

**KERALA STATE ELECTRICITY REGULATORY COMMISSION  
THIRUVANANTHAPURAM**

**Petition No: OP 53/2024**

**Present : Sri T K Jose, Chairman  
Adv. A J Wilson, Member  
Sri. B Pradeep, Member**

In the matter of : Petition for approval of truing up of accounts for the financial year 2023-24

Petitioner : M/s Thrissur Corporation Electricity Department

Represented by : Sri.Krishnakumar, Assistant Secretary  
Sri. T.S Jose, Electrical Engineer,  
Smt. Heavena Jacob, Consultant

Respondent : M/s Kerala State Electricity Board Limited

Represented by : Sri. Rajesh R, AEE, TRAC, KSEB Ltd  
Smt.Biji Christudas, AEE, TRAC, KSEB Ltd

Date of Hearings : 15-01-2025

Venue : Court Hall, Office of the Commission

**Order Dated 09.04.2025**

1. M/s Thrissur Corporation Electricity Department under Thrissur Municipal Corporation (*hereinafter referred as TCED or the Licensee*) is a deemed distribution licensee under the Electricity Act, 2003, having an operational history since August 1937, when the generation & distribution business of Cochin State Power & Light Corporation Ltd was purchased by the then Thrissur Municipality. The current license area of the TCED corresponds to the administrative limits of the old Thrissur Municipality covering an area of approximately 12.65 sq.km.
2. The Commission had notified the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021 for the five-year Control Period starting from the first day of April 2022 and ending on the thirty first day of March 2027. The licensee has filed the petition for truing up of accounts for the year 2023-24 as per the provisions of the KSERC (Terms and Conditions for determination of Tariff) Regulations 2021. The present petition is for the second year of the Control Period. The Commission vide Order in OP No 56/2022 dated 27.02.2024 has approved the ARR&ERC for the Control Period. In the

petition for truing up the accounts based on audited accounts, the licensee has claimed a **revenue gap of Rs.150.17 lakh** compared to revenue surplus of Rs.324.33 lakh approved by the Commission in the Order on ARR&ERC.

3. A comparison of the ARR approved in the Order dated 27-02-2024 and the Truing up claim for the financial year 2023-24 as per the petition along with the trued-up figures for the year 2021-22 and 2022-23 is shown below:-

**Table 1**  
**Comparison of ARR & ERC and Truing Up for 2023-24 (Rs.lakh)**

Particulars	2021-22		2022-23		2023-24	
	Truing up Petition	Trued Up	Truing up petition	Trued Up	ARR Approved	Truing up petition
Power Purchase Cost	9511.93	9511.93	11632.97	11584.96	12067.16	13435.79
Employee cost	1273.18	1259.05	1081.96	1417.18	1373.71	1138.07
Provision for salary revision	107.07	-	127.50		-	127.50
Prior Period Employee Cost	-	1200.92	-		-	-
R&M Expenses	74.51	74.51	79.31		103.11	104.01
A&G Expenses	221.20	91.80	304.42		111.61	334.46
Prior Period Item (Excess amount of Rent)	-	-	-	-207.42	-	-
Depreciation	207.39	207.39	231.88	153.25	207.39	119.57
Prior Period Depreciation	-	1.05	-	-	-	-
Interest and Finance Charges (Interest on security deposit)	168.60	158.08	174.21	266.44	93.77	295.45
Interest on normative loan	-	-	-	-	-	124.50
Prior period Interest on normative loan	-	-	-	-	-	106.99
Return on NFA	89.30	89.30	148.91	155.55	155.60	141.01
<b>Total Expenditure</b>	<b>11653.18</b>	<b>12594.03</b>	<b>13781.16</b>	<b>13369.96</b>	<b>14112.35</b>	<b>15927.33</b>
Revenue from sale of power	11033.50	11033.50	13237.58	13237.58	13504.33	15172.20
Other income	570.44	1001.90	529.51	998.10	932.35	604.98
<b>Total income</b>	<b>11603.94</b>	<b>12035.40</b>	<b>13767.09</b>	<b>14235.68</b>	<b>14436.68</b>	<b>15777.18</b>
<b>Revenue Surplus (+)/ Gap (-)</b>	<b>(-)49.24</b>	<b>(-)558.63</b>	<b>(-) 14.07</b>	<b>865.72</b>	<b>324.33</b>	<b>(-)150.17</b>

4. The Commission admitted the petition as **OP No. 53/2024**.

### **Public Hearing on the Petition**

5. The hearing on the petition for the Truing Up of Accounts for the year 2023-24 was conducted at the Court Hall, Office of the Commission on 15.01.2025. The licensee was represented by Sri.Krishnakumar, Assistant Secretary, Sri. T.S Jose, Electrical Engineer, Smt. Heavena Jacob, Consultant and other officers of the licensee. Sri. Rajesh R, AEE, TRAC, KSEB Ltd and Smt.Biji Christudas, AEE, TRAC, KSEB Ltd represented KSEB Ltd.
6. Smt. Heavena Jacob, presented the petition before the Commission and replied to the queries of the Commission. The main points mentioned in the presentation are briefed below.

- a) The number of consumers during the year was 43000 and the actual sales is 1665.28 lakh units.
- b) The energy purchased from KSEB Ltd was 1782.28 lakh units. The energy generated by the solar PV of the licensee was 5.25 lakh units and purchase of energy from prosumers was 7.29 lakh units. The actual distribution loss claimed is 6.70%.
- c) The licensee has claimed the purchase of power of 1789.57 lakh units for the year 2023-24 at a total cost of Rs.13435.79 lakh.
- d) The employee cost claimed by the licensee for the year is Rs. 1138.07 lakh against Rs.1373.17 lakh approved in the ARR. The licensee has also claimed Rs.127.50 lakh towards provision for pay revision.
- e) The R&M expenses claimed for the year is Rs 104.01 lakh as against Rs.103.11 lakh approved in the ARR.
- f) The A&G expenses claimed by the licensee is Rs. 334.46 lakh as against Rs.111.61 lakh approved in the ARR. The licensee has claimed Rs.48.01 lakh as rent for the building and Rs.98.45 lakh as Section 3(1) duty.
- g) The licensee during the year has made total asset addition of Rs.122.16 lakh towards Plant & Machinery, Furniture and Fittings, Cables etc and a deduction of Rs.47.23 lakh was also claimed. The net addition in the fixed asset register is Rs.74.93 lakh. The licensee has claimed that Rs.23.65 lakh was received towards consumer contribution.
- h) The licensee has booked depreciation of Rs.119.57 lakh for the year in the straight-line method as per the provisions of the regulations.
- i) The licensee has claimed interest and finance charges of Rs.295.45 lakh towards interest on security deposits at the interest rate of 6.75%. The licensee has also claimed interest on normative loan amounting to Rs.231.49 lakh including Rs.106.99 lakh for the year 2021-22
- j) The licensee has claimed Rs.141.01 lakh as return on net fixed assets for the financial year 2023-24 at the rate of 5.5% of Net Fixed Assets.
- k) The revenue from sale of power of 1665.28 lakh units is Rs.15172.20 lakh. The major sale of power and revenue realisation is from Domestic, commercial and HT category of consumers.
- l) The non-tariff income booked by the licensee for the year is Rs.604.98 lakh.
- m) The licensee has claimed a revenue deficit of Rs.150.17 lakh for the year 2023-24 as against the revenue surplus of Rs.324.33 lakh approved in the Order on approval of ARR&ERC.

7. KSEB Ltd vide letter dated 13.01.2025 submitted their written comments. The major points raised by KSEB Ltd are the following:

- a) There is increase in number of consumers and energy sales compared to the previous year.
- b) Compared to 2022-23, the distribution loss is higher, which is not a prudent practice. As against the distribution loss of 6.70% claimed, the loss calculated comes to Rs.7.29%.
- c) Claimed O&M expenses for FY 2023-24 are slightly below the approved norms.
- d) Additional Rs 1.275 Cr claimed for pay revision for which Commission may consider a uniform approach.
- e) Administrative & General expenses are higher than norms, including Electricity Duty under Section 3(1), which should be borne by the licensee.
- f) No supporting documents are seen submitted along with the petition for asset additions from 2022-23.
- g) Total power purchase cost matches KSEBL records.
- h) The licensee has not considered any interest on the accumulated surplus which needs to be considered as part of the non-tariff income.

### **Analysis and decision of the Commission**

8. The Commission has carefully considered the petition for Truing Up of Accounts for the year 2023-24, the clarifications submitted by the licensee, the counter statements furnished by KSEB Ltd, the views presented by the licensee during the hearing and additional clarifications submitted by the licensee. The analysis and decisions of the Commission on the petition for truing up of accounts for the Financial Year 2023-24 are detailed below.

### **Energy Sales and Consumer mix**

9. Compared to the previous year there is increase in the number of consumers and the sales. The actual sale to 43000 consumers is 1665.28 lakh units. The comparison of the actual number of consumers and energy for 2023-24 with the previous year is shown below:

**Table 2**  
**Comparison of No of Consumers and Sales**

Particulars	2022-23		2023-24	
	Number of consumers	Units Sold in lakhs	Number of consumers	Units Sold in lakhs
LTI	22526	400.99	23383	440.76
LT IV A	484	32.44	485	33.64
LT IV B	2	0.24	4	0.60
LT V A	185	0.53	181	0.55
LT V B	2	0.01	1	0.00
LT VI A	249	21.59	254	22.41

LT VI B	473	24.93	467	27.82
LT VI C	501	47.34	503	52.73
LT VI D	31	0.78	32	0.59
LT VI E	43	0.65	43	0.71
LT VI F	722	50.02	716	54.31
LT VI G	78	10.70	83	11.10
LT VII A	14361	421.46	14597	488.49
LT VII B	1656	7.22	1688	8.52
LT VII C	13	1.49	15	3.44
LT VIII B	292	12.12	325	11.71
LTII	1	0.00	5	0.06
LT IX	76	0.70	77	0.83
LT III		0.62	0	0.07
LT X	2	0.08	2	0.46
HT- I A	5	6.73	5	8.96
HT- II A	8	20.58	10	26.46
HT- II B	31	175.20	29	191.47
HT- IV A	53	130.85	58	144.55
HT- IV B	36	111.83	36	130.20
SPS	1	3.22	1	3.50
Self-consumption		1.30	0	1.34
Total	<b>41831</b>	<b>1483.61</b>	<b>43000</b>	<b>1665.28</b>

10. Compared to the previous year, major increase in LT consumer sales is for LT VII A category and for HT consumer sales is for HT IV B, HT II B and HT IV A category of consumers. This shows that the economic activity has improved and has recovered from the slowdown. Considering the significant improvement in the sales, ***the Commission hereby approves the actual energy sales of 1665.28 lakh units as per petition for the purpose of Truing up of Accounts for the financial year 2023-24.***

### Energy requirement and Distribution Loss

11. As per the Truing Up petition of 2023-24, the energy purchased from KSEB Ltd was 1782.28 lakh units, the energy generated by the solar PV of the licensee was 5.25 lakh units and purchase of energy from prosumers was 33.30 lakh units. Accordingly, the total energy input for the year 2023-24 is 1820.83 lakh units. The total sales during the year was 1665.28 lakh units. The licensee for calculation of distribution loss for the year has considered the energy output as 1698.73 units. The difference is energy supplied by TCED for meeting the banked energy injected by solar prosumers and the own generation of TCED which has been taken into consideration for computation of distribution loss.
12. Accordingly, the distribution loss claimed for the year 2023-24 is 6.70%. The Commission may kindly see that the claim is higher than the limit approved in the order on ARR & ERC for the year 2023-24 which was 6.50%.

The comparison of Energy Requirement and Distribution Loss as per the petition are as shown below.

**Table 3**  
**Comparison of Energy Purchase and Distribution Loss**

Particulars	2021-22	2022-23	2023-24	
	Claimed and Trued Up	Claimed and Trued Up	Approved in ARR&ERC Order	For truing up
1 Energy Requirement (lakh units)				
(a) Purchase from KSEB Ltd	1375.90	1579.50	1607.38	1782.28
(b) Self-generation (solar)	5.30	5.50	5.80	5.25
(c) Solar energy purchase	3.10	5.15	5.30	33.30
Total	1384.30	1590.15	1618.48	1820.83
2 Energy sales (lakh units)	1291.60	1483.61	1513.28	1698.73
3 Distribution loss (lakh units) (1-2)	92.70	106.54	105.20	122.10
4 <b>Distribution loss (%)</b>	<b>6.70%</b>	<b>6.70%</b>	<b>6.50%</b>	<b>6.70%</b>

13. Commission has analyzed the submissions made by the licensee. Compared to the previous year, the distribution loss is higher than that of the previous year. Distribution loss is a controllable parameter as per Tariff Regulations, 2021. Regulation 73(3) clearly specifies the methodology to be considered to account for any variation between the actual level of distribution loss and the approved level of the distribution loss. The relevant portions of the Regulation are as shown below:

*73. Distribution loss...*

.....

*(3) Any variation between the actual level of distribution loss and the approved level of the distribution losses shall be dealt with, as part of the truing up of the respective financial year in the following manner:-*

*i. if the actual distribution loss is higher than the approved level of distribution loss for any particular financial year of the control period, then the quantum of power purchase corresponding to the excess distribution loss for that financial year shall be disallowed at the average cost of power purchase for the respective financial year;*

*ii. if the actual distribution loss is lower than the approved level of distribution loss for any particular financial year of the control period, then the savings in the power purchase cost corresponding to the difference in distribution loss for that financial year at the average cost of power purchase for the respective financial year, shall be shared between the distribution business/licensee and the consumers in the ratio of 2:1*

14. The Commission is of the considered view that the loss of 6.50% as approved in the Order for ARR&ERC, is to be considered for truing up also. **Accordingly, the Commission hereby approves the distribution loss of 6.50% for the year 2023-24 and accordingly adjusts the power purchase cost at the average cost of power purchase. The Commission also directs the licensee to continue all efforts to reduce the distribution loss.**

Considering the approved distribution loss of 6.50%, the approved energy requirement for the year 2023-24 is as shown below:

**Table 4**  
**Approved Energy input & Distribution Loss for the year 2023-24**

Particulars	Approved in ARR	As per Truing up petition	Trued up
Energy Sales (lakh units) (1)	1513.28	1698.73	1698.73
<b>Distribution Loss (%)</b>	<b>6.50</b>	<b>6.70</b>	<b>6.50</b>
Distribution Loss (lakh Units)	105.20	122.10	118.09
<b>Energy Requirement (lakh units)</b>	<b>1618.48</b>	<b>1820.83</b>	<b>1816.82</b>
Self- Solar Generation (lakh units)	5.80	5.25	5.25
Solar Energy from Prosumers (lakh units)	5.30	33.30	33.30
<b>Energy purchase from KSEB Ltd (lakh units)</b>	<b>1607.38</b>	<b>1782.28</b>	<b>1778.27</b>

### Power Purchase Cost

15. The cost claimed for the purchase of power of 1789.57 lakh units for the year 2023-24 is Rs.13435.79 lakh, out of which Rs.13412.81 lakh is towards purchase of energy from KSEB Ltd and Rs.22.98 lakh for energy purchased from solar prosumers. The licensee has stated that the solar energy purchased from consumers is 7.29 lakh units @3.15 per unit, the average power purchase cost approved by the Commission. The Commission in the ARR&ERC Order for the year 2023-24 approved the power purchase cost of Rs.12067.16 lakh for purchasing 1612.68 lakh units. The details of power purchase cost as per the petition is given below:-

**Table 5**  
**Details of Power Purchase Cost for the year 2023-24**

Source	Energy purchased (lakh units)	Fixed charge (Rs.lakh)	Energy charges (Rs.lakh)	Incentive (Rs.lakh)	Total cost (Rs.lakh)	Average cost (Rs/kWh)
KSEB Ltd	1782.28	1715.09	11697.73		13412.81	7.53
Solar energy from prosumers	7.29		22.98		22.98	3.15
<b>Total</b>	<b>1789.57</b>	<b>1715.09</b>	<b>11720.71</b>	<b>0</b>	<b>13435.79</b>	<b>7.51</b>

16. The Commission has examined the power purchase cost claimed by the licensee. The total energy purchased includes the power purchased from KSEB Ltd and solar energy purchased from prosumers. The solar energy purchased from consumers is 7.29 lakh units at 3.15 per unit, costing Rs.22.98 lakh.
17. Considering the approved distribution loss, the quantum of power purchase corresponding to the excess distribution loss is disallowed at the average cost of power purchase and the approved power purchase cost is shown below;

**Table 6**  
**Details of the cost of power purchase approved for 2023-24**

<b>Particulars</b>	
Actual distribution loss at 6.70% (lakh units) (1)	122.10
Energy loss at approved distribution loss at 6.50% (lakh units) (2)	118.09
Excess distribution Loss (lakh units) (1-2)	4.01
Average power purchase cost from KSEB Ltd Rs. /kWh	7.53
Excess distribution Loss at average power purchase cost (Rs. lakh) (3)	30.19
Actual Power purchase cost (Rs. lakh) (4)	13435.79
<b>Approved Power purchase cost (Rs. lakh) (4-3)</b>	<b>13405.60</b>

18. ***Accordingly, the Commission hereby approves Rs.13405.60 lakh as the cost of power purchase for the year 2023-24.***

### **O & M Expenses**

19. Operation & Maintenance expenses are controllable expenses and include expenses of Employee cost, Repair & Maintenance Expenses and Administrative & General Expenses. Regulation 80 (2) of the Tariff Regulations, 2021, clearly specifies that the distribution licensees shall be allowed to recover the operation and maintenance expenses as per the norms specified in Annexure 7 of the Regulations. The Commission as per the above Regulation of the Tariff Regulations, 2021 had approved the licensee to recover O&M costs of Rs. 1588.43 lakh as per norms for the year 2023-24. The licensee has claimed Rs. 1704.04 lakh as O&M expenses in the petition which includes provision for pay revision also. The Operation and Maintenance expenditure claimed for the year 2023-24 is lower than the norms approved in the Tariff Regulations, 2021, once the provision is excluded. The comparison of O&M expenses with the norms as per Tariff Regulations 2021 and previous years is tabulated below.

**Table 7**  
**Comparison of O&M Expenses (Rs.lakh)**

<b>Particulars</b>	<b>2022-23</b>		<b>2023-24</b>	
	<b>Truing up petition</b>	<b>Trued Up</b>	<b>ARR/Norms Approved</b>	<b>Truing up petition</b>
Employee cost	1081.96	1417.18	1373.71	1138.07
Provision	127.50		-	127.50
R&M Expenses	79.31		103.11	104.01
A&G Expenses	304.42		111.61	334.46
	1593.19	1417.18	1588.43	1704.04

20. For the year 2023-24, the actual employee cost is lower compared to the approved norms, whereas the A&G expenses and R&M expenses are higher than the norms. The Commission has analyzed each of the components submitted by the licensee. The details are given below:



## Employee cost

21. The employee cost claimed by the licensee for the year 2023-24 is lower than the norms approved in the Tariff Regulations 2021. As per the details provided in the petition, the employee cost for the year is Rs.1138.07 lakh as against the norm of Rs.1373.71 lakh. The comparison of employee cost of the licensee is shown below.

**Table 8**  
**Comparison of Employee Cost (Rs. lakh)**

Particulars	2021-22		2022-23	2023-24
	Truing up claim	Trued Up	Truing up claim and Trued Up	Truing up claim
Basic Salary	741.48	1259.05	743.43	722.24
Earned Leave Encashment	54.57		40.87	72.69
Employer Contributions	17.18		13.13	22.58
Other Allowances	3.57		3.36	5.31
Bonus/Festival Allowance	7.06		8.99	9.21
Pension Payments	87.18		87.37	85.48
Stipend and Wages	182.42		179.01	192.52
Grade promotion Arrear	2.19		5.80	28.04
Pensioners' Pay Revision Arrear	-		-	-
DA Arrear	177.53		-	-
<b>Gross Employee Expenses</b>	<b>1273.18</b>	<b>1259.05</b>	<b>1081.96</b>	<b>1138.07</b>

22. Major claim of the licensee includes basic salary, earned leave encashment, Pension Payments and Stipend and Wages. The licensee had stated that, as per the pay revision order 2013, the DA declared in KSEB Ltd is only allowed to TCED employees and the DA declared by the Government from time to time is not given to TCED employees. The pay revision order 2018 of KSEB Ltd is so far not implemented in TCED and is still under the consideration of Govt. of Kerala and that is the main reason for the reduced employee cost when compared to the previous financial year. The pension disbursement made by TCED from its own fund to the retired employees is accounted as loans and advances receivable from the government and is not included under employee cost.
23. The licensee has also claimed an additional amount of Rs.127.50 lakh as provision for pay revision arrears. The Commission over the years have been taking the stand that any provision created for discharging any future liability cannot be claimed in the truing up petition and had stated that the expense can only be allowed during the year in which the actual payment is made. **Accordingly, the said provision created for the pay revision is not allowed.**
24. The Commission has examined the submission of the licensee and noted the fact that the licensee has limited the employee cost to a level lower than the

norms fixed by the Commission. The major reason for reduction of employee cost compared to past two financial year is that there was no Pay Revision arrear and DA arrear incurred during the current year. Though there is decrease in the total employee cost as such, the Commission notes that there has not been any decrease in the number of employees and no redeployment is seen being done for the optimum utilization of its manpower by the licensee.

25. The Commission hereby directs the licensee to maintain control over the expenses associated with employee cost. ***Considering the details submitted and the actual employee cost being within the norms fixed, the Commission hereby approves the actual employee expenses of Rs. 1138.07 lakh for 2023-24.***

### **Repair and Maintenance Expenses**

26. The licensee in the petition has claimed Rs.104.01 lakh as the R&M expenses for the year 2023-24 as against the norm of Rs.103.11 lakh. The comparison of the R&M expenses is shown below.

**Table 9**  
**Comparison of R&M Expenses (Rs. lakh)**

Particulars	2021-22	2022-23	2023-24
	Claimed and Trued up	Claimed and Trued up	Truing Up Claim
Plant & Machinery	18.34	15.82	8.63
Buildings	0.08	0.96	1.85
Labour Works	4.83	0.47	0.50
Lines & Cable Networks	40.67	47.26	83.06
Vehicles	2.26	1.82	1.73
Furniture & Fixtures	0.98	1.26	0.41
Office & IT Equipment	7.35	11.71	7.83
<b>Gross R&amp;M Expenses</b>	<b>74.51</b>	<b>79.31</b>	<b>104.01</b>

27. The major expenses booked under R&M is for Plant & Machinery, Lines & Cable Networks and Office Equipment. The claim for the current year is higher than the norms specified by the Commission. During the previous year, the actual R&M expense claimed was Rs.79.31 lakh which was approved by the Commission.
28. ***The Commission is of the view that the licensee should take all efforts to limit the R&M expenses within the normative level. Commission has duly considered the submission made by the licensee and hereby approves an amount of Rs.103.11 lakh as per norms for the year 2023-24.***

## A&G Expenses

29. The A&G expenses claimed for the year 2023-24 is Rs.334.46 lakh which is significantly higher compared to the normative amount of Rs.111.61 lakh. The major amounts booked as part of administrative and general expenses are the rent, conveyance and vehicle expenses, professional charges, security and staff wages, accident compensation and duty under Section 3 of the Kerala Electricity Act 1963. A comparison of the claims made over the years is tabulated below;

**Table 10**  
**Details of A&G Expenses (Rs.lakh)**

	2021-22		2022-23		2023-24
Particulars	Truing up claim	Trued Up	Truing up claim	Trued Up	Truing up claim
Rent Rates & Taxes	50.58	Approved as per norms 91.80	59.68	Approved norms of Rs.106.85 Additionally allowed accident compensation charges, consultancy charges	48.01
Insurance	1.85		4.04		2.82
Telephone & Postage, etc.	5.51		5.82		5.15
Legal charges	0.91		3.24		3.20
Consultancy charges	5.01		12.91		17.41
Other Professional charges	6.67		8.79		10.93
Conveyance	23.55		27.47		29.23
Water charges	1.02		0.59		-
Printing & Stationery	7.47		4.16		6.06
Advertisements, exhibition publicity	2.90		6.82		10.76
Training expenses	0.18		0.58		-
Miscellaneous Expenses	2.30		7.92		4.88
Bank Charges	-		6.83		8.11
License Fee and other related fee	7.00		4.22		5.85
Accident Compensation	-		10.16	Total amount allowed Rs.158.91	52.12
Others	22.58		2.89		2.34
Security Staff Wages	-		19.51		19.56
Self-Consumption	7.73		9.26		9.58
PET test	-		22.15		-
<b>Gross A&amp;G Expenses</b>	<b>145.25</b>		<b>217.03</b>	<b>158.91</b>	<b>236.01</b>
Ele. Duty u/s 3(l), KED Act	75.95		87.38	-	98.45
<b>Net A&amp;G Expenses</b>	<b>221.20</b>	<b>91.80</b>	<b>304.42</b>	<b>158.91</b>	<b>334.46</b>

30. The Commission while issuing the Order on truing up of accounts for the year 2022-23 had addressed the long pending issue of finalisation of Rent considering the details submitted by the licensee and had clawed back Rs.207.42 lakh, excess amount of rent provisionally approved in previous years (2011-12 to 2021-22). The licensee in the petition however claimed rent for the buildings owned by the Corporation at higher rates than that approved by the Commission in the truing up Order. Presently, the licensee in the petition has submitted that the detailed calculation submitted for finalisation of rent had an error. The area considered was 7000 sq ft instead of 9669.73 sq.ft and has

submitted the revised rent calculation statement. The licensee has requested for considering the revised calculation for finalisation of rent for the years. Commission views that TCED revising the submissions time and again is not a correct practice.

31. Accordingly, Commission is of the considered view that rent for the year 2023-24 can be allowed as decided in the truing up order for the FY 2022-23 with 5% escalation every three years. Thus the rent approved for the period 2023-24 as shown below:

**Table 11**  
**Details of Rent expenses (Rs.lakh)**

Particulars	Approved						Truing up	Trued up
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	
TCED Main office (1)	18.72	18.72	18.72	19.68	19.68	19.68	37.84	20.66
Paravattani Store building (2)	4.20	4.44	4.44	4.44	4.68	4.68	32.89	4.68
Paravattani shed (3)	0	0	3.96	3.96	3.96	4.16	4.78	4.16
Corporation office Northern side Building (4)	12.72	12.72	12.72	13.36	13.36	13.36	17.94	14.03
<b>Total Annual Rent (1+2-3-4)</b>	<b>10.20</b>	<b>10.44</b>	<b>6.48</b>	<b>6.8</b>	<b>7.04</b>	<b>6.84</b>	<b>48.01</b>	<b>7.15</b>

32. ***Accordingly, the Commission hereby approves Rs.7.15 lakh as rent for the year 2023-24.***
33. Another major expense was Rs. 52.12 lakh towards accident compensation. The licensee in the petition has stated that the said expense is the compensation paid to the family of the deceased workers as per the court verdict and has submitted that the same may be treated as Onetime expense.
34. The licensee has also booked an amount of Rs.29.23 lakh as conveyance and vehicle expense which is higher than the previous year. It is stated that the conveyance charges represent the vehicle hiring charges including vehicle for project purpose. The licensee had claimed an amount of Rs.17.41 lakh as consultancy charges, Rs. 10.93 lakh as other professional charges. The licensee in the petition has stated that the consultancy charges include Rs.14.87 lakh which is the expense towards the mandatory Energy audit conducted by EMC and Rs.2.54 lakh for Chartered Accountant fees. An expense of Rs.19.56 lakh towards security staff expenses on contract is also booked under A&G expenses.
35. The licensee has also claimed bank charges of Rs.8.11 lakh which is charged by banks for issuing/renewing bank guarantee.
36. The licensee has booked Rs.98.45 lakh towards Electricity Duty for the year 2023-24. The Commission in the previous Orders had stated that duty under

Section 3 cannot be passed on to the consumers in view of the statutory provisions of the Kerala Electricity Duty Act, 1963. **Hence the same is disallowed.**

37. After duly considering the claims made by the licensee, the clarifications and details submitted, ***the Commission notes that an additional expense of Rs.52.12 lakh for accident compensation and Rs14.87 lakh for Energy audit can be allowed in addition to the norms approved by the Commission.***
38. ***Regarding the additional expenses, the licensee shall submit all data to substantiate the expenses in the petition which shall be considered if prudent. The Commission is of the considered view that A&G expenses are controllable expenses and the Commission hereby approves Rs.185.75 lakh (111.61+52.12+14.87+7.15) as A&G expenses for the year 2023-24.***

#### **Summary of O&M Expenses approved for 2023-24**

39. The O&M expenses approved, which includes Employee costs (Rs.1138.07 lakh), R&M expenses (Rs.103.11 lakh), and A&G expenses (Rs.185.75 lakh) totaling to Rs.1426.93 lakh for the year 2023-24 which is lower than the approved O&M expenses of Rs.1588.43 lakh as per the Tariff Regulations, 2021. Hence, there is a gain of Rs.161.50 lakh (Rs. 1588.43 lakh – Rs. 1426.93 lakh). As per Regulation 14 of the Tariff Regulations, 2021, the aggregate gain on the controllable parameters is to be shared in the ratio of 2:1 i.e., 2/3rd of gain is to be retained by the licensee and 1/3rd is to be passed on to the consumers. The relevant portion of the Regulation is shown below.

*14.Mechanism for sharing of gains or losses on account of controllable factors.*

- (1) The aggregate gain to the generating business/company or transmission business/licensee or distribution business/licensee or State Load Despatch Centre, as approved by the Commission, on account of controllable factors shall be dealt with in the following manner: -*
- (i) one-third of the amount of such gain as approved by the Commission shall be passed on to the consumers as rebate in the tariff ;*
- (ii) the remaining two third of the amount of such gain, may be utilized at the discretion of the generating business/ company or transmission business/ licensee or distribution business/ licensee:*
40. The Commission had allowed retaining the benefit of efficiency gain to the licensee due to the O&M expenses incurred being lesser than the norms fixed and accordingly is eligible for the benefit as per Regulation 14 of Tariff Regulations 2021. Hence, the Commission hereby approves Rs.1534.60 lakh as the Operation and Maintenance expenses after considering the gains on O&M expenses for the year 2023-24 as shown below.

**Table 12**  
**O&M Expenses approved for the year 2023-24**

Sl.no	Particulars	Rs. lakh
1	Total O&M expenses as per the Tariff Regulations	1588.43
2	Total O&M expenses Trued Up	1426.93
3	Total Efficiency Gain (1-2)	161.50
4	Efficiency Gain to be retained by the licensee (2/3 <sup>rd</sup> of (3)) = 158.96*2/3	107.67
5	<b>Approved O&amp;M expenses for the Truing Up of accounts (2+4)</b>	<b>1534.60</b>

### Asset additions

41. The licensee in the petition stated that the total asset addition made during the year is Rs.122.16 lakh. The licensee has also stated that a deduction of Rs.47.23 lakh has been made from the fixed assets. Further licensee stated that, out of this asset's addition an amount of Rs.23.65 lakh was created from consumer contribution for service connection lines and associated works. The details of assets addition during the year is shown below.

**Table 13**  
**Details of asset additions and deductions during 2023-24 (Rs. lakh)**

Asset Description	Total Addition to Assets*	Deductions from fixed assets	Net Additions in fixed asset Register
Office equipment	1.02	-	1.02
IT Equipments	3.30	-	3.30
Office F&F	2.07	-	2.07
Plant & Machinery	85.00	25.53	59.46
Lines & Cables	12.18	21.69	(9.52)
Meters	18.60		18.60
<b>Total</b>	<b>122.16</b>	<b>47.23</b>	<b>74.93</b>

42. The Commission in the Order in OP 79/2023 dated 04.11.2024 in the truing up of accounts for 2022-23 had directed TCED to claim the depreciation for assets additions for 2022-23 incorporating with the decisions in the order dated 16.08.24 on OP 52/2022. The licensee has claimed depreciation accordingly and has made the necessary deductions/adjustments from fixed assets. The details of the asset additions and deductions made during the year 2022-23 is shown below.

**Table 14**  
**Details of asset additions and deductions during 2022-23 (Rs. lakh)**

Asset Description	Total Addition to Assets*	Deductions from fixed assets	Net Additions in fixed asset Register
Building	-	-	-
Solar	-	-	-
Office equipment	0.13	-	0.13
IT Equipment	14.58	-	14.58
Office F&F	0.69	-	0.69
Plant & Machinery	19.79	8.53	11.26
Lines & Cables	85.37	24.25	61.12
Meters	14.37	2.74	11.63
Software	2.36	-	2.36
<b>Total</b>	<b>137.29</b>	<b>35.52</b>	<b>101.77</b>

43. ***Considering the submissions made by the licensee, the Commission hereby approves the assets addition of Rs.137.29 lakh for the year 2022-23 and Rs.122.16 lakh for the year 2023-24. Further, the Commission allows the licensee to fund the asset additions (excluding consumer contributions) utilizing the accumulated regulatory surplus approved by the Commission. It is also clarified that the licensee is not eligible to claim depreciation, interest on normative loan and Return on NFA on the assets created by utilizing the approved regulatory surplus.***

## **Depreciation**

44. Depreciation is to be claimed in the straight-line method as per the provisions of the Tariff Regulations, 2021 quoted below;

### ***“27.Depreciation.–***

- (1) *Depreciation shall be calculated on the original capital cost of the asset as approved by the Commission:*

*Provided that, no depreciation shall be allowed on the increase in value of the assets, on account of revaluation of assets:*

*Provided further that the depreciation shall not be allowed on the assets created through consumer contribution, deposit works, capital subsidies and grants.*

- (2) *The generation business/ company or transmission business/ licensee or distribution business/ licensee shall be permitted to recover depreciation on the approved capital cost of fixed assets used in their respective business, computed in the following manner:-*

- (i) *“depreciation shall be allowed upto a maximum of 90% of the approved capital cost of asset.*
- (ii) *depreciation shall be computed annually based on the straight line method at the rates specified in Annexure 1 to these Regulations for the first thirteen financial years from the date of Commercial operation;*
- (iii) *the remaining depreciable value as on the thirty first day of March of the financial year ending after a period of thirteen financial years from the date of Commercial operation shall be spread over the balance useful life of the assets;*
- (iv) *the generating business/ company or transmission business/ licensee or distribution business/ licensee, shall file all such details and documentary evidence, as may be required under these Regulations and as may be required by the Commission from time to time, to substantiate the above claims;*
- (v) *No depreciation shall be allowed for assets created through consumer contribution, deposit works, capital subsidies and grants;*
- (vi) *the salvage value of the fully depreciated asset shall be ten per cent of the allowable capital cost as approved by the Commission;*

*Provided that the salvage value of Information Technology equipment and computer software shall be considered at zero percent of the allowable capital cost.*

(3) .....

45. The licensee has claimed depreciation of Rs.119.57 lakh for the year 2023-24. The Commission had approved a depreciation of Rs.207.39 lakh while approving the Order on ARR& ERC. The details of the depreciation claimed by the licensee for the year 2023-24 are as shown below.

**Table 15**  
**Depreciation claimed by the licensee for the year 2023-24 (Rs.lakh)**

Particulars	GFA as on 01-04-2023	Assets Addition	Adjustments & Deductions	Depreciation	Adjustment on depreciation
Distribution Lines	2496.79	12.18	21.69	68.05	1.60
Sub Station Equipment	3331.79	85.00	25.53	87.39	4.22
Furniture & Fixtures	32.54	2.07	-	1.64	-
Office Equipment	138.07	1.02	-	3.63	-
Vehicles	53.68	-	-	-	-
Land & Land rights	23.39	-	-	-	-
Building	119.93	-	-	3.50	-
Meter	624.05	18.60	-	56.72	-
Software	36.99	-	-	2.28	-
IT Equipment	131.57	3.30	-	4.85	-
<b>Total</b>	<b>6988.80</b>	<b>122.16</b>	<b>47.23</b>	<b>228.08</b>	<b>5.82</b>
Less Assets created out of accumulated surplus	2437.73	122.16	47.23	108.51	5.82
<b>Net Asset Addition and depreciation</b>	<b>4551.07</b>	<b>-</b>	<b>-</b>	<b>119.57</b>	

46. The licensee has claimed depreciation of Rs.119.57 lakh for the year 2023-24 including depreciation for the asset addition made during 2023-24. The Commission during the year 2022-23 had approved a provisional depreciation of Rs.153.25 lakh as against the claim of Rs. 231.88 lakh. Considering the direction of the Commission in the truing up for 2022-23, the licensee has made necessary additions and has claimed that the actual depreciation for the year 2022-23 is Rs.127.49 lakh. The details of the depreciation claimed by the licensee for the year 2022-23 are as shown below.



**Table 16**  
**Depreciation claimed by the licensee for the year 2022-23 (Rs. lakh)**

Particulars	GFA as on 01-04-2022	Assets Addition	Adjustments & Deductions	Depreciation	Adjustment on depreciation
Distribution Lines	2435.67	85.37	24.25	69.63	1.65
Sub Station Equipment	3320.54	19.78	8.53	89.27	1.60
Furniture & Fixtures	31.85	0.69	-	1.68	-
Office Equipment	137.94	0.13	-	3.66	-
Vehicles	53.68	-	-	0.29	-
Land & Land rights	23.39	-	-	-	-
Building	119.93	-	-	3.50	-
Meter	612.43	14.37	2.74	55.34	0.22
Software	34.63	2.36	-	5.48	-
IT Equipment	116.99	14.58	-	6.50	-
<b>Total</b>	<b>6887.04</b>	<b>137.29</b>	<b>35.52</b>	<b>235.35</b>	<b>3.47</b>
Less Assets created out of accumulated surplus and consumer contribution	2355.97	137.29	35.52	107.86	3.47
<b>Net Asset Addition and depreciation</b>	<b>4551.07</b>	<b>-</b>	<b>-</b>	<b>127.49</b>	

47. The Commission has reviewed the claim submitted by the licensee and has concluded that the depreciation has been calculated in accordance with the provisions outlined in the Tariff Regulations, 2021. It has been observed that the amount reported by the licensee for assets created from accumulated surplus, totaling Rs. 2,437.73 lakh for the year 2023-24 and Rs. 2,355.97 lakh for the year 2022-23, includes assets created from consumer contributions amounting to Rs. 582.56 lakh for 2023-24 and Rs. 569.03 lakh for 2022-23 respectively.
48. ***Accordingly, considering the submission made by the licensee, the Commission approves the depreciation amounts of Rs. 127.49 lakh for the year 2022-23 and Rs. 119.57 lakh for the year 2023-24. The Commission also decides to clawback an amount of Rs.25.76 lakh (153.25 – 127.49) on account of excess depreciation provisionally approved in 2022-23. The clawback will be shown as a separate item under expenditure side as prior period item and the cumulative surplus is revised to that extent.***

### **Interest and finance charges**

49. The licensee has claimed interest and finance charges of Rs.295.45 lakh for the year 2023-24 towards interest on security deposits at an interest rate of 6.75%. As per the provision of the Kerala Electricity Supply Code, the licensee is bound to provide interest on security deposit collected from consumers. The Commission has been taking the consistent stand that, the actual disbursement of interest on security deposit during the year can only be allowed in the process of truing up.

50. It is seen that, based on the audited accounts of the licensee, the total amount of interest charges paid to the consumers on the security deposits is Rs.295.45 lakh which pertains to the financial year 2022-23. **Accordingly, Commission approves interest on security deposit of Rs.295.45 lakh actually paid during the year 2023-24 under interest and finance charges.**
51. The Licensee has claimed Rs.124.50 lakh as interest on normative loan for the year 2023-24. The Licensee has also sought interest on normative loan of Rs.106.99 lakh for the year 2021-22. The commission while truing up the accounts for 2022-23 had approved interest on normative loan amounting to Rs.97.84 lakh for the year 2022-23. The licensee has claimed an additional amount of Rs.0.86 lakh as interest on normative loan for the year 2022-23 due to change in depreciation.
52. As per Regulation 26(3a) of the Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) (First Amendment) Regulations, 2023 states that, where the equity and loan employed are not clearly identifiable, the total approved capital cost after adjusting for grants, regulatory surplus allowed for creation of assets and/ or consumer contributions will be treated as normative loan. The relevant portion of the Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) (First Amendment) Regulations, 2023 is quoted below.
- “(3a) Where the equity and loan employed are not clearly identifiable, the total approved capital cost after adjusting for grants, regulatory surplus allowed for creation of assets and/ or consumer contributions will be treated as normative loan.”*
53. As per Regulation 29 of the Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2021 if the licensee does not have any actual loan portfolio, interest charges shall be calculated at Base rate. The relevant portion of Regulations is shown below.

**29. Interest, Finance charges and Carrying cost. –**

- (1) *The loans arrived at in the manner indicated in Regulation 26 shall be considered as gross normative loan for calculation of interest on the loans:*  
*Provided that the interest and finance charges on capital works in progress shall be excluded from such consideration and will not be considered in the ARR and truing up processes:*  
*Provided further that in case of retirement or replacement of the assets, the normative loan amount approved by the Commission shall be reduced to the extent of outstanding loan component of the original value of the retired or replaced assets; based on documentary evidence.*
- (2) *The normative loan outstanding as on the first day of April, 2022, shall be worked out by deducting the amount of cumulative repayment as approved by the Commission upto the thirty first day of March, 2022, from the normative loan.*

(3) *Notwithstanding any moratorium period availed by the generating business/ company or the transmission business/ licensee or the distribution business/ licensee, the repayment of loan shall be considered from the first financial year of the declaration of the commercial operation date of the project and shall be equal to the depreciation allowed for that financial year.*

(4) *The rate of interest allowed shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each financial year applicable to the generating business/ company or the transmission business/ licensee or the distribution business/ licensee or State Load Despatch Centre:*

*Provided that if there is no actual loan for a particular financial year of the Control Period but normative loan is still outstanding, the rate of interest on the last available loan shall be considered:*

*Provided further that if the generating business/ company or the transmission business/ licensee or the distribution business/ licensee or State Load Despatch Centre does not have any actual loan outstanding, but normative loan is outstanding, then interest shall be allowed at the base rate.*

(5) *The interest on loan shall be calculated on the normative average loan as per the norms approved by the Commission for the financial year, by applying the weighted average rate of interest.*

54. Considering the above provisions and decision mentioned in the Para 48 of this Order, the interest on normative loan amounting to Rs.129.53 lakh is approved for the year 2023-24 as shown below;

**Table 17**  
**Interest on Normative Loan for the year 2023-24 (Rs.lakh)**

Opening Normative Loan	1394.72
Add: Excess depreciation clawed back for the year 2022-23	25.76
Less: depreciation for the year 2023-24 as repayment of loan	119.57
Closing Normative Loan	1300.91
Average Normative Loan	1347.81
Rate of Interest	9.15%
<b>Interest on normative loan</b>	<b>123.32</b>

\*SBI 1-year EBLR – 9.15% on 01-04-2023

55. ***Accordingly, the Commission hereby approves Rs.418.77 lakh (295.45+123.32) as Interest and finance charges for the year 2023-24.***

#### **Prior Period Normative Loan**

56. The licensee has claimed Rs. 106.99 lakh as interest on the normative loan for the year 2021-22 in the petition. The Commission had taken a considered decision that the licensee is eligible for interest on normative loan for the current control period. The claim of the licensee being for the year under the last control period and the order for truing up for the year 2021-22 has already

been issued under OP No. 33/2023, dated 22.11.2023, the decisions are finalized, making it no subject for revision. **Accordingly, the Commission does not consider the licensee's claim for interest on the normative loan amounting to Rs. 106.99 lakh for the year 2021-22.**

### Return on Net Fixed Assets

57. The licensee has claimed Return on NFA for the year 2023-24 computed as per Regulation 28 of KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021. As per Regulation 28(2) of the Tariff Regulations 2021, if there is no equity invested in the business or equity invested in the regulated business of the distribution licensee is not clearly identifiable, return at the rate of 5.50% shall be allowed on the net fixed assets at the beginning of the financial year for such regulated business. The Commission while approving the ARR & ERC for the year 2023-24 had approved Rs.155.60 lakh as RoNFA. The details of RoNFA claimed by the licensee is tabulated below.

**Table 18**  
**Return on NFA for the years 2021-22, 2022-23 and 2023-24 (Rs. lakh)**

Particulars	2020-21 Claimed and Trued Up	2022-23 Claimed and Trued Up	2023-24 Truing Up petition
Balance net fixed assets on which returns can be allowed	3226.56	2828.13	2563.81
<b>Return on Net Fixed Assets</b>	<b>96.80 @3 %</b>	<b>155.55@5.5%</b>	<b>141.01 @5.5%</b>

58. The licensee has claimed Rs.141.01 lakh as return on net fixed assets for the financial year 2023-24 at the rate of 5.5% of Net Fixed Assets. The licensee in the petition has stated that the claim of RoNFA is after reducing consumer contribution at the beginning of the financial year. The licensee has also stated that Rs.10.17 Cr being Return on Equity upto 2023-24 payable to Thrissur Corporation is adjusted against the outstanding energy charges for street lighting services of Rs.10.26 Cr. The balance amount of Rs.0.09 Cr is to be adjusted later. TCED is planning to continue the practice as elimination of electricity arrears especially that of government departments is important factor in RDSS's pre-qualification criteria and result evaluation framework.
59. The Commission has examined the claim of the licensee. The Commission in the Order on approval of capital investment projects for the control period 2022-27 in OP No: 52/2022 dated 16.08.2024 had stated that M/s TCED shall not be eligible to claim 'interest charges, depreciation and RoE/RoNFA' on the assets created by utilizing the approved regulatory surplus with TCED. Also, the Commission while issuing the Order on the truing up of accounts for the year 2022-23 had not approved the asset additions claimed by the licensee stating that it will be considered only after incorporating the decisions of the Commission vide Order dated 16.08.2024 (OP 52/2022).

60. Based on the submission made in the current petition, the Commission in paragraph 43 had approved the capital addition for the year 2022-23 and 2023-24, allowing it to be utilized from the accumulated surplus of the licensee. Thus the licensee is not eligible to claim depreciation, interest on normative loan and Return on NFA on the assets created by utilizing the approved regulatory surplus. Accordingly, the Commission hereby approves the RoNFA for the year 2023-24 as shown below:

**Table 19**  
**Return on NFA for the years 2023-24 (Rs. lakh)**

Particulars	Trued Up
Gross Fixed Assets at the beginning of the year	6988.80
Less: Cumulative Depreciation at the beginning of the year (3489.88+127.49)	3617.37
Net Fixed Assets eligible at the beginning of the year	3371.43
<b>Less: Fixed assets financed by Consumer contribution at the beginning of the year (566.82+2.21+13.53)</b>	582.56
<b>Less: Asset additions from the year 2022-23 through accumulated surplus</b>	123.76*
<b>Less: GFA for which interest is allowed</b>	1347.81
Balance net fixed assets on which returns can be allowed	1317.30
<b>Return on Net Fixed Assets (1317.30*5.50%)</b>	<b>72.45</b>

(\* Asset additions for the year 2022-23 – consumer contribution = Rs.137.29 lakh - Rs. 13.53 lakh)

61. ***The Commission hereby approves the return on NFA at Rs.72.45 lakh for the Financial Year 2023-24***

### Revenue from Sale of Power

62. During the year 2023-24, the revenue from the sale of 1665.28 lakh units is Rs.15172.20 lakh. The major sale of power and revenue realisation is from domestic, commercial and HT category of consumers. There is increase of 181.67 lakh units compared to 2022-23. The category wise Revenue from Sale of power for the year 2023-24 is as shown below.

**Table 20**  
**Comparison of Revenue from Sale of Power for 2023-24**

Particulars	2023-24			
	Number of consumers	Units Sold in lakhs	Total Revenue (Rs.lakh)	Average Realisation (Rs/kwh)
<b>LT Categories</b>				
LT I	23383	440.76	2899.65	6.58
LT IV A	485	33.64	237.48	7.06
LT IV B	4	0.60	4.78	8.01
LT V A	181	0.55	2.45	4.44
LT V B	1	0.00	0.02	7.81
LT VI A	254	22.41	171.43	7.65
LT VI B	467	27.82	220.04	7.91
LT VI C	503	52.73	585.68	11.11
LT VI D	32	0.59	1.41	2.38
LT VI E	43	0.71	4.96	7.01

LT VI F	716	54.31	562.51	10.36
LT VI G	83	11.10	113.26	10.21
LT VII A	14597	488.49	5253.27	10.75
LT VII B	1688	8.52	61.58	7.23
LT VII C	15	3.44	39.87	11.61
LT VIII B	325	11.71	58.51	5.00
LTII	5	0.06	1.55	23.88
LT IX	77	0.83	15.59	18.70
LT III		0.07	1.10	15.78
LT X	2	0.46	3.08	6.68
<b>HT Categories</b>				
HT- I A	5	8.96	73.11	8.16
HT- II A	10	26.46	206.90	7.82
HT- II B	29	191.47	1785.17	9.32
HT- IV A	58	144.55	1498.13	10.36
HT- IV B	36	130.20	1325.95	10.18
SPS	1	3.50	35.15	10.05
Self-consumption		1.34	9.58	7.15
<b>Total</b>	<b>43000</b>	<b>1,665.27</b>	<b>15172.20</b>	<b>9.11</b>

63. As per the details provided in the petition, the collection efficiency of the licensee for the year 2023-24 is 99.49%. Commission notes that the collection efficiency for 2022-23 was 97.36%. Increase in the collection efficiency of the licensee is a positive sign. Considering the growth in sales, recovery from the general industrial slowdown and improvement in business activity of the licensee, ***the Commission hereby approves the revenue from sale of power at Rs.15172.20 lakh for the purpose of Truing Up of Accounts for the year 2023-24.***

### Non-tariff income

64. The non-tariff income booked by the licensee for the year 2023-24 is Rs.604.98 lakh which is higher than the claim in 2022-23. The comparison of the non-tariff income is tabulated below.

**Table 21**  
**Comparison of Non-Tariff Income (Rs. lakh)**

Particulars	2021-22 Truing Up Accounts	2022-23 Truing Up Accounts	2023-24 Truing Up Accounts
Interest on investment, fixed and call deposit, bank balance	268.53	275.24	314.86
SD interest from KSEB	36.66	36.66	63.55
Miscellaneous receipt	27.22	36.92	37.05
Commission for collection of electricity duty	8.93	10.80	12.49
Interest on delayed or deferred payment	136.10	76.90	68.94
Pole rent income	42.74	45.86	52.58
Recovery of theft and pilferage of energy	3.62	0.07	1.27
Other Penalties	-	-	5.48
Meter/metering equipment/service line rentals	46.62	47.06	48.76
<b>Total</b>	<b>570.44</b>	<b>529.51</b>	<b>604.98</b>

65. The licensee in the petition has stated that the actual pole rent received is Rs. 8.31 lakh and the balance of Rs.44.28 lakh is receivable rent.

Compared to the previous year, the major decrease is in Interest on delayed or deferred payment.

66. The cumulative revenue surplus till 2022-23 is Rs.17217.59 lakh. The Commission notes that the licensee has not considered the interest on accumulated surplus as part of the non-tariff income for the year 2023-24. The interest income is worked out on regulatory surplus held by the licensee. The rate of interest considered for the year is the SBI retail term deposit rate for a tenure up to one year prevailing as on 01.04.2023, which is 6.80%.
67. The Commission in the previous Truing Up Orders while computing the interest income took a consistent stand with regard to allowing interest on accumulated surplus after duly reducing the surplus to the tune of asset addition considering the request of the licensee. The total assets additions from the accumulated surplus approved by the Commission up to 2022-23 is Rs.1868.70 lakh. Thus interest on accumulated surplus is calculated as shown below;

**Table 22**  
**Interest on Revenue Surplus for the year 2023-24**

Particulars	Rs. lakh
Cumulative surplus at the beginning of 2023-24	17217.59
(Less) Capital Addition funded from Surplus (1766.93*+137.29-13.53)	1890.69
Accumulated Surplus available for interest income as on 01-04-2023	15326.90
Rate of interest considered (SBI retail term deposit rate for a tenure up to one year)	6.80%
<b>Interest income on Surplus</b>	<b>1042.23</b>

\*(Capital Addition funded from Surplus as on 01-04-2021= Rs.1695.34 lakh+ Rs.71.59 lakh for 2021-22)

68. The total interest applicable for the Cumulative Revenue Surplus is Rs.1042.23 lakh. The licensee has already accounted Rs.314.86 lakh towards interest on FD and bank balances. Thus, the balance amount of Rs.727.37 lakh is accounted as interest income and included under non-tariff income. **Accordingly, the Commission approves Rs.727.37 lakh as interest on accumulated surplus for the year 2023-24.** Thus, the total non-tariff income for the year 2023-24 is as shown below:

**Table 23**  
**Non-Tariff Income for the year 2023-24 (Rs. lakh)**

Particulars	As per Truing Up Petition	Trued Up
Other Income	604.98	604.98
Interest on accumulated surplus	-	727.37
<b>Total</b>	<b>604.98</b>	<b>1332.35</b>

69. **The Commission hereby approves Rs.1332.35 lakh as Non-Tariff Income for the year 2023-24 as against Rs.604.98 lakh claimed in the petition.**
70. Based on the above, the approved expenditure and revenue for the year 2023-24 after Truing Up is as shown below:

**Table 24**  
**Income and Expenditure after Truing Up of Accounts for 2023-24 (Rs. lakh)**

Particulars	2023-24		
	Approved ARR&ERC	Truing up petition	Trued Up
Power Purchase Cost	12,067.16	13,435.79	13405.60
Employee cost	1,373.71	1138.07	1,534.60
Provision	-	127.50	
R&M Expenses	103.11	104.01	
A&G Expenses	111.61	334.46	
Prior Period Item (Excess amount of depreciation clawed back for 2022-23)	-	-	-25.76
Depreciation	207.39	119.57	119.57
Interest and Finance Charges	93.77	526.94	418.77
Return on NFA	155.60	141.01	72.45
<b>Total Expenditure</b>	<b>14,112.35</b>	<b>15,927.35</b>	<b>15,525.23</b>
Revenue from Sale of Power	13,504.33	15,172.20	15,172.20
Other income	932.35	604.98	1,332.35
<b>Total income</b>	<b>14,436.68</b>	<b>15,777.18</b>	<b>16,504.55</b>
<b>Revenue Surplus (+)/ Gap (-)</b>	<b>324.33</b>	<b>-150.17</b>	<b>979.32</b>

### Consumer Service Rating

71. The Ministry of Power has published the Report on the Consumer Service Rating of Discoms (CSRD) for the year 2023-24. The performance of Thrissur Corporation Electricity Department (TCED) in the FY 2023-24 grading assessment indicates a need for improvement across multiple parameters. The Commission has reviewed the Report and noticed that though the performance of TCED in respect of Operational Reliability is high whereas there is scope for improvement in the following three areas;
- Connection and Other Services
  - Metering, Billing, and Collection &
  - Fault Rectification and Grievance Redressal
72. While TCED achieved an 'A+' grade in Operational Reliability, highlighting strong infrastructure and supply consistency, its performance in other areas was weaker. It received a 'C+' in Connection and Other Services, 'C' in Metering, Billing, and Collection, and 'C+' in Fault Rectification and Grievance Redressal, leading to an overall 'B' grade. These lower scores suggest deficiencies in customer service, billing accuracy, and complaint resolution. TCED has to take earnest efforts to improve upon the areas which will enhance the consumer satisfaction and achieve a higher overall grading in future assessments.

### Revenue (Gap)/Surplus for 2023-24

73. Accordingly, as against the approved Revenue surplus of Rs.324.33 lakh for the year 2023-24 in ARR&ERC Order, the licensee in the petition for Truing Up of Accounts has claimed a Revenue Gap of Rs.150.17 lakh. After Truing Up of



accounts for the year 2023-24, the Commission hereby approves the Revenue Surplus of Rs.979.32 lakh is as shown below.

**Table 25**  
**Revenue (Gap)/ Surplus Approved for the year 2023-24 (Rs. lakh)**

Particulars	2023-24		
	Approved ARR&ERC	For truing up	Trued Up
Total Expenditure	14112.35	15927.35	<b>15525.23</b>
Total income	14436.68	15777.18	<b>16504.55</b>
Revenue Surplus (+)/ Gap (-)	<b>324.33</b>	<b>(-) 150.17</b>	<b>979.32</b>

### Orders of the Commission

74. The Commission after considering the petition filed by M/s. Thrissur Corporation Electricity Department for Truing Up of Accounts for the year 2023-24, views presented by the licensee during the hearing and the clarifications and details provided by the licensee approves the following:

- a) Total income is Rs.16504.55 lakh*
- b) Total expenditure is Rs.15525.23 lakh*
- c) The revenue surplus for the year 2023-24 is Rs.979.32 lakh*
- d) Total cumulative revenue surplus till 2023-24 will be Rs.16306.22 lakh (Rs. 17217.59 lakh as opening cumulative revenue surplus + current year revenue surplus of Rs.979.32 lakh – assets created out of accumulated surplus Rs. 1890.69 lakh till 2022-23).*

### Directives

75. TCED has to take earnest efforts to improve upon the areas like Connection and Services, Metering, Billing, and Collection & Fault Rectification and Grievance Redressal which will enhance the consumer satisfaction and achieve a higher overall grading in future assessments.

76. The petition is disposed of. Ordered accordingly.

Sd/-  
**Sri. T.K Jose**  
**Chairman**

Sd/-  
**Adv. A. J. Wilson**  
**Member**

Sd/-  
**Sri. B. Pradeep**  
**Member**

Approved for issue  
Sd/-  
C.R.Satheesh Chandran  
Secretary