

**IN THE JHARKHAND STATE ELECTRICITY
REGULATORY COMMISSION AT RANCHI**

Case No. 18 of 2018

M/s Jamshedpur Utilities & Services Co. Limited (JUSCO)..... Petitioner

**CORAM: HON'BLE DR. ARBIND PRASAD, CHAIRPERSON
HON'BLE SHRI R.N. SINGH, MEMBER (ENGINEERING)**

For the Petitioner : Ms Pooja Saigal, Advocate

ORDER

Date - 25th September 2018

1. The petitioner (JUSCO) has filed the instant petition for review of the order dated 7.6.2018 passed by the Commission in Case No. 8 of 2017 determining the True up for FY 2015-16, Annual Performance Review for FY 2016-17 and determination of Annual Revenue Requirement & Tariff for FY 2017-18 of the Jamshedpur Utilities & Services Company Limited (JUSCO) in terms of the JSERC (Multi Year Distribution Tariff) Regulations 2010 and JSERC (Terms and Conditions for determination of Distribution Tariff) Regulations, 2015.
2. Heard learned counsel for the petitioner.
3. The instant petition is specifically for review of the True up order for the financial year FY 2015-16.
4. The Commission, in para 5.76 of the True up order dated 7.6.2018 has observed as follows:-

Para 5.76 : ***Other than above, the Commission has determined the aggregate loss, on account of higher O&M cost incurred by the Petitioner vis-à-vis targets, which has to be borne by the Petitioner, in line with provisions of the Distribution Tariff Regulations, 2010. The Petitioner has incurred an actual O&M expense of Rs 12.33 Cr as against the revised O&M expenses of Rs 9.72 Cr approved in the Tariff Order dated May 31, 2015. Accordingly, the Commission has reduced the claim for ARR by Rs. 2.61 Cr (i.e. Rs. 12.33 Cr- Rs 9.72 Cr) on account of aggregate loss which is to be borne by the Petitioner.***

Table 19: Gains/Losses of JUSCO for FY 2015-16

Particulars	Units	Submitted by the Petitioner	Approved Now
Energy Sales	MU	465.75	465.75
Loss Target Set by Commission	%	2.50%	2.50%
Energy Required at normative basis	MU	477.69	477.69
Actual achieved Distribution Loss	%	1.18%	1.18%
Actual energy purchased	MU	471.31	471.31
Power Purchase Cost Claimed	Rs Cr	205.54	205.54
Average Power Purchase Cost	Rs/Kwh	4.36	4.36
Energy Saved/Reduction in Power Purchase	MU	6.38	6.38
Saving in Power Cost	Rs Cr	2.78	2.78
Shared with Consumers (40%)	Rs Cr	1.11	1.11
Entitlement of JUSCO	Rs Cr	1.67	1.67
Penalty on O&M expenses	Rs Cr	-	-2.61
Total Gains/Losses	Rs Cr	1.67	-0.94

SUBMISSIONS OF THE PETITIONER

5. The petitioner submitted that as per the audited Accounts duly accepted by the Commission, the O & M expense for the year 2015-16 is Rs. 12.33 crores. In this regard attention of the Commission has been drawn to para 5.31 Table – 10 at page 26 of the said order which is as follows:-

Para 5.31 : The following table summarizes the O&M expenses as approved by the Commission in the revised ARR order dated May 31, 2015, the O&M expenses approved by the Commission in Tariff Order dated February 28, 2017, the actual O&M expenses submitted by the Petitioner in the present petition and now approved by the Commission for FY 2015-16:

Table 10 : O&M Costs as approved by the Commission for FY 2015-16 (Rs Cr)

Particulars	Approved in MYT Order	Approved in APR	Submitted by the Petitioner	Approved Now
Employee Cost	6.69	6.29	6.28	6.28
A&G Cost	3.48	2.04	2.57	2.57
R&M Cost	1.44	1.39	3.48	3.48
Total O&M Cost	11.61	9.72	12.33	12.33

6. The petitioner further submitted that taking the effect of actual load growth and inflation, the O&M cost for FY 2015-16 should have been Rs. 14.87 crores. They further submitted that in their petition for the true up for 2015-16, the details of which was given in the Petition for true up in the para 3.1.12 and table 26 are reproduced below:-

Para 3.1.12 : Based on above revised employee cost, total target O&M cost of the Control Period FY 2013-14 to FY 2015-16 may be revised. The approved total O&M cost, and now revised total O&M cost of Control Period FY 2013-14 to FY 2015-16 has been shown in table below:

Revised O&M Cost for FY 2013-14 to FY 2014-15 calculated by JUSCO in Petition

Particulars	Earlier Approved			Calculated as per the methodology adopted considering the growth in network and inflation		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
Employee Cost	5.82	6.17	6.29	8.90	9.79	11.44
A&G Cost	1.21	2.00	2.04	1.21	2.00	2.04
R&M Cost	3.03	3.07	1.39	3.03	3.07	1.39
Total O&M Cost	10.06	11.24	9.72	13.14	14.86	14.87

7. In the tariff order dated 27.02.2017, for APR of FY 2015-16, the Commission had revised the O&M estimates at Rs. 9.72 Cr (including employee costs of Rs. 6.29 Cr) only by adjusting it with an inflation factor, but did not consider the load growth.

8. It is further submitted by the petitioner that the O&M cost for FY 2015-16 should be fixed at Rs. 14.87 crores considering the actual expense of Rs. 12.33 crores. As such the actual expense is less by 2.47 crores. The petitioner is, therefore, entitled to share 60% of this saving as incentive instead of allowing this incentive of Rs. 1.52 crores. The petitioner has, thus, been penalised by Rs. 2.61 crores as quoted in para 5.76 above.

CONCLUSION

9. The Commission in the Tariff Order dated 28th Feb, 2017 for Annual Performance Review of FY 2015-16 had approved the O&M expense as Rs. 9.72 crores for 2015-16 without considering the increase in employee expense due to growth of load and only inflationary increase was considered. The Commission in the following paragraph has revised the expenses by considering the due load growth for the year FY 2015-16.

10. The Commission has considered the O&M expense approved for True-up of FY 2014-15 vide order dated 28th Feb, 2017 and has determined the Employee cost per KVA for FY 2014-15 after considering the connected load for the year FY 2014-15. The same has been increased by the weighted average inflation rate factor for FY 2015-16 to arrive at the revised Employee Expenses per KVA for FY 2015-16. The Commission has considered the increase in connected load from 152554 kVA in FY 2014-15 to 174757 kVA in FY 2015-16 to arrive at the revised Employee expenses for the year FY 2015-16.

Table 1: Calculation of revised employee costs for FY 2015-16

Particulars		
Employee Cost approved in True-up of FY 2014-15 in order dated 28.02.2017	Rs. Cr	6.17
Connected load in FY 2014-15	kVA	152554
Emp. cost per kVA for FY 2014-15	Rs./kVA	404.45
Weighted avg. inflation factor for Fy 2015-16	%	1.98%
Emp. cost per kVA for FY2015-16 with inflation increase	Rs./kVA	412.46
Connected load in FY 2015-16	kVA	174757
Revised Employee Cost approved in True-up of FY 2015-16	Rs. Cr	7.21

11. Due to revision of employee expenses, the revised amount for FY 2015-16 stands at Rs. 10.64 Cr in place of Rs. 9.72 Cr. The Commission had already allowed the audited amount as Rs. 12.33 Cr. Submission of the petitioner to allow the O&M expense in proportion to the load growth to Rs. 14.87 is not justified.

12. We, therefore, allow the review petition partially by allowing the revised O&M expense for FY 2015-16 to be at Rs. 10.64 Cr in place of Rs. 9.72 Cr. Modified table is given below

Table 2: Revised Gains/ Losses for FY 2015-16 for JUSCO

Particulars	Units	Submitted by the Petitioner	Approved in order dated 7.6.2018	Approved now
Energy Sales	MU	465.75	465.75	465.75
Loss Target Set by Commission	%	2.50%	2.50%	2.50%
Energy Required at normative basis	MU	477.69	477.69	477.69
Actual achieved Distribution Loss	%	1.18%	1.18%	1.18%
Actual energy purchased	MU	471.31	471.31	471.31
Power Purchase Cost Claimed	Rs Cr	205.54	205.54	205.54
Average Power Purchase Cost	Rs/kWh	4.36	4.36	4.36
Energy Saved/Reduction in Power Purchase	MU	6.38	6.38	6.38
Saving in Power Cost	Rs Cr	2.78	2.78	2.78
Shared with Consumers (40%)	Rs Cr	1.11	1.11	1.11
Entitlement of JUSCO	Rs Cr	1.67	1.67	1.67
Penalty on O&M expenses	Rs Cr	-	-2.61	-1.69
Total Gains/Losses	Rs Cr	1.67	-0.94	-0.02

13. The review Petition stands disposed of.

Sd/-
(R.N. Singh)
Member (Engg)

Sd/-
(Arbind Prasad)
Chairperson