in Rs Crores	2047.41
Approved Sales to BJ/KJs in MU	89.14
Revenue from BJ/KJ at Average Cost of supply in Rs Crores	44.21
Amount to be recovered from IP Sets category in Rs Crores	2003.20
Approved Sale to IP Sets in MU	4532.12
Commission Determined Tariff (CDT) for IP set Category for FY14 in Rs/Unit	**4.42**

Accordingly, the Commission decides to approve tariff of Rs.4.42 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.4.42 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): 442 paise per unit	

*** In case the GoK does not release the subsidy in advance, a tariff of Rs.4.42 per unit shall be demanded and collected from these consumers.**

LT4 (b) Irrigation pump sets above 10 HP:

HESCOM'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 HESCOM
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 HESCOM
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 HESCOM
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:

HESCOM's Proposal

The existing and proposed tariffs by HESCOM are given below:

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

i) Fixed charges

Details	Existing as per 2012 Tariff Order	Proposed by HESCOM
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	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)

Details	Description	Existing Tariff as per 2012 Tariff order	Proposed by HESCOM
	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 HESCOM
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

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

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 HESCOM

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

HESCOM'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 HESCOM
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 HESCOM
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:

HESCOM's Proposal:

The existing rate and the rate proposed byHESCOM are given below:
Temporary Supply

Details	Existing as per 2012 Tariff Order	Proposed by HESCOM
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 Agenciesand 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

HESCOM's Proposal:

The Existing and the Proposed tariff by HESCOM

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

HESCOM's Proposal:

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

Applicable to all areas of HESCOM

Details	Existing tariff as per tariff order 2012	Proposed by HESCOM
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 (iv) For the balance units	 510 paise per unit 540 paise per unit	 580 paise per unit 610 paise per unit

Railway traction and Effluent Plants

Details	Existing tariff as per tariff order 2012	Proposed by HESCOM
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

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

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

HESCOM's Proposal:

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

Applicable to all areas of HESCOM

Details	Existing tariff as per tariff order 2012	Proposed by HESCOM
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	(-) 125 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 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 HESCOM

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 and 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:

HESCOM's Proposal:

Existing and proposed tariff by HESCOMfor 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 HESCOM
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 HESCOM
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 HESCOM
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

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:

HESCOM's Proposal:

The existing and the proposed tariff by HESCOM 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 HESCOM
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

HESCOM's Proposal:

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

Existing and proposed tariff for HT – 4 - Residential Apartments/ Colonies Applicable to all areas of HESCOM

Details	Existing tariff order 2012	Proposed tariff by HESCOM
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 HESCOM

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

TARIFF SCHEDULE HT-5

HESCOM's Proposal:

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

HT – 5 – Temporary supply

67 HP and above:	Existing	Proposed
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, power projects and Konkan railway 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 filing, HESCOM has indicated wheeling charges at 20 paise per unit with a loss level of 8.57% at HT level and 47 paise per unit with a loss level of 5.76% at LT level. HESCOM has stated that it has followed the modalities adopted by the Commission in the tariff order 2012 for determining the wheeling charges.

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 HESCOM 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	601.93
Sales-MU	8724
Wheeling charges- paise/unit	68.99
	Paise/unit
HT-network	20.70
LT-network	48.30

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

Loss allocation	% loss
HT	8.69
LT	8.76

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

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

paise/unit

Injection point → / Drawal point ↓	**HT**	**LT**
HT	21.00 [8.69%]	69.00 [17.46%]
LT	69.00 [17.46%]	48.00 [8.76%]

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 HESCOM 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 &HESCOM's network and 100 units is injected, then at the drawal point the consumer is entitled for 79.29 units, after accounting for Transmission loss of 3.94% &HESCOM loss of 17.46%.

The Transmission charge in cash as determined in the Transmission Tariff order shall be payable to KPTCL & Wheeling charge of 69 paise per unit shall be payable to HESCOM. In case more than one ESCOM is involved the above 69 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 BESCOM's network & drawal at HESCOM's network, and 100 units is injected, then at the drawal point the consumer is entitled for 82.54 units, after accounting HESCOM's loss of 17.46%.

The Wheeling charge of 69 paise per unit applicable to HESCOM shall be equally shared between HESCOM& BESCOM.

6.6.3 CHARGES FOR WHEELING ENERGY BY NCE SOURCESTOCONSUMERS INTHE 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 SOURCS 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:

HESCOM has proposed a cross subsidy surcharge of 87 paise per unit for HT-2a, 220 paise per unit for HT-2b and 40 paise per unit for HT-4 categories, which is worked out as the difference between average cost of supply and the revenue demand for the relevant HT consumers.

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
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 HESCOM.

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 01.10.2007and 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.4331.26 Crores as against HESCOM's proposed ARR of Rs.4383.21 Crores.
- The revenue gap as worked out by the Commission is Rs. 196.70 Crores as against HESCOM's estimated gap of Rs.252.20 Crores.
- The Commission has allowed an additional revenue of Rs.196.70 Crores on tariff Revision as against the proposed additional revenue of Rs. 252.20Crores.
- Approved increase in revenue is 5% against HESCOM's proposed increase of 6 %.
- HESCOM 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 HESCOM 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 1st May 2013.**

3. **This order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bangalore this day, the 6th May 2013.**

(M.R.Sreenivasa Murthy)	**(Vishvanath Hiremath)**	**(K.Srinivasa Rao)**
Chairman	**Member**	**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 HESCOM. Compliance of those directives as reported by HESCOM is outlined in this section.

The Commission has decided to review the action taken by HESCOM 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 HESCOM 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 HESCOM. 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

HESCOM 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" being initiated by the Bureau of Energy Efficiency.

HESCOM 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 HESCOM

a) Making Time of Day tariff compulsory to Industrial consumers

HESCOM has achieved l00% target on 15.09.2012 in providing ToD facility to the existing 140 installations under HT-2(a) and HT-2(b) with CD above 500KVA as per the Tariff order 2012. Apart from this, HESCOM is extending ToD facility to consumers having CD of less than 500 KVA also as per their option.

b) Installing electronic Timer Switches for Street Lights for switching "On" and "Off" at the required timings

HESCOM will make all efforts for providing electronic Timer Switches for Street Lights along with concerned Municipal Authorities and action taken report will be submitted at the earliest to the Commission.

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

In HESCOM the bifurcation of agricultural loads from the existing 11 KV feeders is being implemented under NJY scheme. In a pilot project covering 3 Taluks and comprising of 199 villages, 22 feeders at a cost of Rs 23.55 crore have been commissioned. In phase 1, out of 550 feeders existing, 252 feeders covering 20 taluks and comprising 1891 villages have been proposed. The project cost is Rs 276.59 crore. The progress is as given below:

Progress as on 31.09.2012		Balance		Proposed date of completion /commission
Feeders Completed	**Feeders Commissioned**	**Under Progress**	**Yet to be taken up**	
36	24	192	24	March 13

In phase 2 out of 425 feeders existing, 210 feeders covering 14 taluks and 1550 villages have been proposed. The project cost is Rs 219.51 crore.

Progress as on 31.09.2012		Balance		Proposed date of completion /commission
Feeders completed	**Feeders commissioned**	**under progress**	**Yet to be taken up**	
10	7	120	80	March 13

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

It is stated that, Dindur feeder in Gajendragad Sub-Division of Gadag Division has been selected for pilot project for implementation of HVDS. Indi Division of Bijapur District is also selected for implementation of HVDS during FY14. Survey work is in process and the Pilot project will be completed during FY14.

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

KREDL has been authorized for implementation of Bachat Lamp (Belaku) Yojana in HESCOM jurisdiction and a list of consumers has been furnished to KREDL.Further progress will be submitted to the Commission shortly.

Details of Project and Total No. of CFLs to be supplied in HESCOM are indicated as below:

Sl. No.	Name of the Circle	BJ/KJ Installations LT-1	Domestic Installations LT-2(a)	Total Installations	Total No. of CFLs to be supplied (In Nos.)
1	Hubli	150313	424384	574697	1847849
2	Belgaum	127954	394045	521999	1704134
3	Bijapur	113935	195902	309837	897543
4	Sirsi	58587	250727	309314	1061495
5	Haveri	129154	161359	290513	774590
6	Bagalkot	89933	193582	283515	864261
7	Chikkodi	64255	124224	188479	561151
Total		734131	1744223	2478354	7711023

2. Directive on Implementation of Intra State ABT

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

Compliance by HESCOM

In HESCOM 136 numbers of 33/11kV Sub-Stations are included in SCADA project. Out of which 135 Sub-Stations have been validated as on December 2011, among which data is not available for around 20 numbers of Sub-Stations and that of 28 Stations are partially updated. Action is being taken for early compliance. 32 numbers of 33/11kV Sub-Stations are recognized for 2nd Phase SCADA, which is being awarded on rate contractbasis for which revised LoI has been issued to M/s ABB Ltd.

The probable date of implementation of 2nd Phase of SCADA is March 2014.

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-

a) Number of 11 KV feeders considered for segregation.

b) Month wise time schedule for completion of envisaged work.

c) Improvement achieved in supply after segregation of feeders.

Compliance by HESCOM

Sl. No	Phases	No. of Feeders proposed under NJY	No. of Taluks covered	Progress as on 24.11.2012		Balance		Proposed date of completion / commission
				Feeders completed	Feeders commissioned	Under progress	Yet to be taken up	
1	Pilot	22	3	22	22	0	0	Completed
2	Phase 1	252	20	36	24	192	24	March 13
3	Phase 2	210	14	10	7	120	80	March 13
Total		**484**	**37**	**68**	**53**	**312**	**104**	**104 feeders are yet to be tackled.**

As per DWA conditions the completion period is 9 months for phase 1 and 6 months for phase 2, from the date of issue of DWA. Phase 1 works are awarded on Partial Turnkey basis and major materials like Poles, Conductor, Transformers, 11 KV Pins, 45 KN Disc Insulators and 11 KV switch gears are to be supplied by HESCOM. In Phase 2 major materials like Conductor, Transformers, and 11 KV switch gears are to be supplied by HESCOM. All other materials are in the scope of the contractor.

Due to unavoidable circumstances in the field like objections by farmers, RoW problems the project is getting delayed and unable to complete within the targeted time. Also as the works for implementation of NJY have started simultaneously in all ESCOMs across the state, the Agencies are facing acute shortage of skilled labours in the field which has become the major reason for the slow physical progress. However efforts are being made to complete the work within March 2013.

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

The Commission had earlier directed the ESCOMs to complete installation of meters at the DTCs by December 31, 2010. In this regard the ESCOMs were required to furnish to the Commission the following information by 30.04.2010 and thereafter report on a 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 of work.

Compliance by HESCOM

HESCOM is making all efforts to provide meters to all the DTCs. About 11,000 meters which will be released from R-APDRP towns of HESCOM are going to be used for metering of rural DTCs. Action is being taken for energy audit of 6756 number of DTCs out of 40103 numbers for which already meters have been fixed. 31 towns are under R-APDRP Scheme for which the energy audit is possible on successful completion of the scheme. The DTCs covered in the scheme are I1,107 numbers. Further the task is being assigned to Circle Authorities to personally monitor meter reading and energy auditing and to detect theft and misuse of energy. This may take some time as HESCOM is facing acute shortage of staff.

5 Directive to prevent Electrical Accidents

The Commission has reviewed the Electrical Accidents that have taken place in the State during the year 2011-12 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 by HESCOM to the Commission within two months.

Compliance by HESCOM

It is submitted that during FY13, the expenditure incurred towards prevention of Electrical Accidents is Rs 0.543 crore as against the budget provision of Rs 5.03 crore. Action is being taken to educate the employees regarding the safe use of equipments. Safety equipments such as hand gloves, safety belt, helmets etc. have been provided to the concerned O&M staff. The consumers are being educated in this regard through DSM Campaign by NGO who is carrying out activities like Workshops and Street dramas etc., in all the districts of HESCOM covering the rural areas.

Particulars	No. of Accidents	No. of Accidents	Action Plan to	Estimated cost	Present status of

	during FY - 12	during FY – 13 (April to September)	prevent accidents		works.
Fatal			Total 1073 Nos. hazardous locations have been identified.	492.45 lakh	163 works completed and remaining works under progress.
Departmental	9	1			
Non-Departmental	76	58			
Animal	94	50			
Non-Fatal					
Departmental	33	28			
Non-Departmental	18	19			
Total	**230**	**156**			

The Division wise budget allocation is as given below

Rs. in lakh

Sl. No	**Particulars**	**Preventive measures to reduce the accidents(Providing intermediate poles, replacement of detoriated conductor, DTC earthing etc),**
1	Hubli-1	13.2
2	Hubli-2	2.00
3	Dharwad-1	22.3
4	Dharwad-2	6.00
5	Gadag	55.52
6	Haveri	69.55
7	Ranebennur	28.00
8	Sirsi	124.09
9	Karwar	25.00
10	Belgaum	32.39
11	Belgaum-CSC	7.00
12	Bailhongal	52.52
13	Ghataprabha	16.26
14	Chikkodi	37.43
15	Athani	36.00
16	Raibagh	38.00
17	Bijapur	16.38
18	Indi	36.84
19	Bagalkot	47.75
20	Jamakhandi	33.32
21	Corporate Office Reserve	100.26
	Total	799.81

Safety Audit in HESCOM

A letter has been addressed to CPRI Bangalore to take up the project of safety audit in HESCOM vide letter No. HESCOM/GM (T)/EE-4/AE/11-12 /13827-28 dated 26.08.2011

6 Directive on HT / LT Lines Ratio

HESCOM is directed to take measures to achieve HT line: 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. HESCOM shall furnish time bound action plan to achieve this ratio in one taluk of the Company.

Compliance by HESCOM

HESCOM is taking all efforts to complete the R-APDRP, NJY and HVDS at the earliest. After completion of these projects in phased manner as it involves heavy investments, the ratio will be improved and every effort will be made to achieve results as desired.

7 Directive on MIS and Computerization

HESCOM needs to have long term solutions for implementation of MIS in HESCOM. The Commission therefore directs HESCOM to hasten the pace of action to achieve further progress in respect of the total computerization of billing and collection activities. The slab wise consumption and the details of connected load shall invariably be furnished accurately as per the computerized data.

Compliance by HESCOM

It is submitted that the implementation of total revenue management regarding billing, collection etc., is in progress under R-APDRP in 31 Towns and with other Agencies in rural areas. Once the schemes are implemented and streamlined, HESCOM will be able to submit the required data to the Hon'ble Commission.

8 Directive on Energy Audit

The Commission has directed HESCOM 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 has also directed HESCOM 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 5 towns/ cities having a population of over 50000.

Compliance by HESCOM

HESCOM will take measures to reduce the losses and increase the metered sales. HESCOM will take action for replacing 76256 numbers of not recording meters and 72462 numbers of age old electro mechanical meters (more than 10 years) will be replaced by static meters. Further, provision of Rs 10.27 crore and Rs 7.91 crore is made in Capex for FY13 respectively. In 16 owns energy audit has been done in HESCOM for analysis of distribution losses. In these towns the percentage distribution losses are found to be less than or equal to 15%. Also in another 15 towns web based preparation of base line data for the project covering consumer indexing, Metering, Billing and Collection, metering of distribution transformers, feeders and DCB is in progress to conduct energy audit in these towns, under R-APDRP, Part-A .

Further under R-APDRP Part-B, in these towns, modernization and strengthening of networks, transformer centers, re-conductoring of lines at

11kV level and below, load bifurcation, feeder separation, load balancing, HVDS(11KV) aerial bunched cable in dense areas, etc. has been taken up.

9 Directive on Assessment of IP Set's consumption

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

The Commission had further directed HESCOM to furnish taluk wise monthly consumption of IP sets based on the downloaded data from 49 ETV meters on a regular basis in addition to the assessed IP Sets consumption based on DTC metered sampling points.

Further, the Commission notes that, the present method of computation of IP Set consumption based on monthly sample readings of DTCs predominantly feeding to IP Sets is not reflecting the true picture of IP Set consumption. ESCOMs shall meter all the DTCs which are feeding energy to IP Set installations. This will enable the ESCOMs to accurately assess the IP Set consumption.

Compliance by HESCOM

HESCOM is making all efforts to take the readings of DTCs predominantly feeding IP Sets which are metered. Plan of action has been drawn to take at least 10 such readings in each section per month. Further, action is being taken to replace faulty meters / CTs.

10 Directive on Quality of Service

The Commission has earlier commented on the poor quality of supply, particularly in rural areas. The Commission has directed HESCOM to take action to reduce interruptions by attending to periodical maintenance of lines and equipment, with particular reference to rural areas.

Compliance by HESCOM

Sub-Divisional officers are conducting bi-monthly interaction meetings at their offices to solve the grievances of consumers and provide good services. 24x7 Consumer Call Centers with ladder mounted vehicles are working at all the District Headquarters of HESCOM. The consumers are being educated through NGO carrying out the DSM activities and the district wise farmers meetings are also being conducted. Nodal officers have already been nominated to each Division to monitor these activities. 24x7 Consumer Care Centre is functioning at Corporate Office. Further, it is stated that HESCOM has taken up improvement works to the network and carrying out periodical maintenance works on the system to improve the quality of service to the consumers.

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 HESCOM

HESCOM is furnishing the data of Reliability Index every month by computing (a) Average number of interruptions in 11 KV feeders. (b) Average duration of interruptions in 11 KV feeders. (c) Average number of interruptions per consumer. (d) Average duration of interruptions per consumer separately for District Head Quarters, towns and cities and for rural areas as per the Commission's prescribed format dated 25.12.2008.

Further, the progress regarding the extent of improvements carried out to the network with details of expenditure incurred is shown in compliance to Directive No. 1.10

12 Directive on Regularization of un-authorized IP Sets

The Commission in a number of letters and in the earlier Tariff orders has directed HESCOM to regularize unauthorized IP Sets (except those in the grey and dark areas), immediately without imposing any condition and bring them to Books of Accounts and raise bills for the same.

Compliance by HESCOM

HESCOM is taking up the issues by regular campaign among farmers through NGO which is conducting the programmes relating to education of the consumers. HESCOM is putting all efforts to regularize unauthorized

IP Sets by creating necessary infrastructure within the time specified by Govt. of Karnataka in its order dated 11.03.2011.

District wise number of unauthorized IP Sets regularized from 11.03.2011 to 30.09.2012 in HESCOM is given below:

No. of unauthorized IP Sets existing at the end of 28.02.2011	**No. of unauthorized IP Sets registered for regularization**	**No. of unauthorized IP Sets regularized.**	**Balance No. of unauthorized IP Sets to be regularized.**	**Infrastructure required for the Balance unauthorized IP Sets.**				
					Transformer Capacity			
				HT in R.km	**25**	**63**	**100**	**LT in R.km**
44620	39367	21228	18139	1067	2248	949	228	5069

Note:

1. Total number of IP Sets for which DPR prepared –12747 numbers and cost of DPR – Rs 44.38 crore
2. Tender called for – 1653 numbers and Cost – Rs 11.79 crore
3. LoI being issued for – 722 numbers and Cost Rs 2.56 crore
4. Estimates sanctioned for – Rs 61.48 crore (11563 numbers of IP Sets)

13 Directive on Metering

The Commission had in the earlier Tariff orders directed HESCOM to provide meters to IP Sets, BJ/KJ and Street Light installations, immediately. It has observed that continuation of supply by HESCOM to these unmetered categories without meters from 10.06.2005 violates the provisions of Section 55 of the Electricity Act, 2003.

Compliance by HESCOM

- **Metering of BJ/KJ installations:** 1,09,432 number of direct connected BJ/KJ installations are being metered in 2294 villages. The cost of the project is Rs 1925.26 Lakh. Budget provision of Rs 2312.31 Lakh is made for the FY 2012-13.

Present Status: DWA issued to M/s Sintex Industries Limited, Kalol, vide DWA No: CYS-1863, 08-11-12 (Material portion) and CYS 1864 dated 08-11-2012 (Labour Portion) for Belgaum, Bagalkot, Chikkodi Circles. DWA for Bijapur Circle issued vide VYS-1871 & 1872 dated 09-11-2012 and Hubli Zones issued vide No: CYS-1886 & 1887 dated 13-11-2012.

- **Metering of IP-Set installations** – There are 39367 number of un-metered IP Sets installations as on 31-08-2012 in HESCOM. HESCOM desires to fix meters to all IP Set installations but due to stiff resistance from IP Set consumers for fixing meters it could not achieve much progress in this aspect. However, HESCOM will make all efforts to achieve progress in this regard. In this connection, it is targeted to fix 21188 numbers of meters to un-metered IP Sets in in the CAPEX for FY13.

14 Directive on Segregation of Distribution Business and Retail Supply business

HESCOM is directed to segregate accounts between Distribution Business and Retail Supply Business by adopting a suitable methodology and implement the same from the next Financial Year.

Compliance by HESCOM

The percentage allocations arrived during previous years was examined and it is found that the percentage allocation made in the Tariff order 2012 seems to be appropriate and HESCOM does not want to propose any changes for the ensuing year.

15 Directive on Lifeline supply to un-electrified Households

The Commission has directed ESCOMs to prepare a detailed and time bound action plan to provide electricity to all the unelectrified 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 HESCOM

Action plan to provide lifeline supply of electricity to all Households without electricity in HESCOM jurisdiction is as given below:

Sl. No.	Particulars	Total

1	No. of un-electrified Households identified	260759
2	No. of such Households electrified so far	221698
3	Balance No. of Households to be electrified during FY 2012-13	39061
4	No. of such Households electrified during FY 2012-13	12789
5	Balance to be electrified	26272
6	Whether action has been initiated to electrify the balance un electrified House holds	Yes
7	If so what is the estimated cost (Rs. in Lakhs)	1553.38
8	Present status of the works	• Supplementary DPR submitted regarding electrification of 7414 Households to REC for approval under RGGVY. • The balance Households will be energized under RGGVY as work is still under progress. During 2012-13 under SCP/ISP Budget Head provision has been made to electrify balance un electrified Households.

16 Directive on Power Supply during Night hours for Villages

The Commission has directed the ESCOMs to ensure at least 11 hours of single phase power supply to the rural areas every day between 6 pm and 6 am with the provision for one hour of load shedding if required to manage evening peak demand between 6 pm and 10 pm.

Complianceby HESCOM

It is submitted that action will be taken to supply the power as per the directives of the Commission depending on the availability of power.

17 Directive on Reliability of Electricity Supply

The Commission directs HESCOM to prepare and publish its weekly feeder / Sub-Station wise supply schedules. The Commission also directs that ESCOMs shall submit to the Commission, by the 10th of every month, a zone wise report on the number and duration of interruptions in supply during the previous month with reasons.

Compliance by HESCOM

HESCOM is publishing periodically, its weekly feeder / Sub-Station wise supply schedules and report of zone wise details on the number of interruptions and duration and is being submitted to the Commission regularly.

18 Directive on Responsiveness to Consumers

The Commission directs HESCOM to hold consumer interaction meetings in each O&M Subdivision 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 Sub-Divisional level Engineers. HESCOM shall submit a schedule of such meetings to the Commission.

Compliance by HESCOM

HESCOM has already printed the handbills and handbooks regarding Consumer Education and submitted to the Commission.

M/s Hyderabad Karnataka Centre for Advanced Learning, Gulbarga, and a NGO has been entrusted to carry out the DSM activities in the 7 Districts of HESCOM region throughout the year with a fixed schedule of programmes vizJathas, Human Chains, Seminars, Workshops, debate /

competitions and Street dramas etc. The NGO has started working with effect from 18.05.2012.

Further,HESCOM has already published fixed schedule for conducting consumer interaction meetings for all the Sub Divisions. The Officers of the HESCOM have been directed to give vide publicity through local newspapers and electronic media. So far, 156 consumer interaction meetings in FY11 and 118 consumer interaction meetings in FY12 were conducted.

19 Directive on Conservation of Energy in Irrigation

The Commission directs that HESCOM shall set up an Efficient Irrigation Promotion cell to promote drip / sprinkler irrigation systems among farmers. These cells should coordinate, with universities of Agricultural Sciences and the various Departments of Govt. to set up demonstration units of drip irrigation and conduct consumer education programmes for the benefit of IP Set users.

Compliance by HESCOM

Energy Efficiency Services Limited (EESL), New Delhi is executing the project on pilot basis in Byadagi and Nippani Sub-Divisions, which involves the replacement of 4152 numbers and 6861 number of old Pump sets by new energy efficient Pump sets respectively.

20 Directive on reduction in the Distribution Losses

It is the Commission's view that 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 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 directs 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 HESCOM to implement High Voltage Distribution System in at least one O&M division in a rural area in its jurisdiction by utilizing the capex provision allowed in the ARR for the year.

(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 had directed HESCOM to 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 during the FY12.

(iii) Nirantara Jyothi – Feeder Separation

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

(IV) Optimizing Transformer Capacities

The Commission had directed ESCOMs to 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. HESCOM was directed to submit the results of the audit to the Commission with effect from the last quarter of the calendar year 2011.

Compliance by HESCOM

(i) Implementation of HVDS

HESCOM has selected Gadag Division for implementation of HVDS as a pilot project and this Division has 19050 numbers of IP Sets with the following parameters.

- HT Line length = 3319 kms
- LT Line length = 5376 kms
- Total number of DTCs = 5161
  (25KVA=2520, 63KVA= 1531, 100KVA=986, 250KVA=124)
- Present Distribution Loss = 22.01%

M/s CPRI has submitted proposal for preparation of DPR for Gadag Division and LoI is issued to them. Preparation of DPR for one 11 KV feeder is under progress and based on these results DPR will be prepared in respect of entire division. During FY13 Indi Division of Bijapur district is selected for implementation of HVDS and survey is in progress.

(ii) Demand Side Management in Agriculture

Energy Efficiency Services Limited (EESL), New Delhi is executing the project on pilot basis in Byadagi and Nippani Sub-Divisions, which involves the replacement of 4152 numbers and 6861 numbers of old pump sets by new energy efficient pump sets respectively. After the successful completion of the same, action will be taken to extend the programme to other Sub-Divisions. Progress in this regard will be submitted to the Commission.

(iii) Nirantara Jyothi – Feeder Separation

In HESCOM, totally there are 48 Talukas, out of which 11 Talukas in Uttara Kannada District are already being fed with 24 hours of power supply and hence they are excluded from Nirantara Jyothi scheme. Pilot Project has been implemented in three Talukas namely Bailhongal in Belgaum District, Shiggaon and SavanurTalukas in Haveri District.

Name of the Taluk	Bailhongal	Shiggaon	Savanur
Total villages	138	94	64
Villages covered under RLMS	18	60	29
No. of RLMS feeders	5	7	5
Villages covered under NJY	120	34	35
No. of 11 KV feeders proposed & length in Km	16 Nos& 433 Kms	3 Nos& 103.8 Kms	3 Nos& 131.8 Kms
Average Cost per Km	Rs 3.56 Lakh	Rs 3.5 Lakh	Rs 3.41 Lakh
Cost of the project	Rs15.423 crore	Rs 3.64 crore	Rs 4.49 crore
Present progress	All the feeders are commissioned.	All the feeders are commissioned.	All the feeders are commissioned.

In the remaining 34 Talukas, NJY works are proposed in two phases.

Nirantara Jyoti Yojana Phase 1

Number of Talukas	20 Nos.
Total Number of 11KV NJY feeders proposed	252 Nos.

Work is in progress. Major materials are procured and supplied by HESCOM for the above works. The Phase 1 is targeted for completion by March 2013.

NJY Details (Taluk wise of Phase 1)

Name of the Taluk	**No. of villages**	**No. of Proposed NJY**	**Total No. of DTC required**			**Total No. of Poles required**	**Total No. of Poles erected**	**%**	**Conductor required in Km**	**Progress**	
			25 KVA	**63 KVA**	**SDT**					**Km**	**%**
Billagi	64	10	48	50	46	7292	526	7	340	**0**	**0**
MuddeBihal	154	15	57	81	15	10597	1588	15	478	**0**	**0**
B.bagewadi	123	20	91	86	35	11873	2213	19	587	15	3
Indi	118	22	135	195	50	18102	1054	6	801	0	0
Sindagi	135	15	138	232	42	17632	3477	20	806	0	0
Hunagund	119	14	115	77	18	10450	2724	26	500	16	3
Badami	160	14	92	74	44	11670	1876	16	572	13	2
Athani	119	27	92	79	77	10396	1580	15	423	0	0
Gokak	103	14	100	103	66	10486	3112	30	402	76	19
Soundatti	114	18	124	41	49	12499	2066	17	621	53	8
Khalaghatgi	87	8	91	31	8	5087	0	0	237	0	0
Navalgund	57	2	3	6	0	1470	490	33	70	0	0
Mundaragi	37	6	82	84	18	11535	3525	31	578	64	11
Shirahatti	57	7									
Naragund	30	3									
Hirekeruru	107	12	135	102	27	8643	2367	27	424	0	0
Ranebennur	79	9	81	87	31	7410	1851	25	369	15	4
Byadagi	44	7	46	33	17	5188	1761	34	198	53	27
Jamakhandi	63	17	63	42	85	6182	575	9	294	0	0
Ramdurga	124	12	72	97	29	7488	1789	24	372	4	1
Total	**1891**	**252**	**1565**	**1450**	**611**	**166708**	**32574**	**21**	**8031**	**308**	**5**

<u>Nirantara Jyoti Yojana Phase II</u>

Number of Talukas	14 Nos.
Total Number of 11KV NJY feeders proposed	210 Nos.

The target set for phase II works is of 6 months from date of issue of DWA. HESCOM is planning to complete Phase II by March 2013.

Taluk wise NJY Details in Phase II

Name of the Taluka	No. of Villages covered	NJY Proposed Feeders	HT Line length	LT Line length	25 KVA	63 KVA	Length of the Rabbit ACSR conductor in Kms	Length of the Weasel ACSR Conductor in KMs	Total Project Cost In Rs (Lakhs)	Remarks
1	2	3	4	5	6	7	8	9	10	11
Mudhol	83	17	305	16	78	49	928	64		DWA issued to M/s L&T, Bangalore on 07.01.2012
Bagalkot	96	11	313	35	64	45	952	180		
Bijapur	225	29	1135	89	206	168	3904	294		
Raibag	77	20	321	13	61	69	730	52		Re-tendered
Chikkodi	158	40	722	139	308	178	2235	579		
Dharwad	76	12	389	35	115	34	1186	148		Tender floated on 22.08.2012, For 2 Lots, DWA is to be issued.
Rona	100	11	378	33	128	43	1150	136		
Gadag	30	05	3170	4	27	11	518	17		
Hubli	34	08	170	26	57	38	515	107		
Kundgol	08	01	45	5	12	02	137	20		
Haveri	93	10	382	43	93	74	1172	176		
Hangal	171	14	438	112	124	95	1325	502		
Belgam	154	19	561	85	244	76	1650	276		Re-tendered
Kanapur	245	13	994	131	310	51	3023	513		
Grand Total	**1550**	**210**	**6323**	**767**	**1847**	**953**	**19672**	**3062**	**21951**	

Project monitoring consultancy is issued to M/s CPRI, Bangalore which is doing third party independent evaluation work.

(iv) Optimizing Transformer Capacities

Suitable guide lines have been issued in this regard to all O&M Divisions to furnish data. As on date, information has been received from 5 Divisions which is being analyzed. For 1792 numbers of distribution transformers, data regarding loads during evening peak hours, morning peak hours, and non-peak hours, has been received for each circuit. The details of analysis will be submitted to the Commission in due course.

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 orders had directed HESCOM to fill up at least 50% of the vacancies in the cadres of Junior Engineers, Linemen and Assistant Linemen during the FY12. HESCOM 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 HESCOM

HESCOM has called for applications for filling 567 numbers of Assistant Linemen on 12.12.2011. But presently the matter is in the Court because of considering the women for the said post.

During the MMR meeting held on 26.06.2012, it was decided that ESCOMs should henceforth carryout recruitment of the posts under its own Recruitment and Promotion Regulations independently. Under Secretary to Government, Energy Department, GoK, vide letter No: EN 182 EEB 2011 (P2) dated 03.07.2012 has sought compliance for having notified the independent R&P regulations specifically indicating the Appointing Authorities and their jurisdiction. Accordingly HESCOM has started initiating action in this regard.

(ii) **Service Centres for Improved Responsiveness**

The Commission directs that HESCOM shall introduce the system of adequately equipped 'Service Centres' at least in two rural Subdivisions during the current year and report the results of its operations along with details of additional expenditure to the Commission. The HESCOM can introduce the proposed 'Service Centres' even with outsourced personnel, if necessary, till the recruitment of their own staff is completed.

Compliance by HESCOM

It is submitted that, 24X7 consumer care centre is functioning at Corporate office and the customers can lodge their complaints which will be acknowledged and follow up action taken. Toll free number is 1800-124-1033. Further, 24X7 consumer call centers with ladder mounted vehicles are also working at all District Head Quarters of HESCOM for the benefit of consumers.

(iii) Customer-Oriented Approach in Service

The Commission directs that HESCOM shall 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 theCommission on a quarterly basis.

Compliance by HESCOM

HESCOM has a HRD Cell looking after the resource activities. Consumer care and public relation training was conducted at Bangalore for the officers in whom 11 officers of HESCOM attended the training in the month of July 12 and September 12.

Training is also being provided in the following aspects.

1) Soft skills for Professional Excellence 2) Motivational Methodologies for performance improvement 3) Competencies for Enhancing managerial Effectiveness 4) Competitive Electricity Markets and Regulatory Frame Work Issues and Challenges 5) Optimizing Resources for Competitive Advances. 6) Implementation of HRMS software training. 7) Physical Cyber and system security. 8) Testing, Maintenance and Protection of Power & Distribution Transformers. 9) Earthing for Power Systems.

22 Measures to Improve Financial Viability

(i) Recovery of Arrears Receivables

The arrears of receivables to the HESCOM from various consumers including the local bodies were to the tune of Rs 1470.09 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 the HESCOM to take up the recovery of arrears with Government's assistance, so that at least 33% of the arrears outstanding as on 31.3.2011 were realized every year over the next three years.

Compliance by HESCOM

(i) Recovery of Arrears Receivables.

The following are the details of opening balance as on 01-04-2012, Revenue demand and collection for the period from April 2012 to September 2012 and closing balance as on 30-09-2012.

Opening Balance as on 1-4-12 in Rs cr.	Demand from 1-4-12 to 30-9-12 in Rs cr.	Collection from 1-4-12 to 30-9-12 in Rs cr.	Closing Balance as on 30-9-12 in Rs cr.	Court Case in Rs cr.	Appeal Case in Rs cr.	With drawls in Rs cr.	Long dis. in Rs cr.	Net CB in Rs cr.
1622	1986	1863	1745	8	12	2	31	1692

HESCOM is making all-out efforts for realization of arrears. Every month the revenue collection target is fixed for each Section / Sub-Division / Division and the progress is monitored at Corporate Office. Further, the following action is also taken.

- As per KEB Recovery of Dues Act 1976, action is taken for recovery of arrears of long disconnected installations by issuing of ‘A’ forms, ‘B’ forms to consumer and also ‘C’ forms are sent to concerned District Commissioners to recover the arrears under Land Revenue Act.
- During April 2012 to September 2012 Rs 4.53 crore arrears is recovered from long disconnected installations and total arrears collected during the same period is Rs 14.45 crore.
- HESCOM has introduced “One Time Settlement” Scheme from 06-09-2006 to recover the pending arrears. In this scheme 12 cases are settled and an old arrears amounting to Rs 1.05 crore is collected.

- IP Set arrears of Rs 8.78 crore prior to 31.07.2008 have been collected.

(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.

The Commission had directed HESCOM to introduce the system of Cost-Revenue Centre oriented Sub-Divisions at least in two divisions in its operational area during the FY12 and report results of the experiment to the Commission.

Compliance by HESCOM

The two Divisions namely Indi and Haveri have been selected for this directive and compliance will be submitted to the Commission shortly.

Annexure-1(a)

I. Approved Energy and its costs from Hydro Power Stations for ARR of HESCOM 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-	918.41	0.06	5.92	0.25	15.57	0.02	0.47	21.97	0.24
LDPH-	46.12	0.07	0.30	0.25	0.83	0.02	0.03	1.16	0.25
KVP-	522.28	0.08	4.35	0.56	18.26	0.03	0.51	23.11	0.44
Supa	81.25	0.07	0.58	0.56	2.06	0.01	0.06	2.70	0.33
VVP-	135.09	0.18	2.38	0.79	11.38	0.00	0.00	13.76	1.02
Mani Dam Power House	4.34	0.21	0.09	0.79	0.45	0.00	0.00	0.54	1.23
Varahi 3&4	0.00	0.00	5.37	3.94	2.22	0.00	0.00	7.59	
KPH	66.83	0.40	2.65	1.05	7.78	0.00	0.00	10.43	1.56
KDPH	61.59	0.30	1.87	0.88	5.79	0.00	0.00	7.67	1.25
GPH	96.28	0.34	3.24	1.01	7.86	0.15	0.28	11.38	1.18
GHEP	17.15	0.19	0.32	0.80	1.19	0.15	0.03	1.54	0.90
BEH	10.89	0.16	0.18	2.97	2.64	0.14	0.03	2.85	2.62
ADPH	93.35	1.03	9.59	1.19	6.00	0.14	0.60	16.19	1.73
MGHE	52.47	0.12	0.63	1.07	2.23	0.03	0.10	2.97	0.57
ShIvasamudra	54.15	0.14	0.78	0.76	2.37	0.05	0.11	3.27	0.60
Shimsha	10.02	0.27	0.27	0.76	0.97	0.00	0.00	1.24	1.24
MPH	17.41	0.07	0.12	0.62	0.71	0.03	0.02	0.84	0.48
Total	**2187.63**		**38.64**		**88.31**		**2.24**	**129.21**	**0.59**

II. Approved Energy and its costs from Thermal Power Stations for ARR of HESCOM 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	1640.64	0.67	109.31	3.24	531.18	640.49	3.90
KPCL-RTPS: 8	276.11	1.64	45.21	2.78	76.64	121.84	4.41
KPCL-BTPS: 1	602.32	1.09	65.91	2.01	120.87	186.77	3.10
KPCL-BTPS: 2	602.32	1.56	94.05	1.91	114.93	208.98	3.47
KPCL-DG-Plant	6.40	0.58	0.37	13.51	8.65	9.02	14.09
CGS-NTPC-Ramagundam: Stage-I & II	539.98	0.55	29.53	2.09	112.94	142.48	2.64
CGS-NTPC-Ramagundam: Stage-III	135.61	0.96	13.08	2.63	35.64	48.72	3.59
CGS-NTPC-Talcher: Stage-II	495.59	0.75	37.09	1.57	77.65	114.73	2.32
CGS-NTPC-Simhadri: Stage-II	271.89	1.72	46.77	2.21	60.04	106.81	0.00
CGS-NLC;TPS-II:Stage-I	164.70	0.34	5.55	2.03	33.49	39.04	2.37
CGS-NLC;TPS-II:Stage-II	246.74	0.33	8.10	2.03	50.10	58.20	2.36
CGS-NLC;TPS-I:Exp	134.34	1.27	17.09	1.89	25.41	42.50	3.16
CGS-NPCIL;MAPS	43.60	0.00	0.00	2.08	9.06	9.06	2.08
CGS-NPCIL;KAIGA-1&2	159.25	0.00	0.00	3.07	48.82	48.82	3.07
CGS-NPCIL;KAIGA-3&4	173.33	0.00	0.00	3.07	53.13	53.13	3.07
CGS-NTECL;STPS-Vallur-1	53.98	2.17	11.70	1.91	10.32	22.02	4.08
CGS-NTECL;STPS-Vallur-2	26.48	3.73	9.87	1.91	5.06	14.93	5.64
CGS-NTECL;STPS-Vallur-3	4.18	19.44	8.12	1.91	0.80	8.92	21.35
Tuticoran	6.34	25.38	16.09	1.91	1.21	17.30	27.29
Kudankulam (2x1000MW)	52.38	0.00	0.00	3.10	16.24	16.24	3.10
Total	**5636.18**		**517.84**		**1392.18**	**1910.00**	**3.39**
UPCL-Unit-1 & 2 (Provisional charges subject to the final orders from CERC)	**1697.98**		**239.76**		**462.67**	**702.43**	**4.14**

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

	Approved Energy (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost Of Energy (Rs per Unit)
Mini HYdel	55.17	18.15	3.289831
Wind Mill	585.70	202.34	3.45467
Co-Gen	187.86	64.34	3.424891
BioMass	0	0	0
KPCL Wind Mill	0	0	0
KPCL Solar	7.62	5.56	7.296588
Total	**836.35**	**290.39**	**3.47**

Annexure-1(b)

Approved Energy and its costs from Hydro Power Stations for ARR of HESCOM 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-	1,254.47	0.06	8.09	0.25	21.27	0.02	0.65	30.01	0.24
LDPH-	63.00	0.07	0.42	0.25	1.13	0.02	0.03	1.58	0.25
KVP-	713.38	0.08	5.94	0.56	24.94	0.03	0.70	31.57	0.44
Supa	110.98	0.07	0.79	0.56	2.82	0.01	0.08	3.69	0.33
VVP-	184.53	0.18	3.25	0.79	15.55	0.15	-0.18	18.62	1.01
Mani Dam Power House	5.93	0.21	0.12	0.79	0.61	0.15	-0.03	0.71	1.19
Varahi 3&4	0.00	0.00	7.34	3.94	3.03	0.00	0.00	10.36	0
KPH	91.28	0.40	3.62	1.05	10.63	0.00	0.00	14.25	1.56
KDPH	84.12	0.30	2.56	0.88	7.91	0.00	0.00	10.47	1.25
GPH	131.52	0.34	4.43	1.01	10.74	0.15	0.38	15.55	1.18
GHEP	23.43	0.19	0.44	0.80	1.62	0.15	0.05	2.11	0.90
BEH	14.87	0.16	0.24	2.97	3.61	0.14	0.04	3.89	2.62
ADPH	127.51	1.03	13.09	1.19	8.20	0.14	0.82	22.12	1.73
MGHE	71.67	0.12	0.87	1.07	3.05	0.03	0.14	4.05	0.57
ShIvasamudra	73.97	0.14	1.07	0.76	3.24	0.05	0.16	4.47	0.60
Shimsha	13.69	0.27	0.37	0.76	1.33	0.15	-0.06	1.64	1.20
MPH	23.78	0.07	0.16	0.62	0.97	0.03	0.02	1.15	0.48
Total	**2988.13**		**52.80**		**120.65**		**2.80**	**176.24**	**0.59**

II. Approved Energy and its costs from Thermal Power Stations for ARR of HESCOM 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	1640.64	0.68	112.30	3.30	540.97	653.27	3.98
KPCL-RTPS: 8	276.11	1.59	43.93	2.83	78.05	121.98	4.42
KPCL-	602.32	0.98	58.77	2.04	123.09	181.86	3.02
KPCL-BTPS:	602.32	1.45	87.43	1.94	117.04	204.47	3.39
YARAMARUS-1	133.10	4.67	62.14	2.55	33.95	96.09	0.00
CGS-NTPC-Ramagundam: Stage-I & II	513.45	0.57	29.24	2.13	109.37	138.61	2.70
CGS-NTPC-Ramagundam: Stage-III	128.94	0.97	12.55	2.68	34.52	47.07	3.65
CGS-NTPC-Talcher: Stage-II	476.54	0.68	32.58	1.60	76.04	108.62	2.28
CGS-NTPC-Simhadri: Stage-II	257.72	1.92	49.60	2.25	57.96	107.57	0.00
CGS-NLC;TPS-II:Stage-I	157.09	0.37	5.76	2.07	32.54	38.29	2.44
CGS-NLC;TPS-II:Stage-II	235.35	0.36	8.54	2.07	48.67	57.20	2.43
CGS-NLC;TPS-I:Exp	128.14	1.32	16.92	1.93	24.68	41.60	3.25
CGS-NPCIL;MAPS	41.59	0.00	0.00	2.12	8.80	8.80	2.12
CGS-NPCIL;KAIGA-1&2	151.89	0.00	0.00	3.12	47.42	47.42	3.12
CGS-NPCIL;KAIGA-3&4	165.33	0.00	0.00	3.12	51.61	51.61	3.12
CGS-NTECL;STPS-Vallur-	51.49	2.25	11.58	1.95	10.03	21.61	4.20
CGS-NTECL;STPS-Vallur-	51.49	2.02	10.42	1.95	10.03	20.45	3.97
CGS-NTECL;STPS-Vallur-	51.49	1.82	9.38	1.95	10.03	19.41	3.77
Tuticoran (2x500MW)	76.96	2.25	17.31	1.95	14.98	32.29	4.20
Kudankulam	153.68	0.00	0.00	3.16	48.52	48.52	3.16
Total	**5895.64**		**568.45**		**1478.30**	**2046.74**	**3.47**
UPCL-Unit-1 & 2 (Provisional charges subject to the final orders from CERC)	**1697.97**		**239.76**		**471.19**	**710.95**	**4.19**

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

	Approved Energy (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost Of Energy (Rs per Unit)
Mini HYdel	62.98	21.26	3.375675
Wind Mill	740.43	259.59	3.505936
Co-Gen	187.86	65.95	3.510593
BioMass	0	0	0
KPCL Wind Mill	54.15	25.07	4.629732
KPCL Solar	20.16	16.12	7.996032
Total	**1,065.58**	**387.99**	**3.64**

Annexure–1(c)

I. Approved Energy and its costs from Hydro Power Stations for ARR of HESCOM 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-	1,224.72	0.06	7.88	0.26	21.73	0.02	0.63	30.24	0.25
LDPH-	61.50	0.07	0.40	0.26	1.15	0.02	0.03	1.59	0.26
KVP-	696.47	0.08	5.75	0.59	25.52	0.03	0.68	31.95	0.46
Supa	108.34	0.07	0.77	0.59	2.88	0.01	0.08	3.73	0.34
VVP-	180.15	0.18	3.16	0.83	15.87	0.15	-0.17	18.87	1.05
Mani Dam Power House	5.78	0.21	0.12	0.83	0.62	0.15	-0.03	0.71	1.23
Varahi 3&4	0.00	0.00	7.16	3.94	2.95	0.00	0.00	10.12	#DIV/0!
KPH	89.12	0.40	3.53	1.09	10.71	0.00	0.00	14.24	1.60
KDPH	82.13	0.30	2.50	0.91	7.99	0.00	0.00	10.49	1.28
GPH	128.40	0.34	4.33	1.04	10.76	0.15	0.37	15.45	1.20
GHEP	22.87	0.19	0.43	0.83	1.65	0.15	0.04	2.12	0.93
BEH	14.52	0.16	0.24	3.14	3.72	0.14	0.04	4.00	2.75
ADPH	124.49	0.83	10.32	1.21	8.13	0.14	0.80	19.25	1.55
MGHE	69.97	0.12	0.85	1.07	2.98	0.03	0.14	3.96	0.57
ShIvasamudra	72.22	0.14	1.05	0.76	3.16	0.05	0.15	4.36	0.60
Shimsha	13.37	0.27	0.36	0.76	1.29	0.15	-0.05	1.60	1.20
MPH	23.21	0.07	0.15	0.62	0.95	0.03	0.02	1.12	0.48
Total	**2917.26**		**49.00**		**122.06**		**2.73**	**173.80**	**0.60**

II. Approved Energy and its costs from Thermal Power Stations for ARR of HESCOM 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	1640.64	0.69	113.18	3.36	550.94	664.12	4.05
KPCL-RTPS: 8	276.11	1.55	42.72	2.88	79.49	122.21	4.43
KPCL-BTPS:1	602.32	0.93	56.14	2.08	125.36	181.51	3.01
KPCL-BTPS: 2	602.32	1.40	84.16	1.98	119.20	203.36	3.38
YARAMARUS-1 & 2	1175.26	3.11	365.83	2.60	305.31	671.13	5.71
Bidadi CCPP	323.51	3.72	120.32	8.30	268.54	388.87	12.02
CGS-NTPC-Ramagundam: Stage-I & II	513.60	0.57	29.25	2.17	111.42	140.67	2.74
CGS-NTPC-Ramagundam: Stage-III	128.98	0.97	12.56	2.73	35.16	47.72	3.70
CGS-NTPC-Talcher: Stage-II	476.67	0.68	32.59	1.63	77.46	110.05	2.31
CGS-NTPC-Simhadri: Stage-II	257.79	1.92	49.62	2.29	59.05	108.67	0.00
CGS-NLC;TPS-II:Stage-I	157.14	0.37	5.76	2.11	33.15	38.90	2.48
CGS-NLC;TPS-II:Stage-II	235.41	0.36	8.54	2.11	49.58	58.12	2.47
CGS-NLC;TPS-I:Exp	128.18	1.32	16.92	1.96	25.15	42.07	3.28
CGS-NPCIL;MAPS	41.60	0.00	0.00	2.15	8.96	8.96	2.15
CGS-NPCIL;KAIGA-1&2	151.94	0.00	0.00	3.18	48.31	48.31	3.18
CGS-NPCIL;KAIGA-3&4	165.37	0.00	0.00	3.18	52.58	52.58	3.18
CGS-NTECL;STPS-Vallur-1	51.51	2.25	11.58	1.98	10.21	21.80	4.23
CGS-NTECL;STPS-Vallur-2	51.51	2.02	10.43	1.98	10.21	20.64	4.01
CGS-NTECL;STPS-Vallur-3	51.51	1.82	9.38	1.98	10.21	19.60	3.80
Tuticoran (2x500MW)	76.98	2.25	17.31	1.98	15.26	32.58	4.23
Kudankulam	153.73	0.00	0.00	3.22	49.43	49.43	3.22
Total	**7262.08**		**986.29**		**2044.98**	**3031.30**	**4.17**
UPCL-Unit-1 & 2 (Provisional charges subject to the final orders from CERC)	**1565.61**		**221.07**		**442.19**	**663.26**	**4.24**

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

	Approved Energy (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost Of Energy (Rs per Unit)
Mini HYdel	78.59	27.3	3.473724
Wind Mill	905.35	326.71	3.60866
Co-Gen	187.86	67.6	3.598424
BioMass	0	0	0
KPCL Wind Mill	54.15	25.07	4.629732
KPCL Solar	20.16	16.12	7.996032
Total	**1,246.11**	**462.80**	**3.71**

Annex - II

PROPOSED AND APPROVED REVENUE FOR FY-14 OF HESCOM

			Proposed by HESCOM		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	177.36	83.36	89.14	44.21
2	LT-2(a)(i)	Dom. / AEH - Applicable to City Municipal Corporations areas and all area under Urban Local Bodies.	754.00	306.42	927.88	399.39
4	LT-2(a)(ii)	Dom. / AEH - Applicable to areas under Village Panchayats	332.87	118.84	409.70	155.8
5	LT-2(b)(i)	Pvt. Educational Institutions Applicable to all areas of Local Bodies including City Corporations	6.86	4.82	8.32	5.71
6	LT-2(b)(ii)	Pvt. Educational Institutions Applicable to areas under Village Panchayats	2.67	1.69	3.24	2.01
7	LT-3(i)	Commercial - Applicable in areas under all ULBs including City Corporations.	251.62	189.39	277.47	213.82
8	LT-3(ii)	Commercial - Applicable to areas under Village Panchayats	115.21	78.60	127.00	89.20
9	LT-4(a)*	IP<=10HP	4921.21	2076.75	4532.12	2003.20
10	LT-4(b)	IP>10HP	3.04	0.75	3.29	0.87
11	LT-4 (c) (i)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of 10 HP & below	0.35	0.06	0.38	0.08
12	LT-4 (c) (ii)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of above 10 HP	0.02	0.01	0.02	0.01
13	LT-5	LT Industrial	294.80	165.81	321.27	185.92
14	LT-6	Water supply	167.38	59.33	184.91	64.96
15	LT-6	Public lighting	112.42	50.29	124.95	58.72
16	LT-7	Temporary supply	25.50	20.91	25.50	21.67
	LT - TOTAL		**7165.31**	**3157.03**	**7035.19**	**3245.57**
					Page - 185	
1	HT-1	Water supply & sewerage	168.92	71.34	188.13	78.67
2	HT-2(a)	Industrial	1048.60	606.72	1167.03	698.77
3	HT-2(b)	Commercial	101.55	75.70	116.55	88.37

4	HT-3(a)(i)	Lift Irrigation - Applicable to lift irrigation schemes under Govt Dept, / Govt. owned Corporations	184.02	23.00	174.02	26.10
5	HT-3(a)(ii)	Lift Irrigation - Applicable to Private lift irrigation schemes Lift Irrigaton societies on urban/express feeders	2.84	0.27	2.84	0.34
6	HT-3(a)(iii)	LI schemes other than those covered under HT 3(a)(ii)	20.47	2.67	20.47	3.18
7	HT - 3b	Irrigation & Agriculture Farms,Govt. Horticultural Farms, Pvt.Horticulture Nurseries, Coffee, Tea,Cocanut & Arecanut Plantations	0.00	0.00	0.00	0.00
8	HT-4	Residential Apartments -Colonies	21.36	11.10	20.03	10.83
9	HT-5	Temporary supply	0.00	0.00	0.00	0.00
	HT - TOTAL		**1547.76**	**790.80**	**1689.07**	**906.26**
	Total		**8713.07**	**3947.83**	**8724.26**	**4151.83**
	Misc. Revenue			183.18		179.43
	Grand Total		**8713.07**	**4131.01**	**8724.26**	**4331.26**

*** 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.4.96/unit by BJ/KJ & Rs.4.42/unit from IP set Consumers.**

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

Hubli
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,
   (i) the higher of the rated load or sanctioned load in respect of LT installations which are not provided with Electronic Tri-Vector meter.
   (ii) 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 Licenseein 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.

i) 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 Afrom 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/- madeby 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

<u>HIGH TENSION SUPPLY</u>

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.

<u>CONDITIONS APPLICABLE TO BILLING OF HT INSTALLATIONS</u>:

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 <u>two times</u> the normal rate per KVA per month as deterrent charges as per Section No. 126(6) of Electricity Act 2003. If <u>time of day</u> 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 <u>two times</u> 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. **<u>Rebate for supply at high voltage:</u>**

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, alsoRailway 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 hospitalsand Universities, Educational Institutions belonging to Government, Local bodies, Aided Institutions andHostels 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 Institutionsother 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

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.

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, power projects and Konkan Railway 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, which ever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at two timesthe 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, Diary 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

Commission Determined Tariff for the above category i.e., LT-1 is Rs.4.96 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.4.96 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).

<u>TARIFF SCHEDULE LT-2(a)</u>

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 / NirmalSouchalayas (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
Energy charges	

Commission Determined Tariff (CDT) for LT4 (a) category is 442 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 442 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, Diary 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 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)

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.

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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