

Jharkhand State Electricity Regulatory Commission

**Tariff Order
on
Annual Revenue Requirement
and
Determination of Distribution Tariff
for
Financial Year 2011-12
for
Tata Steel Limited
(TSL)**

Ranchi

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List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
ARR	Annual Revenue Requirement
CWIP	Capital Work in Progress
DPS	Delayed Payment Surcharge
DS	Domestic Service
DS HT	Domestic Service High Tension
DVC	Damodar Valley Corporation
FAS	Financial Accounting System
FOR	Forum of Regulators
FY	Financial Year
GFA	Gross Fixed Assets
GoI	Government of India
HT	High Tension
JSERC	Jharkhand State Electricity Regulatory Commission
JUSCO	Jamshedpur Utilities and Services Company Limited
LT	Low Tension
kV	Kilovolt
kVA	Kilovolt-ampere
kW	Kilowatt
kWh	Kilowatt-hour
MMC	Monthly Minimum Charges
MU	Million Units
NTI	Non Tariff Income
O&M	Operations and Maintenance
PLF	Plant Load Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement
PSD	Power Service Division
R&M	Repair and Maintenance
RoE	Return on Equity
Rs	Rupees
SAP	System, Application and Production
SBI	State Bank of India
TPCL	Tata Power Company Limited
TPTCL	Tata Power Trading Company Limited
SLM	Straight Line Method
TSL	Tata Steel Limited

A1: INTRODUCTION

Jharkhand State Electricity Regulatory Commission (JSERC)

- 1.1 The Jharkhand State Electricity Regulatory Commission (herein after referred to as the “JSERC” or “the Commission”) was established by the Government of Jharkhand under Section 17 of the Electricity Regulatory Commission Act, 1998 on August 22, 2002. The Commission became operational w.e.f. April 24, 2003. The Electricity Act, 2003 (hereinafter referred to as “the Act” or “EA, 2003”) came into force w.e.f. June 10, 2003; and the Commission is now deemed to have been constituted and functioning under the provisions of the Act.
- 1.2 The Government of Jharkhand vide its notification dated 22.08.2002 defined the functions of JSERC as per Section 22 of the Electricity Regulatory Commission Act, 1998 to be the following, namely:-
- (a) to determine the tariff for electricity, wholesale, bulk, grid or retail, as the case may be, in the manner provided in section 29;
 - (b) to determine the tariff payable for the use of the transmission facilities in the manner provided in Section 29;
 - (c) to regulate power purchase and procurement process of the transmission utilities and distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;
 - (d) to promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.
- 1.3 With the Electricity Act, 2003 being brought into force, the earlier Electricity Regulatory Commission Act of 1998 stands repealed and the functions of JSERC are now defined as per Section 86 of the Act.
- 1.4 In accordance with the Act, the JSERC discharges the following functions: -
- (a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State;

Provided that where open access has been permitted to a category of consumers under Section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;

- (b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- (c) facilitate intra-state transmission and wheeling of electricity;
- (d) issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- (e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
- (f) adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;
- (g) levy fee for the purposes of this Act;
- (h) specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;
- (i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- (j) fix the trading margin in the intra-state trading of electricity, if considered, necessary;
- (k) discharge such other functions as may be assigned to it under this Act.

1.5 The Commission advises the State Government on all or any of the following matters, namely :-

- (a) promotion of competition, efficiency and economy in activities of the electricity industry;
- (b) promotion of investment in electricity industry;
- (c) reorganisation and restructuring of electricity industry in the State;
- (d) matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.

- 1.6 The State Commission ensures transparency while exercising its powers and discharging its functions.
- 1.7 In discharge of its functions, the State Commission is guided by the National Tariff Policy as brought out by GoI in compliance to Section 3 of the Act. The objectives of the National Tariff Policy are to:
- (a) ensure availability of electricity to consumers at reasonable and competitive rates;
 - (b) ensure financial viability of the sector and attract investments;
 - (c) promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;
 - (d) promote competition, efficiency in operations and improvement in quality of supply.

Tata Steel Limited (TSL)

- 1.8 Tata Steel Limited (hereinafter referred to as 'TSL' or the 'Petitioner'), formerly known as Tata Iron and Steel Company Limited (TISCO), is a company incorporated under the provisions of the Companies Act, 1956. It is distributing electricity in Jamshedpur under the license granted u/s 14 of the Electricity Act 2003.
- 1.9 The Petitioner has been distributing electricity in Jamshedpur township since 1923 through a sanction/license granted under section 28(1) of the erstwhile Indian Electricity Act, 1910. Post enactment of the EA, 2003, the Petitioner filed an application for a distribution license for Jamshedpur township on December 24, 2003 u/s 15 of the Act. In the absence of the final regulations and in view of the provisions of Section 14, proviso one and Section 172(b) of the Act, JSERC vide order dated March 24, 2004 permitted Tata Steel to continue operating under the provisions of the repealed Act till the time regulations regarding the same were notified by the Commission.
- 1.10 After notification of the JSERC (Terms and Conditions for Distribution Tariff) Regulation, 2004, action for issue of license for Jamshedpur town was initiated and subsequently the license was issued to Tata Steel Limited (TSL) on January 12, 2006 w.e.f. March 24, 2004.
- 1.11 The area of the Petitioner is bounded as under:
- (a) **North:** River Subarnarekha
 - (b) **South:** Tracks of South Eastern Railways
 - (c) **East:** Eastern boundaries of Mouza Jojobera and Nildhand.
 - (d) **West:** River Kharkai

Scope of the Present Order

- 1.12 This Order relates to the ARR and Tariff Petition filed by the Petitioner before the Commission for approval of the ARR for FY 2009-10 & FY 2010-11 and determination of ARR & distribution tariff for FY 2011-12. The Order is in accordance with Sections 61, 62 and 64 of the Act and provisions of the JSERC (Terms and Conditions for Distribution Tariff) Regulations, 2004 (hereinafter referred to as ‘Distribution Tariff Regulations, 2004’) and JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2010 (hereinafter referred to as ‘Distribution Tariff Regulations, 2010’).
- 1.13 While determining tariff for FY 2011-12 for the licensed area of Jamshedpur town under the Petitioner, the Commission has taken into consideration the following:
- (a) Provisions of Section 86 of the Act;
 - (b) Provisions of the National Electricity Policy;
 - (c) Provisions of the National Tariff Policy;
 - (d) Principles laid down in the Distribution Tariff Regulations, 2004; and
 - (e) Principles laid down in the ‘Distribution Tariff Regulations, 2010’ for transition period from April 2011 to March 2013

A2: PROCEDURAL HISTORY

Background

- 2.1 The Commission had issued its last Tariff Order for the Petitioner in October, 2010, approving the ARR for 2007-08, 2008-09, 2009-10 & 2010-11. The Commission had decided not to increase the tariff applicable in the licensed area for FY 2010-11 as the Commission had estimated a net surplus up till FY 2010-11. Further the Commission had decided not to make any reduction in tariffs and to carry forward the revenue surplus to the next tariff year.
- 2.2 As per the 'Distribution Tariff Regulations, 2010', the distribution licensees need to file a tariff application for the FY 2011-12 with statements containing the expected revenue from the tariff charges including miscellaneous income and other charges, if any, by November 1st, 2010.
- 2.3 However, TSL filed an application/ petition for condonation of delay and seeking time extension till March 31st, 2011 for filing the tariff petition for FY 2011-12. Accordingly, the Commission vide order dated February 3rd, 2011 allowed the licensee to file the tariff petition by March 31st, 2011. Further, TSL in its letter No PBD/143/59/11 dated March 31st, 2011 requested the Commission to allow 7 more days time to submit its ARR and tariff petition for FY 2011-12. The Commission vide its letter no. JSERC/10/2011/08 dated April 2nd, 2011 allowed the last date for filing the ARR for FY 2011-12 as April 9th, 2011.
- 2.4 Accordingly, the Petitioner has filed the present tariff petition on April 9th, 2011 for truing-up of Aggregate Revenue Requirement (ARR) for the FY 2009-10; Review of the revised estimated ARR for FY 2010-11; approval of the projected ARR of FY 2011-12 and Determination of Tariff for FY 2011-12 for the License area.
- 2.5 This Tariff Order addresses the petition filed by the Petitioner before the Commission for approval of its ARR for FY 2009-10, FY 2010-11 and FY 2011-12 and determination of tariff for FY 2011-12 for the licensed area of the Petitioner.

Information Gaps in the Petition

- 2.6 During the course of scrutiny of ARR and tariff petition, several deficiencies were observed in the tariff petition submitted by the Petitioner. These information gaps were communicated to the Petitioner vide letter no. JSERC/10/2011/179 dated June 3rd, 2011.
- 2.7 The Petitioner submitted the additional information/data via email on June 18th, 2011 in response to the aforementioned deficiencies and additional data requirements.
- 2.8 The Commission's representatives also visited Jamshedpur to validate the data and observe the functioning of the distribution system.

- 2.9 The Commission observed further discrepancies in the additional information submitted by the Petitioner and sought further clarifications from the Petitioner vide letter no. JSERC/10/2011/TSL/251 dated July 6th, 2011. The Petitioner finally submitted the information after rectifying the various discrepancies on July 23rd, 2011.

Inviting Public Response

- 2.10 After the initial scrutiny of ARR Petition filed by the Petitioner, the Commission directed the Petitioner to issue public notice for inviting comments/suggestions from public and to make available copies of the ARR and tariff petition to the general public. The public notice was subsequently issued by the Petitioner in various newspapers, as detailed hereunder:

Table 1: List of newspapers and dates on which the public notice appeared

Newspaper	Date
The Telegraph	16.05.2011 & 17.05.2011
The Avenue Mail	16.05.2011 & 17.05.2011
Dainik Jagran	16.05.2011 & 17.05.2011
Prabhat Khabar	16.05.2011 & 17.05.2011
Dainik Bhaskar	16.05.2011 & 17.05.2011
New Ispat Mail	16.05.2011 & 17.05.2011

- 2.11 A period of twenty-one (21) days was provided for submitting the comments/suggestions. The Commission subsequently issued advertisement on its website www.jserc.org and various newspapers for conducting the public hearing on the ARR and Tariff filing by the Petitioner for FY 2011-12. The newspapers in which the advertisement for public hearing was issued by the Commission are detailed hereunder:

Table 2: List of newspapers and dates in which the public notice by JSERC appeared

Newspaper	Date
Hindustan	06.07.2011
Prabhat Kabher	06.07.2011
Ranchi Express	06.07.2011
Uditvani	06.07.2011
Dainik Jagran	07.07.2011
Sanmarg	07.07.2011
The Hindustan Times	07.07.2011

Submission of objections and conduct of public hearing

- 2.15 The public hearing was held on 10th July, 2011 at Nirmal Bhawan, Jamshedpur and many respondents gave their comments and suggestions on the ARR filing by the Petitioner. The comments/suggestions of the public as well as the Petitioner's response to them are detailed in the section dealing with the public consultation process.
- 2.16 After the Public hearing, the Commission's representatives met the Petitioner at its office to discuss the remaining data/information gaps in the petition. During the meeting, the petitioner clarified its position on certain data gaps that had been pointed out by the Commission earlier and also assisted the Commission in validating the information submitted in the petition through actual power purchase bills, consumer bills, SAP database, etc.

A3: SUMMARY OF ARR & TARIFF PETITION

Overview

- 3.1 Tata Steel Limited (TSL) is an integrated steel manufacturing company which is also managing the electricity distribution system in its licensed area, through its wholly owned subsidiary- Jamshedpur Utilities and Service Company Limited (JUSCO), which was earlier a division of Tata Steel Limited. The Petitioner has outsourced the maintenance of power distribution services to Power Service Division (PSD) of JUSCO. The Petitioner has submitted that the majority of the operation and maintenance activities related to the power distribution are carried out by PSD and the costs of these activities are charged by JUSCO to the Petitioner.
- 3.2 The present petition for FY 2011-12 contains:
- True-up of ARR for FY 2009-10 based upon the audited accounts;
 - Review of components of ARR for FY 2010-11 based on the provisional figures in the books of TSL and;
 - Determination of tariff for FY 2011-12 as per the Electricity Act, 2003 and as per the provisions of the Distribution Regulations, 2010 issued by the Commission.

ARR and Tariff Determination

- 3.3 The summary of ARR as submitted by the Petitioner is detailed hereunder:

Table 3: ARR Requirement for FY 2009-10, FY 2010-11 & FY 2011-12 (Rs Cr)

Parameters	FY 2009-10 (Actual)	FY 2010-11 (Provisional)	FY 2011-12 (Projected)
Power Purchase Cost	505.58	600.71	921.05
O&M Cost	38.29	49.33	53.45
Interest & Finance Charges	6.92	10.36	10.96
Depreciation	4.70	7.79	8.26
Provision for Bad debts	1.55	-	-
Income Tax	4.71	5.86	6.25
DSM & CGRF Expenses	-	0.07	0.46
Total Costs	561.74	674.11	1,000.44
Add: Reasonable Return	4.75	5.07	5.85
Less: Non-tariff Income	4.13	4.68*	5.08*
Annual Revenue Requirement	562.36	674.50	1,001.22

Parameters	FY 2009-10 (Actual)	FY 2010-11 (Provisional)	FY 2011-12 (Projected)
Revenue@ Existing Tariff	522.96	678.04	843.22
Revenue (gap)/ Surplus	(39.39)	3.55	(157.99)

* TSL revised the non tariff income as per additional information submitted on 18th June 2011

- 3.4 In its tariff petition for FY 2011-12, the Petitioner has submitted that as there has been no change in the Tariff for last 5 years, the entire gap proposed should be recovered in FY 2011-12. Accordingly, the Petitioner has requested for an increase in the tariff of FY 2011-12. The proposed tariff schedule is given in Table 4.

Table 4: Tariff proposed by the Petitioner for FY 2011-12

Consumer Category & Consumption slabs	Fixed Charge/ Demand Charge		Energy Charge (Rs/kWh)	
	Existing	Proposed	Existing	Proposed
DS I (0 – 100 Units)	•Rs 10/month (220 V, upto 5 kW) •Rs 20/month (415V, above 5 kW)	•Rs 10/month (220 V, upto 5 kW) •Rs 20/month (415V, above 5 kW)	1.70	2.00
DS II (101 – 400 Units)			2.80	3.20
DS III (above 400 Units)			3.00	3.50
DSHT (Domestic High Tension)	Rs 275/ consumer/ month	Rs 275/ consumer/ month	2.70	3.30
Commercial Category	•Rs 25/conn/ month (220 V, upto 5 kW) •Rs 75 /conn/ month (415V, above 5 kW)	•Rs 25/conn/ month (220 V, upto 5 kW) •Rs 75 /conn/ month (415V, above 5 kW)	4.30	4.80
High Tension I	Rs 200/kVA/ month	Rs 200/kVA/ month	3.30	4.05
High Tension II	Rs 200/kVA/ month	Rs 200/kVA/ month	3.25	4.00
High Tension III	Rs 180/kVA/ month	Rs 180/kVA/ month	3.20	3.95
High Tension IV *	Rs 180/kVA/ month	Rs 160/kVA/ month	3.20	3.45
Utilities/Street Light	Rs 20/ month	Rs 20/ month	2.90	3.30
Temporary supply	Rs 30/ month	Rs 30/ month	5.00	5.00
Sale to JUSCO **	-	-	3.06	3.48

* HT-IV has been charged as per HT -III category's existing tariff to arrive at existing revenue as directed by the Hon'ble Commission in Tariff Order for FY 2010-11

** The existing and proposed rates for the power sold to other licensee is based on the weighted average power purchase rate of TSL as projected by the Petitioner

A4: PUBLIC CONSULTATION PROCESS - ISSUES RAISED

Submission of comments/suggestions and conduct of public hearing

- 4.1 The tariff petition evoked response from some consumers. A public hearing was held on 10th July, 2011 in Jamshedpur to ensure the maximum public participation wherein the Petitioner presented a summary of the Petition filed by it to the Commission as well as the public.
- 4.2 The members of the public put forth their comments and suggestions before the Commission in the presence of the Petitioner. Thirty-Four members of the public took part in the public hearing process. The list of the attendees is attached in Annexure-I. There were no written suggestions/comments on the tariff petition filed by the Petitioner.
- 4.3 During the course of public hearing, the Commission allowed persons/ representatives of entities, who had not submitted prior written representations but attended the public hearing, to express their views regarding the ARR and tariff petition filed by the Petitioner for FY 2011-12.
- 4.4 The issues raised by the participants along with the reply of the Petitioner and views of the Commission thereon are discussed in this chapter.

Power Purchase cost

Public Comments/Suggestions

- 4.5 It has been observed by the public that while the TSL petition for FY 2011-12 projects that it will purchase a total of 240 MW from TPCL (120 MW being regulated capacity and 120 MW being the Firm capacity) to meet its power requirements in FY 2011-12, TPCL petition for FY 2011-12 is silent about such an agreement. Thus clearly the projected power purchase cost for TSL for FY 2011-12 does not hold good as the TPCL petition does not support it. Thus the Commission should carefully verify and check the projections made for power purchase by TSL for FY 2011-12.
- 4.6 In addition, TSL has submitted that it would buy power from 120 MW of regulated capacity @ the regulated price as determined by the Commission and from the remaining firm capacity of 120 MW @ Rs.4.02/kWh being the Firm price. However the petition has not provided any basis for this cost. Also there could not be two different rates for purchase of power from same source. Thus the Commission should not allow this differentiation and should re-estimate the power purchase cost of TSL for FY12.

Petitioner's Response

- 4.7 The Petitioner has submitted that TPCL at the time of filing its tariff petition for FY 2011-12 had not filed the petition for determination of tariff for 60 MW capacity each of Unit 2 and Unit 3 at Jojobera as it has stated that it was free to sell this firm capacity (120 MW) to any person at a firm rate. However during its public hearing held on July 10, 2011, TPCL has stated that it is also selling the remaining power to the Petitioner itself but at a firm rate of Rs.4.02/kWh as mentioned by the Petitioner in its Tariff Petition for FY 2011-12. Thus as such there is no discrepancy in the two petitions as pointed out by the Consumer.

Views of the Commission

- 4.8 The Commission verified through the power purchase bills of FY 2011-12 of the Petitioner that TPCL is selling the additional 120 MW of firm capacity also to TSL but at a rate higher than the regulated price.
- 4.9 With regards to the cost of purchase for the firm capacity, the Commission has taken the following view in its Tariff Order issued on August 22, 2011 for TPCL for FY 2011-12:

“The Commission has noted from the verification of power purchase bills of FY 2011-12 submitted by Tata Steel Limited that the Petitioner is charging a rate higher than that fixed by the Commission in the Tariff Order of FY 2010-11. The Commission views this action of the Petitioner as a violation of the Tariff Order of the Commission and will take up the matter separately.

With regard to the Judgement passed by the Hon'ble Supreme Court in Appeal No. 3510-11 of 2008, the Commission notes that while the Hon'ble Supreme Court has upheld the freedom of a generating company to enter into a contract with a distribution licensee, it has also mentioned that the terms and conditions of such an agreement are not unregulated. The Hon'ble Court has ruled that:

“Such an agreement is subject to grant of approval by the Commission.

... If the terms and conditions relating to quantity, price, mode of supply the need of the distribution agency vis-a-vis the consumer, keeping in view its long term need are not found to be reasonable, approval may not be granted.”

*In view of the relevant provisions of Section 86 of the Act, the Judgement passed by the Hon'ble Supreme Court in Appeal No. 3510-11 of 2008 and the fact that the remaining power is also being sold within the State to a distribution licensee, (to the same licensee in this case) the **Commission views that the price at which TPCL has to sell the power for the capacity of 240 MW for its two units - Unit 2 and Unit 3, would be the regulated price determined by the Commission in this Tariff Order.**”*Emphasis added**

- 4.10 Thus the Commission has determined the power purchase cost of TSL from TPCL based on the approved costs for TPCL as per Tariff Order issued on 20th August 2011 for TPCL for FY 2011-12 and the same has been reflected in the present Tariff Order while approving the power purchase cost for TSL from TPCL.

High costs

Public Comments/Suggestions

- 4.11 The objector has submitted that the costs projected by TSL in its petition for FY 2011-12 are significantly high. The Commission should verify whether the costs projected are real or not before approving the same.

Petitioner's Response

- 4.12 The Petitioner clarified during the hearing that its costs are reasonable in comparison with other utilities and same should be approved by the Commission.

Views of the Commission

- 4.13 The Commission has approved the costs for the Petitioner only after verification and prudence check of various cost components in this Tariff Order.

Processing new applications

Public Comments/Suggestions

- 4.14 The objector consumer has submitted that TSL takes significant time in giving away new connections. The request of consumers for new applications or for increasing connected load is rejected on grounds of unavailability of power. The objector consumer has requested that the applications be processed in a time bound manner and the process should be streamlined.

Petitioner's Response

- 4.15 The Petitioner has submitted that the delay in processing most of the applications in Jamshedpur area is due to incomplete documentation from the consumer's end including the submission of proof of ownership. The Petitioner, however, has assured to put in all efforts to provide connections in a timely manner once the consumer deposits the money.
- 4.16 The Petitioner has also submitted that a sample Proforma for Connection Application is being made available to consumers along with a list of required documents for processing the application.

Views of the Commission

4.17 The Commission is of the view that the Petitioner should process the applications for new connections within the timeframe specified in the JSERC's (Electricity Supply Code), Regulations, 2005 as amended from time to time.

Distribution losses

Public Comments/Suggestions

4.18 The objector consumer has submitted that distribution losses for TSL are high in comparison to that for JUSCO area and it should make efforts to control theft.

Petitioner's Response

4.19 The Petitioner has submitted that it is taking following steps to control theft in its licensed area:

- Unauthorized connections are removed almost on daily basis from the areas where such cases are reported either by own staff or through complaints received from other stakeholders.
- Theft cases detected and reported by consumers are handled as per the provisions in the relevant Regulations. Theft cases reported to the Petitioner's Call Centre (JUSCO Sahyog Kendra) are also forwarded to the Chief Town Electrical and Sr. Manager (Meter Section) and further action is taken based on these inputs.

Views of the Commission

4.20 The Petitioner should make every effort to control theft in its licensed area. The Commission has also issued a directive to this effect under the directive section of this Tariff Order.

Service Area

Public Comments/Suggestions

4.21 The objector consumer has submitted that TSL should increase its service area and should include more domestic consumers in its licensed area.

Petitioner's Response

- 4.22 The Petitioner has clarified during the hearing that it has been taking steps for increasing consumers in its licensed area. However the Petitioner is facing trouble in finding reliable sources of power to meet the increased demand. Thus the process of increasing service area is taking some time.

Views of the Commission

- 4.23 The Commission is of the view that the Petitioner should make all-out efforts to increase consumers in its service area and to bring in more LT consumers. The Commission has issued a directive to this effect under the directive section of this order.

A5: TRUE-UP FOR FY 2009-10

- 5.1 The Petitioner has sought approval for the truing-up of ARR for FY 2009-10 based on the actual expenditure and revenue as per the audited accounts.
- 5.2 Based on the audited accounts and other information made available by the Petitioner, the Commission has analysed all the components of revenue and expenditure for FY 2009-10 and has undertaken the truing-up exercise of ARR after a prudence check.
- 5.3 The component-wise description of the Petitioner's submission and the Commission's analysis on the same is provided hereunder.

Energy Balance*Petitioner's Submission*

- 5.4 The Petitioner has submitted the actual energy sales, distribution losses and power purchase as per its audited annual accounts for FY 2009-10.
- 5.5 Accordingly, the Petitioner has submitted the actual energy availability and energy sales (including sales to steel works) for FY 2009-10 as 1668.09 MU and 1756.95 MU, respectively. Further, the actual distribution losses achieved by TSL for FY 2009-10 are 7.24% which works out to be 0.51% lower than the loss approved by the Commission in the previous Tariff Order.

Commission's analysis

- 5.6 The Petitioner is procuring power from Tata Power Company Ltd (TPCL), Damodar Valley Corporation (DVC) and Others for its steel works and for consumption in its licensed area.
- 5.7 For FY 2009-10, the Commission approves the quantum of power purchased from TPCL's Unit II & Unit III in accordance with its latest Tariff Order for TPCL for FY 2011-12. Thus the approved quantum of power purchased from TPCL's Unit II and Unit III during FY 2009-10 is taken as 702.67 MU & 746.25 MU, respectively.
- 5.8 With respect to the power purchased from DVC & other sources, the Commission has approved 426.10 MU & 0.72 MU respectively as per the audited annual accounts for FY 2009-10.
- 5.9 Considering the above and the energy transferred to Steel Works of 209.62 U as per the audited annual accounts for FY 2009-10, the Commission approves the total energy available to TSL for FY 2009-10 at 1666.12 MU.

- 5.10 The actual energy sold during FY 2009-10 including energy transferred to steel works have been approved at 1756.95 MU, which is as per the audited annual accounts for FY 2009-10.
- 5.11 Accordingly, the approved distribution losses for FY 2009-10 on the basis of the approved quantum of power purchased and units sold works to be 7.13%.
- 5.12 The Table 5 details the energy sales, distribution losses and power purchase as approved by Commission in previous tariff order, actual now submitted by the Petitioner and approved by the Commission for truing up of FY 2009-10.

Table 5: Energy Balance (MUs) for FY 2009-10

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
A. ENERGY REQUIREMENT			
Energy Sales			
- LT Supply	136.06	136.06	136.06
- HT Supply	1,400.49	1,411.27	1,411.27
Total Energy Sales	1,536.56	1,547.33	1,547.33
Actual Distribution Losses (%)	7.75%	7.24%	7.13%
Add: Distribution Losses (MU)	129.09	120.76	118.79
Total Energy Requirement	1,665.64	1,668.09	1,666.12
B. ENERGY AVAILABILITY			
Power Purchase			
- Tata Power Company Ltd	1,448.92	1,450.89	1,448.92
- Damodar Valley Corporation	426.10	426.10	426.10
- Others	0.76	0.72	0.72
Total Pooled Energy Availability	1,875.78	1,877.71	1,875.74
Less: Energy t/fed to Steel works	209.65	209.62	209.62
Less: Energy Units Disallowed	0.49	-	-
Net Energy Available	1,665.64	1,668.09	1,666.12

Power Purchase Cost

Petitioner's Submission

- 5.13 As mentioned above, the petitioner is procuring power from TPCL, DVC and Others for its steel works and consumption in its licensed area, which is apportioned by it on the basis of share of Steel Works and power distribution business.
- 5.14 The Petitioner submitted that there is a minor difference between the power purchase cost as per the audited accounts and the cost approved for FY 2009-10 by the Commission in the previous Tariff Order for FY 2010-11 which is on account of slight variation in the energy purchased from TPCL.
- 5.15 The Petitioner has submitted the Power purchase cost for FY 2009-10 to be Rs 505.58 Cr from various sources including TPCL, DVC and others.

Commission's Analysis

- 5.16 The Commission approves the power purchase cost from TPCL based on the quantum of power purchased and the rate approved by the Commission for FY 2009-10 in the Tariff Order of TPCL for FY 2011-12. While, the power purchase cost from DVC and other sources is approved on the basis of audited annual accounts for FY 2009-10. Accordingly, the Commission approves the total power purchase cost for FY 2009-10 at Rs. 502.29 Cr.
- 5.17 The Table 6 summarizes the power purchase cost for FY 2009-10 as approved by the Commission in the previous Tariff Order for FY 2010-11, the actual power purchase cost submitted by the Petitioner in the present petition and now approved by the Commission.

Table 6 : Power Purchase Cost for FY 2009-10 (Rs Cr)

Particulars		Approved in Tariff Order for FY 2010-11	Actual submitted by Petitioner	Approved now by the Commission
A. Tata Power Company Ltd				
Units Purchased (MU's)	<i>Unit II</i>	702.67	701.27	702.67
	<i>Unit III</i>	746.24	749.62	746.25
	Total	1,448.92	1,450.89	1,448.92
Per Unit Price (Rs. / kWh)	<i>Unit II</i>	2.81	2.79	2.78
	<i>Unit III</i>	2.82	2.79	2.81
	Total	2.82	2.79	2.80
Power Purchase Cost (Rs. Cr)	<i>Unit II</i>	197.39	195.86	195.64
	<i>Unit III</i>	210.57	209.37	209.61
	Total	407.96	405.23	405.25
B. Damodar Valley Corporation				
Units Purchased (MU's)		426.10	426.10	426.10

Particulars	Approved in Tariff Order for FY 2010-11	Actual submitted by Petitioner	Approved now by the Commission
Per Unit Price (Rs. / kWh)	3.84	3.84	3.84
Power Purchase Cost (Rs. Cr)	163.55	163.55	163.55
C. Others			
Units Purchased (MU's)	0.76	0.72	0.72
Per Unit Price (Rs. / kWh)	3.66	4.67	4.67
Power Purchase Cost (Rs. Cr)	0.28	0.34	0.34
D. Total Pooled Power Purchased (A + B + C)			
Units Purchased (MU's)	1,875.78	1,877.71	1,875.74
Power Purchase Cost (Rs. Cr)	571.78	569.11	569.14
Per Unit Price (Rs. / kWh)	3.05	3.03	3.03
E. Less: Transferred to Steel Works			
Units Purchased (MU's)	209.65	209.62	209.62
Power Purchase Cost (Rs. Cr)	63.91	63.53	66.84
Per Unit Price (Rs. / kWh)	3.05	3.03	3.19
F. Net Power Purchase cost (D - E)			
Units Purchased (MU's)	1,665.64	1,668.09	1,666.12
Power Purchase Cost (Rs. Cr)	507.73	505.58	502.29
Per Unit Price (Rs. / kWh)	3.05	3.03	3.01

Operation and Maintenance expenses

Petitioner's Submission

- 5.18 The Petitioner has submitted that it has outsourced its power distribution operations to JUSCO and majority of the O&M activities are undertaken by JUSCO only.
- 5.19 The Petitioner has further submitted that the actual O&M expenses incurred for FY 2009-10 is marginally lower than the amount approved by the Commission in the previous Tariff Order for FY 2010-11.

Commission's Analysis

- 5.20 The Commission has trued up the O&M expenses for FY 2009-10 on the basis of the audited annual accounts for FY 2009-10.
- 5.21 The Petitioner has claimed surcharge on electricity duty as an expense in the O&M costs. The Commission verified from the challans submitted by the Petitioner that the Petitioner is indeed paying surcharge on electricity duty and has accordingly allowed the same as per the audited accounts for FY 2009-10.
- 5.22 Accordingly, the Commission approves O&M charges at Rs. 38.29 Cr for FY 2009-10.

- 5.23 The Table 7 summarizes the O&M expenses as approved by the Commission in previous Tariff Order, actual now submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 7: O&M Expenses (Rs Cr) for FY 2009-10

Particulars	Approved in Tariff Order for FY 2010-11	Actual submitted by the Petitioner	Approved now by the Commission
A. A&G Costs			
General A&G Expenses	4.64	5.39	5.39
Miscellaneous Expenses	0.50	0.36	0.36
Billing and Collection Expenses - JUSCO	1.28	1.04	1.04
Electricity Surcharge	2.79	2.30	2.30
Rates and Taxes	-	0.06	0.06
Interest on Sec Deposit	-	-	-
Consultancy Fees	-	-	-
Sub-Total - (A)	9.24	9.16	9.16
B. R&M & Employee Costs			
Payment to Jusco	23.03	23.03	23.03
Golmuri Substation Maintenance Expenses	6.91	6.11	6.11
Sub-Total - (B)	29.94	29.14	29.14
TOTAL O&M COSTS	39.15	38.29	38.29

CWIP & Gross Fixed Asset

Petitioner's submission

- 5.24 The Petitioner has submitted the CWIP and GFA for FY 2009-10 as per the audited accounts. The actual capital expenditure incurred during the year is higher from the capital expenditure approved by Commission in previous Tariff Order, while the amount of fixed assets capitalised and closing GFA is the same as approved by the Commission in previous Tariff Order. The Petitioner requests the Commission to revise the figures as per the audited annual accounts.

Commission's analysis

- 5.25 The Commission has considered the CWIP and GFA as per the audited accounts for FY 2009-10, as submitted by the Petitioner. The Table 8 summarises the CWIP and GFA as approved by the Commission in the previous Tariff Order for FY 2010-11, the actual submitted by the Petitioner in the present petition and now approved by the Commission for FY 2009-10.

Table 8: CWIP and GFA for FY 2009-10 (Rs. Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
A. Capital Works in Progress (CWIP)			
Opening CWIP	21.18	21.18	21.18
Add: Additions (Capex during FY)	2.98	4.51	4.51
Total CWIP	24.15	25.69	25.69
Less: T/fed to GFA during FY	22.33	22.33	22.33
Closing CWIP	1.82	3.36	3.36
B. Gross Fixed Assets (GFA)			
Opening GFA	116.70	116.70	116.70
Add: T/fed from CWIP	22.33	22.33	22.33
Closing GFA	139.04	139.04	139.04

Depreciation

Petitioner's Submission

- 5.26 The Petitioner has submitted that actual depreciation for FY 2009-10 as per the audited accounts for FY 2009-10 is in line with the approved figures as per previous Tariff Order.
- 5.27 The Petitioner has further submitted that the depreciation amount is net of depreciation on account of assets created out of consumer contribution.

Commission's Analysis

- 5.28 As there is no difference between the depreciation approved by the Commission in previous Tariff Order and as per the audited accounts for FY 2009-10, the Commission retains depreciation allowed for FY 2009-10 as per previous Tariff Order of FY 2010-11.
- 5.29 The Table 9 summarizes the gross and net depreciation as approved by the Commission in previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 9: Depreciation for FY 2009-10 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Gross Depreciation	5.35	5.35	5.35
Less: Depreciation on account of Consumer Contribution	0.64	0.64	0.64
Net Depreciation	4.70	4.70	4.70

Interest and Other Finance Charges

Interest on Loan

Petitioner's Submission

5.30 The Petitioner has submitted normative interest on loan for FY 2009-10 as per the methodology prescribed by the Commission in previous Tariff Orders and using an interest rate of 10.25% p.a.

Commission's Analysis

5.31 In accordance with the Distribution Tariff Regulations, 2004, the Commission has computed the normative loan for the year equal to 70% of the closing GFA. The GFA has been considered at net of consumer contribution while the normative repayment is deemed to be equal to the depreciation charge during the year.

5.32 Further, in accordance with the Distribution Tariff Regulations, 2004, interest on normative loan has been calculated on the average normative loan as outstanding during the year at the interest rate of 10.25% p.a.

5.33 Accordingly, the Commission approves Interest on loan of Rs. 2.65 Cr. for FY 2009-10.

5.34 The Table 10 summarises the interest on loan as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 10: Interest on Loan for FY 2009-10 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Opening Balance of Normative Loan	22.30	22.30	22.30
Deemed Addition during the year	12.92	12.92	11.77
Deemed Repayment	4.70	4.70	4.70
Closing Balance of Deemed Loan	30.52	30.52	29.37
Average balance during the Year	26.41	26.41	25.84
Interest Rate	10.25%	10.25%	10.25%
Interest Payment	2.71	2.71	2.65

Interest on Security Deposits

Petitioner's Submission

5.35 The Petitioner has provided for interest on security deposits at an interest rate of 6% p.a. for FY 2009-10.

Commission's Analysis

- 5.36 As per the Distribution Tariff Regulations, 2004, the interest on consumer security deposits shall be equivalent to the bank rate or more, as may be specified by the Commission from time to time.
- 5.37 For FY 2009-10, the Commission approves the interest on security deposits at an interest rate of 5.75% p.a. as approved in the previous Tariff Order. Accordingly, the interest on security deposit works out to Rs 0.26 Cr.
- 5.38 The Table 11 summarizes the interest security deposits as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 11: Interest on Security Deposits for FY 2009-10 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Opening Security Deposit	3.99	3.99	3.99
Security Deposit received during FY	0.96	0.96	0.96
Closing Security Deposit	4.95	4.95	4.95
Average Security Deposit	4.47	4.47	4.47
Interest rate (%)	5.75%	6.00%	5.75%
Interest on Security Deposit	0.26	0.27	0.26

Interest on Working Capital*Petitioner's Submission*

- 5.39 The Petitioner has submitted normative interest on working capital at Rs 3.94 Cr for FY 2009-10 as per the methodology prescribed by the Commission considering an interest rate of 12.25%.

Commission's Analysis

- 5.40 The Commission has allowed interest on working capital for FY 2009-10 as per the submission made by the Petitioner which is in line with the provisions of the Distribution Tariff Regulations, 2004 and the methodology adopted by the Commission in its previous Tariff Orders. The sub-prime lending rate of SBI on April 1st, 2009 was 12.25% p.a. and same has been considered. Accordingly, the Commission has approved a total of Rs 3.94 Cr as interest on working capital for FY 2009-10.
- 5.41 The Table 12 summarizes the interest on working capital as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 12: Interest on Working Capital for FY 2009-10 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Receivables for 2 months' sale @ existing tariff	42.08	42.08	42.08
Avg Bank Bal. for 1 month of power purchase	34.98	34.98	34.98
Sub-total	77.06	77.05	77.06
Less: Sundry creditors & security deposit	44.87	44.87	44.87
Total Working Capital	32.19	32.18	32.18
Interest Rate (%)	12.25%	12.25%	12.25%
Interest on Working Capital	3.94	3.94	3.94

- 5.42 The Table 13 summarises the total interest and other finance charges as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 13: Interest and Other Finance Charges for FY 2009-10 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Interest on Debt	2.71	2.71	2.65
Interest on Security Deposit	0.26	0.27	0.26
Interest on Working Capital	3.94	3.94	3.94
Total Interest and Finance Charges	6.91	6.92	6.85

Return on Equity (RoE)

Petitioner's Submission

- 5.43 The Petitioner has submitted that, as per the methodology prescribed by the Commission, normative return on equity is computed at the rate of 14% on the average balance of normative equity for FY 2009-10. Accordingly Petitioner has submitted the RoE for FY 2009-10 to be Rs 4.75Cr.

Commission's Analysis

- 5.44 In accordance with the Distribution Tariff Regulations, 2004, the Commission has considered the equity base to be equal to 30% of GFA. The GFA has been considered net of consumer contribution.
- 5.45 The Commission has also permitted a pre-tax rate of return of 14% on equity for FY 2009-10 as specified by Regulation 20.1 of the Distribution Tariff Regulations, 2004.

- 5.46 Accordingly, the Commission approves the RoE for FY 2009-10 at Rs. 4.75 Cr.
- 5.47 The Table 14 summarizes the return on equity as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 14: Return on Equity for FY 2009-10 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Opening Balance of Normative Equity	31.15	31.15	31.15
Deemed Additions	5.54	6.70	5.54
Closing Balance of Normative Equity	36.69	36.69	36.69
Average Equity	33.92	33.92	33.92
Rate of Return (%)	14.00%	14.00%	14.00%
RoE	4.75	4.75	4.75

Income Tax

Petitioner's Submission

- 5.48 The Petitioner has submitted that it has calculated income tax in accordance with the methodology adopted by the Commission in its previous Tariff Orders. The corporate tax rate has been taken as 33.99% for FY 2009-10 and the normative income tax has been proposed at Rs. 4.71 Cr.

Commission's Analysis

- 5.49 The Commission has considered the methodology for computation of Income tax as per its previous tariff orders and accordingly approves the income tax for FY 2009-10 to be Rs. 4.69 Cr.
- 5.50 The Table 15 summarizes the normative income tax as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 15: Normative Income Tax for FY 2009-10 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Return on Equity	4.75	4.75	4.75
Income Tax Rate (%)	33.99%	33.99%	33.99%
Gross RoE	7.19	7.19	7.19
Add: Normative Interest on Loan	2.71	2.71	2.65
Add: Normative Interest on Working Capital (excluding Security Deposit)	3.94	3.94	3.94

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Taxable Income	13.85	13.84	13.78
Income Tax	4.71	4.71	4.69

Non Tariff Income (NTI)

Petitioner's Submission

5.51 The Petitioner has submitted actual non tariff income for FY 2009-10 to be Rs 4.13 Cr as per the audited annual accounts for FY2009-10.

Commission's Analysis

5.52 The Non tariff income includes meter rent, equipment charges, hire charges from electrical installations and supervision charges.

5.53 The Commission in its previous tariff order for FY 2010-11 had approved Rs 5.23 Cr as the non tariff income for FY 2009-10 subject to revision based on the actual as per the audited annual accounts for FY 2009-10.

5.54 Thus, the Commission now approves Rs 4.13 Cr as non tariff income for FY 2009-10 as per the audited annual accounts for the FY 2009-10.

Bad debts

Petitioner's Submission

5.55 The Petitioner has submitted that as per the audited accounts for FY 2009-10, Rs 1.55 Cr was written off as Bad debts during FY 2009-10.

5.56 The Petitioner has further submitted that this accounts for merely 0.30% of the total revenue and thus should be allowed to be recovered through ARR as practiced by other SERCs.

Commission's Analysis

5.57 The Distribution Tariff Regulations, 2004 does not provide for making a provision for allowing bad debts, therefore, the Commission disallows any provision for bad debts for FY 2009-10.

Revenue from Existing Tariff

Petitioner's Submission

5.58 The Petitioner submitted the total revenue from sales during FY 2009-10 was Rs 522.96 Cr as per the audited annual accounts for FY 2009-10. Out of this, revenue from sale to other licensee/JUSCO was Rs 37.21 Cr.

Commission's Analysis

5.59 The Commission in its previous tariff order for FY 2010-11 had approved the revenue from sale of power (including sales to other licensee/JUSCO) at Rs 524.41 Cr based on provisional accounts and subject to revision based on the actual as per the audited annual accounts for FY 2009-10.

5.60 Thus, the Commission has now approved the revenue from sales to consumers (other than sales to other licensee/JUSCO) for FY 2009-10 at Rs 485.76 Cr based on audited annual accounts for FY 2009-10.

5.61 The revenue from sales to other licensee/JUSCO has been computed at the approved average rate of power purchase for FY 2009-10 at Rs.3.01/ kWh. The revenue from sale to other licensee/JUSCO comes to Rs 38.55 Cr.

5.62 Accordingly, the Commission approves the total revenue from sales (including sales to other licensee/JUSCO) for FY 2009-10 at Rs 524.31 Cr.

Summary of ARR for FY 2009-10

5.63 The Table 16 contains a summary of ARR as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 16: Summary of ARR for FY 2009-10 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Power Purchase Cost	507.73	505.58	502.29
O&M Expenses	39.15	38.29	38.29
Interest & Other Finance Charges	6.91	6.92	6.85
Depreciation	4.70	4.70	4.70
Income tax	4.71	4.71	4.69
Prov. For Bad Debts	-	1.55	-
Total Costs	563.19	561.74	556.82
Add: Return on Equity	4.75	4.75	4.75
Less: Non-tariff income	5.23	4.13	4.13
Annual Revenue Requirement	562.71	562.36	557.44
Revenue @Existing tariff	524.41	522.96	524.31
Revenue (Gap) / Surplus	(38.30)	(39.39)	(33.13)

A6: REVIEW OF ARR FOR FY 2010-11

- 6.1 The Petitioner has sought approval for the review of ARR for FY 2010-11, approved in the Tariff Order for FY 2010-11, based on the latest figures submitted for FY 2010-11.
- 6.2 The Commission has analysed all the components of revenue and expenditure for FY 2010-11 and has undertaken the review exercise of ARR, after a prudence check, on the basis of the petition of the Petitioner, provisional accounts and other additional information submitted by Petitioner.
- 6.3 The component-wise description of the Petitioner's submission and the Commission's analysis on the same is provided hereunder.

Number of Consumers and Connected Load

Petitioner's Submission

- 6.4 For FY 2010-11, the Petitioner has projected the number of consumers on the basis of the actual increase in number of consumers in first half of the year and by considering the applications received & being processed during the balance half of the year.
- 6.5 The growth in connected load has been projected based on the corresponding increase in number of consumers during the first half of FY 2010-11 and the pending load for release.

Commission's Analysis

- 6.6 The Commission verified the submission made by the Petitioner through analysing the actual number of consumers added and/or pending for release and the corresponding increase in connected load during FY 2010-11. The Commission observes that the projections made by the Petitioner are based on actual growth in consumers. Thus the Commission approves the number of consumers and the connected load for FY 2010-11 as per the submission made by the Petitioner.
- 6.7 The Table 17 contains the number of consumers and connected load, as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2010-11.

Table 17: Number of Consumers and Connected Load for FY 2010-11

	Number of Consumers			Connected Load			
	<i>Approved in Tariff Order for FY 2010-11</i>	<i>Submitted by the Petitioner</i>	<i>Approved now by the Commission</i>	Units	<i>Approved in Tariff Order for FY 2010-11</i>	<i>Submitted by the Petitioner</i>	<i>Approved now by the Commission</i>
Domestic LT	19,966	19,733	19,733	kW	80,053	80,820	80,820
Domestic - DS HT	88	84	84	kVA	16,225	18,670	18,670
Commercial	7,300	7,141	7,141	kW	38,061	39,096	39,096
High Tension I	45	48	48	kVA	7,941	8,817	8,817
High Tension II	16	13	13	kVA	21,795	26,049	26,049
High Tension III	12	13	13	kVA	240,900	244,725	244,725
Street Lights	328	328	328	kW	1,563	1,563	1,563
Other Licensee	1	1	1				
Total	27755	27361	27361				

Energy Sales

Petitioner's Submission

- 6.8 The Petitioner has submitted consumer category wise sales for FY 2010-11 based on the actual energy sales recorded for the first half of the year and for the remaining period by applying the category wise load factor of previous year and the projections for expected growth based on applications received and processed for the second half of the year. This is in line with the methodology adopted by Commission in its previous Tariff Orders.
- 6.9 It has also stated that the increase in energy sales is mainly attributable to the reasonable recovery from the economic recession and changes in lifestyle of the consumers' due to which the growth in industry has been better than anticipated.

Commission's Analysis

- 6.10 As the actual figures for FY 2010-11 are now available, the Commission asked the Petitioner to submit the provisional annual accounts for FY 2010-11, which the Petitioner submitted subsequently.
- 6.11 Commission, after conducting a prudence check, approves the actual sales of 1921.83 MU for FY 2010-11 as per the provisional annual accounts for FY 2010-11.
- 6.12 The following table summarizes the energy sales, as approved in previous tariff order, actuals now submitted by Petitioner and approved by the Commission for FY 2010-11.

Table 18: Category wise Sales for FY 2010-11 (MUs)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Sales to HT/LT/other consumers	1707.82	1771.99	1715.90
Other Licensee	159.67	206.63	205.93
Total	1867.40	1978.62	1921.83

Energy Balance and Distribution Losses

Petitioner's Submission

- 6.13 The Petitioner has submitted the total energy available from DVC, TPCL, TSW and others to meet its power requirements for FY 2010-11 as 2127.48 MU. While the energy requirement for sales to HT/LT and other Licensee/JUSCO during FY 2010-11 has been projected at 1978.62 MU.
- 6.14 Further, the Petitioner has submitted distribution losses for FY 2010-11 to be at 7.75% as approved by the Commission in the previous Tariff Order.

Commission's Analysis

- 6.15 With regards the energy availability for FY 2010-11, the Commission verified the claims made by the Petitioner through energy bills & provisional accounts and has approved the energy available on basis of actual figures for FY 2010-11.
- 6.16 The Commission approved the quantum of power purchased from TPCL's Unit II & Unit III for FY 2010-11 at 773.07 MU and 794.43 MU, respectively as approved by the Commission in the latest Tariff Order issued in August 2011 for TPCL for FY 2011-12.
- 6.17 With regards to DVC, the Petitioner has submitted power procured from DVC during FY 2010-11 is 404.17 MU as per the provisional accounts for FY 2010-11. The Commission verified the claim of Petitioner through additional information obtained from the Petitioner related to actual bills from DVC for the FY 2010-11. Accordingly, the Commission approves the energy available from DVC as per the provisional accounts for the year.
- 6.18 As per the initial submission, the Petitioner has projected availability from TSW captive and other sources at 133.39 MU and 6.27 MU respectively for FY 2010-11. However during validation the Petitioner submitted that during FY 2010-11 no purchase has been made from TSW captive and other sources. Thus, the Commission has not considered any availability from TSW captive and other sources for FY 2010-11.

- 6.19 However, during FY 2010-11, TSL received net transfer of 99.96 MUs from the Steel Works as per the provisional annual accounts for FY 2010-11, which is allowed by the Commission. Thus the total quantum of energy available to TSL from various sources during FY 2010-11 works out to be 2071.63 MUs.
- 6.20 With regards the energy required for sales to LT/HT and other licensee/JUSCO during FY 2010-11, the Commission has approved 1921.83 MU as per the provisional annual accounts for FY 2010-11.
- 6.21 With regards the distribution losses, the Commission noted that based on the actual energy sales and the energy available, the distribution losses for FY 2010-11 works out to 8.03% as against the distribution losses of 7.75% that was approved by the Commission in its previous Tariff Order. The Commission is of the view that the Petitioner must adhere to the distribution loss targets as approved by the Commission and has accordingly approved distribution losses for FY 2010-11 at 7.75%. The distribution loss level will be reviewed as per the actual energy balance for FY 2010-11, to be submitted by the Petitioner in the next tariff petition.
- 6.22 The Table 19 contains the energy sales, distribution losses & energy available as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2010-11.

Table 19: Energy Balance for FY 2010-11 (MUs)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
A. ENERGY REQUIREMENT			
Sales to Other Licensee	159.57	206.63	205.93
Dist. Losses on Sales to Other Licensee	0%	0%	0%
Units Lost on Sales to Other Licensee	-	-	-
Energy Req. for Sales to Other Licensee	159.57	206.63	205.93
Sales to Steel Works (HT IV)	155.37	-	-
Dist. Losses on Steel Works	0%	0%	0%
Units Lost on Sales to Steel Works	-	-	-
Energy Req. for Steel Works	155.37	-	-
Sales to LT consumers	146.07	167.15	161.86
Sales to HT consumers	1,406.38	1,604.84	1,554.04
Sales to Other Consumers	1,552.45	1,771.99	1715.90
Dist. Losses on Sales to Other Consumers	7.75%	7.75%	7.75%
Units Lost on Sales to Other Consumers	130.42	148.87	144.15

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Energy Req. for Sales to Other Consumers	1,682.88	1,920.86	1,860.05
Overall Sales	1,867.40	1,978.62	1,921.83
Overall Distribution Losses %	6.53%	7.00%	6.98%
Overall Distribution Losses	130.42	148.86	144.15
TOTAL ENERGY REQUIREMENT	1,997.82	2,127.48	2,065.98
B. ENERGY AVAILABILITY			
- TPCL	1,533.56	1,533.56	1,567.50
- Damodar Valley Corporation	454.26	454.26	404.17
- TSW - Captive	-	133.39	-
- Others (F)	10.00	6.27	-
- Net transfer from steel works	-	-	99.96
- Less Units disallowed (on a/c of higher losses)	-	-	5.65
Total Pooled Energy Availability	1,997.82	2,127.48	2,065.98

Power Purchase Cost

Petitioner's Submission

- 6.23 As stated above, the Petitioner is procuring power from TPCL, DVC and Others for its steel works and for consumption in the licensed area. The power purchase cost of this pooled power is apportioned by it on the basis of share of Steel Works and power distribution business in the total pool.
- 6.24 The expected power purchase cost from TPCL for FY 2010-11 has been projected on the basis of approved quantum of power purchased as per previous Tariff Order and the revised rate approved by the Commission for FY 2010-11 for TPCL. While the power purchase cost from DVC and other sources is projected on the basis of actual cost incurred during FY 2010-11.

Commission's Analysis

- 6.25 The Commission has approved the power purchase cost from TPCL's Unit II & Unit III for FY 2010-11 at Rs 216.15 Cr and Rs 222.07 Cr respectively, as approved by the Commission in the Tariff Order issued on August 20th, 2011 for TPCL for FY 2011-12.

- 6.26 With regards to the cost of power from DVC for FY 2010-11, the Petitioner submitted the revised actual bills received from DVC for the period May 2010 to June 2011 based on the CERC provisional tariff for FY 2009-14. The Commission, based on its scrutiny of the revised bills and the CERC's provisional Tariff Order, approves Rs 137.42 Cr as the cost of power purchased from DVC for FY 2010-11. Thus, the approved per unit cost of power purchased from DVC for FY 2010-11 works out to Rs 3.40 per unit.
- 6.27 As per the provisional annual accounts for FY 2010-11, the cost of power transferred from steel works during FY 2010-11 was Rs 29.99 Cr, the rate works out to Rs 3.00 /kWh.
- 6.28 The Commission as per its Order dated June 1st, 2011 for drawal of power from Tata Steel Works – captive by TSL for its licensed area on temporary basis, allowed the Petitioner to purchase power from steel works. However the rate at which such purchase would be made shall be determined by the Commission in the present tariff order. Accordingly the Commission approves purchase of power by the Petitioner from the steel works – captive at the rate of Rs 2.80 /kWh, which is equal to the lowest rate of power sourced from any source during FY 2010-11 as approved by the Commission. The Commission also determines the rate for transfer from steel works at the same rate of Rs. 2.80/kWh. Thus the cost of power transferred from steel works comes to Rs 27.95 Cr.
- 6.29 Further, as stated above the Commission disallowed distribution losses over and above 7.75% as approved in the previous tariff order. On account of this, the Commission disallows additional power purchase of 5.65 MU at an average rate of power purchase approved for FY 2010-11 i.e. Rs 2.91 /kWh.
- 6.30 The Table 20 contains summary of power purchase cost as approved by Commission in Tariff Order for FY 2010-11, revised estimates by the Petitioner and approved by the Commission now.

Table 20: Power Purchase Cost for FY 2010-11 (Rs Cr)

Particulars		Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
A. Tata Power Company Ltd				
Units Purchased (MU's)	<i>Unit II</i>	745.02	745.02	773.07
	<i>Unit III</i>	788.54	788.54	794.43
	Total	1,533.56	1,533.56	1,567.50
Per Unit Price (Rs. / kWh)	<i>Unit II</i>	2.69	2.78	2.80
	<i>Unit III</i>	2.67	2.79	2.80
	Total	2.68	2.78	2.80
Power Purchase Cost (Rs. Cr)	<i>Unit II</i>	200.68	206.80	216.15
	<i>Unit III</i>	210.82	219.97	222.07
	Total	411.50	426.76	438.22
B. Damodar Valley Corporation				

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Units Purchased (MU's)	454.26	454.26	404.17
Per Unit Price (Rs. / kWh)	3.02	2.94	3.40*
Power Purchase Cost (Rs. Cr)	137.18	133.69	137.42
C. TSL – Captive			
Units Purchased (MU's)	-	133.39	-
Per Unit Price (Rs. / kWh)	-	2.82	-
Power Purchase Cost (Rs. Cr)	-	37.61	-
D. Others			
Units Purchased (MU's)	10.00	6.27	-
Per Unit Price (Rs. / kWh)	3.66	4.23	-
Power Purchase Cost (Rs. Cr)	3.66	2.65	-
E. Total Pooled Power Purchased (A + B + C + D)			
Units Purchased (MU's)	1,997.82	2,127.48	1,971.67
Power Purchase Cost (Rs. Cr)	552.34	600.71	575.64
Per Unit Price (Rs. / kWh)	2.76	2.82	2.92
F. Less: Net Transfer from Steel Works			
Units Purchased (MU's)	-	-	(-) 99.96
Power Purchase Cost (Rs. Cr)	-	-	(-) 27.95
Per Unit Price (Rs. / kWh)	-	-	2.80
G. Less: Units disallowed			
Units (MU's)	-	-	5.65
Cost (Rs. Cr)	-	-	1.64
Per Unit cost (Rs. / kWh)	-	-	2.91
H. Net Power Purchase cost (E – F - G)			
Units Purchased (MU's)	1,997.82	2,127.48	2,065.98
Power Purchase Cost (Rs. Cr)	552.34	600.71	601.94
Per Unit Price (Rs. / kWh)	2.76	2.82	2.91

Operation and Maintenance Expenses

Petitioner's Submission

- 6.31 The Petitioner has outsourced its power distribution operations to Jamshedpur Utilities and Service Company Limited (JUSCO). Majority of the expenses related to the O&M activities of the licensed operations of TSL is being undertaken by JUSCO.

- 6.32 The Petitioner has submitted provisional O&M expenses of Rs 49.33 Cr for FY 2010-11, which are higher as compared to the O&M expenses approved by the Commission in its previous Tariff Order of FY 2010-11 on account wage arrear for past years w.e.f. January 1st, 2007 during FY 2010-11 amounting to Rs 5.90 Cr. Further, as per the direction of Commission in previous Tariff Order, the Petitioner has submitted O&M expenses bifurcated into A&G costs, R&M costs and employee cost for FY 2010-11.

Commission's Analysis

- 6.33 The Commission in its previous tariff order for FY 2010-11 had directed the Petitioner to submit the break-up of its O&M costs. In view of the direction of the Commission, the Petitioner submitted the break-up of O&M costs into R&M costs, A&G costs and employee costs for FY 2010-11 but not for previous year i.e. FY 2009-10.
- 6.34 Further, the Commission also asked the Petitioner to submit the provisional annual accounts for FY 2010-11, which the Petitioner submitted subsequently. On scrutiny of the provisional accounts, the Commission noted that the provisional accounts do not provide the break-up of O&M cost.
- 6.35 In view of the above anomaly in the data submitted by the Petitioner, the Commission has provisionally approved the O&M expenses for FY 2010-11 as given below, which will be subject to true up during the tariff determination for next year based on the actual break-up of O&M cost provided by the Petitioner in its audited accounts for FY 2010-11.
- 6.36 The Commission has provisionally approved the A&G cost for FY 2010-11 by escalating the approved A&G cost for FY 2009-10 by the weighted average inflation rate of 7.99% p.a., calculated as per the average WPI and CPI during past 4 years considering weights of 55% and 45%, respectively. The Commission has followed the similar approach for approving the R&M expenses on Golmuri Sub-station for FY 2010-11. In case of Employee cost and other R&M cost (excluding Golmuri sub-station expenses), in absence of bifurcated data for FY 2009-10, the Commission has approved the provisional cost as submitted by the Petitioner for FY 2010-11.
- 6.37 Further, the Commission is of the view that as it is moving towards the Multi Year Tariff (MYT) regime, it is important for the Petitioner to make available the actual data for past years for each component of O&M costs (including segregation of Golmuri sub-station expenses between power business division and other businesses of the Petitioner) separately in order to arrive at authentic figures for the base year value. The Commission directs the Petitioner to provide break up of O&M costs for past five years prior to the tariff year under consideration along with the tariff petition for next year failing which the O&M expenses will be disallowed.
- 6.38 The Table 21 contains the component wise O&M expenses as approved by Commission in Tariff Order for FY 2010-11, revised estimates by the Petitioner and approved by the Commission now for FY 2010-11.

Table 21: O&M Expenses for FY 2010-11 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
A. A&G Costs			
General A&G Expenses		5.43	4.84
Miscellaneous Expenses		0.58	0.51
Billing and Collection Expenses-JUSCO		2.00	1.78
Electricity Surcharge		2.81	2.50
Rates and Taxes		0.11	0.10
Interest on Sec Deposit		0.28	-
Consultancy Fees		0.18	0.16
Sub-Total - (A)		11.38	9.89
B. R&M Costs			
Direct Expenses		12.07	12.07
Indirect Expenses		1.02	1.02
Golmuri Substation Maintenance Expenses		9.93	6.60
Sub-Total - (B)		23.02	19.69
C. Employee costs			
Direct Expenses		8.13	8.13
Indirect Expenses		0.90	0.90
Arrears		5.90	5.90
Sub-Total - (C)		14.93	14.93
Total O&M Expenses (A + B + C)	41.56	49.33	44.51

CWIP and Gross Fixed Asset

Petitioner's Submission

6.39 The Petitioner has submitted provisional figures of GFA and CWIP for FY 2010-11. The Petitioner also submitted details of scheme-wise capital expenditure and the amount of capitalisation during FY 2010-11.

Commission's Analysis

6.40 The Commission, after applying prudence check, has approved GFA and CWIP for FY 2010-11 as per the provisional figures submitted by the Petitioner.

6.41 Table 22The following table details the CWIP & GFA as approved by Commission in Tariff Order for FY 2010-11, revised estimates by the Petitioner and approved by the Commission now for FY 2010-11.

Table 22: GFA and CWIP for FY 2010-11 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
A. Capital Works in Progress (CWIP)			
Opening CWIP	1.82	3.36	3.36
Add: Additions (Capex during FY)	10.08	8.52	8.52
Total CWIP	11.90	11.88	11.88
Less: T/fed to GFA during FY	4.16	3.05	3.05
Closing CWIP	7.73	8.83	8.83
B. Gross Fixed Assets (GFA)			
Opening GFA	139.04	139.04	139.04
Add: T/fed from CWIP	4.16	3.05	3.05
Closing GFA	143.20	142.08	142.08

Depreciation

Petitioner's Submission

6.42 The Petitioner has submitted that it has computed depreciation for FY 2010-11 based on Straight Line Method of computation on the rates as prescribed in Annexure II to the Distribution Tariff Regulations 2004. Further on assets capitalised during the year, proportionate depreciation has been charged. The depreciation submitted is net of depreciation on account of assets created out of consumer contribution.

Commission's Analysis

6.43 The Commission approves the gross depreciation as submitted by the Petitioner for FY 2010-11. However, the Commission observes that the Petitioner has wrongly computed depreciation on account of consumer contribution as Rs 1.43 Cr instead of Rs 1.49 Cr as per the methodology followed by the Commission in previous years. Thus the Commission approves Rs 7.73 Cr as net depreciation for FY 2010-11 against the proposed depreciation amount of Rs 7.79 Cr as submitted by Petitioner.

6.44 The Table 23 summarizes the gross and net depreciation as approved by Commission in Tariff Order for FY 2010-11, revised estimates by the Petitioner and approved by the Commission now for FY 2010-11.

Table 23: Depreciation for FY 2010-11 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Gross Depreciation	5.38	9.22	9.22
Depreciation on account of Consumer Contribution	0.73	1.43	1.49
Net Depreciation	4.65	7.79	7.73

Interest and Other Finance Charges

Interest on Loan

Petitioner's Submission

6.45 The Petitioner has submitted normative interest on loan as per the methodology prescribed by the Commission in previous Tariff Orders and using an interest rate of 10.25% p.a.

Commission's Analysis

6.46 In accordance with the Distribution Tariff Regulations, 2004, the Commission has computed the normative loan for the year equal to 70% of the closing GFA. The GFA has been considered at net of consumer contribution and normative repayment is deemed to be equal to the depreciation charge during the year.

6.47 Further, in accordance with the Distribution Tariff Regulations, 2004, interest on normative loan has been calculated on the average normative loan as outstanding during the year at the interest rate of 10.25% p.a. Accordingly, the Commission approves the interest on normative loan at Rs. 2.50 Cr.

6.48 The Table 24 contains the interest on loan as approved by Commission in Tariff Order for FY 2010-11, revised estimates by the Petitioner and approved by the Commission now for FY 2010-11.

Table 24: Interest on Loan for FY 2010-11 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Opening Balance of Normative Loan	30.52	30.52	29.37
Closing Balance of Deemed Loan	26.89	20.53	19.44
Average balance during the Year	28.70	25.53	24.40
Interest Rate (%)	10.25%	10.25%	10.25%
Interest Payment	2.94	2.62	2.50

Interest on Security Deposits

Petitioner's Submission

6.49 The Petitioner has provided for interest on security deposits at an interest rate of 6% p.a. for FY 2010-11.

Commission's Analysis

6.50 As per the Distribution Tariff Regulations, 2004, the interest on consumer security deposits shall be equivalent to the bank rate or more, as may be specified by the Commission from time to time.

6.51 Accordingly, the Commission has approved an interest rate of 6% for FY 2010-11, which is equal to the prevailing RBI bank rate.

6.52 The Table 25 summarizes the interest security deposits as approved by Commission in Tariff Order for FY 2010-11, revised estimates by the Petitioner and approved by the Commission now for FY 2010-11.

Table 25: Interest on Security Deposits for FY 2010-11 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Opening Security Deposit	4.95	4.95	4.95
Security Deposit received during FY	0.18	0.76	0.76
Closing Security Deposit	5.13	5.71	5.71
Average Security Deposit	5.04	5.33	5.33
Interest rate (%)	6.00%	6.00%	6.00%
Interest on Security Deposit	0.30	0.32	0.32

Interest on Working Capital

Petitioner's Submission

6.53 The Petitioner has submitted normative interest on working capital at Rs 7.42 Cr for FY 2010-11 as per the methodology prescribed by the Commission in Tariff Order for FY 2010-11 and considering an interest rate of 11.75%.

Commission's Analysis

6.54 As prescribed by the Commission in Tariff Order for FY 2010-11, the normative working capital shall be given by the following formula:

- (a) Two months equivalent of the expected revenue from sale of electricity at the prevailing tariffs; plus
- (b) One-twelfth of the amount of Operation and Maintenance expenses for such financial year; plus
- (c) Maintenance spares @ 1% of opening GFA; minus
- (d) Amount held as security deposits under clause (a) and clause (b) of subsection (1) of Section 47 of the Act from consumers and Distribution System Users; minus
- (e) One month equivalent of cost of power purchased, based on the annual power procurement plan.
- 6.55 The applicable interest rate for FY 2010-11 is in line with the Distribution Tariff Regulations, 2004 and is the short-term prime lending rate of SBI on 1st April 2010, which is 11.75% p.a.
- 6.56 Based on above methodology, the Commission approves the Interest on Working Capital at Rs 6.93 Cr.
- 6.57 The following table contains the interest on working capital for FY 2010-11 as approved by Commission in Tariff Order for FY 2010-11, revised estimates by the Petitioner and approved by the Commission now for FY 2010-11.

Table 26: Interest on Working Capital for FY 2010-11 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Receivables for 2 months' sale @ existing tariff	106.38	113.01	109.34
O&M expenses for 1 month	3.46	4.11	3.71
Maintenance spares @ 1% of Op. GFA	1.39	1.42	1.39
Sub-total	111.23	118.54	114.44
Less: Security deposit	5.04	5.33	5.33
Less: Power purchase cost for 1 month	46.03	50.06	50.16
Total Working Capital	60.16	63.15	58.95
Interest Rate (%)	11.75%	11.75%	11.75%
Interest on Working Capital	7.07	7.42	6.93

- 6.58 The following table contains the total interest and other finance charges as approved by Commission in Tariff Order for FY 2010-11, revised estimates by the Petitioner and approved by the Commission now for FY 2010-11.

Table 27: Interest and Other Finance Charges for FY 2010-11 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Interest on Debt	2.94	2.62	2.50
Interest on Security Deposit	0.30	0.32	0.32
Interest on Working Capital	7.07	7.42	6.93
Total Interest and Finance Charges	10.31	10.36	9.75

Return on Equity

Petitioner's Submission

6.59 The Petitioner has submitted that as per the methodology prescribed by the Commission in its previous tariff orders, normative return on equity has been computed at the rate of 14% on the average balance of normative equity for FY 2010-11.

Commission's Analysis

6.60 In accordance with the Distribution Tariff Regulations, 2004, the Commission has considered the equity base to be equal to 30% of GFA. The GFA has been considered net of consumer contribution.

6.61 The Commission has also permitted a rate of return of 14% on equity for FY 2010-11 as specified by Regulation 20.1 of the Distribution Tariff Regulations, 2004 and accordingly approves the RoE for FY 2010-11 at Rs. 5.07 Cr.

6.62 The Table 28 contains the return on equity as approved by Commission in Tariff Order for FY 2010-11, revised estimates by the Petitioner and approved by the Commission now for FY 2010-11.

Table 28: Return on Equity for FY 2010-11 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Opening Balance of Normative Equity	36.69	36.69	36.69
Closing Balance of Normative Equity	37.13	35.75	35.75
Average Equity	36.91	36.22	36.22
Rate of Return (%)	14.00%	14.00%	14.00%
RoE	5.17	5.07	5.07

Income Tax

Petitioner's Submission

6.63 The Petitioner has submitted that it has calculated income tax based on adding back non-cash items i.e. Interest on Normative Loan and Normative Interest on Working Capital for the purpose of the computation of Taxable Income as well as the resulting Normative Income Tax. The corporate tax rate has been taken as 33.22% for FY 2010-11.

Commission's Analysis

6.64 The Commission has considered the method of computation of income tax used by the Petitioner and computed the income tax accordingly for FY 2010-11. Table 29 details the normative income tax as approved by Commission in Tariff Order for FY 2010-11, revised estimates by the Petitioner and approved by the Commission now for FY 2010-11.

Table 29: Normative Income Tax for FY 2010-11 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Return on Equity	5.17	5.07	5.07
Income Tax Rate (%)	33.22%	33.22%	33.22%
Gross RoE	7.74	7.59	7.59
Add: Normative Interest on Loan	2.94	2.62	2.50
Add: Normative Interest on Working Capital (excluding Security Deposit)	7.07	7.42	6.93
Taxable Income	17.75	17.63	17.02
Income Tax	5.90	5.86	5.65

CGRF Expenses

Petitioner's Submission

6.65 As per the directions of the Commission, the Petitioner had set up a CGRF system for grievance redressal for consumers. The Petitioner has submitted that it will incur an expenditure of Rs 0.07 Cr during FY 2010-11 for maintaining the system.

Commission's Analysis

6.66 During data validation, the Commission was informed that the Petitioner has not incurred any expenditure on CGRF system during FY 2010-11. Thus the Commission disallows the proposed expenditure for CGRF expenses for 2010-11.

Non Tariff Income (NTI)

Petitioner's Submission

6.67 The Petitioner has submitted non tariff income as Rs 5.82 Cr as per the initial petition submitted by it to the Commission. However the Petitioner had incorrectly included the recovery of electricity charges from fixed charges in the non tariff income. Thus the Petitioner submitted the revised non tariff income as Rs 4.68 Cr for FY 2010-11.

Commission's Analysis

6.68 The Non tariff income includes meter rent, equipment charges, hire charges from electrical installations and supervision charges. It does not include recovery of electricity charges on account of fixed charges which forms part of revenue from sale of electricity. Thus the Commission approves the revised estimates of non tariff income submitted by the Petitioner i.e. Rs 4.68 Cr for FY 2010-11.

Revenue from Existing Tariff

Petitioner's Submission

6.69 For FY 2010-11, the Petitioner had submitted expected revenue at Rs 678.04 Cr in its petition based on actuals for first half of the year and projected for the balance of the year in accordance with the projected sales and existing tariff.

Commission's Analysis

6.70 As the actual sales as per the provisional annual accounts for FY 2010-11 are less than the revised sales as submitted by the Petitioner, the actual revenue from sales for FY 2010-11 will also be lower. The actual revenue from sales to LT/HT consumers for FY 2010-11 was Rs 596.06 Cr based on the provisional annual accounts for FY 2010-11, which has been approved by the Commission.

6.71 The revenue from sale of power to other licensee/JUSCO for FY 2010-11 has been estimated by multiplying the approved sales with the average power purchase rate approved for FY 2010-11 i.e. Rs 2.91 per unit. However, the same shall be trued up in the next Tariff Order as per the actual information made available to the Commission.

6.72 Accordingly, the revenue from sale of power for FY 2010-11 has been approved at Rs 656.06 Cr.

Summary of ARR for FY 2010-11

6.73 The Table 30 summarizes the ARR as approved by Commission in Tariff Order for FY 2010-11, revised estimates by the Petitioner and approved by the Commission now for FY 2010-11.

Table 30: Summary of ARR for FY 2010-11 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2010-11	Submitted by the Petitioner	Approved now by the Commission
Power Purchase Cost	552.34	600.71	601.94
O&M Expenses	41.56	49.33	44.51
Interest & Other Finance Charges	10.31	10.36	9.75
Depreciation	4.65	7.79	7.73
Income tax	5.90	5.86	5.65
CGRF Expenses	-	0.07	-
Total Costs	614.76	674.11	669.58
Add: Return on Equity	5.17	5.07	5.07
Less: Non-tariff income	5.88	4.68	4.68
Annual Revenue Requirement	614.05	674.50	669.96
Revenue @ Existing tariff	638.29	678.04	656.06
Revenue (Gap) / Surplus	24.24	3.55	(13.90)

A7: ARR FOR FY 2011-12

7.1 This section contains summary of the Commission's analysis of the ARR submitted by Petitioner for FY 2011-12.

Number of Consumers and Connected Load*Petitioner's Submission*

- 7.2 For FY 2011-12, the Petitioner has projected the number of consumers on the basis of past trends and field information available. The growth in connected load has been projected based on the corresponding increase in number of consumers.
- 7.3 Petitioner has further submitted that during FY 2011-12, number of consumers and connected load is expected to increase substantially due to transfer of Steel works consumers to domestic and utilities consumer category. In addition, the Petitioner has also accounted for the applications for new connections being processed during FY 2011-12 and which are expected to be added this year. TSL expects that approximately 17331 consumers would be added during FY 2011-12, increasing the total number of consumers to 44692 at end of FY 2011-12.
- 7.4 The Petitioner has projected the increase in connected load during FY 2011-12 on the basis of corresponding load enhancement due to increase in consumers based upon the average load of the respective consumer category.

Commission's Analysis

- 7.5 In order to project the number of consumers and connected load for FY 2011-12, the Commission asked the Petitioner to submit the details of actual number of consumers added and the actual increase in connected load till June 2011 and the likely consumers to be added and the corresponding increase in load based on pending applications to be processed during the balance of the year.
- 7.6 On scrutiny of the data, the Commission found that the actual addition in number of consumers and connected load till June 2011 is in line with the projections made for the whole year by the Petitioner. The Commission also checked for any abnormal change in the existing ratio of load/consumer due to the proposed additions and found the projections to be rational on this account also. Thus for FY 2011-12, the Commission provisionally approves the number of consumers and connected load as per the projections submitted by the Petitioner. These numbers are subject to change on the basis of actual data while undertaking the true up exercise for FY 2011-12 in next tariff order.
- 7.7 The Table 31 contains the number of consumers and connected load, as submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 31: Number of Consumers and Connected Load for FY 2011-12

Particulars	Number of Consumers		Connected Load		
	Submitted by the Petitioner	Approved by the Commission	Units	Submitted by the Petitioner	Approved by the Commission
Domestic LT	36,501	36,501	kW	152,007	152,007
Domestic - DS HT	102	102	kVA	29,420	29,420
Commercial	7,610	7,610	kW	46,459	46,459
Temporary Supply				-	-
High Tension I	50	50	kVA	9,117	9,117
High Tension II	14	14	kVA	27,549	27,549
High Tension III	15	15	kVA	287,725	287,725
High Tension IV	1	1		55,412	55,412
Street Lights	398	398	kW	22,984	22,984
Other Licensee	1	1		-	-
Total	44,692	44,692		-	-

Energy Sales

Petitioner's Submission

7.8 For FY 2011-12, the Petitioner has projected energy sales for each consumer category by multiplying the projected connected load with the category-wise average load per consumer and load factor for previous year. The consumption/ sales from new consumers are estimated from the date of release of the new connection on pro-rata basis.

Commission's Analysis

7.9 The Commission verified the calculation for sales projections for FY 2011-12 as submitted by the Petitioner. The Petitioner has estimated the addition in energy sales for each consumer category taking into account the expected increase in load per consumer during FY 2011-12. The Commission approves the projections for the expected increase in sales from LT/HT consumers during FY 2011-12 as submitted by the Petitioner. This is then added to the approved sales for FY 2010-11 to arrive at the approved sales for FY 2011-12.

7.10 Further the sale to JUSCO has been approved after due deliberation with the officials of the buyer-JUSCO and the Petitioner.

7.11 The Table 32 summarizes the consumer category wise sales submitted by the Petitioner and approved by Commission for FY 2011-12.

Table 32: Category wise Sales for FY 2011-12 (MUs)

Particulars	Submitted by the Petitioner	Approved now by the Commission
Domestic LT	176.02	172.79
Domestic - DS HT	163.04	160.09
Commercial	61.47	59.83
Temporary Supply	7.86	7.68
High Tension I	20.88	20.24
High Tension II	94.91	92.08
High Tension III	1,608.13	1,563.75
High Tension IV	57.99	57.99
Street Lights	64.85	64.60
Other Licensee	225.00	198.05
Total	2,480.15	2,397.11

Energy Balance and Distribution Losses

Petitioner's Submission

- 7.12 For FY 2011-12, the power availability from TPCL has been projected based on the projections made by TPCL in its tariff petition for FY 2011-12. As indicated by TPCL, they will supply power in FY 2011-12 i.e. 120 MW (60 MW each from Unit –II & 60 MW from Unit III) at price determined as per JSERC Generation Tariff Regulation and balance 120 MW (60 MW each from Unit –II & 60 MW from Unit III) at firm cost of Rs.4.02 per kWh.
- 7.13 The availability from DVC has been taken into account as per the past trends. Further, TSL has also projected to procure some power from Tata Steel- Captive, RPO & Other Sources during FY 2011-12 to meet the demand in the area.
- 7.14 As per the methodology adopted by the Commission in previous tariff order, the Petitioner has considered zero distribution losses for sales to other licensees and TSL-Works and 7.00% for sales to other consumers of license area for FY 2011-12.

Commission's Analysis

- 7.15 The Commission has approved the expected availability of power from TPCL's Unit II & Unit III as 806.37 MU each at regulated price as per the Tariff Order issued on 20th August 2011 for TPCL for FY 2011-12.
- 7.16 The expected availability from DVC and TSW captive for FY 2011-12, the Commission considers the Petitioner's projections of 487.50 MU and 359.47 MU, keeping in mind the expected growth in demand during FY 2011-12. However this is subject to true up based on audited annual accounts.

- 7.17 With regards to the expected availability from renewable sources to meet the RPO obligation, the Commission has approved total quantum as 51.17 MU i.e. 2% of total energy requirement in the licensed area subject to true up as per actual data.
- 7.18 Further the Commission has projected the expected availability from other sources (short term purchases) as 47.39 MU to meet its energy requirement during FY 2011-12. The same shall be trued up in the next Tariff Order depending on the actual quantum of purchase subject to the short-term purchases being approved by the Commission on as and when basis. For FY 2011-12, the approved energy sales including sales to other licensee/JUSCO is 2397.11 MU as given in the previous section.
- 7.19 In accordance with the Distribution Tariff Regulations, 2010, the Commission approves the distribution losses for FY 2011-12 at 7.00%.
- 7.20 Based on the above, the energy balance for FY 2011-12 as submitted by the Petitioner and approved by the Commission for FY 2011-12 has been summarised in Table 33.

Table 33: Energy Balance for FY 2011-12 (MUs)

Particulars	Submitted by the Petitioner	Approved now by the Commission
A. ENERGY REQUIREMENT		
Sales to Other Licensee	225.00	198.05
Dist. Losses on Sales to Other Licensee	0%	0%
Units Lost on Sales to Other Licensee	-	-
Energy Req. for Sales to Other Licensee	225.00	198.05
Sales to Steel Works (HT IV)	57.99	57.99
Dist. Losses on Steel Works	0%	0%
Units Lost on Sales to Steel Works	-	-
Energy Req. for Steel Works	57.99	57.99
Sales to LT consumers	310.20	304.91
Sales to HT consumers	1,886.96	1836.16
Sales to Other Consumers	2,197.16	2,141.07
Dist. Losses on Sales to Other Consumers	7.00%	7.00%
Units Lost on Sales to Other Consumers	165.38	161.16
Energy Req. for Sales to Other Consumers	2,362.54	2302.22
Overall Sales	2,480.15	2,397.11
Overall Distribution Losses %	6.25%	6.30%

Overall Distribution Losses (MU)	165.38	161.16
TOTAL ENERGY REQUIREMENT	2,645.53	2,558.26
B. ENERGY AVAILABILITY		
- TPCL – Regulated capacity	804.17	1,612.74
- TPCL – Firm capacity	804.17	-
- Damodar Valley Corporation	487.50	487.50
- TSW - Captive	359.47	359.47
- RPO	52.91	51.17
- Others (F)	137.31	47.39
TOTAL POOLED ENERGY AVAILABILITY	2,645.53	2,558.26

Power Purchase Cost

Petitioner's Submission

- 7.21 As stated earlier, the Petitioner has projected purchase of power from TPCL during FY 2011-12 as 120 MW (60 MW each from Unit –II & 60 MW from Unit III) at price determined as per JSERC Generation Tariff Regulation and balance 120 MW (60 MW each from Unit II & 60 MW from Unit III) at firm cost. For the purpose of computation of power purchase cost from TPCL, the Petitioner has referred to the rates indicated by TPCL. The provisional cost of power purchase – under JSERC Generation Tariff Regulation from Unit II and Unit III has been considered at Rs 3.00 per unit and Rs 2.93 per unit for Unit II and Unit III, respectively. Further the provisional cost of power purchase i.e. firm cost from Unit II & Unit III has been considered at Rs 4.02 per unit as indicated by TPCL.
- 7.22 The Petitioner had projected the cost of power purchase from DVC at the rate of Rs 3.07/ kWh on the basis of actual bills for the month of April, 2010. Subsequently, the Petitioner submitted the revised bills for the months of May 2010 to July 2011 wherein the rate of power purchased from DVC has been increased to Rs 3.73/ kWh in accordance with the CERC's provisional tariff for the period 2009-14.
- 7.23 Further the Petitioner has projected the power purchase cost from steel works –captive in accordance with its proposal submitted to the Commission in Case No. 17 of 2011. Wherein the Petitioner has requested for drawal of power from Tata Steel Works – captive by TSL for its licensed area on temporary basis at an weighted average rate for the long term power available (i.e. from TPCL 120 MW – Regulated and DVC). Thus for projecting power purchase cost for FY 2011-12 from steel works – captive, the rate of power purchase has been projected at Rs 3.00/ kWh.

- 7.24 The petitioner has also projected purchase of power from renewable sources to meet its RPO obligation for FY 2011-12 i.e. 2% of total energy requirement of its licensed area. Out of this 0.25% has to be sourced from solar power which works out to be 6.61 MU at the price of Rs 14.98 per unit as approved by Commission in JSERC Tariff Order for solar plants, 2010 and the balance 46.30 MU from non-solar sources at an estimated cost of Rs 5.00 per unit.
- 7.25 In addition, Petitioner has also projected purchase of power from other sources (short term) to meet its energy demand. The power purchase cost from other sources has been projected at weighted average price of Rs 5.00 per unit.

Commission's Analysis

- 7.26 The Commission has approved the power purchase cost to TSL from TPCL for FY 2011-12 on the basis of the Tariff Order issued on August 20th, 2011 for TPCL for FY 2011-12. In the said order, the Commission has disallowed sale of power by TPCL at a rate higher than the regulated rate and termed it as violation of Commission's previous tariff orders. The relevant extract from the said Tariff Order is given below:

"The Commission has noted from the verification of power purchase bills of FY 2011-12 submitted by Tata Steel Limited that the Petitioner is charging a rate higher than that fixed by the Commission in the Tariff Order of FY 2010-11. The Commission views this action of the Petitioner as a violation of the Tariff Order of the Commission and will take up the matter separately.

With regard to the Judgement passed by the Hon'ble Supreme Court in Appeal No. 3510-11 of 2008, the Commission notes that while the Hon'ble Supreme Court has upheld the freedom of a generating company to enter into a contract with a distribution licensee, it has also mentioned that the terms and conditions of such an agreement are not unregulated. The Hon'ble Court has ruled that:

"Such an agreement is subject to grant of approval by the Commission.

... If the terms and conditions relating to quantity, price, mode of supply the need of the distribution agency vis-a-vis the consumer, keeping in view its long term need are not found to be reasonable, approval may not be granted."

*In view of the relevant provisions of Section 86 of the Act, the Judgement passed by the Hon'ble Supreme Court in Appeal No. 3510-11 of 2008 and the fact that the remaining power is also being sold within the State to a distribution licensee, (to the same licensee in this case) the **Commission views that the price at which TPCL has to sell the power for the capacity of 240 MW for its two units - Unit 2 and Unit 3, would be the regulated price determined by the Commission in this Tariff Order.**"Emphasis added.*

- 7.27 In line with the above, the Commission has determined the power purchase cost of TSL from TPCL for the total 240 MW at the regulated price of Rs 2.38/ kWh as determined in Tariff Order issued on 20th August 2011 for TPCL for FY 2011-12.
- 7.28 With respect to power purchase cost from DVC for FY 2011-12, the Commission verified the actual bills from May 2010 to June 2011 and found out the average tariff has been Rs 3.40/ kWh. This has been approved by the Commission for FY 2011-12. However this rate is subject to true up on the basis of actual cost incurred.
- 7.29 The Commission as per its Order dated June 1st, 2011 for drawal of power from Tata Steel Works – captive by TSL for its licensed area on temporary basis had allowed the Petitioner to purchase power from steel works. However the rate at which such purchase would be made shall be determined by the Commission in the present tariff order. Accordingly the Commission approves purchase of power by the Petitioner from the steel works – captive at the rate of Rs 2.38 /kWh, which is equal to the lowest rate of power sourced from any source during FY 2011-12 as approved by the Commission.
- 7.30 With respect to purchase of renewable power by the Petitioner, the Commission approves the rates proposed by him for purchase of power from solar @ Rs 14.98 /kWh and from other renewable sources @ Rs 5.00 / kWh.
- 7.31 The Commission has also projected the expected availability from short term sources on account of meeting its increased demand. The rate of purchase from short term sources has been assumed @ Rs 4.55/ kWh which is the weighted average price of power procured through UI, traders and power exchanges for 2010-11 as per the Annual Report for 2010-11 of Market Monitoring Cell, which has been constituted by the CERC.
- 7.32 The Table 34 contains summary of power purchase cost as submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 34: Power Purchase Cost for FY 2011-12 (Rs Cr)

Particulars		Submitted by the Petitioner	Approved now by the Commission
A. Tata Power Company-Regulated Price			
Units Purchased (MU's)	Unit II	402.08	806.37
	Unit III	402.08	806.37
	Total	804.17	1,612.74
Per Unit Price (Rs. / kWh)	Unit II	3.00	2.38
	Unit III	2.93	2.37
	Total	2.97	2.38
Power Purchase Cost (Rs. Cr)	Unit II	120.76	192.22
	Unit III	117.76	191.37
	Total	238.51	383.59
B. Tata Power Company Ltd - Firm Cost			
Units Purchased (MU's)	Unit II	402.08	-
	Unit III	402.08	-
	Total	804.17	-

Per Unit Price (Rs. / kWh)	Unit II	4.02	-
	Unit III	4.02	-
	Total	4.02	-
Power Purchase Cost (Rs. Cr)	Unit II	161.64	-
	Unit III	161.64	-
	Total	323.28	-
C. Damodar Valley Corporation			
Units Purchased (MU's)		487.50	487.50
Per Unit Price (Rs. / kWh)		3.07	3.40
Power Purchase Cost (Rs. Cr)		149.56	165.75
D. TSL - Captive			
Units Purchased (MU's)		359.47	359.47
Per Unit Price (Rs. / kWh)		3.00	2.38
Power Purchase Cost (Rs. Cr)		108.00	85.50
E. RPO			
Units Purchased (MU's)	Solar	6.61	6.40
	Non-Solar	46.30	44.77
	TOTAL	52.91	51.17
Per Unit Price (Rs. / kWh)	Solar	14.98	14.98
	Non-Solar	5.00	5.00
	TOTAL	6.25	6.25
Power Purchase Cost (Rs. Cr)	Solar	9.91	9.58
	Non-Solar	23.15	22.38
	TOTAL	33.06	31.97
F. Others			
Units Purchased (MU's)		137.31	47.39
Per Unit Price (Rs. / kWh)		5.00	4.55
Power Purchase Cost (Rs. Cr)		68.66	21.58
G. Total Pooled Power Purchased			
Units Purchased (MU's)		2,645.53	2,558.26
Power Purchase Cost (Rs. Cr)		921.06	688.38
Per Unit Price (Rs. / kWh)		3.48	2.69

Operation and Maintenance Expenses

Petitioner's Submission

- 7.33 The Petitioner has projected O&M expenses for FY 2011-12 considering a marginal hike of 20% in payment to JUSCO and 15% in other O&M expenses on the estimated figures of FY 2010-11 taking into consideration of inflationary increases and envisaged growth in business.

Commission's Analysis

- 7.34 For FY 2011-12, the Commission has projected the O&M expenses separately for each component of O&M expenses as given below. However as stated above in paragraphs 6.33 to 6.38, the Commission is approving the component-wise O&M costs only provisionally and these estimates will be subject to true up during the tariff determination for next year based on the actual break-up of O&M cost provided by the Petitioner in its audited accounts for FY 2011-12.
- 7.35 The Commission has provisionally approved the A&G cost for FY 2011-12 by escalating the approved cost for FY 2010-11 by the weighted average inflation factor of 7.99% p.a. The computation of 7.99 % has already been discussed in Section 6. Further, the Petitioner has projected cost towards electricity surcharge for the 12 months in FY 2011-12, however, as per amendment to the Jharkhand Electricity Duty (Amendment) Act, 2011 dated June 24th, 2011, and electricity surcharge has been discontinued from July 1st, 2011. Thus the Commission has projected the cost of electricity surcharge for 3 months. Accordingly, the Commission approves the A&G cost at Rs. 9.07 Cr for FY 2011-12.
- 7.36 In case of R&M costs (direct and indirect), the Commission has linked it to the percentage of approved R&M costs and opening GFA for FY 2010-11 which is 9%. This is then used to project R&M cost for the current year, by multiplying this ratio with the approved opening GFA for FY 2011-12. With regards to R&M cost incurred on Golmuri Substation, the Commission has been historically escalated the past year's cost at the inflation rate. The Commission has used the same approach for projecting Golmuri substation expenses.
- 7.37 The direct employee cost for FY 2011-12 has been approved on the basis of the indexation formula. The Commission has calculated the cost per employee ratio for FY 2010-11 based on the approved direct employee cost of Rs 8.13 Cr for FY 2010-11 and the number of direct employees on the pay roll of TSL as on March 31st, 2010 which were 158 as submitted by the Petitioner. The cost per employee ratio for FY 2010-11 is estimated at Rs 0.05 Cr/ employee, which is then escalated at the weighted average inflation rate of 7.99% and then multiplied by the number of direct employees approved for FY 2011-12. The number of direct employees as on 30th June 2011 was 173 which is multiplied by the employee indexation formula. However projections for indirect employee cost has been linked to the growth factors.
- 7.38 Further, as reiterated earlier, the Commission is of the view that as it is moving towards the Multi Year Tariff (MYT) regime, it is important for the Petitioner to make available the actual data for past years for each component of O&M costs (including segregation of Golmuri sub-station expenses between power business division and other businesses of the Petitioner) separately in order to arrive at authentic figures for the base year value. The Commission directs the Petitioner to provide break up of O&M costs for past five years prior to the tariff year under consideration along with the tariff petition for next year failing which the O&M expenses will be disallowed.

- 7.39 The Table 35 contains the component wise O&M expenses as submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 35: O&M Expenses for FY 2011-12 (Rs Cr)

Particulars	Submitted by the Petitioner	Approved now by the Commission
A. A&G Costs		
General A&G Expenses	6.24	5.26
Miscellaneous Expenses	0.66	0.56
Billing and Collection Expenses-JUSCO	2.20	1.85
Electricity Surcharge	4.51	1.09
Rates and Taxes	0.11	0.09
Interest on Sec Deposit	0.28	-
Consultancy Fees	0.25	0.21
Sub-Total - (A)	14.26	9.07
B. R&M Costs		
Direct Expenses	15.09	12.33
Indirect Expenses	1.12	1.04
Golmuri Substation Maintenance Expenses	11.42	7.12
Sub-Total - (B)	27.63	20.50
C. Employee costs		
Direct Expenses	10.57	9.61
Indirect Expenses	0.99	0.97
Sub-Total - (C)	11.56	10.59
Total O&M Expenses (A + B + C)	53.45	40.15

Capital Expenditure Plan

Petitioner's Submission

- 7.40 The Petitioner has submitted a capital expenditure plan of Rs 89.45 Cr and its phasing for next five years. It plans to incur capital expenditure of Rs 29.55 Cr in FY 2011-12.

Commission's Analysis

- 7.41 The Commission observes that the actual capital expenditure incurred the previous year is about 50% of the expenditure approved in the same year. This indicated that the Petitioner is over projecting the capital investment plan for a year. Therefore, Commission has decided to allow the Capital expenditure at 50% of the proposed expenditure of Rs. 29.55 Cr at Rs 14.78 Cr as the expected capital expenditure to be incurred during FY 2011-12. However, the same shall be trued up in the next tariff petition, after prudence check, as per the actual capital expenditure to be incurred by the Petitioner.

CWIP and Gross Fixed Asset

Petitioner's Submission

7.42 The Petitioner has projected closing CWIP and GFA at Rs 23.03 Cr and Rs 157.43 Cr, respectively. Further the petitioner has projected the capitalisation of CWIP during FY 2011-12 at Rs 15.35 Cr.

Commission's Analysis

7.43 For FY 2011-12, the GFA has been approved based on the approved capital expenditure, while capitalization has been considered @ 40% of the total CWIP for the year as projected by the Petitioner. Table 36 contains the GFA and CWIP as submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 36: GFA and CWIP for FY 2011-12 (Rs Cr)

Particulars	Submitted by the Petitioner	Approved now by the Commission
A. Capital Works in Progress (CWIP)		
Opening CWIP	8.83	8.83
Add: Additions (Capex during FY)	29.55	14.78
Total CWIP	38.38	23.60
Less: T/fed to GFA during FY	15.35	9.44
Closing CWIP	23.03	14.16
Gross Fixed Assets (GFA)		
Opening GFA	142.08	142.08
Add: T/fed from CWIP	15.35	9.44
Closing GFA	157.43	151.52

7.44 The Petitioner's through letter dated July 25th, 2011 claimed additional interest during construction (IDC) for FY 2011-12. The Commission would consider IDC at the time of true up as per the actuals.

Depreciation

Petitioner's Submission

7.45 The Petitioner has submitted that its computation of depreciation is based on Straight Line Method of computation and utilising the rates as provided in Appendix II to the Tariff Regulations. Further for assets capitalised during the year, the depreciation has been computed for half year only.

7.46 The Petitioner has also computed the Net Depreciation to be included in ARR by deducting the proportionate depreciation on Fixed Assets created out of Consumer Contribution, which is also in line with the methodology adopted by the Commission in its previous Tariff Order.

Commission's Analysis

- 7.47 In the Previous Tariff Order of FY 2010-11, the Commission directed the Petitioner that
- “The Petitioner has hitherto been calculating depreciation based on Straight Line Method of computation on the rates as prescribed in Schedule XVI of the Companies Act, 1956 and not as per the depreciation rates prescribed by the Commission. The Commission finds this unacceptable and directs the Petitioner to calculate depreciation as per the Distribution Regulations, 2004 as amended from time to time in its next tariff petition. If the Petitioner is unable to submit the depreciation as per the schedule given in the Regulations in the next petition, the Commission shall disallow depreciation while computing the ARR for the Petitioner from next Tariff Order”*
- 7.48 The Petitioner has provided the depreciation as per the rates specified by the Commission in the Distribution Tariff Regulations, 2010. However, the Commission observes that the Petitioner has not submitted details of asset-wise gross fixed assets and accumulated depreciation for FY 2010-11 for it to undertake computation of depreciation as per the approved capitalisation amount for FY 2011-12 and rate of depreciation. The Petitioner only provided class-wise details but asset type wise details have not been provided.
- 7.49 Thus, for the time being, the Commission has approved the depreciation amount pro-rata on the basis of capitalisation proposed by the Petitioner. The Commission directs the Petitioner to submit full details for each asset type and computation of depreciation in the next tariff petition. The Commission has also given directives in this regard.
- 7.50 Table 37 summarises the gross and net depreciation as submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 37: Depreciation for FY 2011-12 (Rs Cr)

Particulars	Submitted by the Petitioner	Approved by the Commission
Gross Depreciation	9.82	9.62
Depreciation on Account of Consumer Contribution	1.55	1.52
Net Depreciation	8.26	8.10

Interest and Other Finance Charges**Interest on Loan***Petitioner's Submission*

- 7.51 The Petitioner has submitted normative interest on loan as per the methodology prescribed by the Commission in previous Tariff Orders and using an interest rate of 12.50% p.a.

7.52 The Petitioner, in its subsequent submission, has requested the Commission to consider the revised interest rate of 14.00% for FY 2011-12.

Commission's Analysis

7.53 In accordance with the Distribution Tariff Regulations, 2010, the Commission has computed the normative loan for the year equal to 70% of the closing GFA. The GFA has been considered at net of consumer contribution. Normative repayment is deemed to be equal to the depreciation charge during the year.

7.54 In accordance with the Distribution Tariff Regulations, 2010, the interest on normative loan has been calculated on the average normative loan as outstanding during the year at the interest rate of 13.25% p.a.

7.55 The Table 38 contains the interest on loan as submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 38: Interest on Loan or FY 2011-12 (Rs Cr)

Particulars	Submitted by the Petitioner	Approved by the Commission
Opening Balance of Normative Loan	20.53	19.44
Deemed Addition during the year	9.35	5.86
Deemed Repayments	8.26	8.10
Closing Balance of Deemed Loan	21.62	17.20
Average balance during the Year	21.07	18.32
Interest Rate	12.50%	13.25%
Interest Payment	2.63	2.43

Interest on Security Deposits

Petitioner's Submission

7.56 The Petitioner has provided for interest on security deposits at an interest rate of 6% p.a. for FY 2011-12.

Commission's Analysis

7.57 The Commission has approved an interest rate of 6% for FY 2011-12, which is equal to the prevailing bank rate.

7.58 The Table 39 contains the interest on security deposits as submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 39: Interest on Security Deposits for FY 2011-12 (Rs Cr)

Particulars	Submitted by the Petitioner	Approved by the Commission
Opening Security Deposit	5.71	5.71
Security Deposit received during FY	0.76	0.76
Closing Security Deposit	6.47	6.47
Average Security Deposit (Rs. cr)	6.09	6.09
Interest rate (%)	6.00%	6.00%
Interest on Security Deposit (Rs. cr)	0.37	0.37

Interest on Working Capital

Petitioner's Submission

7.59 The Petitioner has submitted normative interest on working capital at Rs 7.96 Cr for FY 2010-11 as per the methodology prescribed by the Commission in Tariff Order for FY 2010-11 considering an interest rate of 12.50%.

Commission's Analysis

7.60 IN accordance with the Distribution Tariff Regulations, 2010, the normative working capital shall be given by the following formula:

- (a) Two months equivalent of the expected revenue from sale of electricity at the prevailing tariffs; plus
- (b) One-twelfth of the amount of Operation and Maintenance expenses for such financial year; plus
- (c) Maintenance spares @ 1% of opening GFA; minus
- (d) Amount held as security deposits under clause (a) and clause (b) of subsection (1) of Section 47 of the Act from consumers and Distribution System Users; minus
- (e) One month equivalent of cost of power purchased, based on the annual power procurement plan.

7.61 The applicable interest rate for FY 2011-12 has been approved at 13.25% p.a.

7.62 The Table 40 contains the calculation of working capital as submitted by the petitioner and as approved by the Commission.

Table 40: Interest on Working Capital for FY 2011-12 (Rs Cr)

Particulars	Submitted by the Petitioner	Approved now by the Commission
Receivables for 2 months' sale @ existing tariff	140.54	134.99
O&M expenses for 1 month	4.45	3.35
Maintenance spares @ 1% of Op. GFA	1.57	1.42
Sub-total	146.57	139.76
Less: Security deposit	6.09	6.09
Less: Power purchase cost for 1 month	76.75	57.37
Total Working Capital	63.72	76.30
Interest Rate (%)	12.50%	13.25%
Interest on Working Capital	7.96	10.11

- 7.63 The interest on working capital calculated by the Commission for FY 2011-12 is higher than the amount proposed by the Petitioner. This is because the prevailing rate of SBI PLR is higher than at the time of submission of the petition and hence needs to be factored in. To this effect the Petitioner has written to the Commission to consider the latest applicable SBI PLR of approx. 14% for computation of interest amount. The Commission approved 13.25% on the basis of latest information available.
- 7.64 The Table 41 contains the total interest and other finance charges as submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 41: Interest and Other Finance Charges for FY 2011-12 (Rs Cr)

Particulars	Submitted by the Petitioner	Approved by the Commission
Interest on Debt	2.63	2.43
Interest on Security Deposit	0.37	0.37
Interest on Working Capital	7.96	10.11
Total Interest and Finance Charges	10.96	12.90

Return on Equity (RoE)

Petitioner's Submission

- 7.65 The Petitioner has projected RoE for FY 2011-12 considering a rate of return at 15.50% as per the Distribution Tariff Regulations, 2010.

Commission's Analysis

- 7.66 As per the Distribution Tariff Regulations, 2010, the rate of return on equity for the transition period shall be considered at post-tax rate of 15.50% p.a. Further the regulations also provide that the normative income tax shall be limited to return on equity. The rate of Income tax applicable for FY 2011-12 is 32.45%. Thus the rate of return on equity has been grossed up by the tax rate and allowed at the rate of 22.94% for FY 2011-12.
- 7.67 The equity base has been considered equal to 30% of GFA. The GFA has been considered net of consumer contribution.
- 7.68 The detailed calculation of RoE projected by the Petitioner and as approved by the Commission has been summarised in Table 42.

Table 42: Return on Equity for FY 2011-12 (Rs Cr)

Particulars	Submitted by the Petitioner	Approved now by the Commission
Opening Balance of Normative Equity	35.75	35.75
Deemed Additions	4.01	2.51
Closing Balance of Normative Equity	39.75	38.26
Average Equity	37.75	37.00
RoE (%)	15.50%	22.94%
RoE	5.85	8.49

Income Tax*Petitioner's Submission*

- 7.69 The Petitioner has submitted that it has calculated income tax based on the provisions of the IT Act 1961. The Petitioner's tax computations are based on adding back non-cash items i.e. Interest on Normative Loan and Normative Interest on Working Capital for the purpose of the computation of Taxable Income as well as the resulting Normative Income Tax. The corporate tax rate has been taken as 32.45% for FY 2011-12.
- 7.70 The Petitioner's submission of income tax has been summarised in Table 43 contains the normative income tax as submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 43: Normative Income Tax for FY 2011-12 (Rs Cr)

Particulars	Submitted by the Petitioner
Return on Equity	5.85
Income Tax Rate	32.45%
Gross RoE	8.66
Add: Normative Interest on Loan	2.63
Add: Normative Interest on Working Capital (excluding Security Deposit)	7.96
Taxable Income	19.26
Income Tax	6.25

Commission's Analysis

7.71 As per the Distribution Tariff Regulations, 2010, the Commission allows for income tax through grossing up the rate of return on equity by the prevailing income tax rates as given in previous section. Thus the Commission does not allow for income tax to be passed on as separate component of ARR in FY 2011-12.

Demand Side Management (DSM) and CGRF Expenses*Petitioner's submission*

7.72 The Petitioner has submitted that it plans to take up various DSM initiatives as directed by the Commission under its Demand Side Management Regulations, 2010. Total DSM expenses projected by the Petitioner for FY 2011-12 are Rs 0.34 Crs.

7.73 The Petitioner has also projected expenses of Rs 0.12 Crs towards establishment of a Consumer Grievance Redressal Forum (CGRF) in FY 2011-12.

Commission's analysis

7.74 The Commission approves expenses of Rs 0.34 Crs and 0.12 Crs towards DSM initiatives and establishment of CGRF, respectively, for FY 2011-12 as submitted by the Petitioner.

Table 44: Proposed and Approved expenses for DSM and CGRF (Rs Crs) for FY 2011-12

Particulars	FY2011-12	
	<i>Submitted by the Petitioner</i>	<i>Approved by the Commission</i>
DSM initiatives	0.34	0.34
Establishment of CGRF	0.12	0.12
Total Expenses	0.46	0.46

Non Tariff Income (NTI)

Petitioner's Submission

7.75 The Petitioner has submitted non tariff income for FY 2011-12 as Rs 5.82 Cr as per the initial petition submitted by it to the Commission. However the Petitioner has incorrectly included the recovery of electricity charges from fixed charges in the non tariff income. Thus the Petitioner submitted the revised non tariff income for FY 2011-12 as Rs 5.08 Cr on 18th June 2011.

Commission's Analysis

7.76 The Commission has computed the proportion of non tariff income of approved revenue for FY 2010-11. The Commission has then considered this proportion along with the approved revenue at existing tariff for FY 2011-12 to compute the expected non tariff income for FY 2011-12. Accordingly, the Commission has approved non tariff income of Rs 5.78 Cr for FY 2011-12. The same shall be trued up as per the actual figures made available by the Petitioner in the subsequent tariff petition.

Revenue from Existing Tariff

Petitioner's Submission

7.77 For FY 2010-11, the Petitioner had submitted expected revenue of Rs 843.22 Cr in its petition.

Commission's Analysis

7.78 For FY 2011-12, the Commission has computed the revenue from sale by considering the approved sale for each consumer category and the existing tariff. Further, the revenue from sale of power to JUSCO has been computed at a rate equal to the average power purchase cost for FY 2011-12 as approved by Commission in this Tariff Order.

7.79 Accordingly, the revenue from existing tariff for FY 2011-12 has been approved at Rs 809.93 Cr.

Summary of ARR for FY 2011-12

7.80 The Table 45 contains a summary of ARR as submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 45: Summary of ARR for FY 2011-12 (Rs Cr)

Particulars	Submitted by the Petitioner	Approved now by the Commission
Power Purchase Cost	921.05	688.38
O&M Expenses	53.45	40.15
Interest & Other Finance Charges	10.96	12.90
Depreciation	8.26	8.10
Income tax	6.25	-
CGRF Expenses	0.46	0.46
Total Costs	1,000.44	750.00
Add: Return on Equity	5.85	8.49
Less: Non-tariff income	5.08	5.78
Annual Revenue Requirement	1,001.22	752.71
Revenue @Existing tariff	843.22	809.93
Revenue (Gap) / Surplus	(157.99)	57.23

A8: SUMMARY OF ARR AND TREATMENT OF REVENUE GAP/SURPLUS

Summary of Annual Revenue Requirement

8.1 In view of the above analysis, the Annual Revenue Requirement along with the revenues at existing tariffs and revenue gap for FY 2009-10, FY 2010-11 & FY 2011-12 are summarized below.

Table 46: Summary of Annual Revenue Requirement (Rs Cr)

Particulars	FY 2009-10		FY 2010-11		FY 2011-12	
	<i>Submitted by the Petitioner</i>	<i>Approved by the Commission</i>	<i>Submitted by the Petitioner</i>	<i>Approved by the Commission</i>	<i>Submitted by the Petitioner</i>	<i>Approved by the Commission</i>
Annual Revenue Requirement	562.36	557.44	674.50	669.96	1,001.22	752.71
Revenue @Existing tariff	522.96	524.31	678.04	656.06	843.22	809.93
Revenue (Gap)/ Surplus	(39.39)	(33.13)	3.55	(13.90)	(157.99)	57.23
Add: Revenue (Gap)/ Surplus for previous years (FY06 to FY09) as approved in previous Tariff Order					30.49	30.49
Add: Revenue (Gap) / Surplus for FY10 & FY11					(35.84)	(47.04)
Cumulative Revenue (Gap)/ Surplus upto FY 2011-12					(163.34)	40.68

A9: TREATMENT OF REVENUE GAP/SURPLUS

Petitioner's submission

- 9.1 The Petitioner has proposed an average increase of 18%, which is expected to generate additional revenue of Rs 155.41 Cr. It has also proposed to recover the entire gap from the consumers in the ensuing financial year.
- 9.2 The Petitioner has submitted that there has not been any change in the tariff for last five years and it is logical to recover the entire gap in the ensuing financial year. Further, it has submitted that any step of postponement of recovery of gap shall have a spiralling effect as this gap leading to a direct impact of increase in power purchase cost on which licensee has no control.

Views of the Commission

- 9.3 According to the ARR and the revenues at existing tariff determined by the Commission, the Commission has projected a cumulative revenue surplus of Rs 40.68 Cr as against the envisaged revenue gap of Rs 163.34 Cr submitted by the Petitioner. Since there is no revenue gap, the Commission disallows the proposal for tariff hike submitted by the Petitioner.
- 9.4 The Commission has decided to carry forward the surplus of Rs 40.68 Cr to next year for utilization in case tariff stabilization is required next year to avoid any tariff shock to consumers in subsequent year.
- 9.5 The Commission has made no change in the existing tariff rates, however, it has made changes in the category-wise applicable voltage rebate, power factor rebate/ penalty, delayed payment surcharge and other terms and conditions of tariff as specified in Section A11 and A12 of this tariff order to bring them in line with other licensees in the State of Jharkhand.
- 9.6 The applicable tariff schedule for the Petitioner for FY 2011-12 has been given in Section A11 of this Tariff Order.

A10: TARIFF RELATED OTHER ISSUES

Tariff Rationalization

Petitioner's submission

- 10.1 The Petitioner has expected its average cost of to be approximately Rs 4.03 per kWh in FY 2011-12. This is without considering the past recoveries on account of adjustment of revenue gap/ (surplus) for the period from FY 2005-06 to FY 2009-10. Against the same, the average realisation from all consumer categories is expected to be Rs 3.40 per kWh.
- 10.2 The Petitioner has also pointed out that there is a gap in the average cost of supply and average revenue from all the consumer categories except Commercial & HT IV.

View of the Commission

- 10.3 The Commission has determined the average cost of supply as Rs. 3.14/kWh for FY 2011-12 and Rs 3.21/kWh after including revenue gaps/surplus for previous years. The average revenue per unit from existing tariffs is Rs. 3.38/ kWh, which is in fact higher than the average cost of supply. This clearly suggests that there is no requirement for increase in tariffs.

Table 47: Average CoS vs. Approved Average Revenue for FY 2011-12 (Rs/kWh)

Category	Average Cost of Supply	Average Cost of Supply (Including past recoveries)	Average Revenue @ Existing Tariff	Realization as % of Average Cost of Supply	Realization as % of Average Cost of Supply (Including past recoveries)
Total Domestic LT	3.14	3.21	2.58	82%	3.14
Domestic - DS HT	3.14	3.21	2.70	86%	3.14
Commercial	3.14	3.21	4.36	139%	3.14
High Tension I	3.14	3.21	3.89	124%	3.14
High Tension II	3.14	3.21	3.75	120%	3.14
High Tension III	3.14	3.21	3.52	112%	3.14
High Tension IV	3.14	3.21	4.85	155%	3.14
Street Lights	3.14	3.21	2.90	92%	3.14
Total	3.14	3.21	3.38	108%	3.14

- 10.4 As also submitted by the Petitioner, there are variations in the average Cost of Supply and average realization of different consumer categories. However, it is pertinent to mention that the average realization for Domestic and Domestic HT category, where average realisation is less than 100%, is in line with the provisions of the National Tariff Policy which guides towards a tariff regime within a range of $\pm 20\%$ of the average Cost of Supply.

A11: TARIFF SCHEDULE

APPLICABLE FROM 1ST SEPTEMBER 2011¹

This tariff will come into effect from September 1st, 2011 and apply to all consumers availing power supply from Tata Steel within its licensed area.

The consumers classified under different categories will be charged different tariff for energy supplied to them as given below based on the nature of use of energy, supply voltage and demand of power.

The following terms & conditions indicated under following clauses shall govern the supply of power by Tata Steel to its consumers.

Clause I: (Billing Demand)

The billing demand shall be the maximum demand recorded during the month or 75% of contract demand whichever is higher. In case higher actual demand is recorded for three continuous months, the same shall be treated as the new contract demand for the purpose of billing of future months and the consumer will get into a new Agreement for the revised contracted demand with the Petitioner.

The penalty on exceeding contract demand shall be 1.5 times the normal charges for actual demand exceeding 110% of the contracted demand; the penal charges shall be applicable on exceeded demand only.

Clause II: (Power factor Penalty/Rebate)

Power Factor Penalty:

Power Factor Penalty will be applicable in case of maximum demand meters.

In case average power factor in a month for a consumer falls below 0.85, a penalty @ 1% for every 0.01 fall in power factor from 0.85 to 0.60; plus 2% for every 0.1 fall below 0.60 to 0.30 (up to and including 0.30) shall be levied on demand and energy charges.

Power Factor Rebate:

Power Factor rebate will be applicable in case of maximum demand meters.

In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is more than 95%, a rebate of 2% on demand and energy charges shall be applicable.

This Penalty/Rebate shall not be applicable to 'Steel Works of Tata Steel'.

¹ This schedule shall remain in force till March 31, 2012 or till the next tariff schedule is issued by the Commission, whichever is later.

Clause III: (Jharkhand Electricity Duty)

The charges in this tariff schedule are in addition to duties to the consumers as per provisions under the Jharkhand Electricity Duty Act, 1948 and the rules framed thereunder as amended from time to time and any other Statutory levy which may take effect from time to time after making corrections for the loss in the distribution system.

Clause IV: (Interest on Delayed payment)

For Low tension industrial and medium power category, the Delayed Payment Surcharge will at the rate of 1.5% per month and part thereof. The due date for making payment of energy bills or other charges shall be fifteen days from the date of serving of bill. The bill should be generated and delivered on monthly basis. In case, the licensee defaults in generating and delivering bills on monthly basis, DPS will not be charged for the period of default by licensee.

Clause V:

The Jharkhand State Electricity Regulatory Commission (Electricity Supply Code) Regulation 2005 as amended from time to time will be followed wherever applicable.

Clause VI: (Voltage Rebate)

Voltage rebate to the High Tension consumers will be applicable as given below:

Consumer Category	Voltage Rebate
HTS - 33 kV	3.00%
HTS - 132 kV	5.00%
HTS - 220 kV	5.50%
HTS - 400 kV	6.00%

Note: The above rebate will be available only on monthly basis and consumer with arrears shall not be eligible for the above rebates. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.

This Rebate shall not be applicable to 'Steel Works of Tata Steel'

Medium & Low Tension (MT & LT) Supply:

The tariff for MT & LT Supply will be charged under following categories:

Demand in kVA	Voltage of supply to be provided by Tata Steel	Consumer Category	Nature of use of energy
Upto 100 kVA	415 V or 220 V as per availability and discretion of Tata Steel	CS Commercial Category	Trade, Business, Shops, Cinemas, Clubs, Hotels, Public Offices, Private Hospital. Business establishments in the premises of Educational Institutions, Hostels, Religious Institutions. Other Commercial or business establishments.
Upto 100 kVA	415 V or 220 V as per availability and discretion of Tata Steel	DS Domestic Category	Domestic & Households, Educational Institutions and Hostels, Religious Institutions, Charitable & Social Welfare Institutions, Hospitals, municipal Services etc

High Tension (HT) Supply:

The tariff for HT Supply will be charged under following categories:

Demand in kVA	Voltage of supply to be provided by Tata Steel	Consumer Category
For demand more than 100 kVA upto 500 kVA	6.6 kV as per availability and discretion of Tata Steel	HT-1
For demand more than 500 kVA but less than 5000 kVA	6.6 kV as per availability and discretion of Tata Steel	HT-2
For demand 5000 kVA or more	33kV/132kV	HT-3
For power supplied to Steel Works of the Tata Steel	For power supplied to Steel Works of the Tata Steel	HT-4

Interpretation/clarification

In case of doubt or anomaly, if any, in the applicability of tariff or in any other respect, the matter will be referred to the Jharkhand State Electricity Regulatory Commission and the Commission's decision thereon shall be final and binding.

A. Domestic Supply, (DS Category)**1. Applicability:**

This schedule is applicable to Domestic & Households, Educational Institutions and Hostels, Charitable & Social Welfare Institutions and Govt & Industrial Hospitals.

2. Character of Service:

AC 50 Hz three phase at 415V or 220V within the specified variation limits as far as practicable.

3. Tariff**Energy Charge**

Description (Units/month)	Energy Charges
	<i>Rs/unit</i>
0-100	1.70
101-400	2.80
Above 400	3.00

Fixed Charges

Description	Fixed Charges
	<i>(Rs/month or part thereof)</i>
220V single phase up to 5 kW	10
415 V three phase above 5 kW	20

4. Meter Hire Charges

Description	Meter Hire Charge
	<i>Rs/month</i>
220 V single phase upto 5 kW	15
415 V three phase above 5 kW	35

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

5. Interest on delayed payment: As per Clause IV**B. Domestic Supply, HT category (DSHT Category)****1. Applicability:**

This schedule is applicable to Domestic & Households and Housing Co-operative societies.

2. Character of Service:

AC 50 Hz three phase at 6.6 KV within the specified variation limits as far as

practicable in line with the IE Rules 1956 and grid constraints.

3. Tariff

Energy Charge:

Description (Units/month)	Rs/unit
Energy Charge	2.70

Fixed Charge

Description	Rs/Consumer/month
Fixed Charge	275

4. Meter Hire Charges per month: Rs 35

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

5. Interest on delayed payment: As per Clause IV

C. Commercial Supply (CS category)

1. Applicability:

This schedule applicable for Trade, Business, Shops, Cinemas, Clubs, Hotels, Public Offices, Private Nursing Homes and Hospitals, Business establishments in the premises of Educational Institutions, Hostels, Religious Institutions, and any other Commercial or business establishments

2. Character of Service:

AC 50 Hz three phase at 415V or 220V within the specified variation limits as far as practicable in line with the IE Rules 1956 and grid constraints.

3. Tariff

Energy Charge

Description (units/month)	Rs/unit
Energy Charges	4.30

Fixed Charge

Description	Fixed Charges
220 V single phase upto 5kW	Rs 25/Consumer/month
415 V three phase above 5kW	Rs 75/Consumer/month

4. Meter Hire Charges

Description	Meter Hire Charge
	<i>Rs/consumer/month</i>
220 V single phase upto 5kW	15
415 V three phase above 5kW	75

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

5. Interest on delayed payment: As per Clause IV

D. High Tension Supply, (HT category)

I. HT-1 Category

1. Applicability:

This schedule is applicable to Industrial and Commercial establishments and where contract demand agreement is more than 100 kVA but less than 500 kVA.

2. Character of Service:

AC 50 Hz three phase at 6.6 kV within the specified variation limits as far as practicable, in line with IE rules 1956 and grid constraints.

3. Tariff

Energy charge

Description (Units/month)	<i>Rs/unit</i>
Energy Charges	3.30

Demand charge

Description	<i>Rs/kVA/month</i>
Demand Charge	200

The billing demand shall be the maximum demand recorded during the month or 75% of contract demand whichever is higher. In case higher actual demand is recorded for three continuous months, the same shall be treated as the new contract demand for the purpose of billing of future months and the consumer will get into a new Agreement for the revised contracted demand with the Petitioner.

The penalty on exceeding contract demand shall be 1.5 times the normal charges for actual demand exceeding 110% of the contracted demand; the penal charges shall be applicable on exceeded demand only.

4. Meter Hire Charges: Rs 500 per month

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

5. **Power Factor Penalty/Rebate:** As per Clause II
6. **Electricity Duty:** As per Clause III
7. **Interest on delayed payment:** As per Clause IV
8. **Voltage Rebate:** As per Clause VI

II. HT-2 Category

1. Applicability

This schedule is applicable to Industrial and Commercial establishments and where contract demand agreement is more than 500 kVA but less than 5000 kVA.

2. Character of Service

AC 50 Hz three phase at 6.6KV within the specified variation limits as far as practicable, in line with IE rules 1956 and grid constraints.

3. Tariff

Energy charge

Description (Units/month)	Rs/unit
Energy Charges	3.25

Demand charge

Description	Rs/kVA/month
Demand charge	200

The billing demand shall be the maximum demand recorded during the month or 75% of contract demand whichever is higher. In case higher actual demand is recorded for three continuous months, the same shall be treated as the new contract demand for the purpose of billing of future months and the consumer will get into a new Agreement for the revised contracted demand with the Petitioner.

The penalty on exceeding contract demand shall be 1.5 times the normal charges for actual demand exceeding 110% of the contracted demand; the penal charges shall be applicable on exceeded demand only.

Load factor Rebate

Description	Rebate %
For all Energy consumption above 65% and upto 70% load factor	5%
For all Energy consumption above 70% load factor	7.5%

NOTE: The above rebate will be available only on monthly basis and consumer with arrears shall not be eligible for the above rebate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.

4. Meter Hire Charges: Rs 500 per month

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

5. Power Factor Penalty/Rebate: As per Clause II**6. Electricity Duty: As per Clause III****7. Interest on delayed payment: As per Clause IV****8. Voltage Rebate: As per Clause VI****III. HT-3 Category****1. Applicability**

This schedule is applicable to Industrial establishments and where contract demand agreement is more than 5000 kVA or more.

2. Character of Service

AC 50 Hz three phase at 132kV/33kV within the specified variation limits as far as practicable.

3. Tariff**Energy charge**

Description (Units/month)	Rs/unit
Energy Charges	3.20

Demand charge

Description	Rs/kVA/month
Maximum demand charge	180

The billing demand shall be the maximum demand recorded during the month or 75% of contract demand whichever is higher. In case higher actual demand is recorded for three continuous months, the same shall be treated as the new contract demand for the purpose of billing of future months and the consumer will get into a new Agreement for the revised contracted demand with the Petitioner.

The penalty on exceeding contract demand shall be 1.5 times the normal charges for actual demand exceeding 110% of the contracted demand; the penal charges shall be applicable on exceeded demand only.

Load Factor Rebate

Description	Rebate
For all Energy consumption above 70% load factor	7.5%

NOTE: The above rebate will be available only on monthly basis and consumer with arrears shall not be eligible for the above rebate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.

This Rebate shall not be applicable to 'Steel Works of Tata Steel'

4. Meter Hire Charges: Rs 500 per month

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

5. Power Factor Penalty/Rebate: As per Clause II

6. Electricity Duty: As per Clause III

7. Interest on delayed payment: As per Clause IV

8. Voltage Rebate: As per Clause VI

IV. HT-4 Category

1. Applicability

This schedule is applicable for consumption of Steel Works of Tata Steel.

2. Character of Service

AC 50 Hz three phase at 132kV/33kV within the specified variation limits as far as practicable.

3. Tariff

Energy charge

Description (Units/month)	Rs/unit
Energy Charges	3.20

Demand charge

Description	Rs/kVA/month
Maximum demand charge	180

The billing demand shall be the maximum demand recorded during the month or 75% of contract demand whichever is higher. In case higher actual demand is recorded for three continuous months, the same shall be treated as the new contract demand for the purpose of billing of future months and the consumer will get into a new Agreement for the revised contracted demand with the Petitioner.

The penalty on exceeding contract demand shall be 1.5 times the normal charges for actual demand exceeding 110% of the contracted demand; the penal charges shall be applicable on exceeded demand only.

4. Meter Hire Charges: Rs 500 per month

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

5. Electricity Duty: As per Clause III**6. Interest on delayed payment: As per Clause IV****E. Utilities/Street Light Category****1. Applicability:**

The schedule is applicable to all utilities and municipal services like water and waste water, sewage treatment, street lights etc.

2. Character of Service

AC 50 Hz three phase at 415V or 220V within the specified variation limits as far as practicable.

3. Tariff**Energy charge**

Description (Units/month)	Rs/unit
Energy Charges	2.90

Fixed charge

Description (Units/month)	Rs/month or part thereof
Fixed Charge	20

Meter Hire charge

Description (Units/month)	Meter Hire Charges
	<i>Rs/month</i>
220V Single phase upto 5kW	15
415V three phase above 5 kW	35

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

4. Interest on delayed payment: As per Clause IV**F. Temporary Supply****1. Applicability**

Temporary supply connections are to be provided on request for an initial period of 3 (three) months maximum from the date of payment of estimated amount in advance and thereafter on discretion of the petitioner. Temporary Connection shall be provided on request for an initial period of 3 (three) months maximum from the date of payment of estimated amount in advance and thereafter on discretion of Tata Steel.

2. Tariff Rates**Fixed Charge**

Description	<i>Rs/month</i>
Fixed Charges	30

Energy Charge

Description (Units/month)	<i>Rs/unit</i>
Energy Charges	5.00

Note: However for Durga Puja and other religious functions energy charge for temporary connections will be the highest slab of the prevailing domestic tariff ie. Rs 3/kWh

Schedule for Miscellaneous Charges

S.No	Purpose	Scale of Charges	Manner in which payment will be realized
1	Application fee		
	Agriculture	10	Application should be given in standard requisition form of the Board which will be provided free of cost. Payable in cash in advance along with the intimation
	Street light	20	
	Domestic	15 (Kutir Jyoti) 20 (Others)	
	Commercial	20	
	Other LT categories	50	
	HTS	100	
	HTSS, EHTS, RTS	100	
2	Revision of estimate when a consumer intimates changes in his requirement subsequent to the preparation of service connection estimate based on his original application		
	Agriculture	10	Payable in cash in advance along with the intimation for revision
	Domestic	30	
	Commercial	30	
	Other LT categories	50	
	HT Supply	150	
3	Testing of consumers Installation		
	First test and inspection free of charge but should any further test and inspection be necessitated by faults in the installation or by not compliance with the conditions of supply for each extra test or inspection	100	(Payable in cash in advance along with the request for testing)
4	Meter test when accuracy disputed by consumer		
	Single phase	40	To be deposited in cash in advance. If the meter is found defective within the meaning of the Indian Electricity Rules 1956, the amount of advance will be refunded and if it is proved to be correct within the permissible limits laid down in the Rules, the amount will not be refunded.
	Three phase	100	
	Trivector of special type meter	650	
5	Removing/ Refixing of meter		
	Single phase	50	Payable in cash in advance along with the intimation for revision
	Three phase	100	
	Trivector of special type meter	300	
6	Changing of meter /meter equipment/fixing of sub meter on the request of the consumer/fixing of sub meter		
	Single phase	50	Payable in cash in advance along with the intimation for revision
	Three phase	100	
	Trivector of special type meter	300	
7	Resealing of meter when seals are found broken		

S.No	Purpose	Scale of Charges	Manner in which payment will be realized
	Single phase	25	Payable with energy bill
	Three phase	50	
	Trivector of special type meter	100	
8	Replacement of meter card, if lost or damaged by consumer	10	Payable with energy bill
9	Fuse call - Replacement		
	Board fuse due to fault of consumer	15	Payable with energy bill
	Consumer fuse	15	
10	Disconnection/ Reconnection		
	Single phase	30	Payable in cash in advance along with the request by the consumer. If the same consumer is reconnected/ disconnected within 12 months of the last disconnection/ reconnection, 50% will be added to the charges
	Three phase	75	
	LT Industrial Supply	300	
	HT Supply	500	
11	Security Deposit		As per clause 10.0 of the JSERC (Electricity Supply code) Regulations, 2005

A12: TERMS AND CONDITIONS OF SUPPLY

The Commission has approved the following terms and conditions of supply after scrutinizing the proposal of the Petitioner and after due consideration of the terms and conditions of supply prevalent in other licensed areas in the State of Jharkhand.

Point of Supply

The Power supply shall normally be provided at a single point for the entire premises. In certain categories like coal mines power may be supplied at more than one point on request of consumer subject to technical feasibility. But in such cases metering and billing shall be done separately for each point.

Minimum Contract Demand requirements

The Billing demand should be the maximum demand recorded during the month or 75% of the contract demand, whichever is higher. In case higher actual demand is recorded for three continuous months, the same shall be treated as the new contract demand for the purpose of billing of future months and the consumer will get into a new agreement for the revised contracted demand with the Petitioner.

Penalty for exceeding Contract Demand

The charges shall be 1.5 times the normal charges for actual demand exceeding 110% of the contracted demand; the penal charges shall be applicable on exceeded demand only.

Power Factor Penalty

Power Factor Penalty will be applicable in case of maximum demand meters. In case average power factor in a month for a consumer falls below 0.85, a penalty @ 1% for every 0.01 fall in power factor from 0.85 to 0.60; plus 2% for every 0.1 fall below 0.60 to 0.30 (up to and including 0.30) shall be levied on demand and energy charges.

Power Factor Rebate

Power Factor rebate will be applicable in case of maximum demand meters. In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is more than 95%, a rebate of 2% on demand and energy charges shall be applicable.

Delayed Payment Surcharge

The delayed payment surcharge will be at the rate of 1.5% per month and part thereof. The due date for making payment of energy bills or other charges shall be fifteen days from the date of serving of bill. The bill should be generated and delivered on monthly basis. In case, the licensee

defaults in generating and delivering bills on monthly basis, DPS will not be charged for the period of default by licensee.

Dishonoured Cheques

In the event of dishonored cheque for payment against a particular bill, the Licensee shall charge a minimum of 300 Rs or 0.5% of the billed amount, whichever is higher. The DPS shall be levied extra as per the applicable terms and conditions of DPS for the respective category.

Stopped/ defective meters

In case of existing consumers with previous consumption pattern, the provisional average bill shall be issued on the basis of average of previous twelve months consumption.

In case of meter being out of order from the period before which no pattern of consumption is available, the provisional average bill shall be issued on the basis of sanctioned/ contract load on following load factor applicable to respective categories, as shown below:

Category	Load Factor
Domestic Supply	0.10
Commercial Supply	0.20
Domestic Supply HT	0.15
High Tension Supply	
11 KV	0.25
33 KV	0.30
132/220/400 KV	0.50

Resale of energy

No consumer shall be allowed to resell the electricity purchased from the Licensee to any other person/ entity. Defaulters shall be subject to immediate disconnection of supply.

Release of new connections

No new connections shall be provided without appropriate meter. The tariff for un-metered connections shall be applicable only to the existing un-metered connections, until they are metered.

Installation of Circuit Breaker & ELCB

No new connection to the type of installation indicated below shall be given unless a linked switch or circuit breaker and Earth leakage Circuit breaker of appropriate ratings are installed. The consumer shall install ELCB + MCB device (with sealing arrangement) manufactured by Standard Manufacturers and approved by the concerned licensee official. Appropriate ratings of ELCB + MCBs for the different type of loads are as follows:

Load	Rating of ELCB + MCB devise to be installed
Upto 6 KW	16A, 3 Ph. 4 Wire
Upto 9 KW	20A, 3 Ph. 4 Wire
Upto 10 KW	25A, 3 Ph. 4 Wire
Upto 11 KW	32A, 3 Ph. 4 Wire
Upto 15 KW	40A, 3 Ph. 4 Wire
Upto 37.5 KW	63A, 3 Ph. 4 Wire
Above 37.5 KW	As per direction of Licensee official/ in-charge of power Supply of the Area.

The following shall be the applicability of installation of MCB and ELCB:

Consumers with a load of above 5 kW connected at 250/ 230 volts LT supply;

Consumers connected at 400/ 440 volts; and

On all installation of 3.3 KV/6.6 KV or exceeding 6.6 KV voltage, VCB with over current and earth fault relays of appropriate rating as per direction of Licensee.

Electricity Duty

As per provisions under the Jharkhand Electricity Duty Act, 1948 and the rules framed thereunder as amended from time to time and any other Statutory levy which may take effect from time to time after making corrections for the loss in the distribution system.

Conversion factors

The following shall be the conversion factors, as and where applicable

(PF=0.85):

1 Kilowatt (KW) = 1.176 Kilovolt ampere (kVA)

1 Kilowatt (KW) = 1 / 0.746 Horse Power (HP)

1 Horse Power (1 HP) = 0.878 Kilovolt ampere (KVA)

Fuel & Power Purchase Cost Adjustment (FPPCA)

Applicable as per the appropriate Regulations issued by the Commission from time to time

A13: STATUS OF EARLIER DIRECTIVES

Directives as per TO 2010-11	Status submitted by the Petitioner	Views of the Commission
<p>Separation of Accounts</p> <p>The Commission directed the Petitioner to separate the accounts of its Power Business Division from any other Business including Steel Works within six months from the date of issue of this order.</p> <p>The Petitioner was also directed to make appropriate arrangements to treat Steel Works as a consumer and propose a corresponding tariff for the same within six months of the issue of the order</p>	<p>The Petitioner submitted that the separation of accounts has already been done to the extent of best possible manner. For FY 2009-10, audit of accounts has been done by a statutory auditor appointed as per the Companies Act 1956, which can be sufficiently considered as a compliance of the directive.</p> <p>Break up of O&M expenditure is also being made available separately.</p> <p>As per the directive of Hon'ble Commission, Tata Steel Works is being introduced as a consumer in proposed HT IV category from FY 2011-12.</p>	<p>The Commission has noted that despite their claim of separation of accounts, the break up of many cost element such as O&M expenses, Depreciation, Golmuri station expenses etc are not shown Separately for Power Business Division in the accounts submitted by the petitioner. This shows that the Separation of Accounts have not been done in full. Thus the Commission directs the Petitioner to segregate its accounts in full and get it certified by the statutory auditor and submit the same with the next tariff petition.</p>
<p>Cost of Supply</p> <p>The Commission directed the Petitioner to conduct the cost of supply study for each category within one year of the issue of the order and submit it to the Commission for review and finalization. The Petitioner was also directed to submit the scope of work and the methodology to be followed for conducting the CoS Study within one month of the issue of the order</p>	<p>TSL has appointed the consultant and detail scope of work and methodology is being attached with this petition. Upon receipts of comments/ suggestions on the methodology from the Commission, the licensee would submit the final report within a period of two months.</p>	<p>The Commission has scrutinized the documents submitted by TSL and finds that it does not meet the requirements as per the directives of the Commission. A Separate communication is being sent to the Petitioner in this regard containing views of the Commission.</p>
<p>Expenditure on energy audit and GIS mapping</p> <p>The Commission directed the Petitioner to submit the progress report every quarter for the expenditure incurred on account of Energy audit & GIS mapping within one month of the issue of the order.</p>	<p>The Petitioner submitted that it has spent an amount of Rs 1.55 Cr on implementation of GIS mapping which has been completed and thereafter no capital expenditure has been incurred</p> <p>The Petitioner submitted that the output of the GIS system will be submitted shortly.</p>	<p>The Petitioner is directed to submit the output of the GIS system within one month of the issue of this Tariff Order.</p>
<p>Study for implementation of ToU tariff regime</p> <p>The Petitioner was directed to collect information on the demand of various consumer categories at different times of the day as well as consumption during these intervals.</p> <p>The Petitioner was also directed to</p>	<p>TSL has appointed the consultant and detail report on the same is being submitted separately.</p>	<p>The Petitioner has submitted the ToU report via email on 25th August 2011 much after the timelines given in the directive. The Commission will study the report and given its views separately.</p>

Directives as per TO 2010-11	Status submitted by the Petitioner	Views of the Commission
<p>undertake study to estimate the cost implications of metering at sub-station level and consumer level to effectively implement ToU tariff regime. The Commission directed the Petitioner to submit the report within three months of the issue of the order.</p>		
<p>Sales Estimates and Projections</p> <p>The Commission directed the Petitioner to undertake a detailed study for load research and demand forecast in order to correctly workout its short term and long term peak energy requirement.</p> <p>The Commission also directed the Petitioner to estimate consumption for different categories including un-metered category, if any, and to furnish number of hrs of supply to various categories consumers for the previous years with next petition.</p>	<p>The Petitioner had floated open tender conducting load research and demand forecasting study and only Tata Consultancy Energy (TCE) participated in the bid process. The proposal submitted by M/s. TCE has been studied and negotiated and it is likely to be appointed shortly to undertake the detailed study for load research and demand forecast for short term and long term peak demand and energy requirement. The Petitioner also submitted a detailed scope of work along with this petition. The total estimated cost for the above study would be around 3 Cr.</p>	<p>The Commission directs the Petitioner to get the study completed within three months of the issue of this Order and submit the report to the Commission within one month thereafter.</p>
<p>Estimation of Distribution Losses</p> <p>The Commission directed the Petitioner to formulate a task force for supervising the Distribution losses in its licensed area. The task force should report to the Commission quarterly about the various efforts that have been undertaken to ascertain the losses levels. The Commission also directed the Petitioner to carry out energy audit of its system and provide quarterly reports to regarding the progress of energy audit and action taken to reduce Distribution losses and results achieved</p>	<p>The licensee submitted that a task force comprising of cross functional team involving distribution, transmission and commercial etc has been appointed to supervise the distribution losses in its license area.</p> <p>The task force will report to the Commission on a quarterly basis about the various efforts that have been undertaken to ascertain the losses levels from last quarter of FY 2010-11. The report of FY 2010-11 has been submitted along with the ARR petition for FY 2011-12.</p>	<p>The Commission notes with concern that the distribution losses in the licensed area have increased in FY 2010-11 to around 8% (as per the provisional figures) as against the approved losses of 7.75%. The Petitioner is directed to proactively take measures for reduction of distribution losses.</p> <p>Meanwhile, the Commission notes that the Petitioner has submitted only meter failure report with the Tariff Petition, which is a separate directive. The Commission observes that this report does not cover other factors contributing to increase in losses. The Petitioner is again directed to submit the report as per the directives given by the Commission on quarterly basis.</p>
<p>Quarterly Reports on Meter Failures</p> <p>The Commission directed the Petitioner to, within three months of this order, submit a report on the metering technology used for various categories of</p>	<p>TSL has developed an IT based system which is generating reports related to information on non-performing/defective meters and time taken for their replacement. The Commission directed the licensee to submit quarterly report</p>	<p>The Commission observes that the petitioner has submitted only the reasons for failure of the meters in the meter failure report submitted with the tariff petition. However, the report does not cover the action taken on the directive</p>

Directives as per TO 2010-11	Status submitted by the Petitioner	Views of the Commission
<p>consumers and also submit quarterly reports on the number of non-performing /defective meters for each category in the system and time taken to replace such meters.</p> <p>The Commission also directed the Petitioner to develop a process for installation of consumer purchased meters and issue relevant circulars within three months of this order.</p>	<p>from the 4th quarter of FY 2010-11 and same has been submitted along with the tariff petition.</p> <p>The Commission also directed the Petitioner to issue the circular for process of installation of consumer purchased meter within one month of issue of this order. TSL would like to submit that the circular has been issued in the month of February 2011 and requests for condonation of delay.</p>	<p>under consideration. The Petitioner is again directed to submit the report as per the directives given by the Commission on quarterly basis.</p>
<p>Standard of Performance</p> <p>The Petitioner was directed to submit the statement of record mandated under SoP Regulations along-with the amount of compensation/claim paid since inception and up to the 3rd quarter and thereafter submit the same to the Commission on quarterly basis. The Commission also directs to submit the implementation plan for opening of new bill collection centre at Adityapur within three months of the issue of this order</p>	<p>The Petitioner has stated that no consumer has claimed any compensation against quality of supply for last five years. As directed by the commission to open new bill collection centre an ATP machine with cheque payment facility was established at Sidgora, Kasidih & Sonari.</p> <p>JUSCO, which manages the distribution function of the licensee, has also strengthened its areas of customer relationship management by introducing best-in-class initiatives such as Centralized Customer Helpdesk at the JUSCO Grahak Seva Kendra for Power and Water meter related queries an utility billing complaints.</p>	<p>The Commission is satisfied by the steps taken by the Petitioner in implementation of the directive issued. The Petitioner should continue to submit the quarterly reports to the Commission as had been directed earlier.</p>
<p>Capital Investment Plan</p> <p>The Commission directed the Petitioner to submit scheme-wise details of actual capital expenditure incurred in FY 2008-09 & upto date for FY 2009-10 and also the scheme-wise implementation schedule for FY 2010-11, with the next tariff petition.</p>	<p>The scheme wise details of actual capital expenditure incurred and the scheme-wise implementation schedule/ phasing from FY 2010-11 to FY 2015-16 is provided along with this petition.</p>	<p>The Commission is satisfied with the steps taken by the Petitioner towards implementation of the directive.</p>
<p>Load factor study for HT and EHT consumers</p> <p>The Petitioner was directed to carry out a study on load factor considering the contract demand, the actual consumption, load factor, billing, collection, reasons for</p>	<p>TSL submitted that detail load study has been carried out by internal experts and the collected data is being provided to the appointed consultants for further evaluation. The study report from the consultants is expected by mid April 2011 and TSL shall provide the same to the</p>	<p>The Petitioner has submitted the report via email on 25th August 2011 much after the timelines given in the directive. The Commission will study the report and given its views separately.</p>

Directives as per TO 2010-11	Status submitted by the Petitioner	Views of the Commission
low load factor and submit it to the Commission within a period of six months from the date of tariff order.	Commission as part of additional data/information before Public hearing process.	
<p>Adjustment of bills as per revised Generation tariff of TPCL</p> <p>The Commission directed the Petitioner to reconcile the payment due/receipts with TPCL, in lieu of the revised Generation tariffs determined by the Commission for FY 2007-08, FY 2008-09 and FY 2009-10 vide the Commissions Tariff Order for TPCL dated 20th January 2010, within three month of the issue of the order</p>	Adjustment of Bills & Payments/receipts as per revised generation tariff of TPCL is in process. The computation process will take some time and it is submitted that the Commission will be updated on the matter in due course of time.	The Commission is satisfied with the steps taken by the Petitioner towards implementation of the directive.
<p>Adjustment of bills as per revised cost of power to JUSCO</p> <p>The Commission directed the Petitioner to reconcile the payment due/receipts with JUSCO, in lieu of the revised cost of power sold to JUSCO as determined by the Commission in the Tariff order, within one month of the issue of this order. The Petitioner was required to generate a supplementary bill for the reconciled billed amount and submit the same to JUSCO.</p>	The licensee submitted that adjustment of Bills & payments/receipt as per revised cost of power sold to JUSCO has been reconciled and the reconciled statement is attached with the present petition.	The Commission is satisfied with the steps taken by the Petitioner towards implementation of the directive.
<p>O&M expenses</p> <p>The Commission had directed the Petitioner to submit the detailed break-up of O&M expenses in the next petition as per the forms annexed in 'JSERC Distribution Regulations, 2004', as amended from time to time.</p> <p>Further, for determination of employee cost, the Petitioner must also maintain and submit to the Commission separate lists of all the employees that are partially and wholly engaged in the electricity distribution business, along with their role and responsibility and salary drawn as on 1st April 2010 within two months of the issue of this Order.</p>	TSL has outsourced its majority of power distribution's operations to Jamshedpur Utilities and Service Company Limited (JUSCO). The licensee is submitting a breakup of operation and maintenance for FY 2010-11 and FY 2011-12 along with this petition.	<p>The Commission notes that while the licensee has provide break up of the direct and indirect O&M costs from FY 2010-11, it has not provided a list of employees engaged in the electricity distribution business and their remuneration as had been directed by the Commission.</p> <p>Commission directs the Petitioner to submit the detailed break-up of O&M expenses in the next petition as per the forms annexed in 'Distribution Tariff Regulations, 2010', as amended from time to time for past five years from the tariff year under consideration along with the tariff petition for next year, failing which the expenses on O&M expenses will be disallowed.</p>

Directives as per TO 2010-11	Status submitted by the Petitioner	Views of the Commission
<p>Depreciation</p> <p>The Commission directed the Petitioner to calculate depreciation as per the JSERC's Distribution Regulations, 2004 as amended from time to time in its next tariff petition. If the Petitioner is unable to submit the depreciation as per the schedule given in the Regulations in the next petition, the Commission shall disallow depreciation while computing the ARR for the Petitioner from next Tariff Order.</p>	<p>The Petitioner had been calculating depreciation based on Straight Line Method of computation and the rates as prescribed in Schedule XIV of the Companies Act, 1956. As per directive of the Hon'ble Commission, the petitioner is now calculating depreciation as per schedule given in the Distribution Tariff Regulations, 2004 as amended from time to time.</p>	<p>The Petitioner has submitted it has started calculating depreciation as per the rates prescribed in the Distribution Regulations of Commission from FY 2010-11. However, detailed calculation of the same has not been provided to the Commission. The Petitioner is thus directed to provide asset wise calculation of depreciation for FY 2010-11 and FY 2011-12 with the next tariff petition, failing which the Commission may disallow the depreciation expenses to the Petitioner.</p>
<p>Data adequacy in the next Tariff Petition</p> <p>The Commission directed the Petitioner to come up with a next tariff petition for FY 2010-11 removing the various data deficiencies highlighted in the tariff order along with the latest information for FY 2009-10.</p> <p>The Commission also directed the Petitioner to file the next tariff petition for FY 2010-11 within one month of the issue of the order and also to ensure that the submission of subsequent ARR & tariff filings are done by 1st November every year previous to the tariff period.</p>	<p>The petitioner submits that it has made all efforts to ensure maximum, proper & necessary required data/ information is provided along with this petition.</p>	<p>The Commission observes that the Petitioner has not filed the tariff petition for FY 2011-12 within the stipulated time and rather asked for extensions. It is pertinent to mention that delay in filing of ARR not only impacts the revenues of the Petitioner but is also a hindrance in the regulatory stability from the consumer's perspective. The Commission directs the Petitioner to adhere to the timelines for ARR filing in future.</p> <p>The Commission is concerned at the inadequacies and discrepancies found in the tariff petition which delays the finalization of the Tariff Order. The Commission directs the Petitioner to ensure that the next tariff petition should be complete in all respect leaving no room for data inconsistencies and discrepancies.</p>

A14: DIRECTIVES

Separation of Accounts

- 14.1 As mentioned above, even though the Petitioner has submitted that it has undertaken separation of its accounts, it was unable to submit detailed data for power business division for tariff determination for FY 2011-12.
- 14.2 Further as the Commission will move towards MYT regime from FY 2013-14, the Petitioner *must* segregate its accounts before the submission of its business plan and the estimation of base year values.
- 14.3 To this effect, the Commission directs the Petitioner to segregate the accounts in full and submit with the next tariff petition for FY 2012-13.

Distribution losses & control of theft

- 14.4 The Commission observes that the licensed area-Township of Jamshedpur is a small town and easily accessible area where issues related to billing and revenue related losses like theft, tampering etc should not arise and are easily controllable provided suitable measures are taken in time.
- 14.5 The Petitioner is directed to proactively take measures for reduction of distribution losses and controlling theft in its licensed area and quarterly report on the same should be submitted to the Commission from the next quarter. The Petitioner should also report the distribution losses to the Commission on a quarterly basis.

Service Area

- 14.6 It is the mandate of the Petitioner to supply power to all consumers who wish to avail power from it and who lie within its licensed area. Thus the Commission directs the Petitioner to submit a timeframe for including all prospective consumers in its licensed area under its ambit within 3 months of issue of this Order.
- 14.7 The Petitioner should also submit quarterly report to the Commission the status of consumer applications pending and the reasons thereof.

Status of CGRF & DSM Initiatives

- 14.8 The Petitioner is directed to submit quarterly report on the status of implementation of CGRF and DSM initiatives giving details of initiatives undertaken and costs incurred.

Depreciation

- 14.9 The Commission directs the Petitioner to submit the asset-wise details of GFA, accumulated depreciation and the rate of depreciation applied for computation of depreciation for FY 2010-11 and FY 2011-12 with the next tariff petition, failing which the Commission may disallow the depreciation expenses to the Petitioner.

Operation and Maintenance Expenses

- 14.10 The Commission directs the Petitioner to submit the detailed break-up of O&M expenses in the next petition as per the forms annexed in 'Distribution Tariff Regulations, 2010', as amended from time to time for past five years from the tariff year under consideration along with the tariff petition for next year, failing which the expenses on O&M expenses will be disallowed.
- 14.11 Further in case of Golmuri Substation expenses also the Petitioner is directed to provide break-up of the bifurcation between the power distribution business related expenses from the other businesses of the Petitioner for the past five years prior to the tariff period under consideration failing which the on R&M expenses will be disallowed.

Status of CGRF & DSM Initiatives

- 14.12 The Petitioner is directed to submit status of implementation of CGRF & DSM initiatives giving details of initiatives undertaken and costs incurred with the next tariff petition for FY 2012-13.

Adjustment of Bills & payments/receipt as per revised Generation tariff of TPCL

- 14.13 The Commission directs the Petitioner to reconcile the payment due/receipts with TPCL, in lieu of the revised Generation tariffs determined by the Commission for FY 2009-10 FY 2010-11 & FY 2011-12 vide the Commission's Tariff Order for TPCL in August 2011, within three month of the issue of this Order.

Adjustment of Bills & payments/receipt as per revised cost of power sold to JUSCO

- 14.14 The Commission directs the Petitioner to reconcile the payment due/receipts with JUSCO, in lieu of the revised cost of power sold to JUSCO as determined by the Commission in this Order, within three months of the issue of this order.
- 14.15 The Petitioner is required to generate a supplementary bill for the reconciled billed amount.

Data adequacy in the next Tariff Petition

- 14.16 The Commission has observed that the Petitioner did not file the tariff petition for FY 2011-12 within the stipulated time and rather asked for extensions.

- 14.17 It is pertinent to mention that delay in filing of ARR not only impacts the revenues of the Petitioner but is also a hindrance in regulatory stability from the consumer's perspective. The Commission directs the Petitioner to adhere to the timelines for filing the ARR in the future.
- 14.18 The Commission is concerned at the inadequacies and discrepancies found in the tariff petition which delays the finalization of the Tariff Order. The Commission directs the Petitioner to ensure that the next tariff petition should be complete in all respect leaving no room for data inconsistencies and discrepancies.

This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on this the 27th day of August, 2011.

Date: 27th August, 2011

Place: Ranchi

Sd/-
(T.MUNIKRISHNAIAH)
MEMBER (E)

Sd/-
(MUKHTIAR SINGH)
CHAIRPERSON

A15: ANNEXURE-I**List of participating members of public in the public hearing**

Sl. No.	Name	Address / Organisation if any
1	R. K. Singh	Sakchi
2	Sanjay Kumar Jha	Adityapur
3	Sitanir	Bistupur
4	Karan Singh	Sakchi
5	Mumtaz Ahmead	Sakchi
6	Niranjana Kumar	Mango
7	Sujeet Kumar Singh	Mango
8	Birendra Prasad Gupta	Sakchi
9	Sanjay Kumar Singh	Sakchi
10	R. Singh	JUSCO
11	L.K. Konar	JUSCO
12	Chandan Kumar	Sakchi
13	Menjur Alam	JUSCO
14	A. Kumar Ranjan	Kadma
15	P.K. Banua	Kadma
16	Jayesh Chandan	Feedback Infrastructure (Consultant, TSL)
17	S.C.Jha	Secretary, CGRF (TSL)
18	A. Kumar Chowdhary	JUSCO
19	C.M. Dubey	Shastrinagar
20	Santosh Kumar	JUSCO
21	Manoj Kumar Gupta	Tata Steel
22	Awanish Kumar	Tata Steel
23	U.S. Upadhyay	Tata Steel
24	Arminder Singh	Tata Steel
25	Anil Kumar Agrwal	JUSCO
26	B. K. Ojha	Dainik Jagran
27	Arvind Kumar Singh	Tata Steel
28	Sharad Kumar	JUSCO
29	P.L. Manjrekar	Tata Powar
30	K.C.Jha	JUSCO
31	Arun Singh	JUSCO
32	D.M. Chaudhary	Tata Steel
33	Rajesh Kumar	Sonari
34	Bhola Prasad	Sonari