Jharkhand State Electricity Regulatory Commission

Tariff Order
on
Annual Revenue Requirement
for
Financial Years 2007-08, 2008-09, 2009-10 & 2010-11
and
Determination of Distribution Tariff
for
Financial Year 2010-11
for
Jamshedpur Utilities & Services Company Limited
(JUSCO)

Ranchi

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List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
AAD	Advance Against Depreciation
ARR	Annual Revenue Requirement
CWIP	Capital Work in Progress
DPS	Delayed Payment Surcharge
DS	Domestic Service
DS HT	Domestic Service High Tension
DVC	Damodar Valley Corporation
FAS	Financial Accounting System
FOR	Forum of Regulators
FY	Financial Year
GFA	Gross Fixed Assets
GoI	Government of India
HT	High Tension
JSERC	Jharkhand State Electricity Regulatory Commission
JUSCO	Jamshedpur Utilities and Services Company Limited
LT	Low Tension
kV	Kilovolt
kVA	Kilovolt-ampere
kW	Kilowatt
kWh	Kilowatt-hour
MMC	Monthly Minimum Charges
MU	Million Units
NTI	Non Tariff Income
O&M	Operations and Maintenance
PLF	Plant Load Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement
R&M	Repair and Maintenance
RoE	Return on Equity
Rs.	Rupees
SAP	System, Application and Production
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SLM	Straight Line Method
TOD	Time of Day
TSL	Tata Steel Limited

A1: INTRODUCTION

Jharkhand State Electricity Regulatory Commission (JSERC)

1.1 The Jharkhand State Electricity Regulatory Commission (herein after referred to as the "JSERC" or "the Commission") was established by the Government of Jharkhand under Section 17 of the Electricity Regulatory Commission Act, 1998 on August 22, 2002. The Commission became operational w.e.f. April 24, 2003. The Electricity Act, 2003 (hereinafter referred to as "the Act" or "EA, 2003") came into force w.e.f. June 10, 2003; and the Commission is now deemed to have been constituted and functioning under the provisions of the Act.

1.2 The Government of Jharkhand vide its notification dated 22.08.2002 defined the functions of JSERC as per Section 22 of the Electricity Regulatory Commission Act, 1998 to be the following, namely:-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) promotion of investment in electricity industry;

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

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

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

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

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

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

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

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

Jamshedpur Utilities and Services Company Limited (JUSCO)

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

1.9 The Petitioner is the second Distribution Licensee operating in the Saraikela-Kharsawan region, 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 Present Order

1.14 This Order relates to the ARR and Tariff Petition filed by the Petitioner before the Commission for approval of the ARR for FY 2007-08, FY 2008-09, FY 2009-10 and FY 2010-11 and determination of distribution tariff for FY 2010-11. 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) Regulation, 2004 (hereinafter referred to as 'Distribution Tariff Regulations, 2004')

1.15 While determining tariff for the revenue district of Saraikela-Kharsawan for FY 2010-11, the Commission has taken into consideration the following:

(a) Provisions of Section 86 of the Act;

(b) Provisions of the National Electricity Policy;

(c) Provisions of the National Tariff Policy; and

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

A2: PROCEDURAL HISTORY

Background

2.1 The Petitioner commenced its power distribution operations in the Saraikela-Kharsawan district 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 follow the JSEB tariff in toto as its provisional tariff, till further orders. Accordingly, the Petitioner started charging the same tariff as JSEB in its license area.

2.4 The Petitioner filed another 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 has filed the present 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.

2.6 While the true-up of FY 2007-08 was conducted by the Commission in the previous Tariff Order of FY 2009-10, the Petitioner has requested the Commission to revise the figures for certain components on the basis of audited accounts & actual data made available by the Petitioner.

2.7 The Commission has decided to review all the components and accordingly conduct the second true up for FY 2007-08.

2.8 This Tariff Order addresses the petition filed by the Petitioner before the Commission for approval of its ARR for FY 2007-08, FY 2008-09 and FY 2009-10, FY 2010-11 and determination of tariff for FY 2010-11 for the revenue district of Saraikela-Kharsawan.

Information Gaps in the Petition

2.9 During the course of exercise for ARR and tariff determination, several deficiencies were observed in the tariff petition submitted by the Petitioner. These information gaps were communicated to the Petitioner vide letter no. JSERC/08/2010/JUSCO/141 dated June 09, 2010.

2.10 The Petitioner submitted the additional information/data on July 17, 2010 vide PBD/370/59/10 in response to the aforementioned deficiencies and additional data requirements.

2.11 The Commission observed further discrepancies in the additional information submitted by the Petitioner and sought further information from the Petitioner. The Petitioner submitted the information rectifying the discrepancies vide various communications between 9th and 14th August 2010.

Inviting Public Response

2.12 After scrutinizing the initial 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 available copies of the ARR and tariff petition to the general public. The public notice was subsequently issued by the Petitioner in various newspapers, as detailed hereunder:

Table 1: List of newspapers and dates on which the public notice appeared

Newspaper	Date
The Telegraph (English)	20.06.2010 & 21.06.2010
Hindustan Times (English)	20.06.2010 & 21.06.2010
Prabhat Khabar (Hindi)	20.06.2010 & 21.06.2010
Hindustan (Hindi)	20.06.2010 & 21.06.2010
New Ispat Mail	20.06.2010
Udit Wani	21.06.2010

2.13 A period of twenty one (21) days was provided for submitting the comments/suggestions. The Commission subsequently issued advertisement on its website www.jserc.org and various newspapers for conducting the public hearing on the ARR and Tariff filing by the Petitioner for FY 2010-11. The newspapers in which the advertisement for public hearing was issued by the Commission are detailed hereunder:

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

Newspaper	Date
Prabhat Khabar	13.07.2010
Hindustan	13.07.2010
Dainik Jagran	13.07.2010
Ranchi Express	13.07.2010
Hindustan Times	13.07.2010
Aaj	13.07.2010
The Pioneer	14.07.2010
Farooqui Tanzeem (Urdu Daily)	14.07.2010
Quami Tanzeem (Urdu Daily)	14.07.2010
Uditvani	14.07.2010

Submission of objections and conduct of public hearing

2.15 The public hearing was held on 18th July, 2010 at Adityapur and many respondents gave their comments and suggestions on the ARR & Tariff filing for FY 2010-11 by the Petitioner. The comments/suggestion of the public as well as the Petitioner's response to them is detailed in the section dealing with the public consultation process.

A3: SUMMARY OF ARR & TARIFF PETITION

Overview

3.1 Saraikela-Kharsawan license area 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 As mentioned earlier, in terms of the order issued by the Commission in response to the Petitioner's ARR and tariff petition for FY 2009-10, the Petitioner has been charging the same tariff as approved by the Commission for distribution business of JSEB.

3.3 The Petitioner has submitted that in the previous Tariff Order of FY 2009-10, the Commission had approved the figures for FY 2007-08 and FY 2008-09 considering the actual information provided by the Petitioner.. The Petitioner has now requested the Commission to revisit the figures for FY 2007-08 and FY 2008-09 based on the audited accounts for the respective years.

3.4 The Petitioner has submitted that the present petition addresses the calculation of ARR for FY 2007-08, FY 2008-09, FY 2009-10 and FY 2010-11 and tariff determination for FY 2010-11 after taking into account the revenue gap/surplus during FY 2007-08, FY 2008-09 on the basis of audited accounts and FY 2009-10 on the basis of provisional accounts and additional information submitted by the Petitioner.

3.5 The figures for FY 2010-11 are based on the past performance and expected growth in each element of cost and revenue of the distribution business of the Petitioner.

ARR and Tariff Determination

3.6 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 2007-08, FY2008-09, FY 2009-10 & FY 2010-11(Rs. Lakhs)

Annual Revenue Requirement				
Costs	FY 2007-08	FY 2008-09	FY 2009-10	FY2010-11
	Actual	*Actual*	*Provisional*	*Projected*
Power Purchase Cost	117	1094	3861.84	6057
Employee Cost	22	133	254	365.68
Repair & Maintenance Expenses	-	25	95.85	225.68
Administrative & General expenses	19	86	201	289.07
Interest & Finance Charges	114	396	585	599
Depreciation	29	241	377	454
Provision for Bad & Doubtful Debts			-	39
Income Tax	-	7	119	197
Total Costs	**301**	**1983**	**5493**	**8226**
Add: Reasonable Return	31	183	274	343
Less: Non-tariff Income	30	26	37.85	53
Annual Revenue Requirement	**302**	**2140**	**5729**	**8517**
Revenue@ Existing Tariff	**205**	**1694**	**5535**	**7800**
Revenue@ Existing Tariff (at 99% collection efficiency)				
Revenue (Gap)/Surplus	**97**	**446**	**194**	**717**
Cumulative Revenue (Gap)/Surplus upto FY 2010-11				**1453**

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

3.8 Meanwhile, in its tariff petition for FY 2010-11, the Petitioner has submitted that the Commission in its Tariff Order of FY 2009-10 did not increase the tariff as the time left for the implementation of the new tariff proposal was very less and thus decided to adjust the gap in the next Tariff Order. Accordingly, the Petitioner has requested for increase in the tariff of FY 2010-11. The tariff schedule as proposed in the petition is given in Table 4 below:

Table 4: Tariff proposed by the Petitioner for FY 2010-11

Consumer category	Fixed Charge		Energy Charge			Minimum Monthly Charge	
	Existing	*Proposed*	*Unit*	*Existing*	*Proposed*	*Existing*	*Proposed*
KJ-2 (Kutir Jyoti) Metered	NA	NA	Rs./Kwh	Nil	1.70	Nil	Nil
DS - I (a), (b), (c) Metered	NA	Rs. 30 per connection per month	Rs./ Kwh	1.00	1.70	Nil	Nil
DS – II	Rs. 20 per connection per month	Rs. 25 per connection per month	Rs./ Kwh (0-200 Units)	1.35	1.70	Nil	Nil
		Rs. 30 per connection per month	Rs./ Kwh (Above 200 Units)	1.70	2.30	Nil	Nil
DS – III	Rs. 40 per connection per month	Rs. 50 per connection per month	Rs./ Kwh	1.70	2.30	Nil	Nil
DS HT	Rs. 30 per kVA per month	Rs. 40 per kVA per month	Rs./ Kwh	1.50	2.00	Nil	Nil
NDS – I	NA	Rs. 20 per connection per month	Rs./Kwh	1.25	1.70	Nil	Nil
NDS – II	Rs. 100 per kW per month	Rs. 110 per kW per month	Rs./ Kwh	3.60	3.95	Nil	Nil
LTIS	Rs. 60 per HP per month	Rs. 70 per HP per month	Rs./ Kwh	3.50	3.60	Nil	Nil
IAS - I (Metered)	Nil	Nil	Rs./ Kwh	0.50	1.70	Nil	Nil
IAS – II (Metered)	Nil	Nil	Rs./ Kwh	0.75	1.70	Nil	Nil
HTS - 11 kV	Rs. 140 per kVA per month	Rs. 165 per kVA per month	Rs./ Kwh	4.00	4.35	Rs. 250 per kVA per month	Rs. 500 per kVA per month
HTS - 33 kV	Rs. 140 per kVA per month	Rs. 165 per kVA per month	Rs./ Kwh	4.00	4.35	Rs. 250 per kVA per	Rs. 500 per kVA per

						month	month
HTS - 132 kV	Rs. 140 per kVA per month	Rs. 165 per kVA per month	Rs./ Kwh	4.00	4.35	Rs. 400 per kVA per month	Note
DT based Urban Micro Franchisee-predominantly Domestic	NA	Rs. 30 per kVA per month	Rs./ Kwh	NA	1.90	NA	NA
DT based Urban Micro Franchisee-predominantly Commercial	NA	Rs. 100 per kVA per month	Rs./ Kwh	NA	3.75	NA	NA
Panchayats, Self Help Groups, Micro Rural DF	Nil	Nil	Rs./ Kwh	0.70	1.70	NA	NA
Bulk Supply to MES	Rs. 150 per kVA per month	Rs. 165 per kVA per month	Rs./ Kwh	2.50	3.00	Nil	Nil
Temporary Supply	Nil	Nil	Rs./ Kwh	5.00	6.00	Nil	Nil

For 132 kV supply MMC/AMC (whichever is opted by the consumer) shall be calculated on the basis of Load Factor of 55% and Power Factor of 0.85

Note: If the power is supplied at 6.6 KV an additional charge of 2.5 % on the demand and energy charges will be levied.

A4: PUBLIC CONSULTATION PROCESS

Submission of comments/suggestions and conduct of public hearing

4.1 The tariff petition evoked response from several consumers. A public hearing was held on 18th July, 2010 in Adityapur in the district of Saraikela-Kharsawan to ensure the maximum public participation wherein respondents put forth their comments and suggestions before the Commission in the presence of the Petitioner. There were eighty-nine members of the public who took part in the public hearing process. The list of the attendees is attached in Annexure-I.

4.2 Further, there were five persons who filed written suggestions/comments on the Tariff petition filed by the Petitioner, listed hereunder:

Table 5 : List of persons who filed written suggestions/comments during Public Hearing

S. No.	Objector/Organization	Represented by
1	Singhbhum Chamber of Commerce & Industry, Bistupur	Sh. Suresh Sonthalia
2	Laghu Udyog Bharti, Adityapur	Sh. Lachand Agarwal
3	Adityapur Small Industries Association, Adityapur	Sh. Santosh Khetan
4	Jharkhand Induction Furnace Association, Adityapur	President, JIFA
5	Singhbhum Industries Association, Adityapur	President, SIA

4.3 During the course of public hearing, the Commission also allowed persons/ representatives of entities who had not submitted prior written representations but attended the public hearing, to express their views regarding the ARR and tariff petition filed by the Petitioner for FY 2010-11.

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

Merging of HTSS Category into HTS Category

Public Comments/Suggestions

4.5 The relevant comments/suggestions of the public are as under:

(a) HTSS category is meant only for Induction furnaces/Arc furnaces used by foundries/ingot making plants which consume large quantity of power. In fact, electricity is a raw material for these industries as it forms a high percentage of the total cost of production.

(b) The reason that this category was created is that the competitiveness and existence of these industries depends to a large extent on the availability of cheaper electricity and these industries cannot survive if the same is not made available.

(c) The HTSS category was in existence in the past and also in the approved tariff of JSEB effective for FY 2010-11, therefore there is no justification to remove this category.

Petitioner's Response

4.6 The Petitioner offered the following responses on the above comments/suggestions:

(a) It has proposed to abolish and merge HTSS consumer category into normal HTS category because of the fact that the supply conditions of both HTS and HTSS consumers are identical.

(b) The Petitioner stated that in the competitive world everyone needs to pay for the services and products being used by them. Moreover, maintaining competitiveness on the basis of some derived grants and cross subsidy is against the basic principles of promoting competitiveness.

(c) The Petitioner further mentioned that the practice is not prevalent in other states including Himachal Pradesh, Uttaranchal, Madhya Pradesh, Chattisgarh, Maharashtra, Karnataka, Gujarat barring few exceptions like Jharkhand, Uttar Pradesh, and Bihar.

(d) The Petitioner submitted that in the past, the Demand Charges of the HTSS industry were kept higher than that of the HTS and Energy Charge were made lower than that of the HTS as these were high energy consuming units, and utilities were not able to control the commercial loss arising out of pilferage and theft. To cope up with the situation, the electricity supply utilities covered these types of industries in a separate category having relatively higher fixed charge so as to recover a major portion of revenue without bothering much about actual consumed electricity units. In the current scenario of advanced technology being available to detect and arrest the pilferage and theft, there is hardly any reason for such differentiation in tariff.

The Petitioner submitted that it is of the opinion that being an industrial user HTSS consumer should also be treated at par with HTS consumer and both tariff categories should be merged together.

Views of the Commission

4.7 The Commission recognises the requirement of HTSS category consumers to have access to cheap and reliable source of power in order to maintain their competitiveness.

4.8 The Commission in principles agrees that though the two licensees in the revenue district of Saraikela-Kharasawan can have differential retail tariffs, the Commission would like to ensure level playing field for the parallel licensees by maintaining similar tariff structure for both for the time being.

Monthly Minimum Charge

Public Comments/Suggestions

4.9 In the Petition of FY 2010-11, JSEB requested for minimum monthly charges but the Commission did not approve the same and instead increased the unit charge. Thus, the minimum monthly charges should not be considered for JUSCO and the system should be at par with the approved tariff of JSEB for FY 2010-11.

Petitioner's Response

4.10 The Petitioner has submitted that in a two part tariff structure only the following charges should be considered for charges levied for judicious use.

(a) Energy Charge

(b) Demand Charge

4.11 The Petitioner further submitted that there are certain charges which are levied to ensure that the consumer behaviour shifts towards the efficient and economical use of electricity and available infrastructure such as power factor rebate and surcharge, voltage rebate, load factor rebate, minimum monthly charges.

4.12 Minimum monthly charges are designed in such a way that they become applicable on those consumers who even though have the reserved capacity but are not utilizing the same which otherwise could have been allocated to other needful consumers. The present rate of MMC is applicable for consumer who have left their load factor below 6% and the Petitioner has now proposed to increase the MMC level so that it becomes applicable to load factor below 12%

4.13 The Petitioner has requested that the above mentioned charges should be used in such a way that they are effective and consumers are incentivised to optimize their requirement and operations in such a way that they do not have to pay any penalty or surcharge. It submits that MMC is an essential tool which provides checks and balances for ensuring optimum utilisation of scarce resources by all its consumers and discouraging sub-optimal usage of power, availability for which is limited to the Petitioner.

4.14 A relatively lower MMC may lead to consumer blocking the limited available power with the licensee by contracting more than whatever is actually needed, which will in turn lead to consumption of 5% to 6% of the sanctioned load in the order to achieve the consumption corresponding to Minimum Guaranteed charges which will result in sub-optimal usage of available power.

4.15 The Petitioner has stated that removing the MMC would lead to relatively higher requisitioning of power by industries for their future development requirement which may or may not materialize and it will affect the availability of power to other needy consumers.

4.16 The present minimum monthly charges are Rs 250 per kVA per month which corresponds to energy usages at approx. 5% to 6% of load factor. The proposed increase will bring the minimum energy charges corresponding to load factor in the range of 10%-12% only, which itself is quite low corresponding to availability of power being offered.

Views of the Commission

4.17 The Commission in the Tariff Order for JSEB for FY 2010-11 has explained the reason for discontinuing the minimum monthly charges which is stated below.

"The Commission observes that most of the States where MMC has been in place are either having single part tariff with no fixed charges or have removed the MMC once the fixed charges have been introduced. The Commission also feels that it is only logical to have either fixed charges or the MMC. The licensee should get the cost of supply study done to determine the fixed and energy charge components in each category and thereafter submit the amount of fixed charge recoverable from such categories. Accordingly, the Commission shall determine the amount of fixed charge which should be charged from each category such that the licensee is able to recover the cost of creating the network to the extent possible from the fixed charges. Till such time the Commission has updated the tariffs as per the existing tariff structure and have allowed an increase in fixed charges to various categories as per the proposal of licensee but to the extent of covering the revenue gap. The Commission will take appropriate action with regard to MMC charges in other licensed areas of the State."

4.18 The Commission is of the view that since the fixed charges are already applicable to various categories of consumer, there is no reason for introducing or continuing with MMC. Hence, the Commission has not allowed any minimum monthly charges to any consumer category.

Other Charges and Rebates

Public Comments/Suggestions

4.19 The other charges and rebates like Delayed Payment Surcharge, Power Factor Penalty/ Rebate, Load Factor Rebate and Voltage Rebate should be approved in line with the approval given to JSEB for its tariff for FY 2010-11. The Petitioner is able to run its business more efficiently and hence additional rebates/ concessions in rates etc should be allowed to the consumers.

Petitioner's Response

4.20 The Petitioner has stated that other charges and rebates have been proposed based on its current system reliability, cost structure, consumer mix, consumer behaviour, supply conditions etc. and there is only little change from the existing levels to increase its effectiveness and bring about improvement in the larger interest of the consumer and all other stakeholders. Justification for the proposed changes in other charges and rebates is given below.

4.21 The Petitioner has also submitted that the basic principle behind allowing the TOD Tariff is to flatten the overall load curve in the distribution network of the utility so that the peak deficit is minimized and at the same time the existing facilities are utilized effectively.

4.22 The Petitioner has submitted that the peak demand time in its network remains from approx. 08:00 am to 12:00 am because of the industry operating timings in Industrial Area. The morning peak and evening peak phenomenon are currently non-existent in its network. In view of the above, ToD time slab is proposed to be different from that approved by JSERC for other licensee.

4.23 The Peak Hours as presently defined in the other licensee tariff order is 06:00AM to 10:00 AM and from 06:00PM to 10:00PM. The Petitioner has submitted that its network doesn't have this peak load timings, as a significant number of its consumers operates in Day time (08:00 AM to 06:00PM) or in A and B Shift (06:00 AM to 10:00 PM) and therefore morning and evening peak phenomenon is not seen in JUSCO network.

4.24 Looking at its load curve, the Petitioner has defined its peak hours as 08:00AM to 10:00PM and balance period as off peak hours.

4.25 Accordingly as the peak period has been increased to 14 Hours as compared to the first licensee of 8 hours peak and 8 hours normal, the applicable energy charge has been reduced from 120% to 115% for the peak hours. On the same lines the applicable energy charge for off peak hours has been proposed at 90% of normal energy charges. The Petitioner has requested the Commission to allow the same.

4.26 The Petitioner has further stated that in any surcharge or rebate scheme there must be a normal range so that when consumer operates in the normal range there is neither rebate nor penalty. Also, the rebate/surcharge structure should be such as to induce the consumers to operate at higher efficiency.

4.27 In the present structure of PF rebate or penalty there is no normal range as any PF below 85% will attract penalty, whereas any PF above 85% will attract rebate. The Petitioner proposes to have 85% to 90% PF band as normal range in which neither penalty nor rebate will be applicable. Any PF below 85% will attract penalty, between 85% to 90% there will be neither a penalty nor a rebate, but above 90% rebate is proposed as it is existing today.

4.28 Power factor surcharge and rebates are levied to encourage consumers to maintain a good power factor and thereby releasing wasteful dissipation of energy in carrying reactive power. The Petitioner has therefore has requested the Commission to allow the same.

4.29 The Petitioner is of the opinion that the current level of load factor rebate is relatively high and has requested to reduce the same from 7.5% to 5% and 10% to 7.5% for Load factor band of 60-70 and 70-100 respectively, in order to reduce the burden on other consumers. The Petitioner has requested the Commission to allow the same.

Views of the Commission

4.30 The Commission has, after due deliberation, fixed the other charges and rebates for JSEB in its Tariff Order of FY 2009-10.

4.31 The Commission in principles agrees that though the two licensees in the revenue district of Saraikela-Kharasawan can have differential retail tariffs, the Commission would like to ensure level playing field for the parallel licensees by maintaining similar tariff structure for both for the time being.

Timely Payment Rebate

Public Comments/Suggestions

4.32 The electricity consumers have been availing timely Payment Rebate of 2% from JSEB for decades. The Chairman is requested to ensure that the Petitioner also allows a rebate of 2% for timely payment to the consumers.

Petitioner's Response

4.33 The Petitioner has submitted to the Commission that it had been able to achieve collection efficiency in excess of 99% which is among the best in the country. This has been made possible only due to prompt bill generation, delivery, follow-up and collection mechanism which has been implemented by the Petitioner since inception of its operations. Any rebate or incentive should be aimed towards bringing some efficiency in the system. At current level of collection efficiency it is not appropriate to introduce the timely payment rebate.

4.34 Further the Petitioner has submitted to the Commission that the 2% rebate as being communicated by the Objector is not the correct representation of the fact as it had searched from the available information about the above rebate and found the following-

(a) There is no mention of timely payment rebate in the tariff order of 2003-04 of the first licensee.

(b) BSEB tariff order of June'23, 1993 had the following provisions of rebates.

(i) EHT & HT Category- one paisa per unit billed

(ii) IAS-1 (irrigation services, private tube well) - 50 paisa per BHP Billed.

(iii) IAS-2 (irrigation services, state)- 100 paisa per BHP Billed

(iv) All other Category except rural- 2 paisa per unit billed.

4.35 The First Licensee however continued to give the rebate as per the above Gazette of Govt. of Bihar even after 2003-04 order, but has stopped giving the same very recently.

4.36 From the above it is clear that there was no provision of 2% rebate to any of the consumer and therefore the representation made by the objector is not correct.

4.37 It is also submitted that if the Petitioner allows a timely payment rebate, the same will be applicable to almost all its consumers, which ultimately means the lesser payment and thereby increase in revenue gap and therefore subsequent increase in tariff. On one hand there will be rebate and on the other tariff will go up proportionately. This will further add to administrative costs for its implementation without much of real benefit to the entire system.

Views of the Commission

4.38 The Commission finds the response of the Petitioner to be satisfactory.

4.39 The Commission in principles agrees that though the two licensees in the revenue district of Saraikela-Kharasawan can have differential retail tariffs, the Commission would like to ensure level playing field for the parallel licensees by maintaining similar tariff structure for both for the time being.

Voltage Rebate

Public Comments/Suggestions

4.40 The consumers have objected to the proposal of the petitioner to reduce the voltage rebate.

Petitioner's Response

4.41 The Petitioner has submitted that the current level of voltage rebate is relatively on a higher side and therefore has proposed little reduction in voltage rebate. The Petitioner has further submitted that Hon'ble Commission has already approved the recommended level of Voltage rebate to the first licensee also.

4.42 Voltage rebate should be linked with the Conversion loss from one voltage to other and therefore the proposed structure of voltage rebate is tending more towards this principle. The Petitioner has requested the commission to allow the same.

Views of the Commission

4.43 Since the rebate at different voltage levels as proposed by the Petitioner are the same as already approved for JSEB vide Tariff Order FY 2010-11, the Commission has accepted the proposal of the Petitioner.

Installation Charges

Public Comments/Suggestions

4.44 The installation charges being taken by the Petitioner is high and it should reduce the same. The Petitioner should also provide the break-up of the installation charges.

Petitioner's Response

4.45 The Petitioner has submitted that its installation charges are high primarily due to following reasons:

(a) Most of the network of JUSCO is underground network and the cost of laying the underground network is higher than the cost of laying overhead network for power supply to the Consumer.

(b) The Petitioner has implemented the Ring- Main concept for providing reliable power to the consumers. Most of the 33kV and 11kV consumers are connected to the distribution ring so that in case of failure of cable from one side they can be given power from the other side. This concept increases the power availability and reliability to consumers. This is also necessary as fault finding in underground cable and its repair work takes much more time than the rectification in overhead lines. In case of underground cable network, the fault finding time may take anywhere from 12 hours to 24 hours and the same time period for the rectification get

(c) The Materials including RMU, Cables, ABS & DOF and transformers are sourced only from only very reputed manufacturers to ensure the quality and reliability of the product.

4.46 The Petitioner has submitted that it will provide detail break up of installation charges to the new consumers for their concurrence prior to the start of the job as suggested by the objector and the Commission.

Views of the Commission

4.47 While the Commission acknowledges that the Petitioner might be forced to charge higher installation charges to ensure quality and reliability of the work carried out, the Commission directs the Petitioner to provide the detailed break-up of installation/supervision charges to new consumers prior to taking up the installation work.

Limited availability of power

Public Comments/Suggestions

4.48 JUSCO is not providing power supply on demand as they have limited availability of power.

Petitioner's Response

4.49 The Petitioner submitted that it is trying to tie up for its power requirement from DVC and also from other possible sources. Presently, the Petitioner's system is not connected with any STU or CTU system. The only connectivity is through Tata Steel Network. The Petitioner has approached DVC for its connectivity as well as power from DVC. Once the connectivity is established and DVC starts supplying power, the Petitioner shall be in a position to source more power for the area.

Views of the Commission

4.50 The Commission is of the view that the Petitioner should look for other sources for procuring power apart from DVC and TSL and or should increase the power purchased from the existing source within reasonable cost.

Supervision and other related charges

Public Comments/Suggestions

4.51 The following are the relevant comments/ suggestions of the public:

(a) The Petitioner has filed the ARR and tariff petition for FY 2010-11 with an intention to enhance the rate in all the categories on the basis of their own methodology.

(b) The proposal filed before the Commission for raising and admitting the ARR is totally wrong and not acceptable since the rate of tariff will either be at par with JSEB or below.

(c) The Petitioner is earning more revenue from non-tariff income than the other utilities and the meter rent being charged is not at all dependent on the actual cost of the meter. The Petitioner is charging supervision cost which is fixed by them and also the installation work is executed by the utility but the supervision charges are realised from the consumers.

(d) According to the electricity supply code regulations 2005, chapter 3, para 3.2.4 the utility cannot realize the supervision charges from the consumers unless the extension work is carried out by the customer and if at all the amount is chargeable the utility must provide the details as to how and why this charge is realised

(e) The utility is realizing the installation charges according to the rate decide by them. The installation charges are realised as per fixed per kVA rate and not on actual expenses incurred for the extension or installation.

(f) The Petitioner must follow the direction given by the Commission under Electricity supply Code Regulations 2005, chapter 17 otherwise the direction given by the Commission will be disregarded.

(g) The issue of excess installation charges was raised last year as mentioned

(h) The Commission should direct the Petitioner to provide break up of the installation charges item-wise.

(i) In case of enhancement of load, the utility charges are same as realised at the time of initial connection. The utility must charge for the extra material used for upgrading the system.

(j) The utility should not be given the liberty to decide on the installation charges on their own rather they should follow the direction of the Commission. (Regulation 17, chapter 3.2)

(k) The tariff structure of JSEB should be followed and the rates should be similar, if not less.

(l) The rates for JUSCO should not be higher than that of JSEB else the consumers of JUSCO will suffer.

(m) The present petition is purely preliminary in nature and further opportunity for filing a complete and detail objection may be allowed.

Petitioner's Response

4.52 The Petitioner has offered the following responses on the above comments/suggestions:

(a) The Petitioner has submitted that the revenue requirement proposed by the Petitioner is to meet the cost of supply of electricity to the consumers and the petition has been filed in accordance with the principles and guidelines contained in the Electricity Act, 2003, National Tariff Policy and the National Electricity Policy notified by the Central Government. Furthermore, the provisions of the Section 61 (g) of the Electricity Act, 2003 state that the Appropriate Commission should be guided by the objective that the tariff shall progressively reflect the efficient and prudent cost of supply of electricity. In line with the above provision, the National Tariff Policy also states that the tariffs should be within ± 20% of the average cost of supply. Based on the above, the Tariff proposal has been formulated with an endeavour to progressively approach towards the average cost of supply for majority of consumer categories.

The Petitioner has also submitted that it has filed the ARR and tariff petition for FY 2010-11 as per the tariff regulations and methodology adopted and approved by the Commission and it is incorrect to say that methodologies adopted by JUSCO for computation are its own.

(b) The Petitioner has stated that it has filed its ARR under provisions of Section 45, 46, 61, 62, 64 and 86 of the Electricity Act, 2003 and also under the distribution tariff regulations of the Hon'ble Commission. The tariff of JUSCO, being a distribution licensee shall be guided towards recovery of ARR being approved by the Hon'ble Commission and the contention of the Petitioner that JUSCO's tariff shall either be at par or lower than that of JSEB is not correct.

(c) The Petitioner has submitted that the meter rent being charged by it is comparable to the other utilities in the state and other parts of the country and is based on the recovery of meter cost within its useful life. The Petitioner would further like to submit that it is not in any way deriving any additional benefit from the non-tariff income including meter rent and supervision charges being collected from its consumers. The whole of the Non-Tariff Income is being subtracted from the Annual Revenue Requirement, thereby reducing the gap to that extent and effectively resulting in paying back the complete benefit to its consumers.

(d) The Petitioner has submitted that as directed by the Hon'ble Commission in the course of public hearing, it will provide the detailed break-up of installation/supervision charges to the new consumers prior to taking up the work of installation and will also take their concurrence prior to start of the work of installation of electrical equipment and line to provide the power connection to consumer. The supervision charges is being levied by the Petitioner for the supervision efforts being provided by the officers of the Petitioner for installation work specific to the Consumer and is based on the volume of the work required to be done for particular consumer connection.

(e) The Petitioner has submitted that the methodology of charging an average rate based on per kVA of load consumers going to get connected in the same distribution ring was devised so that each consumer pays the proportionate cost of the distribution line being made for them.

The Petitioner has submitted that its network is under development and efforts are taken to ensure that the network development is done in such a way that it does not burden any specific consumer. As the power supply is being given from a distribution ring, the cost of ring is recovered from all the consumers who will be given power supply from that particular ring. However, there might have been some gap in communication related to charging of installation charges with some of the consumers and therefore will provide the detailed breakup of cost of installation to the new consumers to their satisfaction.

The Petitioner submits that the method was devised to remove any likely arbitrariness in the charges so as not to put any prospective consumer in any advantage or disadvantage w.r.t. to another. The higher installation charges of the Petitioner is attributable to its high quality equipment and design to ensure an unparallel quality power supply with minimum interruptions and break-downs, one of the lowest T&D loss in the country, the benefit of which has been derived by its consumers as evident from the fact that the Petitioner has been able to achieve more than 99% of power availability on a regular basis, its losses are lower than the best utilities in the country and the benefit of lower T&D losses are being derived by the consumers.

The Petitioner has submitted that it is not deriving any benefit (like depreciation on Fixed Assets, Return on Normative Equity, Interest on Normative Loan, etc.) from the installation charges being contributed by its consumers as the same is being separately treated as Consumer Contribution in the ARR.

(f) The Petitioner has stated that it has already submitted the existing and proposed schedule of miscellaneous charges to the Commission and requested the Commission to pass on the necessary orders as appropriate. The issue of installation charges has already been dealt in the above para.

(g) The Petitioner submitted that the meter security as collected from the consumers is refundable money and is kept only as security amount for the meter. The meter rent is levied for recovery of meter and its associated maintenance cost during the entire lifespan of the meter.

(h) The Petitioner submits that it will provide the detail of installation/supervision charges being collected from its new consumers opting for power supply.

(i) The Petitioner has submitted that enhancement of load requires modification in the system and also consuming the left capacity in the distribution network for which the consumer has not paid initially. The fact that there is excess capacity left in the distribution network should not form the basis for any consumer to overdraw and then apply for load enhancement without paying any installation charges.

As explained earlier, the installation charges are based on the principle of recovering of cost of the network commensurate to the capacity being utilized by the consumer and therefore for any load extension such charges are levied to the consumer. The Petitioner however submits to the Commission that it will provide the full detailed breakup of such charges being levied to the consumers as desired prior to taking up the work of such extension. At this point of time, it is pertinent to note that the load sanction for HT and LTIS consumers is done by JUSCO based on the load applied only after a prudent check by the Licensee as against the connected load basis which is being followed by other licensee.

The Connected load in most of the system remains in the range of 1.5 to 2.0 times and that is why the installation charges when being seen for per kVA appears to be relatively high/ inflated.

(j) Already replied in the above para (e) above.

(k) The Petitioner has submitted that the contention of the Respondent that tariff of two licensees cannot be different is not correct. The tariff of a licensee shall necessarily reflect the cost structure approved by the appropriate commission. Even in case of Mumbai, where two licensees are being allowed to operate in the same area, the tariff has not been the same. The Hon'ble Commission may be guided by provisions of Section 62(1) the Electricity Act, 2003, under which a maximum ceiling of tariff for retail sale of electricity in the licensed area may be fixed. The Petitioner submits to the Hon'ble Commission that though the guiding principles for all distribution licensees shall be same, the tariff shall be determined in the light of difference in cost structures and other matters like unavailability of subsidy/grants to JUSCO, to name a few. The Petitioner also submitted to Commission that it doesn't get any Grant, Subsidy etc. from the Govt. of Jharkhand and therefore its entire business will have to survive on its own. In view of the same, the Petitioner has requested the Commission to pass on appropriate orders.

(l) The Petitioner has already submitted its response in Point No. a), b) and c) above.

(m) The Petitioner submits that this point does need any clarification from them.

Views of the Commission

4.53 As mentioned above, the Commission had after due deliberation, fixed the other charges and rebates for JSEB in its tariff order of FY 2009-10.

4.54 The Commission in principles agrees that though the two licensees in the revenue district of Saraikela-Kharasawan can have differential retail tariffs, the Commission would like to ensure level playing field for the parallel licensees by maintaining similar tariff structure for both for the time being.

A5: TRUING-UP EXERCISE FOR FY 2007-08 AND FY 2008-09

5.1 The Petitioner has sought approval for the truing-up of expenditure and revenue based on the actual expenditure and revenue for FY 2007-08 and FY 2008-09, as per the audited accounts.

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 2007-08 and FY 2008-09 and has undertaken the truing-up exercise of various components after a prudence check.

5.3 There were certain figures for FY 2007-08 and FY 2008-09 which were not directly reflected in the audited annual accounts. Therefore, the Commission has verified various elements based on the details provided by the Petitioner with the petition of FY 2010-11.

5.4 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

5.5 The Petitioner has submitted that the figures for energy sales, distribution loss and power purchase projected in the previous petition, approved by the Commission as well, as per annual accounts are identical except for some negligible difference in the figures of distribution loss in FY 2007-08 on account of rounding off of sales units.

Commission's analysis

5.6 As per the audited accounts for FY 2007-08 and FY 2008-09, quantum of power purchased by the Petitioner in FY 2007-08 and 2008-09 was 4.41 MU and 38.39 MU respectively and the units sold by the Petitioner for FY 2007-08 and FY 2008-09 were 4.39 MU and 37.15 MU respectively. Hence, for the purposes of truing-up for units sold, distribution loss and power purchase, the Commission has taken these figures into account.

5.7 The Table 6 details the energy sales, distribution losses and power purchase as submitted by the Petitioner and approved by the Commission for truing up of FY 2007-08 and FY 2008-09:

Table 6: Submitted and approved quantum of power purchase/sale for FY 2007-08 & FY 2008-09 (in MUs)

Energy Balance (in MUs)	FY 2007-08		FY 2008-09	
	Submitted by JUSCO	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*
Energy Requirement (MUs)				
Total Energy Sales	4.39	4.39	37.15	37.15
Overall distribution loss (%)	0.54%	0.49%	3.24%	3.24%
Overall distribution loss (MUs)	0.02	0.02	1.24	1.24
Total Energy Requirement	**4.41**	**4.41**	**38.39**	**38.39**

Power Purchase Cost

Petitioner's submission

5.8 The Petitioner has submitted that the Commission in its previous Tariff Order for FY 2009-10 had determined the power purchase rate at the average power purchase cost of Tata Steel limited. Accordingly, the Commission had fixed the average power purchase rate of the Petitioner for FY 2007-08 and FY 2008-09 at Rs 2.64 per kWh and Rs 2.85 per kWh.

Commission's analysis

5.9 The Commission in its previous Tariff Order for FY 2009-10 had approved an average power purchase rate of Rs. 2.64 per kWh for FY 2007-08 and Rs 2.85 per kWh for FY 2008-09. Based on the approved average power purchase rate, the Commission approves the power purchase cost as Rs 116.52 Lakhs for FY 2007-08 and Rs 1094.49 Lakhs for FY 2008-09.

5.10 The Table below details the power purchase cost submitted by the Petitioner and approved by the Commission for FY 2007-08 and FY 2008-09:

Table 7: Power Purchase Cost (Rs. Lakhs) for FY 2007-08 & FY 2008-09

Particulars	FY 2007-08		FY 2008-09	
	Submitted by JUSCO	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*
Power purchased from TSL (in MUs)	4.41	4.41	38.39	38.39
Power purchased from DVC	0.00	0.00	0.00	0.00
Total	4.41	4.41	38.39	38.39
Cost per kWh	2.64	2.64	2.85	2.85
Power purchase cost (in Lakhs)	117	116.52	1094	1094.49*

* The amount approved by the Commission appears to be marginally higher than the amount submitted by the Petitioner in some cases. This is due to the fact that the Petitioner in the tariff petition has submitted the rounded off figures whereas the Commission has taken the figures directly from the accounts.

Operation and Maintenance expenses

Petitioner's submission

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

5.12 For FY 2007-08, the Petitioner has submitted that the Commission in its previous Tariff Order for FY 2009-10 had calculated the O&M expenses of Rs 46 Lakhs and deducted Rs 1 Lakhs on account of capitalisation of A&G expenses thereby approving the O&M cost of Rs 45 Lakhs. However, the total O&M expenses as per the audited accounts are Rs. 40.91 Lakhs only.

5.13 For FY 2008-09, the Petitioner has submitted that the Commission in its previous Tariff Order for FY 2009-10 had calculated the O&M expenses of Rs 251 Lakhs and deducted Rs 15 Lakhs on account of capitalisation of A&G expenses thereby approving the O&M cost of Rs 236 Lakhs. However, the total O&M expenses as per the audited accounts are Rs. 245 Lakhs.

Commission's analysis

5.14 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

5.15 For FY 2007-08, the Commission approves the net employee cost of Rs. 22.37 Lakhs based on the information submitted by the Petitioner and the same has also been verified from the audited accounts of FY 2007-08.

5.16 For FY 2008-09, the Commission has verified employee cost from the audited accounts submitted the Petitioner and thereby approves the net employee cost of Rs 133.33 Lakhs.

5.17 The Table 8 summarises the employee cost submitted by the Petitioner and approved by the Commission for FY 2007-08 and FY 2008-09.

Table 8: Submitted and Approved Employee Costs for FY 2007-08 & FY 2008-09 (Rs. Lakhs)

Employee Cost	FY 2007-08		FY 2008-09	
	Submitted by JUSCO	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*
No. of Employees	12	12	23	23
Salary (Basic)	-	-	33.09	33.09
Sp. Allowance	-	-	14.78	14.78
Wages & Other Charges	-	-	15.54	15.54
HRA	-	-	2.87	2.87
Conveyance	-	-	2.78	2.78
Reimbursement- Chauffeur	-	-	0.33	0.33
LTA	-	-	1.20	1.20
Leave Salary	-	-	2.53	2.53
Superannuation Fund	-	-	2.77	2.77
Cont. to PF	-	-	3.20	3.20
Cont. to TEPS	-	-	0.11	0.11
Gratuity	-	-	3.37	3.37
Med. Exp.	-	-	-	-
Other	-	-	-	-
Employee Cost (Direct)	-	-	**82.57**	**82.57**
Common Cost of JUSCO	22.38	22.37	63.55	63.55
Gross Employee Cost	**22.38**	**22.37**	**146.11**	**146.12**
Less: Capitalized			*12.70*	*12.79*
Net Employee Cost	**22.38**	**22.37**	**133.42**	**133.33**

Administrative and General Expenses

5.18 Having verified the A&G cost from audited accounts of FY 2007-08, the Commission approves the A&G cost of Rs.18.53 Lakhs as submitted by the Petitioner.

5.19 For FY 2008-09, the Petitioner has claimed surcharge on electricity duty as an expense in A&G costs. The Commission had sought clarification on the same from the Petitioner but did not find the information submitted by it satisfactory. Accordingly, the Commission has not allowed surcharge on electricity duty to be included in A&G expenses in this Tariff Order.

However, if adequate information along with documental evidence is furnished by the Petitioner confirming that surcharge on electricity duty is to be paid by the consumer, the Commission shall retrospectively allow the same in the next Tariff Order of FY 2011-12.

5.20 After verifying the A&G cost from the audited accounts the Commission approves the net A&G cost of Rs 73.83 Lakhs for FY 2008-09.

5.21 The table below summarises the Administrative and General expenses submitted by the Petitioner and approved by the Commission for FY 2007-08 and FY 2008-09.

Table 9: Submitted and Approved A&G Expenses for FY 2007-08 & FY 2008-09

Description	FY 2007-08		FY 2008-09	
	Submitted by JUSCO	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*
Legal and regulatory Charges			10.36	10.36
Consultancy Charges/ Retainer Fees			0.01	0.01
Travelling Exp			1.88	1.88
Printing & Stationery			0.02	0.02
Donation			0.80	0.80
Advertisement				
Office maintenance			0.30	0.30
Telephone & Mobile Exp			-	-
Fees & Subscription			-	-
Insurance Premium			-	-
Entertainment	0.47	0.47	0.23	0.23
Pvt. Security Guards/ Home Guards	0.02	0.02	3.18	3.18
Miscellaneous Exp.			0.04	0.04
Training	0.02	0.02	-	-
Bank Charges			0.05	0.05
Vehicle Hire Expenses			0.92	0.92
Rent, Rates & Taxes			0.42	0.42
Expenses on CGRF			-	-
Surcharge on electricity duty			12.26	0.00
Intelligent Meter Reading			-	-
Total A&G Cost (Direct)	0.51	0.51	30.47	18.21
Common Cost of JUSCO	18.02	18.02	55.63	55.63
Gross A&G Cost	18.53	18.53	86.10	73.84
Less: Capitalised	-	-	-	-
Net A&G Cost	**18.53**	**18.53**	**86.10**	**73.84**

Repair and maintenance expenses

5.22 The Petitioner neither incurred nor claimed any R&M expenses for FY 2007-08. Accordingly, the Commission has not allowed any R&M expenses for the said year.

5.23 For FY 2008-09, the Commission approves the R&M expenses of Rs. 25.37 Lakhs submitted by the Petitioner and the same has also been verified from the audited annual accounts.

5.24 The Table 10 summarises the R&M expenses submitted by the Petitioner and approved by the Commission for FY 2007-08 and FY 2008-09.

Table 10: Submitted and Approved R&M Expenses for FY 2007-08 & FY 2008-09 (Rs. Lakhs)

Particulars	FY 2007-08		FY 2008-09	
	Submitted by JUSCO	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*
Plant & Machinery	0	0	24.22	24.224
Building & Civil Works	0	0	0.03	0.033
Office Equipments	0	0	1.11	1.113
Total R&M expenses	0	0	25.37	25.37

5.25 The total O&M expenses submitted and approved for FY 2007-08, FY 2008-09 is summarized in the table given below.

Table 11 : Submitted and Approved O&M Costs for FY 2007-08 & FY 2008-09 (Rs. Lakhs)

Components	FY 2007-08		FY 2008-09	
	Submitted by JUSCO	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*
Employee Cost	22.38	22.37	133.42	133.33
A&G Expenses	18.53	18.53	86.10	73.83
R&M Expenses	0	0	25.37	25.37
Total O&M Expenses	**40.91**	**40.91**	**244.89**	**232.53**

CWIP & Gross Fixed Asset

Petitioner's submission

5.26 The Petitioner has submitted that the figures of GFA and CWIP for FY 2007-08 are same as projected by the Petitioner in the previous petition and approved by the Commission in its previous Tariff Order and requested the Commission to revise the figures as per the audited annual accounts for FY 2007-08.

5.27 The Petitioner has submitted that in FY 2008-09, there is some difference in the capital expenditure incurred during the year although the amount of fixed assets capitalised and closing GFA is the same as approved by the Commission and requests the Commission to revise the figures as per the audited annual accounts.

5.28 The Table 12 details the figures submitted by the Petitioner for CWIP and Gross Fixed Assets for FY 2007-08 and FY 2008-09.

Table 12 : Submitted CWIP and GFA for FY 2007-08 and FY 2008- 09 (Rs. Lakhs)

Particulars	FY 2007-08	FY 2008-09
Capital Work in Progress (CWIP)		
Opening CWIP	-	2163
Capex during the FY	5084	3223
Total CWIP	5084	5386
Less: transferred to GFA	2921	4260
Closing CWIP	2163	1126
Gross Fixed Assets (GFA)		
Opening GFA	-	2921
Transferred from CWIP	2921	4260
Closing GFA	**2921**	**7181**

Commission's analysis

5.29 For FY 2007-08, the Commission did not find any variation between the figures approved in previous Tariff Order for FY 2009-10 and as per the audited accounts submitted by the Petitioner. Therefore, the Commission approves the same figures as were approved in the Tariff Order of FY 2009-10.

5.30 In FY 2008-09, the Petitioner has not considered interest capitalised as a part of closing CWIP. Therefore, the Commission approves the same figures as were approved in the previous Tariff Order of FY 2009-10.

5.31 The table below summarises the CWIP and GFA approved by the Commission for FY 2007-08 and 2008-09.

Table 13: Approved CWIP and GFA for FY 2007-08 & FY 2008-09 (Rs. Lakhs)

Particulars	FY 2007-08	FY 2008-09
Capital Work in Progress (CWIP)		
Opening CWIP	-	2162.89
Capex during the FY	5084.24	3263.66
Total CWIP	5084.24	5426.56
Less: transferred to GFA	2921.35	4259.84
Closing CWIP	2162.89	1166.72
Gross Fixed Assets (GFA)		
Opening GFA	-	2921.35
Transferred from CWIP	2921.35	4259.83
Closing GFA	**2921.35**	**7181.18**

Depreciation

Petitioner's submission

5.32 The Petitioner has submitted that it has adopted the similar approach for calculating the net depreciation as was adopted by the Commission in its previous Tariff Order for FY 2009-10 and has arrived at a net depreciation of Rs 29 Lakhs as against Rs 28 Lakhs approved by the Commission for FY 2007-08. The difference of Rs. 1 Lakh is on account of a classification error in the petition for FY 2009-10.

5.33 For FY 2008-09, the Petitioner has submitted that it has calculated the net depreciation of Rs 241 Lakhs after deducting Rs 42 Lakhs on account of depreciation on assets created out of consumer contribution while the Commission had approved a net depreciation of Rs 237 Lakhs after deducting Rs 39 Lakhs on account of depreciation created out of consumer contribution in the Tariff Order of FY 2009-10.

Commission's analysis

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

5.35 Out of the total depreciation as calculated above, the proportionate depreciation on the assets created out of consumer contribution is deducted to arrive at the permissible depreciation. Accordingly, the Commission approves depreciation charge of Rs. 28.23 Lakhs for FY 2007-08 and Rs. 238.90 Lakhs for FY 2008-09.

5.36 The Table 14 details the depreciation cost as submitted by the Petitioner and approved by the Commission for FY 2007-08 and FY 2008-09.

Table 14: Submitted and Approved Depreciation Costs for FY 2007-08 & FY 2008-09 (Rs Lakhs)

Particulars of Assets	Approved Depreciation Rate	Depreciation Cost (Rs. Lakhs)			
		FY 2007-08		FY 2008-09	
		Submitted by JUSCO	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*
Land Development	0.00%	0.00	0.00	0.00	0.00
Offices & Showroom	3.02%	0.02	0.00	9.88	9.88
Other Buildings	3.02%	0.09	0.09	0.18	0.18
Transformers	7.81%	4.20	4.17	42.47	42.43
Switchgear including cable connections	7.84%	16.02	15.94	104.03	103.96
Underground cable	5.27%	7.30	7.23	56.80	56.75
Overhead Lines < 66kv (LT)	7.84%	0.00	0.00	0.27	0.26
Overhead Lines > 66kv	5.27%	0.90	0.90	51.20	51.19
Meters	12.77%	0.00	0.00	1.13	1.13
Self propelled vehicles	33.40%	0.72	0.72	0.96	0.96
Air conditioner (portable)	33.40%	0.00	0.00	0.05	0.05
Office furniture & fittings	12.77%	0.08	0.08	0.35	0.35
Office Equipments	12.77%	0.06	0.04	2.09	2.09
Street Light fittings	12.77%	0.00	0.00	0.02	0.02
Communication System	12.77%	0.00	0.00	0.02	0.02
Data Processing Machine	12.77%	0.01	0.01	0.94	0.94
Software	9.00%	1.20	1.20	2.96	2.96
Other Assets	Different rates	3.27	2.15	6.91	4.64
Depreciation Charges		**33.88**	**32. 54**	**280.27**	**277.81**
Add: Dep. on assets added during FY10		-	-	-	-
Less: Depreciation on assets created out of consumer contribution		**4**	4.31*	39	38.91*
Net Depreciation Charges		**29.88**	**28.23**	**241.27**	**238.90**

* The amount approved by the Commission appears to be marginally different from the amount proposed by the Petitioner due to the fact that the Petitioner in its tariff petition has submitted the rounded off figures while the Commission has calculated all figures up to two decimal places.

Interest and Other Finance Charges

Interest on Loan

Petitioner's submission

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

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

5.39 The Petitioner states that normative interest rate has been taken at 12.75%, which is equivalent to SBI PLR of 12.25% as on 1st April 2009 plus additional 0.50% for the risk margin and the normative interest is calculated on the average balance of the loan during the said year.

5.40 Based on normative debt as described above, the interest charge on debts and security deposits for FY 2007-08 and FY 2008-09 have been computed by the Petitioner to be Rs. 114 Lakhs and Rs. 396 Lakhs respectively.

Commission's analysis

5.41 In accordance with the 'Distribution Tariff Regulations, 2004', the Commission has computed the normative loan for the year equal to 70% of the closing GFA. The GFA has been considered net of consumer contribution. Normative repayment is deemed to be equal to the depreciation charge during the year.

5.42 In accordance with the 'Distribution Tariff Regulations, 2004', interest on normative loan has been calculated on the average normative loan as outstanding during the year at the interest rate of 12.75%.

5.43 The Petitioner in the tariff petition of FY 2010-11 has submitted that FY 2007-08 was the first financial year of operations of its electricity distribution business in Saraikela-Kharasawan and the operation was carried out for seven months. Therefore, the Commission has calculated interest on loan for seven months and thereby approved an interest cost of Rs 64.76 Lakhs for FY 2007-08.

5.44 The normative interest amount approved by the Commission for FY 2008-09 amounts to Rs. 366.81 Lakhs.

Interest on Security Deposits

Petitioner's submission

5.45 The Petitioner is paying interest on security deposits of consumers at the rate of 6% p.a. The Petitioner mentions Rs. 3 Lakhs and Rs. 29 Lakhs as the interest on consumers' security deposits for FY 2007-08 and FY 2008-09 respectively.

Commission's analysis

5.46 Based on the audited accounts submitted by the petitioner, the Commission has approved the interest on security deposit of Rs. 2.82 Lakhs and Rs. 29.37 Lakhs for the FY 2007-08 and FY 2008-09 respectively. As per the analysis of the Commission detailed above, the net Interest and Finance Charges for the FYs 2007-08 and 2008-09 are approved as follows:

Table 15: Submitted and Approved Interest and Other Finance Charges for FY 2007-08 & FY 2008-09

Particulars	FY 2007-08		FY 2008-09	
	Submitted by JUSCO	***Approved by JSERC***	***Submitted by JUSCO***	***Approved by JSERC***
Interest on Loan	111	64.76	366	366.81
Interest on Security Deposits	3	2.82	29	29.37
Total Interest & Finance Charges	114	67.58	396	396.19*

* The amount approved by the Commission appears to be marginally higher than the amount submitted by the Petitioner due to the fact that the Petitioner in the tariff petition has submitted the rounded off figures while the Commission has calculated all figures up to two decimal places.

Return on Equity (RoE)

Petitioner's submission

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

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

5.49 Based on the above methodology, the RoE computed by the Petitioner for FY 2007-08 and FY 2008-09 is Rs.31 Lakhs and Rs.183 Lakhs respectively.

Commission's analysis

5.50 In accordance with the 'Distribution Tariff Regulations, 2004', the Commission has considered the equity base to be equal to 30% of gross fixed assets net of consumer contribution.

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

5.52 Accordingly, the Commission approves RoE amounting to Rs.31.04 Lakhs for FY 2007-08 and, Rs.182.90 Lakhs for FY 2008-09.

5.53 The table below details the Return on Equity submitted by the Petitioner and approved by the Commission for FY 2007-08 and FY 2008-09.

Table 16: Submitted and Approved Return on Equity for FY 2007-08 & FY 2008-09 (Rs Lakhs)

Return on Equity	FY 2007-08		FY 2008-09	
	Submitted by JUSCO	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*
Normative Equity Base (Rs. Lakhs)	380	380.14	1306	1306.46
Rate of Return (%)	14%	14%	14%	14%
Return on Equity (Rs. Lakhs)	31	31.04*	183	182.90

* The amount approved by the Commission appears to be marginally higher than the amount submitted by the Petitioner due to the fact that the Petitioner in the tariff petition has submitted the rounded off figures while the Commission has calculated all figures up to two decimal places.

Income Tax

Petitioner's submission

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

5.55 The Petitioner has submitted that for FY 2007-08, the tax liability is computed to be NIL as was approved by the Commission in the previous Tariff Order for FY 2009-10.

5.56 For FY 2008-09, the Petitioner has calculated the income tax to be Rs 7 Lakhs as against NIL approved by the Commission in the previous Tariff Order of FY 2009-10.

Commission's analysis

5.57 The Commission does not approve any amount against income tax as submitted by the Petitioner for FY 2007-08 and FY 2008-09 since as per the analysis, the normative taxable income for both the years is negative.

5.58 The detailed break-up for the computation of income tax as submitted by the Petitioner and approved by the Commission for FY 2007-08 and FY 2008-09 is summarised in the Table 17.

Table 17: Submitted and Approved Income Tax for FY 2007-08 and FY 2008- 09 (Rs. Lakhs)

Return on Equity	FY 2007-08		FY 2008-09	
	Submitted by JUSCO	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*
Return on Equity	31	31.04*	183	182.90
Income Tax rate	33.99%	33.99%	33.99%	33.99%
Gross ROE	47	47.03*	277	277.09*
Depreciation as per ARR	34	28.23	280	238.90
Depreciation as per IT	(238)	(237.90)	(903)	(902.63)
Normative interest on Loan	111	64.76	366	366.81*
Taxable income	(46)	(97.88)	21	(19.83)
Income tax	0.00	0.00	7	0.00

* The amount approved by the Commission appears to be marginally higher than the amount submitted by the Petitioner due to the fact that the Petitioner in the tariff petition has submitted the rounded off figures while the Commission has calculated all figures up to two decimal places.

Non Tariff Income (NTI)

Petitioner's submission

5.59 The Non-Tariff Income includes Meter Rent, DPS and Supervision Charges and Miscellaneous Income.

5.60 The Petitioner has submitted that the amount of non-tariff income for FY 2007-08 stands unchanged at Rs 29.86 Lakhs as was approved by the Commission in the previous Tariff Order for FY 2009-10. However for FY 2008-09, the final figure as per audited accounts is Rs 26.17 Lakhs as against Rs 28 Lakhs approved by the Commission in the previous Tariff Order.

Commission's analysis

5.61 The non-tariff income submitted by the Petitioner and approved by the Commission for FY 2007-08 and FY 2008-09, as per the audited accounts, is given in the table below.

Table 18: Submitted and Approved NTI for FY 2007-08 & FY 2008-09 (in Lakhs)

Particulars	FY 2007-08		FY 2008-09	
	Submitted by JUSCO	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*
Meter Rent	0.23	0.23	1.46	1.46
Delayed Payment Surcharge			1.14	1.14
Misc. Income			1.40	1.40
Supervision Charges	29.63	29.63	22.17	22.17
Total Income	**29.86**	**29.86**	**26.17**	**26.17**

Revenue from existing tariff

Petitioner's submission

5.62 The Petitioner has submitted that the revenue from sale of power as per audited annual accounts is Rs 205 Lakhs and the same has been approved by the Commission in the previous Tariff Order of FY 2009-10. However, for FY 2008-09, the figure of revenue from sale of power as per audited accounts is Rs. 1064 Lakhs which is slightly higher than the corresponding figure of Rs 1686 Lakhs approved by the Commission in the previous Tariff order of FY 2009-10.

Commission's Analysis

5.63 The Commission approves the revenues from existing tariff at Rs 204.79 Lakhs for FY 2007-08 and Rs 1693.86 Lakhs for FY 2008-09 as these are as per the annual audited accounts submitted by the Petitioner.

Summary of ARR and Revenue Gap for FY 2007-08 & FY 2008-09

5.64 The following table contains the summary of ARR and revenue gap as submitted by the Petitioner and approved by the Commission for FY 2007-08 & FY 2008-09.

Table 19: Summary of Annual Revenue Requirement (Rs. Lakhs) for FY 2007-08 and FY 2008-09

Annual Revenue Requirement	FY 2007-08		FY 2008-09	
Costs	*Submitted by JUSCO*	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*
Power Purchase Cost	117	116.52	1094	1094.49
O&M Cost	40.91	40.91	244.89	232.53
Employee Cost	*22.38*	*22.37*	*133.42*	*133.33*
R&M Cost	-	-	*25.37*	*25.37*
A&G Cost	*18.53*	*18.53*	*86.1*	*73.84*
Depreciation	29.88	28.23	241.27	238.9
Interest & Financing Charges	114.00	67.58	396	396.19
Income Tax	-	-	7	-
Total Cost	301.79	**253.23**	**1984**	**1962.11**
Add: Reasonable Return	31.00	31.04	183	182.9
Less: Non Tariff Income	29.86	29.86	26.17	26.17
Annual Revenue Requirement	302.00	**254.42**	**2141**	**2118.84**
Revenue@ Existing Tariff	205.00	204.79	1694	1693.86
Revenue (Gap)/Surplus	**(97.00)**	**(49.63)**	**(447)**	**(424.98)**

A6: REVISED ESTIMATES FOR FY 2009-10

6.1 This section deals with the provisional truing-up exercise for FY 2009-10 based on the provisional accounts and other additional information submitted by the Petitioner.

Energy Sales

Petitioner's submission

6.2 The Petitioner had projected sales of 71.82 MUs in the preceding tariff petition which was subsequently approved by the Commission vide Tariff Order FY 2009-10. However, the actual sale of power as per provisional accounts of the Petitioner is higher at 126.65 MUs. The Petitioner has attributed the higher sales to better than expected industrial growth and higher demand for power, especially from the HT industrial category.

Commission's analysis

6.3 The Commission has scrutinized the category wise sales and connected load submitted by the Petitioner with the provisional accounts and approves total sales of 126.65 MUs, which shall be trued-up when the annual audited accounts for FY 2009-10 are made available to the Commission.

6.4 The category wise sales approved by the Commission are given below.

Table 20: Submitted and Approved quantum of sales (Thousands Units) for FY 2009-10

Energy Sales (Thousands Units)		
Category	*Submitted by JUSCO*	*Approved by JSERC*
Domestic - DS I	-	-
Domestic - DS II	22	22
Domestic - DS III	491	491
Domestic - DS HT	1431	1431
Non Domestic - NDS I	-	-
Non Domestic - NDS II	594	594
Low Tension LTIS I	1626	1626
IAS I	-	-
HTS 11 KV	46633	46633
HTS 33 KV	73489	73489
HTSS 11 KV	489	489
HTSS 33 KV	1876	1876
Total units	126651	126651
Total sales (in MUs)	**126.65**	**126.65**

Energy Balance

Petitioner's submission

6.5 The Petitioner submitted that the energy balance for FY 2009-10 is based on the actual energy purchase, energy sales and corresponding energy losses as submitted by the Petitioner in the petition and additional data submitted to the Commission.

6.6 The Petitioner is currently sourcing power from Tata Steel Ltd at three different voltage levels namely, 132 kV at Jojobera, 33kV at Golmuri and 6.6 kV at S-11 source at Jamshedpur. The Petitioner was unable to procure power from DVC as had been submitted by the Petitioner in the preceding tariff petition.

6.7 The Petitioner has submitted a provisional distribution loss of .96% for FY 2009-10, resulting in total energy requirement of 127.88 MUs.

Commission's analysis

6.8 After due scrutiny of the provisional accounts and bills raised by Tata Steel Ltd on the Petitioner, the Commission approves a total power purchase of 127.88 MUs.

6.9 The Commission also accepts the distribution loss of 1.22 MUs (0.96% of total power purchased) as submitted by the Petitioner, since it is much less than the target of 5% fixed by the Commission in the previous Tariff Order for FY 2009-10.

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

Table 21: Submitted and approved quantum of power purchase/sale for FY 2009-10

Energy Balance (in MUs)	FY 2009-10	
	Submitted by JUSCO	*Approved by JSERC*
Total Energy Sales	126.65	126.65
Overall distribution loss (%)	0.96%	0.96%
Overall distribution loss (MUs)	1.22	1.22
Total Energy Requirement	**127.88**	**127.88**
Power purchase from TSL -		
132 Kv	99.06	99.06
33 Kv	27.06	27.06
6.6 kV	1.76	1.76
Total Energy Availability	**127.88**	**127.88**

Power Purchase Cost

6.11 The Commission had approved power purchase from Tata Steel Ltd (TSL) at the rate of Rs 2.91 per kWh for FY 2009-10.

6.12 Given the escalation in fuel prices and information made available to the Petitioner by TSL, the Petitioner expects the provisional power purchase cost of TSL for FY 2009-10 to be Rs. 3.02 per kWh.

6.13 The following table contains power purchase cost submitted by the Petitioner for FY 2009-10.

Table 22: Submitted Power Purchase Cost for FY 2009-10

Sources	Units Purchased (MUs)	Amount (Lakhs)	Cost per Unit
Tata Steel Limited			
132 kV	99.06	2992	3.02
33 kV	27.06	817	3.02
6.6 kV	1.76	53	3.02
Total	**127.88**	**3862**	**3.02**

Commission's analysis

6.14 The Commission has scrutinised the power purchase of the Petitioner from TSL and approves purchase of 127.88 MUs as per the provisional accounts for FY 2009-10.

6.15 The Commission has observed that there has been an increase in the power purchase cost of the Petitioner on account of increase in the Generation Tariff of TPCL to TSL, which has resulted in the increase of power purchase cost to the Petitioner. However, TSL did not file the petition in time, due to which the Commission has to determine the tariff of the Petitioner before the same is done for TSL. Accordingly, the Commission does not have enough data to validate the claims of the Petitioner of Rs. 3.02/kWh as the power purchase rate from TSL.

6.16 For the time being, the Commission has decided to provisionally approve the power purchase at the rate of Rs. 3.02/kWh, as submitted by the Petitioner subject to truing up in the subsequent tariff order as per the determination of actual power purchase rate on the basis of information to be provided by TSL.

6.17 The Table 23 details the power purchase cost approved by the Commission for FY 2009-10.

Table 23: Approved Power Purchase Cost for FY 2009-10

Sources	Units Purchased (MUs)	Cost (Lakhs)	Cost per Unit
Tata Steel Limited			
132 kV	99.06	2991.84	3.02
33 kV	27.06	817	3.02
6.6 kV	1.76	53	3.02
Total	**127.88**	**3861.84**	**3.02**

Basis of allocation of common costs for O&M expenses

Petitioner's submission

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

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

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

Table 24: Allocation of cost

Items	Assumption with Rationale
O&M Cost as per SAP	Common Cost of JUSCO identified as Employee Cost and A&G Expenses and then apportioned to the Saraikela-Kharsawan project based on the following ratio.
HR	Allocation based on number of employees in Saraikela project vis-à-vis JUSCO
IT	Allocation based on number of PCs/laptops in Saraikela project vis-à-vis JUSCO
Legal	Allocated equally among all 8 segments of services within JUSCO and further

	allocating half of the PSD's share to the Saraikela project
GM (JTS) Secretariat	Allocation based on ratio of turnover of Saraikela project vis-à-vis JUSCO
TPM Activity	Allocation based on ratio of turnover of Saraikela project vis-à-vis JUSCO
Accounts	Allocation based on ratio of turnover of Saraikela project vis-à-vis JUSCO
MD Secretariat	Allocation based on ratio of turnover of Saraikela project vis-à-vis JUSCO
Administration	Allocated equally among all 8 segments of services within JUSCO and further allocating half of the PSD's share to the Saraikela project
Corp Communication	Allocated equally among all 8 segments of services within JUSCO and further allocating half of the PSD's share to the Saraikela project
Security	Allocated equally among all 8 segments of services within JUSCO and further allocating half of the PSD's share to the Saraikela project
JUSCO Sahyog, Billing and Collection	Allocation based on number of consumers of Saraikela project vis-à-vis JUSCO
Procurement	Allocation based on value of procurement of Saraikela project vis-à-vis JUSCO

Commission's Analysis

6.21 The Commission, in its previous Tariff Order for FY 2009-10 had directed the Petitioner to maintain separate set of accounts for Saraikela-Kharsavan and get it duly audited. However, the Petitioner has been unable to segregate accounts till date. While the Commission approves the above methodology for segregation of cost, **the Commission reiterates that the Petitioner must maintain separate set of accounts for Saraikela-Kharsavan and get it duly audited. The directives along with the timelines have been given in the Directives section of this Order.**

Employee cost

Petitioner's submission

6.22 The Petitioner had projected in the previous tariff petition that its employee base will increase to 60 in FY 2009-10. However, the Petitioner has submitted that it has been unable to hire the required number of workers due to unavailability of skilled manpower. Accordingly, the direct employee strength of the Petitioner stood at 30 at the end of FY 2009-10.

6.23 The Petitioner has submitted net employee cost of Rs 249.65 Lakhs for FY 2009-10 in the additional information.

Commission's analysis

6.24 The Commission approves the number of employees as given in the petition.

6.25 The Commission sought provisional accounts for FY 2009-10 as a part of the additional information from the Petitioner in order to get the updated/actual information on employee costs.

6.26 The Commission after scrutinizing the information submitted by the Petitioner approves the direct employee cost at Rs 165.07 Lakhs and common employee cost at Rs 97.52 Lakhs.

6.27 Further, after deducting capitalisation on direct employee cost at the rate of 5%, the Commission allows the net employee cost of Rs 249.65 Lakhs for FY 2009-10.

6.28 The submitted and approved employee cost for FY 2009-10 are given in the Table 25.

Table 25: Submitted and Approved Employee Costs (Rs. Lakhs) for FY 2009-10

Employee Cost	FY 2009-10	
	Submitted by JUSCO (Provisional)*	***Approved by JSERC***
No. of Employees	30	30
Salaries & Allowances		
Salary (Basic)	54.9	54.9
Sp. Allowance	15.9	15.9
Wages & Other Charges	46.48	46.48
HRA	8.38	8.38
Conveyance	5.92	5.92
Reimbursement- Chauffeur	0.36	0.36
LTA	2.85	2.85
Leave Salary	9.62	9.62
Superannuation Fund	8.25	8.25
Cont. to PF	6.35	6.35
Cont. to TEPS	0	0
Gratuity	6.02	6.02
Med. Exp.	0	0
Other	0.04	0.04
Employee Cost (Direct)	165.07	165.07
Common Cost of JUSCO	97.52	97.52
Gross Employee Cost	**262.59**	**262.59**
Less: Capitalized	12.94	12.94
Net Employee Cost	**249.65**	**249.65**

* Submitted by the Petitioner in the additional information

Administration & General (A&G) Expenses

Petitioner's submission

6.29 The Petitioner has submitted higher direct A&G expenses, at Rs. 110.87 Lakhs against Rs. 123.83 Lakhs as approved in the previous Tariff Order for FY 2009-10. The Petitioner has submitted that the higher A&G costs are on account of greater than expected scale of operations and higher than anticipated consultancy charges and expense on private security guards.

6.30 The Petitioner has also submitted common A&G costs of Rs. 87.38 Lakhs in the additional information.

Commission's analysis

6.31 The Commission observes that the Petitioner has not considered capitalisation of direct cost whereas as per accepted accounting principles the cost incurred in relation to creation of fixed assets needs to be capitalised. Considering that a portion of direct expenses of JUSCO are being utilised for creation of fixed assets, the Commission has considered capitalisation at the nominal rate of 5% i.e. Rs. 4.09 Lakhs.

6.32 The Petitioner has also claimed surcharge on electricity duty as an expense in A&G costs. The Commission had sought clarification on the same from the Petitioner but did not find the information submitted by it satisfactory. Accordingly, the Commission has not allowed surcharge on electricity duty to be included in A&G expenses in this Tariff Order.

However, if adequate information along with documental evidence is furnished by the Petitioner confirming that surcharge on electricity duty is to be paid by the consumer the Commission shall allow the same in the next Tariff Order of FY 2011-12.

6.33 Accordingly, for FY 2009-10 the Commission approves net A&G costs of Rs. 165.18 Lakhs as detailed in the Table 26.

Table 26: Submitted and Approved A&G expenses (Rs. Lakhs) for FY 2009-10

A&G Expenses	FY 2009-10	
	Submitted by JUSCO*	***Approved by JSERC***
Legal Charges	11.44	11.44
Consultancy Charges/ Tech Fees	20.11	20.11
Travelling Exp	7.16	7.16
Printing & Stationery	0.12	0.12
Donation	0.00	
Advertisement	9.29	9.29
Office maintenance	9.91	9.91
Telephone & Mobile Exp	2.89	2.89
Fees & Subscription	-	
Insurance Premium	-	
Entertainment	0.58	0.58
Pvt. Security Guards/ Home Guards	16.41	16.41
Miscellaneous Exp.	1.51	1.51
Training	0.46	0.46
Bank Charges	0.27	0.27
Vehicle Hire Expenses	0.32	0.32
Rent, Rates & Taxes	1.42	1.42
Expenses on CGRF	-	-
Surcharge on electricity duty	28.98	-
Intelligent meter reading	-	
Total A&G Cost (Direct)	110.87	81.89
Common Cost of JUSCO	87.38	87.38
Gross A&G Cost	198.25	169.27
Less: Capitalised	0.00	4.09
Net A&G Cost	**198.25**	**165.18**

* Submitted by the Petitioner in the additional information

Repairs & Maintenance (R&M) Expenses

Petitioner's submission

6.34 The Petitioner has submitted that the R&M expenses incurred for FY 2009-10 have been Rs. 95.85 Lakhs for FY 2009-10 due to increase in the use and age of assets.

Commission's analysis

6.35 The Commission, after detailed scrutiny of the breakup of R&M expenses incurred in FY 2009-10, approves the R&M expenses at Rs. 95.85 Lakhs as per the provisional accounts submitted by the Petitioner as detailed in Table 27

Table 27: Submitted and Approved R&M Expenses (Rs. Lakhs) for FY 2009-10

Components	FY 2009-10	
	Submitted by JUSCO	*Approved by JSERC*
Building	76.87	76.87
Plant & Machinery	18.06	18.06
Office Equipments	0.92	0.92
Total	**95.85**	**95.85**

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

Table 28: Submitted and Approved O&M Costs (Rs. Lakhs) for FY 2009-10

Components	FY 2009-10	
	Submitted by JUSCO	*Approved by JSERC*
Employee Cost	249.65	249.65
R&M Expenses	95.85	95.85
A&G Expenses	198.25	165.18
Total O&M Expenses	**543.75**	**510.68**

CWIP and Gross Fixed Asset

Petitioner's submission

6.37 The Petitioner has submitted the total CWIP and Gross Fixed Assets at Rs. 2478 Lakhs and Rs. 9073 Lakhs respectively for FY 2009-10 as per the provisional accounts submitted as part of the additional information.

Commission's analysis

6.38 The Commission has approved a closing CWIP of Rs. 1167 Lakhs for the FY 2008-09 as per the annual accounts of the Petitioner. The same has been considered as the opening CWIP for FY 2009-10. Since the CWIP and GFA for FY 2009-10 are based on provisional accounts, the Commission approves the CWIP and GFA for FY 2009-10 as detailed in Table 29

Table 29: Submitted and Approved CWIP and GFA (Rs. Lakhs) for FY 2009-10

Particulars		
	*Submitted by JUSCO**	*Approved by JSERC*
Opening CWIP	1,126	1,166.72
Capex During the Year	1,351.82	1311.49
Total CWIP	2,477.82	2,478.21
Less. Transferred to FA	1,891.82	1891.82
Closing CWIP	586	586.39
Gross Fixed Assets		
Opening balance of GFA	**7,181.18**	**7,181.18**
Transferred from CWIP	1,891.82	1891.82
Closing balance of GFA	**9,073**	**9,073**

* As per the additional information provided by the Petitioner

Depreciation

Petitioner's submission

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

6.40 The Petitioner has submitted cumulative gross depreciation of Rs. 811 Lakhs up to 31st March 2010 including depreciation of Rs. 498 Lakhs for FY 2009-10. The depreciation, net of consumer contribution of Rs. 119 Lakhs, is Rs. 377 Lakhs.

Commission's analysis

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

6.42 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.

6.43 The Commission observed a discrepancy in classification of an asset of amount Rs. 77.58 Lakhs acquired in February, 2010 for which clarification was sought and obtained from the Petitioner.

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

6.45 Out of the total depreciation, the proportionate depreciation on the assets created out of consumer contribution is deducted to arrive at the permissible depreciation. Accordingly, the Commission approves depreciation charge of Rs. 376.71 for FY 2009-10.

6.46 The details of the depreciation charges submitted by the Petitioner and approved by the Commission for FY 2009-10 are given below.

Table 30: Submitted and Approved depreciation on fixed assets (Rs. Lakhs) for FY 2009-10

Particulars of Assets	Approved Depreciation Rate	Depreciation Cost (Rs. Lakhs)	
		FY 2009-10	
		Submitted by JUSCO	*Approved by JSERC*
Air conditioner (Portable)	33.40%	1.63	1.63
Communication system	12.77%	0.13	0.13
Data processing machine	12.77%	2.25	2.25
Land Development	0%	-	-
Meters	12.77%	2.63	2.63
Office equipments	12.77%	8.03	8.03
Office furniture & Fittings	12.77%	0.95	1.19
Offices & Showrooms	3.02%	16.22	16.22
Other Buildings	3.02%	0.18	0.18
Overhead lines < 6.6 kV(LT)	7.84%	5.41	5.41
Overhead lines > 6.6 kV	5.27%	108.59	108.59
Self propelled vehicles	33.40%	0.91	0.91
Software	9%	4.05	4.63
Street light fittings	12.77%	0.04	0.04
Switchgear including cable connections	7.84%	174.55	174.55
Transformers	7.81%	59.63	59.63
Underground cable	5.27%	91.93	91.19
Wages capitalised	5.27%	-	0.32
Other Assets	Different rates	19.51	17.27
Depreciation Charges		**498**	**494.78**
Less: Depreciation on assets created out of consumer contribution		119	118.07
Net Depreciation Charges		**377**	**376.71**

Interest and Other Finance Charges

Interest on Loan

Petitioner's submission

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

6.48 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.

6.49 Based on normative debt as described above, the interest liability is calculated at an interest rate of 12.75% which is equivalent to the SBI PLR as on April 1, 2009 plus an additional 0.50% for the risk margin considered by bank in case of long-term loans. Thus, interest charge on debts for FY 2009-10 has been computed as Rs. 512.14 Lakhs as per the additional information submitted by the Petitioner.

Commission's analysis

6.50 In accordance with the 'Distribution Tariff Regulations, 2004', the Commission has computed the normative loan for the year equal to 70% of the closing GFA. The GFA has been considered net of consumer contribution. Normative repayment is deemed to be equal to the depreciation charge during the year.

6.51 In accordance with the 'Distribution Tariff Regulations, 2004', interest on normative loan has been calculated on the average normative loan as outstanding during the year at the interest rate of 12.75%.

6.52 The normative interest amount approved by the Commission for FY 2009-10 amounts to Rs. 512.73 Lakhs.

Interest on Security Deposits

Petitioner's submission

6.53 The Petitioner is paying interest on security deposits to consumers at the rate of 6% p.a., which amounts to Rs. 75 Lakhs for FY 2009-10.

Commission's analysis

6.54 The Regulation 13 of the 'Distribution Tariff Regulation, 2004' states that *"interest on consumer security deposits shall be equivalent to the bank rate or more, as may be specified by the Commission from time to time."*

6.55 For FY 2009-10, the Commission approves Rs. 74.84 Lakhs as the interest on security deposits on the basis of provisional accounts.

6.56 As per the analysis of the Commission detailed above, the Interest and Finance Charges for the FY 2009-10 are approved as follows:

Table 31: Submitted and Approved Interest and other Finance charges (Rs. Lakhs) for FY 2009-10

Particulars	FY 2009-10	
	Submitted by JUSCO	***Approved by JSERC***
Interest on Loan	512.14	512.73
Interest on Security Deposits	75.00	74.84
Total Interest & Finance Charges	**587.14**	**587.57***

* The amount approved by the Commission appears to be marginally higher than the amount proposed by the Petitioner due to the fact that the Petitioner in the tariff petition has submitted the rounded off figures of components related to computation of Interest and Finance Charges while the Commission has taken the figures up to two decimal places.

Return on Equity (RoE)

Petitioner's submission

6.57 The Petitioner has submitted that following the methodology prescribed by the Commission, normative return on equity has been computed at the rate of 14% on the average balance of normative equity. Based on the above methodology, the RoE for FY 2009-10 is computed as Rs. 274.78 Lakhs as per the additional information submitted by the Petitioner.

Commission's analysis

6.58 In accordance with the 'Distribution Tariff Regulations, 2004', the Commission has considered the equity base to be equal to 30% of GFA. The GFA has been considered net of consumer contribution. The Commission also permits a rate of return of 14% as specified in Regulation 20.1 of the 'Distribution Tariff Regulations, 2004'.

6.59 Accordingly, the Commission has computed RoE as Rs. 274.75 Lakhs for FY 2009-10 as detailed in Table 32

Table 32: Submitted and Approved Return on Equity for FY 2009-10 (Rs. Lakhs)

Return on Equity	FY 2009-10	
	*Submitted by JUSCO**	*Approved by JSERC*
Normative Equity Base	2072.37	2072.37
Average Normative Equity Base	1962.69	1962.50
Rate of Return (%)	14%	14%
Return on Equity	**274.78**	**274.75**

* As per additional information submitted by the Petitioner

Income Tax

Petitioner's submission

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

6.61 Accordingly, the Petitioner has submitted an income tax for FY 2009-10 of Rs. 120.27 Lakhs in the additional information.

Commission's analysis

6.62 The Commission has considered the method of computation of income tax used by the Petitioner and computed the income tax accordingly. The following table contains the income tax submitted by the Petitioner and approved by the Commission for FY 2009-10.

Table 33: Submitted and Approved Income Tax (Rs. Lakhs) for FY 2009-10

Return on Equity	FY 2009-10	
	*Submitted by JUSCO**	*Approved by JSERC*
Return on Equity	274.78	274.75
Income Tax rate	33.99%	33.99%
Gross ROE	416.26	416.23
Depreciation as per ARR	497.00	376.71
Depreciation as per IT	(1,071.55)	(1,071.55)
Normative interest on Loan	512.14	512.73
Taxable income	353.85	234.12
Income tax	**120.27**	**79.58**

* As per additional information submitted by the Petitioner

Non Tariff Income (NTI)

Petitioner's submission

6.63 The non-tariff income includes Meter Rent, DPS and Supervision Charges, among others. For FY 2009-10, the Petitioner has submitted NTI of Rs. 37.85 Lakhs.

Commission's analysis

6.64 The Commission has considered and approved the non-tariff income as per the provisional accounts submitted by the Petitioner, as given below.

Table 34: Submitted and Approved NTI (Rs. Lakhs) for FY 2009-10

Particulars	FY 2009-10	
	*Submitted by JUSCO**	*Approved by JSERC*
Meter Rent	4.66	4.66
Delayed Payment Surcharge	1.053	1.053
Supervision charges	29.99	29.99
Others	2.15	2.15
Total Income	**37.85**	**37.85**

* Submitted by the Petitioner in the additional information

Revenue from Existing Tariff

Petitioner's submission

6.65 The Petitioner had submitted the category-wise revenue from existing tariffs and total revenue from sale of power as Rs. 5531.58 Lakhs for FY 2009-10 in the additional information.

Commission's Analysis

6.66 The Commission approves revenue from existing tariffs at Rs. 5531.58 Lakhs as submitted by the Petitioner for FY 2009-10.

Summary of ARR and Revenue Gap for FY 2009-10

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

Table 35: Summary of Annual Revenue Requirement (Rs. Lakhs) for FY 2009-10

Annual Revenue Requirement	FY 2009-10	
Costs	***Submitted by JUSCO***	***Approved by JSERC***
Power Purchase Cost	3861.84	3861.84
O&M Cost	543.75	510.68
Employee Cost	249.65	249.65
R&M Cost	95.85	95.85
A&G Cost	198.25	165.18
Depreciation	377.00	376.71
Interest & Financing Charges	587.14	587.57
Provision for bad debts	-	-
Income Tax	120.27	79.58
Total Cost	5490.00	5416.37
Add: Reasonable Return	274.78	274.75
Less: Non Tariff Income	37.85	37.85
Annual Revenue Requirement	5726.93	5653.27
Revenue@ Existing Tariff	5531.58	5531.58
Revenue (Gap)/Surplus	**(195.35)**	**(121.69)**

A7: ARR & TARIFF DETERMINATION FOR FY 2010-11

7.1 This section contains a summary of the projections for FY 2010-11 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 2010-11 based on the projected increase in demand by existing consumers as well as estimated increase in sales through addition of new consumers in the network.

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

7.4 The load factor for most of the consumer categories has been retained at FY 2009-10 levels. For new consumer categories, expected to be added in FY 2009-10, load factor of 10% has been considered in line with similar consumer categories.

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

7.6 The category-wise number of consumers proposed by the Petitioner for FY 2009-10 and FY 2010-11 is detailed in Table 36

Table 36: Total no. of consumers

Consumer Category	No. of Consumers	
	FY 2009-10	FY 2010-11
	Provisional	*Projected*
Domestic (DS)	**77**	**162**
DS I	0	25
DS II	10	26
DS III	60	100
DSHT	7	11
Non-Domestic (NDS)	**66**	**164**
NDS I	0	20
NDS II	66	144
Low tension (LTIS)	**33**	**58**
LTIS	33	58
Irrigation & agriculture service	**0**	**10**
IAS	0	10
High Tension Special (HTS)	**94**	**132**
HTS 11 kV	83	118
HTS 33 kV	11	14
High Tension Special (HTSS)	**2**	4
HTSS 11 kV	1	3
HTSS 33 kV	1	1
Total	**272**	**530**

7.7 The category-wise connected load/Contract demand proposed by the Petitioner for FY 2009-10 and FY 2010-11 is detailed in Table 37

Table 37: Category-wise Connected Load/Contract Demand

Consumer Category	Total Connected Load(Kw/Kva/HP)		
	Units	**FY 2009-10**	**FY 2010-11**
		Provisional	***Projected****
Domestic (DS)		**1725**	**3787**
DS I	kW	0	50
DS II	KW	35	92
DS III	kW	662	1139
DSHT	kVA	1028	2506
Non-Domestic (NDS)		**660**	**1613**
NDS I	kW	0	40
NDS II	kW	660	1573
Low tension (LTIS)		**2003**	**3635**
LTIS	HP	2003	3635
Irrigation & agriculture service		**0**	**50**
IAS	HP	0	50
High Tension Special (HTS)		**61872**	**69975**
HTS 11 kV	kVA	22079	29382
HTS 33 kV	kVA	39793	40593
High Tension Special (HTSS)		**1950**	**2850**
HTSS 11 kV	kVA	450	1350
HTSS 33 kV	kVA	1500	1500
Total			

* As submitted in the additional information

7.8 The category-wise energy sales proposed by the Petitioner for FY 2010-11 is detailed in Table 38

Table 38: Details of category-wise projected energy sales for FY 2010-2011

Category	Connected Load (Kw/Kva/HP)				Load Factor	Consumption
	Opening	Load under Progress	Fresh Applications	Total Load at end of FY	(%)	MUs
Domestic (DS)						
DS I	0	0	50	50	10.00	0.01
DS II	35	17	40	92	9.80	0.05
DS III	662	177	300	1139	10.64	0.77
DSHT	1028	1478	0	2506	23.45	3.63
Non-Domestic (NDS)						
NDS I	0	0	40	40	10.00	0.01
NDS II	660	563	350	1573	14.28	1.29
Low tension (LTIS)						
LTIS	2003	1032	600	3635	12.64	2.95
Irrigation & agriculture service						
IAS	0	0	50	50	10.00	0.01
High Tension Special (HTS)						
HTS 11 kV	22079	7303	0	29382	32.88	74.14
HTS 33 kV	39793	0	0	39793	25.54	89.02
High Tension Special (HTSS)						
HTSS 11 kV	450	0	0	450	12.25	0.48
HTSS 33 kV	1500	0	0	1500	16.63	2.19
Total						**174.55**

Commission's analysis

7.9 The Commission has scrutinized the commercial information and the basis of computation of sales as filed by the Petitioner. The Commission observed anomalies between the number of consumers and connected load projected for FY 2010-11 by the Petitioner and sought clarifications from the Petitioner. In response, the Petitioner submitted corrected data with the additional information regarding the expected connected load in FY 2010-11.

7.10 Accordingly, the Commission has analyzed the historical data as well as the latest available information submitted by the Petitioner to project sales for each consumer category for FY 2010-11.

7.11 The Commission has approved the projected no. of consumers submitted by the Petitioner at 530. The category wise connected load/Contract Demand and sales approved by the Commission is detailed in Table 39

Table 39: Approved Connected Load and Energy Sales for FY 2010-11

Category	Unit	Connected Load/Contract Demand (Kw/Kva/HP)	Energy Sales (MUs)
Domestic (DS)			
DS I	kW	50	0.01
DS II	KW	92	0.06
DS III	kW	1,139	0.84
DSHT	kVA	2,506	3.63
Non-Domestic (NDS)			
NDS I	kW	40	0.01
NDS II	kW	1,573	1.41
Low tension (LTIS)			
LTIS	HP	3,635	2.95
Irrigation & agriculture service			0.01
IAS	HP	50	0.01
High Tension Special (HTS)			
HTS 11 kV	kVA	29,382	74.14
HTS 33 kV	kVA	40,593	90.81
High Tension Special (HTSS)			
HTSS 11 kV	kVA	1,350	1.47
HTSS 33 kV	kVA	1,500	2.19
Total			**177.54**

Energy Balance

Petitioner's submission

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

7.13 With the increase in network spread, increase in load on the existing distribution system and increase in number of low tension consumers in the system, the distribution loses are likely to increase and the Petitioner requests that the loss levels of FY 2009-10 should not be taken as a benchmark for future years.

7.14 The Petitioner is currently sourcing power from Tata Steel Ltd at three different voltage levels namely, at 132 kV at Jojobera, 33kV at Golmuri and 6.6 kV at S-11 source at Jamshedpur. The Petitioner expects to start procuring power from DVC by the end of first quarter of FY 2010-11.

Commission's analysis

7.15 The Commission accepts the reasons given by the Petitioner on the estimated increase of distribution losses in FY 2010-11 and accordingly approves the loss level at 5%. However, the Commission expects the Petitioner to take suitable measure to keep the loss level below 5%.

7.16 The Commission also observes that the Petitioner has been unable to procure power from DVC till now. It, thus, expects that the Petitioner would at maximum be able to purchase power from DVC for eight months during this financial year. The Commission has adjusted the energy purchase from DVC accordingly. Meanwhile, the Commission expects the Petitioner shall be able to meet the remaining energy requirement through TSL.

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

Table 40: Proposed and approved quantum of power purchase/sale for FY 2010-11

Energy Balance (in MUs)	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Total Energy Sales	174.54	177.54
Overall distribution loss (%)	5.00%	5.00%
Overall distribution loss (MUs)	9.19	9.34
Total Energy Requirement	**183.74**	**186.88**
Power purchase from TSL – (A)	155.81	159.57
132 Kv	142.33	146.09
33 Kv	10.96	10.96
6.6 kV	2.52	2.52
From DVC at 33kV (B)	27.92	27.31
Total Energy Availability	**183.74**	**186.88**

Power Purchase Cost

Petitioner's submission

7.18 The Petitioner has been procuring power only from Tata Steel Limited (TSL) due to proximity of the licensed area to Jamshedpur, which is the licensed area of TSL. The rate of power purchase from TSL is expected to be Rs. 3.06 per kWh in FY 2010-11.

7.19 The Petitioner submitted that it expects to increase its distribution network manifold, its power needs can no longer be met through TSL alone and hence it proposed to enter into a Power Purchase Agreement (PPA) with DVC in FY 2009-10 for a medium term power purchase for 10/20 MVA power from Jamshedpur at 33kV and 40/60 MVA power from other sub-station at 132kV, which, however, did not materialise. But the Petitioner expects to obtain power from DVC by end of first quarter of FY 2010-11.

7.20 In case of power purchase from DVC, the capacity charges have been considered at Rs. 365 per kVA per month and accordingly, the annual fixed charges for an average of 9.5 MVA for 10 months supply works out to Rs. 347 Lakhs. Whereas, the energy charge is considered at Rs. 1.63 per kWh (at the present tariff level of DVC), on a minimum normative energy units at 55% load factor as per the terms and agreement of Draft Agreement. The Petitioner further states that irrespective of the actual consumption it will have to bear the energy cost for energy equivalent to 55% load factor. The Petitioner has computed the energy charges at 45% load factor and accordingly estimates the rate of power purchase of Rs. 1.99 per kWh from DVC during FY 2010-11.

7.21 In addition to above, the fuel surcharge presently at Rs. 1.3845 per kWh is also applicable in case of power purchase from DVC.

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

Table 41: Proposed Power Purchase Cost for FY 2010-11

Sources	Units Purchase (MUs)	Cost (Lakhs)	Cost per Unit
Tata Steel Limited	155.81	4768	3.06
132 kV	142.33	4355	3.06
33 kV	10.96	335	3.06
6.6 kV	2.52	77	3.05
DVC			
33 kV	27.92	1290	4.62
Total	**183.74**	**6057**	**3.30**

Commission's analysis

7.23 For FY 2010-11, pending finalisation of Tariff Order for Tata Steel Ltd, the Commission approves power purchase cost of Rs. 3.06 per unit for the Petitioner from Tata Steel Ltd.

7.24 As mentioned earlier, the Commission observes that the Petitioner has been unable to procure power from DVC till now. Accordingly, the Commission observes that the Petitioner would at best be able to purchase power from DVC for eight months during this financial year.

7.25 Meanwhile, since this is the first year of contracting of power from the DVC and there is no information available on the load factor, the Commission has considered the energy charges at Rs. 1.63 per unit at 55% load factor. Accordingly, the Commission also approves the FSA of Rs. 1.3845 per kWh as proposed by the Petitioner. The Commission shall true up the power purchase cost as per the actual data, when it is made available by the Petitioner in the next tariff petition.

7.26 On the basis of the above, the average power purchase rate of the Petitioner has been determined at Rs. 3.20 per unit, as depicted below

Table 42: Approved Power Purchase Cost for FY 2010-11

Sources	Units Purchased (MUs)	Cost (Lakhs)	Cost per Unit
Tata Steel Limited	159.57	4882	3.06
132 kV	146.09	4470	3.06
33 kV	10.96	335	3.06
6.6 kV	2.52	77	3.05
DVC			
33 kV	27.31	1100.66	4.03
Total	**186.88**	**5982.66**	**3.20**

Basis of allocation of common costs for O&M expenses

Petitioner's submission

7.27 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.

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

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

Table 43: Allocation of cost

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

Commission's Analysis

7.30 The Commission, in its previous Tariff Order for FY 2009-10 had directed the Petitioner to maintain separate set of accounts for Saraikela-Kharsavan and get it duly audited. However, the Petitioner has been unable to segregate accounts till date. While the Commission approves the above methodology for segregation of cost, **the Commission reiterates that the Petitioner must maintain separate set of accounts for Saraikela-Kharsavan and get it duly audited. The directives along with the timelines have been given in the Directives section of this Order.**

Employee cost

Petitioner's submission

7.31 The Petitioner submitted that in spite of its best efforts, it was unable to increase its employee base in FY 2009-10 and had to manage with support of its other operational and support functions. However, with increasing network and consumer base, it shall require more manpower for supporting the growing function. The number of direct employees is expected to increase from the existing level of 30 to 53 in FY 2010-11.

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

7.33 The Petitioner has projected employee costs of Rs. 365.69 Lakhs including common employee cost of Rs. 114.51 Lakhs and direct employee cost of Rs. 251.17 Lakhs.

Commission's analysis

7.34 The Commission approves the number of employees as given in the petition.

7.35 The Commission has scrutinized the historical trends for employee expenses and finds escalation of employee expenses at 10% over the preceding year's employee expenses as reasonable. The Commission approves the gross employee cost at Rs. 251.17 Lakhs, as proposed by the Petitioner, and after making provision for capitalisation of employee costs at 5% i.e. Rs.12.56 Lakhs, the Commission approves the net direct employee costs at Rs. 238.62 Lakhs.

7.36 The Commission has scrutinized the common cost pertaining to employee expenses for the projected 53 direct employees and found the computation to be correct. Accordingly, the Commission approves the projected common employee costs at Rs. 114.51 Lakhs. However, as indicated earlier, the Commission directs the Petitioner to prepare separate accounts for Saraikela-Kharasawan power division.

Table 44: Proposed and Approved Employee Costs (Rs. Lakhs) for FY 2010-11

Employee Cost	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
No. of Employees	53	53
Salaries & Allowances		
Salary (Basic)	83.54	83.54
Sp. Allowance	24.2	24.2
Wages & Other Charges	70.72	70.72
HRA	12.75	12.75
Conveyance	9.01	9.01
Reimbursement- Chauffeur	0.55	0.55
LTA	4.34	4.34
Leave Salary	14.64	14.64
Superannuation Fund	12.55	12.55
Cont. to PF	9.66	9.66
Cont. to TEPS	0	0
Gratuity	9.16	9.16
Med. Exp.	0	0
Other	0.06	0.06
Employee Cost (Direct)	251.17	251.17
Common Cost of JUSCO	114.51	114.50
Gross Employee Cost	**365.68**	**365.69**
Less: Capitalized	-	12.56
Net Employee Cost	**365.68**	**353.13**

Administration & General (A&G) Expenses

Petitioner's submission

7.37 The Petitioner has projected direct A&G expenses of Rs. 180.75 Lakhs on account of expansion of network and services. It expects significant increase in expenses heads of Advertisement – for generating awareness for energy efficiency measures; Fee and Subscription; Insurance Premium for fixed assets; Training; Vehicle hire; Expenses on establishment of Consumer Grievance Redressal Forum and Monthly rental for Intelligent Meter Reading.

7.38 The Petitioner has also submitted common A&G costs of Rs. 108.32 Lakhs for FY 2010-11.

Commission's analysis

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

7.40 The Petitioner has also claimed surcharge on electricity duty as an expense in A&G costs. The Commission had sought clarification on the same from the Petitioner but did not find the information submitted by it satisfactory. Accordingly, the Commission has not allowed surcharge on electricity duty to be included in A&G expenses in this Tariff Order.

However, if adequate information along with documental evidence is furnished by the Petitioner confirming that surcharge on electricity duty is to be paid by the consumer, the Commission shall retrospectively allow the same in the next Tariff Order of FY 2011-12.

7.41 Accordingly, the Commission approves direct A&G costs at Rs. 145.84 Lakhs and common costs at Rs. 108.32 Lakhs for FY 2010-11 and after deducting the capitalization amount of Rs. 7.29 Lakhs, the Commission approves the total employee cost at Rs. 246. 87 lakhs.

Table 45: Proposed and Approved A&G expenses (Rs. Lakhs) for FY 2010-11

A&G Expenses	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Legal Charges	11.50	11.50
Consultancy Charges/ Tech Fees	23.13	23.13
Travelling Exp	10.62	10.62
Printing & Stationery	0.50	0.5
Donation	1.00	1.00
Advertisement	15.68	15.68
Office maintenance	14.69	14.69
Telephone & Mobile Exp	4.29	4.29
Fees & Subscription	2.00	2.00
Insurance Premium	6.00	6.00
Entertainment	0.86	0.86
Pvt. Security Guards/ Home Guards	24.62	24.62
Miscellaneous Exp.	2.24	2.24
Training	5.00	5.00
Bank Charges	0.31	0.31
Vehicle Hire Expenses	2.40	2.40
Rent, Rates & Taxes	3.00	3.00
Expenses on CGRF	10.00	10
Surcharge on electricity duty	34.91	-

Intelligent meter reading	8.00	8.00
Total A&G Cost (Direct)	180.75	145.84
Common Cost of JUSCO	108.32	108.32
Gross A&G Cost	289.07	254.16
Less: Capitalised	0.00	7.29
Net A&G Cost	**289.07**	**246.87**

Repairs & Maintenance (R&M) Expenses

Petitioner's submission

7.42 The Petitioner has projected R&M expenses for FY 2010-11 at Rs. 225.68 Lakhs @ 2.50% of the opening GFA for FY 2010-11.

Commission's analysis

7.43 The Commission does not approve of the steep increase in R&M expenses projected by the Petitioner for FY 2010-11 – Rs 225.68 Lakhs against Rs. 95.86 Lakhs incurred in the previous financial year. The Commission recognises the expansion in capital base but feels that since most of the assets have been laid by the Petitioner in the last two to three years, they would be covered under warranty period and much of the repair works, if required, would be carried out free of cost.

7.44 The Commission approves R&M expenses at 1.33% of the opening GFA for FY 2010-11, which is as per the R&M incurred as a percentage of GFA in FY 2009-10.

Table 46: Proposed and Approved R&M Expenses (Rs. Lakhs) for FY 2010-11

Components	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Building	180.98	97.12
Plant & Machinery	42.53	22.82
Office Equipments	2.17	1.16
Total	**225.68**	**121.10**

7.45 The total O&M expenses projected and approved FY 2010-11 are summarized in the table given below.

Table 47: Proposed and Approved O&M Costs (Rs. Lakhs) for FY 2010-11

Components	FY 2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Employee Cost	365.68	353.13
R&M Expenses	225.68	121.10
A&G Expenses	289.07	246.87
Total O&M Expenses	**880.43**	**721.10**

Capital Investment Plan

Petitioner's submission

7.46 The Petitioner had submitted a capital investment plan of Rs. 3805 Lakhs for three years from FY 2009-10 to FY 2011-12 in the petition of FY 2010-11.

7.47 Later on, as per the directive of the Commission, the Petitioner provided details for all the capital investment schemes proposed by it and revised its investment plans as per actual progress of the work up to August 2010.

7.48 Accordingly, the Petitioner submitted a revised capital investment plan of Rs. 3769 Lakhs for the period FY 2009-10 to FY 2011-12. The capital investment for FY 2010-11 has been revised by the Petitioner to Rs.1835 Lakhs.

Commission's analysis

7.49 The Commission has scrutinized in detail the capital investment schemes proposed by the Petitioner and has compared cost estimates of various schemes with cost estimates for similar works as recommended in a benchmarking study commissioned by Forum of Regulators (FOR) and PGCIL report on 'High Capacity Power Transmission Corridor'.

7.50 Accordingly, the Commission approves capital investment schemes proposed by the Petitioner for the period FY 2009-10 to FY 2011-12 at a cost of Rs. 2840 Lakhs. For the works not specified in the FOR study and PGCIL report, the Commission has approved the cost as proposed by the Petitioner.

7.51 For FY 2010-11, the Commission approves capital expenditure of Rs. 1383 Lakhs, which may be trued up in subsequent tariff orders subject to prudence check by the Commission.

7.52 The Table 48 depicts the proposed capital investment schemes along with the cost approved by the Commission for each scheme.

Table 48: Proposed and Approved Capital Investment Plans (Rs. Lakhs) for FY 2010-11

Particulars of the Scheme	Total Scheme Cost		Actual in FY 2009-10	Capital Investment for FY 2010-11		Capital Investment for FY 2011-12	
	*Submitted by JUSCO**	*Approved by JSERC*	*Approved by JSERC*	*Submitted by JUSCO**	*Approved by JSERC*	*Submitted by JUSCO**	*Approved by JSERC*
132 kV line from DVC Chandill Substation	1001	890	86	800	711	114	93
33 kV Overhead line from Gamhari to Saraikela	325	220	180	145	40	0	0
11 kV Overhead line for secondary distribution	100	67	10	30	20	60	37
11/.433 V Distribution transformers	168	168	6	50	50	112	112
Land for substations in various blocks of Saraikela-Kharsawan	100	100	0	40	40	60	60
33/11 kV substation at Saraikela	247	171	0	30	21	217	150
LDC for distribution system in Saraikela Kharasawan	100	100	0	70	70	30	30
Vehicle for testing equipment/staff movement	5	5	0	5	5	0	0
Mobie transformer on Van with trolley & Switchgear	10	10	0	10	10	0	0
56 MVA Power Transformer	368	368	368	Completed	Completed	Completed	Completed
New Schemes							
33 kV Feeder from TGS to Phase#7 along with terminal Equipment	205	190	0	105	98	100	92
New 33 kV feeder in large sector area	150	144	0	70	67	80	77
132 kV Bay at Chandill with provision of 132/33 kV Substaion	490	150	0	330	101	160	49
Low Tension lines in Adityapur & Gamhari area	100	100	0	50	50	50	50
High Tension Line in Adityapur & Gamharia area	400	156	0	100	100	300	56
Total	**3769**	**2840**	**650**	**1835**	**1383**	**1283**	**806**

* Submitted by the Petitioner as additional information

CWIP and Gross Fixed Asset

Petitioner's submission

7.53 The Petitioner has projected capital investment of Rs. 2225 Lakhs for FY 2010-11 which was later altered as per revision in the Capital Investment Plan to Rs. 1835 Lakhs.

7.54 The total addition to GFA was projected at Rs. 898 Lakhs for FY 2010-11 in the petition submitted by the Petitioner. With revision in the Capital Investment Plan, the projected addition to GFA was revised and submitted as Rs. 512.69 Lakhs.

Commission's analysis

7.55 The Commission approves capital investment of Rs. 1383 Lakhs in line with the Capital Investment Plan approved by it for FY 2010-11. It also approves addition to GFA at Rs 512.69 Lakhs as proposed by the Petitioner.

7.56 The details of CWIP and GFA proposed by the Petitioner and approved by the Commission are as follows:

Table 49 Proposed and Approved CWIP and GFA (Rs. Lakhs) for FY 2010-11

Particulars	*Submitted by JUSCO*	*Approved by JSERC*
Opening CWIP	586.00	586.39
Capex During the Year	1,835.00	1383.00
Total CWIP	2,421.00	1,969.28
Less. Transferred to FA	512.69	512.69
Closing CWIP	1,908.31	1,456.59
Gross Fixed Assets		
Opening balance of GFA	9,073.00	9,073.00
Transferred from CWIP	512.69	512.69
Closing balance of GFA	**9,585.69**	**9,585.69**

Depreciation

Petitioner's submission

7.57 The computation of depreciation expense is based on the straight-line method (SLM) as prescribed in the 'Distribution Tariff Regulations, 2004'. The Petitioner submitted that the rates of depreciation are as per the depreciation schedule given in Appendix II of the said Regulations.

7.58 The Petitioner has projected gross depreciation of Rs. 604.27 Lakhs for FY 2010-11 and after deducting depreciation from consumer contribution of Rs. 150.27 Lakhs, the net depreciation is proposed at Rs. 454.00 Lakhs.

Commission's analysis

7.59 The Commission has made use of the information submitted by the Petitioner regarding the date of capitalization of various assets and accordingly calculated the depreciation charges for FY 2010-11.

7.60 The Commission observed discrepancy in classification of an asset of the amount Rs. 77.58 Lakhs acquired in February, 2010 for which clarification was sought and obtained from the Petitioner.

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

7.62 Out of total depreciation, proportionate depreciation on the assets created out of consumer contribution has been deducted to arrive at the permissible depreciation. Accordingly, the Commission approves depreciation charge of Rs. 441.92 Lakhs for FY 2010-11.

7.63 Details of the depreciation charges submitted by the Petitioner and approved by the Commission for FY 2010-11 are given below.

Table 50: Proposed and approved Depreciation Expenses for FY 2010-11

Particulars of Assets	Approved Depreciation Rate	Depreciation Cost (Rs. Lakhs)	
		Submitted by JUSCO	***Approved by JSERC***
Air conditioner (Portable)	33.40%	2.32	2.32
Communication system	12.77%	4.60	0.13
Data processing machine	12.77%	2.76	2.76
Land Development	0%	-	-
Meters	12.77%	4.10	4.10
Office equipments	12.77%	9.34	9.34
Office furniture & Fittings	12.77%	1.30	1.30
Offices & Showrooms	3.02%	16.22	16.22
Other Buildings	3.02%	0.59	0.59
Overhead lines < 6.6 kV(LT)	7.84%	109.95	8.11
Overhead lines > 6.6 kV	5.27%	13.60	109.95
Self propelled vehicles	33.40%	2.51	0.00
Software	9%	5.40	12.39
Street light fittings	12.77%	0.04	0.04
Switchgear including cable connections	7.84%	197.01	197.01
Transformers	7.81%	63.63	60.51

Underground cable	5.27%	151.38	131.11
Wages Capitalised	5.27%	-	2.67
Other Assets	Different rates	19.51	17.27
Projected Depreciation on assets to be acquired in FY 2010-11			22.39
Depreciation Charges		604.27	598.22
Less: Depreciation on assets created out of consumer contribution		150.27	156.30
Net Depreciation Charges		**454.00**	**441.92**

Interest and Other Finance Charges

Interest on Loan

Petitioner's submission

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

7.65 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.

7.66 Based on normative debt as described above, the interest liability is calculated at an interest rate of 12.75% which is equivalent to the SBI PLR as on April 1, 2009 plus an additional 0.50% for the risk margin considered by bank in case of long-term loans. Thus, interest charge on debt for FY 2010-11 has been computed as Rs. 483.67 Lakhs.

Commission's analysis

7.67 In accordance with the 'Distribution Tariff Regulations, 2004', the Commission has computed the normative loan for the year equal to 70% of the closing GFA. The GFA has been considered at net of consumer contribution. Normative repayment is deemed to be equal to the depreciation charge during the year.

7.68 In accordance with the 'Distribution Tariff Regulations, 2004', interest on normative loan has been calculated on the average normative loan as outstanding during the year at the interest rate of 12.75%.

7.69 The normative interest approved by the Commission for FY 2010-11 amounts to Rs. 483.47 Lakhs.

Interest on Security Deposits

Petitioner's submission

7.70 The Petitioner has projected an interest payment of Rs. 103 Lakhs for FY 2010-11 on consumer security deposits on the basis of the expected receipt of deposits from consumers in different months of the financial year and assuming an interest rate of 6% per annum.

Commission's analysis

7.71 The Regulation 13 of the 'Distribution Tariff Regulation, 2004' states that *"interest on consumer security deposits shall be equivalent to the bank rate or more, as may be specified by the Commission from time to time."*

7.72 For FY 2010-11, the Commission approves projected interest payment of Rs. 103 Lakhs as submitted by the Petitioner.

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

Table 51: Proposed and Approved Interest and Other Finance Charges for FY 2010-11

Particulars	FY 2010-11	
	*Submitted by JUSCO**	*Approved by JSERC*
Interest on Loan	483.67	483.47
Interest on Security Deposits	103.00	103.00
Total Interest & Finance Charges	**586.67**	**586.47**

*As per additional information submitted by the Petitioner

Return on Equity (RoE)

Petitioner's submission

7.74 The Petitioner has submitted that following the methodology prescribed by the Commission, normative return on equity has been computed at the rate of 14% on the average balance of normative equity.

7.75 Based on the above methodology, the RoE for FY 2010-11 has been computed as Rs. 294.39 Lakhs as per the additional information submitted by the Petitioner.

Commission's analysis

7.76 In accordance with the 'Distribution Tariff Regulations, 2004', the Commission has considered the equity base to be equal to 30% of GFA. The GFA has been considered net of consumer contribution. The Commission also permits a rate of return of 14% as specified by Regulation 20.1 of the 'Distribution Tariff Regulations, 2004'.

7.77 Accordingly, the Commission approves RoE amounting to Rs. 293.77 Lakhs for FY 2010-11.

Table 52: Proposed and Approved Return on Equity for FY 2010-11

Return on Equity	FY 2010-11	
	*Submitted by JUSCO**	*Approved by JSERC*
Normative Equity Base (Rs. Lakhs)	2133.21	2124.36
Rate of Return (%)	14%	14%
Return on Equity (Rs. Lakhs)	**294.39**	**293.77**

*As per additional information submitted by the Petitioner

Income Tax

Petitioner's submission

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

7.79 Accordingly, income tax for FY 2010-11 has been calculated at Rs. 118.31 Lakhs as per the additional information submitted by the Petitioner.

Commission's analysis

7.80 The Commission has considered the method of computation of income tax used by the Petitioner and computed the income tax accordingly.

7.81 The Commission, however, takes cognisance of the fact that the surcharge on corporate tax has been reduced from 10% to 7.5 %. Consequently, effective corporate tax rate stands at 33.2175%.

7.82 The Table 54 contains the income tax proposed and approved for FY 2010-11.

Table 53: Proposed and Approved Income Tax (Rs. Lakhs) for FY 2010-11

Return on Equity	FY 2010-11	
	*Submitted by JUSCO**	*Approved by JSERC*
Return on Equity	294.39	293.77
Income Tax rate	33.2175%	33.2175%
Gross ROE	440.84	439.89
Depreciation as per ARR	454.00	441.92
Depreciation as per IT	(1,022.36)	(1,022.36)
Normative interest on Loan	483.67	483.47
Taxable income	356.15	342.93
Income tax	**118.31**	**113.91**

* Calculated as per additional information submitted by the Petitioner

Non Tariff Income (NTI)

Petitioner's submission

7.83 The Non-Tariff Income includes Meter Rent, DPS and Supervision Charges, among others. For FY 2010-11, the Petitioner has submitted NTI of Rs. 52.97 Lakhs.

Commission's analysis

7.84 The Commission has approved NTI at Rs. 52.97 Lakhs as per the projections of the Petitioner. The following table contains details of NTI approved by the Commission for FY 2010-11.

Table 54: Proposed and Approved NTI (Rs. Lakhs) for FY 2010-11

Particulars	FY2010-11	
	Submitted by JUSCO	*Approved by JSERC*
Meter Rent	6.26	6.26
Delayed Payment Surcharge	1.39	1.39
Supervision charges	42.52	42.52
Others	2.80	2.80
Total Income	**52.97**	**52.97**

Revenue from Existing Tariff

Petitioner's submission

7.85 The Petitioner has projected revenue from sale of power as given below.

Table 55: Proposed Revenue from Existing Tariffs for FY 2010-11

Consumer Category	FY 2010-11					
	Sales (thousand units)	Revenue (fixed charges)	Revenue (energy charges)	Others	Total revenue (in Rupees)	Average Tariff (Rs/KWh)
Domestic Service (DS)						
DS I	11	0	11	0	11	1.00
DS II	46	4	72	0	76	1.65
DS III	769	35	1307	0	1342	1.75
DS HT	3634	636	5451	0	6087	1.68
Non-Domestic (NDS)						
NDS I	9	0	11	0	11	1.25
NDS II	1287	1235	4633	0	5868	4.56
Low Tension (LTIS)						
LTIS	2955	1922	10341	519	12782	4.33
Irrigation & Agriculture Service (IAS)						
IAS	11	0	8	0	8	0.75
High Tension (HTS)						
HTS 11 kV	74140	43227	296559	1232	341017	4.60
HTS 33kV	89020	66852	356078	-24290	398641	4.48
High Tension Special (HTSS)						
HTSS 11kV	483	1620	1207	312	3139	6.50
HTSS 33kV	2185	5400	5464	163	11027	5.05
Total	**174548**	**120931**	**681141**	**(22064)**	**780008**	**4.47**

Commission's analysis

7.86 The Commission has projected revenue from sale of power using approved consumers, sales and connected load for FY 2010-11, as depicted in Table 56

Table 56: Approved Revenue from Existing Tariffs for FY 2010-11 (Rs. Thousands)

Consumer Category	FY 2010-11					
	Sales (thousand units)	Revenue (fixed charges)	Revenue (energy charges)	Others	Total revenue (in Rupees)	Average Tariff (Rs/KWh)
Domestic Service (DS)						
DS I	11	0	11	0	11	1.00
DS II	58	4	90	0	94	1.63
DS III	844	38	1435	0	1474	1.75
DS HT	3,634	636	5451	0	6087	1.68
Non-Domestic (NDS)						
NDS I	9	0	11	0	11	1.25
NDS II	1,415	1235	5093	0	6328	4.47
Low Tension (LTIS)					0	
LTIS	2,955	1922	10341	519	12782	4.33
Irrigation & Agriculture Service (IAS)						
IAS	11	0	8	0	8	0.75
High Tension (HTS)						
HTS 11 kV	74,140	43227	296559	(1054)	338732	4.57
HTS 33kV	90,809	67188	363237	(25328)	405097	4.46
High Tension Special (HTSS)						
HTSS 11kV	1,468	4050	3670	114	7834	5.34
HTSS 33kV	2,185	5400	5464	(47)	10816	4.95
Total	**177,538**	**123,701**	**691,368**	**(25,796)**	**789,273**	**4.45**

Summary of ARR and Revenue Gap for FY 2010-11

7.87 Following table contains the summary of ARR and revenue gap as proposed by the Petitioner and as approved by the Commission for FY 2010-11.

Table 57: Summary of Annual Revenue Requirement (Rs. Lakhs) for FY 2010-11

Annual Revenue Requirement	FY 2010-11	
Costs	***Submitted by JUSCO****	***Approved by JSERC***
Power Purchase Cost	6057.00	5982.66
O&M Cost	880.43	721.10
Employee Cost	365.68	353.13
R&M Cost	225.68	121.10
A&G Cost	289.07	246.87
Depreciation	454.00	441.92
Interest & Financing Charges	586.67	586.47
Provision for bad debts	39.00	-
Income Tax	118.31	113.91
Total Cost	**8135.41**	**7846.06**
Add: Reasonable Return	294.39	293.77
Less: Non Tariff Income	52.97	52.97
Annual Revenue Requirement	**8376.84**	**8086.86**
Revenue@ Existing Tariff	7800.08	7892.73
Revenue (Gap)/Surplus	**(576.76)**	**(194.13)**

* As per additional information submitted by the Petitioner

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

Summary of Annual Revenue Requirement for respective years

8.1 In view of the above analysis, the Annual Revenue Requirement along with the revenues at existing tariffs and revenue gap for FY 2007-08, FY 2008-09, FY 2009-10 and FY 2010-11 are summarized below.

Table 58: Summary of Annual Revenue Requirement (Rs. Lakhs)

Annual Revenue Requirement	FY 2007-08 (Actual)		FY 2008-09 (Actual)		FY 2009-10 (Revised)		FY 2010-11 (Projected)	
Costs	*Submitted by JUSCO*	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*	*Submitted by JUSCO*	*Approved by JSERC*
Power Purchase Cost	117	116.52	1094	1094.49	3862	3861.84	6057.00	5982.66
O&M Expenses	40.91	40.91	244.89	232.53	543.75	510.68	880.43	721.10
Employee Costs	*22.38*	*22.37*	*133.42*	*133.33*	*249.65*	*249.65*	*365.68*	*353.13*
Repair & Maintenance Expenses	-	-	*25.37*	*25.37*	*95.85*	*95.85*	*225.68*	*121.10*
Administrative & General expenses	*18.53*	*18.53*	*86.10*	*73.84*	*198.25*	*165.18*	*289.07*	*246.87*
Interest and finance Charges	114	67.58	396	396.19	587.14	587.57	586.67	586.47
Depreciation	29.88	28.23	241.27	238.90	377.00	376.71	454.00	441.92
Provision for bad debts	-	-	-	-	-	-	39.00	-
Income Tax	0.00	0.00	7.00	0.00	120.27	79.58	118.31	113.91
Total Costs	**301.79**	**253.23**	**1984**	**1962.11**	**5490.00**	**5416.37**	**8135.41**	**7846.06**
Add: Reasonable Return	31.00	31.04	183	182.90	274.78	274.75	294.39	293.77
Less: Non-tariff Income	29.86	29.86	26.17	26.17	37.85	37.85	52.97	52.97
Annual Revenue Requirement	**302**	**254.42**	**2141**	**2118.84**	**5726.93**	**5653.27**	**8376.84**	**8086.86**
Revenue@ Existing Tariff	205	204.79	1694	1693.86	5531.58	5531.58	7800.08	7892.73
Revenue (Gap)/Surplus	**(97.00)**	**(49.63)**	**(447.00)**	**(424.98)**	**(195.35)**	**(121.69)**	**(576.76)**	**(194.13)**
Carrying Cost on Regulatory Asset								**(14.10)**
Cumulative (Gap)/Surplus upto FY 2010-11							**(1315.85)**	**(804.43)**

8.2 The Commission, in its previous Tariff Order for FY 2009-10, had decided that the revenue gap of **Rs. 1200.79 Lakhs** be converted as regulatory asset to be amortized in 3 years. As per the analysis done in this Tariff Order, the amount of Regulatory asset now stands at Rs. 590.30 Lakhs for the period FY 2007-08 to FY 2009-10. The Commission has now decided to fully amortize the amount of regulatory asset in FY 2010-11. In line with the provisions of the National Tariff Policy and the submission of the Petitioner, the Commission has considered the carrying cost for the regulatory asset at Rs. 14.10 Lakhs.

8.3 Accordingly, the cumulative revenue gap approved by the Commission up to FY 2010-11 is **Rs. 804.43 Lakhs** as against the gap of **Rs. 1315.85 Lakhs** proposed by the Petitioner.

Treatment of Revenue Gap

Petitioner's submission

8.4 The Petitioner has proposed an average increase of 11%, which is expected to generate additional revenue of Rs. 824 Lakhs. The Petitioner has proposed to postpone the recovery of remaining gap to future years and to treat the same as regulatory asset.

8.5 The table below details the summary of the ARR, gap and the proposal of revenue recovery in FY 2010-11 proposed by the Petitioner.

Table 59: Revenue Gap and its Recovery Proposal Submitted by the Petitioner

Particulars	Figures*
Total sales for FY 2010-11 (MUs)	174.55
(Figures in Lakhs)	
Revenue requirement for FY 2010-11	8377
Cumulative Gap for past FY's	739
Total ARR including past FY's Gap	9116
Revenue at existing tariff	7800
Total Gap at existing tariff	1316
Total ARR including past FY's Gap	9116
Revenue at proposed tariff	8624
Remaining Gap to be carried forward as regulatory asset	**492**
(Figures in Rs per kWh)	
Average cost of service in FY 2010-11	4.80
Per unit gap for past recoveries (based on FY 2010-11 sale)	0.42
Total average cost including past FY's Gap component	5.22
Average revenue at existing tariff	4.47
Per unit gap at existing tariff for FY 2010-11	**0.75**

Total average cost including past FY's Gap component	5.22
Average revenue at proposed tariff	4.94
Per unit gap to be carried forward as regulatory asset	**0.28**
Per unit increase in average tariff	**0.47**
% increase in average tariff	**11%**

* Calculated as per additional information submitted by the Petitioner

Views of the Commission

8.6 As mentioned above, the Commission has envisaged a total revenue gap of Rs. 804.43 Lakhs up to FY 2010-11. The tariff has been increased to the extent of covering this gap only.

8.7 The Commission, after due deliberations, has designed the tariff structure of JUSCO in line with that of JSEB.

8.8 The applicable tariff schedule for JUSCO for FY 2010-11 is given in Section A11: of this Tariff Order.

A9: TARIFF APPROVED BY THE COMMISSION FOR FY 2010-11

9.1 As mentioned earlier, the Commission has determined the revenue gap of Rs. 804.43 Lakhs up to FY 2010-11 and has determined the category wise retail tariffs for FY 2010-11, as depicted in the table below.

Table 60: Existing and Approved Tariff for FY 2010-11

	Existing				Approved			
Consumer Category	**Fixed Charge**	**Energy Charge**		**Minimum Monthly Charge**	**Fixed Charge**	**Energy Charge**		**Minimum Monthly Charge**
	Rate	*Unit*	*Rate*	*Rate*	*Unit*	*Unit*	*Rate*	*Rate*
DS-I (a)- Kutir Jyoti Connections (Metered)	0	Rs./KWh	1.00	Nil	0	Rs./KWh	1.10	Nil
DS-I (a)- Kutir Jyoti Connections (Unmetered)	Rs 27 per connection per month	Rs./KWh	0.00	Nil	Rs 30 per connection per month	Rs./KWh	0.00	Nil
DS-I (b)- Other rural domestic consumers (Metered)	0	Rs./KWh	1.00	Nil	0	Rs./KWh	1.10	Nil
DS - I (b) other rural domestic consumers (Unmetered)	Rs 65 per connection per month	Rs./KWh	0.00	Nil	Rs 72 per connection per month	Rs./KWh	0.00	Nil
DS – II	Rs. 20 per connection per month	Rs./kWh (0-200 Units per month)	1.35	Nil	Rs. 25 per connection per month	Rs./kWh (0-200 Units per month)	1.50	Nil
		Rs./kWh (Above 200 Units per month)	1.70	Nil	Rs. 30 per connection per month	Rs./kWh (Above 200 Units per month)	1.90	Nil
DS – III	Rs. 40 per connection per month	Rs./kWh	1.70	Nil	Rs. 50 per connection per month	Rs./kWh	1.90	Nil
DS HT	Rs. 30 per kVA per month	Rs./kWh	1.50	Nil	Rs. 40 per kVA per month	Rs./kWh	1.65	Nil
NDS – I <=2 kW **(Metered)**	0	Rs./kWh	1.25	Nil	0	Rs./kWh	1.35	Nil
NDS – I (Un metered)	Rs. 110/kW/month or part thereof for connected load up to 1	Rs./kWh	0	Nil	Rs. 120/kW/month or part thereof for connected load upto1KW.	Rs./kWh	0	Nil

	KW. Rs.50/kW/ month for each additional 1kW or part thereof				Rs.60/kW/ month for each additional 1kW or part thereof.			
NDS – II	Rs. 100 per kW per month or part thereof	Rs./kWh	3.60	Nil	Rs. 110 per kW per month or part thereof	Rs./kWh	3.95	Nil
LTIS	Rs. 60 /HP/month	Rs./KWh	3.50	Nil	Rs. 75 /HP/month	Rs./KWh	3.50	Nil
IAS - I (Metered)	0	Rs./ KWh	0.50	Nil	0	Rs./kW	0.50	Nil
IAS-I (Unmetered)	Rs. 50 /HP/month	Rs./ KWh	0	Nil	Rs. 50 /HP/month	Rs./kW	0.00	Nil
IAS – II (Metered)	0	Rs./ KWh	0.75	Nil	0	Rs./kW	0.75	Nil
IAS-II (Unmetered)	Rs. 200 /HP/month	Rs./ KWh	0	Nil	Rs. 200 /HP/month	Rs./kW	0.00	Nil
HTS	Rs. 140 per kVA per month (Demand charges)	Rs./KWh	4.00	For supply at 11 & 33 kV: 250 per kVA For supply at 132 kV: 400 per kVA	Rs. 165 per kVA per month (Demand charges) for all voltage levels	Rs./KWh	4.35	Nil
HTSS	Rs. 300 per kVA per month (Demand charges)	Rs./kWh	2.50	Rs. 400 per kVA per month	Rs. 330 per kVA per month (Demand charges) for all voltage levels	Rs./kWh	2.50	Nil
SS-I (Metered)	Rs 20/ Connection/ month	Rs./kWh	3.50	Nil	Rs 25/ Connection/ month	Rs./kWh	3.50	Nil
SS-II (Unmetered)	Rs. 100 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			
REC/SHG etc	NIL	Rs./KWh	0.70	NIL	NIL	Rs./KWh	0.70	Nil
MES	Rs 150/kVA/month	Rs./KWh	2.50	NIL	Rs 160/kVA per month	Rs./KWh	3.00	Nil

Note: Tariff for temporary supply shall remain the same as per the existing applicable tariff.

The above tariffs will be applicable from 1st September 2010.

A10: TARIFF RELATED OTHER ISSUES

Tariff Rationalization

Petitioner's submission

10.1 The Petitioner has submitted that, the average cost of supply for JUSCO is around Rs. 4.80 per unit in FY 2010-11 (as per additional information), without taking into account past recoveries on account of revenue gap in FY 2007-08, FY 2008-09 and FY 2009-10. As against this, total revenue per unit (from all consumer categories) is estimated to be Rs. 4.47 per unit with the average realization from the Domestic and IAS consumer categories being very low at Rs. 1.69 per unit to Rs. .75 per unit respectively.

Table 61: Average CoS vs. Existing Average Revenue for FY 2010-11

Consumer Category	Average CoS	Revenue Per Unit	Revenue as % CoS	Under Recovery %
Domestic	4.80	1.69	35.21%	3.11
Non domestic	4.80	4.54	94.60%	0.26
Low Tension	4.80	4.33	90.22%	0.47
Irrigation & Agriculture	4.80	0.75	15.63%	4.05
Industrial HT	4.80	4.55	94.81%	0.25
Total	**4.80**	**4.47**	**93.14%**	**0.33**

* Calculated as per additional information submitted by the Petitioner

10.2 In view of the above, the Petitioner has proposed rationalization of tariffs on account of relevant provisions in 61 (g) of the Electricity Act which states that the "Appropriate Commission shall be guided by the objective that the tariff should reflects the cost of supply and reduce the cross subsidies within a period to be specified by the Commission". The Petitioner has also referred to the provisions of the National Tariff Policy which also states that "the tariff progressively reflects the cost of supply of electricity".

10.3 The Petitioner has summarized the above by submitting that being the second licensee in the area, it has to craft a balance between the prevailing tariff of the first licensee and the desired average revenue based upon its average cost of supply. Accordingly the Petitioner has proposed tariffs similar to JSEB Tariff for FY 2010-11 approved by the Commission with some exceptions.

View of the Commission

10.4 The Commission has decided to update the tariff for various categories on the basis of the following

(a) Revenue Gap of Rs. 804.43 Lakhs envisaged by the Commission;

(b) The Tariff proposal of licensee for various categories;

(c) Tariff approved for JSEB in its Tariff Order for FY 2010-11 dated April 26, 2010.

(d) Provisions of section 61(g) of the Electricity Act,2003 for reducing the cross subsidies

(e) The National Tariff Policy; and

(f) National Electricity Policy.

10.5 In regard of the provisions of the Section 61 (g) and the National Tariff Policy for ensuring that the tariffs reflect the cost of supply of electricity, the Commission feels that it is important for the Petitioner to determine the cost of supply for each category and then compare the same with the revenue recovered from the respective categories. The Commission has given relevant directives to the Petitioner for conducting the Cost of Supply study in the Directives section in the previous tariff order for FY 2009-10.

10.6 Meanwhile, the Commission has determined the average cost of supply for FY 2010-11 computed as Rs. 4.56 /kWh, and Rs. 4.90/ kWh after including revenue gaps for previous years. The average revenue per unit from existing tariffs is Rs. 4.45/ kWh while the average revenue per unit as per tariff hike is determined at Rs. 4.90/ kWh.

Table 62: Average CoS vs. Approved Average Revenue for FY 2010-11

Consumer Category	Average CoS FY 2010-11	Average CoS FY 2010-11 (incl past recoveries)	Revenue Per Unit @ existing Tariff	Revenue Per Unit @ approved tariff for FY 10-11	Revenue @ existing Tariff as % Avg CoS	Revenue @ proposed Tariff as % Avg CoS	Revenue @ proposed tariff as % Avg CoS for FY 2010-11 (incl Past recoveries)
Domestic	4.56	4.90	1.69	1.89	37.1%	41.5%	38.6%
Non Domestic	4.56	4.90	4.45	4.89	97.7%	107.4%	99.8%
Low Tension	4.56	4.90	4.33	4.49	95.1%	98.6%	91.6%
Irrigation & Agriculture	4.56	4.90	.75	.75	16.5%	16.5%	15.3%
Industrial HT	4.56	4.90	4.52	4.99	99.2%	109.5%	101.8%
Total	**4.56**	**4.90**	**4.45**	**4.90**	**97.7%**	**107.6%**	**100.0%**

10.7 The Commission has increased the tariff for Domestic consumer category in this Tariff Order to help reduce under recoveries by the distribution company on account of these consumers and gradually move towards a cost of supply model of power supply.

Merging of HTSS Category into HTS Category

Petitioner's submission

10.8 The Petitioner believes that the consumers in the HTS and the HTSS category are by no means any different and hence the Petitioner has proposed to merge the HTSS category of consumers into the HTS category and abolish the HTSS category all together.

Views of the Commission

10.9 This issue has already been discussed in Section A4 of this Tariff Order.

Monthly Minimum Charges

Petitioner's submission

10.10 The Petitioner has proposed to increase MMC for the HT category. The Petitioner has submitted that the existing charges are too low compared to the power availability being given to the consumers. Higher MMC are required to incentivise the consumers to optimize its power requirement/demand while applying for new power connection.

Views of the Commission

10.11 The Commission has decided to discontinue MMC charges from FY 2010-11 onwards for all the licensees in the State of Jharkhand since the Commission has observed that most of the States where MMC has been in place are either having single part tariff with no fixed charges or have removed the MMC once the fixed charges have been introduced.

Since the state of Jharkhand already has a two part tariff structure in place, there is no rationale in keeping the MMC for any categories. Accordingly, the Commission has decided to discontinue MMC for all categories.

A11: TARIFF SCHEDULE FY 2010-11

APPLICABLE FROM 1ST SEPTEMBER 2010

Domestic Service (DS)
Applicability:

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

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

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

Category of Services:

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

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

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

(d) Domestic Service – (DS – III):-For Urban areas covered by notified Area Committee / municipality / municipal Corporation / All District Town / All sub-divisional Town / All Block Headquarters / Industrial Area / contiguous sub-urban area all market places urban or rural and for connected load exceeding 4KW.

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

Service Character:

(i) For DS-I (a): AC, 50 Cycles, Single phase at 230 volts for Kutir Jyoti connection for load below 0.03 KW

(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.

Tariff:

Consumer category	Fixed Charge	Energy Charge		Minimum Monthly Charge
	Rate	*Unit*	*Rate (Rs/KWh)*	*Rate (Rs/KWh)*
DS-I (a), Kutir Jyoti Connections, metered	Nil	Rs./kWh	1.10 (optional metered tariff)	Nil
DS-I (a), Kutir Jyoti Connections, unmetered	Rs. 30 per connection per month	Rs./kWh	Nil	Nil
DS - I (b)- other rural domestic consumers, metered	Nil	Rs./kWh	1.10 (optional metered tariff)	Nil
DS - I (b)- other rural domestic consumers, unmetered	Rs. 72 per connection per month	Rs./kWh	Nil	Nil
DS – II	Rs 25 per connection per month (0-200 kWh per month)	Rs./kWh (0-200 kWh per month)	1.50	Nil
	Rs 30 per connection per month	Rs./kWh (Above 200 kWh per month)	1.90	Nil
DS – III	Rs. 50 per connection per month	Rs./kWh	1.90	Nil
DS HT	Rs. 40 per kVA per month	Rs./kWh	1.65	Nil

Delayed Payment Surcharge:

For Domestic Service category, the delayed payment surcharge will be at the rate of 1.5% per month and part thereof.

Non–Domestic Service (NDS)
Applicability:

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

Service Category:

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

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

Service Character:

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

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

Tariff:

Consumer category	Fixed Charge	Energy Charge		Minimum Monthly Charge
	Rate	*Unit*	*Rate (Rs/KWh)*	*Rate (Rs/KWh)*
NDS – I, <=2 kW metered	Nil	Rs./kWh	1.35	Nil
NDS-I, unmetered	Rs. 120 per kW per month or part thereof for connected load up to 1 kW Rs. 60 per kW per month for each additional 1 kW or part thereof	Rs./kWh	0	Nil
NDS – II	Rs. 110 per kW per month or part thereof.	Rs./kWh	3.95	Nil

Delayed Payment Surcharge:

For Non Domestic Category, the Delayed Payment Surcharge will at the rate of 1.5% per month and part thereof.

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

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

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

Service Character:

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

Tariff:

Consumer category	Fixed Charge	Energy Charge		Minimum Monthly Charge
	Rate	*Unit*	*Rate (Rs/KWh)*	*Rate (Rs/KWh)*
LTIS	Rs. 75 /HP per month	Rs./KWh	3.50	Nil

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 KVA.

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.

Delayed Payment Surcharge:

For Low tension industrial and medium power category, the Delayed Payment Surcharge will at the rate of 1.5% per month and part thereof.

Power Factor Penalty:

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

In case average power factor in a month for a consumer falls below 0.85, a penalty @ 1% for every 0.01 fall in power factor from 0.85 to 0.60; plus 2% for every 0.1 fall below 0.60 to 0.30 (up to and including 0.30) shall be levied on demand and energy charges.

Power Factor Rebate:

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

In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is more than 95%, a rebate of 2% on demand and energy charges shall be applicable.

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 Charge	Energy Charge		Minimum Monthly Charge
	Rate	*Unit*	*Rate (Rs/KWh)*	*Rate (Rs/KWh)*
IAS - I (Metered)	Nil	Rs./kWh	0.50	Nil
IAS - I (Unmetered)	Rs 50/HP/month	Rs./kWh	Nil	Nil
IAS - II (Metered)	Nil	Rs./kWh	0.75	Nil
IAS – II (Unmetered)	Rs 200/HP/month	Rs./kW	Nil	Nil

Delayed Payment Surcharge:

For Irrigation and agriculture service category, the Delayed Payment Surcharge will at the rate of 1.5% per month and part thereof.

Power Factor Penalty:

In case average power factor in a month for a consumer falls below 0.85, a penalty @ 1% for every 0.01 fall in power factor from 0.85 to 0.60; plus 2% for every 0.1 fall below 0.60 to 0.30 (up to and including 0.30) shall be levied on demand and energy charges.

Power Factor Rebate:

In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is more than 95%, a rebate of 2% on demand and energy charges shall be applicable.

High Tension Voltage Supply Service (HTS)
Applicability:

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

Service Character:

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

Tariff:

Consumer category	Demand Charges	Energy Charge		Minimum Monthly Charge
	Rate	*Unit*	*Rate (Rs/KWh)*	*Rate (Rs/KWh)*
HTS - 11 kV	Rs. 165 per kVA per month	Rs./Kwh	4.35	Nil
HTS - 33 kV	Rs. 165 per kVA per month	Rs./Kwh	4.35	Nil
HTS - 132 kV	Rs. 165 per kVA per month	Rs./Kwh	4.35	Nil

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

Consumer category	Voltage Rebate
HTS - 33 kV	3.00%
HTS - 132 kV	5.00%
HTS - 220 kV	5.50%
HTS - 440 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 rebate.

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

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

Note: The above rebate will be available only on monthly basis and consumer with arrears shall not be eligible for the above rebate.

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.

Power Factor Penalty:

In case average power factor in a month for a consumer falls below 0.85, a penalty @ 1% for every 0.01 fall in power factor from 0.85 to 0.60; plus 2% for every 0.1 fall below 0.60 to 0.30 (up to and including 0.30) shall be levied on demand and energy charges.

Power Factor Rebate:

In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is more than 95%, a rebate of 2% on demand and energy charges shall be applicable.

TOD Tariff for HTS Consumers: TOD tariff proposed for HTS Consumers is given below-

Off Peak Hours: 10:00 PM to 06:00 AM: 85% of normal rate of energy charge.

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

HT Special Service (HTSS)
Applicability:

This tariff schedule shall apply to all consumers who have a contracted demand of 300 KVA and more for induction/arc Furnace. In case of induction/arc furnace consumers, 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.

For billing, the demand shall be the maximum demand recorded during the month or 75% of the contract demand, whichever is higher.

Tariff:

Consumer category	Demand Charges	Energy Charge		Minimum Monthly Charge
	Rate	*Unit*	*Rate (Rs/KWh)*	*Rate (Rs/KWh)*
HTSS - 11 kV	Rs. 330 per kVA per month	Rs./kW	2.50	Nil
HTSS - 33 kV	Rs. 330 per kVA per month	Rs./kW	2.50	Nil
HTSS - 132 kV	Rs. 330 per kVA per month	Rs./kW	2.50	Nil

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

Consumer category	Voltage Rebate
HTSS - 33 kV	3.00%
HTSS - 132 kV	5.00%
HTSS - 220 kV	5.50%
HTSS - 440 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 rebate.

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

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

Note: The above rebate will be available only on monthly basis and consumer with arrears shall not be eligible for the above rebate.

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.

Power Factor Penalty:

In case average power factor in a month for a consumer falls below 0.85, a penalty @ 1% for every 0.01 fall in power factor from 0.85 to 0.60; plus 2% for every 0.1 fall below 0.60 to 0.30 (up to and including 0.30) shall be levied on demand and energy charges.

Power Factor Rebate:

In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is more than 95%, a rebate of 2% on demand and energy charges shall be applicable.

Street Light Service (SS)
Applicability

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

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

Category of Service:

SS-I: Metered Street Light Service

SS-II: Unmetered Street Light Service

Tariff:

Consumer category	Fixed Charge	Energy Charge		Minimum Monthly Charge
	Rate	*Unit*	*Rate*	*Rate*
SS-I (Metered)	Rs. 25/ Connection/month	Rs./kWh	3.50	Nil
SS-II (Unmetered)	Rs. 110/ 100 watt lamp in addition Rs. 25 would be charged for each addition 50 Watt lamp.	Rs./kWh	Nil	Nil

Delayed Payment Surcharge:

For Street Light service category, the Delayed Payment Surcharge will at the rate of 1.5% per month and part thereof.

Rural Electric Co-operative (REC)/ 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	Fixed Charge	Energy Charge		Minimum Monthly Charge
	Rate	*Unit*	*Rate*	*Rate*
REC	Nil	Rs./kWh	0.70	Nil

Delayed Payment Surcharge:

For Rural Electric Cooperative service category, the Delayed Payment Surcharge will at the rate of 1.5% per month and part thereof.

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 Charge	Energy Charge		Minimum Monthly Charge
	Rate	*Unit*	*Rate*	*Rate*
Bulk Supply to MES	Rs. 160 per kVA per month	Rs./Kwh	3.00	Nil

Delayed Payment Surcharge:

For Military Engineering service category, the Delayed Payment Surcharge will at the rate of 1.5% per month and part thereof.

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 no be refunded.
	Three phase	100	
	Trivector of special type meter	650	
5	**Removing/ Refixing of meter**		
	Single phase	50	Payable in cash in advance along with the intimation for revision
	Three phase	100	
	Trivector of special type meter	300	
6	**Changing of meter /meter equipment/fixing of sub meter on the request of the consumer/fixing of sub meter**		
	Single phase	50	Payable in cash in advance along with the intimation for revision
	Three phase	100	
	Trivector of special type meter	300	
7	**Researching 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

A12: STATUS OF EARLIER DIRECTIVES

S No.	Directives as per TO 2009-10	Status submitted by the Petitioner	Views of the Commission
1.	**Sales estimates and projections** The Commission directed the Petitioner to undertake a detailed study for load research and demand forecast in order to correctly workout its short term and long term peak energy requirement. The Commission also directed the Petitioner to estimate consumption for different categories including un-metered category, if any, and to furnish number of hours of supply to various categories of consumers for the previous years with the tariff petition for FY 2010-11.	The Petitioner submits that it has planned to undertake a detailed study for load research and demand forecast and is in search of an expert agency to carry out this exercise. It targets to finish this exercise by the end of FY 2010-11. The Petitioner submits that it does not have any unmetered consumers and the same feeder feeds power to domestic, commercial, industrial as well as other consumers and therefore it is difficult to maintain record for category-wise no. of hours of supply. However, monthly power availability in FY 2010-11 to all consumers have varied from 97.60% to 99.89%	The Commission directs the Petitioner to submit a status report on steps being taken in regards to the study being conducted by the expert agency within two months of the issue of this order. The Commission directs the Petitioner to further improve its availability so that the consumers get uninterrupted and quality power supply in the licensed area of the Petitioner.
2.	**Cost Estimates and Projections** The Commission directed the Petitioner to maintain the separate heads of accounts under PBD for both Jamshedpur and Saraikela-Kharasavan area of distribution and submit the same within six months of the date of issue of this order.	The Petitioner submits that it is not maintaining separate books of accounts for PSK and is using FAS maintained on SAP where separate cost centres have been created for identification of direct expenditure. The expenditures which are common either to JUSCO or whole of PSD are apportioned on the logical basis keeping in view GAAP. It further submits that the annual accounts for FY 2007-08 and FY 2008-09 duly certified by the practising chartered accountants are submitted to the Commission which should be considered as compliance of the directive and requests the Commission to allow similar arrangement	The Commission is not satisfied with the reply submitted by the Petitioner and again directs the Petitioner to submit separate accounts along with the schedules in the next tariff petition of FY 2012-13.

		for future years also.	
3.	**Distribution Loss estimation** The Commission directed the Petitioner to conduct a study and devise a methodology to ascertain the feasible distribution loss level for future years and also to formulate a task force for supervising the distribution loss in its licensed area. The task force should report to the Commission on a quarterly basis about the various efforts that have been undertaken to correctly ascertain the distribution loss levels. The Commission also directs the Petitioner to carry out energy audit of its system and provide quarterly reports to the Commission regarding the progress of energy audit, action taken to reduce distribution loss and results achieved.	The Petitioner submits that its distribution losses for FY 09-10 were even less than 1% which is one of the lowest in the industry and this has been possible by adopting latest metering technology and dedicated working of the loss control team. The Petitioner submits that it will start sending quarterly report on the matter from the first quarter of FY 2010-11 The Petitioner submits that distribution loss levels in future years will depend on the network spread and configuration. Therefore, any study for estimation of losses for future years will have many limitations due to the assumptions made in the study. The Petitioner sates that it will undertake the energy audit and will provide quarterly report of the same to the Commission.	The Commission appreciates the efforts made by the Petitioner for achieving low distribution losses for FY 2009-10 and expects that the same measures will be adopted in future also. The Commission is still awaiting the report from the Petitioner for the first quarter and directs the Petitioner to submit quarterly report within first week of the subsequent month of every quarter. The Commission directs petitioner to conduct the energy audit within six months of the issue of this Order and submit a report to the Commission on the results within one month from the completion of study.
4.	**Metering issues** The Commission directed the Petitioner to, submit a report on the metering technology used for various categories of consumers within three months of this order and also submit quarterly reports on the number of non-performing/defective meters for each category in the system and time taken to replace such meters. The Commission also directed the Petitioner to develop a process for installation of consumer purchased meters and	The Petitioner submits that its current loss levels are at technical limits (<3%) which has been possible due to appropriate metering technology along with the efforts made by the metering team. It has provided the key features of energy meters used to provide supply to the consumers. The Petitioner submits that there has only been one failure of High Tension (11kV) CT PT metering unit which was due to cable termination failure and was	The Petitioner has complied with the directive.

	issue relevant circulars within three months of issue of this order.	rectified on the same day without any waiting time. The Petitioner states that it will submit quarterly report on the failed meter and the time taken to rectify it to the Commission in the first quarter of FY 2010-11.	
5.	**Cost of Supply** The Commission directed the Petitioner to conduct the CoS study for each category within one year of the issue of this order and submit it to the Commission for review and finalization. The Petitioner was also directed to submit the scope of work and the methodology to be followed for conducting the CoS Study.	The Petitioner submits that its present distribution network is very small and the loss levels are within the technical limits. Therefore, there should not be much difference between cost of supply for different consumer categories. The Petitioner has estimated the cost of supply to be within + 10% of the average cost of supply which is at Rs. 4.52 per unit. The Petitioner has requested the Commission to accept this cost as cost of Supply to various consumer categories.	The Commission is of the view that the Petitioner is expected to expand its network and the loss levels may increase in the future. Thus, Cost of Supply study needs to be undertaken and the status of the same is to be submitted to the Commission within 3 months of the issue of the order.
6.	**Non Sunday off scheme** The Commission directed the Petitioner to prepare and submit the non Sunday off scheme within one months of issue this order for approval of the Commission.	The Petitioner submits that the circular on Non Sunday off scheme is under preparation and will be submitted to the Commission very soon.	The Petitioner has complied with the directive.
7.	**Capitalization and asset register** The Commission directed the Petitioner to declare its capitalization policy and to provide the year wise details regarding CWIP with the next tariff petition.	The Petitioner submits that it follows capitalisation policy which is in line with accounting standards. Any standalone asset is capitalised as on date of goods receipt in case of supply, date of service entry in case of services and the assets which are not standalone are capitalised as on date the asset is put to use.	The Commission directs the petitioner to submit a detailed report on the capitalization within one month of the issue of this Order.

8.	**Standards of performance** The Commission directed the Petitioner to submit the statement of record mandated under JSERC(Distribution Licensees' Standard of Performance)Regulations, 2005 along-with the amount of compensation/claim paid since inception and up to the 3rd quarter of FY 2009-10 and thereafter submit the same to the Commission on quarterly basis. The Commission also directed the Petitioner to submit the implementation plan for opening of new bill collection centre at Adityapur within three months of the issue of this order. The Commission further directed the Petitioner to submit an action plan for the disseminating the information regarding load shedding to its consumers through phone/ SMS by mobile phones, within three months of the issue of this order.	The Petitioner submits that the performance of JUSCO against the Guaranteed Standard of performance is annexed in the tariff Petition. The Petitioner submits that it has already started sending mobile bill collection counter at specified locations in Adityapur and the venue, date and timings are communicated well in advance to the consumers in the bill sent to them. The Petitioner submits that there has been a good response from the domestic and commercial consumers to this initiative. The Petitioner submits that it has started disseminating the load shedding information to the consumers through phone/SMS. However in certain cases of breakdown it is difficult to disseminate the same on time. But once the information about the same is received, it is communicated to the consumers.	The Petitioner has complied with the directive. The Petitioner has complied with the directive The Petitioner has complied with the directive.
9.	**Capital Investment Plan** The Commission directed the utility to submit the scheme wise details for FY 2009-10 & FY 2010-11 with actual capital expenditure incurred up to date in FY 2010-11 and also the implementation schedule along with the cost benefit analysis of each scheme for FY 2009-10 and FY 2010-11 to the Commission	The Petitioner submits that it has prepared a single scheme of Rs 100 Crs for the development of infrastructure in Saraikela Kharasawan and all the expenditure on the development of infrastructure is booked into that scheme. The Petitioner has submitted	The Petitioner has complied with the directive.

	with the next tariff petition of FY 2010-11.	the list of major facilities created till date on this scheme.	
10.	**Load factor of High Tension Service and EHTS category** The Petitioner was directed to carry out a study considering the contract demand, the actual consumption, load factor, billing, collection, reasons for low load factor and submit it to the Commission within a period of six months from the date of issue of this tariff order.	The Petitioner submitted that it does not have any EHTS (132 kV) consumer and has not provided any information related to 132 kV consumer load factor to the Commission. In general, the average load factor of HT consumers has gone up in FY 2009-10 as compared to FY 2008-09.	The Petitioners has not responded to the Directive on Load factor study for HTS. The Commission directs the Petitioner to submit the requisite details within three months of the issue of this Order.
11.	**Adjustment of bills and payments/receipts as per revised power sale rate of TSL** The Commission directed the Petitioner to reconcile the payment due/receipts with TSL, in lieu of the revised rate for sale of power sold to the Petitioner determined by the Commission for FY 2007-08, FY 2008-09 and FY 2009-10 vide the Commissions Tariff Order for TSL dated 20th January 2010, within three month of the issue of this order	The Petitioner submits that it has reconciled the payments due/receipts with TSL in lieu of the revised rate for sale of power to JUSCO as determined by the Commission for FY 2007-08, FY 2008-09 and FY 2009-10.	The Petitioner has complied with the directive.
12.	**Data adequacy in next tariff petition and auditing of accounts** The Commission directed the Petitioner to come up with the next tariff petition for FY 2010-11 removing the various data deficiencies highlighted in the tariff order along with the latest information for FY 2009-10.. The Commission also directed the Petitioner to maintain the separate set of accounts for Saraikela-Kharsavan and submit the duly audited accounts along-with the filing of next tariff	The Petitioner submits that it has prepared the tariff petition for FY 2010-11 with the latest information for FY 2009-10 and has taken utmost care to ensure completeness of the data. It shall further provide any additional data required by the Commission. Explained above	There were several information gaps in the tariff petition of FY 2010-11 which were communicated to the Petitioner. Subsequently, the additional information was submitted by the Petitioner. The Commission directs the Petitioner to ensure completeness in data for future.

	petition. The Commission also directed the distribution company to file the next tariff petition for FY 2010-11 within one month of the issue of this order and also ensure submission of subsequent ARR & tariff filings for the ensuing year are done by 30th November every year prior to the tariff period.	The Petitioner submits that data collection and collation took more time than expected and took approx. 3-4 months to prepare the ARR. The Petitioner requests the Commission to kindly condone this delay.	The Commission directs the Petitioner to file the next tariff petition for FY 2011-12, which is due on November 1, 2010 on time.

A13: NEW DIRECTIVES

13.1 The Commission has observed through out the tariff petition that some areas of the operational and financial performance of the Petitioner require further improvement. Therefore, the Commission is issuing the following directives:

Separate Accounts

13.2 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.

Expansion of Services

13.3 The Commission directs the Petitioner to look for other sources for procuring power to meet the increasing power demand of its licensed area.

13.4 The Commission directs the Petitioner to provide connection to new consumers promptly and spread its network to rural consumers.

13.5 The Petitioner is also directed to work out an expansion plan for its licensed area along with the time schedules and submit the same within three months of the issue of this Tariff Order.

Break-Up of Installation Charges

13.6 The Petitioner is directed to provide a detailed break-up of the installation charges to new consumers prior to taking up the installation work.

Expenditure on Capital Works

13.7 The Commission is of the view that the expenditure on capital works has to be spent diligently. The Petitioner should analyze the Load growth in a scientific manner and the system should be designed accordingly.

13.8 The Petitioner is required to ensure that, while submitting the capital investment plan along with the ARR petition, the scheme wise details along with cost benefit of such schemes, basis of cost estimation and timelines are submitted.

Improvement in Billing and Collection Efficiency

13.9 During the course of public hearing, the Commission observed that the consumers appreciated the steps taken by the Petitioner regarding the collection of bill from the consumers.

13.10 The Commission directs the Petitioner to increase the avenues and facilities for revenue collection such as through ATM, Banks, Post office, drop boxes, e-payment etc and further improve its billing and collection efficiency.

Details about Repair and Maintenance

13.11 The Commission directs the Petitioner to provide the detailed break-up of R&M expenses incurred or projected to be incurred and explain the benefits likely to accrue to the consumers by incurring such costs.

Power Saving Methods

13.12 The Commission directs the Petitioner to spread awareness amongst the consumers regarding shortage of power and educate them on the power saving methods.

13.13 The Petitioner should make available information regarding various methods that can be adopted by the consumers to conserve electricity – like using CFL lamps and star rated energy efficient appliances – at public places including bill collection centers of the Petitioner.

T&D Loss Reduction

13.14 The Commission appreciates the efforts made by the Petitioner for achieving low distribution losses for FY 2009-10 and expects that the petitioner to put a system in place to keep the losses at the minimum level.

13.15 The T&D loss for the FY 2010-11 have been allowed at 5% as proposed by the Petitioner, considering that Petitioner is expected to expand its network which may result in increase in losses in future. However, the Commission views that the loss levels in the licensed area of the licensee can still be maintained and a level lower than 5% and accordingly directs the Petitioner to take necessary steps to minimize the losses to below 5% by taking suitable measures.

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

13.16 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 2007-08, FY 2008-09 , FY 2009-10 and FY 2010-11 vide this Tariff Order, within three months of the issue of this order.

Data Adequacy in Next Tariff Petition and Audit of Accounts

13.17 The Commission directs the licensee to come up with the next tariff petition for FY 2011-12, after removing the various data deficiencies highlighted in this Tariff Order along with the audited account of FY 2009-10 and the latest information for FY 2010-11. The Commission also directs the licensee to ensure submission of subsequent ARR & Tariff filings for the ensuing years by 1st November every year.

This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on this the 24th day of August, 2010.

Date: 24th August, 2010
Place: Ranchi

(T.MUNIKRISHNAIAH) MEMBER (E)	(MUKHTIAR SINGH) CHAIRPERSON

A14: ANNEXURES

ANNEXURE-I

List of participating members of public in the public hearing

S No	Name	Address / Organisation if any
1.	Mumtaz Ahmed	JUSCO
2.	P.K. Bhattachar jee	M. P. Tower
3.	Tinku Kumar	JUSCO
4.	Sujeet Kumar Singh	JUSCO
5.	Karam Singh Soy	JUSCO
6.	Anil Yadav	JUSCO
7.	Capt. L. Dhanjay Mishra	JUSCO
8.	Kuldeep Tiwari	JUSCO
9.	M. Alam	JUSCO
10.	Mr. K. N. Jha	Adityapur-1, Rd.-9
11.	Mr. K. Jha	Rd-4, Hariomnagar, Adityapur
12.	M. P. Verma	Saharan Gordencity, Adityapur
13.	Madan Kishore	JUSCO
14.	S. K. Mishra	JUSCO
15.	Dileep Kumar	Magine pur
16.	N. Chhetri	Adityapur
17.	Ashok Singh	Adityapur
18.	Rajeev Kumar Singh	Main Road, Adityapur
19.	S. K. Bhattacharji	JUSCO
20.	Arun Singh	JUSCO
21.	Sanjay Gautam	JUSCO
22.	Dharmesh Kumar Jha	Adityapur
23.	Sharad Kumar	JUSCO
24.	A. F. Madan	FORUM
25.	L .K .Konar	JUSCO
26.	S. K. Singh	JUSCO
27.	Lalit Chaturbedi	Consultant, JUSCO
28.	Arun Kumar Mahto	Adityapur
29.	Narayan Paul	Pramathanagar

30.	S. K. Singh	JUSCO
31.	Rajesh Kumar	Sonari
32.	Sanjay Kumar Singh	Sonari
33.	Ram Yagya Ojha	Sonari
34.	Sanwar Mal Sharma	Adityapur
35.	Vinood Kumar Sharma	Adityapur
36.	Ather Mishra	Adityapur
37.	Jaganath Kamat	Gamahria
38.	Shiv Ram Verma	Kadma
39.	Prashant Gupta	Kadma
40.	Bijendra Singh	Adityapur
41.	Ravi Barik	Kadma
42.	Vijay Prakash Singh	JUSCO
43.	Suman Mandul	JUSCO
44.	Maj. Gen. P.P Sabharwal (Retd.)	M. Dyne Industries Ltd.
45.	Y. Prasad	Golmuri
46.	Dr. M. Ram	Adityapur
47.	Promod Singh	Singhbhum Ind. Association
48.	R. N. Chaudhary	Golmuri
49.	B. Mandal	CTC India Pvt. Ltd.
50.	Manoj Harnathka	Ghamarria
51.	Deepak Dokania	ASIA (VP), BNC Metal
52.	Abhishek Kamti	B. H. Ltd., Chandil
53.	Pratosh Kumar	EEE-ADP
54.	Lalit Mishra	JEE/S/Avp-II (JSEB)
55.	Rajesh Raja	JUSCO
56.	Santosh Kumar	JUSCO
57.	Dr. S. K. Ray	Adityapur
58.	Amit Kumar Agarwal	JUSCO
59.	S. N. Thakur	JUSCO
60.	R. K. Agarwal	J. S. Sainesh
61.	O. P. Chopra	S.M.P.L
62.	Indra Agarwal	ASIA
63.	S. Khetan	ASIA
64.	B. K. Jain	ASIA

65.	S. D. Roy	SIA
66.	Sanjay Singh	ASIA
67.	Ratan	Ranchi Express
68.	Ratan Singh	Inside Jharkhand News
69.	Turin	Kamla Steel Pvt. Ltd.
70.	Inder Agarwal	ASIA
71.	Prakash Mehta	ASIA
72.	D. Upadhayan	ASIA
73.	M. Singh	ASIA
74.	Ratan Agarwal	ASIA
75.	Ravi Sarangi	ASIA
76.	Dileep Goyal	ASIA
77.	Navin Agarwal	ASIA
78.	Anuraj Kumar	ASIA
79.	R. K. Gupta	ASIA
80.	Sudhir Kumar	M/s Industrial Perge & Engg Co. Ltd.
81.	Yugal Kishor	M/s Varun avnt.
82.	Sadhu Singh	Steel City
83.	Sameer Singh	ASIA
84.	P. Kumar	Adityapur
85.	Nuruddi	Telco
86.	Vinod Singh	ASIA
87.	Narendra Thakur	ASIA
88.	Ajit Kumar Ajju	Prabhat Khabar
89.	Praveen Gujgatia	Riliaver Fab. Pvt. Ltd.