Jharkhand State Electricity Regulatory Commission

Tariff Order
on
Annual Revenue Requirement
for
Financial Years 2009-10 & 2010-11
and
Determination of Distribution Tariff
for
Financial Year 2011-12
for
Jamshedpur Utilities & Services Company Limited
(JUSCO)

Ranchi

August 2011

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List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
AAD	Advance Against Depreciation
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
R&M	Repair and Maintenance
RoE	Return on Equity
Rs	Rupees
SAP	System, Application and Production
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SLM	Straight Line Method
TOD	Time of Day
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.

Jamshedpur Utilities and Services Company Limited (JUSCO)

1.8 Jamshedpur Utilities and Services Company Limited (hereinafter referred to as 'JUSCO' or the 'Petitioner') is a company incorporated in August 2003 under the provisions of the Companies Act, 1956 and is a wholly owned subsidiary of Tata Steel Limited. JUSCO has been incorporated primarily to cater to the infrastructure and power distribution services in the city of Jamshedpur. In addition to Power services, the company's services encompasses of Water and Waste Management; Public Health & Horticulture Services; and Planning, Engineering & Construction.

1.9 The Petitioner is the second Distribution Licensee operating in the Saraikela-Kharsawan district, the first being the Jharkhand State Electricity Board (JSEB). This is the first district in India where two utilities have been allowed to build parallel networks for distribution of power. JUSCO also has a separate Power Business Division (PBD) which is engaged in distribution of electricity in Jamshedpur town as a power distribution franchisee of Tata Steel Limited (Licensee of Jamshedpur).

1.10 The Electricity Act, 2003 opened up power distribution to the private sector and permitted more than one power distributor in a revenue region, vide proviso 6 of Section 14 of the said Act which states:

"Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements [relating to the capital adequacy, credit-worthiness, or code of conduct] as may be prescribed by the Central Government, and no such applicant, who complies with all the

requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose."

1.11 In line with the above provision and in reference to the Commission's communication to the Petitioner with regard to filing a petition for distribution license for one or more revenue districts (letter no. JSERC/06/2004-05/64), the Petitioner applied for a Second Distribution License vide application no. PBD/176/69/06 dated May 5, 2006 for the revenue district of Saraikela-Kharsawan. The Saraikela-Kharsawan district is contiguous to the Petitioner's service area of Jamshedpur.

1.12 The Commission granted a Power Distribution License (No. 3 of 2006-07) to the Petitioner on December 1, 2006 for the aforementioned revenue district.

1.13 Consequently, the Petitioner began its power distribution services in revenue district of Saraikela –Kharsawan in September 2007 as a second distribution licensee.

Scope of the Present Order

1.14 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 and 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')

1.15 While determining the tariff for FY 2011-12 for the licensed area of the Petitioner – the district of Saraikela-Kharsawan, 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; and

(d) Principles laid down in the 'Distribution Tariff Regulations, 2004'

(e) Principles laid down in the 'Distribution Tariff Regulations, 2010'

A2: PROCEDURAL HISTORY

Background

2.1 The Petitioner commenced its power distribution operations in the Saraikela-Kharsawan district - the licensed area of the Petitioner from September 2007 onwards and filed its first ARR & Tariff Petition with the Commission for FY 2007-08 in June 2007.

2.2 The Commission issued an order dated October 16, 2007 on the ARR & tariff petition of JUSCO, stating that

"Since two distribution licensees JUSCO and JSEB are operating in the same area (i.e. Saraikela-Kharsawan), for immediate operation of the distribution licensee JUSCO, we approve the maximum ceiling of the retail tariff as approved for the JSEB in terms of the proviso of Section 62(1)(d) of the Electricity Act, 2003. Within the aforesaid maximum ceiling of tariff the licensee JUSCO shall propose its own tariff for approval of the Commission within 15 days from the receipt of the order. The tariff shall be reviewed after four months, on receipt of required relevant details/information with reference to our regulations and its profit/loss will be taken into count in the next tariff period."

2.3 Subsequently, as per the order issued by the Commission vide order no. JSERC/Legal/08/2007-08/469 dated November 1 2007; the Petitioner was directed to apply the JSEB tariff in full as its provisional tariff, till further orders. Accordingly, the Petitioner started charging the same tariff as that of JSEB in its licensed area.

2.4 The Petitioner filed a tariff petition in April 2009 for approval of the Annual Revenue Requirement for FY 2007-08, FY 2008-09 and FY 2009-10 and determination of tariff for FY 2009-10. Subsequently, the Commission issued the Tariff Order on 20th January 2010 but decided not to make any revision in the tariff schedule as the effective time period remaining for the tariff year was less and the implementation of revised tariff schedule would have resulted in a tariff shock to consumers.

2.5 The Petitioner filed next tariff petition in May'2010 for approval of Annual Revenue Requirement for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and determination of distribution tariff for FY 2010-11. The Commission issued the Tariff Order on August 24, 2010.

2.6 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 determination of tariff for FY 2011-12 for the Licensed area- district of Saraikela-Kharsawan.

Information Gaps in the Petition

2.7 During the course of exercise for ARR and tariff determination, several deficiencies were observed in the tariff petition submitted by the Petitioner. These information gaps were communicated to the Petitioner vide letter no. JSERC/02/2011/780 dated March 24, 2011.

2.8 The Petitioner submitted the additional information/data on April 9, 2011 vide letter no. PBD/159/59/11 in response to the aforementioned deficiencies and additional data requirements.

2.9 The Commission observed further discrepancies in the additional information submitted by the Petitioner and sought further information from the Petitioner vide letter no. JSERC/02/2011/JUSCO/252 dated July 6 2011. The Petitioner submitted the information rectifying the discrepancies vide letter no PBD/291/59/11 dated 9th July. There were further various communications on the additional information and discrepancies observed between July 16 and July 19, 2011.

Inviting Public Response

2.10 After scrutinizing the tariff petition and the additional information/data furnished by the Petitioner, the Commission directed the Petitioner to issue public notice for inviting comments/suggestions from public and to make copies of the ARR and tariff petition available 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
Hindustan (Hindi)	23.05.2011 24.05.2011
Hindustan Times (English)	23.05.2011 24.05.2011
The Telegraph (English)	23.05.2011 24.05.2011
Chamakta Aina (Hindi)	23.05.2011 24.05.2011
Uditwani	23.05.2011 24.05.2011

2.11 A period of thirty (30) 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 on which the public hearing notice by JSERC appeared

Newspaper	Date
Hindustan	06.07.2011
Prabhat Khaber	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 9th July, 2011 at Adityapur and many respondents gave their comments and suggestions on the ARR & Tariff filing for FY 2011-12 by the Petitioner. The comments/suggestion of the public as well as the Petitioner's response to them is detailed in the section dealing with the public consultation process.

A3: SUMMARY OF ARR & TARIFF PETITION

Overview

3.1 Saraikela-Kharsawan - the licensed area of the Petitioner, is the first district in the country where two distribution licensees have been allowed to build parallel networks for distribution of power. The Petitioner is the second distribution licensee in the area, JSEB being the first.

3.2 The Petitioner has submitted that in the previous Tariff Order of FY 2010-11, the Commission had approved the figures for FY 2009-10 considering the provisional data/information provided by the Petitioner. The Petitioner has now requested the Commission to revisit the figures for FY 2009-10 based on the audited accounts. The Petitioner has also submitted the latest data/information for FY 2010-11 and requested the Commission to revise the figures for FY 2010-11 based on the provisional accounts.

3.3 The figures for FY 2011-12 are based on the past performance and expected growth in each element of cost and revenue of the distribution business of the Petitioner.

3.4 The Petitioner has submitted that the present petition addresses the calculation of ARR for FY 2009-10 , FY 2010-11 & FY 2011-12 and tariff determination for FY 2011-12 after taking into account the revenue gap/surplus for the following

(a) FY 2008-09 on account of recovery towards surcharge on electricity duty and normative income tax as allowed by the Commission in Review Order dated October 28, 2010

(b) FY 2009-10 on the basis of audited accounts; and

(c) FY 2010-11 on the basis of the latest information submitted by the Petitioner.

(d) FY 2011-12 on the basis of the projections made by the Petitioner

ARR and Tariff Determination

3.5 The summary of ARR as submitted by the Petitioner in the main petition is detailed hereunder:

Table 3: ARR Requirement submitted by the Petitioner for FY 2009-10, FY 2010-11 and FY 2011-12 (Rs Cr)

Particulars	FY 2009-10	FY 2010-11	FY 2011-12
	Actual	***Provisional***	***Projected***
Costs			
Power Purchase Cost	39.00	70.76	76.66
O&M Expenses	5.44	7.61	10.50
Employee Cost	*2.50*	*3.56*	*4.78*
Repair & Maintenance Expenses	*0.96*	*1.21*	*2.33*
Administrative & General Expenses	*1.98*	*2.84*	*3.39*
Interest & Finance Charges	5.91	5.76	5.71
Depreciation	3.74	4.05	4.76
DSM & CGRF Expenses	**-**	**-**	0.46
Income Tax	1.40	1.84	2.30
Total Costs	**55.48**	**90.01**	**100.38**
Add: Reasonable Return	2.76	2.82	3.47
Less: Non-tariff Income	0.38	0.27	0.27
Annual Revenue Requirement	**57.86**	**92.57**	**103.58**
Add: Sharing of gains	0.83	-	-
Net Annual Revenue Requirement	**58.69**	**92.57**	**103.58**

3.6 It is pertinent to mention that during scrutiny of the main petition, the Commission sought additional information and clarification on various components of FY 2009-10, FY 2010-11 and FY 2011-12. As per the clarifications and corrections made by the Petitioner, the petition figures for FY 2009-10, FY 2010-11 and FY 2011-12 have undergone changes, as reflected in the respective sections of 'Commission's analysis' for these years later in this Order.

3.7 On account of its past recoveries and the projected revenue gap for FY 2011-12, the Petitioner has requested for increase in the tariff of FY 2011-12. The tariff schedule as proposed in the petition is given in Table 4 below:

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

Consumer category	Fixed Charge		Energy Charge		
	Existing	*Proposed*	*Unit*	*Existing*	*Proposed*
DS – I (a), Kutir Jyoti Meterd	N.A.	N.A.	Rs/ kWh	1.10 (Optional metered tariff)	1.10 (Optional metered tariff)
DS – I (a). Kutir Jyoti Unmetered	Rs 30 per connection per month	Rs 30 per connection per month	Rs/ kWh	Nil	Nil
DS – I (b), other rural domestic consumers, metered	Nil	Nil	Rs/ kWh	1.10 (Optional metered tariff)	1.10 (Optional metered tariff)
DS – I (b), other rural domestic consumers, unmetered	Rs 72 per connection per month	Rs 72 per connection per month	Rs/ kWh	Nil	Nil
DS – II	Rs. 25 per connection per month	Rs. 25 per connection per month	Rs/ kWh (0-200 Units)	1.50	1.90
	Rs. 30 per connection per month	Rs. 30 per connection per month	Rs./kWh (Above 200 Units)	1.90	2.50
DS – III	Rs. 50 per connection per month	Rs. 50 per connection per month	Rs/ kWh	1.90	2.50
DS HT	Rs. 40 per kVA per month	Rs. 40 per kVA per month	Rs/ kWh	1.65	2.20
NDS – I, <=2kW metered	Nil	Nil	Rs/ kWh	1.35	1.35
NDS – I, unmetered	Rs 120 per kW per month or part thereof for connected load up to 1 kW, Rs 60 per kW per month for each additional 1 kW or part thereof	Rs 120 per kW per month or part thereof for connected load up to 1 kW, Rs 60 per kW per month for each additional 1 kW or part thereof	Rs/ kWh	Nil	Nil
NDS – II	Rs. 110 per kW per month	Rs. 110 per kW per month	Rs./ kWh	3.95	3.95
LTIS	Rs. 75 per HP per month	Rs. 75 per HP per month	Rs/ kWh	3.50	3.50
IAS - I (Metered)	Nil	Nil	Rs/ kWh	0.50	0.50
IAS - I (Unmetered)	Rs 50 per HP	Rs 50 per HP	Rs/ kWh	Nil	Nil

Consumer category	Fixed Charge		Energy Charge		
	Existing	*Proposed*	*Unit*	*Existing*	*Proposed*
	per month	per month			
IAS - II (Metered)	Nil	Nil	Rs/ kWh	0.75	0.75
IAS - II (Unmetered)	Rs 200 per HP per month	Rs 200 per HP per month	Rs/ kWh	Nil	Nil
HTS - 11 kV	Rs. 165 per kVA per month	Rs. 165 per kVA per month	Rs./ kWh	4.35	4.35
HTS - 33 kV	Rs. 165 per kVA per month	Rs. 165 per kVA per month	Rs./ kWh	4.35	4.35
HTS - 132 kV	Rs. 165 per kVA per month	Rs. 165 per kVA per month	Rs./ kWh	4.35	4.35
HTSS – 11 kV	Rs. 330 per kVA per month	Rs. 330 per kVA per month	Rs./kWh	2.50	2.50
HTSS – 33kV	Rs. 330 per kVA per month	Rs. 330 per kVA per month	Rs./kWh	2.50	2.50
HTSS – 132 kV	Rs. 330 per kVA per month	Rs. 330 per kVA per month	Rs./kWh	2.50	2.50
SS-I (Metered)	Rs 30 per connection per month	Rs 30 per connection per month	Rs/ kWh	3.50	3.50
SS-II (Unmetered)	Rs 110 per 100 watt in addition Rs 25 would be charged for each 50 watt lamp	Rs 110 per 100 watt in addition Rs 25 would be charged for each 50 watt lamp	Rs/ kWh	Nil	Nil
Panchayats, Self Help Groups, Micro/Nano DF	Nil	Nil	Rs./ kWh	0.70	1.00
Bulk Supply to MES	Rs 160 per kVA per month	Rs 160 per kVA per month	Rs./ kWh	3.00	3.20
UMDF – Predominantly Domestic	N/A	Rs 30 per kVA per month	Rs/ kW	N/A	1.90
UMDF – Predominantly Commercial	N/A	Rs 100 per kVA per month	Rs/ kW	N/A	3.75

A4: PUBLIC CONSULTATION PROCESS-ISSUES RAISED

4.1 The issues raised by the participants along with the reply of the Petitioner and views of the Commission thereon are discussed in the following sections.

Installation charges

Public Comments/Suggestions

4.2 The objector consumer submitted that the installation charges are very high which discourages consumers to shift to JUSCO. The Commission should rationalise these charges so that they become affordable to small users also.

Petitioner's Response

4.3 The Petitioner has submitted that the installation charges are based on the cost incurred by the Petitioner to provide electricity connections to consumers. The Petitioner has further submitted that its network has a relatively superior configuration and material quality as mentioned below:

- Most of the network is through underground cables which are reliable than overhead line. The cost of underground line is approximately 4 to 6 times of overhead line.
- The Petitioner has implemented ring-main system wherein most of the high Tension consumers are fed through two sides of the said ring main system. This has been implemented to ensure minimum down time for consumers in case of fault in one of the feeding cable.
- Best in class metering system has been implemented by the Petitioner to ensure that pilfer and theft of electricity is controlled.
- 100% of the LT network is insulated which ensures that there is no hooking.

4.4 The Petitioner further submitted that the benefit of the systems goes back to consumers in terms of high quality of power supply, low power interruptions, lower T&D losses and therefore lower tariff. The cost of these systems are therefore appears to be relatively higher even though on long term these are the best options.

Views of the Commission

4.5 The Commission is of the view that the licensee should provide details of the estimates of the installation charges to the consumers, and take their consent before executing the work. If any consumer wants to get the work executed by itself, it should be allowed under the supervision of the Licensee's engineers to ensure quality work.

4.6 Moreover, the Commission is seized of the matter to work out uniform schedule of charges for all the licensees in the State of Jharkhand.

Interest on security deposit

Public Comments/Suggestions

4.7 The objector consumer submitted that the interest refunded to them on their security deposits with the utility is at very low rates even though the market rates are soaring. Further the interest charged to them on the delayed payment is also very high. Thus the rate of interest on security deposit should be increased in line with market rates.

Petitioner's Response

4.8 The Petitioner has submitted that interest on security deposits is being paid based on the prevailing Regulations of the State.

Views of the Commission

4.9 The 'Jharkhand Electricity Supply Code Regulations, 2005' directs a Distribution Licensee to *"pay interest on the amount of security deposit by the consumer at a rate prevalent to bank rate of the Reserve Bank of India."*

4.10 In line with above, the Commission has approved an interest rate of 6% on security deposits, which also is the current Bank rate as per the latest RBI guidelines.

Service area

Public Comments/Suggestions

4.11 The objector consumer has submitted that JUSCO should increase its service area beyond the Saraikela area and should include more industrial consumers from nearby areas. JUSCO should submit a time bound plan for achieving growth in service area.

Petitioner's Response

4.12 The Petitioner had clarified during the hearing that it has been taking steps for increasing its serviced area. However the Petitioner is facing trouble in finding reliable sources of power to meet the increased demand. However, the Petitioner is continuously making efforts to get more power from available suppliers.

(a) The Petitioner has informed that DVC has agreed to supply 10 MVA power at 33kV recently and has further agreed to supply 40-60 MVA power to its Chandil Sub-station. However, to wheel power from Chandil Substation, the Petitioner is constructing a 132kV line. After completion of this line more power will be available for the license area.

(b) However, The Petitioner is facing difficulties in obtaining right of way for laying new lines, including the one mentioned above, due to unreasonable compensation demanded by private land owners, clearances from Railways and pending forest clearances. Uncertainty on right of ways leads to delay in processing of applications. Thus the process of increasing service area is taking some time.

Views of the Commission

4.13 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.

Processing new applications

Public Comments/Suggestions

4.14 The objector consumer has submitted that JUSCO 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 consumers have 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 it is committed to serve its customers better by improving its processes and systems based on customers' feedback. Customer's queries in power connection is noted and replied accordingly over telephone, emails and written letters. Most of the delay in processing of application occurs due to non availability of power as mentioned above.

Views of the Commission

4.16 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. Further in case of specific reasons for delay, the consumer should be informed of the status of its applications within one month of receipt of such application by the licensee.

A5: TRUING-UP EXERCISE FOR FY 2009-10

5.1 The Petitioner has sought approval for the truing-up of expenditure and revenue based on the actual expenditure and revenue, as per the audited accounts for FY 2009-10.

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 various components 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 that the figures for energy sales, distribution losses and power purchase projected in the previous petition, approved by the Commission as well as available as per the audited annual accounts for FY 2009-10 are identical.

Commission's analysis

5.5 The Commission has scrutinised the figures submitted by the Petitioner in the ARR petitioner for True-up exercise and finds them to be in line with audited annual accounts for FY 2009-10.

5.6 The following table details the energy sales, distribution losses and power purchase as submitted by the Petitioner and approved by the Commission for truing up of FY 2009-10

Table 5: Quantum of power purchase/sale for FY 2009-10 (in MUs)

	FY 2009-10	
	Submitted by JUSCO	*Approved by JSERC*
Energy Requirement		
Total Energy Sales	126.65	126.65
Overall distribution loss (%)	0.96%	0.96%
Overall distribution loss (MUs)	1.22	1.22
Total Energy Requirement	**127.88**	**127.88**
Energy Availability		
Power Purchase		
From Tata Steel Ltd.		
132 kV	99.06	99.06
33 kV	27.06	27.06
6.6 kV	1.76	1.76

	FY 2009-10	
	Submitted by JUSCO	*Approved by JSERC*
Total Energy Availability	**127.88**	**127.88**

Power Purchase Cost

Petitioner's submission

5.7 The Petitioner has submitted that the Commission in its previous Tariff Order for FY 2010-11 had determined the power purchase rate at the average power purchase cost of Tata Steel Limited. Accordingly, the Commission had fixed the average power purchase rate of the Petitioner for FY 2009-10 at Rs 3.02 per kWh. The Petitioner has, however, arrived at an average power purchase cost, from Tata Steel Limited, of Rs 3.05 per kWh.

Commission's analysis

5.8 The Commission has considered the average rate of TSL of FY 2009-10 as per the rates specified for FY 2009-10 in the Tariff Order of TSL approved by the Commission for FY 2011-12 for approving the Power Purchase rate and cost of JUSCO. Since the Power purchase rate of TSL has undergone change in view of the TPCL Tariff Order for FY 2011-12, the Commission has considered the impact of revised TSL rate to approve the JUSCO Power purchase cost at Rs. 38.55 Cr. for FY 2009-10 which translates to an average rate of Rs 3.01 per kWh for 127.88 MUs purchased by the Petitioner from Tata Steel Limited.

5.9 The following table details the power purchase cost submitted by the Petitioner and approved by the Commission for FY 2009-10:

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

Particulars	FY 2009-10	
	Submitted by JUSCO	*Approved by JSERC*
Power purchased from TSL (in MUs)	127.88	127.88
Power purchased from DVC	0.00	0.00
Total	127.88	127.88
Cost per kWh	3.05	3.01
Power purchase cost (in Rs Cr)	**39.00**	**38.55**

Operation and Maintenance expenses

Petitioner's submission

5.10 The Petitioner has submitted that the O&M expenses of the Petitioner comprises of two parts – direct costs, which are directly incurred in the licensed operations and common costs, which have been allocated from the common service departments of the Petitioner keeping in view the accepted accounting principles.

5.11 For FY 2009-10, the Petitioner has submitted that the Commission in its previous Tariff Order for FY 2010-11 had approved the O&M expenses of Rs 5.11 Cr after deducting Rs 1.29 Cr on account of capitalisation of employee costs and Rs 0.04 Cr on account of capitalisation of A&G expenses. The Review Order issued by the Commission allowed the Petitioner to recover Rs 0.25 Cr on account of surcharge of electricity duty. Additionally, the Petitioner has corrected its calculations for capitalisation of employee costs which has an impact of Rs 0.05 Cr. Taking these into account, the Petitioner has submitted O&M expenses of Rs 5.44 Cr for FY 2009-10.

Commission's analysis

5.12 The O&M expenses include Employee Cost, Administrative and General Expenses and Repair and Maintenance expenses. Each component of O&M expenses is explained below.

Employee Cost

5.13 Based on the audited accounts of FY 2009-10 submitted by the Petitioner, the Commission approves the gross direct employee cost of Rs 1.65 Cr and net direct employee cost of Rs 1.52 Cr after deducting Rs 0.13 Cr of employee capitalization.

5.14 Meanwhile, the Petitioner had submitted the common cost pertaining to employee expenses amount to Rs 0.98 Cr. On prudence check, the Commission observed that the common cost of employees amount to Rs 0.85 Cr. The difference in the petition submission and the approval of the Commission is due to the representation of some A&G costs in employee related expenses as per the annual accounts. Accordingly, the Commission has approved the common employee cost of Rs 0.85 Cr as indirect employee expenses.

5.15 In view of the above, the Commission approves the total employee cost of Rs 2.37 Cr in FY 2009-10.

5.16 The following table summarises the employee cost submitted by the Petitioner for FY 2009-10 and approved by the Commission for FY 2009-10.

Table 7: Employee Costs for FY 2009-10 (Rs Cr)

Employee Cost	FY 2009-10	
	Submitted by JUSCO	*Approved by JSERC*
Employee Cost (Direct)	1.65	1.65
Common Cost of JUSCO	0.98	0.85
Gross Employee Cost	**2.63**	**2.50**
Less: Capitalized	0.13	0.13
Net Employee Cost	**2.50**	**2.37**

Administrative and General Expenses

5.17 Based on the audited accounts for FY 2009-10 and prudence check of each component under the A&G expenses, the Commission approves net direct A&G cost of Rs 1.11 Cr.

5.18 Meanwhile, the Petitioner had submitted the common cost pertaining to A&G expenses amount to Rs. 0.87 Cr. On prudence check, the Commission observed that the common cost of A&G expenses amounts to Rs 1.00 Cr. The difference in the petition submission and the approval of the Commission is due to the representation of some employee related expenses with A&G cost. Accordingly, the Commission has approved the common A&G cost of Rs 1.00 Cr as indirect A&G expenses.

5.19 The table below summarises the Administrative and General expenses submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 8: A&G Expenses for FY 2009-10 (Rs Cr)

Description	FY 2009-10	
	Submitted by JUSCO	*Approved by JSERC*
A&G Cost (Direct)	1.11	1.11
A&G Cost (Common)	0.87	1.00
Gross A&G Cost	1.98	2.11
Less: Capitalised	-	-
Net A&G Cost	**1.98**	**2.11**

Repair and maintenance expenses

5.20 For FY 2000-10, the Commission approves the R&M expenses of Rs 0.96 Cr as submitted by the Petitioner and verified from the audited annual accounts.

5.21 The Table 9 summarises the R&M expenses submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 9: R&M Expenses for FY 2009-10 (Rs Cr)

Particulars	FY 2009-10	
	Submitted by JUSCO	*Approved by JSERC*
R&M Expenses (Direct)	0.96	0.96
R&M Expenses (Common)	-	-
Gross R&M Expenses	0.96	0.96
Less: R&M Expenses capitalised	-	-
Net R&M Expenses	**0.96**	**0.96**

5.22 The total O&M expenses submitted and approved for FY 2009-10 are summarized in the table given below.

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

Components	FY 2009-10	
	Submitted by JUSCO	*Approved by JSERC*
Employee Cost	2.50	2.37
A&G Expenses	1.98	2.11
R&M Expenses	0.96	0.96
Total O&M Expenses	**5.44**	**5.44**

CWIP & Gross Fixed Asset

Petitioner's submission

5.23 The Petitioner has submitted that the figures of GFA and CWIP for FY 2009-10 are same as projected by the Petitioner in the previous petition and approved by the Commission in its previous Tariff Order and requested the Commission to revise the figures as per the audited annual accounts for FY 2009-10.

5.24 The following table details the figures submitted by the Petitioner for CWIP and Gross Fixed Assets for FY 2009-10.

Table 11 : Submitted CWIP and GFA for FY 2009-10 (Rs Cr)

Particulars	FY 2009-10
Capital Work in Progress (CWIP)	
Opening CWIP	11.26
Capex during the FY	13.21
Total CWIP	24.47
Less: transferred to GFA	18.61
Closing CWIP	5.86
Gross Fixed Assets (GFA)	
Opening GFA	72.22
Transferred from CWIP	18.61
Closing GFA	**90.83**

Commission's analysis

5.25 For GFA and CWIP, the Commission has verified the figures as per the audited accounts submitted by the Petitioner.

5.26 The table below summarises the CWIP and GFA approved by the Commission for FY 20091-10.

Table 12: Approved CWIP and GFA for FY 2009-10 (Rs Cr)

Particulars	FY 2009-10
Capital Work in Progress (CWIP)	
Opening CWIP	11.26
Capex during the FY	13.11
Total CWIP	24.37
Less: transferred to GFA	18.51
Closing CWIP	5.86
Gross Fixed Assets (GFA)	
Opening GFA	72.22
Transferred from CWIP	18.51
Closing GFA	**90.73**

Depreciation

Petitioner's submission

5.27 The Petitioner has submitted that it has recalculated the depreciation costs and has arrived at a net depreciation figure of Rs 3.74 Cr after deducting depreciation proportionate to the fixed assets being contributed through consumer contribution.

Commission's analysis

5.28 The Distribution Tariff Regulations, 2004 specify that the capital base for the purpose of depreciation shall be the historical cost of the asset with the residual life of the asset being 10% of its approved original cost. Since the said Regulations state that in case of operation of the asset for part-year depreciation shall be charged on *pro-rata* basis, hence the Commission has made use of the information submitted by the Petitioner regarding the date of capitalization of various assets and accordingly calculated depreciation on *pro-rata* basis for assets capitalized during the year.

5.29 Out of the total depreciation as calculated above, the proportionate depreciation on the assets created out of consumer contribution is deducted to arrive at the permissible depreciation. Accordingly, the Commission approves depreciation charge of Rs 3.74 Cr for FY 2009-10 after deducting the depreciation of consumer contribution.

5.30 The Table 13 details the depreciation cost as submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 13: Depreciation Costs for FY 2009-10 (Rs Cr)

Particulars of Assets	Approved Depreciation Rate	Depreciation Cost (Rs Cr)	
		FY 2009-10	
		Submitted by JUSCO	*Approved by JSERC*
Land Development	0.00%	0.00	0.00
Offices & Showroom	3.02%	0.16	0.16
Other Buildings	3.02%	0.00	0.00
Transformers	7.81%	0.60	0.60
Switchgear including cable connections	7.84%	1.75	1.75
Underground cable	5.27%	0.91	0.91
Overhead Lines < 66kv (LT)	7.84%	0.05	0.05
Overhead Lines > 66kv	5.27%	1.09	1.09
Meters	12.77%	0.03	0.03
Self propelled vehicles	33.40%	0.01	0.01
Air conditioner (portable)	33.40%	0.02	0.02
Office furniture & fittings	12.77%	0.01	0.01
Office Equipments	12.77%	0.08	0.08
Street Light fittings	12.77%	0.00	0.00
Communication System	12.77%	0.00	0.00
Data Processing Machine	12.77%	0.03	0.03
Software	9.00%	0.03	0.03
Other Assets	Different rates	0.10	0.10

Particulars of Assets	Approved Depreciation Rate	Depreciation Cost (Rs Cr)	
		FY 2009-10	
		Submitted by JUSCO	*Approved by JSERC*
Depreciation Charges		**4.86**	**4.86**
Less: Depreciation on assets created out of consumer contribution		1.12	1.12
Net Depreciation Charges		**3.74**	**3.74**

Interest and Other Finance Charges

Interest on Loan

Petitioner's submission

5.31 The Petitioner has submitted that in the absence of actual loan, the normative loan has been calculated considering capital investment norm in the regulatory regime in which debt equity ratio has been kept at 70:30.

5.32 Therefore, deemed addition to the normative loan has been considered at 70% of the total CWIP capitalised during the financial year net of consumer contribution being transferred to capital reserve and reduced by the accumulated depreciation. The deemed repayment has been considered equivalent to the net depreciation cost for the said year.

5.33 The Petitioner states that normative interest rate has been taken at 12.75%, which is equivalent to SBI PLR of 12.5% as on 1st April 2009 plus additional 0.50% for the risk margin and the normative interest is calculated on the average balance of the loan during the said financial year.

5.34 Based on normative debt as described above, the interest charge on debts and security deposits for FY 2009-10 has been computed by the Petitioner to be Rs 5.16 Cr.

Commission's analysis

5.35 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 net of consumer contribution. Normative repayment is deemed to be equal to the depreciation charge during the year.

5.36 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 12.25%, which is the SBI PLR as on 1st April 2009.

5.37 Accordingly, the Commission approves the normative interest amount for FY 2009-10 amounts at Rs 5.16 Cr.

Interest on Security Deposits

Petitioner's submission

5.38 The Petitioner has created provisions for interest on security deposits of consumers at the rate of 6% p.a. These correspond to Rs 0.75 Cr for FY 2009-10.

Commission's analysis

5.39 Based on the audited accounts submitted by the Petitioner, the Commission has approved the interest on security deposit of Rs 0.75 Cr for FY 2009-10.

5.40 As per the analysis of the Commission detailed above, the net Interest and Finance Charges for the FYs 2007-08 and 2008-09 are approved as follows:

Table 14: Interest and Other Finance Charges for FY 2009-10

Particulars	FY 2009-10	
	Submitted by JUSCO	*Approved by JSERC*
Interest on Normative Loan	5.16	5.16
Interest on Security Deposits	0.75	0.75
Total Interest & Finance Charges	**5.91**	**5.91**

Return on Equity (RoE)

Petitioner's submission

5.41 The Petitioner has submitted that the deemed addition to the normative equity has been taken at 30% of the total CWIP capitalised during the financial year net of consumer contribution being transferred to capital reserve which is proportionate to the fixed assets capitalised.

5.42 The Petitioner has calculated the normative return on equity @ 14% on the average balance of the normative equity during the financial year.

5.43 Based on the above methodology, the RoE computed by the Petitioner for FY 2009-10 is Rs 2.76 Cr.

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 gross fixed assets net of consumer contribution.

5.45 Further, the Commission permits a rate of return of 14% as specified in Regulation 20.1 of the 'Distribution Tariff Regulations, 2004'.

5.46 Accordingly, the Commission approves RoE amounting to Rs 2.76 Cr for FY 2009-10.

5.47 The table below details the Return on Equity submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 15: Return on Equity for FY 2009-10 (Rs Cr)

Particulars	FY 2009-10	
	Submitted by JUSCO	*Approved by JSERC*
Normative Equity Base (Rs Cr)	19.73	19.73
Rate of Return (%)	14%	14%
Return on Equity (Rs Cr)	2.76	2.76

Income Tax

Petitioner's submission

5.48 The Petitioner has computed income tax based on the return on equity and depreciation submitted in the tariff petition.

5.49 The Petitioner has submitted that for FY 2009-10, the normative tax liability is computed to be Rs 1.40 Cr.

Commission's analysis

5.50 The Commission has approved a normative income tax based on the Return on Equity and depreciation approved in the earlier sections.

5.51 Accordingly, the Commission approves the income tax at Rs 1.40 Cr.

5.52 The detailed break-up for the computation of income tax as submitted by the Petitioner and approved by the Commission for FY 2009-10 is summarised in the following table

Table 16: Income Tax for FY 2009-10 (Rs Cr)

Return on Equity	FY 2009-10	
	Submitted by JUSCO	*Approved by JSERC*
Return on Equity	2.76	2.76
Income Tax rate	33.99%	33.99%
Gross ROE	4.18	4.18
Depreciation as per ARR	3.74	3.74
Depreciation as per IT	(8.97)	(8.97)
Normative interest on Loan	5.16	5.16
Taxable income	4.11	4.12
Income tax	1.40	1.40

Sharing of Gains & Losses

Petitioner's submission

5.53 The Petitioner has submitted that it has managed to retain losses at a very competitive level of 0.96% much below the normative level of 5% and is thus entitled to sharing of gains for controlling the losses. The Petitioner has cited Commission's Order dated 25th January 2007 on review petition filed by Tata Steel Limited for FY 2005-06 in this regard:

…as regards sharing of loss reduction between the utility and the consumer it is decided that it should be shared equally between the utility and the consumer i.e. 50% each.

5.54 The Petitioner has submitted that it has managed to avoid additional power purchase costs and is therefore entitled to retain 50% of the gains on account of the above ruling.

5.55 The Petitioner has computed its share of gains as given in the Table below.

Table 17: Sharing of Gains/Loss for FY 2009-10 (in Rs Cr)

Particulars	FY 2009-10	
	Units	*Submitted by JUSCO*
Energy Sales	MUs	126.65
Loss approved by the Commission	%	5%
Energy requirement at normative loss	MUs	133.33
Actual achieved distribution loss	%	0.96%
Actual energy purchased	MUs	127.88
Actual power purchase cost	Rs Cr	39.00
Actual average power purchase cost	Rs/kWh	3.05
Energy saved/reduction in power purchase	MUs	5.44
Savings in power purchase cost	Rs Cr	1.66

Particulars	FY 2009-10	
	Units	*Submitted by JUSCO*
Customer's share – 50%	Rs Cr	0.83
Entitlement of JUSCO	**Rs Cr**	**0.83**

Commission's Analysis

5.56 The Petitioner had proposed a distribution loss level of 7.5% for FY 2009-10 in the Tariff Petition filed for FY 2009-10. Since the proposal was for ensuing year on projection basis, the Commission could only rely on historical information to approve the losses. Accordingly, the Commission allowed the loss level of 5% for FY 2009-10. The Commission also **directed the Petitioner to conduct loss estimation and energy audit studies to ascertain the correct loss levels.**

5.57 The Petitioner, with regards to its projections of 5% distribution losses for FY 2011-12, has submitted that:

"..Even though the achieved distribution loss of JUSCO is at the best possible levels in the industry and within the technical limits, the distribution loss has been fluctuating every year due to operational level changes in power system network with additions of each consumer pending stabilisation of the network."

5.58 The Commission observes the following from the above

(a) The Commission believes it is difficult to ascertain actual loss levels or estimate targets with accuracy as the Petitioner's network, as per its own submission, has not yet stabilised.

(b) The above mentioned observation also makes this case significantly different from the case of review Order on the review petition filed by Tata Steel Limited for FY 2005-06 as the TSL, the distribution licensee of Jamshedpur town, was already having an established network with higher total consumer as well as LT consumer base and therefore was in a better position to correctly estimate the loss level targets.

(c) The lower loss levels achieved by the Petitioner are primarily on account of the favourable consumer mix of the Petitioner, which comprises mainly of HT consumers in a small urban cluster. In the Tariff Order for FY 2010-11, the Commission had approved 96.63% of the total sales to HT consumers while as per the annual accounts, the HT consumer sales accounts for 97.84% of total sales, which suggests that the Consumer has mainly benefited on lower loss levels from having a better HT consumer mix.

(d) In the Tariff Order of FY 2010-11, the Commission after scrutinizing the latest information made available for FY 2009-10, revised the loss level target to 0.96% losses. Since the Petitioner has achieved the same loss levels of 0.96% as per the actual data submitted with this petition of FY 2011-12, therefore there is no additional savings in energy over and above the figures approved by the Commission in the previous year's Tariff Order.

5.59 Moreover, the Commission views that the Petitioner needs to conduct loss estimation study in order to correctly estimate the existing loss levels as well as impact of network upgradation on the loss levels in future. The Commission had also given directions in this regard in its previous Tariff Orders and has re-iterated the same in the directives section of this Order.

5.60 In view of the above, the Commission finds the Petitioner claim for sharing of gains on account of savings in energy by reduction in loss levels inadmissible.

Revenue from sale of power

Petitioner's submission

5.61 The Petitioner has submitted that the revenue from sale of power as per audited annual accounts is Rs 55.32 Cr and the same has been approved by the Commission in the previous Tariff Order of FY 2010-11.

Commission's Analysis

5.62 The Commission approves the revenues from existing tariff at Rs 55.32 Cr for FY 2009-10 as these are as per the annual audited accounts submitted by the Petitioner.

Non Tariff income

Petitioner's submission

5.63 The Petitioner has submitted that Non-Tariff Income at Rs 0.38 Cr.

Commission's Analysis

5.64 The Commission approves the Non-Tariff Income at Rs 0.38 Cr for FY 2009-10 as per the annual audited accounts submitted by the Petitioner.

Summary of ARR and Revenue Gap for FY 2009-10

5.65 The following table contains the summary of ARR and revenue gap as submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 18: Summary of Annual Revenue Requirement for FY 2009-10 (Rs Cr)

Annual Revenue Requirement	FY 2009-10	
Costs	***Submitted by JUSCO***	***Approved by JSERC***
Power Purchase Cost	39.00	38.55
O&M Cost	**5.44**	**5.44**
Employee Cost	*2.50*	*2.37*
R&M Cost	*0.96*	*0.96*
A&G Cost	*1.98*	*2.11*
Depreciation	3.74	3.74
Interest & Financing Charges	5.91	5.91
Income Tax	1.40	1.40
Total Cost	**55.49**	**55.04**
Add: Reasonable Return	2.76	2.76
Less: Non Tariff Income	0.38	0.38
Annual Revenue Requirement	**57.87**	**57.42**
Add: Sharing of Gains	0.83	0.00
Net Annual Revenue Requirement	**58.70**	**57.42**
Revenue at Existing Tariff	55.32	55.32
Revenue (Gap)/Surplus	**(3.38)**	**(2.10)**

A6: REVISED ESTIMATES FOR FY 2010-11

6.1 This section deals with the provisional truing-up exercise for FY 2010-11 based on the provisional accounts and other additional information submitted by the Petitioner.

Energy Sales

Petitioner's submission

6.2 While the Petitioner had projected sales of 174.55 MUs in the preceding tariff petition; the Commission approved 177.54 MUs vide Tariff Order FY 2010-11. Now, the Petitioner has estimated the sale of power at 209.16 MUs in its current ARR Petition for FY 2011-12. The Petitioner has attributed the higher sales to better than expected industrial growth on account of reasonable recovery from recession.

Commission's analysis

6.3 The Petitioner submitted the actual energy sales for FY 2010-11 as per the direction of the Commission. The Commission has scrutinized the sales data submitted by the Petitioner with the provisional accounts and approves total sales of 212.03 MUs. The same shall be trued-up when the annual audited accounts for FY 2010-11 are made available to the Commission.

Energy Balance

Petitioner's submission

6.4 The Petitioner, in its ARR Petition for FY 2011-12, has submitted that the energy balance for FY 2010-11 is based on the actual energy purchase, energy sales and corresponding energy losses in the first half of FY 2010-11 and forecasts for the balance period of the financial year.

6.5 The Petitioner is currently sourcing power from Tata Steel Ltd at three different voltage levels namely, 132 kV at Jojobera, 33kV at Golmuri and 6.6 kV at S-11 source at Jamshedpur. The Petitioner also sources power from DVC at 33 kV as required. The Petitioner has submitted a provisional distribution loss of 5.00% for FY 2010-11, resulting in total energy requirement of 220.17 MUs.

Commission's analysis

6.6 The Commission directed the Petitioner to submit the actual power purchase bills and distribution losses for FY 2010-11.

6.7 After due scrutiny of the provisional accounts and bills raised by DVC and other sources/traders on the Petitioner, and purchase approved from TSL in the Tariff Order FY 2010-11, the Commission approves a total power purchase of 215.59 MUs.

6.8 Considering the sales of 212.03 MUs, the distribution loss level for FY 2010-11 works out to be 1.65%. The Commission provisionally approves distribution loss of 1.65% since it is much less than the target of 5% fixed by the Commission in the previous Tariff Order for FY 20010-11.

6.9 As mentioned in the section on sharing of gains and losses under the Section of true up for FY 2009-10, the Commission believes it is difficult to ascertain actual loss levels or estimate targets with accuracy as the Petitioner's network, as per its own submission, has not yet stabilised.

6.10 Moreover, the lower loss levels realised by the Petitioner are primarily on account of the consumer mix of the Petitioner, which comprises mainly of HT consumers in a small urban cluster.

6.11 The Commission views that the Petitioner needs to conduct loss estimation study in order to correctly estimate the existing loss levels as well as impact of network upgradation on the loss levels in future. The Commission had also given directions in this regard in its previous Tariff Orders and has re-iterated the same in the Directives Section of this Order.

6.12 Till the Petitioner undertakes the above mentioned studies and submits the report to Commission on the findings and realistic loss levels and achievable targets, the Petitioner would not be eligible for the sharing of any gains.

6.13 The source-wise break-up of energy purchased is detailed in the table given below.

Table 19: Quantum of power purchase/sale for FY 2010-11

Particulars	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Total Energy Sales (MUs)	209.16	212.03
Overall distribution loss (%)	5.00%	1.65%
Overall distribution loss (MUs)	11.01	3.55
Total Energy Requirement	**220.17**	**215.59**
Power purchase		
From TSL (A)		
132 kV	157.09	171.40
33 kV	38.87	33.14
6.6 kV	2.09	1.39
From DVC at 33kV (B)	4.97	3.39
From other/traders (C)	17.15	6.27
Total Energy Availability (A+B+C)	**220.17**	**215.59**

Power Purchase Cost

6.14 The Petitioner has considered power purchase rate for TSL as Rs 3.06 per kWh for FY 2010-11 as approved by the Commission in its previous Tariff Order.

6.15 The Petitioner has also submitted that it has considered power available from DVC at Rs 4.03 per kWh for FY 2010-11.

6.16 The Petitioner expects to purchase balance power requirement from open market through traders/open access and has assumed purchase cost of Rs 5.00 per kWh for such power.

6.17 The following table contains power purchase cost submitted by the Petitioner for FY 2010-11.

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

Sources	Amount
Tata Steel Limited	
132 kV	48.07
33 kV	11.89
6.6 kV	0.64
Damodar Valley Corporation	2.00
Others/Traders	8.15
Total	**70.76**
Units purchased (MUs)	**220.17**
Cost per unit (Rs per kWh)	**3.21**

Commission's analysis

6.18 The Commission has considered the average power purchase rate of FY 2010-11 for approving the power purchase rate and cost of JUSCO from TSL as per the Tariff Order of TSL for FY 2011-12 approved by the Commission. Since the Power purchase rate of TSL has undergone change in view of the TPCL Tariff Order for FY 2011-12, the Commission has considered the impact of revised TSL rate to approve the power purchase cost of JUSCO from TSL.

6.19 For DVC, the Commission has considered the power purchase bills raised by the generator on the Petitioner and has accordingly approved the purchase cost at Rs. 1.19 Cr. Similarly, after due prudence check, the cost of other sources/traders has been approved at Rs 2.45 Cr.

6.20 Accordingly, the Commission approves the power purchase cost at Rs. 63.64 Cr. for FY 2010-11, subject to truing up in the subsequent Tariff Order.

6.21 The Table 21 details the power purchase cost approved by the Commission for FY 2010-11.

Table 21: Approved Power Purchase Cost for FY 2010-11

Sources	Units Purchased (MUs)	Cost (Rs Cr)	Cost per Unit (Rs)
Tata Steel Limited			
132 kV	171.40	49.94	2.91
33 kV	33.14	9.66	
6.6 kV	1.39	0.40	
Damodar Valley Corporation	3.39	1.19	3.53
Others/Traders	6.27	2.45	3.90
Total	**215.59**	**63.64**	**2.95**

Basis of allocation of common costs for O&M expenses

Petitioner's submission

6.22 The Petitioner submitted that being an integrated utility service provider where supply of electricity is just one of the several services it offers, it has some common costs catering to all operations of JUSCO that are incurred on a common platform in order to reap benefits from economies of scale. Thus, two components of O&M expenses – employee cost and A&G expenses – consist of both direct costs as well as common costs allocated from JUSCO's shared services. The Petitioner further submitted that the segregation and allocation of costs and assets is based on information currently available with the Petitioner.

6.23 The cost data is captured through the Financial Accounting System (FAS) maintained on SAP platform and separate cost centres that have been created in the FAS through which identification of directly allocable expenditures has been carried out.

6.24 In case of expenditures that are of common nature, either across JUSCO or across the whole Power Services Division, apportionment has been done taking certain assumptions or keeping in view accepted accounting norms and principles. The indirect common employee costs arising out of various back office functions of JUSCO have been apportioned on the basis given in table below, whereas those of the Power Business Division has been apportioned equally between the Petitioner operations of Saraikela-Kharsawan and the franchisee operations of Jamshedpur, keeping in view the extra time and efforts being devoted by the common resources towards the commencement of the former's operations.

Table 22: Allocation of cost

Items	Assumption with Rationale
O&M Cost	Common Cost of JUSCO Utility Services is identified between Employee Cost and A&G Expenses and then apportioned to the Saraikela-Kharsawan project based on the following ratio:
HR	Allocation based on number of employees in Saraikela project vis-à-vis JUSCO
IT	Allocation based on number of PCs/laptops in Saraikela project vis-à-vis JUSCO
Legal	Allocated equally among all 8 segments of services within JUSCO and further allocating half of the PSD's share to the Saraikela project
GM (JTS) Secretariat	Allocation based on ratio of turnover of Saraikela project vis-à-vis JUSCO
TPM Activity	Allocation based on ratio of turnover of Saraikela project vis-à-vis JUSCO
Accounts	Allocation based on ratio of turnover of Saraikela project vis-à-vis JUSCO
MD Secretariat	Allocation based on ratio of turnover of Saraikela project vis-à-vis JUSCO
Administration	Allocated equally among all 8 segments of services within JUSCO and further allocating half of the PSD's share to the Saraikela project
Corp Communication	Allocated equally among all 8 segments of services within JUSCO and further allocating half of the PSD's share to the Saraikela project
Business Strategy	Allocated equally among all 8 segments of services within JUSCO and further allocating half of the PSD's share to the Saraikela project
Security	Allocated equally among all 8 segments of services within JUSCO and further allocating half of the PSD's share to the Saraikela project
JUSCO Sahyog, Billing and Collection	Allocation based on number of consumers of Saraikela project vis-à-vis JUSCO
Procurement	Allocation based on value of procurement of Saraikela project vis-à-vis JUSCO

Commission's Analysis

6.25 The Commission in its previous Tariff Order for FY 2010-11 for JUSCO stated as follows

"The Commission directs the Petitioner to maintain separate heads of account for Power Business Division for the Saraikela- Kharasavan area of distribution and submit the same along with the tariff petition of FY 2012-13 due in November, 2011"

6.26 Since the Petitioner has been given time till November 2011, the Commission has decided to allow the common cost in this Tariff Order as per the information submitted by the Petitioner, after a prudence check.

6.27 Meanwhile, since the provisional accounts submitted by the Petitioner includes the break up of the O&M cost, the Commission has decided to allow the direct expenses pertaining to each component of the O&M expenses i.e. employee cost, A&G cost and R&M cost as per the provisional accounts.

Employee cost

Petitioner's submission

6.28 In its ARR Petition for FY 2011-12, the Petitioner has projected that its employee base (direct employees) will increase to 53 in FY 2010-11.

6.29 The Petitioner has submitted net employee cost of Rs 3.56 Cr for FY 2010-11 in the additional information including direct employee cost of including Rs 2.43 Cr as direct costs and Rs 1.12 Cr as common employee costs.

Commission's analysis

6.30 The Commission had sought provisional accounts for FY 2010-11 as a part of the additional information from the Petitioner in order to get the updated/actual information on employee costs.

6.31 The Commission, after scrutinizing the provisional accounts submitted by the Petitioner, approves the direct employee cost at Rs 2.28 Cr.

6.32 Further, the Commission observed deviation in the common employee cost as submitted in the petition amounting to Rs. 1.12 Cr and as submitted in the provisional accounts at Rs 1.31 Cr. The Petitioner submitted that the Petition figures were on the basis of estimations whereas the information submitted is as per the provisional accounts for the year. The Commission after conducting a prudence check of the common cost data submitted by the Petitioner approves the common cost pertaining to employee expenses at Rs 1.31 Cr.

6.33 The Commission also observed that the Petitioner has not considered capitalisation of direct costs while as per accepted accounting principles the cost incurred in relation to creation of fixed assets needs to be capitalised. Thus, after deducting capitalisation on direct employee cost at the rate of 5%, the Commission allows the net employee cost of Rs 3.48 Cr for FY 2010-11.

6.34 The submitted and approved employee cost for FY 2010-11 are given in the following tableTable 23

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

Particulars	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
No. of Employees	53	54*
Employee Cost (Direct)	2.43	2.28
Common Cost of JUSCO	1.12	1.31
Gross Employee Cost	**3.56**	**3.59**

Less: Capitalized	-	0.11
Net Employee Cost	**3.56**	**3.48**

* As submitted by the Petitioner in the additional information

Administration & General (A&G) Expenses

Petitioner's submission

6.35 The Petitioner has submitted higher direct A&G expenses, at Rs 2.84 Cr against Rs. 2.47 Cr as approved in the previous Tariff Order of FY 2010-11. The Petitioner has submitted that the higher A&G costs are on account of recovery of electricity surcharge as allowed by the Commission in Review Order dated October 28, 2010.

Commission's analysis

6.36 As per the provisional accounts submitted by the Petitioner, the direct A&G cost including Rent and Taxes for FY 2010-11 amounts to Rs. 2.08 Cr. Accordingly, after scrutinizing the expenses against each component of the A&G cost, the Commission approves the Rs. 2.08 Cr as direct A&G expenses.

6.37 Meanwhile, the common A&G costs have increased from Rs. 0.93 Cr, as submitted in the petition, to Rs 1.09 Cr, as per the additional information submitted to the Commission. The Petitioner submitted that the petition figures were on the basis of estimation whereas the information submitted later is as per the provisional accounts for the year. The Commission after conducting a prudence check of the additional data on common cost submitted by the Petitioner approves the cost of Rs 1.09 Cr.

6.38 The Commission also observed that the Petitioner has not considered capitalisation of direct cost whereas as per accepted accounting principles, the cost incurred in relation to creation of fixed assets needs to be capitalised. Considering that a portion of direct expenses of JUSCO are being utilised for creation of fixed assets, the Commission has considered capitalisation at the nominal rate of 5% i.e. Rs 0.10 Cr.

6.39 Accordingly, for FY 2010-11 the Commission approves net A&G costs of Rs 3.06 Cr, including surcharge on electricity duty, as detailed in the following table

Table 24: A&G expenses for FY 2010-11 (Rs Cr)

A&G Expenses	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Total A&G Cost (Direct)	1.92	2.08
Common Cost of JUSCO	0.93	1.09
Gross A&G Cost	2.84	3.17
Less: Capitalised	-	0.10
Net A&G Cost	**2.84**	**3.06**

Repairs & Maintenance (R&M) Expenses

Petitioner's submission

6.40 The Petitioner, in its ARR Petition for FY 2011-12, has submitted that the R&M expenses incurred for FY 2010-11 have been Rs 1.21 Cr.

Commission's analysis

6.41 The Commission has approved R&M expenses as submitted by the Petitioner in the provisional accounts for FY 2010-11 as detailed in Table 25. The provisional figures are marginally higher than the Commission's norm of allowing R&M expenses at 1.33% of GFA. These, however, would be trued up in line with the audited annual accounts when the same are made available to the Commission by the Petitioner.

Table 25: R&M Expenses for FY 2010-11 (Rs Cr)

Components	FY 2009-10	
	Submitted by JUSCO	***Approved by JSERC***
R&M Expenses	**1.21**	**1.26***

* as per provisional accounts.

6.42 The total O&M expenses submitted and approved for FY 2010-11 are summarized in the table given below:

Table 26: O&M Costs for FY 2010-11 (Rs Cr)

Components	FY 2010-11	
	Submitted by JUSCO	***Approved by JSERC***
Employee Cost	3.56	3.48
R&M Expenses	1.21	1.26
A&G Expenses	2.84	3.06
Total O&M Expenses	**7.61**	**7.80***

* Approved as per the provisional accounts for FY 2010-11 as submitted by the Petitioner

CWIP and Gross Fixed Asset

Petitioner's submission

6.43 The Petitioner has submitted the total CWIP and Gross Fixed Assets at Rs 19.03 Cr and Rs 93.28 Cr respectively for FY 2010-11 in the tariff petition on the basis of actual capital expenditure incurred during the first six months of FY 2010-11 and provisional estimates for the remaining six months of the financial year.

Commission's analysis

6.44 The Commission has approved a closing CWIP of Rs 5.86 Cr for FY 2009-10 as per the audited accounts of the Petitioner. The same has been considered as the opening CWIP for FY 2010-11. Since the CWIP and GFA for FY 2010-11 are based on provisional accounts, the Commission approves the CWIP and GFA for FY 2010-11 as detailed in Table 27.

Table 27: CWIP and GFA for FY 2010-11 (Rs Cr)

Particulars	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Opening CWIP	5.86	5.86
Capex During the Year	15.72	11.07
Total CWIP	21.58	16.93
Less. Transferred to FA	2.55	5.93
Closing CWIP	19.03	11.00
Gross Fixed Assets		
Opening balance of GFA	**90.73**	**90.73**
Transferred from CWIP	2.55	5.93
Closing balance of GFA	**93.28**	**96.66**

Depreciation

Petitioner's submission

6.45 The computation of depreciation expense is based on the straight-line method (SLM) as prescribed in the 'Distribution Tariff Regulations, 2004'. The Petitioner submitted that the rates of depreciation are as per the depreciation schedule given in Appendix II of the said Regulations. For assets capitalized during the financial year, depreciation is charged on a *pro-rata* basis.

6.46 The Petitioner has submitted cumulative gross depreciation of Rs 13.77 Cr up to March 31, 2011 including depreciation of Rs 5.77 Cr for FY 2010-11. The depreciation, net of depreciation on assets created from consumer contribution of Rs 1.72 Cr is Rs 4.05 Cr.

Commission's analysis

6.47 The 'Distribution Tariff Regulations, 2004' specify that the capital base for the purpose of depreciation shall be the historical cost of the asset with the residual life of the asset being 10% of its approved original cost. In case of operation of the asset for part-year depreciation shall be charged on *pro-rata* basis.

6.48 The Commission has made use of the information submitted by the Petitioner regarding the date of capitalization of various assets and has accordingly calculated depreciation on *pro-rata* basis for assets capitalized during the year. The Commission has computed gross depreciation of Rs. 5.79 Cr for FY 2010-11. This figure is higher than the Petitioner's submission of Rs 5.77 Cr since the GFA has also been revised upwards to Rs 96.66 Cr, as given in the provisional accounts for on account of FY 2010-11 against the Petitioner's submission of Rs 93.28 Cr as given in Table 27.

6.49 Also, for the assets acquired on March 31st of any year, the Commission has calculated depreciation only from the subsequent financial year, i.e. 1st April of the next year and directs the Petitioner to follow the same in future years to avoid complexity.

6.50 Meanwhile, of the gross depreciation, the proportionate depreciation on the assets created out of consumer contribution is deducted to arrive at the permissible net depreciation. The Petitioner has submitted in its petition the figure of Rs. 1.72 Cr as depreciation on assets created out of consumer contribution. However, as per the consumer contribution in the provisional accounts for FY 2010-11 and the methodology followed by the Commission in previous years, the depreciation on assets created out of consumer contribution is computed at Rs 1.50 Cr.

6.51 Accordingly, the Commission approves the net depreciation charge of Rs 4.29 Cr for FY 2010-11.

6.52 The details of the depreciation charges submitted by the Petitioner and approved by the Commission for FY 2010-11 are given below.

Table 28: Depreciation on fixed assets (Rs Cr) for FY 2010-11

Particulars of Assets	Approved Depreciation Rate	Depreciation Cost (Rs Cr)	
		FY 2010-11	
		Submitted by JUSCO	*Approved by JSERC*
Air conditioner (Portable)	33.40%	0.02	0.02
Communication system	12.77%	0.00	0.01
Data processing machine	12.77%	0.04	0.03
Land Development	0%	0.00	0.00
Meters	12.77%	0.04	0.04
Office equipments	12.77%	0.10	0.09
Office furniture & Fittings	12.77%	0.01	0.01
Offices & Showrooms	3.02%	0.16	0.17
Other Buildings	3.02%	0.01	0.01
Overhead lines < 66 kV	7.84%	0.09	0.10
Overhead lines > 66 kV	5.27%	1.10	1.18
Self propelled vehicles	33.40%	0.01	0.01
Software	9%	0.13	0.18

Particulars of Assets	Approved Depreciation Rate	Depreciation Cost (Rs Cr)	
		FY 2010-11	
		Submitted by JUSCO	*Approved by JSERC*
Street light fittings	12.77%	0.00	0.00
Switchgear including cable connections	7.84%	1.98	2.11
Transformers	7.81%	0.61	0.45
Underground cable	5.27%	1.38	1.27
Other Assets	Different rates	0.10	0.11
Depreciation Charges		**5.77**	**5.79***
Less: Depreciation on assets created out of consumer contribution		1.72	1.50*
Net Depreciation Charges		**4.05**	**4.29**

* Approved as per the provisional accounts submitted by the Petitioner.

Interest and Other Finance Charges

Interest on Loan

Petitioner's submission

6.53 The Petitioner has submitted that the entire capital expenditure incurred has been funded through its own resources in the form of equity infusion and through consumer contribution.

6.54 Therefore, the total capital expenditure undertaken during the year is reduced by consumer contribution for the year and the balance of the investment in the project till date is divided into debt and equity on normative basis in a ratio of 70:30. The normative loan has been calculated as 70% of closing balance of Gross Fixed Assets (GFA) net of consumer contribution.

6.55 Based on normative debt as described above, the interest liability is calculated at an interest rate of 12.75% as approved by the Commission in the Tariff Order for 2010-11. Thus, interest charge on debts for FY 2010-11 has been computed as Rs 4.65 Cr.

Commission's analysis

6.56 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 net of consumer contribution. Normative repayment is deemed to be equal to the depreciation charge during the year.

6.57 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 11.75%, which corresponds to SBI PLR as on 1st April 2010.

6.58 Accordingly, the Commission approves the normative interest amount for FY 2010-11 at Rs. 4.93 Cr. This is higher than the Petitioner's submission on account of increase in closing balance of normative debt as GFA estimates have been revised upwards.

Interest on Security Deposits

Petitioner's submission

6.59 The Petitioner is paying interest on security deposits to consumers at the rate of 6% p.a., which amounts to Rs 1.11 Cr for FY 2010-11.

Commission's analysis

6.60 For FY 2010-11, the Commission has approved Rs 1.15 Cr as the interest on security deposits on the basis of provisional accounts.

6.61 As per the analysis of the Commission detailed above, the Interest and Finance Charges for the FY 2010-11 are approved as follows:

Table 29: Interest and other Finance charges for FY 2010-11 (Rs Cr)

Particulars	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Interest on Loan	4.65	4.93*
Interest on Security Deposits	1.11	1.15*
Total Interest & Finance Charges	**5.76**	**6.08**

* Approved as per the provisional accounts submitted by the Petitioner

Return on Equity (RoE)

Petitioner's submission

6.62 The Petitioner has submitted that following the methodology prescribed by the Commission, return on normative equity has been computed at the rate of 14% on the average balance of normative equity. Based on this, the RoE for FY 2010-11 is computed as Rs. 2.82 Cr.

Commission's analysis

6.63 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. The Commission also permits a rate of return of 14% as specified in Regulation 20.1 of the 'Distribution Tariff Regulations, 2004'.

6.64 Accordingly, the Commission has computed RoE as Rs 2.97 Cr for FY 2010-11 as detailed in Table 30. The figures approved by the Commission is varying from the RoE proposed by the Petitioner since the Commission has considered the provisional accounts whereas the Petitioner, while filing the petition, had considered estimated figures for FY 2010-11.

Table 30: Return on Equity for FY 2010-11 (Rs Cr)

Particulars	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Normative Closing Equity Base	19.65	21.49
Normative Average Equity Base	20.29	21.21
Rate of Return (%)	14%	14%
Return on Equity	**2.82**	**2.97**

Income Tax

Petitioner's submission

6.65 The income tax is calculated based on the provisions of the Income Tax Act, 1961. The tax computations are based on adding back the depreciation as per the amount claimed in the ARR (calculated based on the rates of depreciation as specified in Annexure-II to the Distribution Tariff Regulations, 2004) and then deducting the depreciation calculated in accordance with the Income Tax Act, 1961 using the written down value (WDV) method.

6.66 Accordingly, the Petitioner has submitted an income tax of Rs 1.84 Cr for FY 2010-11.

Commission's analysis

6.67 The Commission has considered the method of computation of income tax used by the Petitioner and computed the income tax accordingly. The ARR related components approved are as per the provisional accounts of the Petitioner for FY 2010-11.

6.68 The Income tax as approved by the Commission is Rs 2.03 Cr as against the proposal of Rs. 1.84 Cr. The variation is on account of the revision in GFA, the corresponding RoE and the normative interest as submitted in the additional information by the Petitioner.

6.69 The following table contains the income tax submitted by the Petitioner and approved by the Commission for FY 2010-11.

Table 31: Income Tax for FY 2010-11 (Rs Cr)

Particulars	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Return on Equity	2.82	2.97
Income Tax rate	33.22%	33.22%
Gross ROE	4.23	4.45
Depreciation as per ARR	4.05	4.29
Depreciation as per IT	(7.41)	(7.55)
Normative interest on Loan	4.65	4.93
Taxable income	5.53	6.12
Income tax	**1.84**	**2.03**

Non Tariff Income (NTI)

Petitioner's submission

6.70 The non-tariff income includes Meter Rent, DPS and Supervision Charges, among others. For FY 2010-11, the Petitioner has submitted NTI of Rs 0.27 Cr.

Commission's analysis

6.71 The Commission has considered and approved the non-tariff income as per the provisional accounts submitted by the Petitioner, except that the Commission observed that in the provisional accounts, a component of loss from theft of computers amounting Rs. 0.05 Cr was deducted from the Non-Tariff Income. The Commission views that such components can form part of the revenue items as well as the cost of such negligence cannot be passed through to the consumers. Therefore the Commission has disallowed the cost pertaining to loss from theft of computers.

Table 32: Non-Tariff Income for FY 2010-11 (Rs Cr)

Particulars	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Meter Rent	0.09	0.07
Delayed Payment Surcharge	0.03	0.04
Supervision charges	0.14	0.07
Others	0.01	0.02
Total Income	**0.27**	**0.20**

Revenue from Existing Tariff

Petitioner's submission

6.72 The Petitioner had submitted the category-wise revenue from existing tariffs and total revenue from sale of power as Rs 94.13 Cr for FY 2010-11 in the additional information.

Commission's Analysis

6.73 The Commission approves revenue from existing tariffs at Rs 96.80 Cr as submitted by the Petitioner in the provisional accounts for FY 2010-11.

Summary of ARR and Revenue Gap for FY 2010-11

6.74 The following table contains the summary of ARR and revenue gap as submitted by the Petitioner and approved by the Commission for FY 2010-11.

Table 33: Summary of Annual Revenue Requirement for FY 2010-11 (Rs Cr)

Annual Revenue Requirement	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Power Purchase Cost	70.76	63.64
O&M Cost	7.61	7.80
Employee Cost	*3.56*	*3.48*
R&M Cost	*1.21*	*1.26*
A&G Cost	*2.84*	*3.06*
Depreciation	4.05	4.29
Interest & Financing Charges	5.76	6.08
Income Tax	1.84	2.03
Total Cost	**90.02**	**83.84**
Add: Reasonable Return	2.82	2.97
Less: Non Tariff Income	0.27	0.20
Annual Revenue Requirement	**92.57**	**86.61**
Revenue at Existing Tariff	94.13	96.80
Revenue (Gap)/Surplus	**1.56**	**10.19**
Revenue (Gap)/Surplus for FY 2007-08 as allowed in TO of FY 2010-11	(0.50)	(0.50)
Revenue (Gap)/Surplus for FY 2008-09 including additional amount allowed in Review Order dated October 28, 2010	(4.54)	(4.54)
Revenue (Gap)/Surplus for FY 2009-10	(3.38)	(2.10)
Carrying cost on past gaps	1.72	0.14
Cumulative (Gap)/Surplus up to FY 2010-11	**(8.57)**	**2.92**

A7: ARR & TARIFF DETERMINATION FOR FY 2011-12

7.1 This section contains a summary of the projections for various cost components of the ARR for FY 2011-12 as submitted by the Petitioner and approved by the Commission.

Energy Sales

Petitioner's submission

7.2 The Petitioner has projected energy sales for FY 2011-12 based on the projected increase in demand by existing consumers as well as estimated increase in sales through addition of new consumers in the network.

7.3 The number of consumers and projected connected load has been derived based on existing consumers/connected load, applications for new connections under process and expected fresh applications across each consumer category.

7.4 The load factor for various consumer categories has been arrived at by taking the half yearly weighted average load factor for FY 2010-11. For new consumer categories, expected to be added in FY 2011-12, load factor of 10% has been considered in line with similar consumer categories.

7.5 After finalising the average load factors to be applied for each of the consumer category, energy sales have been projected by multiplying the same with load for each consumer category.

Commission's analysis

7.6 The Commission has analyzed the historical data as well as the latest available information submitted by the Petitioner to project number of customers, connected load and load factor for each consumer category for FY 2011-12. The Commission has observed that the Petitioner has projected substantial increase in the number of consumers and load in DS-II, DS-III and NDS-II categories as shown in the table below.

Table 34: No. Of Consumers and Connected Load for FY 2010-11 and FY 2011-12

Consumer Category	No. of Consumers		Unit (for Connected load/Contract Demand)	Total Connected Load (kW/kVA/HP)	
	FY 2010-11	FY 2011-12		FY 2010-11	FY 2011-12
Domestic (DS)					
DS I	-	-	kW	-	-
DS II	69	369	kW	166	1,216
DS III	79	379	kW	888	4,244
DSHT	12	14	kVA	2030	2,324
Non-Domestic (NDS)					
NDS I	-	-	kW	-	-
NDS II	130	230	kW	1324	2,311
Low tension (LTIS)					
LTIS	55	59	HP	3467	3,711
Irrigation & agriculture service					
IAS	-	-	HP	-	-
High Tension Special (HTS)					
HTS 11 kV	103	105	kVA	28637	29,649
HTS 33 kV	13	13	kVA	44635	45,207
High Tension Special (HTSS)					
HTSS 11 kV	2	4	kVA	1350	2,700
HTSS 33 kV	1	1	kVA	1500	1,500
Total	**464**	**1,174**			

7.7 The Petitioner has submitted that because of availability of additional power supply from its existing and future source, it will be in a position to release bulk power and therefore projected fresh additions to its domestic and non-domestic consumer categories. The Commission has observed that the Petitioner has projected a substantial increase in the number of consumers in the domestic and non domestic categories. The Commission expects the Petitioner to make extra efforts to increase its service area and supply to domestic and non domestic consumers, given that it is now receiving power from DVC as well. The Commission has thus approved the figures for number of consumers and connected load for FY 2011-12 as submitted by the Petitioner.

7.8 The Commission has projected the sales for FY 2011-12 by considering the methodology used by the Petitioner and the category wise actual sales for FY 2010-11 as submitted by the Petitioner in the additional information.

7.9 The category wise connected load/Contract Demand and sales submitted by the Petitioner and approved by the Commission is detailed in Table 35.

Table 35: Approved No. Of Consumers, Connected Load and Energy Sales for FY 2011-12

Consumer Category	No. of Consumers	Unit (for Connected load/Contract Demand)	Total Connected Load (kW/kVA/HP)	Sales (MUs)
Domestic (DS)				
DS I	-	kW	-	-
DS II	369	kW	1,216	0.98
DS III	379	kW	4,244	3.92
DSHT	14	kVA	2,324	3.69
Non-Domestic (NDS)				
NDS I	-	kW	-	
NDS II	230	kW	2,311	2.46
Low tension (LTIS)				
LTIS	59	HP	3,711	3.97
Irrigation & agriculture service				
IAS	-	HP	-	-
High Tension Special (HTS)				
HTS 11 kV	105	kVA	29,649	90.11
HTS 33 kV	13	kVA	45,207	105.80
High Tension Special (HTSS)				
HTSS 11 kV	4	kVA	2,700	7.09
HTSS 33 kV	1	kVA	1,500	5.80
Total	**1,174**			**223.82**

Energy Balance

Petitioner's submission

7.10 The Petitioner has projected distribution losses at 5% for FY 2011-12 against distribution loss of only 1.65% for FY 2010-11 and 0.96% for FY 2009-10. The Petitioner has submitted that the distribution loss has been varying every year due to operational level changes in power system network with additions of each consumer pending stabilisation of the network system.

7.11 Further, the Petitioner has submitted that with the increase in network spread; load on the existing distribution system and number of low tension consumers in the system, the distribution loses are likely to increase and has requested that the loss levels of previous years should not be taken as a benchmark for future years.

7.12 The Petitioner is currently sourcing power from Tata Steel Ltd at three different voltage levels namely, at 132 kV at Jojobera, 33kV at Golmuri and 6.6 kV at S-11 source at Jamshedpur. The Petitioner has also been able to procure power from DVC since February 2011.

7.13 The Petitioner has submitted that the JSERC (Renewable Purchase Obligations and its Compliance) Regulations, 2010 mandate a minimum Renewable Purchase Obligation (RPO) for FY 2011-12 as 3.00% of the total power purchased in the financial year. However, the Petitioner had request the Commission, vide letter no PBD/553/59/10 dated 3rd November, 2010, to exempt it from RPO in FY 2010-11 and allow minimum RPO for FY 2011-12 at 2.00% of total power purchased. The Commission vide its letter no JSERC/12/540 dated 22nd November 2010 had granted the same to the Petitioner.

Commission's analysis

7.14 The Commission accepts that the Petitioner is in the stabilization stage of network planning and strengthening, as per its own submission, and accordingly approves the loss level at 5%, subject to final true up. However, the Commission expects the Petitioner to take suitable measure to keep the loss level well below 5%.

7.15 As mentioned in the section on sharing of gains and losses under the Section of true up for FY 2009-10, the Commission believes it is difficult to ascertain actual loss levels or estimate targets with accuracy as the Petitioner's network, as per its own submission, has not stabilised yet.

7.16 Moreover, the lower loss levels realised by the Petitioner are primarily on account of the favourable consumer mix of the Petitioner, which comprises mainly of HT consumers in a small urban cluster.

7.17 The Commission views that the Petitioner needs to conduct loss estimation study in order to correctly estimate the existing loss levels as well as impact of network upgradation on the loss levels in future. The Commission had also given directions in this regard in its previous Tariff Orders and has re-iterated the same in the Directives Section of this Order.

7.18 Till the Petitioner undertakes the above mentioned studies and submits the report to Commission on the findings and realistic loss levels and achievable targets, the Petitioner would not be eligible for the sharing of any gains.

7.19 The Commission also observes that the Petitioner has started procuring power from DVC since February 2011. It, thus, expects that the Petitioner would be able to purchase power from DVC for the entire FY 2011-12. The Commission therefore accepts the power purchase figures submitted by the Petitioner.

7.20 The Commission assumes that the remaining power would be sourced from TSL, RPO and other sources/traders as per the submission of the Petitioner.

7.21 The source-wise break-up of energy purchase is detailed in the table given below.

Table 36: Quantum of power purchase/sale for FY 2011-12

Energy Balance (in MUs)	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
Total Energy Sales	220.94	223.82
Overall distribution loss (%)	5%	5%
Overall distribution loss (MUs)	11.63	11.78
Total Energy Requirement	**232.57**	**235.60**
Power purchase from TSL (A)	198.05	198.05
132 kV	157.09	157.09
33 kV	38.87	38.87
6.6 kV	2.09	2.09
RPO Purchase (B)	4.65	4.71
From DVC at 33kV (C)	18.43	18.43
From others/traders (D)	11.44	14.40
Total Energy Availability (A+B+C+D)	**232.57**	**235.60**

Power Purchase Cost

Petitioner's submission

7.22 The Petitioner has submitted that till recently it has been able to cater to its system requirement from the power available from Tata Steel Limited only. However, the National Tariff Policy emphasises procurement of power through the competitive route for all future power requirements of a distribution licensee.

7.23 In addition to TSL, the Petitioner expects to also source power from DVC and other traders as well as to meet its RPO in FY 2011-12.

7.24 The Petitioner expects to procure 198.05 MUs of power from Tata Steel Limited (TSL) across 33kV, 66kV and 132 kV voltage levels at an average power purchase rate of Rs. 3.06 per kWh in FY 2011-12 amounting to a total power purchase cost of Rs 60.60 Cr.

7.25 The Petitioner submitted that it expects to procure power from DVC at an average power purchase rate of Rs 4.03 per kWh amounting to a total power purchase cost of Rs 7.43 Cr in FY 2011-12 for 18.43 MUs being sourced from DVC.

7.26 The Petitioner has submitted that it has considered 1.75% of total energy requirement to be sourced from solar sources and the rest through non-solar sources to meet its RPO for FY 2011-12. The rates for solar based energy purchase is considered as Rs 14.98 per kWh based on the Commission's Tariff Order on energy sourced through for solar power. Power purchase rate for non-solar based sources has been considered to be Rs 5.00 per kWh. The Petitioner has submitted total power purchase cost for power purchased from renewable sources in FY 2011-12 as Rs 2.91 Cr.

7.27 The Petitioner has also submitted power purchase costs of Rs 5.72 Cr for power sourced through other sources/traders to meet the shortfall of power on account of unavailability of power from Tata Steel Limited.

7.28 The table given below summarizes the power purchase cost proposed by the Petitioner.

Table 37: Proposed Power Purchase Cost for FY 2011-12

Sources	Units Purchase (MUs)	Cost (Rs Cr)	Cost per Unit
Tata Steel Limited			
132 kV	157.09	48.07	3.06
33 kV	38.87	11.89	3.06
6.6 kV	2.09	0.64	3.06
DVC			
33 kV	18.43	7.43	4.03
RPO			
Solar	0.58	0.87	14.98
Non Solar	4.07	2.04	5.00
Others/Traders	11.44	5.72	5.00
Total	**232.57**	**76.66**	**3.30**

Commission's analysis

7.29 The Commission has considered the average power purchase rate of FY 2011-12 for approving the power purchase rate and cost of JUSCO from TSL as per the Tariff Order of TSL for FY 2011-12 approved by the Commission. Since the Power purchase rate of TSL has undergone change in view of the TPCL Tariff Order for FY 2011-12, the Commission has considered the impact of revised TSL rate to approve the power purchase cost of JUSCO from TSL.

7.30 The Commission has projected the rate of power purchase from DVC in FY 2011-12 at Rs 3.53/kWh which is equal to the average rate of power purchase from DVC in February and March 2011.

7.31 The Commission has considered that the Petitioner will meet 0.75% of its total energy requirement from solar sources and the remaining 1.75% through non-solar sources to meet its RPO for FY 2011-12. The rates for solar based energy purchase is considered as Rs 14.98 per kWh based on the Commission's Tariff Order on energy sourced through for solar power. Power purchase rate for non-solar based sources has been considered to be Rs 5.00 per kWh as per the submission of the Petitioner. The same shall be subject to true up based on the actual audited accounts for the year.

7.32 The Commission has approved power purchase rate of Rs 4.55 per unit for power sourced from other sources/traders for FY 2011-12 which is the weighted average price of power procured through UI, traders and power exchanges for FY 2010-11 as per the Annual Report for FY 2010-11 of the Market Monitoring Cell which has been constituted by the CERC

7.33 The Commission approves power purchase costs for FY 2011-12 as given in the following table.

Table 38: Approved Power Purchase Cost for FY 2011-12

Sources	Units Purchased (MUs)	Cost (Rs Cr)	Cost per Unit
Tata Steel Limited	198.05		
132 kV	157.09	42.27	2.69
33 kV	38.87	10.46	
6.6 kV	2.09	0.56	
DVC			
33 kV	18.43	6.50	3.53
RPO			
Solar	0.59	0.88	14.98
Non Solar	4.12	2.06	5.00
Others/Traders	14.40	6.56	4.55
Total	**235.60**	**69.30**	**2.94**

Basis of allocation of common costs for O&M expenses

Petitioner's submission

7.34 The Petitioner submitted that being an integrated utility service provider where supply of electricity is just one of the several services it offers, it has some common costs catering to all operations of JUSCO that are incurred on a common platform in order to reap benefits from the economies of scale. Thus, two components of O&M expenses – employee cost and A&G expenses – consist of both direct costs as well as common costs allocated from JUSCO's shared services. The Petitioner further submitted that the segregation and allocation of costs and assets is based on information currently available with JUSCO.

7.35 The cost data is captured through the Financial Accounting System (FAS) maintained on SAP platform and separate cost centres that have been created in the FAS through which identification of directly allocable expenditures has been carried out.

7.36 In case of expenditures that are of common nature, either across JUSCO or across the whole Power Services Division, apportionment has been done taking certain assumptions or keeping in view generally accepted accounting norms and principles. The indirect common employee costs arising out of various back office functions of JUSCO have been apportioned on the basis given in table below, whereas those of the Power Business Division has been apportioned equally between the Petitioner operations of Saraikela-Kharsawan and the franchisee operations of Jamshedpur, keeping in view the extra time and efforts being devoted by the common resources towards the commencement of the former's operations.

Table 39: Allocation of cost

Items	Assumption with Rationale
O&M Cost as per SAP	Common Cost of JUSCO identified as Employee Cost and A&G Expenses and then apportioned to the Saraikela-Kharsawan project based on the following ratio.
HR	Allocation based on number of employees in Saraikela project vis-à-vis JUSCO
IT	Allocation based on number of PCs/laptops in Saraikela project vis-à-vis JUSCO
Legal	Allocated equally among all 8 segments of services within JUSCO and further allocating half of the PSD's share to the Saraikela project
GM (JTS) Secretariat	Allocation based on ratio of turnover of Saraikela project vis-à-vis JUSCO
TPM Activity	Allocation based on ratio of turnover of Saraikela project vis-à-vis JUSCO
Accounts	Allocation based on ratio of turnover of Saraikela project vis-à-vis JUSCO
MD Secretariat	Allocation based on ratio of turnover of Saraikela project vis-à-vis JUSCO
Administration	Allocated equally among all 8 segments of services within JUSCO and further allocating half of the PSD's share to the Saraikela project
Corp Communication	Allocated equally among all 8 segments of services within JUSCO and further allocating half of the PSD's share to the Saraikela project
Security	Allocated equally among all 8 segments of services within JUSCO and further allocating half of the PSD's share to the Saraikela project
JUSCO Sahyog, Billing and Collection	Allocation based on number of consumers of Saraikela project vis-à-vis JUSCO
Procurement	Allocation based on value of procurement of Saraikela project vis-à-vis JUSCO

Commission's Analysis

7.37 The Commission in its previous Tariff Order for FY 2010-11 for JUSCO stated as follows

"The Commission directs the Petitioner to maintain separate heads of account for Power Business Division for the Saraikela- Kharasavan area of distribution and submit the same along with the tariff petition of FY 2012-13 due in November, 2011"

7.38 Since the Petitioner has been given time till November 2011, the Commission has decided to allow the common cost in this Tariff Order as per the information submitted by the Petitioner, after a prudence check.

7.39 The Distribution Tariff Regulation, 2010 have specified the norm for approval of O&M expenses from FY 2011-12 as discussed below.

Employee cost

Petitioner's submission

7.40 The Petitioner has submitted direct employee costs of Rs 3.44 Cr based on the expected addition in employees for Licensee operations. The Petitioner has submitted that in spite of its best efforts, it was unable to increase its employee base in FY 2010-11 and had to manage with support of its other operational and support functions. However, with increasing network and consumer base, it shall require more manpower for supporting the growing function. The number of direct employees is expected to increase from the existing level of 53 to 65 in FY 2011-12.

7.41 Direct employee costs are likely to increase as a result of increase in number of employees and hike in salary & wages for its existing employees, calculated by escalating previous year's employee expenses by 10%.

7.42 The Petitioner has projected employee costs of Rs 4.78 Cr including common employee cost of Rs 1.34 Cr.

Commission's analysis

7.43 The direct employee cost for FY 2011-12 has been approved on the basis of the indexation formula. Wherein, the cost per employee ratio approved for FY 2010-11 has been escalated at the weighted average inflation rate of 7.99% (calculated as per the average WPI and CPI during past 4 years, including FY 2010-11, considering weights of 55% and 45%, respectively) and then multiplied by the number of direct employees approved for FY 2011-12. As per the additional information submitted by the Petitioner, the Commission approves the 72 employees for FY 2011-12 on the basis of current number of employees on the roll of the Petitioner for its licensee operations.

7.44 While the Commission has approved the indirect employee costs as submitted by the Petitioner, it directs the Petitioner to maintain separate heads of account for Power Business Division for the Saraikela- Kharasavan area of distribution and submit the same along with the tariff petition of FY 2012-13 due in November, 2011, as also directed in the previous Tariff Order for FY 2010-11.

Table 40: Employee Costs for FY 2011-12 (Rs Cr)

Employee Cost	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
No. of Employees	65	72*
Employee Cost (Direct)	3.44	3.29
Common Cost of JUSCO	1.34	1.34
Gross Employee Cost	**4.78**	**4.63**
Less: Capitalized	-	0.16
Net Employee Cost	**4.78**	**4.46**

*Approved as per the additional information submitted by the Petitioner

Administration & General (A&G) Expenses

Petitioner's submission

7.45 The Petitioner has projected direct A&G expenses of Rs 2.29 Cr on account of expansion of network and services. It expects significant increase in expenses heads of Advertisement – for generating awareness for energy efficiency measures; office maintenance and private security guards.

7.46 The Petitioner has also submitted common A&G costs of Rs 1.10 Cr for FY 2011-12.

Commission's analysis

7.47 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. (calculated as per the average WPI and CPI during past 4 years, including FY 2010-11, considering weights of 55% and 45%, respectively).

7.48 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 24, 2011, the electricity surcharge has been discontinued from July 1, 2011. Thus the Commission has projected the cost of electricity surcharge for 3 months on the basis of challan for surcharge payment in May 2011 submitted by the Petitioner as a part of additional information furnished.

7.49 As per generally accepted accounting principles, the cost incurred in relation to creation of fixed assets needs to be capitalised. However, the Commission observes that the Petitioner has not considered capitalisation of direct costs. Considering that a portion of direct expenses of JUSCO are being utilised for creation of fixed assets, the Commission has made provision for capitalisation at the nominal rate of 5% and has allowed direct A&G expenses accordingly.

7.50 Accordingly, the Commission approves direct A&G costs, common costs and net A&G costs for FY 2011-12 as shown in the table below.

Table 41: A&G expenses for FY 2011-12 (Rs Cr)

Particulars	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
Total A&G Cost (Direct)	2.29	1.88
Common Cost of JUSCO	1.10	1.10
Gross A&G Cost	3.39	2.98
Less: Capitalised	-	0.09
Net A&G Cost	**3.39**	**2.89**

Repairs & Maintenance (R&M) Expenses

Petitioner's submission

7.51 The Petitioner has projected R&M expenses for FY 2011-12 at Rs 2.33 Cr i.e. 2.50% of the opening GFA for FY 2011-12.

Commission's analysis

7.52 The Commission does not approve of the steep increase in R&M expenses projected by the Petitioner for FY 2011-12 i.e. Rs 2.33 Cr against Rs 1.21 Cr incurred (as per the provisional figures submitted by the Petitioner) in the previous financial year. The Commission recognises the expansion in capital base but feels that since most of the assets have been laid by the Petitioner in the last two to three years, they would be covered under warranty period and much of the repair works, if required, would be carried out free of cost.

7.53 The Commission approves R&M expenses at Rs. 1.34 Cr on the basis of 1.39% of the opening GFA for FY 2011-12, which is as per the average R&M costs as a percentage of opening GFA as per the provisional accounts of FY 2010-11.

Table 42: R&M Expenses for FY 2011-12 (Rs Cr)

Components	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
Building	2.26	1.25
Plant & Machinery	0.04	0.08
Office Equipments	0.03	0.01
Total	**2.33**	**1.34**

7.54 The total O&M expenses projected and approved FY 2011-12 are summarized in the table given below.

Table 43: O&M Costs for FY 2011-12 (Rs Cr)

Components	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
Employee Cost	4.78	4.46
R&M Expenses	2.33	1.34
A&G Expenses	3.39	2.89
Total O&M Expenses	**10.50**	**8.69**

Capital Investment Plan

Petitioner's submission

7.55 The Petitioner has submitted a capital investment plan of Rs 55.29 Cr for three years from FY 2009-10 to FY 2011-12 in the petition of FY 2011-12.

7.56 The capital expenditure for FY 2011-12 has been projected at Rs 24.28 Cr by the Petitioner.

Commission's analysis

7.57 The Commission observes that the actual capital expenditure incurred in the previous year is about 80% of the expenditure approved in the same year. Accordingly, Commission has decided to allow the Capital expenditure at 80% of the proposed expenditure of Rs. 24.28 Cr at Rs 19.43 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.

7.58 The capitalization for the year has been approved at 48% of CWIP as also proposed by the Petitioner.

CWIP and Gross Fixed Asset

Petitioner's submission

7.59 The Petitioner has projected the total addition to GFA at Rs. 20.62 Cr for FY 2011-12 leading to a projected closing balance of GFA at Rs 113.90 Cr in FY 2011-12.

Commission's analysis

7.60 The Commission approves capital expenditure of Rs 19.43 Cr in line with the capital expenditure approved by it for FY 2011-12. It also approves CWIP transferred to GFA at Rs 14.49 Cr based on the capitalization ratio projected by the Petitioner. The details of CWIP and GFA projected by the Petitioner and approved by the Commission are as follows:

Table 44 CWIP and GFA for FY 2011-12 (Rs Cr)

Particulars		
	Submitted by JUSCO	***Approved by JSERC***
Opening CWIP	19.03	11.00
Capex During the Year	24.28	19.43
Total CWIP	43.31	30.43
Less. Transferred to FA	20.62	14.49
Closing CWIP	22.69	15.94
% CWIP transferred to GFA	*47.61%*	*47.61%*
Gross Fixed Assets		
Opening balance of GFA	93.28	96.66
Transferred from CWIP	20.62	14.49
Closing balance of GFA	**113.90**	**111.15**

Depreciation

Petitioner's submission

7.61 The computation of depreciation expense is based on the straight-line method (SLM) as prescribed in the Tariff Regulations issued by the Commission. The Petitioner submitted that the rates of depreciation are as per the depreciation schedule given in Appendix II of the said Regulations.

7.62 The Petitioner has projected gross depreciation of Rs 6.48 Cr for FY 2011-12 and after deducting depreciation on assets created from consumer contribution, the net depreciation is proposed at Rs 4.76 Cr.

Commission's analysis

7.63 The Commission has made use of the information submitted by the Petitioner regarding the date of capitalization of various assets and accordingly calculated the depreciation charges for FY 2011-12. Further, the Commission has applied the depreciation schedule as available in Appendix 1 of the 'Distribution Tariff Regulations, 2010'.

7.64 For the assets acquired on March 31st of any year, the Commission has calculated the depreciation only from the subsequent financial year, i.e. 1st April of the next year and directs the Petitioner to do the same in future years.

7.65 For assets created in FY 2011-12, the Commission has calculated depreciation at the rate of 5.88% on the basis of simple average of average depreciation rates on GFA in previous financial years.

7.66 The details of the depreciation charges submitted by the Petitioner and approved by the Commission for FY 2011-12 are given below.

Table 45: Depreciation Expenses for FY 2011-12 (Rs Cr)

Particulars of Assets	Depreciation Cost	
	Submitted by JUSCO	***Approved by JSERC***
Gross Depreciation Charges	6.48	6.50*
Less: Depreciation on assets created out of consumer contribution	1.73	1.75
Net Depreciation Charges	**4.76**	**4.75**

*The Gross Depreciation approved by the Commission is higher than that proposed by the Petitioner as the closing GFA for FY 2010-11 approved by the Commission is higher than that proposed by the Petitioner.

Interest and Other Finance Charges

Interest on Loan

Petitioner's submission

7.67 The Petitioner has submitted that the entire capital expenditure incurred by the Petitioner has been funded through its own resources in the form of equity infusion and through consumer contribution.

7.68 Therefore, the total capital expenditure undertaken during the year is reduced by consumer contribution for the year, and the balance of the investment in the project till date is divided into debt and equity on normative basis in a ratio of 70:30. The normative loan has been calculated as 70% of closing balance of Gross Fixed Assets (GFA) net of consumer contribution.

7.69 Based on normative debt as described above, the interest normative debt for FY 2011-12 has been computed as Rs 4.40 Cr.

Commission's analysis

7.70 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.

7.71 Further, in accordance with the 'Distribution Tariff Regulations, 2010', interest on normative loan has been calculated on the average normative loan as outstanding during the year at the SBI PLR as on 1st April 2011 i.e. 13.25%.

7.72 The normative interest approved by the Commission for FY 2011-12 amounts to Rs 4.84 Cr. The number approved by the Commission is higher than the Petitioner's submission on account of a higher interest rate of 13.25% as against the Petitioner's estimate of 12.5%.

Interest on Security Deposits

Petitioner's submission

7.73 The Petitioner has projected an interest payment of Rs 1.22 Cr for FY 2011-12 on consumer security deposits on the basis of the expected receipt of deposits from consumers in different months of the financial year and assuming an interest rate of 6% per annum.

Commission's analysis

7.74 As per the 'Distribution Tariff Regulations, 2010', interest on Consumer Security Deposits should be *"as specified by the Commission in 'Jharkhand Electricity Supply Code Regulations, 2005' as amended from time to time."*

7.75 As per the 'Jharkhand Electricity Supply Code Regulations, 2005', the *"distribution licensee shall pay interest on the amount of security deposit by the consumer at a rate prevalent to the bank rate of the Reserve Bank of India."*

7.76 The current Bank Rate, as specified by RBI, is 6% which is the same as that asked for by the Petitioner. The Commission, thus, approves the interest payment of Rs 1.22 Cr for FY 2011-12 as submitted by the Petitioner.

Finance/Bank Charges

Petitioner's submission

7.77 The Petitioner has submitted that, as a part of its power purchase arrangement with DVC, it is maintaining an irrevocable Letter of Credit worth Rs 0.75 Cr with a bank for which it needs to pay Rs 75,000 per month as bank charges.

Commission's analysis

7.78 The Commission had asked the Petitioner to submit details of the agreement signed with DVC. The same has not been furnished yet.

7.79 In absence of documentary evidence, the Commission disallows the bank charges requested by the Petitioner. The same would be allowed in the subsequent Tariff Order provided the Petitioner is able to adequate furnish proofs of such arrangements.

7.80 As per the analysis of the Commission detailed above, the Interest and Finance Charges for the FY 2011-12 are approved as follows:

Table 46: Interest and Other Finance Charges for FY 2011-12 (Rs Cr)

Particulars	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
Interest on Loan	4.40	4.84
Interest rate for normative loan	12.50%	13.25%
Interest on Security Deposits	1.22	1.22
RBI Bank rate	6%	6%
Bank Charges	0.09	-
Total Interest & Finance Charges	**5.71**	**6.06**

Return on Equity (RoE)

Petitioner's submission

7.81 The Petitioner has submitted that following the methodology prescribed by the Commission, normative return on equity has been computed at the rate of 15.5% on the (post tax) average balance of normative equity.

7.82 Based on the above methodology, the RoE for FY 2011-12 has been computed as Rs 3.47 Cr by the Petitioner.

Commission's analysis

7.83 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.

7.84 The equity base has been considered equal to 30% of GFA. The GFA has been considered net of consumer contribution.

7.85 The detailed calculation of RoE projected by the Petitioner and as approved by the Commission has been summarised in the following table.

Table 47: Return on Equity for FY 2011-12 (Rs Cr)

Return on Equity	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
Normative Average Equity Base (Rs Cr)	22.36	22.93
Rate of Return (%)	15.50%	22.94%
Return on Equity (Rs Cr)	**3.47**	**5.26**

Income Tax

Petitioner's submission

7.86 The income tax is calculated based on the provisions of the Income Tax Act, 1961. The tax computations are based on adding back the depreciation as per the amount claimed in the ARR (calculated based on the rates of depreciation as specified in Annexure-II to the Distribution Tariff Regulations, 2010) and then deducting the depreciation calculated as per the requirement under the Income Tax Act, 1961 using the written down value (WDV) method.

7.87 Accordingly, income tax for FY 2011-11 has been calculated at Rs 2.30 Cr as per the additional information submitted by the Petitioner at an effective corporate tax rate of 33.22% on the taxable income.

Commission's analysis

7.88 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

7.89 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.

7.90 Total DSM expenses projected by the Petitioner for FY 2011-12 are Rs 0.34 Cr.

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

Commission's analysis

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

Table 48: Expenses for DSM and CGRF for FY 2011-12 (Rs Cr)

Particulars	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
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

7.93 The Non-Tariff Income includes Meter Rent, DPS and Supervision Charges, among others. For FY 2011-12, the Petitioner has submitted NTI of Rs 0.27 Cr.

Commission's analysis

7.94 The Commission has approved NTI at Rs 0.30 Cr for FY 2011-12 as per the submissions made by the Petitioner in the additional information.

Revenue from Existing Tariff

Petitioner's submission

7.95 The Petitioner has projected revenue from sale of power at Rs. 101.61 Cr.

Commission's analysis

7.96 The Commission has projected the revenue from sale of power at Rs 103.05 Cr considering the approved sales, no of consumers and connected load and the existing tariff.

Summary of ARR and Revenue Gap for FY 2011-12

7.97 Following table contains the summary of ARR and revenue gap as proposed by the Petitioner and as approved by the Commission for FY 2011-12.

Table 49: Summary of Annual Revenue Requirement (Rs Cr) for FY 2011-12

Annual Revenue Requirement	FY 2011-12	
Costs	***Submitted by JUSCO***	***Approved by JSERC***
Power Purchase Cost	76.66	69.30
O&M Cost	10.50	8.69
Employee Cost	*4.78*	*4.46*
R&M Cost	*2.33*	*1.34*
A&G Cost	*3.39*	*2.89*
Depreciation	4.76	4.75
Interest & Financing Charges	5.71	6.06
DSM & CGRF expenses	0.46	0.46
Income Tax	2.30	0.00
Total Cost	**100.38**	**89.25**
Add: Reasonable Return	3.47	5.26
Less: Non Tariff Income	0.27	0.30
Annual Revenue Requirement	**103.58**	**94.22**
Revenue at Existing Tariff	101.61	103.05
Revenue (Gap)/Surplus	**(1.97)**	**8.83**

A8: SUMMARY OF ARR FOR RESPECTIVE YEARS AND TREATMENT OF REVENUE GAP

Summary of Annual Revenue Requirement for respective years

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 and FY 2011-12 are summarized below.

Table 50: Summary of Annual Revenue Requirement (Rs Cr)

Annual Revenue Requirement	FY 2009-10 (Actual)		FY 2010-11 (Provisional)		FY 2011-12 (Projected)	
Costs	***Submitted by JUSCO***	***Approved by JSERC***	***Submitted by JUSCO***	***Approved by JSERC***	***Submitted by JUSCO***	***Approved by JSERC***
Power Purchase Cost	39.00	38.55	70.76	63.64	76.66	69.30
O&M Expenses	5.44	5.44	7.61	7.80	10.50	8.69
Employee Costs	*2.50*	2.37	*3.56*	*3.48*	*4.78*	4.46
Repair & Maintenance Expenses	*0.96*	0.96	*1.21*	*1.26*	*2.33*	1.34
Administrative & General expenses	*1.98*	2.11	*2.84*	*3.06*	*3.39*	2.89
Depreciation	3.74	3.74	4.05	4.29	4.76	4.75
Interest and finance Charges	5.91	5.91	5.76	6.08	5.71	6.06
DSM and CGRF expenses	-		-		0.46	0.46
Income Tax	1.40	1.40	1.84	2.03	2.30	0.00
Total Costs	**55.48**	**55.03**	**90.02**	**83.84**	**100.38**	**89.25**
Add: Reasonable Return	2.76	2.76	2.82	2.97	3.47	5.26
Less: Non-tariff Income	0.38	0.38	0.27	0.20	0.27*	0.30
Annual Revenue Requirement	**57.86**	**57.42**	**92.57**	**86.61**	**103.58**	**94.22**
Sharing of Gains	0.83	0.00	-		-	
Net Annual Revenue Requirement	**58.69**	**57.42**	**92.57**	**86.61**	**103.58**	**94.22**
Revenue@ Existing Tariff	55.32	55.32	94.13	96.80	101.61	103.05
Revenue (Gap)/Surplus	**(3.38)**	**(2.10)**	**1.56**	**10.19**	**(1.97)**	**8.83**
Past(Gap)/Surplus			(10.13)	(7.00)*	(8.57)	2.92
Cumulative (Gap)/Surplus up to end of FY			(8.57)	2.92	(10.53)	11.75

* Includes carrying cost of Rs 0.14 Cr as approved by the Commission in the previous Tariff Order

8.2 The Commission, in its previous Tariff Order for FY 2010-11, had decided that the tariff be hiked to the extent to cover the approved revenue gap of Rs 8.04 Cr. As per the analysis done in this Tariff Order, the Petitioner stands at a **net surplus of Rs 11.75 Cr** in FY 2011-12.

Past Recoveries and Cumulative Revenue Gap/Surplus

Petitioner's submission

8.3 The Petitioner has submitted that based on the actual financials for FY 2009-10, revised financials for FY 2010-11 and Commission's Review Order dated October 28, 2010, it is entitled to certain recoveries as given in table below.

Table 51: Calculation for past recoveries

Particulars	Rs Cr
ARR for FY 2010-11	92.57
Add: Past recoveries and other gaps	(10.13)
Revenue(gap)/Surplus for FY 2007-08	*(0.50)*
Revenue (gap)/Surplus for FY 2008-09	*(4.54)*
Revenue (gap)/Surplus for FY 2009-10	*(3.38)*
Carrying cost of regulatory asset	*1.72*
Total revenue requirement for FY 2010-11	102.70
Less: Total revenue requirement met through	
Revenue from sale of power at existing tariff	94.13
Balance Revenue (gap)/surplus	**(8.57)**

8.4 The Petitioner has submitted a cumulative revenue gap till end of FY 2011-12 of Rs 10.53 Cr based on gap for current financial year and past recoveries.

8.5 The table below details the summary of the ARR, gap and the proposal of revenue recovery in FY 2011-12 proposed by the Petitioner.

Table 52: Cumulative (Gap)/Surplus Submitted by the Petitioner

Particulars	Rs Cr
Annual Revenue requirement for FY 2011-12	103.58
Revenue from Sale of Power at Existing Tariff in FY 2011-12	101.61
Gap for FY 2011-12	(1.97)
Add: Past recoveries and other gaps	(8.57)
Cumulative (Gap)/Surplus	**(10.53)**

Commission's analysis

8.6 The Commission approved a total revenue surplus as shown in the table below.

Table 53: Cumulative (gap)/surplus approved by the Commission up to FY 2011-12

Particulars	Rs Cr
Revenue (gap)/surplus for FY 2011-12	8.83
Cumulative revenue (gap)/surplus up to FY 2010-11	2.92
Cumulative (gap)/surplus upto FY 2011-12	**11.75**

Treatment of Revenue Gap and its Recovery Proposal

Petitioner's submission

8.7 The Petitioner has submitted that it be allowed a hike to adjust its past recoveries. The Petitioner has proposed a 1% hike in average tariff for FY 2011-12 as calculated in the following table.

Table 54: Revenue Gap and its Recovery Proposal Submitted by the Petitioner

Particulars	Figures
Total sales for FY 2011-12 (MUs)	220.94
(Figures in Rs Cr)	
Revenue requirement for FY 2011-12	103.58
Cumulative Gap for past FY's	8.57
Total ARR including past FY's Gap	112.14
Revenue at existing tariff	101.61
Total Gap at existing tariff	105.30
Total ARR including past FY's Gap	112.14
Revenue at proposed tariff	102.18
Remaining Gap to be carried forward as regulatory asset	9.96
(Figures in Rs per kWh)	
Average cost of service in FY 2010-11	4.69
Per unit gap for past recoveries (based on FY 2011-12 sale)	0.39
Total average cost including past FY's Gap component	5.08
Average revenue at existing tariff	4.60
Per unit gap at existing tariff for FY 2011-12	**0.48**
Total average cost including past FY's Gap component	5.08
Average revenue at proposed tariff	4.62
Per unit gap at proposed tariff for FY 2011-12	0.45
% increase in Average Tariff	**1%**

Commission's analysis

8.8 According to the ARR and the revenues at existing tariff determined by the Commission, the Commission has projected a cumulative revenue surplus of Rs 11.75 Cr as against the envisaged revenue gap of Rs 10.53 Cr submitted by the Petitioner. Since there is no revenue gap, the Commission disallows the proposal for tariff hike submitted by the Petitioner.

8.9 The Commission has decided to carry forward the surplus to next year for utilization in case tariff stabilization is required next year to avoid any tariff shock to consumers in subsequent year.

8.10 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 and tariff structure as specified in Section A9 and A10 of the present tariff order to bring them in line with other licensees in the State of Jharkhand.

8.11 The applicable tariff schedule for the Petitioner for FY 2011-12 has been given in Section A9 of this Tariff Order.

A9: TARIFF SCHEDULE FY 2011-12

APPLICABLE FROM 1ST SEPTEMBER 2011[1]

Domestic Service (DS)
Applicability:

Domestic Service–I, Domestic Service–II, Domestic Service–III and Domestic Service HT

This schedule shall apply to private residential premises for domestic use for household electric appliances such as Radios, Fans, Televisions, Desert Coolers, Air Conditioner, etc. and including Motors pumps for lifting water up to 1 BHP for domestic purposes and other household electrical appliances not covered under any other schedule.

This rate is also applicable for supply to religious institutions such as Temples, Gurudwaras, Mosques, Church and Burial/Crematorium grounds and other recognised charitable institutions, where no rental or fees are charged whatsoever. If any fee or rentals are charged, such institution will be charged under Non domestic category.

Category of Services:

(a) Domestic Service – DS-1(a): For Kutir Jyoti Connection only for connected load up to 100 Watt for Rural Areas.

(b) Domestic Service – DS-I (b): - For rural areas not covered by area indicated under DS-II and for connected load not exceeding 2 KW.

(c) Domestic Service – (DS-II): - For Urban areas covered by notified Area Committee / municipality / Municipal Corporation / All District Town / All sub-divisional Town / All Block Headquarters / Industrial Area / contiguous sub-urban area all market places urban or rural and for connected load not exceeding 4KW.

(d) Domestic Service – (DS – III):-For Urban areas covered by notified Area Committee / municipality / municipal Corporation / All District Town / All sub-divisional Town / All Block Headquarters / Industrial Area / contiguous sub-urban area all market places urban or rural and for connected load exceeding 4KW. Rural Drinking Water supply managed by panchayats' users associations etc. will also be covered in this category.

(e) Domestic service – HT (DS – HT) (Optional): - This Schedule shall apply for Domestic Connection in Housing Colonies / Housing Complex / Houses of multi storied buildings purely for residential use for single point metered supply, with power supply at 11KV voltage level and load upto 75 KW.

[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.

Service Character:

(i) For DS-I (a): AC, 50 Cycles, Single phase at 230 volts for Kutir Jyoti connection for load upto 100 W

(ii) For DS-I (b): AC, 50 Cycles, Single Phase at 230 Volts for load below 2 KW.

(iii) For DS-II: AC, 50 Cycles, Single Phase at 230 Volts for installed load up to 4 KW.

(iv) For DS-III: AC, 50 Cycles, three phase at 400 Volts for installed load exceeding 4 KW.

(v) For DS-HT: AC, 50 Cycles, at 11 KV Volts for installed load up to 75 KW.

Tariff:

Consumer Category	Fixed Charges		Energy Charges
Domestic	**Unit**	**Rate**	**Rate (Rs/kWh)**
DS-I (a), Kutir Jyoti (metered) (0-50)	Rs/ Conn/Month	Nil	1.10
DS-I (a), Kutir Jyoti (metered) (50-100)	Rs/ Conn/Month	Nil	1.10
DS-I (a), Kutir Jyoti (Unmetered)	Rs/ Conn/Month	30	Nil
DS-I (b), metered (0-200)	Rs/ Conn/Month	Nil	1.10
DS-I (b), metered (above 200)	Rs/ Conn/Month	Nil	1.10
DS-I (b), unmetered	Rs/ Conn/Month	72	Nil
DS-II, <= 4KW Total			
0-200	Rs/ Conn/Month	25	1.50
201 & above	Rs/ Conn/Month	30	1.90
DS-III, Above 4 KW	Rs/ Conn/Month	50	1.90
DS HT	Rs/KVA/Month	40	1.65

Delayed Payment Surcharge:

For Domestic Service category, 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.

Non–Domestic Service (NDS)
Applicability:

This schedule shall apply to all consumers, using electrical energy for light, fan and power loads for non-domestic purposes like shops, hospitals (govt. or private), nursing homes, clinics, dispensaries, restaurants, hotels, clubs, guest houses, marriage houses, public halls, show rooms, workshops, central air-conditioning units, offices (govt. or private), commercial establishments, cinemas, X-ray plants, schools and colleges (govt. or private), boarding/ lodging houses, libraries (govt. or private), research institutes (govt. or private), railway stations, fuel – oil stations, service stations (including vehicle service stations), All India Radio / T.V. installations, printing presses, commercial trusts / societies, Museums, poultry farms, banks, theatres, common facilities in multi-storied commercial office/buildings, Dharmshala, and such other installations not covered under any other tariff schedule.

Service Category:

Non-Domestic Service (NDS)–I, Rural. For Rural Area not covered by area indicated for NDS–II and for connected load not exceeding 2 KW.

Non-Domestic Service (NDS) – II, Urban. For Urban Areas covered by Notified Areas Committee / municipality / Municipal Corporation / All District Town / All Sub-divisional Town / All Block Hqrs. / Industrial Area and Contiguous Sub-urban area, market place rural or urban and for connected load up to 75KW. This schedule shall also apply to commercial consumer of rural area having connected load above 2 KW.

Service Character:

NDS – I: - AC 50 Cycles, Single phase at 230 Volts for loads up to 2 kW

NDS - II: - AC 50 Cycles, Single phase at 230 Volts or Three Phase at 400 Volts for load exceeding 2 kW and up to 4 kW

Tariff:

Consumer Category	Fixed Charges		Energy Charges
Non-Domestic	**Unit**	**Rate**	**Rate (Rs/kWh)**
NDS-I, metered (<= 2 kW) (0-100)	Rs/ Conn/Month	Nil	1.35
NDS-I, metered (<= 2 kW) (above 100)	Rs/ Conn/Month	Nil	1.35
NDS-I, unmetered (<= 2 KW)	Rs/kW/Month	Rs 120 per kW per month or part thereof for connected load up to 1kW Rs 60 per kW per month for each additional 1kW or part thereof	0
NDS-II	Rs/kW/Month	Rs 110 per kW per month or part thereof	3.95

Delayed Payment Surcharge:

For Non Domestic 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.

Installation of Shunt capacitors

All consumers having aggregate inductive load greater than 5 HP/ 4 kW and above (except domestic and street lights), shall install capacitors of required KVAR rating provided in the following table:

Rating of individual Inductive Load in HP	kVAR rating of LT capacitors
3 to 5	1
5 to7.5	2
7.5 to10	3
10 to 15	4
15 to 20	6
20 to 30	7
30 to 40	100
40 to 50	10 – 15
50 to 100	20 – 30

For existing consumer, the Petitioner should first serve one month's notice to all such consumers who do not have or have defective shunt capacitors. In case the consumers does not get the capacitor installed/replaced within the notice period, the consumer shall be levied a surcharge at 5% on the total billed amount charge (metered or flat), till they have installed the required capacitors.

No connection shall be released on any LT connections having aggregate inductive load greater than 5 HP/ 4 KW unless the capacitors of suitable rating are installed.

Low Tension Industrial & Medium Power Service (LTIS)
Applicability:

This schedule shall apply to all industrial units applying for a load of less than or equal to 100 KVA (or equivalent in terms of HP or KW).

The equivalent HP for 100 KVA shall be 114 HP and the equivalent KW for 100 KVA shall be 85.044 KW.

Service Character:

LTIS – AC, 50 Cycles, Single Phase supply at 230 Volts or 3 Phase Supply at 400 volts for use of electricity energy Demand Based tariff upto 100 KVA and under Installation based tariff for sanctioned load upto equivalent HP of 100 KVA.

Tariff:

Installation Based Tariff: All consumers under this category and opting for Installation based tariff shall be required to pay fixed charges per HP as per the applicable tariff rates for this category. If the inspecting officer during the inspection of a premises finds excess load (more than 114 HP) then the inspecting officer has to serve one month notice to the consumer for regularisation of excess load (above 114 HP). After the expiry of the said one month, the inspecting officer will inspect the premises again and if he still finds unregularized load in the premises, action may be taken as per law.

Consumer Category	Fixed Charges		Energy Charges
LTIS	Unit	Rate	Rate (Rs/kWh)
LTIS (Installation based Tariff)	Rs/HP/Month	75	3.50

Demand Based Tariff: All consumers under this category and opting for Demand Based tariff shall be required to pay Demand charges per KVA at the rate applicable to HT consumers drawing power at 11 KV. The restriction of connected load will not apply to consumers opting for Demand Based Tariff.

Consumer Category	Demand Charges		Energy Charges
LTIS	Unit	Rate	Rate (Rs/kWh)
LTIS (Demand based Tariff)	Rs/kVA/Month	165	3.50

The billing demand shall be the maximum demand recorded during the month or 50% of contract demand whichever is higher. In case actual demand is recorded at more than 100 KVA in any month, the same shall be treated as the new contract demand for the purpose of billing of future months and the consumer will have to get into a new Agreement under the HTS category for the revised contracted demand with the Petitioner as per the terms and conditions of HT supply.

Delayed Payment Surcharge:

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.

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.

Installation of Shunt capacitors

All consumers having aggregate inductive load greater than 5 HP/ 4 kW and above (except domestic and street lights), shall install capacitors of required KVAR rating provided in the following table:-

Rating of individual Inductive Load in HP	kVAR rating of LT capacitors
3 to 5	1
5 to7.5	2
7.5 to10	3
10 to 15	4
15 to 20	6
20 to 30	7
30 to 40	100
40 to 50	10 – 15
50 to 100	20 – 30

For existing consumer, the Petitioner should first serve one month's notice to all such consumers who do not have or have defective shunt capacitors. In case the consumers does not get the capacitor installed/replaced within the notice period, the consumer shall be levied a surcharge at 5% on the total billed amount charge (metered or flat), till they have installed the required capacitors.

No connection shall be released on any LT/LTIS connections having aggregate inductive load greater than 5 HP/ 4 KW unless the capacitors of suitable rating are installed.

Irrigation & Agriculture Service (IAS)
Applicability:

This schedule shall apply to all consumers for use of electrical energy for Agriculture purposes including tube wells and processing of the agricultural produce, confined to Chaff-Cutter, Thresher, Cane crusher and Rice-Hauler, when operated by the agriculturist in the field or farm and does not include Rice mills, Flour mills, Oil mills, Dal mills, Rice-Hauler or expellers.

Service Category:

IAS – I – For private tube wells and private lift irrigation schemes.

IAS – II – For State Tube-wells and State lift Irrigation schemes.

Service Character:

AC 50 Cycles, Single Phase at 230 volts / 3 Phase at 400 volts

Tariff:

Consumer Category	Fixed Charges		Energy Charges
Irrigation & Agricultural (IAS)	**Unit**	**Rate**	**Rate(Rs/kWh)**
IAS-I (metered)	Rs/HP/Month	Nil	0.50
IAS-I (unmetered)	Rs/HP/Month	50	Nil
IAS-II (metered)	Rs/HP/Month	Nil	0.75
Agriculture-IAS-II (unmetered)	Rs/HP/Month	200	Nil

Delayed Payment Surcharge:

For Irrigation and Agriculture service 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.

Power Factor Penalty:

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:

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.

High Tension Voltage Supply Service (HTS)
Applicability:

The schedule shall apply for consumers having contract demand above 100 KVA.

Service Character:

50 Cycles, 3 Phase at 6.6 KV / 11 KV / 33 KV or 132 KV

Tariff:

Consumer Category	Demand Charges		Energy Charges
HTS	**Unit**	**Rate**	**Rate (Rs/kWh)**
11 KV & 33 KV	Rs/kVA/Month	165	4.35
132 KV	Rs/kVA/Month	165	4.35

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.

Voltage Rebate: Voltage rebate to the HTS 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.

Load Factor Rebate: Load Factor rebate to the HT Consumers is proposed as given below:

Load Factor	Load Factor Rebate
40-60%	Nil
60-70%	7.5%
70-100%	10%

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.

Delayed Payment Surcharge:

For High tension service category, the Delayed Payment Surcharge will be charged on a weekly basis at the rate of 0.4% per week. 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.

Power Factor Penalty:

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:

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.

TOD Tariff for HTS Consumers: TOD tariff proposed for HTS Consumers is given below-
Off Peak Hours: 10:00 PM to 06:00 AM: 85% of normal rate of energy charge.

Peak Hours: 06:00 AM to 10:00 AM & 06:00 PM to 10:00 PM: 120% of normal rate of energy charge

HT Special Service (HTSS)
Applicability:

This tariff schedule shall apply to all consumers who have a contracted demand of 300 KVA and more for induction/arc Furnace. In case of induction/arc furnace consumers (applicable for existing and new consumers), the contract demand shall be based on the total capacity of the induction/arc furnace and the equipment as per manufacturer technical specification and not on the basis of measurement. This tariff schedule will not apply to casting units having induction furnace of melting capacity of 500 Kg or below.

Tariff:

Consumer Category	Demand Charges		Energy Charges
HT Special Service	Unit	Rate	Rate (Rs/kWh)
11 KV	Rs/kVA/Month	330	2.50
33 KV	Rs/kVA/Month	330	2.50
132 KV	Rs/kVA/Month	330	2.50

The billing demand shall 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.

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.

Voltage Rebate: Voltage rebate to the HTSS consumers will be applicable as given below:

Consumer Category	Voltage Rebate
HTSS - 33 kV	3.00%
HTSS - 132 kV	5.00%
HTSS - 220 kV	5.50%
HTSS - 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.

Load Factor Rebate: Load Factor rebate to the HTSS Consumers is proposed as given below:

Load Factor	Load Factor Rebate
40-60%	Nil
60-70%	7.5%
70-100%	10%

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.

Delayed Payment Surcharge:

For High tension special service category, the Delayed Payment Surcharge will be charged on a weekly basis at the rate of 0.4% per week. 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.

Power Factor Penalty:

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:

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.

Street Light Service (SS)
Applicability

This tariff schedule shall apply for use of Street Lighting system, including single system in corporation, municipality, notified area committee, panchayats etc. and also in areas not covered by municipalities and Notified Area Committee provided the number of lamps served from a point of supply is not less than 5.

Service Character: AC, 50 cycles, Single phase at 230 Volts or three phase at 400 Volts.

Category of Service:

S.S-I: Metered Street Light Service

S.S-II: Unmetered Street Light Service

Tariff:

Consumer Category	Demand Charges		Energy Charges
Street Light Service	**Unit**	**Rate**	**Rate(Rs/kWh)**
SS-I (metered)	Rs/ Conn/Month	25	3.50
SS-II (unmetered)	Rs/ Conn/Month	Rs. 110 per 100 watt lamp and Rs. 25 for every additional 50 watt	Nil

Delayed Payment Surcharge:

For Street Light service 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.

Rural Electric Co-operative (REC)/ A Small Housing Group (SHG)
Applicability

This tariff schedule shall apply for use in Electric Co-operatives (licensee) for supply at 33 kV or 11kV. It also includes village Panchayats where domestic and non-domestic rural tariff is not applicable.

Service Character: AC, 50 cycles, Three phase at 11 kV.

Tariff:

Consumer Category	Energy Charges
REC	**Rate(Rs/kWh)**
REC	0.70

Delayed Payment Surcharge:

For Rural Electric Cooperative service category, the Delayed Payment Surcharge will be charged 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.

Bulk Supply to Military Engineering Service (MES)
Applicability

This tariff schedule shall apply to Military Engineering Services (MES) for a mixed load in defence cantonment and related area.

Tariff:

Consumer Category	Fixed Charges		Energy Charges
MES	Unit	Rate	Rate(Rs/kWh)
MES	Rs/kVA/Month	160	3.00

Delayed Payment Surcharge:

For Military Engineering service 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.

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**		
	Single phase	25	Payable with energy bill
	Three phase	50	

S.No.	Purpose	Scale of Charges	Manner in which payment will be realized
	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**

A10: 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 & Religious Institution	0.10
Non-Domestic	0.20
LTIS/ PHED LT	0.15
DS-HT	0.15
HTS	
11 KV/ PHED	0.25
33 KV/ PHED	0.30
132/220/400 KV	0.50
HTSS	0.50
RTS	0.25

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

Applicable as per the notification of Government of Jharkhand

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

A11: STATUS OF EARLIER DIRECTIVES

Directives as per TO 2009-10	Status submitted by the Petitioner	Views of the Commission
Sales estimates and projections The Commission directed the Petitioner to undertake a detailed study for load growth and demand forecast in order to correctly workout its short term and long term peak energy requirement.	The Petitioner has submitted that it has planned to undertake a detailed study for load research and demand forecast and is in search of an expert agency to carry out this exercise. It has, however, submitted that the terms of reference for this study are becoming difficult to formulate as this is being seen as a special case because of operation of two parallel licensees in the same area. The load forecast for the JUSCO network is primarily dependent upon commercial decision of the consumers to switch over to JUSCO network from existing utility. The Petitioner has requested the Commission to approve the terms of reference as formulated by it.	The Commission broadly agrees with the terms of reference formulated by the Petitioner and directs the Petitioner to submit a status report on steps being taken in regards to the study being conducted within two months of the issue of this order.
The Commission also directed the Petitioner to further improve its availability so that the consumers get uninterrupted and quality power supply in the licensed area of the Petitioner.	As regarding availability of power, the Petitioner has stated that it is making all efforts to ensure higher availability of power to its consumers. It is in talks with IEX and DVC for further power purchase at reasonable rate and also it is expending on repair and maintenance on its existing network beside investing in ongoing capital schemes so that the consumers get uninterrupted and quality power supply in the licensed area.	The Commission notes that the Petitioner has started receiving power from DVC from February 2011. Further, for meeting its additional power requirements, the Petitioner should procure power from other medium/long term sources through the process of Competitive Bidding and not through short term sources. The power from short term sources should only be procured for meeting peak demand or for meeting power requirement during emergencies and not for meeting base load requirement.
Cost Estimates and Projections The Commission directed the Petitioner to maintain the separate heads of accounts under PBD for both Jamshedpur and Saraikela-Kharasavan area of distribution and submit the same within six months of the date of issue of this order.	The Petitioner has submitted that it is maintaining separate accounts which it has submitted along with the tariff petition.	The Petitioner has prepared segregated accounts on the basis of the allocation statement. However, the Commission is not satisfied with the indirect cost being stated in the accounts on the basis of any kind of allocation. The Commission directs the Petitioner to get the segregation of all indirect expenses done as per actual cost incurred by the Power Division (Specifically for Saraikela-Kharasavan) and ensure submission of segregated accounts accordingly with the next tariff petition.
Distribution Loss estimation The Commission directed the Petitioner to conduct a study and devise a methodology to	The Petitioner has submitted that the reports are prepared each quarter and are being sent to the Commission along with the notes since the third quarter of FY 2010-11.	The Commission notes that the Petitioner has not submitted any such report. The Petitioner's submission that it has been sending quarterly information is not supported by the

ascertain the feasible distribution loss level for future years and also to formulate a task force for supervising the distribution loss in its licensed area. The task force should report to the Commission on a quarterly basis about the various efforts that have been undertaken to correctly ascertain the distribution loss levels. The Commission directed Petitioner to conduct the energy audit within six months of the issue of Tariff Order of FY 2010-11 and submit a report to the Commission on the results within one month from the completion of study.		records of the Commission. The Petitioner is again directed to submit the quarterly reports as per the directives given by the Commission.
Cost of Supply (CoS) The Commission directed the Petitioner to conduct the CoS study for each category within one year of the issue of the Tariff Order of FY 2010-11 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.	The Petitioner has submitted that the Cost of Supply study is being undertaken by it and reports would be submitted to the Commission upon the completion of the study.	The reply submitted by the Petitioner is incomplete because it does not disclose the timelines of the study. The Petitioner is directed to inform the Commission when the study is going to be completed and if already completed, it should submit the report immediately.
Capitalization and asset register The Commission directed the Petitioner to declare its capitalization policy and to provide the year wise details regarding CWIP with the next tariff petition.	The Petitioner has submitted that its capitalization policy is in line with accounting standards. It splits its assets under capitalized and non capitalized assets. Capitalized assets are shown under balance sheet and non capitalized assets are charged as expenses under profit and loss account as they have less than Rs 5000 unit individual price. An exception applies where individual items less than Rs 5,000 are purchased as part of a capital project that meets specific criteria for capitalization. In this case, the entire project may be capitalised, provided the total capital expenditure on the project is greater than Rs 5,000. Activities of a capital nature are reviewed by the asset accountant to determine the appropriate accounting treatment. Purchase orders /invoices are coded to appropriate coding clearing account in the balance sheet in order for the asset to be capitalized in the JUSCO	The Commission is satisfied with the response of the Petitioner.

	asset register.	
Load factor of High Tension Service and EHTS category The Petitioner was directed to carry out a study considering the contract demand, the actual consumption, load factor, billing, collection, reasons for low load factor and submit it to the Commission within a period of three months from the date of issue of the previous tariff order.	The petitioner has submitted that the HTS report on load factor is being submitted to the Commission with this tariff petition.	The Commission has not received any such information. The Petitioner is directed to send the requisite information within one month of the issue of this Order.

Directives as per TO 2010-11	Status submitted by the Petitioner	Views of the Commission
Expansion of Services		
The Commission directed the Petitioner to look for other sources for procuring power to meet the increasing power demand of its licensed area.	The Petitioner has submitted that it is in search for other sources of power including DVC, other Generating Companies and to become a member of power exchange. However most of the Generating Companies do not seem to show interest in long term tying up of power supply, due to relatively higher anticipated margins by trading of electricity.	The Commission notes that the Petitioner has started receiving power from DVC from February 2011. Further, for meeting its additional power requirements, the Petitioner should procure power from other medium/long term sources through the process of Competitive Bidding and not through short term sources. The power from short term sources should only be procured for meeting peak demand or for meeting power requirement during emergencies and not for meeting base load requirement.
The Commission directed the Petitioner to provide connection to new consumers promptly and spread its network to rural consumers.	The Petitioner has submitted that it has already taken approvals for taking its line to village Parbatipur and nearby areas and is trying hard to complete the line up to that village. However even though JUSCO is taking this line to the village area, it is apprehensive that enough consumers will not shift to JUSCO network as they are already connected to first licensee's network and are more or less satisfied with the service level and cost of the same. JUSCO is facing problems in laying this line on two occasions: JUSCO PSC poles were found broken due to some locals in that area for reasons which are not appropriate to be mentioned. In addition to laying of line to this village, JUSCO has also undertaken tree plantation drive and JUSCO tutor scheme in this village as a Corporate Social Responsibility measure.	To provide connection to all the applicants is the mandatory obligation of the licensee under law. For sorting of problems coming in the way while expanding the consumer base, the licensee should approach the local administration for assistance.
The Petitioner was also directed	Regarding expansion plan, the Petitioner has	To provide connection to all the applicants is the mandatory obligation

to work out an expansion plan for its licensed area along with the time schedules and submit the same within three months of the issue of the Tariff Order of FY 2010-11.	submitted that the expansion of the network is being delayed due to non-availability of right of way from various premises owners, local residents and authorities and also due to unavailability of power sources. It is surveying the entire licensed area with respect to population, power demand and existing infrastructure. It has submitted that it will present the findings of its survey and way forward for network rollout plan to the Commission.	of the licensee under law. For sorting of problems coming in the way while expanding the consumer base, the licensee should approach the local administration for assistance. The Commission re-iterates that the Petitioner must work out an expansion plan for its licensed area along with the time schedules and submit the same within three months of the issue of this Tariff Order.
Break-Up of Installation Charges The Petitioner was directed to provide a detailed break-up of the installation charges to new consumers prior to taking up the installation work.	The Petitioner has submitted that it has already started giving the details to the consumers prior to taking up the installation work.	The Petitioner has complied with the directive.
Expenditure on Capital Works The Petitioner was directed to submit the scheme wise details along with cost benefit of such schemes, basis of cost estimation and timelines for the various capital schemes proposed by it.	The Petitioner has submitted that cost benefits and cost estimation and timelines of various schemes have been submitted with the current petition. The Petitioner has further submitted that it takes utmost care to see that assets are put up only where there is a demand. The new areas of operations are being identified, demand assessment is being done and only then the network is being planned.	The Commission notes that while cost estimates and timelines of various schemes have been submitted by the Petitioner, the cost benefit analysis of the same has not been provided. The Petitioner is directed to submit the same with the next tariff petition.
Improvement in Billing and Collection Efficiency The Commission directed the Petitioner to increase the avenues and facilities for revenue collection such as through ATM, Banks, Post office, drop boxes, e-payment etc and further improve its billing and collection efficiency.	The Petitioner has submitted that it has installed one ATP (All time payment) machine in Adityapur market area in the month of November 2010. All consumers can view their bill, make payment and can also take the receipt of the payment from this facility throughout the year.	The Commission appreciates the measures taken by the Petitioner. It should continue to provide better service to its consumers in the licensed area.
Details about Repair and Maintenance The Commission directed the Petitioner to provide the detailed break-up of R&M expenses incurred or projected to be incurred and explain the benefits	The Petitioner has submitted that the expenditure made on repair and maintenance is recorded in its SAP accounting system and all details as per Commission directive is being done.	The Petitioner has not provided any details regarding the benefits of R&M activity carried out by it and is again directed to provide the relevant information with the next tariff

likely to accrue to the consumers by incurring such costs.		petition.
Power Saving Methods The Commission directed the Petitioner to spread awareness amongst the consumers regarding shortage of power and educate them on the power saving methods. The Petitioner should make available information regarding various methods that can be adopted by the consumers to conserve electricity – like using CFL lamps and star rated energy efficient appliances – at public places including bill collection centers of the Petitioner.	The Petitioner has submitted that it had taken up several such initiatives and conducted programs for energy saving for its domestic, commercial and industrial consumers. It had engaged the services of Petroleum Conservation and Research Association to effectively educate the consumers on energy saving tips. JUSCO had prepared leaflets for energy saving and had distributed to its valued consumers. It had also printed postures of the same and had placed at all relevant locations. Compliance report of the same had already been sent to the Commission.	The Petitioner has complied with the directive.
T&D Loss Reduction The Commission appreciated the efforts made by the Petitioner for achieving low distribution losses for FY 2009-10 and expects that the petitioner to put a system in place to keep the losses at the minimum level. The T&D loss for the FY 2010-11 have been allowed at 5% as proposed by the Petitioner, considering that Petitioner is expected to expand its network which may result in increase in losses in future. However, the Commission views that the loss levels in the licensed area of the licensee can still be maintained and a level lower than 5% and accordingly directs the Petitioner to take necessary steps to minimize the losses to below 5% by taking suitable measures.	The Petitioner has submitted that it will make all efforts to keep the T&D losses as the best in the country. It has submitted that it has noted the advice of the Commission and is continuously working on T&D loss reduction/ sustenance initiatives. Compliance report on findings of such initiatives is being sent to the Commission in its quarterly energy audit reports.	The Commission reiterates that the T&D loss for FY 2010-11 and even for FY 2011-12 have been allowed at 5%, considering that Petitioner is expected to expand its network which may result in increase in losses in future. However, the Commission views that the loss levels in the licensed area of the licensee can still be maintained at a level lower than 5% and accordingly directs the Petitioner to take necessary steps to minimize the losses to below 5% by taking suitable measures.
Adjustment of bills and payments/receipts as per revised power sale rate of TSL The Commission directed the	The Petitioner submits that it has reconciled the payments due/receipts with TSL.	The Petitioner has complied with the directive.

Petitioner to reconcile the payment due/receipts with TSL, in lieu of the revised rate for sale of power sold to the Petitioner determined by the Commission.		
Data adequacy in next tariff petition and auditing of accounts The Commission directed the Petitioner to submit the tariff petition for FY 2011-12, after removing the various data deficiencies highlighted in the Tariff Order of FY 2010-11 along with the audited accounts of FY 2009-10 and the latest information for FY 2010-11. The Commission also directed the licensee to ensure submission of subsequent ARR and tariff filings for the ensuing years by 1st November each year.	The Petitioner has submitted that data adequacy is being taken care in this tariff petition. Regarding separate and audited accounts, the same is being submitted along with this tariff petition.	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. 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.

A12: NEW DIRECTIVES

Separate Accounts

12.1 As discussed in the relevant sections of the Tariff Order, much is desired to be done to separate the account of each head under the Power Division. In view of this, the Commission directs the Petitioner to maintain separate heads of account for Power Business Division for the Saraikela- Kharasavan area of distribution and submit the same along with the tariff petition of FY 2012-13 due in November, 2011.

Correct Loss estimation

12.2 **As mentioned in earlier sections,** the Commission views that the Petitioner needs to conduct loss estimation study in order to correctly estimate the existing loss levels as well as impact of network upgradation on the loss levels in future. In this regard, the Petitioner should submit a report within six months of the issue of this Order.

Service Area

12.3 It is the responsibility 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.

12.4 The Commission re-iterates that the Petitioner must work out an expansion plan for its licensed area along with the time schedules and submit the same within three months of the issue of this Tariff Order.

12.5 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

12.6 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.

Adjustment of Bills & Payments/Receipt as Per Revised Power Sale Rate of TSL

12.7 The Commission directs the Petitioner to reconcile the payments due/ receipts with TSL in lieu of the revised rate for sale of power sold to JUSCO determined by Commission for FY 2009-10 and FY 2010-11 vide this Tariff Order, within three months of the issue of this order.

Data Adequacy in Next Tariff Petition and Audit of Accounts

12.8 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. It is pertinent to mention that delay in filing of ARR not only impacts the revenues of the Petitioner but is also is 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.

12.9 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/-	Sd/-
(T.MUNIKRISHNAIAH)	(MUKHTIAR SINGH)
MEMBER (E)	CHAIRPERSON

A13: ANNEXURE - I

List of participating members of public in the public hearing

S No	Name	Address / Organisation if any
1.	Md. Zamudin	A.T.H
2.	Bimal Vastralay	Adityapur
3.	Bishwanath Kedia	Adityapur
4.	Manoj Medical	Adityapur
5.	Banbihari Prasad	Adityapur
6.	Rajesh Ranjan	Adityapur
7.	P. K. Bhattacharjee	Adityapur
8.	M. K. Panda	Adityapur
9.	Abhishek Ranjan	Adityapur
10.	G.S.P. Sinha	Adityapur
11.	Narender Singh	Adityapur
12.	C.B. Kedia	Adityapur
13.	Yogesh Kumar	Adityapur
14.	Ranjan Thakur	Adityapur
15.	Rajan Kumar Modi	Adityapur
16.	Santosh Khetan	ASIA
17.	J. Kumar	ASIA
18.	Deepak Panchalia	ASIA
19.	Sudhir Singh	ASIA
20.	Prashant Sona	ASL Mofas
21.	Sumajta Kumar Dutta	ASL Mofas
22.	Sanjiv Kumar	Baridih PH # 7
23.	S. N. Pandey	C. Mos
24.	Nagendra Kumar	Chairman, CGRF
25.	Sanjay	Hindutan
26.	Poonam Devi	Hirajgang
27.	Anisban Bhattacharge	JSA
28.	Priyesh Kumar	JUSCO
29.	Sunil Kumar Singh	JUSCO
30.	D. K. Singh	JUSCO
31.	A. Mitra	JUSCO
32.	M. Kumar	JUSCO

S No	Name	Address / Organisation if any
33.	K.C. Jha	JUSCO
34.	A. K. Choudhary	JUSCO
35.	R. Singh	JUSCO
36.	Sanjay Kumar Singh	JUSCO
37.	Mumtaz Ahmad	JUSCO
38.	Manzoor Alam	JUSCO
39.	Sujeet	JUSCO
40.	Sharad Kumar	JUSCO
41.	Jayesh Chauhan	JUSCO
42.	Amit Kumar Agarwal	JUSCO
43.	Vijay Prakash Singh, DGM	JUSCO
44.	Magan Kumar Mishra	JUSCO
45.	Mami Bhushan Pandey	JUSCO
46.	L. K. Konar	JUSCO
47.	Nirmal Kumar Singh	JUSCO
48.	Nirmal Karmakar	JUSCO
49.	Faiyaz Shafi	JUSCO
50.	S. K. Mohanta	JUSCO
51.	Suman Kumar Jha	JUSCO
52.	Biswajeet Biswal	JUSCO
53.	Pankaj Kumar	Laghu Udyog Bharti
54.	Lal chand Agarwal	Laghu Udyog Bharti
55.	Niranjan Kumar Singh	Mango
56.	Ahhilesh Dubey	MP Nagina
57.	R. K. Sinha	Nalin Rubber
58.	Binid Agarwal	New Energy Work
59.	Ram Nake	Ph# 7
60.	Dhaneshwar Kumar	Phage - 2
61.	Jitan Mukhi	Railway Colony, Harijan Basti
62.	B. K. Lal	S.D. Singh Consultant Co. Pvt. Ltd.
63.	P. K. Singh	S.I.A
64.	Randhir Singh	Sakchi
65.	Karan Singh Soy	Sakchi
66.	Birendra Prasad Gupta	Sakchi
67.	Suresh Santhalia	SCCI

S No	Name	Address / Organisation if any
68.	S.C. Jha	Secretary, CGRF
69.	Raju Bose	Sitaramdera
70.	Rajesh Kumar	Sonari
71.	K.K. Chakrabarty	Suraj Automobiles, C-35, Iind Phase
72.	P. Banerjee	Utkal Automobiles Ltd.