Jharkhand State Electricity Regulatory Commission

Tariff Order
on
Annual Revenue Requirement
for
Financial Years 2010-11 & 2011-12
and
Determination of Distribution Tariff
for
Financial Year 2012-13
for
Jamshedpur Utilities & Services Company Limited
(JUSCO)

Ranchi

June 2012

TABLE OF CONTENTS

List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
AAD	Advance Against Depreciation
ARR	Annual Revenue Requirement
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 22.08.2002 defined the functions of JSERC as per Section 22 of the Electricity Regulatory Commission Act, 1998 to be the following, namely:-

(a) to determine the tariff for electricity, wholesale, bulk, grid or retail, as the case may be, in the manner provided in section 29;

(b) to determine the tariff payable for the use of the transmission facilities in the manner provided in Section 29;

(c) to regulate power purchase and procurement process of the transmission utilities and distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;

(d) to promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.

1.3 With the Electricity Act, 2003 being brought into force, the earlier Electricity Regulatory Commission Act of 1998 stands repealed and the functions of JSERC are now defined as per Section 86 of the Act.

1.4 In accordance with the Act, the JSERC discharges the following functions: -

(a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State;

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

(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;

(c) facilitate intra-state transmission and wheeling of electricity;

(d) issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;

(e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;

(f) adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;

(g) levy fee for the purposes of this Act;

(h) specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;

(i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;

(j) fix the trading margin in the intra-state trading of electricity, if considered, necessary;

(k) discharge such other functions as may be assigned to it under this Act.

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

(a) promotion of competition, efficiency and economy in activities of the electricity industry;

(b) promotion of investment in electricity industry;

(c) reorganisation and restructuring of electricity industry in the State;

(d) matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.

1.6 The State Commission ensures transparency while exercising its powers and discharging its functions.

1.7 In discharge of its functions, the State Commission is guided by the National Tariff Policy as brought out by GoI in compliance to Section 3 of the Act. The objectives of the National Tariff Policy are to:

(a) ensure availability of electricity to consumers at reasonable and competitive rates;

(b) ensure financial viability of the sector and attract investments;

(c) promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;

(d) promote competition, efficiency in operations and improvement in quality of supply.

Jamshedpur Utilities and Services Company Limited (JUSCO)

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

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

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

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

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

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

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

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

Scope of the Present Order

1.14 This Order relates to the ARR and Tariff Petition filed by the Petitioner before the Commission for true up for FY 2010-11, revised estimation for FY 2011-12 and determination of ARR & distribution tariff for FY 2012-13. The Order is in accordance with Sections 61, 62 and 64 of the Act and provisions of the JSERC (Terms and Conditions for Distribution Tariff) Regulations, 2004 (hereinafter referred to as 'Distribution Tariff Regulations, 2004') and JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2010 (hereinafter referred to as 'Distribution Tariff Regulations, 2010')

1.15 While determining the tariff for FY 2012-13 for the licensed area of the Petitioner – the district of Saraikela-Kharsawan, 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 National Tariff Policy; and

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

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

A2: PROCEDURAL HISTORY

Background

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

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

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

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

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

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

2.6 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 The Present Tariff Order addresses the petition filed on 10 November 2011 by the Petitioner before the Commission for approval of its ARR for FY 2010-11 & FY 2011-12 and determination of tariff for FY 2012-13 for the Licensed area- district of Saraikela-Kharsawan.

Information Gaps in the Petition

2.8 During the course of scrutiny of ARR and tariff determination, numerous deficiencies were observed in the tariff petition submitted by the Petitioner. These deficiencies were communicated to the Petitioner vide letter no. JSERC/Legal/33/2011/600 dated November 26, 2011.

2.9 The Petitioner submitted the additional information/data on December 12, 2011 vide letter no. PBD/404/59/11 in response to the aforementioned deficiencies and additional data requirements.

2.10 Technical validation session was held on 17th and 18th April, 2012 at the office of the Petitioner in Jamshedpur by the representatives of the Commission. After the Technical Validation session, the Commission observed further discrepancies in the additional information submitted by the Petitioner and sought further information vide letter no. JSERC/Legal/33/2011/51 dated April 20, 2012. The Petitioner submitted the information rectifying the discrepancies vide letter no PBD/191/59/12 dated April 30, 2012.

Inviting Public Response

2.11 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)	07.03.2012 & 08.03.2012
Telegraph (English)	07.03.2012 & 08.03.2012
Chamakta Aaina	07.03.2012 & 08.03.2012
Hindustan (Hindi)	07.03.2012 & 08.03.2012
UditVani (Hindi)	07.03.2012 & 08.03.2012

2.12 A period of 29 (twenty nine) 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 FY 2012-13. The newspapers wherein the advertisement for public hearing was issued by the Commission are detailed hereunder:

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

Newspaper (Jamshedpur Edition)	Date
Hindustan (Hindi)	11.04.2012 & 14.04.2012
Prabhat Khabar	11.04.2012 & 14.04.2012
Sanmarg	11.04.2012 & 14.04.2012
The Pioneer	11.04.2012 & 14.04.2012
Quami Tanzeem (Urdu Daily)	11.04.2012
Farooqui Tanzeen (Urdu Daily)	14.04.2012
Dainik Jagran	12.04.2012 & 15.04.2012
UditVani	12.04.2012 & 15.04.2012
Ranchi Express	12.04.2012 & 15.04.2012
The Hindustan Times (English)	11.04.2012 & 15.04.2012

Submission of objections and conduct of public hearing

2.13 The public hearing was held on 15th April, 2012 at Swarnrekha Bhavan, Adityapur and many respondents gave their comments and suggestions on the ARR & Tariff filing for FY 2012-13 by the Petitioner. The comments/suggestion of the public as well as the Petitioner's response to them is detailed in the Section 4.

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 2011-12, the Commission had approved the figures for FY 2010-11 considering the provisional data/information provided by the Petitioner. The Petitioner has now requested the Commission to revisit the figures for FY 2010-11 based on the audited accounts. The Petitioner also submitted the latest data/information for FY 2011-12 and requested the Commission to revise the figures for FY 2011-12 based on the provisional accounts.

3.3 The figures for FY 2012-13 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 ARR for FY 2010-11, FY 2011-12 & FY 2012-13 and tariff determination for FY 2012-13 after taking into account the revenue gap/surplus for the following

(a) FY 2010-11 on the basis of audited accounts; and

(b) FY 2011-12 on the basis of the six months actual information submitted by the Petitioner.

(c) FY 2012-13 on the basis of the projections made by the Petitioner

ARR and Tariff Determination

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

Table 3: ARR Requirement submitted by the Petitioner for FY 2010-11, FY 2011-12 and FY 2012-13 (Rs Cr)

Particulars	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Provisional	Projected
Costs			
Power Purchase Cost	63.56	83.81	110.52
O&M Expenses	8.35	9.01	10.18
Employee Cost	*3.62*	*4.49*	*5.09*
Repair & Maintenance Expenses	*1.26*	*1.51*	*1.90*
Administrative & General Expenses	*3.47*	*3.01*	*3.20*
Interest & Finance Charges	5.99	7.61	10.08
Depreciation	4.41	4.59	5.34
DSM & CGRF Expenses	-	0.46	0.46
Income Tax	2.02	-	-
Total Costs	**84.33**	**105.48**	**136.58**
Add: Reasonable Return	3.01	6.01	7.77
Less: Non-tariff Income	0.20	0.26	0.26
Annual Revenue Requirement	**87.14**	**111.23**	**144.09**
Revenue at Existing Tariff	**96.78**	**120.17**	**138.28**
Revenue Gap / (Surplus) for the year	**(9.64)**	**(8.94)**	**5.81**
Add: Past recoveries and other gaps	**7.28**	**(0.41)**	**(9.34)**
Total Revenue Gap / (Surplus) including past periods	**(2.36)**	**(9.35)**	**(3.53)**
Add: Sharing of Gains till FY 2010-11	**1.94**	**-**	**-**
Net Revenue Gap / (Surplus) including past periods	**(0.42)**	**(9.35)**	**(3.53)**
Energy Sales in Million Units	**212.03**	**255.95**	**302.75**
Cost of Supply	**4.11**	**4.35**	**4.76**

3.6 It is pertinent to mention that during scrutiny of the main petition, the Commission sought additional information and clarification on various components of FY 2010-11, FY 2011-12 and FY 2012-13. As per the clarifications and corrections made by the Petitioner, the petition figures for FY 2010-11, FY 2011-12 and FY 2012-13 have undergone changes, as reflected in the respective sections of 'Commission's analysis' for these years later in this Order.

3.7 Since the Petitioner has not projected any revenue gap for the period upto FY 2012-13, the Petitioner has not proposed any tariff hike in FY 2012-13. However, Petitioner has proposed introduction of some new categories in tariff structure. The tariff schedule as proposed in the petition is given below:

Table 4: Tariff Schedule proposed by the Petitioner for FY 2012-13

Consumer category	Fixed Charge		Energy Charge		
	Existing	Proposed	Unit	Existing	Proposed
DS – I (a), Kutir Jyoti Metered (0 – 50)	Nil	Nil	Rs./kWh	1.10	1.10
DS – I (a), Kutir Jyoti Metered (50 – 100)	Nil	Nil	Rs./kWh	1.10	1.10
DS – I (a). Kutir Jyoti Unmetered	Rs. 30 per connection per month	Rs. 30 per connection per month	Rs./kWh	Nil	Nil
DS – I (b), metered (0 – 200)	Nil	Nil	Rs./kWh	1.10	1.10
DS – I (b), metered (above 200)	Nil	Nil	Rs./kWh	1.10	1.10
DS – I (b), unmetered	Rs. 72 per connection per month	Rs. 72 per connection per month	Rs./kWh	Nil	Nil
DS – II, <= 4kW					
0 – 200	Rs. 25 per connection per month	Rs. 25 per connection per month	Rs./kWh	1.50	1.50
201 & Above	Rs. 30 per connection per month	Rs. 30 per connection per month	Rs./kWh	1.90	1.90
DS – III, Above 4 kW	Rs. 50 per connection per month	Rs. 50 per connection per month	Rs./kWh	1.90	1.90
DS HT	Rs. 40 per KVA per month	Rs. 40 per KVA per month	Rs./kWh	1.65	1.65
NDS – I, metered (<= 2kW) (0 – 100)	Nil	Nil	Rs./kWh	1.35	1.35
NDS – I, metered (<= 2kW) (Above 100)	Nil	Nil	Rs./kWh	1.35	1.35
NDS – I, unmetered (<= 2kW)	Rs. 120 per kW per month or part thereof for connected load up to 1 kW; Rs. 60 per kW per month for each additional 1 kW or part thereof	Rs. 120 per kW per month or part thereof for connected load up to 1 kW; Rs. 60 per kW per month for each additional 1 kW or part thereof	Rs./kWh	Nil	Nil
NDS – II	Rs. 110 per kW per month or part	Rs. 110 per kW per month or part	Rs./kWh	3.95	3.95

Consumer category	Fixed Charge		Energy Charge		
	Existing	Proposed	Unit	Existing	Proposed
	thereof	thereof			
LTIS (Installation based Tariff)	Rs. 75 per HP per Month	Rs. 75 per HP per Month	Rs./kWh	3.50	3.50
LTIS (Demand based Tariff)	Rs. 165 per KVA per Month	Rs. 165 per KVA per Month	Rs./kWh	3.50	3.50
IAS - I (Metered)	Nil	Nil	Rs./kWh	0.50	0.50
IAS - I (Unmetered)	Rs. 50 per HP per month	Rs. 50 per HP per month	Rs./kWh	Nil	Nil
IAS - II (Metered)	Nil	Nil	Rs./kWh	0.75	0.75
IAS - II (Unmetered)	Rs. 200 per HP per month	Rs. 200 per HP per month	Rs./kWh	Nil	Nil
HTS - 11 kV	Rs. 165 per kVA per month	Rs. 165 per kVA per month	Rs./kWh	4.35	4.35
HTS - 33 kV	Rs. 165 per kVA per month	Rs. 165 per kVA per month	Rs./kWh	4.35	4.35
HTS - 132 kV	Rs. 165 per kVA per month	Rs. 165 per kVA per month	Rs./kWh	4.35	4.35
HTSS – 11 kV	Rs. 330 per kVA per month	Rs. 330 per kVA per month	Rs./kW	2.50	2.50
HTSS – 33kV	Rs. 330 per kVA per month	Rs. 330 per kVA per month	Rs./kW	2.50	2.50
HTSS – 132 kV	Rs. 330 per kVA per month	Rs. 330 per kVA per month	Rs./kW	2.50	2.50
SS-I (Metered)	Rs. 25 per connection per month	Rs. 25 per connection per month	Rs./kWh	3.50	3.50
SS-II (Unmetered)	Rs. 110 per 100 watt lamp in addition Rs. 25 would be charged for each additional 50 watt	Rs. 110 per 100 watt lamp in addition Rs. 25 would be charged for each additional 50 watt	Rs./kWh	Nil	Nil
REC / SHG	Nil	Nil	Rs./kWh	0.70	0.70
Bulk Supply to MES	Rs. 160 per kVA per Month	Rs. 160 per kVA per Month	Rs./kWh	3.00	3.00
Urban Micro Distribution Franchisee (UMDF) – Predominantly Domestic*	NA	Rs 30 per kVA per month	Rs./kW	NA	1.90
Urban Micro Distribution Franchisee (UMDF) – Predominantly Commercial*	NA	Rs 100 per kVA per month	Rs./kW	NA	3.75

Note: * The Petitioner has proposed creation of two new categories as mentioned above.

A4: PUBLIC CONSULTATION PROCESS-ISSUESRAISED

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

Installation charges

Public Comments/Suggestions

4.2 The objector submitted that the installation charges are being charged to all consumers on average basis and also being charged for enhancement of Load. There should be an open discussion for deciding the reasonable installation charge.

Petitioner's Response

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

(a) Most of the network is through underground cables which are reliable than overhead line. The cost of underground line is approximately 4 to 6 times of overhead line.

(b) The Petitioner has implemented ring-main system wherein most of the high Tension consumers are fed through two sides of the said ring main system. This has been implemented to ensure minimum down time for consumers in case of fault in one of the feeding cable.

(c) Best in class metering system has been implemented by the Petitioner to ensure that pilferage and theft of electricity is controlled.

(d) 100% of the LT network is insulated which ensures that there is no hooking.

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

Views of the Commission

4.5 The Commission had in previous tariff orders stated that the licensee should provide details of the estimates of the installation charges to the consumers, and take their consent before executing the work. If any consumer wants to get the work executed by itself, it should be allowed under the supervision of the Licensee's engineers to ensure quality work. The Petitioner is directed to follow the said procedure before executing any installation work for consumers.

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

Service area

Public Comments/Suggestions

4.7 The objector submitted that JUSCO should expand the network in the remaining area of Saraikela-Kharsawan, so that they can also enjoy the benefit of JUSCO's superior service.

Petitioner's Response

4.8 The Petitioner had clarified during the hearing that it has been taking steps for network expansion and has also explained the reason for slow speed of progress which is mainly on account of lack of right of way for construction of lines. The Petitioner also submitted that many villagers are reluctant to take Petitioner's connection as they are already satisfied with the availability of power from the existing supplier and do not feel the need for change out to the Petitioner. The Petitioner also informed that they have formally written to Principle Secretary, Energy (GOJ) as well as Chairman (JSEB) for taking over the Rural Feeders of JSEB to overcome the delay being caused by right of way in laying new lines. This matter is under discussion with the State Authorities & the Petitioner is hopeful that very soon it would be able to cater to the rural consumers who are connected to the rural feeder of JSEB.

Views of the Commission

4.9 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.

Processing new applications

Public Comments/Suggestions

4.10 The objectors submitted that JUSCO takes too much time in releasing new connections. The objector consumers have requested that the applications be processed as early as possible at reasonable cost & should be available to all consumers.

Petitioner's Response

4.11 The Petitioner submitted earlier due to constraint in power sourcing there were delays in giving connection, but now JUSCO is in a position to improve the time required for new consumers. JUSCO will strengthen the team for new connection management to further speed up the process.

Views of the Commission

4.12 The Commission is of the view that the Petitioner should process the applications for new connections within the timeframe specified in the JSERC's (Electricity Supply Code), Regulations, 2005 as amended from time to time. Further in case of specific reasons for delay, the consumer should be informed by the licensee of the status of its applications within one month of receipt of such application.

Consumer Grievance Redressal Forum

Public Comments/Suggestions

4.13 The objector submitted that CGRF is not in place in JUSCO.

Petitioner's Response

4.14 The Petitioner submitted that the CGRF is working as per the regulations issued by the Commission.

Views of the Commission

4.15 The Commission agrees that the CGRF is in place as per the regulations specified by the Commission. However, the Commission takes a serious note on lack of awareness among the consumers of the existence and functioning of CGRF and directs the Petitioner to organize awareness campaign for consumers regarding the working of the CGRF. The members of CGRF are also expected to visit various consumer organizations and consumer pockets to explain the working and functions of the CGRF.

Demand Charge

Public Comments/Suggestions

4.16 The objector submitted that as per Tariff Order of the Petitioner, if maximum demand exceeds 110% of Contract Demand, demand charge is to be charged @ 150% of normal demand charge but on incremental demand only. There is no clarity that the increased demand charge is applicable over 100% of Contract Demand or 110% of Contract Demand.

Petitioner's Response

4.17 The Petitioner submitted that it has been billing the consumers as per the interpretation of the clause in the Tariff Order.

Views of the Commission

4.18 The Commission has dealt with this issue in section A11: on Terms & Conditions of Supply of this Tariff Order.

Maintenance issues

Public Comments/Suggestions

4.19 The objector submitted that the Petitioner don't have the expertise to maintain transformers. The consumer has also suggested that the Petitioner should have breakdown maintenance team at every substation.

Petitioner's Response

4.20 The Petitioner submitted that it has already deployed breakdown maintenance team on 24 x 7 bases which ensures quick restoration of the breakdown. The Petitioner also submitted that while the maintenance of consumer's installation is beyond the scope of a distribution licensee, the Petitioner is examining the possibility of extending a separate business model for providing assistance to consumer for maintenance of its internal system.

Views of the Commission

4.21 The Commission directs the Petitioner to take all steps to further improve the quality and reliability of supply in the area and also ensure best practices are in place for operation and maintenance activities.

Supervision Charges

Public Comments/Suggestions

4.22 The objector submitted that the supervision charges should be reduced from existing 15%. The objector also submitted that there is no provision of taking supervision charge in Regulations.

Petitioner's Response

4.23 The Petitioner submitted that the JSERC (Electricity Supply Code) Regulations, 2005 allows the Petitioner to charge up to 15% on labour cost as supervision charge. The Petitioner is charging the supervision charges accordingly.

Views of the Commission

4.24 The Commission, in the JSERC (Electricity Supply Code) Regulations, 2005 has specified in clause 3.2.3 that 'the licensee is entitled to recover from the applicant supervision charges as per schedule of charges approved by the Commission not exceeding 15 percent of the labour cost that would have been incurred by the licensee in carrying out such works'. The Commission directs the licensee to adhere to the said Regulations. In case of excess charges/ billing, the consumers should go to the CGRF for redressal of their grievances.

Real Time Gross Settlement (RTGS) Facility

Public Comments/Suggestions

4.25 The objector submitted that the Petitioner should start the RTGS facility for the consumers.

Petitioner's Response

4.26 The Petitioner submitted that it already has RTGS facility. Some consumers are already using RTGS facility.

Views of the Commission

4.27 The Commission directs the Petitioner to generate awareness amongst its consumers regarding the RTGS Facility.

Sharing the Gains on account of Lower T&D Loss

Public Comments/Suggestions

4.28 The objector submitted that the Petitioner benefits from lower T&D Loss should be passed on to the industries.

Petitioner's Response

4.29 The Petitioner submitted that as per the regulatory model, the benefits due to lower T&D Loss directly goes to consumers in form of lower tariff.

Views of the Commission

4.30 The Commission has given its views on the sharing of gains and losses in Section 5 of this Order.

Collection of Extra Price on account of Electricity Bill

Public Comments/Suggestions

4.31 The objector submitted that Adarsh Shahkari Griha Nirman Sameety is collecting extra price on account of electricity bill.

Petitioner's Response

4.32 The consumer should approach the CGRF for the redressal of its complaint regarding excess billing.

Views of the Commission

4.33 The Consumer should approach the CGRF for excess billing problems.

Tariff Hike

Public Comments/Suggestions

4.34 The objector submitted that the Petitioner might propose tariff hike in next year in line with State Electricity Board. The objector also submitted that since the Petitioner is purchasing power from DVC, tariff should be reduced by 30 paisa.

Petitioner's Response

4.35 The Petitioner submitted that it is committed to provide quality power at a reasonable price, and the Commission is also monitoring the same. The Petitioner also submitted that it is continuously trying to control the costs which are in its control and is confident of providing reasonable tariffs to the consumers as determined by the Commission as per the Regulation. The tariff will be decided by the Commission on the basis of the submission by the Petitioner.

Views of the Commission

4.36 The Commission has dealt with the Tariff revision related aspects in Section 8 of this Order.

Supply outside the Licensed Area

Public Comments/Suggestions

4.37 The objector pointed out that the Petitioner is providing power at Chakradharpur Railway station, which is not in its licensed area.

Petitioner's Response

4.38 The Petitioner submitted that it is not providing power outside its license area.

Views of the Commission

4.39 The objector has not provided any evidence to show that the Petitioner is supplying power outside its licensed area and also the petitioner has denied the allegation and as such the Commission accepts the plea of the Petitioner.

Outsourcing of Services

Public Comments/Suggestions

4.40 The objector submitted that JUSCO is outsourcing its works to contractors at low cost and thus making profits.

Petitioner's Response

4.41 The Petitioner submitted that it always endeavours to control cost of operation to ensure competitive tariff to its consumers and whenever benefits arise due to outsourcing activities at low cost, such benefits are passed on to consumers.

Views of the Commission

4.42 The Commission views that the Licensee can outsource its works to sub-contractors as long as the cost is lower and the quality is not compromised.

Power Purchase from TSL

Public Comments/Suggestions

4.43 The objector submitted that the Licensee is purchasing power from TSL without any permission from the Commission.

Petitioner's Response

4.44 The Petitioner submitted that it has been purchasing power from TSL after taking due approval from the Commission.

Views of the Commission

4.45 In 2007 itself, the Commission has allowed JUSCO to purchase power from any source available at the cheapest rate. A Power Purchase Agreement (PPA) was also signed between TSL and the Petitioner on December 1st, 2008, according to which, TSL agreed to supply power to the Petitioner at the rates to be approved by the Commission.

4.46 Moreover, the Commission has been approving the Sale of Power by TSL to the Petitioner in its previous Tariff Orders. In view of this it is not correct to say that the sale of power to JUSCO by TSL is not authorised by the Commission.

Interest on Normative Loan

Public Comments/Suggestions

4.47 The objector submitted that the Petitioner has not taken any loan for its license area. However, it is claiming Interest on loans in its ARR.

Petitioner's Response

4.48 The Petitioner submitted interest on loan in ARR is claimed on normative basis in line with the applicable Tariff Regulations by JSERC.

Views of the Commission

4.49 For the purposes of determination of Annual Revenue Requirement (ARR) of the Petitioner, in case there are no loans taken by the Petitioner for asset addition, the Commission considers normative loans based on the approved Debt:Equity ratio of 70:30, respectively in line with the applicable distribution tariff regulations issued by the Commission.

4.50 Since the rate of equity is more than the interest rates for normative or actual loans, it is to the benefit of the consumers that the normative loan is considered for any asset addition even if the Petitioner has invested its own equity and not taken any loan.

Income Tax

Public Comments/Suggestions

4.51 The objector pointed out that from the details of income tax paid by the Petitioner it cannot be established that the income tax is paid by the Power Service Division of the Petitioner. Still the Petitioner is claiming the expenses on account of Income Tax in the petition.

Petitioner's Response

4.52 The petitioner has submitted that Income Tax is a liability on the company and not for a particular division.

Views of the Commission

4.53 The Commission has addressed this issue in detail in paras 5.68, 6.69 and 7.77 of this Order.

A5: TRUING-UP EXERCISE FOR FY 2010-11

5.1 The Petitioner has sought approval for the truing-up of expenditure and revenue based on the actual expenditure and revenue, as per the audited accounts for FY 2010-11.

5.2 Based on the audited accounts and other information made available by the Petitioner, the Commission has analysed all the components of revenue and expenditure for FY 2010-11 and has undertaken the truing-up exercise of various components after a prudence check.

5.3 The component-wise description of the Petitioner's submission and the Commission's analysis on the same is provided hereunder.

Energy Balance

Petitioner's submission

5.4 The Petitioner submitted that the figures for energy sales, distribution losses and power purchase projected in the previous petition, approved by the Commission as well as available as per the audited annual accounts for FY 2010-11 are same.

Commission's analysis

5.5 The Commission has 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 2010-11. The Commission has also validated the account figures 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 as submitted by the Petitioner and approved by the Commission for truing up of FY 2010-11

Table 5: Quantum of power purchase/sale for FY 2010-11 (in MUs)

	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Energy Requirement		
Total Energy Sales	212.03	212.03
Overall distribution loss (%)	1.65%	1.65%
Overall distribution loss (MUs)	3.56	3.56
Total Energy Requirement	**215.59**	**215.59**
Energy Availability		
Power Purchase		
Open Access/Others/Traders	6.27	6.27
DVC	3.39	3.39
From Tata Steel Ltd.		
132 kV	171.40	171.40

	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
33 kV	33.14	33.14
6.6 kV	1.39	1.39
Total Energy Availability	**215.59**	**215.59**

Power Purchase Cost

Petitioner's submission

5.7 The Petitioner submitted that for FY 2010-11, it has sourced its major portion of power requirement from Tata Steel Limited. A small quantum of power has been sourced from DVC and through open access.

5.8 The Petitioner also submitted that the Hon'ble Commission in the tariff order for FY 2011-12 had determined the power purchase rate of JUSCO as Rs. 2.91/ kWh from Tata Steel Limited, Rs. 3.52/ kWh from DVC and Rs. 3.90/ kWh from Open Access for FY 2010-11. The average power purchase rate of JUSCO from all sources as per audited accounts has arrived at Rs. 2.95 /kWh. The Petitioner has requested the Hon'ble Commission to approve the same for FY 2010-11.

Commission's analysis

5.9 In case of power purchase from TSL, the Commission has approved the power purchase rate at Rs. 2.94 per kWh based on the average power purchase cost for TSL for FY 2010-11 as approved by the Commission in the Tariff Order for TSL for FY 2012-13. The average power purchase cost for TSL has been revised on basis of final true up for generation cost of TPCL for FY 2010-11 as approved by the Commission in Tariff Order for TPCL for FY 2012-13 to FY 2015-16. Accordingly, the Commission has approved the power purchase cost from TSL to be Rs. 60.48 Cr. for FY 2010-11.

5.10 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 i.e. Rs. 59.92 Cr. The difference is because the Petitioner has projected the power purchase cost based on the old average power purchase cost of TSL as approved by Commission in its previous Tariff Order for TSL for FY 2011-12, while now the Commission has revised the power purchase rate on basis of new average power purchase cost of TSL as approved in Tariff Order for FY 2012-13 including the revision in the TPCL cost based on final truing up of generation cost for FY 2010-11.

5.11 The Commission approves the power purchase cost of Rs. 1.19 Cr. at Rs. 3.52/ kWh for the power procurement of 3.39 MU from DVC after scrutinizing the power purchase bills issued by DVC to the Petitioner.

5.12 The Commission approves the power purchase cost of Rs. 2.44 Cr at Rs. 3.90/ kWh for the power procurement of 6.27 MU from open access/traders/others after scrutinizing the power purchase bills issued by various open access/traders/others to the Petitioner.

5.13 The following table details the power purchase cost submitted by the Petitioner and approved by the Commission for FY 2010-11.

Table 6: Power Purchase Cost for FY 2010-11 (Rs Cr)

Particulars	FY 2010-11	
	Submitted by JUSCO	***Approved by JSERC***
Power purchased from DVC	1.19	1.19
Tata Steel Limited	**59.92**	**60.48***
132 kV	*49.88*	*50.33*
33 kV	*9.64*	*9.74*
6.6 kV	*0.40*	*0.41*
Open Access/Others/Traders	2.44	2.44
Total	**63.55**	**64.11**
Units Purchased	**215.59**	**215.59**
Average PP Rate (per kWh)	**2.95**	**2.97**

Note: * Higher power purchase cost is approved on account of adjustment in TSL rate as per latest Tariff order for TSL for FY 2012-13

Basis of allocation of common costs for O&M expenses

Petitioner's submission

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

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

5.16 The indirect common employee costs arising out of various back office functions of JUSCO have been apportioned on the basis of the rationale/principles given in table below, whereas those of the Power Business Division has been apportioned equally between the Petitioner operations of Saraikela-Kharsawan and the franchisee operations of Jamshedpur, keeping in view the extra time and efforts being devoted by the common resources towards the commencement of the former's operations.

Table 7: Allocation of Indirect cost proposed by JUSCO

Items	Assumption with Rationale
O&M Cost as per SAP	
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
JUSCO Sahyog, Billing and Collection	Allocation based on Number of consumers of Saraikela Project vis-à-vis JUSCO
Procurement	Allocation based on value of procurement of Saraikela Project vis-à-vis JUSCO

Commission's Analysis

5.17 The Commission in its previous Tariff Order for FY 2011-12 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 tariff petition of FY 2012-13. However the Petitioner has not segregated the account heads and submitted that the direct costs are being recorded separately and separate accounts are maintained for power business to the extent possible and identifiable. However the costs incurred by common service of JUSCO for Saraikela Power Distribution is arrived at based on the aforesaid allocation principles.

5.18 The Commission considers the aforesaid principles as a temporary measure for the purposes of approving the ARR for FY 2010-11. 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 with the shift towards preparation of Regulatory Accounts, such segregation would become imperative.

5.19 Thus, 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 Business Plan & MYT Petition in the ensuing year.

5.20 In view of the above, for the purposes of approving the ARR for FY 2010-11, 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

5.21 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 keeping in view the accepted accounting principles.

5.22 For FY 2010-11, the Petitioner submitted the O&M expenses of Rs 8.35 Cr which include Rs. 5.63 Cr. of direct cost and Rs. 2.73 Cr. of common cost.

Commission's analysis

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

Employee Cost

5.24 Based on the audited accounts of FY 2010-11 submitted by the Petitioner, the Commission approves the gross direct employee cost of Rs 2.31 Cr and net indirect employee cost of Rs 1.31 Cr.

5.25 In view of the above, the Commission approves the total employee cost of Rs 3.62 Cr in FY 2010-11. The following table summarises the employee cost submitted by the Petitioner for FY 2010-11 and approved by the Commission for FY 2010-11.

Table 8: Employee Costs for FY 2010-11 (Rs Cr)

Employee Cost	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Employee Cost (Direct)	2.31	2.31

Employee Cost	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Common Cost of JUSCO	1.31	1.31
Gross Employee Cost	**3.62**	**3.62**
Less: Capitalized	-	-
Net Employee Cost	**3.62**	**3.62**

Administrative and General Expenses

5.26 The Petitioner has submitted direct A&G expenses for FY 2010-11 as Rs. 2.05 Cr. However the Petitioner inadvertently omitted amount of Rs.0.25 Cr, forming part of direct A&G cost as per the audited accounts for FY 2010-11, and included it in the R&M cost. In view of the above, the Commission approves direct A&G expenses as Rs.2.30 Cr as provided in the Audited accounts wherein it has added back Rs.0.25 Cr in the A&G expenses and reduced R&M expenses accordingly.

5.27 The Commission noted that the audited accounts do not provide for any expenditure under the head of bank charges as claimed by the Petitioner. The Commission asked the Petitioner to clarify the accounting treatment of proposed bank charges. The Petitioner submitted that the proposed bank charges of Rs. 1.59 Lakhs have been included as part of direct A&G expenses of Rs.2.30 Cr as provided in the Audited Accounts for FY 2010-11. Thus, in view of the submission made by the Petitioner, the Commission has not approved the cost incurred towards bank charges separately for FY 2010-11.

5.28 Further, as the Petitioner has not submitted details of Electricity Duty separately, the Commission has not approved any amount under this head for FY 2010-11. Also Electricity Duty for power sector has been discontinued by State Government with effect from July 1st, 2011[1]; thus no liability would arise in future under this head.

5.29 The indirect A&G cost as per the audited accounts is for FY 2010-11 is Rs. 1.42 Cr and same has been approved by the Commission.

5.30 The table below summarises the A&G expenses submitted by the Petitioner and approved by the Commission for FY 2010-11.

Table 9: A&G Expenses for FY 2010-11 (Rs Cr)

Description	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
A&G Cost (Direct)	2.05	2.30
A&G Cost (Common)	1.42	1.42
Gross A&G Cost	**3.47**	**3.72**

[1] As per Amendement to the Jharkhand Electricity Duty (Amendment) Act 2011, dated June 24th, 2011.

Description	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Less: Capitalised		-
Net A&G Cost	**3.47**	**3.72**

Repair and Maintenance expenses

5.31 For FY 2010-11, the Petitioner has submitted R&M expenses as Rs. 1.26 Cr. However, as discussed in para 5.26, the Petitioner inadvertently included amount of Rs.0.25 Cr, forming part of direct A&G expenses as per the audited accounts for FY 2010-11, 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 2010-11.

5.32 On further analysis of the audited accounts for FY 2010-11, the Commission noted that the Petitioner has erroneously accounted for Rs. 0.31 Cr pertaining to Power Purchase related expenses in R&M expenses as well as in Power Purchase expenses in the petition. The Commission has rectified the said error on part of the Petitioner and reduced the amount of Rs.0.31 Cr from R&M expenses proposed by Petitioner for FY 2010-11.

5.33 In view of above, the Commission has approved R&M expenses as Rs. 0.70 Cr only i.e. after reducing the amount proposed by the Petitioner by Rs. 0.56 Cr (Rs 0.25 Cr + Rs. 0.31 Cr.) on account of erroneous inclusion on part of the Petitioner. The R&M expenses approved by the Commission are also in line with the audited accounts for FY 2010-11.

5.34 The Table 10 summarises the R&M expenses submitted by the Petitioner and approved by the Commission for FY 2010-11.

Table 10: R&M Expenses for FY 2010-11 (Rs Cr)

Particulars	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Gross R&M Expenses	1.26	0.70
Less: R&M Expenses capitalised	-	-
Net R&M Expenses	**1.26**	**0.70**

5.35 In view of the above, the Commission approves the total O&M expenses at Rs. 8.04 Cr for FY 2010-11 as against Rs.8.35 Cr proposed by the Petitioner. The same is also provided in the audited annual accounts of the Petitioner for FY 2010 11. The total O&M expenses submitted and approved for FY 2010-11 are summarized in the table below.

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

Components	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Employee Cost	3.62	3.62
A&G Expenses	3.47	3.72
R&M Expenses	1.26	0.70
Total O&M Expenses	**8.35**	**8.04***

Note: * In accordance with the audited accounts for FY 2010-11

CWIP & Gross Fixed Asset

Petitioner's submission

5.36 The Petitioner submitted that in the additional data gaps submission for previous year tariff filing, it had provided with the methodology for computation/ consideration of Interest during Construction. The Petitioner submitted that since the Commission has been approving debt-equity on Capitalization amount and not on Capital Expenditure amount, the Petitioner is entitled for Interest during construction (IDC) to be claimed in gross fixed assets. The Petitioner also submitted that as per Clause 6.10 of Distribution Tariff Regulations 2010 and also as per the Clause 18 (note-5) of Distribution Tariff Regulations 2004, Interest during Construction is allowed to be recovered as part of Capital Cost.

5.37 The Petitioner further submitted that it had missed out the claim on account of Interest during construction in its previous ARR for FY2007-08, FY2008-09, FY2009-10 and FY2010-11. Hence, the Petitioner requests the Commission to allow the Interest during Construction for previous ARR to be recovered in accordance with Distribution Tariff Regulations 2004 and Distribution Tariff Regulations 2010 which works out to be Rs. 2.12 Cr on normative basis.

5.38 The following table details the figures submitted by the Petitioner for CWIP and Gross Fixed Assets for FY 2010-11.

Table 12: Submitted CWIP and GFA for FY 2010-11 (Rs Cr)

Particulars	FY 2010-11
Capital Work in Progress (CWIP)	
Opening CWIP	5.86
Capex during the FY	11.07
Total CWIP	16.93
Add: IDC till FY 2010-11	2.12
Total CWIP including IDC	19.06
Less: transferred to GFA including IDC	8.06
Closing CWIP	***10.99***

Particulars	FY 2010-11
Gross Fixed Assets (GFA)	
Opening GFA	90.73
Transferred from CWIP	8.06
Closing GFA	**98.79**

Commission's analysis

5.39 The Clause 18 (note 5) of the 'Distribution Tariff Regulations, 2004' states that *"the scrutiny of the project cost estimates by the Commission shall be limited to the reasonableness of the capital cost, financing plan, Interest during construction……for the purposes of determination of tariff".*

5.40 In the light of the aforesaid regulation, the Commission clarifies that Interest during construction (IDC) is to be allowed as per actual and the same has to be considered by the Commission during estimation of project cost. Since this exercise pertains to the true-up of project costs already incurred by the Petitioner, which did not include estimates for IDC nor did the Petitioner take any loans for the project cost expenditure in past years, the Petitioner does not fulfil the criterion laid down by the said regulations and as such the Commission disallows the claim for interest during construction of Rs. 2.12 Cr by the Petitioner. Though the Petitioner has mentioned the 'Distribution Tariff Regulations, 2010' as well, the Commission clarifies that the 'Distribution Tariff Regulations, 2010' are not applicable for FY 2010-11.

5.41 For GFA and CWIP, the Commission has verified the figures as per the audited accounts submitted by the Petitioner. The following table summarises the CWIP and GFA approved by the Commission for FY 2010-11.

Table 13: Approved CWIP and GFA for FY 2010-11 (Rs Cr)

Particulars	FY 2010-11
Capital Work in Progress (CWIP)	
Opening CWIP	5.86
Capex during the FY	11.07
Total CWIP	16.93
Add: IDC till FY 2010-11	-
Total CWIP including IDC	16.93
Less: transferred to GFA including IDC	5.93
Closing CWIP	***11.00***
Gross Fixed Assets (GFA)	
Opening GFA	90.73
Transferred from CWIP	5.93
Closing GFA	**96.66**

Depreciation

Petitioner's submission

5.42 The Petitioner submitted that it has computed the depreciation costs based on Straight Line Method as prescribed in the Distribution Tariff Regulations, 2004 issued by the Hon'ble Commission using the rates as provided in Appendix II to the Tariff Regulations and has arrived at a gross depreciation of Rs. 5.91 Cr and net depreciation figure of Rs 4.41 Cr after deducting depreciation proportionate to the fixed assets of Rs. 1.50 Cr being contributed through consumer contribution.

Commission's analysis

5.43 The 'Distribution Tariff Regulations, 2004' specify that the capital base for the purposes of depreciation shall be the historical cost of the asset with the residual life of the asset being 10% of its approved original cost. Since the said Regulations state that in case of operation of the asset for part-year depreciation shall be charged on *pro-rata* basis, hence the Commission has made use of the information submitted by the Petitioner regarding the date of capitalization of various assets and accordingly calculated depreciation on *pro-rata* basis for assets capitalized during the year. The total depreciation calculated for the year works out to Rs. 5.83 Cr. The depreciation calculated by the Commission is less than that proposed by the Petitioner as the Commission has not considered additions to GFA on account of IDC as explained in Para 5.40 above.

5.44 Meanwhile, out of the gross depreciation, the proportionate depreciation on the assets created out of consumer contribution is deducted to arrive at the permissible net depreciation. The consumer contribution received during FY 2010-11 is Rs. 25.03 Cr as per the audited accounts. Accordingly, the Commission has estimated the depreciation on account of consumer contribution to be Rs.1.51 Cr in proportion of consumer contribution to GFA during the year.

5.45 Accordingly, the Commission approves the net depreciation charge of Rs 4.32 Cr for FY 2010-11.

5.46 The following table details the depreciation cost as submitted by the Petitioner and approved by the Commission for FY 2010-11.

Table 14: Depreciation Costs for FY 2010-11 (Rs Cr)

Particulars of Assets	Approved Depreciation Rate	Depreciation Cost (Rs Cr)	
		FY 2010-11	
		Submitted by JUSCO	*Approved by JSERC*
Land Development	0.00%	-	-
Offices & Showroom	3.02%	0.16	0.16
Other Buildings	3.02%	0.01	0.01
Transformers	7.81%	0.75	0.75
Switchgear including cable connections	7.84%	1.99	1.97
Underground cable	5.27%	1.40	1.39
Overhead Lines < 66kv (LT)	7.84%	0.09	0.09
Overhead Lines > 66kv	5.27%	1.12	1.11
Meters	12.77%	0.04	0.04
Self propelled vehicles	33.40%	0.02	0.02
Air conditioner (portable)	33.40%	0.02	0.01
Office furniture & fittings	12.77%	0.01	0.01
Office Equipments	12.77%	0.10	0.09
Street Light fittings	12.77%	-	0.00
Communication System	12.77%	-	0.00
Data Processing Machine	12.77%	0.03	0.03
Software	9.00%	0.15	0.15
Other Assets	Different rates	-	0.00
Depreciation Charges		**5.91**	**5.83**
Less: Depreciation on assets created out of consumer contribution		**1.50**	**1.51**
Net Depreciation Charges		**4.41**	**4.32**

Interest and Other Finance Charges

Interest on Loan

Petitioner's submission

5.47 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.

5.48 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.

5.49 The Petitioner states that normative interest rate has been taken at 11.75%, which is equivalent to SBI PLR of 11.75% as on 1st April 2010 and the normative interest is calculated on the average balance of the loan during the said financial year which amounts to Rs. 41.04 Cr.

5.50 Based on normative debt as described above, the interest charge on debts for FY 2010-11 has been computed by the Petitioner to be Rs 4.82 Cr.

Commission's analysis

5.51 In accordance with the 'Distribution Tariff Regulations, 2004', 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. Normative repayment is deemed to be equal to the depreciation charge during the year.

5.52 Further, in accordance with the 'Distribution Tariff Regulations, 2004', interest on normative loan has been calculated on the average normative loan as outstanding during the year at the interest rate of 11.75%.

5.53 Accordingly, the Commission approves the normative interest amount for FY 2010-11 at Rs 4.54 Cr. The interest on loan calculated by the Commission is less than that proposed by the Petitioner as the Commission has not considered additions to GFA on account of IDC as explained in Para 5.40 above.

Interest on Security Deposits

Petitioner's submission

5.54 The Petitioner has created provisions for interest on security deposits of consumers at the rate of 6% p.a. The average Security Deposit amount as on year end FY 2010-11 stood at Rs. 19.39 Cr. The corresponding Interest on Security Deposit as per audited accounts is Rs 1.15 Cr for FY 2010-11.

Commission's analysis

5.55 The Commission directed the Petitioner to submit sample bills of consumers for FY 2010-11. 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 1.15 Cr for FY 2010-11.

Bank Charges

Petitioner's submission

5.56 The Petitioner submitted that in the previous tariff order, the Commission had stated that bank charges @Rs. 75,000 per month for Letter of Credit maintained with bank shall be approved after JUSCO provides details of Agreement with DVC. Accordingly, the Petitioner has provided the Power Purchase Agreement with DVC for Bank Charges on Letter of Credit.

5.57 The bank charges compute to be Rs. 1.59 Lakhs for FY 2010-11 and requests the Commission to approve the same.

Commission's analysis

5.58 The Commission scrutinized the details of bank charges of Rs. 1.59 lakhs proposed by the Petitioner. The Commission observed that the bank charges on Letter of Credit have already been included in the A&G expenses and the Petitioner has inadvertently asked for separate allowance of the same. Accordingly, the Commission does not approve separate allowance of the bank charges on Letter of Credit.

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

Table 15: Interest and Other Finance Charges for FY 2010-11 (Rs. Cr)

Particulars	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Interest on Normative Loan	4.82	4.54
Interest on Security Deposits	1.15	1.15
Bank Finance Charges	0.0159	0.00
Total Interest & Finance Charges	**5.99**	**5.69**

Return on Equity (RoE)

Petitioner's submission

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

5.61 The Petitioner has calculated the normative return on equity @ 14% on the average balance of the normative equity during the FY 2010-11.

5.62 Based on the above methodology, the RoE computed by the Petitioner for FY 2010-11 is Rs 3.01 Cr.

Commission's analysis

5.63 In accordance with the 'Distribution Tariff Regulations, 2004', the Commission has considered the equity base to be equal to 30% of gross fixed assets net of consumer contribution. Further, the Commission permits a rate of return of 14% as specified in Clause 20.1 of the 'Distribution Tariff Regulations, 2004'.

5.64 Accordingly, the Commission approves RoE amounting to Rs 2.97 Cr for FY 2010-11. This amount is less than Rs. 3.01 Cr. as submitted by the Petition because of the fact that the Commission has disallowed the GFA addition of Rs. 2.12 Cr. on account of the Interest during Construction as discussed in para 5.40.

5.65 The table below details the Return on Equity submitted by the Petitioner and approved by the Commission for FY 2010-11.

Table 16: Return on Equity for FY 2010-11 (Rs Cr)

Particulars	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Normative Equity Base (Rs Cr)	22.13	21.49
Normative Average Equity Base Rs. Cr.)	21.53	21.21
Rate of Return (%)	14%	14%
Return on Equity (Rs Cr)	**3.01**	**2.97**

Income Tax

Petitioner's submission

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

5.67 The Petitioner submitted that for FY 2010-11, the normative tax liability is computed to be Rs 2.02 Cr.

Commission's analysis

5.68 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.

Sharing of Gains & Losses

Petitioner's submission

5.69 The Petitioner submitted that it has managed to retain losses at a very competitive level of 1.65% which is much below the normative level of 5% and is thus entitled to sharing of gains for controlling the losses.

5.70 The Petitioner submitted that 50% of the total savings should be shared with the consumers and 50% should be added in its revenue requirement. The Petitioner has computed its share of gains as given in the Table below:

Table 17: Sharing of Gains/Loss for FY 2010-11 (in Rs Cr)

Particulars		FY 2009-10	FY 2010-11
	Units	*Submitted by JUSCO*	*Submitted by JUSCO*
Energy Sales	MUs	126.65	212.03
Loss approved by the Commission	%	5.00%	5.00%
Energy requirement at normative loss	MUs	133.32	223.19
Actual achieved distribution loss	%	0.96%	1.65%
Actual energy purchased	MUs	127.88	215.59
Actual power purchase cost	Rs Cr	38.55	63.56
Actual average power purchase cost	Rs/kWh	3.01	2.95
Energy saved/reduction in power purchase	MUs	5.44	7.60
Savings in power purchase cost	Rs Cr	1.64	2.24
Consumer's share – 50%	Rs Cr	0.82	1.12
Entitlement of JUSCO	**Rs Cr**	**0.82**	**1.12**

Commission's Analysis

5.71 In the Previous Tariff Order of FY 2011-12, the Commission 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 The Petitioner in this regard submitted in its petition for this year that it has engaged Power Research Development Consultants (PRDC) to conduct load flow and short circuit analysis of its network and it will take 8-10 months to complete the study.

5.73 The Commission reiterates the following observations regarding the sharing of gains and losses for FY 2010-11:

(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 stabilised.

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

(c) The lower loss levels achieved by the Petitioner are primarily on account of the favourable consumer mix of the Petitioner, which comprises mainly of HT consumers in a small urban cluster. In the Tariff Order for FY 2010-11, the Commission had approved 96.63% of the total sales to HT consumers while as per the annual accounts, the HT consumer sales accounts for 97.84% of total sales, which 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 2011-12, the Commission after scrutinizing the latest information made available for FY 2010-11 had revised the distribution loss target to 1.65%. Since the Petitioner has achieved the same loss levels of 1.65% as per the actual data submitted with this petition of FY 2012-13, therefore there is no additional savings in energy over and above the figures approved by the Commission in the previous year's Tariff Order.

5.74 Moreover, the Commission views that the Petitioner needs to conduct loss estimation study in order to correctly estimate the existing loss levels as well as measure the impact of network up-gradation on the loss levels. The Commission had also given directions in this regard in its previous Tariff Orders.

5.75 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.

Revenue from sale of power

Petitioner's submission

5.76 The Petitioner submitted that the revenue from sale of power as per audited annual accounts is Rs 96.78 Cr for FY 2010-11.

Commission's Analysis

5.77 The Commission scrutinized the revenue from the audited accounts and observed the actual revenue booked from sale of power is Rs 96.80 Cr in FY 2010-11 and not Rs.96.78 Cr as submitted by the Petitioner. Accordingly, the Commission approves the revenue from sale of power at Rs. 96.80 Cr.

Non Tariff income

Petitioner's submission

5.78 The Petitioner submitted that Non-Tariff Income at Rs 0.20 Cr.

Commission's Analysis

5.79 The Commission approves the Non-Tariff Income at Rs 0.20 Cr for FY 2010-11, as per the annual audited accounts submitted by the Petitioner.

Summary of ARR and Revenue Gap for FY 2010-11

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

Table 18: Summary of Annual Revenue Requirement for FY 2010-11 (Rs Cr)

Annual Revenue Requirement	**FY 2010-11**	
Costs	***Submitted by JUSCO***	***Approved by JSERC***
Power Purchase Cost	63.56	64.11
O&M Cost	8.35	8.04
Employee Cost	*3.62*	*3.62*
R&M Cost	*1.26*	*0.70*
A&G Cost	*3.47*	*3.72*
Depreciation	4.41	4.32
Interest & Financing Charges	5.99	5.69
Income Tax	2.02	0.00
Total Cost	**84.33**	**82.16**
Add: Reasonable Return	3.01	2.97
Less: Non Tariff Income	0.20	0.20
Annual Revenue Requirement	**87.14**	**84.93**
Revenue at Existing Tariff	96.78	96.80
Revenue Gap/(Surplus) for the year	**(9.64)**	**(11.87)**
Add: Past recoveries and other gaps	7.28	7.28
Total Revenue Gap / (Surplus) including past periods	(2.36)	(4.59)
Add Sharing of Gains till FY 2010-11	1.94	-
Net Revenue Gap/ (Surplus) including past periods	(0.42)	(4.59)
Energy Sales in Million Units	212.03	212.03
Cost of Supply (excluding past recoveries)	4.11	4.01

A6: REVISED ESTIMATES FOR FY 2011-12

6.1 The Petitioner submitted its tariff petition on the basis of six months provisional figures and the remaining six months on the basis of estimation. However, by the time the Commission sought additional information based on the scrutiny and the discrepancies in the ARR and Tariff Petition of the Petitioner, the provisional annual accounts were ready and made available to the Commission. Accordingly, the Commission has taken in to consideration the annual provisional accounts and other relevant additional information submitted by the Petitioner for provisional true-up exercise of FY 2011-12.

Energy Sales

Petitioner's submission

6.2 While the Commission has approved 223.82 MUs vide Tariff Order FY 2010-11, the Petitioner has now estimated the sale of power at 255.95 MUs in its current ARR Petition for FY 2011-12. The Petitioner has projected energy sales based on the actual consumption for the first half of FY 2011-12 and considering the applications received and being processed for balance period of FY 2011-12. The Petitioner has attributed increase in energy sales for HTS 11 kV and HTS 33 kV mainly to the better than anticipated growth in industry and increase in consumers from 365 in FY 2010-11 to 545 in FY 2011-12.

Commission's analysis

6.3 The Commission asked the Petitioner to submit actual energy sales for FY 2011-12 as an additional information. The Petitioner submitted the provisional accounts with the additional information to the Commission. The Commission has scrutinized the sales data submitted by the Petitioner with the provisional accounts for FY 2011-12 and approves total sales of 250.32 MUs. The same shall be trued-up when the annual audited accounts for FY 2011-12 are made available with the next tariff petition.

Energy Balance

Petitioner's submission

6.4 The Petitioner, in its ARR Petition for FY 2012-13, submitted that the energy balance for FY 2011-12 is based on the actual energy purchase, energy sales and corresponding energy losses in the first half of FY 2010-11 and forecasts for the balance period of the financial year.

6.5 The Petitioner is currently sourcing power from Tata Steel Ltd at three different voltage levels namely, 132 kV at Jojobera and 6.6 kV at S-11 source at Jamshedpur. The Petitioner also sources power from DVC at 33 kV. The Petitioner submitted a provisional distribution loss of 2.16% for FY 2011-12, resulting in total energy requirement of 261.59 MUs.

6.6 The Petitioner submitted that due to the efforts made by the Petitioner in controlling and reducing the T&D losses as discussed in section 3.11 of this Petition, the loss levels projected by the Petitioner are only 2.16%.

Commission's analysis

6.7 The Commission directed the Petitioner to submit the actual power purchase bills from various sources and information on distribution losses for FY 2011-12.

6.8 After due scrutiny of the provisional accounts and bills raised by DVC on the Petitioner, and purchase approved from TSL in the Tariff Order FY 2012-13, the Commission approves a total power purchase of power of 54.29 MU and 198.85 MU, respectively. Thus the total power purchased approved by the Commission for FY 2011-12 works out to be 253.14 MUs.

6.9 Considering the sales of 250.32 MUs, the distribution loss level for FY 2011-12 works out to be 1.11%. The Commission provisionally approves distribution loss of 1.11% since it is much less than the target of 5% fixed by the Commission in the previous Tariff Order for FY 2011-12 as per the provisions of 'Distribution Tariff Regulations, 2010'.

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

Table 19: Quantum of power purchase/sale for FY 2011-12 (MUs)

Particulars	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
Total Energy Sales (MUs)	255.95	250.32
Overall distribution loss (%)	2.16%	1.11%
Overall distribution loss (MUs)	5.64	2.82
Total Energy Requirement	**261.59**	**253.14**
Power purchase		
From TSL (A)	**191.29***	**198.85**
132 kV	*190.12*	*197.85*
33 kV	-	-
6.6 kV	*1.17*	*1.00*
From DVC at 33kV (B)	**65.07****	54.29
RPO Purchases (C)	**5.23**	
Solar	*0.65*	-
Non-Solar	*4.58*	-
From other/traders (D)	-	**-**
Total Energy Availability (A+B+C+D)	**261.59**	**253.14**

Note: * As per the power purchase bills submitted by the petitioner, this has been revised to 198.85 MU;
** As per power purchase bills submitted by the petitioner, this has been revised to 54.29 MUs;

Power Purchase Cost

Petitioner's Submisison

6.11 The Petitioner has considered power purchase rate for TSL as Rs 2.92 per kWh for FY 2011-12 which is based on approved cost of Rs. 2.69/kWh in previous tariff order and Rs. 0.23 /kWh towards fuel surcharge for which separate approval has been sought by Tata Steel Ltd vide letter no. PBD/328/59/11 dated 22nd October 2011.

6.12 The Petitioner also submitted that it has been procuring power from DVC since February 2011 due to which the power purchase cost of the Petitioner has gone upwards. It is further submitted by the Petitioner that in Oct'2011, DVC has given its approval for further 10 MVA power supply to JUSCO. Accordingly, the power purchase from DVC is projected for FY 2011-12 considering the additional supply.

6.13 The Petitioner submitted that the actual rate of power purchase from DVC up to September 2011 on weighted average basis computes to Rs. 3.73 /kWh. The power purchase cost from October 2011 has been considered from the latest available bill which is Rs. 3.82 /kWh. Accordingly, the average power purchase rate for FY 2011-12 comes to Rs. 3.79 /kWh.

6.14 The Petitioner submitted that as per JSERC (Renewable purchase obligation and its compliance) Regulations, 2010 issued by Commission, the Petitioner has initiated the process of fulfillment of RPO requirements. An advertisement had been issued in 2 English and 2 Hindi newspapers in this regard on 24th October 2011; seeking participation from the bidders for providing renewable energy and submit bids by 31st October 2011. However there was no participation in the bid process. The Petitioner has communicated the same to the Commission vide letter number PBD/172/59/12 dated April 23, 2012. The purchase rates for solar and Non-Solar have been considered same as approved by the Hon'ble Commission in previous tariff order.

6.15 The following table contains power purchase cost submitted by the Petitioner for FY 2011-12.

Table 20: Submitted Power Purchase Cost for FY 2011-12 (Rs. Cr.)

Sources	Amount
Tata Steel Limited	**55.85**
132 kV	55.51
33 kV	-
6.6 kV	0.34
DVC at 33 Kv	24.68
Renewable Power	
Solar	0.98
Non-Solar	2.29
Others/Traders	-

Sources	Amount
Total	**83.80**
Units purchased (MUs)	**261.59**
Cost per unit (Rs per kWh)	**3.20**

Commission's analysis

6.16 In case of power purchase from TSL, the Commission has approved the power purchase rate at Rs. 2.99 per kWh based on the average power purchase cost for TSL for FY 2011-12 as approved by the Commission in the Tariff Order for TSL for FY 2012-13 which has been revised on basis of provisional true up for generation cost of TPCL for FY 2011-12 as approved by the Commission in Tariff Order for TPCL for FY 2012-13 to FY 2015-16. Accordingly, the Commission has approved the power purchase cost from TSL to be Rs. 59.55 Cr. for FY 2011-12. 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 i.e. Rs. 55.85 Cr. The difference is because the Petitioner has projected the power purchase cost based on the old average power purchase cost of TSL as approved by Commission in its previous Tariff Order for TSL, while now the Commission has revised the power purchase rate on basis of new average power purchase cost of TSL as approved in Tariff Order for FY 2012-13 including the revision in the TPCL cost based on provisional truing up of generation cost for FY 2011-12.

6.17 For DVC, the Commission has considered the power purchase bills raised by the generator on the Petitioner and has accordingly approved power purchase cost at Rs. 20.98 Cr.

6.18 In case of power purchase from renewable sources to meet its RPO obligation, the Petitioner submitted that it was unable to procure power from any renewable generator and thus resorted to purchase Renewable Energy Certificates (RECs) from power exchanges in the Country to meets its RPO obligation. The Petitioner was able to purchase non-solar RECs for approx. 4 MU at the cost of Rs.1.20 Cr from the Indian Energy Exchange (IEX). The Petitioner also submitted the bills from IEX for purchase of RECs as supporting document. In case of Solar RPO, the Petitioner submitted that it was unable to meet its solar obligation as there were no solar RECs available on any Power Exchange in the Country.

6.19 The Commission noted that against the total RPO target of 4.71 MU (i.e. 2% of approved energy requirement in previous Tariff Order for FY 2011-12), the Petitioner has been able to meet target of 4 MU through purchase of non-solar RECs from IEX. While the entire solar RPO of 0.59 MU (i.e. 0.25% of approved energy requirement in previous Tariff Order for FY 2011-12), remained unmet due to non-availability of solar RECs in the power exchange. Thus for FY 2011-12, the Commission approves cost of Rs. 1.20 Cr as power purchase cost of non-solar RECs as ascertained from the power purchase bills submitted by the Petitioner.

6.20 However, even though the Commission recognises the fact that despite best efforts by the Petitioner, it was unable to meet the solar RPO as there were no RECs available in the exchange in FY 2011-12, the market for solar is expanding and there is positive indication that solar RECs will be available from May 2012 onwards. Moreover many Solar & other RE developers are in the process of setting up their plants in Jharkhand; the Commission is of the opinion that the Petitioner shall be able to meet the remaining gap for FY 2011-12 along with the target for FY 2012-13. Thus the Commission carries forward the remaining gap of 0.71 MU in RPO obligation for FY 2011-12 to be added to the FY 2012-13 targets for Solar RPO. The Commission also directs the Petitioner to shift the solar RPO obligation of FY 2011-12 to FY 2012-13 vide its letter No. JSERC/112/157 dated 16 May 2012. From next year onwards the Commission will endeavour not to interchange the obligation of Solar vs. Non-solar RPO. This year the commission has considered the interchange and allowed it because of non-availability of Solar Power.

6.21 Accordingly, the Commission approves the power purchase cost at Rs. 81.73 Cr. for FY 2011-12, subject to truing up in the subsequent Tariff Order.

6.22 The Table 21 details the power purchase cost approved by the Commission for FY 2011-12.

Table 21: Approved Power Purchase Cost for FY 2011-12

Sources	Units Purchased (MUs)	Cost (Rs Cr)	Cost per Unit (Rs)
Tata Steel Limited			
132 kV	197.85	59.25	2.99
33 kV	-	-	
6.6 kV	1.00	0.30	
Damodar Valley Corporation	54.29	20.98	3.87
RPO (REC Purchase)	-	1.20	-
Others/Traders	-	-	-
Total	**253.14**	**81.73**	**3.23**

Basis of allocation of common costs for O&M expenses

Petitioner's submission

6.23 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 that are incurred on a common platform in order to reap benefits from the economies of scale. Thus, two components of O&M expenses – employee cost and A&G expenses – consist of both direct costs as well as common costs allocated from JUSCO's shared services. The Petitioner further submitted that the segregation and allocation of costs and assets is based on information currently available with JUSCO.

6.24 The cost data is captured through the Financial Accounting System (FAS) maintained on SAP platform and separate cost centres that have been created in the FAS through which identification of directly allocable expenditures has been carried out. 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. The indirect common employee costs arising out of various back office functions of JUSCO have been apportioned on the basis given in table below, whereas those of the Power Business Division has been apportioned equally between the Petitioner operations of Saraikela-Kharsawan and the franchisee operations of Jamshedpur, keeping in view the extra time and efforts being devoted by the common resources towards the commencement of the former's operations.

Table 22: Allocation of Indirect Cost by the Petitioner

Items	Assumption with Rationale
O&M Cost as per SAP	
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
JUSCO Sahyog, Billing and Collection	Allocation based on Number of consumers of Saraikela Project vis-à-vis JUSCO
Procurement	Allocation based on value of procurement of Saraikela Project vis-à-vis JUSCO

Commission's Analysis

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

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

6.26 The Petitioner has prepared separate accounts for Power Business Division but has not segregated the account heads and submitted that the direct costs are being recorded separately and separate accounts are maintained for power business to the extent possible and identifiable. However the costs incurred by common service of JUSCO for Seraikela Power Distribution is arrived based on the allocation principles alone.

6.27 The Commission considers the aforesaid principles as a temporary measure for the purposes of approving the ARR for FY 2011-12. 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 with the shift towards preparation of Regulatory Accounts, such segregation would become imperative.

6.28 Thus 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 Business Plan & MYT Petition in the ensuing year.

6.29 In view of the above, for the purposes of approving the 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.

O&M Expenses

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

Employee cost

Petitioner's submission

6.31 The Petitioner has considered inflationary increase of 10.31% over direct and common cost for FY 2010-11. Further the Petitioner has also considered increase in direct costs for the additions in number of employees expected in FY 2011-12. The direct and common employee cost for FY 2011-12 has been projected to be 3.05 Cr. and 1.44 Cr. respectively.

Commission's analysis

6.32 The Commission had sought provisional accounts for FY 2011-12 as part of the additional information from the Petitioner in order to get the updated/actual information on employee costs.

6.33 The Commission, after scrutinizing the provisional accounts submitted by the Petitioner, observes that the direct employee cost have increased to Rs 3.21 Cr, against the estimation of Rs. 3.05 Cr submitted by the Petitioner which was on account of 6 months actual and 6 months projections. The Commission observes that there is more than 5% variation between the employee cost as projected by the Petitioner and actuals as per provisional annual accounts during the year. The Commission noted that there should not be such high variation since the salaries of employees are more or less fixed and other components like staff welfare etc would not amount to such variations. In order to understand the reasons for such variations, the Commission sought clarification from the Petitioner. In reply to the clarification sought by the Commission, the Petitioner did not provide justification for the said variation. Thus, the Commission has decided to approve the employee cost at Rs. 3.05 Cr only, as projected by the Petitioner in the petition subject to true up based on audited accounts.

6.34 Further, the Commission, after scrutinizing the provisional accounts submitted by the Petitioner, observed that the indirect (common) employee cost has increased to Rs 1.56 Cr, against the estimation of Rs. 1.44 Cr submitted by the Petitioner. In reply to the clarification sought by the Commission on increase in the Common employee cost, the Petitioner was unable to provide any proper justification. The Commission takes a serious note of the increasing indirect employee cost of the Petitioner and does not deem it justifiable to approve the indirect (common) employee cost at such exorbitant level without proper justification from the Petitioner. The Commission directs the Petitioner to justify the exorbitant increase in common cost with next tariff petition. Till such time, the Commission approves the indirect employee cost at Rs. 1.44 Cr only, which is as per the original submission of the Petitioner. The Commission also 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.

6.35 The Commission also observed that the Petitioner has not considered capitalisation of direct costs while as per accepted accounting principles the cost incurred in relation to creation of fixed assets needs to be capitalised. Thus, after deducting capitalisation on direct employee cost at the rate of 5% as approved by the Commission in its previous Tariff Orders, the Commission allows the net employee cost at Rs 4.34 Cr for FY 2011-12.

6.36 The submitted and approved employee cost for FY 2011-12 are given in the following table.

Table 23: Employee Costs for FY 2011 -12 (Rs. Cr.)

Particulars	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
Employee Cost (Direct)	3.05	3.05
Common Cost of JUSCO	1.44	1.44
Gross Employee Cost	**4.49**	**4.49**
Less: Capitalized	-	0.15
Net Employee Cost	**4.49**	**4.34**

Administration & General (A&G) Expenses

Petitioner's submission

6.37 The Petitioner has estimated direct A&G cost of Rs. 2.03 Cr. and common cost of Rs. 0.98 Cr. considering inflation rate of 10.31% over FY 2010-11. The Surcharge on Electricity Duty is taken as per actual till June 2011. Total projected A&G expenses amounts to Rs. 3.01 Cr.

Commission's analysis

6.38 The Commission has considered the direct A&G expenses as per the provisional accounts submitted by the Petitioner as part of additional information. The direct A&G cost including bank charges and DSM & CGRF expenses for FY 2011-12 amounts to Rs. 1.70 Cr as per the provisional accounts which is slightly lower than the projections of Rs. 2.03 Cr made by the Petitioner. Accordingly, after scrutinizing the expenses against each component of the A&G cost, the Commission approves Rs. 1.70 Cr as direct A&G expenses, after duly checking the components of direct A&G cost.

6.39 Further, the Commission, after scrutinizing the provisional accounts submitted by the Petitioner, observed that the indirect (common) A&G cost have increased to Rs 1.65 Cr, against the estimation of Rs. 0.98 Cr submitted by the Petitioner. In reply to the clarification sought by the Commission on increase in the common A&G cost, the Petitioner was unable to provide any proper justification. The Commission takes a serious note of the increasing indirect A&G cost of the Petitioner and does not deem it fit to approve the indirect (common) A&G cost at such exorbitant level without proper justification from the Petitioner. The Commission directs the Petitioner to justify the exorbitant increase in common cost with next tariff petition. Till such time the Commission approves the indirect A&G cost at Rs. 0.98 Cr only, which is as per the original submission of the Petitioner. The Commission also 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.

6.40 The Commission also observed that the Petitioner has not considered capitalisation of direct cost whereas as per accepted accounting principles, the cost incurred in relation to creation of fixed assets needs to be capitalised. Considering that a portion of direct expenses of JUSCO are being utilised for creation of fixed assets, the Commission has considered capitalisation at the nominal rate of 5% as approved by it in previous Tariff Orders and accordingly reduces gross A&G expenditure by Rs. 0.09 Cr on account of expense capitalised.

6.41 Accordingly, for FY 2011-12 the Commission approves net A&G costs of Rs 2.59 Cr, as detailed in the following table

Table 24: A&G expenses for FY 2011-12 (Rs Cr)

A&G Expenses	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
A&G Cost (Direct)	2.03	1.70*
Common Cost of JUSCO	0.98	0.98
Gross A&G Cost	**3.01**	**2.68**
Less: Capitalised	-	0.09
Net A&G Cost	**3.01**	**2.59**

* As per Provisional accounts for FY 2011-12

Repairs & Maintenance (R&M) Expenses

Petitioner's submission

6.42 The Petitioner, in its ARR Petition for FY 2012-13, submitted that the R&M expenses incurred for FY 2011-12 have been Rs 1.51 Cr. The Petitioner has assumed 20% increase in R&M expenses over FY 2010-11 which works out to 1.53% of Opening GFA for FY 2011-12.

Commission's analysis

6.43 The Commission has approved R&M expenses at Rs. 1.51 Cr, which is based on provisional accounts and is almost same as that submitted by the Petitioner in its petition. Therefore, the Commission approves the R&M expenses at Rs. 1.51 Cr for FY 2011-12.

Table 25: R&M Expenses for FY 2011-12 (Rs Cr)

Components	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
R&M Expenses	**1.51**	**1.51***

* As per Provisional accounts for FY 2011-12

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

Table 26: O&M Costs for FY 2011-12 (Rs Cr)

Components	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
O&M Expenses – Direct		
Employee Cost	3.05	3.05
A&G Expenses	2.03	1.70
R&M Expenses	1.51	1.51
Total(A)	**6.59**	**6.26**
O&M Expenses – Common Cost of JUSCO		
Employee Cost	1.44	1.44
A&G Expenses	0.98	0.98
R&M Expenses	-	-
Total (B)	**2.42**	**2.42**
Less: Expenses Capitalized		
Employee Cost	-	0.15
A&G Expenses	-	0.09
R&M Expenses	-	-
Total (C)	**-**	**0.24**
Net O&M Expenses	**9.01**	**8.44**

CWIP and Gross Fixed Asset

Petitioner's submission

6.45 The Petitioner in its initial petition submitted that it would incur a total Capital Expenditure of Rs 8.04 Cr. during FY 2011-12. Further the additions to GFA during the year were proposed to be Rs.11.97 Cr. Further the Petitioner submitted that it has not considered any IDC in this financial year and requests the Commission to claim IDC at the time of truing up.

Commission's analysis

6.46 The Commission asked the Petitioner to submit actual capital investment incurred during FY 2011-12. It was found that the actual capital expenditure during the year has been lower than the proposed and is approx. Rs. 6.95 Cr and same has been approved by the Commission.

6.47 In case of additions made to GFA, the Commission reviewed the provisional accounts for FY 2011-12, and found that actual addition to GFA during the year is Rs.3.67 Cr only. This works out to be 20% of the opening CWIP and additions made during the year and same has been approved by Commission.

6.48 Following table summarises the CWIP & GFA as approved by Commission in Tariff Order for FY 2011-12, revised estimates by the Petitioner and approved by the Commission now for FY 2011-12.

Table 27: CWIP and GFA for FY 2011-12 (Rs Cr)

Particulars	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
Opening CWIP	11.00	11.00
Capex During the Year	11.97	6.95*
Total CWIP	22.97	17.95
Less. Transferred to GFA	8.04	3.67**
Closing CWIP	14.93	14.28
Opening balance of GFA	**98.79**	**96.66**
Transferred from CWIP	8.04	3.67
Closing balance of GFA	**106.83**	**100.33**

Note: * As per revised estimate submitted by the Petitioner; ** as per provisional accounts for FY 2011-12

Depreciation

Petitioner's submission

6.49 The computation of depreciation expense is based on the straight-line method (SLM) as prescribed in the 'Distribution Tariff Regulations, 2010'. The Petitioner submitted that the rates of depreciation are as per the depreciation schedule given in Appendix II of the said Regulations. For assets capitalized during the financial year, depreciation is charged on a *pro-rata* basis.

6.50 The Petitioner submitted accumulated gross depreciation of Rs 20.35 Cr up to March 31, 2012 including gross depreciation of Rs 6.44 Cr for FY 2011-12. The depreciation on assets created from consumer contribution is Rs 1.85 Cr, Accordingly the net depreciation comes to Rs 4.60 Cr.

Commission's analysis

6.51 The 'Distribution Tariff Regulations, 2010' specify that the capital base for the purpose of depreciation shall be the historical cost of the asset with the residual life of the asset being 10% of its approved original cost. In case of operation of the asset for part-year depreciation shall be charged on *pro-rata* basis.

6.52 The Commission has made use of the information submitted by the Petitioner regarding the date of capitalization of various assets and has accordingly calculated depreciation on *pro-rata* basis for assets capitalized during the year. The Commission has computed gross depreciation of Rs. 6.16 Cr for FY 2011-12. This figure is lower than the Petitioner's submission of Rs 6.44 Cr since the Opening balance of GFA as per the Commission's analysis is less than as compared with the opening GFA submitted by the Petitioner. (Opening GFA as per Commission's analysis is Rs. 96.66 Cr. as compared to opening GFA of Rs. 98.79 Cr. as per the Petitioner).

6.53 This was mainly due to the fact that the Petitioner had included the Interest During Construction of Rs. 2.12 Cr. in the conversion of CWIP into GFA in FY 2010-11 as discussed in para 5.40. However, the Petitioner's claim on IDC was disallowed by the Commission while truing up for FY 2010-11 on the grounds that the Petitioner had not taken any loans for the project cost incurred in past years. Also the conversion of CWIP to GFA for FY 2011-12 as per the Commission is Rs. 3.67 Cr. which is much less as compared to Rs. 8.04 Cr. as per the Petitioner.

6.54 Meanwhile, out of the gross depreciation, the proportionate depreciation on the assets created out of consumer contribution is deducted to arrive at the permissible net depreciation. The consumer contribution for FY 2011-12 has been considered to be Rs. 26.39 Cr as per the provisional accounts. The depreciation on account of consumer contribution is then estimated in proportion of consumer contribution to GFA during the year which works out to be Rs.1.62 Cr as against Rs. 1.85 Cr as submitted by the Petitioner.

6.55 Accordingly, the Commission approves the net depreciation charge of Rs 4.54 Cr for FY 2011-12.

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

Table 28: Depreciation on fixed assets (Rs Cr) for FY 2011-12

Particulars of Assets	Approved Depreciation Rate	Depreciation Cost (Rs Cr)	
		FY 2011-12	
		Submitted by JUSCO	*Approved by JSERC*
Air conditioner (Portable)	33.40%	0.02	0.01
Communication system	12.77%	0.01	0.01
Data processing machine	12.77%	0.03	0.03
Land Development	0%	0.00	0.00
Meters	12.77%	0.05	0.04
Office equipments	12.77%	0.10	0.10
Office furniture & Fittings	12.77%	0.02	0.02
Offices & Showrooms	3.02%	0.17	0.17
Other Buildings	3.02%	0.01	0.01
Overhead lines < 66 kV	7.84%	0.11	0.10
Overhead lines > 66 kV	5.27%	1.19	1.14
Self propelled vehicles	33.40%	0.03	0.03
Software	9%	0.18	0.17
Street light fittings	12.77%	0.00	0.00
Switchgear including cable connections	7.84%	2.10	2.01

Particulars of Assets	Approved Depreciation Rate	Depreciation Cost (Rs Cr)	
		FY 2011-12	
		Submitted by JUSCO	*Approved by JSERC*
Transformers	7.81%	0.93	0.88
Underground cable	5.27%	1.50	1.44
Other Assets	Different rates	0.00	0.00
Depreciation Charges		**6.45**	**6.16**
Less: Depreciation on assets created out of consumer contribution		1.85	1.62
Net Depreciation Charges		**4.60**	**4.54**

Interest and Other Finance Charges

Interest on Loan

Petitioner's submission

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

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

6.59 Based on normative debt as described above, the interest liability is calculated at an interest rate of 13.25% as approved by the Commission in the Tariff Order for 2011-12. Thus, interest charge on debts for FY 2011-12 has been computed as Rs 6.07 Cr.

Commission's analysis

6.60 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 on the basis of the provisional accounts. Normative repayment is deemed to be equal to the depreciation charge during the year.

6.61 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. 4.43 Cr.

Interest on Security Deposits

Petitioner's submission

6.62 The Petitioner has projected the interest on security deposits to consumers to be Rs. 1.46 Cr. wh^{ic}h is at the rate of 6% per annum on security balance of Rs. 24.55 Cr. for FY 2011-12.

Commission's analysis

6.63 The Commission had sought provisional accounts for FY 2011-12 as part of the additional information from the Petitioner in order to get the updated/actual information on Interest on Security deposit.

6.64 The Commission, after scrutinizing the provisional accounts submitted by the Petitioner, observed that the Interest on Security Deposit have increased to Rs 1.81 Cr, against the estimation of Rs. 1.44 Cr submitted by the Petitioner which was on account of 6 months actual and 6 months projections. Since the provisional accounts are now available, the Commission has decided to allow the Interest on Security Deposit at Rs. 1.81 Cr, after duly checking the components of Security deposit as well as the sample bills of consumers submitted by the Petitioner.

Bank Charges

Petitioner's submission

6.65 The Petitioner submitted that in the previous tariff order, the Commission had stated that bank charges @ 75,000 per month for Letter of Credit maintained with bank shall be approved after the Petitioner provides details of Agreement with DVC. The Petitioner submitted the Power Purchase Agreement with DVC for Bank Charges on Letter of Credit. The bank charges for FY 2011-12 as per the Petitioner's submission compute to Rs. 9 Lakh.

Commission's Analysis

6.66 The Commission scrutinized the details of bank charges of Rs. 9 lakhs proposed by the Petitioner. The Commission observed that the bank charges on Letter of Credit have already been included in the A&G expenses as mentioned in para 6.38 and the Petitioner has inadvertently asked for separate allowance of the same. Accordingly, the Commission does not approve separate allowance of the bank charges on Letter of Credit.

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

Table 29: Interest and other Finance charges for FY 2011-12 (Rs Cr)

Particulars	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
Interest on Loan	6.07	4.43
Interest on Security Deposits	1.46	1.81
Bank Charges	0.09	0.00
Total Interest & Finance Charges	**7.62**	**6.24**

Return on Equity (RoE)

Petitioner's submission

6.68 The Petitioner submitted that following the methodology prescribed by the Commission, return on normative equity has been computed at the rate of 15.50% on the average balance of normative equity. The methodology of computation of normative equity capital as well as the Rate of Return for FY 2011-12 has been taken as approved by the Commission in its previous Tariff Order i.e. RoE% grossed up by tax rate of 32.45% for FY 2011-12. Based on this, the RoE for FY 2011-12 is computed as Rs. 6.01 Cr. at 22.94%.

Commission's analysis

6.69 In accordance with the 'Distribution Tariff Regulations, 2010', the Commission has considered the equity base to be equal to 30% of GFA. The GFA has been considered net of consumer contribution. The Commission also permits a rate of return of 15.50% as specified in Clause 6.20 of the 'Distribution Tariff Regulations, 2010'. The Commission had sought provisional annual accounts for FY 2011-12 of JUSCO from the Petitioner. The Commission observed that the Profit Before Tax (PBT) for the company is negative and there was no assessable income for Income Tax computation. The Commission thus allows the RoE at 15.50% without grossing up by tax rate of 32.45% for FY 2011-12 since there is no tax payable as per provisional accounts of FY 2011-12 submitted by the Petitioner for JUSCO. However, in case the Petitioner incurs any tax liability in future, the Commission would allow as per the actual income tax paid by the Petitioner while truing up.

6.70 Accordingly, the Commission has computed RoE as Rs 3.38 Cr for FY 2011-12. The figures approved by the Commission is varying from the RoE proposed by the Petitioner since the Commission has considered the provisional accounts whereas the Petitioner, while filing the petition, had considered estimated figures for FY 2011-12. The Petitioner RoE is higher also because of the fact that the Petitioner has grossed up the RoE by tax rate of 32.45%.

Table 30: Return on Equity for FY 2011-12 (Rs Cr)

Particulars	FY 2011-12	
	Submitted by JUSCO	*Approved by JSERC*
Normative Closing Equity Base	30.29	22.18
Normative Average Equity Base	26.21	21.84
Rate of Return (%)	15.50%	15.50%
Income Tax Rate	32.45%	0.00%
RoE % grossed up with Tax	22.94%	15.50%
Return on Equity	**6.01**	**3.38**

Non Tariff Income (NTI)

Petitioner's submission

6.71 The non-tariff income includes Meter Rent, DPS and Supervision Charges, among others. For FY 2011-12, the Petitioner submitted NTI of Rs 0.26 Cr based on actual data of first half and projected data of second half.

Commission's analysis

6.72 The Commission has considered and approved the non-tariff income of Rs. 0.20 Cr., after performing the prudence check on the additional information and provisional accounts for FY 2011-12 wherein it was observed that the non-tariff income has reduced to Rs. 0.20 Cr, as also submitted by the Petitioner.

Revenue from Existing Tariff

Petitioner's submission

6.73 The Petitioner submitted the category-wise revenue from existing tariffs and total revenue from sale of power as Rs 120.17 Cr for FY 2011-12 in the additional information.

Commission's Analysis

6.74 The Commission has computed the revenue from existing tariffs at Rs 118.24 Cr as per the provisional annual accounts for FY 2011-12. The revenues approved by the Commission are lower in comparison to the submissions made by Petitioner, who had computed the revenues on the basis of six months actuals while the Commission has considered the same as per provisional annual accounts.

Demand Side Management (DSM) and CGRF Expenses

Petitioner's submission

6.75 The Petitioner submitted that the Petitioner has taken various initiatives for DSM activities for FY 2011-12 like Energy Conservation Initiatives, ensuring 100% CFL compliant consumer base of JUSCO and study of Power Factor (PF) and Load Factor (LF) of various industrial consumers of JUSCO.

6.76 The Petitioner has projected total DSM and CGRF expenses for FY 2011-12 to be Rs. 0.46 Cr. The Petitioner also submitted that the expenditure to be incurred for DSM and CGRF activities may be approved on a provisionally basis and the Petitioner shall provide the details of the same in the subsequent filing under True up of FY 2011-12.

Commission's Analysis

6.77 The Commission asked the Petitioner for additional information on the actual figures pertaining to the DSM and CGRF expenses for FY 2011-12. After scrutinizing the additional information, the Commission was unable to ascertain whether the DSM & CGRF expenses are part of the A&G expenses or not as no separate head was given in the provisional accounts. It sought clarification from the Petitioner regarding the same. The Petitioner submitted that the DSM & CGRF expenditure is already included in the A&G cost and is unable to submit separate details for DSM & CGRF expenses. In view of the admission by the Petitioner that the DSM & CGRF expenses are already included in the A&G expenses, the Commission does no allow any expenses on this account separately for FY 2011-12. The Commission also directs the Petitioner to mention DSM & CGRF expenses as separate expense items in the annual accounts in the subsequent tariff petitions.

Summary of ARR and Revenue Gap for FY 2011-12

6.78 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 31: Summary of Annual Revenue Requirement for FY 2011-12 (Rs Cr)

Annual Revenue Requirement	FY 2011-12	
	Submitted by JUSCO	***Approved by JSERC***
Power Purchase Cost	83.81	81.73
O&M Cost	9.01	8.44
Employee Cost	*4.49*	*4.34*
R&M Cost	*1.51*	*1.51*
A&G Cost	*3.01*	*2.59*
Depreciation	4.59	4.54
DSM & CGRF Expenses	0.46	0.00
Interest & Financing Charges	7.62	6.24
Income Tax	0.00	0.00
Total Cost	***105.49***	***100.95***
Add: Reasonable Return	6.01	3.38
Less: Non Tariff Income	0.26	0.20
Annual Revenue Requirement	***111.24***	***104.13***

Annual Revenue Requirement	**FY 2011-12**	
	Submitted by JUSCO	***Approved by JSERC***
Revenue at Existing Tariff	120.17	118.24
Revenue Gap / (Surplus) for the year	***(8.93)***	***(14.11)***
Add: past (Surplus)/gaps	*(0.42)*	*(4.59)*
Total Revenue gap / (Surplus) including past periods	***(9.35)***	***(18.70)***
Add: Sharing of gains till FY 2010-11	***0.00***	***0.00***
Net Revenue Gap / (Surplus) including past periods	***(9.35)***	***(18.70)***
Energy Sales in Million Units	***255.95***	***250.32***
Cost of Supply (Excluding Past Recoveries)	***4.35***	***4.16***

A7: ARR & TARIFF DETERMINATION FOR FY 2012-13

7.1 This section contains a summary of the projections for various cost components of the ARR for FY 2012-13 as submitted by the Petitioner and approved by the Commission.

Energy Sales

Petitioner's submission

7.2 The Petitioner has projected energy sales for FY 2012-13 based on the projected increase in demand by existing consumers as well as estimated increase in sales through addition of new consumers in the network and projected connected load for FY 2012-13.

7.3 The number of consumers has been projected on the basis of CAGR for previous three years. In addition, 100 new rural consumers have been considered to be added during FY 2012-13. The connected load has been derived based on existing consumers/connected load, applications for new connections under process and expected fresh applications across each consumer category. The Petitioner has then estimated the projected load factor of FY 2011-12, which has been considered for estimating energy sales forecast for FY 2012-13.

Commission's analysis

7.4 The Commission analyzed the historical data as well as the latest available information submitted by the Petitioner to project number of consumers, connected load and load factor for each consumer category for FY 2012-13. The Commission observed that the Petitioner has projected substantial increase in the number of consumers and connected load. The Petitioner submitted that because of availability of additional power supply from DVC and other sources, JUSCO will be in a position to release new connections and projected fresh addition to its Domestic, Non Domestic & HT Industrial consumer category.

7.5 The Commission notes the justification provided by the Petitioner and expects the Petitioner to make extra efforts to increase its service base and supply to domestic and non domestic consumers, given that it is now receiving power from DVC as well.

7.6 Meanwhile, the Commission observed that the Petitioner, without assigning any reason, has projected a reduction in the number of consumers of DS-II Category from 85 in FY 2011-12 to 65 in FY 2012-13 and correspondingly also reduced the load from 171 KW (As provided in the additional submission) to 108 MW. The Commission does not find any logic in projecting a reduction in consumers without any basis or justification from the Petitioner. Therefore, the Commission has retained the same no of consumers at 85 and also load at 171 KW for the DS-II category for FY 2012-13. For other categories, after considering the latest information submitted by the petitioner as part of additional information, the Commission has approved the figures of number of consumers and connected load for FY 2012-13 in line with the methodology of the Petitioner.

7.7 The following table summarises the category-wise number of consumers and connected load for FY 2012-13 as projected by Petitioner and approved by Commission.

Table 32: Category-wise No. of Consumers and Connected Load for FY 2012-13

Consumer Category	No. of Consumers (Nos)		Total Connected Load (kW/kVA/HP)		
	Submitted by JUSCO	Approved by JSERC	Unit (for Conn. load/Contract Demand)	Submitted by JUSCO	Approved by JSERC
Domestic (DS)					
DS I	100	100	kW	100	100
DS II	65	85	kW	108	171
DS III	105	105	kW	1170	1170
DSHT	23	23	kVA	7,284	7,284
Non-Domestic (NDS)					
NDS I	-	-	kW	-	-
NDS II	238	238	kW	1,924	1,924
Low tension (LTIS)					
LTIS	118	118	HP	5,907	5,907
Irrigation & agriculture service					
IAS	-	-	HP	-	-
High Tension Special (HTS)					
HTS 11 kV	166	166	kVA	41,882	41,882
HTS 33 kV	18	18	kVA	48,317	48,317
High Tension Special (HTSS)					
HTSS 11 kV	3	3	kVA	1,600	1,600
HTSS 33 kV	3	3	kVA	6,750	6,750
Total	**839**	**859**			

7.8 The Commission has also projected the sales for FY 2012-13 by considering the methodology as approved in previous Tariff Order and now proposed by the Petitioner. The following table summarises the category-wise energy sales for FY 2012-13 as submitted by Petitioner and now approved by the Commission.

Table 33: Category-wise Energy Sales for FY 2012-13

Consumer Category	Energy Sales (MU)	
	Submitted by JUSCO	Approved by JSERC
Domestic (DS)		
DS I	0.12	0.12
DS II	0.12	0.13
DS III	1.24	1.24
DSHT	7.17	7.17
Non-Domestic (NDS)		
NDS I	-	-
NDS II	2.39	2.39
Low tension (LTIS)		
LTIS	6.02	6.02
Irrigation & agriculture service		
IAS	-	-
High Tension Special (HTS)		
HTS 11 kV	127.01	127.01
HTS 33 kV	138.04	138.04
High Tension Special (HTSS)		
HTSS 11 kV	7.80	7.80
HTSS 33 kV	12.84	12.84
Total	**302.75**	**302.76**

Energy Balance

Petitioner's submission

7.9 The Petitioner has projected distribution losses at 3.50% for FY 2012-13. The Petitioner submitted to the Commission that actual losses should be approved as actual is lower than the loss level target of 5% as specified in 'Distribution Tariff Regulations 2010'.

7.10 The Petitioner submitted that it has been able to consistently work towards maintaining its losses at most efficient level through implementation of several initiatives and best practices from the power distribution industries. Petitioner shall continue to demonstrate its total commitment towards minimizing its distribution losses to the best possible level approaching technical limits. The Petitioner is currently sourcing power from Tata Steel Ltd at two different voltage levels namely, at 132 kV and 6.6 kV. The Petitioner is also procuring power from DVC at 33 kV level and other traders.

7.11 As part of its Renewable Purchase Obligation (RPO) for FY 2012-13, as mandated by the JSERC (Renewable Purchase Obligations and its Compliance) Regulations, 2010, the Petitioner has projected a minimum RPO for FY 2012-13 at 3.00% of the total power purchased in the financial year.

Commission's analysis

7.12 The Commission while fixing the targets for distribution loss for the Petitioner in the 'Distribution 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%.

7.13 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 % as per 'Distribution Regulations, 2010' 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 for the year:

Table 34: Sales ratio & Dist Losses- Projection and actuals over the years

Description	FY 2009-10		FY 2010-11		FY 2011-12	
	Projection	Actual	Projection	Actual	Projection	Provisional Submitted
LT:HT Sales Ratio	4.60%	3.3%	5%	4.2%	7.70%	3.9%
Distribution Losses	7.5%	0.96%	5%	1.65%	5%	2.16%

7.14 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. In view of this, the Commission does not find it justifiable to allow losses at the projected loss level of 3.50%. In view of the actual loss levels of the Petitioner in the previous year and the projections for increase in LT consumers and sales for FY 2012-13, the Commission approves the loss levels at 2.5% for FY 2012-13.

7.15 The Commission also observes that the Petitioner has started procuring power from DVC since February 2011 and would be able to procure power for the complete year from DVC. It, thus, expects that the Petitioner would be able to meet its network expansion plans for FY 2012-13.

7.16 The Commission approves the power as proposed to be sourced from DVC, TSL and the power purchase from other sources/traders, but expects the Petitioner to source power at the cheapest available price during the year. The Commission has also given directives regarding the same in the Directives section of this Order.

7.17 For Power procurement through renewable sources, the Commission had noted that the licensee due to non-availability of power from Renewable generations was not able to purchase power from renewable sources. While the non-solar RPO target was met by purchase of non-solar RECs, the RPO targets for solar was not met due to non-availability of solar RECs in the exchange. As already mentioned in the Para 6.20, the Commission has allowed the unachieved target of 0.71 MU for solar RPO of FY 2011-12 to be shifted and met with the RPO Targets for FY 2012-13. Accordingly, the Commission has approved the purchase from solar RPO at 2.26 MU and from non-solar sources at 7.76 MU for FY 2012-13.

7.18 The source-wise break-up of energy purchase as submitted by the Petitioner and approved by the Commission is detailed in the table given below.

Table 35: Quantum of power purchase/sale for FY 2012-13

Energy Balance (in MUs)	FY 2012-13	
	Submitted by JUSCO	***Approved by JSERC***
Total Energy Sales	302.75	302.76
Overall distribution loss (%)	3.50%	2.50%
Overall distribution loss (MUs)	10.85	7.76
Total Energy Requirement	**313.6**	***310.52***
Power purchase from TSL (A)	**195.12**	**195.12**
132 kV	*193.92*	*193.92*
33 kV	-	-
6.6 kV	*1.20*	*1.20*
RPO Purchase (B)	**9.41**	**10.02**
Solar	*1.57*	*2.26*
Non-Solar	*7.84*	*7.76*
From DVC at 33kV (C)	81.91	81.91
From others/traders (D)	27.17	23.47
Total Energy Availability (A+B+C+D)	**313.6**	***310.52***

Power Purchase Cost

Petitioner's submission

7.19 The Petitioner submitted that for FY 2012-13, it would procure power from various sources including Tata Steel Ltd (TSL), DVC, Renewable Purchase & other sources / traders for unmet demand. Out of the above, the Petitioner's maximum demand has been catered through power made available from TSL and remaining through DVC. Further to ensure reliable and firm power source, Petitioner had tied-up for additional 10 MVA power from DVC.

7.20 The Petitioner expects to procure 195.12 MUs of power from TSL across 132 kV and 6.6 kV voltage levels at an average power purchase rate of Rs. 3.07 per kWh in FY 2012-13. This price is based on a moderate hike of 5% on proposed power purchase price of 2.92 /kWh for FY 2011-12 and is in line with CERC Escalation Rates for coal prices for bid evaluations issued recently. The power purchase cost of power procured from TSL for FY 2012-13 works out to Rs.59.82 Crs.

7.21 Further the Petitioner projected to procure 81.91 MUs of power from DVC at an average power purchase rate of Rs 4.01 per kWh which is based on current price of Rs.3.82 per unit and a nominal hike of 5% considering future coal price increase. The total power purchase cost from DVC amounts to Rs. 32.88 Cr.

7.22 In addition to TSL & DVC, the Petitioner also proposes to purchase power from renewable sources (both solar & non-solar) to meets its RPO obligation. Based on the total energy requirement projected for FY 2012-13, the units proposed to be purchased from renewable sources computes to 9.41 MU (i.e. 313.60 MU * 3%). Out of the total RPO, 0.50% of total energy requirement has to be procured from solar power and remaining through non-solar sources. Thus the Petitioner has projected 1.57 MU (i.e. 313.60 MU * 0.50%) to be procured from solar sources at Rs.14.98 per kWh as per the levelised rate for procurement of solar power approved by the Commission. Remaining 7.84 MU would be procured through non-solar renewable sources at an average rate of Rs.5.00 per kWh as approved by Commission in previous Tariff Order. Thus the total power purchase cost from purchase of renewable sources is projected to be Rs.6.27 Crs.

7.23 The Petitioner has also submitted additional power purchase cost of Rs 11.55 Cr for power sourced through other sources/traders to meet the shortfall of power approx. 27.17 MU at an average rate of Rs.4.25 per kWh based on the prevailing short term market rates as per CERC Market Monitoring Reports. The following table summarizes the power purchase cost proposed by the Petitioner.

Table 36: Proposed Power Purchase Cost as submitted by JSUCO for FY 2012-13

Sources	Units Purchase (MUs)	Cost per unit	Cost (Rs Crs)
Tata Steel Limited			
132 kV	193.92	3.07	59.46
33 kV	0.00	0.00	0.00
6.6 kV	1.20	3.07	0.36
DVC			
33 kV	81.91	4.01	32.88
RPO			
Solar	1.57	14.98	2.35
Non Solar	7.84	5.00	3.92
Others/Traders	27.17	4.25	11.55
Total	**313.60**	**3.52**	**110.52**

Commission's analysis

7.24 In case of power purchased from TSL, the Commission has considered the power purchase rate for FY 2012-13 as per the average power purchase rate approved for TSL as per the Tariff Order of TSL for FY 2012-13 approved by the Commission.

7.25 In case of power purchased from DVC, the Commission approves the rate of power purchase for FY 2012-13 as submitted by the Petitioner which accounts for nominal increase of 4% over previous year for including impact of any increase in input costs of DVC in the future.

7.26 For projecting power purchase cost from renewable sources the Commission accepts the methodology adopted by the Petitioner which is in line with the RPO Regulations. The rate for power purchase from solar based renewable energy is considered to be Rs.9.35 per kWh in line with Central Electricity Regulatory Commission (CERC) order on Terms and Conditions for Tariff determination from Renewable Energy Sources dated March 27th, 2012. In case of non-solar based renewable energy the Commission has considered to be Rs.5.00 per kWh based on different sources of non-solar energy available including bio-mass, small-hydro, wind etc. The same shall be subject to true up based on the actual audited accounts for the year.

7.27 Further the Commission approves the rate for purchase of short term power from other sources/traders at Rs 4.10 per kWh which is the weighted average price of power procured through traders, power exchanges and UI during March 2012 as per the report of Market Monitoring Cell of CERC. The Commission has approved the rate for purchase of short term power from other sources/traders provisionally provided the Petitioner follows the *"Guidelines for short term procurement of electricity (i.e. for a period less than or equal to one year) under section 63 of the Electricity Act 2003"* as notified by the Ministry of Power, Government of India dated May 15th, 2012.

7.28 The following table summarises the power purchase costs for FY 2012-13 as approved by the Commission.

Table 37: Approved Power Purchase Cost for FY 2012-13

Sources	Units Purchased (MUs)	Cost per unit	Cost (Rs Crs)
Tata Steel Limited			
132 kV	193.92	3.19	61.90
33 kV	0.00	0.00	0.00
6.6 kV	1.20	3.19	0.38
DVC			
33 kV	81.91	4.01	32.88
RPO			
Solar	2.26	9.35	2.12
Non Solar	7.76	5.00	3.88

Sources	Units Purchased (MUs)	Cost per unit	Cost (Rs Crs)
Others/Traders	23.47	4.10	9.63
Total	**310.52**	**3.57**	**110.79**

7.29 It is pertinent to mention that the Power Purchase cost of JUSCO at Rs. 110.79 Cr as approved by the Commission is higher than the power purchase cost of Rs. 110.52 Cr, due to the following reasons

(a) The Petitioner in its projections had considered the power purchase cost of TSL as per the six months of actual information available for FY 2011-12 and six months projections. However, based on the actual information the power purchase rate for procurement of power approved by the Commission is Rs. 3.19/unit against the Petitioner submission of Rs. 3.07/unit. The Commission has considered the average power purchase cost for TSL for FY 2012-13 approved by the Commission in the Tariff order of TSL for FY 2012-13 wherein the average power rate from all sources has increased due to the increase in generation cost of TPCL, as per the MYT order for TPCL for FY 2012-13 to FY 2015-16 dated May 31, 2012 and from other sources as per actuals of FY 2011-12 and projections for FY 2012-13 thereof.

(b) Further, the Petitioner is mandated to purchase power from renewable energy (RE) sources to meet its RPO obligation. It is required to purchase 3% of total energy requirement in its licensed area from RE sources during FY 2012-13 out of which 2.50% should be procured from non-solar RE sources while 0.50% should be procured from solar power. Thus power available from RE sources is projected to be 9.31 MU (i.e. 3% of 310.52 MU), out of which 7.76 MU should be sourced from non-solar RE sources and remaining 1.55 MU should be sourced from solar power. In addition, the balance of solar RPO target for FY 2011-12 should be met during this year, i.e. 0.71 MU should also be purchased from solar sources. Thus the total power available from RE sources during FY 2012-13 is 10.02 MU (9.31 + 0.71).

Basis of allocation of common costs for O&M expenses

Petitioner's submission

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

7.31 The cost data is captured through the Financial Accounting System (FAS) maintained on SAP platform and separate cost centres that have been created in the FAS through which identification of directly allocable expenditures has been carried out. 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. The indirect common employee costs arising out of various back office functions of JUSCO have been apportioned on the basis given in table below, whereas those of the Power Business Division has been apportioned equally between the Petitioner operations of Saraikela-Kharsawan and the franchisee operations of Jamshedpur, keeping in view the extra time and efforts being devoted by the common resources towards the commencement of the former's operations.

Table 38: Allocation of Indirect cost by Petitioner

Items	Assumption with Rationale
O&M Cost as per SAP	
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
JUSCO Sahyog, Billing and Collection	Allocation based on Number of consumers of Saraikela Project vis-à-vis JUSCO
Procurement	Allocation based on value of procurement of Saraikela Project vis-à-vis JUSCO

Commission's Analysis

7.32 The Commission in its previous Tariff Order for FY 2011-12 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 tariff petition of FY 2012-13. However the Petitioner has not segregated the account heads and submitted that the direct costs are being recorded separately and separate accounts are maintained for power business to the extent possible and identifiable. However the costs incurred by common service of JUSCO for Seraikela Power Distribution is arrived based on the allocation principles.

7.33 The Commission considers the aforesaid principles as a temporary measure for the purposes of approving the ARR for FY 2012-13. 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 with the shift towards preparation of Regulatory Accounts, such segregation would become imperative.

7.34 Thus 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 Business Plan & MYT Petition in the ensuing year.

7.35 In view of the above, for the purposes of approving the 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.

7.36 The Distribution Tariff Regulation, 2010 have specified the norm for approval of O&M expenses for FY 2012-13 as discussed below.

Employee cost

Petitioner's submission

7.37 The Petitioner has projected direct employee costs to be Rs 3.49 Cr based on the expected addition in employees for Licensee operations. Further the Petitioner has also considered an increase of 10.31% to account for impact of inflation, salary hike, etc for existing employees.

7.38 The Petitioner has projected the total employee costs of Rs 5.08 Cr including common employee cost of Rs 1.59 Cr.

Commission's analysis

7.39 The direct employee cost for FY 2012-13 has been approved on the basis of the indexation formula, wherein, the cost per direct employee ratio approved for FY 2012-13 has been escalated at weighted average inflation factor of 8.40% p.a. (calculated as per the weighted average WPI and CPI during past 4 years, including FY 2011-12, considering weights of 80% and 20%, respectively) and then multiplied by the number of direct employees approved for FY 2012-13. The Commission presently has considered 58 direct employees for FY 2012-13 which is same as the direct employees for FY 2011-12 (Submitted by the Petitioner in its additional information vide letter number PBD/191/59/12 dated April 30, 2012). The same shall be trued-up as per the provisional annual accounts and the actual number of employees in FY 2012-13.

7.40 As per the petition submitted by the Petitioner, the projected direct employees during FY 2012-13 are 73 as compared to 58 in FY 2011-12. The Commission is concerned about the increase in number of direct employees being recruited by the Petitioner while there has not been any substantial increase in the LT Network. The employee per consumers served per employee of the petitioner as per FY 2011-12 provisional accounts are only 9.40, which is very low. The licensee should be catering to more consumers per employee. While the Commission provisionally allows the direct employees at 58 which is same as the direct employees for FY 2011-12, it 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. The Commission has given directive regarding the same in the Directive Section of this Order.

7.41 The Commission also takes a serious note of the increasing indirect employee cost of the Petitioner and while it approves the indirect (common) employee cost of Rs.1.59 Cr directs 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.

7.42 Further, as per generally accepted accounting principles, the cost incurred in relation to creation of fixed assets needs to be capitalised. However, the Commission observes that the Petitioner has not considered capitalisation of direct costs. Considering that a portion of direct expenses of JUSCO are being utilised for creation of fixed assets, the Commission has made provision for capitalisation at the nominal rate of 5% as approved by the Commission in its previous Tariff Orders and has allowed employee cost accordingly.

7.43 While the Commission has approved the indirect employee costs as submitted by the Petitioner, it directs the Petitioner to maintain separate heads of account for Power Business Division for the Saraikela- Kharasavan area of distribution and submit the same along with the Business Plan and MYT Petition during the ensuing year.

Table 39: Employee Costs for FY 2012-13 (Rs Cr)

Employee Cost	FY 2012-13	
	Submitted by JUSCO	*Approved by JSERC*
Estimated No. of Direct Employees in FY 2012-13	73	58
Employee Cost (Direct)	3.49	3.31
Common Cost of JUSCO	1.59	1.59
Gross Employee Cost	**5.08**	**4.90**
Less: Expenses Capitalized	-	0.17
Net Employee Cost	**5.08**	**4.73**

Administration & General (A&G) Expenses

Petitioner's submission

7.44 The Petitioner has projected the A&G expenses for FY 2012-13 considering an inflation rate of 10.31% over previous year amount of Rs.3.01 Crs for direct as well as common costs excluding surcharge on electricity duty which has been discontinued. Thus the projected A&G expenses for FY 2012-13 work out to be Rs.3.20 Crs.

Commission's analysis

7.45 The Commission has provisionally approved the direct A&G cost for FY 2012-13 by escalating the approved cost for FY 2011-12 by the weighted average inflation factor of 8.40% p.a. (calculated as per the weighted average WPI and CPI during past 4 years, including FY 2011-12, considering weights of 80% and 20%, respectively). The direct A&G cost is approved at Rs.1.84 Cr, including the Bank Charges and DSM & CGRF expenses.

7.46 The Commission also takes a serious note of the increasing indirect A&G cost of the Petitioner and while it approves the indirect (common) A&G cost at the same level submitted by the Petitioner at Rs. 1.08 Cr, it directs 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.

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

7.48 Accordingly, the Commission approves direct A&G costs, common costs and net A&G costs for FY 2012-13 as shown in the table below.

Table 40: A&G expenses for FY 2012-13 (Rs Cr)

Particulars	FY 2012-13	
	Submitted by JUSCO	*Approved by JSERC*
Total A&G Cost (Direct)	2.12	1.84
Common Cost of JUSCO	1.08	1.08
Gross A&G Cost	***3.20***	***2.92***
Less: Capitalised	-	0.09
Net A&G Cost	***3.20***	***2.83***

Repairs & Maintenance (R&M) Expenses

Petitioner's submission

7.49 The Petitioner has projected R&M expenses for FY 2012-13 at Rs.1.90 Crs i.e. 1.92% of opening GFA of FY 2011-12.

Commission's analysis

7.50 The Commission notes that the Petitioner has estimated R&M expenses based on opening GFA for FY 2011-12 instead of FY 2012-13, which is not correct methodology. The R&M expenses are to be projected on basis of percentage of opening GFA of the year for which ARR is being determined and not previous year. Accordingly the Commission considers Rs.1.57 Crs as R&M expenses for FY 2012-13 which is 1.56% (based on ratio of approved R&M expenses in FY 2011-12 and opening GFA for FY 2011-12) of opening GFA for FY 2012-13.

7.51 Following table summarises the R&M cost for FY 2012-13 as submitted by JUSCO and approved by the Commission.

Table 41: R&M expenses for FY 2012-13 (Rs Cr)

Particulars	FY 2012-13	
	Submitted by JUSCO	*Approved by JSERC*
R&M Cost	1.90	1.57
Opening GFA	98.79 *	100.33
% of opening GFA	**1.92%**	**1.56%**

** Note: The Petitioner has inadvertently assuming Opening GFA for FY 2011-12*

7.52 The total O&M expenses as submitted by JUSCO and as approved by Commission for FY 2012-13 are summarized in the following table.

Table 42: O&M Costs for FY 2012-13 (Rs Cr)

Components	FY 2012-13	
	Submitted by JUSCO	*Approved by JSERC*
Employee Cost	5.08	4.73
A&G Expenses	3.20	2.83
R&M Expenses	1.90	1.57
Total O&M Expenses	**10.18**	**9.13**

Capital Investment Plan

Petitioner's submission

7.53 The Petitioner submitted a capital investment plan of Rs 75.78 Cr to be phased out in three-year period from FY 2011-12 to FY 2013-14 in the present petition.

7.54 Out of the total scheme a cost, the Petitioner has projected a capital expenditure of Rs.42.40 Cr would be undertaken during FY 2012-13.

Commission's analysis

7.55 The Commission had sought additional submission of revised estimation of capital investment for FY 2012-13. The revised projection of capital investment for FY 2012-13 is Rs. 44.05 Cr. The Commission observed that the actual capital expenditure incurred in the previous year was only about 36% of the expenditure approved in the same year. It is evident that the Petitioner has been preparing ambitious Capex plans without implementing them as per its proposal. Therefore, the Commission has decided to allow Capex as per the previous year achievement of 36% for FY 2012-13 i.e. Rs 15.76 Cr.

CWIP and Gross Fixed Asset

Petitioner's submission

7.56 The Petitioner has projected the additions to GFA during FY 2012-13 to be Rs.24.10 Crs, which works out to be 42% of opening CWIP and capital expenditure projected during the year.

Commission's analysis

7.57 The Commission observed that further to the under-achievement of Capex done by the petitioner, it has also not been able to capitalize the investments as per the proposed capitalization schedule in previous years. In previous year, the Petitioner was able to capitalize only 20% of the Opening CWIP & capex during that year.

7.58 Accordingly, the Commission has also considered the actual capitalization ratio for FY 2011-12 to be 20% i.e. ratio of assets capitalized in FY 2011-12 over summation of opening CWIP & capital expenditure during the year. Thus the approved additions to GFA during FY 2012-13 have been estimated at Rs.6.14 Cr.

7.59 The projected capital expenditure, CWIP and additions to GFA for FY 2012-13 as submitted by JUSCO and approved by the Commission have been summarised in following table.

Table 43: CWIP and GFA for FY 2012-13 (Rs Cr)

Particulars	*FY 2012-13*	
	Submitted by JUSCO	*Approved by JSERC*
Opening CWIP	14.93	14.28
Capex During the Year	42.40	15.76
Total CWIP	57.33	30.04
Less. Transferred to FA	24.10	6.14
Closing CWIP	**33.23**	**23.90**
% CWIP transferred to GFA	*42%*	*20%*
Gross Fixed Assets		
Opening balance of GFA	106.83	100.33
Transferred from CWIP	24.10	6.14
Closing balance of GFA	**130.93**	**106.47**

Depreciation

Petitioner's submission

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

7.61 The Petitioner has projected gross depreciation of Rs 7.45 Cr for FY 2012-13 and after deducting depreciation on assets created from consumer contribution, the net depreciation is proposed at Rs 5.34 Cr.

Commission's analysis

7.62 The Commission estimated the gross depreciation for whole year on the opening GFA and proportionately on additions made to GFA during the year (excluding IDC as explained in para 5.40) based on the depreciation rates as per the Distribution Tariff Regulations 2010. Accordingly gross depreciation approved for FY 2012-13 works out to be Rs. 6.46 Cr. This is significantly lower than the amount proposed by the Petitioner as the Commission has considered the proportionate additions to GFA in line with previous year's ratio, while Petitioner has submitted that approx. 42% of opening CWIP & capital expenditure would be capitalised.

7.63 Meanwhile, out of the gross depreciation, the proportionate depreciation on the assets created out of consumer contribution is deducted to arrive at the permissible net depreciation. The Commission has projected depreciation on account of consumer contribution during the year which works out to be Rs.1.69 Cr as against Rs. 2.11 Cr as submitted by the Petitioner.

7.64 Accordingly, the Commission approves the net depreciation charge of Rs 4.77 Cr for FY 2012-13. The details of the depreciation charges as submitted by the Petitioner and approved by the Commission for FY 2012-13 are summarised in following table.

Table 44: Depreciation Expenses for FY 2012-13 (Rs Cr)

Particulars of Assets	Depreciation Cost	
	Submitted by JUSCO	*Approved by JSERC*
Gross Depreciation Charges	7.45	6.46
Less: Depreciation on assets created out of consumer contribution	2.11	1.69
Net Depreciation Charges	**5.34**	**4.77**

Interest and Other Finance Charges

Interest on Loan

Petitioner's submission

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

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

7.67 Based on normative debt as described above, the interest on normative debt for FY 2012-13 has been projected as Rs 8.10 Crs.

Commission's analysis

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

7.69 Further, in accordance with the 'Distribution Tariff Regulations, 2010', interest on normative loan has been calculated on the average normative loan as outstanding during the year at the SBI PLR prevailing as on 1st April 2012 i.e. 14.75%.

7.70 Based on the above methodology, the normative interest on loan approved by the Commission for FY 2012-13 amounts to Rs 4.46 Cr.

Interest on Security Deposits

Petitioner's submission

7.71 The Petitioner has projected an interest payment of Rs 1.80 Cr for FY 2012-13 on outstanding consumer security deposits on the basis of the expected receipt of deposits from consumers in different months of the financial year.

Commission's analysis

7.72 The Petitioner is mandated to pay interest on consumer security deposit as per rates prescribed by RBI from time to time. Thus the Commission has approved the interest on security deposit Rs 1.80 Cr for FY 2012-13 for FY 2012-13 as submitted by the Petitioner, subject to true up based on audited accounts as and when made available.

Bank Charges

Petitioner's submission

7.73 The Petitioner has considered the bank charges at Rs. 0.18 Cr considering quantum of 20 MVA for FY 2012-13 i.e. Rs. 0.015 Cr. per month.

Commission's analysis

7.74 As stated in the paragraph 6.66, the bank charges on account of Letter of Credit are included in the A&G expenses; hence the Commission is disallowing any cost on this account separately. The following table summarises the interest & finance charges as submitted by the Petitioner and as approved by the Commission for FY 2012-13.

Table 45: Interest and Other Finance Charges for FY 2012-13 (Rs Cr)

Particulars	FY 2012-13	
	Submitted by JUSCO	*Approved by JSERC*
Interest on Normative Loan	8.10	4.46
Interest on Security Deposits	1.80	1.80
Bank Charges	0.18	0.00
Total Interest & Finance Charges	**10.08**	**6.26**

Return on Equity (RoE)

Petitioner's submission

7.75 The Petitioner submitted that following the methodology prescribed by the Commission as per JSERC (Terms and Condition for Determination of Distribution Tariff) Regulations, 2010, normative return on equity has been computed on basis of average balance of normative equity and post-tax rate of 15.5%. The rate of income tax applicable for FY 2012-13 is 32.45% and thus pre-tax RoE rate is 22.94% on the average balance of normative equity.

7.76 Based on the above methodology, the RoE for FY 2012-13 has been computed as Rs 7.77 Cr by the Petitioner.

Commission's analysis

7.77 As per the Distribution Tariff Regulations, 2010, the rate of return on equity for the transition period shall be considered at post-tax rate of 15.50% p.a. Further the regulations also provide that the normative income tax shall be limited to return on equity. However, as stated in paragraphs 5.68 & 6.69, in the last two years income statement of JUSCO, the Profit Before Tax (PBT) for the company is negative and there was no assessable income for Income Tax computation. Hence, the Commission does not forsee any assessable income for income tax for FY 2012-13. The Commission thus allows the rate of return on equity at 15.5% without grossing up by the tax rate. However, in case the Petitioner incurs any tax liability in future, the Commission would allow as per the actual income tax paid by the Petitioner while truing up.

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

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

Table 46: Return on Equity for FY 2012-13 (Rs Cr)

Return on Equity	FY 2012-13	
	Submitted by JUSCO	*Approved by JSERC*
Normative Average Equity Base (Rs Cr)	33.86	22.89
Gross rate of return on equity (%)	22.94%	15.50%
Return on Equity (Rs Cr)	**7.77**	**3.55**

Demand Side Management (DSM) and CGRF Expenses

Petitioner's submission

7.80 The Petitioner submitted that it has taken initiatives for DSM and CGRF expenses as directed by the Commission under its Demand Side Management Regulations, 2010. The projected expenditure on such activities during FY 2012-13 is Rs. 0.46 Crs.

Commission's analysis

7.81 CGRF & DSM activities are important consumer-side initiatives and should be encouraged. However, the Commission has observed that these expenses have already been included in A&G expenses in the previous years, therefore for FY 2012-13 also, the proposed expenditure towards DSM initiatives and establishment of CGRF are approved as part of A&G Expenses.

Table 47: Expenses for DSM and CGRF for FY 2012-13 (Rs Cr)

Particulars	FY 2012-13	
	Submitted by JUSCO	*Approved by JSERC*
DSM and CGRF Expenses (Rs. Cr.)	0.46	0.0

Non Tariff Income (NTI)

Petitioner's submission

7.82 The Non-Tariff Income includes Meter Rent, DPS and Supervision Charges, among others. For FY 2012-13, the Petitioner projected Non-Tariff Income to be Rs 0.26 Cr.

Commission's analysis

7.83 The Commission has approved NTI at Rs 0.26 Cr for FY 2012-13 as per the submissions made by the Petitioner in the additional information, subject to true up as per actuals.

Revenue from Existing Tariff

Petitioner's submission

7.84 Based on the projected sale, the Petitioner has projected revenue from sale of power for FY 2012-13 at Rs. 138.28 Cr.

Commission's analysis

7.85 The Commission has projected the revenue from sale of power at Rs 140.68 Crs considering the approved sales, no of consumers and connected load and the existing tariff.

Summary of ARR and Revenue Gap for FY 2012-13

7.86 Following table contains the summary of ARR and revenue gap as proposed by the Petitioner and as approved by the Commission for FY 2012-13.

Table 48: Summary of Annual Revenue Requirement (Rs Cr) for FY 2012-13

Annual Revenue Requirement	FY 2012-13	
Costs	*Submitted by JUSCO*	*Approved by JSERC*
Power Purchase Cost	110.52	110.79
O&M Cost	10.18	9.13
Employee Cost	*5.08*	4.73
R&M Cost	*1.90*	1.57
A&G Cost	*3.20*	2.83
Depreciation	5.34	4.77
DSM & CGRF Expenses	0.46	0.00
Interest & Financing Charges	10.08	6.26
Total Expenses	**136.59**	**130.95**
Add: Reasonable Return	7.77	3.55
Less: Non Tariff Income	0.26	0.26
Annual Revenue Requirement	**144.09**	**134.24**
Revenue at Existing Tariff	138.28	140.68
Revenue Gap/(Surplus) for the year	**5.82**	**(6.44)**
Add: past (Surplus)/gaps	**(9.35)**	**(18.70)**
Total Revenue gap / (Surplus) including past periods	**(3.53)**	**(25.14)**
Add: Sharing of gains till FY 2010-11	0.00	0.00
Net Revenue Gap / (Surplus) including past periods	**(3.53)**	**(25.14)**
Energy Sales in Million Units	302.75	302.76
Cost of Supply (excluding past period)	**4.76**	**4.43**

A8: SUMMARY OF ARR FOR FY 2010-11, FY 2011-12 & FY 2012-13

8.1 In view of the above analysis, the Annual Revenue Requirement along with the revenues at existing tariffs and revenue gap for FY 2010-11, FY 2011-12 and FY 2012-13 are summarized below.

Table 49: Summary of Annual Revenue Requirement (Rs Cr)

Annual Revenue Requirement	FY 2010-11 (Actual)		FY 2011-12 (Provisional)		FY 2012-13 (Projected)	
Costs	*Submitted by JUSCO*	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*
Power Purchase Cost	63.56	64.11	83.81	81.73	110.52	110.79
O&M Expenses	8.35	8.04	9.01	8.44	10.18	9.13
Employee Costs	*3.62*	*3.62*	*4.49*	*4.34*	*5.08*	*4.73*
Repair & Maintenance Expenses	*1.26*	*0.70*	*1.51*	*1.51*	*1.90*	*1.57*
Administrative & General expenses	*3.47*	*3.72*	*3.01*	*2.59*	*3.20*	*2.83*
Depreciation	4.41	4.32	4.59	4.54	5.34	4.77
DSM & CGRF Expenses	-	-	0.46	0.00	0.46	0.00
Interest and finance Charges	5.99	5.69	7.62	6.24	10.08	6.26
Income Tax	2.02	0.00	-	-	-	-
Total Expenses	***84.33***	***82.16***	***105.49***	***100.95***	***136.59***	***130.95***
Add: Reasonable Return	3.01	2.97	6.01	3.38	7.77	3.55
Less: Non-tariff Income	0.20	0.20	0.26	0.20	0.26	0.26
Annual Revenue Requirement	***87.14***	***84.93***	***111.24***	***104.13***	***144.09***	***134.24***
Revenue at Existing Tariff	96.78	96.80	120.17	118.24	138.28	140.68
Revenue Gap / (Surplus) for the year	***(9.64)***	***(11.87)***	***(8.93)***	***(14.11)***	***5.82***	***(6.44)***
Add: Past recoveries & other gaps	7.28	7.28	(0.42)	(4.59)	(9.35)	(18.70)
Total Revenue Gap / (Surplus) including past periods	***(2.36)***	***(4.59)***	***(9.35)***	***(18.70)***	***(3.53)***	***(25.14)***
Add: Sharing of gain till FY 2010-11	1.94	0.00	0.00	0.00	0.00	0.00
Net Revenue Gap / (Surplus) including past periods	***(0.42)***	***(4.59)***	***(9.35)***	***(18.70)***	***(3.53)***	***(25.14)***

8.2 As seen above, the total revenue surplus upto FY 2012-13, as approved by the Commission, is Rs 25.14 Crs.

A9: TREATMENT OF REVENUE GAP/ SURPLUS

Petitioner's submission

9.1 The Petitioner submitted that the past recoveries and other gaps as approved by the Commission in the previous tariff order are provided in the table given below:

Table 50: Calculation for Past recoveries/Surpluses

Particulars	Rs Cr
ARR for FY 2011-12	**111.24**
Add: Past recoveries/(Surplus)	**(0.42)**
Revenue gap/(Surplus) for FY 2007-08	*0.50*
Revenue gap/(Surplus) for FY 2008-09	*4.54*
Revenue gap/(Surplus) for FY 2009-10	*2.10*
Carrying cost of regulatory asset	*0.14*
Revenue gap/(Surplus) for FY 2010-11	(9.63)
Sharing of Gains	**1.94**
Total revenue requirement for FY 2011-12	**110.82**
Revenue from sale of power at existing tariff	**120.17**
Balance Revenue gap/(surplus)	**(9.35)**

9.2 The Petitioner submitted a cumulative revenue surplus till end of FY 2011-12 of Rs 9.35 Cr based on gap/surplus for current financial year and past recoveries/surpluses.

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

Table 51: Cumulative (Gap)/Surplus Submitted by the Petitioner for period upto FY 2012-13

Particulars	Rs Cr
Annual Revenue requirement for FY 2012-13	144.09
Revenue from Sale of Power at Existing Tariff in FY 2012-13	138.28
Gap/(Surplus) for FY 2012-13	5.82
Add: Past gaps/(Surplus) up to FY 2011-12	(9.35)
Cumulative (Gap)/Surplus	**(3.53)**

Commission's analysis

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

Table 52: Cumulative (gap)/surplus approved by the Commission up to FY 2012-13

Particulars	Rs Cr
Revenue gap/(surplus) for FY 2012-13	(6.44)
Cumulative revenue gap/(surplus) up to FY 2011-12	(18.70)
Cumulative gap/(surplus) upto FY 2012-13	**(25.14)**

9.5 According to the ARR and the revenues at existing tariff determined by the Commission, the Commission has projected a cumulative revenue surplus of Rs 25.14 Cr as against the envisaged revenue surplus of Rs 3.53 Cr submitted by the Petitioner. Since there is no revenue gap, the Commission does not approve any revision in Tariff.

9.6 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.

9.7 The applicable tariff schedule for the Petitioner for FY 2012-13 has been given in Section A10 of this Tariff Order.

A10: TARIFF SCHEDULE FOR FY 2012-13

APPLICABLE FROM 1ST JULY 2012[2]

This tariff will come into effect from July 1st, 2012 and apply to all consumers availing power supply from Tata Steel within its licensed area.

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

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

[2] This schedule shall remain in force till March 31, 2013 or till the next tariff schedule is issued by the Commission, whichever is later.

or rural and for connected load exceeding 4KW. Rural Drinking Water supply managed by panchayats' users associations etc. will also be covered in this category.

(e) Domestic service – HT (DS – HT): - 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 Volts 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)	Rs/ Conn/Month	Nil	1.10
DS-I (a), Kutir Jyoti (metered) (50-100)	Rs/ Conn/Month	Nil	1.10
DS-I (a), Kutir Jyoti (Unmetered)	Rs/ Conn/Month	30	Nil
DS-I (b), metered (0-200)	Rs/ Conn/Month	Nil	1.10
DS-I (b), metered (above 200)	Rs/ Conn/Month	Nil	1.10
DS-I (b), unmetered	Rs/ Conn/Month	72	Nil
DS-II, <= 4KW			
0-200	Rs/ Conn/Month	25	1.50
201 & above	Rs/ Conn/Month	30	1.90
DS-III, Above 4 KW	Rs/ Conn/Month	50	1.90
DS HT	Rs/KVA/Month	40	1.65
UMDF – Predominantly Domestic*	Nil	Nil	Nil

Note: * Though the Petitioner has requested the Commission for the introduction of new consumer category, it has not provided any projections for number of consumer, connected load and energy sales for the proposed category for FY 2012-13 in its Tariff Petition. Also, in the presentation made by the Petitioner during the public hearing, the Petitioner has neither mentioned nor pressed about introduction of proposed consumer category. In view of the above, the Commission does not deem it appropriate to introduce the proposed new category.

Delayed Payment Surcharge: In accordance with Clause IV, as provided in section on TERMS AND CONDITIONS OF SUPPLY of the present Tariff 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 4 kW

Tariff:

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

Consumer Category	Fixed Charges		Energy Charges
Non-Domestic	Unit	Rate	Rate (Rs/kWh)
		Rs 60 per kW per month for each additional 1kW or part thereof	
NDS-II	Rs/kW/Month	Rs 110 per kW per month or part thereof	3.95
UMDF – Predominantly Commercial *	Nil	Nil	Nil

Note: * Though the Petitioner has requested the Commission for the introduction of new consumer category, it has not provided any projections for number of consumer, connected load and energy sales for the proposed category for FY 2012-13 in its Tariff Petition. Also, in the presentation made by the Petitioner during the public hearing, the Petitioner has neither mentioned nor pressed about introduction of proposed consumer category. In view of the above, the Commission does not deem it appropriate to introduce the proposed new category.

Delayed Payment Surcharge: In accordance with Clause IV, as provided in section on TERMS AND CONDITIONS OF SUPPLY of the present Tariff Order.

Installation of Shunt capacitors: In accordance with Clause VII, as provided in section on TERMS AND CONDITIONS OF SUPPLY of the present Tariff 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 under Installation based tariff for sanctioned load upto equivalent HP of 100 KVA.

Tariff:

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

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

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

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

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

Delayed Payment Surcharge: In accordance with Clause IV, as provided in section on TERMS AND CONDITIONS OF SUPPLY of the present Tariff Order.

Power Factor Penalty/ Rebate: In accordance with Clause II, as provided in section on TERMS AND CONDITIONS OF SUPPLY of the present Tariff Order.

Installation of Shunt capacitors: In accordance with Clause VII, as provided in section on TERMS AND CONDITIONS OF SUPPLY of the present Tariff 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 Tariff Order.

Power factor Penalty/Rebate: In accordance with Clause II, as provided in section on TERMS AND CONDITIONS OF SUPPLY of the present Tariff 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 or 132 KV

Tariff:

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

The billing demand shall be the maximum demand recorded during the month or 75% of contract demand whichever is higher. 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 Tariff Order.

Voltage Rebate: In accordance with Clause V, as provided in section on TERMS AND CONDITIONS OF SUPPLY of the present Tariff Order.

Load Factor Rebate: In accordance with Clause VI, as provided in section on TERMS AND CONDITIONS OF SUPPLY of the present Tariff 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 Tariff Order.

TOD Tariff: In accordance with Clause VIII, as provided in section on TERMS AND CONDITIONS OF SUPPLY of the present Tariff 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 Tariff Order.

Voltage Rebate: In accordance with Clause V, as provided in section on TERMS AND CONDITIONS OF SUPPLY of the present Tariff Order.

Load Factor Rebate: In accordance with Clause VI, as provided in section on TERMS AND CONDITIONS OF SUPPLY of the present Tariff 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 Tariff 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 5.

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

Category of Service:

S.S-I: Metered Street Light Service

S.S-II: Unmetered Street Light Service

Tariff:

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

Delayed Payment Surcharge: In accordance with Clause IV, as provided in section on TERMS AND CONDITIONS OF SUPPLY of the present Tariff 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 **Error! Reference source not found.** of the present Tariff 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 Tariff 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

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

A11: 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 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 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.

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.

A12: STATUS OF EARLIER DIRECTIVES

Directives as per Tariff Order	Status submitted by the Petitioner	Views of the Commission
Directives as per TO 2009-10		
Sales estimates and projections The Commission directed the Petitioner to submit a status report on steps being taken in regards to the study being conducted on Sales estimates and projections within two months of the issue of the order for FY 2011-12.	The Petitioner submitted that post approval of the terms of reference by the Commission in its directive named as "Sales estimates and projection" in the Tariff order of the year 2011-12, dated: 27-Aug-2011, the Petitioner has floated enquiries to market analysis consultants for taking up the work. Enquiries were given to the following eight parties on 28th and 29th of September. 2011. M/s Flow Consultants was selected for this work. The order placement was expected to be placed at October, 2011. The Petitioner expects that the detailed study will be completed within 6-8 months of the placing of the order.	The Commission observed that the Petitioner has not submitted the latest status of conducting the study. The Commission takes a serious note for delaying in conducting this study and directs the Petitioner to conduct this study and submit the report within six months of the issue of this order failing which the Commission would be constraint to take the adverse view on the matter.
Cost Estimates and Projections The Commission directed the Petitioner to get the segregation of all indirect expenses done as per actual cost incurred by the Power Division (Specifically for Saraikela-Kharasavan) and ensure submission of segregated accounts accordingly with the next tariff petition.	The Petitioner submitted that it has been diligently maintaining records for actual costs which are directly allocable to Power Business. The Petitioner also submits that apart from its Power Business services, it manages other businesses also and it cannot be compared with any other utility which has power distribution services as main business and the incurred expenditure gets allocated to main business only and in order to optimize/ reduce burden on consumers, these resources are shared by Power Business Division rather than hiring/ procuring separately for it which ultimately avoids duplication of costs.	The Commission has observed that the Petitioner submitted the separate accounts for its power business division. However, 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.
Distribution Loss Estimation The Commission directed the Petitioner to submit the quarterly reports on Distribution Loss Estimation as per the directives given by the Commission.	The Petitioner submitted that the reports are prepared each quarter and are sent regularly to the Commission along with the notes, as done in last quarter	The Petitioner is complying with the directive.
Cost of Supply study The Commission has directed the Petitioner to inform the Commission when the study is going to be completed and if	The Petitioner submits that it intends to carry out the study based on the inputs from Commission on the Cost of Service Report submitted to the Commission. The Petitioner submits that the attempt to conduct	The Commission directs the Petitioner to finalize the methodology as submitted to the Commission and directs the Petitioner to complete the Cost of Supply study within six of issue of this order and submit

Directives as per Tariff Order	Status submitted by the Petitioner	Views of the Commission
already completed, it should submit the report immediately.	the study by its own resources did not materialised due to the engagement of manpower in day to day operations and also due to shortage of experts on the subject. The Petitioner is trying to find out and engage expert agencies to undertake such study. The Petitioner submitted that it is expected that the same may take another 2 to 3 months to engage the agency and further 4 to 5 months to submit the report.	preliminary report with the next tariff petition.
Load factor of High Tension Service and EHTS category The Commission has directed the Petitioner to send the HTS report on load factor within one month of the issue of the Order.	The Petitioner submits that it has complied the directive vide Letter No. PBD/329/59/11 & PBD/335/59/11.	The Petitioner has complied with the directive.
Directives as per TO 2010-11		
Expenditure on capital Works The Commission directs the Petitioner to submit the cost benefit analysis of the various capital work schemes submitted by the Petitioner with the tariff petition for FY 2012-13.	The Petitioner submitted that Cost Benefit Analysis study for the scheme wise capital expenditure is in process and will be submitted in due course.	The Commission directs the Petitioner to submit the Cost Benefit Analysis of the scheme wise capital expenditure along with the Business Plan for the MYT Control Period of distribution business for FY 2013-14 to FY 2015-16.
Details about Repair and Maintenance **The Commission has directed the Petitioner to provide the relevant information regarding the benefits of R&M activity along with the petition of FY 2012-13.**	The Petitioner submitted that it submitted the report vide Letter No. PBD/348/59/11 dated 02.11.2011.	The Petitioner has complied with the directive.
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,	The Petitioner submitted that the direct costs are being recorded separately and separate accounts are maintained for power business to the extent possible and identifiable.	However, 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

Directives as per Tariff Order	Status submitted by the Petitioner	Views of the Commission
2011		allocation principle adopted by the Petitioner.
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 submitted that it has been regularly complying with the commission's directive on Energy Audit Reports and submitting on quarterly basis. The Petitioner has also submitted that it has engaged the Power Research Development Consultants (PRDC) for conducting the load flow and short circuit analysis of its network. The PRDC will require another 8 to 10 months to plan and conduct the study.	The Commission directs the Petitioner to get the study conducted within six months o the issue of this Order and submit preliminary report with next tariff petition.
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 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.**	The Petitioner submitted that the expansion plan for its licensed area along with the time schedules is complied vide Letter No. PBD/341/59/11 dated: 31-10-2011. In its report, the Petitioner submitted that its present capacity to source power is 71 MVA. A 132 kV line with a capacity of 60 MVA to source power from DVC Chandil Substation is under construction. The Petitioner also expressed its inability to source power from CTU at Ramchandrapur 400 kV due to space constraint in creating a new bay as well as inability of the existing feeder to supply power to the Petitioner. The Petitioner also submitted that it is planning to meet the villagers in the area in order to seek their consent for putting up the line and power supply to the villages. The Petitioner has also submitted that the status of consumer applications pending and the reasons thereof is complied vide Letter No. PBD/343/59/11 dated: 01-11-2011	The Commission finds that the expansion plan submitted by the Petitioner is unsatisfactory. The Commission directs the Petitioner to expedite the process of the construction of 132 kV line to source power from DVC Chandil substation and submit the status report of the same to the Commission within six months of issue of this order. The Commission also directs the Petitioner to make concrete plan in order to increase its consumers in the licensed area and to submit the status report of the same within six months of the issue of this order.
Status of CGRF & DSM Initiatives **The Commission has Petitioner is directed to submit quarterly report on the status**	The Petitioner submitted that the status report of implementation of CGRF and DSM initiatives is in process and will be submitted to the Commission in due course.	The Commission directs the Petitioner to submit the report within one month of issue of this order.

Directives as per Tariff Order	Status submitted by the Petitioner	Views of the Commission
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 the adjustment of bill and payment, receipt as per revised power sale rate of Tata Steel Limited has been reconciled and the supplementary bills are raised.	The Petitioner has complied with the directive.

A13: NEW DIRECTIVES

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

13.1 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 2011-12 and FY 2012-13 vide this Tariff Order, within three months of the issue of this order.

Data Adequacy in Next Tariff Petition and Audit of Accounts

13.2 The Commission is concerned about the inadequacies and discrepancies found in the tariff petition which adversely impacts the decision making process and delays the finalization of the Tariff Order. The Commission directs the Petitioner to ensure that the next tariff petition should be complete in all respect leaving no room for data gaps, inconsistencies and discrepancies.

Separation of Accounts & Common expenses

13.3 As discussed in the relevant sections of the Tariff Order, much is desired to be done to separate the account of each head under the Power Division. In view of this, the Commission directs the Petitioner to maintain separate heads of account for Power Business Division for the Saraikela- Kharasavan area of distribution and submit the same along with the tariff petition of FY 2013-14 due in November, 2012.

Segregation of expenses on account of DSM / CGRF from A&G expenses

13.4 The Commission observed that the Petitioner is not maintaining a separate account for DSM / CGRF charges and includes the same in the A&G expenses. The Commission directs the Petitioner to maintain a separate cost centre in its SAP system for DSM expenses and reflect the same in the accounts separately.

Cost reduction measures

13.5 The Commission directs 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.

Employee Strength of the Petitioner

13.6 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.

13.7 The Commission also directs the Petitioner to conduct a study on number of consumers per employee and other employee productivity parameters in the similarly placed utilities and submit a report on the same within three months of issue of this order.

Power Procurement from different sources

13.8 The Commission observed that the Petitioner is sourcing power from various long short-term sources including open access/ traders/ exchange at higher costs. The Commission thus directs the Petitioner to explore different avenues for sourcing of power at a cheaper rate than what it is purchasing presently.

13.9 The Commission has approved the rate for purchase of short term power from other sources/traders provisionally provided the Petitioner follows the *"Guidelines for short term procurement of electricity (i.e. for a period less than or equal to one year) under section 63 of the Electricity Act 2003" as notified by the Ministry of Power, Government of India dated May 15th, 2012.*

This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on this the 15th day of June, 2012

Date: 15th June, 2012
Place: Ranchi

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

A14: ANNEXURE

Annexure-I

List of participating members of public in the public hearing

S No	Name	Address / Organisation if any
1.	S. N. Singh	Jaiprakash Nagar, Adiyapur-1
2.	S. P. Mohanty	City Palace, Adityapur
3.	M. P. Verma	Sahara Garden City, Adityapur
4.	B Biswal	Lalparapuri, Adityapur
5.	Manjeet Kumar	Sakchi, Jamshedpur
6.	A. F. Madan	CGRF-F-73, Tayo Colony, Adityapur
7.	T.K. Sarkar	City Palace, Adityapur
8.	L. Mishra	Cauvas
9.	Shamshad	Cauvas
10.	A. Mishra	JUSCO
11.	S. P. Singh	JUSCO
12.	P. K. Duilesi	HIG, New Housing Colony
13.	M. K. Panda	Sahara Garden City, Adityapur
14.	N. P. Singh	City Palace, Adityapur
15.	A. Ranjan	JUSCO
16.	Sharad Kumar	JUSCO
17.	R Choudhary	JUSCO
18.	Vinod Kumar Upadhyaya	Sharma Market, Adityapur
19.	Atul A. Singh	Feedback, Gurgaon
20.	U. K. Dubay	MIG GIS, Housing Colony, Adityapur
21.	V. N. Singh	Member (Legal), JUSCO
22.	K. C. Jha	JUSCO
23.	Y. Prasad	Golmuri
24.	Nikhil Gambhir	Feedback, Gurgaon
25.	M. K. Mishra	PSD
26.	Mani Bhushan Pandey	Belly & CR
27.	A. K. Choudhary	PSD
28.	Suresh Kumar	PSD
29.	Arun Singh	PSD
30.	Satrughan	Harisunderpur

S No	Name	Address / Organisation if any
31.	Narsingh Sardar	Harisunderpur
32.	Sanyari Sardar	Harisunderpur
33.	Raju sardar	Harisunderpur
34.	Ganga Sardar	Harisunderpur
35.	Amit Kumar Agrawal	JUSCO
36.	R. P. Mishra	JUSCO
37.	Rajesh Ranjan	Adityapur
38.	S. K. Bhallouhuji	M. P. Tower, Adityapur
39.	Umesh Kumar Tiwary	Metddyne Ind. Ltd
40.	Rajesh Kumar	Sonari
41.	C. Srinivas	Wizard Security
42.	Pramod Kumar Mehto	Sheg Market, Adityapur
43.	Ratneesh Kumar	Industrial Sec.
44.	Raja Jha	Adityapur
45.	Naveen Singh	Turret Ser.
46.	M. N. Sahev	Frem Foods (I) Pvt. Ltd.
47.	L. Khonar	JUSCO
48.	GTI Hudi	Adityapur
49.	Dauvir	Hindustan Hindi
50.	Diwakar Jha	Wizard Security
51.	Sanjay Mehto	Wizard Security
52.	Er. O. P. Ambastha	G. M. Cum C.E., JSEB
53.	Prem Kumar Singh	Uditvani Press
54.	Lalit Kumar Mishra	JEE/S/ADPI, JSEB
55.	Jeetendra Kumar	New Ispat Mail
56.	Santosh Khetan	ASIA
57.	I.K. Agarwal	ASIA
58.	Jeetendra Agarwal	Gayanan Ferro
59.	Sachin Poddar	Gayanan Ferro
60.	S.K. Singh	ASIA
61	Sachin Poddar	Inside Jharkhand
62	R.K. Sinha	ASIA
63	A.P. Singh	ESE/JSR
64	Kunal Kishore	AEE/ADPI, JSEB

S No	Name	Address / Organisation if any
65	Billu	Dainik Jagran
66	R.P. Singh	Dainik Jagran
67	Deepak	Prabhat Khabar
68	D. Upadhyay	ASIA
69	Sjit Kumar Ajju	New Ispat Mail
70	Sudhir Chaudhary	Ward Commisnor
71	Vinay Singh	Bistupur
72	A.K. Tripathy	JUSCO (PSD)
73	S.N. Thakur	ASIA
74	A.K. Jha	Adarsnagar, Sonari
75	Nand Kumar	Adarsnagar, Sonari
76	Priya Ranjan	Prabhat Khabar
77	Mr. Manish	MD, JUSCO
78	Binod Agarwal	New Engg. Work
79	Pankaj Kumar	Laghu Udyog Bharti
80	Rahul Kumar Bagaria	Roukrishnes Forgings Ltd, Adityapur
81	Sanoj Kumar	ASIA
82	D.K. Singh	JUSCO
83	D.N. Gunt	RKFL
84	L.B. Shastri	DB, JSR
85	Manoj Kumar	JCCN, News
86	Arvind Kumar	Adityapur
87	Nikhil	Adityapur