

### **A3: SUMMARY OF ARR & TARIFF PETITION FILED BY TSL**

#### **Overview**

- 3.1 Tata Steel Limited (TSL) is distributing electricity in the township of Jamshedpur under license granted u/s 14 of the Act and has an established customer base of about 26000 consumers. At present, TSL has been managing the city of Jamshedpur through its 100% subsidiary JUSCO, which provides and maintains basic civic amenities in the city of Jamshedpur.
- 3.2 As mentioned above, this Tariff Order addresses the petitions for ARR determination for FY 2007-08, 2008-09 and 2009-10 and tariff determination for FY 2009-10 after taking into account the revenue gap/surplus generated during FY 2005-06, FY 2006-07, FY 2008-09 as per annual accounts and for FY 2008-09 as per latest available information.
- 3.3 As stated above, the figures for FY 2007-08 have been considered as per the actual commercial information and audited accounts. The figures for FY 2008-09 have been considered as per the provisional data and figures. The figures for FY 2009-10 are based on the past performance and expected growth in each element of cost and revenue based upon the projected increase in demand of existing consumers as well as projected increase in sales by new consumers.

#### **ARR and Tariff Determination**

- 3.4 In accordance with Section 64(3) of the Act, the State Electricity Regulatory Commission, within one hundred and twenty days of the application being filed, is required to either accept it and issue a tariff order or reject the application for reasons to be recorded in writing if the application is not in accordance with the provisions of the Act.
- 3.5 The petitions for FY 2007-08 and FY 2008-09 were not disposed off in time since the matter was pending before Appellate Tribunal for Electricity (ATE).
- 3.6 Since the matter has now been decided by the ATE vide its order dated May 7 2008 against the appeal no.160 of 2007, the Commission has decided to review the petitions for FY 2007-08 and FY 2008-09 along-with the petition for FY 2009-10.

#### **Tariff petition for FY 2007-08**

- 3.7 The ARR and Tariff petition as submitted by the petitioner for FY 2007-08 is summarised below:

**Table 3 ARR Requirement by TSL- ARR petition, FY 2007-08 (Rs. In Cr)**

Parameters	Projected
Power Purchase Cost	328.01
O&M Cost	29.04
Interest & Finance Charges	9.26
Depreciation	8.03
Income Tax	4.96
Less: Expenses Capitalized	
Total Costs	379.3
Add: Reasonable Return	6.30
Less: Non-tariff Income	4.06
<b>Annual Revenue Requirement</b>	<b>381.54</b>
Revenue@ Existing Tariff	384.86
<b>Revenue (Gap)/Surplus</b>	<b>3.32</b>

### Tariff petition for FY 2008-09

3.8 The ARR and Tariff petition as submitted by the petitioner for FY 2008-09 is summarised below:

**Table 4 ARR Requirement by TSL- ARR petition, FY 2008-09 (Rs. In Cr)**

Parameters	Projected
Power Purchase Cost	378.43
O&M Cost	37.04
Interest & Finance Charges	6.80
Depreciation	5.92
Income Tax	3.29
Less: Expenses Capitalized	
Total Costs	431.48
Add: Reasonable Return	6.63
Less: Non-tariff Income	5.61
<b>Less Revenue Surplus for FY 2007-08</b>	<b>18.79</b>
<b>Annual Revenue Requirement</b>	<b>413.71</b>
Revenue@ Existing Tariff	412.86
<b>Revenue (Gap)/Surplus</b>	<b>(0.86)</b>

### Tariff petition for FY 2009-10

3.9 The ARR and Tariff petition as submitted by the petitioner for FY 2009-10 is summarised below:

**Table 5 ARR Requirement by TSL- ARR petition, FY 2009-10 (Rs. In Cr)**

Parameters	FY 2007-08 (Actual)	FY 2008-09 (Revised)	FY 2009-10 (Projection)
Power Purchase Cost	313.49	392.29	426.21
O&M Cost	31.47	39.52	43.47
Interest & Finance Charges	9.06	9.98	11.80
Depreciation	5.14	5.11	5.74
Income Tax	5.69	6.01	7.23
Less: Expenses Capitalized			
<b>Total Costs</b>	<b>364.85</b>	<b>452.91</b>	<b>494.46</b>
Add: Reasonable Return	5.19	5.23	6.42
Less: Non-tariff Income	5.61	3.16	3.17
<b>Annual Revenue Requirement</b>	<b>364.43</b>	<b>454.98</b>	<b>497.71</b>
Revenue@ Existing Tariff @ 100% collection Efficiency	380.13	443.59	458.91
<b>Revenue@ Existing Tariff @ estimated Collection Efficiency</b>	<b>365.58</b>	<b>433.89</b>	<b>449.74</b>
Cum. (Gap)/Surplus from FY 2005-06 & FY 2006-07		<b>15.98</b>	
<b>Net Revenue (Gap)/Surplus</b>	<b>1.14</b>	<b>(5.11)</b>	<b>(47.97)</b>
<b>Cumulative (Gap)/Surplus up to FY 2009-10</b>			<b>(51.94)</b>

3.10 The petitioner has proposed to recover only the net revenue gap attributable to FY 2009-10 (i.e Rs. 47.97 Cr) through increase in tariff and has proposed that the remaining portion (i.e Rs. 3.97 Cr) related to previous financial years be considered as 'Regulatory Asset' as specified under NTP.

3.11 The petitioner has submitted the category-wise Tariff proposal for bridging the gap of Rs. 47.97 Cr, as detailed hereunder:

**Table 6 Existing/Proposed Tariff for FY 2009-10**

Consumer category and consumption slabs	Fixed Charge			Energy Charge (Rs/Kwh)	
	Unit	Existing	Proposed	Existing	Proposed
DS I (0-100 Units)	Rs./Connection /Month	Rs 10 (220 V, 0-5 Kw)/Rs 20 (440V, 5+Kw)	Rs 40/per month (0-20 Kw)/Rs 4/Kw/month (20 Kw+)	1.70	1.70
DS II (101-400 Units)				2.80	3.15
DS III (401 & Beyond Units)				3.00	3.40
Domestic Temporary Supply	-	-	-	3.00	3.40
Domestic High Tension – DSHT	Rs./Connection /Month	Rs 275	Rs 100/KVA/Month	2.70	2.70
Commercial Category	Rs./Connection /Month	Rs 25-220 V/ Rs 75-440V	Rs 100/per month (0-20 Kw)/Rs 100/Kw/month (20 Kw+)	4.30	4.50
High Tension I	Rs./KVA/Month	200	215	3.30	3.65

<b>High Tension II</b>		<b>200</b>	<b>215</b>	<b>3.25</b>	<b>3.60</b>
<b>High Tension III</b>		<b>180</b>	<b>195</b>	<b>3.20</b>	<b>3.55</b>
<b>Utilities/Street Light</b>	-	-	-	<b>2.90</b>	<b>2.95</b>
<b>Temporary supply</b>	-	-	-	<b>5.00</b>	<b>5.00</b>
<b>Sale to JUSCO</b>	-	-	-	<b>2.92/2.72</b>	<b>3.13/2.93</b>