

A6: SUMMARY OF ARR AND TREATMENT OF REVENUE GAP

Summary of Annual Revenue Requirement

6.1 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 and FY 2009-10 are summarized below:

Table 29 Summary of Annual Revenue Requirement (Rs. Lakhs)

Annual Revenue Requirement	FY 2007-08 (Actual)		FY 2008-09 (RE)		FY 2009-10 (Projected)	
Costs	Submitted by JUSCO	Approved by JSERC	Submitted by JUSCO	Approved by JSERC	Submitted by JUSCO	Approved by JSERC
Power Purchase Cost	128.91	116.52	1106.75	1094.49	2464.62	2391.72
Employee Costs	22.38	22.38	158.67	145.97	291.66	253.34
Repair & Maintenance Expenses	0.00	0.00	24.36	24.36	179.77	71.81
Administrative & General expenses	23.28	22.14	67.54	65.35	149.04	123.83
Interest Charges	115.89	113.84	385.55	375.91	557.80	532.67
Depreciation	33.88	28.16	281.51	236.86	498.26	475.11
Income Tax	0.41	0.00	10.19	0.00	170.07	135.67
Less: Expenses Capitalized			12.70		30.24	
Total Costs	324.74	303.03	2021.88	1942.94	4280.97	3984.15
Add: Reasonable Return	60.83	31.04	197.77	173.38	293.77	257.17
Less: Non-tariff Income	29.86	29.86	28.04	28.04	37.32	37.32
Annual Revenue Requirement	355.71	304.21	2191.61	2088.27	4537.42	4204.00
Revenue@ Existing Tariff	204.79	204.54	1685.86	1685.86	3505.05	3505.05
Revenue@ Existing Tariff (at 99% collection efficiency)					3470.00	
Revenue (Gap)/Surplus	(150.92)	(99.42)	(505.76)	(402.42)	(1067.42)	(698.95)
Cumulative (Gap)/Surplus upto FY 2009-10					1724.1	1200.79

6.2 The cumulative revenue gap approved by the Commission upto FY 2009-10 is **Rs. 1200.79 Lakhs** as against the gap of Rs. 1724.1 lakhs proposed by the petitioner.

Treatment of Revenue Gap

6.3 The petitioner has proposed that 67.06% of the revenue gap be recovered from the consumers in FY 2009-10 and the remaining be deferred as regulatory asset.

- 6.4 The Commission feels that as the effective time period remaining for the tariff year is less and implementing the same at this time, fully or partially, may lead to a tariff shock for the consumers, it has been decided that the revenue gap of **Rs. 1200.79 Lakhs** be converted as regulatory asset to be amortized in 3 years .
- 6.5 Accordingly, the Commission has decided to not to make any revisions in the existing Tariff schedule except the revised applicability of LTIS (as given the section 4.21 of this Order) and the Load factor rebates (as mentioned in the section 7.7 of this Order) .
- 6.6 The Commission feels that if the petitioner is able to expand the network and improve the revenues in future, the approved revenue gap may automatically get adjusted in the subsequent ARRs, resulting in further relief to the consumers.