Jharkhand State Electricity Regulatory Commission

Tariff Order
on
True up
for
FY 2011-12 & FY 2012-13
and
ARR for Multi-Year Tariff Period
from
FY 2013-14 to FY 2015-16
and
Tariff for FY 2013-14
for
Jamshedpur Utilities & Services Company Limited (JUSCO)

Ranchi

June 2014

TABLE OF CONTENTS

List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
AAD	Advance Against Depreciation
ARR	Annual Revenue Requirement
A1: CERC	Central Electricity Regulatory Commission
CGRF	Consumer Grievance Redressal Forum
CWIP	Capital Work in Progress
DPS	Delayed Payment Surcharge
DS	Domestic Service
DS HT	Domestic Service High Tension
DSM	Demand Side Management
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
IDC	Interest During Construction
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
PRDC	Power Research Development Consultants
R&M	Repair and Maintenance
RoE	Return on Equity
Rs	Rupees
SAP	System, Application and Production

Abbreviation	Description
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 August 22, 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 In accordance with the provisions of the JSERC (Multi Year Distribution Tariff) Regulation, 2010, the Petitioner filed the Petition for approval on Business Plan for Multi Year Tariff (MYT) Control Period FY 2013-14 to FY 2015-16 on 1st August 2012 and Petition for True-up for FY 2011-12, Revised Estimates for FY 2012-13, MYT Petition for Control Period from FY 2013-14 till FY 2015-16 and Tariff Proposal for FY 2013-14 on 10th November 2012 for its licensed area. The Petitioner in the above-mentioned petitions filed before the Commission has prayed for approval for:

(a) To approve the Business plan for the MYT period from FY 2013-14 to FY 2015-16;

(b) To approve the true-up of ARR for FY 2011-12;

(c) To approve the annual performance review of ARR for FY 2012-13;

(d) To approve the ARR for each year of the Control Period from FY 2013-14 to FY 2015-16; &

(e) To pass suitable orders with respect to the cumulative revenue gap till FY 2013-14.

1.15 Since the submission of the tariff petition, the following difficulties were faced, due to which the finalisation of the Tariff Order has taken considerable time.

1.16 The Commission was unable to conduct the hearing for the above Petition filed by the Petitioner as the Hon’ble Chairperson of the Commission had retired on 15th December, 2012. Further the Member (Finance) post was vacant since 2008 and the the Commission was functioning with only one Member i.e. Member (Technical).

1.17 As per JSERC (Conduct of Business) Regulations, 2011 the quorum should be two members among the three members for issue of any effective orders, such as issue of tariff orders, issue of judgments for the cases filled in the Commission and for any important policy matters. The extract of the Regulation is as follows:

"Quorum:

For all initial procedural issues, the quorum may be one Member.

Except for initial procedural issues like notices, filing of copies and documents, the quorum of the Commission shall be two among the three Members."

1.18 As there was only one member in the Commission, even though the ARR pertains to all the generation companies and licensees in the Jharkhand State were received, the tariff orders could not be finalized due to lack of quorum.

1.19 Subsequently, the Member (Finance) was appointed in January 2014. Also, as per the directions of the APTEL in this regard the Commission has amended the JSERC (Conduct of Business Regulations), 2011 and has modified the quorum to one member which shall facilitate the working of the Commission in the future even in the presence of only a single member.

1.20 In this regards, it is pertinent to mention that due to delay in processing of the petition, the data submitted for FY 2012-13 and FY 2013-14 has changed considerably as these years have been completed. However, the Petitioner has made several submissions to the Commission for review of the Petition and issue of Tariff order due to increase in its power purchase costs. It should be noted that the power purchase costs form approximately 80% of total annual revenue requirement (ARR) of the Petitioner and any increase in these costs has an adverse impact on financial viability of the utilities. While there has been no revision in tariffs for over a year, the rising power purchase costs have increased the financial burden on the Petitioner.

1.21 Further, as the audit of accounts for FY 2012-13 was also completed, the Petitioner filed the Petition for True up for FY 2012-13 based on the audited accounts of the year on 11th November 2013. Moreover, as the present Petition pertains to the MYT period from FY 2013-14 to FY 2015-16, projections for the ARR submitted by the Petitioner need to be reviewed for prudence check. Thus, the Commission finds merit in reviewing the ARR petition filed for MYT period for FY 2013-14 to FY 2015-16 on provisional basis along with true up for FY 2011-12 and FY 2012-13 based on audited accounts.

1.22 Accordingly, the scope of the Present Tariff Order has been summarised as follows:

(a) True up of ARR for FY 2011-12 based on audited data;

(b) True up of ARR for FY 2012-13 based on audited data;

(c) Determination of ARR for MYT period from FY 2013-14 to FY 2015-16 on provisional basis; &

(d) Approval of provisional tariff for FY 2013-14.

1.23 While processing the above petition, the Commission has taken into consideration the following:

(a) Provisions of the Electricity Act, 2003,

(b) Provisions of the National Electricity Policy,

(c) Provisions of the Tariff Policy;

(d) Principles laid down in the JSERC (Multi Year Distribution Tariff) Regulation, 2010 (hereinafter referred to as 'Distribution Tariff Regulations, 2010').

1.24 The Commission shall approve the final ARR for MYT period in its next tariff order on basis of updated data for FY 2013-14 and remainder period of control period i.e. FY 2014-15 & FY 2015-16.

1.25 Accordingly, the Commission has scrutinized the MYT petition in detail and hereby issues the Tariff order for MYT period from FY 2013-14 to FY 2015-16 along with True up of ARR for FY 2011-12 and FY 2012-13.

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 On 10 January, 2011, the Petitioner filed tariff petition for approval of Annual Revenue Requirement for FY 2009-10, FY 2010-11 and determination of distribution tariff for FY 2011-12. The Commission issued the Tariff Order on August 27, 2011.

2.7 On 10 November, 2011, the Petitioner filed tariff petition for approval of true-up for FY 2010-11, revised estimates for FY 2011-12 and determination of ARR and retail supply tariff for FY 2012-13. The Commission issued the Tariff Order on 15th June 2012.

2.8 Petitioner filed the petition for finalisation of Business Plan for the MYT Control Period FY 2013-14 to FY 2015-16 for the licensee area of Seraikela Kharsawan was filed on 1st August 2012 and vide its Letter No. PBD/582/59/12 dated 31st October 2012, requested the Commission to grant time extension for filing of MYT Petition for the Control Period FY 2013-14 to FY 2015-16 till 10th November 2012. The Commission in its reply to the Petitioner vide letter no. JSERC/Legal/08 of 2012/679 dated 07th November 2012 granted the time extension for filing of the said petition till 10th November 2012.

2.9 Subsequently, the Petitioner filed the petition on 10 November 2012 before the Commission for approval of true-up of ARR for FY 2011-12, revised estimate of ARR for FY 2012-13, Multi Year ARR for the first control period from FY 2013-14 to FY 2015-16 and determination of retail supply tariff for FY 2013-14 for the Licensed area- district of Saraikela - Kharsawan.

Information Gaps in the Petition

2.10 During the course of scrutiny of the Business Plan and ARR and tariff petition for the MYT control period from FY 2013-14 to FY 2015-16, several deficiencies were observed in the tariff petition submitted by the Petitioner. These deficiencies were communicated to the Petitioner vide letter nos. JSERC/Legal/08 of 2012/461 dated 23.08.2012 & JSERC/L/08 of 2012/809 dated 27.12.2012.

2.11 The Petitioner submitted the additional information vide letter no. PBD/564/59/12 dated 16.10.2012 & letter no. PBD/108/59/13 dated 23.03.2013 in response to the aforementioned deficiencies and additional data requirements.

Delay in issuance of order

2.12 The Petitioner filed the petition for True-up of ARR for FY 2011-12, Annual Performance Review for FY 2012-13, Multi Year ARR for FY 2013-14 to FY 2015-16 and determination of retail supply tariff for FY 2013-14 on November 10, 2012.

2.13 The Commission was unable to conduct the hearing for the above Petition filed by the Petitioner as the Hon'ble Chairperson of the Commission had retired on 15th December, 2012. Further the Member (Finance) post was vacant since 2008 and the the Commission was functioning with only one Member i.e. Member (Technical).

2.14 As per JSERC (Conduct of Business) Regulations, 2011 the quorum should be two members among the three members for issue of any effective orders, such as issue of tariff orders, issue of judgments for the cases filled in the Commission and for any important policy matters. The extract of the Regulation is as follows:

"Quorum:

For all initial procedural issues, the quorum may be one Member.

Except for initial procedural issues like notices, filing of copies and documents, the quorum of the Commission shall be two among the three Members."

2.15 As there was only one member in the Commission, even though the ARR pertains to all the Distribution licensees and Generators existing in the Jharkhand State were received, the tariff orders could not be finalized due to lack of quorum.

2.16 Subsequently, the Member (Finance) was appointed in January 2014. Also, as per the directions of the APTEL in this regard the Commission has amended the JSERC (Conduct of Business Regulations), 2011 and has modified the quorum to one member which shall facilitate the working of the Commission in the future even in the presence of only a single member.

Inviting Public Response

2.17 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 (Jamshedpur Edition)	Date
The Hindustan Times (English)	10.02.2014 & 11.02.2014
Telegraph (English)	10.02.2014 & 11.02.2014
Chamakta Aaina	10.02.2014 & 11.02.2014
Hindustan (Hindi)	10.02.2014 & 11.02.2014

2.18 A period of 22 (twenty two) days was provided for submitting the comments/suggestions. The Commission subsequently issued advertisement on its website www.jserc.org and in various newspapers for conducting the public hearing on the ARR and Tariff filing by the Petitioner for the control Period FY 2013-14 to FY 2015-16.

2.19 The newspapers wherein the advertisement for public hearing was issued by the Commission are detailed in the following table.

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

Newspaper (Jamshedpur Edition)	Date
Hindustan (Hindi)	13 .03.2014
Prabhat Khabar	13 .03.2014
Dainik Bhaskar	13 .03.2014
The Pioneer	13 .03.2014
Farooqui Tanzeen (Urdu Daily)	13 .03.2014
Dainik Jagran	14 .03.2014
UditVani	14 .03.2014
Ranchi Express	14 .03.2014
The Hindustan Times (English)	14 .03.2014

2.15 The public hearing was held on 15th March, 2014 at the auditorium of Swarnrekha Bhavan at Adityapur and many respondents gave their comments and suggestions on the ARR & Tariff filing for MYT Control Period from FY 2013-14 to FY 2015-16 by the Petitioner. The comments/suggestion of the public as well as the Petitioner’s response to them is detailed in the Public consultation process section of this Tariff Order.

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 submitted that in the previous Tariff Order of FY 2012-13, the Commission had approved the figures for FY 2011-12 considering the provisional data/information provided by the Petitioner. The Petitioner has now requested the Commission to revisit the figures for FY 2011-12 based on the audited accounts. The Petitioner also submitted the latest data/information for FY 2012-13 and requested the Commission to review the ARR for FY 2012-13 based on the actual data for first half year and estimated for second half year.

3.3 The figures for the MYT Control Period from FY 2013-14 to FY 2015-16 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 submitted that the present petition addresses the calculation of true-up of ARR for FY 2011-12, revised estimates of ARR for FY 2012-13, projection of ARR for Control Period from FY 2013-14 to FY 2015-16 and tariff determination for FY 2013-14 after taking into account the revenue gap/surplus for the following:

(a) FY 2011-12 on the basis of audited accounts; and

(b) FY 2012-13 on the basis of the six months actual information submitted by the Petitioner.

(c) FY 2013-14 to FY 2015-16 on the basis of the projections made by the Petitioner

True Up for FY 2011-12

3.5 The Petitioner has requested for true up for FY 2011-12 based on the actual performance on various operational and financial related parameters. The true-up of ARR as proposed by the Petitioner for FY 2011-12, is summarised in the following table:

Table 3: True-up of ARR Requirement submitted by the Petitioner for FY 2011-12 (Rs Cr)

Particulars	FY 2011-12	
	Approved by the Commission	Submitted by the Petitioner
Power Purchase Cost	81.73	81.76
O&M Expenses	8.44	8.98

Particulars	FY 2011-12	
	Approved by the Commission	Submitted by the Petitioner
Interest & Finance Charges	6.24	7.08
Depreciation	4.54	4.30
DSM & CGRF Expenses	-	-
Income Tax	-	-
Total Costs	**100.95**	**102.11**
Add: Reasonable Return	3.38	5.01
Less: Non-tariff Income	0.20	0.34
Annual Revenue Requirement	**104.13**	**106.79**
Revenue at Existing Tariff	118.24	118.77
Add: Sharing of Gains till FY 2011-12	0.00	4.34
Add: Past gap/ (surplus)	(4.59)	(4.59)
Revenue Gap / (Surplus) for the year	**(18.70)**	**(12.22)**
Average Cost of Supply (Rs./kWh)	**4.16**	**4.27**

Annual Performance Review of FY 2012-13

3.6 In its petition, the Petitioner has requested for the Annual performance review of FY 2012-13 based on the actual performance for first half (April 2012 to September 2012) of FY 2012-13 and estimated performance upto remaining period i.e. October 2012 to March 2013.

3.7 The annual performance review of ARR as proposed by the Petitioner for FY 2012-13, is summarised in the following table:

Table 4: Annual Performance Review of ARR submitted by the Petitioner for FY 2012-13 (Rs Cr)

Particulars	FY 2012-13	
	Approved by the Commission	Submitted by the Petitioner
Power Purchase Cost	110.79	100.93
O&M Expenses	9.13	10.42
Interest & Finance Charges	6.26	9.24
Depreciation	4.77	5.20
DSM & CGRF Expenses		0.20
Total Costs	**130.95**	**125.99**
Add: Reasonable Return	3.55	5.36
Less: Non-tariff Income	0.26	0.62
Annual Revenue Requirement	**134.24**	**130.73**
Revenue at Existing Tariff	**140.68**	**123.47**
Revenue Gap / (Surplus) for the year	**(6.44)**	**7.26**
Add: Past gap / (surplus) till FY 2011-12	**(18.70)**	**(12.23)**

Particulars	FY 2012-13	
	Approved by the Commission	Submitted by the Petitioner
Total Revenue gap / (surplus) including past periods	**(25.14)**	**(4.97)**
***Add: Surcharge on electricity duty for FY 2010-11**	**0.00**	**0.36**
Net Revenue gap / (surplus) including past periods	**(25.14)**	**(4.61)**
Average Cost of supply	**4.43**	**5.03**

* The Petitioner had added amount of surcharge on ED allowed by the Commission vide the Order dated

ARR determination for MYT Control Period from FY 2013-14 to FY 2015-16

3.8 In the Business Plan Petition for FY 2013-14 to FY 2015-16, the Petitioner has submitted detailed projections for capital investment plan and capitalization schedule for the MYT period, as summarised in following tables:

Table 5: Scheme-Wise Capital expenditure Plan for MYT Control Period FY2013-14 to FY 2015-16 submitted by the Petitioner

Capital Schemes	Original cost (Rs Lakhs)	Revised cost (Rs Lakhs)	Capital Expenditure (Rs Lakhs)					
			FY 2010-11 (Actual)	FY 2011-12 (Actual)	FY 2012-13 (RE)	FY 2013-14 (Proj)	FY 2014-15 (Proj)	FY 2015-16 (Proj)
Reliability Enhancement	614.50	696.50	31.00	164.00	76.00	333.00	59.50	33.00
Automation of Distribution System	210.00	210.00	-	-	15.00	95.00	50.00	50.00
Green Field network development	10,290.05	13,825.05	562.20	409.37	3,321.00	3,300.08	1,300.95	1,872.45
Network Strengthening and Diversion	1,155.00	1,155.00	-	107.00	679.00	234.00	85.00	50.00
Total (In Rs Lakhs)	**12,269.55**	**15,886.55**	**593.20**	**680.37**	**4,091.00**	**3,962.08**	**1,495.45**	**2,005.45**
Total (In Rs Cr)	***122.70***	***158.87***	***5.93***	***6.80***	***40.91***	***39.62***	***14.95***	***20.05***

Table 6: Scheme-Wise Capitalisation schedule submitted by the Petitioner

Capital Schemes	Proposed capitalisation (Rs Lakhs)			
	FY 2012-13 (RE)	FY 2013-14 (Proj)	FY 2014-15 Proj)	FY 2015-16 (Proj)
Reliability Enhancement	76.00	333.00	59.50	33.00
Automation of Distribution System	15.00	95.00	50.00	50.00
Green Field network development	3,321.00	3,300.08	1,300.95	1,872.45
Network Strengthening and Diversion	679.00	234.00	85.00	50.00
Total (In Rs Lakhs)	**4,091.00**	**3,962.08**	**1,495.45**	**2,005.45**

Capital Schemes	Proposed capitalisation (Rs Lakhs)			
	FY 2012-13 (RE)	FY 2013-14 (Proj)	FY 2014-15 Proj)	FY 2015-16 (Proj)
Total (In Rs Cr)	*40.91*	*39.62*	*14.95*	*20.05*

3.9 The Petitioner requested for the approval of ARR for first MYT Control Period from FY 2013-14 to FY 2015-16 based on the actual audited data for FY 2011-12, actual performance for previous years, business plan for capital investment and capitalisation schedule for the MYT period.

3.10 The projection of ARR for FY 2013-14 to FY 2015-16 as proposed by the Petitioner is summarised in the following table:

Table 7: Summary of ARR for Control Period (Rs Cr)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Power Purchase Cost	137.37	180.44	207.16
O&M Expenses	11.97	14.95	17.43
Depreciation	6.91	8.72	9.84
Interest on Loan	7.95	10.06	10.54
Return on Equity	7.64	9.90	11.18
Interest on Security Deposit	4.55	6.16	8.26
CGRF Expenses	0.22	0.24	0.27
DSM Expenses	0.30	0.33	0.36
Gross ARR for Control Period	176.92	230.80	265.04
Less: Non-tariff Income	0.65	0.70	1.30
Net ARR for Control Period	**176.27**	**230.10**	**263.74**
Revenue from sale of power @ existing tariff	**146.25**		
Revenue gap / (surplus) for the year	**30.02**		
Add: Past Surplus	**(4.61)**		
Total revenue gap / (surplus) including past periods	**25.41**		
Sales (MU)	**310.03**	**332.57**	**354.15**
Average Cost of Supply (Rs/kWh)	**5.69**	**6.92**	**7.45**

3.11 The Petitioner has proposed that in order to meet the projected revenue gap for FY 2013-14, an average tariff hike of 15.50% should be allowed. The tariff proposed by the Petitioner for FY 2013-14 is provided below:

Table 8: Summary of Proposed Tariff for FY 2013-14 (Rs Cr)

Particulars	Fixed Charge		Energy Charge		
	Existing	Proposed	Unit	Existing	Proposed
DS – I (a), Kutir Jyoti Meterd (0-50 units)	Nil	Rs. 15 per connection per month	Rs./kWh	1.10	1.20
DS – I (a), Kutir Jyoti Meterd (50-100 units)	Nil	Rs. 15 per connection per month	Rs./kWh	1.10	1.20
DS – I (a). Kutir Jyoti Unmetered	Rs. 30 per connection per month	Rs. 40 per connection per month	Rs./kWh	Nil	Nil
DS – I (b), metered (0-200 units)	Nil	Rs. 25 per connection per month	Rs./kWh	1.10	1.40
DS – I (b), metered (above 200 units)	Nil	Rs. 25 per connection per month	Rs./kWh	1.10	1.50
DS – I (b), unmetered	Rs. 70 per connection per month	Rs. 100 per connection per month	Rs./kWh	Nil	Nil
DS – II (<200 units)	Rs. 25 per connection per month	Rs. 40 per connection per month	Rs./kWh	1.50	2.20
DS – II (>200 units)	Rs. 30 per connection per month	Rs. 60 per connection per month	Rs./kWh	1.90	2.70
DS – III	Rs. 50 per connection per month	Rs. 100 per connection per month	Rs./kWh	1.90	2.80
DS HT	Rs. 40 per connection per month	Rs. 75 per connection per month	Rs./kWh	1.65	2.40
NDS – I, metered (<=2 kW) (0-100)	Nil	Rs. 30 per connection per month	Rs./kWh	1.35	1.70
NDS – I, metered (<=2 kW) (above 100)	Nil	Rs. 30 per connection per month	Rs./kWh	1.35	1.75
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. 175 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. 150 per kW per month	Rs./kWh	3.95	5.00

Particulars	Fixed Charge		Energy Charge		
	Existing	Proposed	Unit	Existing	Proposed
	or part thereof	or part thereof			
LTIS (Installation)	Rs. 75 / HP / Month	Rs. 100 / HP / Month	Rs./kWh	3.50	4.00
LTIS (Demand)	Rs. 165 / KVA / Month	Rs. 200 / KVA / Month	Rs./kWh	3.50	4.00
IAS - I (Metered)	Nil	Nil	Rs./kWh	0.50	1.20
IAS - I (Unmetered)	Rs. 50 / HP / month	Rs. 50 / HP / month	Rs./kWh	Nil	Nil
IAS - II (Metered)	Nil	Nil	Rs./kWh	0.75	1.40
IAS - II (Unmetered)	Rs. 200 / HP / month	Rs. 200 / HP / month	Rs./kWh	Nil	Nil
HTS - 11 kV	Rs. 165 per kVA per month	Rs. 200 per kVA per month	Rs./kWh	4.35	5.00
HTS - 33 kV	Rs. 165 per kVA per month	Rs. 200 per kVA per month	Rs./kWh	4.35	5.00
HTS - 132 kV	Rs. 165 per kVA per month	Rs. 200 per kVA per month	Rs./kWh	4.35	5.00
HTSS – 11 kV	Rs. 330 per kVA per month	Rs. 380 per kVA per month	Rs./kW	2.50	3.00
HTSS – 33kV	Rs. 330 per kVA per month	Rs. 380 per kVA per month	Rs./kW	2.50	3.00
HTSS – 132 kV	Rs. 330 per kVA per month	Rs. 380 per kVA per month	Rs./kW	2.50	3.00
SS-I (Metered)	Rs. 25 / connection / month	Rs. 25 / connection / month	Rs./kWh	3.50	3.50
SS-II (Unmetered)	Rs. 110/100 watt lamp in addition Rs. 25 would be charged for each addition 50 watt lamp	Rs. 190/100 watt lamp in addition Rs. 95 would be charged for each addition 50 watt lamp	Rs./kWh	Nil	Nil
REC / SHG	Nil	Nil	Rs./kWh	0.70	0.90
Bulk Supply to MES	Rs. 160 per kVA per Month	Rs. 200 per kVA per Month	Rs./kWh	3.00	4.00

A4: PUBLIC CONSULTATION PROCESS

4.1 The tariff petition evoked response from several consumers. A public hearing was held on March 15th, 2014 in Adityapur to ensure the maximum public participation wherein the Petitioner presented a summary of the Petition filed by it to the Commission as well as to the public.

4.2 The members of the public put forth their comments and suggestions before the Commission in the presence of the Petitioner. Ninety Three (93) persons took part in the public hearing process. The list of the attendees is attached in Annexure I. The Commission also received written suggestions/ comments by the public on the tariff petition filed by the Petitioner.

4.3 During the course of public hearing, the Commission allowed persons/ representatives of entities, who had not submitted prior written representations but attended the public hearing, to express their views regarding the MYT petition filed by the Petitioner for the control period FY 2013-14 to FY 2015-16.

4.4 The issues raised in the written submissions, by the participants in the hearing and the reply of the Petitioner have been summarised below. The Commission views have also been presented in detail below.

Delay in consideration of Petition for fixation of tariff for FY 2013-14

Public Comments/Suggestions

4.5 The objectors expressed concern regarding the tariff determination exercise for FY 2013-14 on the basis of MYT Petition for the control period FY 2013-14 to FY 2015-16 which was based on provisional data for FY 2012-13 whereas actual audited data for the said year is now available with the Licensee. The objectors also enquired about the status of filing of True up Petition for FY 2012-13.

Petitioner's Response

4.6 The Petitioner submitted the petition for True up of ARR for FY 2012-13 to the Commission vide its letter No. PBD/463/59/2013 dated 11th November 2013.

Views of the Commission

4.7 The Commission agrees that considerable delay has happened in finalisation of this Tariff Order. The reasons for delay in processing of the MYT Petition have been outlined in paragraphs 1.15 to 1.19 and 2.13 to 2.16 of this Order. Further, the Petitioner filed the audited data for FY 2012-13 for scrutiny of the Commission on 11th November 2013 and has also made several submissions to approve appropriate tariff hike to meet rise in costs due to increase in power purchase costs.

4.8 In this regards, it is pertinent to mention that the Petitioner has been operating for over a year without any revision of its tariffs, while its costs (specifically power purchase costs) have been rising over the year. As the power purchase costs form approximately 80% of total ARR of the Petitioner, any increase in these costs has an adverse impact on financial viability of the utilities. The Commission observes that long term power procurement costs are beyond control of the Petitioner and any variation in this cost should be reviewed and pass through in accordance with the provisions of the JSERC (Multi Year Distribution Tariff) Regulations, 2010.

4.9 Moreover, as the present Petition pertains to the MYT period from FY 2013-14 to FY 2015-16, projections for the ARR submitted by the Petitioner need to be reviewed for prudence check. Thus, the Commission finds merit in reviewing the ARR petition filed for MYT period for FY 2013-14 to FY 2015-16 on provisional basis along with true up for FY 2011-12 and FY 2012-13 based on audited accounts.

Separate accounts

Public Comments/Suggestions

4.10 The objector submitted that the Petitioner should clarify that whether it maintains separate accounts for its Saraikela Project (pertaining to power supply business by the Petitioner) and the power supply carried out by Tata Steel in its licensed area (Jamshedpur). The objector also desired to understand that whether the power supply division of the Petitioner has been created only after getting appropriate distribution license from the Commission.

Petitioner's Response

4.11 The Petitioner submitted that two separate accounts are maintained for two separate business of Saraikela power distribution and Jamshedpur city's power distribution business.

4.12 The Petitioner also submitted that the power service division was created much before getting license of distribution of power of Saraikela Kharsawan district of Jharkhand.

Views of the Commission

4.13 The licensed business of power supply in Jamshedpur is undertaken by Tata Steel for which Commission had issued it a distribution license, while in the Saraikela Kharsawan district, the business of power supply is undertaken by JUSCO for which a separate distribution license has been approved by the Commission. Further, the Commission scrutinises the separate accounts for each licensee and also issues separate tariff orders for both the licensees.

Allocation of assets and cost

Public Comments/Suggestions

4.14 The objector submitted that the Petitioner should provide the basis for allocation of common expenses between the Petitioner's power supply business and Tata steel as well as between the Petitioner's power supply business and JUSCO's other businesses should also be clarified by the Petitioner. The Petitioner also enquired whether such Allocation Statement as approved by Board of Directors has been submitted to Commission.

Petitioner's Response

4.15 The Petitioner submitted that the basis of allocation of all kind of common costs has been submitted by the Petitioner in its MYT Petition.

4.16 Further, the Petitioner submitted that the allocation statement has been prepared based on the generally accepted accounting norms and principles and after due approval from the Managing Director, JUSCO on behalf of its Board of Directors.

Views of the Commission

4.17 The Commission has dealt with the issue of allocation of costs in previous years Tariff Orders and also while Truing up the O&M expenses for FY 2011-12 & FY 2012-13 in this Order. The Commission has already directed the Petitioner to complete the segregation of accounts for power service division. The Petitioner has submitted that from 1st April 2013, the actual cost of support functions would be captured by creating separate cost centres for different support functions. The Commission directs the Petitioner to file the next tariff petition along with the complete segregated accounts for its power supply division.

Billing and collection expenses

4.18 The Objector pointed out that Tata Steel has paid the Petitioner Rs. 2.14 Cr. during FY 2011-12 as Billing and Collection Expenses and another amount of Rs. 1.30 Cr towards A&G Costs to JUSCO (Source: Table No. 6 of ARR of Tata Steel). The Petitioner should provide details of how these receipts are reflected in the accounts of its power supply division.

Petitioner's Response

4.19 The Petitioner submitted that the payments have been made by Tata Steel for the expenses incurred by JUSCO for the Jamshedpur business and thus the receipts will not appear in the accounts of power supply Business but in JUSCO's book related to Jamshedpur's Business.

Views of the Commission

4.20 The Commission again re-iterates till such time accounts of power supply division are not completely segregated the cost and accounting treatment of all the assets and costs cannot be ascertained. The Commission in its previous tariff orders have been directing the Petitioner to complete the segregation of accounts for power service division. However, the Petitioner has once again failed to comply with the said directive. As mentioned above in Para 4.17, the Commission directs the Petitioner to file the next tariff petition along with the complete segregated accounts for power service division and also all the costs pertaining to power service division should be identified and accounted for in correct heads.

Adjustments in power purchase cost by prior period figures

Public Comments/Suggestions

4.21 The objector states that the sum of Rs. 3.82 Cr has been added to the audited figure of FY 2011-12 to arriving at a Power Purchase cost. The objector also stated that these adjustments pertain to FY 2009-10 & FY 2010-11. These adjustments are not reflected in audited accounts but added later on despite that True Up exercise for those period is over. Moreover, a sum of Rs. 60 lacs has been added as additional provision in Power Purchase Cost after the audited accounts with no details.

Petitioner's Response

4.22 The Petitioner submitted that the adjustments of prior period figures have been made pursuant to the directives of the Commission in the tariff orders which have been issued after the closure of audited accounts of previous years.

4.23 The Petitioner also submitted that whenever a directive is issued by the Commission for making reconciliation of past period accounts which have already been audited and closed, such reconciliation can only be shown as separate line items as the audited accounts of past period cannot be revised. Thus, the Petitioner submitted that the said methodology is the appropriate way of capturing such reconciliations..

Views of the Commission

4.24 The Commission has approved power purchase costs based on actual bills, tariffs approved by it in previous tariff orders, and as such no additional burden have been allowed as pass through.

Typographical errors

Public Comments/Suggestions

4.25 The Objector stated that there has been a number of errors present in the Petition which is contrary to the undertaking submitted by the Petitioner to the Commission and disregard to compliance to directives given by JSERC. The objector requested the Commission to ask the Petitioner to re-submit the corrected figures.

Petitioner's Response

4.26 The Petitioner submitted that it had acknowledged the errors and rectified the same. The petitioner also apologized for the inadvertent errors caused in the Petition.

Views of the Commission

4.27 The Commission directs the Petitioner to ensure that there are no typographical errors / mistakes in the subsequent petitions.

Consumer contribution

Public Comments/Suggestions

4.28 The objector states that the Petitioner is taking contributions from its prospective customers for providing connections to individual consumers. In this regard, the objectors have pointed out that the Petitioner should specify the regulation/Clause of JSERC under which the consumer contribution has been taken from the consumers and how is this contribution reflected in accounts vis-à-vis assets are kept and reconciled.

Petitioner's Response

4.29 The Petitioner submitted that it has collected the consumer contribution in accordance with the Chapter 3 of the JSERC Supply code Regulations 2004 and Section 46 of the Electricity Act 2003. The Petitioner further submitted that the general guideline of recovering the installation charges is recovery of all reasonable costs involved in providing the connections to the consumers and the same has also been explained during the previous public consultation process held in 2012, 2011 and 2010 and was also published in the tariff orders issued by the Commission.

4.30 The Petitioner also submitted that as soon as any assets are created out of capital contribution, the same is capitalized in the books of accounts of the Petitioner and the same amount is being transferred to Capital Reserve. Thus, the amount of capital contribution received finally got converted into Assets and an equivalent amount is shown under the Capital Reserve. Over the years, as per available annual depreciation, the amount gets depleted (reduced) in future years. The accounts are being reconciled at the end of every financial year.

4.31 The Petitioner also clarified that it does not get any kind of interest on normative loan, Return on Equity or Depreciation from the amount of capital asset created out of capital contributions from customers.

4.32 The Petitioner further submitted that the projected capital contribution is given based on preliminary estimates of new customers expected to come to take new power connections in coming year.

Views of the Commission

4.33 The Commission does not allow pass through of depreciation costs, interest and finance charges and return on equity for assets created out of consumer contribution in accordance with the JSERC (Multi Year Distribution Tariff) Regulations 2010.

GFA and Depreciation

Public Comments/Suggestions

4.34 The objector stated that the figures of GFA and depreciation submitted in the Petition at several places cannot be reconciled. Further, the objector stated that the capital investment plan as approved by the Commission in terms of Para 5.9 of the Distribution Tariff Regulations 2010 may be submitted for study.

4.35 The Objectors also asked the Petitioner to provide basis of calculation of depreciation amount as rates and amounts of GFA.

4.36 In addition to above, the objector stated that the accumulated depreciation in case of self propelled vehicles more than the gross asset value of the vehicle. The Petitioner may provide the reason for the same.

Petitioner's Response

4.37 The Petitioner submitted that there is a typographical error in para 4.9.1 where the correct figure for "additions to gross fixed assets" should be Rs.13.54 Crores instead of Rs. 23.30 Cr. mentioned there.

4.38 The Petitioner also submitted that the capital investment plan has been submitted to the Commission as part of the MYT petition and the copy of the same has already been provided to the stakeholder.

4.39 The Petitioner further submitted that the depreciation amount for a year is calculated on the basis of period of existence of each asset (i.e either for full year of part of the year) multiplied by its value and the relevant depreciation rate notified in the regulation. This calculation is done for each asset and the total depreciation amount is arrived at by adding the individual depreciation amounts of each asset.

4.40 The Petitioner admitted that there has been an error in the categorization of the asset. An, asset namely Tata Ace vehicle having gross value of Rs.2.87 lakhs has been erroneously categorized under the category of “other assets” while its depreciation amount has been categorized correctly under the category of “self propelled vehicles”.

Views of the Commission

4.41 The Commission is of the view that the Petitioner should carefully prepare the petition and review it thoroughly before submitting it to the Commission in order to minimize the errors.

4.42 Regarding the methodology and basis of arriving at the depreciation, the Commission in its previous Orders has specified detailed methodology and same has been considered in this Order.

Interest on Normative Loan

Public Comments/Suggestions

4.43 The objector stated that in Para 3.6.2, the normative interest rate has been taken at 13% as approved by Commission in previous Tariff Order but Para 4.10.3 the normative interest rate has been taken at 14.75% in accordance with the approval of the Hon’ble Commission in its previous Tariff Order. Please explain which one is correct statement.

Petitioner’s Response

4.44 The Petitioner submits that the normative interest rates of different period can be different. Normative interest rate is equal to the SBI PLR rate existing as on 1st April of the relevant financial year. In per the petition, the Petitioner has taken the interest on normative loan as 13% for FY’2011-12, as approved by the Commission in the tariff order dated 15th June 2012, which corresponds to SBI PLR as on 1st April 2011.

4.45 The Petitioner also submits that the normative interest rate for FY 2012-13 is taken as 14.75% which corresponds to SBI PLR as on 1st April 2012 and the same was also approved by Commission in the tariff order dated 15th June 2012.

Views of the Commission

4.46 As mentioned by the Petitioner and in accordance with the JSERC Distribution Tariff Regulations, 2010, interest rate for each year is determined on the basis of applicable SBI PLR on the 1st of April for the financial year. Accordingly, interest rates for each year have been approved on the basis of applicable SBI PLR rates as on 1st April of that financial year.

Reasonable rate of return

Public Comments/Suggestions

4.47 The objector state that the Petitioner has grossed up the Return on Equity of 15.50% 22.95% to make it pre-tax rate by taking the flat Income Tax rate of 32.45%. In this regard, the objector further stated that there are many adjustments/factors for arriving at taxable profit on which this flat rate of income tax is applicable. Thus, a true and correct income tax payable on normative return should be found out by taking into account depreciation and other applicable provisions of the Income Tax Act, 1961.

4.48 The Objector further stated that in the audited accounts of PSD Division for FY 2011-12, as submitted by the Licensee; Profit before Taxes has been shown as Rs. 24.95 Cr. with no provision of taxes being shown separately on this profit. From Balance Sheet, the treatment of Profit before Taxes amounting to Rs. 24.95 Cr. is also not clear.

Petitioner's Response

4.49 The Petitioner submitted that it has many services like, power services, water services, road maintenance and other municipal services. Income tax liability is determined for the company as a whole by the tax authorities. No tax liability is being determined for the specific divisions. So, the Petitioner has prepared the audited accounts only upto Profit before tax and not shown any tax liability for the power business division. The Petitioner further submitted that it has taken normative tax in the Petition as per the JSERC regulation.

Views of the Commission

4.50 The Commission states that the issue of rate of return has been dealt in the relevant sections of this Tariff Order.

Distribution Loss

Public Comments/Suggestions

4.51 The objector stated that with a Customer base of only 857 consumers (FY 2012-13), a target of 5% as set by Commission in the limited distribution network of JUSCO is on a very high side and it will tempt the Licensee to misuse it.

4.52 The objector further stated that the comparison of Distribution Loss with other Licensees is useful only when compared to the same Consumer base and limited network of Distribution. The parameters of other Licensee should match with JUSCO only then a meaningful comparison can be worked out.

4.53 Thus the demand of incentive by the Licensee for controlling Distribution Loss is not justified when we see the overall distribution network of JUSCO. The Hon'ble Commission should revise its target of Distribution Loss for JUSCO.

Petitioner's Response

4.54 The Petitioner submits that the Electricity Act'2003 provides legal framework to the utilities to deal with theft and pilferage, however, lack of adequate support from the enforcement agencies puts up severe burden on the utilities and their staff and that is why theft and pilferage of electricity had always been hitting the utilities performance across the country.

4.55 The Petitioner further submits that the countrywide the T&D losses of the utilities had varied widely, the private Distribution Companies running near 10 -15%, most of the state utility running near 20-30% band. The T&D loss in the developed nations are in the range of 4% to 5%. From the above it is apparent that even though the T&D losses in the range of 4 to 5% were being achieved in the developed nations, similar examples were almost non-existent in Indian context and for the area where JUSCO electricity distribution service is there the T&D losses of the other utility is in the range of 15-20%.

4.56 The Petitioner also submits that the JUSCOs effort was to establish the network, systems and procedures so that the T&D losses are maintained to the lowest Technical limits i.e. at world class levels of approx. 5% or below.

4.57 The Petitioner further submits the following-

(a) T&D loss is expressed in percentage terms therefore comparing the same with for a larger and a smaller size distribution utility is reasonable.

(b) A larger distribution utility (in terms of consumer base, area of operation and energy sales etc.) also deploys proportionately larger resources to manage the T&D losses. Deployment of larger resources enable the utility to contain the T & D losses by taking many kinds of improvement initiatives, control measures, etc. So, any larger utility can also reduce their T & D losses to a greater extent (upto 4 to 5%).We have seen that larger utilities of developed nations have 4 to 5% T & D losses.

(c) Due to its smaller size, JUSCO employs proportionately small resources. But even with the smaller resources JUSCO has reduced it's T & D losses to a greater extent due to effective utilisation of the resource. JUSCOs lower T&D loss is due to its various efforts taken for effective utilisation of its resources to ensure lower power cost to the end consumer. This includes interventions, improvement, continuous monitoring and rigorous implementation of the various systems and processes since design stage to implementation stage without error. JUSCO has put in those extra efforts to ensure that T&D losses are kept to the lowest possible technical limits and therefore attain a lower power cost to consumers.

Views of the Commission

4.58 The Commission is of the view that the distribution losses of the Petitioner are one of the lowest in the country and the Commission appreciated the Petitioner for this achievement.

4.59 The Commission also stated that the issue of providing incentive to the Petitioner on account of achievement of distribution loss target has been dealt with in the Section A5 on True-up for FY 2011-12 of this Order.

Power purchase cost

Public Comments/Suggestions

4.60 The objector stated that the Power Purchase Cost from Tata Steel has been shown as Rs. 3.51/ kWh and from DVC has been shown as Rs. 4.18/ kWh. Thus power from DVC is higher by almost 20%.

4.61 The objector also stated that the JUSCO is intended to reduce the purchase of power from TSL from FY 2014-15 onwards. The impact of such a policy decision will adversely affect all consumers by which Cost of Power will go up if bulk of power is purchased from DVC by JUSCO. The Petitioner should try to purchase maximum power from TSL.

Petitioner's Response

4.62 The Petitioner submits that it has made power procurement plan based on power availability from both source i.e. TSL and DVC.

4.63 The Petitioner also submitted that it has come to know through TSL Licensee's Business plan that very less quantum of power shall be available to the Petitioner from TSL from FY 2014-15 onwards. If power will be available from all the available sources, Jusco will procure power based on merit order.

Views of the Commission

4.64 The Commission has considered cost of power purchase based on available sources of power for JUSCO to meets its energy requirement during the MYT period and considered the principle of merit-order. Further, any change in power purchase costs are subject to Fuel price and power purchase cost adjustments in line with the relevant provisions of Distribution Tariff Regulations 2010.

Election Code of Conduct

Public Comments/Suggestions

4.65 The objector stated that whether it is allowable for the Commission to conduct public hearing during the period when the election code of conduct is in place. Objector also stated that is it not possible for the Commission to issue tariff order during the said period.

4.66 The objector also requested the Commission to cancel the schedule of hearing as it is being conducted during the period when the election code of conduct is in place.

Petitioner's Response

4.67 The Petitioner submitted that the commission may take a prudent view in this regard.

Views of the Commission

4.68 The Commission states that the Election Commission allows the public consultation process to take place during the election code of conduct. Also, the tariff order could be issued by the Commission once the election in all the constituencies of Jharkhand are over. Complying with the election code of conduct, the Commission has issued the tariff order only after the elections in Jharkhand are concluded.

Power supply to other areas

Public Comments/Suggestions

4.69 The objector submitted that many residents of Chandil are willing to take the power from JUSCO. The objector also submitted that many industries are also planning to come to chandil and in view of the above all, the Petitioner should supply power there. The objector stated that JUSCO is not providing services to rural, domestic, SC/ST consumers.

4.70 The objector also stated that the Petitioner was given license in the condition that it will supply the power to all the consumers. However, it is supplying power only to the industrial consumers.

Petitioner's Response

4.71 The Petitioner submits that the power supply arrangements in chandil is in progress. The Petitioner also submits that it is facing difficulties in providing power to chandil due to infrastructure issues. The Petitioner further submits that the process of supplying power to rural and other areas is in progress.

Views of the Commission

4.72 The Commission is of the view that the Petitioner should make all-out efforts to increase consumers in its service area and bring in more LT consumers and give reliable and quality supply to all consumers. The Commission also directs the Petitioner to expedite the process of supplying power to Chandil.

Tariff Hike proposed for FY 2013-14

Public Comments/Suggestions

4.73 The objector stated that tariff hike proposal is unacceptable and is not required for the power service division of JUSCO.The objector also requested that the tariff hike shall not be done retrospectively.

4.74 The objector stated that the previous year gaps should not be allowed to be recovered by the Commission and the tariff hike should be limited and not to the extent of 40% as proposed by the Petitioner. Moreover the Petitioner is proposing tariff hike from those domestic consumers who hardly contribute 2.50% of total revenue to JUSCO. This is unethical and will put up a huge burden on small consumers of JUSCO.

Petitioner’s Response

4.75 The Petitioner submits that around 85% of the ARR of the Petitioner consists of power purchase expenses i.e. 85% of the revenue goes to the suppliers to power to JUSCO. Due to increase in power purchase cost during the previous years, sufficient recovery on account of tariff hike is necessary.

4.76 The Petitioner also submitted that the tariff revision has also not happened for many years. However, the Petitioner agrees that the tariff hike should not be retrospective however it should be allowed to recover the previous revenue gaps in the tariff hike for the subsequent years.

Views of the Commission

4.77 The Commission has analysed the projections submitted for MYT period and accordingly dealt with this issue in the section on revenue from existing tariff and treatment of revenue gap of this Order.

Short notice of public hearing

Public Comments/Suggestions

4.78 The objector pointed out that the short notice of 48 hours for public hearing is not reasonable wherein the issues tariff hike has to be discussed. Proper time for preparing for the pubic hearing was not provided.

Petitioner's Response

4.79 As the issue was raised for the Commission, the Petitioner did not submit any comment on the same.

Views of the Commission

4.80 The Commission states that it is the normal practice to issue the press notice a day or two before the public hearing. The Commission also stated that it choose holiday for scheduling public hearing so that all the stakeholders are able to participate in the hearing.

Tariff structure related issues

Public Comments/Suggestions

4.81 The objector questioned that why the Petitioner is not providing any rebate on demand charge but only on energy charge.

4.82 The objector stated that the slab of load factor of 60% to 70% for incentive should be reduced to 50%-60%. Moreover, the rebate should be increased from 7.5% to 9%

4.83 The objector stated that the Petitioner should provide the discount to various educational institutes.

Petitioner's Response

4.84 The Petitioner submitted that in case of rebate on the demand charge, the Commission may take a prudent view.

4.85 The Petitioner further submitted that the aforementioned slabs are proposed by the Petitioner in order to motivate people to improve the performance. However, the Commission may take a prudent view in this regard.

Views of the Commission

4.86 The Commission has dealt with this issue on section on Terms and Conditions of supply of this Order.

Independent Audit

Public Comments/Suggestions

4.87 The objector requested to the Commission that the independent audit should be conducted and only then any proposal for the tariff hike should be considered by the Commission.

Petitioner's Response

4.88 The audited accounts for FY 2011-12 and FY 2012-13 for truing up of annual revenue requirement for the year have been submitted by the Petitioner.

Views of the Commission

4.89 The Commission states that the tariff is decided for the ensuing year based on the projections of ARR proposed by the Petitioner and reviewed by the Commission. The Projections are based on the previous year's ARR which is based on the annual accounts audited by independent auditors. In addition to the above, the true-up for any financial year is done based on the audited annual accounts only.

A5: TRUE-UP FOR FY 2011-12

5.1 The Commission approved the revised estimates of ARR for FY 2011-12 in its order dated 15th June 2012 after taking in to consideration the provisional accounts and other relevant additional information submitted by the Petitioner during the review exercise of ARR for FY 2011-12.

5.2 The Petitioner has now sought approval for the truing-up of expenditure and revenue based on the audited accounts for FY 2011-12.

5.3 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 2011-12 and has undertaken the truing-up exercise of various components after a prudence check. The component-wise description of the Petitioner's submission and the Commission's analysis thereof is provided hereunder.

Energy Balance

Petitioner's submission

5.4 The Petitioner submitted that the figures for energy sales, distribution losses and power purchase estimated in the previous petition, approved by the Commission as well as available as per the audited annual accounts for FY 2011-12 are same. Accordingly, the Petitioner submitted the actual energy available and energy sales (including sales to steel works) for FY 2011-12 as 253.13 MU and 250.32 MU, respectively. Further, the actual distribution losses achieved by JUSCO for FY 2011-12 are 1.11%.

Commission's analysis

5.5 The Commission scrutinised the figures submitted by the Petitioner in the ARR petition for True-up exercise and finds them to be in line with audited annual accounts for FY 2011-12. The Commission has also validated the audited data from actual power purchase bills for power procured from various sources.

5.6 The following table details the energy sales, distribution losses and power purchase approved by Commission in previous Tariff Order, actual now submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 9: Energy Balance (MUs) for FY 2011-12

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
A. Energy Requirement			
Total Energy Sales	250.32	250.32	250.32
Overall distribution loss (%)	1.11%	1.11%	1.11%
Overall distribution loss (MUs)	2.82	2.82	2.81
Total Energy Requirement	**253.14**	**253.14**	**253.13**
B. Energy Availability			
DVC (33 kV)	54.29	54.29	54.29
From Tata Steel Ltd.	**198.85**	**198.85**	**198.84**
132 kV	*197.85*	*197.85*	*197.84*
33 kV	-	-	-
6.6 kV	*1.00*	*1.00*	*1.00*
Total Energy Availability	**253.14**	**253.14**	**253.13**

Power Purchase Cost

Petitioner's submission

5.7 The Petitioner submitted that during FY 2011-12 it has sourced its power requirement from Tata Steel Limited (TSL) and Damodar Valley Corporation (DVC).

5.8 As per the audited accounts for FY 2011-12, the Petitioner purchased total 198.85 MU from TSL at cost of Rs. 59.46 Cr for power purchase from TSL at an average rate of Rs. 2.99 per unit. The Petitioner also purchased 54.29 MU from DVC during FY 2011-12 at cost of Rs. 21.10 Cr at an average rate of Rs. 3.89 per unit.

5.9 Other than above, the Petitioner is obligated to purchase 2% of its total energy requirement from Renewable energy sources during FY 2011-12. The Petitioner submitted that during the year, it has not purchased any power from renewable sources and has met its entire Renewable Purchase Obligation (RPO) through purchase of Renewable Energy Certificates (RECs) from power exchange. In this regards, the Petitioner submitted that the Commission in its Order dated 9th November 2012 in case of Review Petition filed by Tata Steel Limited against the Commission's Tariff Order for TSL for FY 2012-13; the Commission exempted the power purchased from TSL by the Petitioner for computation of RPO for the Petitioner to avoid double accounting. Accordingly, the RPO for the Petitioner for FY 2011-12 is revised to 1.09 MU against the approved target of 4.71 MU. However, the Petitioner has already purchased RECs equivalent to 4.00 MU at a cost of Rs. 1.20 Cr during FY 2011-12. In view of this, the Petitioner requested the Commission to carry forward the additional RECs purchased to offset against the next year's RPO.

5.10 Further, the Petitioner submitted that it has inadvertently not considered Rs. 0.11 Cr towards surcharge on electricity duty paid during FY 2011-12 in the power purchase costs and has requested to allow for pass through of the same.

Commission's analysis

5.11 As mentioned above, during FY 2011-12, the Petitioner has purchased power from TSL and DVC.

5.12 In case of power purchase from TSL, the Commission has approved the power purchase rate at Rs. 3.01 per unit based on the average power purchase cost from all sources for TSL for FY 2011-12 as approved by the Commission in the MYT Order for TSL for FY 2013-14 to FY 2015-16 dated 4th June 2014. The average power purchase cost of TSL has been revised on the basis of true up of power purchase cost for TSL as per its audited accounts for FY 2011-12. Accordingly, the Commission has approved the power purchase cost from TSL to be Rs. 59.87 Cr for FY 2011-12.

5.13 It is to be noted that the power purchase cost from TSL now approved by the Commission is higher than the amount projected by the Petitioner. This is because the Petitioner has projected the power purchase cost based on the average power purchase rate for TSL as approved by Commission in its previous Tariff Order for TSL for FY 2012-13, while now the Commission has revised the power purchase rate on basis of new average power purchase cost of TSL based on True up for FY 2011-12.

5.14 In case of power purchase from DVC, the Commission approves Rs. 21.10 Cr as power purchase cost based on audited accounts for FY 2011-12 and the review of month-wise power purchase bills from DVC as submitted to the Commission.

5.15 In addition to above, the Petitioner submitted that to meet the RPO target for FY 2011-12, it has purchased RECs equivalent to 4 MU at a cost of Rs.1.20 Cr. However, the Commission in its Order dated 9th November 2012 clarified that for computation of RPO for the Petitioner, the purchase of power from TSL shall not be considered, as same has been considered for computation of RPO for TSL. Accordingly, the RPO for FY 2011-12 is revised to 1.09 MU. As the Petitioner has already purchased non-solar RECs equivalent to 4 MU at cost of Rs. 1.20 Cr from IEX during FY 2011-12, the additional RECs purchased are allowed to be adjusted against target for FY 2012-13.

5.16 Further, as in case of TSL, the Petitioner has also purchased only non-solar RECs, while no purchase has been made to meet solar RPO either through solar RECs or solar power. In this regards, the Commission notes that as this was the first year of meeting RPO and also solar RECs were not easily available in the market, the Commission has decided to set off the Solar RPO target for the year against the non-solar RECs purchased. However, in future the Commission makes it mandatory to meet solar RPO only through purchase of solar power or solar RECs from power exchange. The cost of purchase of total 4 MU equivalent RECs as per the supporting bills was Rs.1.20 Cr for FY 2011-12 and same has been approved by the Commission. The excess RPO met equivalent to 2.91 MU shall be set off against the target for FY 2012-13.

5.17 With respect to the Petitioner's claim for pass of cost of surcharge on electricity duty paid during FY 2011-12 amounting to Rs. 0.11 Cr, the Commission notes that the expenditure incurred on surcharge on electricity duty is part of A&G expenses. Thus, the same is allowed as part of A&G expenses as provided in Para 5.34 of this Order.

5.18 Thus, the Commission has approved the total power purchase cost for FY 2011-12 at Rs. 82.17 Cr.

5.19 The following table details the power purchase cost for FY 2011-12 as approved by the Commission in the previous Tariff Order, actual cost as submitted by the Petitioner now and approved by the Commission now.

Table 10: Power Purchase Cost for FY 2011-12 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
DVC	20.98	21.10	21.10
From Tata Steel Ltd.	59.55	59.46	59.87
132	*59.25*	*59.16*	*59.57*
6.6 kV	*0.30*	*0.30*	*0.30*
RECs	1.20	1.20	1.20
Surcharge on Electricity duty	0.00	0.11*	0.00 **
Total power purchase cost	81.73	81.87	82.17
Power purchase quantum (MU)	253.14	253.14	253.14
Average power purchase rate (Rs/kWh)	3.23	3.23	3.25

*Note: * Payment made towards surcharge on electricity duty paid during FY 2011-12 but inadvertently not included by the Petitioner in the MYT petition, proposed in additional submission; ** The Commission has considered the amount while approving the A&G costs for FY 2011-12*

Basis of allocation of common costs for O&M expenses

Petitioner's submission

5.20 The Petitioner submitted that the cost data is captured by the Petitioner through the Financial Accounting System (FAS) maintained on SAP platform and separate cost centres have been created in the FAS through which identification of directly allocable expenses has been provided for.

5.21 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. In case of expenditures that are of common nature, either across JUSCO or across the whole Power Business Division, apportionment has been done taking certain assumptions or keeping in view generally accepted accounting norms and principles.

5.22 The Common Cost (allocation of /costs for Common Services) of JUSCO utility Services is identified between Employee Cost and A&G Cost and then apportioned to Saraikela Project of Licensee based on the allocation ratio provided in the table given below along with the type / nature of expenses under each of the cost element / head to ensure a fair allocation to the distribution function.

Table 11: Basis for allocation of Indirect cost as proposed by Petitioner

Items	Assumption with Rationale
HR	Allocation based on Number of Employees in Saraikela Project vis-à-vis JUSCO
IT	Allocation based on Number of PCs/laptop 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 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 Saraikela Project
Corp Communication	Allocated Equally among all 8 segments of Services within JUSCO and further allocating half of the PSD's share to Saraikela Project
Business Strategy	Allocated Equally among all 8 segments of Services within JUSCO and further allocating half of the PSD's share to Saraikela Project
Security	Allocated Equally among all 8 segments of Services within JUSCO and further allocating half of the PSD's share to Saraikela Project
Billing and Collection	Allocation based on Number of consumers of Saraikela Project vis-à-vis JUSCO
GM – PSD Office	Equal allocation to Saraikela & Jamshedpur License area
Procurement	Allocation based on value of procurement of Saraikela Project vis-à-vis JUSCO

5.23 Further, in compliance to the Commission's directive for segregation of cost centres and accounts in the previous Tariff Order for FY 2012-13, the Petitioner submitted that from 1st April 2013, the actual cost of support functions would be captured by creating separate cost centres for different support functions. The Petitioner had also requested the Commission to allow earlier practice till March 2013 as the Tariff Order for FY 2012-13 was issued in June 2012 and by that time the FY 2011-12 was completed and FY 2012-13 had already started and thus it was difficult to implement the directive in middle of year.

Commission's Analysis

5.24 The Commission in its previous Tariff Order for FY 2012-13 for JUSCO had directed 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 MYT tariff petition for FY 2013-14 to FY 2015-16. However, the Petitioner has not segregated the account heads and requested the Commission to allow the earlier practice till March 2013, while separate accounts would be submitted for FY 2013-14 along with true up for the year.

5.25 As per the submission by the Petitioner and prayer that the new methodology and principles cannot be adopted in middle of year, the Commission considers the aforesaid principles of cost allocation as a temporary measure till completed accounts for FY 2013-14 are submitted by the Petitioner.

5.26 However, the Commission is of the view that separate accounting of regulated businesses is necessary to be able to identify the legitimate costs of the Petitioner. Further, as FY 2013-14 is already over, the Commission believes that the Petitioner has completely segregated the account for Power Business Division for the Saraikela- Kharasavan area of distribution w.e.f. 1st April 2013 and thus directs the Petitioner to submit the same with the next tariff petition.

5.27 In view of the above, for the purposes of True up of ARR for FY 2011-12, the Commission has decided to allow the common cost in this Tariff Order as per the audited accounts and other information submitted by the Petitioner, after a prudence check.

Operation and Maintenance expenses

Petitioner's submission

5.28 The Petitioner submitted that the O&M expenses of the licensed business of JUSCO 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 based on the accepted accounting principles. For FY 2011-12, the Petitioner submitted the O&M expenses as per the audited accounts are Rs 8.98 Cr which includes Rs. 6.63 Cr. of direct cost and Rs. 2.65 Cr. of common cost.

5.29 The Petitioner further submitted that the cost incurred on CGRF during FY 2011-12 amounting to Rs. 0.04 Cr is included in the A&G costs as per the audited accounts.

Commission's analysis

5.30 The O&M expenses include Employee Cost, Administrative and General (A&G) Expenses and Repair and Maintenance (R&M) expenses.

Employee Cost

5.31 Based on the audited accounts of FY 2011-12, the Commission approves the direct employee cost of Rs 3.24 Cr and apportioned indirect employee cost of Rs 1.60 Cr, which is as submitted by the Petitioner.

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

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Employee Cost (Direct)	3.05	3.24	3.24
Common Cost of JUSCO	1.44	1.60	1.60
Total Employee Cost	**4.49**	**4.84**	**4.84**

A&G Expenses

5.32 The Petitioner has submitted direct A&G expenses for FY 2011-12 as Rs. 1.58 Cr. However, the Petitioner inadvertently omitted amount of Rs.0.81 Cr, forming part of direct A&G cost as per the audited accounts for FY 2011-12, and included it in the R&M cost. In view of the above, the Commission approves direct A&G expenses as Rs. 2.39 Cr as provided in the Audited accounts wherein it has added back Rs.0.81 Cr in the A&G expenses and reduced R&M expenses accordingly.

5.33 The indirect A&G cost as per the audited accounts for FY 2011-12 is Rs. 1.05 Cr and same has been approved by the Commission.

5.34 Further as mentioned in Para 5.17 of this Order, the Commission has considered amount of Rs. 0.11 Cr towards Electricity Duty Surcharge for the months of April to June 2011 as part of A&G costs.

5.35 The table below summarises the A&G expenses submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 13: A&G Expenses for FY 2011-12 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
A&G Cost (Direct)	1.70	1.58	2.39
Common Cost of JUSCO	0.98	1.05	1.05
Surcharge on Electricity Duty	0.00	0.00 *	0.11
Less: Capitalized	0.09	-	-
Total A&G Cost	**2.59**	**2.63**	**3.55**

R&M expenses

5.36 For FY 2011-12, the Petitioner has submitted R&M expenses as Rs. 1.51 Cr. However, as discussed in Para 5.32 of this Order, the Petitioner inadvertently included amount of Rs. 0.81 Cr, forming part of direct A&G expenses as per the audited accounts for FY 2011-12, in the R&M expenses. The Commission has adjusted the said amount in A&G cost and accordingly reduced it from R&M expenses for FY 2011-12.

5.37 In view of above, the Commission has approved R&M expenses as Rs. 0.70 Cr for FY 2011-12 as per audited accounts. The following table summarises the R&M expenses submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 14: R&M Expenses for FY 2011-12 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
R&M Cost	**1.51**	**1.51**	**0.70**

5.38 The total O&M expenses submitted and approved for FY 2011-12 are summarized in the table below.

Table 15: O&M Costs for FY 2011-12 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Employee cost	4.49	4.84	4.84
A&G cost	2.68	2.63	3.55*
R&M cost	1.51	1.51	0.70
Total O&M Cost	**8.68**	**8.98**	**9.09**

Note: * Includes Rs. 0.11 Cr on account of Electricity duty surcharge

CWIP & Gross Fixed Asset

Petitioner's submission

5.39 The Petitioner submitted that the Capital Work in Progress (CWIP) and Gross Fixed Assets (GFA) have been derived from the audited annual accounts for FY 2011-12 and same is proposed to be allowed by the Commission.

Commission's analysis

5.40 The values of GFA and CWIP, has been verified by the Commission as per the figures available in the audited accounts submitted by the Petitioner. The following table summarises the CWIP and GFA approved by the Commission for FY 2011-12.

Table 16: CWIP and GFA for FY 2011-12 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Capital Work in Progress (CWIP)			
Opening CWIP	11.00	11.00	11.00
Capex during the FY	6.95	10.21	10.21
Sub-total	***17.95***	***21.21***	***21.21***
Less: transferred to GFA	*3.67*	*3.67*	*3.67*
Closing CWIP	**14.28**	**17.54**	**17.54**
Gross Fixed Assets (GFA)			
Opening GFA	96.66	96.66	96.66
Transferred from CWIP	3.67	3.67	3.67
Closing GFA	**100.33**	**100.33**	**100.33**

Depreciation

Petitioner's submission

5.41 The Petitioner submitted that it has computed the depreciation costs based on Straight Line Method as prescribed in the Distribution Tariff Regulations 2010 and as per the rates provided in Appendix I to the above-mentioned regulations. Further, the depreciation cost proportionate to the extent of fixed assets being funded through Consumer Contribution, has been deducted from the total depreciation in order to arrive at the net depreciation to be charged in the ARR.

5.42 Accordingly, the Petitioner has computed the gross depreciation for FY 2011-12 to be Rs. 5.88 Cr and after deducting the depreciation proportionate to the fixed assets being funded through consumer contribution i.e. Rs.1.57 Cr, the net depreciation works out to Rs. 4.30 Cr as submitted by the Petitioner.

Commission's analysis

5.43 The Commission approved gross depreciation for FY 2011-12 as Rs. 5.88 Cr after verifying from the annual accounts for the year. Further, the net depreciation has been computed after deducting the depreciation on account of the assets funded through capital contribution amounting to Rs. 1.57 Cr. Accordingly, the net depreciation for FY 2011-12 approved by the Commission works out to Rs. 4.31 Cr, which is same as submitted by the Petitioner.

5.44 The following table details the depreciation cost as submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 17: Depreciation for FY 2011-12 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Gross Depreciation	6.16	5.88	5.88
Less: Depreciation on account of assets added through consumer contribution	*1.62*	*1.57*	*1.57*
Net Depreciation	**4.54**	**4.30**	**4.31**

Interest and Other Finance Charges

Interest on Loan

Petitioner's submission

5.45 The Petitioner 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.

5.46 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.

5.47 The Petitioner states that normative interest rate has been taken at 13.00% as approved by the Hon'ble Commission in the previous tariff order. The normative interest is calculated on the average balance of the loan during FY 2011-12 which amounts to Rs. 40.62 Cr. Accordingly, the interest on loan has been computed by the Petitioner as Rs 5.28 Cr for FY 2011-12.

Commission's analysis

5.48 In accordance with the 'Distribution Tariff Regulations, 2010', the Commission has computed the normative loan for the year equal to 70% of the average GFA. The GFA has been considered net of consumer contribution of Rs. 26.39 Cr. on the basis of the audited accounts for the year.

5.49 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 interest rate of 13.00%, which corresponds to SBI PLR as on 1st April 2011. Accordingly, the Commission approves the normative interest amount for FY 2011-12 at Rs 4.75 Cr.

5.50 The following table details the interest on loan as submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 18: Interest and Other Finance Charges for FY 2011-12 (Rs. Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Opening Loan	36.35	42.12	36.35
Normative addition to the loan	0.00	1.29	4.68
Normative repayment	4.54	4.30	4.31
Closing loan	31.81	39.11	36.73
Average loan	***34.08***	***40.62***	***36.54***
Rate of Interest (%)	13.00%	13.00%	13.00%
Interest on loans	***4.43***	***5.28***	***4.75***

Interest on Security Deposits

Petitioner's submission

5.51 The Petitioner has created provisions for interest on security deposits of consumers at the rate of 6% p.a. till 14th Feb 2012 and @ 9.00% from 15th Feb 2012 to 31st March 2012 due to change in RBI Bank Rate effective from 15th Feb 2012. The average Security Deposit amount as on year end FY 2011-12 stood at Rs. 27.83 Cr. and the corresponding Interest on Security Deposit as per audited accounts is Rs 1.80 Cr for FY 2011-12.

Commission's analysis

5.52 The Commission directed the Petitioner to submit sample bills of consumers for FY 2011-12. Based on prudence check done on the sample bills and the audited accounts submitted by the Petitioner, the Commission ascertained that the Petitioner has paid the interest on security deposit to the consumers and thereby approves the interest on security deposit of Rs 1.80 Cr for FY 2011-12 as per the audited accounts.

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

Table 19: Interest and Other Finance Charges for FY 2011-12 (Rs. Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Interest on Normative Loan	4.43	5.28	4.75
Interest on Security Deposits	1.81	1.80	1.80
Total Interest & Finance Charges	**6.24**	**7.08**	**6.55**

Return on Equity (RoE)

Petitioner's submission

5.54 The Petitioner submitted that the deemed addition to the normative equity has been taken at 30% of the total GFA during the financial year net of consumer contribution being transferred to capital reserve which is proportionate to the fixed assets capitalised. The Petitioner has computed the normative return on equity by grossing up the tax rate of 32.45% on Return on Equity which has been taken as 15.50%. Accordingly, the RoE computed by the Petitioner for FY 2011-12 is Rs 5.01 Cr.

Commission's analysis

5.55 In accordance with the 'Distribution Tariff Regulations, 2010', the Commission has considered the equity base to be equal to 30% of gross fixed assets net of consumer contribution.

5.56 In the tariff order dated 15th June 2012 while approving the true up of ARR for FY 2010-11 for the Petitioner, the Commission in Para 5.68 stated as follows:

"The Commission in previous Tariff Order had approved normative income tax for the Petitioner for FY 2009-10 as the audited accounts for the whole business of JUSCO for FY 2009-10 showed a positive Profit Before Tax (PBT). However in FY 2010-11, the audited accounts of the whole business of JUSCO for FY 2010-11 show a negative Profit Before Tax (PBT) for the company. Thus, the Commission is of the view that as the whole business of JUSCO has a negative PBT, there is no assessable income for computation of Income Tax during FY 2010-11. Accordingly for FY 2010-11, the Commission has not considered any income tax for the Petitioner as there is no income tax liability ascertained for whole business of JUSCO. However, in case any income tax is actually paid by the Petitioner pertaining to FY 2010-11 in future years, the Commission would allow as per the actual amount based on the supporting documents submitted by the Petitioner for the same."

5.57 The Commission further states that the Petitioner aggrieved by the Commission's decision to disallow the income tax in the tariff order dated 15th June 2012 as discussed above, filed a review petition (Case No. 15 of 2012) before the Commission. The Commission it its order 6th November 2012 rejected the plea of the Petitioner by stating as follows:

"A perusal of the information submitted by the petitioner shows that an amount of Rs. 34.11 crores has been added back in the FY 2010-11 as "Unpaid provisions". This unpaid provisions include leave salary, bonus, gratuity and superannuation fund. The petitioner claims that the amount of Rs. 34.11 crores which was to be paid for the said liabilities in FY 2010-11 could not be paid in that year and as such, has been added back in the FY 2010-11. The petitioner has not explained or clarified as to when there were provision for payment of the liabilities under consideration for the FY 2010-11, why these were not paid in that year. Secondly, if these were not paid in that year, then according to Accounting Principles, these should have been carried forward to the next financial year i.e. 2011-12 instead of adding back in the year 2010-11. The Commission is not convinced about the methodology adopted by the petitioner and there is no logical explanation from the petitioner on adding back the amount of Rs. 34.11 crores in the year 2010-11. Had this amount been paid in FY 2010-11, the petitioner would have got a negative income of Rs.3.19 crores for the income tax purposes. Another Rs. 13.61 crores has also been added back to the book losses in the FY 2010-11 by the petitioner. This amount relates to unpaid amount of other items under section 28 to 44 DA including warranty provision, provision for loss under AS-7 and provisions for IDT and LD. Since these items do not pertain to the Power Business Division specifically, these cannot be considered while allocating income tax liability of the regulated business of the petitioner.

In view of the aforesaid discussion, the Commission finds no reason for approving normative income tax for the FY 2010-11 for the regulated business of the petitioner and rejects the plea of the petitioner on this count."

5.58 Aggrieved by the order of the Commission, the Petitioner filed the case in Hon'ble APTEL where the Hon'ble APTEL had dismissed the petition citing that the same is not maintainable.

5.59 The Commission has observed that in FY 2011-12 as well, the whole business of JUSCO for FY 2011-12 showed a negative Profit before Tax (PBT). Thus, the Commission reiterates that since JUSCO has a negative PBT as whole, there is no assessable income for computation of Income Tax during FY 2011-12, the Commission has not considered any income tax for the Petitioner as there is no income tax liability ascertained for whole business of JUSCO and the power supply division. Further, the audited annual accounts of power business of JUSCO also do not show any income tax appropriated to the power supply business for FY 2011-12. Thus, there is no income tax approved for FY 2011-12 for power supply business of JUSCO, which is in line of methodology approved by the Commission in previous Tariff Order.

5.60 Accordingly, the Commission permits a rate of return of 15.50% (without grossing up with tax rate) as specified in Clause 6.20 of the 'Distribution Tariff Regulations, 2010'. Thus, the Commission approves RoE amounting to Rs 3.38 Cr for FY 2011-12.

5.61 The table below details the Return on Equity submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 20: Return on Equity for FY 2011-12 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Normative Average Equity Base Rs. Cr.)	21.84	22.18	22.18
Rate of ROE (%)	15.50%	22.95%	15.50%
Return on Equity (Rs Cr)	**3.38**	**5.01**	**3.38**

Non Tariff income

Petitioner's submission

5.62 The Petitioner submitted that Non-Tariff Income includes Meter Rent, Delayed Payment Surcharge and Supervision Charges among others. The amount of Non-Tariff Income as submitted by the Petitioner as per the audited annual accounts for FY 2011-12 is Rs. 0.34 Cr.

Commission's Analysis

5.63 The Commission approves the Non-Tariff Income at Rs 0.34 Cr for FY 2011-12, as per the annual audited accounts submitted by the Petitioner.

Revenue from sale of power

Petitioner's submission

5.64 The Petitioner submitted that the revenue from sale of power as per audited annual accounts is Rs 118.77 Cr for FY 2011-12 as against Rs. 118.24 Cr. as approved by the commission in the Tariff Order for FY 2012-13 dated 15th June 2012.

Commission's Analysis

5.65 The Commission scrutinized the revenue from the audited accounts and observed the actual revenue booked from sale of power is Rs 118.77 Cr in FY 2011-12 as submitted by the Petitioner. Accordingly, the Commission approves the revenue from sale of power at Rs. 118.77 Cr.

Sharing of gains

Petitioner's submission

5.66 The Petitioner submitted that as per clause 5.23 of Distribution Tariff Regulations 2010, the distribution Loss target set-up for JUSCO has been at 5% which is among the lowest as compared to other utilities all over the country, 5.67 The petitioner also submitted that it has been able to keep its T&D losses to its technical levels and thus it is entitled for sharing of gains. The Petitioner had considered a sharing of 40% of total savings with the consumers and 60% to be added in its revenue requirement. The sharing of gains for FY 2011-12 as computed by the Petitioner is provided below:

Table 21: Sharing of Gains for FY 2011-12 (Rs Cr)

Particulars	Units	FY 2009-10	FY 2010-11	FY 2011-12
Energy Sales	MUs	126.65	212.03	250.32
Loss approved by Commission	%	5.00%	5.00%	5.00%
Energy requirement at Normative Loss	MUs	133.32	223.19	263.49
Actual achieved distribution loss	%	0.96%	1.65%	1.11%
Actual energy purchased	MUs	127.88	215.59	253.13
Actual power purchase cost	Rs. Cr.	38.55	64.11	81.55
Actual average power purchase cost	Rs./kWh	3.01	2.97	3.22
Energy saved / reduction in power purchase	MUs	5.44	7.60	10.36
Saving in power purchase cost	Rs. Cr.	1.64	2.26	3.34
Consumer share	Rs. Cr.	0.66	0.90	1.34
Entitlement of JUSCO	Rs. Cr.	0.98	1.36	2.00

5.68 The Petitioner had also submitted that the Commission had not considered Petitioner's share of gains in previous tariff order, however at the same time the eligibility for claiming this amount was not completely ruled by the Commission and the Commission had directed the Petitioner to conduct loss level study in its licensed area to estimate correct losses.

5.69 The Petitioner had engaged expert technical agency to conduct study on technical distribution loss in the system. The study concluded that the technical losses with current level of network and consumer mix shall remain in the range of 2%-3% and will go-up with addition of long rural feeders. The other component of T&D losses are non technical losses which occur due to theft and pilfer of electricity and is independent of HT, LT mix ratio and depends heavily on the socio economic, political, law and order position in the area. The Petitioner also submitted that it has been putting tremendous effort to ensure that non technical losses in its network remains at negligible level and that is why it has been able to attain T&D loss levels of below 2% despite of the fact that in the same area the distribution loss of other licensee varies from 15% to 30%.

5.70 Based on the above arguments, the Petitioner had requested the Commission to allow this sharing in savings of the amount of Rs. 4.34 Cr. for FY 2009-10, FY 2010-11 and FY 2011-12.

Commission's Analysis

5.71 The Commission in its tariff order for FY 2011-12 had stated that:

"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."

5.72 As observed by the Commission in the previous tariff orders for FY 2011-12 and FY 2012-13, the Commission reiterates its observations for sharing of gains and losses for FY 2011-12 as given below:

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

(b) The case is significantly different from the case of Tata Steel Limited 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 favorable 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 suggest that the Consumer has mainly benefited on lower loss levels by having a better HT consumer mix.

(d) In the Tariff Order of FY 2012-13, the Commission after scrutinizing the latest information made available for FY 2011-12 had revised the distribution loss target to 1.11%. Since the Petitioner has achieved the same loss levels of 1.11% 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.

(e) Further, in its submission now, the Petitioner has pointed out that as per the result of independent technical loss study, the loss levels for current network and consumer profile should not more than 2-3% and will go up with addition of rural feeders. Thus, as supply has not increased in rural areas, claiming incentive for reduction in losses from 5%, when actual loss levels should not be more than 2-3% is incorrect.

(f) Further, despite repeated reminders and directives, the supply in rural areas has not been extended by JUSCO. Thus to claim sharing of gains on account of saving in improvement in loss reduction is not justifiable.

5.73 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 is inadmissible.

Surcharge on Electricity Duty for FY 2010-11

Petitioner's submission

5.74 The Petitioner against the tariff order for approval of ARR and tariff for FY 2012-13 dated 15th June 2012 had filed the review petition wherein the Petitioner submitted that the Commission had not allowed the Petitioner the surcharge on electricity duty amounting to Rs. 0.36 Cr. for FY 2010-11 as it was inadvertently missed by the Petitioner to include the above expenditure in ARR.

Commission's Analysis

5.75 The Commission in its order dated 6th November 2011 stated that surcharge on electricity duty for the FY 2010-11 was not allowed by the Commission for want of details. However, since the Petitioner had submitted the proof of payment of surcharge on electricity duty along with the review petition, the Commission had allowed the surcharge on electricity duty of Rs. 0.36 Cr. and directed the Petitioner to reflect this amount in its ARR while filing the next tariff petition.

5.76 Relevant extract of the review order (Case no. 15 of 2012) is given below,

"A perusal of the aforesaid para makes it clear that the petitioner has not submitted the details of the surcharge of electricity duty separately and as such it was not approved by the Commission.

Now the petitioner explains that on the advice of the auditor they had included the surcharge on electricity duty in the Power Purchase Cost and not under the A&G expenses.

Be as it may, from the tariff order, it is clear that the surcharge on electricity duty for the FY 2010-11 was not allowed by the Commission for want of details. Since, now the petitioner has filed the proof of payment of surcharge on electricity duty, the Commission allows the same which comes to Rs. 36.48 lakhs. The petitioner is directed to reflect this amount in its ARR while filing the next tariff petition."

5.77 In compliance to the aforementioned order, the Petitioner had claimed Rs. 0.36 Cr in the current tariff petition in Table 46 in Section 4.15 (ARR and revenue gap for FY 2012-13). However, subsequently, the Petitioner prayed to the Commission to allow the said amount with the true-up of ARR for FY 2011-12.

5.78 The Commission accepts the plea of the Petitioner and allows Rs. 0.36 Cr as surcharge on Electricity duty pertaining to FY 2010-11 as pass through in ARR for FY 2011-12.

Summary of ARR for FY 2011-12

5.79 The following table contains the summary of ARR and revenue gap as submitted by the Petitioner and approved by the Commission for FY 2011-12.

Table 22: Summary of Annual Revenue Requirement for FY 2011-12 (Rs Cr)

Particulars	Approved in TO for FY 2012-13	Petitioner's Submission Now	Commission's Analysis
Power Purchase Cost	81.73	81.87*	82.17
O&M Expenses	8.68	8.98	9.09**
Depreciation	4.54	4.30	4.31
Interest & Finance Charges	6.24	7.08	6.55
Return on Equity	3.38	5.01	3.38
Less: Non-Tariff Income	0.20	0.34	0.34
Net ARR for Control Period	***104.13***	***106.90***	***105.16***
Revenue from Sale of Power @ Existing Taiff	118.24	118.77	118.77
Add: sharing of Gains	-	4.34	-
Revenue Gap / (Surplus) for the year	***(14.11)***	***(7.52)***	***(13.61)***
Add: Past Gap / (Surplus)	(4.60)	(4.59)	(4.60)
Total Revenue Gap / (Surplus)	**(18.71)**	**(12.11)**	**(18.21)**
Add: Surcharge on ED for FY 2010-11	0.00	0.00 **	0.36
Net Revenue Gap / (Surplus)	***(18.71)***	***(12.11)***	***(17.85)***

* Includes *Payment made towards surcharge on electricity duty during FY 2011-12 but inadvertently not included by the Petitioner in the MYT petition; ** However, as surcharge on Electricity duty is considered as part of A&G costs, the Commission has considered the amount of Rs. 0.11 Cr in the A&G costs for FY 2011-12; *** Considered by the Petitioner in projections for FY 2012-13 in the MYT petition, but prayed subsequently to include the same in true up for FY 2011-12.*

5.80 As can be seen, the Petitioner has estimated a revenue surplus of Rs. 12.11 Cr for FY 2011-12 based on audited accounts for the year and past year's gaps, while the approved revenue surplus based on true up of ARR for FY 2011-12 is Rs. 17.85 Cr for FY 2011-12.

A6: TRUE UP FOR FY 2012-13

6.1 The Petitioner, in the ARR and Tariff petition for MYT Period from FY 2013-14 to FY 2015-16, submitted revised estimates of ARR for FY 2012-13 based on provisional estimations and figures available in its records and books of accounts for first six months (H1) of FY 2012-13. However, due to delay in the processing of the MYT petition, the data submitted for FY 2012-13 has become obsolete as the audited data for the year was now available. Accordingly, the Petitioner filed the petition for True up of ARR for FY 2012-13 based on audited accounts for the year on 11th November 2013.

6.2 Thus, 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 2012-13 and has undertaken the truing-up exercise of various components after a prudence check.

6.3 The component-wise description of the Petitioner's submission and the Commission's analysis thereof is provided hereunder.

Energy Balance

Petitioner's submission

6.4 The Petitioner projected the energy sales, distribution losses and power purchase for FY 2012-13 on basis of actual data for first half of the year (H1) and projections for remaining half of the year (H2).

6.5 Accordingly, the Petitioner submitted the energy available and energy sales for FY 2012-13 as 266.55 MU and 259.88 MU, respectively. Based on above, the distribution loss projected for FY 2012-13 by the Petitioner was 2.50%.

Commission's analysis

6.6 As the audited accounts for FY 2012-12 were made available, the Commission scrutinised the figures for energy available and sales with audited annual accounts for FY 2012-13 and has also validated the audited data from actual power purchase bills for power procured from various sources. Accordingly, the Commission approves the energy available from all sources and energy sales for FY 2012-13 as 248.89 MU and 250.90 MU, respectively. Based on above, the actual distribution losses for FY 2012-13 work out to 0.80% and same is approved by the Commission.

6.7 The following table details the energy sales, distribution losses and power purchase approved by Commission in previous Tariff Order, submitted by the Petitioner and approved by the Commission for FY 2012-13.

Table 23: Energy Balance (MUs) for FY 2012-13

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
A. Energy Requirement			
Total Energy Sales	302.76	259.88	248.89
Overall distribution loss (%)	*2.50%*	*2.50%*	*0.80%*
Overall distribution loss (MUs)	7.76	6.67	2.01
Total Energy Requirement	**310.52**	**266.55**	**250.90**
B. Energy Availability			
DVC (33 kV)	*81.91*	*66.70*	*73.46*
From Tata Steel Ltd.	**195.11**	**199.85**	**177.44**
132	*193.92*	*198.65*	*176.28*
6.6 kV	*1.20*	*1.20*	*1.16*
RPO *(target in MU)*	10.03	-	-
Total Energy Availability	**310.52**	**266.55**	**250.90**

Power Purchase Cost

Petitioner's submission

6.8 As mentioned above, the Petitioner is procuring power from TSL and DVC for meeting consumption in its licensed area during FY 2012-13.

6.9 The Petitioner submitted that based on actual power purchase from TSL in first half of FY 2012-13 and expected power purchase in next half, the estimated power purchase cost works out to Rs. 70.15 Cr for total power purchase of 199.85 MU at an average power purchase rate of Rs. 3.51 /kWh.

6.10 In case of power purchase from DVC, the Petitioner projected the cost of power purchase at Rs. 27.88 Cr at an average rate of Rs. 4.18 /kWh on the basis of actual data for first six months of FY 2012-13.

6.11 Other than above, the Petitioner submitted that during the year, it will purchase RECs amounting to Rs. 2.91 Cr to meet its RPO obligation for the year. Further, the Petitioner requested that the excess RPO met during FY 2011-12 equivalent to 2.91 MU be adjusted against target for FY 2012-13.

Commission's analysis

6.12 As mentioned above and as per the audited accounts for the FY 2012-13, the Petitioner has purchased power from TSL and DVC and also bought RECs from power exchange to meet its RPO target for the year.

6.13 In case of power purchase from TSL, the Commission has approved the power purchase rate at Rs. 3.28 per unit based on the average power purchase cost from all sources for TSL for FY 2012-13 as approved by the Commission in the MYT Order for TSL for FY 2013-14 to FY 2015-16 dated 4th June 2014. The average power purchase cost of TSL has been revised on the basis of true up of power purchase cost for TSL as per its audited accounts for FY 2012-13. Accordingly, the Commission has approved the power purchase cost from TSL to be Rs. 58.16 Cr for FY 2012-13.

6.14 In case of power purchase from DVC, the Commission approves Rs. 30.20 Cr as power purchase cost based on audited accounts for FY 2012-13 and the review of month-wise power purchase bills from DVC as submitted to the Commission.

6.15 In addition to above, the Petitioner actually purchased RECs equivalent to 6.80 MU at a cost of Rs. 1.56 Cr as per the audited accounts for the FY 2012-13. Out of total, the solar RECs purchased were equivalent to 0.30 MU and non-solar RECs were equivalent to 6.50 MU. However, in accordance with the Commission's Order dated 9th November 2012, the RPO target for the Petitioner shall be computed after excluding the purchase of power from TSL as same has been considered for computation of RPO for TSL. Accordingly, the RPO for FY 2012-13 is revised to 2.20 MU against the approved target of 10.03 MU in previous Tariff Order. Against the revised Solar RPO of 0.37 MU, the Petitioner has purchased RECs equivalent to 0.30 MU during FY 2012-13, thus remaining target for solar RPO i.e. 0.07 MU during the year is proposed to be carried forward to FY 2013-14. Further against the non-solar RPO target of 1.84 MU, the Petitioner has already purchased RECs equivalent to 6.50 MU. The additional non-solar RECs purchased equal to 4.66 MU during FY 2012-13 and 2.91 MU during FY 2011-12 will be carried forward to next year.

6.16 Thus, the Commission has approved the total power purchase cost for FY 2012-13 at Rs. 89.92 Cr. The following table details the power purchase cost for FY 2012-13 as approved by the Commission in the previous Tariff Order, submitted by the Petitioner and approved by the Commission now.

Table 24: Power Purchase Cost for FY 2012-13 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
DVC	32.88	27.88	30.20
From Tata Steel Ltd.	**62.28**	**70.15**	**58.16**
132	*61.90*	*69.72*	*57.78*
6.6 kV	*0.38*	*0.42*	*0.38*
RECs	6.00	2.91	1.56
Others/ ST purchase	9.63	0.00	0.00
Total power purchase cost	**110.79**	**100.93**	**89.92**
Power purchase quantum (MU)	310.52	266.55	250.90
Average power purchase rate (Rs/kWh)	**3.57**	**3.79**	**3.58**

Basis of allocation of common costs for O&M expenses

Petitioner's submission

6.17 The Petitioner submitted that the cost data is captured by the Petitioner through the Financial Accounting System (FAS) maintained on SAP platform and separate cost centres have been created in the FAS through which identification of directly allocable expenses has been provided for.

6.18 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. In case of expenditures that are of common nature, either across JUSCO or across the whole Power Business Division, apportionment has been done taking certain assumptions or keeping in view generally accepted accounting norms and principles.

6.19 The Common Cost (allocation of /costs for Common Services) of JUSCO utility Services is identified between Employee Cost and A&G Cost and then apportioned to Saraikela Project of Licensee based on the allocation basis as provided **Error! Reference source not found.** of this Order along with the type / nature of expenses under each of the cost element / head to ensure a fair allocation to the distribution function.

6.20 Further, in compliance to the Commission's directive for segregation of cost centres and accounts in the previous Tariff Order for FY 2012-13, the Petitioner submitted that from 1st April 2013, the actual cost of support functions would be captured by creating separate cost centres for different support functions. The Petitioner had also requested the Commission to allow earlier practice till March 2013 as the Tariff Order for FY 2012-13 was issued in June 2012 and by that time the FY 2011-12 was completed and FY 2012-13 had already started and thus it was difficult to implement the directive in middle of year.

Commission's Analysis

6.21 As summarised in the Para 5.24 to 5.27 of this Order, the Commission is of the view that separate accounting of regulated businesses is necessary to be able to identify the legitimate costs of the Petitioner. Further, as FY 2013-14 is already over, the Commission believes that the Petitioner has completely segregated the account for Power Business Division for the Saraikela- Kharasavan area of distribution w.e.f. 1st April 2013 and thus directs the Petitioner to submit the same with the next tariff petition.

6.22 However, for the purposes of True up of ARR for FY 2012-13, the Commission has decided to allow the common cost in this Tariff Order as per the audited accounts and other information submitted by the Petitioner, after a prudence check.

Operation and Maintenance expenses

Petitioner's submission

6.23 The Petitioner submitted that the O&M expenses of the licensed business of JUSCO 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 based on the accepted accounting principles. For FY 2012-13, the Petitioner submitted the O&M expenses as per the actual data for first half of the year and projections for remaining year as Rs 10.42 Cr which includes Rs. 7.48 Cr. of direct cost and Rs. 2.94 Cr. of common cost.

6.24 In addition to above, the Petitioner has projected an expenditure of Rs. 0.20 Cr on account of CGRF/ DSM during FY 2012-13.

Commission's analysis

6.25 The O&M expenses include Employee Cost, Administrative and General (A&G) Expenses and Repair and Maintenance (R&M) expenses.

Employee Cost

6.26 Based on the audited accounts of FY 2012-13, the Commission approves the direct employee cost of Rs 3.36 Cr and apportioned indirect employee cost of Rs 2.04 Cr. Thus, the approved employee cost is Rs. 5.40 Cr against projected cost of Rs. 5.57 Cr.

Table 25: Employee Costs for FY 2012-13 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Employee Cost (Direct)	3.14*	3.71	3.36
Common Cost of JUSCO	1.59	1.86	2.04
Total Employee Cost	**4.73**	**5.57**	**5.40**

Note: * Net of capitalisation of Rs. 0.17 Cr as approved by Commission in previous tariff order. However as no capitalisation has been provided in the audited accounts for the year, the Commission has not considered any capitalisation now.

A&G Expenses

6.27 The Commission has approved the direct A&G expenses for FY 2012-13 as Rs. 2.03 Cr as provided in the Audited accounts for the year which includes expenditure incurred towards CGRF/DSM expenses as was in FY 2011-12. While the indirect A&G cost as per the audited accounts for FY 2012-13 is Rs. 0.78 Cr and same has been approved by the Commission.

Table 26: A&G Expenses for FY 2012-13 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
A&G Cost (Direct)	1.75*	1.84	2.03
Common Cost of JUSCO	1.08	1.08	0.78
CGRF Expenses	0.00	0.20	0.00
Total A&G Cost	**2.83**	**3.12**	**2.81**

Note: * Net of capitalisation of Rs. 0.09 Cr as approved by Commission in previous tariff order. However as no capitalisation has been provided in the audited accounts for the year, the Commission has not considered any capitalisation now.

R&M expenses

6.28 The Commission has approved R&M expenses as Rs. 1.62 Cr for FY 2012-13 as per audited accounts as summarised in following table.

Table 27: R&M Expenses for FY 2012-13 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
R&M Cost	1.57	1.93	1.62

6.29 The total O&M expenses submitted and approved for FY 2012-13 are summarized in the table below.

Table 28: O&M Costs for FY 2012-13 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Employee cost	4.73	5.57	5.40
A&G cost	2.83	3.12	2.81
R&M cost	1.57	1.93	1.62
Total O&M Cost	**9.13**	**10.62**	**9.83**

CWIP & Gross Fixed Asset

Petitioner's submission

6.30 The Petitioner submitted that the Capital Work in Progress (CWIP) and Gross Fixed Assets (GFA) have been derived based on actual for first half of FY 2012-13 and expected capital expenditure and capitalisation during second half of the year.

Commission's analysis

6.31 The Commission has estimated the values of GFA and CWIP as per the audited accounts submitted for FY 2012-13.

6.32 The following table summarises the CWIP and GFA as submitted by the Petitioner and approved by the Commission for FY 2012-13.

Table 29: CWIP and GFA for FY 2012-13 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Capital Work in Progress (CWIP)			
Opening CWIP	14.28	17.54	17.54
Capex during the FY	15.76	40.41	14.36
Sub-total	**30.04**	**57.95**	**31.90**
Less: transferred to GFA	6.14	13.54	14.16
Closing CWIP	**23.90**	**44.41**	**17.74**
Gross Fixed Assets (GFA)			
Opening GFA	100.33	100.33	100.33
Transferred from CWIP	6.14	13.54	14.16
Closing GFA	**106.47**	**113.87**	**114.49**

Depreciation

Petitioner's submission

6.33 The Petitioner submitted that it has computed the depreciation costs based on Straight Line Method as prescribed in the Distribution Tariff Regulations 2010 and as per the rates provided in Appendix I to the above-mentioned regulations. Further, the depreciation cost proportionate to the extent of fixed assets being funded through Consumer Contribution, has been deducted from the total depreciation in order to arrive at the net depreciation to be charged in the ARR.

6.34 Accordingly, the Petitioner has computed the gross depreciation for FY 2012-13 to be Rs. 7.10 Cr and after deducting the depreciation proportionate to the fixed assets being funded through consumer contribution i.e. Rs.1.90 Cr, the net depreciation works out to Rs. 5.20 Cr as submitted by the Petitioner.

Commission's analysis

6.35 The Commission approved gross depreciation for FY 2012-13 as Rs. 6.29 Cr as per audited annual accounts for the year. Further, the net depreciation has been computed after deducting the depreciation on account of the assets funded through capital contribution amounting to Rs. 1.80 Cr as per the audited accounts for FY 2012-13.

6.36 Accordingly, the net depreciation for FY 2012-13 approved by the Commission works out to Rs. 4.49 Cr. The following table details the depreciation cost as submitted by the Petitioner and approved by the Commission for FY 2012-13.

Table 30: Depreciation for FY 2012-13 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Gross Depreciation	6.46	7.10	6.29
Less: Depreciation on account of assets added through consumer contribution	1.69	1.90	1.80
Net Depreciation	**4.77**	**5.20**	**4.49**

Interest and Other Finance Charges

Interest on Loan

Petitioner's submission

6.37 The Petitioner 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.

6.38 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.

6.39 The Petitioner states that normative interest rate has been taken at 14.75% as approved by the Hon'ble Commission in the previous tariff order. The normative interest is calculated on the average balance of the loan during FY 2012-13 which amounts to Rs. 37.50 Cr. Accordingly, the interest on loan has been computed by the Petitioner as Rs 5.53 Cr for FY 2012-13.

Commission's analysis

6.40 In accordance with the 'Distribution Tariff Regulations, 2010', the Commission has computed the normative loan for the year equal to 70% of the average GFA. The GFA has been considered net of consumer contribution of Rs. 37.03 Cr. on the basis of audited accounts for year.

6.41 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 interest rate of 14.75%, which corresponds to SBI PLR as on 1st April 2012. Accordingly, the Commission approves the normative interest amount for FY 2012-13 at Rs 5.27 Cr.

6.42 The following table details the interest on loan as submitted by the Petitioner and approved by the Commission for FY 2012-13.

Table 31: Interest and Other Finance Charges for FY 2012-13 (Rs. Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Opening Loan	31.81	39.11	36.73
Normative addition to the loan	1.60	1.98	2.46
Normative repayment	4.77	5.20	4.49
Closing loan	28.64	35.89	34.70
Average loan	***30.23***	***37.50***	***35.71***
Rate of Interest (%)	14.75%	14.75%	14.75%
Interest on loans	***4.46***	***5.53***	***5.27***

Interest on Security Deposits

Petitioner's submission

6.43 The Petitioner has created provisions for interest on security deposits of consumers at the rate of 9.00% p.a. during FY 2012-13 due to change in RBI Bank Rate effective from 15th February 2012. Accordingly, the proposed interest on Security Deposit for FY 2012-13 is Rs. 3.45 Cr based on actual security deposit received till first half of FY 2012-13 and projections for remaining period.

Commission's analysis

6.44 The Commission approves interest on security deposit as Rs. 1.73 Cr based on average balance of security deposits as per the audited accounts for FY 2012-13 and the applicable RBI Bank Rate i.e. 9% p.a.

6.45 As per the analysis of the Commission detailed above, the net Interest and Finance Charges for the FY 2012-13 is approved as follows:

Table 32: Interest and Other Finance Charges for FY 2012-13 (Rs. Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Interest on Normative Loan	4.46	5.53	5.27
Interest on Security Deposits	1.80	3.45	1.73
Total Interest & Finance Charges	**6.26**	**8.98**	**7.00**

Return on Equity (RoE)

Petitioner's submission

6.46 The Petitioner submitted that the deemed addition to the normative equity has been taken at 30% of the total GFA during the financial year net of consumer contribution being transferred to capital reserve which is proportionate to the fixed assets capitalised. The Petitioner has computed the normative return on equity by grossing up the tax rate of 32.45% on Return on Equity which has been taken as 15.50%. Accordingly, the RoE computed by the Petitioner for FY 2012-13 is Rs 5.19 Cr.

Commission's analysis

6.47 In accordance with the 'Distribution Tariff Regulations, 2010', the Commission has considered the equity base to be equal to 30% of gross fixed assets net of consumer contribution.

6.48 In accordance with the approach adopted by the Commission in previous Tariff Order and for true up for FY 2011-12 as provided in Para 5.56 to 5.60 of this Tariff Order, the Commission has observed that in FY 2012-13 as well, the whole business of JUSCO for FY 2012-13 showed a negative Profit before Tax (PBT). Thus, the Commission reiterates that since JUSCO has a negative PBT as whole, there is no assessable income for computation of Income Tax during the year. Thus, the Commission has not considered any income tax for the Petitioner as there is no income tax liability ascertained for whole business of JUSCO and the power supply division. Further, the audited annual accounts of power business of JUSCO also do not show any income tax appropriated to the power supply business for FY 2012-13.

6.49 Accordingly, the Commission permits a rate of return of 15.50% (without grossing up with tax rate) as specified in Clause 6.20 of the 'Distribution Tariff Regulations, 2010'. Thus, the Commission approves RoE amounting to Rs 3.52 Cr for FY 2012-13.

6.50 The table below details the Return on Equity submitted by the Petitioner and approved by the Commission for FY 2012-13.

Table 33: Return on Equity for FY 2012-13 (Rs Cr)

Particulars	Approved in Tariff Order for FY 2012-13	Submitted by the Petitioner	Approved now by the Commission
Normative Average Equity Base Rs. Cr.)	22.89	22.62	22.71
Rate of ROE (%)	15.50%	22.95%	15.50%
Return on Equity (Rs Cr)	**3.55**	**5.19**	**3.52**

Non Tariff incom

Petitioner's submission

6.51 The Petitioner submitted that Non-Tariff Income includes Meter Rent, Delayed Payment Surcharge and Supervision Charges among others. The amount of Non-Tariff Income as submitted by the Petitioner for FY 2012-13 is Rs. 0.62 Cr based on actual for first half of FY 2012-13 and projections for remaining period.

Commission's Analysis

6.52 The Commission approves the Non-Tariff Income at Rs 0.63 Cr for FY 2012-13, as per the annual audited accounts submitted by the Petitioner.

Revenue from sale of power

Petitioner's submission

6.53 The Petitioner submitted that the revenue from sale of power for FY 2012-13 as per the projected energy sales and existing tariff work out to Rs 123.47 Cr as against Rs. 140.68 Cr as approved by the Commission in previous Tariff Order for FY 2012-13 dated 15th June 2012.

Commission's Analysis

6.54 The Commission scrutinized the revenue from the audited accounts and observed the actual revenue booked from sale of power is Rs 119.81 Cr in FY 2012-13 and same is approved by the Commission.

Sharing of gains

Petitioner's submission

6.55 In addition to the ARR projections made by the Petitioner in the present petition, the Petitioner in the True up petition for FY 2012-13 submitted on 11th November 2013, has also claimed sharing of efficiency of gains on savings of power purchase cost due to loss reduction. Accordingly, petitioner has estimated incentive for loss reduction as Rs. 2.71 Cr for FY 2012-13.

Commission's Analysis

6.56 As stated in Paras 5.71 to 5.73 of this Order, the Commission again reiterates that the lower loss levels achieved by the Petitioner are primarily on account of the favorable consumer mix of the Petitioner, which comprises mainly of HT consumers in a small urban cluster. Moreover, in its submission now, the Petitioner has pointed out that as per the result of independent technical loss study, the loss levels for current network and consumer profile should not more than 2-3% and will go up with addition of rural feeders. Thus, as supply has not increased in rural areas, claiming incentive for reduction in losses from 5%, when actual loss levels should not be more than 2-3% is incorrect.

6.57 Further, despite repeated reminders and directives, the supply in rural areas has not been extended by JUSCO. Thus to claim sharing of gains on account of saving in improvement in loss reduction is not justifiable.

6.58 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 is inadmissible.

Summary of ARR for FY 2012-13

6.59 The following table contains the summary of ARR and revenue gap as submitted by the Petitioner and approved by the Commission for FY 2012-13.

Table 34: Summary of Annual Revenue Requirement for FY 2012-13 (Rs Cr)

Particulars	Approved in TO for FY 2012-13	Petitioner's Submission Now	Commission's Analysis
Power Purchase Cost	110.79	100.93	89.92
O&M Expenses	9.13	10.62*	9.83
Depreciation	4.77	5.20	4.49
Interest & Finance Charges	6.26	8.98	7.00
Return on Equity	3.55	5.19	3.52
Less: Non-Tariff Income	0.26	0.62	0.63
Net ARR for Control Period	***134.25***	***130.30***	***114.13***
Revenue from Sale of Power @ Existing Tariff	140.68	123.47	119.81
Revenue Gap / (Surplus) for the year	***(6.43)***	***6.83***	***(5.68)***
Add: Past Gap / (Surplus)	(18.71)	(12.11)	(17.85)
Total Revenue Gap / (Surplus)	**(25.14)**	**(5.28)**	**(23.53)**
Add: Surcharge on ED for FY 2010-11	0.00	0.36	0.00**
Net Revenue Gap / (Surplus)	**(25.14)**	**(4.92)**	**(23.53)**

Note: * Includes Rs.020 Cr towards CGRF expenses submitted by Petitioner; ** *Included in projections for FY 2012-13, but prayed subsequently to include in true up for FY 2011-12 and same has been approved by the Commission in True up for FY 2011-12.*

6.60 Accordingly, the Commission approves revenue surplus of Rs. 23.53 Cr for FY 2012-13 based on audited accounts of year as against the projected surplus of Rs. 4.92 Cr.

A7: ARR FOR MYT PERIOD FROM FY 2013-14 TO FY 2015-16

7.1 This section contains a summary of the projections for various cost components of the ARR for the MYT period from FY 2013-14 to FY 2015-16 as submitted by the Petitioner and approved by the Commission.

Energy Sales

Petitioner's Submission

7.2 The Petitioner submitted that it is expected that the energy sales for FY 2013-14 will increase by maximum 19% over sales projected for FY 2012-13, while for remaining period of MYT period i.e. FY 2014-15 and FY 2015-15, nominal increase of 7% per annum over previous year sales has been estimated. Accordingly, the Petitioner has projected energy sales at 310.03 MU, 332.57 MU and 354.15 MU during FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

Commission's Analysis

7.3 As the provisional data for energy sales during FY 2013-14 was available, the Commission sought additional information from the Petitioner for energy sales during the FY 2013-14. Accordingly, the Petitioner submitted month-wise actual energy sales during FY 2013-14 which was 299.65 MU and same has been approved by the Commission on provisional basis subject to true up based on audited accounts. In order to project the overall energy sales for remaining years of MYT Control period, the Commission has considered the projected growth rate for FY 2014-15 and FY 2015-16 by the Petitioner and applied the same on provisional sales for FY 2013-14. Accordingly, the Commission has estimated the total energy sales for FY 2014-15 and FY 2015-16 as 321.43 MU and 342.29 MU, respectively subject to true up based on audited accounts for the year.

Energy Balance and Distribution Losses

Petitioner's Submission

7.4 The Petitioner projected the net energy requirement for MYT Period by grossing up the energy sales projections with distribution loss trajectory provided by the Commission in Distribution Tariff Regulations 2010.

7.5 To meet the projected energy requirement for the MYT period, the Petitioner submitted that it would source power from TSL, DVC and open access/ other sources.

Commission's Analysis

7.6 The Commission while fixing the targets for distribution loss for the Petitioner in the Distribution Tariff Regulations 2010 has considered the proposed improvement in network planning & strengthening and expansion of the network in the licensed area i.e. the entire district of Saraikela-Kharasavan of the Petitioner. It has also envisaged progressive increase in the LT consumers in the area of Petitioner which may lead to an increase in the loss levels with a cap of 5%.

7.7 However the Commission notes that the Petitioner is in the pre-stabilization stage of network planning and strengthening, as per its own submission, and has not been making accurate projections of its distribution losses in its ARR Petitions due to which the loss level targets of 5% becomes redundant. Moreover, there has also been only a marginal increase in the LT sales over the years vis-à-vis the projections made by the licensee as shown in following table:

Table 35: Sales ratio & Dist Losses- Projection and actuals over the years

Description	FY 2009-10		FY 2010-11		FY 2011-12		FY 2012-13	
	Proj.	Actual	Proj.	Actual	Proj.	Actual	Proj.	Actual
LT sales as proportion of total Sales	4.60%	3.3%	5%	4.2%	7.70%	2.70%	3.60%	3.40%
Distribution Losses	7.5%	0.96%	5%	1.65%	5%	1.11%	2.50%	0.80%

7.8 Further, in its submission now, the Petitioner has pointed out that as per the result of independent technical losses, the loss levels as per the current network and consumer profile of the Petitioner should not be more than 2-3% and will go up only with addition of rural feeders. Moreover, despite repeated reminders and directives, the supply in rural areas has not been extended by JUSCO and it is clear from the above table that the licensee has not been able to provide accurate projections and neither has it been able to expand its LT network as envisaged in its projections over the year.

7.9 In view of above, the Commission does not find it justifiable to allow losses at the projected loss level of 5.00% and based on the results of independent technical loss study, the Commission approves distribution loss at 2.50% per annum for the MYT period subject to true up on the basis of actual data upto ceiling target of 5% and increase in energy sales and expansion of service area.

7.10 Accordingly, the Commission has projected the energy requirement for MYT period after grossing up the approved energy sales by the normative distribution loss of 2.50% per annum during FY 2013-14, FY 2014-15 and FY 2015-16, respectively. The total energy requirement has been approved at 307.33 MU, 329.68 MU and 351.07 MU during FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

7.11 The approved energy requirement shall be met through power sourced from TSL, DVC and renewable sources as per following approval:

(a) The Commission has approved the expected availability of power from TSL during FY 2013-14 to FY 2015-16 as approved by the Commission in the MYT Order for TSL for FY 2013-14 to FY 2015-16 dated 4th June 2014. Accordingly, the Commission has approved power purchase from TSL to be 235 MU, 55 MU and 35 MU during FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

(b) In case of power purchase from DVC at 33 kV, the Petitioner has projected that total power available from this source during MYT period is 81.91 MU per annum. The Commission approves the same for FY 2014-15 and FY 2015-16. During FY 2013-14, as most of the energy requirement is met through energy available from TSL, the Commission has approved net energy available from DVC at 33 kV to be 71.54 MU.

(c) The Petitioner has submitted that from FY 2014-15 onwards, additional power would be available from DVC at 132 kV which is essential to meet its growing energy requirement. Accordingly, the Commission has also approved energy available from DVC at 132 kV as 187.19 MU and 221.52 MU during FY 2014-15 and FY 2015-16, respectively.

(d) Further, the Petitioner is mandated to purchase power from renewable energy (RE) sources to meet its RPO obligation. It is required to purchase 4% of total energy requirement (less power available from TSL) in its licensed area from RE sources during the MYT period from FY 2013-14 to FY 2015-16. Out of which 3.0% should be procured from non-solar RE sources while 1.0% should be procured from solar power. Based on the approved energy requirement (net of energy available from TSL) and the overall RPO, the target power available from RE sources is projected to be 2.89 MU, 10.99 MU and 12.64 MU for FY 2013-14, FY 2014-15 and FY 2015-16, respectively. However, during FY 2011-12 and FY 2012-13, the Petitioner had over-achieved the non-solar RPO target by 2.91 MU and 4.66 MU, respectively. Thus, the total over-achievement in non-solar RPO target i.e. 7.58 MU is allowed to be set off against non-solar target for FY 2013-14 & FY 2014-15. While, the Petitioner had slightly under-achieved solar RPO target by 0.07 MU during FY 2012-13 and same is being carried forward to solar RPO target for FY 2013-14. Accordingly, the revised overall RPO target for FY 2013-14, FY 2014-15 and FY 2015-16 is 0.79 MU (which includes only solar RPO target, as non-solar target has been 100% achieved in previous years), 5.58 MU (which includes solar target of 2.75 MU and non-solar target of 2.83 MU) and 12.64 MU (which includes solar target of 3.16 MU and non-solar target of 9.48 MU), respectively.

7.12 Based on the above, the energy balance for the MYT period as submitted by the Petitioner and approved by the Commission has been summarised in following table.

Table 36: Energy Balance for MYT Period (MUs)

Particulars	Submitted by Petitioner			Approved by Commission		
	FY 2013-14	**FY 2014-15**	**FY 2015-16**	**FY 2013-14**	**FY 2014-15**	**FY 2015-16**
A. ENERGY REQUIREMENT						
Energy sales	310.03	332.57	354.15	299.65	321.43	342.29
Distribution Losses %	*5.00%*	*5.00%*	*5.00%*	*2.50%*	*2.50%*	*2.50%*
Distribution Losses (MU)	16.32	17.50	18.64	7.68	8.25	8.78
TOTAL ENERGY REQUIREMENT	**326.35**	**350.07**	**372.79**	**307.33**	**329.68**	**351.07**
B. ENERGY AVAILABILITY						
From Tata Steel Ltd.	236.28	53.20	32.93	235.00	55.00	35.00
132 kV	*234.76*	*51.80*	*31.63*	*233.48*	*53.60*	*33.70*
6.6 kV	*1.52*	*1.40*	*1.30*	*1.52*	*1.40*	*1.30*
DVC (33 kV)	81.91	81.91	81.91	71.54	81.91	81.91
DVC (132 kV)	-	204.77	245.72	-	187.19	221.52
RPO (target in MU)	-	-	-	0.79	5.58	12.64
Others/ Open access	8.16	10.20	12.24	-	-	-
TOTAL ENERGY AVAILABILITY	**326.35**	**350.07**	**372.79**	**307.33**	**329.68**	**351.07**

Power Purchase Cost

Petitioner's Submission

7.13 The Petitioner projected power purchase cost from TSL during MYT period after considering an increase of 5.00% p.a. in the average power purchase rate projected for FY 2012-13 i.e. Rs. 3.51 per unit. Accordingly, total power purchase cost for procuring power from TSL is projected at Rs. 87.08 Cr, Rs. 20.59 Cr and Rs. 13.38 Cr for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

7.14 The Petitioner had projected the cost of power purchase from DVC at 33 kV and 132 kV at the rate of Rs.4.79 per unit during FY 2013-14 and thereafter considered a 5.00% p.a. increase for projections of power purchase rate for FY 2014-15 and FY 2015-16. Thus, total power purchase cost from DVC at 33kV and 132 kV has been projected as Rs. 39.23 Cr, Rs. 144.17 Cr and Rs. 173.00 Cr for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

7.15 The Petitioner has also projected to meet balance energy requirement through other sources/ open access at an average rate of Rs. 6.00 per unit during FY 2013-14 which is further escalated at 5.00% per annum during FY 2014-15 and FY 2015-16. Accordingly, the cost of power procured from open access/ other sources has been projected as Rs. 4.90 Cr, Rs. 6.43 Cr and Rs. 8.10 Cr during FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

7.16 In addition to above, the Petitioner proposes to meet its RPO obligation through purchase of RECs from market. Accordingly, cost of meeting RPO during FY 2013-14, FY 2014-15 and FY 2015-16 is projected as Rs. 6.17 Cr, Rs. 9.26 Cr and Rs. 12.67 Cr, respectively.

Commission's Analysis

7.17 The Commission has projected that the approved energy requirement shall be met through power available from TSL, DVC at 33kV and 132 kV, and renewable energy sources.

7.18 The Commission has approved the power purchase cost from TSL for the MYT period in accordance with the average power purchase cost approved for TSL in the MYT Order for TSL for FY 2013-14 to FY 2015-16 dated 4th June 2014. Accordingly, total power purchase cost for procuring power from TSL is projected at Rs. 81.27 Cr, Rs. 19.28 Cr and Rs. 12.65 Cr for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

7.19 The power purchase cost from DVC at 33kV and 132 kV for the MYT period has been approved at the average rate of Rs.4.06 per unit as approved for TSL MYT Order for TSL for FY 2013-14 to FY 2015-16 dated 4th June 2014, subject to FPPPA claim as and when required. Accordingly, the approved cost of power purchase from DVC at 33 kV and 132 kV during FY 2013-14, FY 2014-15 and FY 2015-16 has been approved at Rs. 29.07 Cr, Rs. 109.34 Cr and Rs. 123.29 Cr, respectively.

7.20 The cost of purchase of power from RES to meet RPO has been estimated based on the projected energy availability based on target RPO and the approved rates of solar/ non-solar power by Central Electricity Regulatory Commission (CERC) during FY 2013-14 and FY 2014-15. Accordingly, the power purchase cost to meet RPO has been approved as Rs. 0.74 Cr, Rs. 3.15 Cr and Rs. 5.68 Cr for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

7.21 The following table summarises the power purchase cost as submitted by the Petitioner and approved by the Commission for MYT period.

Table 37: Power Purchase Cost for MYT Period (Rs Cr)

Particulars	Submitted by Petitioner			Approved by Commission		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
From Tata Steel Ltd.	87.08	20.59	13.38	81.27	19.28	12.65
132 kV	*86.52*	*20.04*	*12.85*	*80.74*	*18.79*	*12.18*
6.6 kV	*0.56*	*0.54*	*0.53*	*0.53*	*0.49*	*0.47*
DVC (33 kV)	39.23	41.19	43.25	29.07	33.28	33.28
DVC (132 kV)	-	102.98	129.75	-	76.06	90.01
RPO / RECs	6.17	9.26	12.67	0.74*	3.15**	5.68**
Others/ Open access	4.90	6.43	8.10	-	-	-

Particulars	Submitted by Petitioner			Approved by Commission		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
Total Power purchase cost	**137.37**	**180.44**	**207.16**	**111.08**	**131.77**	**141.62**
Power purchase quantum (MU)	326.35	350.07	372.79	307.33	329.68	351.07
Average power purchase rate (Rs/kWh)	**4.21**	**5.15**	**5.56**	**3.61**	**4.00**	**4.03**

Note: * The rate of purchase for solar power is considered as Rs. 9.35 per unit which is the levellised tariff for Solar PV as determined by CERC as per its Order dated 27th March 2012 for FY 2013-14 and the rate of non-solar power has been considered at Rs. 5.00 per unit; ** The rate of purchase of solar power is considered as Rs. 8.08 per unit as per CERC provisional tariff Order for FY 2014-15 dated 7th January 2014 and rate of power for non-solar power is considered at Rs. 3.30 per unit.

Basis of allocation of common costs for O&M expenses

Petitioner's submission

7.22 The Petitioner submitted that the cost data is captured by the Petitioner through the Financial Accounting System (FAS) maintained on SAP platform and separate cost centres have been created in the FAS through which identification of directly allocable expenses has been provided for.

7.23 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. In case of expenditures that are of common nature, either across JUSCO or across the whole Power Business Division, apportionment has been done taking certain assumptions or keeping in view generally accepted accounting norms and principles.

7.24 The Common Cost (allocation of /costs for Common Services) of JUSCO utility Services is identified between Employee Cost and A&G Cost and then apportioned to Saraikela Project of Licensee based on the allocation basis as provided **Error! Reference source not found.** of this Order along with the type / nature of expenses under each of the cost element / head to ensure a fair allocation to the distribution function.

7.25 Further, in compliance to the Commission's directive for segregation of cost centres and accounts in the previous Tariff Order for FY 2012-13, the Petitioner submitted that from 1st April 2013, the actual cost of support functions would be captured by creating separate cost centres for different support functions. The Petitioner had also requested the Commission to allow earlier practice till March 2013 as the Tariff Order for FY 2012-13 was issued in June 2012 and by that time the FY 2011-12 was completed and FY 2012-13 had already started and thus it was difficult to implement the directive in middle of year.

Commission's Analysis

7.26 As summarised in the Para 5.24 to 5.27 of this Order, the Commission is of the view that separate accounting of regulated businesses is necessary to be able to identify the legitimate costs of the Petitioner. Further, as FY 2013-14 is already over, the Commission believes that the Petitioner should have completely segregated the account for Power Business Division for the Saraikela- Kharasavan area of distribution w.e.f. 1st April 2013 and thus directs the Petitioner to submit the same with the next tariff petition for purposes of Annual performance review/ True up.

7.27 For the purposes of projections for the MYT period, the Commission has decided to allow the common cost in this Tariff Order as per the audited accounts and other information submitted by the Petitioner, after a prudence check. However, the Commission shall not approve true up of O&M expenses in case segregated accounts for the Petitioner are not submitted along with next tariff petition.

Operation and Maintenance Expenses

Petitioner's Submission

7.28 The Petitioner has projected O&M expenses based on the methodology approved by the Commission in previous Tariff Order. In case of employee costs and A&G costs, the Petitioner has increased the base costs on the basis of inflation factor per annum to project costs for MYT period. While in case of R&M costs, the ratio of actual R&M costs to opening GFA based on audited accounts has been considered for projecting R&M costs for MYT period.

7.29 Thus, the Petitioner has projected total O&M other than CGRF/DSM expenses as Rs. 11.98 Cr, Rs. 14.96 Cr and Rs. 17.44 Cr for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

7.30 In addition to above, the Petitioner has also projected expenditure to be incurred during MYT period on CGRF/ DSM, as these expenses form part of A&G costs, it has been considered as part of O&M expenses. The total expenditure proposed to be incurred under this head during FY 2013-14, FY 2014-15 and FY 2015-16 is Rs. 0.52 Cr, Rs. 0.57 Cr and Rs. 0.63 Cr, respectively.

Commission's Analysis

7.31 For the MYT period, the Commission has projected the O&M expenses separately for each component of O&M expenses as per the methodology approved by it in the previous Tariff Order. The Commission is approving the component-wise O&M costs only provisionally and these estimates will be subject to true up during the Annual Performance Review/ True up during next year based on the actual break-up of O&M cost provided by the Petitioner in its audited accounts.

7.32 The Commission has approved the R&M costs for MYT Period as ratio of the opening GFA for the year. The ratio has been estimated on the basis of average ratio of approved R&M cost for FY 2011-12 and FY 2012-13 and opening GFA for respective years and works out to 1.1%.

7.33 The Commission has provisionally approved the A&G cost and employee cost for the MYT period by escalating the actual A&G cost including the cost incurred on CGRF/ DSM and the employee costs for FY 2012-13 by the weighted average inflation factor i.e. 7.75% p.a. (weighted average of WPI & CPI for past 5 years in the ratio of 80:20, respectively).

7.34 Accordingly, the total O&M costs approved by the Commission for MYT period is approved as Rs. 10.06 Cr, Rs. 10.89 Cr and Rs. 11.80 Cr for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

7.35 The following table summarises the O&M expenses as submitted by the Petitioner and approved by the Commission for MYT Period.

Table 38: O&M Expenses for MYT Period (Rs Cr)

Particulars	Submitted by Petitioner			Approved by Commission		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
A. A&G Costs *	3.69	4.01	4.37	3.03	3.26	3.51
B. R&M Costs	2.10	3.42	4.09	1.21	1.36	1.53
C. Employee costs	6.71	8.09	9.60	5.82	6.27	6.75
Total O&M Expenses (A + B + C)	**12.50**	**15.52**	**18.06**	**10.06**	**10.89**	**11.80**

* A&G costs submitted by the Petitioner includes projected CGRF/ DSM expenditure proposed to be incurred during MYT period of Rs. 0.52 Cr in FY 2013-14, Rs. 0.57 Cr during FY 2014-15 and Rs. 0.63 Cr during FY 2015-16.

Capital Expenditure Plan

Petitioner's Submission

7.36 The Petitioner, in its Petition for approval of Business Plan and ARR for MYT Period had submitted the capital expenditure and capitalisation plan for FY 2013-14 to FY 2015-16. The total projected capital expenditure during FY 2013-14, FY 2014-15 and FY 2015-16 is Rs. 39.62 Cr, Rs. 14.95 Cr and Rs. 20.05 Cr, respectively.

Commission's Analysis

7.37 The Commission observes that as per the past trends, the Petitioner usually incurs only 35-40% of proposed expenditure during the year, while balance is phased out to ensuing year. Considering phasing of capital expenditure, the Commission has considered that approx. 35% of proposed capital expenditure will be incurred during year 1, 35% will be incurred during year 2 and remaining will be incurred during year 3.

7.38 Accordingly, the capital expenditure approved for FY 2013-14, FY 2014-15 and FY 2015-16 is Rs. 14.08 Cr, Rs. 19.18 Cr and Rs. 24.03 Cr, respectively. This is subject to true up on the basis of audited accounts.

CWIP and Gross Fixed Asset

Petitioner's Submission

7.39 As per the ARR petition for MYT period, the Petitioner has proposed that the assets capitalised during FY 2013-14, FY 2014-15 and FY 2015-16 is Rs. 56.99 Cr, Rs. 17.31 Cr and Rs. 28.94 Cr, respectively.

Commission's Analysis

7.40 The Commission has approved the asset capitalisation during MYT period based on actual ratio of assets capitalised from sum of total capital expenditure and opening CWIP during FY 2012-13 which works out to 44%. Accordingly, approved assets capitalised during FY 2013-14, FY 2014-15 and FY 2015-16 works out to Rs. 14.13 Cr, Rs. 16.37 Cr and Rs. 19.77 Cr, respectively. This is subject to true up on the basis of audited accounts for relevant years.

7.41 The following table summarises the GFA and CWIP as submitted by the Petitioner and approved by the Commission for MYT period.

Table 39: GFA and CWIP for MYT period (Rs Cr)

Particulars	Submitted by Petitioner			Approved by Commission		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
A. Capital Works in Progress (CWIP)						
Opening CWIP	44.41	27.04	24.69	17.74	17.69	20.50
***Add:* Additions (Capex during FY)**	39.62	14.95	20.05	14.08	19.18	24.03
Sub-total	***84.03***	***42.00***	***44.74***	***31.82***	***36.87***	***44.54***
***Less:* T/fed to GFA during FY**	56.99	17.31	28.94	14.13	16.37	19.77
Closing CWIP	**27.04**	**24.69**	**15.80**	**17.69**	**20.50**	**24.76**
B. Gross Fixed Assets (GFA)						
Opening GFA	113.87	170.86	188.17	114.49	128.62	144.99
***Add:* T/fed from CWIP**	56.99	17.31	28.94	14.13	16.37	19.77
Closing GFA	**170.86**	**188.17**	**217.11**	**128.62**	**144.99**	**164.77**

Depreciation

Petitioner's Submission

7.42 The Petitioner submitted that its computation of depreciation is based on projected GFA and utilising the rates as provided in Appendix I to the Distribution Tariff Regulations 2010 as per the Straight Line Method of computation. Further, the depreciation on assets created of consumer contribution has been removed while considering net depreciation charged to ARR.

Commission's Analysis

7.43 The Commission estimated the gross depreciation as per the depreciation rates in the Appendix I of the Distribution Tariff Regulations 2010 and the average GFA for the year. Further depreciation is reduced to the extent of depreciation on account of consumer contribution.

7.44 Following table summarizes the gross and net depreciation as submitted by the Petitioner and approved by the Commission for MYT period.

Table 40: Depreciation for MYT Period (Rs Cr)

Particulars	Submitted by Petitioner			Approved by Commission		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
Gross Depreciation	9.44	11.90	13.43	7.12	8.01	9.07
Depreciation on Account of Consumer Contribution	2.53	3.19	3.60	2.35	2.92	3.52
Net Depreciation	**6.91**	**8.71**	**9.83**	**4.77**	**5.09**	**5.55**

Interest and Other Finance Charges

Interest on Loan

Petitioner's Submission

7.45 The Petitioner has projected normative loan as per the methodology prescribed by the Commission. The deemed repayments for normative loans has been considered equivalent to the net depreciation cost of the financial year and the deemed additions during the year are the balancing figure. The interest rate has been taken at 14.75% and the normative interest is being computed on the average balance of deemed loans for each year of the MYT period.

Commission's Analysis

7.46 In accordance with the Distribution Tariff Regulations, 2010, the Commission has computed the normative loan for each year of the MYT period 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. Further, in accordance with the Distribution Tariff Regulations, 2010, the interest on normative loan has been calculated on the average normative loan as outstanding during the year. The rate of interest for FY 2013-14 is considered as applicable SBI PLR as on April 1st, 2013 i.e. 14.45%, while for remaining years of the MYT period it is considered equivalent to applicable SBI PLR as on April 1st, 2014 i.e. 14.75%.

7.47 The following table summarises the interest on loan as submitted by the Petitioner and approved by the Commission for MYT period.

Table 41: Interest on Loan for MYT Period (Rs Cr)

Particulars	Submitted by Petitioner			Approved by Commission		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
Opening Balance of Normative Loan	35.89	64.96	64.60	34.70	31.99	30.14
Deemed Addition during the year	35.97	8.35	16.64	2.06	3.24	5.21
Deemed Repayments	6.91	8.71	9.83	4.77	5.09	5.55
Closing Balance of Deemed Loan	64.96	64.60	71.40	31.99	30.14	29.81
Average balance during the Year	**50.43**	**64.78**	**68.00**	**33.35**	**31.07**	**29.98**
Interest Rate (%)	*14.75%*	*14.75%*	*14.75%*	*14.45%*	*14.75%*	*14.75%*
Interest Payment	**7.44**	**9.55**	**10.03**	**4.82**	**4.58**	**4.42**

Interest on Security Deposits

Petitioner's Submission

7.48 The Petitioner has provided for interest on projected security deposits for the MYT period at an interest rate of 9% p.a.

Commission's Analysis

7.49 The Petitioner is mandated to pay interest on consumer security deposit as per bank rates prescribed by Reserve Bank of India (RBI) from time to time. Thus, the Commission has approved the interest on security deposit at 9% p.a. for the MYT period as submitted by the Petitioner; however the same is subject to true up based on the prevailing bank rate prescribed by RBI and the actual audited accounts. Further, the opening balance for security deposits for FY 2013-14 has been considered as per the closing security deposits as per audited accounts for FY 2012-13 and additions during the year have been considered as submitted by the Petitioner subject to true up based on audited accounts for the relevant year.

7.50 The following table summarises the interest on security deposits as submitted by the Petitioner and approved by the Commission for MYT period.

Table 42: Interest on Security Deposits for MYT period (Rs Cr)

Particulars	Submitted by Petitioner			Approved by Commission		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
Opening security deposit	42.94	58.24	78.58	2.96	18.26	38.60
Security deposit received during FY	15.30	20.34	26.46	15.30	20.34	26.46
Closing security deposit	58.24	78.58	105.04	18.26	38.60	65.06
Average security deposit	**50.59**	**68.41**	**91.81**	**10.61**	**28.43**	**51.83**
Interest Rate (%)	*9.00%*	*9.00%*	*9.00%*	*9.00%*	*9.00%*	*9.00%*
Interest on security deposit	**4.55**	**6.16**	**8.26**	**0.96**	**2.56**	**4.66**

7.51 The following table summarises the total interest and other finance charges as submitted by the Petitioner and approved by the Commission for MYT Period.

Table 43: Interest and Other Finance Charges for MYT Period (Rs Cr)

Particulars	Submitted by Petitioner			Approved by Commission		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
Interest on normative debt	7.44	9.55	10.03	4.82	4.58	4.42
Interest on security deposit	4.55	6.16	8.26	0.96	2.56	4.66
Total Interest & Finance charges	**11.99**	**15.71**	**18.29**	**5.78**	**7.14**	**9.08**

Return on Equity (RoE)

Petitioner's Submission

7.52 The Petitioner has projected RoE for MYT period based on normative equity of 30% of GFA net of consumer contribution and considering a pre-tax rate of return at 23.69% as per the 'Distribution Tariff Regulations, 2010'.

Commission's Analysis

7.53 As per the Distribution Tariff Regulations, 2010, the equity base has been considered equal to 30% of GFA. The GFA has been considered net of consumer contribution. Further, as per the above mentioned regulations, the rate of return on equity for the transition period shall be considered at post-tax rate of 15.50% p.a.

7.54 However, the Commission notes that as per audited accounts for FY 2012-13, there is no assessable income for tax purposes for the Power Business Division of the Petitioner. Also the audited accounts for the Power Business Division for FY 2011-12 and FY 2012-13 do not include any cost attributable to income tax payable pertaining to the Power Business division. Thus, as there is no income tax chargeable to the power business division, the Commission has not grossed up the post-tax rate by income tax rate for projections for MYT period. However, this is subject to true up based on audited accounts and income tax liability for power business division in subsequent years during MYT period.

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

Table 44: Return on Equity for MYT Period (Rs Cr)

Particulars	Submitted by Petitioner			Approved by Commission		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
Opening normative equity	23.05	38.50	42.12	23.24	24.12	25.51
Deemed additions during FY	15.45	3.62	7.18	0.88	1.39	2.23
Closing normative equity	38.50	42.12	49.30	24.12	25.51	27.75
Average normative equity	**30.78**	**40.31**	**45.71**	***23.68***	***24.82***	***26.63***
Rate of ROE (%)	*23.69%*	*23.69%*	*23.69%*	*15.50%*	*15.50%*	*15.50%*
Return on equity	**7.29**	**9.55**	**10.83**	**3.67**	**3.85**	**4.13**

Non Tariff Income (NTI)

Petitioner's Submission

7.56 The Non-Tariff Income includes Meter Rent, Delayed Payment Surcharge and Supervision Charges etc. The Petitioner has projected Non-Tariff Income for the MYT Control Period at Rs. 0.65 Cr, Rs. 0.70 Cr and Rs. 1.30 Cr for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

Commission's Analysis

7.57 The Commission has provisionally approved the non-tariff income for MYT period as submitted by the Petitioner which is subject to true up based on audited accounts for the relevant year.

Summary of ARR for MYT Period

7.58 The following table summarises the ARR for MYT period as submitted by the Petitioner and approved by the Commission.

Table 45: Summary of ARR for MYT Period (Rs Cr)

Particulars	Submitted by Petitioner			Approved by Commission		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
Power Purchase Cost	137.37	180.44	207.16	111.08	131.77	141.62
O&M Expenses	12.50*	15.52*	18.06*	10.06	10.89	11.80
Interest & Other Finance Charges	11.99	15.71	18.29	5.78	7.14	9.08
Depreciation	6.91	8.71	9.83	4.77	5.09	5.55
Total Costs	**168.77**	**220.38**	**253.34**	**131.69**	**154.89**	**168.05**
Add: Return on Equity	7.29	9.55	10.83	3.67	3.85	4.13
Less: Non-tariff income	0.65	0.70	1.30	0.65	0.70	1.30
Annual Revenue Requirement	**175.41**	**229.24**	**262.88**	**134.71**	**158.04**	**170.88**

* Includes projected CGRF/ DSM expenditure proposed to be incurred during MYT period of Rs. 0.52 Cr in FY 2013-14, Rs. 0.57 Cr during FY 2014-15 and Rs. 0.63 Cr during FY 2015-16.

A8: REVENUE FROM EXISTING TARIFF AND TREATMENT OF REVENUE GAP/ (SURPLUS)

Revenue from existing tariff for FY 2013-14

Petitioner’s submission

8.1 While the ARR has been projected for the entire MYT period, the Petitioner has estimated revenue from existing tariff and revenue gap at existing tariffs for first year of the MYT period i.e. FY 2013-14. Accordingly, based on the projected energy sales for FY 2013-14 and the prevailing retail tariffs as approved in Tariff Order dated 15th June 2012, the Petitioner has estimated revenue from existing tariff for FY 2013-14 as Rs. 146.25 Cr.

Commission’s Analysis

8.2 The Commission has also estimated the revenue from existing tariff based on projected energy sales for FY 2013-14 and prevailing retail tariffs. The approved energy sale for FY 2013-14 is 299.65 MU. Accordingly, the approved revenue from sale of power at existing tariff works out to Rs 142.37 Cr.

Revenue Gap/ (Surplus) for FY 2013-14

Petitioner’s submission

8.3 Based on the projected ARR for FY 2013-14 of Rs.175.41 Cr and the estimated revenue from existing tariffs at Rs. 146.25 Cr, the Petitioner has submitted that the revenue gap at existing tariffs for FY 2013-14 works out to Rs. 29.16 Cr.

8.4 After considering revenue surplus for previous years i.e. upto FY 2012-13, the cumulative revenue gap for FY 2013-14 as projected by Petitioner is Rs. 24.24 Cr.

Commission’s Analysis

8.5 Based on the approved ARR for FY 2013-14 of Rs. 134.71 Cr and estimated revenue from existing tariffs during FY 2013-14 of Rs. 142.37 Cr, the Commission approves a revenue surplus for the year of Rs. 7.66 Cr. Further, adding back past revenue surplus of Rs. 23.53 Cr, the Commission estimates a cumulative revenue surplus for FY 2013-14 as Rs. 31.19 Cr.

Treatment of Revenue gap/ (surplus)

Petitioner's submission

8.6 The Petitioner has proposed an average increase of 70%, which is expected to generate additional revenue of Rs 775.85 Cr. The Petitioner has requested the Commission to approve the proposed increase in tariff and revenue gap recovery proposal.

8.7 The Petitioner has proposed that in order to meet the projected cumulative revenue gap for FY 2013-14 of Rs. 24.24 Cr, an average tariff hike of 15.50% should be approved.

Views of the Commission

8.8 According to the ARR projections for FY 2013-14 and the revenue at existing tariff determined by the Commission, the Commission has approved a cumulative revenue surplus of Rs 31.19 Cr as against the envisaged cumulative revenue gap of Rs 24.24 Cr submitted by the Petitioner. Since there is no revenue gap estimated by the Commission, the Commission does not approve any revision in Tariff.

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 applicable tariff schedule for the Petitioner for FY 2013-14 has been given in Section A9 of this Tariff Order.

A9: TARIFF SCHEDULE

APPLICABLE FROM 1ST JUNE 2014[1]

This tariff will come into effect from June 1st, 2014 and apply to all consumers availing power supply from JUSCO within its licensed area.

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

A. Domestic Service (DS)

Applicability:

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

This schedule shall apply to all residential premises for domestic use for household electric appliances such as such as lights, fans, radios, televisions, heaters, air-conditioners, washing machines, air-coolers, geysers, refrigerators, ovens, mixers and other domestic appliances including motor pumps for lifting water for domestic purposes.

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.

[1] This schedule shall remain in force till the next tariff schedule is issued by the Commission.

(e) Domestic service – HT (DS – HT): - 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 above 85.044 KW (100 kVA).

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 for installed load above 85.044 KW (100 kVA).

Tariff:

Consumer Category	Fixed Charges		Energy Charges
Domestic	Unit	Rate	Rate (Rs/kWh)
DS-I (a), Kutir Jyoti (metered) (0-50 units)	Rs/ Conn/Month	Nil	1.10
DS-I (a), Kutir Jyoti (metered) (50-100 unit)	Rs/ Conn/Month	Nil	1.10
DS-I (a), Kutir Jyoti (Unmetered)	Rs/ Conn/Month	30	Nil
DS-I (b), metered (0-200 units)	Rs/ Conn/Month	Nil	1.10
DS-I (b), metered (above 200 units)	Rs/ Conn/Month	Nil	1.10
DS-I (b), unmetered	Rs/ Conn/Month	72	Nil
DS-II, <= 4KW			
0-200 units	Rs/ Conn/Month	25	1.50
201units & 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: In accordance with Clause IV as provided in section on Terms and conditions of supply of the present Order.

B. 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 Areas not covered under 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 85.044 KW (100 kVA). 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 85.044 kW

Tariff:

Consumer Category	Fixed Charges		Energy Charges
Non-Domestic	Unit	Rate	Rate (Rs/kWh)
NDS-I, metered (<= 2 kW) (0-100 units)	Rs/ Conn/Month	Nil	1.35
NDS-I, metered (<= 2 kW) (above 100 units)	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: In accordance with Clause IV as provided in section on Terms and conditions of supply of the present Order.

Installation of Shunt capacitors: In accordance with Clause VII as provided in section on Terms and conditions of supply of the present Order.

C. 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, 3 Phase Supply at 400 volts for use of electricity energy, Demand Based tariff upto 100 KVA and 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 Licensee as per the terms and conditions of HT supply.

Delayed Payment Surcharge: In accordance with Clause IV as provided in section on Terms and conditions of supply of the present Order.

Power Factor Penalty/ Rebate: In accordance with Clause II a as provided in section on Terms and conditions of supply of the present Order.

Installation of Shunt capacitors: In accordance with Clause VII as provided in section on Terms and conditions of supply of the present Order.

D. 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: In accordance with Clause IV as provided in section on Terms and conditions of supply of the present Order.

Power factor Penalty/Rebate: In accordance with Clause II as provided in section on Terms and conditions of supply of the present Order.

E. 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 / 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. The penalty on exceeding billing demand will be applicable in accordance with Clause I as provided in section on Terms and conditions of supply of the present Order.

Voltage Rebate: In accordance with Clause V as provided in section on Terms and conditions of supply of the present Order.

Load Factor Rebate: In accordance with Clause VI as provided in section on Terms and conditions of supply of the present Order.

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/Rebate: In accordance with Clause II as provided in section on Terms and conditions of supply of the present Order.

TOD Tariff: In accordance with Clause VIII as provided in section on Terms and conditions of supply of the present Order.

F. 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. The penalty on exceeding billing demand will be applicable in accordance with Clause I as provided in section on Terms and conditions of supply of the present Order.

Voltage Rebate: In accordance with Clause V as provided in section on Terms and conditions of supply of the present Order.

Load Factor Rebate: In accordance with Clause VI as provided in section on Terms and conditions of supply of the present Order.

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/ Rebate: In accordance with Clause II as provided in section on Terms and conditions of supply of the present Order.

G. 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 five.

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: In accordance with Clause IV as provided in section on Terms and conditions of supply of the present Order.

H. 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: In accordance with Clause IV as provided in section on Terms and conditions of supply of the present Order.

I. 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:

In accordance with Clause IV as provided in section on Terms and conditions of supply of the present Order.

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	
	Tri-vector of special type meter	650	
5	**Removing/ Re-fixing 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

Besides the Terms and Conditions provided in the JSERC (Electricity Supply Code), Regulations, 2005, the Commission approves the following additional terms & conditions of supply.

Clause I: Penalty for exceeding Billing/ Contract Demand

In case of the actual demand exceeding 110% of the contract demand, the consumer shall pay penal charges for the exceeded demand. The penal charges would be charged as follows:

If the recorded demand exceeds 110% of Contract Demand, then the demand charge upto 110% of contract demand will be charged as per the normal tariff rate. The remaining recorded demand over and above 110% will be charged @ 1.5 times the normal tariff rate.

In case actual demand is higher than the contract demand 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 have to get into a new agreement for the revised contract demand with the licensee.

Once the actual demand is recorded to be higher than contract demand for two continuous months, the licensee would serve notice to the consumer after the end of the second month for enhancement of the contract demand. The consumer would be liable to respond within 15 days of receipt of such notice and submit application for enhancement of contract demand to the licensee. The licensee would, within 15 days of receipt of response from the consumer, finalise the new agreement after making necessary changes at consumer's installations.

In case the consumer fails to respond within 15 days, the licensee would have the right to initiate enhancement of load as per the last recorded contract demand. While, in case the consumer provides an undertaking that the actual demand shall not exceed the contract demand again for a period of atleast six months from the last billing, the licensee shall continue to bill the consumer as per the existing contract demand and billing demand.

Provided that if the consumer fails to adhere to the undertaking and the actual demand exceeds the contract demand within the subsequent six months of the undertaking, the consumer shall have to pay a penal charge of 2 times the normal tariff for a period of three consecutive months and the licensee shall, after serving 7 days notice to the consumer, enhance the contract demand of the consumer as per the last recorded actual demand.

Clause II: Power factor Penalty/Rebate

Power Factor Penalty:

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

In case average power factor in a month for a consumer falls below 0.85, a penalty @ 1% for every 0.01 fall in power factor from 0.85 to 0.60; plus 2% for every 0.01 fall below 0.60 to 0.30

(up to and including 0.30) shall be levied on demand and energy charges; plus 3% for every 0.01 fall below 0.30.

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.

Clause III: Jharkhand Electricity Duty

The charges in this tariff schedule do not include charges on account of Electricity Duty/ Surcharge to the consumers under the Jharkhand Electricity Duty Act, 1948 and the rules framed there under as amended from time to time and any other Statutory levy which may take effect from time to time after making corrections for the loss in the distribution system.

Clause IV: Interest on Delayed payment

For 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.

Clause V: Voltage Rebate

Voltage rebate 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.

Clause VI: Load Factor Rebate

Load Factor rebate applicable will be as given below:

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

Note: The above rebate will be applicable only on energy charges 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.

Clause VII: Installation of Shunt capacitors

All consumers having aggregate inductive load greater than 3 HP (2.2 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	10
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 for any consumer having aggregate inductive load greater than 3 HP (2.2 kW) unless the capacitors of suitable rating are installed.

Clause VIII: TOD Tariff

TOD tariff proposed shall be applicable as follows-

- 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

Clause IX: Other Terms & Conditions

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.

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

Sale of energy

No consumer shall be allowed to sell the electricity purchased from the Licensee to any other person/ entity.

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.

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 Clause 6.59 to 6.65 of the Distribution Tariff Regulations, 2010 and as amended by the Commission from time to time.

A11: STATUS OF EARLIER DIRECTIVES

Directives as per Tariff Order	Status submitted by the Petitioner	Views of the Commission
Directives as per TO 2011-12		
Separate Accounts 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	The petitioner submitted that the same directive was issued in the Tariff Order for FY 2011-12, after which the petitioner had held discussions with the Hon'ble Chairman of the Commission. In the meeting, the Petitioner explained that certain support functions like Finance & Accounts, HR, Legal, Procurement, Quality Management, Administration, IT etc are managed centrally and expenses for these department are allocated to License business on the basis of certain assumptions or keeping in view generally accepted accounting principle. The petitioner would also submit that from 1st April 2013 the actual cost of support functions would be captured by creating separate cost centres for different support functions. The petitioner also requested to allow the earlier practice till March 2013, because the Tariff Order was released in June 12, by the time FY 2013 was started and it is very difficult to implement the directive in the middle of year	The allocation of indirect (common expenses) is still as per allocation principle adopted by the Petitioner. The Commission reiterates to the Petitioner to expedite the segregation of accounts to ascertain the common cost on basis of actual expenditure incurred by Power Division instead of allocation principle adopted by the Petitioner. The Commission also states that since the Petitioner has requested to allow the earlier practice till March'13. Since, the said date is already over, the Petitioner is requested to file the next tariff petition based on the completely separate accounts.
Correct Loss Estimation **The Commission has directed that the Petitioner needs to conduct loss estimation study in order to correctly estimate the existing loss levels as well as impact of network up gradation on the loss levels in future. In this regard, the Petitioner should submit a report within six months of the issue of the Order for FY 2011-12.**	The Petitioner has submitted that it has got the loss study done by independent consultant.	Copy of the study should be submitted to the Commission for scrutiny and further action.
Expansion of Network and Service Area **The Commission directs the Petitioner to submit a timeframe for including all prospective consumers in its licensed area under its ambit**	The Petitioner has submitted that it is making efforts for expansion of network and works are still undergoing.	The Petitioner must decide on the timeframe for the expansion of the network in the licensed area and submit the same to the commission within 3 months of issue of this order.

Directives as per Tariff Order	Status submitted by the Petitioner	Views of the Commission
within 3 months of issue of Order for FY 2011-12. **The Commission also re-iterated 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 Order.** **The Commission has also directed the Petitioner to submit quarterly report to the Commission the status of consumer applications pending and the reasons thereof.**		
Status of CGRF & DSM Initiatives **The Commission has directed to submit quarterly report on the status of implementation of CGRF and DSM initiatives giving details of initiatives undertaken and costs incurred.**	The Petitioner has not submitted quarterly reports	The Petitioner is again 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. **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 the order for FY 2011-12.**	The Petitioner submitted that it has reconciled the payments/receipts with TSL in lieu of the revised rate for sale of power.	The Petitioner has complied with the directive.
Directives as per TO 2012-13		
Adjustment of Bills & Payments/Receipt as Per Revised Power Sale Rate of	JUSCO would like to submit that it has reconciled the payments/receipts with TSL in lieu of the	The Petitioner has complied with the

Directives as per Tariff Order	Status submitted by the Petitioner	Views of the Commission
TSL The Commission directed 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 2011-12 and FY 2012-13 vide this Tariff Order, within three months of the issue of this order.	revised rate for sale of power.	directive
Data adequacy in Next Tariff Petition and audit of accounts The Commission directed the Petitioner to ensure that the next tariff petition should be complete in all respect leaving no room for data gaps, inconsistencies and discrepancies.	JUSCO would like to submit that it has always endeavoured to provide adequate data to the Hon'ble Commission in the past petitions and will make best efforts to provide adequate data without any discrepancy while submitting the current petition	The Petitioner has still not complied with the directives there were lot of inconsistencies, typological mistakes as well as gaps in the Petition. The Commission reiterates that the Petitioner must ensure that the next tariff petition should be complete in all respect leaving no room for data gaps, inconsistencies and discrepancies.
Separation of accounts and common expenses The Commission directed 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 2013-14 due in November, 2012.	The petitioner submitted that the same directive was issued in the Tariff Order for FY 2011-12, after which the petitioner had held discussions with the Hon'ble Chairman of the Commission. In the meeting, the Petitioner explained that certain support functions like Finance & Accounts, HR, Legal, Procurement, Quality Management, Administration, IT etc are managed centrally and expenses for these department are allocated to License business on the basis of certain assumptions or keeping in view generally accepted accounting principle. The petitioner would also submit that from 1st April 2013 the actual cost of support functions would be captured by creating separate cost centres for different support functions. The petitioner also requested to allow the earlier practice till March 2013, because the Tariff Order was released in June 12, by the time FY 2013 was started and it is very difficult to implement the directive in the middle of year	The allocation of indirect (common expenses) is still as per allocation principle adopted by the Petitioner. The Commission reiterates to the Petitioner to expedite the segregation of accounts to ascertain the common cost on basis of actual expenditure incurred by Power Division instead of allocation principle adopted by the Petitioner. The Commission also states that the Petitioner has requested to allow the earlier practice till March'13. Since, the said date is already over, the Petitioner is requested to file the next tariff petition based on the completely separate accounts.

Directives as per Tariff Order	Status submitted by the Petitioner	Views of the Commission
Segregation of expenses on account of DSM / CGRF from A&G expenses The Commission directed the Petitioner to maintain a separate cost centre in its SAP system for DSM expenses and reflect the same in the accounts separately.	The Petitioner submitted that a separate head has been created and it has been indicated separately for FY 2012-13 and also during the Control Period.	The Petitioner has complied with the directive
Cost reduction measures The Commission directed the Petitioner to undertake Cost reduction measures using the industry best practices and submit the report to the Commission within the next tariff petition explaining the initiatives it will take to reduce its cost.	The Petitioner submitted that it has several in-house improvement initiatives and encourages its workforce to participate in such activities which result in sustaining best performances and further continuous improvement on various factors like cost, quality and safety. Some of the initiatives taken by the petitioner are: 1. Suggestion scheme 2. Aspire Projects 3. Quality circle / TPM Circle 4. Benchmark studies with other good power distribution companies	The Commission appreciates that the Petitioner has taken numerous steps in order to reduce the cost. However, the tangible benefit realised from the initiatives is yet to be ascertained. The Commission thus directs the Petitioner to submit quarterly reports to the Commission explaining the tangible benefits / results achieved by the Petitioner from the various schemes mentioned by it.
Employee Strength of the Petitioner The Commission directs the Petitioner to justify the requirement and job profile of existing employees as well as the need to recruit more employees for the licensed area and submit the report of the same with the next Tariff Petition for FY 2013-14. The Commission also directed the Petitioner to conduct a study on number of consumers per employee and other employee productivity parameters in the similarly placed utilities and	The Petitioner submitted that to that it has already provided the report in the business plan and has also explained it in section 5.6.6.2 in this petition and details of the same is attached at annexure 11	The Commission now directs the Petitioner to implement the recommendations of the report and submit to the Commission quarterly reports of the compliance of the same.

Directives as per Tariff Order	Status submitted by the Petitioner	Views of the Commission
submit a report on the same within three months of issue of this order.		
Power procurement from different sources The Commission directed the Petitioner to explore different avenues for sourcing of power at a cheaper rate than what it is purchasing presently	The Petitioner submits that it has been procuring power from local sources viz Tata Steel & DVC at a reasonable rate. JUSCO would like to submit that if it plans to procure power from generating sources from other states, the power purchase rate shall be more than what it currently procures on account of interstate transmission charges (CTU + STU), higher losses and open access charges etc .However the petitioner shall continuously evaluate such options and invite such positive suggestions about cheaper power sources.	The Commission has taken the note of the submission of the Petitioner. However, the Commission directs the Petitioner to continue exploring the option of availability of cheaper power and submit the six monthly report to the Commission in this regard.

A12: NEW DIRECTIVES

Filing of business plan

12.1 The Commission directs the Petitioner to file revised petition for approval of capital investment plan for FY 2014-15 and FY 2015-16 along with the actual capital expenditure for FY 2012-13 and FY 2013-14 within two months of issue of this order.

Filing of tariff petition for FY 2014-15

12.2 The Commission directs the Petitioner to file petition for truing up of FY 2012-13, annual performance review for FY 2013-14 and the petition for tariff and ARR for the remaining control period for FY 2014-15 and FY 2015-16 within two months of issue of this Order.

Detailed computation of FPPPA claim

12.3 The Commission directs the Petitioner that the FPPPA charge applicable to each tariff category of consumers shall be displayed prominently at the cash collection centres and on the internet website of the Petitioner. Further, the Petitioner is directed to put up on his internet website such details of the additional power purchase cost incurred and the FPPPA charged to all consumers for each month along with detailed computations.

12.4 Also, the Commission directs that along with the next tariff petition, the Petitioner submits the details of revenue billed through FPPPA charge to all consumers for each month of the year along with detailed computation and supporting documents for verification by the Commission.

Timely submission of the reply to the data gaps / discrepancy notes

12.5 The Commission has observed that the Petitioner did not submit the reply / responses to the data gaps / discrepancy notes raised by the Commission within the stipulated time. It is pertinent to mention that delay in filing of ARR or the additional information 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 in the future.

Typographical mistakes in the Petition

12.6 The Commission has observed that in the MYT tariff petition filed on 10th November 2012, various typographical errors were found. The Petitioner is concerned about the mistakes being committed by the Petitioner in the Petition as this increases the possibility of errors while reviewing the petition. The Commission thus directs the Petitioner to take extreme care in the future in order to avoid such mistakes.

Correct Loss estimation

12.7 The Petitioner has submitted that it has got the loss study done by independent consultant. Copy of the study should be submitted to the Commission for scrutiny and further action.

Expansion of network and service area

12.8 The Petitioner must decide on the timeframe for the expansion of the network in the licensed area and submit the same to the commission within 3 months of issue of this order.

Status of CGRF & DSM Initiatives

12.9 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.

Cost reduction measures

12.10 The Commission directs the Petitioner to submit the quarterly report to the Commission explaining the tangible benefits / results achieved by the Petitioner from the various schemes mentioned by it.

Power procurement from different sources

12.11 The Commission directs the Petitioner to implement the recommendations of the report and submit to the Commission quarterly report of the compliance of the same.

12.12 In accordance with the Commission's Regulations in this regard, the Petitioner must, invariably, submit all power purchase agreements to the Commission for its approval.

Separation of Accounts & Common expenses

12.13 As discussed in the relevant sections of the Tariff Order, the Petitioner has once again failed to comply as far as the separation of the account of each head under the Power Division is concerned. However, as submitted by the Petition that from 1st April 2013 the actual cost of support functions would be captured by creating separate cost centres for different support functions. Thus, the Commission direct the Petitioner to file the next tariff petition along with the complete segregated accounts for power service division.

This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on this the 4th day of June, 2014

Date: 4th June 2014
Place: Ranchi

Sd/-	Sd/-
(T.MUNIKRISHNAIAH)	(SUNIL VERMA)
MEMBER (E)	MEMBER (F)

A13: ANNEXURE - I

List of participating members of public in the public hearing

Sl. No.	Name	Address / Organization if any
1.	V. P. Singh	JUSCO
2.	Sharad Kumar	JUSCO
3.	Magan Kr. Mishra	JUSCO
4.	Jayesh Choudhan	Feedback, Consultant to JUSCO
5.	Biswajeet Biswal	JUSCO
6.	Suresh Kr.	JUSCO
7.	Santosh Kumar	JUSCO
8.	Arbind Kumar Mahto	JUSCO
9.	Surajit Dey	JUSCO
10.	Santosh Singh	ASIA
11.	S. N. Thakur	ASIA
12.	Abhishek Ranjan	JUSCO
13.	K.C. Jha	JUSCO
14.	V. N. Singh	CGRF, JUSCO
15.	A.N. Choudhary	JUSCO
16.	S.K. Singh	JUSCO
17.	Bajeet Singh Negi	JUSCO
18.	Kumenendra	CGRF
19.	S.N. Tiwary	Giridih
20.	Dr. M. Ram	BNC
21.	Praveen Gutgutia	ASIA
22.	Deepak Dokania	ASIA
23.	Dhananjoy	JUSCO
24.	Nirmal Kr. Singh	JUSCO
25.	A.K. Tripathy	JUSCO
26.	Santosh Khetan	ASIA
27.	Ayan	JUSCO
28.	S.N. Thakur	ASIA
29.	Chentan Singh	ASIA
30.	A.P. Singh	JUSCO
31.	Deepak Singh	ASIA
32.	C.B. Singh	ASIA
33.	Uday Sinha	ASIA
34.	Rajesh	ASIA
35.	R. Ravi Kr.	JUSCO
36.	Mr. A. Mohan	JUSCO
37.	L. K. Konar	JUSCO

Sl. No.	Name	Address / Organization if any
38.	Vinay Kr. Singh	Golmuri
39.	Prabhat Kr. Jha	JUSCO
40.	Rajak Kr. Jha	Kadma
41.	Santosh Singh	ASIA
42.	Inder Agawal	ASIA
43.	R.K. Sanghi	ASIA
44.	Harjeet	ASIA
45.	L.K. Prakash	ASIA
46.	M.K.Panda	JUSCO
47.	I.K. Agarwal	ASIA
48.	D. Upadhayay	ASIA
49.	Prakash Mehta	ASIA
50.	P. Kumar	Dainik Jagran
51.	S.K. Singh	Heghco Engss Pvt. Ltd.
52.	Sandeep Bafna	ASIA
53.	Gurudas Ray	ASIA
54.	C.M. Pradhan	ASIA
55.	Rahul Mukh	ASIA
56.	Pinkesh Maheshwari	ASIA
57.	Mani pandey	JUSCO
58.	Jeetendra Kr.	Press, New Ispat
59.	Yogendrasal	Individual
60.	C.B. Kedia	ASIA
61.	M. Singh	Individual
62.	M.P. Verma	Sohana Garden City
63.	A.K. Choudhary	JUSCO
64.	Y. Prasad	Golmuri
65.	Prakash Kr.	JUSCO
66.	Dr. B.N. Jha	Aditya Garden
67.	Sudhir Kr. Singh	Singhbhum Chamber of Commerce, JSR
68.	Sanjiv Kumar	Singhbhum Technocast (P) Ltd.
69.	Ramesh Khandelwal	ASIA
70.	Rajesh Kr.	Sonari
71.	A.B. Sinha	ASIA
72.	M.K.Harnathha	Bharat Malleahles
73.	M. Chopra	SMPL
74.	Nilesh Sheth	ASIA
75.	Md. Asif	JUSCO
76.	Niraj kr. Shrivastava	T. Industrial Society Pvt. Ltd.
77.	A.K. Nayak	Industries fevge

Sl. No.	Name	Address / Organization if any
78.	Sudhir	JUSCO
79.	B. Kanth	Adityapur
80.	Pitamber Thakur	Harisunderpur
81.	Dhiren Mahto	Uperbera
82.	Kamal Mandal	Ranchandarpur
83.	Lakshman Sardar	Hirisundarpur
84.	Kishor Kr. Mahto	JUSCO
85.	Haradhan Mahato	JUSCO
86.	Abhishek Gauray	Adityapur
87.	Sudhir Chaudhary	Adityapur
88.	Rajesh Agarwal	Adityapur
89.	Alok	Adityapur
90.	Raj Kishor	Adityapur
91.	S.K. Singh	Shiv Gayanan Indus.
92.	Sanjay Kumar	Sakchi
93.	Jugesh	Sakchi