

ODISHA ELECTRICITY REGULATORY COMMISSION
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**Case No. 106/2012/
Dt. .01.2013**

To,
The Managing Director,
SOUTHCO
Courtpetta, Berhampur
Dist : Ganjam

Sub: Revenue Requirement and Tariff Application for the year 2013-14.

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 2013-14 have not been furnished. A list indicating items on which information/clarification to be furnished is enclosed.

You are hereby directed to furnish the information on the queries raised in Annexure by **15.01.2013**.

The queries raised in this letter along with the replies shall be supplied to all the persons who might have purchased the ARR and Tariff application of your DISCOM.

Yours faithfully,

Encl : As above.

Sd/-
DIRECTOR (TARIFF) I/c.

Query on the SOUTHCO's ARR Filing, 2013-14

Finance:

1. Transmission Charges, SLDC Charges payable by SOUTHCO for the financial year 2013-14 has not been shown separately in Annual Revenue Requirement. This may be submitted.

2. In Para F-2, the Licensee has shown addition to Fixed Asset (During 2012-13) on the followings works.

(i)	RE/LI and all types of deposit work	1.84 crore
(ii)	Govt. of Odisha, CAPEX	92.59 crore
(iii)	RGVY	-
(iv)	Biju Grama Jyoti	0.45 crore
(v)	System improvement work	2.61 crore
(vi)	Other equipment (specify)	10.03 crore

Licensee may furnish the actual expenditure as on date (till end of November 2012) and transfer to Fixed Asset (Till end of November 2012).

Further, on GoO Capex Programme, the present status of Capex (till end of November 2011) such as material procurement, counterpart funds arranged so far, execution etc. may be furnished.

3. In Form F-3, SOUTHCO has availed an amount of Rs.28.99 crore towards short term loan from U.B.I. and going to avail Rs.522.58 crore during 2012-13 & Rs.599.21. The purpose for availing the loan may be indicated.

4. The distribution loss projected for 2012-13 and 2013-14 is of the order of 43.47% and 40.03% respectively. On going through the Audited Accounts of the Licensee, the figure of distribution loss since date of inception is revealed which is indicated below:-

Year	Distribution Loss (%)
1999-00	41.84
2000-01	42.52
2001-02	40.47
2002-03	39.14
2003-04	42.25
2004-05	40.50
2005-06	41.07
2006-07	43.39
2007-08	45.49
2008-09	47.78
2009-10	48.03

2010-11 48.22

2011-12 46.43

From the above mentioned figure it is observed that the distribution loss went on increasing year by year. There is no sign of reduction of loss. In para 2.5 of the filing the Licensee gave the reason that the factors attributable to higher loss are :-

(i) Delay in the start of Capex Plan

(ii) Addition of Kutir Jyoti consumers

But the Licensee has not mentioned any measure taken to arrest these losses. Hence, the Licensee may submit the action plan for reduction of losses, commercial losses in particular.

5. In OERC Form F-7, the Licensee has quantified the percentage of H.T., L.T. loss at 18% and 42.85% respectively for 2012-13. The Licensee may furnish the same for the year 2010-11 & 2011-12 based on the Audited figure. Also the Units of energy received into the system and Units sold at system voltage may be submitted.

6. The consumer security deposit as on 31.3.2012 (Ref: Balance Sheet at Form F-37) is shown at Rs.96.46 crore. The physical form of investment of such deposit since 1999-2000 (year-wise) in different financial instrument may be furnished.

7. In Form F-21, the Employees Cost for the financial year 2012-13 & 2013-14 is projected at Rs.226.85 crore and Rs.250.58 crore respectively.

The Licensee is required to furnish data on actual cash flow (From April 2012 to November 2012) on account of Basic Pay, G.P. D.A., HRA, Other allowance such as Medical etc., segregating the current as well as arrear.

8. SOUTHCO proposed an amount of Rs.18.82 crore towards payment of out sourced employees cost and contractual obligation in F-21. Details of such outsource employee, compensation for employee etc., may be given.

9. The availability of fund in Employees Trust Fund as on 31.3.2012 and its pattern of investment may be submitted. Further, the actual cash out flow towards terminal liability during 2011-12 & 2012-13 may be submitted.

10. Month-wise cash flow considering the revenue items only for FY 2011-12 & 2012-13 (actual upto November, 2012) may be submitted.

11. Under Repair and Maintenance head, the Licensee has proposed an amount of Rs.64.96 crores during FY 2013-14 (Form F-22). SOUTHCO is required to submit details of Escrow relaxation availed during 2012-13 (actual upto November, 2012) towards R& M and amount spent by the Licensee.

12. Under the head Administration and General Expenses, the Licensee projected an amount of Rs.46.16 crore for FY 2013-14 and Rs.21.66 crore for the FY 2012-13. The Licensee is required to furnish the actual amount spent as on November 2012 (both normal as well as additional A&G separately) so as to justify claims of Rs.46.16 crore during FY 2013-14.
13. The Audited Account for FY 2011-12 reveals an amount of Rs.55.24 crore invested as Fixed Deposit. Detailed terms and conditions of such investment along with sources from which such funding is generated may be mentioned.
14. Form F-17, filed by the Licensee, is incomplete. The collection of revenue for the year 2011-12 and 2012-13 has not been bifurcated under this head (i) Out of current collection (2) Out of area collection as per the format prescribed by the Licensee. The arrear collected by the company through different modes, such as OTS has not been quantified. Therefore, the Licensee may indicate the actual amounts collected during financial year 2011-12 and 2012-13 (actual upto November, 2012) from the outstanding arrears, through different modes.
15. The Audited Accounts for 2011-12 reveals an amount of Rs.55.60 crore under the head Miscellaneous Receipt. For the year 2013-14 the Licensee projected an amount of Rs.7.46 crore towards Miscellaneous Receipt. Reason for such lower estimate may be given.