



**Petition for True up for FY 2015-16 and FY 2016-17,
Annual Performance Review for FY 2019-20 and
ARR & Tariff Proposal for FY 2020-21**

Submitted by:
**Lakshadweep Electricity Department
Administration of Lakshadweep**

November-2019

GENERAL HEADINGS OF PROCEEDINGS

**BEFORE HON'BLE JOINT ELECTRICITY REGULATORY COMMISSION
FOR THE STATE OF GOA & UNION TERRITORIES**

FILE No: _____

CASE No: _____

IN THE MATTER OF : **Petition for Approval of True up for FY 2015-16
and FY 2016-17, APR for FY 2019-20 and ARR &
Tariff Proposal for FY 2020-21.**

AND

IN THE MATTER OF : **Lakshadweep Electricity Department,
THE PETITIONER** **Kavaratti - 682555**

.....Petitioner

Lakshadweep Electricity Department (hereinafter referred to as 'LED'), files Petition for Approval of True up for FY 2015-16 & FY 2016-17, APR for FY 2019-20 and ARR & Tariff Proposal for FY 2020-21.

AFFIDAVIT

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AND

IN THE MATTER OF : **Lakshadweep Electricity Department,
THE PETITIONER** : **Kavaratti - 682555**

.....Petitioner

I,, S/o, Shri (aged years),
Executive Engineer, Lakshadweep Electricity Department, U.T of Lakshadweep
residing at Govt. Quarter, Kavaratti, Lakshadweep, the deponent named above do
hereby solemnly affirm and state on oath as under:-

1. That the deponent is theof Lakshadweep Electricity
Department and is acquainted with the facts deposed to below.
2. I, the deponent named above do hereby verify that the contents of the
accompanying petition are based on the records of Lakshadweep Electricity
Department maintained in the ordinary course of business and believed by them
to be true and I believe that no part of it is false and no material has been
concealed there from.

Details of enclosures:

- a) Petition for Approval of Petition for Approval of True up for FY 2015-16 and FY 2016-17, APR for FY 2019-20 and ARR & Tariff Proposal for FY 2020-21.
- b) Fee for MYT petition is being transferred through RTGS.

For Lakshadweep Electricity Department

Petitioner

Place: Kavaratti , Lakshadweep,

Dated:

I, _____ Advocate, _____, do hereby declare that the person making this affidavit is known to me through the perusal of records and I am satisfied that he is the same person alleging to be deponent himself.

Advocate

Solemnly affirmed before me on this day of2019 at a.m. /p.m. by the deponent who has been identified by the aforesaid Advocate. I have satisfied myself by examining the deponent that he understood the contents of the affidavit which has been read over and explained to him. He has also been explained about section 193 of Indian Penal Code that whoever intentionally gives false evidence in any of the proceedings of the Commission or fabricates evidence for purpose of being used in any of the proceedings shall be liable for punishment as per law.

4. Further, the regulation requires that, based on the approved Business Plan and MYT Petition for Control period FY 2019-20 to FY 2021-22, the forecast of revised Aggregate Revenue Requirement, expected revenue from tariff & proposed tariff is to be submitted.
5. LED is submitting its Petition for Approval of True up for FY 2015-16 & FY 2016-17, APR for FY 2019-20 and revised ARR & Tariff Proposal for FY 2020-21 to Hon'ble Commission on the basis of the principles outlined in tariff regulations notified by the Joint Electricity Regulatory Commission.
6. LED prays to the Hon'ble Commission to admit the attached Petition of True up for FY 2015-16 & FY 2016-17, APR for FY 2019-20 and revised ARR & Tariff Proposal for FY 2020-21 and would like to submit that:

PRAYERS TO THE HON'BLE COMMISSION:

1. The petition provides, inter-alia, LED's approach for formulating the present petition, the broad basis for projections used, summary of the proposals being made to the Hon'ble Commission, performance of LED in the recent past, and certain issues impacting the performance of LED in the Licensed Area.
2. Broadly, in formulating the revised ARR & Tariff Proposal for FY 2020-21, the principles specified by the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Multi Year Tariff) Regulations, 2018 ("MYT Regulations") have been considered as the basis.
3. In order to align the thoughts and principles behind the MYT petition and Tariff Proposal, LED respectfully seeks an opportunity to present their case prior to the approval of the business plan. LED believes that such an approach would go a long way towards providing a fair treatment to all the stakeholders and may eliminate the need for a review or clarification.
4. LED may also be permitted to propose suitable changes to the petition and the mechanism of meeting the revenue on further analysis, prior to the final approval by the Hon'ble Commission.

In view of the above, the petitioner respectfully prays that Hon'ble Commission may:

- Approve the True up for FY 2015-16 & FY 2016-17, APR for FY 2019-20 and revised ARR & Tariff Proposal for FY 2020-21 for LED formulated in accordance with the guidelines outlined as per the regulation of Joint Electricity Regulatory Commission relating to Distribution Licensee and the principles contained in Tariff Regulations ;

- Condone any inadvertent delay/ omissions/ errors/ rounding off differences/shortcomings and LED may please be permitted to add/ change/ modify/ alter the petition;
- Permit LED to file additional data/ information as may be necessary;
- Pass such further and other orders, as the Hon'ble Commission may deem fit and proper, keeping in view the facts and circumstances of the case.

Lakshadweep Electricity Department

Petitioner

Place: Kavaratti, Lakshadweep

Dated:

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LIST OF ABBREVIATIONS

Abbreviation	Description
A&G	Administration & General
ARR	Annual Revenue Requirement
CAGR	Compound Annual Growth Rate
CD	Contract Demand
CoS	Cost of Supply
Crs	Crore
D/E	Debt Equity
LED	Electricity Department of Lakshadweep
FY	Financial Year
GFA	Gross Fixed Assets
HT	High Tension
JERC	Joint Electricity Regulatory Commission
KV	Kilovolt
KVA	KilovoltAmps
kWh	kilo Watt hour
LT	Low Tension
LTC	Leave Travel Concession
MU	Million Units
MVA	Million Volt Amps
MW	Mega Watt
O&M	Operation & Maintenance
PLF	Plant Load Factor
MCLR	Marginal Cost Lending Rate
R&M	Repairs and Maintenance
RoE	Rate of Return
Rs.	Rupees
S/s	Sub Station
SBI	State Bank of India
T&D	Transmission & Distribution
UT	Union Territory
MYT	Multi Year Tariff

1. INTRODUCTION

1.1 Historical Perspective

Lakshadweep Electricity Department (“LED”) is responsible for power supply in the union territory. Power requirement of LED is met by own generation station as well as power purchase.

The Union Territory (UT) of Lakshadweep is an archipelago consisting of 12 atolls, three reefs and five submerged banks. It is a uni-district Union Territory with an area of 32 Sq. Kms and is comprised of ten inhabited islands, 17 uninhabited islands attached islets, four newly formed islets and 5 submerged reefs. The inhabited islands are Kavaratti, Agatti, Amini, Kadmat, Kiltan, Chetlat, Bitra, Andrott, Kalpeni, and Minicoy.

Electrification of Lakshadweep Islands was initiated during the second Five Year Plan. Minicoy was the first Island electrified in 1962 followed by Kavaratti Island in 1964, then Amini and Andrott in 1965 and 1966 respectively. Bitra was the last Island electrified in 1982. Initially, power supply was limited to 6 - 12 hours till 1982-83 except in Kavaratti where 24 hours power supply was provided from 1964 itself. Round the clock power supply is provided in all the Islands since 1983.

Starting with modest capacity of 51.6 kilo Watts in 1962 from two Diesel Generating Sets, the generating capacity of Lakshadweep Electricity Department has grown up over the years with increase in demand. The power generated has been steadily increasing over the years to meet the demand of the people in the Islands. Since, the Diesel Generating sets were the only source of power, diesel has to be transported from Calicut (Kerala) in barrels. These barrels are transported in cargo barges to the Islands and stored for use. To alleviate this problem of transportation, oil storage facilities initially at Kavaratti and Minicoy Islands are under installation.

Due to the geographical & topographical peculiarities of these islands including separation by sea over great distances there is no single power grid for the entire electrified island and instead a power house caters independently to the power requirements of area/islands.

Lakshadweep Electricity Department is operates and maintains power generation, transmission & distribution system network in these islands for providing electric power supply to general public and implements various schemes under Plan & Non Plan for augmentation of DG Generating Capacity, establishment of new power houses, renewable sources of power and T&D Systems. Presently, the department is headed by Executive Engineer.

1.2 Power Scenario

1.2.1 The salient features about development of electric power supply in these islands are provided below:

ELECTRICITY DEPARTMENT AT A GLANCE (2018-19)

Total Installed capacity	:	23.39 MW <i>(21.24 MW Diesel, 2.15 MW solar)</i>
No. of Power Houses	:	22 Nos <i>(11 nos. Diesel Power Plant and 11 nos. solar power plants)</i>
Total Staff strength	:	324 Nos
HT line	:	111.953 Kms
LT line	:	321.869 Kms
Distribution Transformers	:	106 Nos.
No. of consumers	:	24,303 Nos..
Total unit sold	:	48.90 MU

1.3 JERC Formation

In exercise of the powers conferred by the Electricity Act 2003, the Central Government constituted a Joint Electricity Regulatory Commission for all Union Territories to be known as “Joint Electricity Regulatory Commission for Union Territories” as notified on 2nd May 2005. Later with the joining of the State of Goa, the Commission came to be known as “Joint Electricity Regulatory Commission for the State of Goa and Union Territories” as notified on 30th May 2008.

The Hon’ble Commission is a two-member body designated to function as an autonomous authority responsible for regulation of the power sector in the State of Goa and Union Territories of Lakshadweep, Lakshadweep, Chandigarh, Daman & Diu, Dadra Nagar & Haveli and Puducherry. The powers and the functions’ of the Hon’ble Commission are as prescribed in the Electricity Act 2003. The Head Office of the Commission presently is located in the district town of Gurgaon, Haryana and falls in the National Capital Region.

The Joint Electricity Regulatory Commission for the State of Goa and Union Territories started to function with effect from August 2008 with the objectives and purposes for which the Commission has been established. Presently the Hon’ble Commission is framing various regulations as mandated in the Electricity Act 2003 to facilitate its functioning. Some of the Regulations notified by the Hon’ble Commission include the following:

- JERC Conduct of Business Regulations 2009;
- JERC Electricity Supply Code Regulations 2010
 - (a) 1st Amendments
 - (b) 2nd Amendments
 - (c) Corrigendum dt. 6th Jan. 2014
- JERC State Grid Code Regulations 2010
- JERC Procurement of Renewal Energy Regulations 2010 along with amendments.
- JERC for the State of Goa & UTs (Standard of Performance for Distribution Licensees) Regulation, 2015
- JERC (Solar Power -Grid Connected Ground Mounted and Solar Rooftop and Metering) Regulations, 2015
- JERC (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017
- JERC for the State of Goa and Union Territories (Multi Year Tariff) Regulations, 2018.

1.4 Filing under Tariff Regulations

- 1.4.1 LED has been filing its ARR and Tariff petitions for the past years with the Hon'ble Commission based on the principles outlined by the Hon'ble Commission vide their Regulations on applicable terms and conditions of Tariff for Distribution Licensees as notified in 2009, filed the petition in accordance with the JERC for the State of Goa and Union Territories (Multi Year Distribution Tariff) Regulations, 2014 and filed the last petition in accordance with the JERC for the State of Goa and Union Territories (Multi Year Tariff) Regulations, 2018.
- 1.4.2 LED filed its petition for determination of Aggregate Revenue Requirement (ARR) for the control period FY 2019-20 to FY 2021-22 & Retail Tariff for distribution and retail sale of electricity for FY 2019-20 under section 61, 62 & 64 of the Electricity Act, 2003 and JERC (Multi Year Tariff) Regulations, 2018 on 28th December, 2018 against which Tariff Order was issued by the Hon'ble Commission on 20th May, 2019. In the said Order, the Hon'ble Commission has directed to file True-up Petition for the previous years.
- 1.4.3 Accordingly, true-up of FY 2015-16 and FY 2016-17 as per audited accounts has been prepared in line with the Terms & Conditions of Tariff Regulations, 2009 and JERC (Multi Year Distribution Tariff) Regulations, 2014 respectively. The Accounts for the FY 2017-18 has been submitted for Audit while Accounts for the FY 2018-19 is under compilation. The True-up in respect of the FY 2017-18 & FY 2018-19 shall be submitted after the completion of Audit.
- 1.4.4 As per JERC (Multi Year Distribution Tariff) Regulations, 2018, in the second year of the control period, LED is required to file the APR for the first year along with Tariff proposal for the second year of the control period.
- 1.4.5 Accordingly, this petition has been prepared in line with the Tariff Regulations 2009, 1st MYT order, MYT Regulations, 2014, 2nd MYT order, MYT Regulations, 2018 and subsequent amendments.

1.5 Filing of True-up, APR and Tariff proposal

- 1.5.1 Under the provisions of Electricity Act, 2003, Licensee is required to submit its ARR and Tariff Petition as per procedures outlined in section 61, 62 and 64 of EA 2003, and the governing regulations of JERC of the relevant years thereof.
- 1.5.2 The Hon'ble Commission has notified first amendment to JERC (MYT Distribution Tariff) Regulations, 2014 wherein tariff determination under MYT framework shall be applicable from 1st April 2016. However, clause 39 of MYT Regulations, 2014 states as follows:
- “39. Repeal and savings - Notwithstanding such repeal, any proceedings before the Commission pertaining to the period prior to the commencement of the Control Period, including Petitions for True up of expenses, annual performance review, etc. shall be

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governed by Joint Electricity Regulatory Commission (Terms and Conditions of Determination of Tariff) Regulations 2009”.

- 1.5.3 In line with the above clause, LED has adopted the principles of Terms and Conditions for Determination of Tariff Regulations 2009 (Tariff Regulations 2009) notified by the Joint Electricity Regulatory Commission for FY 2015-16 & JERC (MYT Distribution Tariff) Regulations, 2014 for FY 2016-17. Accordingly, LED is submitting the said petition for True-up of FY 2015-16 & FY 2016-17 based on audited accounts and above Regulations for the approval of the Hon’ble Commission.
- 1.5.4 Also, along with the said Petition, petition for approval of APR for the FY 2019-20 & Tariff Proposal for the FY 2020-21 are prepared in line with MYT Regulations, 2018.
- 1.5.5 LED hereby submits its petition for approval of True-up for the FY 2015-16 & FY 2016-17, APR for the FY 2019-20 and Tariff Proposal for the FY 2020-21. The petitioner has attempted to comply with the various guidelines in the Act and regulations within the limitations of availability of data. The details are provided in the subsequent sections.

2. OVERALL APPROACH FOR PRESENT FILING

The Hon'ble Commission had notified the Joint Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2009, JERC (Multi Year Distribution Tariff) Regulations, 2014 and JERC (Multi Year Tariff) Regulations, 2018. The Hon'ble Commission has notified the JERC (Multi Year Distribution Tariff) (First Amendment) Regulations, 2015 on 10th August, 2015. In line with the Tariff regulations, 2009, MYT Regulations, 2014 & MYT Regulations, 2018 as applicable, LED has been filing the ARR petitions for consideration of the Hon'ble Commission in the formats laid down for providing information relating to past, present and future performance. In this petition, LED is filing the True-up for FY 2015-16 & FY 2016-17, and Annual Performance Review for FY 2019-20 along with Tariff proposal for the FY 2020-21.

2.1. True-up for the FY 2015-16 & FY 2016-17

As specified in the Tariff Regulations, the Hon'ble Commission shall undertake the true-up exercise for the previous year based on audited accounts. LED submits that it has completed the audit of accounts of FY 2015-16 and FY 2016-17. Accordingly, LED is submitting the True-up petition of FY 2015-16 & FY 2016-17 with the audited accounts. Also, at present the Annual Accounts of FY 2017-18 is under audit. Further, it is submitted that the Annual Accounts for the FY 2018-19 is under preparation and LED seeks permission to submit the True-up after finalization of the Accounts for the year and its audit.

2.2. Annual Performance Review for the FY 2019-20

- 2.2.1. As specified in the Tariff Regulations, the Hon'ble Commission shall undertake the Annual Performance Review by considering variations between the approved and revised estimates of sale of electricity, income and expenditure for the relevant year.
- 2.2.2. Accordingly, LED is filing this Annual Performance Review petition for the year FY 2019-20 based on the actual performance during the 1st half of the year and the revised estimates for the second half of the year of purchase and sales.

2.3. Tariff Proposal for the FY 2020-21

The Hon'ble Commission has already approved the ARR for the FY 2020-21 along with other parameters in the 2nd MYT order dated 20.05.2019. LED is filing the instant petition for approval of revised ARR & Tariff for the FY 2020-21 based on the parameters approved in the Business Plan & MYT order and MYT Regulations, 2018.

- 2.3.1. True-up for FY 2015-16 & FY 2016-17, APR for FY 2019-20 and Tariff proposal for the FY 2020-21 have been carried out separately and details of the same are presented separately.

3. Truing Up of FY 2015-16

3.1. Preamble

This chapter summarizes each of the components of ARR for FY 2015-16 and thereby working out the revenue gap for the said year

3.2. ARR approved for the FY 2015-16

- 3.2.1. The summary of the actual charges for FY 2015-16 in comparison to the figures as approved by the Hon'ble Commission in the Tariff Order for the FY 2015-16 is tabulated below:

Table 3.1: ARR approved for the FY 2015-16

(Rs. in crore)

S. No.	Particulars	FY 2015-16
		Approved in T.O. dated 17th April, 2015
1	Cost of Fuel	77.16
2	Employee costs	11.20
3	R&M expenses	2.47
4	Administration and general expenses	1.09
5	Depreciation	4.60
6	Interest and finance charges	6.54
7	Interest on working capital	2.07
8	Interest on Security Deposit	0.01
9	Return on NFA /Equity	2.10
10	Provision for Bad Debt	0
11	Total Revenue Requirement	107.24
12	Less: Non-Tariff Income	0.43
13	Net Revenue Requirement	106.81

3.3. Number of consumers

- 3.3.1. LED submits before the Hon'ble Commission the actual consumer numbers for FY 2015-16 in comparison to the approved numbers as highlighted below:

Table 3.2: Number of consumers for the FY 2015-16

Sl. No.	Category	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	2	3	4
1	Domestic	17997	18670
2	Commercial	3286	3391
3	Industrial	328	338
4	Public Lighting	84	75
5	Temporary Connection	0	234
6	Total	21695	22708

3.3.2. It is requested to the Hon'ble Commission to approve the number of consumers as submitted in the above table for FY 2015-16.

3.4. Energy Sales

3.4.1. LED submits before the Hon'ble Commission the category wise actual and approved sales for FY 2015-16 in the table below:

Table 3.3: Energy Sales for the FY 2015-16

(In MUs)

Sl. No.	Categories	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	Domestic	36.39	34.09
2	Commercial	12.28	15.17
3	Industrial	0.47	0.65
4	Public Lighting	1.12	0.61
5	Others Temporary Supply	0.05	0.13
	Grand Total	50.31	50.66

3.4.2. It is requested to the Hon'ble Commission to approve the actual sales as submitted in the above table for FY 2015-16.

3.5. Energy Balance

3.5.1. LED has submitted 13.53% as the energy distribution losses for FY 2015-16 as compared to that approved by Hon'ble Commission at 13.75%. The comparison of energy balance statement and the loss levels based on audited accounts and approved figures are shown in the table below:

Table 3.4: Energy Balance for the FY 2015-16

Sl. No.	Particulars	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
A	ENERGY REQUIREMENT (MU)		
i)	Total Sales within UT	50.31	50.66
ii)	Transmission & Distribution Losses (%)	13.75	13.53
iii)	T&D Losses (MU)	8.02	7.92
	Total Energy Requirement (for sale to retail consumers)	58.33	58.58
B	ENERGY AVAILABILITY AT PERIPHERY		
i)	Power Purchase	-	-
ii)	Own Generation	58.33	58.58
	Total Energy Availability	58.33	58.58
	ENERGY SURPLUS/(GAP)	0.00	0.00

3.5.2. LED submits that there is reduction in T&D loss as compared to earlier years. LED requests the Hon'ble Commission to approve the Distribution Loss as submitted above for FY 2015-16.

3.6. Cost of fuel

3.6.1. The energy requirement of LED is met from own generation. There is no availability of power from Central Generating Stations or from other sources/ open market/ power exchanges etc.

3.6.2. LED submits before the Hon'ble Commission the actual cost of fuel and the approved figures for FY 2015-16 in the table below:

Table 3.5: Cost of fuel for the FY 2015-16

(Rs. in crore)

Sr.No.	Particulars	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	2	3	4
1	Cost of Fuel	77.16	64.32
2	Total	77.16	64.32

3.6.3. The Hon'ble Commission is requested to approve the fuel cost as submitted above for FY 2015-16

3.7. GFA, Capitalisation & Depreciation

3.7.1. GFA: The Opening Balance of GFA, additions and closing balance of GFA for FY 2015-16 as per annual accounts is submitted in the table below:

Table 3.6: GFA, & Capitalisation for the FY 2015-16

(Rs. in crore)

Sl. No.	Particulars	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	Opening GFA	73.52	145.45
2	Capitalisation	13.95	10.85
3	Closing GFA	87.47	156.30

3.7.2. LED submits that the Asset and Depreciation registers have been prepared and duly audited fixed assets' gross amount, accumulated depreciation and depreciation for the year have been shown in the accounts for FY 2015-16. LED requests the Hon'ble Commission to approve the actual Gross Fixed Assets opening and additions as submitted above for FY 2015-16

3.7.3. Depreciation: "As per JERC Tariff Regulations, depreciation for the assets shall be calculated annually at the rates specified by CERC from time to time. The same have been applied on different asset categories.

3.7.4. LED would like to submit that the depreciation arrived in annual accounts for FY 2015-16 is based on the rates specified by Hon'ble Commission in its Tariff Regulations.

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3.7.5. The following table shows the depreciation arrived by LED for FY 2015-16 based on the approved depreciation rates specified by the Hon'ble Commission for different asset class. The same is reflecting in the annual audited accounts for respective years.

Table 3.7: Depreciation for the FY 2015-16

(Rs. in crore)

Sl. No.	Particulars	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	Opening GFA	73.52	145.45
2	Capitalisation	13.95	10.85
3	Closing GFA	87.47	156.30
4	Average GFA	80.50	150.88
5	Average rate of Depreciation	5.72%	3.95%
6	Depreciation	4.60	5.97

3.7.6. The Hon'ble Commission is requested to approve the actual depreciation for FY 2015-16 as submitted in the table above.

3.8. Operation & Maintenance expenses

3.8.1. Operation & Maintenance Expenses consists of three elements viz Employee Expenses, A&G Expense and R&M Expense:

- Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses
- Administrative expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.
- Repairs and Maintenance Expenses go towards the day to day upkeep of the distribution network of the Company and form an integral part of the Company's efforts towards reliable and quality power supply as well as in the reduction of losses in the system.

3.8.2. Regulation 27 (3) of JERC for the State of Goa and Union Territories (Terms and Conditions for Determination of Tariff) Regulations, 2009 provides for O&M Expense for a distribution licensee. The relevant regulation is re-produced hereunder:

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“27 (3) O&M expenses for distribution functions shall be determined by the Commission as follows: a) O&M expenses as approved by the Commission for the first time for a year shall be considered as base O&M expenses for determination of O&M expenses for subsequent years;

Base O&M expenses as above shall be adjusted according to variation in the rate of WPI per annum to determine the O&M expenses for subsequent year, where WPI is the Wholesale Price Index on April 1 of the relevant year.....”

3.8.3. Employee Expenses

3.8.3.1. LED has computed the O&M (Employee) expense for FY 2015-16 based on the actual employee expenses incurred during the entire year. The actual employee cost along with the approved figure for the FY 2015-16 is given below:

Table 3.8: Employee Expenses for the FY 2015-16

(Rs. in crore)

Sl. No.	O & M Expenses	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	Employee Expenses	11.20	10.51
2	Total Employee Expenses	11.20	10.51

3.8.3.2. LED requests the Hon’ble Commission to kindly approve the actual cost during the year for FY 2015-16 as reflecting in audited annual accounts.

3.8.4. Repair & Maintenance Expenses

3.8.4.1. The Hon’ble Commission had approved Rs.2.47 Crores towards R&M expenses for the FY 2015-16 vide order Dt. 17.04.2015. In this regard it is submitted that the accounts on commercial principles was not maintained by LED at the time of filing of Tariff Petition for the FY 2015-16. The same was prepared & audited subsequently hence, there is variance between the figures approved by the Hon’ble Commission & actual figures. The Hon’ble Commission may kindly consider the R&M figures as per the audited accounts submitted herewith for Trueing up of the FY 2015-16.

3.8.4.2. The actual repairs and maintenance cost as compared with the approved figures for the FY 2015-16 is provided in the table below:

Table 3.9: Repair & Maintenance Expenses for the FY 2015-16

(Rs. in crore)

Sl. No.	O & M Expenses	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	R & M Expenses	2.47	14.68
2	Total R & M Expenses	2.47	14.68

3.8.4.3. LED submits that R&M expenses are necessary for maintenance of infrastructure and for ensuring proper Standards of Performance of the utility. There is a need for R&M expenses to be growing in line with the increase in GFA also. LED therefore requests the Hon'ble Commission to approve the R&M expenses as submitted in the table above for the FY 2015-16.

3.8.5. Administrative & General Expenses

3.8.5.1. The administrative expense mainly comprise of rents, professional charges, office expenses, etc. The expenses incurred by the petitioner for FY 2015-16 are shown in the table below.

Table 3.10: Administrative & General Expenses for the FY 2015-16

(Rs. in crore)

Sl. No.	O & M Expenses	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	A & G Expenses	1.09	3.04
2	Total A & G Expenses	1.09	3.04

3.8.5.2. LED requests the Hon'ble Commission to approve the A&G expenses as submitted in the table above for the FY 2015-16.

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3.8.6. O&M expenses summary - Based on the foregoing paragraphs, the O&M expenses for the year FY 2015-16 are summarized below:

Table 3.11: O&M expenses summary for the FY 2015-16

(Rs. in crore)

Sl. No.	O & M Expenses	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	Employee Expenses	11.20	10.51
2	R & M Expenses	2.47	14.68
3	A & G Expenses	1.09	3.04
4	Total O&M Expenses	14.76	28.23

3.8.7. The Hon'ble Commission is requested to approve the O&M Expenses for FY 2015-16 as shown in the table above.

3.9. Interest & Finance charges

3.9.1. The Regulation 25 provides for Interest and Finance Charges on Loan. LED has submitted that all the capital assets are created out of the budgetary allocation from the Government of India. However, LED has been claiming interest charges based on normative loan calculation. The Interest and Finance Charges arrived is based on normative loan considered to the extent of capitalization during the year. The table below shows the Interest and Finance Charges vis-a-vis approved by the Hon'ble Commission for FY 2015-16.

Table 3.12: Interest & Finance charges for the FY 2015-16

(Rs. in crore)

Sl. No.	Particulars	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	Opening Normative Loan	41.80	22.07
2	Normative additions during the year (70% of Net additions to GFA)	9.77	7.60
3	Less: Loan Repayment	4.60	5.97
4	Closing Normative Loan	46.96	23.70
5	Average Normative Loan	44.38	22.88
6	Interest Rates – actual	14.75%	14.75%
7	Interest on Loan	6.54	3.37

3.9.2. It is submitted that LED has considered an addition in the Gross Fixed Assets to the extent of assets capitalized for FY 2015-16, which are considered funded

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through normative debt to the tune of 70% in line with the Tariff Regulations. The rate of interest considered is prevailing Prime Lending Rate of the State Bank of India as on 1st April of that relevant year.

- 3.9.3. The Hon'ble Commission is requested to approve the Interest & Finance Charges at as submitted above for FY 2015-16.

3.10. Interest on Working Capital

3.10.1. Regulation No. 29 of JERC for the State of Goa and Union Territories (Terms and Conditions for Determination of Tariff) Regulations, 2009 stipulates the procedure for calculation of Working Capital and Interest on Working Capital as applicable. This is as shown below:

(1) For generation and transmission business, the working capital shall be as per CERC norms.

(2) Subject to prudence check, the working capital for distribution business shall be the sum of one month requirement for meeting:

- (a) Power purchase cost,
- (b) Employees cost,
- (c) Administration & general expenses and
- (d) Repair & Maintenance expenses.

(3) Subject to prudence check, the working capital for integrated utility shall be sum of one month requirement for meeting:

- (a) Power purchase cost
- (b) Employees cost
- (c) Administration & general expenses
- (d) Repair & Maintenance expenses.
- (e) Sum of two month requirement for meeting Fuel cost.

(4) The rate of interest on working capital shall be equal to the short term Prime Lending Rate of State Bank of India on the 1st April of the relevant financial year. The interest on working capital shall be payable on normative basis notwithstanding that the generating company / licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan amount worked out on the normative figures.

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3.10.2. The table below shows the Interest on working capital vis-a-vis approved by the Hon'ble Commission for FY 2015-16.

Table 3.13: Interest on Working Capital for the FY 2015-16

(Rs. in crore)

Sl. No.	Particulars	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	Fuel cost (2 months)	12.86	10.72
2	Employee cost (1 month)	0.93	0.88
3	Administration & General expenses (1 month)	0.09	0.25
4	Repairs & Maintenance Expenses (1 month)	0.21	1.22
5	Less: Average Security Deposit expected to be held during the year	0.09	0.29
6	Working Capital Requirement	14.00	12.78
7	Rate of interest	14.75%	14.75%
8	Interest on Working Capital	2.07	1.89

3.10.3. The Hon'ble Commission is requested to approve the Interest on working capital as submitted above for FY 2015-16.

3.11. Interest on Security deposits

3.11.1. The Regulation 25 of JERC (for the State of Goa and Union Territories (Terms and Conditions for Determination of Tariff) Regulations, 2009 provides for Interest on Security Deposit, if any, made by the consumer with the licensee. The provision of interest on security deposits is to be made at the bank rate.

Table 3.14: Interest on Security deposits for the FY 2015-16

(Rs. in crore)

Sl. No.	Particulars	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	Opening Consumer Security Deposit	0.08	0.42
2	Add: Deposit During the year	0.02	-
3	Less: Deposit Refunded	-	0.25
4	Closing Consumer Security Deposit	0.10	0.17
5	Bank Rate	8.50%	8.50%
6	Average Security Deposit	0.09	0.29
7	Interest on Consumer Security Deposit	0.01	0.02

3.11.2. The Hon'ble Commission is requested to approve the Interest on Security Deposit for FY 2015-16 as submitted in the table above.

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3.12. Return on Capital base/Net Fixed Assets

3.12.1. The proviso of Regulation 23 (2) and Regulation 24 of Tariff Regulations 2009 provides for entitlement for Returns on Capital Base/ Net Fixed Assets by utility / licensee.

3.12.2. The summary of the Return on Net Fixed Assets as approved by the Hon'ble Commission and as calculated for FY 2015-16 is tabulated below:

Table 3.15: Return on Capital base/Net Fixed Assets for the FY 2015-16
(Rs. in crore)

Sl. No.	Return on Capital Base	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	2	3	4
1	Gross block at beginning of the year	73.52	145.45
2	Less accumulated depreciation	3.66	44.84
3	Net block at beginning of the year	69.86	100.61
4	Less accumulated consumer contribution	0	0
5	Net fixed assets at beginning of the year	69.86	100.61
6	Reasonable return @3%	2.10	3.02

3.12.3. The Hon'ble Commission is requested to kindly allow the above Return on Net Fixed Assets for FY 2015-16.

3.13. Provision for Bad & Doubtful Debts

3.13.1. Regulation no. 28 of JERC Tariff regulations, regarding Provision for Bad & Doubtful Debts provides as follows :

“28. Bad and Doubtful Debts The Commission may, after the generating company/licensee gets the receivables audited, allow a provision for bad debts up to 1% of receivables in the revenue requirement of the generating company/licensee. (Information to be furnished in format 18)”

3.13.2. No Provision for Bad & Doubtful Debts has been made in the Accounts for the FY 2015-16. Accordingly, the LED has not claimed Provision for Bad & Doubtful Debts for the year.

3.14. Non-Tariff Income

3.14.1. The Non-Tariff Income comprises metering, late payment charges, interest on staff loans, reconnection fee, and miscellaneous income among others. The actual Non-Tariff Income and that approved by the Hon'ble Commission for FY 2015-16 is provided in the table below:

Table 3.16: Non-Tariff Income for the FY 2015-16

(Rs. in crore)

Particulars	FY 2015-16	
	Approved in T.O. dated 17th April, 2015	Actual
Non-Tariff Income	0.43	0.89

3.14.2. The Hon'ble Commission is requested to kindly allow Non-Tariff Income for FY 2015-16 as submitted above.

3.15. Revenue from sale of Power at Existing Tariff

3.15.1. The actual Revenue from Tariff for FY 2015-16 at existing tariff is shown in the table below:

Table 3.17: Revenue from sale of Power at Existing Tariff for the FY 2015-16

(Rs. in crore)

Sl. No.	Particulars	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	Domestic	14.82	8.51
2	Commercial		7.06
3	Industrial		0.59
4	Public Lighting		0.28
5	Others Temporary Supply		0.29
6	Total	14.82	16.74

3.15.2. The Hon'ble Commission is requested to kindly allow Revenue from Tariff for FY 2015-16 at existing tariff as submitted above.

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3.16. Aggregate Revenue Requirement

3.16.1. The Aggregate Revenue Requirement for FY 2015-16 as approved by the Hon'ble Commission and the calculation for Aggregate Revenue Requirement on the basis of actuals for FY 2015-16 is shown below:

Table 3.18: Aggregate Revenue Requirement for the FY 2015-16

(Rs. in crore)

S. No.	Particulars	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	Cost of Fuel	77.16	64.32
2	Employee costs	11.20	10.51
3	R&M expenses	2.47	14.68
4	Administration and general expenses	1.09	3.04
5	Depreciation	4.60	5.97
6	Interest and finance charges	6.54	3.37
7	Interest on working capital	2.07	1.89
8	Interest on Security Deposit	0.01	0.02
9	Return on NFA /Equity	2.10	3.02
10	Provision for Bad Debt	0	0
11	Total Revenue Requirement	107.24	106.82
12	Less: Non-Tariff Income	0.43	0.89
13	Net Revenue Requirement	106.81	105.92

3.16.2. The Petitioner requests the Commission to approve the ARR for FY 2015-16 as submitted above.

3.17. Revenue Gap for FY 2015-16

3.17.1. The Revenue Gap as approved by the Hon'ble Commission and as calculated on the basis of true up of FY 2015-16 is shown in the table below:

Table 3.19: Revenue Gap for FY 2015-16

(Rs. in crore)

S. No.	Particulars	FY 2015-16	
		Approved in T.O. dated 17th April, 2015	Actual
1	Net Revenue Requirement	106.81	105.92
2	Revenue from retail sales at Revised Tariff	14.82	16.74
3	Net Revenue Gap (1-2)	91.99	89.19
4	Revenue Gap for the previous year	0.00	0.00
5	Revenue Gap for the Year (3-4)	91.99	89.19

Hon'ble Commission is requested to approve the revenue gap for FY 2015-16 as shown in the table above.

4. Truing Up of FY 2016-17

4.1 Preamble

This section outlines the performance of LED for FY 2016-17. LED submits that the audit of the accounts has been completed by AG but the audit certificate is yet to be issued. LED is pursuing the same with the office AG. Therefore, LED submits the actual for FY 2016-17 in this petition for provisional truing up along with the comparison of the approved figures by Hon'ble Commission vide tariff order for the FY 2016-17. LED submits that since the accounts has already been finalized & audited, there would be no variation in the figures. Also, the Audited accounts for FY 2016-17 will be submitted to the Hon'ble Commission during the present regulatory proceedings..

4.1.1. This chapter summarizes each of the components of ARR for FY 2016-17 and thereby working out the revenue gap for the said year.

4.2. ARR approved for the FY 2016-17

4.2.1. The summary of the actual charges for FY 2016-17 in comparison to the figures as approved by the Hon'ble Commission in the Tariff Order for the FY 2016-17 is tabulated below:

Table 4.1: ARR approved for the FY 2016-17

(Rs. in crore)

Sl. No.	Particulars	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	Cost of Fuel	71.68	68.40
2	Cost of Power Purchase	1.60	-
3	Employee costs	12.70	13.13
4	R&M expenses	3.76	13.88
5	A&G expenses	1.73	4.09
6	Depreciation	5.44	6.28
7	Interest on Loan	7.09	3.17
8	Interest on Consumer Security Deposit	0.01	0.05
9	Interest on working capital	1.12	1.75
10	Return on Equity	4.62	7.65
11	Provision for Bad Debt	0.00	0.00
12	Total Revenue Requirement	109.74	118.40
13	Less: Non-Tariff Income	0.43	1.83
14	Net Revenue Requirement	109.31	116.57

4.3. Number of consumers

4.3.1. LED submits before the Hon'ble Commission the actual consumer numbers for FY 2016-17 in comparison to the approved numbers as highlighted below:

Table 4.2: Number of consumers for the FY 2016-17

Sl. No.	Category	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	2	3	4
1	Domestic	19351	19316
2	Commercial	3402	3510
3	Industrial	321	350
4	Public Lighting	73	75
5	Temporary Connection	0	274
6	Total	23147	23525

4.3.2. It is requested to the Hon'ble Commission to approve the number of consumers as submitted in the above table for FY 2016-17.

4.4. Energy Sales

4.4.1. LED submits before the Hon'ble Commission the category wise actual and approved sales for FY 2016-17 in the table below:

Table 4.3: Energy Sales for the FY 2016-17

(In MUs)

Sl. No.	Categories	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	Domestic	42.28	35.02
2	Commercial	11.03	13.51
3	Industrial	0.42	0.83
4	Public Lighting	0.81	0.62
5	Others Temporary Supply	-	0.14
	Grand Total	54.54	50.13

4.4.2. It is requested to the Hon'ble Commission to approve the actual sales as submitted in the above table for FY 2016-17.

4.5. Energy Balance

4.5.1. LED has submitted 14.43 % as the energy distribution losses for FY 2016-17 as compared to that approved by Hon'ble Commission at 13.25%. The comparison of energy balance statement and the loss levels based on audited accounts and approved figures are shown in the table below:

Table 4.4: Energy Balance for the FY 2016-17

Sl. No.	Particulars	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
A	ENERGY REQUIREMENT (MU)		
i)	Total Sales within UT	54.54	50.13
ii)	Transmission & Distribution Losses (%)	13.25	13.31
iii)	T&D Losses (MU)	8.33	7.69
	Total Energy Requirement (for sale to retail consumers)	62.87	57.82
B	ENERGY AVAILABILITY AT PERIPHERY		
i)	Power Purchase	1.65	-
ii)	Own Generation	61.22	57.82
	Total Energy Availability	62.87	57.82
	ENERGY SURPLUS/(GAP)	0.00	0.00

4.5.2. LED submits that there is reduction in T&D loss as compared to earlier years. PED requests the Hon'ble Commission to approve the Distribution Loss as submitted above for FY 2016-17.

4.6. Cost of fuel

4.6.1. The energy requirement of LED is met from own generation. There is no availability of power from Central Generating Stations or from other sources/ open market/ power exchanges etc.

4.6.2. LED submits before the Hon'ble Commission the actual cost of fuel and the approved figures for FY 2016-17 in the table below:

Table 4.5: Cost of fuel for the FY 2016-17

(Rs. in crore)

Sr.No.	Particulars	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	2	3	4
1	Cost of Fuel	71.68	68.40
2	Total	71.68	68.40

4.6.3. The Hon'ble Commission is requested to approve the fuel cost as submitted above for FY 2016-17.

4.7. GFA, Capitalisation & Depreciation

4.7.1. GFA: The Opening Balance of GFA, additions and closing balance of GFA for FY 2016-17 as per annual accounts is submitted in the table below:

Table 4.6: GFA, & Capitalisation for the FY 2016-17

(Rs. in crore)

Sl. No.	Particulars	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	Opening GFA	87.47	156.30
2	Capitalisation	17.70	6.00
3	Closing GFA	105.17	162.30

4.7.2. LED submits that the Asset and Depreciation registers have been prepared and duly audited fixed assets' gross amount, accumulated depreciation and depreciation for the year have been shown in the accounts for FY 2016-17. LED requests the Hon'ble Commission to approve the actual Gross Fixed Assets opening and additions as submitted above for FY 2016-17

4.7.3. Depreciation: "As per Regulation 23 of JERC Tariff Regulations, depreciation for the assets shall be calculated annually at the rates specified by CERC from time to time. The same have been applied on different asset categories.

4.7.4. LED would like to submit that the depreciation arrived in annual accounts for FY 2016-17 is based on the rates specified by Hon'ble Commission in its Tariff Regulations.

4.7.5. The following table shows the depreciation arrived by LED for FY 2016-17 based on the approved depreciation rates specified by the Hon'ble Commission for different asset class. The same is reflecting in the annual audited accounts for the year.

Table 4.7: Depreciation for the FY 2016-17

(Rs. in crore)

Sl. No.	Particulars	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	Opening GFA	87.47	156.30
2	Capitalisation	17.70	6.00
3	Closing GFA	105.17	162.30
4	Average GFA	96.33	159.30
5	Average rate of Depreciation	5.65%	3.94%
6	Depreciation	5.44	6.28

4.7.6. The Hon'ble Commission is requested to approve the actual depreciation for FY 2016-17 as submitted in the table above.

4.8. Operation & Maintenance expenses

4.8.1. Operation & Maintenance Expenses consists of three elements viz Employee Expenses, A&G Expense and R&M Expense:

- Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses
- Administrative expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.
- Repairs and Maintenance Expenses go towards the day to day upkeep of the distribution network of the Company and form an integral part of the Company's efforts towards reliable and quality power supply as well as in the reduction of losses in the system.

4.8.2. Regulation 21 (3) of JERC MYT Regulations, 2014 provides for trajectory of norms for each of the component of O&M Expense viz., Employee Expenses, A&G Expense and R&M Expense. The Hon'ble Commission has approved the O&M expenses for the FY 2016-17 in the MYT order for the control period FY 2016-17 to FY 2018-19. LED has provided the component wise details of approved & actual figures for the FY 2016-17 in the subsequent section.

4.8.3. Employee Expenses

- 4.8.3.1. LED has computed the O&M (Employee) expense for FY 2016-17 based on the actual employee expenses incurred during the entire year. The actual employee cost along with the approved figure for the FY 2016-17 is given below:

Table 4.8: Employee Expenses for the FY 2016-17

(Rs. in crore)

Sl. No.	O & M Expenses	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	Employee Expenses	12.70	13.13
2	Total Employee Expenses	12.70	13.13

- 4.8.3.2. LED requests the Hon'ble Commission to kindly approve the actual cost during the year for FY 2016-17 as reflecting in audited annual accounts.

4.8.4. Repair & Maintenance Expenses

- 4.8.4.1. The Hon'ble Commission had approved Rs.3.76 Crores towards R&M expenses for the FY 2016-17 vide MYT order Dt. 31.03.2016. In this regard it is submitted that the accounts on commercial principles was not maintained by LED at the time of filing of MYT Petition for the 1st control period of FY 2016-17 to FY 2018-19. The same was prepared & audited subsequently hence, there is variance between the figures approved by the Hon'ble Commission & actual figures. The Hon'ble Commission may kindly consider the R&M figures as per the audited accounts submitted herewith for Trueing up of the FY 2016-17.

- 4.8.4.2. The actual repairs and maintenance cost as compared with the approved figures for the FY 2016-17 is provided in the table below:

Table 4.9: Repair & Maintenance Expenses for the FY 2016-17

(Rs. in crore)

Sl. No.	O & M Expenses	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	R & M Expenses	3.76	13.88
2	Total R & M Expenses	3.76	13.88

4.8.4.3. LED submits that R&M expenses are necessary for maintenance of infrastructure and for ensuring proper Standards of Performance of the utility. There is a need for R&M expenses to be growing in line with the increase in GFA also. LED therefore requests the Hon'ble Commission to approve the R&M expenses as submitted in the table above for the FY 2016-17.

4.8.5. Administrative & General Expenses

4.8.5.1. The administrative expense mainly comprise of rents, professional charges, office expenses, etc. The expenses incurred by the petitioner for FY 2016-17 are shown in the table below.

Table 4.10: Administrative & General Expenses for the FY 2016-17

(Rs. in crore)

Sl. No.	O & M Expenses	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	A & G Expenses	1.73	4.09
2	Total A & G Expenses	1.73	4.09

4.8.5.2. LED requests the Hon'ble Commission to approve the A&G expenses as submitted in the table above for the FY 2016-17.

4.8.6. O&M expenses summary - Based on the foregoing paragraphs, the O&M expenses for the year FY 2016-17 are summarized below:

Table 4.11: O&M expenses summary for the FY 2016-17

(Rs. in crore)

Sl. No.	O & M Expenses	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	Employee Expenses	12.70	13.13
2	R & M Expenses	3.76	13.88
3	A & G Expenses	1.73	4.09
4	Total O&M Expenses	18.19	31.10

4.8.7. The Hon'ble Commission is requested to approve the O&M Expenses for FY 2016-17 as shown in the table above.

4.9. Interest & Finance charges

4.9.1. The Regulation 24 of JERC MYT Regulations, 2014 provides for Interest and Finance Charges on Loan. LED has submitted that all the capital assets are created out of the budgetary allocation from the Government of India. However, LED has been claiming interest charges based on normative loan calculation. The Interest and Finance Charges arrived is based on normative loan considered to the extent of capitalization during the year. The table below shows the Interest and Finance Charges vis-a-vis approved by the Hon'ble Commission for FY 2016-17.

Table 4.12: Interest & Finance charges for the FY 2016-17

(Rs. in crore)

Sl. No.	Particulars	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	Opening Normative Loan	46.97	23.70
2	Normative additions during the year (70% of Net additions to GFA)	12.39	4.20
3	Less: Normative Repayment for the year	5.44	6.28
4	Closing Normative Loan/GFA	53.92	21.62
5	Average Normative Loan	50.45	22.66
6	Interest Rates – actual	14.05%	14.05%
7	Interest on Loan	7.09	3.17

4.9.2. It is submitted that LED has considered an addition in the Gross Fixed Assets to the extent of assets capitalized for FY 2016-17, which are considered funded through normative debt to the tune of 70% in line with the Tariff Regulations. The rate of interest considered is prevailing Prime Lending Rate of the State Bank of India as on 1st April of the year.

4.9.3. The Hon'ble Commission is requested to approve the Interest & Finance Charges at as submitted above for FY 2016-17.

4.10. Interest on Working Capital

4.10.1. The Regulation 25 of JERC MYT Regulations, 2014 stipulates the procedure for calculation of Working Capital and Interest on Working Capital as applicable. This is as shown below:

Working capital for retail supply activity of the licensee shall consist of:

- i. Receivables of two months of billing*
- ii. Less power purchase cost of one month*
- iii. Less consumer security deposit but excluding Bank Guarantee/Fixed Deposit Receipt*
- iv. Inventory for two months based on annual requirement for previous year.*

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The rate of interest on working capital shall be equal to the base rate for the State Bank of India on the 1st April of the relevant financial year. The interest on working capital shall be payable on normative basis notwithstanding that the licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan worked out on the normative figures.

4.10.2. The rate of interest of 9.30% (SBI Base rate) as on 01.04.2016 has been considered the rate of interest for computation of interest on working capital.

4.10.3. The table below shows the Interest on working capital vis-a-vis approved by the Hon'ble Commission for FY 2016-17.

Table 4.13: Interest on Working Capital for the FY 2016-17

(Rs. in crore)

Sl. No.	Particulars	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	Receivables of 2 Months Billing	18.22	19.43
2	Less: Power Purchase Cost 1 Month	6.11	-
3	Less: Consumer Security Deposit Excl. BG/FDR	0.12	0.64
4	Add: Inventory Based on Annual Requirement for Previous FY for 2 months	-	-
6	Total Working Capital Requirement	11.99	18.79
7	SBAR Rate (%)	9.30%	9.30%
8	Interest on Working Capital	1.12	1.75

4.10.4. The Hon'ble Commission is requested to approve the Interest on working capital as submitted above for FY 2016-17.

4.11. Interest on Security deposits

4.11.1. As per the regulation 6.10 (8) of Electricity Supply Code Regulations, 2010

The distribution licensee shall pay interest, at the bank rate notified by the Reserve Bank of India from time to time on such security deposits taken from the consumer. In this regard it shall be the responsibility of the licensee to keep a watch on the bank rate from time to time. The interest amount of previous financial year shall be adjusted in the energy bill issued in May / June of each financial year depending on billing cycle.

The Bank rate as on 1st April 2016 is 7.75%. Accordingly, LED has considered same rate for the FY 2016-17.

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Table 4.14: Interest on Security deposits for the FY 2016-17

(Rs. in crore)

Sl. No.	Particulars	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	Opening Consumer Security Deposit	0.10	0.17
2	Add: Deposit During the year	0.02	0.47
3	Closing Consumer Security Deposit	0.12	0.64
4	RBI Bank Rate	7.75%	7.75%
5	Interest on Consumer Security Deposit	0.01	0.05

4.11.2. The Hon'ble Commission is requested to approve the Interest on Security Deposit for FY 2016-17 as submitted in the table above.

4.12. Return on Equity

4.12.1. LED has calculated the Return on Equity in accordance with the regulation 27 of JERC MYT Regulations, 2014. Debt: Equity norm of 70:30 and RoE of 16% for FY 2016-17 has been considered and accordingly, the return on equity is calculated as given below.

4.12.2. The summary of the Return on Equity as approved by the Hon'ble Commission and as calculated for FY 2016-17 is tabulated below:

Table 4.15: Return on Equity for the FY 2016-17

(Rs. in crore)

Sl. No.	Return on Capital Base	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	2	3	4
1	Opening Equity Amount	26.24	46.89
2	Equity Addition during year (30% of Capitalization)	5.31	1.80
3	Closing Equity Amount	31.55	48.69
4	Average Equity Amount	28.90	47.79
5	Rate of Return on Equity	16.00%	16.00%
6	Return on Equity	4.62	7.65

4.12.3. The Hon'ble Commission is requested to kindly allow the above Return on Equity for FY 2016-17.

4.13. Provision for Bad & Doubtful Debts

4.13.1. As per regulation 32. Bad and Doubtful Debt of the MYT Regulations

Bad and doubtful debt shall be limited to 1% of the receivables in the true-up, subject to the condition that amount of bad and doubtful debt is actually written-off in the licensee's books of accounts.

4.13.2. The LED has not written off any Bad and Doubtful debts in Accounts for the FY 2016-17. Accordingly, no claim towards Provision for Bad & Doubtful Debts has been made by the LED in the petition for the FY 2016-17

4.14. Non-Tariff Income

4.14.1. The Non-Tariff Income comprises metering, late payment charges, interest on staff loans, reconnection fee, and miscellaneous income among others. The actual Non-Tariff Income and that approved by the Hon'ble Commission for FY 2016-17 is provided in the table below:

Table 4.16: Non-Tariff Income for the FY 2016-17

(Rs. in crore)

Particulars	FY 2016-17	
	Approved in T.O. dated 31st March, 2016	Actual
Non-Tariff Income	0.43	1.83

4.14.2. The Hon'ble Commission is requested to kindly allow Non-Tariff Income for FY 2016-17 as submitted above.

4.15. Revenue from sale of Power at Existing Tariff

4.15.1. The actual Revenue from Tariff for FY 2016-17 at existing tariff is shown in the table below:

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Table 4.17: Revenue from sale of Power at Existing Tariff for the FY 2016-17
(Rs. in crore)

Sl. No.	Particulars	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	Domestic	18.56	9.65
2	Commercial	8.44	8.42
3	Industrial	0.28	0.78
	HT Consumers	0.15	
4	Public Lighting	0.39	0.30
5	Others Temporary Supply	0.00	0.36
6	Total	27.82	19.51

4.15.2. The Hon'ble Commission is requested to kindly allow Revenue from Tariff for FY 2016-17 at existing tariff as submitted above.

4.16. Aggregate Revenue Requirement

4.16.1. The Aggregate Revenue Requirement for FY 2016-17 as approved by the Hon'ble Commission and the calculation for Aggregate Revenue Requirement on the basis of actuals for FY 2016-17 is shown below:

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Table 4.18: Aggregate Revenue Requirement for the FY 2016-17

(Rs. in crore)

Sl. No.	Particulars	FY 2016-17	
		Approved in T.O. dated 31st March, 2016	Actual
1	Cost of Fuel	71.68	68.40
2	Cost of Power Purchase	1.60	-
3	Employee costs	12.70	13.13
4	R&M expenses	3.76	13.88
5	A&G expenses	1.73	4.09
6	Depreciation	5.44	6.28
7	Interest on Loan	7.09	3.17
8	Interest on Consumer Security Deposit	0.01	0.05
9	Interest on working capital	1.12	1.75
10	Return on Equity	4.62	7.65
11	Provision for Bad Debt	0.00	0.00
12	Total Revenue Requirement	109.74	118.40
13	Less: Non-Tariff Income	0.43	1.83
14	Net Revenue Requirement	109.31	116.57

4.16.2. The Petitioner requests the Commission to approve the ARR for FY 2016-17 as submitted above.

4.17. Revenue Gap for FY 2016-17

4.17.1. The Revenue Gap as approved by the Hon'ble Commission and as calculated on the basis of true up of FY 2016-17 is shown in the table below:

Table 4.19: Revenue Gap for FY 2016-17

(Rs. in crore)

S. No.	Particulars	FY 2016-17	
		Approved in T.O. dated 17th April, 2015	Actual
1	Net Revenue Requirement	109.31	116.57
2	Revenue from retail sales at Revised Tariff	27.82	19.51
3	Net Revenue Gap (1-2)	81.49	97.07
4	Revenue Gap for the previous year	0.00	0.00
5	Revenue Gap for the Year (3-4)	81.49	97.07

4.17.2. Hon'ble Commission is requested to approve the revenue gap for FY 2016-17 as shown in the table above.

5. Annual Performance Review for the FY 2019-20

5.1. Background to FY 2019-20 Tariff Petition

- 5.1.1. LED filed the 2nd MYT Petition for the control period FY 2019-20 to FY 2021-22. FY 2019-20 is the first year of the control period. The ARR for the control period was approved by the Hon'ble Commission vide MYT order Dt. 20th May, 2019 along with the tariff for the FY 2019-20. Regulation 11(3) of the JERC MYT Regulations, 2018 provides as follows:

“Annual Review: a comparison of the revised performance targets of the applicant for the current financial year with the approved forecast in the Tariff Order corresponding to the Control period for the current financial year subject to prudence check”

In accordance with the above Regulation, LED is filing for Annual Performance Review for the FY 2019-20.

- 5.1.2. This chapter summarizes each of the components of ARR for FY 2019-20 and requests the Hon'ble Commission to review the performance for FY 2019-20. The Annual Performance Review for FY 2019-20 is based on actual data/ information for the FY 2018-19 & for the first 6 months (First Half – H1) of the FY 2019-20 and estimation/projections for remaining 6 months (Second Half – H2) of the FY 2019-20, wherever applicable. The projections for the second 6 months are arrived at based on the performance over the first half data/ information.

5.2. Approved ARR for the FY 2019-20

- 5.2.1. The summary of the charges for FY 2019-20 as approved by the Hon'ble Commission in the MYT Order is tabulated below:

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APR for FY 2019-20 & Tariff Proposal for FY 2020- 21*

Table 5.1: ARR approved for the FY 2019-20

(Rs. in crore)

S. No.	Particulars	FY 2019-20
		Approved in T.O. dated 20th May 2019
1	Cost of Fuel	89.27
2	Cost of power purchase	0.40
3	Depreciation	7.36
4	Employee costs	24.34
5	A&G expenses	2.79
6	R&M expenses	7.90
7	Interest and finance charges	5.83
8	Return on Equity	6.90
9	Interest on working capital	0.66
10	Interest on Consumer Security Deposit	0.05
11	Income Tax	0.00
12	Total Revenue Requirement	145.48
13	Less: Non-Tariff Income	1.18
14	Net Revenue Requirement (12-13)	144.30

5.3. Number of consumers

5.3.1. Hon'ble Commission has approved the number of consumers for the FY 2019-20 in the MYT order Dt. 20.05.2019. However, on the basis of the actual number of consumers for the FY 2018-19 & number of consumers during the first half of FY 2019-20, LED has recalculated the number of consumers for the FY 2019-20 considering the CAGR approved by the Hon'ble Commission in the MYT Tariff order Dt. 20.05.2019. The revised estimates of category wise number of consumers for FY 2019-20 and comparison with the approved numbers are shown below:

Table 5.2: Number of consumers for the FY 2019-20

Sl. No.	Category	FY 2019-20		
		Approved in T.O. dated 20th May 2019	Actual 6 Months	Estimated for FY 2019-20
1	2	3	4	4
1	Domestic	21294	19810	20449
2	Commercial	2626	2888	2892
3	Govt. Connection	1284	1185	1210
4	Industrial	381	347	361
5	HT Consumers	7	7	7
6	Public Lighting	78	75	76
7	Temporary Connection	160	193	246
8	Total	25831	24505	25240

5.3.2. It is requested to the Hon'ble Commission to approve the number of consumers as submitted in the above table for FY 2019-20.

5.4. Connected Load

5.4.1 Hon'ble Commission has approved the connected load for the FY 2019-20 in the MYT order Dt. 20.05.2019. However, on the basis of the actual connected load for the FY 2018-19 & load during the first half of FY 2019-20, LED has recalculated the connected load for the FY 2019-20 considering the CAGR approved by the Hon'ble Commission in the MYT Tariff order Dt. 20.05.2019. The revised estimates of category wise connected load for FY 2019-20 and comparison with the approved numbers are shown below:

Table 5.3: Connected Load for the FY 2019-20

Sl. No.	Category	FY 2019-20		
		Approved in T.O. dated 20th May 2019	Actual 6 Months	Estimated for FY 2019-20
1	2	3	4	4
1	Domestic	89754	88819	89771
2	Commercial	16916	16299	16520
3	Govt. Connection	8561	8183	8370
4	Industrial	4024	3813	3944
5	HT Consumers	608	645	562
6	Public Lighting	318	308	319
7	Temporary Connection	66	201	147
8	Total	120248	118269	119633

5.4.2 It is requested to the Hon'ble Commission to approve the connected load as submitted in the above table for FY 2019-20.

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5.5 Energy Sales

5.5.1 Hon'ble Commission has approved the Energy Sales for the FY 2019-20 in the MYT order Dt. 20.05.2019. However, on the basis of the actual sales for the FY 2018-19 & sales during the first half of FY 2019-20, LED has recalculated the sales for the FY 2019-20 considering the CAGR approved by the Hon'ble Commission in the MYT Tariff order Dt. 20.05.2019. The revised estimates of category wise energy sales for FY 2019-20 and comparison with the approved numbers are shown below:

Table 5.4: Energy Sales for the FY 2019-20

(In MUs)

S. No.	Categories	FY 2019-20		
		Approved in T.O. dated 20th May 2019	Actual 6 Months	Estimated for FY 2019-20
1	Domestic	40.10	18.59	38.01
2	Commercial	3.24	1.53	3.28
3	Govt. Connection	8.26	3.78	8.13
4	Industrial	0.45	0.17	0.39
5	HT Consumers	0.64	0.47	0.76
6	Public Lighting	0.67	0.40	0.68
7	Temporary Connection	0.09	0.06	0.11
	Grand Total	53.45	24.99	51.36

5.5.2 It is requested to the Hon'ble Commission to approve the sales as submitted in the above table for FY 2019-20.

5.6 Energy Balance

5.6.1 Hon'ble Commission has approved the Energy Balance and T&D loss for the FY 2019-20 in the MYT order Dt. 20.05.2019. However, on the basis of the actual figures during the first half of FY 2019-20, LED submits the revised estimates for FY 2019-20. A comparison of the revised estimates with earlier approved numbers is shown below:

Table 5.5: Energy Balance for the FY 2019-20

Sl. No.	Particulars	FY 2019-20		
		Approved in T.O. dated 20th May 2019	Actual 6 Months	Estimated for FY 2019-20
A	ENERGY REQUIREMENT (MU)			
i)	Total Sales within UT	53.45	24.99	51.36
ii)	Transmission & Distribution Losses (%)	12.75	12.15	12.75
iii)	T&D Losses (MU)	7.81	3.46	7.50
	Total Energy Requirement (for sale to retail consumers)	61.26	28.45	58.86
B	ENERGY AVAILABILITY AT PERIPHERY			
i)	Power Purchase	3.95		
ii)	Own Generation	57.31	28.45	58.86
	Total Energy Availability	61.26	28.45	58.86
	ENERGY SURPLUS/(GAP)	0.00	0.00	0.00

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5.6.2 LED requests the Hon'ble Commission to approve the Energy Balance and T&D Loss as submitted above for FY 2019-20.

5.7 Cost of fuel

5.7.1 The energy requirement of LED is met from own generation. There is no availability of power from Central Generating Stations or from other sources/ open market/ power exchanges etc.

5.7.2 Hon'ble Commission has approved the Fuel Cost for the FY 2019-20 in the MYT order Dt. 20.05.2019. However, on the basis of the cost figures during the first half of FY 2019-20, LED submits the revised estimates for FY 2019-20. A comparison of the revised estimates with earlier approved numbers is shown below:

Table 5.6: Cost of fuel for the FY 2019-20

Sr.No.	Particulars	FY 2019-20		
		Approved in T.O. dated 20th May 2019	Actual 6 Months	Estimated for FY 2019-20
1	2	3	4	5
	HSD Cost	79.70	43.04	88.24
	Lub Cost	0.98	0.50	1.04
2	Total	80.68	43.54	89.27

5.7.3 The Hon'ble Commission is requested to approve the fuel cost as submitted above for FY 2019-20.

5.8 GFA, Capitalisation & Depreciation

5.8.1 Hon'ble Commission has approved the GFA for the FY 2019-20 in the MYT order Dt. 20.05.2019. LED has considered the actual GFA as on 31.03.2019 and actual additions during 1st half of FY 2019-20 & estimated additions during the 2nd half of the FY 2019-20 to arrive at the closing GFA for the year.

5.8.2 In view of the revision of the GFA as above, the depreciation for the FY 2019-20 is also recalculated in accordance with the MYT Regulations,2018. The approved and the revised projections of depreciation for the FY 2019-20 is provided below.

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Table 5.7: GFA, Capitalisation & Depreciation for the FY 2019-20

(Rs. in crore)

Particulars	FY 2019-20		
	Approved in T.O. dated 20th May 2019	Actual 6 Months	Estimated for FY 2019- 20
Opening GFA	184.74	174.41	174.41
Addition	10.00	1.37	13.00
Deletion	0.00	0.00	0.00
Closing GFA	194.74	175.77	187.41
Average GFA	189.74	175.09	180.91
Depreciation Rate	3.88%	3.88%	3.88%
Depreciation	7.36	6.79	7.02

5.8.2.1 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2019-20.

5.9 Operation & Maintenance expenses

5.9.1 Operation & Maintenance Expenses consists of three elements viz Employee Expenses, A&G Expense and R&M Expense:

- Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses
- Administrative expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.
- Repairs and Maintenance Expenses go towards the day to day upkeep of the distribution network of the Company and form an integral part of the Company's efforts towards reliable and quality power supply as well as in the reduction of losses in the system.

5.9.2 Employee Expenses

5.9.2.1 The Hon'ble Commission has approved the Employee cost for the FY 2019-20 based on the approved norms in accordance with Regulation 41 of the MYT Regulations, 2018.

5.9.2.2 LED is proposing the revised estimates of the employee cost based on the actual expenses for the FY 2018-19 & 1st Half (April,19 to September,19) of the FY 2019-20. The cost as approved by the Hon'ble Commission for the FY 2019-20 and the revised proposal for the year is given below:

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Table 5.8: Employee Expenses for the FY 2019-20

(Rs. in crore)

Particulars	FY 2019-20		
	Approved in T.O. dated 20th May 2019	Actual 6 Months	Estimated for FY 2019-20
Employee Expenses	24.34	12.14	24.16
Total O&M Expenses	24.34	12.14	24.16

5.9.2.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2019-20.

5.9.3 Repair & Maintenance Expenses

5.9.3.1 The Hon'ble Commission has approved the Repair & Maintenance Expenses for the FY 2019-20 based on the approved norms in accordance with Regulation 41 of the MYT Regulations, 2018

5.9.3.2 LED is proposing the revised estimates of the Repair & Maintenance Expenses based on the actual expenses for the FY 2018-19 & 1st Half (April,19 to September,19) of the FY 2019-20 The cost as approved by the Hon'ble Commission for the FY 2019-20 and the revised proposal for the year is given below:

Table 5.9: Repair & Maintenance Expenses for the FY 2019-20

(Rs. in crore)

Particulars	FY 2019-20		
	Approved in T.O. dated 20th May 2019	Actual 6 Months	Estimated for FY 2019-20
R&M Expenses	7.90	7.66	14.75
Total O&M Expenses	7.90	7.66	14.75

5.9.3.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2019-20.

5.9.4 Administrative & General Expenses

5.9.4.1 The Hon'ble Commission has approved the Administrative & General Expenses for the FY 2019-20 based on the approved norms in accordance with Regulation 41 of the MYT Regulations, 2018

5.9.4.2 LED is proposing the revised estimates of the Administrative & General Expenses based on the actual expenses for the FY 2018-19 & 1st Half (April,19 to September,19) of the FY 2019-20 The cost as approved by the Hon'ble Commission for the FY 2019-20 and the revised proposal for the year is given below:

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Table 5.10: Administrative & General Expenses for the FY 2019-20

(Rs. in crore)

Particulars	FY 2019-20		
	Approved in T.O. dated 20th May 2019	Actual 6 Months	Estimated for FY 2019-20
A&G Expenses	2.79	1.27	3.30
Total O&M Expenses	2.79	1.27	3.30

5.9.4.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2019-20.

5.9.5 O&M expenses summary - Based on the foregoing paragraphs, the O&M expenses for the year FY 2019-20 are summarised below:

Table 5.11: O&M expenses summary for the FY 2019-20

(Rs. in crore)

Particulars	FY 2019-20		
	Approved in T.O. dated 20th May 2019	Actual 6 Months	Estimated for FY 2019-20
Employee Expenses	24.34	12.14	24.16
A&G Expenses	2.79	1.27	3.30
R&M Expenses	7.90	7.66	14.75
Total O&M Expenses	35.03	21.07	42.22

5.9.5.1 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2019-20.

5.10 Interest & Finance charges

5.10.1 The LED being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. LED has considered the GFA as on 31.03.2019 and estimated additions during the FY 2019-20 to arrive at the closing GFA for the year. The normative loan for the FY 2019-20 has been arrived in accordance with the Regulation 26 of the MYT Regulations, 2018.

5.10.2 It is submitted that Regulation 28.4 of MYT Regulations, 2018 provides as below:

“Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then 1 Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.”

***Petition for Approval of True-up for FY 2015-16 & FY 2016-17,
APR for FY 2019-20 & Tariff Proposal for FY 2020- 21***

In view of the above Regulation, LED proposes to revise the interest charges based on the State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2019. The State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2019 was 8.55%. Accordingly, interest rate of 9.55% (8.55%+1%) has been considered for projecting the interest charges for the FY 2019-20.

Table 5.12: Interest & Finance charges for the FY 2019-20

(Rs. in crore)

Particulars	FY 2019-20	
	Approved in T.O. dated 20th May 2019	Estimated for FY 2019-20
Opening loan	63.86	16.73
Addition	7.00	9.10
Repayment	7.36	7.02
Closing Loan	63.50	18.81
Average Normative Loan	63.68	17.77
Interest Rate	9.15%	9.55%
Interest on Loan	5.83	1.70

5.10.3 LED requests the Hon’ble Commission to kindly approve the same for APR for FY 2019-20.

5.11 Interest on Working Capital

5.11.1 The Hon’ble Commission has approved the Interest on Working Capital for the FY 2019-20 based on the cost parameters approved for MYT Control Period in accordance with the Regulation 63 of the MYT Regulations, 2018. The Regulation provides as follows:

The Distribution Licensee shall be allowed interest on the estimated level of Working Capital for the Distribution Wires Business for the financial Year, computed as follows:

- a) *Operation and maintenance expenses for one (1) month; plus*
- b) *Maintenance spares at 40% of R&M expenses for one (1) month; plus*
- c) *Receivables equivalent to two (2) months of the expected revenue from Consumers at the prevailing tariffs;*

Less

- d) *Amount, if any, held as security deposits*

5.11.2 In view of the above Regulations, LED has recalculated the working capital requirement for the FY 2019-20.

5.11.3 Regulation 31.4 of MYT Regulations provides as follows:

“The rate of interest on Working Capital shall be equal 1 Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be applicable as on 1st April of the financial Year in which the Petition is filed plus 200 basis points.”

***Petition for Approval of True-up for FY 2015-16 & FY 2016-17,
APR for FY 2019-20 & Tariff Proposal for FY 2020- 21***

5.11.4 In view of the above Regulation, LED proposes to revise the interest charges based on the State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2019. The State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2019 was 8.55%. Accordingly, interest rate of 10.55% (8.55%+2%) has been considered for projecting the interest charges for the FY 2019-20.

5.11.5 LED has calculated the revised interest on working capital for the FY 2019-20 in accordance with the above submission. The same is provided below along with the approved figures for the year:

Table 5.13: Interest on Working Capital for the FY 2019-20

(Rs. in crore)

Particulars	FY 2019-20	
	Approved in T.O. dated 20th May 2019	Estimated for FY 2019-20
O&M expenses for 1 month	2.92	3.52
Maintenance Spares @ 40% of R&M expense of 1 month	0.26	0.49
Receivables for two months	4.24	4.10
Less: Adjustments for security deposits	0.94	0.94
Net Working Capital	6.48	7.17
Rate of Interest on Working Capital	10.15%	10.55%
Interest on Working Capital	0.66	0.76

5.11.6 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2019-20.

5.12 Interest on Security deposits

5.12.1 Hon'ble Commission has approved the Interest on Security deposits on the balance of Security Deposit from the consumers during the FY 2019-20 in the MYT order Dt. 20.05.2019. LED submits that it is not proposing any revision in the figures as approved by the Hon'ble Commission for the FY 2019-20.

5.12.2 However, it is submitted that since the Interest on Security deposits is required to be calculated on the balance of Security Deposit from the consumers during the FY 2019-20, LED shall submit the revised figures at the time of True-up when audited Security Deposit balance are available for the consideration of the Hon'ble Commission. The cost as approved by the Commission for the FY 2019-20 is given below:

Table 5.14: Interest on Security deposits for the FY 2019-20

(Rs. in crore)

Particulars	FY 2019-20	
	Approved in T.O. dated 20th May 2019	Estimated for FY 2019-20
Opening Security Deposit	0.68	0.68
Addition	0.26	0.26
Closing Security Deposit	0.94	0.94
Average Security Deposit	0.81	0.81
RBI Bank Rate	6.25%	6.25%
Interest on Consumer Security Deposit	0.05	0.05

5.12.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2019-20.

5.13 Return on Equity

5.13.1 The LED being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support. LED has considered the GFA as on 31.03.2019 and estimated additions during the FY 2019-20 to arrive at the closing GFA for the year. The normative Equity for the FY 2019-20 has been considered at 30% of the above GFA in accordance with the Regulation 26 of the MYT Regulations, 2018.

5.13.2 Further, Regulation 27 of MYT Regulations, 2018 provides as follows:

“The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 26 for the assets put to use, at the rate of 16 per cent per annum.....”

5.13.3 In view of the above, the revised Return on Equity for the FY 2019-20 is calculated as below:

Table 5.15: Return on Equity for the FY 2019-20

(Rs. in crore)

Particulars	FY 2019-20	
	Approved in T.O. dated 20th May 2019	Estimated for FY 2019-20
Opening Equity	41.62	52.32
Addition	3.00	3.90
Deletion / Adjustment	0.00	0.00
Closing Equity	44.62	56.22
Average Normative Equity	43.12	54.27
Rate of Return on Equity	16.00%	16.00%
Return on Equity	6.90	8.68

5.13.4 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2019-20.

5.14 Provision for Bad & Doubtful Debts

5.14.1 Regulation 62 of MYT Regulations provides that the Bad debt shall be allowed based on actual write off. The same is reproduced below:

“Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off of bad debts excluding delayed payment charges waived off, if any, during the year, subject to prudence check....”

5.14.2 In view of the above LED is not proposing any provision for Bad Debt. LED shall submit the claim towards bad and doubtful debts when audited figures are available for the consideration of the Hon’ble Commission at the time of true-up. Hon’ble Commission may kindly allow the same.

5.15 Non-Tariff Income

5.15.1 Hon’ble Commission has approved the Non-Tariff Income for the FY 2019-20 in the MYT order Dt. 20.05.2019 as 1.18 crores. It is submitted that LED has adopted the approved Non-Tariff Income for the FY 2019-20.

Table 5.16: Non-Tariff Income for the FY 2019-20

(Rs. in crore)

Particulars	FY 2019-20	
	Approved in T.O. dated 20th May 2019	Estimated for FY 2019-20
Non-Tariff Income	1.18	1.18

5.15.2 LED requests the Hon’ble Commission to kindly approve the same for APR for FY 2019-20.

5.16 Aggregate Revenue Requirement

5.16.1 The Aggregate Revenue Requirement for FY 2019-20 as approved by the Hon’ble Commission and the calculation for Aggregate Revenue Requirement on the basis of revised estimates as submitted in the above sections for FY 2019-20 is shown below:

*Petition for Approval of True-up for FY 2015-16 & FY 2016-17,
APR for FY 2019-20 & Tariff Proposal for FY 2020- 21*

Table 5.17: Aggregate Revenue Requirement for the FY 2019-20

(Rs. in crore)

S. No.	Particulars	FY 2019-20	
		Approved in T.O. dated 20th May 2019	Estimated for FY 2019-20
1	Cost of Fuel	80.68	89.27
2	Cost of power purchase	0.40	-
3	Depreciation	7.36	7.02
4	Employee costs	24.34	24.16
5	A&G expenses	2.79	3.30
6	R&M expenses	7.90	14.75
7	Interest and finance charges	5.83	1.70
8	Return on Equity	6.90	8.68
9	Interest on working capital	0.66	0.76
10	Interest on Consumer Security Deposit	0.05	0.05
11	Income Tax	0.00	0.00
12	Total Revenue Requirement	136.89	149.70
13	Less: Non-Tariff Income	1.18	1.18
14	Net Revenue Requirement (12-13)	135.71	148.52

5.16.2 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2019-20.

5.17 Revenue from sale of Power at Existing Tariff

5.17.1 The revised estimate of Revenue from Tariff for FY 2019-20 as compared with the figures approved by the Hon'ble Commission in the MYT order Dt. 20.05.2019 is shown in the table below:

Table 5.18: Revenue from sale of Power at Existing Tariff for the FY 2019-20

(Rs. in crore)

S. No.	Particulars	FY 2019-20		
		Approved in T.O. dated 20th May 2019	Actual 6 Months	Estimated for FY 2019-20
A	Domestic	12.72	6.55	11.89
B	Commercial	2.98	1.42	3.04
C	Govt. Connection	8.03	3.45	7.88
D	Industrial	0.56	0.24	0.49
E	HT Consumers	0.71	0.47	0.80
F	Public Lighting	0.43	0.24	0.43
G	Temporary		0.14	0.05
	Total	25.43	12.51	24.58

5.17.2 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2019-20.

*Petition for Approval of True-up for FY 2015-16 & FY 2016-17,
APR for FY 2019-20 & Tariff Proposal for FY 2020- 21*

5.18 Revenue Gap for FY 2019-20

5.18.1 The Revenue Gap as approved by the Hon'ble Commission and as calculated on the basis of the APR for the FY 2019-20 is shown in the table below:

Table 5.19: Revenue Gap for the FY 2019-20

(Rs. in crore)

S. No.	Particulars	FY 2019-20	
		Approved in T.O. dated 20th May 2019	Estimated for FY 2019-20
1	Net Revenue Requirement	135.71	148.52
2	Revenue from Sale of Power at Revised Tariff	25.43	24.58
3	Net GAP during the year	110.28	123.93
4	Add: Previous Year Gap	0	0
5	Total Gap	110.28	123.93

5.18.2 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2019-20.

6 Proposed ARR for the FY 2020-21

6.1 Background to FY 2020-21 Tariff Petition

6.1.1 LED filed the 2nd MYT Petition for the control period FY 2019-20 to FY 2021-22. FY 2019-20 is the first year of the control period. The ARR for the control period was approved by the Hon'ble Commission vide MYT order Dt. 20th May, 2019 along with the tariff for the FY 2019-20. Regulation 11(3) of the JERC MYT Regulations, 2018 provides as follows:

“The scope of the annual review, truing up and tariff determination shall be a comparison of the performance of the Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:

- a) True-up: a comparison of the audited performance of the Applicant for the financial Year for which the true up is being carried out with the approved forecast for such previous financial Year, subject to the prudence check;*
- b) Annual Review: a comparison of the revised performance targets of the applicant for the current financial year with the approved forecast in the Tariff Order corresponding to the Control period for the current financial year subject to prudence check;*
- c) Tariff determination for the ensuing Year of the Control Period based on revised forecast of the Aggregate Revenue Requirement for the Year;”*

In accordance with the above Regulation, LED is filing for approval of revised ARR & Tariff for the FY 2020-21.

6.1.2 This chapter summarizes each of the components of ARR for FY 2020-21 and requests the Hon'ble Commission to review the ARR for FY 2020-21. The proposal for revised ARR for FY 2020-21 is based on actual data/ information for the FY 2018-19 & first 6 months (First Half – H1) and estimation/projections for remaining 6 months (Second Half – H2) of the FY 2019-20, wherever applicable.

*Petition for Approval of True-up for FY 2015-16 & FY 2016-17,
APR for FY 2019-20 & Tariff Proposal for FY 2020- 21*

6.2 Approved ARR for the FY 2020-21

6.2.1 The summary of the charges for FY 2020-21 as approved by the Hon'ble Commission in the MYT Order is tabulated below:

Table 6.1: ARR approved for the FY 2020-21

(Rs. in crore)

S. No.	Particular	Approved in T.O. dated 20th May 2019
1	Cost of Fuel	82.35
2	Cost of power purchase	0.57
3	Depreciation	7.76
4	Employee costs	26.05
5	A&G expenses	2.91
6	R&M expenses	8.32
7	Interest and finance charges	5.79
8	Return on Equity	7.39
9	Interest on working capital	0.67
10	Interest on Consumer Security Deposit	0.07
11	Income Tax	0.00
12	Total Revenue Requirement	141.87
13	Less: Non-Tariff Income	1.24
14	Net Revenue Requirement (12-13)	140.63

6.3 Number of consumers

6.3.1 Hon'ble Commission has approved the number of consumers for the FY 2020-21 in the MYT order Dt. 20.05.2019. However, on the basis of the number of during FY 2018-19 & first half of FY 2019-20, LED submits the revised estimates for FY 2020-21. A comparison of the revised estimates with earlier approved numbers is shown below:

*Petition for Approval of True-up for FY 2015-16 & FY 2016-17,
APR for FY 2019-20 & Tariff Proposal for FY 2020- 21*

Table 6.2: Number of consumers for the FY 2020-21

S. No.	Categories	Approved in T.O. dated 20th May 2019	2018-19 (Actual)	CAGR Used	2019-20 (Estimated)	2020-21 (Projected)
1	Domestic	22122	19,683	3.89%	20,449	21,244
2	Commercial	2746	2,766	4.56%	2,892	3,024
3	Govt. Connection	1319	1,178	2.68%	1,210	1,242
4	Industrial	395	349	3.51%	361	374
5	HT Consumers	8	6	10.00%	7	7
6	Public Lighting	79	75	1.35%	76	77
7	Others Temporary Supply	160	246	0.00%	246	246
8	Total	26828	24303		25240	26214

6.3.2 It is requested to the Hon'ble Commission to approve the number of consumers as submitted in the above table for FY 2020-21.

6.4 Connected Load

6.4.1 Hon'ble Commission has approved the connected load for the FY 2020-21 in the MYT order Dt. 20.05.2019. However, on the basis of the number of during FY 2018-19 & first half of FY 2019-20, LED submits the revised estimates for FY 2020-21. A comparison of the revised estimates with earlier approved numbers is shown below:

Table 6.3: Connected Load for the FY 2020-21

S. No.	Categories	Approved in T.O. dated 20th May 2019	2018-19 (Actual)	CAGR Used	2019-20 (Estimated)	2020-21 (Projected)
1	Domestic	91906	87,669	2.40%	89,771	91,923
2	Commercial	17493	15,975	3.41%	16,520	17,083
3	Govt. Connection	8845	8,101	3.32%	8,370	8,648
4	Industrial	4191	3,786	4.17%	3,944	4,108
5	HT Consumers	658	520	8.16%	562	608
6	Public Lighting	330	308	3.67%	319	331
7	Others Temporary Supply	66	147	0.00%	147	147
8	Total	1,23,490	1,16,506		1,19,633	1,22,849

6.4.2 It is requested to the Hon'ble Commission to approve the connected load as submitted in the above table for FY 2020-21.

*Petition for Approval of True-up for FY 2015-16 & FY 2016-17,
APR for FY 2019-20 & Tariff Proposal for FY 2020- 21*

6.5 Energy Sales

6.5.1 Hon'ble Commission has approved the Energy Sales for the FY 2020-21 in the MYT order Dt. 20.05.2019. However, on the basis of the sales during the first half of FY 2020-21, LED submits the revised estimates for FY 2020-21. A comparison of the revised estimates with earlier approved numbers is shown below:

Table 6.4: Energy Sales for the FY 2020-21

(In MUs)

Categories	Approved in T.O. dated 20th May 2019	2018-19 (Actual)	CAGR Used	2019-20 (Estimated)	2020-21 (Projected)
Domestic	42.38	35.97	5.68%	38.01	40.17
Commercial	3.44	3.09	6.27%	3.28	3.48
Govt. Connection	8.39	8.00	1.54%	8.13	8.25
Industrial	0.46	0.38	1.97%	0.39	0.40
HT Consumers	0.71	0.69	10.00%	0.76	0.84
Public Lighting	0.69	0.67	2.43%	0.68	0.70
Others Temporary Supply	0.09	0.11	0.00%	0.11	0.11
Total	56.15	48.90		51.36	53.95

6.5.2 It is requested to the Hon'ble Commission to approve the sales as submitted in the above table for FY 2020-21.

6.6 Energy Balance

6.6.1 Hon'ble Commission has approved the Energy Balance and T&D loss for the FY 2020-21 in the MYT order Dt. 20.05.2019. However, on the basis of the actual figures during the first half of FY 2020-21, LED submits the revised estimates for FY 2020-21. A comparison of the revised estimates with earlier approved numbers is shown below:

*Petition for Approval of True-up for FY 2015-16 & FY 2016-17,
APR for FY 2019-20 & Tariff Proposal for FY 2020- 21*

Table 6.5: Energy Balance for the FY 2020-21

Particular	Approved in T.O. dated 20th May 2019	FY 2020-21
ENERGY REQUIREMENT		
Energy Sales		
LT Supply	55.44	53.11
HT Supply	0.71	0.84
Total Energy Sales	56.15	53.95
Overall T&D Losses (%)	12.50	12.50
Overall T&D Losses (in MUs)	8.02	7.70
Total Energy Required at UT Periphery (MUs)	64.17	61.65
ENERGY AVAILABILITY AT PERIPHERY		
Power Purchase	7.92	-
Own Generation	56.25	61.65
Total Energy Availability	64.17	61.65
ENERGY SURPLUS/(GAP)	0.00	0.00

6.6.2 LED requests the Hon'ble Commission to approve the Energy Balance and T&D Loss as submitted above for FY 2020-21.

6.7 Cost of fuel

6.7.1 The energy requirement of LED is met from own generation. There is no availability of power from Central Generating Stations or from other sources/ open market/ power exchanges etc.

6.7.2 Hon'ble Commission has approved the Fuel Cost for the FY 2020-21 in the MYT order Dt. 20.05.2019. However, on the basis of the cost figures during the first half of FY 2020-21, LED submits the revised estimates for FY 2020-21. A comparison of the revised estimates with earlier approved numbers is shown below:

Table 6.6: Cost of fuel for the FY 2020-21

(Rs. in crore)

S. No.	Type of Fuel	Approved in T.O. dated 20th May 2019	FY 2020-21
1	HSD	81.35	97.13
2	Lubricant	1.00	1.14
3	Total	82.35	98.27

6.7.3 The Hon'ble Commission is requested to approve the fuel cost as submitted above for FY 2020-21.

6.8 GFA, Capitalisation & Depreciation

- 6.8.1 Hon'ble Commission has approved the GFA for the FY 2020-21 in the MYT order Dt. 20.05.2019. LED has considered the actual GFA as on 31.03.2019 and estimated additions during the FY 2019-20 & asset additions approved by the Hon'ble Commission for the FY 2020-21 in the MYT order to arrive at the closing GFA for the year.
- 6.8.2 In view of the revision of the GFA as above, the depreciation for the FY 2020-21 is also recalculated in accordance with the MYT Regulations, 2018. The approved and the revised projections of depreciation for the FY 2020-21 is provided below.

Table 6.7: GFA, Capitalisation & Depreciation for the FY 2020-21

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2020-21
Opening GFA	194.74	187.41
Addition	10.35	10.35
Deletion	0	0.00
Closing GFA	205.09	197.76
Average GFA	199.92	192.58
Depreciation Rate	3.88%	3.88%
Depreciation	7.76	7.47

- 6.8.2.1 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

6.9 Operation & Maintenance expenses

- 6.9.1 Operation & Maintenance Expenses consists of three elements viz Employee Expenses, A&G Expense and R&M Expense:
- Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses
 - Administrative expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.
 - Repairs and Maintenance Expenses go towards the day to day upkeep of the distribution network of the Company and form an integral part of the Company's efforts towards reliable and quality power supply as well as in the reduction of losses in the system.

6.9.2 Employee Expenses

6.9.2.1 The Hon'ble Commission has approved the Employee cost for the FY 2020-21 based on the approved norms in accordance with Regulation 41 of the MYT Regulations, 2018.

6.9.2.2 LED is proposing the revised estimates of the employee cost for the FY 2020-21 based on the actual expenses for the FY 2018-19 & 1st Half (April,19 to September,19) of the FY 2019-20. The cost as approved by the Hon'ble Commission for the FY 2020-21 and the revised proposal for the year is given below:

Table 6.8: Employee Expenses for the FY 2020-21

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2020-21
Employee Cost	26.05	26.06
Total	26.05	26.06

6.9.2.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

6.9.3 Repair & Maintenance Expenses

6.9.3.1 The Hon'ble Commission has approved the Repair & Maintenance Expenses for the FY 2020-21 in MYT order based on the approved norms in accordance with Regulation 41 of the MYT Regulations, 2018. However, same was calculated considering the R&M expenses for past years. It is submitted that since, the audited commercial accounts for the FY 2015-16, FY 2016-17 were not available, the actual R&M expenses for the base years could not be considered. However, the Annual Accounts for the FY 2015-16 & FY 2016-17 is now audited and accordingly, LED proposes that the R&M expenses for the past years may be considered for projecting the R&M expenses for the FY 2020-21.

6.9.3.2 It is submitted that the actual R&M expenses for the FY 2015-16 & FY 2016-17 as per audited accounts are Rs. 14.68 crores & Rs.13.88 crores respectively. R&M expenses for 1st Half of the FY 2019-20 is Rs. 7.66 crores & estimated expenses for the FY 2019-20 is Rs. 14.75 crores.

6.9.3.3 In view of the past trends of R&M expenses as detailed above, LED is proposing to revise the R&M expenses for the FY 2020-21. The revised proposal for R&M expenses along with the approved figures for the FY 2020-21 is provided in the table below.

*Petition for Approval of True-up for FY 2015-16 & FY 2016-17,
APR for FY 2019-20 & Tariff Proposal for FY 2020- 21*

Table 6.9: Repair & Maintenance Expenses for the FY 2020-21

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2020- 21
R & M Expenses	8.32	17.85
Total	8.32	17.85

6.9.3.4 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

6.9.4 Administrative & General Expenses

6.9.4.1 The Hon'ble Commission has approved the Administrative & General Expenses for the FY 2020-21 based on the approved norms in accordance with Regulation 41 of the MYT Regulations, 2018

6.9.4.2 LED is proposing the revised estimates of the Administrative & General Expenses for the FY 2020-21 based on the actual expenses for the FY 2018-19 & 1st Half (April,19 to September,19) of the FY 2019-20. The cost as approved by the Hon'ble Commission for the FY 2020-21 and the revised proposal for the year is given below:

Table 6.10: Administrative & General Expenses for the FY 2020-21

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2020-21
A&G Expenses	2.91	3.76
Total	2.91	3.76

6.9.4.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

6.9.5 O&M expenses summary - Based on the foregoing paragraphs, the O&M expenses for the year FY 2020-21 are summarised below:

Table 6.11: O&M expenses summary for the FY 2020-21

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2020- 21
Employee Expenses	26.05	26.06
R&M Expenses	8.32	17.85
A&G Expenses	2.91	3.76
Total O&M Expenses	37.28	47.66

6.9.5.1 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

6.10 Interest & Finance charges

6.10.1 The LED being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. LED has considered the GFA as on 31.03.2019 and estimated additions during the FY 2019-20 & approved additions for FY 2020-21 to arrive at the closing GFA for the year. The normative loan for the FY 2020-21 has been arrived in accordance with the Regulation 26 of the MYT Regulations, 2018.

6.10.2 It is submitted that Regulation 28.4 of MYT Regulations, 2018 provides as below:

“Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then 1 Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.”

In view of the above Regulation, LED proposes to revise the interest charges based on the State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2019. The State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2019 was 8.55%. Accordingly, interest rate of 9.55% (8.55%+1%) has been considered for projecting the interest charges for the FY 2020-21.

Table 6.12: Interest & Finance charges for the FY 2020-21

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2020-21
Opening loan	63.50	18.81
Addition	7.25	7.25
Repayment	7.76	7.47
Closing Loan	62.99	18.58
Average Normative Loan	63.24	18.69
Interest Rate	9.15%	9.55%
Interest on Loan	5.79	1.79

6.10.3 LED requests the Hon’ble Commission to kindly approve the same for APR for FY 2020-21.

6.11 Interest on Working Capital

6.11.1 The Hon'ble Commission has approved the Interest on Working Capital for the FY 2020-21 based on the cost parameters approved for MYT Control Period in accordance with the Regulation 63 of the MYT Regulations, 2018. The Regulation provides as follows:

The Distribution Licensee shall be allowed interest on the estimated level of Working Capital for the Distribution Wires Business for the financial Year, computed as follows:

a) Operation and maintenance expenses for one (1) month; plus

b) Maintenance spares at 40% of R&M expenses for one (1) month; plus

e) Receivables equivalent to two (2) months of the expected revenue from Consumers at the prevailing tariffs;

Less

f) Amount, if any, held as security deposits

6.11.2 In view of the above Regulations, LED has recalculated the working capital requirement for the FY 2020-21.

6.11.3 Regulation 31.4 of MYT Regulations provides as follows:

“The rate of interest on Working Capital shall be equal 1 Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be applicable as on 1st April of the financial Year in which the Petition is filed plus 200 basis points.”

6.11.4 In view of the above Regulation, LED proposes to revise the interest charges based on the State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2019. The State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2019 was 8.55%. Accordingly, interest rate of 10.55% (8.55%+2%) has been considered for projecting the interest charges for the FY 2020-21.

6.11.5 LED has calculated the revised interest on working capital for the FY 2020-21 in accordance with the above submission. The same is provided below along with the approved figures for the year:

Table 6.13: Interest on Working Capital for the FY 2020-21

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2020-21
O&M expenses for 1 month	3.11	3.97
Maintenance Spares @ 40% of R&M expense of 1 month	0.28	0.59
Receivables for two months	4.42	4.69
Less: Adjustments for security deposits	1.20	1.20
Net Working Capital	6.61	8.06
Rate of Interest on Working Capital	10.15%	10.55%
Interest on Working Capital	0.67	0.85

6.11.6 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

6.12 Interest on Security deposits

6.12.1 Hon'ble Commission has approved the Interest on Security deposits on the balance of Security Deposit from the consumers during the FY 2020-21 in the MYT order Dt. 20.05.2019. LED submits that it is not proposing any revision in the figures as approved by the Hon'ble Commission for the FY 2020-21.

6.12.2 However, it is submitted that since the Interest on Security deposits is required to be calculated on the balance of Security Deposit from the consumers during the FY 2020-21, LED shall submit the revised figures at the time of True-up when audited Security Deposit balance are available for the consideration of the Hon'ble Commission. The cost as approved by the Commission for the FY 2020-21 is given below:

Table 6.14: Interest on Security deposits for the FY 2020-21

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2020-21
Opening Security Deposit	0.94	0.94
Addition	0.26	0.26
Closing Security Deposit	1.20	1.20
Average Security Deposit	1.07	1.07
RBI Bank Rate	6.25%	6.25%
Interest on Consumer Security Deposit	0.07	0.07

6.12.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

6.13 Return on Equity

6.13.1 The LED being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support. LED has considered the GFA as on 31.03.2019 and estimated additions during the FY 2019-20 & approved additions for the FY 2020-21 to arrive at the closing GFA for the year. The normative Equity for the FY 2020-21 has been considered at 30% of the above GFA in accordance with the Regulation 26 of the MYT Regulations, 2018.

6.13.2 Further, Regulation 27 of MYT Regulations, 2018 provides as follows:

“The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 26 for the assets put to use, at the rate of 16 per cent per annum.....”

6.13.3 In view of the above, the revised Return on Equity for the FY 2020-21 is calculated as below:

Table 6.15: Return on Equity for the FY 2020-21

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2020-21
Opening Equity	44.62	56.22
Addition	3.11	3.11
Deletion / Adjustment	0.00	0.00
Closing Equity	47.73	59.33
Average Normative Equity	46.18	57.77
Rate of Return on Equity	16%	16%
Return on Equity	7.39	9.24

6.13.4 LED requests the Hon’ble Commission to kindly approve the same for APR for FY 2020-21.

6.14 Provision for Bad & Doubtful Debts

6.14.1 Regulation 62 of MYT Regulations provides that the Bad debt shall be allowed based on actual write off. The same is reproduced below:

“Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off of bad debts excluding delayed payment charges waived off, if any, during the year, subject to prudence check.....”

6.14.2 In view of the above LED is not proposing any provision for Bad Debt. LED shall submit the claim towards bad and doubtful debts when audited figures are available for the consideration of the Hon’ble Commission at the time of true-up. Hon’ble Commission may kindly allow the same.

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6.15 Non-Tariff Income

6.15.1 Hon'ble Commission has approved the Non-Tariff Income for the FY 2020-21 in the MYT order Dt. 20.05.2019.

6.15.2 It is submitted that LED is not proposing any revision in the Non-Tariff Income as approved by the Hon'ble Commission. However, actual NTI shall be submitted for the consideration of the Hon'ble Commission at the time of True-up.

Table 6.16: Non-Tariff Income for the FY 2020-21

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2020-21
Non-Tariff Income	1.24	1.24

6.15.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

6.16 Aggregate Revenue Requirement

6.16.1 The Aggregate Revenue Requirement for FY 2020-21 as approved by the Hon'ble Commission and the calculation for revised Aggregate Revenue Requirement on the basis of revised estimates as submitted in the above sections for FY 2020-21 is shown below:

Table 6.17: Aggregate Revenue Requirement for the FY 2020-21

(Rs. in crore)

S. No.	Particular	Approved in T.O. dated 20th May 2019	FY 2020-21
1	Cost of Fuel	82.35	98.27
2	Cost of power purchase	0.57	0.00
3	Depreciation	7.76	7.47
4	Employee costs	26.05	26.06
5	A&G expenses	2.91	3.76
6	R&M expenses	8.32	17.85
7	Interest and finance charges	5.79	1.79
8	Return on Equity	7.39	9.24
9	Interest on working capital	0.67	0.85
10	Interest on Consumer Security Deposit	0.07	0.07
11	Income Tax	0.00	0.00
12	Total Revenue Requirement	141.87	165.35
13	Less: Non-Tariff Income	1.24	1.24
14	Net Revenue Requirement (12-13)	140.63	164.11

6.16.2 LED requests the Hon'ble Commission to kindly approve the same for the FY 2020-21.

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6.17 Revenue from sale of Power at Existing Tariff

6.17.1 The estimate of Revenue from sale of power for FY 2020-21 at existing tariff, based on the revised projections as detailed in the above sections is shown in the table below:

Table 6.18: Revenue from sale of Power at Existing Tariff for the FY 2020-21

(Rs. in crore)

S. No.	Category/Slab of Consumers	Projected
A	Domestic	12.60
B	Commercial	3.20
C	Govt. Connection	8.00
D	Industrial	0.51
E	HT Consumers	0.88
F	Public Lighting	0.44
G	Others Temporary Supply	0.05
	Total	25.68

6.17.2 LED requests the Hon'ble Commission to kindly approve the same for FY 2020-21.

6.18 Revenue Gap for FY 2020-21

6.18.1 The Revenue Gap at existing tariff, based on the revised projections as detailed in the above sections is shown in the table below:

Table 6.19: Revenue Gap for the FY 2020-21

(Rs. in crore)

Sr. No.	Particulars	FY 2020-21
1	2	3
1	Net Revenue Requirement	164.11
2	Revenue from Retail Sales at Existing Tariff	25.68
3	Net Gap (1-2)	138.42
4	Gap for the previous year	0
5	Total Gap (3+4)	138.42

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6.19 Average cost of supply

Average cost of supply based on the Revised ARR & sales at existing tariff for the FY 2020-21 is provided in the table below:

Table 6.20: Average cost of supply for the FY 2020-21

Sr. No.	Particulars	Approved in T.O. dated 20th May 2019	Projection for FY 2020-21
1	2	3	4
1	Net Revenue Requirement (Rs. In Crore)	140.63	164.11
2	Energy Sales (MU's)	56.15	53.95
3	Average cost of supply/unit (In Rs)	25.05	30.42

6.19.1 LED requests the Hon'ble Commission to kindly approve the same for FY 2020-21.

7. Tariff Proposal for the FY 2020-21

Background of the Tariff Proposal

The Hon'ble Commission has already approved the ARR for the FY 2020-21 along with other parameters in the MYT order dated 20.05.2019. LED is filing the instant petition for approval of the Tariff for the FY 2020-21 based on the revised projections of ARR & other parameters as detailed in para 6 above.

This section summarizes the proposed tariff & Revenue Gap at proposed tariff.

7.1 Recovery of Revenue Gap

The estimated gap in the FY 2020-21 has been computed by deducting the Revenue at Existing Tariff from the net ARR. LED has projected gap for the FY 2020-21 at Rs. 138.43 Crores as detailed in the table above.

7.2 Proposed Tariff

Tariff is a sensitive subject having substantial impact on social, economic and financial wellbeing of the public at large as well as the viability and growth of power sector. LED proposes to recover a part of the gap through hike in tariff as recovery of the total gap would result in huge burden on the consumers. The proposed tariff for recovery of the gap is detailed in the subsequent section.

The basic requirement of any Tariff proposal is that it has to be transparent and justifiable against various policy guidelines and the framework evolved by the JERC and various SERCs. On the basis of the various components of ARR as proposed in para 6 above, the cost of supply calculated at Rs. 30.42 per unit. Average revenue per unit at existing tariff is Rs.4.76 Thus, there is gap of Rs.25.66 per unit.

It is submitted that over 95% of power is generated from Diesel based generating stations. There is no other source of energy. Major component of cost of supply is cost of HSD and Lubricants. Further, there has been a reduction in budgetary support from the government. The above factors, apart from general rise in prices have necessitated the increase in tariff. However, in this Tariff proposal only partial recovery of cost is proposed.

Considering the above, the tariff proposal for FY 2020-21 for individual categories is given below along with the comparison of existing and proposed energy charges.

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Table 7.1: Proposed Tariff

Existing			Proposed		
Category	Energy Charge (Rs./Kwh)	Fixed Charges	Category	Energy Charge (Rs./Kwh)	Fixed Charges
Life Line Connection	1.00	Rs. 10/- per service connection per month or part thereof	Life Line Connection	1.10	Rs. 10/- per service connection per month or part thereof
Domestic Connection			Domestic Connection		
0 to 100 units	1.35	Rs. 20/- per connection per month or part thereof for single phase Rs. 70/- per connection per month or part thereof for three phase	0 to 100 units	1.49	Rs. 20/- per connection per month or part thereof for single phase Rs. 70/- per connection per month or part thereof for three phase
101 to 200 units	3.10		101 to 200 units	3.41	
201 to 300 units	5.20		201 to 300 units	5.72	
301 units & above	6.85		301 units & above	7.54	
Commercial			Commercial		
0-100 Units	6.30	Rs. 30/- per connection per month or part thereof for single phase Rs. 125/- per connection per month or part thereof for three phase	0-100 Units	6.93	Rs. 30/- per connection per month or part thereof for single phase Rs. 125/- per connection per month or part thereof for three phase
101 to 200 Units	7.65		101 to 200 Units	8.42	
201 Units & above	9.50		201 to 300 Units	10.45	
Govt. Connection			Govt. Connection		
0-200 Units	8.00	Rs. 35/- per connection per month or part thereof for single phase Rs. 125/- per connection per month or part thereof for three phase	0-200 Units	8.80	Rs. 35/- per connection per month or part thereof for single phase Rs. 125/- per connection per month or part thereof for three phase
201 units & above	9.70		201 units & above	10.67	
Industrial			Industrial		
All units	6.50	Rs. 50/- per KVA per month or part thereof	0 to 200 Units	7.15	Rs. 50/- per KVA per month or part thereof
HT Consumers	9.20	Rs. 150/- per KVA per month or part thereof	HT Consumers	10.12	Rs. 150/- per KVA per month or part thereof
Public Lighting	6.00	Rs. 50/- per KVA per month or part thereof	Public Lighting	6.60	Rs. 50/- per KVA per month or part thereof

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EV Charging Stations	4.76	Rs. 100/- per KVA per month or part thereof	EV Charging Stations	5.24	Rs. 100/- per KVA per month or part thereof
Temporary Connection	4.71		Temporary Connection	5.16	

Note: In case of temporary connections it is assumed that the consumers belong with domestic category. Accordingly 1.5 times of average rate of domestic category has been considered.

Based on the tariff proposed above, following is the summary of the revenue from various consumer categories at the proposed tariff, which is being compared with the consumer category-wise revenue at existing tariff:

Table 7.2: Comparison of Existing Tariff with proposed Tariff

Consumers Category	Energy Sales (MU's)	Revenue at Existing Tariff	Revenue at Proposed Tariff
Domestic	40.17	12.60	13.82
Commercial	3.48	3.20	3.50
Govt. Connection	8.25	8.00	8.80
Industrial	0.40	0.51	0.53
HT Consumers	0.84	0.88	0.96
Public Lighting	0.70	0.44	0.48
Others Temporary Supply	0.11	0.05	0.06
Total	53.95	25.68	28.14

Note: For calculation of revenue from temporary connections it is assumed that the consumers belong with domestic category. Accordingly 1.5 times of average rate of domestic category has been considered.

7.3 Impact of Tariff on Consumers

The revenue gap and the average tariff hike proposed are presented in the table below:

Table 7.3: Impact of Tariff on Consumers

Sr. No.	Particular	Units	FY 2020-21	
			Existing	Proposed
1	Net ARR for FY 2020-21	Rs,. Crores	164.11	164.11
2	Revenue for FY 2020-21	Rs,. Crores	25.68	28.14
3	Gap (1-2)	Rs,. Crores	138.42	135.96
4	Total Sales	MU's	53.95	53.95
5	Average Cost of Supply (1/4x10)	Rs. per kWh	30.42	30.42
6	Average Revenue (2/4x10)	Rs. per kWh	4.76	5.22
7	Pure Gap (5-6)	Rs. per kWh	25.66	25.20
8	Average Hike in Tariff			0.46
	Hike %			9.59

Hence, it is submitted that the average tariff required to recover the gap attributable to FY 2020-21 is Rs.25.66, but keeping in view the resultant burden on the consumers, the proposed hike has been restricted to Rs 0.46 per unit.

In view of the above, it is prayed to the Hon'ble Commission that considering the submissions in previous sections and price index for the period, the hike in tariff be allowed.

8. Compliance of Directives

8.1.1 Filing of Review and True up of previous years

The Commission directs the Petitioner to get the audited accounts of FY 2015-16 and FY 2016-17 and file the true up Petitions for these years within two months from the issuance of this Tariff Order. Further, the Commission directs the Petitioner to prepare the accounts for FY 2017-18 & FY 2018-19 and get the same audited to enable the Petitioner to file the true up petitions for the said years with the next tariff filing for FY 2020-21.

The Petitioner is again directed to file APR for FY 2019-20 along with the tariff petition for FY 2020-21.

Reply:

It is submitted that the Accounts for the FY 2015-16 & FY 2016-17 has been completed & audited and True-up for the years is submitted in the instant petition. The Accounts for the FY 2017-18 is completed but the audit for the same is yet to be done by AG. The accounts for the FY 2018-19 is under compilation. It is submitted that the True-up for the FY 2017-18 & FY 2018-19 shall furnished after completion of the Audit for the respective years. Hon'ble Commission may kindly allow the same.

The APR for the FY 2019-20 is submitted in the instant petition.

8.1.2 Annual statements of accounts

Commission's response

The Commission directs the Petitioner to get the audited accounts of FY 2015-16 and FY 2016-17 and file the true up Petitions for these years within two months from the issuance of this Tariff Order. Further, the Commission directs the Petitioner to prepare the accounts for FY 2017-18 & FY 2018-19 and get the same audited to enable the Petitioner to file the true up petitions for the said years with the next tariff filing for FY 2020-21.

The Petitioner is again directed to file APR for FY 2019-20 along with the tariff petition for FY 2020-21.

Reply:

It is submitted that the Accounts for the FY 2015-16 & FY 2016-17 has been completed & audited and True-up for the years is submitted in the instant petition. The Accounts for the FY 2017-18 is completed but the audit for the same is yet to be done by AG. The accounts for the FY 2018-19 is under compilation. It is submitted that the True-up for the FY 2017-18 & FY 2018-19

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shall furnished after completion of the Audit for the respective years. Hon'ble Commission may kindly allow the same.

The APR for the FY 2019-20 is submitted in the instant petition.

8.1.3 Capital Expenditure

Commission's response

The Commission observes that the Petitioner has submitted the actual capitalization for previous years upto FY 2017-18. However, the Petitioner has still not submitted the details of capital expenditure and capitalization for first six months of FY 2018-19. Accordingly, the Commission directs the Petitioner to submit the detailed statement of capital expenditure and capitalization upto March 2019 within three months from issue of the Tariff Order. Further, the Commission directs the Petitioner to regularly submit the quarterly report on capital expenditure and capitalization for the second control period within three months after completion of each quarter in timely manner.

Reply:

It is submitted that LED has submitted the details to the Hon'ble Commission vide letter No. F.No.67/2/2/El-2018 Dt.12.09.2019

8.1.4 Improvement of specific fuel consumption

The Commission has observed that the Petitioner has still not submitted the details of the progress report on overhauling of the existing DG sets and augmentation of DG capacity in the last three years. The Commission sought data on actual fuel consumption and actual generation for FY 2016-17 and FY 2017-18 in additional information. From the data submitted by the Petitioner, it was observed that the actual specific consumption of HSD and Lubricant increased from 260.70 ml/kWh for HSD and 0.96 ml/kWh for Lubricant in FY 2016-17 to 271.53 ml/kWh for HSD and 1.02 ml/kWh for Lubricant in FY 2017-18 respectively. The Commission has already approved the capital expenditure for Installation / Replacement / Augmentation of DG Sets for the second control period in Business Plan order. Therefore, it is expected that the specific fuel consumption will improve from the present level. Accordingly, the Commission directs the Petitioner to submit the quarterly progress report on overhauling of the existing DG sets and augmentation of DG capacity, failing which the Commission will be constrained to take appropriate action against the Petitioner.

Reply:

It is submitted that LED has submitted the details to the Hon'ble Commission vide letter No. F.No.67/2/2/El-2018 Dt.12.09.2019

8.1.5 Manpower Studies

The Petitioner is directed to expedite the process for completion of manpower study and submit the report within three months of issuance of this order.

Reply:

Manpower study report is being submitted separately

8.1.6 Interest on security deposit

The Commission directs the Petitioner to submit the details of interest on security deposit paid/settled in the bills of consumers during FY 2016-17, FY 2017-18 and first nine months of FY 2018-19 (April to December 2018) within 3 months from the date of this Order.

Reply:

It is submitted that LED has submitted the details to the Hon'ble Commission vide letter No. F.No.67/2/2/El-2018 Dt.12.09.2019

8.1.8 Metering of consumer installations/ replacement of nonfunctional or defective meters

The Commission has noted the submission of the Petitioner. Still the Petitioner has not submitted the report giving details of the number of non-functional or defective meters and the action plan for replacement of such meters. In this regard the Commission directs the Petitioner to comply with the direction within three months from the issuance of this order, else proceedings under Section 142 of the Electricity Act 2003 shall be initiated against the Petitioner for repeated non-compliance.

Reply:

It is submitted that LED has submitted the details to the Hon'ble Commission vide letter No. F.No.67/2/2/El-2018 Dt.12.09.2019

8.1.9 Energy Audit Report

It is disheartening to see that the Petitioner has not been able to comply with the majority of the directions issued by the Commission. The Commission directs the Petitioner to comply with the direction within one month from the issuance of this order.

Reply:

The Energy Audit report is being submitted separately.

8.1.10 State Load Dispatch Centre

The Commission is of the view that though the power demand of each Island is being met by their on generating stations, however, establishment of SLDC will help in proper demand forecasting and capacity planning for the LED. Hence, the Commission directs the Petitioner to re-examine its decision on requirement of SLDC and prepare a roadmap for establishment of an independent SLDC.

Reply:

The LED has made submission in this regard vide its letter No. F.No.67/2/2/Ele-2018 Dt.12.09.2019.

8.1.11 Slab-wise details

Commission's response

The Commission again directs the Petitioner to provide the island-wise, month-wise and slab-wise detailed break up of number of consumers, connected load and energy sales under each consumer category for the last five years within three months of the issuance of this order.

Further, the Commission also directs the Petitioner to maintain and submit monthly island-wise information for category-wise sales, number of consumers, connected load, T&D losses, plant-wise generation/purchase, fuel cost, etc. on quarterly basis within three months of the issuance of this order. Failing to comply with above directions the Commission may initiate proceedings under Section 142 of the Electricity Act 2003 for repeated non-compliance.

Reply:

The details submitted vide letter No. F.No.67/2/2/Ele-2018 Dt.12.09.2019

8.1.12 Details of O&M Expenses

The Commission has noted the submission of the Petitioner and directs the Petitioner to submit the detailed break-up of Employee Expenses, R&M Expenses and A&G expenses in the next Tariff Petition.

Reply:

The break-up of Employee Expenses, R&M Expenses and A&G expenses is being submitted separately.

8.1.13 Details of upcoming Power Plants

The Commission has observed that the Petitioner had proposed purchase of power to meet RPO in Business Plan through development of floating Solar, repowering of existing ground mounted solar power projects, development of rooftop solar power projects, development of small scale wind turbines, purchase of power from NTPC from agro-waste based biomass system. However, in the MYT Petition, the Petitioner has not projected any purchase through above sources.

The Commission directs the Petitioner to submit the quarterly status report on procurement of power from the approved solar plants and details of the ongoing and proposed installation of solar power plants.

Reply:

It is submitted that LED has submitted the details to the Hon'ble Commission vide letter No. F.No.67/2/2/El-2018 Dt.12.09.2019