ASSAM ELECTRICITY REGULATORY COMMISSION

(AERC)

TARIFF ORDER

TRUING UP OF FY 2011-12 AND FY 2012-13

APR OF FY 2013-14, ARR AND TARIFF FOR FY 2014-15

Assam Power Distribution Company Limited (APDCL)

Petition No. 8/2013, 16/2014 and 15/2014

ASSAM ELECTRICITY REGULATORY COMMISSION

A.S.E.B. Campus, Dwarandhar,

G. S. Road, Sixth Mile, Guwahati - 781 022

Contents

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Abbreviations

A&G	Administrative and General
ABITA	Assam Branch of Indian Tea Association
ADB	Asian Development Bank
AEGCL	Assam Electricity Grid Corporation Limited
AERC	Assam Electricity Regulatory Commission
APDCL	Assam Power Distribution Company Limited
APGCL	Assam Power Generation Corporation Limited
APTEL	Appellate Tribunal For Electricity
ARR	Annual Revenue Requirement
ASEB	Assam State Electricity Board
AT&C	Aggregate Technical & Commercial
BPL	Below Poverty Line
BTPS	Bongaingon Thermal Power Station
CAG	Comptroller and Auditor General
CAGR	Compounded Annual Growth Rate
CERC	Central Electricity Regulatory Commission
CSGS	Central Sector Generating Stations
CTU	Central Transmission Utility
CVO	Central Vigilance Office
CWIP	Capital Work-In-Progress
DPR	Detailed Project Report
DSM	Demand Side Management
EPFI	Employees' Pension Fund Investment
ERC	Electricity Regulatory Commission
ERP	Enterprise Resource Planning
FAR	Fixed Asset Register
FCC	Financial Completion Certificate
FPA	Fuel Price Adjustment
FPPPA	Fuel & Power Purchase Price Adjustment
GFA	Gross Fixed Assets
GoA	Government of Assam
GOI	Government of India
JNNSM	Jawaharlal Nehru National Solar Mission

kW	Kilo Watt
kWh	Kilo Watt Hour
MOD	Merit Order Dispatch
MRI	Meter Reading Instrument
MU	Million Units
MW	Mega Watt
MYT	Multi Year Tariff
NCE	Non-Conventional Energy
NEP	National Electricity Policy
NESSIA	North Eastern Small Scale Industries Association
NVVNL	NTPC Vidyut Vyapar Nigam Ltd
O&M	Operation and Maintenance
PGCIL	Power Grid Corporation of India Limited
PPA	Power Purchase Agreement
R&M	Repairs and Maintenance
R-APDRP	Restructured Accelerated Power Development Reforms Programme
RE	Renewable Energy
REC	Rural Electrification Corporation
RGGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana
RLDC	Regional Load Despatch Centre
RoE	Return on Equity
SAC	State Advisory Committee
SLDC	State Load Despatch Centre
STU	State Transmission Utility
T&D	Transmission & Distribution
TOD	Time of Day

ASSAM ELECTRICITY REGULATORY COMMISSION

Guwahati

Present

Shri Naba Kumar Das, Chairperson

Dr. Rajani Kanta Gogoi, Member

Shri Dipak Chakravarty, Member

Petition No. 8 of 2013

Petition No. 16 of 2014

Petition No. 15 of 2014

Assam Power Distribution Company Limited (APDCL) —— **Petitioner**

ORDER

(Passed on 21.11.2014)

(1) The Assam Power Distribution Company Limited (APDCL) filed the Petition for approval of truing up of FY 2011-12 (Petition No. 8/2013) on April 6, 2013 (without audited accounts). APDCL, vide its letter dated 1 June, 2013, submitted the Annual Statement of Accounts for FY 2011-12 along with CAG Audit Report. Due to delay in filing of the Petition along with the audited Annual Statement of Accounts during the regulatory process, the True up Petition was not published for objections/suggestions from the public and hence, the Commission decided not to consider the true up for FY 2011-12 and Annual Performance Review for FY 2012-13 for APDCL in the previous Order dated November 21, 2013.

(2) APDCL filed a Petition for revision of ARR and tariff for FY 2014-15 (Petition No. 15/2014) on December 31, 2013 under Section 62 of the Electricity Act, 2003, which

was required to be filed by December 1, 2013 as per the AERC (Terms & Conditions for Determination of Tariff), Regulations, 2006. In the same Petition, APDCL prayed for condoning the delay. Besides, APDCL informed the Commission that the Petitions for True-up for FY 2012-13 and Annual Performance Review (APR) for FY 2013-14 are under preparation and are expected to be submitted on receipt of the audited Annual Accounts from the CAG.

(3) The Commission, vide its Order dated February 3, 2014, condoned the delay in filing of the Petition for revision of ARR and tariff for FY 2014-15. Further, as APDCL did not specifically mention about the time required for filing the Petition for True-up for FY 2012-13, the Commission took suo-motu cognizance of the same, and granted extension to APDCL for filing the True-up Petition for FY 2012-13 up to February 28, 2014. APDCL was also directed to file the APR Petition for FY 2013-14 immediately.

(4) APDCL filed its Petition for truing up of FY 2012-13 and Annual Performance Review of FY 2013-14 (Petition No. 16/2014) on February 28, 2014 under Section 62 of the Electricity Act, 2003.

(5) Therefore, the Commission, as part of the present exercise, has considered the True-up for FY 2011-12 and FY 2012-13 along with Annual Performance Review for FY 2013-14 and approval of ARR and tariff for FY 2014-15.

(6) The Commission, on preliminary scrutiny, found that the above Petitions filed by APDCL was incomplete in some material information. Therefore, additional clarifications on the Petition were sought for from APDCL from time to time and replies received. Although, additional clarifications continued to be submitted, the Commission in the larger interest of the consumers as well as the licensee and abiding by the statutory obligation of tariff determination, admitted the Petition on June 11, 2014. It would be pertinent to mention here that the Petitions filed by APDCL on April 6, 2013 (Petition No. 8/2013), December 31, 2013 (Petition No. 15/2014), and February 28, 2014 (Petition No. 16/2014) were clubbed together for final disposal.

(7) Although, the Petitions from APDCL were admitted on June 11, 2014, the Commission continued to receive additional clarifications from APDCL on various aspects as late as September 30, 2014.

(8) After the Petition was admitted, in accordance with Section 64 of the Electricity Act 2003, the Commission directed APDCL to publish a summary of the ARR and Tariff

filings in local dailies to ensure due public participation. A copy of the Petition and other relevant documents were also made available to consumers and other interested parties at the office of the Managing Director of APDCL and offices of the Deputy General Manager of each circle of APDCL. A copy of the Petition was also made available on the website of the Commission and APDCL.

(9) Accordingly, a Public Notice was issued by APDCL inviting objections/suggestions from stakeholders to be submitted on or before August 11, 2014. The notice was published in eleven (11) leading newspapers of the State on July 19, 2014.

(10) The Commission received 9 (Nine) objections on the Petition filed by APDCL and sent communication to the objectors and served personally/by Registered Post informing the date and time of Hearing to take part in the Hearing to be held at Karmabir Nabin Chandra Bordoloi Indoor Stadium, Sarusajai, Guwahati, on September 11, 2014. Also, a comprehensive Notice was published in seven (7) newspapers on September 1, 2014 in Assamese and English language.

(11) The details are discussed in the relevant section of this Tariff Order. The Tariff Petition was also discussed in the meeting of the State Advisory Committee (constituted under Section 87 of the Electricity Act, 2003) convened on August 12, 2014 held at NEDFi HOUSE, Dispur, Guwahati.

(12) The Commission, now in exercise of the powers vested under Section 61 and 62 of the Electricity Act, 2003 and all other powers enabling it in this behalf and taking into consideration and submissions made by the Petitioner, objections and suggestions received from stakeholders and all other relevant materials on record, has approved truing up of FY 2011-12, truing up of FY 2012-13, Annual Performance Review of FY 2013-14, and revised Annual Revenue Requirement (ARR) and retail tariff for FY 2014-15 and issued the Order accordingly, making the new tariff effective from December 1, 2014.

(13) The approved tariffs shall be effective from December 1, 2014 and shall continue until replaced by another Order by the Commission

(14) The Commission further directs APDCL to publish a Public Notice 7 days before the implementation of the Order.

(15) Before parting, it would be worth mentioning that while passing the Tariff Order some delay could not be avoided and the factors attributed to the same have been stated herein before.

Sd/-	Sd/-	Sd/-
(D. Chakravarty)	(Dr. R.K. Gogoi)	(N. K. Das)
Member, AERC	Member, AERC	Chairperson, AERC

1. Introduction

1.1 CONSTITUTION OF THE COMMISSION

1.1.1 The Assam Electricity Regulatory Commission (hereinafter referred to as the AERC or the Commission) was established under the Electricity Regulatory Commissions Act, 1998 (14 of 1998) on February 28, 2001. The first proviso of Section 82(1) of the Electricity Act, 2003 has ensured continuity of the Assam Electricity Regulatory Commission under the Electricity Act, 2003.

1.1.2 The AERC came into existence in August 2001 as a one-man Commission. Considering the multi-disciplinary requirements of the Commission, it was made a multi-Member Commission consisting of three Members (including Chairperson) from January 27, 2006. The Commission has started functioning as a multi-Member Commission on joining of two Members from February 1, 2006.

1.1.3 The Commission is mandated to exercise the powers and functions conferred under Section 181 of the Electricity Act 2003 (36 of 2003) (hereinafter referred to as the Act) and to exercise the functions conferred to it under Section 86 of the Act from 10 June, 2003.

1.2 TARIFF RELATED FUNCTIONS OF THE COMMISSION

1.2.1 Under Section 86 of the Act, the Commission has the following tariff related functions:

(a) To determine the tariff for electricity, wholesale, bulk, grid or retail, as the case may be;

(b) To regulate power purchase and procurement process of the transmission utilities and distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;

(c) To promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.

1.2.2 Under Section 61 of the Act in the determination of tariffs, the Commission is to be guided by the following:

(a) The principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;
(b) That the electricity generation, transmission, distribution and supply are conducted on commercial principles;
(c) The factors which would encourage efficiency, economical use of the resources, good performance, optimum investments, and other matters which the State Commission considers appropriate for the purpose of this Act,
(d) The interests of the consumers are safeguarded and at the same time, the consumers pay for the use of electricity in a reasonable manner,
(e) That the tariff progressively reflects the cost of supply of electricity at an adequate and improving level of efficiency and also gradually reduces cross subsidies,
(f) The National Power Plans formulated by the Central Government including the National Electricity Policy and Tariff Policy.

1.2.3 In accordance with the Act, the Commission shall not show undue preference to any consumer of electricity in determining the tariff, but may differentiate according to the consumers load factor, power factor, voltage, total consumption of energy during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required (Section 62 of the Act).

1.2.4 If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the Commission, the State Government shall pay in advance, the amount to compensate the person affected by the grant of subsidy in the manner the Commission may direct as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government (Section 65 of the Act).

1.3 BACKGROUND

1.3.1 The Government of Assam notified Vide Memo No. PEL151/2003/Pt./165 dated December 10, 2004, the restructuring of the erstwhile Assam State Electricity Board (ASEB) into five entities namely:

(i) Assam Electricity Grid Corporation Limited (AEGCL) to carry out function as State Transmission Utility (STU).

(ii) Assam Power Generation Corporation Limited (APGCL) to carry out function of generation of electricity in the State of Assam.

(iii) Three Electricity Distribution Companies, namely Lower, Central and Upper Assam Electricity Distribution Company Limited, to carry out functions of distribution and retail sale of electricity In the districts covered under each company area.

1.3.2 All Companies are duly incorporated with the Registrar of Companies as per the Companies Act.

1.3.3 Further, in exercise of power under Section 172 of the Electricity Act 2003, the State Government authorized ASEB to continue its trading functions by periodic notification till September 2009.

1.3.4 In May 2009, as per GOA notification No PEL.41/2006/199 dated May 13, 2009, in accordance with the Assam State Reform (Transfer and merger of Distribution Functions and undertakings) scheme, 2009, CAEDCL and UAEDCL Distribution Companies merged with the LAEDCL, thereby forming one distribution Company for the State.

1.3.5 The name of the Company was changed from LAEDCL to Assam Power Distribution Company Limited (APDCL) vide Certificate of Incorporation dated October 23, 2009.

1.3.6 The Government of Assam vide Notification dated March 12, 2013 dissolved ASEB under Section 131 of the Act with effect from March 31, 2013 and transferred ASEB's current functions and reassigned its personnel to its successor entities namely APDCL, AEGCL and APGCL in accordance with the Scheme of Reorganization.

1.3.7 The Commission notified the AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 (hereafter referred to as AERC Tariff Regulations, 2006) vide Notification No. AERC.2005/19 dated April 28, 2006, which was notified in the Assam Gazette on May 24, 2006.

1.3.8 In accordance with Regulation 5.3 of the AERC Tariff Regulations, the tariff will be determined on the basis of the principles enunciated under the Multi Year Tariff principle for a period of three years commencing from April 1, 2006.

APDCL had filed the MYT Petition for the Control Period of three years beginning from FY 2010-11 to FY 2012-13 on 15 February 2010. The Commission, after following the due procedure, issued the Tariff Order on 16 May, 2011.

The Commission, vide Order dated February 28, 2013, carried out True up for FY 2009-10 and suo-motu proceedings for True up of FY 2010-11, Performance Review for FY 2011-12 and determination of ARR and Tariff of APDCL for FY 2012-13.

The Commission, vide Order dated November 21, 2013, approved the Annual Revenue Requirement for the period from FY 2013-14 to FY 2015-16 and retail tariff for FY 2013-14.

1.4 PROCEDURAL HISTORY

1.4.1 As per the AERC Tariff Regulations, 2006, APDCL is required to file the Petition for determination of ARR and tariff latest by 1st December before the Commission. The APDCL has filed the Petition for the approval of retail tariff for FY 2014-15 (Petition No. 15/2014) on February 28, 2014, 2014.

1.5 ADMISSION OF THE PETITION AND PUBLIC PROCESS

1.5.1 The Commission conducted preliminary analysis of the information submitted by APDCL and found that the Petition was incomplete in material particulars. Accordingly, required additional information along with para-wise clarifications on the Tariff Petition was sought from APDCL vide letter dated May 27, 2014. The Commission admitted the Petition for approval of truing up of FY 2011-12 (Petition No. 8/2013), truing up of FY 2012-13 and Annual Performance Review of FY 2013-14 (Petition No. 16/2014) and retail tariff determination for FY 2014-15 (Petition No. 15/2014) on June 11, 2014. APDCL submitted its replies vide letter dated June 21, 2014. While examining the submissions, the Commission felt the need for certain clarifications vis-à-vis data submitted by APDCL. Technical Validation Session with APDCL to discuss and sort out shortcomings was conducted in the office of the Commission on August 26, 2014. APDCL, vide letter dated September 5, 2014 submitted its reply. Further, APDCL vide its emails dated September 15, 2014, September 25, 2014, and September 30, 2014, submitted certain pending clarifications.

1.5.2 In accordance with Section 64 of the Act, the Commission directed APDCL to publish the information in the abridged form and manner to ensure due public participation.

1.5.3 The copies of the Petition and other relevant documents were made available to consumers and other interested parties at the office of the Deputy General Manager of each Distribution Circle of APDCL and office of the Chief General Manager (Commercial), APDCL. APDCL was also directed to make the copy of the Petition on APDCL's website. A copy of the Petition was made available on the website of the website of APDCL (www.laedcl.gov.in) and also on the website of the Commission (www.aerc.nic.in) in downloadable format. A Public Notice was issued by APDCL inviting objections/suggestions from stakeholders on or before August 11, 2014, which was published in the following newspapers on July 19, 2014.

Date	Name of newspapers	Language
19.07.2014	Dainik Janambhumi	Assamese
	Asamiya Khabar	Assamese
	Asamiya Pratidin	Assamese
	Dainik Agradoot	Assamese
	The Assam Tribune	English
	The Sentinel	English
	The Telegraph	English
	Samayik Prasanga	Bengali
	Dainik Jansankha	Bengali
	Dainik Purbodaya	Hindi
	Purbanchal Prahari	Hindi

1.5.1 The Commission considered the objections received and sent communication to the objectors to take part in the hearing process for presenting their views in person before the Commission. Accordingly, the Commission scheduled a Hearing in the matter on September 11, 2014 at Karmabir Nabin Chandra Bordoloi Indoor Stadium Sarusajai, Guwahati. In this context, Notices were dispatched to the objectors personally/by Registered Post stating the date and time of hearing.

1.5.2 Also, a comprehensive Notice was published in the following seven (7) newspapers on September 1, 2014 in Assamese and English language. The Hearing was held at the Karmabir Nabin Chandra Bordoloi Indoor Stadium, Sarusajai, Guwhati on September 11, 2014 as scheduled.

Date	Name of Newspaper	Language
01.09.2014	The Assam Tribune	English
	The Sentinel	English
	Amar Asom	Assamese
	Pratidin	Assamese
	Dainik Janambhumi	Assamese
	Dainik Jugasankha	English
	Purbanchal Prahari	English

1.5.4 All the written representations submitted to the Commission and oral submissions made before the Commission in the hearing and the responses of APDCL have been carefully considered while issuing this Tariff Order. The major issues raised by different consumers and consumer groups along with the response of APDCL and views of the Commission are elaborated in Chapter 3 of this Order.

1.6 State Advisory Committee Meeting

A meeting of the State Advisory Committee (constituted under section 87 of the Electricity Act, 2003) was convened on August 12, 2014 and members were briefed on the Tariff Petition of APDCL. The minutes of the meeting are appended to this Order as **Annexure 1**.

2. Summary of ARR and Tariff Petition

2.1 ANNUAL REVENUE REQUIREMENT FOR FY 2011-12, FY 2012-13, FY 2013-14 AND FY 2014-15

The Assam Power Distribution Company Limited (APDCL) filed the Petition for approval of truing up of FY 2011-12 (Petition No. 8/2013) on April 6, 2013 (without the audited accounts), Petition for truing up of FY 2012-13 and Annual Performance Review of FY 2013-14 (Petition No. 16/2014) on February 28, 2014 and Petition for retail tariff determination for FY 2014-15 (Petition No. 15/2014) on December 31, 2013, under Section 62 of the Electricity Act, 2003.

2.2 SUMMARY OF THE PETITIONS

Summary of the Petitions filed by APDCL for truing-up for FY 2011-12 and FY 2012-13, APR for FY 2013-14, and tariff determination for FY 2014-15, is shown in the Table below:

Table 2.1: Summary of Truing Up for FY 2011-12 (Rs. Crore)

Sr. No	Particulars	FY 2011-12		Revised	Contr-	Uncont-
		Approved	Actual	Claim	ollable	rollable
1	Cost of power purchase	1711.68	2242.18	2242.18		530.50
2	Operation & Maintenance Expenses	546.02	519.87	519.87		(26.15)
2.1	Employee Cost	501.87	461.23	461.23		
2.2	Repair & Maintenance	29.13	35.32	35.32		
2.3	Administrative & General Expenses	15.02	23.32	23.32		
3	Depreciation	29.20	57.70	55.49		26.29
4	Interest and Finance Charges	10.25	71.32	71.32		61.07
5	Interest on Working Capital	43.81		47.83		4.02
6	Other Debits		1.90	1.90		1.90
7	Interest on Consumer security deposit	13.67	16.62	16.62		2.95
8	Provision for Bad Debts	0.00	5.28	5.28		5.28
9	Net prior period expenses		(148.58)	(23.17)		(23.17)
10	Other expenses Capitalised					0.00
11	**Sub total (1+2+(3 to 10))**	**2354.63**	**2766.27**	**2937.31**		**582.68**
12	Return on Equity	22.79		35.11		12.32
13	Provision for tax/ tax paid	4.54				(4.54)

Sr. No	Particulars	FY 2011-12		Revised	Contr-ollable	Uncont-rollable
		Approved	Actual	Claim		
14	Total Expenditure (11 to 13)	**2381.96**	**2766.27**	**2972.42**		**590.46**
15	Less Non Tariff Income	312.40	33.82	33.82		(278.58)
16	**Aggregate Revenue Requirement (14-15)**	**2069.56**	**2732.46**	**2938.61**		**869.05**
17.i	Revenue with approved Tariff	**1899.35**	**1811.81**	**1811.81**		**-87.54**
17.ii	Recovery of FPPPA		**200.84**	**200.84**		**200.84**
18	Other Income (Consumer Related)	125.48	162.23	162.23		36.75
19	Total Revenue Before Subsidy (17+18)	2024.83	2174.88	2174.88		150.05
20	Other subsidy	0	150.00	150.00		150.00
21	**Total Revenue after subsidy**	**2024.83**	**2324.88**	**2324.88**		**300.05**
22	Gap/(surplus)	44.73	407.58	613.73		532.30
23	Cost of funding the gap for two years					78.51
24	**Total Claim**					**610.81**

Table 2.2: Summary of Truing Up for FY 2012-13 (Rs. Crore)

Sr. No.	Particulars	2012-13		Revised	Contr-ollable	Uncont-rollable
		Approved	Actual	Claim		
1	Cost of power purchase	1977.64	2357.68	2357.68		380.04
2	Operation & Maintenance Expenses	589.97	584.67	584.67	5.30	
2.1	Employee Cost	542.01	518.66	518.66		
2.2	Repair & Maintenance	32.04	39.70	39.70		
2.3	Administrative & General Expenses	15.92	26.31	26.31		
3	Depreciation	34.38	56.61	56.57		22.19
4	Interest and Finance Charge	17.70	108.36	108.36		90.66
5	Interest on Working Capital	50.27		56.57		6.30
6	Other Debits		0.74	0.74		0.74
7	Interest on Consumer security deposit	15.26	16.64	16.64		1.38
8	Provision for Bad Debt	0.00	15.70	15.70		15.70
9	Net prior period expenses		(83.90)	(83.90)		(83.90)
10	Other expenses Capitalised					0.00
11	**Sub-total (1+2+ (3 to 10)**	**2685.22**	**3056.50**	**3113.03**	**5.30**	**433.10**
12	Return on Equity	22.79		35.11		12.32
13	Provision for tax/ tax paid	4.54				(4.54)
14	Total Expenditure (11 to 13)	**2712.55**	**3056.50**	**3148.14**	**5.30**	**440.89**
15	Less: Non Tariff Income	323.40	28.23	28.23		(295.17)
16	**Aggregate Revenue Requirements (14-15)**	**2389.15**	**3028.27**	**3119.91**	**5.30**	**(736.06)**
17.i	Revenue with approved Tariff	**2167.16**	**1923.12**	**1923.12**		(244.04)

Sr. No.	Particulars	2012-13		Revised	Contr-ollable	Uncont-rollable
		Approved	Actual	Claim		
17.ii	Recovery of FPPPA		**350.46**	**350.46**		350.46
18	Other Income (Consumer Related)	139.00	186.56	186.56		47.56
19	Total Revenue Before Subsidy (17+18)	2306.16	2460.14	2460.14	**0.00**	**153.98**
20	Agriculture Subsidy	0	0.00			
21	Other subsidy	0	150.00	150.00		150.00
22	**Total Revenue after subsidy**	**2306.16**	**2610.14**	**2610.14**	**0.00**	**303.98**
23	Gap/(surplus)	82.99	418.14	509.78	5.30	432.08
24	Cost of funding the gap for two years					62.87
25	**Total Claim**					**494.95**

Table 2.3: Annual Performance Review for FY 2013-14 (Rs. Crore)

Sr. No	Particulars	FY 2013-14		Revised Claim	Contr-ollable	Uncont-rollable
		Approved	Actual			
1	Cost of power purchase	2134.26	2720.26	2720.26		586.00
2	Operation & Maintenance Expenses	590.11	679.74	679.74		89.63
2.1	Employee Cost	537.98	591.36			
2.2	Repair & Maintenance	35.25	64.58			
2.3	Administrative & General Expenses	16.88	23.81			
3	Depreciation	6.08	65.1	57.31		51.23
4	Interest and Finance Charge	28.89	115.81	115.81		86.92
5	Interest on Working Capital	27.05		69.07		42.02
6	Other Debits		0.29	0.29		0.29
7	Interest on Consumer security deposit	32.17	18.31	18.31		-13.86
8	Provision for Bad Debts	0	7.21	7.21		7.21
9	Net prior period expenses					0.00
	True up adj	230	100	100		-130.00
	Others		71.78	71.78		71.78
	Other expenses Capitalised					0.00
11	**Sub total (1+2+(3to 10))**	**3048.56**	**3778.5**	**3839.78**		791.22
12	Return on Equity	22.79		35.11		12.32
13	Provision for tax/ tax paid					
14	Total Expenditure (11 to 13)	**3071.35**	**3778.5**	**3874.89**		**803.54**
15	Less Non Tariff Income		15.90	15.90		15.90
16	**Aggregate Revenue Requirement (14-15)**	**3071.35**	**3762.6**	**3858.99**		**787.64**
17.i	Revenue with approved Tariff	**2703.54**	**2345.65**	**2345.65**		357.89
17.ii	Recovery of FPPPA		**374.99**	**374.99**		-374.99
18	Other Income (Consumer Related)	203.50	202.32	202.32		1.18

Sr. No	Particulars	FY 2013-14		Revised Claim	Contr-ollable	Uncont-rollable
		Approved	Actual			
19	Total Revenue Before Subsidy (17+18)	2907.04	2922.96	2922.96		-15.92
20	Targeted subsidy	100	100	100		0.00
21	Other subsidy	100	249.7	249.7		-149.70
22	**Total Revenue after subsidy**	**3107.04**	**3272.66**	**3272.66**		**-165.62**
23	Gap/(surplus)	35.69	-489.94	-586.33		**622.02**
24	Cost of funding the gap for two years					127.32
25	**Total Claim**					**749.34**

APDCL considered the following parameters for estimation of revenue requirement of Rs. 3772.26 Crore for FY 2014-15, as shown in the Table below:

Table 2.4: Revenue Requirement for FY 2014-15 (Rs. Crore)

Sr. No.	Particulars	Amount
1	Approved ARR for FY 2014-15	2970.19
2	Add: Revenue Gap of previous years	521.09
3	Less: amount already approved	230.00
4	Add: carrying cost on past period expenses	251.98
5	Add: FPPPA under-recovery for 6 months	168.41
6	Add: under-recovery due to non-revision of tariff for 6 months of FY 2013-14	90.49
7	Total Revenue Requirement (1 to 6)	3772.26
8	Estimated sale of energy (MU)	5066
9	Average Tariff (Rs./kWh)	7.45

APDCL proposed retail tariff for different category of consumers to recover the total ARR for FY 2014-15, as projected by APDCL.

2.3 PRAYERS OF APDCL

APDCL, in its Petition, has prayed as under:

"

1. *To admit this petition of Annual Performance Review for FY 2013-14.*
2. *Approve the amount of revenue gap i.e. Rs. 583.72 Crore.*
3. *To allow recovery of Revenue Gap for FY 2013-14 in addition to past period dues, subject to truing up at the end of the period.*

4. *To grant any other relief as the Hon'ble Commission may consider appropriate.*
5. *Pass any other order as the Hon’ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.*

APDCL, in its Petition, has prayed as under:

“

1. *Condone the delay in filing the ARR petition on or before 30th Nov’13 to 31st Dec’ 2013 due to reason explained in CGM (COM)/APDCL/MYT-Order/2013-16/21 dated 18th Dec.13.*
2. *To admit this petition of Retail Tariff for FY 2014-15.*
3. *To approve revised Annual Revenue Requirement of FY 2014-15 based on approved amount, along with carrying cost and to allow recovery through retail tariff in 2014-15.*
4. *To allow recovery of Revenue Gap for FY 2013-14 and 2014-15 approved in MYT Order dated 21st November 2013, in addition to past period dues, subject to truing up at the end of the period.*
5. *To consider approved parameters/ARR of APGCL, AEGCL and SLDC while finalizing tariff of APDCL.*
6. *To grant any other relief as the Hon'ble Commission may consider appropriate.*
7. *Pass any other order as the Hon’ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.”*

3. Brief Summary of Objections raised, Responses of APDCL and Commission's comments

The Commission has received nine (9) numbers of objections/suggestions on the Petition filed by APDCL, from the following stakeholders:

Sr. No.	Name of the Objector
1	Assam Branch, Indian Tea Association (ABITA), Guwahati
2	The All India Manufacturers' Organization, Tinsukia
3	North Eastern Small Scale Industries Association (NESSIA), Guwahati
4	All Assam SSI Association, Bamunimaidam
5	Grahak Suraksha Sanstha, Guwahati
6	Shri. Jayanta Deka, Advocate and Others, Darrang
7	Shri Deven Dutta, Public Activist
8	Cement Manufacturing Company Limited (Guwahati Grinding Unit)
9	Shri J.N. Khataniar and Consumer Legal Protection Forum, Guwahati

APDCL has submitted its responses to the objections/suggestions from various stakeholders.

The Commission considered the objections/suggestions received and sent communication to the objectors/respondents to take part in hearing process by presenting their views in person before the Commission, if they so desired.

The Commission held hearing at Karmabir Nabin Chandra Bordoloi Indoor Stadium, Sarusajai, Guwahati, on September 11, 2014.

The objectors/respondents attended the hearings and submitted their views/suggestions. All the written representations submitted to the Commission and oral submissions made before the Commission in the hearing and the responses of APDCL have been carefully considered while issuing this Tariff Order.

A meeting of the State Advisory Committee (SAC) was convened on August 12, 2014 at NEDFi HOUSE, Dispur, Guwahati and members were briefed on the Petitions of APDCL to obtain views of SAC members on the ARR and Tariff proposals of APDCL. The suggestions made by the members of SAC have been duly taken into consideration by the Commission while finalizing the Tariff Order.

The objections/suggestions made by the stakeholders and responses of the Petitioner are briefly dealt with in this Chapter. The major issues raised by different consumers and consumer groups are discussed below along with the response of APDCL and views of the Commission.

Some of the objections/suggestions are general in nature and some are specific to the proposal submitted by APDCL for approval of ARR and Tariff revision. While all the objections/suggestions have been given due consideration by the Commission, only major responses/objections received related to the ARR and Tariff Petition and also those raised during the Hearing have been grouped and addressed issue-wise rather than objector-wise, in order to avoid repetition.

Issue No. 1: Submission of supporting documents with the Petition

Objections:

Assam Branch, Indian Tea Association (ABITA) submitted that APDCL has not submitted audited/unaudited annual accounts for FY 2011-12 and FY 2012-13 for the true up Petition for FY 2011-12 and FY 2012-13, which is mandatory as per the Regulations. They submitted that in the absence of audited annual accounts, the figures claimed in the Petition cannot be validated and requested the Commission to direct APDCL to provide the audited annual accounts and resubmit the Petition.

All Assam SSI Association submitted that the Petition filed by APDCL is not a valid Petition since the supporting documents, viz., Audited Balance Sheets, Auditor's Report, Profit & Loss Account and power purchase certificate from the respective power generating stations have not been provided.

Shri J.N. Khataniar and Consumer Legal Protection Forum submitted that in the previous tariff revision process, APDCL had proposed a hike of 37%, while the Commission approved a hike of only 2%. The Forum enquired as to what anomalies were found in the previous Petition, which was changed by the Commission after scrutiny to 2% and accepted by APDCL. The above information in detail with all calculation sheets and related documents may kindly be furnished during the Hearing.

Response of APDCL:

APDCL submitted that the Audited Annual Statement of Accounts for the concerned years have been submitted to the Commission. The same are also available on the official website (www.apdcl.gov.in) of APDCL.

APDCL, in response to the objection submitted by Shri J.N. Khataniar and Consumer Legal Protection Forum, submitted that the Tariff Order for FY 2013-14 issued by the Commission on 21.11.2013 was not accepted by APDCL and APDCL submitted a Review Petition before the Commission. APDCL further submitted that the Commission, while disposing off the Review Petition, has decided to consider the points raised in the Tariff Proposal for FY 2014-15. APDCL submitted that the MYT Petition and Tariff Order for FY 2013-14 to FY 2015-16 have already been made available to the public.

Comments of the Commission:

APDCL has submitted its Petition for true-up for FY 2011-12 and FY 2012-13 along with the Audited Annual Statement of Accounts. In the Public Notice inviting suggestion/views, the Commission had directed that the copies of the ARR and Tariff Petition and other relevant documents be made available to consumers and other interested parties at the office of the General Manager of each Distribution Zone of APDCL and the Office of the Chief General Manager (Commercial), APDCL at Bijulee Bhawan, Guwahati. Further, the Commission has carried out due scrutiny of the Petition and has obtained necessary clarifications for issuance of the Tariff Order. As regards the analysis done by the Commission in the previous Tariff Order on each component of the ARR, the same has been clearly elaborated in the MYT Order dated November 21, 2013.

Issue No. 2: Timeliness of ARR Petition

Objections:

Assam Branch, Indian Tea Association submitted that APDCL has submitted that as per the Regulations, APDCL is required to file the Tariff Petition by 30th November of the preceding year. In the past years, it has been observed that APDCL has not been submitting its Petition on time, resulting in delays in issuance of Tariff Orders, hence, there is a large accumulated gap for which APDCL is proposing to recover carrying cost, which is increasing the burden on the consumers. As the delay is purely attributable to the sluggish working of APDCL, it should not be allowed any previous gap and recovery of interest charges on the same.

Response of APDCL:

APDCL submitted that it has been regular in filing ARR Petitions. However, as the true-up Petitions can only be submitted with Annual Statement of Accounts duly audited by CAG along with the Audit Report, the same have been submitted within the extended time permitted by the Commission from time to time. However, as per recommendation of Shunglu Committee, in the event of delay in filing such application beyond one month, the State Commission must initiate suo-motu proceedings.

Comments of the Commission:

The Commission has noted the objections and APDCL's reply. In this context, it is relevant to mention that the Commission, in its earlier Order, issued a separate directive regarding creation of dedicated Tariff Regulatory Cell to provide correct and timely information to the Commission. The Commission directs that APDCL should submit the ARR and Tariff Petition as well as clarifications sought by the Commission during the regulatory process, within the specified timeline, so that the entire process of determination of ARR and tariff can be streamlined.

Issue No. 3: Venue of the Hearing

Objections:

Shri J.N. Khataniar and Consumer Legal Protection Forum and Shri Deven Dutta submitted during the hearing that the Commission may select a convenient venue such as the Administrative Staff College or some other place for the next Hearing depending upon the number of respondents to the Tariff Petition, which shall be easily accessible by public transport and hence convenient.

Comments of the Commission:

The Commission has noted the suggestion. It is pertinent to mention that the Commission has been conducting the Hearing on the Tariff Petition at venues, which are convenient for the public, based on number of respondents. However, during the last tariff exercise, a section of respondents insisted that the Hearing be held in an open space, and disrupted the proceedings that were held at the Administrative Staff College. Accordingly, the last Hearing was held at Karmabir Nabin Chandra Bordoloi Indoor Stadium, Sarusajai, Guwahati, which can accommodate more people. Based on past experience, the Commission has decided to hold the Hearing this year at the same venue, i.e., Karmabir Nabin Chandra Bordoloi Indoor Stadium, Sarusajai, Guwahati. The Commission will consider this suggestion while deciding the venue of the Hearing on the ARR and Tariff Petition for the next year.

Issue No. 4 : Hike in Tariff

Objections:

All India Manufacturers Organization submitted that the proposed hike in tariff for LT (VIII)(i), HT-V, HT-V(A), HT V(B), and HT – V(C) categories cannot be justified, at a time when the industrial scenario in the State is dismal and incentives are being offered by Central and State Governments to attract investors. Instead, APDCL should radically improve its technical and administrative processes and procedures to reduce the costs.

Grahak Suraksha Sanstha submitted that the proposed tariff hike of 8% for Jeevan Dhara, 16% for Domestic ‘A’ category, and 24% for Domestic ‘B’ category is not justified, and requested the Commission to disapprove the same. Further, commercial and industrial consumers recover the cost of electricity from general consumers who purchase their goods and avail services. However, domestic consumers have no such option and therefore, while determining tariff of this category of consumers, special consideration was requested. Proper vigilance and rational billing may reduce the loss of APDCL.

Shri Jayanta Deka and others submitted that the proposed tariff is exorbitant and unaffordable by the poor and common people from economically backward classes. The tariff increase proposed is too high in comparison to the increase in the past five years. The economic status of the poor people and below poverty level has been ignored by APDCL while proposing the tariff. They submitted that the proposed tariff increase should be uniform for all categories and in proportion to the average tariff increase required. They further submitted that APDCL can mitigate the power crisis without any hike in tariff, if the use and misuse of power is kept under control. Hike in tariff is not the only way to control the power crisis. Further, the proposed tariff is not in consonance with the tariff prevailing in the States of Andhra Pradesh, Maharashtra, West Bengal, Delhi and Gujarat.

North Eastern Small Scale Industries Association objected to the proposed hike in tariff and urged the Commission to reject the proposal in the greater interest of the consumers. They further submitted that APDCL and the Commission may approach the Government of Assam for additional funds (subsidy) to offset any increase in tariff for Jeevan Dhara and domestic category consumers and the subsidy received from Government of Assam should be continued.

All Assam SSI Association requested the Commission to disapprove any hike in tariff unless significant improvement is shown in the quality of supply and a transparent strategy is evolved to provide uninterrupted power supply to the entire State.

Shri J.N. Khataniar and Consumer Legal Protection Forum submitted that it is surprising that APDCL has submitted a tariff enhancement proposal for FY 2014-15 with inflated rates for all categories of consumers along similar lines as in past filings.

Assam Branch, Indian Tea Association submitted that

1) Considering the delay on part of the APDCL, the Commission is requested to not allow any carrying cost until APDCL is meeting the timelines specified for filing of the Tariff Petition.

2) As regards the under-recovery of revenue claimed by APDCL for FY 2013-14, since, the impact of revision in uncontrollable parameters has been considered separately in the review, the additional claim of under-recovery is leading to double counting of the revenue gap for FY 2013-14, hence, the Commission is requested to disallow such expenses and consider the same during the final true up for FY 2013-14.
3) In line with the past recovery for FY 2012-13 and FY 2013-14 under FPPPA, it is envisaged that APDCL will recover minimum of Rs. 300 Cr for FY 2014-15.
4) Subsidy will continue during FY 2014-15 and the past revenue gap of Rs. 130 Cr will be recovered during FY 2014-15.

Against the submission of APDCL, ABITA, in its submission, calculated a revenue surplus of Rs. 9.61 Cr for FY 2014-15 and requested the Commission to disallow the proposed exorbitant tariff hike proposed by APDCL, which does not have any basis, and to continue with the existing tariff.

Assam Branch, Indian Tea Association, during the Hearing, requested the Commission to disallow any increase in the tariff for Tea, Coffee & Rubber category for FY 2014-15 as the same will render the affected units in the State of Assam unviable and uncompetitive.

Shri Deven Dutta submitted that the proposed tariff hike by APDCL is very high and unjustified. The proposed tariff hike ranges from 27 paise/unit to Rs. 1.75 /unit. The proposed increase in fixed charge also ranges from Rs. 15 to Rs. 80 for different categories.

Response of APDCL:

APDCL, in response to ABITA objections, submitted that

1) The carrying cost of Rs. 251.98 crore pertains to the amount already approved for FY 2009-10 and FY 2010-11. The same has been claimed as per the provisions laid down in the Tariff Policy. Further, APTEL Order dated November 11,.2011 in O.P. No. 1 of 2011 has held that Regulatory Asset should not be created except where it is justifiable, in accordance with the Tariff Policy and the Regulations and directed the State Commissions to ensure that the recovery of the Regulatory Asset is time-bound and within a period not exceeding three years at the most and preferably within the Control Period and allow carrying cost on the

Regulatory Asset to the Utilities from the year in which the Regulatory Assets are created to avoid problem of cash flow to the distribution licensee.

2) Allowance of under recovery due to delayed effectuation of revised tariff should have been allowed in the ARR for FY 2013-14 in line with various APTEL Orders in this regard.
3) Recovery of FPPPA does not permit retrospective realisation. As such, provision of such amount will only hamper the cash flow of APDCL. Any recovery as per FPPPA mechanism during FY 2014-15 will form a part of Truing up exercise for the year later on.
4) Despite several efforts from APDCL, the Government of Assam has not provided any amount for targeted subsidy during FY 2014-15 in the Budget submitted on 11th August, 2014. The amount of Rs.130 crore of balance revenue gap has already been approved in the ARR for FY 2013-14.
5) APDCL has considered Rs 200 Crore as subsidy in line with previous year as well as Rs.149.70 Crore as support for deferment of FPPPA. However, only Rs.81.64 Crore was provided by the Government of Assam against the claim of Rs.149.70 Crore and no targeted subsidy has been provided yet.
6) Non-consideration of carrying cost and uncovered revenue gap will be against the spirit of the Tariff Policy as well as various APTEL Orders in this regard. FPPPA recovery is practically deferment of legitimate dues, without any carrying cost there on. APDCL requested the Commission to strike the right balance between the requirements of the commercial viability of the distribution licensee and consumer interests.

APDCL in response to objections raised by All India Manufactures Organization, Shri Jayanta Deka and others, submitted that it is fact that prices of all commodities throughout the country has shown increasing trend, leading to manifold increase in cost of all parameters, which determines the cost of supply of the electricity distribution business, resulting in the proposed tariff increase. APDCL added that subsidy, if any, to be provided by the Government of Assam has not been considered in the Tariff Proposal. APDCL clarified that as the electricity tariff depends on the cost of different parameters, so uniform rate of tariff increase over the years cannot be maintained. APDCL submitted that it welcomes the positive suggestions from the respondent and requests for full co-operation in the interest of better service to the people of the Assam. Further, the tariff proposed for the State of Assam cannot be compared with the tariff prevailing in other States, as the input cost along with consumer mix is different from one State to another. APDCL submitted that the proposed tariff hike is appropriate and requested the Commission to allow APDCL to recover its full costs to enable better service to the consumer and ensure survival of the Company.

APDCL, in response to Grahak Suraksha Sanstha's objections, submitted that the tariff fixation process is a transparent process and is related to the cost of supply and with the increase in the cost of parameters like cost of generation, etc., which determines the energy charge, the tariff increase is inevitable. APDCL also submitted that domestic category consumer have already been allowed the benefit of cross subsidized tariff as well as subsidy from the State Government.

APDCL, in reply to Shri Deven Dutta's objection, submitted that the tariff hike for different consumer categories, has been proposed after considering all aspects.

Comments of the Commission:

The Commission has carried out due prudence check of various components of the ARR and examined the assumptions and proposals made by APDCL. The Commission has considered the objections/suggestions of the objectors and APDCL's views while determining the tariff.

In this Order, the Commission has ensured that all the past un-recovered revenue gaps up to FY 2012-13 for which final truing-up has been done, have been included in the revenue requirement for FY 2014-15 and thus, all Regulatory Assets upto FY 2012-13 have been amortised along with the revenue requirement of FY 2014-15. As elaborated in Chapter 6 of this Order, the Commission has created a Regulatory Asset of Rs. 100 crore from the revenue requirement of FY 2014-15, which shall be amortised over the next 2-3 years along with carrying cost at SBI PLR.

As regards the issue of carrying cost, it is clarified that the Commission has not allowed any carrying cost due to delayed implementation of the revised tariff, which is on account of the delay in filing the Petition and in submitting the replies to the queries raised by the Commission. The Commission has only allowed carrying cost on the amount of Rs. 291 crore that was deferred for recovery in the MYT Order dated November 21, 2013, and on the Regulatory Asset of Rs. 100 crore created though this Order, as elaborated in Chapter 6 of this Order.

As regards the revenue gap claimed by APDCL due to under-recovery of revenue on account of delayed implementation of revised tariff in FY 2013-14, the Commission has not allowed the same at this stage, as only a review of the performance in FY 2013-14 has been carried out in this Order, and the net revenue gap/(surplus) for FY 2013-14 will be known only after final truing up for FY 2013-14, based on prudence check of the audited expenses and revenue of APDCL.

As regards the issue of inter-State comparison of tariff, it should be noted that while inter-State comparison of category-wise tariff is useful for giving an idea of the tariff categories and tariffs prevalent in other States, the same cannot be used as a parameter for determining the category-wise tariffs in the State of Assam, as the category-wise tariffs depend on the average cost of supply, consumer mix, and consumption mix, which differs from one State to another. APDCL has to recover the approved revenue requirement from the tariffs charged to different consumer categories on their respective consumption.

The Commission has determined the tariff for different consumer categories, keeping in view the revenue gap approved by the Commission for FY 2014-15, including the recovery of previous years' revenue gap/(surplus), the overall tariff increase required, the reduction of the cross-subsidies between consumer categories, and the tariff increase for each consumer category, as elaborated in Chapter 7 of this Order. It may be noted that no tariff category can be exempted from the tariff increase, as this will only increase the burden on the other consumer categories, as the approved revenue requirement has to be recovered from the consumer categories being served by APDCL. However, the Commission has ensured that tariff arrived at are legitimate and no consumer category is subjected to any tariff shock, while at the same time, ensuring that the viability of APDCL is also not adversely affected, since, only a viable and efficient APDCL will be able to supply electricity of good quality and in the desired quantity to the consumers of the State. The Commission has also ensured that only justified costs are passed on to the consumers and the cost of inefficiency of APDCL in terms of higher distribution losses and lower collection inefficiency, is not passed on to the consumers, and has to be borne by APDCL.

As regards continuance of the targeted subsidy, the same is the prerogative of the State Government, and the Commission has not received any communication from the State Government regarding the continuation or reduction or enhancement of the targeted subsidy for FY 2014-15. The Commission has considered the subsidy committed/released by the State Government for FY 2013-14 and FY 2014-15, against FPPPA claims and against targeted subsidy, while reviewing the net revenue requirement for FY 2013-14 and determining the ARR and revenue gap for FY 2014-15.

Issue No. 5: Distribution Losses

Objections:

Assam Branch, Indian Tea Association submitted that from the true up Petition, it is observed that APDCL did not meet the targeted distribution loss approved by the Commission, rather, the actual distribution loss of APDCL in FY 2011-12 was higher than the actual distribution loss for FY 2010-11. They further submitted that such increase in distribution loss is completely unacceptable, especially in view of the huge capital expenditure, which is being incurred by APDCL for system strengthening and efficiency improvement. They further requested the Commission to approve T&D losses for FY 2011-12 and FY 2012-13 at the same level as approved by the Commission in the MYT Order and disallow the excess power purchase cost incurred by APDCL. For FY 2013-14, in view of APDCL's casual approach on high distribution loss, they requested the Commission to penalize APDCL additionally, apart from disallowing the power purchase cost against the extra units purchased for compensating the higher losses.

During the hearing, ABITA submitted that APDCL has applied an erroneous logic while computing the desired level of loss as per Abraham Committee recommendations. APDCL has considered the actual loss of previous year for computing the desired level of losses for the subsequent years and has completely ignored the under–achievements in previous years while doing so. Under the MYT framework, APDCL is expected to improve its performance in the subsequent years to compensate for any slippages in the past period and the same has been completely ignored by APDCL. ABITA further submitted a table highlighting that the actual reduction in losses achieved by APDCL during the eight years from FY 2006-07 to FY 2013-14 is a mere 4.51% as against the desired level of loss reduction of 12% as per the Abraham Committee recommendations.

All India Manufacturers Organization submitted that the Transmission and Distribution losses are very high. T&D losses for FY 2011-12, FY 2012-13, and FY 2013-14 based on the computation of energy available as per allocated sources, are 31.74%, 29.72%, and 27.98%, respectively, which is higher than the normal permissible limits of 15% - 16%. To these, if transmission losses on account of AEGCL are added, T&D losses will rise to 32.71%, 31.97%, and 31.22% for FY 2013-14, FY 2014-15, and FY 2015-16, respectively. They further submitted that high T&D losses are inconsistent with APDCL's claims of capital expenditure to upgrade the distribution network and maintenance to meet the growing demands of consumers. APDCL ought to improve the transmission and distribution network with latest technology, better skills and higher efficiency for drastically reducing distribution losses, instead of passing on the cost of technical and staff inefficiencies and low productivity to the consumers.

Grahak Suraksha Sanstha submitted that APDCL should improve its efficiency to bring down the T&D loss to the permissible limit. Further, as regards 100% metering of all sale of energy, it is observed that meters are not installed in the households of some government officers and in some government offices. Despite reports of some government offices not paying electricity bills for five or six years, no action has been taken by APDCL.

North Eastern Small Scale Industries Association submitted that distribution loss appears to be on the higher side (26.59% against 21.6%) and this should be reduced for balancing revenue losses. They further submitted that distribution loss in other States is 13.5%. Further, RGGVY connections and rampant theft by some big industries is creating hurdles in reduction of losses and it is unjustified that small industries and consumers have been made to pay the price for the same.

All Assam SSI Association submitted that APDCL has failed to minimize T&D loss in spite of spending huge amounts on the augmentation of the distribution network. 25% loss in FY 2013-14 signifies failure in utilising proper manpower and undertaking appropriate remedial measures.

Shri Deven Dutta submitted that APDCL, in its Petition, has shown the distribution losses for five electrical circles separately for each circle, however, no losses have been shown for the remaining ten electrical circles, and submitted that losses for such remaining circles should be submitted. He submitted that distribution loss for APDCL for FY 2012-13 has been shown as 25.85% and enquired about the contribution of commercial losses in the same. He questioned as to why the losses of aforesaid five circles have not reduced even after entailing high capital investment. He further submitted that for FY 2013-14, the Commission has approved the distribution loss of 18.60%, whereas APDCL has incurred distribution loss of 24.92%, and enquired about the contribution of commercial losses in the same. He further enquired regarding the amount of money involved for 1% distribution loss for FY 2013-14. He also enquired about the level of actual transmission, sub-transmission, distribution and commercial losses for FY 2012-13 and FY 2013-14.

During the hearing, Shri Dutta reasoned that rampant power theft, irregular and incomplete billings, submission of bills without proper meter reading, etc., are the main causes for commercial losses of the Company. He requested the Commission that the excess technical and commercial losses over and above the approved loss for the year, should not be allowed to be recovered through tariff.

Response of APDCL:

APDCL, in response to the objection raised by ABITA, submitted that the Commission has set the loss reduction trajectory as per the recommendations of the Abraham Committee Report on RAPDRP w.e.f. FY 2009-10 and the loss matrix is as per the Abraham Committee report. APDCL submitted the actual loss trajectory of APDCL vis-à-vis the desired loss level as per Abraham Committee report and approved loss by the Commission as detailed in the following table:

Year	Loss level to be achieved over the existing loss level of preceding year as per Abraham Committee Report (%)	Actual Loss level (%)	Approved loss level (%)
2006-07	28.10	29.43	30.71
2007-08	27.43	27.32	25.05
2008-09	25.32	24.32	24.24
2009-10	22.32	26.06	22.60
2010-11	24.06	25.44	21.60
2011-12	23.44	26.59	20.60
2012-13	24.59	25.85	19.60

APDCL submitted that it is clear from the above that APDCL has been able to attain a sustainable reduction in losses. APDCL further submitted that till FY 2008-09, it has been able to achieve loss level even lower than the desired level, as a result of implementation of various capital projects, viz., R-APDRP, etc. However, with the successful implementation of RGGVY, a flagship programme of the Government of

India, manifold increase in BPL consumers at low voltage level with highest losses has skewed the loss matrix w.e.f. FY 2009-10. However, it can be observed that APDCL has been able to arrest the upward trend in distribution losses, and reverse it to a downward trend.

APDCL further mentioned that the High Level Panel on Financial Position of Distribution Utilities headed by Shri V.K. Shunglu, ex-CAG, has recommended levying of a loss surcharge in addition to the basic tariff. Such loss surcharge shall vary from area to area considering the ground realities. APDCL requested the Commission to kindly review the distribution loss trajectory taking into consideration all the factors as mentioned above besides the ground realities as detailed in the Petition.

In response to Assam Branch, Indian Tea Association objection regarding the loss levels for FY 2013-14, APDCL submitted the various measures undertaken by it to achieve the desired loss level.

APDCL, in response to objections raised by NESSIA, All India Manufacturers Organization, and All Assam SSI Association, submitted that APDCL has taken various measures to reduce the T&D loss, and T&D loss has come down to 25% from 37% in the last 10 years. However, due to implementation of RGGVY schemes, the network has increased manifold in the rural areas. As per GOI policy, APDCL has to provide power supply to each and every household even in the remote areas. For this reason, APDCL is finding it difficult to contain the T&D loss to the desired level. APDCL is trying its best to achieve the targets of T&D loss reduction, by implementation of some ongoing projects under R-APDRP and other initiatives. APDCL submitted that it has been able to reduce the distribution loss in the urban area of Assam to below 15%, but because of the huge expansion of rural network, the loss level as a whole is on the higher side.

APDCL, in response to Grahak Suraksha Sanstha's objections, denied that meters are not installed in Government establishments. APDCL is realizing the monthly energy dues from the Government establishments on the basis of metered consumption. Further, monthly bills are raised against all the Government connections as is the case of other consumers. However, to realise payment from Government establishments, a centralized payment mechanism is in place. Further, APDCL submitted that it is exploring the possibilities of installing pre-paid meters in all Government establishments and has taken up with the Government of Assam in this regard.

APDCL, in response to Shri Deven Dutta's objections, submitted that the five electrical circles mainly comprise of the consumers of the domestic category. All such consumers under the BPL category are provided with LT connections and such connections have increased due to the rural electrification scheme of the Central Government, thereby making it difficult to reduce the high distribution loss. APDCL submitted that distribution loss in FY 2013-14 is only 24.92%. APDCL further submitted that distribution loss of 1% translates to Rs. 21.20 Crore.

Comments of the Commission:

The high distribution losses of the distribution licensee has always been a cause of concern to the Commission and accordingly, several directives have been issued from time to time to restrict the distribution losses. These include strengthening of the distribution system, improvement in the HT:LT ratio, elimination of theft of electricity, and improvement in billing efficiency through introduction of prepaid meters in the Government departments/commercial buildings, spot billing, MRI downloads for all HT and non- domestic consumers, etc. However, the Commission notes that APDCL's efforts in this regard have not been up to mark and APDCL will have to make conscious efforts to reduce the distribution losses from the existing levels. For the purpose of truing up for FY 2011-12 and FY 2012-13, the Commission has considered the distribution losses at the same level as approved by the Commission in the respective Tariff Orders and has disallowed the excess power purchase cost incurred by APDCL on account of the actual distribution losses being higher than the approved distribution losses.

For FY 2013-14 also, the Commission has considered the distribution losses approved in the MYT Order dated November 21, 2013, for the purpose of calculating the energy requirement and the power purchase expenses, thereby disallowing the excess power purchase cost incurred by APDCL on account of the actual distribution losses being higher than the approved distribution losses.

For FY 2014-15, the Commission has retained the distribution loss levels at the same level as that approved for FY 2013-14, for the purpose of calculating the energy requirement and the power purchase expenses.

Thus, it is clarified that the cost of the excess distribution losses are not passed on to the consumers, and have to be borne by APDCL itself. The amount of power purchase cost disallowed on account of excess distribution losses for FY 2011-12, FY 2012-13, and FY 2013-14 are Rs. 236 crore, Rs. 191 crore, and Rs. 262 crore, respectively, which totals to Rs. 689 crore over this three year period alone. This amount of Rs. 689 crore has not been allowed to be recovered through the ARR and tariffs charged to the consumers, even though it has actually been incurred by APDCL, on account of the actual loss levels being higher than the approved loss levels. APDCL has to take strenuous efforts to reduce the distribution losses, in order to ensure that it is able to recover the entire power purchase cost incurred by it.

As regards APDCL's submissions regarding the trajectory of loss reduction as per the recommendations of the Abraham Committee Report, it is clarified that the Abraham Committee, in its Task Force Report has recommended certain loss reduction targets for Aggregate Technical & Commercial (AT&C) losses, whereas the Commission is determining ARR and tariffs on the basis of distribution loss trajectory. It is further clarified that the Abraham Committee has recommended a reducing trend of AT&C losses and has not recommended an increasing trend, as is being portrayed by APDCL. The Commission cautions APDCL against making such incorrect representations, which has the effect of misleading the stakeholders. For reference, the targets for reduction in AT&C losses, recommended by the Abraham Committee, are reproduced below:

i) Utilities having AT&C losses above 40%: Reduction by 4% per year;
ii) Utilities having AT&C losses between 30 & 40%: Reduction by 3% per year;
iii) Utilities having AT&C losses between 20 & 30%: Reduction by 2% per year;
iv) Utilities having AT&C losses below 20%: Reduction by 1% per year.

As can be seen from the above, the target stipulated by the Commission for reduction of distribution losses is in line with the loss reduction trajectory recommended by the Abraham Committee. However, APDCL has failed to achieve the distribution loss targets by a significant margin.

It is further clarified that APDCL is responsible only for maintaining the distribution loss on its system, whereas Transmission & Distribution (T&D) loss includes transmission loss also, over which APDCL has no control, as the transmission system in the State is owned and operated by AEGCL.

As regards metering and billing of Government offices on metered basis, it is clarified that presently, the supply to Government offices is metered, and the bills are being raised on the basis of the meter reading. However, each individual office within the Government office block or each residence within the Government housing complex is not individually metered, and the bulk metering practice is being followed. It may be noted that the Government of India has issued the Electricity (Removal of Difficulties)(Eight) Order, 2005, dated June 9, 2005, and has ordered that "*A distribution licensee shall give supply of electricity at residential purposes on an application by a person at a single point for making electricity available to his employees residing in the same premises on such terms and conditions as may be specified by the State Commission*." Thus, there are certain circumstances, under which single point supply is allowed as per the Electricity Act, 2003.

Further, the Commission has given several directives to APDCL regarding installation of pre-paid meters for such individual connections, so that each Government office is aware of its consumption and takes efforts to reduce wasteful consumption, and at the same time, the cash flow position of APDCL is improved, as the arrears of the Government departments are quite high. The State Government has, vide its letter dated August 16, 2014 to APDCL, stated that a decision has already been taken that the new scheme for metering of departmental offices and billing of respective departments will be implemented from April 1, 2015, and has directed APDCL to submit the department-wise estimated requirement of electricity to Power and Finance Departments by the first week of February, 2015, after installation of the meters. The State Government also directed APDCL to submit the monetary demand based on the meter readings and prevailing or anticipated tariff for the next financial year (2015-16 in this case). The State Government further directed APDCL to make a survey of all Government offices/establishments with regard to availability of meters and to put all meters in place by January 31, 2015 at APDCL's cost. The State Government also suggested that APDCL may like to explore the possibility of installing pre-paid meters in some of the Government offices. Hence, the State Government requested APDCL to make an action plan for achieving these objectives and to place the action plan for the perusal of the Board of APDCL, at the scheduled Board Meeting on August 29, 2014.

In view of the above, and in order to facilitate the installation of pre-paid meters or static post-paid meters at Government offices as well as other LT category consumers desirous of having pre-paid meters or static post-paid meters installed at their premises, in areas not covered under the R-APDRP schemes, the Commission has considered additional capitalisation equivalent to Rs. 20 crore, in FY 2014-15. APDCL is directed to immediately procure these meters and install them at all Government establishments as well as at the premises of any LT category consumers, who are desirous of having pre-paid or static post-paid meters installed at their premises.

The Commission directs APDCL to conduct a study of the circle-wise distribution losses and collection efficiency, separately, and submit the report on the same along with the next ARR and Tariff Petition.

Issue No. 6: Power Purchase

Objections:

Assam Branch, Indian Tea Association submitted that they are in agreement with the Commission's approach of approving power purchase cost on the revised energy requirement based on approved distribution loss, and as such the additional power purchase cost due to higher losses should be considered as controllable and should be disallowed. ABITA estimated the power purchase cost for FY 2011-12 and FY 2012-13 and requested the Commission to disallow the same.

All India Manufacturers Organization submitted that the cost of power purchase is very uncertain and unreliable. APDCL should undertake collaborative arrangements to keep purchase costs under control.

All India SSI Association submitted that:

(1) APDCL has provided details of sources of power purchase with quantity and price, however, the actual energy requirement of existing consumers as per connected load has not been submitted.
(2) APDCL has calculated the power requirement by adding the category-wise sales and the distribution losses. However, due to load shedding and non-availability of power, actual sale of power is lower. Hence, the projected requirement of power does not depict the true picture, and actual power requirement can only be

judged by total connected load of the consumers and average units of electricity consumed by various categories defined by the Commission.

(3) As per the True-up Petition, power requirement approved by the Commission for FY 2011-12 was higher than the actual requirement, which leads to the inference that there was no shortage of power, and there should not have been any load shedding. However, many parts of Assam remained without power and faced frequent load shedding.

Response of APDCL:

APDCL submitted that Power purchase cost is an uncontrollable expense. APDCL referred to its submissions made under distribution loss and stated that it is clear that the actual distribution loss is resultant of various exterior factors beyond the control of APDCL. APDCL requested to allow the recovery of total power purchase cost at achieved loss level as per clause 8.2.1 (1) of the Tariff Policy, which states that:

> *"All power purchase costs need to be considered legitimate unless it is established that the merit order principle has been violated or power has been purchased at unreasonable rates……."*

APDCL, in response to objections raised by All India Manufactures Organization, submitted that APDCL has to depend on short-term power purchase due to the unprecedented situation and it is finding it very difficult to control the power purchase cost.

APDCL, in response to the objections of All Assam SSI Association, submitted that

(1) The projected power requirement approved by the Commission for FY 2014-15 is 6609 MU. Power requirement is not solely dependent on the connected load of all the consumers, since, all the loads are not connected to the grid at the same time. Based on the average demand at specific block of time, power requirement is estimated and submitted along with the Petition.

(2) Power requirement is calculated based on historical trends and cumulative average growth rate of various parameters like connected load, number of consumers, sales mix, economic growth of the country, etc., and the power requirement is not solely dependent on the connected load. Further, in order to estimate the power requirement, other parameters are also to be considered.

(3) APDCL projected the power requirement of 5991 MU for FY 2011-12 in the MYT Petition 2010-13. The Commission approved energy requirement of 5668 MU leaving a gap of 323 MU. Whereas, as per the true up petition filed by APDCL for FY 2011-12, actual energy demand made available by APDCL is 5814.69 MU.

Comments of the Commission:

It is clarified that Clause 8.2.1 of the Tariff Policy notified by the Ministry of Power, Government of India also stipulates as under:

> *"Actual level of retail sales should be grossed up by normative level of T&D losses as indicated in MYT trajectory for allowing power purchase cost subject to justifiable power purchase mix variation..."*

There are also several Judgments of the Hon'ble Appellate Tribunal for Electricity, which clearly rule that the cost of additional power purchase on account of excess distribution losses has to be disallowed, and the consumers cannot be asked to bear the burden of the excess distribution losses.

Accordingly, as mentioned earlier, for the purpose of truing up for FY 2011-12 and FY 2012-13, the Commission has considered the distribution losses at the same level as approved by the Commission in the respective Tariff Orders and has disallowed the excess power purchase cost incurred by APDCL on account of the actual distribution losses being higher than the approved distribution losses.

For FY 2013-14 also, the Commission has considered the distribution losses approved in the MYT Order dated November 21, 2013, for the purpose of calculating the energy requirement and the power purchase expenses, thereby disallowing the excess power purchase cost incurred by APDCL on account of the actual distribution losses being higher than the approved distribution losses.

For FY 2014-15, the Commission has considered the past trends in category-wise sales and actual category-wise sales in FY 2013-14 as the base figures, , and accordingly revised the sales projections for FY 2014-15. Further, the Commission has retained the distribution loss levels at the same level as that approved for FY 2013-14, for the purpose of calculating the energy requirement and the power purchase expenses.

Thus, it is clarified that the cost of the excess distribution losses are not passed on to the consumers, and have to be borne by APDCL itself. The amount of power purchase cost disallowed on account of excess distribution losses for FY 2011-12, FY 2012-13, and FY 2013-14 are Rs. 236 crore, Rs. 191 crore, and Rs. 262 crore, respectively, which totals to Rs. 689 crore over this three year period alone. This amount of Rs. 689 crore has not been allowed to be recovered through the ARR and tariffs charged to the consumers, even though it has actually been incurred by APDCL, on account of the actual loss levels being higher than the approved loss levels. APDCL has to take strenuous efforts to reduce the distribution losses, in order to ensure that it is able to recover the entire power purchase cost incurred by it.

Issue No. 7: FPPPA

Objections:

All India Manufacturers Organization submitted that the Commission has already put in place the FPPPA formula. They submitted that when the variation in the main fuel cost component is already neutralized, the variation in costs on other heads, direct or indirect, should be minimal. Under-recovery of FPPPA of Rs. 168.41 Crore and the under-recovery for tariff charges for Rs. 90.49 Crore are retrospective in nature. Hence, they should not be taken into consideration while framing the true and fair projections of annual revenue requirement of APDCL.

Cement Manufacturing Company Ltd. submitted that FPPPA should be recovered from those consumers who are actually consuming the power supplied by APDCL procured from the generators. It is unfair that FPPPA should be recovered when power is being consumed from IEX through open access and not consuming power supplied by APDCL. There is no rationale behind burdening the open access consumer with the variation in fuel cost of the generators, when the open access consumers are not consuming power supplied by the generators. In view of the provisions of the EA 2003, Tariff Policy and the Judgment of the ATE, the Commission may discontinue the practice of recovering FPPPA from open access consumers.

Assam Branch, Indian Tea Association submitted that the under-recovery of FPPPA in FY 2013-14, if any, should be adjusted at the time of true-up of FY 2013-14, and should not be allowed at this stage.

North Eastern Small Scale Industries Association, during the hearing, submitted that the oil/gas companies functioning in the State may be persuaded to subsidize the fuel cost as a part of their Corporate Social Responsibility (CSR) activity.

Response of APDCL:

APDCL submitted that the FPPPA Regulations have restricted recovery of FPPPA upto the maximum ceiling of 25% of variable charge, i.e., Rs.1.03 per unit in the previous MYT regime. However, actual FPPPA has exceeded the ceiling, due to manifold increase in input cost due to the following factors:

- Revision of tariff for CPSU generators/CTU
- Manifold increase in fuel price consequent to policy revision by Government of India (Natural Gas: 178%, Coal: upto 123%)
- Procurement of costlier power as substitute for power purchase approved from generating stations anticipated to be operationalized.

Thus, there is still under recovery on account of power purchase cost. Considering the above, the Commission is requested to approve such under under-recovered amount.

APDCL submitted that prior to implementation of the Tariff Order for FY 2013-14, FPPPA of Rs 1.03 per unit was charged. In the Tariff Order for FY 2013-14, the FPPPA charge was merged with the energy charge and thus, there was no real change in the cost per unit of power to the consumer. The revised tariff for FY 2013-14 was made effective only from 1st December 2013. As such, APDCL was unable to recover the uncontrollable cost such as cost of fuel, cost on account of inflation and variation in power purchase unit cost, etc., for the period from July 2013 to December 2013. As per AERC Tariff Regulations, 2006, *"The Commission allows the recovery or refund as the case may be, of additional charge for adjustment of tariff on account of change in fuel related costs of generation and purchase of electricity within the period of notified tariff order of the Commission."* Further, the Commission also allows the FPPPA to be recovered in the form of incremental energy charge (Rs/kWh) in proportion to energy consumption and the charge shall not exceed 25% of the variable component of tariff, which is defined as total estimated revenue from the energy charge in a year in the last Tariff Order divided by the total estimated sales of the year. As the limit of 25% was reached and there was delay in the Tariff Order, so the incremental cost against fuel and power purchase remains unrecovered.

Comments of the Commission:

The Commission has noted the objection. The Commission has allowed the different heads of expenditure in accordance with the AERC Tariff Regulations, 2006 and after due prudence check.

For FY 2013-14, the Commission has undertaken a review of the expenses and revenue of APDCL. However, the actual revenue gap/(surplus) shall be assessed only after truing up for FY 2013-14, based on prudence check of the audited expenses and revenue. Hence, the Commission has not allowed the amounts sought by APDCL against under-recovery of FPPPA and under-recovery of revenue due to delayed implementation of revised tariff, in this Tariff Order.

As regards the issue of recovery of FPPPA from the open access consumers, the Commission clarifies that FPPPA is recovered only on the quantum of energy supplied by APDCL, and hence, no FPPPA is recovered from the open access consumers on the energy sourced from other sources.

As regards ABITA's suggestion that the under-recovery of FPPPA in FY 2013-14, if any, should be adjusted at the time of true-up of FY 2013-14, the Commission agrees with the same, and clarifies that the under-recovery of FPPPA, if any, shall be addressed at the time of truing up for FY 2013-14, on the basis of prudence check of the audited expenses and revenue.

As regards NESSIA's suggestion, it is clarified that the same is outside the jurisdiction of the Commission, and the objector may approach the oil/gas companies directly, in case it desires to obtain such subsidy support from these companies.

Issue No. 8: Operation and Maintenance (O&M) Expenses

Objections:

Assam Branch, Indian Tea Association submitted that R&M expenses and A&G expenses, being controllable expenses, should be allowed at the approved level only and not on the basis of actuals, in accordance with the methodology adopted by the Commission in previous true-up for FY 2007-08, FY 2008-09, FY 2009-10 and FY 2010-11, and the principles of the MYT framework. ABITA further submitted that allowing increased expenses or deviations on controllable parameters with respect to the values that have been approved by the Commission in its previous Orders will defeat the very purpose of introduction of MYT framework in the State and also the ultimate objective of providing increased transparency and visibility to consumers in the State.

All India Manufacturers Organization submitted that O&M expense is proposed to be increased without any technical mechanism and requires in-depth scrutiny. As regards employee cost, there is no justification for mechanical increase after the Sixth Pay Commission liabilities have been met. They further submitted that manpower costs can be minimized by introducing IT and computers.

Response of APDCL:

APDCL submitted that the three components of O&M expenses, viz., Employee Cost, Repair & Maintenance expenses, and Administrative & General expenses are mostly linked with the inflationary pressure as well as to the addition of assets, which require enhanced expenditure on maintenance for smooth functioning. The increase of employee cost is directly linked with the inflationary pressure, which is reflected in periodical enhancement of Dearness Allowance (DA) to the employees as well as increase of new recruits to meet the requirement of maintaining the assets and other activities. Employee cost also includes the unavoidable terminal benefit contribution as stipulated vide Govt. of Assam Notification No. PEL. 190/2004/69 dated 4th February, 2005. APDCL submitted that the Commission in its Tariff Order for MYT period FY 2010-13 has considered annual increment of 8%, 10% and 6% respectively for employee, R&M and A&G expenses on the approved amount of FY 2010-11 for FY 2011-12 and same principle is followed for FY 2012-13 over the approved amount of FY 2011-12. APDCL highlighted the CPI based Dearness

Allowance rate notified by Govt. of India has shown a significant rise during the period and submitted the year-wise effective rate of DA. APDCL submitted that being a public sector utility, APDCL is bound to provide DA to its employees, besides such increase has a cascading effect on other parameters of employee cost, viz., increment, contribution for terminal benefit, HRA, etc., and by their nature, all such expenses are uncontrollable. APDCL also submitted that it has been vested with the old assets of erstwhile ASEB by virtue of the Transfer Scheme. APDCL submitted the year on year increase in Wholesale Price Index (WPI) and Consumer Price Index (CPI). Further, APDCL also stated that as mentioned in the Shunglu Committee Report, APDCL is also not an exception of inadequate cost coverage at the time of tariff fixation.

APDCL submitted actual the O&M cost of APDCL against the amount approved for different years and submitted that mere inflation based R&M expenses are not sufficient to recover the actual restricted expenditure on the age old assets. Further, CERC has allowed norm based O&M expenses in its MYT Regulations. APDCL requested the Commission to approve its claim.

APDCL, in response to the objections of All India Manufacturers Organization, submitted that O&M expenses are directly related with the assets and therefore, it has to be proportionately increased over the years. The estimation of employee expenses has been done transparently as per the practice adopted.

Comments of the Commission:

The Commission has noted the objections and APDCL's reply. The O&M expenses for FY 2011-12 and FY 2012-13 have been approved after truing up based on due prudence check of the audited expenses, as elaborated in Chapter 4 of this Order. The review of the O&M expenses in FY 2013-14 has been elaborated in Chapter 5 of this Order, and the O&M expenses approved for FY 2014-15 have been elaborated in Chapter 6 of this Order.

Issue No. 9 : Depreciation

Objections:

Assam Branch, Indian Tea Association submitted that it appreciates the Commission's approach of allowing depreciation as provided in the provisional true-up for FY 2011-12. ABITA submitted that since the depreciation amount as per audited accounts include the depreciation on assets created out of grants, the same should not be considered in the ARR. ABITA requested the Commission to allow depreciation of Rs. 12.3 Cr for FY 2011-12 as against the amount of Rs. 55.49 Cr claimed by APDCL. For FY 2012-13, ABITA submitted that the opening value of grants for FY 2012-13 is not available in the Petition and requested the Commission to consider the actual values for the same.

In response to the reply of APDCL on the above, ABITA submitted during the hearing that at the time of planning and implementation of various schemes, an amount was committed in the form of grant by the Government of Assam and the treatment of capital structuring and financing of the respective schemes were made in continuation to the same. Any change in the nature of fund given by the GoA post implementation is neither justified nor in the interest of the consumers of the State. Therefore, ABITA requested the Commission to disallow any such proposal by APDCL.

All India Manufacturers Organization submitted that depreciation is shown as gradually increasing whereas it should gradually decrease as per normal business practice. They also submitted that even if depreciation is claimed on new capital expenditure, the depreciation cannot increase over the years.

Response of APDCL:

APDCL submitted that grants provided by the Government of Assam to ASEB and its successor entities towards creation of capital assets have been notified as promoters' contribution by Govt. of Assam vide No. PEL.133/2003/Pt./463 dated 3rd March, 2009. APDCL has been treating the same as Capital Reserve as per Accounting Standard 12. On the basis of this, APDCL requested the Commission to consider the claim of APDCL against depreciation, without netting off the amount of grant towards cost of capital assets.

APDCL, in response to the objections of All India Manufacturers Organization, submitted that O&M expenditure is directly related to the assets and therefore, it has to be increased over the years proportionately. Accordingly, depreciation will increase with addition of huge network.

Comments of the Commission:

The depreciation has been allowed as per the AERC Tariff Regulations, 2006. Depreciation has been allowed only on the assets capitalized, and depreciation has not been allowed on assets created through grants, subsidies, etc. It is clarified that depreciation may reduce over the years only if there is no addition of assets, however, with the addition of assets on a regular basis, the depreciation amount will generally increase over the years.

Issue No. 10 : Return on Equity

Objections:

Assam Branch, Indian Tea Association referred to the Commission's approach of penalizing the Utility by partially disallowing the ROE for negligence in achieving operational performance while giving appropriate incentive for meeting the trajectory, in the true-up for FY 2007-08, FY 2008-09 and FY 2009-10. ABITA submitted that APDCL's performance is extremely poor on several grounds such as availability and reliability of supply, consumer service, etc., hence, RoE of 14% as claimed by APDCL should not be allowed, instead RoE should be directly linked to the performance parameters like losses, reliability, etc., in order to encourage the utility to become efficient. ABITA prayed to allow RoE @ 7% for FY 2011-12 and FY 2012-13 as against the 14% approved in the MYT Order on account of non-achievement of the distribution loss target approved by the Commission. For FY 2013-14 also, ABITA submitted that APDCL has not been able to meet the approved distribution loss target. ABITA also pointed out that the justification provided by APDCL for non-achievement of distribition loss level is unsatisfactory and should not be accepted and requested to disallow RoE to APDCL from the 3rd Control Period onwards, i.e., from FY 2013-14 onwards as against the 14% approved in the MYT Order.

ABITA further submitted during the hearing that in response to ABITA's suggestion to disallow return on equity due to non-performance in reduction of losses, APDCL had submitted that it has been able to maintain a sustainable reduction in distribution losses even with restricted R&M costs. Also, APDCL had submitted that the trading function of erstwhile ASEB was vested with APDCL and portion of equity was transferred to APDCL, which has been considered for return on equity computation. During the hearing, ABITA submitted that the claim of ‘sustainable reduction in distribution losses' is not evident in the actual distribution loss number of past years. In fact, the losses have remained more or less constant. Further, the claim of APDCL with regard to transfer of equity of trading function, ABITA submitted that the Commission should direct the petitioner to provide the details of asset against the equity amount of Rs 88.04 Crore. Since the trading function requires no major asset of the value indicated by APDCL, the transfer has been more of a notional book entry.

Response of APDCL:

APDCL referred to its submission under distribution losses and submitted that APDCL has been able to maintain a sustainable reduction in distribution losses even with the restricted R&M costs. Hence, ROE should be approved @ 14% on the equity. APDCL submitted that it has shown signs of recovery in the recent years by improving its operational performance and speedy implementation of different schemes. From 1st April, 2009 onwards, the trading function of erstwhile ASEB was vested with APDCL. As such a portion of equity amounting to Rs.88.04 Crore was transferred to APDCL vide the Transfer Scheme. The same has been reflected as "Share application money pending allotment" in the audited accounts (Note No. 2.03). Such amount forms a part of equity and hence, is considered for claiming returns. APDCL requested the Commission to consider its claim.

Comments of the Commission:

The Commission has allowed the Return on Equity as per the AERC Tariff Regulations, 2006, without any additional reduction in RoE on account of non-achievement of the targeted distribution losses, since, as stated earlier, the cost of the excess distribution losses are not passed on to the consumers, and have to be borne by APDCL itself. As stated earlier, the amount of power purchase cost disallowed on account of excess distribution losses for FY 2011-12, FY 2012-13, and FY 2013-14 are Rs. 236 crore, Rs. 191 crore, and Rs. 262 crore, respectively, which totals to Rs. 689 crore over this three year period alone. This amount of Rs. 689 crore has not been allowed to be recovered through the ARR and tariffs charged to the consumers, even though it has actually been incurred by APDCL, on account of the actual loss levels being higher than the approved loss levels. APDCL has to take strenuous efforts to reduce the distribution losses to the levels approved by the Commission, in order to ensure that it is able to recover the entire power purchase cost incurred by it. Further, the Commission has not considered the amount under "share application money pending allotment" as equity for the purpose of allowing RoE, as this amount has not been recognised as equity in the books of APDCL, and no equity shares have been issued towards this amount.

Issue No. 11 : Interest on Finance Charges

Objections:

All India Manufacturers Organization submitted that in the current regime, automatic and mechanical increase every year is not justified and needs to be properly adjusted. Moreover, APDCL should have commercial transactions with banks and keep such costs low and under control.

Response of APDCL:

APDCL, in response to the objections of All India Manufacturers Organization, submitted that the estimation of interest and finance charges has been done transparently as per the practice adopted.

Comments of the Commission:

The Commission has computed the interest and finance charges for FY 2014-15, in accordance with the AERC Tariff Regulations, 2006, as elaborated in Chapter 6 of this Order.

Issue No. 12: Interest on Working Capital

Objections:

Assam Branch, Indian Tea Association submitted that rate of interest on working capital should be computed at the PLR rate of SBI as on 1st April of the financial year. ABITA further submitted that though APDCL has claimed interest on security deposits of the consumers available with them, the amount of consumer security deposit available with APDCL has not been adjusted in the working capital requirement resulting in the over projection of working capital requirement and higher interest cost.

All India Manufacturers Organization submitted that Interest on Working Capital for FY 2013-14 has been considered without deduction of consumer security deposit, which was already considered in the approved amount.

All Assam Small Scale Industries Association submitted during the Hearing that the rate of interest on working capital is high at 14.45% for APDCL and APDCL should try to utilise its security deposit amount as the interest on such security deposit money is lower than the interest on working capital from banks.

Response of APDCL:

APDCL submitted that Interest on working capital has been calculated in line with the approval given by the Commission till FY 2009-10.

APDCL in response to the objections of All India Manufacturers Organization submitted that the estimation of interest on working capital has been done transparently as per the practice adopted.

Comments of the Commission:

The Commission has computed the working capital requirement and interest and thereon for FY 2013-14 and FY 2014-15, in accordance with the AERC Tariff Regulations, after deducting the amount of Consumer Security Deposit, as elaborated in Chapter 5 and Chapter 6, respectively, of this Order.

Issue No. 13: Revenue with approved tariff

Objections:

Assam Branch, Indian Tea Association submitted that as per the Tariff Order for FY 2012-13, APDCL had furnished the revenue from tariff at Rs. 2199.89 Cr including FPPPA during FY 2011-12, vide its letter dated December 7, 2012. However, in the true-up Petition, APDCL has submitted revenue from approved tariff as Rs. 1811.81 Crore and Rs. 200.84 Crore as FPPPA recovery, totalling to Rs. 2012.65 Crore. ABITA submitted that this anomaly should be clarified and actual revenue should be considered for the true-up for FY 2011-12.

Response of APDCL:

APDCL submitted that the actual revenue as per Audited Annual Statement of Accounts is detailed below:

Particulars	Amount (Rs Crore)
Revenue with approved Tariff	1811.81
Recovery of FPPPA	200.84
Sub-total:	**2012.65**

APDCL submitted that the same may be considered for truing up for FY 2011-12.

Comments of the Commission:

The actual revenue earned by APDCL from tariff in FY 2011-12, as per the Audited Annual Statement of Accounts is Rs. 2012.65 Crore. The Commission has considered the actual revenue of Rs. 2012.65 Crore as elaborated in Chapter 4 of this Order, while truing up for FY 2011-12.

Issue No. 14: Interest on Security Deposit

Objections:

All India Manufacturers Organization submitted that payment or adjustment of due amount is never informed at the field levels. Sometimes, old receipts are insisted upon before any interest refund, and adjustments are shown in the monthly bills without showing interest amount due, period and means of adjustment and without mentioning the income tax deduction from such interest. The Commission is requested to formulate a simple and transparent mechanism for payment or adjustment of due interest.

Grahak Suraksha Sanstha submitted that APDCL does not adjust the interest payable to consumers on security deposit.

Shri Deven Dutta submitted that as per the Commission's directive the interest on consumer security deposit is to be paid or adjusted in the bill of the consumer. He further sought the details as how much amount has been returned or adjusted up to March 31, 2013 to the domestic, commercial, industrial and tea category of consumers. In response to the reply of APDCL, Shri Dutta submitted during the hearing that though the Commission had directed APDCL to adjust the interest on security deposit in FY 2005-06 itself, APDCL has not shown seriousness in doing the same. He further questioned APDCL as to why the software for paying interest on security deposit for the LT consumers took so long to be developed, when 80% of the consumers of APDCL belong to the LT consumer categories. He further enquired as to whether APDCL would refund the arrears against these interest amounts from the bills raised for the current year.

All Assam Small Scale Industries Association submitted during the Hearing that interest on security deposit is yet to be paid to many consumers and requested the Commission to incorporate a separate head in the electricity bills for refund of the same.

Response of APDCL:

APDCL is paying interest on security deposit to all HT consumers. In the event of any consumer not receiving the payable amount, the concerned consumer may intimate APDCL and the matter will be taken due care of. However, due to various constraints, the payment of interest on load security to LT consumers is yet to be completed. APDCL further submitted that to ease this problem, software has been developed to calculate the interest and adjustment will be done automatically only after 100% computerisation of the billing process is completed. It is expected that the installation process of the software will be completed by the end of November 2014 in all billing offices of APDCL. APDCL clarified that the arrears of interest payments would be cleared after installation of this software

APDCL submitted the circle wise payment of interest of security deposit made from FY 2008-09 to FY 2013-14.

Comments of the Commission:

APDCL has to ensure that the interest on consumer security deposit is actually paid to the consumers, which should not be difficult, as all the consumers are known to APDCL, with bills being sent to the consumers. The amount of interest on the respective consumer security deposit should get automatically adjusted against the bill amount in the month of April each year, for the amount of consumer security deposit with APDCL in the previous year.

In the ARR, the Commission considers it appropriate to approve the actual interest on consumer security deposit paid by APDCL in FY2011-12 and FY 2012-13 rather than the amount provided for in Audited accounts, since, APDCL has been only provisioning for these expenses in the accounts but the same is not actually paid. For FY 2013-14, the Commission has considered the average of actual interest payment for last two years, for the purpose of review. For FY 2014-15, the Commission has considered the interest on consumer security deposit at the same level as that considered for FY 2013-14.

Issue No. 15: Provision for Bad Debts

Objections:

All India Manufacturers Organization submitted that the provision for bad debts has been made on progressively higher basis without any justification while such provisions should actually be declining progressively. The concerned personnel should be held accountable for bad debts. They submitted that drastic control and scrutiny of revenue expenditure is required to keep expenses at a minimum.

All Assam SSI Association submitted that bad and doubtful debts for the last three years have shown an increasing trend, which ultimately reflects on the inefficiency and mismanagement of APDCL.

Response of APDCL:

APDCL submitted that as per AERC Tariff Regulations, 2006, the Commission allows a provision of 1% of total revenue of every financial year to be set aside and transferred to a reserve called Reserve for Bad and Doubtful Debts. The licensee can utilize this reserve when actual bad debts occur. The Commission will not allow write off over and above the amount of provisioning under Bad and Doubtful Debt Reserve, subject to a ceiling of 3% of last three years' average revenue. As total revenue requirement of APDCL increases every financial year, the reserve for bad and doubtful debts also increases proportionately.

Comments of the Commission:

A small amount of bad debts may be inevitable in the electricity distribution business where a number of consumers are involved and are spread over a vast area. However, this does not mean that the Utility should assume that the entire revenue billed will not be recovered, and accept certain proportion of bad debts. Also, once a provision for bad debts is created, any write-off of bad debts, in accordance with clearly prescribed policies and guidelines, should be set off against this provision, rather than creating an ever-increasing provision for bad debts. For FY 2011-12 and FY 2012-13, the Commission has not considered the claim of APDCL for provision for bad debts, which is as per Audited Annual Accounts, as the same was not originally approved. Further, the Commission has not considered the bad debts written off, as the same have to be written off against the provision created for the purpose.

Issue No. 16: Recovery of past dues from consumers

Objections:

All India Manufacturers Organization submitted that recovery of long pending energy charges is an important aspect, which can address the infusion of funds and reduce expenditure such as interest on working capital and interest on carrying cost of funding. Further, unwanted secured or unsecured loans can also be reduced. Therefore, it is necessary to take effective steps for time-bound recovery of all legitimate long pending debts from debtors including various government agencies, corporate, NGOs and PSUs.

Shri Jayanta Deka and others submitted that a number of bills amounting to several crores of rupees are outstanding and strong measures need to be taken to realize these amounts. He submitted that the illegal connections should be checked and measures for imposition of fines and disconnections should be taken, which would cover up the deficit to some extent and would give relief to low-income consumers.

Shri J.N. Khataniar and Consumers' Legal Protection Forum submitted that in the Tariff Order for the Control Period from FY 2013-14 to FY 2015-16, the Commission had issued a directive to APDCL on recovery of past dues. A copy of the required report indicating circle-wise pending past dues of the consumers till March 2013 and initiatives taken for recovery of such past dues, which has already been submitted to the Commission, may be furnished for scrutiny and opinion during the Hearing. Based on the information submitted by APDCL, Shri J.N. Khataniar submitted during the hearing that APDCL has reported arrears of over Rs 675.12 Crore as on December 2013. He observed that the financial health of the Company could be easily comprehended, since APDCL is showing a revenue gap of around Rs 800 Crore and it has outstanding dues worth Rs 675.12 Crore. Consumers' Legal Protection Forum added that if the said circle-wise arrears are collected by APDCL, then there will be no need for tariff increase.

Shri. Deven Dutta submitted during the Hearing that tariff revision should not be allowed till such time, APDCL recovers the arrears of Rs. 815 crore upto July 2014 from all consumers including government institutions/establishments.

Response of APDCL:

APDCL, in response to the objections, submitted a statement on September 24, 2014, showing the circle-wise pending past dues as on August 2014 as submitted before the Commission.

APDCL, in response to the objections of All India Manufacturers Organization, submitted that It has taken proper steps in this matter.

As regards Shri. Deven Dutta's submission regarding arrears of Government institutions/establishments, APDCL clarified that the total arrears as on August 2014 are Rs. 733.89 crore, which includes arrears of Government institutions/ establishments of Rs. 146.50 crore, and Rs. 88 crore related to Permanently Disconnected consumers and arrears related to Court Cases, etc.

APDCL also clarified that collection of the arrears will not reduce the revenue gap and hence, the tariff increase required, as these amounts have already been considered as revenue in the respective years, under the accrual system of accounting for revenue, once the same is billed.

Comments of the Commission:

The Commission has noted the objection and APDCL's reply in this regard. APDCL should ensure that all the past dues are collected using a systematic approach, from all consumers, irrespective of whether they are Government departments or individual consumers. The recovery of past dues will help to improve the cash flow of APDCL. However, the revenue gap of previous years or ensuing years will not reduce, since the revenue for the previous periods has been considered on accrual basis, and is not dependent on the actual amounts collected by APDCL. Thus, it is clarified that the recovery of outstanding arrears, will not enable to reduce the revenue gap, and will not obviate the need for the tariff increase, as these unrealised amounts have already been considered as revenue in the ARR of the respective years, and the revenue gap/(surplus) has been computed after already accounting for such amounts as revenue, since, the total amount billed is considered as revenue by the Commission, irrespective of whether it is actually collected or not.

Based on data submitted by APDCL, it is seen that the total outstanding arrears from consumers as on August 2014 is Rs. 733.90 crore. Out of this, the arrears of the State Government are Rs. 146.50 crore, while arrears related to court cases and Permanently Disconnected (PD) consumers are Rs. 87.92 crore, and other regular arrears are Rs. 499.48 crore. The total outstanding of Rs. 733.90 crore is equivalent to 101 days of receivable, if the actual revenue from sale of electricity of Rs. 2642.16 crore in FY 2013-14 is considered. Given the nature of the electricity distribution business, i.e., the difference in timing between the consumption of electricity, the date of billing, and the date of receipt of the payment, the Distribution Licensee is expected to have outstanding arrears of around 60 days of average billing. Hence, the same has been allowed in the AERC Tariff Regulations, 2006, for calculating the working capital requirement. Against the normative level of 60 days of receivables, APDCL's receivables are higher, at 101 days of receivable. Even if the arrears related to court cases and Permanently Disconnected (PD) consumers are not considered, the balance outstanding receivables amounts to 89 days of receivable, which is still 1.5 times the allowable period of 60 days of receivable. As the collection of these outstanding arrears shall improve the cash flows of APDCL significantly, the Commission directs APDCL to take all efforts to minimise the outstanding arrears of all categories of consumers.

Issue No. 17: Cost of Funding

Objections:

All India Manufacturers Organization submitted that APDCL has projected an imaginary figure of the cost of funding the revenue gap of previous years at the rate equivalent to SBI PLR. In its Petition, APDCL has submitted the actual amount of interest paid and rate of interest accounted for. They submitted that it is also very important to specifically mention the details of period for which the provisions for carrying cost for funding of revenue deficits have been accounted for.

Assam Branch, Indian Tea Association submitted that the major reason for delay in issuance of the Orders is on account of delay in filing of the Petition by APDCL, which should not be passed on to consumers, therefore, no carrying cost should be allowed to APDCL.

Response of APDCL:

APDCL, in response to the objections of All India Manufacturers Organization, submitted that the claim made is as per prevailing practice.

Comments of the Commission:

It is clarified that the Commission has not allowed any carrying cost due to delayed implementation of the revised tariff, which is on account of the delay in filing the Petition and in submitting the replies to the queries raised by the Commission. The Commission has only allowed carrying cost on the amount of Rs. 291 crore that was deferred for recovery in the MYT Order dated November 21, 2013, as elaborated in Chapter 6 of this Order.

Issue No. 18: Revenue Gap/(Surplus) for FY 2013-14 and FY 2014-15

Objections:

Assam Branch, Indian Tea Association submitted during the Hearing that APDCL has not submitted any change in the various components of ARR with respect to MYT approved figures. They referred to the claim made by APDCL on account of under recovery of FPPPA and under-recovery due to non-revision of tariff for 6 months and submitted that since the gap of FY 2013-14 on account of revision in uncontrollable parameters have been considered separately in the review, the additional claim by APDCL on this account is leading to double counting of the revenue gap for FY 2013-14. They submitted that there is revenue surplus for FY 2014-15, and requested the Commission to disallow the proposed exorbitant tariff hike proposed by APDCL, which does not have any basis and continue with the existing tariff.

Comments of the Commission:

As regards the revenue gap claimed by APDCL due to under-recovery of FPPPA and under-recovery of revenue on account of delayed implementation of revised tariff in FY 2013-14, the Commission has not allowed the same at this stage, as only a review of the performance in FY 2013-14 has been carried out in this Order, and the net revenue gap/(surplus) for FY 2013-14 will be known only after final truing up for FY 2013-14, based on prudence check of the audited expenses and revenue of APDCL.

The Commission has examined the assumptions and proposal made by the Utility, and allowed only the prudent expenditure. The revenue gap/surplus for FY 2014-15 has been determined as elaborated in Chapter 6 of this Order.

Issue No. 19: Financial Support from the Government

Objections:

North Eastern Small Scale Industries Association submitted that APDCL and the Commission should insist upon Government of Assam for providing additional funding as grant to bail out APDCL in addition of existing grant of Rs. 150 Crore from Government of Assam.

Shri J.N. Khataniar and Consumers' Legal Protection Forum submitted that various State Governments are providing subsidies to enhance the performance of utilities. The Forum enquired as to the amount of subsidies being prayed for and approved by the State Government during the last five financial years.

Response of APDCL:

APDCL in response to objection of NESSIA submitted that the GoA may take appropriate steps on the proposal.

APDCL in response to the objections of Shri J.N. Khataniar and Consumer Legal Protection Forum submitted the details of subsidy provided by the State Government during the last five years.

Comments of the Commission:

As regards continuance or enhancement of the targeted subsidy or overall revenue subsidy, the same is the prerogative of the State Government, and the Commission has not received any communication from the State Government regarding the continuation or reduction or enhancement of the targeted subsidy for FY 2014-15. The Commission has considered the subsidy committed/released by the State Government for FY 2013-14 and FY 2014-15, against FPPPA claims and against targeted subsidy, while reviewing the net revenue requirement for FY 2013-14 and determining the ARR and revenue gap for FY 2014-15.

Issue No. 20: Fixed and Energy Charges

Objections:

All India Manufacturers Organization submitted that the proposed fixed charges are not justified. When the tariff on energy consumption is more than the fixed charges, fixed charges should not be levied; it should be merged with energy charges as was followed earlier. Similarly, when the unit consumption charges are less than the fixed charges, only then fixed charges should be levied. Therefore, the same concept should be followed and principle of Fixed Charge or Tariff Charge, whichever is higher should be followed. Further, as per Time of Day (TOD) tariff, consumers are charged at different rates for the energy consumed during the day. In spite of constant load shedding, fixed charges are collected whether power is supplied or not. Hence, it is necessary to consider the actual load shedding and accordingly, fixed charges should be calculated. Moreover, as FPPPA formula is in place and is periodically revised, there is no reason for steep increase, which would discourage investors and negatively impact existing industries, spirit of entrepreneurship and employment. Additionally, in view of prolonged load shedding as well as low voltage, industrial consumers are forced to install and run captive gensets, which add to high power consumption, and costs of production. Such erratic supply also damages the electronic equipment and machinery, adding to operational costs.

All India Manufacturers Organization also submitted that food processing sector operates solely during harvest season, without production activities being closed during off season. Accordingly, the food processing units can operate at optimal capacity for only six months. Due to heavy burden of fixed electricity charges, investment is found wanting. Therefore, the Commission is requested to address the issue in the interest of farmers and agro processors of the State. Moreover, a separate category for agro based processing units may be formed to grant relief from fixed charges during off peak season of at least five months.

Grahak Suraksha Sanstha submitted that fixed charge is an indirect method of increasing tariff, so that actual hike in per unit consumption of electricity does not appear too high. Since introduction of fixed charges in 1998, there has been 100% to 300% hike in fixed charges. The Commission is requested to disapprove the said proposal.

North Eastern Small Scale Industries Association submitted that for a domestic consumer of 5 kW connection, proposed hike in fixed charges to Rs. 50 /kW/month means fixed charges of Rs. 250 per month. Apart from this, actual power consumed is proposed to be billed at Rs. 7.25 per kWh against existing tariff of Rs. 6.15 per kWh. It submitted that fixed charge should be realised on actual hours of power supply by APDCL in a day or month. The proposed increase in fixed charges would adversely affect the functioning of small industries. On energy charges, proposed hike is on the higher side. Majority of industries set up in the State belong to small scale sector covering connected load upto the range of 50 kVA. The activities of these industries are in general limited between 8 am to 5 pm. Therefore, these industries utilize power for 8 hours a day and do not use electricity for the remaining hours of the day on account of the nature of their operations. On considering peak load hour restriction, holiday, weekly rest, etc., small scale industries utilize power for 8 hours a day for hardly 22 days a month. However, industries are paying fixed charges on actual connected load without utilizing the power. Hence, fixed charges should be levied only on actual days of power supply to the industries. Majority of small scale industries in the State vehemently oppose the proposed hike in fixed charges and energy charges. Therefore, the Commission is requested to reduce the existing fixed charges along with tariff.

All Assam SSI Association submitted that the proposed increase in fixed charge by around 62%, is unethical, irresponsible and inappropriate. Consumers below 20 kW are regularly paying bills inspite of erratic and low voltage electricity supply. During working hours from 8 am to 5 pm, power is hardly available for 5 hours. This has resulted in production loss, resulting in higher cost of production and gradually, units have been subjected to permanent closure.

Response of APDCL:

APDCL submitted that the fixed charge component is primarily charged for the operation and maintenance of the electrical infrastructure used for providing service to the consumers and is charged on the basis of connected load on monthly basis, whereas, the energy charge component is levied for the recovery of power purchase cost (including transmission costs). The energy charge is levied on the consumer on the actual consumption per kilo watt hour. APDCL further submitted that the O&M cost of electricity has been increasing manifold due to price rise of all the parameters, which determine the cost of supply in distribution sector. While determining the fixed charge component, the related parameters like hours of use, days of use in a month and consumers' load factor are given due consideration leading to different rate of fixed charge for each category of consumer. Therefore, the proposed hike in fixed charge is inevitable to meet the cost of supply to provide quality service to APDCL's consumers. APDCL also clarified that the current FPPPA charge is Rs. 0.36/unit.

APDCL, in response to the objections of All India Manufacturers Organization, submitted that it welcomes the positive suggestions in the interest of the farmers and agro based processors of the State. The primary objective of the retail tariff petition submitted by APDCL is to design the tariff structure in a way such that it enables APDCL to recover its Annual Revenue Requirement for the survival of the company and to provide quality service to the consumers and at the same time reduce the cross-subsidy. APDCL further submitted that rebate on demand charge has already been incorporated in the tariff for off-season.

APDCL, in response to the objections of All Assam SSI Association, submitted that it is an admitted fact that prices of all commodities have shown a rising trend. The cost of all input parameters of the distribution business has also increased manifold in the recent years. Unless the total cost of supply of APDCL is allowed to be recovered, the ultimate effect will be on APDCL's consumers. APDCL will be able to serve its consumers in the best way provided its financial position is improved and the

Commission allows the full cost as proposed. Co-operation from all sides is solicited for better service to the people of Assam.

Comments of the Commission:

The Commission has considered the objections/suggestions of the objectors and APDCL's views, while determining the tariff including fixed charges and energy charges. It may be noted that fixed charges are intended to recover a part of the fixed costs of the Utility, while the energy charges are intended to recover the variable costs (power purchase including transmission charges) as well as the balance part of the fixed costs. It should be noted that the fixed costs are incurred by APDCL, irrespective of whether energy is consumed or not by the consumers, and is the cost incurred by APDCL for keeping the electricity distribution system in readiness for supplying electricity to the consumers. It may also be noted that around 40% of APDCL's total ARR comprises of fixed costs, such as fixed/capacity charges of power purchase, O&M expenses, depreciation, interest, RoE, etc., whereas recovery from fixed charges contributes only 12% of the total revenue from tariff earned by APDCL. In effect, the balance fixed costs are being recovered from the energy charges, and APDCL has to supply electricity to the consumers to the maximum extent possible, in order to recover its fixed as well as variable costs. Once, APDCL improves upon the hours of supply as well as the quality of supply, it may propose increase in fixed charges.

Issue No. 21: Determination of Contract Demand

Objections:

Assam Branch, Indian Tea Association submitted that the Commission, in its earlier Order, has fixed the lower limit of the Contract Demand as 65% of the Connected Load, and such a limitation in respect of HT consumers is not prevalent in any of the power Utilities. They submitted that in the case of tea industry, requirement may vary depending upon the size of the tea garden and the installations. They submitted that the maximum demand actually required by tea gardens is between 30% to 50% of total connected load and not 65%. ABITA further submitted that the billable demand should be linked to the sanctioned/contract demand as declared by the consumer based on his understanding of power requirement/loading and not on the connected load, as connected load comprises of several electrical load/installations, which are not used simultaneously.

Response of APDCL:

No response.

Comments of the Commission:

This issue is presently sub-judice before higher Courts and hence, the Commission is not revisiting the present arrangement at this juncture.

Issue No. 22: Pro-rata adjustment of Fixed Charges based on availability of supply

Objections:

Assam Branch, Indian Tea Association submitted that APDCL has started allowing relief to certain consumers in accordance with the formula for pro-rating of fixed charges and highlighted certain issues. ABITA requested the Commission to:

(i) allow prorating of fixed charges directly on the basis of duration for which power is made available by the Utility.

(ii) any deviation from the prescribed voltage limits in the Standards of Performance Regulations should be treated as non-availability for the purpose of prorating of demand charges for industrial consumers.

(iii) direct the Utility not to apply any fixed charges for Tea and Coffee establishment category unless the hours of supply are substantiated by meter downloaded data provided to consumers.

(iv) direct APDCL to set up a special camp for Tea and Coffee establishments for on-the-spot resolution of anomalies that have been observed in several bills over the past year/months.

ABITA submitted that tea estates in the State are facing more than 10 to 15 interruptions of various durations in power being supplied by the APDCL and requested that the number of such interruptions should also be taken into account by considering each interruption as an additional loss of 30 minutes while calculating the supply availability for the purpose of calculation of demand charges.

Response of APDCL:

No response.

Comments of the Commission:

As regards ABITA's suggestion to allow pro-rata payment of fixed charges based on duration for which APDCL supplies power, Regulation 7.5 of the AERC (Electricity Supply Code and Related Matters) Regulations, 2004 (First Amendment) 2007, specifies that in case the distribution licensee is unable to supply power to a consumer for a period of 240 hours or more in a calendar month, the distribution licensee shall charge the applicable fixed charges to the consumer on a pro-rata basis for the hours power was available. Hence, the criteria that power supply should not be available for 240 hours or more in a calendar month has to be fulfilled in order to obtain relief in fixed charges, and hence, ABITA's request cannot be accepted.

As regards ABITA's suggestion that any deviation from the voltage limits prescribed in the Standards of Performance Regulations should be treated as non-availability for the purpose of prorating of demand charges for industrial consumers, the Commission clarifies that the consequences of non-adherence to the prescribed voltage limits have to be in accordance with the Standards of Performance Regulations and cannot be linked to prorating of demand charges for industrial consumers.

As regards ABITA's suggestion that APDCL should be directed not to apply any fixed charges for Tea and Coffee establishments unless the hours of supply are substantiated by metering data provided to consumers, the Commission finds merit in the suggestion, as this is a basic requirement. Hence, APDCL is directed to share the metering data with the consumers in order to substantiate the levy of fixed charges to industrial category consumers.

As regards ABITA's suggestion regarding setting up of special camps for resolution of billing anomalies, this is a matter to be resolved between the consumers and APDCL. Further, it will be appreciated that for individual grievances regarding billing disputes, etc., the consumers should seek relief under the appropriate grievance redressal mechanism established under the Act.

Issue No. 23 : Voltage-wise cost of supply

Objections:

Assam Branch, Indian Tea Association submitted that the Commission in its MYT Order for FY 2013-16 has issued directives regarding voltage-wise cost of supply and compulsory MRI downloads for all HT and large domestic consumers. However, APDCL has not submitted any progress report in both the matters and has not submitted any compliance to the directives. ABITA requested the Commission to impose appropriate penalty for non-adherence of the directives and consider implementation of voltage-wise cost of supply on appropriate assumptions.

Response of APDCL:

No response.

Comments of the Commission:

The Commission expresses its displeasure towards APDCL's approach in responding to this objection. For the purpose of this Order, the Commission has continued with the approach of determining tariffs on the basis of average cost of supply, in the absence of sufficient data regarding voltage-wise cost of supply.

Issue No. 24: Utilization of Factory load for Irrigation purpose during off season

Objections:

Assam Branch, Indian Tea Association submitted that tea factories are being forced to obtain permanent additional load for irrigation purposes, and even without any utilization of the same for remaining eight months, have to pay demand charges for the entire year, which is unjustified. ABITA requested the Commission to allow utilization of factory load for irrigation purpose during the off-season. ABITA requested the Commission to direct APDCL not to include standby or spare energy apparatus, which is installed through changeover switch/electrical interlocking arrangement while determining the connected load.

Response of APDCL:

No response.

Comments of the Commission:

The issue of tea factories being forced to obtain permanent additional load for irrigation purposes will be taken up separately by the Commission, after due consultation with APDCL and tea industry. As regards ABITA's suggestion that standby or spare energy apparatus, which is installed through changeover switch/electrical interlocking arrangement, should not be included while determining the connected load, the Commission is in agreement with the suggestion, as such standby/spare apparatus cannot be used simultaneously, without operating the changeover switch.

Issue No. 25: Cross-Subsidy

Objections:

Assam Branch, Indian Tea Association submitted that the domestic and other LT consumers continue to remain highly subsidized and in absence of any direct subsidy from the State Government to the economically weaker sections, the industrial and other HT consumers are required to bear the burden of cross-subsidy. ABITA requested the Commission to approve a time frame for removal of cross subsidy in the MYT Control Period. ABITA further requested the Commission to not allow the tariff increase proposed by APDCL and consider its own judgement while determining the tariff for various consumer categories for FY 2014-15, as the tariff proposed by APDCL, if approved, would be a divergence from the provisions of the Tariff Policy.

Response of APDCL:

No response.

Comments of the Commission:

The Commission has determined the category-wise tariffs in accordance with the provisions of the Electricity Act, 2003, such that the cross-subsidies are gradually reduced, while at the same time, the approved ARR of APDCL is recovered, and the tariffs for most categories is within $\pm$20% of the average cost of supply as stipulated in the Tariff Policy. The tariff philosophy adopted by the Commission and the approved category-wise tariffs for FY 2014-15 are elaborated in Chapter 7 of this Order.

Issue No. 26: Cross-Subsidy Surcharge

Objections:

Cement Manufacturing Company Ltd. submitted that the Commission, vide its Order dated November 21, 2013, determined the cross-subsidy surcharge payable as Rs. 1.63/unit per kWh, primarily on account of merger of the FPPPA. The cross subsidy surcharge with the merged FPPPA is being levied on Indian Energy Exchange (IEX) power being procured by the company. In addition to the above, for the contract demand with APDCL, tariff including FPPPA is being levied. Levy of FPPPA along with CSS will defeat one of the primary purposes of EA 2003 by making open access burdensome and unviable. By opting for open access, power from APDCL is not being used to the extent of open access. Therefore, APDCL does not need to procure the said power at all. If the power is not being procured, there is no question of paying the fuel cost adjustment to the generators by APDCL. The Commission is requested to revise the methodology of computation of cross subsidy surcharge by discontinuing the practice of merging the FPPPA with CSS and recovering the same from open access consumers.

Response of APDCL:

APDCL submitted that FPPPA charge is being levied only on the drawal from APDCL and not on the quantum purchased through open access.

Comments of the Commission:

As regards the issue of recovery of FPPPA from the open access consumers, the Commission clarifies that FPPPA is recovered only on the quantum of energy supplied by APDCL, and hence, no FPPPA is recovered from the open access consumers on the energy sourced from other sources. It is clarified that the cross-subsidy surcharge is computed on the basis of the tariff approved for the consumer categories eligible for open access, and since, the FPPPA is merged with the energy charges at the time of tariff determination, which resulted in the energy charges being increased and thereby, increase in the cross-subsidy surcharge. However, this does not mean that FPPPA is being levied on the quantum of energy sourced under open access.

Issue No. 27: Quality of Service

Objections:

All India Manufacturers Organization submitted that the distribution network is so feeble that a brief thundershower or storm in any part of the State causes the distribution network to fail and it takes hours and sometimes days to get electricity supply restored.

Grahak Suraksha Sanstha submitted that for a fair and equitable load shedding plan for the period for which APDCL is facing shortage, it should adequately advertise the plan before implementing the same. APDCL should provide at least 24 hours notice to the consumers likely to be affected before carrying out its planned maintenance activities. Further, as per Section 61 (d) of the EA 2003, it is the responsibility of distribution companies to safeguard the interest of consumers and at the same time recover the cost of electricity in a reasonable manner. To safeguard the interest of consumers, quality, quantity and extended service is to be provided, at which APDCL has failed miserably. APDCL has failed to perform its duty to supply and distribute electricity in an efficient and economic manner due to inefficiency. Based on the replies submitted by APDCL, Grahak Suraksha Sanstha submitted that it agrees that due to uncertainty in availability of power from different sources, planned load shedding is difficult.

Shri Jayanta Deka and others submitted that the quality of service rendered by APDCL to the consumer is abysmally low. Instead of providing efficient service to the consumer, APDCL is spending more time and energy in enhancement of tariff. The Commission is requested to issue directives to APDCL to provide better quality of service to the consumer.

North Eastern Small Scale Industries Association submitted that power sector reforms have been undertaken by the Government of India to provide quality power to the consumers at an affordable price and not only to make change in tariff within the financial year. During the previous tariff revision, APDCL had claimed that steps have been taken to streamline and improve the services to the consumers. However, prolonged unscheduled load shedding, frequent power interruption and poor quality of power is common. As APDCL had taken up various projects with funding from Assam Bikash Yojna, RGGVY, RAPDRP, etc., to improve its sub-transmission and distribution system, it was expected that the quality of supply would improve considerably.

All India SSI Association submitted that as per the true-up Petition for FY 2011-12, power requirement approved by the Commission was higher than the actual requirement, with the inference that there was no shortage of power and therefore, there should not have been any load shedding. However, this was not the case. Further, the Association enquired whether approved power purchase quantum for the year is for providing uninterrupted power supply at approved voltage to all existing consumers.

Response of APDCL:

APDCL submitted that after restructuring, it has been trying its best to provide quality service to the people of Assam and the situation has improved considerably. However, due to various constraints, the desired level of quality is yet to be achieved. APDCL is hopeful that with implementation of all the projects at hand and with improvement of the financial position, it will be able to achieve its goal in the near future.

APDCL submitted that it appreciated the concern of Grahak Suraksha Sanstha and it will be taken care of. APDCL submitted that in case of normal shortage of power, information on the proposed load shedding is communicated to the consumers through notifications in local dailies. Similar notices are also published at least 24 hours in advance during maintenance shutdown and planned load shedding. However, due to uncertainty in the availability in the grid during last few months it has become difficult to make a scheduled load shedding plan. Though, the availability has changed on day to day and even hour to hour basis, the situation has improved considerably at present. APDCL clarified that though the power situation was erratic, APDCL has tried its best to provide adequate power supply to tea and other industrial consumers during off peak hours. APDCL submitted that it has taken measures to create consumer awareness through print and electronic media like TV, newspapers, radio, etc. Further, Information is also incorporated on the back side of the monthly bill to assist the consumers in redressal of their grievances.

APDCL in response to objections submitted by NESSIA submitted that in recent times, it has to impose load shedding due to shortfall of power in its network. Though the Central Sector Generating Station (CSGS) power is sufficient to meet the power demand of the State along with the own generating units of APGCL, the actual generation from the CSGS is hardly 60% of the allocation during last few months. This has resulted in shortfall of around 200 MW during off-peak and 400 MW during peak hours. APDCL has tried its best to make up the shortfall by purchasing power through Exchange or bilateral trading. The power scenario is likely to improve after the commissioning of BTPP, Salakati and 2nd unit of OTPC, Palatana.

Comments of the Commission:

The Commission has noted the objections in this regard, and has issued a directive to APDCL to improve the quality of service and submit periodical reports with all backup data. The Commission will monitor the action taken by the Utility.

Issue No. 28: Billing

Objections:

North Eastern Small Scale Industries Association (NESSIA) submitted that supply voltage to the consumer is to be mentioned in the monthly bill.

Response of APDCL:

APDCL submitted that at present consumers are categorized based on their connected load at both LT and HT levels. A consumer can easily determine his supply voltage from the connected load. APDCL further submitted that the suggestion to mention supply voltage in the monthly bill will be looked into.

Comments of the Commission:

The Commission has noted the objection and APDCL's reply. The Commission directs APDCL to mention the prescribed voltage of electricity supply to the respective consumer in the electricity bill, rather than expecting the consumer to determine the supply voltage based on the connected load.

Issue No. 29: Power Theft

Objections:

Grahak Suraksha Sanstha submitted that rampant power theft is committed by unscrupulous persons, thereby causing harm to genuine consumers. APDCL and related bodies have not taken any constructive steps to check the menace of power theft. They further submitted that APDCL should improve its efficiency to bring down the T&D loss to the permissible limit. A new law was proposed in the State to check power theft. However, there seems to be no progress in this regard.

Shri Deven Dutta enquired regarding the number of theft cases detected in FY 2013-14, cases registered, and collection by APDCL against the fines/penalties imposed in theft cases. Shri Dutta further observed that the setting up of special police stations has not proved to be very effective. Also, the efforts of APDCL to control theft have not been effective.

Response of APDCL:

APDCL submitted that to arrest theft of power, the vigilance wing has been strengthened and APDCL has managed to curb theft of power to some extent. However, without co-operation from all fronts, total eradication of theft of power is not possible. As regards the new law to check power theft, the proposed law is under consideration by the GoA.

APDCL submitted that total 10807 number of theft cases were detected and 610 cases have been registered in the police station and the total amount collected against the fines/penalties imposed is around Rs. 6.40 Crore.

Comments of the Commission:

The Commission has noted the objection and APDCL's reply. APDCL should intensify the process of arresting power theft, so that the distribution losses can be reduced to the levels approved by the Commission, and APDCL is able to recover the power purchase expenses incurred by it.

Issue No. 30: Billing of Government Connections

Objections:

Shri Jayanta Deka and others submitted that in most government offices and government residential quarters, electricity is heavily misused by government officials. If this is stopped, power may be preserved and would come to the benefit of all. They submitted that an effective campaign should be launched among the consumers, especially State and Central government employees for prevention of misuse of power during office hours.

Shri J.N. Khataniar and Consumer Legal Protection Forum submitted that the Commission had directed APDCL to take appropriate initiatives for installation of prepaid meters. The Forum requested for details from APDCL in a certain format. During the hearing, Shri J.N Khataniar and Consumer Legal Protection Forum submitted that APDCL has not given due importance to the Commission's directive regarding installation of prepaid meters. Though substantial power is consumed by the State Government offices/buildings, these consumers are not paying as per metered consumption. Therefore, they requested the Commission to take appropriate steps so that revenue from Government departments is collected only as per meter reading, as in case of other consumers.

Further, with reference to news in the edition dated August 8, 2014 of Amar Asom that Rs. 108 Crore is yet to be paid by different government departments, the Forum enquired under which provision of EA 2003, is the disconnection of supply to the government departments not being executed due to non-payment of energy bills. They requested detailed department-wise break up of payable amount of Rs. 108 Crore to be provided along with copy of the energy bills already raised with penalty as mentioned by the Hon’ble Power Minister.

Shri Khataniar submitted during the hearing that all defaulting consumers, including Government consumers, are liable for disconnection on non–payment of dues. However, essential services such as water supply, hospitals, etc., are given special consideration. He enquired as to the reasons for APDCL not disconnecting the Government defaulters. He requested the Commission to intervene into this matter and help APDCL in taking necessary steps. He further submitted that the

Commission must ensure that its directives are complied with or else the Companies must be penalized as per provisions in the Electricity Act and Regulations.

Shri Deven Dutta sought the details about the monthly payment requirement from the State Government and the amount of payment being made. He also sought the information on the outstanding dues of the State Government to APDCL. Shri Dutta, during the hearing, objected to the separate method resorted to by APDCL for collecting dues from State Government establishments. He submitted that due to such an arrangement, there is unrestricted misuse of electricity in the different Government establishments even though there is acute shortfall in power availability and the common consumers are suffering on account of such wastage of power.

All Assam Small Scale Industries Association during the hearing submitted that there should be a separate consumer category for the Government departments/offices so that there can be clarity on the amount of electricity sold, consumed and paid for.

Response of APDCL:

APDCL submitted that to arrest misuse of power in Government offices, installation of pre-paid meters has been proposed. Further, for awareness of the public in general to use power rationally, request has been made through advertisements in newspapers, electricity bills, and TV channels, etc. A DSM cell has been created for implementation of various energy efficient measures. APDCL submitted that it welcomes the positive suggestions from the respondent and request for full co-operation in the interest of better service to the people of Assam.

APDCL, in response to the objection of NESSIA, submitted that as on April, 2014 the govt. outstanding is Rs. 108 crore and the government has committed to clear the outstanding shortly. On payment of the same there may not be any outstanding as the GOA has increased the monthly consolidated payment from existing Rs. 8 Crore to Rs. 12 Crore w.e.f. April 2014. After the hearing, APDCL informed that against outstanding dues of Rs 108 Crore from the State Government, Rs 30 Crore has already been released and the remaining Rs 78 Crore will be released by the end of October 2014.

APDCL in response to objections submitted by Shri J.N. Khataniar and Consumer Legal Protection Forum submitted that APDCL is exploring the possibilities of installing pre-paid meters in all Government establishments and has taken up the matter with the Govt. of Assam. The target date is 01.04.2015. The information as sought will be available only after 01.04.2015. Further, in reply to the news article, APDCL submitted that there is no such provision under the Electricity Act 2003 and every defaulting consumer including government departments are liable for disconnection. However, essential services such as water supply, hospitals, or services pertaining to law and order such as police, military, etc., are given special consideration. APDCL also submitted the department wise detailed break up of Rs 108 crore, however, it clarified that copy of the bills raised could not be made available as the records of the bills are in the billing units and the volume is huge. In response to the submissions made by Shri Khataniar during the hearing, APDCL submitted that all Government Offices are billed as per metered consumption and are paying dues by a mechanism of centralised payment. Regarding installation of prepaid meters, it was submitted that it is a policy decision requiring huge expenditure and therefore, the delay. It was further informed that the State government is paying the monthly dues regularly. After completion of the financial year, the payment is reconciled with the demand for each individual Government consumer and the balance amount if any, is claimed from the Government.

APDCL, in reply to the objection of Shri Deven Dutta, submitted that the monthly requirement from the State Government against the electricity consumption is around Rs. 13 Crore. From April 2014, the State Government is making a payment of Rs. 12 Crore per month. The outstanding dues upto March 31, 2014 is Rs. 108 Crore. Replying to the response of Shri Dutta during the hearing, APDCL submitted that all Government consumers are metered. It was submitted that single point metering and billing is helping APDCL in reducing its cost of meter reading, billing and collection. If individual meters are installed, the cost of billing and LT line loss will be added, which will be detrimental to APDCL as well as the consumers.

Comments of the Commission:

The Commission's comments on the status of compliance of old and fresh Directives are discussed in Chapter 8 of this Order. The Commission has noted APDCL's reply in this regard. The Commission in its Order dated November 21, 2013 directed APDCL to take appropriate initiatives along with the State Government for installation of prepaid meters in the Government Departments as well as autonomous bodies in order to achieve timely settlement of power dues from Government departments to the distribution licensee. APDCL in compliance of directives has submitted that it has proposed to install pre paid metering system in government offices having connected load below 20 kW in first place and an estimate amounting to Rs. 10 Crore for the purpose has already been submitted to GoA.

As regards metering and billing of Government offices on metered basis, it is clarified that presently, the supply to Government offices is metered, and the bills are being raised on the basis of the meter reading. However, each individual office within the Government office block or each residence within the Government housing complex is not individually metered, and the bulk metering practice is being followed. It may be noted that the Government of India has issued the Electricity (Removal of Difficulties)(Eight) Order, 2005, dated June 9, 2005, and has ordered that "*A distribution licensee shall give supply of electricity at residential purposes on an application by a person at a single point for making electricity available to his employees residing in the same premises on such terms and conditions as may be specified by the State Commission*." Thus, there are certain circumstances, under which single point supply is allowed as per the Electricity Act, 2003.

Further, the Commission has given several directives to APDCL regarding installation of pre-paid meters for such individual connections, so that each Government office is aware of its consumption and takes efforts to reduce wasteful consumption, and at the same time, the cash flow position of APDCL is improved, as the arrears of the Government departments are quite high. The State Government has, vide its letter dated August 16, 2014 to APDCL, stated that a decision has already been taken that the new scheme for metering of departmental offices and billing of respective departments will be implemented from April 1, 2015, and has directed APDCL to submit the department-wise estimated requirement of electricity to Power and Finance Departments by the first week of February, 2015, after installation of the meters. The State Government also directed APDCL to submit the monetary demand based on the meter readings and prevailing or anticipated tariff for the next financial year (2015-16 in this case). The State Government further directed APDCL to make a survey of all Government offices/establishments with regard to availability of meters and to put all meters in place by January 31, 2015 at APDCL's cost. The State Government also suggested that APDCL may like to explore the possibility of pre-paid meters in case of some of the Government offices. Hence, the State Government requested APDCL to make an action plan for achieving these objectives and to place this action plan for the perusal of the Board of APDCL, at the scheduled Board Meeting on August 29, 2014.

In view of the above, and in order to facilitate the installation of pre-paid meters or static post-paid meters at Government offices as well as other LT category consumers desirous of having pre-paid meters or static post-paid meters installed at their premises, in areas not covered under the R-APDRP schemes, the Commission has considered additional capitalisation equivalent to Rs. 20 crore, in FY 2014-15, and APDCL should immediately procure these meters and install them at all Government establishments as well as the premises of any LT category consumers, who are desirous of having pre-paid or static post-paid meters installed at their premises.

APDCL should also vigorously pursue with the State Government for releasing all outstanding amounts, as this will help to improve the cash flows of APDCL significantly.

Issue No. 31: Franchisee

Objections:

All Assam SSI Association submitted that APDCL has appointed franchisees in many rural parts of Assam and is collecting money from the franchisee on BST norms. The Franchisee is entitled to 15% of the 90% of the principal arrear amount accumulated during APDCL's operations and Rs. 275 per new 'above poverty line' consumer added to the network. The Association enquired as to whether such arrangement can be done by APDCL without prior approval from the Commission.

Shri Deven Dutta submitted that the connected load and consumption for Jeevan Dhara category of consumer is 0.5 kW/connection and 1 unit/day. However, the consumption as submitted by the APDCL for such consumers is 13.78% more than the normative consumption. He further submitted that in rural areas although the consumption of Jeevan Dhara consumers have increased, the revenue recovery has been showing a decreasing trend. In order to overcome this situation, APDCL has appointed franchisee for regular collection of revenue. He sought details on existing franchisees appointed by APDCL and the amount of revenue deposited by them, amount of revenue not deposited by the franchisee who has left the business. He also enquired about how APDCL shall recover such unpaid revenue.

Response of APDCL:

APDCL submitted that being a State Government organization, it is implementing franchisee schemes in rural areas in accordance with the policy of the Ministry of Power, Government of India. As per guidelines of Rural Electrification Corporation Ltd., the main objectives of the franchisee schemes are:

a) To manage consumer base and increased electricity consumption in rural areas.
b) Improvement in consumer service and quality of supply in rural areas.
c) Improvement in metering, billing and collection efficiency in the rural areas.

The franchisees under the area of operation identify prospective consumers for new connections and preliminary works like survey are done by the franchisees. In order to meet the cost incurred by the franchisee, an amount of Rs.275 is paid to the franchisee out of the labour cost component collected from the consumer against new service connection.

In response to Shri Deven Dutta's objections, APDCL submitted that at present there are total 1032 number of franchisees and the total dues against revenue collection from the franchisee is approximately Rs. 26 Crore. The franchisee, who has been terminated, has pending revenue of Rs.12.63 Crore, and legal action has been initiated by APDCL against the non-payment of revenue by the franchisee.

Comments of the Commission:

The Commission's comments on the status of compliance of old and fresh Directives is detailed in Chapter 8 of this Order. The Commission, in its MYT Order dated November 21, 2013, had issued a directive to APDCL to inform the Commission on each occasion when it appoints a Franchisee, and the terms of such appointment as well as process of such appointment shall be submitted to the Commission. Further all details of such schemes, including number of feeders, number of agencies, revenue and collection before and after handing over to Franchisee, rate at which power is sold to Franchisee, etc., shall be submitted every six months for each such Franchisee scheme.

Issue No. 32: Sales and Consumers

Objections:

Shri Deven Dutta sought the details such as number of connections released, the demand and actual revenue collected from the consumers under BPL category.

Shri Deven Dutta sought the details of actual energy sales and revenue collected against the estimated sales of 4713 MU during FY 2013-14.

During the hearing, Shri Dutta submitted that many of the Jeevan Dhara connections have been given to ineligible consumers, and this should be stopped. He further submitted during the hearing that the information on revenue collection seems to be incorrect. According to the information submitted in July 2014, against billed amount of Rs 76.56 Crore, collection is only Rs 4.88 Crore. Shri Dutta further submitted that according to the information submitted In Annexure 2, in 2013-14, against sales of 6162 MU, only 4542 MU were billed. Thus, only 74% has been billed and 26% or 1620 MU is loss. Similarly, against billed amount of Rs 2740 Crore in FY 2013-14, collection is Rs 2654 Crore, which also includes a portion of arrear collection.

Response of APDCL:

APDCL submitted that more than 12 Lakh BPL category consumers have been given connection under BPL category. The billed revenue and collection for FY 2013-14 is Rs. 167.50 Crore and 137.05 Crore, respectively.

APDCL submitted that the actual sales is 4763 MU during FY 2013-14 and revenue collected is Rs. 2654 Crore against the billed revenue of Rs. 2739.40 Crore.

In response to the submission made by Shri Dutta during the hearing, APDCL submitted that APDCL is a Government undertaking and therefore, it has to abide by Government orders and policies. Selection of BPL beneficiary is not under the purview of APDCL. However, a consumer in Jeevan Dhara category is automatically shifted to Domestic A category, if his consumption exceeds 30 units in a month, and is subsequently billed as per tariff of that category.

It was clarified that the collection of Jeevan Dhara category in July, 2014 was Rs. 11.27 crore against a demand of Rs. 14.07 crore and not Rs. 4.88 Crore against demand of Rs. 76.56 Crore.

It was further clarified that 6162 MU is the units injected in FY 2013-14 and not the MU sold as pointed out by the respondent. 4542 MU was against normal energy bill and 221 MU was against assessment, totalling to 4763 MU.

Comments of the Commission:

As observed in Chapter 5 of this Order on review of FY 2013-14, the actual sales reported by APDCL for the Jeevan Dhara category at 496 MU, amounts to average monthly consumption of around 44 MU by the Jeevan Dhara consumers, which is illogical, ,as the Jeevan Dhara category consumers can consume a maximum of only 30 units per month, and in case they consume more than 30 units per month, this consumption as well as the consumers are required to be transferred to Domestic A category. Hence, the Commission has capped the consumption of the Jeevan Dhara category to 30 units per month, and has considered the balance actual consumption under Domestic A category. APDCL may undertake an audit of the consumption being recorded by the Jeevan Dhara category of consumers, and move all the consumers, whose consumption exceeds 30 units per month, to the Domestic A category, and also inform the State Government accordingly.

Issue No. 33: Metering

Objections:

Shri Deven Dutta submitted that in 2008, with funds from ADB, some electromechanical meters were replaced with digital meters and it was proposed to replace all old meters with digital meters. He enquired about the status of this project and details such as number of consumers still functioning with old meters or without meters, and revenue loss on this account.

During the hearing, Shri Dutta questioned as to why the task of replacing old meters by digital meters could not be completed so far. He submitted that as per information available with him, against 30,21,978 total consumers, 3,65,095 meters are not working, i.e., more than 10%. 2,50,432 connections are temporarily disconnected and

69,750 consumers (not included in the total consumers) are permanently disconnected. The outstanding against such consumers at the end of July, 2014 is Rs 81.48 Crore. He objected to the honest consumers being burdened with such losses. He further submitted that many such permanently/temporarily disconnected consumers with/without the knowledge of company officials take unauthorized connections and the Company has failed to collect any revenue from consumers either through the legal route or arrear collection process.

Since, the franchisees collect money against each connection, the amount which could not be collected by APDCL from the franchisee against sale of power has to be borne by the consumers. As per information for the month of July, 2014, there are 1218 unmetered domestic consumers and 90 commercial consumers. Moreover, 2137 unmetered domestic consumers and 366 commercial consumers have been permanently disconnected. The arrear against these domestic and commercial consumers are Rs 5.84 Crore and Rs 54 lakh, respectively. Out of total arrears of Rs 815 Crore as on 31.07.2014, Rs 108 Crore is arrears of the State Government. He requested the Commission not to load such outstanding dues into the tariff.

Response of APDCL:

APDCL submitted that the task of installation of electronic meters is on and no consumer is given connection without the meter. The loss due to non-installation/non-replacement of electro-mechanical meter cannot be ascertained.

APDCL also clarified that collection of the arrears will not reduce the revenue gap and hence, the tariff increase required, as these amounts have already been considered as revenue in the respective years, under the accrual system of accounting for revenue, once the same is billed.

Comments of the Commission:

The Commission has noted the objection and APDCL's reply in this regard. The APDCL, in compliance of directives, has submitted the action plan to expedite the recovery of outstanding arrears. APDCL should ensure that all the past dues are collected using a systematic approach, from all consumers, irrespective of whether they are Government departments or individual consumers. The recovery of past dues will help to improve the cash flow of APDCL, however, the revenue gap of previous years or ensuing years will not reduce, since the revenue for the previous periods has been considered on accrual basis, and is not dependent on the actual amounts collected by APDCL. Thus, it is clarified that the recovery of outstanding arrears, will not enable to reduce the revenue gap, and will not obviate the need for the tariff increase, as these uncollected amounts have already been considered as revenue in the ARR of the respective years, and the revenue gap/(surplus) have been computed after already accounting for such amounts as revenue, since, the total amount billed is considered as revenue by the Commission, irrespective of whether it is actually collected or not. However, the collection of these arrear amounts shall certainly improve the cash flow of APDCL significantly, and APDCL should take all efforts to minimise the outstanding arrears of different consumer categories.

Issue No. 34: Performance of the Utility

Objections:

All Assam Small Scale Industries Association, in their submissions during the Hearing requested the Commission to keep vigilance on the performance of the power utilities and make sure that they become efficient and productive and the consumers are supplied continuous, good quality power. They further submitted that it is evident from the Auditor's reports that there is revenue leakage, irregularities in the company and these aspects need to be looked into.

Comments of the Commission:

The Commission is regularly monitoring the compliance of the directives by the Utilities.

Issue No. 35: Excess usage of electricity

Objections:

Grahak Suraksha Sanstha submitted that under the Rajiv Gandhi Gramin Vidyutikaran Yojana, now renamed as Deendayal Upadhyay National Rural Electrification Scheme, power is supplied at nominal rates for restricted use. However, in reality, terms and conditions of use of power by this group of consumers is being violated, thereby causing financial loss to APDCL and harm to honest consumers. APDCL does not appear to have taken any corrective steps to check this illegal activity. APDCL should be instructed to keep vigilance on these consumers.

Response of APDCL:

APDCL is conducting load survey of the consumers to ascertain the actual connected load. The number of rural consumers has increased manifold over the last couple of years. APDCL is finding it difficult to check the entire rural consumer load due to lack of infrastructure and remoteness of the places.

Comments of the Commission:

Noted. APDCL should ensure that there is no misuse of electricity, and that the consumers are billed as per the tariffs applicable for the appropriate consumer category.

4. Truing up for FY 2011-12 and FY 2012-13

4.1 METHODOLOGY FOR TRUING UP

The Commission approves the cost parameters through approval of the Annual Revenue Requirement keeping in view the data available at that point of time. The cost approvals for each of the items are based on projection of expenses and revenue and hence, the projections may vary over the course of the year.

The actual cost/values for certain elements/parameters may vary as against the approved cost during the year due to various controllable and uncontrollable reasons on the part of the Distribution Licensee. The Distribution Licensee may end up with higher or lower expenditure and higher or lower revenue, as the case may be, at the end of the year as against the approved cost and revenue. In case of actual expenditure and/or revenue being higher or lower than that of the approved expenditure and revenue, there is no mechanism during the year to pass through the variation in expenditure and/or revenue vis-a-vis the approved expenditure and revenue. As per Regulation 5.1 of the AERC (Terms and Conditions for determination of Tariff) Regulations, 2006, the tariff or part of any tariff cannot be amended more than once in a financial year, the extract of which is reproduced below:

> *"5.1 No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified in terms of subsection (4) of section 62 of the Act specified in Regulation 9 of these Regulations"*

In the case of a Generating Company or Distribution Licensee, the Regulation 9 of AERC Tariff Regulations provides for recovery or refund, as the case may be, of additional charge for adjustment of tariff on account of fuel and power purchase other than the cost approved by the Commission, on a quarterly basis through the formulae specified by the Commission.

Under the truing up mechanism, the Commission analyses the actual expenditure and revenue for the previous year/years based on the audited Annual Statement of

Accounts of the Licensee and allows/disallows, as the case may be, the recovery of the actual expenditure and revenue through the ensuing year's tariff, subject to prudence check.

4.2 BACKGROUND

The ARR for FY 2011-12 and FY 2012-13 and Tariff for FY 2011-12, was approved by the Commission vide MYT Tariff Order for FY 2010-11 to FY 2012-13, dated May 16, 2011, after due scrutiny of the estimates submitted by the APDCL in its Petition.

APDCL had submitted the Petition for Truing up for FY 2009-10, on April 10, 2012. The Commission, as per provisions of Section 64 of the Electricity Act, 2003 and AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006, obtained the required information, for suo motu processing for Truing Up for FY 2010-11, Review for FY 2011-12 and determination of Tariff for FY 2012-13.

Based on the audited Accounts for FY 2009-10, provisional Annual Accounts for FY 2010-11, and the information furnished by APDCL, the Commission approved the Truing Up of FY 2009-10, revised ARR of FY 2011-12 and ARR and Tariff for FY 2012-13 in its Tariff Order dated February 28, 2013.

TRUING UP FOR FY 2011-12 and FY 2012-13

4.3 ENERGY SALES

APDCL submitted the actual category-wise energy sales in its Truing up Petition and stated that the actual sale in FY 2011-12 was 3969 MU as against approved sales of 4161 MU, i.e., 4.61% lower than the sales approved by the Commission.

For FY 2012-13, APDCL submitted in its Petition that the actual sale was 4205 MU as against the approved sales of 4796 MU, i.e., 13% lower than the sales approved by the Commission.

APDCL, vide its letter dated September 2, 2014, submitted the actual category-wise sales for FY 2011-12 and FY 2012-13, which have been approved by the Commission in the true-up for FY 2011-12 and FY 2012-13. The actual category-wise sales as submitted by APDCL and approved by the Commission are given in the Table below:

Table 4.1: Energy Sales for FY 2011-12 (MU)

Sr. No.	Categories	Approved in Tariff Order dated May 16, 2011	Actual as submitted by APDCL in the Petition	As per APDCL clarific-ations	Approved in Truing Up for 2011-12
	LT GROUP				
1	Jeevan Dhara 0.5 kW and 1kWh/day	165	273	274	274
2	Domestic: A - above 0.5 kW to 5 kW	1,245	1,038	1035	1035
3	Domestic-B above 5 kW to 20kW	131	139	139	139
4	Commercial Load above 0.5 to 20 kW	420	403	403	403
5	General Load	60	74	74	74
6	Public Lighting	8	10	10	10
7	Agriculture up to 7.5 HP	21	7	7	7
8	Small Industries Rural up to 20 kW	60	49	49	49
9	Small Industries Urban	26	28	28	28
10	Temp Supply				
11A	Domestic	-	5	5	5
11B	Others	-	-		
	LT TOTAL	**2,136**	**2,026**	**2023**	**2023**
	HT GROUP				
12	HT Domestic 20 kW and above	32	37	35	35
13	HT commercial 20 kW & above	249	219	217	217
14	Public Water works	73	58	61	61
15	Bulk Supply 20 kW and above				
15A	Government Educational Institutions	55	55	53	53
15B	Others	323	331	328	328
16	HT Small Industries upto 50 kVA	23	20	29	29
17	HT Industries-I 50 kVA to 150 kVA	56	62	61	61
18	HT Industries-II above 150 kVA	694	687	684	684
19	Tea, Coffee & Rubber	404	392	380	380
20	Oil & Coal	88	58	73	73
21	HT Irrigation Load above 7.5 HP	28	25	26	26
	HT TOTAL	**2,025**	**1,944**	**1947**	**1947**
	GRAND TOTAL	**4,161**	**3,969**	**3970**	**3970**

The Commission approves the actual energy sales of 3970 MU in the Truing up for FY 2011-12 as against the originally approved sales of 4161 MU.

Table 4.2: Energy Sales for FY 2012-13 (MU)

Sr. No.	Categories	Approved in Tariff Order dated F	Actual as submitted by APDCL in the Petition	As per APDCL clarifica -tions	Approve d in Truing Up for 2012-13
	LT GROUP				
1	Jeevan Dhara 0.5 kW and 1kWh/day	298	339	339	339
2	Domestic: A - above 0.5 kW to 5 kW	1,370	1,081	1081	1081
3	Domestic-B above 5 kW to 20kW	151	162	162	162
4	Commercial Load above 0.5 to 20 kW	479	417	417	417
5	General Load	61	79	79	79
6	Public Lighting	8	12	12	12
7	Agriculture up to 7.5 HP	42	6	6	6
8	Small Industries Rural up to 20 kW	69	47	47	47
9	Small Industries Urban	28	26	26	26
10	Temp Supply	-			
11A	Domestic	-	1	1	1
11B	Others	-	4	4	4
	LT TOTAL	**2506**	**2176**	**2176**	**2176**
	HT GROUP				
12	HT Domestic 20 kW and above	33	36	36	36
13	HT commercial 20 kW & above	304	225	225	225
14	Public Water works	84	63	63	63
15	Bulk Supply 20 kW and above				
15A	Government Educational Institutions	60	57	56	56
15B	Others	339	325	325	325
16	HT Small Industries upto 50 kVA	25	23	23	23
17	HT Industries-I 50 kVA to 150 kVA	59	55	55	55
18	HT Industries-II above 150 kVA	832	771	771	771
19	Tea, Coffee & Rubber	432	370	370	370
20	Oil & Coal	92	75	75	75
21	HT Irrigation Load above 7.5 HP	30	29	29	29
	HT TOTAL	**2290**	**2029**	**2029**	**2029**
	GRAND TOTAL	**4796**	**4205**	**4205**	**4205**

The Commission approves the actual energy sales of 4205 MU in the Truing up for FY 2012-13 as against the originally approved sales of 4796 MU.

4.4 DISTRIBUTION LOSSES

APDCL, in its Petition, submitted that it could not achieve the approved distribution loss of 20.60% and 19.60% for FY 2011-12 and FY 2012-13, respectively. APDCL submitted that the actual distribution loss in FY 2011-12 was 26.59% as compared to 25.44% in FY 2010-11, whereas for FY 2012-13, APDCL submitted that there has been a significant decline in the distribution loss to 25.85%, as compared to the distribution loss in FY 2011-12, even after manifold increase in the number of Jeevan Dhara consumers.

APDCL submitted that the loss level achieved by APDCL is comparable to that achieved by other distribution licensees in other States of the country having similar widespread distribution network.

APDCL submitted that the AERC Tariff Regulations, 2006 categorizes the distribution losses as a controllable factor. APDCL submitted that any deviation in the distribution losses vis-à-vis the approved level of distribution losses directly affects the power purchase requirements of the Distribution Licensee. APDCL further explained that if the distribution losses are higher, the power purchase requirements would go up resulting in a loss to the licensee, and if the distribution losses are lower, the power purchase requirements would go down, resulting in saving in the power purchase costs, thus resulting in gain. APDCL submitted that since, it has achieved losses higher than those approved by the Commission, the consequent effect of losses have been discussed in the Section relating to power purchase.

The Commission, while truing up for FY 2010-11, approved the distribution loss at 21.60%, limiting it to the level approved in the Tariff Order for FY 2010-11.

The high distribution losses of the distribution licensee has always been a cause of concern to the Commission and several directives have been issued from time to time to restrict the distribution losses. These include introduction of prepaid meters in the Government departments/commercial buildings, spot billing, MRI downloads for all HT and non- domestic consumers, etc. However, the Commission notes that APDCL’s efforts in this regard have not been up to mark and APDCL will have to make conscious efforts to reduce the distribution losses from the existing levels. For the purpose of truing up for FY 2011-12 and FY 2012-13, the Commission has considered the distribution losses at the same level as approved by the Commission in the respective Tariff Orders and has disallowed the excess power purchase cost incurred by APDCL on account of the actual distribution losses being higher than the approved distribution losses, as discussed in the section on power purchase. APDCL has to take strenuous efforts to reduce the distribution losses, in order to ensure that it is able to recover the entire power purchase cost incurred by it.

The distribution losses approved in the Tariff Order, actual loss furnished by APDCL and loss as approved in the truing up for FY 2011-12 and FY 2012-13, are as given in the Table below:

Table 4.3: Distribution loss for FY 2011-12 and FY 2012-13

Year	Approved by the Commission in Tariff Order	Actual furnished by APDCL	Approved in Truing up
FY 2011-12	20.60%	26.59%	20.60%
FY 2012-13	19.60%	25.85%	19.60%

The Commission approves the distribution loss level at 20.60% and 19.60% in the Truing up for FY 2011-12 and FY 2012-13, respectively, as it is a controllable parameter.

4.5 ENERGY REQUIREMENT

APDCL submitted that the total energy requirement for sale to retail consumers in FY 2011-12 was 5700 MU, inclusive of AEGCL (STU) loss, against the approved energy requirement of 5474 MU. APDCL further submitted that although the distribution losses were higher than that approved by the Commission, APDCL has been able to manage the system within a mere 4% deviation from the approved quantum of energy requirement.

For FY 2012-13, APDCL submitted that the total energy requirement for sale to retail consumers was 5895 MU, inclusive of AEGCL (STU) loss, against the approved total energy of 6230 MU. APDCL further submitted that although the distribution losses were higher than that approved by the Commission, it has been able to manage the system within the approved quantum of energy requirement.

In the truing up for FY 2011-12 and FY 2012-13, the Commission has approved the energy requirement on the basis of approved sales and approved level of distribution losses, and the level of transmission loss approved for AEGCL for these two years.

The gross energy requirement for FY 2011-12 and FY 2012-13 as approved by the Commission in the respective Tariff Order, as submitted by APDCL, and as approved in the truing up, are shown in the following Table:

Table 4.4: Energy Requirement and Energy Balance for FY 2011-12 (MU)

Sr. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing Up for FY 2011-12
1	Energy Sale	4161	3969	3970
2	Distribution Loss (MU)	1080	1438	1030
	Distribution Loss (%)	20.60%	26.59%	20.60%
3	Energy Requirements	5241	5407	5000
4	Transmission Loss (MU)	233	293	222
	Transmission Loss (%)	4.25%	5.13%	4.25%
5	Energy Input required to transmission system (MU)	5474	5700	5222
6	Pooled Loss of PGCIL (MU)	233	115	115
7	**Total Energy Requirement (MU)**	**5707**	**5815**	**5337**

Table 4.5: Energy Requirement and Energy Balance for FY 2012-13 (MU)

Sr. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing Up for FY 2012-13
1	Energy Sale	4796	4205	4205
2	Distribution Loss (MU)	1169	1466	1025
	Distribution Loss (%)	19.60%	25.85%	19.60%
3	Energy Requirements	5965	5672	5230
4	Transmission Loss (MU)	265	223	232
	Transmission Loss (%)	4.25%	3.78%	4.25%
5	Energy Input required to transmission system (MU)	6230	5895	5462
6	Pooled Loss of PGCIL (MU)	263.73	89	89
7	**Total energy requirement (MU)**	**6494**	**5983**	**5550**

The Commission approves the energy requirement of 5337 MU and 5550 MU in the truing-up for FY 2011-12 and FY 2012-13, respectively.

4.6 POWER PURCHASE

APDCL submitted that the Company had been allocated share of generation capacities as per the allocation to ASEB/APDCL. APDCL further submitted that in order to minimize the power purchase cost, it adopts the Merit Order Dispatch principles for dispatching power from the generating stations based on the demand and allocation to ASEB/APDCL.

APDCL submitted that the total generation capacity of APGCL's generating stations are allocated to APDCL, in addition to the share of capacities of Central Sector Generating Stations (CSGS) allocated to the State of Assam. APDCL further submitted that based on the above allocation, if there is surplus of power then it sells the power to other agencies and if there is deficit of power, then power is procured from other agencies. APDCL submitted that since the demand is not constant and it varies from time to time, the actual power purchase from allocated capacities of the generators is different from the allocation. APDCL added that at times, it draws more than its allocated share of power while at other times it draws less than its allocated share of power.

APDCL submitted that the total power purchase cost for FY 2011-12 and FY 2012-13 includes the basic power purchase cost and transmission charges payable to AEGCL (inclusive of PGCIL charges and Special Charge on BST). Based on the same, the comparison of the actual power purchase cost as submitted by APDCL and as approved by the Commission in the respective Tariff Orders for FY 2011-12 and FY 2012-13, is shown in the Tables below:

Table 4.6: Actual Power Purchase Quantum and Cost for FY 2011-12 as submitted by APDCL

Sr. No.	Source	Quantum (MU)		Amount (Rs. Crore)	
		Approved in Tariff Order dated May 16, 2011	Actual	Approved in Tariff Order dated May 16, 2011	Actual
1	Central Sector Generating Stations	4323.66	3530.21	932.00	1124.60
2	APGCL	1775.95	1690.03	358.74	433.99
3	DLF (IPP)	95.48	58.49	22.38	13.83
4	MeSEB	8.76	19.10	3.30	7.70
5	NCE	7.20	6.79	2.52	2.17
6	IOCL(AOD)	0.00	15.33	0.00	5.35

Sr. No.	Source	Quantum (MU)		Amount (Rs. Crore)	
		Approved in Tariff Order dated May 16, 2011	Actual	Approved in Tariff Order dated May 16, 2011	Actual
7	UI Pool	0.00	72.88	0.00	20.33
8	Trading purchase	0.00	572.38	0.00	241.49
	Total	**6211.05***	**5965.19$**	**1318.94**	**1849.44**

Note: * - Including 504 MU of surplus power projected by the Commission, to be sold outside the State

$ - Difference between 5965 MU and 5815 MU, i.e., 150 MU, is towards surplus sale

Table 4.7: Actual Power Purchase Quantum and Cost for FY 2012-13 as submitted by APDCL

Sr. No.	Sources	Quantum (MU)		Amount(Rs. Crore)	
		Approved in Tariff Order dated May 16, 2011	Actual	Approved in Tariff Order dated May 16, 2011	Actual
1	Central Sector Generating Stations	3671.66	3464.87	1079.22	1146.16
2	APGCL	2084.89	1631.60	421.15	349.95
3	DLF (IPP)	95.48	28.84	22.38	7.27
4	MeSEB	8.76	19.07	3.3	8.26
5	NCE and Others	1171.94	8.34	10.22	2.66
6	IOCL(AOD)	0	23.45	0	8.18
7	UI Pool	0	0	0	0
8	Trading purchase	0	864.02	0	0
	Total	**7032.73****	**6040.19$$**	**1536.27**	**1821.22**

Note: ** - Including 539 MU of surplus power projected by the Commission, to be sold outside the State

$ - Difference between 6040 MU and 5983 MU, i.e., 57 MU, is towards surplus sale

APDCL submitted that the variation between the approved and the actual power purchase expenses is on account of various reasons including change in sources of power, change in cost of power and change in quantum of power purchased. APDCL submitted that the deviation is mainly driven by the effectuation of revised gas price with effect from June 2010 for the gas based thermal stations vis-à-vis CERC Tariff Order for the Control Period from FY 2008-09 to FY 2013-14 for various stations.

APDCL submitted that although the Government of Assam has provided support of Rs. 150.00 Crore for the gas price hike and additional procurement, the same has been treated as other subsidy and netted off from the total claim. APDCL submitted that the quantum of power purchase depends upon the sales during the year as well as the distribution losses in the system. APDCL submitted that since distribution losses on its network have been higher than the approved level, hence, the quantum of power actually purchased is slightly higher than the power that would have been required to be bought at the approved distribution loss level. APDCL submitted that there has been a marginal increase in the costs due to the above factor, which otherwise would have been avoided had the desired level of distribution loss been achieved.

APDCL submitted that in accordance with the AERC Tariff Regulations, it had already filed a FPPPA Petition before the Commission for FY 2008-09 to recover the additional Fuel and Power Purchase liabilities where this aspect of marginal energy due to higher loss has been duly taken care of. APDCL submitted that the Commission has allowed to recover an amount of Rs. 43.07 Crore at 13 paise/kWh with effect from July 1, 2010 to be recovered in twelve months. APDCL submitted that it has recovered these amounts in FY 2010-11 (Rs.30.94 Crore) and FY 2011-12 (Rs.12.13 Crore).

APDCL submitted that the actual power purchase expenses have been higher to the extent of Rs.530.57 Crore in FY 2011-12 and Rs. 285 core in FY 2012-13, without adjusting the GoA support of Rs.150.00 Crore. APDCL requested the Commission to pass on this amount to the consumers after apportioning the controllable loss on account of higher distribution loss as per the methodology prescribed by the Commission.

The Commission has verified the actual power purchase expenses as reported in the audited annual accounts of APDCL for FY 2011-12 and FY 2012-13, and has considered the same as the total actual power purchase expenses incurred by APDCL in the respective years.

As stated earlier, for the purpose of truing up for FY 2011-12 and FY 2012-13, the Commission has considered the distribution losses at the same level as approved by the Commission in the respective Tariff Orders and has disallowed the excess power purchase cost incurred by APDCL on account of the actual distribution losses being higher than the approved distribution losses. The Commission has computed the allowable power purchase requirement and power purchase cost, in accordance with the energy requirement and energy balance approved in the earlier section, and considering the actual rates of power purchase as incurred by APDCL. Further, the Commission has approved the power purchase cost by considering only for the quantum of power purchase required for sales within the State, as submitted by APDCL, and has disallowed the power purchase expenses on account of the excess losses.

Further, since all actual power purchase expenses have been considered for truing up and have been allowed after prudence check, and the revenue earned from levy of FPPPA has also been considered as revenue, the impact of the vetting of FPPPA calculations for FY 2011-12 and FY 2012-13 have thus been factored in, and do not have to be allowed separately.

The comparison of the power purchase cost approved in the respective Tariff Order, actual power purchase cost incurred by APDCL, and the power purchase cost approved by the Commission after truing up for FY 2011-12 and FY 2012-13, is shown in the Tables below:

Table 4.8: Approved Power Purchase Cost for FY 2011-12 (Rs. Crore)

Particulars	Approved in Tariff Order dated May 16, 2011	Actual	Approved in Truing Up for FY 2011-12
Power Purchase Cost	1318.94	1849.44	1849.44
Transmission Cost	391.14	391.14	391.14
ASEB Cost	1.60	1.60	1.60
Total	**1711.68**	**2242.18**	**2242.18**
Energy requirement approved as per Table 4.4 (MU)			5337.20
Energy actually purchased as per Table 4.6 (MU)			5965.19
Power purchase cost as per approved energy requirement (Rs. Crore)			2006.13
Power Purchase Cost approved for truing up for FY 2011-12 (Rs. Crore)			**2006.13**

Table 4.9: Approved Power Purchase Cost for FY 2012-13 (Rs. Crore)

Particulars	Approved in Tariff Order dated May 16, 2011	Actual	Approved in Truing Up for FY 2012-13
Power Purchase Cost	1536.27	1821.22	1821.24
Transmission Cost	536.45	536.45	536.45
Total	**1977.71**	**2357.67**	**2357.69**
Energy requirement approved as per Table 4.5 (MU)			5550.31
Energy actually purchased as per Table 4.7 (MU)			6040.19
Power purchase cost as per approved energy requirement (Rs. Crore)			2166.47
Power Purchase Cost approved for truing up for FY 2011-12 (Rs. Crore)			**2166.47**

Thus, it is clarified that the cost of the excess distribution losses are not passed on to the consumers, and have to be borne by APDCL itself. The amount of power purchase cost disallowed on account of excess distribution losses for FY 2011-12 and FY 2012-13 are Rs. 236 crore and Rs. 191 crore, respectively, which totals to Rs. 427 crore over these two years alone. This amount of Rs. 427 crore has not been allowed to be recovered through the ARR and tariffs charged to the consumers, even though it has actually been incurred by APDCL, on account of the actual loss levels being higher than the approved loss levels. APDCL has to take strenuous efforts to reduce the distribution losses, in order to ensure that it is able to recover the entire power purchase cost incurred by it.

The Commission, thus, approves power purchase cost of Rs. 2006.13 Crore and Rs. 2166.47 Crore in the truing up for FY 2011-12 and FY 2012-13, respectively.

4.7 OPERATION AND MAINTENANCE (O&M) EXPENSES

APDCL submitted that the Operation and Maintenance (O&M) Expenses comprises of the following elements:

(i) Employee expenses
(ii) Repair and Maintenance (R&M) expenses
(iii) Administrative and General (A&G) expenses

APDCL submitted that it has incurred O&M expenses of Rs. 519.87 Crore and Rs. 584.67 Crore for FY 2011-12 and FY 2012-13, respectively, which includes employee expenses, R&M expenses, A&G expenses, and additional provisions for contribution to pension fund, which is lower than the approved O&M expenses of Rs. 546.02 crore and Rs. 589.97 crore for FY 2011-12 and FY 2012-13, respectively.

APDCL submitted the comparison of actual O&M expenses and O&M expenses approved by the Commission for FY 2011-12 and FY 2012-13, as shown in the following Table:

Table 4.10: O&M expenses for FY 2011-12 and FY 2012-13 as submitted by APDCL (Rs. Crore)

Sr. No.	Particulars	FY 2011-12		FY 2012-13	
		Approved in Tariff Order dated May 16, 2011	Actual	Approved in Tariff Order dated May 16, 2011	Actual
1	Employee Expenses	501.87	461.23	542.01	518.66
2	Repair & Maintenance Expenses	29.13	35.32	32.04	39.70
3	Administrative & General Expenses	15.02	23.32	15.92	26.31
4	**Total O&M expenses**	**546.02**	**519.87**	**589.97**	**584.67**

As can be seen from the table above, the actual employee expenses are significantly lower than the approved employee expenses, while the actual R&M expenses and actual A&G expenses are higher than the approved R&M expenses and A&G expenses, respectively, while overall, the actual O&M expenses are lower than the approved O&M expenses by Rs. 26.15 crore and Rs.5.30 crore in FY 2011-12 and FY 2012-13, respectively. The truing up of each head of O&M expenses is discussed in the following paragraphs.

4.7.1 Employee Expenses

APDCL submitted that employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of contribution for pension and gratuity funding, leave encashment, and staff welfare expenses. APDCL submitted that the increase in employee cost over the employee cost in the previous year was due to the impact of Dearness Allowances, and marginal impact due to new recruitments at different levels to take up the operation and maintenance of new assets created and likely to be created in the coming days.

The Commission had approved the employee expenses at Rs. 501.87 crore and Rs. 542.01 crore in the Tariff Order for FY 2011-12 and FY 2012-13, respectively. The employee expenses as per audited Annual Accounts are Rs. 461.23 crore and Rs. 518.66 crore for FY 2011-12 and FY 2012-13, respectively, which is significantly lower than the employee expenses approved in the respective Tariff Orders.

Hence, the Commission approves the employee expenses at Rs. 461.23 Crore and Rs. 518.66 crore, as per the Audited Annual Accounts, in the truing up for FY 2011-12 and for FY 2012-13, respectively.

4.7.2 Repair and Maintenance Expenses

APDCL submitted that R&M expenses are incurred for daily upkeep of the distribution network and form an integral part of the company's efforts towards reliable and quality power supply and reduction of distribution losses in the system.

APDCL submitted that R&M expenses are dependent on various factors. APDCL further submitted that its assets are old and require regular maintenance to ensure uninterrupted operations. APDCL submitted that it has been trying its best to ensure uninterrupted operations of the system and accordingly has been undertaking necessary expenditure for R&M activities. APDCL submitted that considering the above, the expenditure incurred on R&M activities is uncontrollable in nature. APDCL submitted that the actual R&M expenses were higher by Rs. 6.19 Crore and Rs. 7.66 Crore in FY 2011-12 and FY 2012-13, respectively, as compared to the R&M expenses approved by the Commission.

The Commission had approved the R&M expenses at Rs. 29.13 crore and Rs. 32.04 crore in the Tariff Order for FY 2011-12 and FY 2012-13, respectively. The actual R&M expenses as per audited Annual Accounts are Rs. 35.32 crore and Rs. 39.70 crore for FY 2011-12 and FY 2012-13, respectively. APDCL requested the Commission to consider the exigency situation faced by it and consider the increase in R&M expenses as uncontrollable while truing up.

In view of the above, the Commission approves the R&M expenses at Rs. 35.32 Crore and Rs. 39.70 crore, as per the audited Annual Accounts, in the truing up for FY 2011-12 and FY 2012-13, respectively.

4.7.3 Administration and General Expenses

APDCL submitted that A&G expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowance, and other debits.

APDCL submitted that as per the provisions of MYT Regulations, A&G expenses are controllable expenses. APDCL submitted that the actual A&G expenses were higher than the approved A&G expenses by Rs. 8.30 crore and Rs. 10.39 crore in FY 2011-12 and FY2012-13, respectively.

The Commission had approved the A&G expenses at Rs. 15.02 crore and Rs. 15.92 crore in the Tariff Order for FY 2011-12 and FY 2012-13, respectively. The R&M expenses as per audited Annual Accounts are Rs. 23.32 crore and Rs. 26.31 crore for FY 2011-12 and FY 2012-13, respectively.

The Commission h of the view that the A&G expenses incurred by APGCL in FY 2011-12 and FY 2012-13 are justified, and hence, approves the A&G expenses at Rs. 23.32 Crore and Rs. 26.31 crore, as per the audited Annual Accounts, in the truing up for FY 2011-12 and for FY 2012-13, respectively.

4.8 DEPRECIATION

APDCL submitted that in FY 2011-12 and FY 2012-13, it has incurred lower capital expenditure and capitalization as against the approved capitalization considered by the Commission in the Tariff Order dated May 16, 2011. APDCL submitted that it has computed depreciation by taking into consideration the opening and closing balance of assets for FY 2011-12. APDCL submitted that in the books, actual depreciation has been shown, however, for the purpose of truing up, it has claimed the same after re-calculating the depreciation in accordance with the depreciation rates specified in the AERC Tariff Regulations, 2006. APDCL requested the Commission to approve depreciation amounting to Rs. 55.49 Crore and Rs. 56.57 crore for FY 2011-12 and FY 2012-13, respectively.

The Commission had approved the depreciation charges at Rs. 29.20 crore and Rs. 34.38 crore for FY 2011-12 and FY 2012-13, respectively. As per the audited Annual Accounts, the depreciation charges are Rs. 57.70 crore and Rs. 56.61 crore for FY 2011-12 and FY 2012-13, respectively.

As per the AERC Tariff Regulations, 2006, depreciation has to be calculated on 90% of opening GFA and the assets added during the year, at the rates specified in the depreciation schedule. The Commission has assumed that the assets will be added in the middle of the year, as some of the assets may be capitalised in the first half of the year, while other assets may be capitalised in the second half of the year. The weighted average rate of depreciation on 90% of fixed assets is considered for computing the depreciation on the gross fixed assets. Further, in accordance with the AERC Tariff Regulations, 2006, depreciation has not been allowed on assets funded out of consumer contribution and Government grants, as there is no cost to these funds and there is no repayment obligation also, when assets are funded using such funds.

Accordingly, the Commission has trued up the depreciation charges for FY 2011-12 and FY 2012-13 based on the opening GFA and actual assets capitalised during the year, and with depreciation computed in accordance with Regulation 14 of the AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006, as shown in the Tables below:

Table 4.11: Depreciation approved in the truing up for FY 2011-12 (Rs. Crore)

Sr. No.	Nature of Asset	GFA as on 1.04.2011	Additions during FY 2011-12	Rate of Depreciation	Depreciation as per AERC Regulations
1	Land & Rights	12.46	0.10		
2	Buildings	46.35	1.06	1.80%	0.76
3	Hydraulics	0.00	0.00	2.57%	0.00
4	Other Civil Works	40.06	0.82	1.80%	0.66
5	Plant & Machinery	534.86	8.29	3.60%	17.46
6	Lines & Cable Network	839.04	19.15	3.60%	27.49
7	Vehicles	11.52	0.10	18.00%	1.87
8	Furniture & Fixtures	11.59	0.69	6.00%	0.64
9	Office equipment	18.90	1.18	6.00%	1.05
10	Other items	182.62	25.36		0.00
	Total	**1697.40**	**56.74**		**49.94**
	Average of Opening Balance & Closing Balance of assets excluding Land & Rights & consumer contribution	1546.47		3.23%	

Particulars (Rs. crore)		As on 01.04.2011
Grants Available		2497.04
GFA (excluding Consumer Contribution and Lands & Rights)		1526.18
CWIP		1414.59
Total		2940.77
Cumulative grants apportioned in the ratio of GFA and CWIP	GFA	1295.90
	CWIP	1201.14
Depreciation calculated as per the Regulations on the GFA		49.94
Weighted Average Rate of Depreciation		3.23%
Depreciation to be deducted on the assets built on the grant component on 90% asset value		41.85
Depreciation approved		**8.09**

Table 4.12: Depreciation approved in the truing up for FY 2012-13 (Rs. Crore)

Sr. No.	Nature of Asset	GFA as on 1.04.2012	Additions during FY 2012-13	Rate of Depreciation	Depreciation as per AERC Regulations
1	Land & Rights	12.56	2.32		
2	Buildings	47.41	1.59	1.80%	0.78
3	Hydraulics	0.00	0.00	2.57%	0.00
4	Other Civil Works	40.88	1.21	1.80%	0.67
5	Plant & Machinery	543.15	8.27	3.60%	17.73
6	Lines & Cable Network	858.18	13.73	3.60%	28.03
7	Vehicles	11.62	0.05	18.00%	1.89
8	Furniture & Fixtures	12.28	0.55	6.00%	0.68
9	Office equipment	20.08	1.81	6.00%	1.13
10	Other items	207.98	19.16		0.00
	Total	**1754.14**	**48.69**		**50.91**
	Average of Opening Balance & Closing Balance of assets excluding Land & Rights & consumer contribution	1585.39		3.21%	

Particulars		As on 01.04.2012
Grants Available		3196.52
GFA (excluding Consumer Contribution and Lands & Rights)		1566.76
CWIP		1760.01
Total		3326.77
Cumulative grants apportioned in the ratio of GFA and CWIP	GFA	1505.42
	CWIP	1691.11
Depreciation calculated as per the Regulation on the GFA		50.91
Weighted Average Rate of Depreciation		3.21%
Depreciation to be deducted on the assets built on the grants component on 90% asset value		48.34
Depreciation approved		**2.57**

The Commission, thus, approves depreciation at Rs. 8.09 Crore and Rs. 2.57 Crore in the truing up for FY 2011-12 and FY 2012-13, respectively.

4.9 INTEREST AND FINANCE CHARGES

APDCL submitted that the Commission, vide its Tariff Order dated May 16, 2011, had allowed Rs.10.25 Crore and Rs. 17.70 crore as Interest and Finance Charges for FY 2011-12 and FY 2012-13, respectively. APDCL submitted that the actual interest and finance charges for FY 2011-12 and FY 2012-13, on account of long-term debts invested in gross fixed assets, amounts to Rs.71.32 Crore and Rs. 103.89 crore, respectively.

APDCL submitted that it has considered the actual long-term debt for calculation of Interest and Finance Charges and the weighted average rate of interest on actual loan component, as shown in the following Tables:

Table 4.13: Actual Debt Capital as submitted by APDCL for FY 2011-12 (Rs. Crore)

Particulars	Govt. Loan	ASE Bond	R-APDRP	Total
Principal Amount outstanding				
Outstanding at the beginning of the year	**309.09**	**6.75**	**51.95**	**367.79**
Repayment made during the year	0.00	6.75	0.00	6.75
Balance	309.09	0.00	51.95	361.04
Addition during the year	6.00	0.00	124.15	130.15
Outstanding at the end of the year	**315.09**	**0.00**	**176.10**	**491.19**
Interest				
Outstanding at the beginning of the year	166.15	3.02	6.22	175.39
Paid/Adj. during the year	0.00	0.81	0.00	0.81
Balance	166.15	2.21	6.22	174.58
Addition during the year	33.07	0.81	9.57	47.62
Penal Interest	3.96			
Outstanding at the end of the year	**203.18**	**3.02**	**15.79**	**222.20**
Total Debt Capital				
Outstanding at the beginning of the year	475.24	9.77	58.17	543.18
Paid during the year	0.00	7.56	0.00	7.56
Balance	475.24	2.21	58.17	535.62
Addition during the year	43.03	0.81	133.73	177.57
Outstanding at the end of the year	**518.27**	**3.02**	**191.90**	**713.18**
Net Debt Capital as on March 31, 2012				**713.18**

Table 4.14: Actual Debt Capital as submitted by APDCL for FY 2012-13 (Rs. Crore)

Particulars	Govt. Loan	ASE Bond	R-APDRP	Total
Principal Amount outstanding				
Outstanding at the beginning of the year	**351.87**	**0.00**	**179.11**	**530.98**
Repayment made during the year	0.00		0.00	0.00
Balance	351.87	0.00	179.11	530.98
Addition during the year	402.19	0.00	72.78	474.97
Outstanding at the end of the year	**754.06**	**0.00**	**251.89**	**1005.95**
Interest				
Outstanding at the beginning of the year	203.38	0.00	15.79	219.18
Paid/Adj. during the year	0.00	0.00	0.00	0.00
Balance	203.38	0.00	15.79	219.18
Addition during the year	56.43	0.00	27.06	83.49
Penal Interest	6.67			**6.67**
Outstanding at the end of the year	**266.48**	**0.00**	**42.85**	**303.33**
Total Debt Capital				
Outstanding at the beginning of the year	555.25	0.00	194.90	750.15
Paid during the year	0.00	0.00	0.00	0.00
Balance	555.25	0.00	194.90	750.15
Addition during the year	458.62	0.00	99.84	558.46
Outstanding at the end of the year	**1013.87**	**0.00**	**294.75**	**1308.61**
Net Debt Capital as on March 31, 2013				**1308.61**

Table 4.15: Interest and Finance Charges as submitted by APDCL (Rs. Crore)

Sr. No.	Particulars	FY 2011-12		FY 2012-13	
		Approved in Tariff Order dated May 16, 2011	Actual	Approved in Tariff Order dated May 16, 2011	Actual
1	Total long-term loans		543.18		750.15
2	Total Interest on long-term loan		47.62		63.40
3	Average Interest Rate (%)		8.77%		8.45%
4	Long-term loans for tariff		543.18		750.15
5	**Interest expenses**	**10.25**	**47.62**	**17.70**	**63.40**
6	**Interest on consumer security deposit**	**13.67**	**16.62**	**15.26**	**16.64**
7	Guarantee Charges				
8	Other Interest and Finance charges				

Sr. No.	Particulars	FY 2011-12		FY 2012-13	
		Approved in Tariff Order dated May 16, 2011	Actual	Approved in Tariff Order dated May 16, 2011	Actual
	a. Interest on GPF		23.25		24.98
	b. Interest on NPS		1.04		1.83
	c. Other Finance Charges		2.59		31.81
	d. Discount to consumers for timely payment of bill		0.23		0.33
	Interest Capitalized		3.21		13.99
9	**Total Interest & Finance Charges**	**23.92**	**88.13**	**32.96**	**125.00**

APDCL submitted that the GPF contribution received from its employees attracts interest liabilities of Rs. 23.25 Crore and Rs. 24.98 crore for FY 2011-12 and FY 2012-13, respectively, as shown in the table above and therefore, the same has also been considered as a debt source for funding of capital assets.

APDCL submitted that Rs. 16.62 Crore and Rs. 16.64 crore pertaining to Interest on Security Deposit has been considered based on the audited accounts for FY 2011-12 and FY 2012-13, respectively. APDCL submitted that these charges are payable to the consumers as per the AERC Tariff Regulations, 2006, and hence, beyond its control. APDCL added that as such, the same should be considered in the total financial cost as an uncontrollable factor.

Firstly, the Commission would like to make it clear that APDCL's approach of adding the interest liability to the outstanding principal is totally incorrect, as the interest liability has to be paid every year, and the Commission has been allowing the prudently incurred interest expense every year, hence, APDCL should pay the interest rather than adding the interest payment due every year to the outstanding debt capital.

The Commission had approved the interest and finance charges at Rs. 10.25 crore and Rs. 17.70 crore for FY 2011-12 and FY 2012-13, respectively. The interest and finance charges on long-term loans, as per the audited Annual Accounts, are Rs. 69.35 Crore and Rs. 103.87 crore for FY 2011-12 and FY 2012-13, respectively, including interest on GPF. The Commission has examined the component-wise interest charges as per the audited accounts and has allowed the interest charges on

R-APDRP loans, bank charges, and discount to consumers for timely payment of bills. The Commission has disallowed the interest on GPF Funds, in accordance with the approach followed in previous Tariff Orders, since, APDCL has not created any Bonds for the purpose. Further, it is clarified that the Trust has to be created for a specific purpose and the funds invested appropriately, and the same cannot be considered as a debt source for funding of capital assets as being considered by APDCL.

Further, in spite of repeated directions given by the Commission in the earlier Tariff Orders, during the present tariff exercise, APDCL has not provided any supporting data/documents to establish that the loans taken from the State Government were utilized for capital expenditure. Therefore, the opening balance in respect of the State Government loans has not been taken into consideration for computation of interest and finance charges. Further, interest on ASE bond has been disallowed as per the Commission's approach in the previous Tariff Orders. For the purpose of calculation of interest expenses, the repayment has been considered equivalent to the depreciation allowed by the Commission. The addition to the loan is considered in proportion to the approved capitalization during the year. The rate of interest has been considered as 8.40% and 12.56% for FY 2011-12 and FY 2012-13, respectively, based on the actual effective interest rate paid by APDCL in the respective years on the R-APDRP loan.

The interest and finance charges approved by the Commission in the truing up for FY 2011-12 and FY 2012-13 is given in the Table below:

Table 4.16: Approved Interest and Finance Charges (Rs. Crore)

Particulars	FY 2011-12	FY 2012-13
Opening Balance of R-APDRP loan	51.95	100.60
Addition	56.74	48.69
Repayment	8.09	2.57
Closing Balance of R-APDRP loan	100.60	146.72
Average rate of Interest	8.40%	12.56%
Interest	**6.40**	**15.53**
Bank Charges	0.63	0.55
Discount to consumers	0.23	0.33
Total Other Finance Charges	**0.86**	**0.88**
Total Interest & Finance Charges	**7.26**	**16.41**
Less: Interest Capitalised	3.21	13.99
Interest Expenses	**4.05**	**2.42**

The Commission thus, approves Interest and Finance Charges at Rs. 4.05 crore and Rs. 2.42 crore in the truing up for FY 2011-12 and FY 2012-13, respectively.

4.10 INTEREST ON WORKING CAPITAL

APDCL submitted that Interest on Working Capital has been calculated on normative basis in accordance with the AERC (Terms and Conditions of Tariff) Regulations, 2006. APDCL submitted that the working capital requirements of the Company are generally financed through internal mobilization of funds and the funds are liable to receive adequate return for the application of funds.

APDCL submitted that the normative values of the components of working capital requirement as per revised claims have been considered for the calculation of Interest on Working Capital. For computing Interest on Working Capital, APDCL has considered the rate of interest at 13%, which is the short-term PLR of SBI.

Table 4.17: Interest on Working Capital as submitted by APDCL (Rs. Crore)

		FY 2011-12	FY 2012-13

Sr. No.	Particulars	Approved in Tariff Order dated May 16, 2011	Actuals	Approved in Tariff Order dated May 16, 2011	Actuals
1	O&M Expenses-One month	45.50	43.32	49.16	49
2	2 month Receivables	323.87	307.60	374.87	383.91
3	1% of GFA	25.33	16.97	34.35	18
4	Less: consumer security deposit	21.86	0.00	30.59	0.00
4	Total working capital	372.84	367.90	427.79	450.18
5	Rate of Interest on Working Capital	11.75%	13%	11.75%	14.45%
6	**Interest on Working Capital**	**43.81**	**47.83**	**50.27**	**65.05**

The Commission, during the scrutiny of the Petition, directed APDCL to submit the justification for not considering the consumer security deposit in computation of actual working capital requirement and also directed APDCL to submit the revised computation by considering actual consumer security deposit in accordance with the AERC Tariff Regulations. APDCL submitted that it is retaining its claim and making prayer to the Commission to reconsider the computation of working capital as done till FY 2009-10 as the major share of security deposit amount was part of the Opening Balance sheet at the time of the Transfer Scheme without physical capital against the same.

As per the AERC Tariff Regulations, 2006, the Interest on Working Capital is to be allowed on normative basis and shall consist of

a) O&M expenses for one month;
b) Maintenance spares at 1% of the historical cost of Fixed Assets
c) Receivables equivalent to 60 days of Average billing of consumers, less security deposits of consumers.

Accordingly, the Interest on working capital has been examined and approved as shown in the Table below. The rate of interest has been considered at 13% and 14.75% for FY 2011-12 and FY 2012-13, respectively, as per SBI PLR.

Table 4.18: Approved Interest on Working Capital (Rs. Crore)

Sr. No.	Particulars	FY 2011-12	FY 2012-13
1	One month O&M Expenses	43.32	48.72
2	Maintenance spares @1% of GFA	16.97	17.54
3	Receivables 60 days	329.94	373.74
4	Less: Consumer Security Deposit	257.38	301.15
5	Receivables excluding consumer security deposit	72.57	72.59
6	Working Capital requirement	132.86	138.86
7	Rate of Interest on Working Capital	13%	14.75%
8	**Interest on Working Capital**	**17.27**	**20.48**

The Commission approves Interest on working capital at Rs. 17.27 Crore and Rs. 20.48 Crore, in the truing up of FY 2011-12 and FY 2012-13, respectively.

4.11 INTEREST ON CONSUMER SECURITY DEPOSIT

The Commission, in its Tariff Order dated May 16, 2011, approved the interest on consumer security deposit as Rs. 13.67 crore and Rs. 15.26 crore for FY 2011-12 and FY 2012-13, respectively.

As regards interest on security deposit, APDCL was directed to submit details of opening and closing balance of consumer security deposit, interest rate considered, basis for considering of interest rate and actual amount of interest on consumer security deposit paid in FY 2011-12 and FY 2012-13. The interest on consumer security deposit as per the audited Annual Accounts are Rs. 16.62 crore and Rs. 16.64 crore for FY 2011-12 and FY 2012-13, respectively. As per APDCL's submission, the actual payment of interest on consumers' security deposit during FY 2011-12 and FY 2012-13 is Rs. 5.09 crore and Rs. 2.62 crore, respectively. Accordingly, the Commission considers it appropriate to approve the actual interest paid on consumers' security deposit during the year rather than the amount provided for in the audited accounts, since, APDCL has been only provisioning for these amounts in the accounts, however, only a part of the same is actually being paid.

However, APDCL has to ensure that the interest on consumer security deposit is actually paid to the consumers, which should not be difficult, as all the consumers are known to APDCL, with bills being sent to the consumers. The amount of interest on the respective consumer security deposit should get automatically adjusted against the bill amount in the month of April each year, for the amount of consumer security deposit with APDCL in the previous year.

The Commission approves Interest on Security deposit at Rs. 5.09 crore and Rs. 2.62 crore in truing up for FY 2011-12 and for FY 2012-13 respectively.

4.12 PROVISION FOR BAD AND DOUBTFUL DEBTS

APDCL submitted that the Commission has not approved any amount towards provision for bad debts and has considered the same as controllable. APDCL submitted that it has incurred actual bad debts amounting to Rs 5.28 Crore and Rs. 6.67 crore for FY 2011-12 and FY 2012-13, respectively.:

The Commission did not approve any provision for bad debts for FY 2011-12 and for FY 2012-13. As per the audited Annual Accounts for FY 2011-12 and FY 20121-3, bad and doubtful debt written off is Rs. 0.76 crore and Rs. 8.83 Crore, respectively, and provision for bad and doubtful debts is Rs. 5.28 crore and Rs. 6.67 Crore, respectively.

The Commission has not considered the claim of APDCL for provision for bad debts, which is as per the audited Annual Accounts, as the same was not originally approved. Further, the Commission has not considered the bad debts written off as the same have to be written off against the provision created for the purpose

The Commission approves Nil provision for bad and doubtful debts and in the truing up for FY 2011-12 and for FY 2012-13.

4.13 OTHER DEBITS

APDCL submitted that the Commission has not approved any amount as other debits. The element-wise break up of expenses booked under other debits, as submitted by APDCL is detailed below:

Table 4.19: Other Debits as submitted by APDCL (Rs. Crore)

Sr. No.	Particulars	FY 2011-12		FY 2012-13	
		Approved	Actual	Approved	Actual
1	Other debits				
a	Compensation for injuries,	0.00	0.28	0.00	0.44

Sr. No.	Particulars	FY 2011-12		FY 2012-13	
		Approved	Actual	Approved	Actual
	deaths, and damage of outsiders				
c	Old balances written off	0.00	0.65	-	-
d	Expenditure on software development	0.00	0.20	-	-
2	Misc. losses and write-off material shortage pending investigation	-	-	0.00	0.30
	Total	**0.00**	**1.13**	**0.00**	**0.74**

The Commission had not approved any provision for Other Debits for FY 2011-12 and FY 2012-13 in the Tariff Order dated May 16, 2011. The Commission has verified the above details of Other Debits, as per the audited Annual Accounts for FY 2011-12 and FY 20121-3. The Commission considers it appropriate to approve only the expenditure on software development for FY 2011-12 and nil expenses for FY 2012-13, as the compensation paid to outsiders cannot be recovered from the consumers, and old balances written off have also not been allowed, since all legitimate expenses have already been allowed in respective years.

The Commission approves Other Debits at Rs. 0.20 crore for FY 2011-12 and nil expense for FY 2012-13 in the truing up.

4.14 NET PRIOR PERIOD EXPENSES

APDCL, in its Petition for FY 2011-12, submitted that an amount of Rs. 125.43 Crore has been accounted for as prior period income on account of portion of payments against GPF made by the Company on behalf of pension trust for past periods. Year wise amounts as submitted by APDCL are depicted in the Table below:

Table 4.20: Prior Period Charges submitted by APDCL in Petition for FY 2011-12 (Rs. Crore)

FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Total
14.46	20.91	23.11	17.23	23.95	25.78	125.43

APDCL submitted that since the amount pertains to periods for which interest on GPF was not approved by the Commission, hence, the same has not been adjusted in the revised claim. APDCL submitted that since, it has claimed full interest on GPF for FY 2011-12, the same for the year has been considered as other income and further netted off from the claim.

During the scrutiny of the Petition, it is observed the APDCL has claimed the prior period expense for FY 2012-13 as well for which no details were provided. The Commission accordingly directed APDCL to submit the details of net prior period expense for FY 2012-13. APDCL, in its reply, submitted that the details are available in Note No. 2.29 of the Annual Statement of Accounts.

The Commission for the purpose of true up has considered the prior period expenses based on audited accounts, and appropriateness. Further, expenses disallowed earlier have not been considered as income in case of write back

The Commission has analysed each head of prior period expenses or prior period credit as reported in the audited Annual Accounts for FY 2011-12 and FY 2012-13, as shown in the Table below:

Table 4.21: Prior Period Expenses/Charges approved by the Commission for FY 2011-12 and FY 2012-13 (Rs. Crore)

Sr. No.	Particulars	FY 2011-12		FY 2012-13	
		Audited Accounts	True Up	Audited Accounts	True Up
	Expenses				
1	Operating losses for prior period	-18.28	0.00	1.74	0.00
2	Employee cost relating to prior period	0.46	0.00	0.28	0.00
3	Prior period depreciation			1.39	0.00
4	Interest relating to prior period			0.30	0.00
5	Other Charges relating to prior period	0.14	0.00	1.15	0.00
	Sub-total expenses	**-17.68**	**0.00**	**4.86**	**0.00**
	Credits				
1	Interest income for prior period			15.97	15.97
2	Excess provision in prior period	2.52	0.00	71.80	0.00
3	Other Income relating to prior period	128.39	128.39	1.00	1.00
	Sub-total Credits	**130.91**	**128.39**	**88.77**	**16.97**
	Net Prior period expenses/(Credits)	**-148.58**	**-128.39**	**-83.91**	**-16.97**

As can be seen from the Table above, as regards the various heads of prior period income, the Commission has considered only the Other Income and interest income pertaining to prior periods, while the excess provision related to prior periods has not been considered by the Commission under the true-up, as these provisions have not been allowed in the earlier Tariff Orders by the Commission on account of only normative expenses being allowed.

As regards the various heads of prior period expense, the Commission has not considered the operating losses, employee costs, prior period depreciation, interest, and other charges related to prior periods, since, the Commission has already allowed only the legitimate expenses under these heads in the previous Tariff Orders.

The Commission approves net prior period credit at Rs. 128.39 crore and Rs. 16.97 crore in the truing up for FY 2011-12 and for FY 2012-13, respectively.

4.15 RETURN ON EQUITY

APDCL submitted that as per the AERC Tariff Regulations, 2006, a return at the rate of 14% on the equity base has been considered as reasonable and hence, the same is liable to be recovered through the retail Tariff. APDCL submitted that the Commission, vide its Tariff Order dated May 16, 2011, has allowed return on equity only at the rate of 7%, which is not based on any tangible reason. APDCL submitted that it has shown sign of recovery in the recent years by improving its operational performance and speedy implementation of different schemes and accordingly, it has computed Return on Equity after considering the equity capital, as discussed in above paragraphs, at a rate of return of 14%.

The Return on Equity amounting to Rs. 35.11 Crore for FY 2011-12 and FY 2012-13, as claimed by APDCL, is shown in the following Tables:

Table 4.22: Return on Equity for FY 2011-12 as submitted by APDCL (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order dated May 16, 2011	Actual
1	Equity Capital as on 01-04-2011	162.76	250.81
2	Equity Capital as on 31-03-2012	162.76	250.81
3	Average Equity Capital for FY2011-12	162.76	250.81
4	Rate of ROE	7.00%	14.00%
5	**ROE for FY 2011-12**	**11.39**	**35.11**

Table 4.23: Return on Equity for FY 2012-13 as submitted by APDCL (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order dated May 16, 2011	Actual
1	Equity Capital as on 01-04-2012	162.76	250.81
2	Equity Capital as on 31-03-2013	162.76	250.81
3	Average Equity Capital for FY2012-13	162.76	250.81
4	Rate of ROE	7.00%	14.00%
5	**ROE for FY 2012-13**	**11.39**	**35.11**

APDCL requested the Commission to consider and approve the same in the truing up.

The Commission had actually approved Return on Equity at 14%, amounting to Rs. 22.79 crore for FY 2011-12 and FY 2012-13 in the Tariff Order dated May 16, 2011, and not Rs. 11.39 crore @7% as claimed by APDCL. As per the AERC Tariff Regulations, 2006, Return on Equity shall be computed on the equity capital employed in the business. The equity capital as on 31.03.2012 and as on 31.03.2013 stood at Rs. 162.27 Crore. Accordingly, t**he Commission retains the ROE at Rs. 22.79 Crore in the Truing up for FY 2011-12 and for FY 2012-13, as approved in the respective Tariff Orders.**

4.16 PROVISION FOR TAXES

APDCL, in its truing up Petition for FY 2011-12 and FY 2012-13, submitted that as no Income Tax liability has been shown in the respective audited accounts, therefore, it has not claimed any expenses under the provision for taxes.

The Commission had approved the provision for tax at Rs. 4.54 Crore each for FY 2011-12 and FY 2012-13. The Income tax liability as per the Annual Accounts is nil for FY 2011-12 and FY 2012-13.

As the income tax paid is nil as per the audited Annual Accounts for FY 2011-12 and FY 2012-13, the Commission approves taxes as Nil for the respective years.

4.17 NON TARIFF INCOME

APDCL submitted that Non-Tariff Income mostly comprising of sale of surplus energy caused due to less demand in the system in some period of a day or season. APDCL submitted that these sales are materialized in the form of bilateral sale, through the mechanism of UI as per CERC Regulations and through energy exchanges formed at the behest of CERC. The details of the Non-tariff income as submitted by APDCL are shown in the following Table:

Table 4.24: Non-Tariff Income for FY 2011-12 and FY 2012-13 as submitted by APDCL (Rs. Crore)

Sr. No.	Particulars	FY 2011-12		FY 2012-13	
		Approved in Tariff Order dated May 16, 2011	Actual	Approved in Tariff Order dated May 16, 2011	Actual
1	Non-Tariff Income/ Trading Income	312.40	33.82	323.40	28.23

The Commission had approved the Non-Tariff Income at Rs. 312.40 crore and Rs. 323.40 crore for FY 2011-12 and FY 2012-13, respectively, since, a significant quantum of surplus power had been estimated by the Commission. However, the actual surplus energy and hence, the non-tariff income, has also been lower. The interest and finance charges as per the audited Annual Accounts are Rs. 33.82 Crore and Rs. 28.23 crore, respectively. It should be noted that while approving the power purchase cost at the time of truing up for FY 2011-12 and FY 2012-13, only the energy requirement for sale within the State and the corresponding power purchase cost has been allowed, as discussed in earlier Sections. Hence, the Commission has not considered the non-tariff income on account of sale of surplus power, in the truing up.

The Commission approves Non-Tariff Income as Nil in the truing up for FY 2011-12 and FY 2012-13, respectively.

4.18 MISCELLANEOUS RECEIPTS/OTHER INCOME

APDCL submitted Other Income at Rs. 162.23 Crore and 186.56 Crore for FY 2011-12 and FY 2012-13, respectively.

The Commission had approved the Other Income at Rs. 125.48 Crore and Rs. 139.07 Crore for FY 2011-12 and FY 2012-13, respectively. The Other Income as per the audited Annual Accounts is Rs. 162.23 Crore and Rs. 186.56 Crore for FY 2011-12 and FY 2012-13, respectively.

The Commission approves the actual Other Income at Rs. 162.23 Crore and Rs. 186.56 Crore as per Audited Annual Accounts in the truing up for FY 2011-12 and FY 2012-13 respectively.

4.19 REVENUE AT EXISTING TARIFF

APDCL submitted that it has earned revenue of Rs. 2012.65 Crore and Rs. 2273.58 crore (including FPPPA) for FY 2011-12 and FY 2012-13, respectively, as against the revenue of Rs.1899.35 Crore and Rs. 2167.76 crore approved by the Commission (excluding FPPPA) for FY 2011-12 and FY 2012-13, respectively. APDCL submitted that it has considered the same for finding out the revenue gap for FY 2011-12 and FY 2012-13 along with Non-Tariff Income from energy sale of surplus availability to be passed on to the consumers.

APDCL submitted that in case of revenue earned from sale, there has been an overall decrease of 4.61% over the figures approved by the Commission.

The actual revenue from existing tariff is Rs. 2012.65 Crore and Rs. 2273.58 Crore as per the audited Annual Accounts for FY 2011-12 and FY 2012-13, respectively.

The Commission approves the actual revenue from sale of electricity at Rs. 2012.65 Crore and Rs. 2273.58 Crore as per the audited Annual Accounts in the truing up for FY 2011-12 and FY 2012-13, respectively.

4.20 TRUE UP OF ARR FOR FY 2011-12 AND FY 2012-13

The ARR for FY 2011-12, based on the audited annual accounts and as analyzed in the above paragraphs, is summarized in the Table below:

Table 4.25: Truing Up of ARR for FY 2011-12 (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order dated May 16, 2011	As submitted by APDCL	Actuals as per Audited Accounts	Approved in Truing- Up for FY 2011-12
1	Cost of power purchase	1711.68	2242.18	2242.18	2006.13
2	Operation & Maintenance Expenses	546.02	519.87	519.87	519.87
2.1	*Employee Cost*	*501.87*	*461.23*	*461.23*	*461.23*
2.2	*Repair & Maintenance*	*29.13*	*35.32*	*35.32*	*35.32*
2.3	*Administrative & General Expenses*	*15.02*	*23.32*	*23.32*	*23.32*
3	Depreciation	29.20	55.49	57.70	8.09
4	Interest and Finance Charge	10.25	71.32	69.35	4.05
5	Interest on Working Capital	43.81	47.83	1.96	17.27
6	Interest on Consumer security deposit	13.67	16.62	16.62	5.09
7	Provision for Bad Debts	0.00	5.28	5.28	0.00
8	Bad debts written off	0.00	0.00	0.76	0.00
9	Net prior period expenses	0.00	-23.17	-148.58	-128.39
10	Other Debits	0.00	1.90	1.14	0.20
11	Return on Equity	22.79	35.11	22.79	22.79
12	Provision for tax/ tax paid	4.54	0.00	0.00	0.00
12	**Annual Revenue Requirement**	**2381.96**	**2972.43**	**2789.07**	**2455.10**
13	Less: Non-Tariff Income	312.40	33.82	33.82	0.00
14	Less: Other Income	125.48	162.23	162.23	162.23
15	**Net Annual Revenue Requirement**	**1944.08**	**2776.38**	**2593.02**	**2292.87**
16	Revenue with existing Tariff	1899.35	2012.65	2012.65	2012.65
17	Revenue Subsidy	0.00	150.00	150.00	150.00
18	**Revenue Deficit/(surplus)**	**44.73**	**613.73**	**430.37**	**130.22**

The revenue deficit of Rs. 130.22 Crore, approved in the truing up for FY 2011-12 as shown in the above table, has been considered in the ARR for FY 2014-15.

The ARR for FY 2012-13, based on the audited annual accounts and as analyzed in the above paragraphs, is summarized in the Table below:

Table 4.26 : Truing Up of ARR for FY 2012-13 (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order dated May 16, 2011	As submitted by APDCL	Actuals as per Audited Accounts	Approved in Truing-Up for FY 2012-13
1	Cost of power purchase	1977.64	2357.68	2357.69	2166.47
2	Operation & Maintenance Expenses	589.97	584.67	584.67	584.67
2.1	*Employee Cost*	*542.01*	*518.66*	*518.66*	*518.66*
2.2	*Repair & Maintenance*	*32.04*	*39.70*	*39.70*	*39.70*
2.3	*Administrative & General Expenses*	*15.92*	*26.31*	*26.31*	*26.31*
3	Depreciation	34.38	56.57	56.61	2.57
4	Interest and Finance Charges	17.70	108.36	103.87	2.42
5	Interest on Working Capital	50.27	56.57	4.49	20.48
6	Interest on Consumer security deposit	15.26	16.64	16.64	2.62
7	Provision for Bad Debts	0.00	15.70	6.87	0.00
8	Bad debts written off	0.00	0.00	8.83	0.00
9	Net prior period expenses	0.00	-83.90	-83.90	-16.97
10	Other Debits	0.00	0.74	0.74	0.00
11	Return on Equity	22.79	35.11	22.79	22.79
12	Provision for tax/ tax paid	4.54	0.00	0.00	0.00
12	**Annual Revenue Requirement**	**2712.56**	**3148.14**	**3079.30**	**2785.05**
13	Less: Non-Tariff Income	323.40	28.23	28.23	0.00
14	Less: Other Income	139.07	186.56	186.56	186.56
15	**Net Annual Revenue Requirement**	**2250.09**	**2933.35**	**2864.51**	**2598.49**
16	Revenue with existing Tariff	2167.16	2273.58	2273.58	2273.58
17	Revenue Subsidy	0.00	150.00	150.00	150.00
18	**Revenue Deficit/(surplus)**	**82.93**	**509.77**	**440.93**	**174.91**

The revenue deficit of Rs. 174.91 Crore, approved in the truing up for FY 2012-13 as shown in the above table, has been considered in the ARR for FY 2014-15.

5. Annual Performance Review for FY 2013-14

5.1 INTRODUCTION

The MYT Order for the Control Period from FY 2013-14 to FY 2015-16 for APDCL was issued by the Commission on November 21, 2013. Before issuing the next Tariff Order, it is important for the Commission to review the technical as well as financial performance of APDCL vis-à-vis the Tariff Order issued by the Commission for this year. Also, it is pertinent and desirable that the Commission reviews its own estimation and directives to ensure better and effective implementation of its next Tariff Order.

The review examines the provisional Annual Accounts for FY 2013-14 and technical and financial performance of APDCL in FY 2013-14 with the figures approved for FY 2013-14 in the MYT Order dated November 21, 2013. The exercise also attempts to gauge the effectiveness of the last Tariff Order by evaluating the extent of implementation of the directives in the Tariff Order. These aspects are discussed in the following paras.

5.2 ENERGY SALES

APDCL submitted the category-wise actual energy sales in FY 2013-14 as 4712.64 MU in its APR Petition, as against the approved sales of 4605 MU for FY 2013-14.

In reply to the Commission's query, APDCL, vide its letter dated September 2, 2014 submitted the actual sales in FY 2013-14 as 4765 MU. The actual sales as submitted by APDCL and approved by the Commission are given in the Table below:

Table 5.1: Energy Sales for FY 2013-14 (MU)

Sr. No.	Categories	Approved in Tariff Order dated November 21, 2013	Actual as submitted by APDCL in the Petition	As per APDCL clarifica-tions	Conside red for Review of FY 2013-14
	LT GROUP				
1	Jeevan Dhara 0.5 kW and 1kWh/day	361	461	496	338

Sr. No.	Categories	Approved in Tariff Order dated November 21, 2013	Actual as submitted by APDCL in the Petition	As per APDCL clarifica-tions	Conside red for Review of FY 2013-14
2	Domestic: A - above 0.5 kW to 5 kW	1150	1265	1258	1416
3	Domestic-B above 5 kW to 20 kW	194	187	188	188
4	Commercial Load above 0.5 to 20 kW	463	450	450	450
5	General Load	86	99	97	97
6	Public Lighting	14	14	13	13
7	Agriculture up to 7.5 HP	6	7	6	6
8	Small Industries Rural up to 20 kW	49	54	54	54
9	Small Industries Urban	27	29	27	27
10	Temp Supply				
10A	Domestic		1	1	1
10B	Others	5	4	4	4
	LT TOTAL	**2356**	**2569**	**2595**	**2595**
	HT GROUP				
11	HT Domestic 20 kVA and above	39	41	40	40
12	HT commercial 25 kVA & above	253	252	256	256
13	Public Water works	66	76	72	72
14	Bulk supply 25 kVA and above				
14A	Government Educational Institution	63	66	65	65
14B	Others	340	365	368	368
15	HT Small Industries upto 50 kVA	24	23	24	24
16	HT Industries-I 50 kVA to 150 kVA	57	62	69	69
17	HT Industries-II above 150 kVA	902	751	770	770
18	Tea, Coffee & Rubber	398	396	394	394
19	Oil & Coal	77	81	83	83
20	HT Irrigation Load above 7.5 HP	30	30	29	29
	HT TOTAL	**2249**	**2143**	**2170**	**2170**
	GRAND TOTAL	**4605**	**4713**	**4765**	**4765**

As can be seen from the above Table, there is a significant increase reported by APDCL in the actual sales to Jeevan Dhara and Domestic A category, while the actual sales to HT Industries II (above 150 kVA) has been lower than that approved by the Commission in the Order dated November 21, 2013. Overall, the actual sales have been higher than that approved by the Commission in the Order dated November 21, 2013, by 160 MU.

The actual sales reported by APDCL for the Jeevan Dhara category, at 496 MU, amounts to average monthly consumption of around 44 MU by the Jeevan Dhara consumers, which is illogical, ,as the Jeevan Dhara category consumers can consume a maximum of only 30 units per month, and in case they consume more than 30 units per month, this consumption as well as the consumers are required to be transferred to Domestic A category. Hence, the Commission has capped the consumption of the Jeevan Dhara category to 30 units per month, and has considered the balance actual consumption under Domestic A category, as can be seen from the above Table. The Commission has accepted the actual sales reported by APDCL for the other consumer categories.

The Commission considers the actual energy sales, i.e., 4765 MU, for the purpose of Review for FY 2013-14, against 4605 MU approved in Tariff Order.

5.3 DISTRIBUTION LOSSES

APDCL, in its Petition, submitted that in spite of taking various loss reduction measures, APDCL could not achieve the approved distribution loss of 18.60% for FY 2013-14.

APDCL submitted that the actual distribution loss in FY 2013-14 was 24.92% as compared to the actual loss level of 25.85% in FY 2012-13. APDCL submitted that it has thus, achieved a significant reduction in the distribution loss in FY 2013-14 as compared to that in FY 2012-13, even after manifold increase in Jeevan Dhara consumers.

The Commission directed APDCL to submit the basis and justification for considering the distribution loss of 24.92% for FY 2013-14. APDCL has replied that the same is based on actual energy data. In reply to the Commission's query, APDCL, vide its letter dated September 2, 2014 submitted the actual sales for FY 2013-14 and the distribution loss as 24.07% for FY 2013-14.

The high distribution losses of the distribution licensee has always been a cause of concern to the Commission and several directives have been issued from time to time to restrict the distribution losses. These include introduction of prepaid meters in the Government departments/commercial buildings, spot billing, MRI downloads for all HT and non- domestic consumers, etc. However, the Commission notes that APDCL's efforts in this regard have not been up to mark and APDCL will have to make conscious efforts to reduce the distribution losses from the existing levels.

For FY 2013-14, in the review, the Commission has considered the distribution losses approved in the MYT Order dated November 21, 2013, for the purpose of calculating the energy requirement and the power purchase expenses, thereby not considering the excess power purchase cost incurred by APDCL on account of the actual distribution losses being higher than the approved distribution losses.

The distribution losses approved in the MYT Order, actual loss level as submitted by APDCL, and distribution loss considered by the Commission for review purpose for FY 2013-14, are as given in the Table below:

Table 5.2: Distribution loss for FY 2013-14

Year	**Approved by the Commission in Tariff Order**	**Actual loss level as submitted by APDCL**	**Considered for Review of FY 2013-14**
FY 2013-14	18.60%	24.07%	18.60%

The Commission considers the distribution loss level at the approved level at 18.60%, for the purpose of review for FY 2013-14, as it is a controllable parameter.

5.4 ENERGY REQUIREMENT

From the clarifications submitted by APDCL, the actual energy requirement, along with the energy requirement approved in the Tariff Order for FY 2013-14, and now considered for review purposes for FY 2013-14, are given in the Table below:

Table 5.3: Energy Requirement and Energy Balance for FY 2013-14 (MU)

Sr. No.	Particulars	Approved in Tariff Order	Actuals	Considered for Review of FY 2013-14
1	Energy Sales	4605	4765	4765
2	Distribution Loss (MU)	1052	1511	1089
	Distribution Loss (%)	18.60%	24.07%	18.60%
3	Energy Requirement	5657	6276	5854
4	Transmission Loss (MU)	241	268	249
5	Transmission Loss (%)	4.08%	4.08%	4.08%
6	Energy Input required to transmission system	5898	6544	6103
7	Pooled Loss of PGCIL	165.26	165.15	165.15
8	**Total Energy Requirement (MU)**	**6063**	**6709**	**6268**

The Commission considers the energy requirement of 6268 MU for review purposes for FY 2013-14.

5.5 POWER PURCHASE

The Commission approved the power purchase quantum and cost for FY 2013-14 as 6063 MU and Rs. 2354.64 crore, respectively.

In its Petition for review of FY 2013-14, APDCL submitted that the Company had been allocated share of generation capacities as per the allocation to ASEB/APDCL. APDCL further submitted that in order to minimize power purchase cost, it adopts Merit Order Dispatch principles for dispatching power from the generating stations based on the demand and allocation to ASEB/APDCL.

APDCL submitted that the total generation capacity of APGCL's generating stations are allocated to APDCL, in addition to the share of capacities of Central Sector Generating Stations (CSGS) allocated to the State of Assam. APDCL further submitted that based on the above allocation, if there is surplus of power then it sells the power to other agencies and if there is deficit of power, then power is procured from other agencies. APDCL submitted that since the demand is not constant and it varies from time to time, the actual power purchase from allocated capacities of the generators is different from the allocation. APDCL added that at times, it draws more than its allocated share of power while at other times it draws less than its allocated share of power.

APDCL submitted that the total power purchase cost for FY 2013-14 includes the basic power purchase cost and transmission charges payable to AEGCL (inclusive of PGCIL charges and Special Charge on BST).

APDCL submitted that the variation between the approved and the actual power purchase expenses is on account of various reasons including change in sources of power, change in cost of power and change in quantum of power purchased. APDCL submitted that the deviation is mainly driven by the effectuation of revised gas price with effect from June 2010 for the gas based thermal stations vis-à-vis CERC Tariff Order for the Control Period from FY 2008-09 to FY 2013-14 for various stations.

APDCL submitted that the quantum of power purchase depends upon the sales during the year as well as the distribution losses in the system. APDCL submitted that since distribution losses on its network have been higher than the approved level, hence, the quantum of power actually purchased is slightly higher than the power that would have been required to be bought at the approved distribution loss level. APDCL submitted that there has been a marginal increase in the costs due to the above factor, which otherwise would have been avoided had the desired level of distribution loss been achieved.

APDCL vide its letter dated September 5, 2014 submitted the actual power purchase quantum and cost in FY 2013-14 as 6580 MU and Rs. 2738.52 Crore, respectively. Subsequently, APDCL submitted clarifications on power purchase quantum and cost, vide submissions dated September 25, 2014 and September 30, 2014. The actual power purchase quantum and cost in FY 2013-14 has been revised to 6965 MU and Rs. 2616.35 Crore, respectively

The Commission would like to communicate its displeasure regarding the inconsistency in the submissions made by APDCL in this regard. For instance, in its submissions dated September 2, 2014, APDCL has stated that the actual (provisional) power purchase quantum and cost from OTPC Palatana in FY 2013-14 was 1260 MU and Rs. 364 crore, respectively. However, OTPC Palatana was operational for only 3 months in FY 2013-14, and the actual power purchase quantum and cost from OTPC Palatana in FY 2013-14, as submitted by APDCL in its latest submission, are 203 MU and Rs. 51 crore, respectively. Similarly, in its submissions dated September 2, 2014, APDCL has stated that the actual (provisional) power purchase quantum and cost from NTPC BTPS (new) in FY 2013-14 was 144 MU and Rs. 64 crore, respectively. However, BTPS (new) has not come into operational at all in FY 2013-14, and the actual power purchase quantum and cost from BTPS (new) in FY 2013-14, as submitted by APDCL in its latest submission, is Nil. Most of the other figures of power purchase quantum and cost also do not tally across various submissions of APDCL, thereby, causing lot of confusion, and wasted effort. The Commission directs APDCL to ensure that only correct data is submitted to the Commission and such grossly incorrect data should not be submitted to the Commission.

For the purpose of review, the Commission has considered the latest submission of APDCL, as the actual power purchase quantum and cost for FY 2013-14, as shown in the Table below:

Table 5.4: Actual Power Purchase Quantum and Cost for FY 2013-14 as submitted by APDCL

Sr. No.	Sources	Quantum (MU)		Amount (Rs. Crore)	
		Approved in MYT Order dated Nov 21, 2013	Actual	Approved in MYT Order dated Nov 21, 2013	Actual
1	Central Sector Generating Stations	3564.73	3633.87	961.25	1201.18
2	APGCL	1713.76	1728.31	495.11	528.99
3	MeSEB	18.03	20.22	7.27	9.28
4	NCE and Others	122.68	37.08	46.24	17.72
5	IOCL(AOD)	8.50	25.04	2.97	8.74
6	OTPC Palatana	345.58	202.63	92.27	51.20
7	UI Pool	0.00	239.42	0.00	46.37
8	Trading purchase	290.00	1078.46	71.05	294.77
	Total	**6063.28**	**6965.03$**	**1676.16**	**2158.25**

Note: $ - Difference between 6965 MU and 6709 MU, i.e., 256 MU, is towards surplus sale

The comparison of the actual power purchase cost as submitted by APDCL and as considered by the Commission in the review, is shown in the Table below:

Table 5.5: Power Purchase Cost approved for FY 2013-14 (Rs. Crore)

Power Purchase Cost	Approved in Tariff Order dated November 21, 2013	Actual
Power Purchase Cost	1676.16	2158.25
AEGCL Charge & SLDC Charge	458.10	458.10
Total Power Purchase Cost	2134.26	2616.35
Energy requirement approved as per Table 5.3 (MU)		6268
Energy actually purchased as per Table 5.4 (MU)		6965
Gross cost of energy purchase (Rs. Crore)		2616.35
Power purchase cost as per approved energy requirement (Rs. Crore)		2354.64
Power Purchase Cost considered for review purpose of FY 2013-14 (Rs. Crore)		2354.64

For review purposes, the power purchase cost has been reduced on pro-rata basis with the energy requirement considered for review, in accordance with the approved distribution loss.

The Commission considers power purchase cost at Rs. 2354.64 Crore for the purpose of review for FY 2013-14.

5.6 OPERATION AND MAINTENANCE (O&M) EXPENSES

The Commission, in the MYT Order for FY 2013-14 to FY 2015-16, had approved the escalation rate for projecting the O&M expenses as 8% for employee expenses, 10% for R&M expenses, and 6% for A&G expenses. The Commission has observed that the actual O&M expenses for APGCL have been increasing at the rates higher than 8%, and hence, finds the need to revise the escalation factor for projecting the O&M expenses. The Commission is of the view that as the O&M expenses are dependent on the prevailing rate of inflation based on WPI and CPI, the escalation factor for projecting the O&M expenses need to be derived based on the CPI and WPI. The Commission has computed the year-on-year inflation for FY 2013-14 as 8.42%, based on the weighted average of CPI and WPI in the ratio of 60:40.

Table 5.6: Escalation rate for O&M expenses

Particulars	WPI		CPI		Consolidated Index	
	FY 13	FY 14	FY 13	FY 14	FY 13	FY 14
April	164	171	205	226	188	204

Particulars	WPI		CPI		Consolidated Index	
	FY 13	FY 14	FY 13	FY 14	FY 13	FY 14
May	164	171	206	228	189	205
June	165	173	208	231	191	208
July	166	176	212	235	194	211
August	167	179	214	237	195	214
September	169	181	215	238	197	215
October	169	181	217	241	198	217
November	169	182	218	243	198	218
December	169	180	219	239	199	215
January	170	179	221	237	201	214
February	171	180	223	238	202	215
March	170	180	224	239	202	216
Average	**168**	**178**	**215**	**236**	**196**	**213**
Weighted Average of Inflation						**8.42%**

5.6.1 Employee Expenses

The Commission had approved the employee expenses at Rs. 537.98 Crore for FY 2013-14. APDCL, in the Petition, submitted the revised claim of Rs. 591.36 Crore for FY 2013-14.

APDCL has submitted the provisional Annual Accounts for FY 2013-14, and the employee cost as per the provisional Annual Accounts for FY 2013-14 is Rs. 560.65 Crore.

The Commission, for the purpose of review, has considered the employee expenses for FY 2013-14, by escalating the trued up employee expenses for FY 2012-13 by the escalation factor of 8.42%.

The Commission considers the employee expenses at Rs. 562.32 Crore for FY 2013-14.

5.6.2 Repair and Maintenance Expenses

The Commission had approved the Repair and Maintenance expenses at Rs. 35.25 Crore for FY 2013-14. APDCL, in the Petition, submitted the revised claim of Rs. 64.58 Crore for FY 2013-14.

APDCL has submitted the provisional Annual Accounts for FY 2013-14, and the R&M expenses as per the provisional Annual Accounts for FY 2013-14, is Rs. 69.09 Crore.

The Commission, for the purpose of review, has considered the R&M expenses for FY 2013-14, by escalating the trued up R&M expenses for FY 2012-13 by the escalation factor of 8.42%.

The Commission considers the R&M expenses at Rs. 43.04 Crore for FY 2013-14.

5.6.3 Administration and General Expenses

The Commission had approved the Administration and General expenses at Rs. 16.88 Crore for FY 2013-14. APDCL, in the Petition, submitted the revised claim of Rs. 23.81 Crore for FY 2013-14.

APDCL has submitted the provisional Annual Accounts for FY 2013-14, and the A&G expenses as per the provisional Annual Accounts for FY 2013-14, is Rs. 30.85 Crore.

The Commission, for the purpose of review, has considered the A&G expenses by escalating the trued up A&G expenses for FY 2012-13 by the escalation factor of 8.42%.

The Commission considers the A&G expenses at Rs. 28.52 Crore for FY 2013-14.

5.7 DEPRECIATION

The Commission had approved the depreciation charges at Rs. 6.08 Crore for FY 2013-14. APDCL, in the Petition, has submitted the revised claim of Rs. 57.31 Crore against depreciation for FY 2013-14.

APDCL has submitted the provisional Annual Accounts for FY 2013-14, and the depreciation and amortization expenses as per the provisional Annual Accounts for FY 2013-14, is Rs. 55.16 Crore.

As per the AERC Tariff Regulations, 2006, depreciation has to be calculated on 90% of opening GFA and the assets added during the year, at the rates specified in the depreciation schedule. The Commission has assumed that the assets will be added in the middle of the year, as some of the assets may be capitalised in the first half of the year, while other assets may be capitalised in the second half of the year. The weighted average rate of depreciation on 90% of fixed assets is considered for computing the depreciation on the gross fixed assets. Further, in accordance with the AERC Tariff Regulations, 2006, depreciation has not been allowed on assets funded out of consumer contribution and Government grants, as there is no cost to these funds and there is no repayment obligation also, when assets are funded using such funds.

Accordingly, the Commission has reviewed the depreciation charges for FY 2013-14 on the basis of submission by APDCL, based on the opening GFA and provisional assets capitalised during the year, and with depreciation computed in accordance with Regulation 14 of the AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006, as shown in the Tables below:

Table 5.7:: Depreciation for FY 2013-14 (Rs. Crore)

Sr. No.	Nature of Asset	GFA as on 1.04.2013	Additions during FY 2013-14	Rate of Depreciation	Depreciation as per AERC Regulations
1	Land & Rights	14.88	1.53		
2	Buildings	49.00	1.27	1.80%	0.80
3	Hydraulics	0.00	0.00	2.57%	0.00
4	Other Civil Works	42.09	3.53	1.80%	0.71
5	Plant & Machinery	551.42	4.20	3.60%	17.93
6	Lines & Cable Network	871.91	26.02	3.60%	28.67
7	Vehicles	11.67	0.18	18.00%	1.90
8	Furniture & Fixtures	12.83	0.75	6.00%	0.71
9	Office equipment	21.89	0.77	6.00%	1.20
10	Other items	227.14	16.04		0.00
	Total	**1802.83**	**54.29**		**51.94**
	Average of Opening Balance & Closing Balance of assets excluding Land & Rights & consumer contribution	**1623.54**		**3.20%**	

Particulars		As on 01.04.2013
Grants Available		3439.13
GFA (excluding Consumer Contribution and Lands & Rights)		1604.02
CWIP		2142.70
Total		3476.72
Cumulative grants apportioned in the ratio of GFA and CWIP	GFA	1472.33
	CWIP	1966.80
Depreciation calculated as per the Regulation on the GFA		51.94
Weighted Average Rate of Depreciation		3.20%
Depreciation to be deducted on the assets built on the grants component on 90% asset value		47.10
Depreciation to be considered in review		**4.84**

The Commission considers depreciation at Rs. 4.84 Crore in the review for FY 2013-14.

5.8 INTEREST AND FINANCE CHARGES

The Commission had approved the interest and finance charges at Rs. 28.89 Crore for FY 2013-14. APDCL, in the Petition, has submitted the revised claim of Rs. 115.81 Crore against interest and finance charges for FY 2013-14. The interest and finance charges as per the provisional Annual Accounts is Rs. 109.34 Crore including interest on GPF for FY 2013-14.

The Commission has examined the component-wise interest charges as per the provisional accounts and has allowed the interest charges on R-APDRP loans, bank charges, and discount to consumers for timely payment of bills. The Commission has disallowed the interest on GPF Funds, in accordance with the approach followed in previous Tariff Orders, since, APDCL has not created any Bonds for the purpose.

Further, in spite of repetitive directions given by the Commission in the earlier Tariff Orders, during the present tariff exercise, APDCL has not provided any supporting data/documents to establish that the loans taken from the State Government were utilized for capital expenditure. Therefore, the opening balance in respect of the State Government loans has not been taken into consideration for computation of interest and finance charges. Further, interest on ASE bond has been disallowed as per the Commission's approach in the previous Tariff Orders. For the purpose of calculation of interest expenses, the repayment has been considered equivalent to the depreciation allowed by the Commission. The addition to the loan is considered in proportion to the approved capitalization during the year. The rate of interest has been considered as 11.50% for FY 2013-14, based on the actual effective interest rate paid by APDCL on the R-APDRP loan, as reported in the provisional accounts for FY 2013-14.

The interest and finance charges considered by the Commission in the review for FY 2013-14 is given in the Table below:

Table 5.8: Interest & Finance Charges considered for review of FY 2013-14
(Rs. Crore)

Particulars	FY 2013-14
Opening Balance of R-APDRP loan	146.72
Addition	54.29
Repayment	4.84
Closing Balance of R-APDRP loan	196.17
Average rate of Interest	11.50%
Interest	**19.72**
Bank Charges	0.65
Discount to consumers	0.34
Total Other Finance Charges	**0.99**
Total Interest & Finance Charges	**20.71**
Less: Interest Capitalised	13.83
Interest Expenses	**6.88**

The Commission considers the Interest and Finance Charges at Rs. 6.88 Crore in the review for FY 2013-14.

5.9 INTEREST ON WORKING CAPITAL

The Commission had approved the Interest on Working Capital of Rs. 27.05 Crore in the Tariff Order for FY 2013-14. APDCL submitted the following calculations for the normative Interest on Working Capital:

Table 5.9: Interest on Working Capital submitted by APDCL (Rs. Crore)

Sr. No.	Particulars	FY 2013-14	
		Approved in Tariff Order dated November 21, 2013	Actuals
1	O&M Expenses-One month	53.83	57.00
2	2 month Receivables	433.62	393.59
3	1% OF GFA	20.82	18.03
4	Less, consumer security deposit	324.89	
4	Total working Capital	183.38	468.26
5	Rate of Interest on WC	14.75%	14.75%
6	Interest on WC	27.05	69.07

The actual interest on working capital has been reported as Nil in the provisional accounts of APDCL for FY 2013-14.

As per the AERC Tariff Regulations, 2006, the Interest on Working Capital is to be allowed on normative basis and shall consist of

d) O&M expenses for one month;
e) Maintenance spares at 1% of the historical cost of Fixed Assets
f) Receivables equivalent to 60 days of Average billing of consumers less security deposits of consumers.

Accordingly, the Interest on working capital has been examined and considered as shown in the Table below:

Table 5.10: Interest on Working Capital considered in review (Rs. Crore)

Sr. No.	Particulars	FY 2013-14
1	One month O&M Expenses	52.82
2	Maintenance spares @1% of GFA	18.03
3	Receivables for 60 days	434.33
4	Less: Consumer Security Deposit	349.04
5	Receivables excluding consumer security deposit	85.29
6	Working Capital requirement	156.14
7	Rate of Interest on Working Capital	14.50%
8	**Interest on Working Capital**	**22.64**

The Commission considers Interest on working capital at Rs. 22.64 Crore in the review for FY 2013-14.

5.10 INTEREST ON CONSUMER SECURITY DEPOSIT

The Commission, in its Tariff Order dated November 21, 2013, had approved Interest on Consumer Security Deposit at Rs. 32.17 Crore for FY 2013-14. APDCL, in its Petition for FY 2013-14, has claimed the Interest on Consumer Security deposit as Rs. 18.31 Crore.

As regards interest on security deposit, APDCL was required to submit the opening and closing balance of consumer security deposit, interest rate considered, basis for considering of interest rate and actual amount of interest paid on consumer security deposit for FY 2013-14. The interest on consumer security deposit as per the provisional Annual Accounts is Rs. 32.49 Crore for FY 2013-14.

As per APDCL submission, the actual payment of interest during FY 2013-14 is Rs.4.92 Crore. Accordingly, the Commission considers it appropriate to approve the actual interest paid on consumers' security deposit during the year rather than the amount provided for in the audited accounts, since, APDCL has been only provisioning for these amounts in the accounts, however, only a part of the same is actually being paid.

However, APDCL has to ensure that the interest on consumer security deposit is actually paid to the consumers, which should not be difficult, as all the consumers are known to APDCL, with bills being sent to the consumers. The amount of interest on the respective consumer security deposit should get automatically adjusted against the bill amount in the month of April each year, for the amount of consumer security deposit with APDCL in the previous year.

The Commission considers Interest on Security deposit at Rs. 4.92 Crore for review of FY 2013-14.

5.11 PROVISION FOR BAD AND DOUBTFUL DEBTS

The Commission had not approved any provision for bad debts for FY 2013-14 in its Tariff Order dated November 21, 2013. .APDCL, in its Petition, submitted the provision for bad and doubtful debt at Rs. 7.21 Crore for FY 2013-14.

As per the provisional Annual Accounts for FY 2013-14, bad and doubtful debts written off is Rs. 0.51 Crore and provision for bad and doubtful debts is Rs. 41.14 Crore.

The Commission does not consider the claim of APDCL for provision for bad debts, as the same was not originally approved. Further, the Commission does not consider the bad debts written off, as the same have to be written off against the provision created for the purpose.

The Commission cosiders Nil provision for bad and doubtful debts in the review for FY 2013-14.

5.12 OTHER DEBITS

The Commission had not approved any Other Debits for FY 2013-14 in the Tariff Order dated November 21, 2013. APDCL, in its Petition, submitted the Other Debits at Rs. 0.29 Crore for FY 2013-14.

As per the provisional Annual Accounts for FY 2013-14, Other Debits are Rs. 3.64 Crore and comprise of heads such as material cost variance, compensation to outsiders for injuries and damages, sundry debit balances written off, and loss on flood, cyclone, fire, etc. The Commission will take a view on whether such expenses are allowable to be recovered from the ARR, once the audited accounts for FY 2013-14 are available.

The Commission considers nil expense towards Other Debits in the review for FY 2013-14.

5.13 NET PRIOR PERIOD EXPENSES

APDCL, in its Petition for FY 2013-14, has not claimed any amount towards net prior period expenses.

APDCL has submitted the provisional Annual Accounts for FY 2013-14, wherein the element wise break up of expenses and income booked under provisional Annual Accounts for FY 2013-14 is given in the Table below. The Commission, for the purpose of review, has considered the prior period expenses based on the provisional accounts, and appropriateness. Further, expenses disallowed earlier have not been considered as income in case of write back.

The Commission has analysed each head of prior period expenses or prior period credit as reported in the provisional Accounts for FY 2013-14, as shown in the Table below:

Table 5.11: Net Prior Period Expenses considered in review (Rs. Crore)

Sr. No.	Particulars	FY 2013-14	
		Provisional Accounts	**Considered for review of FY 2013-14**
	Expenses		
1	Operating losses for prior period		
2	Employee cost relating to prior period	-0.05	0.00
3	Prior period depreciation	2.63	0.00
4	Interest relating to prior period	-20.98	0.00
5	Other Charges relating to prior period		
	Sub-total expenses	**-18.40**	**0.00**
	Credits		
1	Interest income for prior period	0.00	0.00
2	Excess provision in prior period	0.00	0.00
3	Other Income relating to prior period	0.30	0.30
	Sub-total Credits	**0.30**	**0.30**
	Net Prior period expenses/(Credits)	**-18.70**	**-0.30**

The Commission considers net prior period credit of Rs. 0.30 crore in the review for FY 2013-14.

5.14 RETURN ON EQUITY

The Commission had approved Return on Equity of Rs. 22.79 crore for FY 2013-14 at 14% on equity in the Tariff Order dated November 21, 2013.The Return on Equity amounting to Rs. 35.11 Crore as claimed by APDCL is shown in the following Table:

Table 5.12: Return on Equity for FY 2013-14 as submitted by APDCL (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order	Actual
1	Equity Capital as on 01-04-2013	162.76	250.81
2	Equity Capital as on 31-03-2014	162.76	250.81
3	Average Equity Capital for FY2013-14	162.76	250.81
4	Rate of ROE	14.00%	14.00%
5	**ROE for FY 2013-14**	**22.79**	**35.11**

As per the AERC Tariff Regulations, Return on Equity shall be computed on the Equity Capital employed in the business. As per the provisional Annual Accounts for FY 2013-14, the equity capital as on March 31, 2014 stood at Rs. 162.77 Crore. Accordingly, t**he Commission retains the ROE at Rs. 22.79 Crore for the review of FY 2013-14 as approved in the Tariff Order.**

5.15 PROVISION FOR TAXES

The Commission had not approved the provision for tax for FY 2013-14 in the Tariff Order dated November 21, 2013. APDCL, in its Petition for FY 2013-14, has not claimed any expenses under the provision for taxes.

The Commission has considered the provision for taxes as Nil in the review for FY 2013-14.

5.16 NON TARIFF INCOME

The Commission had not approved any non-tariff Income in its Tariff Order dated November 21, 2013. APDCL, in its Petition, submitted that the actual non-tariff income earned in FY 2013-14 through trading of surplus power was Rs. 15.90 crore.

APDCL has submitted the provisional Annual Accounts for FY 2013-14, and the non-tariff income as per the provisional Annual Accounts for FY 2013-14, is Rs. 18.43 Crore.

It should be noted that while considering the power purchase cost in the review for FY 2013-14, only the energy requirement for sale within the State and the corresponding power purchase cost has been allowed, as discussed in earlier Sections. Hence, the Commission has not considered the non-tariff income on account of sale of surplus power, in the review for FY 2013-14.

The Commission considers the Non-Tariff Income as Nil in the review for FY 2013-14.

5.17 MISCELLANEOUS RECEIPTS/OTHER INCOME

The Commission had approved Other Income at Rs. 203.50 Crore in its Tariff Order dated November 21, 2013. APDCL submitted Other Income at Rs. 202.32 Crore for FY 2013-14 in its Petition.

The Other Income as per the provisional Annual Accounts for FY 2013-14 is Rs. 205.33 Crore.

The Commission considers Other Income as per the provisional annual accounts at Rs. 205.33 Crore.

5.18 SUBSIDY

The State Government, vide its letter dated January 10, 2014 communicated its sanction for an amount of Rs. 100 Crore towards revenue subsidy to APDCL, as had been considered by the Commission in the Tariff Order dated November 21, 2013. The State Government, vide its letter dated March 15, 2014, communicated its sanction for an amount of Rs. 37 Crore as grants-in aid to APDCL during FY 2013-14 for procurement of additional power to maintain smooth supply of power, subject to the condition that this amount is to be utilized for adjustment against Fuel & Power Purchase Price Adjustment (FPPPA) charges. Further, APDCL, vide its submission dated September 26, 2014, submitted the details of targeted subsidy received from the State Government for the Jeevan Dhara and Domestic A category for FY 2013-

14, as Rs. 35.04 crore. Thus, the total subsidy received from the State Government during FY 2013-14 is Rs. 172.04 crore. The Commission has considered this subsidy amount while reviewing the ARR for FY 2013-14.

5.19 REVENUE FROM SALE OF ELECTRICITY

The Commission had approved the revenue from tariff at Rs. 2703.54 Crore in its Tariff Order dated November 21, 2013. APDCL, in its Petition, estimated the revenue from tariff at Rs. 2720.65 Crore, including the recovery through FPPPA.

The revenue from sale of electricity within the State as per the provisional Annual Accounts for FY 2013-14 is Rs. 2642.16 Crore.

The Commission considers the actual revenue from existing tariff as per provisional accounts at Rs. 2642.16 Crore in the review of FY 2013-14.

5.20 REVIEW OF ARR FOR FY 2013-14

The ARR for FY 2013-14 based on the provisional annual accounts and as analyzed in the above paragraphs is summarized in the Table below:

Table 5.13: Review of ARR for FY 2013-14 (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order	As submitted by APDCL	Considered for review of FY 2013-14
1	Cost of power purchase	2134.26	2720.26	2354.64
2	Operation & Maintenance Expenses			
2.1	Employee Cost	537.98	591.36	562.32
2.2	Repair & Maintenance expenses	35.25	64.58	43.04
2.3	Administrative & General Expenses	16.88	23.81	28.52
3	Depreciation	6.08	57.31	4.84
4	Interest and Finance Charges	28.89	115.81	6.88
5	Interest on Working Capital	27.05	69.07	22.64
6	Interest on Consumer Security Deposit	32.17	18.31	4.92
7	Provision for Bad Debts	0.00	7.21	0.00
8	Bad debts written off	0.00	0.00	0.00
9	Net prior period expenses	0.00	0.00	-0.30
10	Other Debits	0.00	0.29	0.00
11	Return on Equity	22.79	35.11	22.79
12	Provision for tax/ tax paid	0.00	0.00	0.00
13	True up adjustment	230.00	100.00	230.00
14	Others	0.00	71.78	0.00
15	**Aggregate Revenue Requirement**	**3071.35**	**3874.90**	**3280.28**
16	Less: Non-Tariff Income	0.00	15.90	0.00
17	Less: Other Income	203.50	202.32	205.33
18	**Net Aggregate Revenue Requirement**	**2867.85**	**3656.68**	**3074.95**
19	Revenue from sale of electricity	2767.85	2720.64	2642.16
20	Revenue Subsidy	100.00	349.70	172.04
21	**Revenue Deficit/ (surplus)**	**0.00**	**586.34**	**260.75**

The review reveals a deficit of Rs. 261 crore for FY 2013-14. It is only indicative in the absence of audited Annual Accounts for FY 2013-14. Hence, this is not carried forward to the ARR for FY 2014-15. It will be considered in the truing up process for FY 2013-14, after the audited Annual Accounts are made available.

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6. Revised Annual Revenue Requirement for FY 2014-15

6.1 INTRODUCTION

The Commission had approved the ARR for FY 2014-15 in the MYT Order dated November 21, 2013. This chapter deals with the determination of the revised ARR for FY 2014-15 and determination of revenue deficit/surplus as well as retail tariff for FY 2014-15 for APDCL.

APDCL, in its Petition, has considered the ARR approved for FY 2014-15 by the Commission in the MYT Order dated November 21, 2013, while determining the cumulative revenue deficit/surplus for FY 2014-15 and has proposed revised retail tariff for FY 2014-15.

The Commission, in this Order, has trued-up the expenses and revenue for FY 2011-12 and FY 2012-13 based on the prudence check of the audited Annual Accounts for the respective years, and has carried out the Annual Performance Review for FY 2013-14 based on the provisional Annual Accounts. Since, the base numbers for FY 2014-15 have changed as a result of the above truing up for FY 2011-12 and FY 2012-13 and review for FY 2013-14, the Commission considers it appropriate to revise the ARR for FY 2014-15, by considering the revised numbers for FY 2013-14.

6.2 ENERGY SALES

In this section, the consumer category-wise approved by the Commission for FY 2014-15 in the MYT Order dated November 21, 2013, the energy sales approved by the Commission in the review of FY 2013-14, and the revised category-wise sales approved by the Commission for FY 2014-15, have been elaborated.

The Commission had approved total sales of 5066 MU for FY 2014-15, based on growth in category-wise sales over the approved sales of 4605 MU for FY 2013-14. However, the actual sales in FY 2013-14, which has been considered by the Commission in the review of FY 2013-14, have been 4765 MU. As a result, there is a need to revise the approved category-wise sales for FY 2014-15.

The Commission has analysed the growth in category-wise sales after considering the actual sales in FY 2013-14, and considering the expected addition of Jeevan Dhara category consumers.

6.3 CATEGORY-WISE ENERGY SALES

LT CATEGORIES

6.3.1 Jeevan Dhara

The actual number of connections and approved sales to this category in FY 2013-14 are 1010738 and 338 MU, respectively.

It may be noted that under Jeevan Dhara category, the consumer is expected to consume not more than 1 kWh/day on an average, and in case they consume more than 30 units per month, the consumers and their consumption are required to be shifted to the Domestic A category. However, APDCL has been considering the consumption of the Jeevan Dhara category as higher than 30 units per connection per month for considering the sales for FY 2013-14. As discussed in Chapter 5 of this Order, the Commission has capped the consumption of the Jeevan Dhara category to 30 units per month, and has considered the balance actual consumption under Domestic A category.

In the MYT Order dated November 21, 2013, the Commission had considered that APDCL would add 2.5 lakh consumers every year under the Jeevan Dhara category in FY 2013-14, FY 2014-15, and FY 2015-16. However, APDCL has added only 143603 consumers under this category in FY 2013-14.

For arriving at the number of Jeevan Dhara connections for FY 2014-15, the Commission has considered the addition of 2.5 lakh consumers to the number of consumers in FY 2013-14. The Commission has considered the consumption of 30 kWh per month per consumer for this consumer category, for approving the sales for FY 2014-15.

The Commission in its MYT Order dated November 21, 2013 had considered the energy sales of 451 MU for FY 2014-15. Based on the above analysis, the

Commission approves the revised sales for the Jeevan Dhara category for FY 2014-15 as 408.87 MU.

6.3.2 Domestic – A

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to Domestic A category as 1207 MU for FY 2014-15. The Commission had considered a growth rate of 5% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 works out to 5%, 7%, 11%, 10%, and 16%, respectively. Given the steep increase in actual sales for FY 2013-14 as compared to the approved sales, the Commission has considered the 3-year CAGR of 11% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 1416 MU for this category, after considering the shift of the excess sales reported under the Jeevan Dhara category. **Accordingly, the Commission approves the revised sales for the Domestic-A category for FY 2014-15 as 1567 MU.**

6.3.3 Domestic - B

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to Domestic-B category as 229 MU for FY 2014-15. The Commission had considered a growth rate of 18% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 18%, 17%, 16%, 16%, and 16%, respectively, which shows a uniform growth rate of around 16%. The Commission has hence, considered 3-year CAGR of 16% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14 the Commission has considered the sales of 188 MU for this category. **Accordingly, the Commission approves the revised sales for the Domestic-B category for FY 2014-15 as 219 MU.**

6.3.4 LT Commercial

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to LT Commercial category as 510 MU for FY 2014-15. The Commission had considered a growth rate of 10% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 10%, 9%, 8%, 6%, and 8%, respectively. Given the reduction in actual sales for FY 2013-14 as compared to the approved sales, the Commission has considered the 3-year CAGR of 8% as reasonable for approving the revised energy sale for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 450 MU for this category. **Accordingly, the Commission approves the revised sales for the LT Commercial category for FY 2014-15 as 487 MU.**

6.3.5 LT General Purpose Supply

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to LT General Purpose category as 93 MU for FY 2014-15. The Commission had considered a growth rate of 8% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 11%, 11%, 14%, 15%, and 23%, respectively. Given the increase in actual sales for FY 2013-14 as compared to the approved sales, the Commission has considered the 3-year CAGR of 14% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 97 MU for this category. **Accordingly, the Commission approves the revised sales for the LT General Purpose category for FY 2014-15 as 111 MU.**

6.3.6 Public Lighting

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to Public Lighting category as 17 MU for FY 2014-15. The Commission had considered a growth rate of 17% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 16%, 14%, 14%, 16%, and 7%, respectively. Given the reduction in actual sales for FY 2013-14 as compared to the approved sales, the Commission has considered the 3-year CAGR of 14% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14 the Commission has considered the sales of 13 MU for this category. **Accordingly, the Commission approves the revised sales for the Public Lighting category for FY 2014-15 as 15 MU.**

6.3.7 Agriculture (upto 7.5 HP)

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to Agriculture category as 7 MU for FY 2014-15. The Commission had considered a growth rate of 10% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 10%, 9%, 9%, -8% and 0%, respectively. The Commission has considered the 3-year CAGR of 9% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 6 MU for this category. **Accordingly, the Commission approves the sales for the Agriculture (upto 7.5 HP) category for FY 2014-15 as 7 MU.**

6.3.8 Small Industries - Rural upto 20 kW

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to Small Industries - Rural category as 50 MU for FY 2014-15. The Commission had considered a growth rate of 2% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 5%, 5%, 6%, 5%, and 13%, respectively. The Commission has considered the 3-year CAGR of 6% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 54 MU for this category. **Accordingly, the Commission approves the revised sales for the Small Industries- Rural category for FY 2014-15 as 57 MU.**

6.3.9 Small Industries – Urban

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to the Small Industries - Urban category as 27 MU for FY 2014-15. The Commission had considered a growth rate of 2% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 2%, 2%, 1%, 0%, and 5%, respectively. The Commission has considered the 3-year CAGR of 1% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 27 MU for this category. **Accordingly, the Commission approves the revised sales for the Small Industries – Urban category for FY 2014-15 as 28 MU.**

6.3.10 Temporary Supply

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to the Temporary Supply category as 5 MU for FY 2014-15. For projecting the sales for FY 2014-15, the Commission had considered the sales in FY 2012-13 to this category.

In the review for FY 2013-14, the Commission has considered the sales of 6 MU for this category. **The Commission approves the revised sales for the Temporary Supply category for FY 2014-15 as 6 MU.**

HT CATEGORIES

6.3.11 HT Domestic (25 kVA and above)

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to HT Domestic category as 42 MU for FY 2014-15. The Commission had considered a growth rate of 8% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 5%, 8%, 15%, 7%, and 12%, respectively. The Commission considers the 1-year CAGR of 12% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 40 MU for this category. **Accordingly, the Commission approves the revised sales for the HT Domestic (25 kVA and above) category for FY 2014-15 as 45 MU.**

6.3.12 HT Commercial (25 kVA and above)

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to the HT Commercial category as 281 MU for FY 2014-15. The Commission had considered a growth rate of 11% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 11%, 11%, 12%, 8%, and 14%, respectively. The Commission considers the 3-year CAGR of 12% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 256 MU for this category. **Accordingly, the Commission approves the revised sales for the HT Commercial (25 kVA and above) category for FY 2014-15 as 287 MU.**

6.3.13 Public Water Works

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to Public Water Works category as 69 MU for FY 2014-15. The

Commission had considered a growth rate of 5% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 9%, 7%, 5%, 9%, and 14%, respectively. The Commission considers the 3-year CAGR of 5% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 72 MU for this category. **Accordingly, the Commission approves the revised sales for the Public Water Works category for FY 2014-15 as 76 MU.**

6.3.14 Bulk Supply (25 kVA and above)

a) Government Educational Institutions

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to Government Educational Institutions category as 69 MU for FY 2014-15. The Commission had considered a growth rate of 9% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 9%, 9%, 13%, 10%, and 15%, respectively. The Commission considers the 3-year CAGR of 13% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 65 MU for this category. **Accordingly, the Commission approves the revised sales for the Government Educational Institutions category for FY 2014-15 as 73 MU.**

b) Bulk Supply Others

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to Bulk Supply Others as 354 MU for FY 2014-15. The Commission had considered a growth rate of 4% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 5%, 6%, 7%, 6%, and 13%, respectively. The Commission considers the 3-year CAGR of 7% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 368 MU for this category. **Accordingly, the Commission approves the revised sales for the Bulk Supply Others category for FY 2014-15 as 395 MU.**

6.3.15 HT Small Industries – Upto 50 kVA

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to HT Small Industries category as 25 MU for FY 2014-15. The Commission had considered a growth rate of 4% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 4%, -13%, -23%, -10%, and 4%, respectively. The Commission considers the 5-year CAGR of 4% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 24 MU for this category. **Accordingly, the Commission approves the revised sales for the HT Small Industries category for FY 2014-15 as 25 MU.**

6.3.16 HT Industries-I (50 kVA to 150 kVA)

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to HT Industries - I category as 59 MU for FY 2014-15. The Commission had considered a growth rate of 4% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 8%, 8%, -1%, 6%, and 25%, respectively. Given the steep increase in actual sales for FY 2013-14 as compared to the approved sales, the Commission considers the 5-year CAGR of 8% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 69 MU for this category. **Accordingly, the Commission approves the revised sales for the HT Industries-I category for FY 2014-15 as 74 MU.**

6.3.17 HT Industries-II (above 150 kVA)

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to HT Industries - II category as 1055 MU for FY 2014-15. The Commission had considered a growth rate of 17% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 10%, 12%, 12%, 6%, and 0%, respectively. Given the reduction in actual sales for FY 2013-14 as compared to the approved sales, the Commission considers the 2-year CAGR of 6% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 770 MU for this category. **Accordingly, the Commission approves the revised sales for the HT Industries-II category for FY 2014-15 as 817 MU.**

6.3.18 Tea, Coffee and Rubber

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to Tea, Coffee, and Rubber category as 406 MU for FY 2014-15. The Commission had considered a growth rate of 2% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 2%, -1%, 3%, 2%, and 6%, respectively. The Commission considers the 3-year CAGR of 3% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 394 MU for this category. **Accordingly, the Commission approves the revised sales for the Tea, Coffee and Rubber category for FY 2014-15 as 408 MU.**

6.3.19 Oil and Coal

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to Oil and Coal category a 78 MU for FY 2014-15. The Commission had considered a growth rate of 2% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 4%, 1%, -6%, 7%, and 10%, respectively. The Commission considers the 5-year CAGR of 4% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 83 MU for this category. **Accordingly, the Commission approves the revised sales for the Oil and Coal category for FY 2014-15 as 86 MU.**

6.3.20 HT Irrigation (above 7.5 HP)

The Commission, in its MYT Order dated November 21, 2013, had approved the energy sales to HT Irrigation category as 31 MU for FY 2014-15. The Commission had considered a growth rate of 5% for projecting the sales for FY 2014-15 over the projected sales for FY 2013-14.

The Commission has computed the rate of growth in sales to this category over different time periods and the 5-year, 4-year, 3–year, 2-year and 1-year CAGR with respect to the provisional sales of FY 2013-14 is 7%, 5%, 4%, 6%, and 2%, respectively. The Commission considers the 3-year CAGR of 4% as reasonable for approving the revised energy sales for FY 2014-15.

In the review for FY 2013-14, the Commission has considered the sales of 29 MU for this category. **Accordingly, the Commission approves the revised sales for the HT Irrigation category for FY 2014-15 as 31 MU.**

6.4 TOTAL ENERGY SALES

The total revised energy sales approved by the Commission for FY 2014-15 is given in the following Table:

Table 6.1: Total Energy Sales for FY 2014-15 (MU)

Sr. No.	Category	Approved in MYT Order dated 21.11.2013	Approved in the present Order
	LT Category		
1	Jeevan Dhara 0.5 kW and 1 kWh/day	451	409
2	Domestic A- above 0.5 kW to 5 kW	1207	1567
3	Domestic-B above 5 kW to 20 kW	229	219
4	Commercial Load above 0.5 kW to 20 kW	510	487
5	General Load	93	111
6	Public Lighting	17	15
7	Agriculture upto 7.5HP	7	7
8	Small Industries Rural upto 20 kW	50	57
9	Small Industries Urban	27	28
10	Temporary Supply	5	6
	LT TOTAL	**2596**	**2905***
	HT Category		
11	HT Domestic 25 kVA and above	42	45
12	HT commercial 25 kVA & above	281	287
13	Public Water Works	69	76
14	Bulk Supply 25 kVA and above		
14 A	Government Educational Institutions	69	73
14 B	Others	354	395
15	HT Small Industries upto 50 kVA	25	25
16	HT Industries-1 50kVA to 150 kVA	59	74
17	HT Industries-II above 150 kVA	1055	817
18	Tea, Coffee & Rubber	406	408
19	Oil & Coal	78	86
20	HT Irrigation Load above 7.5 HP	31	31
	HT TOTAL	**2470**	**2317**
	Grand Total	**5066**	**5221$**

Note: * - total does not tally because of rounding off of category-wise sales

$ - total does not tally because of rounding off of total LT and HT category-wise sales

6.5 DISTRIBUTION LOSSES

The Commission, in its MYT Order dated November 21, 2013, approved the distribution loss reduction trajectory of 0.5% per annum for the period from FY 2013-14 to FY 2015-16, and accordingly, the approved distribution loss for FY 2014-15 is 18.10%. However, in view of the actual performance of APDCL and considering that the actual distribution losses reported by APDCL for FY 2013-14 is 24.07% as compared to the target distribution loss level of 18.60%, the Commission deems it appropriate to retain the approved distribution loss level for FY 2014-15 at the same level as that approved for FY 2013-14, without the reduction of 0.5% approved in the MYT Order.

APDCL should make strenuous efforts to reduce the distribution losses to the level approved by the Commission, with particular focus on reducing the non-technical loss.

The Commission approves the revised distribution loss of 18.60% for FY 2014-15.

6.6 ENERGY REQUIREMENT

The total energy requirement of the distribution licensee to meet the total energy demand is the sum of approved energy sales and the system losses (distribution losses) approved by the Commission. **The approved energy sales, distribution losses, and approved energy requirement for FY 2014-15 is given in the following Table**:

Table 6.2: Approved Energy Requirement for FY 2014-15 (MU)

Sr. No.	Particulars	Approved in the Order dated November 21, 2013	Approved in this Order
1	Approved energy sales	**5066**	**5221**
2	Distribution loss (%)	1120	1193
		18.10%	18.60%
3	Energy input required to the distribution system	6186	6415

6.7 ENERGY BALANCE

While working out the revised energy balance for FY 2014-15, the Commission has considered the transmission loss as approved in the Order dated November 21, 2014 for AEGCL for FY 2014-15, and the pooled inter-State loss of PGCIL (regional power loss) have been considered on the power sourced from outside the State (except MeSEB) as considered for FY 2013-14 in the present Tariff Order. The energy balance has been worked out in accordance with energy sales and distribution losses approved by the Commission in Table 6.1 and Table 6.2, respectively. **The revised energy balance approved by the Commission is shown in the table below:**

Table 6.3: Revised Energy Balance approved by the Commission for FY 2014-15 (MU)

Sr. No	Particulars	Unit	Approved in the Order dated November 21, 2013	Approved in this Order
1	Energy sales	MU	5066	5221
2	Distribution loss	MU	1120	1193
		%	18.10%	18.60%
3	Energy requirement	MU	6186	6415
4	Intra-State (AEGCL) Transmission loss	MU	247	256
		%	3.84%	3.84%
5	Energy input to transmission system	MU	6433	6671
6	Inter-State (PGCIL) pooled loss	MU	176	161.17
		%	3.87%	3.24%
7	**Total Energy Requirement**	**MU**	**6609**	**6832**

Note: The PGCIL pooled losses have been considered only on the energy procured from outside the State (except MeSEB)

6.8 POWER PURCHASE

6.8.1 Energy Availability

In the MYT Order dated November 21, 2013, the Commission had considered the energy available from APGCL for FY 2014-15, in accordance with the MYT Order for APGCL dated November 21, 2013.

In the MYT Order, in order to ascertain the energy availability from other sources, the Commission had analysed the availability based on past 3 years performance of the generating stations. Further, the Commission had considered the energy availability from Farakka-III also, as per the allocation. However, as the approved energy requirement was being met from the existing generating stations, the Commission had not considered energy availability from NTPC BTPS generating station. The Commission had not considered any purchase from bilateral sources/traders/Exchange for FY 2014-15, as the approved energy requirement was being met from the existing generating stations in the MYT Order dated November 21, 2013 for APDCL.

The Commission, in its Tariff Order dated November 21, 2014 for APGCL for FY 2014-15, has approved the revised net generation for FY 2014-15, as given in the Table below:

Table 6.4: Revised APGCL Generation approved by the Commission for FY 2014-15 (MU)

Sr. No.	Name of the Station	Approved in the Order dated November 21, 2013	Approved in this Order
1	Namrup TPS	209.15	499.55
2	Lakwa TPS with WHRU	726.01	796.14
3	Namrup replacement with WHRU	487.75	0.00
4	Karbi Langpi HEP	388.05	388.05
5	Lungnit SHEP	6.61	0.00
6	Myntriang SHEP	59.24	11.26
	Total	**1876.82**	**1695.00**

As discussed in Chapter 5 of this Order, APDCL has submitted the actual source-wise power purchase quantum and cost for FY 2013-14. For projecting the revised energy availability from sources other than APGCL for FY 2014-15, the Commission has considered the actual source-wise power purchase quantum procured in FY 2013-14, as this is the most representative data and best reflects the ground reality. The power purchase from OTPC Palatana has been considered on pro-rata basis, as OTPC was operational for only three months in FY 2013-14. Also, the balance power purchase quantum, after procuring power from all tied-up sources, has been considered to be purchased from bilateral sources and Power Exchange in the ratio of 78%:22%, which is the actual ratio of power purchase from these sources in FY 2013-14. As regards the power purchase by APDCL from RE sources, the same has been considered in accordance with APDCL's submission dated September 26, 2014.

The revised energy balance approved by the Commission for FY 2014-15 is given below:

Table 6.5: Approved Energy Balance for FY 2014-15

Sr. No	Particulars	Unit	Approved in the Order dated November 21, 2013	Approved in this Order
A	**Energy Requirement**			
1	Energy sales	MU	5066	5221
2	Distribution loss	MU	1120	1193
		%	18.10%	18.60%
3	Energy requirement	MU	6186	6415
4	Intra-State (AEGCL) Transmission loss	MU	247	256
		%	3.84%	3.84%
5	Energy input to transmission system	MU	6433	6671
6	Inter-State (PGCIL) pooled loss	MU	176	161.17
		%	3.87%	3.24%
7	**Total Energy Requirement**	**MU**	**6609**	**6832**
B	**Energy Available**			
	(a) APGCL	MU	1876.82	1695.00
	(b) CSGS	MU	4421.82	3633.87
	(c) RE	MU	100.03	117.94
	(d) MeSEB	MU	18.03	20.22
	(e) Banskandi	MU	52.05	0.00
	(f) IOCL	MU	8.50	25.04
	(g) OTPC	MU	132.18	810.52
	Purchase from bilateral sources/traders	MU	0.00	412.89
	Purchase from Exchange	MU	0.00	116.46
	Total Energy Available	**MU**	**6609**	**6832**

Note: 1. The PGCIL pool losses have been considered only on the energy procured from outside the State (except MeSEB).

6.8.2 **Power Purchase Cost**

The Commission has considered the fixed cost and energy charges for APGCL in accordance with the fixed cost and energy charges approved for APGCL for FY 2014-15 in the Tariff Order dated November 21, 2014. For other sources of power purchase, the Commission has considered the actual source-wise cost incurred by APDCL in FY 2013-14, as submitted by APDCL, vide its submission dated September 26, 2014.

The Commission has considered the procurement from bilateral sources/traders/Power Exchanges at the rate of Rs. 2.73 /kWh, which is the average rate of power purchase from these sources in FY 2013-14.

Since, the projected quantum of purchase is far lower than the prescribed minimum quantum of 7% of energy requirement (0.25% from solar sources and 6.75% from non-solar sources), the Commission sought clarifications from APDCL regarding the fund requirement for purchase of Renewable Energy Certificates (RECs) for meeting the shortfall in RPO requirement. APDCL submitted the necessary computations vide its submission dated September 26, 2014. The Commission has re-computed the amount required for purchase of Renewable Energy Certificates (RECs) for meeting the shortfall in RPO requirement, by considering the approved power purchase quantum and actual purchase from RE sources considered by the Commission in this Order, and reducing the excess solar purchase vis-a-vis the solar RPO, from the non-solar shortfall, as shown in the Table below:

Table 6.6: Amount required for purchase of RECs for FY 2014-15

Source	RPO %	RPO MU	Implemented MU	Shortfall MU	Rate Rs/kWh	Amount Rs Crore
Solar	0.25%	17.08	28.51	-11.43	9.30	0.00
Non-Solar	6.75%	461.16	89.43	360.30	1.50	54.04
TOTAL	**7.00%**	**478.24**	**117.94**	**348.87**		**54.04**

The Commission has considered 50% of the above amount, i.e., Rs. 27.02 crore, for funding the purchase of Renewable Energy Certificates (RECs) for meeting the shortfall in RPO requirement, and APDCL should take all efforts to purchase the

RECs as well as meet the balance RPO requirement through actual purchase of renewable energy from different sources.

The power purchase cost thus, approved for FY 2014-15, is given in the Table below:

Table 6.7: Approved Power Purchase Cost for FY 2014-15

Sr. No.	Agency/Source	Approved in the Order dated November 21, 2013			Approved in this Order		
		Quantum (MU)	Total Cost (Rs. Crore)	Rate (Rs./ kWh)	Quantum (MU)	Total Cost (Rs. Crore)	Rate (Rs./ kWh)
1	**APGCL**	1876.82	477.64	2.54	1695.00	548.83	3.24
2	**NEEPCO (Hydro)**						
	KOPILI I	441.91	47.71	1.08	376.94	38.30	1.02
	KOPILI II	46.70	6.97	1.49	40.45	7.00	1.73
	KHANDONG	108.92	32.31	2.97	100.02	26.07	2.61
	RHEP	517.68	145.43	2.81	419.58	143.12	3.41
	DHEP	100.97	40.03	3.96	101.87	44.06	4.33
3	**NEEPCO (TH)**						
	AGBPP	963.29	301.19	3.13	956.52	326.09	3.41
	AGTPP	292.26	60.38	2.07	286.66	106.01	3.70
4	**NHPC Existing – Lg HEP**	166.85	35.86	2.15	180.56	41.91	2.32
5	**NTPC (Existing)**						
	FARAKKA	166.04	47.64	2.87	252.37	104.90	4.16
	KAHELGAON-I	82.21	23.61	2.87	109.18	42.64	3.91
	KAHELGAON-II	426.37	147.53	3.46	503.60	202.23	4.02
	TALCHER	128.59	27.86	2.17	126.52	30.56	2.42
	FARAKKA-III	122.95	44.76	3.64	179.60	88.28	4.92
6	**NTPC (New) BTPS**	857.09	376.26	4.39	0.00	0.00	0.00
7	**RE Sources**						

Sr. No.	Agency/Source	Approved in the Order dated November 21, 2013			Approved in this Order		
		Quantum (MU)	Total Cost (Rs. Crore)	Rate (Rs./ kWh)	Quantum (MU)	Total Cost (Rs. Crore)	Rate (Rs./ kWh)
	Solar (NVVN/NTPC + Oth)	16.53	16.53	10.00	28.51	14.99	5.26
	Small Hydro	75.00	23.93	3.19	80.93	25.81	3.19
	Biomass	8.50	4.62	5.43	8.50	4.62	5.43
8	**BANSKANDI (SIPP)**	52.05	13.74	2.64	0.00	0.00	0.00
9	**MeSEB**	18.03	7.27	4.03	20.22	9.28	4.59
10	**IOCL (AOD)**	8.5	2.97	3.49	25.04	8.74	3.49
11	**OTPC**	132.18	35.42	2.68	810.52	204.79	2.53
12	**Purchase from bilateral sources/Traders**	0.00	0.00	0.00	412.89	112.85	2.73
13	**Purchase from Power Exchanges**	0.00	0.00	0.00	116.46	31.83	2.73
14	**REC Purchase**					27.02	
	Total	**6609.44**	**1918.91**	**2.90**	**6831.93**	**2189.94**	**3.21**
	UI Pool						
	AEGCL Charges		495.66			460.40	
	SLDC Charges		2.12			2.12	
	Total	**6609.44**	**2416.69**	**3.66**	**6831.93**	**2652.46**	**3.88**

Transmission Costs

The Transmission Charges and SLDC charges approved by the Commission in the Tariff Order dated November 21, 2014 for AEGCL have been considered for approving the charges payable to AEGCL for FY 2014-15. The transmission costs include the charges to be paid to AEGCL for inter-State transmission to PGCIL for regional transmission of power, and SLDC charges.

The Commission approves the Transmission Charges payable to AEGCL as shown in the table below:

Table 6.8: Approved Transmission Charges (Rs. Crore)

Sr. No.	Details	Approved in the Order dated November 21, 2013	Approved in this Order
1	Transmission Charges	495.66	460.40
2	SLDC Charges	2.12	2.12
	Total	**497.78**	**462.52**

6.9 TOTAL POWER PURCHASE COST

The total power purchase cost from various sources, including transmission charges and SLDC charges to be paid to AEGCL is aggregated to arrive at total power purchase cost of APDCL as shown in the Table below:

Table 6.9: Approved Total Power Purchase Costs for FY 2014-15 (Rs. Crore)

Sr. No.	Details	Approved in the Order dated November 21, 2013	Approved in this Order
1	AEGCL cost (including SLDC)	497.78	462.52
2	Cost of Power	1918.91	2189.94
	Total Cost of Power Purchase	**2416.69**	**2652.46**

6.10 OPERATION AND MAINTENANCE (O&M) EXPENSES

The Commission, in the MYT Order for FY 2013-14 to FY 2015-16, had approved the escalation rate for projecting the O&M expenses as 8% for employee expenses, 10% for R&M expenses, and 6% for A&G expenses. The Commission has observed that the actual O&M expenses for APGCL have been increasing at the rates higher than 8%, and hence, finds the need to revise the escalation factor for projecting the O&M expenses. The Commission is of the view that as the O&M expenses are dependent on the prevailing rate of inflation based on WPI and CPI, the escalation factor for projecting the O&M expenses need to be derived based on the CPI and WPI. The Commission has computed the year-on-year inflation for FY 2013-14 as 8.42%, based on the weighted average of CPI and WPI in the ratio of 60:40.

Table 6.10: Escalation rate for O&M expenses

Particulars	WPI		CPI		Consolidated Index		
	FY 13	FY 14	FY 13	FY 14	FY 13	FY 14	FY 15
April	164	171	205	226	188	204	
May	164	171	206	228	189	205	
June	165	173	208	231	191	208	
July	166	176	212	235	194	211	
August	167	179	214	237	195	214	
September	169	181	215	238	197	215	
October	169	181	217	241	198	217	
November	169	182	218	243	198	218	
December	169	180	219	239	199	215	
January	170	179	221	237	201	214	
February	171	180	223	238	202	215	
March	170	180	224	239	202	216	
Average	**168**	**178**	**215**	**236**	**196**	**213**	
Weighted Average of Inflation						**8.42%**	**8.42%**

Accordingly, the Commission has considered the weighted average rate of inflation at 8.42% for FY 2014-15.

6.10.1 Employee Expenses

The Commission had approved the employee expenses at Rs. 581.02 Crore for FY 2014-15 in the Tariff Order dated November 21, 2013. The Commission arrived at employee expenses for FY 2014-15 by escalating the employee expenses approved for FY 2013-14 by 8%.

The Commission, in this Order, has approved the employee expenses for FY 2014-15 by applying the escalation rate of 8.42% over the reviewed employee expenses for FY 2013-14.

The Commission thus, approves the employee expenses at Rs. 609.65 Crore for FY 2014-15.

6.10.2 Repair and Maintenance Expenses

The Commission had approved the Repair and Maintenance (R&M) expenses at Rs. 38.77 Crore for FY 2014-15 in the Tariff Order dated November 21, 2013. The Commission arrived at R&M expenses for FY 2014-15 by escalating the R&M expenses approved for FY 2013-14 by 10%.

The Commission, in this Order, has approved the R&M expenses for FY 2014-15 by applying the escalation rate of 8.42% over the reviewed R&M expenses for FY 2013-14.

The Commission thus, approves the R&M expenses at Rs. 46.66 Crore for FY 2014-15.

6.10.3 Administration and General Expenses

The Commission had approved the Administration and General (A&G) expenses at Rs. 17.89 Crore for FY 2014-15 in the Tariff Order dated November 21, 2013. The Commission arrived at A&G expenses for FY 2014-15 by escalating the A&G expenses approved for FY 2013-14 by 6%.

The Commission, in this Order, has approved the A&G expenses for FY 2014-15 by applying the escalation rate of 8.42% over the reviewed A&G expenses for FY 2013-14.

The Commission thus, approves the A&G expenses at Rs. 30.93 Crore for FY 2014-15.

6.11 CAPITAL EXPENDITURE AND SOURCES OF FUNDING

The Commission, in view of the distribution schemes planned for execution, had provisionally approved the capital expenditure and capitalization for FY 2014-15 in its Tariff Order dated November 21, 2013, as Rs. 574.96 crore and Rs. 182.98 crore, respectively.

It is observed that the actual capital expenditure and capitalization from FY 2011-12 to FY 2013-14 is lower than that approved by the Commission for the respective years. Hence, the capital expenditure and capitalization for FY 2014-15 have been considered as equal to the average of actual capital expenditure and capitalisation over the period from FY 2011-12 to FY 2013-14.

Further, as elaborated in Chapter 3 of this Order, in order to facilitate the installation of pre-paid meters at Government offices as well as other LT category consumers desirous of having pre-paid meters or static post-paid meters installed at their premises, not covered under R-APDRP schemes, the Commission has considered additional capitalisation equivalent to Rs. 20 crore in FY 2014-15, and APDCL should immediately procure these meters and install them at all Government establishments as well as the premises of any LT category consumers who desirous of having pre-paid meters or static post-paid installed at their premises.

The revised capital expenditure and capitalization provisionally approved for FY 2014-15, is detailed in the Table below:

Table 6.11: Approved capital expenditure and capitalization for FY 2014-15 (Rs. Crore)

Particulars	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Opening balance of CWIP	1414.59	1760.01	2142.70	2868.37
Add:				
i) Capital Expenditure	398.95	417.39	766.12	527.49
ii) Interest & Finance Charges capitalized	3.21	13.99	13.83	18.30
iii) Other expenses capitalized				
Total Capital expenditure for the year	402.16	431.38	779.95	545.78
Less: Expenditure Capitalised	56.74	48.69	54.29	73.24
Closing Balance of CWIP	**1760.01**	**2142.70**	**2868.37**	**3340.91**

6.12 DEPRECIATION

The Commission, vide its MYT Order dated November 21, 2013, had approved the depreciation charges at Rs. 11.32 Crore for FY 2014-15.

As per the AERC Tariff Regulations, 2006, depreciation has to be calculated on 90% of opening GFA and the assets added during the year, at the rates specified in the depreciation schedule. The Commission has assumed that the assets will be added in the middle of the year, as some of the assets may be capitalised in the first half of the year, while other assets may be capitalised in the second half of the year. The weighted average rate of depreciation on 90% of fixed assets is considered for computing the depreciation on the gross fixed assets. Further, in accordance with the AERC Tariff Regulations, 2006, depreciation has not been allowed on assets funded out of consumer contribution and Government grants, as there is no cost to these funds and there is no repayment obligation also, when assets are funded using such funds.

Accordingly, the Commission has revised the depreciation charges for FY 2014-15 based on the opening GFA and projection of assets to be capitalised during the year, and with depreciation computed in accordance with Regulation 14 of the AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006, as shown in the Tables below:

Table 6.12: Computation of Depreciation for FY 2014-15 (Rs. Crore)

Sr. No.	Nature of Asset	GFA as on 1.04.2014	Additions during FY 2014-15	Rate of Depreciation	Depreciation as per AERC Regulations
1	Land & Rights	16.41	0.02		
2	Buildings	50.27	0.17	1.80%	0.82
3	Hydraulics	0.00	0.00	2.57%	0.00
4	Other Civil Works	45.62	0.20	1.80%	0.74
5	Plant & Machinery	555.62	2.01	3.60%	18.03
6	Lines & Cable Network	897.93	4.65	3.60%	29.17
7	Vehicles	11.85	0.02	18.00%	1.92
8	Furniture & Fixtures	13.58	0.11	6.00%	0.74
9	Office equipment	22.66	0.19	6.00%	1.23
10	Other items	243.18	65.86		0.00
	Total	**1857.12**	**73.24**		**52.65**
	Average of Opening Balance & Closing Balance of assets excluding Land & Rights & consumer contribution	**1669.06**		3.15%	

Particulars		As on 01.04.2014
Grants Available		3899.26
GFA (excluding Consumer Contribution and Lands & Rights)		1643.06
CWIP		2868.37
Total		4511.42
Cumulative grants apportioned in the ratio of GFA and CWIP	GFA	1420.11
	CWIP	2479.15
Depreciation calculated as per the Regulations on the GFA		52.65
Weighted Average Rate of Depreciation		3.15%
Depreciation to be deducted on the assets built on the grants component on 90% asset value		44.79
Depreciation approved		**7.85**

The Commission thus, approves the revised depreciation at Rs. 7.85 Crore for FY 2014-15.

6.13 INTEREST AND FINANCE CHARGES

The Commission, vide its MYT Order dated November 21, 2013, had approved the source-wise outstanding loan and interest payment for FY 2014-15. The Commission had approved Interest and Finance Charges at Rs. 41.38 Crore for FY 2014-15.

The Commission, in the earlier sections of this Tariff Order, has already approved interest expenses for FY 2011-12 and FY 2012-13 and also reviewed the interest expenses for FY 2013-14.

The Commission has allowed the interest charges on R-APDRP loans and ADB loans, bank charges, and discount to consumers for timely payment of bills. The Commission has disallowed the interest on GPF Funds, in accordance with the approach followed in previous Tariff Orders, since, APDCL has not created any Bonds for the purpose.

Further, in spite of repetitive directions given by the Commission in the earlier Tariff Orders, during the present tariff exercise, APDCL has not provided any supporting data/documents to establish that the loans taken from the State Government were utilized for capital expenditure. Therefore, the opening balance in respect of the State Government loans has not been taken into consideration for computation of interest and finance charges. Further, interest on ASE bond has been disallowed as per the Commission's approach in the previous Tariff Orders. For the purpose of calculation of interest expenses, the repayment has been considered equivalent to the depreciation allowed by the Commission. The addition to the loan is considered in proportion to the approved capitalization during the year. The rate of interest on the R-APDRP loan has been considered as 11.50% for FY 2014-15, based on the actual effective interest rate paid by APDCL on the R-APDRP loan for FY 2013-14, while the rate of interest on the ADB loan has been considered as 8%, based on APDCL's submission in this regard in the MYT Petition.

The revised interest and finance charges approved by the Commission for FY 2014-15 is given in the Table below:

Table 6.13: Revised Interest & Finance Charges for FY 2014-15 (Rs. Crore)

Particulars	FY 2014-15	
	R-APDRP	ADB
Opening Balance of loan	196.17	0.00
Addition	58.83	14.41
Repayment	7.85	0.00
Closing Balance	247.15	14.41
Average rate of Interest	11.50%	8%
Interest	**25.49**	**0.59**
Bank Charges	0.61	
Discount to consumers	0.30	
Total Other Finance Charges	**0.91**	
Total Interest & Finance Charges	**26.99**	
Less: Interest Capitalised	18.30	
Interest Expenses	**8.70**	

The Commission approves the revised Interest and Finance Charges at Rs. 8.70 Crore for FY 2014-15.

6.14 INTEREST ON WORKING CAPITAL

The Commission had approved the Interest on Working Capital of Rs. 35.54 Crore for FY 2014-15 in the MYT Order dated November 21, 2013.

As per the AERC Tariff Regulations, 2006, the Interest on Working Capital is to be allowed on normative basis and shall consist of

g) O&M expenses for one month;
h) Maintenance spares at 1% of the historical cost of Fixed Assets
i) Receivables equivalent to 60 days of average billing of consumers, less security deposits of consumers.

Accordingly, the Interest on working capital has been revised as shown in the Table below:

Table 6.14: Approved Interest on Working Capital for FY 2014-15 (Rs. Crore)

Sr. No.	Particulars	Approved in the Order dated November 21, 2013	Approved in this Order
1	One month O&M Expenses	58.94	57.27
2	Maintenance spares @1% of GFA	25.12	18.57
3	Receivables for 60 days	488.27	602.66
4	Less: Consumer Security Deposit	331.38	395.79
5	Receivables excluding consumer security deposit	156.89	206.87
6	Working Capital requirement	240.94	282.71
7	Rate of Interest on Working Capital	14.75%	14.75%
8	Interest on Working Capital	**35.54**	**41.70**

The Commission approves the revised Interest on working capital at Rs. 41.70 Crore for FY 2014-15.

6.15 INTEREST ON CONSUMER SECURITY DEPOSIT

The Commission, in its MYT Order dated November 21, 2013, had approved Interest on Consumer Security Deposit at Rs. 32.81 Crore for FY 2014-15.

As regards interest on security deposit, APDCL was required to submit the opening and closing balance of consumer security deposit, interest rate considered, basis for considering of interest rate and actual amount of interest paid on consumer security deposit for FY 2013-14. The interest on consumer security deposit as per the provisional Annual Accounts is Rs. 32.49 Crore for FY 2013-14.

As per APDCL submission, the actual payment of interest during FY 2013-14 is Rs.4.92 Crore, which has been considered by the Commission in the review for FY 2013-14, since, the Commission considers it appropriate to approve only the actual interest paid on consumers' security deposit during the year rather than the amount provided for in the audited accounts, since, APDCL has been only provisioning for these amounts in the accounts. **For FY 2014-15, the Commission approves the revised Interest on Security deposit at the same level as that of FY 2013-14, i.e., Rs.4.92 Crore.**

However, APDCL has to ensure that the interest on consumer security deposit is actually paid to the consumers, which should not be difficult, as all the consumers are known to APDCL, with bills being sent to the consumers. The amount of interest on the respective consumer security deposit should get automatically adjusted against the bill amount in the month of April each year, for the amount of consumer security deposit with APDCL in the previous year.

6.16 PROVISION FOR BAD AND DOUBTFUL DEBTS

The Commission did not approve any provision for bad debts for FY 2014-15 in its MYT Order dated November 21, 2013.

Accordingly, the Commission considers Nil provision for bad and doubtful debts for FY 2014-15.

6.17 RETURN ON EQUITY

The Commission had approved Return on Equity of Rs. 22.79 crore at 14% on equity for FY 2014-15 in the MYT Order dated November 21, 2013. As per the AERC Tariff Regulations, 2006, Return on Equity shall be computed on the Equity Capital employed in the business. As per the provisional Annual Accounts for FY 2013-14, the equity capital stood at Rs. 162.27 Crore. Accordingly, t**he Commission retains the ROE at Rs. 22.79 Crore for FY 2014-15 as approved in the MYT Order.**

6.18 NON TARIFF INCOME

The Commission has not approved any non-tariff Income for FY 2014-15 in its MYT Order dated November 21, 2013.

It should be noted that while considering the power purchase cost for FY 2014-15, only the energy requirement for sale within the State and the corresponding power purchase cost has been allowed, as discussed in earlier Sections. Hence, the Commission has not considered the non-tariff income on account of sale of surplus power, for FY 2014-15.

The Commission considers the Non-Tariff Income as Nil for FY 2014-15.

6.19 MISCELLANEOUS RECEIPTS/OTHER INCOME

The Commission has approved Other Income at Rs. 227.92 Crore in its MYT Order dated November 21, 2013. The Other Income has been increasing over the years at a rate of 12.5%. Hence, for FY 2014-15, Other Income has been projected by considering a 12.5% increase over the actual Other Income earned by APDCL in FY 2013-14.

The Commission thus, approves the revised Other Income for FY 2014-15 at Rs. 231 Crore.

6.20 SUBSIDY

The State Government, vide its letter dated June 21, 2014 (**Annexure 2**) sanctioned financial support of Rs. 81.64 crore for deferment in levying FPPPA for FY 2014-15. The Commission has considered this subsidy amount while determining the ARR, as discussed below.

6.21 REVENUE AT EXISTING TARIFF

For FY 2014-15, the revenue at existing tariff has been calculated by multiplying the revised sales with the existing category-wise tariff. **Accordingly, the revenue at existing tariff for FY 2014-15 works out to Rs. 3241.26 Crore.**

6.22 ANNUAL REVENUE REQUIREMENT (ARR)

The ARR for FY 2014-15 as analyzed in the above paragraphs, is summarized in the Table below:

Table 6.15: Approved ARR for FY 2014-15 (Rs. Crore)

Sr. No.	Particulars	Approved in the Order dated November 21, 2013	Approved in this Order
1	Cost of Power Purchase	2416.69	2652.46
2	Employee cost	581.02	609.65
3	Repair & Maintenance Expenses	38.77	46.66
4	Administrative & General Expenses	17.89	30.93
5	Depreciation	11.32	7.85
6	Interest & Finance charges	41.38	8.70

Sr. No.	Particulars	Approved in the Order dated November 21, 2013	Approved in this Order
7	Interest on working Capital	35.54	41.70
8	Interest on CSD	32.81	4.92
9	Provision for Bad Debts	0.00	0.00
10	Return on Equity	22.79	22.79
	ARR	**3198.20**	**3425.65**
11	Non-Tariff Income	0.00	0.00
12	Other Income	227.92	231.00
	Net ARR	**2970.28**	**3194.65**
13	Revenue at Existing Tariff		3241.26
14	Revenue Subsidy		81.64
	Revenue Deficit/(Surplus)		**(128.24)**

6.23 REVENUE GAP FOR FY 2014-15

APDCL, in its Petition, projected the revenue requirement of Rs. 3772.26 crore for FY 2014-15, however, APDCL had not included the revenue gap on account of true-up of FY 2011-12 and FY 2012-13, as sought by APDCL, in the total revenue requirement. The Commission has shown the cumulative revenue gap for FY 2014-15, as sought by APDCL, in the following Table:

Table 6.16: Cumulative Revenue Gap for FY 2014-15 as sought by APDCL (Rs. Crore)

Sl.	Particulars	Amount
1	Approved ARR for FY 2014-15	2970.29
2	Add: Revenue Gap of previous years	521.09
3	Less: amount already approved	230.00
4	Add: carrying cost on past period expenses	251.98
5	Add: under-recovery of FPPPA for 6 months for FY 2013-14	168.41
6	Add: under-recovery due to non-revision of tariff for 6 months for FY 2013-14	90.49
7	**Total Revenue Requirement (1 to 6)**	**3772.26**
8	Add: Net Deficit on truing up for FY 2011-12	613.73
9	Add: Net Deficit on truing up for FY 2012-13	509.77
10	**Total Revenue Requirement (7+8+9)**	**4895.76**
11	Revenue at existing Tariff	3038.17
12	**Revenue Gap (10-11)**	**1857.59**
13	Estimated sale of energy (MU)	5066.00
14	Average Tariff (Rs./kWh)	9.66

Note: APDCL has sought recovery of past gaps and carrying cost at different places in its Petitions, and has not shown the cumulative impact in the above manner; however, the above cumulative impact has been shown to highlight the real revenue gap sought by APDCL

As discussed above, based on approved category-wise sales, the revenue at existing tariff for FY 2014-15 including FPPPA works out to Rs. 3241.26 Crore. It should be noted that the average billing rate (total revenue divided by total sales) in FY 2014-15, with existing tariff, works out to Rs. 6.21 per kWh, as against Rs. 6.01 per kWh approved by the Commission while approving the revised tariff for FY 2013-14, though the tariff is the same. This is on account of the change in sales mix in FY 2014-15 as compared to the sales mix in FY 2013-14, as well as the FPPPA of 36 paise/kWh charged from July 2014.

Further, the Commission, in the MYT Order dated November 21, 2013, observed as under:

"As can be seen from the above extracts of the Tariff Order for FY 2012-13, the Commission had included the revenue gap of FY 2009-10 and FY 2010-11, in the revenue requirement of FY 2012-13, and had estimated that the revenue in FY 2012-

13 would amount to Rs. 2810 crore, which was sufficient to meet the entire revenue requirement of FY 2012-13, including the revenue gap of FY 2009-10 and FY 2010-11. However, in reality, APDCL has not earned such revenue. Based on actual revenue earned by APDCL for the first 11 months of FY 2012-13, for which data is available with the Commission, it is estimated that APDCL's revenue in FY 2012-13 would be Rs. 2398 crore, which is a shortfall of Rs. 412 crore as compared to the revenue projected by the Commission in the suo-motu Tariff Order for FY 2012-13. As a result, APDCL has not been able to recover the past revenue gaps of FY 2009-10 and FY 2010-11, as envisaged by the Commission.

Also, as elaborated earlier, the Commission is not undertaking the final truing up for FY 2011-12 and the provisional truing up for FY 2012-13 in this Order, and hence, the full impact of such lower revenue cannot be accurately assessed at this point in time. At the same time, the recovery of these past revenue gaps cannot be delayed indefinitely. Hence, the Commission has decided to allow recovery of Rs. 230 crore out of the past revenue gaps of FY 2009-10 and FY 2010-11, to be recovered through the revised tariffs for FY 2013-14. Once, the final truing up for FY 2011-12 and provisional/final truing up for FY 2012-13 is done, the balance unrecovered revenue gap of previous years can be computed accurately, and the Commission will take a view on the recovery of the same in the subsequent Tariff Orders..."

In this Order, the Commission has undertaken the final truing up for FY 2011-12 and FY 2012-13, as elaborated in Chapter 4 of this Order. From the actual revenue earned by APDCL in FY 2012-13, it is evident that APDCL has not earned the revenue as envisaged by the Commission in the Tariff Order for FY 2012-13 dated February 28, 2013.

Hence, the Commission has decided to allow the balance recovery of Rs. 291.09 crore out of the past revenue gaps of FY 2009-10 and FY 2010-11, to be recovered through the revised tariffs for FY 2014-15. Further, the Commission also allows carrying cost for one year on this amount @ 14.50%, which was the PLR of the State Bank of India applicable for FY 2013-14, as this amount was deferred for recovery in FY 2013-14. The Commission, in the present Order, has also undertaken final truing up for FY 2011-12 and FY 2012-13, thereby crystallizing the unrecovered revenue gap of the previous years. As regards recovery on account revenue gap of FY 2011-12 and FY 2012-13, the Commission has decided to allow the same through the revised tariff for FY 2014-15. With the allowance of all these amounts, all the pending gap till FY 2012-13 after final truing up, have been allowed to be recovered and there are no such pending amounts. As regards the amount of Rs. 168.41 crore and Rs. 90.49 crore sought by APDCL towards under-recovery of FPPPA for six months and under-recovery due to non-revision of tariff for six months, the Commission has not considered the same, while approving the revised revenue requirement for FY 2014-15, as the Commission has not undertaken the final truing up of FY 2013-14 in this Order. When the audited details of actual expenses and revenue for FY 2013-14 are made available, the Commission will take a view in this regard.

Hence, **the approved revenue gap/surplus for FY 2014-15 is given in the table below**:

Table 6.17: Approved Revenue gap/(surplus) for FY 2014-15 (Rs. Crore)

Sr. No.	Particulars	APDCL Petition	Approved
1	ARR for FY 2014-15	2970.29	3194.65
2	Add: Balance deficit of previous years	291.09	291.09
3	Add: carrying cost on balance deficit of previous years	251.98	42.21
4	Add: Under-recovery of FPPPA for 6 months	168.41	0.00
5	Add: under-recovery due to non-revision of tariff for 6 months	90.49	0.00
6	Less: Subsidy received in FY 2014-15 against FPPPA claim	0.00	81.64
7	**Total Revenue Requirement**	**3772.26**	**3446.31**
8	Add: Net Deficit on truing up of APDCL for FY 2011-12	613.73	130.22
9	Add: Net Deficit on truing up of APDCL for FY 2012-13	509.77	174.91
10	**Total Revenue Requirement**	**4895.76**	**3751.44**
11	Revenue at existing Tariff	3038.17	3241.26
12	**Revenue Gap/(Surplus)**	**1857.59**	**510.19**

The average cost of supply for FY 2014-15 works out to Rs. 7.18 per kWh, if the entire revenue gap of Rs. 510.19 core is allowed to be recovered through the revised tariffs in FY 2014-15, and would require an average increase of Rs. 0.98 per kWh, i.e., 15.7%, over the effective prevalent Average Billing Rate of Rs. 6.21 per kWh. The Commission is of the view that allowing an average tariff increase of 15.7%, may result in a tariff shock to some consumer categories, given the prevalent tariffs and cross-subsidy. Hence, the Commission has decided to create a Regulatory Asset of Rs. 100 crore from the revenue requirement of FY 2014-15, which will be amortised over the next 2-3 years, along with carrying cost at the prevalent SBI PLR. Further, the Commission has allowed the carrying cost at the SBI PLR of 14.75% for FY 2014-15, on the Regulatory Asset of Rs. 100 crore, which has been added to the revenue requirement of FY 2014-15.

The revised revenue requirement and revenue gap for FY 2014-15, allowed by the Commission for recovery through tariffs in this Order, are given in the Table below:

Table 6.18: Revised Revenue Gap approved for FY 2014-15 (Rs. Crore)

r. No.	Particulars	Approved
1	Revenue Gap as per Table 6.17 above	510.19
2	Less: Amount of Regulatory Asset created in this Order	100.00
3	Add: Carrying cost @14.75% on above Regulatory Asset	14.75
4	**Revenue Gap allowed for recovery through tariffs in FY 2014-15 = (1)-(2)+(3)**	**424.94**
5	Revenue at existing Tariff	3241.26
6	**Total revised Revenue Requirement approved for FY 2014-15 = (4) + (5)**	**3666.19***

* Total does not tally because of rounding off.

The recovery of the revenue gap of Rs. 424.94 crore through revised tariffs in FY 2014-15, is discussed in the next Chapter.

7. Tariff Principles and Approved Tariff for FY 2014-15

7.1 INTRODUCTION

In determining the revenue requirement and the retail supply tariff of APDCL for FY 2014-15, the Commission has been guided by the provisions of the Electricity Act, 2003 and the National Electricity Policy (NEP), the Tariff Policy, and the AERC Tariff Regulations.

Section 61 of the Act lays down the broad principles and guidelines for determination of retail supply tariffs. The basic principle is to ensure that tariff should progressively reflect the cost of supply of electricity and reduce the cross subsidies amongst categories within a period to be specified by the Commission. The Act lays down special emphasis on safeguarding of consumers interest and also requires that the costs should be recovered in a reasonable manner. The Act mandates that tariff determination should be guided by factors which “encourage competition, efficiency, economical uses of resources, good performance and optimum investment”. The Tariff Policy notified by the Government of India provides comprehensive guidelines for determination of tariff as also working out the revenue requirement of power utilities. The Commission has followed these guidelines, as far as possible.

The Commission has carried forward, the process of rationalization of tariff in order to ensure that the tariffs reflect as far as practicable, the cost of supply. In order to determine the voltage-wise cost of supply, the Commission requires a number of inputs from the Utility based on the data developed on sustainable basis.

The Hon’ble Appellate Tribunal for Electricity, in its Judgment dated 14 March, 2006 in Appeal No. 3 of 2005 filed by some consumers in Assam, has observed on implementation of cost of supply as under:

> *“___ The cost of supply of electricity must be determined in accordance with the principle laid down in the Act. Since the relevant data was not available with the Commission, it was not possible for it to determine the “cost of*

supply of electricity" we cannot ask the Commission to do the impossible. Since in the past the Commission was not in a position to give appropriate direction for want of data. We will now direct the utilities that the installations be metered at strategic locations to perform energy audit for determining losses and supply to various classes of consumers immediately, so that it is possible for the AERC to determine the cost of supply to different categories of consumers. We presently decide not to interfere with the order of the Commission in this aspect of the matter".

In this context, the Commission in its Order dated 16 May, 2011 had issued directives to APDCL to carry out a study to ascertain voltage-wise and consumer category-wise cost of supply. Compliance with the Directives issued and Commission's comments have been elaborated in the Directives Chapter.

The data submitted by APDCL in this regard is not sufficient. APDCL should submit the complete Study Report along with the detailed calculations of voltage-wise cost of supply (in hard and soft copy), detailing the assumptions considered, the basis and justification for the various assumptions, along with the next ARR and Tariff Petition. APDCL should also substantiate the distribution loss levels reported at different voltage levels.

Until then, the Commission has attempted to maintain the cross-subsidy within +/- 20% of the average cost of supply as mandated by the Tariff Policy, taking into consideration the "cost of supply" implemented by the Commission to various categories of consumers in its earlier Tariff Order. The Commission has set a loss reduction target for the Control Period. Reduction of distribution loss and better performance by APDCL will result in reduction of losses and consequently the average cost of supply.

7.2 REVENUE DEFICIT / SURPLUS FOR FY 2014-15

For determination of the revised ARR for FY 2014-15 and tariff for FY 2014-15, the Commission has considered the ARR approved for APGCL and AEGCL for FY 2014-15, in their respective Tariff Orders dated November 21, 2014. Further, the impact of truing up for APGCL for FY 2012-13 and impact of truing up for AEGCL for FY 2011-12 and FY 2012-13, have been incorporated while approving the ARR for APGCL and AEGCL for FY 2014-15, respectively.

The Commission has approved the net revenue gap for FY 2014-15 as Rs. 424.94 Crore, as elaborated in Chapter 6 of this Order. The average cost of supply works out to Rs. 7.02 per kWh, which is an increase of Rs. 0.81 per kWh over the average billing rate of revenue from prevalent tariff, i.e., Rs. 6.21 per kWh, after accounting for the FPPPA of 36 paise/kWh being paid by the consumers with effect from July 2014. This amounts to an average tariff increase of around 13.1% over the existing average billing rate of Rs. 6.21 per kWh. The key reasons for the increase in tariff for FY 2014-15 are as under:

a) The Commission has included the unrecovered revenue gap of Rs. 291 crore of previous years in the revenue requirement of FY 2014-15;
b) The Commission has allowed carrying cost of Rs. 42 crore on the above unrecovered revenue gap of Rs. 291 crore.
c) The Commission has trued-up the revenue gap for both FY 2011-12 and FY 2012-13, while allowing the revenue requirement for FY 2014-15 in this Order, which has increased the revenue requirement for FY 2014-15 by Rs. 305.13 crore.
d) The increase in the average power purchase cost from Rs. 3.52 per kWh approved for FY 2013-14 in the MYT Order to Rs. 3.88 per kWh for FY 2014-15.
e) The Commission has revised the revenue requirement of APDCL for FY 2014-15 based on the revised ARR of APGCL and AEGCL for FY 2014-15, the trued-up expenses of APDCL for FY 2011-12 and FY 2012-13, the revised sales projections and approved power purchase cost for FY 2014-15, which has increased the revenue requirement for FY 2014-15 by Rs. 226 crore.
f) The State Government had provided revenue subsidy of Rs. 100 crore before the Tariff Order for FY 2013-14 was issued, which was used to reduce the past unrecovered revenue gap of Rs. 230 crore allowed in the Tariff Order for FY 2013-14. However, this year, no such revenue subsidy has been announced by the State Government, except for financial support of Rs. 81.64 crore for deferment in levying FPPPA for FY 2014-15, which has been considered by the Commission while determining the ARR.

The tariff increase is primarily due to the necessity of allowing APDCL to recover the revenue gap of previous years and related carrying cost, as mentioned earlier. The revenue gap of previous years has to be allowed in the tariffs at the earliest, as delay in passing through this amount will only result in increasing the carrying cost on the same, and increase the burden on the consumers in future. Hence, the Commission has decided to allow the average tariff increase of Rs. 0.81 per kWh, i.e., an average increase of 13.1% in tariff, while determining the revised tariffs for FY 2014-15.

7.3 TARIFF DESIGN

The Commission has contemplated certain changes in the existing tariff categories and consumption slabs. However, the Commission has not introduced the same in this Order, due to lack of the relevant consumer and consumption data required to assess the revenue impact of such changes. APDCL is directed to submit the necessary data regarding number of consumers and sales to the following classification of consumers, for the last 2-3 years, along with its Petition for approval of ARR and Tariff for FY 2015-16, to enable the Commission to take an informed view on the matter. APDCL should also propose differential tariff for these newly proposed categories, so that the affected consumers are provided with an opportunity to submit their comments and suggestions on the same:

a) Mobile telephone towers
b) Hoardings and advertisements

For the above categories, as well as any other tariff categories that APDCL wishes to add/delete/merge, APDCL should propose the exact classification of the consumer category, so that there is no ambiguity regarding the same. Also, APDCL should clearly mention as to under which category the above categories are presently included, and should also submit the revised sales to the existing categories, after deducting the number of consumers, load, and sales of the above categories, to avoid double-counting.

For easier understanding of the consumption slabs by the consumers, the Commission has changed the nomenclature of the consumption slabs for the Domestic A category, from 'first 4 units per day' and 'next 4 units per day' and 'balance units', to '0 to 120 units per month', '121 to 240 units per month', and 'balance units', which is widely followed across the country. Similarly, APDCL is directed to compile the slab-wise data for the above-referred consumption slabs for Domestic B category, and submit the same to the Commission for due consideration.

In order to further encourage consumers to switch over to solar water heating system, the Commission is pleased to increase the monthly rebate from Rs.40/- to Rs. 60/- per consumer per month per 100 litres per day (LPD) capacity Solar Water Heaters, for all consumers who have installed such solar water heating systems for meeting their hot water requirements and subject to these actually being used.

The Commission has increased the tariffs of all categories of consumers in order to recover the approved revenue requirement, while keeping in view the overall objective of maintaining the cross-subsidy within the limit of ±20%, as given below. Though the average tariff increase is 13.1%, the increase for different consumer categories ranges from around 7% to 18%, depending on the prevalent and revised tariffs and cross-subsidy levels, without considering targeted category-wise subsidy from the State Government. It may be noted that at the time of filing the Petition in February 2014, the average tariff increase sought by APDCL was 24%, over the tariff approved for FY 2013-14.

The full cost recovery based category-wise tariffs and increase/decrease in tariff is given in the following Table:

Table 7.1: Category-wise full cost recovery tariff and increase in tariff in FY 2014-15

Sl. No.	Consumer Category	Increase in tariffs*$		Revised tariffs	
		Fixed Charges (Rs/kW or Rs/kVA)	Energy Charges (paise per kWh)	Fixed Charges (Rs/kW or Rs/kVA)	Energy Charges (paise per kWh)
	LT Group				
LT-1	**Jeevan Dhara 0.5 kW and 1 kWh/day**	No change	21	15	410
LT-II	**Domestic A- above 0.5 kW to 5 kW**				
	0 to 120 units per month	No change	31	30	495
	121 to 240 units per month	No change	44	30	625
	Balance units	No change	74	30	725
LT-III	**Domestic-B above 5**	No change	74	30	685

Sl. No.	Consumer Category	Increase in tariffs*$		Revised tariffs	
		Fixed Charges (Rs/kW or Rs/kVA)	Energy Charges (paise per kWh)	Fixed Charges (Rs/kW or Rs/kVA)	Energy Charges (paise per kWh)
	kW to 20 kW				
LT-IV	**Commercial Load above 0.5 kW to 20 kW**	No change	104	110	755
LT-V	**General Purpose Supply**	No change	84	125	635
LT-VI	**Public Lighting**	No change	74	120	640
LT-VII	**Agriculture upto 7.5HP**	No change	49	30	460
LT-VIII(i)	**Small Industries Rural upto 20 kW**	No change	49	30	485
LT-VIII(ii)	**Small Industries Urban upto 20 kW**	No change	49	40	510
LT-IX	**Temporary Supply**				
	Domestic	No change	74	80	875
	Non-Domestic Non-Agriculture	No change	74	125	1085
	Agriculture	No change	74	50	675
	HT Group				
HT-I	**HT Domestic 25 kVA and above**	No change	74	30	680
HT-II	**HT commercial 25 kVA & above**	No change	119	115	755
HT-III	**Public Water Works**	No change	49	125	605
HT-IV	**Bulk Supply 25 kVA and above**				
HT-IV(i)	**Government Educational Institutions**	No change	74	110	645
HT-IV(ii)	**Others**	No change	114	145	725

Sl. No.	Consumer Category	Increase in tariffs*$		Revised tariffs	
		Fixed Charges (Rs/kW or Rs/kVA)	Energy Charges (paise per kWh)	Fixed Charges (Rs/kW or Rs/kVA)	Energy Charges (paise per kWh)
HT-V(A)	**HT Small Industries upto 50 kVA**	No change	74	40	560
HT-V(B)	**HT Industries-1 50 kVA to 150 kVA**	No change	74	100	625
HT-V(C)	**HT Industries-II above 150 kVA**	No change	101	140	685
	HT Industries-II above 150 kVA (Option 2)	No change	86	270	600
HT-VI	**Tea, Coffee & Rubber**	No change	74	230	675
HT-VII	**Oil & Coal**	No change	119	270	735
HT-VIII	**HT Irrigation Load above 7.5 HP**	No change	49	40	585

Note: * - increase is with reference to the full cost recovery tariffs, without targeted subsidy, i.e., Rs. 1.10 per kWh for Jeevan Dhara and Rs. 0.70 per kWh for first 120 units of Domestic A category;

$ - existing tariff includes FPPPA of 36 paise/kWh being charged by APDCL w.e.f July, 2014

7.4 CROSS SUBSIDY

The Tariff Policy notified by the Ministry of Power, Government of India on January 5, 2006, stipulates as under:

> ***"8.3 Tariff design : Linkage of tariffs to cost of service***
>
> ***...***
>
> *Accordingly, the following principles would be adopted:*
>
> *1. In accordance with the National Electricity Policy, consumers below poverty line who consume below a specified level, say 30 units per month, may receive a special support through cross subsidy.* ***Tariffs for such designated***

group of consumers will be at least 50% of the average cost of supply*.* *This provision will be re-examined after five years.*

2. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that ***latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply****. ...*

For example if the average cost of service is Rs 3 per unit, at the end of year 2010-2011 the ***tariff for the cross subsidised categories excluding those referred to in para 1 above*** *should not be lower than Rs 2.40 per unit and that for any of the cross-subsidising categories should not go beyond Rs 3.60 per unit."*

Accordingly, the Commission has attempted to limit the cross subsidy to ± 20% of the average cost of supply while determining the tariffs to different categories of consumers, excluding Jeevan Dhara category, as per the guidelines of the Tariff Policy, as shown in the Table below:

Table 7.2: Category-wise cross-subsidy in FY 2014-15 (paise/kWh)

Sr. No.	Category of consumers	Average Billing Rate	Average Cost of Supply	Cross-subsidy as Ratio of Average Billing Rate to ACOS (%)
	LT Category			
1.	Jeevan Dhara 0.5 kW and 1kWh/day	466	702	66.35%
2.	Domestic A- above 0.5 kW to 5 kW	588	702	83.81%
3.	Domestic-B above 5 kW to 20 kW	736	702	104.88%
4.	Commercial Load above 0.5 kW to 20 kW	857	702	122.04%
5.	General Purpose Supply	759	702	108.08%
6.	Public Lighting	704	702	100.25%
7.	Agriculture upto 7.5HP	632	702	89.95%
8.	Small Industries Rural upto 20 kW	545	702	77.63%

Sr. No.	Category of consumers	Average Billing Rate	Average Cost of Supply	Cross-subsidy as Ratio of Average Billing Rate to ACOS (%)
9.	Small Industries Urban upto 20 kW	578	702	82.33%
10.	**Temporary Supply**			
	(i) Domestic	875	702	124.67%
	(ii) Non Domestic non Agriculture	1085	702	154.58%
	HT Category			
11.	HT Domestic 25 kVA and above	705	702	100.46%
12.	HT commercial 25 kVA & above	848	702	120.80%
13.	Public Water Works	683	702	97.26%
14.	**Bulk Supply 25 kVA and above**			
14A	Government Educational Institutions	718	702	102.28%
14B	Others	797	702	113.56%
15.	HT Small Industries upto 50 kVA	614	702	87.46%
16.	HT Industries-1 50kVA to 150 kVA	720	702	102.51%
17.	HT Industries-II above 150 kVA	760	702	108.23%
18.	Tea, Coffee & Rubber	836	702	119.12%
19.	Oil & Coal	876	702	124.73%
20.	HT Irrigation Load above 7.5 HP	651	702	92.67%

As can be seen from the above Table, the average billing rate for almost all categories is within the band of 80% to 120% of average cost of supply, which is in accordance with the Tariff Policy.

7.5 FUEL PRICE AND POWER PURCHASE ADJUSTMENT CHARGES (FPPPA)

Fuel Price and Power purchase adjustment charges as per the Regulations notified by the Commission are applicable. As per Regulation 5.2 of the AERC (Fuel and Power Purchase Price Adjustment) Regulations, 2010 "*The FPPPA charges shall not exceed 25% of the variable cost component of tariff or such other ceiling as may be stipulated by the Commission from time to time, where the variable component of tariff is defined as total estimated revenue from energy charges (EC) in a year the approved in the Tariff Order divided by total estimated sales of the year. When FPPPA charges exceed 25% of the variable component of tariff, the licensee shall make a petition to the Commission for recovery of the charges over the specified cap which shall be recovered after Commission's scrutiny and directives".*

APDCL shall strictly follow the above Regulation and when FPPPA charges exceed 25% of the variable components of the tariff, APDCL shall file a Petition before the Commission and FPPPA charges beyond 25% of the variable cost component of tariff shall be recovered only after Commission's scrutiny and approval.

8. Wheeling Charges and Cross subsidy surcharge

8.1 INTRODUCTION

The Commission has in the present Order determined the wheeling charges for distribution business of APDCL for FY 2014-15.

8.2 ALLOCATION MATRIX

The Commission has considered the following matrix for allocation of expenses between the wires business and retail supply business in its Order passed on 21 November, 2013.

Table 8.1: Allocation matrix for separation of ARR for Wires Business and Retail Supply Business

Sr. No.	Particulars	Wire Business	Retail Supply Business
1	Power purchase expenses	0%	100%
2	Employee expenses	60%	40%
3	Repair and Maintenance expenses	90%	10%
4	Administration and General expenses	50%	50%
5	Depreciation	90%	10%
6	Interest and Finance charges	90%	10%
7	Interest on working capital	10%	90%
8	Interest on Security deposit	0%	100%
9	Bad debts written off	0%	100%
10	Income tax	90%	10%
11	Return on equity	90%	10%
12	Other income	10%	90%
13	Non-tariff income	0%	100%
14	Revenue subsidy	0%	100%

The Commission has adopted the same allocation matrix given in Table 9.1 above for segregation of the approved ARR for wires business and retail supply business for APDCL for FY 2014-15, as given below:

Table 8.2: Separation of ARR for Wires Business and Retail Supply Business for FY 2014-15 (Rs. crore)

Sr. No.	Particulars	Wire Business	Retail Supply Business	Total
1	Power purchase expenses	0.00	2652.46	2652.46
2	Employee expenses	365.79	243.86	609.65
3	R&M expenses	42.00	4.67	46.66
4	A&G expenses	15.46	15.46	30.93
5	Depreciation	7.07	0.79	7.85
6	Interest and Finance charges	7.83	0.87	8.70
7	Interest on working capital	4.17	37.53	41.70
8	Interest on consumers security deposit	0.00	4.92	4.92
9	Income tax	0.00	0.00	0.00
10	Return on equity	20.51	2.28	22.79
11	**Total expenditure**	**462.82**	**2962.83**	**3425.65**
12	Less: Other income	23.10	207.90	231.00
13	Less: Non-tariff income	0.00	0.00	0.00
14	Less: Revenue Subsidy	0.00	81.64	81.64
15	**ARR**	**439.72**	**2673.29**	**3113.01**

8.3 WHEELING CHARGES

The wheeling charges for distribution open access consumers and 33 kV voltage level for FY 2014-15, has been determined from the ARR of the Wires Business distribution, as determined in Table 8.2 above.

Table 8.3: Wheeling charges approved by the Commission for FY 2014-15

Sr. No.	Particulars	Unit	Total
1	Net ARR of Wire Business	Rs. Crore	439.72
2	Total energy input into Distribution system	MU	6415
3	Distribution cost for wires business for 33 kV voltage level (assuming 35% of cost at 33 kV)	Rs. Crore	153.90
4	**Wheeling charges for 33 kV voltage level**	**Paise/kWh**	**24.00**

The wheeling charges for FY 2014-15, as determined in Table 8.3 above, are applicable for use of the distribution system of APDCL by other licensees or generating companies or captive power plants or consumers/users who are permitted open access at 33 kV voltage level under Section 42(2) of the Electricity Act, 2003.

8.4 CROSS SUBSIDY SURCHARGE

The open access consumers are liable to pay the cross subsidy surcharge to compensate the utility for any loss of revenue due to the shifting of the consumer to the open access system. In accordance with Regulation 4.3 of the AERC (Terms and Conditions for Open Access) Regulations, 2005, consumers with a connected load of 3 MW and above shall be allowed open access with effect from 1 April, 2008. Accordingly, HT category V (C): HT-II Industry consumers may likely opt for open access.

In the MYT Order dated November 21, 2013, the Commission had determined the cross subsidy surcharge for open access customers for FY 2013-14, as per the following formula recommended in the Tariff Policy:

$$S = T - [C(1+L/100)+D],$$

Where,

S is the Surcharge

T is the overall Tariff payable by the relevant category of consumers

C is the weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power.

D is the Wheeling charges

L is the system losses for the applicable voltage level expenses as a percentage.

The cross subsidy surcharge for the HT-II industry category, determined in accordance with the above formula, had worked out to Rs. 1.63 per kWh for FY 2013-14. However, the actual cross-subsidy being provided by the HT-II industry category consumers, as per the approved tariff for FY 2013-14, was only Rs. 0.09 per kWh (i.e., difference between the Average Billing Rate of Rs. 6.10 per kWh and ACOS of Rs. 6.01 per kWh). Since, the cross-subsidy surcharge is intended to compensate the distribution licensee for the loss of cross-subsidy due to the migration of the consumers to supply through open access, the Commission is of the view that the levy of cross-subsidy surcharge in the State of Assam, with its particular cost structure, should not be based on the formula recommended by the Tariff Policy, and should ideally be designed to recover the actual loss of cross-subsidy to APDCL, in case the consumer under HT II Industry category opts for supply through open access.

Accordingly, the cross subsidy surcharge for HT-II industry category, computed in accordance with the above philosophy, is shown in the Table below:

Table 8.4: Cross subsidy surcharge for HT II Industry category for FY 2014-15

Sl. No.	**Particulars**	**Unit**	**Amount**
1	Average Billing Rate	Rs./kWh	7.60
2	Average Cost of Supply	Rs./kWh	7.02
3	Cross-subsidy (1) - (2)	Rs./kWh	0.58
4	**Cross subsidy surcharge**	**Rs/kWh**	**0.58**

9. Compliance of Directives by APDCL and new Directives

9.1 COMPLIANCE OF DIRECTIVES ISSUED BY THE COMMISSION

The Commission, in its MYT Order dated 16 May, 2011 for FY 2010-11 to FY 2012-13 and Tariff Order dated 28 February, 2013 for FY 2012-13, had issued certain directives to APDCL. APDCL has submitted the Compliance of Directives along with the Petition. Further, the Commission held a meeting with APDCL on 21st May 2014 to review the status of compliance of directives issued in the MYT Order dated November 21, 2013 for FY 2013-14 to FY 2015-16. APDCL, vide its letter dated September 23, 2014, also submitted the report on status of Compliance of directives issued on 21.05.2014.

The Commission's comments on the status of compliance of old and fresh Directives by APDCL are discussed in this Chapter and further directives have been issued, wherever necessary.

9.2 COMPLIANCE OF DIRECTIVES ISSUED BY THE COMMISSION IN THE TARIFF ORDER DATED JULY 24, 2009

Directive 3: File Fixed Assets Registers duly authenticated incorporating Gross Fixed Assets (GFA) at the beginning of the relevant financial year, addition, disposals/sale proceeds, if any, made during the relevant financial year, and the written down value of the assets at the end of the relevant financial year.

Further, to maintain proper and detailed Fixed Asset Registers at field offices to work out depreciation expenses, the Commission directs APDCL to submit a report to the Commission citing clearly as to how they are maintaining fixed assets registers for the various assets.

Compliance by APDCL:

The Fixed Assets Registers have been prepared unit wise and updated Fixed Asset Registers upto 31.03.2011have been submitted.

Commission's Comments:

APDCL has submitted the Fixed Asset Registers upto 31.03.2011. APDCL should submit the updated Fixed Asset Registers upto 31.03.2012, and 31.03.2013, since the audited accounts for these years have been submitted to the Commission along with the Petitions for true up for these respective years. APDCL should also submit the Report on how it is maintaining the fixed assets registers for the various assets.

Directive 4: File Physical Verification Report of Fixed Assets by a competent and reliable authority as at the end of each financial year beginning with FY 2005-06 and onwards.

Compliance by APDCL:

Physical verification of the Fixed Assets has been decided to be handed over to outsourced consultants. Technical bid evaluation has been completed and the work is expected to get started by November, 2014.

Commission's Comments:

APDCL should submit the Physical Verification Report to the Commission latest by November 30, 2015.

Directive 18: Circle-wise Trajectory for Loss Reduction: Discom is directed to fix-up circle-wise trajectory for loss reduction and prepare a detailed action plan for reduction of Distribution and AT&C losses during 2009-10. The action plan for reduction of losses during 2009-10 should be submitted to the Commission within 2 months from the date of this order. APDCL should submit the Report on loss levels vis-a-vis the loss reduction target for each circle, on a six-monthly basis.

Compliance by APDCL:

APDCL requested the Commission to allow submission of reports on loss levels with regard to loss reduction trajectory for each circle on annual basis, instead of six-monthly basis.

The targeted loss reduction trajectory from FY-2013-14 to FY 2016-17 for all circles is furnished below:

AT&C loss in 2013-14 (actual) and targeted AT&C loss levels in upcoming years					
Sr. No.	**Name of the Circle**	**FY 2013-14**	**FY 2014-15**	**FY 2015-16**	**FY 2016-17**
1	Guwahati-I	9%	8%	8%	7%
2	Guwahati-II	24%	22%	20%	18%
3	Rangia	32%	29%	26%	23%
4	Bongaigaon	35%	32%	29%	26%
5	Mangaldai	47%	42%	37%	32%
6	Kokrajhar	49%	44%	39%	34%
7	Barpeta	35%	32%	29%	26%
8	Dibrugarh	26%	24%	22%	20%
9	Tinsukia	28%	26%	24%	22%
10	Sivasagar	31%	28%	25%	22%
11	Jorhat	35%	32%	29%	26%
12	Golaghat	41%	36%	31%	36%
13	Tezpur	24%	22%	20%	18%
14	Nagaon	30%	28%	26%	24%
15	Marigaon	26%	24%	22%	20%
16	Kanch	48%	43%	38%	33%
17	Cachar	29%	27%	25%	23%
18	Badarpurghat	43%	38%	33%	28%
19	N. Lakhimpur	32%	29%	26%	23%

Steps taken for each circle are common in nature and are outlined below:

1. Massive disconnection drives and anti-theft drives are being carried out with the help of CVO, APDCL and special police stations in addition to Technical Inspection Wing and concerned T&C and IRCA.
2. Regular Load survey in each sub division.
3. It has been decided to open cash counters in remote areas for ease of energy bill payment of rural consumers.
4. Special drives are being conducted to bring all the RGGVY/Rural consumers in billing cycle.
5. Field officers have been asked to monitor the consumption of IRCA consumer on a monthly basis to arrest any leakage of power.
6. Rigorous steps are being taken to check pilferage of power by hooking or meter

tempering.

7. Feeder-wise energy audit is being done to identify loss making feeders and design plans to improve the feeder performance as such.
8. Stringent steps are being taken to recover the outstanding arrears from the franchisee agents.
9. The lists of Temporary Disconnected (TD) consumers are monitored as some of the TD consumers tend to employ illegal means and reconnect their service lines. Steps are taken to realize the arrears against TD consumers immediately.
10. Steps are being taken to replace the defective consumers' meters.
11. Utilization of spot billing machines is being encouraged in town and ring-fenced areas to quicken the process of revenue collection in those areas.
12. To reduce technical loss schemes to strengthen network is being implemented.

Commission's Comments:

In the meeting held on May 21, 2014, the Commission directed APDCL to submit the report on the loss levels vis-à-vis the loss reduction trajectory for each circle annually.

From the reply submitted above, it is observed that APDCL has submitted circle-wise AT&C loss reduction trajectory only.

The Commission directs APDCL to submit the circle-wise figures of energy input in MU, energy billed in MU, and distribution loss (in MU and percentage terms) for the past five years, along with the ARR and Tariff Petition to be submitted for FY 2015-16. APDCL is also required to justify with rational explanation, the prevalent loss levels in different circles, and the efforts being taken to reduce the distribution losses in different circles, as well as the distribution losses targeted by APDCL in the ensuing years, in view of the capital investment being taken as well as administrative measures being taken by APDCL to tighten the metering and billing system of APDCL.

Similarly, the Commission directs APDCL to submit the circle-wise figures of amount billed, revenue collected, and collection efficiency (in percentage terms) for the past five years, along with the ARR and Tariff Petition to be submitted for FY 2015-16. APDCL is also required to justify with rational explanation, the prevalent collection efficiency in different circles, and the efforts being taken to improve the collection efficiency in different circles, as well as the collection efficiency targeted by APDCL in the ensuing years, in view of the administrative measures being taken by APDCL, to tighten the collection system of APDCL.

Directive 19: Database on TOD consumption: - The Commission intends to extend the benefit of TOD tariff to other HT category consumers. At present under HT group, Domestic, Commercial, Public Water Works, HT Small Industries and HT Irrigation are not covered under TOD tariff. The Utilities have to build up some database and make available to the Commission the pattern of consumption during different periods of day by different categories under TOD tariff. However, the volume of data in sample forms are not sufficient. The Commission directs that the Load Research Cell under the Discom shall collect more data of such consumers and submit to the Commission for making a database on TOD consumption. The data submitted by APDCL should be both in hard and soft copy.

Compliance by APDCL:

Data collected from the field, on TOD consumption of 847 existing TOD consumers having load above 25 kVA, has been submitted. However, to collect TOD data for other consumers, the existing software at HVCMS needs a little modification for compilation of the above data.

Commission's Comments:

The Commission had sought information regarding TOD consumption of other HT categories, which are at present not covered under TOD, which is yet to be submitted by APDCL. APDCL should submit the same latest by March 31, 2015.

9.3 COMPLIANCE OF THE DIRECTIVES ISSUED BY THE COMMISSION IN ITS TARIFF ORDER DATED 16TH MAY, 2011

Directive 1: Pilferage of Energy

The need of the hour is to activate the organization to curb the pilferage of power within the provisions of Indian Electricity Act 2003 and also the Indian Penal Code. A task force is to be constituted in different zones to which the entire Licence area is to be divided to carry out massive raid to arrest pilferage. In case of detection of such theft/pilferage, the concerned authority of the area and personnel attached to them, who have duties to supervise the work, have to be made answerable for punitive action. Those found committing mischief of pilferage should be booked and penal action should be taken.

Compliance by APDCL:

A meeting was held at Bijulee Bhawan on 4th December 2013, to review the performance of ASEB special police stations in the past one year. The meeting was attended by the Honorable CMD, Officers in charge of 12 special police stations, 5 Zonal Vigilance Officers and officers of central vigilance team and senior officers of APDCL.

While appreciating constraints faced by the staff of these police stations, it was decided that OCs of P.S. will send a monthly return showing registration of case to the office of CVO within 10th of every month, to be forwarded further to CMD. Also, the concerned DGM/AGM in which jurisdiction P.S. is located, will chalk out joint monthly anti-theft operations in the P.S. area. These operations will be followed by lodging of FIRs by the SDEs or other authorized officers of Sub Division at Special Police stations against habitual offenders of power theft.

The performance report of the 12 Special Police Stations of ASEB from February 2014 to April 2014 has been submitted.

Commission's Comments:

As directed by the Commission in the review meeting held on May 21, 2014, the quarterly performance report of the police stations should be submitted regularly to the Commission. APDCL should also immediately comply with the directive regarding constitution of a Task Force in different zones to carry out raids to arrest pilferage.

Directive 2: Energy Audit and Demand Side Management

Energy audit is an important and essential tool to identify the high loss (technical and commercial) areas in the system. For carrying out the energy audit, meters are required to be provided at all the feeders from 220 kV to 11 kV level and also distribution transformers on LT side.

The energy audit should be taken up first in all the towns with a population of fifty thousand and above. The first status report on the action taken for energy audit in all the towns should be reported to the Commission by end September, 2011 to issue further directives in this regard, if required.

One of the effective methods to minimize the demand-supply gap is by expediting Demand Side Management (DSM) activities. The Commission vide letter No. AERC 180/2005/Pt I/68 dated 15/09/2010 directed APDCL to constitute a DSM Cell for carrying out load research, formulation of DSM Plans, design, development and implementation of DSM activities, etc. The Commission directs that a status report on the activities of DSM Cell be submitted within 60 days from the date of issue of this Order.

Compliance by APDCL:

Energy Efficiency Services Limited (EESL), a joint venture of Central Public Sector Undertakings of MOP, GOI has offered to develop rapid implementation of DSM Action Plan in licensed area of Discoms. APDCL has welcomed the offer and invited EESL to make a presentation on the action plan at an early date. Further,

- APDCL has been enrolled under BEE funded DISCOM led DSM programme.
- MoU with BEE has been signed on 19/5/2014.
- 2 consultants have already been appointed by BEE to assist us to prepare APDCL's DSM master plan
- 15-20 officials of APDCL would be trained on DSM and energy efficiency- Master Trainers for other officials of APDCL.
- Master trainers would further impart training to 150-200 officials (Capacity Building Workshop)

Commission's Comments:

APDCL has not complied with the Commission's directive for taking up energy audits in all the towns, in the first stage. APDCL should comply with this directive expeditiously, and submit the Report within six months of issue of this Order.

Further, it is observed that the offer from EESL was received in the month of June 2013 (letter dated 1.06.13) and APDCL responded only on 27.01.14. Such opportunities need to be examined without delay. The exercise entails no cost to APDCL and the action plan of EESL, if accepted by the Board, may be incorporated in the DSM Plan and forwarded to the Commission.

Meanwhile, DSM programmes formulated by the Company showing percentage reductions in load growth; savings in kW, kWh; savings as a percent of total resources to meet load; etc., should be submitted to the Commission at the earliest. The tentative cost of implementing these programmes should also be made available.

The Commission has notified the Assam Electricity Regulatory Commission (Demand Side Management) Regulations, 2011 on 10 April, 2012. The Commission hereby directs APDCL to submit the DSM Plan formulated in accordance with these Regulations to the Commission, within 60 days of issue of this Order.

Directive 3: Annual Accounts

APDCL is directed to accord highest priority and ensure that the accounts are got audited by the Accountant General in time. The provisional accounts for FY 2009-10 are not yet furnished to the Commission. The audited accounts for FY 2009-10 shall be furnished at the earliest.

Compliance by APDCL:

The statutory audit of Annual Accounts for FY 2012-13 has been completed. On the basis of the same the truing up for FY 2012-13 is scheduled to be submitted by the last week of February 2014. Preparation of Annual Accounts for FY 2013-14 is under process on the basis of monthly accounts from all accounting units.

True up of FY-2012-13 has been submitted to the Commission on 28th February 2014, based on AG audited accounts

Commission's Comments:

The Commission has undertaken the true-up of FY 2012-13 based on the AG audited accounts. The Commission has also undertaken the review of FY 2013-14 on the basis of the provisional accounts for FY 2013-14, submitted by APDCL. APDCL should ensure that the AG audited accounts for FY 2013-14 are also available in time for submission of the true-up Petition for FY 2013-14, along with the Tariff Petition for FY 2015-16.

Directive 4: Employee Cost

As per the information made available, the employee cost of APDCL is high, which stands at about 24% of the total revenue income from sale of power at existing tariff. APDCL is directed to enforce economy and austerity measures in their operations and take urgent steps to reduce establishment cost by utilizing the existing man-power optimally, and imposing restriction on creation of posts and introducing revised work load norms. APDCL is directed to identify surplus staff and deploy them after proper training, in the area of customer service, in the meter reading, billing and revenue realization so as to provide better service to the consumer. The first report on the action taken may be sent to the Commission by 30, June 2011.

Compliance by APDCL:

Need based analysis has been carried out based on which recruitment and mobilisation/deployments are done. Further, in the joint consultative meeting held on 28.10.2013, it was decided to engage a suitable HR consultant for manpower study in the interest of making the company commercially viable and to improve the men-MW ratio. The cost of consultancy will be borne from ADB fund.

RFP for HR package against MFF (Multi financing facility) – II against Assam power sector investment programmes financed by ADB have been issued to shortlisted Companies on 25.08.2014.

Commission's Comments:

The HR profiling is noted. However, the reply from APDCL is silent regarding introduction of revised work load norms, provision of training to the existing staff, etc. The Commission, in its Order dated 28 February, 2013, had already directed APDCL to provide the information in this regard within April, 2013.

It is observed that APDCL has not submitted the report till date. APDCL is hereby directed to submit the report based on the above study, within six months of issue of this Order.

Directive 5: Power from Sishugram Sub-station

North Eastern Small Scale Industries Association represented that two big steel industries in Amingaon area have submitted requisition for entire power requirement of expansion of 50 MVA Sishugram Sub-station and the SSI Industries were asked to wait till the Sishugram project is completed. They request a reservation of 40% power to be made available to Small Sector Industries from Sishugram Sub-station. A report on the expansion of the Sishugram sub-station capacity, pending industrial small scale sector and other industrial applications, etc., may be submitted to the Commission before 30 June, 2011.

Compliance by APDCL:

The augmentation work of Sishugram Sub-station has been completed.

Commission's Comments:

APDCL should submit the status of pending industrial small scale sector and other industrial applications, etc., within two months of issue of this Order.

Directive 6: Improvement in quality of service

APDCL is directed to take appropriate steps to improve the quality of service, especially quality of supply to its consumers. The quality of power being supplied to consumers, especially in the rural areas needs substantial improvement. Adequate steps need to be taken so that reliable, uninterrupted and quality power is made available to the consumers.

Compliance by APDCL:

The Reliability Indices have been compiled in the Standards of Performance report of APDCL, which has been submitted by APDCL.

Commission's Comments:

From the information submitted, the Commission has noted that although, reliability indices have improved over the years, Consumer's Average Interruption Duration and frequency are still very high. Immediate steps need to be taken by APDCL to improve the quality and reliability of power.

Directive 8: Prepaid Meters

Prepaid meters eliminate the cost of meter reading, bill serving, disconnection/reconnection and avoids wrong readings, delay in bill serving, etc. Since the payment is upfront, it improves the cash flow of the Discom. APDCL may procure some prepaid meters initially after ensuring service facilities and provide to some domestic consumers as a pilot study to encourage and make the consumers to observe the advantages of having prepaid meters facility. Subsequently, APDCL may suggest the consumers to purchase the prepaid meters at their own cost by offering some rebate say about 10% in energy charges.

Compliance by APDCL:

For reduction of AT&C loss APDCL has taken steps to install pre-paid meters in consumers' premises. A detailed report on the present status of prepaid meters in Guwahati City is given below:

Particulars	**No. of prepaid meters already installed**	**No. of prepaid meters purchased, yet to be installed**	**No. of post-paid meters proposed to be converted to prepaid meters**
1-Phase	575	100	11623
3-Phase	3547	633	13262
Total	**4122**	**733**	**24885**

Further, APDCL has proposed to install prepaid metering system in the Government Offices having connected load below 20 kW in the first phase. An estimate amounting to Rs.10 Crore for the purpose has already been submitted to the Government of Assam.

Commission's Comments:

The State Government, vide its letter dated August 16, 2014 to APDCL, stated that a decision has already been taken that the new scheme for metering of departmental offices and billing of respective departments will be implemented from April 1, 2015, and has directed APDCL to submit the department-wise estimated requirement of electricity to Power and Finance Departments by the first week of February, 2015, after installation of the meters. The State Government also directed APDCL to submit the monetary demand based on the meter readings and prevailing or anticipated tariff for the next financial year (2015-16 in this case). The State Government further directed APDCL to make a survey of all Government offices/establishments with regard to availability of meters and to put all meters in place by January 31, 2015 at APDCL's cost. The State Government also suggested that APDCL may like to explore the possibility of pre-paid meters in case of some of the Government offices. Hence, the State Government requested APDCL to make an action plan for achieving these objectives and to place this action plan for the perusal of the Board of APDCL, at the scheduled Board Meeting on August 29, 2014.

In view of the above, and in order to facilitate the installation of pre-paid meters or static post-paid meters at Government offices as well as other LT category consumers desirous of having pre-paid meters or static post-paid meters installed at their premises, in areas not covered under the R-APDRP schemes, the Commission has considered additional capitalisation equivalent to Rs. 20 crore, in FY 2014-15, and APDCL should immediately procure these meters and install them at all Government establishments as well as the premises of any LT category consumers, who are desirous of having pre-paid meters or static post-paid meters installed at their premises.

Directive 9: Cost of Supply and Cross Subsidy

As per Section 61 (g) of the Electricity Act, 2003, the Commission has to ensure that the tariff progressively reflects the cost of supply and cross subsidy is reduced within a specified period. In this context, the Commission directs APDCL to carry out a study to ascertain voltage-wise and consumer category-wise cost of supply. The study should be for a period of one year. APDCL may appoint a consultant if necessary to carry out the study. APDCL is also directed that a team of young engineers of APDCL should interact continuously with the consultant and fully familiarize themselves with the subject so that they are in a position to take up such studies themselves in future. The study shall be completed with a period of 18 months from issue of this Order. The progress on this study shall be reported to the Commission every month.

Compliance by APDCL:

APDCL has submitted the cost of supply at different voltages for FY 2013 -14 along with the Petition.

Commission's Comments:

The data submitted by APDCL is not sufficient. APDCL should submit the complete Study Report along with the detailed calculations of voltage-wise cost of supply (in hard and soft copy), detailing the assumptions considered, the basis and justification for the various assumptions, along with the next ARR and Tariff Petition. APDCL should also substantiate the distribution loss levels reported at different voltage levels.

Directive 10: Spot Billing

To avoid errors in meter reading / recording delay in bill serving, action may be taken to read/record the meter reading and bill serving for the LT consumers on the spot with handheld computers. Handheld computer prices have come down considerably and many utilities are successfully implementing these procedures.

APDCL shall initiate action in this regard and the progress in this matter may be shared with the Commission.

Compliance by APDCL:

Use of Spot Billing Machines (SBMs) for spot billing purposes are within the scope of R-APDRP Part A. Accordingly, 284 machines (out of a total of 351 nos.) have already been supplied by the system integrator, M/s. TCS. The machines are especially for use in R-APDRP project areas:

1) APDCL has already started using SBMs in Nagaon (NESD I and NESD III), Dhing and Kharupetia Project Areas where the system has been declared go-live.
2) APDCL's target for declaration of Go-Live of all R-APDRP towns is July 2014 and subsequently SBMs also shall undergo go-live operations by end of July 2014.
3) For non-RAPDRP areas, SBMs shall be procured separately after observing the performance and benefits of SBMs used in R-APDRP towns

In SBMs, the bill printed and dispatched to the consumers is $1/3^{rd}$ the size of a normal printed energy bill, thereby reducing the use of paper substantially. Further, reduction of paper use is also under exploration.

Moreover, all energy bills which have been dispatched under R-APDRP Go-Live and commercial operation areas (11 towns) are available online on the website (www.apdcl.gov.in) from where consumers can make their payments online. Presently, consumers receive payment acknowledge receipts on their registered e-mail id’s thereby reducing use of paper.

In due course, APDCL shall make provision for making the energy bill available on the consumer’s registered e-mail id's.

Commission’s Comments:

Noted. APDCL should increase the number of circles having spot billing facility, and not only in areas covered under R-APDRP, but also in other areas and increasingly in semi-urban and rural areas. Further, APDCL should progressively move towards direct reading SBMs, which can directly download the meter reading without the meter reader having to enter the data, thereby, eliminating the element of human error, and improving the billing efficiency.

Directive 11: Independent third party meter testing arrangement

The National Electricity Policy (NEP) emphasizes the need for establishment of an independent third-party meter testing arrangement. It is noted that the Licensee has not been establishing reliable Independent Testing Laboratories.

The Licensee shall establish more number of testing laboratories in each circle to test more number of meters, either new or defective. Setting up of a meter testing lab may not cost much but the persons have to be trained in testing. The progress on upgrading the existing labs and setting up of new labs may be reported to the Commission quarterly. The first such report shall be submitted by July, 2011.

Compliance by APDCL:

It has been decided to set up a third party meter testing laboratory in the premises of Jorhat Engineering College. In this regard, the action taken report has been submitted.

Commission's Comments:

Noted.

Directive 12: Efficient meter reading billing and collection

Timely meter reading, billing and collection for energy consumed by the consumers can significantly improve the cash flow of the Licensee. The present system should be reviewed with a view to streamlining the process and minimizing the time between actual delivery of power and receipt of revenue. Supervisory officers must counter-check the meter readings taken by the meter readers. Further, the area of meter readers should be changed every year. Although, MRI billing is in place for some of the consumers, the Licensee now shall conduct billing through Meter Reading

Instrument (MRI) for all HT consumers and large non-domestic consumers. Spot billing preferably by palm top computers may be introduced in the urban areas. The present status of MRI billing for the consumers shall be submitted to the Commission by end June, 2011.

Directive 13: Meter Reading of HT services

The monthly meter reading of HT services shall be entrusted to a Committee of high level officers of the APDCL. For all the HT services below 500 kVA contracted demand, meter reading may be done by the concerned Assistant Manager and those above 500 kVA by the concerned Senior Manager / Manager / Deputy Manager. Further, certain percentage of meter readings in each category of consumers shall be done by senior officers of the APDCL upto the level of GM / DGM to control pilferage of electricity. APDCL shall issue suitable instructions in this regard immediately and the Licensee shall also review the percentage of check readings and take action in case of variation between normal meter reading read by meter reader and the check meter reading taken by the officers of the APDCL.

Compliance by APDCL:

The CEO's of all Electrical Circles have been instructed to complete CMRI download of all the HT consumers within a time frame of 3 months. The field offices have been continuously downloading the meter data of the consumers but sometimes due to some technical problems like problems in the CMRI device, problem in communication with the meter, etc., some consumers are left out. However, the CEO's have been instructed to replace all such CMRI non-compatible meters with new meters.

The following is the status of CMRI download in the 4th Quarter of 2013:

Sr. No	IRCA Name	Total No. of Consumers (approx. as on Sep'13)	Number of CMRI done month-wise		
			Oct. 13	Nov.13	Dec. 13
1	GUWAHATI-1	2260	176	614	421
2	GUWAHATI-2	628	150	314	130
3	BONGAIGAON	362	53	38	113
4	TINSUKIA	590	392	401	285
5	SIVSAGAR	521	105	145	142

Sr. No	IRCA Name	Total No. of Consumers (approx. as on Sep'13)	Number of CMRI done month-wise		
			Oct. 13	Nov.13	Dec. 13
6	JORHAT	848	120	181	158
7	KANCH	72	8	0	0
8	KOKRAJHAR	242	78	82	51
9	MANGALDOI	231	202	225	228
10	N. LAKHIMPUR	378	40	70	60
11	NAGAON	884	48	98	77
12	TEZPUR	515	0	0	46
13	RANGIA	288	88	187	71
14	BARPETA	253	73	114	76
15	CACHAR/ Badarpur	658	0	0	0
16	DIBRUGARH	510	52	148	150
Total		**9240**	**1585**	**2617**	**2008**

In this regard, the service period of M/s PwC Ltd., APDCL's consultant for the project 'High Value Consumer Management System' has already expired in September 2013. However, to continue the project successfully, APDCL needs to continue with their service and support for at least another one year for which the official proceedings are going on.

Further, replacement of CMRI non-compatible meters with new compatible meters for HT consumers has been carried out for all 4700 HT consumers in the ring fenced areas under R-APDRP scheme. Also, outside the project areas, meter replacement has been completed and metered data are downloaded regularly.

Commission's Comments:

The efforts made to replace CMRI non-compatible meters with new compatible meters for HT consumers should continue and be completed within the next 3 months. Further, APDCL should enhance the number of CMRI downloads in different Electrical Circles. Moreover, merely compiling the data and submitting the data to the Commission is not the end objective, as these directives have been given by the Commission to provide APDCL with the necessary data and information, in order to take necessary action to improve its billing efficiency and to identify high loss feeders, etc., thereby enabling focused action. Hence, APDCL should analyse the data collected under CMRI, in order to achieve the desired objectives, and submit the Report to the Commission within three months of issue of this Order.

Directive 14: Replacement of old electromechanical meters with static meters

A report on the status of metering, type of meters provided in HT and other high value LT installations along with a programme for replacement of such meters with static meters shall be submitted to the Commission by July, 2011.

Compliance by APDCL:

Replacement of old electromechanical meters and hybrid meters is being carried out in each circle in a phased manner and only a small portion remains to be replaced. The CEOs of the circles have been authorized to procure meters for replacement locally from the supplier to expedite the process. Also, meters are procured and installed under RAPDRP scheme, the status of which is given below:

1. Feeder/HT Meters: Procured (3601), all meters installed
2. DTR Meters: out of 6001 numbers, 5837 numbers are installed

Also, outdated meters are being replaced with whole current (WC) consumer meters under RAPDRP scheme, the status of which is given below:

WC Consumer Meter	Scope		Installed as on 31.08.2014	
	1-Ph	3-ph	1-Ph	3-ph
Post-paid Meter	211856	17458	59973	3814
Pre-paid Meter	29210	3358	0	0
Total	**241066**	**20816**	**59973**	**3814**

Commission's Comments:

The above data does not provide details of total number of electro-mechanical meters and hybrid meters, and percentage replacement achieved till date. Efforts should be made to replace more electro-mechanical meters with Static Digital meters and the latest status report for the entire State of Assam, including the areas not covered under R-APDRP, should be submitted to the Commission by January 31, 2015.

Directive 15: Management Information System

The Board is directed to take urgent steps to build a credible and accurate database and Management Information System (MIS) with unbundled costs and expenditure of the three businesses of the Board, viz., Generation, Transmission and Distribution to make information available on operational and financial issues and get such data updated on monthly basis. Advantage of IT must be taken to institute the MIS. Action must be taken urgently on this and the action taken shall be reported to the Commission by October, 2011. Care must be taken to see that the next tariff petition is supported by an accurate and credible database.

Compliance by APDCL:

The reports listed below are available under the 'MIS' module of R-APDRP Part-A. The reports are available in the APDCL web-portal and can be generated from all locations where R-APDRP has been implemented.

1. MRR Report.
2. Collection Summary Report.
3. Government Revenue Report.
4. Meter Cost collection Report.
5. Miscellaneous Collection Report.
6. New Service Connection Report.
7. RC/DC Report.
8. Sub –Division wise energy Report.
9. Feeder wise Energy Report.
10. DTR wise Energy Report.
11. Billing status Report.
12. Unbilled consumer Report.
13. Revenue collection Report.

Commission's Comments:

The above status has been submitted by APDCL only for the towns considered under R-APDRP. APDCL should also submit the status of MIS for the areas not covered under R-APDRP, within two months of issue of this Order.

Directive 16: Energy conservation

A well-known proverb is that energy conserved is energy generated and to conserve energy, the consumers are required to be well educated by way of demonstrations, holding meetings at various levels and through print media so that energy consumption can be reduced considerably by adopting economy measures such as use of energy efficiency lighting, high efficiency and standard make household appliances, high efficiency pumpsets preferably with labels of Bureau of Energy Efficiency (BEE) and other energy conservation devices. All categories of consumers should be well apprised of the newly developed latest energy conservation devices so that the energy conserved can be utilized for more productive purposes and in consonance with the direction issued by the Ministry of Power, Government of India.

Compliance by APDCL:

Measures for energy conservation have been initiated by APDCL. Apart from consumer awareness programmes already initiated for this, other measures are also there in the agenda. Demand Side Management has been taken as a part of Energy Conservation activities and APDCL has already taken the first step in this regard. APDCL has requested M/s Energy Efficiency Services Limited, a joint venture company of PSUs of Ministry of Power, Govt. of India, to give APDCL a presentation on the Action Plan that they have developed for rapid implementation of Demand Side Management. After proper scrutiny of their action plan, APDCL may adopt measures fit for this region to execute the plan accordingly.

Commission's Comments:

DSM programmes formulated by the Company showing percentage reductions in load growth; savings in kW, kWh; savings as a percent of total resources to meet load; etc., should be submitted to the Commission at the earliest. The tentative cost of implementing these programmes should also be made available.

The Commission has notified the Assam Electricity Regulatory Commission (Demand Side Management) Regulations, 2011 on 10 April, 2012. The Commission hereby directs APDCL to submit the DSM Plan formulated in accordance with these Regulations to the Commission, within 60 days of issue of this Order.

Directive 17: Consumer education and awareness

The Commission directed APDCL to establish and earmark funds for consumer education and awareness. APDCL was also directed to provide details about the scope of activities to be taken up under this initiative to the Commission within 3 months from the date of issue of the Tariff Order for FY 2008-09 and FY 2009-10. Although, it was informed by APDCL that some measures were taken in this regard, whole hearted approach to this cause seems to be lacking. The Commission, vide letter No. AERC 123/2005/Pt I/358 dated 04/02/2011, directed APDCL to incorporate some additional vital information on the reverse of the electricity bills to be served to the consumers. This information in the electricity bills will benefit the consumers in redressal of their grievances. However, till date the required information has not been incorporated in the energy bills. Therefore, the Commission now directs APDCL to take immediate measures for creating consumer awareness through the print/electronic media, hold meetings at different levels and publish the information as directed on the reverse of the electricity bills. The Commission directs that APDCL submit a status report on the action taken within 60 days from the date of issue of this Tariff Order.

Compliance by APDCL:

The following measures have been undertaken by APDCL to create consumer awareness regarding the use of electricity in urban as well as rural areas of Assam:

- APDCL has been publishing various advertisements regarding numerous topics like safety measures, anti-theft drive, saving of electricity, economic use of power, etc., in different local newspapers at different points of time, highlighting the norms with regard to use of electricity.
- Awareness advertisements in the form of tickers and scrolls have regularly been displayed on different news channels like DY365, News Live, Prag News and other channels from 2012, so that the public become conscious regarding the use of electricity avoid possible electrical accidents, pay their bills regularly, etc. APDCL would like to specially mention a small but effective clipping of the Honourable Chief Minister, which was aired on television for a period of couple of months appealing to the public for regular bill payments.
- APDCL's monthly electricity bill to the consumers has a list of instructions on the economic usage and saving of electricity, saving transformers from damage, payments of bills on time, no bypassing or rigging of meters, etc., on the reverse side, spreading consciousness.

- Different hoardings and posters have been put up in some of the Sub-divisions and Division offices across the State.
- A docu-feature film called ‘Bidyut Rahir Guput Kotha’ has been made by the Company featuring almost all the basic topics of APDCL regarding the use of electricity. This docu-feature will be helpful for the masses as they will be cognizant of their power consumption and hence, take precautions against misuse of electricity. It will be in the best interest of the Company, if APDCL distributes it to all the consumers along with their bill or during payment of bill at a nominal cost.
- An audio jingle creating public awareness on electricity was aired on Gup-Shup 94.3 FM for a period of 6 months. Step is being taken to resume it again.

A committee has been formed to undertake initiatives for public awareness on electricity usage and the committee has proposed the following steps for the purpose:

- Mobile theatre groups are an important instrument of publicity for spreading awareness in Assam nowadays as they have viewers of about twenty lakh in a season. APDCL may use this medium to flash awareness clippings/advertisements before the start of every show every day, which can leave an impact on the minds of the common people.
- The awareness campaigns may be conducted in schools and colleges as they will enlighten the younger minds who can in turn go home and make the older age group people aware about the electricity usage. APDCL is thinking of campaigning on these lines.
- As mentioned in the Public Awareness Campaign Committee in the Commission, the spreading of awareness through NGOs, Gaon Panchayats, Anchalik Panchayats and Zila Parishads is viable and can be done as it will be very effective.
- An advertising agency has offered a proposal of displaying of commercial hoardings and posters on APDCL's electrical poles in different places of Guwahati. This agency will pay a fixed amount to the Company in return and will spare a space on each hoarding/poster for some of our special messages on public awareness of electricity, if the Company approves.
- Issuance of calendars with messages on saving of power, regular bill payments, awareness on safety tips, etc., in an animated representation has

been planned for FY 2014-15.

An amount of Rs. 20,00,000.00 (Rupees twenty lakh) may be incorporated in the new tariff for yearly expenditures in the Publicity Head.

Commission's Comments:

The Commission observes that although steps were initiated by the Company, further initiatives need to be taken. The amount of Rs. 20 lakh indicated by APDCL can easily be managed from the existing budget of APDCL for administrative and general expenses. In case APDCL needs higher quantum of funds, then the funds necessary for such purpose for a financial year, along with necessary details, may be proposed in the Annual Revenue Requirement for that year.

Directive 18: Standards of Performance

In pursuance to the provisions stipulated in Clause 5.1 and Clause 5.4 of the AERC (Distribution Licensees' Standard of Performance) Regulations, 2004, the Licensee is required to furnish to the Commission, in a report for every quarter and in a consolidated annual report for each financial year, information as to the Guaranteed and Overall Standards of Performance. The Commission prepared a proforma reflecting the required performance parameters of the distribution licensee and the same was sent to APDCL vide letter No. AERC 326/2009/10 dated 04/12/2009 and the licensee was directed to make arrangements for filling up the required information in the proforma and send it to the Commission regularly as specified in the regulations. Although, information in this regard was received from LAEDCL for FY 2009-10, calculations on service reliability indices were not submitted as specified in the formats. A report on these submissions is available on the Commission's website. No information was received by the Commission for FY 2010-11. The Commission therefore, directs that the required information for FY 2010-11 be submitted within 60 days from the date of issue of this Tariff Order and such information be submitted to the Commission regularly as specified in the Regulations.

Compliance by APDCL:

The SOP report of APDCL for FY 2013-14 has been submitted to the Commission vide CGM(Com)/APDCL/SOP/2013/23 dated September 12, 2014.

Commission's Comments:

The SOP reports for FY 2011-12 and FY 2012-13 for the entire State are yet to be received. APDCL is once again directed to submit these reports at the earliest.

Directive 19: Metering System in All Government Departments and autonomous Bodies

It has been ascertained that due to accumulated outstanding dues of various Government departments, Autonomous bodies and Municipal bodies, the burden of arrears has adversely affected the licensee's distribution business as well as financial growth of the utility. In view of the above, it has become incumbent on the part of Distribution Licensee to switch over to prepaid meters for the autonomous bodies. The prepaid meters of different locations would be identified and installed by the Distribution Companies and the cost of which would be borne by the Government departments. The APDCL is therefore directed to act accordingly and to take all necessary steps in implementing prepaid metering system within six months from the date of issue of this order. APDCL is directed to engage a Consultant for providing necessary technical assistance and software support required for implementation of prepaid metering system effectively and action taken report on this needs to be intimated to the Commission within two months of the issue of the order.

Compliance by APDCL:

APDCL has initiated steps with the Public Works Department, Government of Assam for holding a meeting to discuss matters related to installation of prepaid meters in government departments. Further, APDCL has proposed to install pre-paid metering system in Government Offices having connected load below 20 kW in first phase. An estimate amounting to Rs. 10 Crore for the purpose has already been submitted to the Government of Assam.

Commission's Comments:

As regards metering and billing of Government offices on metered basis, it is clarified that presently, the supply to Government offices is metered, and the bills are being raised on the basis of the meter reading. However, each individual office within the Government office block or each residence within the Government housing complex is not individually metered, and the bulk metering practice is being followed. It may be noted that the Government of India has issued the Electricity (Removal of Difficulties)(Eight) Order, 2005, dated June 9, 2005, and has ordered that "*A* *distribution licensee shall give supply of electricity at residential purposes on an application by a person at a single point for making electricity available to his employees residing in the same premises on such terms and conditions as may be specified by the State Commission*." Thus, there are certain circumstances, under which single point supply is allowed as per the Electricity Act, 2003.

Further, the Commission has given several directives to APDCL regarding installation of pre-paid meters for such individual connections, so that each Government office is aware of its consumption and takes efforts to reduce wasteful consumption, and at the same time, the cash flow position of APDCL is improved, as the arrears of the Government departments are quite high. The State Government has, vide its letter dated August 16, 2014 to APDCL, stated that a decision has already been taken that the new scheme for metering of departmental offices and billing of respective departments will be implemented from April 1, 2015, and has directed APDCL to submit the department-wise estimated requirement of electricity to Power and Finance Departments by the first week of February, 2015, after installation of the meters. The State Government also directed APDCL to submit the monetary demand based on the meter readings and prevailing or anticipated tariff for the next financial year (2015-16 in this case). The State Government further directed APDCL to make a survey of all Government offices/establishments with regard to availability of meters and to put all meters in place by January 31, 2015 at APDCL's cost. The State Government also suggested that APDCL may like to explore the possibility of pre-paid meters in case of some of the Government offices. Hence, the State Government requested APDCL to make an action plan for achieving these objectives and to place this action plan for the perusal of the Board of APDCL, at the scheduled Board Meeting on August 29, 2014.

In view of the above, and in order to facilitate the installation of pre-paid meters or static post-paid meters at Government offices as well as other LT category consumers desirous of having pre-paid meters or static post-paid meters installed at their premises, in areas not covered under the R-APDRP schemes, the Commission has considered additional capitalisation equivalent to Rs. 20 crore, in FY 2014-15, and APDCL should immediately procure these meters and install them at all Government establishments as well as the premises of any LT category consumers, who are desirous of having pre-paid meters or static post-paid meters installed at their premises.

Directive 2: Submission of Power Procurement Plan for the Control Period FY 2013-16

In absence of monthly power procurement plan provided by the APDCL in the MYT Petition for FY 2010-11 to FY 2012-13, the Commission had approved annual power purchase quantum for the period in the MYT Order 16th May, 2011. However, as per Regulation 5.9 of the AERC (Fuel and Power Purchase Price Adjustment Formula) Regulations, 2010, variation in quantum and cost of power procurement has to be considered. Therefore, APDCL is directed to submit the monthly power procurement plan for the subsequent Control Period, i.e., FY 2013-16 along with the MYT Petition.

Compliance by APDCL:

With reference to monthly procurement plan , it is prepared by APDCL based on the approved Tariff Order and availability for next quarter .Any deviation from approval and availability is managed through procurement of power through competitive bidding with due approval of the Commission.

Energy procurement of APDCL through bilateral trading and competitive bidding for FY 2013-14 till January 2014 from various stations has been submitted*.* Deviation from approved quantum in power procurement through bilateral trading and competitive bidding is due to reduced availability than approved quantum from the generating stations

Commission's Comments:

Noted.

Directive 3: Power Procurement undertaken by APDCL

As per the Section 86(1)(b) of the Electricity Act, 2003, the Commission directs APDCL to procure all long-term power in line with the "Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensee" issued by the Ministry of Power vide No. 23/11/2004-R&R(Vol.II) dated 19th January, 2005 and amendments dated 30.3.2006, 18.8.2006 and 27.9.2007. Further, it is directed that all short-term power purchases have to be undertaken as per "Guidelines for short-term (i.e., for a period less than or equal to one year) procurement of power by Distribution Licensees through Tariff based bidding process” issued by Ministry of Power vide No. 23/25/2011-R&R dated 15th May, 2012.

Compliance by APDCL:

All short-term power purchases undertaken by APDCL are as per “Guidelines for short-term (i.e., for a period less than or equal to one year) procurement of power by Distribution Licensees through Tariff based bidding process” issued by Ministry of Power vide No. 23/25/2011-R&R dated 15th May, 2012.

It was also informed by APDCL during the meeting that the Company planned to take part in the bidding process for power procurement from the hydro projects in Bhutan and Himachal Pradesh during FY 2014-15. The Company is presently buying power through bilateral agreements, banking arrangement and day-ahead trading.

Commission's Comments:

APDCL should ensure that the bulk of the power procurement is through long-term/medium-term Power Purchase Agreements, in order to reduce the need to procure power from the market on short-term basis at very high rates.

9.4 COMPLIANCE OF THE DIRECTIVES ISSUED BY THE COMMISSION IN ITS TARIFF ORDER DATED NOVEMBER 21, 2013

Directive 1: Creation of Tariff Regulatory Cell

APDCL shall create/constitute a Tariff Regulatory Cell (under an Officer of status/rank not below that of General Manager or equivalent) within one month from date of issue of the Order. A Cell so constituted/created shall be provided with necessary authority and resources so as to look after all the tariff regulatory matters, primarily to provide correct and timely information to the Commission as well as stakeholders, who should be the primary source of all data and submissions being filed before the Commission, so as to ensure consistency and timelines of the data submitted and proper co-ordination with the Commission in the tariff determination process.

Compliance by APDCL:

As per the Directive , to look after all the Tariff regulatory matters, primarily to provide correct and timely information to the Commission as well as stakeholders, who should be the primary source of all data and submissions being filed before the Commission, so as to ensure consistency and timeliness of the data submitted and proper co-ordination with the Commission in the tariff determination process, *Tariff Regulatory Cell* under an officer not below the rank of General Manager has been created on February 17, 2014 vide office order.

Commission's Comments:
Noted.

Directive 2: Distribution Loss reduction
Despite several directives issued by the Commission from time to time, APDCL's efforts towards distribution loss reduction have not been up to the mark. APDCL will have to make conscious efforts to reduce the distribution losses from the existing levels. The action plan for reduction of losses during FY 2013-14 should be submitted to the Commission within 3 months from the date of this order.

Compliance by APDCL:
<u>1st Strategy</u>: Cutting down extra 33/11 kV lines, commissioning of new 33/11 kV sub stations and installation of adequate number of DTRs, as under:

1	Repair and Maintenance of 33 kV lines	275 km
2	Repair and Maintenance of Distribution Transformers	2937 No.
3	33 kV new lines	1449 km
4	11 kV new lines	1980 km
5	New 33/11 kV sub-stations	101 No.

<u>2nd Strategy</u>: Re-furbishing of old 33/11 kV sub-stations as submitted by APDCL. The total tentative cost for refurbishment of all substations in APDCL is Rs.74.37 crore.

<u>3rd Strategy</u>: Completion of RAPDRP works as per the Note submitted by APDCL. The projected loss in the ring fenced areas is targeted to be brought down below 15%.

<u>4th Strategy</u>: Replacement of stopped/defective meters in every circle in a phased manner. The CEOs of the circles have been authorized to procure meters for

replacement locally from the supplier to expedite the process. Also meters are procured and installed under RAPDRP scheme, the status of which is given below:

1. Feeder/HT Meters: Procured (3601), all meters installed
2. DTR Meters: Out of 6001 No., 5837 No. installed

Loss Reduction Action Plan

A. Jorhat III ESD:

1. Loss Control Study in Jorhat III ESD has been initiated on 6Nos of indexed DTR.

2. Aalysis has been taken up to calculate the loss in each DTR.

3. It has been observed that the percentage of loss is directly proportional to the MU injection of the DTRs.

4. The loss incurred by 2 Nos. of DTRs namely Ajanta Bye Pass and Joymoti is alarmingly high, as found from the above conclusion (In 3.)

5. CEO has been informed about this finding to expedite corrective steps in this regard.

B. BV Zone:

1. Badarpur Circle has submitted the 11 kV feeder details as asked from this office to carry out the loss control study.

2. To enable loss control study, GM (BVZ) has been requested to replace the defective meters installed in the DTRs.

Commission's Comments:

The Commission directs APDCL to submit the circle-wise figures of energy input in MU, energy billed in MU, and distribution loss (in MU and percentage terms) for the past five years, along with the ARR and Tariff Petition to be submitted for FY 2015-16. APDCL is also required to justify with rational explanation, the prevalent loss levels in different circles, and the efforts being taken to reduce the distribution losses in different circles, as well as the distribution losses targeted by APDCL in the ensuing years, in view of the capital investment being taken as well as administrative measures being taken by APDCL to tighten the metering and billing system of APDCL.

Directive 3: Recovery of Past dues

APDCL should submit the report indicating circle-wise pending past dues of the consumer till March 2013, and initiatives taken for recovery of such past dues.

Compliance by APDCL:

The data on circle-wise pending dues has been submitted by APDCL.

The action plan devised by APDCL to expedite the recovery of outstanding arrears is given below:

1. To ensure timely disconnection of defaulting consumers as per APDCL norms and proper monitoring of disconnected consumers after disconnection. It is applicable to Government consumers also, whose service connection is released after March 2006.
2. TD consumers should be brought under Permanently Disconnected (PD) consumers immediately, if payment is not made within the time as per APDCL norms.
3. Legal action (pleaders' notice, money suit) against PD consumers immediately.
4. Court cases and pending cases before the Appellate Authority should be pursued for early settlement.
5. All consumers will be served up to date load security bill immediately for payment.

Commission's Comments:

APDCL should try to recover past dues at the earliest to improve the cash flow position of the Company. APDCL to submit action taken on devised action plan, and the reduction in the arrears achieved as a result of the action plan.

Directive 4: Load Survey

APDCL shall undertake load survey for all Government connections/Utility officials, on a priority basis to assess the present connected load realistically, and modify its consumer records accordingly, in order to recover the fixed charges based on the correct level of connected load, within six months of issue of this Order.

Compliance by APDCL:

A circular has already been issued to conduct the load survey of all Government consumers on priority basis in the month of October 2013. The report on the findings of Load Survey of the government consumers is furnished below:

No. of consumers	No. of consumers where load survey done	No. of consumers where excess load found	Amount assessed (Rs.)	Remarks
27889	22311	3347	16,06,389	The assessed amount has been included in the Govt. demand

Commission's Comments:

The load survey should be completed in another 2 months' time and a report be submitted on the findings stating the excess load detected, likely financial benefits, etc. Further, APDCL should extend the load survey to all autonomous bodies and local bodies and gradually to all consumers, and a target date for completion of the load survey for such different consumer categories should be submitted along with the next ARR and Tariff Petition.

Directive 5: Interest on Consumer's Security Deposit

Interest on Consumers' Security Deposit has to be paid/adjusted in the bills of all the consumer categories, in accordance with the EA 2003 and AERC (Electricity Supply Code and Related Matters) Regulations, 2004 (First Amendment), 2007, since the same is being allowed to be recovered through the ARR and tariff.

Compliance by APDCL:

A circular has been issued in regard to the interest on Consumer's Security Deposit. The interest rate for FY 2012-13 is 10%, which has been adjusted/refunded during FY 2013-14 as per norms. The IRCA have started payment of interest on Load Security by adjustment in energy bill. Due to various constraints the payment of load security to LT consumers is yet to be completed. To ease the problem, software is being developed to calculate the interest and adjustment automatically. The consumers under the ring fenced area of R-APDRP will also receive the interest in the next phase. It is expected that the installation process of the software will be completed by the end of November 2014 in all billing offices.

Commission's Comments:

APDCL has to ensure that the interest on consumer security deposit is actually paid to the consumers, which should not be difficult, as all the consumers are known to APDCL, with bills being sent to the consumers. The amount of interest on the respective consumer security deposit should get automatically adjusted against the bill amount in the month of April each year, for the amount of consumer security deposit with APDCL in the previous year.

A report should be submitted to the Commission in this regard within three months from the date of issue of this Order.

Directive 6: Distribution Franchisees (IBDF Scheme)

APDCL shall inform the Commission on each occasion when it appoints a Franchisee, and the terms of such appointment as well as process of such appointment shall be submitted to the Commission. All details of such schemes, including number of feeders, number of agencies, revenue and collection before and after handing over to Franchisee, rate at which power is sold to Franchisee, etc., shall be submitted every six months for each such Franchisee scheme.

Compliance by APDCL:

The franchisee arrear accumulation in all circles of APDCL is a matter of grave concern. The modified franchisee scheme of APDCL has been approved by the Board on 29.08.2014. These new schemes will be termed as Collection Based Distribution Franchisee (Feeder), in short, CBDF (Feeder) and Collection Based Distribution Franchisee (DTR) in short, CBDF (DTR). Under this new scheme, the consumer bills will be prepared by APDCL while the consumer meter reading, consumer bill dispatch and line maintenance will be done by the franchisees. The commission paid to the franchisee will be linked to the AT&C loss and reliability index of the respective feeders and DTRs. The implementation of the new scheme has yet to be started and the details of the same will be furnished in due course.

Commission's Comments:

APDCL should submit the copy of the modified franchisee scheme that has been approved by the Board on 29.08.2014 to the Commission, for its record. For the existing franchisee scheme, the summary of such schemes including number of feeders, number of agencies, rate at which power is sold to the franchisee, revenue collection before and after handing over to Franchisee, commission rate to Franchisee, etc., shall be submitted to the Commission scheme within 3 months of issue of this Order, along with the analysis of annual benefit earned from each such Franchisee. Once the report is submitted, the same Report should be submitted on an annual basis.

Directive 7: Submission of Data on Time of Day (TOD) consumption

APDCL shall submit the data on the category-wise consumption for the categories having TOD tariff, for different time slots during the day, along with the next Tariff Petition.

Compliance by APDCL:

The reports on TOD consumption of 847 existing TOD consumers having load above 25 kVA has been submitted.

Commission's Comments:

APDCL has complied with the directive.

Directive 8: Submission of Data on Waiver Scheme

APDCL should submit details of waiver schemes offered to consumers for payment of arrears launched from time to time, along with the reasons for launching waiver scheme vs. benefit accrued.

Compliance by APDCL:

Waiver of surcharge schemes are offered to defaulting consumers to realize old outstanding dues. A detailed report on the agenda and circle-wise statement of waiver of surcharge under such schemes has been submitted by APDCL. The salient features of the Scheme for realisation of old outstanding dues from defaulting consumers, through waiver of surcharge, approved by the APDCL Board in February 2011, and valid upto September 30, 2011, is as follows:

1) The upto date outstanding amount to be calculated considering the arrear amount as on date of disconnection, fixed charge for six completed months from the date of disconnection, cumulative surcharge for six months, upto date surcharge after six months of disconnection on principal outstanding amount

2) For all category of consumers whose service connection remained disconnected for more than six months:
    a. 80% of the surcharge to be waived if the consumer agrees to clear the outstanding dues at a time, and service connection will be restored on receipt of full amount and after observing all formalities
    b. 50% of the surcharge to be waived if the consumer opts to clear the outstanding dues in maximum three instalments, and service connection will be restored on receipt of second instalment and after observing all formalities. No surcharge will be levied on the instalment amount, if payment is made within the stipulated time.
    c. 20% of the surcharge to be waived if the consumer opts to clear the outstanding dues in maximum six instalments, and service connection will be restored on receipt of third instalment and after observing all formalities. No surcharge will be levied on the instalment amount, if payment is made within the stipulated time.
    d. No waiver of surcharge if the consumer opts to clear the outstanding dues in more than six instalments with maximum eight instalments. No surcharge will be levied on the instalment amount, if payment is made within the stipulated time.
    e. The above scheme is not applicable for those consumers where surcharge has been accumulated against the bill raised for malpractice done by the consumer with regard to use of electricity.
    f. In case of failure to make payment of instalment within the stipulated time, the waiver of surcharge shall automatically stand cancelled.
3) For consumers under Jeevan Dhara and rural domestic category having connected load upto 2 kW, whose service connection are not disconnected but arrears have been accumulated for more than six months as on 31st January 2011:
    a. 80% surcharge amount accrued till date will be considered for waiver if the consumer agrees to clear the outstanding dues at a time
    b. 50% surcharge amount accrued till date will be considered for waiver if the consumer opts to clear the outstanding dues in maximum three monthly instalments. No surcharge will be levied on the instalment amount, if payment is made within the stipulated time.
    c. 20% surcharge amount accrued till date will be considered for waiver if the consumer opts to clear the outstanding dues in maximum six

instalments. No surcharge will be levied on the instalment amount, if payment is made within the stipulated time.

d. The above scheme is not applicable for those consumers where surcharge has been accumulated against the bill raised for malpractice done by the consumer with regard to use of electricity.
e. In case of failure to make payment of instalment within the stipulated time, the waiver of surcharge shall automatically stand cancelled.

4858 number of consumers were covered under the waiver of surcharge scheme, and out of the total principal arrears of Rs. 5.22 crore and surcharge of Rs. 6.31 crore, APDCL has realised principal amount of Rs. 4.84 crore and surcharge of Rs. 1.30 crore, with the total surcharge waived amounting to Rs. 4.96 crore.

Commission's Comments:

APDCL has complied with the directive.

9.5 NEW DIRECTIVES

Directive-1: Filing of complete Petitions within the scheduled dates

It has been observed that the Petitions are not being filed on time, and even after filing of the Petitions, the necessary data and clarifications are not submitted on time, leading to delays in the tariff determination process. The Commission directs APDCL to ensure that the Petitions are filed on time, and all the necessary data and clarifications are submitted along with the Petition itself.

Directive-2: Calculation of depreciation in accordance with the AERC Tariff Regulations

It has been observed that APDCL does not submit the calculations of depreciation strictly in accordance with the AERC Tariff Regulations, 2006, and claims depreciation on assets funded through grants and consumer contribution also. The Commission directs APDCL to ensure that in subsequent Petitions, the depreciation is computed strictly in accordance with the AERC Tariff Regulations, 2006.

10. Schedule of Tariff

This chapter lists the tariffs which are applicable in the State of Assam with effect from 01.12.2014 until replaced by another order of the Commission.

For the purpose of this schedule, the consumers are divided into two distinct groups based on consumption and the nature of supply. The consumers are further divided into categories that are supplied electricity at LT and HT voltages.

LT GROUP

Supply Voltage 1 Ph, 230 V AC and 3 Ph, 415 V AC

LT Category-1 Jeevan Dhara:

Applicability

This Tariff shall be applicable for supply of power to any premises exclusively for the purpose of own requirements with a Connected Load of not more than 0.5 kW and consumption upto 1 kWh/day or 30 kWh per month.

(a) **Tariff :**

Consumption	Energy Charge	Fixed Charge
For consumption upto 30 kWh per month.	Rs. 4.10/kWh	Rs. 15 per connection per month

N.B: If, during any billing period the consumption exceeds the stipulated 1 kWh/day or 30 kWh per month the consumers will be considered as if they are shifted to the next appropriate higher category.

(b) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made in full on or before the due date.

(c) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(d) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

LT Category –II: Domestic A.

Applicability

This tariff shall be applicable for supply of power to consumers having connected load below 5 kW for residential premises, exclusively for domestic purposes only. This shall also include supply of power to occupants of flats in multi storied buildings, if the premises have not been classified under Domestic B or HT Domestic and receiving bulk power at single point without any individual metering arrangements for domestic purposes.

(a) **Tariff**

Consumption	**Energy Charge**	**Fixed Charge**
0 – 120 kWh per month	Rs. 4.95/kWh	Rs. 30/kW/month
121 – 240 kWh per Month	Rs. 6.25/kWh	Rs. 30/kW/month
Balance kWh	Rs. 7.25/kWh	Rs. 30/kW/month.

For the purpose of determination of monthly fixed charge, the Connected Load shall be rounded up to the next higher kW if the decimal is higher than 0.5 and the nearest lower kW if the decimal is lower than 0.5. For consumer having connected load below 0.5 kW, connected load shall be rounded off to 0.5 kW.

(b) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof in simple interest shall be levied, if payment is not made in full on or before the due date.

(c) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by local cheque/DD, commission shall be borne by the consumers.

(d) The Tariff does not include any tax or duty, etc., on electrical energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

NOTE:

If any part of the domestic connection is utilised for any use other than dwelling purpose like commercial, industrial, etc., the entire consumption shall be treated as the case may be, for corresponding category and the respective tariff shall be applied for the entire consumption.

LT Category-III: Domestic-B

Applicability

This tariff shall be applicable for supply of power to consumers having Connected Load 5 kW and below 20 kW exclusively for domestic purposes only. This shall also include supply of power to occupants of flats in multi storied buildings, receiving bulk power at single point with individual metering for domestic purposes.

Tariff:

	Energy Charge	**Fixed Charge**
For all consumption.	Rs 6.85/kWh	Rs. 30/kW/month

For the purpose of determination of monthly fixed charge, the Connected Load shall be rounded up to the next higher kW if the decimal is higher than 0.5 and the nearest lower kW if the decimal is lower than 0.5.

(a) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(b) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by local cheque/DD, commission shall be borne by the consumers.

(c) The Tariff does not include any tax or duty, etc., on electrical energy that may be payable at any time in accordance with any law /State Government Rule in

force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

NOTE:

If any part of the domestic connection is utilised for any use other than dwelling purpose like commercial, industrial, etc., the entire consumption shall be treated as the case may be, for corresponding category and the respective tariff shall be applied for the entire consumption.

LT Category-IV: LT Commercial

Applicability

This tariff shall be applicable for supply of power to consumers having Connected Load below 20 kW to all establishments and institutions of commercial nature and connected with trading activities, including commercial offices, Government. and public sector commercial installations, commercial houses, optical houses, shops, hotels, restaurants, bars, refreshment stalls, showcases of advertisements, theatres, cinema halls, guest houses, laundries, dry-cleaners, Railway stations, public and private bus-stands not covered under any other category of consumers, copy works, X-ray installations, private nursing homes/clinical laboratories, photographic studios, battery charging units, workshops, petrol pumps, factory & printing presses not using motive power in the manufacturing process, private educational and cultural institutions, lodging and boarding houses.

(a) **Tariff**

	Energy Charge	**Fixed Charge**
For all consumption.	Rs. 7.55/kWh	Rs. 110/kW/month

For the purpose of determination of monthly fixed charge, the Connected Load shall be rounded up to the next higher kW if the decimal is higher than 0.5 and the nearest lower kW if the decimal is lower than 0.5. For consumer having connected load below 0.5 kW, connected load shall be rounded off to 0.5 kW

(b) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof in simple interest shall be levied, if payment is not made on or before the due date.

(c) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by local cheque/DD, commission shall be borne by the consumers.

(d) Power factor penalty and rebate:

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(e) The Tariff does not include any tax or duty, etc., on electrical energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

<u>LT Category V- LT General Purpose Supply</u>

Applicability

This tariff shall be applicable for supply of power to consumers having Connected Load below 20 kW to all Non-commercial and Non-domestic users of electric power like Government offices, Semi-Government Educational and cultural institutions, Government hospitals, dispensaries, Charitable institutions and Trusts (public or private formed solely for charitable or religious purposes), Dharamshalas, Non-commercial boarding and lodging houses and other Non-commercial institutions.

(a) **Tariff**

	Energy Charge	**Fixed Charge**
For all consumption.	Rs. 6.35/kWh	Rs. 125/kW/month

For the purpose of determination of monthly fixed charge, the Connected Load shall be rounded up to the next higher kW if the decimal is higher than 0.5 and the nearest lower kW if the decimal is lower than 0.5. For consumer having connected load below 0.5 kW, connected load shall be rounded off to 0.5 kW.

Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(b) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(c) Power factor penalty and rebate:

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(d) The Tariff does not include any tax or duty, etc., on electrical energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

LT Category VI-Public Lighting

Applicability

This tariff is applicable to supply of power for street lighting systems in Municipalities, Town Committees and Panchayat, etc., Signal systems in roads and park lighting, in areas of Municipality/Town Committee/Panchayat, etc.

(a) **Tariff**

	Energy Charge	**Fixed Charge**
For all consumption.	Rs. 6.40/kWh	Rs. 120/kW/month

N.B. In case any unmetered supply is provided in exigency, the energy shall be assessed considering 12 hours per day burning hours for the energy charge. For example, if the total connected load of the street light service is 1 kW, energy shall be asses as 12 units per day.

For the purpose of determination of monthly fixed charge, the Connected Load shall be rounded up to the next higher kW if the decimal is higher than 0.5 and the nearest lower kW if the decimal is lower than 0.5. For consumer having connected load below 0.5 kW, connected load shall be rounded off to 0.5 kW.

(b) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(c) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(d) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

LT Category VII-Agriculture

Applicability

This tariff shall be applicable for supply of power for agriculture / irrigation purpose in the agricultural sector for pump sets upto 7.5 HP.

(a) **Tariff**

	Energy Charge	**Fixed Charge**
For all consumption.	Rs. 4.60/kWh	Rs. 30/kW/month

For the purpose of determination of monthly fixed charge, the Connected Load shall be rounded up to the next higher kW if the decimal is higher than 0.5 and the nearest lower kW if the decimal is lower than 0.5. For consumer having connected load below 0.5 kW, connected load shall be rounded off to 0.5 kW.

Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(b) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(c) The Tariff does not include any tax or duty, etc., on electrical energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

LT Category VIII – Small Industries

Applicability

This tariff is applicable for supply of power for industrial purposes having licence from designated authority of appropriate government and not covered under any other category, for consumers having Contract Demand/Connected Load below 25 kVA (20 kW).

(a) **Tariff**

	Energy Charge	Fixed Charge
(i) Rural Industries - For all consumption.	Rs. 4.85/kWh	Rs. 30/kW/month
(ii) Urban Industries - For all consumption.	Rs. 5.10/kWh	Rs. 40/kW/month

For the purpose of determination of monthly fixed charge, the Connected Load shall be rounded up to the next higher kW if the decimal is higher than 0.5 and the nearest lower kW if the decimal is lower than 0.5. For consumer having connected load below 0.5 kW, connected load shall be rounded off to 0.5 kW.

(b) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(c) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(d) Power factor penalty and rebate:

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(e) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in

force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

LT Category IX: Temporary Supply:

Applicability

This Tariff will be applicable for electric supply of power which is temporary in nature for a period not exceeding one month.

	Charges
Domestic	Rs. 80/kW/day or Rs. 8.75/kWh whichever is higher
Non Domestic non agricultural	Rs.125/kW/day or Rs. 10.85/kWh whichever is higher
Agricultural	Rs. 50/kW/day or Rs. 6.75/kWh whichever is higher.

HT GROUP

Tariff for this group is applicable for those consumers availing power supply at 11 kV or above. Calculations shall be deemed to be in kVA for consumers under this part of the tariff schedule. However, consumers above 25 kVA connected load and drawing power at LT are also covered under this group. During the period of conversion from LT supply to HT supply, the consumer shall have to pay the necessary compensatory charges (10% & 3% of total energy consumption for LT line & DTR respectively).

HT Category I: HT Domestic

Applicability

This tariff shall be applicable for supply of power to consumers having Connected Load 25 kVA and above to residential premises, exclusively for domestic purposes only. This shall also include supply of power to occupants of flats in multi storied buildings/ residential colony, receiving bulk power at single point with single metering for domestic purposes.

(a) **Tariff:**

	Energy Charge	Fixed Charge
For all consumption.	Rs 6.80/kWh	Rs 30/kVA/month

For the purpose of determination of monthly fixed charge, the Connected Load shall be rounded up to the next higher kW if the decimal is higher than 0.5 and the nearest lower kW if the decimal is lower than 0.5.

- For supply at voltages higher than as applicable to the consumers as per Regulation 2.2 of the AERC (Electricity Supply Code and Related Matters) Regulations, 2004, as amended from time to time, rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T. side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(c) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(d) Power factor penalty and rebate:

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable.

Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(e) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

NOTE:

If any part of the domestic connection is utilised for any use other than dwelling purpose like commercial, industrial etc. the entire consumption shall be treated as the case may be, for corresponding category and the respective tariff shall be applied for the entire consumption.

HT Category-II: HT Commercial

Applicability

This tariff shall be applicable for supply of power to consumers having Connected Load 25 kVA and above to all establishments and institutions of commercial nature and connected with trading activities, including commercial offices, Government and public sector commercial installations, commercial houses, optical houses, shops, shopping malls, restaurants, hotels, bars, refreshment stalls, showcases of advertisements, theatres, cinema halls, guest houses, laundries, dry-cleaners, Railway stations, public and private bus-stands not covered under any other category of consumers, copy works, X-ray installations, private nursing homes/clinical laboratories, photographic studios, battery charging units, workshops, petrol pumps, factory & printing presses not using motive power in the manufacturing process, private educational and cultural institutions, lodging and boarding houses.

(a) **Tariff**

	Energy Charge	**Fixed Charge**
For all consumption.	Rs. 7.55/kWh	Rs. 115/kVA/month

For the purpose of determination of monthly fixed charge, the Connected Load shall be rounded up to the next higher kW if the decimal is higher than 0.5 and the nearest lower kW if the decimal is lower than 0.5.

- For supply at voltages higher than as applicable to the consumers as per Regulation 2.2 of the AERC (Electricity Supply Code and Related Matters) Regulations, 2004, as amended from time to time, rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T. side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(c) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(d) Power factor penalty and rebate:

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(e) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

HT Category - III: Public water Works

Applicability

This tariff is applicable for public water supply maintained by Government or Government Corporations, Municipalities, Town Committees and Panchayats.

(a) **Tariff**

	Energy Charge	**Fixed Charge**
For all consumption.	Rs. 6.05/kWh	Rs. 125/kVA/month

For the purpose of determination of monthly fixed charge, the Connected Load shall be rounded up to the next higher kW if the decimal is higher than 0.5 and the nearest lower kW if the decimal is lower than 0.5.

- For supply at voltages higher than as applicable to the consumers as per Regulation 2.2 of the AERC (Electricity Supply Code and related matters) Regulations, 2004, as amended from time to time, rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T. side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(c) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers

(d) Power factor penalty and rebate:

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30%

upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(e) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

HT Category – IV: Bulk Supply

Applicability

This tariff is applicable to Bulk consumers with a Connected Load not less than 25 kVA provided that the consumers not covered by any other category such as any domestic connection, industries, tea, etc., and who make their own internal distribution arrangement at their own cost and receive power at the point of supply at high or extra high voltage. This is further classified as under:

(i) Government educational institution-like universities, engineering colleges, medical colleges with residential facilities and

(ii) Others - categories not included in any of the above categories, including Government offices, Railways, Military Engineering Services, etc.

(a) **Tariff**

(i) Bulk Government educational institutions

	Energy Charge	**Fixed Charge**
For all consumption.	Rs. 6.45/kWh	Rs. 110/kVA/month

(ii) Others

	Energy Charge	**Fixed Charge**
For all consumption.	Rs. 7.25/kWh	Rs.145/kVA/month

- For supply at voltages higher than as applicable to the consumers as per Regulation 2.2 of the AERC (Electricity Supply Code and Related Matters) Regulations, 2004, as amended from time to time, rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) **Power factor penalty and rebate:**

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) Contract Demand: The Contract Demand shall be between 70% to 105% as declared by the consumer of the Connected Load converted to kVA at 0.85 power factor. In case declaration /option is not made by the consumer within the stipulated time, 100% of the Connected Load converted to kVA shall be the contracted demand.

(d) Billable Demand: Billing demand shall be 100% of Contracted Demand or

Recorded Demand, whichever is higher. In case the meter remains defective in a month, billing demand shall be considered as per clause 4.2.2.4 of AERC (Supply Code and Related Matters) Regulations, 2004, as amended from time to time *, Procedure for Assessment of Consumption* in case of incorrect or stopped meter for seasonal consumer.

(e) Overdrawal Penalty: If the Recorded Demand is higher than the Contracted Demand in a month, then fixed charge based on Contracted Demand shall be levied at three times the normal rate for the portion of demand exceeding the Contracted Demand.

(f) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(g) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(h) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

HT Category V (A): HT Small Industries;

Applicability

This tariff is applicable for supply of power for industrial purposes having licence from designated authority of appropriate government and not covered under any other category, for consumers with Connected Load above 25 kVA and upto 50 kVA, irrespective of location of the industry in rural area or urban area.

(a) **Tariff**

	Energy Charge	**Fixed Charge**
For all consumption.	Rs. 5.60/kWh	Rs. 40/kVA/month

For the purpose of determination of Monthly fixed charge, the Connected Load shall be rounded up to the next higher kW if the decimal is higher than 0.5 and the nearest lower kW if the decimal is lower than 0.5.

- For supply at voltages higher than as applicable to the consumers as per Regulation 2.2 of the AERC (Electricity Supply Code and Related Matters) Regulations, 2004, as amended from time to time, rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T. side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) Power factor penalty and rebate:

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(d) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(e) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in

force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

HT Category V (B)-HT-I Industries

Applicability

This tariff is applicable for supply of power to industrial consumers having licence from designated authority of appropriate government and not covered under any other category, at a single point for industrial purposes with Contract Demand/Connected Load above 50 kVA to 150 kVA.

(a) **Tariff**

	Energy Charge	**Fixed Charge**
For all consumption.	Rs. 6.25/kWh	Rs. 100/kVA/month

TOD tariff

Time of Day (TOD) tariff for HT-I industries

Description	**Energy charge**
Time	**Rs./kWh**
0600 hrs to 1700 hrs (normal)	6.25
1700-2200 hrs (peak)	8.50
2200-0600 hrs (night)	5.60

- For supply at voltages higher than as applicable to the consumers as per Regulation 2.2 of the AERC (Electricity Supply Code and related matters) Regulations, 2004, as amended from time to time, rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.
- In case, metering is done on the L.T. side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) Power factor penalty and rebate:

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) Contract Demand: The Contract Demand shall be between 70% to 105% as declared by the consumer of the Connected Load converted to kVA at 0.85 power factor. In case declaration /option is not made by the consumer within the stipulated time, 100% of the Connected Load converted to kVA shall be the contracted demand.

(d) Billable Demand: Billing demand shall be 100% of Contracted Demand or Recorded Demand, whichever is higher. In case the meter remains defective in a month, billing demand shall be considered as per clause 4.2.2.4 of AERC (Supply Code and Related Matters) Regulations, 2004, as amended from time to time, *Procedure for Assessment of Consumption* in case of incorrect or stopped meter for seasonal consumer.

(e) Overdrawal Penalty: If the Recorded Demand is higher than the Contracted Demand in a month, then fixed charge based on Contracted Demand shall be levied at three times the normal rate for the portion of demand exceeding the Contracted Demand.

(f) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(g) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(h) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

HT Category V (C): HT-II Industries

Applicability

This tariff is applicable for supply of power at a single point for industrial purposes having licence from designated authority of appropriate government and not covered under any other category, for Contract Demand/Connected Load above 150 kVA.

(a) **Tariff**

	Energy Charge	**Fixed Charge**
Option -1.	Rs. 6.85/kWh	Rs. 140/kVA/month
Option -2	Rs. 6.00/kWh	Rs. 270/kVA/month

A consumer may opt for any one option depending on his requirements by prior intimation to concerned billing unit of Discom. A consumer may change his option only after six months of availing that particular option.

TOD tariff for Option-1 above (only), no TOD Tariff will be applicable for consumers opted for option-2. However, supplier may impose peak hour restriction due to system constraints.

T.O.D tariff for HT-II industries

Description	**Energy charge**
Time	**Rs./kWh**
0600-1700 hrs (normal)	6.85
1700-2200 hrs (peak)	8.30
2200-0600 hrs (night)	6.35

- For supply at voltages higher than as applicable to the consumers as per Regulation 2.2 of the AERC (Electricity Supply Code and related matters)

Regulations, 2004, as amended from time to time, rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T. side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) Power factor penalty and rebate:

  (a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

  (b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) Contract Demand: The Contract Demand shall be between 70% to 105% as declared by the consumer of the Connected Load converted to kVA at 0.85 power factor. In case declaration /option are not made by the consumer within the stipulated time, 100% of the Connected Load converted to kVA shall be the contracted demand.

(d) Billable Demand: Billing demand shall be 100% of Contracted Demand or Recorded Demand, whichever is higher. In case the meter remains defective in a month, billing demand shall be considered as per clause 4.2.2.4 of AERC (Supply Code and Related Matters) Regulations, 2004, as amended from time to time*, Procedure for Assessment of Consumption* in case of incorrect or stopped meter for seasonal consumer.

(e) Overdrawal Penalty: If the Recorded Demand is higher than the Contracted Demand in a month, then fixed charge based on Contracted Demand shall be levied at three times the normal rate for the portion of demand exceeding the Contracted Demand.

(f) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(g) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(h) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

<u>HT Category VI-Tea, Coffee and Rubber: Seasonal</u>

Applicability

This tariff is applicable for tea, coffee and rubber plantation/production by utilisation of electrical power in factory, irrigation, lighting etc. in the Estate.

(a) **Tariff**

(i) Seasonal Tariff (April to November)

	Energy Charge	Fixed Charge
For all consumption.	Rs. 6.75/kWh	Rs. 230/kVA/month

TOD tariff applicable

T.O.D tariff for Tea, Coffee & Rubber

Description	Energy charge
Time	**Rs./kWh**
0600-1700 hrs (normal)	6.75
1700-2200 hrs (peak)	8.55
2200-0600 hrs (night)	6.50

Off- Season Tariff (December to March)

Off-Season energy charge for Tea, Coffee and Rubber is Rs. 6.75 / kWh.

Consumer under this category shall have the option to select any continuous maximum 4 (four) months period between September to March in lieu of normal off-season period of December to March. Such option must be exercised on or before 31st August of every year.

Off-Season fixed charge for Tea, Coffee & Rubber minimum 40% of contracted demand during season period.

No benefit of ToD tariffs can be availed by consumers if they opt for the off season tariff option during off-season period.

- For supply at voltages higher than as applicable to the consumers as per Regulation 2.2 of the AERC (Electricity Supply Code and Related Matters) Regulations, 2004, as amended from time to time, rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) Power factor penalty and rebate:

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) Contract Demand: The Contract Demand shall be between 65% to 105% as declared by the consumer of the Connected Load converted to kVA at 0.85 power factor. In case declaration /option is not made by the consumer within the stipulated time, 100% of the Connected Load converted to kVA shall be the contracted demand. *Contract Demand for off-season shall be minimum 40% of the seasonal Contract Demand.*

(d) Billable Demand: Billing demand shall be 100% of Contracted Demand or Recorded Demand, whichever is higher. In case the meter remains defective in a month, billing demand shall be considered as per clause 4.2.2.4 of AERC (Supply Code and Related Matters) Regulations, 2004, as amended from time to time*, Procedure for Assessment of Consumption* in case of incorrect or stopped meter for seasonal consumer.

(e) Overdrawal Penalty: If the Recorded Demand is higher than the Contracted Demand in a month, then fixed charge based on Contracted Demand shall be levied at three times the normal rate for the portion of demand exceeding the Contracted Demand.

(f) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(g) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(h) In the event that it is not possible to measure availability to a particular consumer, Fixed Charge @ Rs.230/kVA will be applicable.

(i) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

HT Category VII - Oil and Coal

Applicability

This tariff shall be applicable for supply of power to consumers at a single point for installations of Oil and Coal Sector.

(a) **Tariff**

	Energy Charge	**Fixed Charge**
For all consumption.	Rs 7.35/kWh	Rs. 270/kVA/month

(i) T.O.D Tariff

T.O.D tariff for Oil & Coal

Description	**Energy charge**
Time	**Rs./kWh**
0600-1700 hrs (normal)	7.35
1700-2200 hrs (peak)	9.10
2200-0600 hrs (night)	7.10

- For supply at voltages higher than as applicable to the consumers as per Regulation 2.2 of the AERC (Electricity Supply Code and related matters) Regulations, 2004, as amended from time to time, rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) Power factor penalty and rebate:

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) Contract Demand: The Contract Demand shall be between 70% to 105% as declared by the consumer of the Connected Load converted to kVA at 0.85 power factor. In case declaration /option is not made by the consumer within the stipulated time, 100% of the Connected Load converted to kVA shall be the contracted demand.

(d) Billable Demand: Billing demand shall be 100% of Contracted Demand or Recorded Demand, whichever is higher. In case the meter remains defective in a month, billing demand shall be considered as per clause 4.2.2.4 of AERC (Supply Code and Related Matters) Regulations, 2004, as amended from time to time, *Procedure for Assessment of Consumption* in case of incorrect or stopped meter for seasonal consumer.

(e) Overdrawal Penalty: If the Recorded Demand is higher than the Contracted Demand in a month, then fixed charge based on Contracted Demand shall be levied at three times the normal rate for the portion of demand exceeding the Contracted Demand.

(f) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(g) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(h) In the event that it is not possible to measure availability to a particular consumer, Fixed Charge @ Rs.270/kVA will be applicable.

(i) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in

force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

HT Category VIII: HT Irrigation

Applicability

This tariff shall be applicable for electricity supply for agriculture / irrigation purpose in the agricultural sector for pump set above 7.5 HP and for whom power has been supplied at 11 kV or above.

(a) **Tariff**

	Energy Charge	**Fixed Charge**
For all consumption.	Rs. 5.85/kWh	Rs. 40/kVA/month

- For supply at voltages higher than as applicable to the consumers as per Regulation 2.2 of the AERC (Electricity Supply Code and Related Matters) Regulations, 2004, as amended from time to time, rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.
- In case, metering is done on the L.T. side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) Power factor penalty and rebate:

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(d) Payments shall be made by cash/local cheque/DD/Electronic Transfer (where applicable): For all payments made by DD, commission shall be borne by the consumers.

(e) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

REBATE FOR CONSUMERS

1. In order to encourage consumers to switch over to solar water heating system, the Commission has decided to allow the rebate at Rs. 60/- per consumer per month per 100 litres per day (LPD) capacity Solar Water Heaters on fulfilment of the following conditions:-

(a) The solar water heating system being used by the consumer has to be an authorised/approved product of the Ministry of New & Renewable Energy (MNRE), Government of India or the State Nodal Agency.

(b) To avail this rebate, the consumer will be required to give the licensee an affidavit to the effect that such a system has been installed on his premises and is being used to meet his water heating requirements. The declaration can be verified by the licensee’s meter readers / representative, if required.

(c) In case, any such declaration is found to be false, the licensee apart from taking appropriate legal action against such consumer would be entitled to recover the entire rebate allowed to such consumers with 100% penalty.

❖ In case of Domestic category of consumers, the higher rating of only one equipment shall be considered for determination of connected load if both Geyser and Air-Conditioner (without heater) are installed and used for domestic purpose only.

➢ These Tariffs take effect from December 1, 2014.

- This Tariff Order shall continue to be applicable until it is replaced by another Order passed by the Commission.

- This Tariff Order is signed by the Assam Electricity Regulatory Commission on November 21, 2014.

Sd/-	Sd/-	Sd/-
(D. Chakravarty)	(Dr. R. K. Gogoi)	(N. K. Das)
Member, AERC	Member, AERC	Chairperson, AERC

Annexure-1

Minutes of the 18th Meeting of the State Advisory Committee of the Assam Electricity Regulatory Commission held on August 12, 2014 at

NEDFi House, Dispur, Guwahati

The 18th meeting of the State Advisory Committee was held at 11.00 am on 12th August, 2014, at NEDFi HOUSE, Dispur, Guwahati.

A list of members and officers present is appended at **Appendix – 1.**

At the very outset, the Secretary, AERC, welcomed all the Members of the State Advisory Committee, Special Invitees and officers present, to the 18th Meeting of the Committee. He then requested the Chairperson, AERC, Shri Naba Kumar Das, IAS (Retd) to preside over the meeting.

The Chairperson, AERC, on behalf of the Commission, extended a hearty welcome to all the Members of the State Advisory Committee, which had been recently reconstituted as per Section 87 of The Electricity Act, 2003. He stated that the State Advisory Committee is an important body with an objective to advise the Commission on manifold issues such as on all major questions of policy, matters related to quality, continuity and extent of service provided by the licensees, compliance by licensees with the conditions and requirements of their licence, protection of consumer interest; and electricity supply and overall standards of performance by utilities.

The Chairperson informed the members that Power Point presentations would be made by the representatives of the power utilities on the overall power scenario of the State and also on the petitions submitted by each of the three utilities for revision of tariff. He requested the members to take this opportunity to raise various issues and problems being faced by the consumers and offer suggestions so that effective strategies could be worked out to improve the power position of the State. He then proceeded for discussing the agenda items one by one which are briefly recorded below.

1. **Agenda No. 1: Confirmation of the Minutes of the 17th meeting of the State Advisory Committee (SAC) held on 09.08.2013.**

The Minutes of the 17th Meeting of the Committee was already circulated among the Members and Special Invitees. Hence, it was taken as read. No comment was received on the minutes. With the approval of the members, the Minutes of the 17th meeting of the SAC was confirmed.

2. **Agenda No. 2: Action taken on the Minutes of the 17th Meeting of SAC.**

With regard to submission of Action Taken Reports on the Minutes of the aforesaid meeting, the Chairperson apprised the members that most of the actions were required to be taken by the two Utilities i.e. APGCL (Generation) and APDCL (Distribution) and hence, the officers representing these two Utilities would brief the members on the actions taken by them.

Regarding the matter of drafting Regulations for Peak Power Management which was discussed in the last meeting of the Advisory Committee, the Chairperson informed that the Commission has been looking into the matter; however, a firm conclusion is yet to be reached. He stated that the Commission was also contemplating whether some kind of peak power tariff (in categories not having TOD tariff) could be introduced in the course of finalising the tariff proposal in order to encourage consumers to adopt Demand Side Management practices. The Chairperson also raised the matter relating to payment of fixed charges to generating stations irrespective of whether power is available or not from the stations for discussion. He stated that this issue being a policy matter has to be taken up by the Commission along with the Government of Assam with the CERC and the Government of India.

A Power Point presentation was made by a representative of APGCL, showing actions taken by APGCL on the points concerning the Company as mentioned in the Minutes of the 17th Meeting of the Committee and these are briefly narrated below:

In the matter of Margherita Thermal Power Project, it was stated that the Board of APGCL by a resolution had decided to implement the Project as a Joint Venture with NEEPCO. It was informed that in this regard, a draft MOU had already been signed between APGCL and NEEPCO on 14.07.2014 and the members expressed hope that a decision would soon be taken for implementation of the Project.

So far the reduction of Auxiliary Power consumption in LTPS and NTPS is concerned, it was informed that there is a study report from National Productivity Council regarding the issue. Based on this report, APGCL had taken number of actions as a result of which, Auxiliary Energy Consumption of LTPS has been reduced to 8.8 % in FY 2013-14 from 11.5 % in FY 2012-13. Similarly, the Auxiliary Energy Consumption of NTPS is also expected to come down to 4.5% from the present 5.5% after completion of works related to shifting of distribution feeders from the NTPS 132 KV substation.

Regarding Station Heat Rate, it was stated that APGCL was incurring losses every year due to higher heat rates of the NTPS and LTPS stations than what have been approved by the Commission in its Regulations. In this connection, he referred to the proposed amendment to the Regulations by the Commission after submission of a report from IIT, Guwahati who was assigned the task of studying the Heat Rate of LTPS and NTPS. Therefore, the matter is now with the Commission for necessary action.

Regarding the ongoing/ new projects in the state, it was informed that APGCL had already submitted detailed report to the Commission. It was further informed that both units of 1.5 MW each of the Myntriang Small Hydro Project were commissioned in March 2014.

The MD, APDCL, taking permission from the Chair raised certain issues concerning the APDCL in the Meeting as stated below.

1. Regarding Load shedding, MD, APDCL stated that due to shortage of power, load shedding had to be resorted to from time to time across the state. Although, power can be purchased from the exchanges to meet the power shortage, however, such power is expensive. In this connection, he referred to the direction given by the State Advisory Committee to APDCL in the last Meeting of the Committee for constituting committees for load shedding. He informed the members that in pursuance of the above direction, APDCL had constituted two tier power committees to look into the matter of Load Shedding. The level –I committee is chaired by the MD, APDCL with all CGM(D) of the regions and CGM (Com) as members. The level-II committee is headed by GM of the respective zones with all the DGMs of the circles and R.E of the Grid S/s as members. It was informed that in case of shortage of power, the company follows the principle of preferential load and priority is given to essential services like hospitals, airports and agencies controlling the law and order situations as far as practicable. SLDC is entrusted with the implementation of the decision of the Committee and to take action accordingly.
2. Regarding installation of Prepaid Meters, it was informed that it has been made compulsory to install prepaid meters in all multi-storied buildings. It was informed that the financial and technical parameters for installation of prepaid meters in Government establishments are being examined by the Company and the State Government and it is likely to be installed from March 2015. MD, APDCL informed the members that APDCL has been taking all possible steps in this regard.
3. So far the clearance of outstanding arrears of Power Consumption bills in respect of the Government Departments is concerned, the matter had been taken up with the

State Power Department and other Government Departments including at the level of the Chief Secretary and Chief Minister of Assam. The Central payment mechanism has been proposed to be withdrawn w.e.f. April 2015 and payment responsibility will be entrusted to the concerned department.

4. It was informed that APDCL has been requesting the Central Government to allocate 500 MW firm power from Bhutan Hydroelectric projects and efforts are on to procure power from some of the power projects in Bhutan which are under construction.

5. Regarding reduction of losses, it was informed that various steps were being taken like i) cutting down extra 33/11 KV lines, commissioning of new 33/11 KV substations & installation of adequate number of DTRs ii) refurbishing of old 33/11 KV substations iii) timely completion of R-APDRP works iv) replacement of stopped/ defective meters. The Company has also tried to recover their old outstanding dues through waiver of surcharge. It was informed that the Company appointed franchisees for collection of revenue, however, there were discrepancies in depositing money by some franchisees. A new scheme has been proposed by which the bills will be prepared by the Company and the consumers will deposit the money only in the APDCL collection centres. The proposal has been placed before the APDCL Board for taking a decision in this regard.

   Intervening on the matter, some members voiced their concern regarding functioning of some of the franchisees particularly in respect of revenue collection as there was no transparency in the matter. They complained that although huge amounts of revenue were collected by the franchisees, yet they did not deposit the fund to the APDCL**. Moreover, they wanted to know whether approval of the Commission was taken in the matter of appointment of Franchisees.**

   The MD, APDCL assured that with the introduction of the new system already discussed there would be more transparency regarding the functioning of franchisees.

   The Chairperson informed the members that although there is no provision in the Act requiring approval of the Commission for appointment of franchisees, however, the Commission has been directing APDCL to submit information on franchisees from time to time, whenever complaints were received. Endorsing the views of the Chairperson, Dr. R.K. Gogoi, Member, AERC, informed that since franchisee is an intermediary, no permission is required from the Commission for appointing franchisees, yet the Commission gathered information on the issue from the Utility from time to time and issued directives on the issue.

However, as suggested by the members, the Commission decided to look into the present system of functioning of the franchisees so that it can be improved.

Some of the members were of the opinion that members representing consumer interests should be included in the Load Shedding Committees. **The Chairman, APDCL assured the members that the matter would be looked into**.

The members insisted that the timing of load-shedding should be publicised for information of the consumers.

The MD, APDCL informed that in an integrated system, the power position is unpredictable and changes day to day even hour to hour. Therefore, it is difficult to follow a definite load shedding schedule all over the State. As a result, it is not possible to inform the public about the expected time of load shedding. However, in case of scheduled load shedding against shutdowns for maintenance of stations, lines etc., prior information is given in local newspapers. He, however, stated that the information regarding load shedding is hosted in the APDCL website daily.

3. **Agenda No. 3: Appraisal on Tariff proposal by the respective Utilities**

Speaking on the occasion Shri K.V. Eapen, IAS, Chairman, APDCL, APGCL and AEGCL gave an overall view on the functioning of the above mentioned three Companies as follows:

He stated that it has been 10 years since unbundling of the state electricity board into three separate entities for generation, transmission and distribution was initiated and therefore, it was important to examine the developments that have taken place over the years. He informed that in the d**istribution sector**, the position is critical as there is a shortfall of power of about 200 MW during off peak hour and 400 MW during peak hours at this time. He further informed that the Central Sector Generating Stations were able to provide hardly 60 per cent of the total state power allocation to the Company. Thus, there has been an unprecedented shortfall and the Company has to purchase power from the exchanges or through bilateral trade which involves huge financial burden affecting the financial health of the Company. Moreover, the power purchase cost from the existing generating stations has also been increasing due to increase in fuel cost. On the other hand, with implementation of Rajiv Gandhi Vidyutikaran Yojana, consumption increased tremendously leading to manifold increase in demand. However, the recovery rate from the consumers is not commensurate with the cost of supply of power. Expansion of rural LT network has also to some extent led to the increasing loss suffered by the Utility. However, he stated that in spite of all difficulties, it is the responsibility of the Company being a public utility to extend the rural LT network and it would continue to do so.

He further informed that in order to improve the quality of power, APDCL had taken up some schemes which are likely to yield good results.

On the **generation sector,** he stated that the machines of Namrup Thermal Power Plant are extremely old and although these are still functioning despite completion of their life cycles, this would not be sustainable for long. He stated that as per discussions in the last meeting of the Advisory Committee, the Generation Company had taken several steps for increasing the generation of power. He informed that the Company was in the process of setting up of a coal-based Power Station at Margherita with 660 MW capacity in collaboration with NEEPCO. While the Generation Company had already cleared the proposal, it was expected that NEEPCO would clear the proposal by the end of this year. Moreover, it was further informed that the Generation Company was actively examining the setting up of a 70 MW Solar Power Project at Amguri. He thanked the Commission for giving importance to the Station Heat Rate issue and informed that the Company has been successful in reducing the Auxiliary Energy Consumption of both the power stations. He hoped that with steady performance of the stations, regular flow of gas and availability of water, the APGCL would be able to generate 300 MW of power from its thermal and hydel stations for internal consumption. Due to all these factors, the position has marginally improved in the last few days. However, he stated that there would be some disruption in the availability of power when the OTPC, Palatana would be shut down for regular maintenance from 20th August to 5th September, 2014. Therefore, during this period, the Distribution Company will have to manage with its own generation resources and through power purchase.

He informed that in the **transmission sector,** the Company had handled only 720 MW in 2004 but now with financial assistance received from ADB, NLCPR etc., the transmission handling capacity had been enhanced to a little over 1600 MW. All the projects which are presently under execution will enhance the capacity to handle transmission of almost 1700 MW of Power by the end of this year and it is expected that by the end of 12th plan period, the capacity will be almost 2000 MW.

He further stated that the tariff proposal submitted by the Company is an extremely rational and thought out proposal. He informed the members that there are some factors which are within the control of the Company and some are beyond their control and all these have been taken into consideration while preparing the detailed Tariff proposal. Hence, he requested the Members of the Advisory Committee and the Hon'ble Commission to take a realistic view of the problems being encountered by the power sector and support their Tariff proposals.

3.1. Generation (APGCL)

A Power Point Presentation was made by a representative of APGCL, the salient points of which are recorded below:

Although APGCL is capable of generating 300 MW of power yet they have not been able to generate power to that extent because of paucity of gas and sometimes water. However, the thermal stations namely Namrup and Lakwa Stations have occasionally, generated power to their fullest capacity. Further, the Karbi Langpi HEP is also generating energy upto their full load of 100 MW as per availability of water.

With regard to Truing up for FY 2012-13, the approved gross generation was 1803.08 MU against which the Utility was able to generate 1765.26 MU. This lower generation was mainly due to bad hydrology, which includes non-availability of water. Moreover, the Auxiliary Consumption was also higher than the norms set by Commission. Against total approved income of Rs 382.50 Cr, the Utility had recovered Rs 459.56 Cr primarily due to the FPPPA charges levied. On the other hand, although the total fuel cost approved was Rs 157.32 Cr, the Utility had to spend Rs 364.54 Cr due to fuel price rise and low gross station heat rate. In the matter of Return on Equity, it was stated that the Government of Assam through a letter had issued a guideline stating that the grant should be considered as promoter's contribution.

With regard to the Annual Performance Review for FY 2013-14, it was stated that there were differences in some parameters like fuel cost and depreciation from what was approved in the ARR by the Commission in its Tariff Order due to higher Station Heat Rates and addition of the Myntriang Small hydro project.

With **regard to Tariff Proposal for FY 2014-15**, **it was informed that** difference from the approved ARR for the year occurred mainly on account of the Fuel Cost, which was more than double the earlier price of fuel. Therefore, it was stated that price of fuel was a major factor for submission of the Revised Tariff proposal.

One member expressed concern that the power generation of the APGCL was always less than estimated. He requested the utility to try to generate power to their maximum capacity. MD, APGCL informed that low generation was due to non-availability of gas as per requirement. It was informed that the utility has taken up the matter with the supplying agencies to supply the required quantity of gas with standard calorific value.

3.2 Transmission (AEGCL)

A Power Point Presentation was also made on behalf of AEGCL, the main points of which are briefly noted below:

With regard to Annual Performance Review for FY 2011-12, the representative of the Utility stated that differences had occurred from the approved figures in Tariff Order for the year regarding payment to Power Grid, Employee Cost and also on account of Interest and Finance Charge**. He also informed that In the Annual Performance Review for FY 2012-13,** differences had occurred mainly due to payments made to Power Grid and again in Employee Costs.

With regard to **the Annual Performance Review for FY 2013-14**, it was informed that the differences occurred on account of Employee Cost due to DA payment to employees and new recruitment and also on account of depreciation which increased due to capitalisation of new assets.

One Member wanted to know whether there was proper estimation of the expenditure made by the Company. In reply, the representative of AEGCL stated that the expenditure of the Transmission Company is mostly fixed and variations occurred mostly on payment to Power Grid which accounted for 40% of the total cost and depended on the annual power procurement. However, sometimes deviations were observed in other heads as well due to reasons explained above.

Some members stated that although they were insisting on balance sheets and audited accounts of the Company to be made public, yet this was not done by AEGCL. The Chairperson advised the Utilities to make sure that the balance sheets and audited statement of accounts are made public and hosted in their websites.

3.3 Distribution (APDCL)

Regarding the tariff proposal of APDCL (Distribution), a Power Point Presentation was made on the proposals and some of the salient points are furnished below.

In true up of the ARR for FY 2011-12, the utility claimed a revenue gap of Rs 516.88 Cr. Similarly, in true up of ARR for FY 2012-13, a revenue gap is shown as Rs.196.27 Cr. In both the years, deviation was mainly on account of cost of Power Purchase, Interest and

Finance Charge, etc. for which the amount of variation claimed comes to approximately Rs 591 Cr and Rs 402 Cr respectively. Again, in Annual Performance Review for FY 2013-14, total revenue gap claimed is Rs.583.72 Cr.

A member stated that there should be correct estimation of the actual power requirement and availability as power purchase is the main component of tariff. Another member requested the Commission that the State Government must be approached to sustain the subsidy granted to BPL and Domestic-A consumers and even increase the same, if necessary this year, to provide some respite to these consumers from tariff hike.

Some members also suggested that the cross subsidy of industries need to be reduced further as stipulated in the National Tariff Policy and if possible, completely removed.

The Chairperson, AERC stated that cross subsidy has been reduced to the extent possible in the tariff orders and is likely to remain until it is possible to charge consumers as per the cost of supply.

4. **Agenda No. 4: Presentation on Smart Grid Pilot Project by R-APDRP, APDCL**

A Power Point Presentation on Smart Grid Pilot Project was made by the Representative of R-APDRP, APDCL and the salient points of which are mentioned below.

The Smart Grid Pilot Project is a Government of India project which was launched in 14 States including Assam. The Commission gave in-principle approval to the investment proposal for the project amounting to Rs 29.93 Cr. In Assam, three areas under Paltanbazar, Ulubari and Narangi Substations have been selected under the Pilot Project Scheme. Some of the expected benefits of the project were reduction of AT&C losses, lowering peak loads, increase in efficiency of the network, etc. It was informed that the consumers whose residences will be fitted with smart meters will not be able to use any excess load during peak hours than the permissible limit and their extra load could be remotely switched off automatically by the licensee.

On a query by a member, it was clarified that there would be no load shedding for the customers availing smart meters. It was further suggested that a consumer availing smart grid facility may be allowed enhanced connected load on demand, without going through the normal procedures. The members also suggested that while implementing the project, the consumers should not be burdened financially.

5. **Agenda No. 5: Discussion on the following Draft Regulations and amendment.**

i) Draft AERC (Co-generation and Generation of Electricity from Renewable Sources of Energy) Regulations, 2014

On behalf of AERC, a Power Point presentation was made on the Draft Regulations.

It was informed that as per Electricity Act 2003, the State Electricity Regulatory Commission is required to promote cogeneration and generation of electricity from renewable energy by providing suitable measures for connectivity with grid and sale of electricity to any person and also specify the percentage of renewable energy to be procured by licensees. In pursuance of the above, the Commission notified the AERC (Co-generation and Generation of Electricity from Renewable Sources of Energy) Regulations 2009, covering all the matters mentioned under section 86(1)(e) of EA 2003.

However, during the last four years, there were a number of developments in renewable energy based power generation scenario in the country particularly, in Solar Power. The present amendment of the AERC (Co-generation and Generation of Electricity from Renewable Sources of Energy) Regulations, 2009 has been proposed duly taking into consideration all the above developments. Once these new Regulations are notified in the official gazette, the (Co-generation and Generation of Electricity from Renewable Sources of Energy) Regulations, 2009 shall stand repealed.

ii) Draft AERC (Grid Interactive Solar PV Systems) Regulations, 2014

A Power Point presentation was made on the above Draft Regulations from AERC.

It was informed that Grid Interactive solar power plants can contribute a significant amount of energy for meeting day time load in urban homes, reducing day time peak system demand. In fact, 40% to 70% of day time electrical load in offices, educational institutions, commercial establishments, etc. can be met from grid interactive solar systems. In these systems, the advantage is that it runs without battery or with low capacity battery backup. Therefore, the establishment cost as well as running cost is much lower. An efficient Solar PV System also needs low maintenance. It was also informed that one of the disadvantages of this System is that energy is available only when sun shines. Also, benefit from the grid interactive system would be less in places where power supply is irregular.

A member suggested that such systems may be installed by the Government of Assam in the Bharalu, Deepar Beel and such other waterbodies. These systems may also be installed in unused/ barren land masses to prevent encroachment and a proposal in this regard may be forwarded to the Government by the Commission. It was however, suggested that the issue of safety and security of the systems (lines/ panels) had to be ensured. Another member of the Committee suggested that rooftops in hospitals, hotels and such other commercial establishments and industries may be made mandatory and incentives provided to such consumers.

The Chairperson, AERC informed the members that a policy paper on solar PV System is being prepared. This draft would be submitted to the State Government for examination. The Government may then choose to notify the same for public opinion and the above suggestions regarding incentives and others may be forwarded to the State Government directly at that time. He suggested that brainstorming sessions may also be held by APDCL along with the concerned officials of the State Government before the policy paper is finally adopted. While noting the suggestions offered by the members, the Chairperson observed that installation of the solar PV systems should not be confined within Guwahati, instead, the policy should contain provisions to encourage consumers for installation of such systems throughout the state.

The Chairperson however, stated that the Draft Regulations may require some amendments depending on the comments received from some stakeholders.

iii) **Draft AERC (Terms and Conditions for Appointment of Consultants) Regulations, 2014.**

A Power Point presentation was made on the Draft AERC (Terms and Conditions for Appointment of Consultants) Regulations, 2014. It was explained that these Regulations have been drafted in line with CERC (Appointment of Consultant) Amendment Regulations, 2010 and the Regulations when finally notified, would supersede the AERC (Terms and Conditions of Appointment of Consultants) Regulations, 2005.The engagement of four categories of Consultants in AERC have been suggested in the Draft Regulations such as, (i) Corporate Consultants (ii) Individual Consultants (iii) Staff Consultants and (iv) Professional experts. All matters regarding appointment/engagement of Consultants will be governed by these Regulations.

iv) Draft amendments to Annexure II & III of AERC (Terms & Conditions for Determination of Tariff) Regulations, 2006.

Amendments have been proposed in normative Station Heat Rate and Auxiliary Energy consumption for the power stations of the state.

Some Members opined that the modified rates fixed is high and should have been less. On behalf of AERC, it was explained that the normative Station Heat Rates were decided based on a study report of IIT Guwahati and so far as Auxiliary Energy Consumption is concerned, recommendation of CEA norms for gas based power stations were being considered.

6. **Agenda No 6: Status of implementation of DSM activities of APDCL.**

A Power Point Presentation was made regarding status of implementation of DSM activities by a representative of APDCL**.**

In the Presentation, it was stated that the one of the main functions of DSM is to reduce the electricity consumption through various ways. For successful implementation of DSM, the Company has taken some programmes, some of which are in the pipeline and some are ongoing. The Utility also has taken up some Energy Efficiency Schemes and Energy Saving Schemes. Moreover, for efficient functioning, some officers of APDCL are proposed to be trained on DSM and Energy Efficiency.

Appendix – 1

List of members present in the meeting of the 18th State Advisory Committee Meeting held on August 12, 2014

1. Shri Naba Kumar Das, IAS (Retd), Chairperson, AERC
2. Dr. Rajani Kanta Gogoi, Member, AERC
3. Shri D.Chakravarty, Member, AERC
4. Shri K.V. Eapen, Chairman, APDCL, AEGCL & APGCL
5. Shri R.L. Barua, MD, APDCL
6. Shri P. Bujarbaruah, MD, APGCL
7. Shri G.K.Das, MD, AEGCL
8. Smt. Sailen Barua, President, NESSIA, R.G.B Road, Guwahati-24
9. Shri Kumud Ch. Medhi, General Secretary, NESSIA, Guwahati-7.
10. Shri M.P. Agarwal, Chairman, All India Manufacturers' Organisation.
11. Dr. Shree Birendra Kumar Das, President, Grahak Suraksha Sanstha, Guwahati.
12. Shri Bharat Saikia, Secretary, Grahak Suraksha Sanstha, Guwahati
13. Shri Debasish Chakravarti, Secretary, ABITA Zone 1
14. Shri Anuj Kumar Baruah, AASSIA, President,Bamunimaidam, I/E Guwahati
15. Shri A.K. Dutta, AASSIA, General Secretary,Bamunimaidam, Guwahati-21.
16. Shri Anil Rai, FINER, Member
17. Smt. Utpala Saikia, Deputy Secretary, Power Deptt., Dispur.
18. Shri Dipak Kr. Deka, GM, AIDC

Officers of AERC

1. Shri D.K. Sarmah, Secretary & Joint Director, AERC
2. Shri T. Mahanta, Deputy Director (Engg) AERC
3. Shri A. Purkayastha, Deputy Director (Finance) AERC
4. Ms. Panchamita Sarma, Consultant (Finance, Database and Consumer Advocacy Cell) AERC.
5. Shri N.K. Deka, Consultant (Technical), AERC

Annexure 2

Government of Assam
Finance (Taxation) Department

No.FT.68/2014/7 Dated, Dispur the 21st June, 2014.

From : Shri B. C. Basumatary,
Under Secretary to the Govt. of Assam.

To : The Accountant General (A & E), Assam,
Maidamgaon, Beltola, Guwahati-29.

Sub : Financial Sanction for Rs.81.64 crore during the financial year 2014-15 for Financial support for deferment in levying FPPPA.

Sir,

I am directed to say that the Governor of Assam is pleased to issue financial sanction for Rs.81.64 crore (Rupees eighty one crore sixty four lakh) only during the financial year 2014-2015 for Financial support for deferment in levying FPPPA under Trade Development Fund to APDCL under Power (Electricity) Department for development of infrastructure to facilitate and promote trade & commerce out of the Entry Tax proceeds in the state for the year 2014-2015 subject to availability of fund during the current year's budget 2014-2015.

The expenditure is debitable to the Head of Account "2052-Sectt. General Services-II-other state plan schemes-090-0406-025-Development of Infrastructure to facilitate Trade, Commerce and Intercourse etc.-6-Power (Electricity) Department-32-Grants in Aid-(General Areas/Plan) for the year 2014-2015.

This issues in pursuance of Finance (Bt) Department O.M.No.BB.215/2011/Pt/3, dated 27.9.2011.

Yours faithfully,

Sd/-

Under Secretary to the Govt. of Assam,
Finance (Taxation) Department

Memo. No.FT.68/2014/7-A Dated, Dispur the 21st June, 2014.

Copy forwarded for information and necessary action to :-

1. The Commissioner & Secretary to the Govt. of Assam, Power (Electricity) Department, Dispur for information and necessary action. He is requested to furnish the Utilisation Certificate in Form No.GFR-19A in due course.
2. The Chairman, APDCL, Paltanbazar, Guwahati-I. He is requested to furnish the Utilisation Certificate in Form No.GFR-19A in due course.
3. The Director, Finance (Bt) Department.
4. The Treasury Officer, Dispur Treasury, Dispur.
5. The Commissioner of Taxes, Assam, Kar-Bhawan, Dispur, Guwahati-6.
6. The Deputy Secretary to the Govt. of Assam, Sectt. Admn. (Account) Department for information and necessary action. He is requested to draw the amount on receipt of valid ceiling and permission of A/C drawal of the sanctioned amount and prepare draft in favour of Chairman, APDCL.

By order etc.,

21/6/14

Under Secretary to the Govt. of Assam,
Finance (Taxation) Department