

ORISSA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAVAN
UNIT – VIII, BHUBANESWAR – 751 012
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**Case No.46/2005/
Date : 31.12.2005**

From
M.R. Hazra, OSJS (Retd.),
Secretary.

To,
The Chief Executive Officer,
SOUTHCO
Courtpetta, Berhampur

Sub : Revenue Requirement and Tariff Application for the year 2006-07.

Sir,

On scrutiny of the above application, it has been noted that information and analysis with regard to a number of items which are extremely relevant for the purpose of scrutiny of Revenue Requirement and Tariff for the FY 2006-07 have not been furnished. A list indicating items on which information/clarification is needed is enclosed.

The loss assessment has been done without completion of transformer metering and 100% metering of the consumers. Loss at HT & EHT level has not been assessed separately.

You are hereby directed to furnish the information as per the queries raised in Annexure by 13.01.2006 along with the rejoinder to the objections raised by the various objectors.

Yours faithfully,

Encl. : As above.

SECRETARY

Technical/Commercial Information :

- A) It is observed that, the Tariff formats T-1, T-7, T-8 in the Tariff Application filed by SOUTHCO is not in conformity with the formats issued by the Commission for the purpose of incorporating in the ITM Module as a result of which the linkage with the said module can not be established.
- B) OERC format T-1 (Assessment of consumption)
It is observed that, growth of consumption in EHT Large Industry category has been estimated at 40.12% for the FY 2006-07 over FY 2005-06. SOUTHCO in its application has stated that, it has estimated annual sales growth of 40% in EHT Large Industry category as one of the major consumer M/s Hindustan Aeronautics Limited is proposed to be shifted from HT category to EHT category and its load is likely to be enhanced by 8 MVA whereas, from the filing in T- 1 format it is seen that, no change either in number of consumer or contract demand has been indicated in respect of HT Large Industry category for the FY 2006-07 over the FY 2005-06. This discrepancy may be clarified.
- C) OERC format T-8 (expected revenue for ensuing year with proposed tariff)
a) It is observed from the Format T-8 that, monthly minimum fixed charge in respect of specified public purpose has been considered at Rs.75.00 whereas, the same has been indicated at Rs.60.00 in the Tariff proposal sheet. This discrepancy may be clarified.
b) It is observed from the Format T-7 that, special tariff has been considered for one consumer under HT category with a consolidated tariff of 240 p/u. SOUTHCO is to clarify whether, the said special tariff has been approved by the Commission.
- D) Improvement achieved for the FY 2005-06 (first six months) on account of the followings may be quantified category wise .
a) Incentive due to improvement of power factor to HT & EHT. If there was any improvement in system PF after implementation of PF incentive may be specified.
b) Incentive to the new industries with contract demand of 5 MVA & above which came into operation after 01.04.2005 by allowing discount of 25% on energy charge up to 50% load factor.
c) Incentive to the Mini Steel Plants by allowing discount of 20% on energy charge up to 50% load factor.
d) Incentive to the three phase consumers availing the relief due to TOD tariff.

- E) Revenue receipt for the FY 2005-06 (first six months) on account of the following penalties may be quantified category wise
 - i) Over drawal penalty.
 - ii) Power factor penalty.
- F) Number of un-authorized consumers regularized on implementation of the Voluntary Disclosure Scheme as per the provision of last tariff order may be furnished category wise .
- G) Steps taken to record simultaneous maximum demand of the company has not been furnished. The same may be complied with.
- H) The effect if any due to the continuance of incentive tariff due to higher consumption for industrial consumers needS to be quantified.
- I) Revenue receipt on account of DPS may be quantified category wise.
- J) The typographical errors which have crept in may be corrected as under para 6.3.1 of the main text (third line of sub-para-1, third line of sub para-2, seventh line of sub para-2) as “HT General (commercial)” may be corrected as General Purpose < 110 kva.

Financial Information

- J) Hard copy of additional formats has not been furnished.
- K) SOUTHCO in clause-5 (last para) submitted the Commission to bridge the uncovered revenue gap of Rs.327.51 crore (after proposed revision). The amount mentioned herein do not agree with the amount shown in Form F-13. This needs to be clarified.
- L) In form F-3, the anticipated repayment of loan for 2005-06 is shown as NIL and estimated repayment of loan for 2006-07 is shown at Rs.85.26 crore, even though SOUTHCO ends up with a negative cash gap of Rs.286.97 crore shown in their cash flow statement. The source from which such repayment of loan is to be funded has not been mentioned. This needs clarification.
- M) Acturial upvaluation report for working out the terminal benefit has not been furnished. The same may be completed.
- N) (i) In form No.F-2, Rs.79.79 crore have been shown as capital expenditure for 2006-07. This includes Rs.3.45 crore for RE/MNP works. The source of funding of the amount need to be clarified and spelt out whether any return/interest can be permitted on this amount.

- (ii) As against APDRP an expenditure of Rs.50.14 crore has been proposed for 2006-07. The achievement of SOUTHCO under this head since 2004-05 may be quantified in physical and financial terms for justifying the proposed capital expenditure.
- E) In form F-22, SOUTHCO proposed Rs.21.36 crore towards repair and maintenance. The detailed break up of expenditure for the past two years vis-à-vis the permitted expenditure by the Commission may be compared. The details of maintenance taken up since 2004-05 may be placed for information.
- F) In para 2.4.1.4 of the petition, SOUTHCO proposed an expenditure of Rs.1.90 crore for energy audit. Definite time line has not been specified. This may be done. An expenditure of Rs.60 per transformer per month for preparation of monthly energy accounting may be clarified.