RAJASTHAN ELECTRICITY REGULATORY COMMISSION, JAIPUR
Petition No. RERC 1291/2017, 1292/2017, 1293/2017

In the matter of approval of true up of Jaipur Vidyut Vitran Nigam Ltd (JVVNL), Ajmer Vidyut Vitran Nigam Ltd (AVVNL) and Jodhpur Vidyut Vitran Nigam Ltd (JdVVNL)for FY 2016-17.

Coram: **Shri Vishvanath Hiremath, Chairman**
Shri R.P.Barwar, Member
Shri S.C. Dinkar, Member

Petitioners**:** Jaipur Vidyut Vitran Nigam Ltd. Jaipur (1291/2017)
Ajmer Vidyut Vitran Nigam Ltd. Ajmer (1292/2017)
Jodhpur Vidyut Vitran Nigam Ltd. Jodhpur (1293/2017)

Date of hearing: 15.05.2018
Date of Order: 28.05.2018

ORDER

Section-1: Background

1.1 The three distribution companies namely, Jaipur Vidyut Vitran Nigam Ltd. (JVVNL), Ajmer Vidyut Vitran Nigam Ltd. (AVVNL) and Jodhpur Vidyut Vitran Nigam Ltd. (JdVVNL), collectively called Discoms or Petitioners had filed petitions for approval of true-up of ARR for FY 2016-17 under RERC (Terms and Conditions for Determination of Tariff) Regulations, 2014.

1.2 JVVNL filed the petition on 30.11.2017, AVVNL on 30.11.2017 and JdVVNL on 30.11.2017 for FY 2016-17.

1.3 JVVNL filed the additional information on 24.01.2018 & 06.02.2018, AVVNL on 22.01.2018 & 08.02.2018 and JdVVNL on 30.01.2018 & 08.02.2018 relating to approval of true up of ARR for FY 2016-17.

1.4 As per Section 64(2) of the Act, 2003 which requires that applicant should publish application filed in such abridged form and manner as may be specified by the Appropriate Commission, the Commission on dated 21.02.2018 allowed Discoms to publish the notice in the newspapers.

1.5 Accordingly, public notices with salient features of the petitions, inviting comments/suggestions, were published in the following newspapers on the dates shown against each of the petitions and were also placed on the websites of the Commission and Discoms. The last date for submission of comments/ suggestions was notified as 2.04.2018 for JVVNL and 28.03.2018 for AVVNL & JdVVNL:

Sr. No.	Name of Newspapers	JVVNL	AVVNL	JdVVNL
(i)	Dainik Bhaskar	-	-	01.03.2018
(ii)	Times of India	-	08.03.2018	-
(iii)	Danik Nav Jyoti	09.03.2018	07.03.2018	-
(iv)	Rashtradoot	09.03.2018	07.03.2018	01.03.2018
(v)	The Hindu	-	-	02.03.2018
(vi)	DNA	09.03.2018	-	-

1.6 In the case of JVVNL 8 numbers of comments/suggestions, in AVVNL and JdVVNL 6 comments/suggestion were received from the stakeholders for FY 2016-17. The list of stakeholders is enclosed at **Annexure-A.**

1.7 The Commission forwarded the suggestions/comments submitted by the Stakeholders to the respective Discoms for furnishing the reply.

1.8 The public hearing in the matter was held on 15.05.2018. The list of stakeholders who have made oral submissions during the hearing is enclosed at **Annexure-B**.

1.9 Post hearing, the Discoms on 18.05.2018 have filed clarification in respect of issues raised by the stakeholders during the hearing.

1.10 The Commission has also considered the reply given by the Discoms in respect of queries of the Commission & stakeholder and oral submissions made by the Discoms & Stakeholders during the hearing and also perused all the relevant records while finalizing this order.

1.11 As issues arising in all the petitions are common for all three Discoms and the Stakeholders have also made common submissions on all the petitions and a common hearing was held in the matter, the Commission therefore has decided to consider all the petitions together for FY 2016-17 and dispose them through this common order.

1.12 Discoms prayed to approve the true up of FY 2016-17 as submitted.

1.13 All energy figures used in this order, unless stated otherwise, are in Million Units (MU).

1.14 For the purpose of representation, figures given in the tables are shown as rounded off. However, for calculation purpose, actual figures have been considered.

1.15 This order has been structured in three sections as given under.

a) Section 1 – Background discussed in this part.
b) Section2 - Comments/suggestions of Stakeholders, Petitioners' response and the Commission's observations thereon.
c) Section 3 - True-up of ARR for FY 2016-17 of the three Discoms.

Section – 2 Stakeholders comments, Petitioners' response and the Commission's views:

Part I – General issues/comments related to True-up of FY 2016-17

2.1 Cost Records

2.1.1 Stakeholders Comments

Discoms may furnish the cost record prescribed by the Central Government under section 209(1)(d) of the Company Act, 1956 as required under 2(a) (v) the RERC Tariff Regulations, 2014.

2.1.2 Petitioners' Response:

Discoms submitted that the True up petition for FY 2016-17 has been filed with requisite formats and Discoms have also filed additional data in the additional submission as per Commission requirement and according to Rajasthan Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2014.

2.1.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

2.2 Consumer Education

2.2.1 Stakeholders Comments

It was submitted that the Discoms have shown NIL expenditure against approved consumer education/awareness expenses of Rs. 50 Lakh, which shows the non-seriousness of the Discoms.

2.2.2 Petitioners' Response:

The JVVNL and JdVVNL submitted that they have incurred more than Rs. 50 lakh towards consumer education and awareness programs, whereas AVVNL submitted that it has incurred Rs. 12 lakh. Discoms also submitted that various programmes have been conducted for consumer education/awareness.

2.2.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

2.3 Distribution Franchisee (DF)

2.3.1 Stakeholders Comments

1. Information was sought in respect of total number of consumers under each category as on 01.09.2016, number of consumers transferred to Kota Electricity Distribution Limited by JVVNL and balance consumers after transfer. Similarly, information was sought in respect of total number of consumers under each category as on 01.12.2016, number of consumers transferred to Bharatpur Electricity Services Limited and balance consumers after transfer.

2. It was submitted that energy balance & energy sales figure should be calculated by deducted sale to DF. Thus the energy surplus will be more than calculated by JVVNL and cost of power purchase will be reduced.

3. The copy of agreement executed by JVVNL with Kota Electricity Distribution Ltd. and Bharatpur Electricity Services Ltd was sought.

4. The information of value of assets transferred by JVVNL to each franchisees was sought.

5. Information was sought whether the agreement executed by JVVNL with two franchises has any clause for revision of their rate of charges and it so at what intervals and at what percentage. Copy of relevant clause may be provided. The Present rate of charges at which supply is being given to both the franchises may be intimated.

6. Information was sought whether necessary fuel surcharge/charges on account adjustment of fuel cost and/or rate of power purchase recoverable from the two franchises by JVVNL and if so the amount recovered from them in addition to rate of charges may be intimated for the FY 2016-17.

7. Information was sought whether the number of consumers shown as on 31st March, 2017 in Form No.2.1 by JVVNL are inclusive of consumers of franchisee or exclusive of them.

8. It was submitted that revenue realization from franchises is Rs. 5.81 per unit which is less than Rs. 6.72 per kWh for JVVNL as a whole (excluding revenue and sales of franchises). In absence of petition indicating assets, employees and functions transferred to the franchise and their impact of losses, depreciation, O&M

expenses, interest and finance expenses, etc, it cannot be objectively analyzed. It was further submitted that the Commission may direct Discoms to furnish data in respect of franchises and specify requisite formats (in addition to form D2.1) to be furnished by franchises as well Discoms in future.

2.3.2 Petitioners' Response:

1. The Discoms have submitted that the information sought have been furnished.

2. JVVNL submitted that view of the stakeholder would have been appropriate if DF was supplied energy at 132 KV voltage level. But all input points for DF are at 33 kV voltage level and as such the input energy sold to DF has to be accounted for while computing energy at distribution periphery and the energy balance.

3. JVVNL has submitted that copy of agreement with DF has been shared with the stakeholder.

4. The Discom submitted that it has furnished the required formats with the true up petition for FY 2016-17 as required by the Commission.

5. JVVNL submitted that as per the DF agreement, it will raise invoice on the DF for the energy supplied every month. Revenue for input energy is based on the input energy in the franchisee area given by the Discom, the annualised input rate applicable for the year as per the DF agreement and the indexation factor which is the ratio of Average billing rate (ABR) of the current month and ABR of base year.

6. JVVNL submitted that Fuel surcharge amount is implicitly included in the ABR which the Discom receives.

7. The JVVNL submitted that the number of consumers i.e. 3,884,910 consumers shown in Format 2.1 is exclusive of consumers falling in the DF area. JVVNL has also shown consumers in DF area separately below the total consumers.

8. JVVNL submitted that it has filed the required formats with the true up petition for FY 2016-17. JVVNL has also submitted form 2.1 separately for Distribution franchisee in its additional information.

JVVNL further submitted that revenue realization from DF is Rs. 5.81 per unit. The Discom supplies energy at input level and thus has minimal distribution loss. The DFs as per the agreement are also required to incur capital expenditure in their respective areas. It is envisaged that the Discom is likely to accrue a benefit of Rs. 200 Crore from giving these areas under Distribution franchisee.

2.3.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

Part II – Issues/comments related to True-up of ARR of FY 2016-17

2.4 Power Purchase

2.4.1 Stakeholders Comments

1. It was submitted that JVVNL may provide the information of quantum of power received from the sources within the state and outside the state.

2. It was submitted that the cost of power purchase may be allowed as per true up Order of RVUN for FY 2016-17.

3. It was submitted that Discoms have purchased the power from RVUN at rate higher than the approved rates, Discoms may clarify the reasons for the same.

4. Discoms have sold the surplus power @ Rs. 2.80 per unit instead of Rs. 4 per unit as approved by the Commission for FY 2016-17. The Discoms need to clarify the same.

5. It was submitted that instead of selling the surplus energy at lower rate of Rs. 2.80 per unit, it could have been sold to large consumers with discount/ incentive of Rs. 1.0 per unit, so as to discourage them from purchasing power through power Exchanges under Open access and thus increase the revenue of Discoms.

6. It was submitted that as per table -5 of the petition Discoms have combined the energy purchased from RVUN and other State Generation plants and calculated the actual rate per unit as Rs. 4.49, 4.50 and 4.51 per unit of JVVNL, AVVNL and JdVVNL respectively, against the approved rate of Rs. 3.79 per unit. In order to calculate the correct cost of RUVN power, the purchase from RVUN be shown separately.

7. Detailed reason for increase in power purchase cost may be furnished

2.4.2 Petitioners' Response:

1. JVVNL submitted that the information of power purchase as sought by the stakeholder has been submitted in detail in format 3.1.

2. The Discoms submitted that power purchase cost submitted is actual cost and based on audited account of FY 2016-17 and thus the same may be considered.

3. The Discoms submitted that Power purchase cost from RVUN station is based on actual power purchase cost of RVUN station as per Commission tariff order for RVUN stations.

4. The Discoms submitted that the rates discovered in the power market are of dynamic nature and it sells surplus power in the power market at the rates prevailing in the market at that specific time. The power market works as per demand-supply scenario.

5. Discoms submitted that they provide various rebates to the consumer like power factor rebate, voltage rebate, prompt payment rebate, Load factor rebate for Industries etc.

6. The Discoms submitted that station wise actual power purchase cost has been provided in Format 3.1 of True up petition for FY 2016-17.

7. The Discoms submitted that power purchase cost from RVUN station is based on actual power purchase cost of RVUN station as per Commission tariff order. The Discom ensures that merit order dispatch principle is followed during the power purchase procedure. Priority is always being given to lowest cost source of power. Rajasthan being a surplus power state, the Discom have to bear fixed cost of backed down stations to avoid purchasing energy from high variable cost power source.

2.4.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of power purchase in true up analysis section of this order.

2.5 Banking Transaction

2.5.1 Stakeholders Comments

It was submitted that the Commission may decide the matter related to banking transaction as per decision taken in the order dated 22.09.2016.

2.5.2 Petitioners' Response:

The Discoms submitted the information related to banking transaction along with additional information.

2.5.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto. The Commission has dealt with issue of banking transaction cost under true up analysis section of this order.

2.6 Transmission Charges and Losses

2.6.1 Stakeholders Comments

1. The segregation of intrastate and interstate transmission losses was sought.

2. It was submitted that the transmission losses of 3.95% as claimed by the Discoms are higher than the losses of 3.35% claimed by RVPN in their true up petition for FY 2016-17. Thus the same may not be allowed to Discoms.

3. It was submitted that credit of true up of RVPN has been shown as other income in the audited accounts of JVVNL, whereas it should be adjusted against power purchase cost, since this credit is on account of transmission/ SLDC charges which will lead to reduction in power purchase cost.

4. It was submitted that, transmission charges of M/s Aravali and M/s Maru has been equally debited to all Discoms. This does not appear to be correct Discoms may clarify the same.

5. Transmission system of M/s Aravali and M/s Maru is part of the transmission system of Rajasthan and their transmission charges should have been pooled with those of RVPN's system and then transmission tariff determined so that implication of their transmission system on Discoms is reflected in proportion to their demand and their charges also reflected on deemed distribution licensees and open access consumers.

6. It was submitted that the cost of transmission charges and SLDC charges may be allowed as per true up Order of RVPN for FY 2016-17.

2.6.2 Petitioners' Response:

1. The Discoms submitted that breakup of Interstate and Intrastate transmission losses are not available with them. Discoms also submitted that considering the network configuration, it is impossible to bifurcate energy available at state periphery from interstate sources and intrastate sources.

2. The Discoms submitted that Interstate and Intrastate transmission losses for FY 2016-17 is 3.95%. The stakeholder has only highlighted the Intrastate losses of 3.35% for FY 2016-17 and thus ignored Interstate losses altogether.

3. JVVNL submitted that it has correctly accounted true up credit by RVPNL of Rs. 112 crore as Other Income.

4. The Discoms submitted that transmission charges are divided in the allocation ratio of 40:28:32 for Jaipur, Ajmer and Jodhpur Discom respectively.

5. The Discoms submitted that in its comments on RVPN true up and ARR petition it had requested the Commission to include the transmission capacity used by Deemed licensees like Railways in total RVPN transmission capacity to reduce allocation ratio and charge to Discoms.

6. The Discoms submitted that they have shown the actual Transmission and SLDC charges as per the audited accounts.

2.6.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto and dealt with the issue of transmission charges under true up analysis section of this order. As regards pooling of transmission charges of M/s Aravali and M/s Maru, the Discoms may examine the same and if need be come up with a suitable proposal along with next year petition.

2.7 <u>O& M and Insurance Charges</u>

2.7.1 Stakeholders Comments

1. It was submitted that according to annual audited accounts of JVVNL & JdVVNL,

the Discom have changed the policy of capitalization and due to this there is restatement of figures, the Discoms may clarify the same.

2. It was submitted that while working out the O&M expenses, sales should exclude distribution franchisee sales.
3. Detailed reasons should be provided for incurring only Rs. 0.62 Crore towards insurance charges against approved figure of Rs. 15 Crore.
4. It was submitted that O&M expenses are based on normative parameters. Accordingly, irrespective of actual audited figures, these are to be considered based on actual sales.

2.7.2 Petitioners' Response:

1. The Discoms submitted that the Capitalization policy of the Discoms stated in its Significant accounting policies of its audited annual accounts is as below:

FY 2015-16 Annual accounts: Significant accounting policies 3 (f)
In absence of specific detailed records for bifurcation of Employees Cost and Office & administration expenditure attributable to capital works or O&M works, capitalization of Employees cost and Office & administration expenditure is made in the following manner to keep uniformity in adherence by the accounting units :

Name of the accounting units	***Capitalization of Employees Cost (Excldg. Terminal benefits) and Office & administration exp.***
M.M	*90%*
RE & TW	*100%*
Other accounting units	*30%*

FY 2016-17 Annual accounts: Significant accounting policies 3 (f)
In absence of specific detailed records for bifurcation of Employees Cost and Office & administration expenditure attributable to capital works or O&M works, capitalization of Employees and General administrative expenditure is made in the following manner to keep uniformity in adherence by the accounting units :

O&M Circle/Accounting units Level:
Employees cost (including terminal benefits) and Administrative cost of ACOS, Civil, DDUGJY and EITM offices at O&M circle level are to be capitalized 100%. Employees cost (including terminal benefits) of Offices other than above is to be

capitalized 10% and General expenses related to material handling charges only which are grouped under accounting code 76.2xx are to be capitalized 100%.

Non O&M Accounting Units:
Employees cost (including terminal benefits) and General administrative cost of Non-O&M offices viz Material Management wing, Rural Electrification wing, Turn-key Works wing, IT wing and Survey & Investigation Offices are to be capitalized 100%.

Offices at Corporate level:
Employees cost (including terminal benefits) booked at Corporate level i.e. AO (Cash) is to be capitalized 5%. Further, terminal benefit cost as per actuarial valuation report and other employee cost booked at HO level is also to be capitalized in proportion to overall capitalization of employees cost. Non O& M Accounting Units shall transfer the amount of capitalization to Corporate accounts section on monthly basis through Inter unit account for apportionment of the same amongst O&M circles in the ratio of capital expenditure

2. The JVVNL submitted that Distribution franchisee is just acting on the behalf of the Jaipur Discom to serve the areas of Kota and Bharatpur and this internal arrangement of serving these areas does not affect the fact that in the end JVVNL is responsible to serve these areas to provide quality power supply.

   JVVNL also submitted that while fixing the base price of ABR to grant the Distribution Franchisee the petitioner made its calculation based on the fact that RERC will allow the Discom to recover normative O&M expenses based on sales. Thus, the Discom should be allowed normative O&M expenses based on sales as submitted by the Discom.

3. The AVVNL submitted that the expenditure towards insurance charges was approved by the Commission on the normative basis, whereas the figure claimed in the true up petition are the actual insurance charges incurred based on the Audited Accounts.

2.7.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto and has approved the O&M expenses as per norms prescribed in the RERC Tariff Regulations, 2014.

2.8 Terminal benefit

2.8.1 Stakeholders Comments

1. It was submitted that terminal benefit should be allowed only to the extent of funds transferred to the designated fund.

2. It was submitted that current contribution to leave encashment and provident fund or new pension fund, is indirect expenses of employee's cost and are part of the normative O&M expenses and needs to be excluded.

3. It was submitted that Discoms may be directed to discharge liabilities of pension and gratuity fund with surplus funds.

2.8.2 Petitioners' Response

The Discoms submitted that they have furnished the information of actual payment along with the additional submission before the Commission. They also submitted that they have been making timely payments to the trust as per the availability of the resources and money.

2.8.3 Commission's View

The Commission has allowed the expenses towards terminal benefit only to the extent of actual payment made to designated Fund.

2.9 Interest on Term and Working Capital Loan

2.9.1 Stakeholders Comments

1. Late payment surcharge (LPS) is paid to power suppliers on account of delay in payment to power suppliers. For such supplies, Discoms have earned revenue (without corresponding payment to generator) and have saved interest as such interest charged is not admissible.

2. It was submitted that Discoms have not indicated breakup of interest charges on long term and short term borrowings into interest on working capital, interest on unfunded gap and interest on financing delayed payment surcharge etc. It was submitted that interest on working capital is to be allowed on normative basis, thus the Commission should not consider the expenses on prompt payment rebate and DPS/LPS write off separately.

3. It was submitted that JVVNL at para 1.54 of the petition mentioned that the Commission allowed Rs. 732 Crores as Interest and finance charges, where as the actual is Rs. 1627.65 Crores. This is not correct. The Commission has approved total interest and finance charges as Rs. 2066 Crores against which actual were 1627.65 Crores as indicated in table 13 of petition.

4. It was submitted that all Discoms have worked out principal amount of Delayed Payment surcharge as delayed payment surcharges divided by 24%, the rate of DPS per annum. Late payment surcharge on large industrial service is 0.1% per day (i.e. 36.5% p.a.) and as such considering rate of 24% has resulted in assessing principal amount of delayed payment and hence interest charges for its funding on higher side. In any case as delay in receipt of revenue must have resulted in short term borrowings which has been included in total interest charges so no additional amount on account of funding of delayed payment surcharge (Rs. 118.73 crs for JVVNL, Rs. 50.44 crs for AVVNL and Rs. 100.51 crs for JdVVNL) is due.

5. It was submitted that interest on term loan should be allowed only on the loan balances approved in the last year true up order for FY 2015-16.

2.9.2 Petitioners' Response:

1. The Discoms submitted that the interest and finance charges can be broadly categorized into long term loans, short term loans and the interest on loans taken by the Discoms to meet the recognized Regulatory assets which have not been liquidated as of now. The cost allowed in the ARR for power purchase is used to pay the power generators' bills for the current years and the past years due payments and are not taken care of in that approved amount. Hence the interest burden related to loans taken up for this payment is reflecting in the Interest and Finance Charges. Also the LPS payment is done as per the provision of the Power Purchase Agreements.

2. The Discoms submitted that the Interest on Working Capital is as per the Annual Audited Accounts of the Discoms duly audited by the statutory Auditor. The details of the working capital loans and the corresponding Interest liability have been shown in format 3.7. The LPS payment is done as per the provision of the Power Purchase Agreements.

3. The JVVNL submitted that Interest & Finance charge of Rs 732 Crore and Interest on unfunded gap of Rs 1334 Crore approved by the Commission for FY 2016-17. The total of both amounts works out to be Rs 2066 Crore.

4. Discoms submitted that consideration of financing cost of DPS is in line with the judgement of the Hon'ble Appellate Tribunal for Electricity (APTEL) dated 12.07.2011 in case no. 142 & 142 of 2009. Discoms also submitted that in line with the above mentioned judgement, other state commissions have consistently considered the carrying cost of receivables against which DPS is booked in NTI. For example, the State Electricity Regulatory Commission of Bihar in its latest tariff order dated 24th March 2017, like in its previous orders, has also considered such carrying cost of receivables against which DPS is booked in the NTI and has considered the financing cost of DPS as per the interest rate allowed for interest on working capital.

2.9.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of interest and finance charges in section 3 of this order.

2.10 Depreciation

2.10.1 Stakeholders Comments

1. It was submitted that the value of gross fixed assets transferred to the franchises is to be reduced from the gross fixed assets of JVVNL for the period of transfer to franchises and only on remaining gross fixed assets depreciation to be allowed.

2. It was submitted that as per Regulation 22(4) of RERC Tariff Regulations 2014 JVVNL may provide the information in respect of value of gross fixed assets. In the absence of information, 20% deduction may be made.

3. It was submitted that Discoms have changed the opening GFA from the normative figures, depreciation should be computed on approved GFA and addition during the year.

4. Discoms may intimate the number of burnt transformers during FY 16-17 with their voltage ratio MVA Capacity, cumulative depreciation and may also intimate the No. of transformers installed with MVA capacity in their replacement with cost of such assets. Discoms may also intimate the number of meters and cost of single phase, three phase and Metering equipment including CT-PT etc. burnt and replaced during FY 2016-17.

2.10.2 Petitioners' Response:

1. JVVNL submitted that it has not transferred assets to the Distribution franchisee, it has only given right to use the asset to the DF, therefore the Depreciation

expenses are to be borne by the Discom and not by the DF. Since the Discom shall bear the Depreciation expenses, the Discom should be allowed to claim depreciation as per RERC norms.

The JVVNL also submitted that while fixing the base price of ABR to grant the DF license the petitioner made its calculation based on the fact that RERC will allow the Discom and not DF to recover Depreciation expenses, thus higher per unit rate was given to Discom by the DF.

2. The Discoms submitted that the amount on account of depreciation for FY 2016-17 as shown in the true up petition is as per the Annual Audited Accounts for the year which is being maintained as per the Accounting Standards and according to the rates and methodology prescribed in RERC Tariff regulations, 2014..

3. The Discoms submitted that GFA and depreciation from FY 2015-16 has been calculated as per the provision for depreciation prescribed in the RERC Tariff Regulation 2014 and consequently the useful life of the assets up to 31.3.2016 has been recalculated. Also, the asset mix already comprises of certain assets whose useful life is more than 12 years. Variation in values is because the Commission while approving the GFA also considers assets financed by consumer contribution and grants. The Discoms also submitted that they have considered actual capital investment, GFA, depreciation charges and NFA while filing the true up petitions.

4. The Discoms submitted that they have filed the required formats with the true up petition for FY 2016-17.

2.10.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue under true up analysis section of this order.

2.11 <u>Outstanding against Permanent Disconnected Consumers</u>

2.11.1 Stakeholders Comments

Outstanding against permanent disconnected (PD) consumers and regular consumers are too high resulting in the revenue gap and increase in interest. The incidence of interest of such borrowing may be disallowed.

2.11.2 Petitioners' Response:

The Discoms submitted that it is common phenomena of every business that at the end of the year there would be some outstanding dues/ trade receivable, which are recovered in subsequent year. Also the accounting is done on Accrual basis and thus outstanding dues do not affect ARR of that year.

2.11.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms.

2.12 <u>Sales and Revenue</u>

2.12.1 Stakeholders Comments

1. It was submitted that different figure of revenue has been presented in the Annual Audited Accounts and in the petition, the same may be clarified by Discoms.

2. Information of category wise no. of temporary connection sales and revenue was sought.

3. Information of long term and short term open access consumer with amount of wheeling charges recovered from each such consumers during FY 2016-17 was sought.

4. It was submitted that in case of JVVNL, the sales figure for FY 2016-17 as indicated at table 1 of True up and ARR petition are different, JVVNL may clarify the same.

5. It was submitted that in case of JVVNL, sale to large industrial consumers has seen a marginal increase in FY 2016-17, JVVNL may intimate the reason for such marginal increase.

6. It was submitted that in case of JVVNL billing rate is higher or lower than the approved rate. This shown that JVVNL has charged at higher tariff than approved. Reason of less average billing rate than approved may be furnished by Discom.

2.12.2 Petitioners' Response:

1. The Discoms submitted that Revenue as per True up petition for FY 2016-17 includes Revenue from Sale of Power net of Revenue from Theft and malpractice, revenue from Meter rent, Revenue from Cross subsidy etc as shown in Format 2.1 of the True up petition. They also submitted reconciliation of the figures appearing in audited accounts and petition.

2. The Discoms submitted that they have furnished the information to the stakeholder.

3. The Discoms submitted that they have submitted Income from wheeling charges, cross subsidy and additional surcharge in format F2.2, the same may be considered.

4. JVVNL submitted that for FY 2016-17 total Sales for JVVNL is 19,482 MUs. Out of this 19482 MUs, 18,715.02 MUs is sold by JVVNL directly to the consumers and 767.12 MUs is sold to Distribution Franchisee at Input point. For the purpose of ARR computation for FY 2018-19, the petitioner has considered total sales to final consumers, which is 19244 MU.

5. JVVNL submitted that earlier large industries were purchasing Energy through open access transactions. With the implementation of Cross subsidy surcharge and Additional surcharge, the Discoms were able to increase sales from Industrial category from the second half of 2016-17 only.

6. Discoms submitted that the average billing is in deviation with per unit approved rate because of change in tariff during the year.

2.12.3Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

2.13 <u>Subsidy</u>

2.13.1 Stakeholders Comments

1. It was submitted that the Discoms have received lesser subsidy than the due amount, this has lead to increase in interest cost. It was also submitted that, when full subsidy was not received, than why the subsidised tariff was allowed to the related consumers.

2. It was submitted that while finalizing the True up of FY 2016-17 the amount of subsidy due may be added in the Revenue receipt shown by the Discoms and thereafter all other charges may be accounted for. It was further submitted that the amount of carrying cost added earlier due to gap or revenue on account of less receipt of revenue/subsidy in FY 2015-16, may also be reduced.

3. It was submitted that the huge revenue gap is unacceptable. The subsidy from Government along with interest should be realized to meet out the revenue gap.

2.13.2 Petitioners' Response:

The Discoms submitted that revenue calculated in True up petition for FY 2016-17 is based on Revenue assessed and thus includes subsidy assessed and not subsidy actually received, thus having no impact on true up gap.

2.13.3 Commission's View

The Commission while taking note of the reply given by Discoms observes that the payment of subsidy shall always be in accordance with the Provisions of Electricity Act, 2003 and the Regulations prescribed in this regard.

2.14 <u>Distribution Losses</u>

2. 14.1 Stakeholders Comments

1. It was submitted that the actual distribution losses of Discoms have been more than the approved losses for FY 2016-17. It was further, submitted that no proper justification have been provided in the petition for actual losses being higher than the approved losses. Discom may clarify the same.

2. It was submitted that under UDAY, if the target in a particular year is not met, then the Discoms shall strive to achieve the target in the subsequent years so as to achieve the desired target of 15% AT&C losses by FY 2018-19. Having high actual losses against the target set, how it will be possible for Discoms to recoup the same in subsequent year and bring the losses at 15% in FY 2018-19, Discom may clarify the same.

3. It was submitted that the Discoms have not filed the segregation of technical and commercial losses as directed by the Commission in the earlier Orders.

2. 14.2 Petitioners' Response

1. The Discoms submitted that they have achieved distribution loss level which is higher than approved. However, they also mentioned that the Discoms have made significant efforts towards reducing the distribution losses and were able to reduce distribution loss upto 5% from last year. The Discoms are committed towards further reducing the losses and achieving the targets envisaged under the tripartite MoU signed under UDAY scheme.

   These steps include restricting power supply in areas with high AT&C losses, implementing a performance monitoring and management system, 100% feeder metering, AMR metering for high value consumers, energy audit & accounting at feeder level, feeder segregation and supply to single consumer from single DT for agriculture consumers, etc. Loss reduction targets have been prepared at the division/circle/zonal level and concerned officials have been made responsible for achieving the loss reduction targets. At the same time, efforts are also being made to reduce theft and other illegal activities by undertaking name and shame campaign and aggressive vigilance drives. Further, the capital investment plans are also on-going to achieve the distribution loss trajectory set forth by the Commission. Considering IT as a major enabler to improve the efficiency of the Discom, number of IT initiatives have also been planned which will further assist the Discom in achieving its envisaged targets. The objectives of IT implementation are improving efficiency of operations, increased control at transaction level, enabling sustainable changes in operations, improved customer service / redressal system and assistance in achieving the Break-Even Plan. The Discoms have launched various IT initiatives like Web based Revenue Management information system, Launching Mobile Apps like BijliMitra, BijliPrabandh etc, Feeder monitoring system, ERP etc. The Petitioner is committed towards reduction of losses and therefore time bound targets have been set for each of the above listed activities. These initiatives have also been recognized at the highest levels and form part of the landmark tripartite MoU signed under the UDAY scheme between the Discoms, the Central Ministry and the Government of Rajasthan.

Considering the large distribution area of petitioner, sparse distribution of load centers and significant number of agricultural connections, certain time would be required before reaping the benefits of the steps being undertaken. Disallowing expenses based on the loss trajectory set by the Commission will act as a setback in the Discoms efforts towards achieving operational and financial turnaround by FY 2018-19 thereby leading to negative impact on the consumers at large.

2. Discoms also submitted that even though the Discoms were unable to achieve the targets laid down under the UDAY scheme for FY 2016-17, it has shown progress and is committed to bringing down the losses to the envisaged level of 15% by FY 2018-19. The UDAY scheme also envisaged the difficulties that the Discoms may face in achieving yearly targets and as such provided the flexibility to achieve the envisaged loss reduction in the next year, provided that the Discoms achieve the target of 15% by FY 2018-19.

3. The Discoms submitted that currently it does not have segregated Technical and Commercial losses. The Discoms are taking various initiatives that will also help in

segregating AT&C loss in future. These measures include, IT initiatives like Enterprise Resource Planning, Pre-paid metering, Web based Revenue Management information system, Launching Mobile Apps like BijliMitra, BijliPrabandh, Feeder monitoring system and Smart Meters etc. in phased manner. With these measures, the Discoms are of the view that they will be able to segregate AT&C loss in future.

2. 14.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of distribution losses under true up analysis section of this order.

Section -3: Analysis of True Up of Discoms for FY 2016-17

3.1. Discoms have submitted petitions for truing up of ARR on the basis of audited accounts as follows:

(i) JdVVNL - FY 2016-17
(ii) JVVNL - FY 2016-17
(iii) AVVNL - FY 2016-17

Analysis of True Up of ARR for FY 2016-17– JdVVNL

Sale of Energy

3.2. The Discom has indicated total sale of 17732.43 MU including 1286.79 MU sales to flat rate category. It has been observed that flat rate sale of 1286.79 MU are within the limit of normative specific consumption i.e. 1945 KWH/KW/ year as specified by the commission. As such, Commission accepts the sales of energy as submitted by the Discoms.

Power Purchase Cost

3.3. Power purchase cost approved by Commission for FY 2016-17 was Rs. 9177 crores vide ARR order dated 02.11.2017. For the purpose of truing up, JdVVNL has claimed Rs. 10334.34 crores as power purchase cost (including short term power purchases and Transmission & SLDC charges).

3.4. Details of power purchase cost as submitted by Discom is given in table below:

Table 1: Power purchase cost submitted by JdVVNL FY 2016-17

Sr. No.	Particulars	Units (MU)	Amount	Average Rate
	Energy petitioned by Discom			
1	**Total Energy Purchased by Discom (A)**	23667.54	9187.98	3.88
2	Less: Purchase From Short term sources (B)	209.90	62.12	2.96
3	**Balance Energy from approved Sources C= (A-B)**	23457.64	9125.86	3.89
4	**Add: Transmission and SLDC charges (D)**		1146.35	
5	**Total Power Purchase claimed (A+D)**		**10334.34**	

3.5. The Discom petitioned that it has purchased 23667.54 MU out of which it has sold 91.18 MU through exchange.

3.6. The Commission has worked out the power purchase requirement based on the approved distribution losses, transmission losses and sales in accordance with approved methodology.

3.7. The Discom has furnished total transmission losses (inter and intra state) in MU terms, therefore, to segregate the same, the Commission has used the intra state losses of 3.35% based on RVPN true up order dated 03.05.2018 for FY 2016-17 and the balance losses based on Audited Accounts are considered towards inter state transmission losses.

3.8. Details of gross energy requirement worked out on the basis of sales as indicated in foregoing para is given in the table below:

Table 2: Gross Energy Requirement of JdVVNL for 2016-17 (MUs)

Sr. No.	Particulars	Approved as per Order Dated 02.11.2017	Actual/ Audited	Restated Level	Normative Calculation
1	Gross Energy Requirement	22288.00	23667.54	23667.54	22612.57
2	Less:- Sale Through Exchange	0.00	91.18	91.18	91.18
3	Net Energy Requirement	22288.00	23576.36	23576.36	22521.39
4	Inter State Transmission Loss (MU)	237.00	146.93	146.93	146.93
5	Energy Availability at RVPN (MU)	22051.00	23429.43	23429.43	22374.46
6	Intra State Transmission Loss(%)	3.89%	3.35%	3.35%	3.35%
7	Intra State Transmission Loss(MU)	858.00	784.89	784.89	749.54
8	Energy Requirement at Distribution Periphery (MU)	21193.00	22644.54	22644.54	21624.91
9	Distribution Loss (%)	18.00%	21.69%	21.69%	18.00%
10	Distribution Loss (MUs)	3815.00	4912.11	4912.11	3892.48
11	Energy Sales (MUs)	17379.00	17732.43	17732.43	17732.43

3.9. It is observed that the Discom has purchased 1054.97 MU in excess due to increase in distribution loss over the target given by the Commission.

3.10. As per Regulation 76(5) of RERC Tariff Regulations, 2014, the losses on account of distribution licensees' failure to achieve the target set by the

Commission be shared in the ratio of 50:50 between the distribution licensee and the consumers.

3.11. It is further noted that during previous years and in the year under consideration, Discoms have made substantial investment in various loss reduction schemes with an objective of reduction of losses but still losses of Discoms are not as per trajectory set by the Commission vide order dated 20.02.2015 and subsequently revised trajectory in line with UDAY vide order dated 02.11.2017. There appears to be lack all out of efforts on part of Discoms to bring in requisite improvement in metering, billing & collection activities etc. In Commission's View, the consumers should not be burdened on account of consistent inefficiency of Discoms and accordingly, as while dealing with capital expenditure, the Commission has considered actual capitalization, the Commission has decided not to allow sharing on account of failure to achieve the targeted losses as done in the earlier order and Discoms shall have to bear the burden of excess losses and meet the same in future years by improving their working.

3.12. Accordingly, the Commission allows energy requirement of 22612.57 MU only based on targeted losses.

3.13. Discom has submitted the total power purchase cost of Rs. 9187.98 crore including the provision for banking of Rs. 30.52 crore. In additional submission, Discom has submitted the transactional cost of banking of Rs 11.93 crore. In view of decision in the order dated 22.09.2016, the Commission has not considered the provision for banking cost of Rs. 30.52 crore as banking has been considered as cost neutral and only considered the transaction cost of Rs. 11.93 crore. Accordingly, the Commission has considered the total power purchase cost of Rs. 9169.39 crore.

3.14. Details of power purchase cost as approved by the Commission is given in table below:

Table 3: Power purchase cost of JdVVNL approved for FY 2016-17

Sr. No.	Particulars	Units (MU)	Amount	Average Rate
	Energy approved by Commission:			
1	Total Energy Purchased by Discom (A)	23667.54	9169.39	3.87
2	Less: Disallowed short term sources (B)	209.90	62.12	2.96

Sr. No.	Particulars	Units (MU)	Amount	Average Rate
3	Total Energy from approved sources (C=A-B)	23457.64	9107.27	3.88
4	Less: Disallowed approved sources (D)	845.07	328.09	3.88
5	**Power Purchase Cost Allowed E=(A-B-D)**	**22612.57**	**8779.18**	
6	Add: Transmission and SLDC charges (F)		1146.35	
7	**Total Power purchase cost allowed (E+F)**		**9925.53**	

3.15. While disallowing the excess purchase of 1054.97 MU by Discom, the Commission has first considered the power purchase of 209.90 MU from short term sources and the rest 845.07 MU has been considered from approved sources.

3.16. Discom has submitted Rs. 1146.35 crores as Transmission and SLDC charges which have been allowed as per actual by the Commission. Accordingly, the total power purchase cost including transmission and SLDC charges approved for FY 2016-17 is Rs. 9925.53 crores.

<u>Operations and Maintenance (O&M) Expenses</u>

3.17. The O&M expenses approved by the Commission for FY 2016-17 vide Tariff order dated 02.11.2017 were Rs. 1128 crores including terminal benefit liability of Rs. 298 crore. For the purpose of true up, JdVVNL has claimed Rs. 932.33 crores as O&M expenses (including terminal benefits based on actuarial valuation of Rs. 344.53 crores).

3.18. Regulation 83 of RERC (Terms & Conditions of Determination of Tariff) Regulations, 2014 provides for O&M expenses for the first year of the Control Period(i.e. FY 2014-15) as under:

a) Employees expenses: 38 paise per unit of sale

b) A&G Expenses: 04 paise per unit of sale

c) R&M Expenses: 08 paise per unit of sale

3.19. Normative O&M expenses allowed at the commencement of the Control Period (i.e. FY 2014-15) under these Regulations shall be escalated at the rate of 5.85% per annum for each year of the Control Period.

3.20. O&M expenses are allowed as per the above norms specified in the Tariff Regulations, 2014 for base year 2014-15. Capitalization of O&M expenses has been considered as per actual percentage.

3.21. Details of normative O&M expenses as allowed are given in table below:

Table 4: O&M Expenses of JdVVNL for 2016-17 (Rs. in crores)

Sr. No.	Particular	Amount
1	Energy Sales approved by Commission (in MU)	17732.43
2	Normative Employee cost for FY 2016-17 (Rs. 0.42576)	754.98
3	Normative A &G expenses (Rs. 0.04482/unit)	79.47
4	Normative R&M expenses (Rs. 0.08963 unit)	158.94
5	Less: Proportionate Employee Cost Capitalized	122.15
6	Less: Proportionate A &G cost capitalized (A&G)	12.23
7	**Total O&M Expenses Allowed after True Up**	**859.01**

Terminal Benefit

3.22. The Commission had approved Rs. 298 crore towards terminal benefit liability vide its tariff order dated 02.11.2017. JdVVNL submitted that they have deposited a sum of Rs. 240.50 crore towards terminal benefit liability. Accordingly, the terminal benefit liability to the extent of actual amount of Rs. 240.50 crore deposited by the JdVVNL has been considered by the Commission.

Depreciation

3.23. The depreciation approved by Commission for FY 2016-17 was Rs. 379 crores vide Tariff order dated 02.11.2017 whereas the Discom has claimed Rs. 536.54 crores as depreciation.

3.24. It is observed that the petitioner has made change in accounting policy of capitalization of employee expenses. The petitioner has informed that Rs. 386.81 crore has been shown towards terminal benefit expenses and out of total employee cost capitalization of Rs. 126.34 crore, the proportionate terminal benefit capitalization is Rs. 42.28 crore. The petitioner must have added the aforesaid terminal benefit capitalization to assets addition during FY 2016-17. As the Commission in above paras has already considered the terminal benefit without capitalization, therefore the Commission has deducted the capitalization of terminal benefit from the assets addition during FY 2016-17.

3.25. The Commission has worked out Depreciation as under:

a) The closing balance of depreciable assets for the previous year approved by the Commission in the true up order for FY 2015-16 has been considered as the opening balance for FY 2016-17. The same has been reduced by amount of assets deduction as per audited accounts.

b) Addition to capitalization for current year has been considered as per audited accounts.

c) The Capitalization towards terminal benefit has been considered as per Discom submission.

d) Consumer Contribution and Grants have been considered based on Audited Accounts.

e) The average depreciation rate as per Annual Audited Accounts has been considered for 2016-17.

3.26. Details of depreciation charges allowed for FY 2016-17 are given in table below:

Table 5: Depreciation charges of JdVVNL for 2016-17 (Rs. in crores)

Sr. No.	Particular	Amount
1	Depreciable assets at the beginning of the year (closing balance of FY 2015-16)	7691.68
2	Less: Deductions as per audited accounts	97.63
3	Capitalization during the year	1217.04
4	Less Capitalization towards terminal benefit	42.28
5	Less: Capital Outlay financed by Consumer Contribution and grant	511.84
6	Depreciable assets added during the year (3-4-5)	662.93
7	Closing balance of GFA (1-2+6)	8256.98
8	Average depreciable assets during the year	7974.33
9	Average depreciation rate	4.92%
10	**Depreciation Allowed after True UP**	**392.05**

Interest and Finance Charges and Interest on Working Capital

3.27. The interest & finance charges approved by Commission for FY 2016-17 were Rs. 1703 crores including interest on working capital as per the ARR order dated 02.11.2017. For the purpose of true up, JdVVNL has claimed Rs. 1552.04 crores as interest and finance charges including interest on working capital.

3.28. Many Stakeholders requested for disallowance of interest charges on the investment made by Discoms as they have failed to curtail the losses. Commission has considered the issue and finds that the investments are made not only for reduction of losses but also made for various other purposes, viz., system strengthening/ augmentation and improvement, consumer servicing, institutional strengthening, supply to consumers, power evacuation, meeting future load growth and strategic important schemes. The Discoms are also duty bound to develop and maintain an efficient, coordinated, and economical distribution system in their area of supply and also have a duty to supply on request as laid down in Electricity Act, 2003. Moreover, looking to the vast network and efforts to make electricity available to all, necessary investments have to be made. As far as the non achievement of target of reduction in losses is concerned, the Commission has already disallowed excess power purchase cost and sharing of distribution losses as discussed in foregoing paras. As such, the Commission accepts the capitalisation as per audited accounts of Discom.

3.29. The interest and finance charges have been worked out by considering the following:

a) The closing balance of long term loans for previous year approved by the Commission in its order dated 05.10.2017 has been considered as opening balance of long term loans for FY 2016-17.

b) Equity, consumer contribution and grants have been considered on the basis of actual. However, equity addition has been capped at 30% of capitalization during the year, if equity infusion during the year is exceeding 30% of capitalization.

c) Addition to long term loans during the year has been worked out by reducing the total capitalization by the amount of consumer contribution, capital grants and equity received during the year and capitalization towards terminal benefit.

d) Repayment has been treated equal to the depreciation allowed for FY 2016-17.

e) Interest rate has been worked out as per Regulation 21 (5) of RERC Tariff Regulations, 2014 based on the information of term loan submitted by the Discom.

f) Finance charges and interest on security deposit of consumers are allowed as per actual. The Commission has not considered the delayed payment charges of power purchase

Interest on unfunded gap

3.30. With regard to Unfunded Gap, it is observed that the Discoms have signed the MoU under "UDAY" scheme, wherein the Government's have taken over the accumulated debt of Rs 62422 crore (to be converted into grant and equity) subject to achievement of certain conditions as given below:

Particulars	JVVNL	AVVNL	JdVVNL	Total
Loans takenover by GoR under UDAY Scheme	**21684**	**20702**	**20036**	**62422**
Less:- Conversion into Grant (upto 16-17)	3136	2972	2892	9000
Less:- Conversion into Equity (upto 16-17)	3031	2873	2796	8700
Loan Under UDAY Scheme (as on 31.03.2017)	**15517**	**14856**	**14348**	**44722**

It is observed from the above table that out of total loan taken over of Rs. 62422 crore, Government has converted only Rs. 17700 crore into grant and equity as on 31.03.2017. The Discoms have shown the interest free unconverted Uday loan of Rs. 44722 crore as on 31.03.2017.

3.31. Based on the approach adopted by the Commission in the last Tariff Order dated 02.11.2017, the Commission has considered the unfunded gap for FY 2016-17 as under:

Sr. No	Description	JVVNL	AVVNL	JdVVNL	Total
A	Accumulated Losses as on 31.03.2016 as per balance sheet	32,294	30,348	30,010	92,652
B	Losses owned by GoR	2,867	2,701	2,947	8,515
C	Subsidy received against losses owned by GoR	978	834	906	2,718
D	Actual Accumulated Losses as on 31.03.2016 (A + B - C)	34,183	32,215	32,051	98,449
E	Loans taken over under UDAY	21684	20702	20036	62422
F	Difference (D - E)	12,499	11,513	12,015	36,027
G	Unfunded gap approved by the Commission	17,679	17,048	17,140	51,867
	Unfunded gap considered for computation of interest liability (Min of F,G)	**12,499**	**11,513**	**12,015**	**36,027**

i). The Discoms have submitted the total accumulated losses of Rs. 98449 crore as on 31.03.2016.

ii). As the above losses have been met through loan,

iii). The government have taken over outstanding loan of Rs. 62422 crore.

3.32. After, taking over of loan of Rs. 62422 crore, the Discoms have been left with accumulated gap of Rs. 36027 crore. This gap is lesser than the Commission approved unfunded gap of Rs. 51867 crore as on 31.03.2016, thus for computing the carrying cost, Commission has considered the lower of the two gaps i.e. Rs. 36027 Core.

3.33. It is further observed that the Discoms claim of interest is on lower side as compared to past years, on going into detail scrutiny it is observed that the Discoms have shown the loan under UDAY (loan outstanding for conversion into grant and equity) on which no interest is paid during FY 2016-17. Further, it is also observed that the Discoms have shown certain liability towards terminal benefits and power purchase.

3.34. In view of above, the Commission has considered the lower of interest claimed or worked out by the Commission (without finance charges). However, in future, if the Discoms come up with impact of such interest on such unconverted portion of loan, the Commission may consider the same separately in line with above reduction.

3.35. Commission has allowed interest and finance charges as per the methodology explained in the above para. The details are given in table below:

Table 6: Interest and Finance Charges of JdVVNL for 2016-17 (Rs. in crores)

Sr. No.	Particular	Amount
1	Opening balance of Long term Loan (LTL) (closing balance of FY 2015-16)	2914.13
2	Add: Capitalization during the year	1217.04
3	Less: Capital Outlay financed by Equity (capped at 30% of capitalization during the year)	365.11
4	Less: Capital Outlay financed by Consumer Contribution and grant	511.84
5	Less Capitalization towards terminal benefit	42.28
6	Addition to LTL for Capital Outlay {2-(3+4+5)}	297.81
7	Less: Repayments equal to depreciation	392.05
8	Closing balance of LTL (1+6-7)	2819.90
9	Average LTL	2867.01
10	Add: Revenue Gap recognized after loan taken over under UDAY	12015.04
11	Total Long Term Loan Balance to be considered for allowing interest for FY 2016-17	14882.05
12	Average Interest rate of LTL	10.68%
13	Interest Charges on LTL and revenue gap	1589.67
14	Interest on loan claimed by petitioner excluding other FC	1060.71
15	lower of interest claimed and worked out above	1060.71
16	Interest on security deposit from consumers - As per actual	44.27
17	Finance Charges-As per actual	72.87
18	**Total Interest and Finance Charges Allowed after True UP (15+16+17)**	**1177.85**

<u>Interest on working capital</u>

3.36. The Commission has approved the interest on working capital on normative basis as per Regulation 27 of RERC Tariff Regulations, 2014. In accordance with Regulation 27 of RERC Tariff Regulations, 2014, for the calculation of gain or loss on account of variation in interest rate, the Commission has considered the difference on account of interest rate submitted by Discom and normative interest rate allowed by the Commission. The details are given below:

a) O&M expenses as approved for FY 2016-17 have been considered for the purpose of calculation of working capital requirement.

b) Receivables have been considered based on the ARR after the true up of FY 2016-17.

c) The normative rate of interest on working capital has been taken as 250 basis points higher than the average Base Rate of State Bank of India prevalent during first six months of the year previous to the relevant year.

d) Amount of security deposit as per audited accounts has been taken.

3.37. Details of Interest on working capital are given in table below.

Table 7: Interest on Working Capital of JdVVNL for 2016-17 (Rs. in crores)

Sr. No.	Particular	Amount considering normative interest rate	Amount considering interest rate submitted by Discom
1	O&M expenses of one month	71.58	71.58
2	Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 83;	128.85	128.85
3	Receivables equivalent to one and a half (1½) months billing of consumers	1563.53	1563.53
4	Less: Security deposit from consumers	586.46	586.46
5	Total working capital requirement(1+2+3-4)	1177.51	1177.51
6	Rate of Interest (SBI PLR Rate)	12.26%	12.35%
7	Interest on working capital allowed after true-up	144.40	145.37
8	Add : 50% loss arising from variation in Interest rate as per regulation 27 0f RERC 2014	0.48	
9	**Net Interest on working capital**	**144.88**	

3.38. It may be seen that loss on account of variation in interest rate is Rs. 0.97 crores. As per Regulation 27 of RERC Tariff Regulations, 50% of such loss is to be passed on as an additional charge in tariff and the balance amount of loss shall be absorbed by the licensee. Accordingly, 50% of the loss has been added to the amount of interest on working capital worked out on the basis of normative interest rate.

Prior Period Expenses

3.39. JdVVNL has claimed prior period expenses of Rs.116.84 crore. It has been observed that the major item of the prior period expenses is the "Prior period adjustment of power purchase" of Rs. 88.80 crore. The details of prior period expenses as per audited accounts are as follows:

(Amount in Rs. Crore)

Particulars	**For the year ended 31.03.2017**	
Prior period expenses/loss :		
Short Provisions for Power purchase in previous year		88.80
Operating exp. of previous years	12.79	
Employees cost relating to previous year	2.45	
Interest & other finance charges relating to previous year	(0.98)	
Material related expenses relating to previous year	0.59	
Capitalization of administrative expenses	(.05	
Administrative & general expenses	13.2	28.04
Total		**116.84**

3.40. While carrying out the true up of any financial year, the Commission allows the capitalization, operation and maintenance expenses, depreciation, interest cost, interest and finance cost as per Tariff Regulations. Hence, expenses of Rs. 28.04 crore on account of A&G expenses in JdVVNL audited accounts have not been considered as prior period expenses as the Commission has already approved the above expenses in the true up order till FY 2015-16 as per the norms specified in the Tariff Regulations.

3.41. In additional information, the Discom has furnished the item wise details of prior period expenses relating to power purchase.

3.42. On perusal of information furnished by Discom towards prior period expense of power purchase of Rs. 88.80 crore, the Commission observed that these prior period expenses include:

a) Amount of Rs. 0.64 crore pertains to short booking by Discoms in FY 2014-15, now it is allowed by the Commission.

b) Prior period adjustment of Rs. 15.36 crore against power purchase on account of the claim of clean energy cess, which are allowed by the Commission.

c) The amount of Rs. 0.17 crore which pertains to balance of Ambuja cement which was wrongly account for in FY 2014-15, now corrected and allowed by the commission.

d) Amount of Rs. 72.64 crore pertains to transmission charges which was not adjusted in previous year now adjusted in the books of account and allowed by the commission.

e) Considering the above, for the purpose of current true up, the Commission has considered the prior period expenses of Rs. 88.80 crore against the JdVVNL claim of prior period expenses of Rs. 116.84 crore.

<u>Other Debits:</u>

3.43. JdVVNL has claimed other debits of Rs. 50.96 crores. It has been observed that the major item of other debits is the provision for bad and doubtful debts of Rs. 44.66 crore, bad debts written of Rs. 3.68 crore, compensation in case of injury/death of Rs. 0.92 crore and miscellaneous expenses of Rs. 1.70 crore.

3.44. While carrying out the true up exercise, the Commission has not considered any provision towards bad and doubtful debts. The expenses are allowed only to the extent of bad debts actually written off by the Discom subject to limit stipulated in the Tariff Regulations. Therefore, the Commission has considered the bad debts of Rs. 3.68 crore actually written off.

3.45. Further, with regard to loss due to theft of Fixed Assets, the regulation 25 of RERC tariff Regulations 2014 provides that actual insurance expenses incurred by the generating company or licensee shall be allowed separately, subject to a ceiling of 0.2% of average Net Fixed Assets for the year. The Commission accordingly has considered the loss due to theft of Fixed Assets of Rs. 0.48 Crore being less than the normative insurance expenses.

3.46. Compensation paid towards injury /death of Rs. 0.92 crore is considered as per actual.

3.47. Further, the Commission has not considered the loss to stock on account of fire, shortage on physical verification of stock and provision for contingencies and deferred revenue expense written off of Rs. 1.23 crore.

3.48. The Commission accordingly has considered the other debit of Rs. 5.07 crore against the Discom claim of Rs. 50.96 crore.

Consumer Education and Rebate Allowed to Consumers

3.49. Regarding consumer education and awareness, Commission vide its Order dated 02.11.2017, allowed an additional amount of Rs. 50 lakh per Discom. Discom has submitted that it has incurred more than Rs. 50 lakh towards consumer education and awareness programs, therefore Commission has considered an additional sum of Rs. 50 lakh towards aforesaid objective.

3.50. JdVVNL has shown the rebate allowed to consumers separately and the same has been accepted by the Commission.

Revenue

3.51. Revenue from sale of power, Non-Tariff Income, other Income, Wheeling Charges and Cross Subsidy Surcharge, cost recoverable as per the RVUN & RVPN True Up orders, sale of power through trading and Prior Period Income as petitioned by Discom has been accepted.

3.52. Discom has stated that in their accounting policies consumer contribution for service connection & line, capital grants and subsidies received towards cost of capital assets have not been reduced from the cost of assets. The same has been treated as Deferred Revenue Income which is being amortized/written off in 25 years from the year of its receipt. The depreciation pertaining to such fixed assets is fully charged to revenue.

3.53. However, while computing the depreciation, the Commission has reduced the capitalization amount funded by the consumer contribution, capital grant and subsidy received during the year. Therefore, the Commission has not considered the depreciation benefit on such assets and consequently deferred revenue is also not accounted for.

3.54. The petitioner has informed that the exceptional item net income of Rs. 746.80 crore is towards conversion of UDAY loan into equity and grant after reduction of subsidy receivable write off into books of accounts. The petitioner informed that the same has been inadvertently claimed by the petitioner stating that while working out unfunded gap the Commission had reduced the regulatory assets to the extent of the loans taken over under UDAY. However in the books of accounts, the taken over loan are reflected as grants to be received in the period of three years are accordingly shown as exceptional item hence for regulatory purpose the revenue deficit for FY 2016-17should exclude the amount of exceptional items. The submission of Discom has been accepted.

3.55. While computing the Non Tariff Income, the Discoms have requested to adjust the notional interest on Delayed Payment Surcharge (DPS). However, the computation of principle amount furnished by the petitioner is purely on the assumption basis, while carrying out the true up exercise the data furnished by the Discoms must be the actual based on the Annual Audited Accounts for FY 2016-17. The Discoms have not furnished the information of interest on DPS based on the Annual Audited Account. Further, the Commission has allowed interest on working capital based on norms which allows interest on receivable based on total ARR. Therefore, it is not appropriate to allow such interest considering principle amount calculated based on the assumption basis.

3.56. Based on above discussions and data provided by JdVVNL, prayer of Discom for True-up of the expenditure and revenue for FY 2016-17 based on the actual performance and for approval of the revenue gap of Rs. 1028.68 Crore for the year has not been accepted as petitioned. The Commission has approved the same to the extent shown in following table.

Table 8: Summary of True up of JdVVNL for FY 2016-17 (Rs. in crores)

Sr. No.	Particulars	As per order dated 2.11.2017	As per petition	Approved After truing up
1	**Revenue**			
2	Sale of power	10430	10657.70	10657.70
3	Non-tariff income and other income	386	415.59	415.59
4	Deferred Revenue Income	-	160.20	0.00

Sr. No.	Particulars	As per order dated 2.11.2017	As per petition	Approved After truing up
5	Wheeling charges and Cross Subsidy Surcharge	68	43.40	43.40
6	RVUN & RVPN True up order	-60	89.60	89.60
7	Sale of power through trading	-	25.51	25.51
8	Prior Period Income	-	164.51	164.51
	Total Revenue, A	**10824**	**11556.52**	**11396.32**
	Expenditure			
9	Power purchase Cost	9177	10334.34	9925.53
10	O & M Expenses	830		
11	Employee cost		435.49	632.83
12	A&G expenses		63.34	67.24
13	R&M expenses		88.97	158.94
14	Terminal Benefits	298	344.53	240.50
15	Insurance Expenses	16	0.45	-
16	Consumer Education	0.50	-	0.50
17	Depreciation	379	536.54	392.05
18	Interest & finance charges	1576	1552.04	1177.85
19	Interest on working capital	127		144.88
20	Prior period expenses	-	116.84	88.80
21	Other debits	-	50.96	5.07
22	Rebate allowed to consumers	-	133.06	133.06
23	**Total Expenditure, B**	**12405**	**13656.56**	**12967.26**
24	**Surplus/deficit, C = (A-B)**	(1,580)	(2,100.04)	(1,570.94)
25	**Revenue subsidies received from State Government D**	375	324.56	324.56
26	**Revenue gap for FY 2016-17, E =(C+D)**	(1,205)	(1,775.48)	(1,246.38)
27	**Gap worked out after Loan Taken Over under UDAY,F**	-	(12,761.00)	(12,015.04)
28	**Cumulative Revenue Gap to be carried forward, E+F**	-	(13,831.96)	(13,261.42)
29	**Cumulative Revenue Gap till FY 2016-17**		(31,039.00)*	(13,261.42)

As per audited accounts

Analysis of True Up of ARR for FY 2016-17 – JVVNL

Sale of Energy

3.57. The Discom has indicated total sale of 19482.14 MU including 467.70 MU sales to flat rate category. It has been observed that flat rate sales of 467.70 MU are within the limit of normative specific consumption, i.e., 1945 kWh/kW/year as specified by the Commission. It is further observed that the above sale is inclusive of sale of power of 767.12 MUs to the Distribution Franchisee (DF). Whereas DF has sold 528.90 MUS to the end consumer. Thus the sale to end consumer has been indicated as 19243.92 MU. As such, Commission accepts the sales of energy to end consumer as submitted by Discom.

Power Purchase Cost

3.58. Power purchase cost approved by Commission for FY 2016-17 was Rs. 10655 crores vide ARR order dated 02.11.2017. For the purpose of truing up, JVVNL has claimed Rs. 11829 crores as power purchase cost (including short term power purchases and Transmission & SLDC charges).

3.59. Details of power purchase cost as submitted by Discom is given in the table below:

Table 9: Power purchase cost as submitted by JVVNL for F.Y.2016-17

Sr. No.	Particulars	Units (MU)	Amount	Average Rate
	Energy petitioned by Discom			
1	**Total Energy Purchased by Discom (A)**	27333.69	10395.69	3.80
2	Less: Purchase From Short term sources (B)	1172.89	293.28	2.50
3	**Balance Energy from approved Sources C= (A-B)**	26160.80	10102.42	3.86
4	**Add: Transmission and SLDC charges (D)**		1433.30	
5	**Total Power Purchase claimed (A+D)**		**11829.00**	

3.60. The Discom has petitioned that they have purchased 27333.69 MU out of which they have sold 113.98 MU through exchange.

3.61. The Commission has noted that it has prescribed the target losses in its ARR Order based on sales to end consumers and any consideration of sales to franchisee at input level will show reduction in losses whereas revenue accounted by the Discom already stands reduced due to lower rate at input level. As the franchisee is acting on behalf of the licensee, the Discom should ensure that franchisee functions in an efficient manner and also make adequate investment so that impact of working of franchisee should be reflected in overall efficiency improvement and Discoms are able to achieve target loss level based on end consumer sale.

3.62. Accordingly, the Commission has worked out the power purchase requirement based on the approved distribution losses, transmission losses submitted by the Discom and sales actually made to the end consumers in accordance with approved methodology.

3.63. The Discom has furnished total transmission losses (inter and intra state) in MU terms, therefore to segregate the same, the Commission has used the intra state losses of 3.35 % based on RVPN true up order dated 03.05.2018 for FY 2016-17 and the balance losses based on the Audited Accounts are considered towards interstate transmission losses.

3.64. Details of gross energy requirement worked out on the basis of sales as indicated in foregoing para is given in the table below:

Table 10: Gross Energy Requirement of JVVNL for 2016-17 (MUs)

Sr. No.	Particulars	Approved as per Order Dated 02.11.2017	Actual/Audited	Restated Level	Normative Calculation
1	Gross Energy Requirement	27927.00	27333.69	27333.69	25810.47
2	Less:- Sale Through Exchange	2107.00	113.98	113.98	113.98
3	Net Energy Requirement	25820.00	27219.71	27219.71	25696.49
4	Inter State Transmission Loss (MU)	296.00	169.65	169.65	169.65
5	Energy Availability at RVPN (MU)	25524.00	27050.06	27050.06	25526.84

Sr. No.	Particulars	Approved as per Order Dated 02.11.2017	Actual/Audited	Restated Level	Normative Calculation
6	Intra State Transmission Loss (%)	3.89%	3.35%	3.35%	3.35%
7	Intra State Transmission Loss(MU)	993.00	906.18	906.18	855.15
8	Energy Requirement at Distribution Periphery (MU)	24531.00	26143.88	26143.88	24671.69
9	Distribution Loss (%)	22.00%	25.48%	26.39%	22.00%
10	Distribution Loss (MUs)	5397.00	6661.74	6899.96	5427.77
11	Energy Sales (MUs)	19134.00	19482.14	19243.92	19243.92

3.65. It is observed that the Discom has purchased 1523.22 MU in excess due to increase in distribution loss over the target given by the Commission.

3.66. As discussed in earlier paras, the Commission does not wish to burden the consumer on account of Discom inefficiency. As such, the Commission disallows 100% of such excess purchase, i.e., 1523.22 MU from actual purchase of 27333.69 MU and accordingly purchase of energy allowed shall be 25810.47 MU.

3.67. In view of discussion made earlier in this order, banking transactions are considered as cost neutral and no provision towards notional cost of banking is considered for true up of power purchase cost.

3.68. Discom submitted the total power purchase cost of Rs. 10395.69 crore including provision for banking. Discom has submitted the banking cost of Rs. 37.73 crore inclusive of Rs. 14.91 crore towards transactional cost of banking. However, the Commission has not considered the provision for banking cost and considered only the transaction cost. Accordingly, the Commission has considered the power purchase cost of Rs. 10372.88 crore.

3.69. Details of power purchase cost as approved by the Commission is given in the table below:

Table 11: Power purchase cost of JVVNL as approved for FY 2016-17

Sr. No.	Particulars	Units (MU)	Amount	Average Rate
	Energy approved by Commission:			
1	Total Energy Purchased by Discom (A)	27333.69	10372.88	3.79
2	Less: Disallowed short term sources (B)	1172.89	293.28	2.50
3	Total Energy from approved sources (C=A-B)	26160.80	10079.60	3.85
4	Less: Disallowed approved sources (D)	350.33	134.98	3.85
5	**Power Purchase Cost Allowed E=(A-B-D)**	**25810.47**	**9944.62**	
6	Add: Transmission and SLDC charges (F)		1433.30	
7	**Total Power purchase cost allowed (E+F)**		**11377.92**	

3.70. While disallowing the excess purchase of 1523.22 MU by Discom, the Commission has first considered the power purchase of 1172.89 MU from short term sources and rest 350.33 MU from approved sources.

3.71. Discom has submitted Rs. 1433.30 crores as Transmission and SLDC charges which have been allowed as per actual by the Commission. Accordingly, the total power purchase cost including transmission and SLDC charges approved for FY 2016-17 is Rs. 11377.92 crores.

Operations and Maintenance (O&M) Expenses

3.72. The O&M expenses approved by the Commission for FY 2016-17 were Rs. 1490 crores including terminal benefit liability of Rs. 700 crore vide Tariff order dated 2.11.2017. For the purpose of true up, JVVNL has claimed Rs. 1217.21 crores as O&M expenses (including staff terminal benefits based on actuarial valuation of Rs. 456.34 crores).

3.73. As the O&M expenses of distribution area are born by the distribution franchisee (DF), therefore the normative O&M expenses should be calculated duly deducting the sales of distribution franchisee from the total sales.

3.74. Though the Discom has stated that while fixing the base price of ABR to grant the Distribution Franchisee the petitioner made its calculation based on the fact that RERC will allow the Discom to recover normative O&M

expenses based on sales. However, the Discom has not produced any authenticated material or calculation on record to prove their claim.

3.75. Accordingly, in case of JVVNL, the Commission has worked out the normative O&M expenses as per the methodology explained in earlier part of this order after deducting the sales by distribution franchisee of 528.90 MUs.

3.76. Details of normative O&M expenses as allowed are given in table below:

Table 12: O&M Expenses of JVVNL for 2016-17 (Rs. in crores)

Sr. No.	Particulars	Amount
1	Energy Sales approved by Commission excluding sales by DF (in MU)	18715.02
2	Normative Employee cost for FY 2016-17 (Rs. 0.42576)	796.81
3	Normative A &G expenses (Rs. 0.04482/unit)	83.87
4	Normative R&M expenses (Rs. 0.08963 unit)	167.75
5	Less: Proportionate Employee Cost Capitalized	138.03
6	Less: Proportionate A &G cost capitalized (A&G)	12.32
7	**Total O&M Expenses Allowed after True Up**	**898.09**

Terminal Benefit

3.77. The Commission had approved Rs. 700 crore towards terminal benefit liability vide its tariff order dated 02.11.2017. However, in additional submission, JVVNL submitted that they have deposited a sum of Rs. 494 crore towards terminal benefit liability. Accordingly, the terminal benefit liability to the extent of actual amount of Rs. 494 crore deposited by JVVNL has been considered by the Commission.

Depreciation

3.78. The depreciation approved by Commission for FY 2016-17 was Rs. 622 crores vide Tariff order dated 02.11.2017 and Discom has claimed Rs. 758.03 crores as depreciation.

3.79. The Commission has followed the methodology given earlier in the order for the calculation of depreciation being allowed.

3.80. Details of depreciation charges allowed for FY 2016-17 are given in table below:

Table 13: Depreciation Charges of JVVNL for 2016-17 (Rs. in crores)

Sr. No.	Particulars	Amount
1	Depreciable assets at the beginning of the year (closing balance of FY 2015-16)	11753.47
2	Less: Deductions as per audited accounts	374.28
3	Capitalization during the year	1918.01
4	Less Capitalization towards terminal benefit	95.62
5	Less: Capital Outlay financed by Consumer Contribution and grant	415.03
6	Depreciable assets added during the year (3-4-5)	1407.36
7	Closing balance of GFA (1-2+6)	12786.56
8	Average depreciable assets during the year	12270.01
9	Average depreciation rate	4.98%
10	**Depreciation Allowed after True UP**	**611.60**

Interest and Finance Charges and Interest on Working Capital

3.81. The interest & finance charges approved by Commission for FY 2016-17 were Rs. 2066 crores including interest on working capital as per the ARR order dated 02.11.2017. For the purpose of true up, JVVNL has claimed Rs. 1627.65 crores as interest and finance charges including interest on working capital.

3.82. Interest and finance charges have been calculated as per the methodology explained earlier. The details are given in table below:

Table 14: Interest and Finance Charges of JVVNL for 2016-17 (Rs. in crores)

Sr. No.	Particular	Amount
1	Opening balance of Long term Loan (LTL) (closing balance of FY 2015-16)	5435.42
2	Add: Capitalization during the year	1918.01
3	Less: Capital Outlay financed by Equity (capped at 30% of	575.40

Sr. No.	Particular	Amount
	capitalization during the year)	
4	Less: Capital Outlay financed by Consumer Contribution and grant	415.03
5	Less Capitalization towards terminal benefit	95.62
6	Addition to LTL for Capital Outlay {2-(3+4+5)}	831.96
7	Less: Repayments equal to depreciation	611.60
8	Closing balance of LTL (1+6-7)	5655.78
9	Average LTL	5545.60
10	Add: Revenue Gap recognized after loan taken over under UDAY	12499.20
11	Total Long Term Loan Balance to be considered for allowing interest for FY 2016-17	18044.80
12	Average Interest rate of LTL	9.77%
13	Interest Charges on LTL and revenue gap	1763.43
14	Interest on loan claimed by petitioner excluding other FC	1110.60
15	lower of interest claimed and worked out above	1110.60
16	Interest on security deposit from consumers - As per actual	69.55
17	Finance Charges-As per actual	83.67
18	**Total Interest and Finance Charges Allowed after True UP (15+16+17)**	**1263.82**

3.83. The Commission has approved the interest on working capital as per Regulation 27 of RERC Tariff Regulations, 2014. The details are given in table below:

Table 15: Interest on Working Capital of JVVNL for 2016-17 (Rs. in crores)

Sr. No.	Particular	Amount considering normative interest rate	Amount considering interest rate submitted by Discom
1	O&M expenses of one month	74.84	74.84
2	Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 83;	134.71	134.71
3	Receivables equivalent to one and a half (1½) months billing of consumers	1802.68	1802.68
4	Less: Security deposit from consumers	945.76	945.76

Sr. No.	Particular	Amount considering normative interest rate	Amount considering interest rate submitted by Discom
5	Total working capital requirement(1+2+3-4)	1066.48	1066.48
6	Rate of Interest (SBI PLR Rate)	12.26%	12.19%
7	Interest on working capital allowed after true-up	130.78	129.95
8	Less : 50% gain arising from variation in Interest rate as per regulation 27 0f RERC 2014	-0.42	
9	**Net Interest on working capital**	**130.37**	

3.84. It may be seen that gain on account of variation in interest rate is Rs. (0.83) crores. As per Regulation 27 of RERC Tariff Regulations, 50% of such gain is to be passed on as a rebate in tariff and the licensee is allowed to retain only 50% of such gain. Accordingly, 50% of the gain has been reduced from the amount of interest on working capital worked out on the basis of normative interest rate.

<u>Prior Period Expenses</u>

3.85. JVVNL has claimed prior period expenses of Rs. 31.24 crore. It has been observed that the major item of the prior period expenses is the "Prior period adjustment of power purchase" of Rs. 19.61 crore. The detail of prior period expenses as per audited accounts are as follows:

(Amount in Rs. Crore)

Particulars	**For the year ended 31.03.2017**	
Prior period expenses/loss		
Prior Period Adjustment of Power Purchase		19.61
Operating Expenses	0.01	
Employee cost	4.24	
Interest & Other Financial Charges	3.46	
Administration & General Expense	2.62	
Depreciation	1.30	11.63
Total		**31.24**

3.86. While carrying out the true up of any financial year, the Commission allows the capitalization, operation and maintenance expenses, depreciation, interest cost and interest on working capital as per Tariff Regulations. Hence, expenses of Rs. 11.63 crore on account of these expenses in JVVNL audited accounts is disallowed as prior period expenses as the Commission has already approved the above expenses in the true up order till FY 2015-16 as per the norms specified in the Tariff Regulations.

3.87. In the additional information, the Discom has furnished, the item wise details of prior period expenses relating to power purchase.

3.88. On perusal of information furnished by Discom towards prior period expense of power purchase of Rs. 19.61 crore, the Commission observed that these prior period expenses include:

- Prior period adjustment of Rs.19.20 crore on account of the claim of clean energy cess has been considered.
- Prior period adjustment of Rs. 0.80 crore against power purchase on account of the amount payable to RVUNL and wrongly withdrawn in FY 2015-16 now rectified in FY 2016-17 and allowed by the commission.
- Prior period adjustment of Rs. (0.38) crore towards power purchase against UI charges during Apr 2016 to Mar 2017 is accepted in this order.

3.89. Considering the above, for the purpose of current true up, the Commission has considered the prior period expenses of Rs. 19.61 crore against the JVVNL claim of prior period expenses of Rs. 31.24 crore.

Other Debits:

3.90. JVVNL has claimed other debits of Rs. 502.04 crores. It has been observed that major item of other debits are the provision for bad and doubtful debts of Rs. 354.96 crore, provision for bad and doubtful debts-others of Rs.3.38 crores, loss on sale of fixed assets of Rs. 64.40 crores, loss on valuation of inventory of Rs. 65.02 crores, loss due to theft of fixed assets of Rs 7.32 crore, compensation in case injury/death of Rs. 6.16 crore and miscellaneous expenses of Rs 0.80 crore.

3.91. While carrying out the true up exercise, the Commission has not considered any provision towards bad and doubtful debts. The expenses are allowed only to the extent of debts actually written off by the Discom subject to limit stipulated in the Tariff Regulations. Therefore, the Commission has not considered both the bad debts provisions and considered only the actual bad debts written off of Rs. (0.85) crore.

3.92. Further, with regard to loss due to theft of Fixed Assets, the regulation 25 of RERC tariff Regulations 2014 provides that actual insurance expenses incurred by the generating company or licensee shall be allowed separately, subject to a ceiling of 0.2% of average Net Fixed Assets for the year. The Commission accordingly has considered the loss due to theft of Fixed Assets of Rs. 7.32 Crore being less than the normative insurance expenses.

3.93. Compensation to outsider paid of Rs. 5.46 crore and compensation to employee of Rs.0.70 crores, loss on sale of fixed assets of Rs. 64.40 crore are considered as per actual.

3.94. The Commission has not considered the loss on obsolete store, loss on valuation of Inventory and deferred expenses written off total amount to Rs. 65.81 crores.

3.95. Accordingly, the Commission has considered the other debit of Rs. 77.04 crore against the Discom claim of Rs. 502.04 crores.

<u>Consumer Education and Rebate Allowed to Consumers</u>

3.96. Regarding consumer education and awareness, Commission vide its Order dated 02.11.2017, allowed an additional amount of Rs. 50 lakh per Discom. Discom has submitted that it has incurred more than Rs. 50 lakh towards consumer education and awareness programs, therefore Commission has considered an additional sum of Rs. 50 lakh towards aforesaid objective.

3.97. JVVNL has shown the rebate allowed to consumers separately and the same has been accepted by the Commission.

Revenue

3.98. Revenue from sale of power, Non-Tariff Income, other Income, Wheeling Charges and Cross Subsidy Surcharge, cost recoverable as per the RVUN & RVPN True Up orders, sale of power through trading and Prior Period Income as petitioned by Discom has been accepted.

3.99. Discoms have stated that in their accounting policies consumer contribution for service connection & line, capital grants and subsidies received towards cost of capital assets have not been reduced from the cost of assets. The same has been treated as Deferred Revenue Income which is being amortized/written off in 25 years from the year of its receipt. The depreciation pertaining to such fixed assets is fully charged to revenue.

3.100. However, while computing the depreciation, the Commission has reduced the capitalization amount funded by the consumer contribution, capital grant and subsidy received during the year. Therefore the Commission has not considered the depreciation benefit on such assets and consequently deferred revenue is also not accounted for.

3.101. The petitioner has informed that the exceptional item net income of Rs. 1121.26 crore is towards conversion of UDAY loan into equity and grant after reduction of subsidy receivable write off into books of accounts. The petitioner informed that the same has been inadvertently claimed by the petitioner stating that while working out unfunded gap the Commission had reduced the regulatory assets to the extent of the loans taken over under UDAY. However in the books of accounts, the taken over loan are reflected as grants to be received in the period of three years are accordingly shown as exceptional item hence for regulatory purpose the revenue deficit for FY 2016-17 should exclude the amount of exceptional items. The submission of Discom has been accepted.

3.102. Interest on Delayed Payment Surcharge (DPS) has not been considered as discussed above in this order.

3.103. Based on above discussions and data provided by JVVNL, the prayer of Discom for True-up of the expenditure and revenue for FY 2016-17 based on the actual performance and for approval of the revenue gap of Rs. 615.75 Crore for the year has not been accepted as petitioned. The Commission has approved the same to the extent shown in following table:

Table 16: Summary of True up of JVVNL for FY 2016-17 (Rs. in crores)

Sr. No.	Particulars	As per order dated 02.11.2017	As per petition	Approved After truing up
1	**Revenue**			
2	Sale of power	12664	12942.86	12942.86
3	Non-tariff income and other income	317	452.33	452.33
4	Deferred Revenue Income	-	159.56	0.00
5	Wheeling charges and Cross Subsidy Surcharge	142	231.94	231.94
6	RVUN & RVPN True up order	-75	112.00	112.00
7	Sale of power through trading	-	31.89	31.89
8	Prior Period Income	-	1.21	1.21
	Total Revenue, A	**13049**	**13931.79**	**13772.23**
	Expenditure			
9	Power purchase Cost	10655	11829.00	11377.92
10	O & M Expenses	790		
11	Employee cost		520.80	658.78
12	A&G expenses		128.85	71.56
13	R&M expenses		111.23	167.75
14	Terminal Benefits	700	456.34	494.00
15	Insurance Expenses	23	1.06	-
16	Consumer Education	0.50		0.50
17	Depreciation	622	758.03	611.60
18	Interest & finance charges	1954	1627.65	1263.82
19	Interest on working capital	112		130.37
20	Prior period expenses	-	31.24	19.61
21	Other debits		502.04	77.04
22	Rebate allowed to consumers	-	232.78	232.78
23	**Total Expenditure, B**	**14857**	**16199.00**	**15105.72**
24	**Surplus/deficit, C = (A-B)**	(1,808)	(2,267.21)	(1,333.49)

Sr. No.	Particulars	As per order dated 02.11.2017	As per petition	Approved After truing up
25	**Revenue subsidies received from State Government D**	583	530.20	530.20
26	**Revenue gap for FY 2016-17, E =(C+D)**	(1,225)	(1,737.01)	(803.29)
27	**Gap worked out after Loan Taken Over under UDAY,F**	-	(13,185.00)	(12,499.20)
28	**Cumulative Revenue Gap to be carried forward, E+F**	-	(13,896.37)	(13,302.49)
29	**Cumulative Revenue Gap till FY 2016-17**		(32,909.75)*	(13,302.49)

As per audited accounts

Analysis of True Up of ARR for FY 2016-17– AVVNL

Sale of Energy

3.104. The Discom has indicated total sale of 13785.81 MU including 969.43 MU sales to flat rate category. It has been observed that flat rate sales of 969.43 MU are within the limit of normative specific consumption i.e. 1945 KWH/KW/year as specified by the Commission .As such, Commission accepts the sales of energy as submitted by Discom.

Power Purchase Cost

3.105. Power purchase cost approved by the Commission for FY 2016-17 was Rs. 7477 crores vide ARR order dated 02.11.2017 For the purpose of truing up, AVVNL has claimed Rs. 8117.18 crores as power purchase cost (including short term power purchase cost and Transmission & SLDC charges).

3.106. Details of power purchase cost as submitted by Discom are given in the table below:

Table 17: Power purchase cost submitted by AVVNL (Rs in crores)

Sr. No.	Particulars	Units (MU)	Amount in Crores	Average Rate
	Energy petitioned by Discom			
1	Total Energy Purchased by Discom (A)	18504.86	7109.50	3.84
2	Less: Purchase From Short term sources (B)	153.10	43.05	2.81
3	Balance Energy from approved Sources C= (A-B)	18351.76	7066.45	3.85
4	Add: Transmission and SLDC charges (D)		1007.68	
5	Total Power Purchase claimed (A+D)		**8117.18**	

3.107. The Discom has petitioned that they have purchased 18504.86 MU out of which they have sold 79.79 MU through exchange.

3.108. The Commission has worked out the power purchase requirement based on the approved distribution losses, transmission losses submitted by the Discom and sales in accordance with approved methodology.

3.109. The Discom has furnished total transmission losses (inter and intra state) in MU terms, therefore to segregate the same, the Commission has used the intra state losses of 3.35% based on RVPN true up order dated 03.05.2018 for FY 2016-17 and the balance losses based on the Audited Accounts are considered towards interstate transmission losses.

3.110. Details of gross energy requirement worked out on the basis of sales as indicated in foregoing para is given below in table:

Table 18: Gross Energy Requirement of AVVNL for 2016-17 (MUs)

Particulars	Approved as per Order Dated 02.11.2017	Actual/Audited	Restated Level	Normative Calculation
Gross Energy Requirement	19463.00	18504.86	18504.86	18024.18
Less:- Sale Through Exchange	1343.00	79.79	79.79	79.79
Net Energy Requirement	18120.00	18425.07	18425.07	17944.39
Inter State Transmission Loss (MU)	207.00	114.84	114.84	114.84
Energy Availability at RVPN (MU)	17913.00	18310.23	18310.23	17829.55
Intra State Transmission Loss (%)	3.89%	3.35%	3.35%	3.35%
Intra State Transmission Loss(MU)	697.00	613.39	613.39	597.29
Energy Requirement at Distribution Periphery (MU)	17216.00	17696.84	17696.84	17232.26
Distribution Loss (%)	20.00%	22.10%	22.10%	20.00%
Distribution Loss (MUs)	3443.00	3911.03	3911.03	3446.45
Energy Sales (MUs)	13773.00	13785.81	13785.81	13785.81

3.111. It is observed that the Discom has purchased 480.68 MU in excess due to increase in distribution loss over the target given by the Commission.

3.112. As discussed in earlier paras, the Commission does not wish to burden the consumer on account of Discom inefficiency. As such the Commission disallows 100% of such excess purchase, i.e., 480.68 MU from actual purchase of 18504.86 MU and accordingly purchase of energy allowed shall be 18024.18 MU.

3.113. In view of discussion made above in this order, banking transactions are considered as cost neutral and no provision towards notional cost of banking is considered for true up of power purchase cost.

3.114. Discom submitted the total power purchase cost of Rs. 7109.50 crore including provision for banking. Discom has submitted the banking cost of Rs. 26.40 crore inclusive of Rs. 10.44 crore towards transactional cost of banking. However, the Commission has not considered the provision for banking cost and considered only the transaction cost. Accordingly, the Commission has considered the power purchase cost of Rs. 7093.55 crore.

3.115. Details of power purchase cost as approved by the Commission is given in the table below:

Table 19: Power purchase cost of AVVNL approved for FY 2016-17

Sr. No.	Particulars	Units (MU)	Amount	Average Rate
	Energy approved by Commission:			
1	Total Energy Purchased by Discom (A)	18504.86	7093.55	3.83
2	Less: Disallowed short term sources (B)	153.10	43.05	2.81
3	Total Energy from approved sources (C=A-B)	18351.76	7050.49	3.84
4	Less: Disallowed approved sources (D)	327.58	125.85	3.84
5	**Power Purchase Cost Allowed E=(A-B-D)**	**18024.18**	**6924.64**	
6	Add: Transmission and SLDC charges (F)		1007.68	
7	**Total Power purchase cost allowed (E+F)**		**7932.32**	

3.116. While disallowing the excess purchase of 480.68 MU by Discom, the Commission has first considered the power purchase of 153.10 MU from short term sources and the rest 327.58 MU has been considered from approved sources.

3.117. Discom has submitted Rs. 1007.68 crores as Transmission and SLDC charges which have been allowed as per actual by the Commission. Accordingly, the total power purchase cost including transmission and SLDC charges approved for FY 2016-17 is Rs. 7932.32 crores.

Operations and Maintenance (O&M) Expenses

3.118. The O&M expenses approved by the Commission for FY 2016-17 were Rs. 1325 crores including terminal benefit liability of Rs. 569 crore vide ARR order dated 02.11.2017. For the purpose of true up, AVVNL has claimed Rs. 1463.51 crores as O&M expenses (including terminal benefits of Rs. 688.07 crores).

3.119. The Commission has worked out the normative O&M expenses as per the methodology explained in earlier part of this order.

3.120. Details of normative O&M expenses as allowed are given in table below:

Table 20: O&M Expenses of AVVNL for 2016-17 (Rs. in crores)

Sr. No.	Particulars	Amount
1	Energy Sales approved by Commission (in MU)	13785.81
2	Normative Employee cost for FY 2016-17 (Rs. 0.42576)	586.95
3	Normative A &G expenses (Rs. 0.04482/unit)	61.78
4	Normative R&M expenses (Rs. 0.08963 unit)	123.57
5	Less: Proportionate Employee Cost Capitalized	19.37
6	Less: Proportionate A &G cost capitalized (A&G)	5.38
7	**Total O&M Expenses Allowed after True Up**	**747.54**

Terminal Benefit

3.121. The Commission had approved Rs. 569 crore towards terminal benefit liability vide its tariff order dated 02.11.2017. AVVNL submitted that they have deposited a sum of Rs. 302 crore towards terminal benefit liability. Accordingly, the terminal benefit liability to the extent of actual amount of Rs. 302 crore deposited by the AVVNL has been considered by the Commission.

Depreciation

3.122. The depreciation approved by Commission for FY 2016-17 was Rs. 397 crores vide ARR order dated 02.11.2017 and Discom has claimed Rs. 471.35 crores as depreciation charges for the purpose of true up.

3.123. The Commission has followed the methodology given earlier in the order for the calculation of depreciation being allowed.

3.124. Details of depreciation charges allowed for FY 2016-17 are given in table below:

Table 21: Depreciation Charges of AVVNL for 2016-17 (Rs. in crores)

Sr. No.	Particulars	Amount
1	Depreciable assets at the beginning of the year (closing balance of FY 2015-16)	7832.80
2	Less: Deductions as per audited accounts	36.41
3	Capitalization during the year	813.28
4	Less: Capital Outlay financed by Consumer Contribution and grant	293.81
5	Depreciable assets added during the year (3-4)	519.46
6	Closing balance of GFA (1-2+5)	8315.85
7	Average depreciable assets during the year	8074.33
8	Average depreciation rate	4.68%
9	**Depreciation Allowed after True UP**	**377.60**

Interest and Finance Charges and Interest on Working Capital

3.125. The interest & finance charges approved by Commission for FY 2016-17 was Rs. 1874 crores including interest on working capital as per the ARR order dated 02.11.2017. For the purpose of true up, AVVNL has claimed Rs. 1288.80 crores as interest and finance charges including interest on working capital.

3.126. Interest and finance charges have been calculated as per the methodology given earlier in the order as shown in table below:

Table 22: Interest and Finance Charges of AVVNL for 2016-17 (Rs. in crores)

Sr. No.	Particulars	Amount
1	Opening balance of Long term Loan (LTL) (closing balance of FY 2015-16)	2896.34
2	Add: Capitalization during the year	813.28
3	Less: Capital Outlay financed by Equity (capped at 30% of	243.98

Sr. No.	Particulars	Amount
	capitalization during the year)	
4	Less: Capital Outlay financed by Consumer Contribution and grant	293.81
5	Addition to LTL for Capital Outlay {2-(3+4)}	275.48
6	Less: Repayments equal to depreciation	377.60
7	Closing balance of LTL (1+5-6)	2794.22
8	Average LTL	2845.28
9	Add: Revenue Gap recognized after loan taken over under UDAY	11512.80
10	Total Long Term Loan Balance to be considered for allowing interest for FY 2016-17	14358.08
11	Average Interest rate of LTL	10.05%
12	Interest Charges on LTL and revenue gap	1443.36
13	Interest on loan claimed by petitioner excluding other FC	1006.69
14	lower of interest claimed and worked out above	1006.69
15	Interest on security deposit from consumers - As per actual	44.69
16	Finance Charges-As per actual	69.12
17	**Total Interest and Finance Charges Allowed after True UP (14+15+16)**	**1120.50**

3.127. The Commission has approved the interest on working capital as per Regulation 27 of RERC Tariff Regulations, 2014.

3.128. Details of Interest on working capital are given in table below:

Table 23: Interest on Working Capital of AVVNL for 2016-17 (Rs. in crores)

Sr. No.	Particular	Amount considering normative interest rate	Amount considering interest rate submitted by Discom
1	O&M expenses of one month	62.30	62.30
2	Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 83;	112.13	112.13
3	Receivables equivalent to one and a half (1½) months billing of consumers	1278.35	1278.35
4	Less: Security deposit from consumers	756.11	756.11

Sr. No.	Particular	Amount considering normative interest rate	Amount considering interest rate submitted by Discom
5	**Total working capital requirement(1+2+3-4)**	**696.67**	**696.67**
6	Rate of Interest (SBI PLR Rate)	12.26%	12.37%
7	Interest on working capital allowed after true-up	85.43	86.17
8	Add : 50% loss arising from variation in Interest rate as per regulation 27 0f RERC 2014	0.37	
9	**Net Interest on working capital**	**85.80**	

3.129. It may be seen that loss on account of variation in interest rate is Rs. 0.74 crores. As per Regulation 27 of RERC Tariff Regulations, 50% of such loss is to be passed on as an additional charge in tariff and the balance amount of loss shall be absorbed by the licensee. Accordingly, 50% of the loss has been added to the amount of interest on working capital worked out on the basis of normative interest rate.

<u>Prior Period Expenses</u>

3.130. AVVNL has claimed prior period expenses of Rs. 95.65 crore. It has been observed that the major item of the prior period expenses is the "Prior period adjustment of short provision for power purchase" of Rs. 66.69 crore. The details of prior period expenses as per audited accounts are as follows:

(Amount in Rs. Crore)

Particulars	For the year ended 31 March 2017	
Prior period expenses/loss :		
Short Provisions for Power Purchase in Previous Years		66.69
Operating Expenses	8.90	
Employee Cost	(0.006)	
Depreciation under Provision	14.90	

Particulars	For the year ended 31 March 2017	
Interest & Other Finance Charges	4.65	
Administration Expenses	0.51	
Material Related Expenses	-	28.96
Total		**95.65**

3.131. While carrying out the true up of any financial year, the Commission allows the capitalization, operation and maintenance expenses, depreciation, interest cost, and interest on working capital as per Tariff Regulations. Hence, expenses of Rs. 28.96 crore on account of these in AVVNL audited accounts have not been considered as prior period expenses as the Commission has already approved the above expenses in the true up order till FY 2015-16 as per the norms specified in the Tariff Regulations.

3.132. In the additional information the Discom has furnished the item wise details of prior period expenses relating to power purchase.

3.133. On perusal of information furnished by Discom towards prior period power purchase of Rs. 66.69 crore, the Commission observed that the above prior period expenses include:

a) Amount of Rs. 13.98 crore pertains to liability against power purchase in FY 2015-16 which were not adjusted in respective year now adjusted in current financial year in respect of NPCIL, NTPC, and NHPC and thus are allowed by the Commission.

b) Amount of Rs. 1.09 crore towards NVVNL bill on account of revision of coal component, which are allowed on actual basis.

c) Amount of Rs. 4.15 crore towards adjustment of NEYVELLI LIGNITE on account of interest on power supply, which are allowed on actual basis.

d) Prior period adjustment of Rs.13.44 crore against power purchase on account of the claim of clean energy cess are also allowed by the commission.

e) Amount of Rs.0.15 crore of NPCIL on account of water cess are also allowed by the commission.

f) Amount of Rs. 33.87 crore PTC India ltd. on account of non provision for power supply bill due to POC charges and rate difference. The same is allowed by the commission.

3.134. Considering the above, for the purpose of current true up, the Commission has considered the prior period expenses of Rs. 66.69 crore against the AVVNL claim of prior period expenses of Rs. 95.65 crore.

Other Debits:

3.135. AVVNL has claimed other debits of Rs. 76.97 crore. It has been observed that major item of other debits are the provision for bad & doubtful debts of Rs. 55.52 crore, compensation in case of injury/death of Rs. 5.58 crore, loss on theft of fixed assets of Rs. 2.16 crore, other debits written off Rs. 1.50 Crore and miscellaneous expenses of Rs. 12.20 crore .

3.136. While carrying out the true up exercise, the Commission has not considered any provision towards bad and doubtful debts. The expenses are allowed only to the extent of debts actually written off by the Discom subject to limit stipulated in the Tariff Regulations. Therefore, the Commission has considered the bad debts of Rs. 7.43 crore actually written off against the claim of Rs. 55.52 crore and the sundry balance written off of Rs.1.50 crore.

3.137. Further, with regard to loss due to theft of Fixed Assets, the regulation 25 of RERC tariff Regulations 2014 provides that actual insurance expenses incurred by the generating company or licensee shall be allowed separately, subject to a ceiling of 0.2% of average Net Fixed Assets for the year. The Commission accordingly has considered the loss due to theft of Fixed Assets of Rs. 2.16 crore being less than the normative insurance expenses.

3.138. Further, compensation paid of Rs. 5.58 crore and miscellaneous expenses are considered at actual.

3.139. The Commission has not considered the Shortage on Physical verification of stocks of Rs. 0.07 crore.

3.140. Accordingly, the Commission has considered the other debit of Rs. 28.81 crore against the Discom claim of Rs. 76.97 crore.

Consumer Education and Rebate Allowed to Consumers

3.141. Regarding consumer education and awareness, Commission vide its Order dated 02.11.2017, allowed an additional amount of Rs. 50 lakh per Discom. Discom has submitted that it has incurred Rs. 12 lakh towards consumer education and awareness programs, therefore Commission has considered an additional sum of Rs. 12 lakh towards aforesaid objective.

3.142. AVVNL has shown the rebate allowed to consumers separately and the same has been accepted by the Commission.

Revenue

3.143. Revenue from sale of power, Non-Tariff Income, other Income, Wheeling Charges and Cross Subsidy Surcharge, cost recoverable as per the RVUN & RVPN True Up orders, sale of power through trading and Prior Period Income as petitioned by Discom has been accepted.

3.144. Discoms have stated that in their accounting policies consumer contribution for service connection & line, capital grants and subsidies received towards cost of capital assets have not been reduced from the cost of assets. The same has been treated as Deferred Revenue Income which is being amortized/written off in 25 years from the year of its receipt. The depreciation pertaining to such fixed assets is fully charged to revenue.

3.145. However, while computing the depreciation, the Commission has reduced the capitalization amount funded by the consumer contribution, capital grant and subsidy received during the year. Therefore the Commission has not considered the depreciation benefit on such assets and consequently deferred revenue is also not accounted for.

3.146. The petitioner has informed that the exceptional item net income of Rs. 966.86 crore is towards conversion of UDAY loan into equity and grant after reduction of subsidy receivable write off into books of accounts. The petitioner informed that the same has been inadvertently claimed by the petitioner stating that while working out unfunded gap the Commission had reduced the regulatory assets to the extent of the loans taken over under UDAY. However in the books of accounts, the taken over loan are reflected as grants to be received in the period of three years are accordingly shown as exceptional item hence for regulatory purpose the revenue deficit for FY 2016-17 should exclude the amount of exceptional items. The submission of Discom has been accepted.

3.147. Interest on Delayed Payment Surcharge (DPS) has not been considered as discussed above in this order.

3.148. Based on above discussions and data provided by AVVNL, prayer of Discom for True-up of the expenditure and revenue for FY 2016-17 based on the actual performance and for approval of the revenue gap of Rs. 336.68 Crore for the year has not been accepted as petitioned. The Commission has approved the same to the extent shown in following table:

Table 24: Summary of True up of AVVNL for FY 2016-17 (Rs. in crores)

Sr. No.	Particulars	As per order dated 02.11.2017	As per petition	Approved After truing up
1	**Revenue**			
2	Sale of power	9064	9230.74	9230.74
3	Non-tariff income and other income	247	373.52	373.52
4	Deferred Revenue Income	-	118.60	0.00
5	Wheeling charges and Cross Subsidy Surcharge and additional charge	349	160.64	160.64
6	RVUN & RVPN True up order	-52	0.00	0.00
7	Sale of power through trading	-	22.32	22.32
8	Prior Period Income	-	(4.79)	(4.79)
	Total Revenue, A	**9608**	**9901.03**	**9782.43**
	Expenditure			
9	Power purchase Cost	7477	8117.18	7932.32
10	O & M Expenses	757		
11	Employee cost		543.08	567.57
12	A&G expenses		103.78	56.40
13	R&M expenses		128.58	123.57
14	Terminal Benefits	569	688.07	302.00

Sr. No.	Particulars	As per order dated 02.11.2017	As per petition	Approved After truing up
15	Insurance Expenses	15	0.24	-
16	Consumer Education	0.50	0.12	0.12
17	Depreciation	397	471.35	377.60
18	Interest & finance charges	1783	1288.80	1120.50
19	Interest on working capital	91		85.80
20	interest on consumer security deposit			0.00
21	Prior period expenses	-	95.65	66.69
22	Other debits		76.97	28.81
23	Rebate allowed to consumers	-	99.60	99.60
24	**Total Expenditure, B**	**11089**	**11613.42**	**10760.99**
25	**Surplus/deficit, C = (A-B)**	(1,481)	(1,712.39)	(978.56)
26	**Revenue subsidies received from State Government D**	385	408.84	408.84
27	**Revenue gap for FY 2016-17, E =(C+D)**	(1,096)	(1,303.55)	(569.71)
28	**Gap worked out after Loan Taken Over under UDAY,F**	-	(11,646.00)	(11,512.80)
29	**Cumulative Revenue Gap to be carried forward, E+F**	-	(11,982.68)	(12,082.51)
30	**Cumulative Revenue Gap till FY 2016-17**		(30,684.44)*	(12,082.51)

As per audited accounts

3.149. The petition stand disposed off accordingly. Copy of this order may be sent to the petitioners, stakeholders, CEA and Government of Rajasthan.

(S.C. Dinkar)
Member

(R.P. Barwar)
Member

(Vishvanath Hiremath)
Chairman

Annexure - A

1. M/s Rudraksh Energy (JVVNL, AVVNL and JdVVNL)
2. Sh. Shanti Prasad (JVVNL, AVVNL and JdVVNL)
3. Sh. G.L. Sharma (JVVNL, AVVNL and JdVVNL)
4. Sh. Y.K. Bolia (JVVNL, AVVNL and JdVVNL)
5. Sh. B.M. Sanadhya (JVVNL, AVVNL and JdVVNL)
6. Sh. D.D. Agarwal (JVVNL, AVVNL and JdVVNL)
7. Sh Kuldeep Verma (JVVNL)
8. Sh Mahomad Aarif (JVVNL)

Annexure - B

1. M/s Rudraksh Energy
2. Sh. G.L. Sharma
3. Sh. B.M. Sanadhya
4. Sh. Y.K. Bolia