



ORDER

OF THE

**WEST BENGAL ELECTRICITY REGULATORY
COMMISSION**

IN CASE NO.: APR – 29 / 12 – 13

**IN RE THE APPLICATION OF THE
WEST BENGAL STATE ELECTRICITY
DISTRIBUTION COMPANY LIMITED
FOR ANNUAL PERFORMANCE REVIEW
FOR THE FINANCIAL YEAR 2010 – 2011.**

DATE: 19.10.2012



CHAPTER – 1 INTRODUCTION

- 1.1 In terms of the provisions contained in regulation 2.6 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, (hereinafter referred to as the “Tariff Regulations”) the generating companies or the licensees, as the case may be, are subject to an Annual Performance Review (in short ‘APR’). The West Bengal Electricity Regulation Commission (hereinafter referred to as the “Commission”) introduced Multi Year Tariff (in short “MYT”) procedure and as such, APR aims at carrying out adjustments arising out of difference between the actual performance and projected performance under different factors / heads of accounts. Such adjustments are to be done in the manner as specified in the Tariff Regulations. Accordingly, the West Bengal State Electricity Distribution Company Limited (in short ‘WBSEDCL’) submitted their application of APR to the Commission on 4 April, 2012 for the financial year 2010 – 2011. It provided the related data / information as required for an APR in the specified proforma along with the copy of its audited annual accounts for the concerned year. The application was numbered as APR-29/12-13. WBSEDCL also submitted vide their letter dated 3rd May, 2012 clarifications to the points raised by the Commission and communicated to WBSEDCL vide Commission’s letter dated 25 April, 2012.
- 1.2 The instant application of WBSEDCL is their third application for the APR of the second control period, the first and second being for the years 2008 – 2009 and 2009 – 2010 respectively. The adjustments, as were found necessary on review of the performance of those years, were effected while determining the amount recoverable through tariff during the years following the years of such review. Similarly, the adjustments, as may arise out of the review of the instant application for 2010 – 2011 will be considered for giving effect while determining the amount of revenue recoverable through tariff order of any ensuing year or through separate order as specified in regulation 2.6.6 of the Tariff Regulations.



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- 1.3 WBSEDCL has submitted their application for Annual Performance Review for 2010 – 2011 in terms of the provision contained in the Tariff Regulations and the instant application needs to be dealt with as per provisions of regulation 2.1.15 of the Tariff Regulations.
- 1.4 APR is to cover the annual fixed costs and fixed charges that is to be allowed to the licensee. For fixed cost determination under APR, the normative parameters, method of calculations and principles of calculation as had been followed in tariff order for the relevant year are considered.
- 1.5 The APR for the year 2010 – 2011 is, therefore, the review of the different factor elements of fixed charges, categorized as controllable and uncontrollable allowed to WBSEDCL through the ARR for the year 2010 – 2011, vis-à-vis the actuals as per the audited accounts. The instant application of WBSEDCL for the year 2010 – 2011 is being viewed in the subsequent parts of this order.
- 1.6 In terms of regulation 2.16.12 of the Tariff Regulations, WBSEDCL submitted a draft gist of the APR application at the time of submission of application for APR for the year 2010 – 2011. The application of APR of 2010 – 2011 of WBSEDCL along with the clarification submitted by WBSEDCL on 03.05.2012 was admitted by the Commission on 4 May, 2012 in Case No. APR-29/12-13. The Commission also approved the gist of the APR application submitted by WBSEDCL. After admission of the application WBSEDCL was directed to publish the approved gist of the application in newspapers and also in their website. Accordingly, the gist of the application was published simultaneously in 'Ekdin', 'The Times of India', 'The Hindu Business Line' and 'Sambad Pratidin' on 8 May, 2012 inviting objections and suggestions from all interested parties and members of the public. The gist was also posted in the website of WBSEDCL on 8 May, 2012. A copy of the petition along with further clarification as mentioned above for the year 2010 – 2011 was also posted in the website of WBSEDCL on 7 May, 2012.



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- 1.7 The last date for submission of objections and suggestions by the interested parties at the office of the Commission was 4 June, 2012.
- 1.8 Objections and suggestions on the application of WBSEDCL for APR in respect of the year 2010 – 2011 were received by the Commission from only one person, i.e., Hooghly Chamber of Commerce and Industries within the stipulated time i.e. 4 June, 2012. The said Objections and suggestions on the application, in question, have been dealt with in Chapter – 2.



CHAPTER – 2 FIXED CHARGES

Objections and suggestions against the application of APR for 2010-11 of WBSEDCL

- 2.0 The stake holder from whom objections and suggestions on the application of APR for 2010 – 2011 of WBSEDCL have been received within the stipulated time is mentioned in Paragraph 1.8 of Chapter-1. The points of objections and suggestions are summarized in subsequent paragraphs of this Chapter along with views of the Commission.
- 2.1 Hooghly Chamber of Commerce and Industries (HCC) has submitted their objections and suggestions on the application of APR of WBSEDCL for 2010 – 2011. The objections submitted by HCC are divided in the two parts while in the first part some general issues have been raised by HCC and in the second part they have submitted point wise objections and suggestions.
- 2.2 The HCC in Paragraph 7 (c) of their submission has stated that “inherently Section 64 and 86(3) warrant that the State Commission should grant hearing to any objector/consumer before deciding upon the objections and determining tariff. According to HCC, the principles of natural justice mandate that the hearing should be granted to the objector, who is one of the affected parties and that practice has been diligently and consistently followed by virtually every appropriate Commission”. Accordingly, in paragraph 11 of the submission by HCC, there is a request for an opportunity of hearing. In this context, the Commission feels that hearing for objections/suggestions is not mandated under Section 64 of the Act. The Section 64 speaks about hearing only in case of rejection of an application where it is stipulated that applicant of tariff application be given reasonable opportunity of being heard before rejection of his application. This is also mentioned as exceptional circumstances under provision



- of Clause (b) of Sub-section 3 of Section 64. Accordingly, the Commission decides to consider only the suggestions/objections from the public as per Tariff Regulations. The Tariff Regulations framed under the provision of the Act has specifically provided receiving of such objections/suggestions from public in written form only. Thus, the interpretation of objector HCC as mentioned above is not in order in accordance with the provisions of the Act. Section 86 (3) of the Act in particular speaks of ensuring transparency while discharging its functions but not anything on point of hearing. Transparency in a process does not necessarily mean holding public hearing. It requires fairness and probity to be maintained in the decision making process. This objective is achieved once the objections and suggestions are duly considered and the decision of the Commission is indicated along with reasons. Thus in the considered opinion of the Commission, in this case, hearing has deliberately been excluded under the Electricity Act as well as in the Regulations.
- 2.3 In paragraph 7(d), HCC claims that the prudent determination of tariff consistent with the statutorily prescribed criteria and the tariff policy are sacrosanct to the object of the Electricity Act, 2003. In this context, the Commission feels that the applicability of different clauses of tariff policy is subject to the fact that those are consistent with the Electricity Act, 2003 and rules and regulation framed thereunder.
- 2.4 In paragraph 9 of their objection and suggestions, HCC has mentioned that the claims made by WBSEDCL in their application for APR for annual fixed charges for 2010 – 2011 are on wrong computations and without considering the relevant factors and if the same is allowed it will reward the inefficiencies of WBSEDCL. In this context, HCC has not explained how the inefficiency will be rewarded to WBSEDCL or has not given specific instances which the Commission can deal with. However, it may be noted that WBSEDCL has submitted the APR application as per format specified for the same in the Tariff Regulations



supported with audited annual accounts for the year 2010 – 2011. The Commission will consider the head wise expenditure as per audited data and as per provisions of Tariff Regulations. Thus, the Commission finds no merit on the above assumption of HCC.

2.5 HCC has raised their objection giving explanation point-wise against the petition of WBSEDCL for APR for the year 2010 – 2011 in Para 2 under Annexure – A. The explanation under the Annexure – A of the objections and suggestions of HCC is dealt hereunder:

2.5.1 Under Para 2.1 of the explanation of objections and suggestions, the objector HCC has stated to disallow the excess transmission charge of Rs 1037.63 lakh on the ground that WBSEDCL had to purchase additional power of 471.223 MU due to higher distribution loss (i.e. 25.24% as against normative T&D loss of 17.75%) which entails excess transmission cost. As per Tariff Regulations the STU charge is fixed cost. WBSEDCL, as a lone long term customer of STU, has to bear such fixed cost reduced by short term open access charge received from the short term open access customers, irrespective of volume of energy transacted by WBSEDCL through the transmission system of STU. As it being a fixed cost in nature it has got no sensitivity with the volume of energy transacted. Thus the objection raised by HCC has no merit.

2.5.2 Under Para 2.1.3 of the explanation of the objections and suggestions of HCC, it has been mentioned that another intra state transmission charge is to be paid on postage stamp method which entails that the transmission charge payable is directly proportional to the quantum of energy wheeled. In this context it is to be noted that transmission charge for wheeling cost as referred is nothing but the transmission charges for short term open access. Income from such charges is generally considered during determination of the adjustable amount in the APR order for the concerned year. In fact the Annual Transmission Service Charges



vis-à-vis the adjustable amount is determined in concerned APR order of WBSETCL of 2010 – 2011 where the income from short-term open access is duly considered. However, the STU charges paid by WBSEDCL to WBSETCL during the year 2010 – 2011 as claimed by WBSEDCL is in accordance with the tariff order of WBSETCL for the year 2010 – 2011 and is found to be in order as shown in the Annual Accounts of WBSETCL for 2010 – 2011.

2.6 **Employees Cost:**

2.6.1 As mentioned by HCC, the additional employee cost of Rs. 129.76 lakh is to be disallowed on the ground that WBSEDCL has already attained finality for the financial year 2010 – 2011 and hence there is no room for any modification. This is because WBSEDCL in its application for redetermination of tariff for the year 2010 – 2011 had claimed Rs. 85544.59 lakh towards employee cost and that the Hon'ble Commission in its order for redetermination of tariff of WBSEDCL for the year 2010 - 2011 has already allowed the same. In this context it is to be noted that it is an uncontrollable expenditure. On scrutiny the Commission finds that the claim of WBSEDCL towards the employee cost is reasonable. Moreover, such cost has been reflected in their audited accounts of 2010 – 2011 which has gone through detailed audit scrutiny and thus acceptable by the Commission. In view of the above the additional amount of 129.76 lakh towards employee cost for the year 2010 - 2011 is hereby admitted as it is an uncontrollable expenditure and passes through element in tariff.

2.7 **Interest on Working Capital:**

2.7.1 HCC has also raised their objection regarding the claim of WBSEDCL under the head 'interest on working capital'. HCC has mentioned that the Commission in the previous year tariff order directed WBSEDCL to utilize the amount of consumer security deposit to meet up the working capital requirement and



accordingly did not allow any amount under the said head. HCC desires to follow the same practice in case of APR of WBSEDCL for the year 2010 – 2011. Additionally, HCC has mentioned that WBSEDCL is now making recovery through Monthly Variable Cost Adjustment (MVCA) and therefore, the working capital requirement shall be assessed on normative basis @ 10% on summation of annual fixed charge, fuel cost and power purchase cost reduced by the amount under the heads as mentioned in the Tariff Regulations, 2011. HCC has also demanded to pass on the benefit of interest to the consumers arising out of the excess amount of Rs. 44190.00 lakh (Rs. 123479.00 lakh on account of security deposit–Rs. 79289.00 lakh on accounts of working capital requirement). On this score the Commission has explained their view in para 3.16 of this order on the basis of audited accounts of WBSEDCL for 2010 – 2011.

2.8 **MPLS – VPN System:**

2.8.1 HCC has mentioned regarding the claim of WBSEDCL for expenditure for maintaining MPLS – VPN system that this expenditure is of lease rental type and as per earlier format it was under (O&M) expenses. HCC has suggested that the claim under new head be allowed provided the (O&M) expenses are reduced by the equivalent amount. The Commission will deal this issue while determining the fixed charges under different head in the subsequent chapter.

2.9 **Cost of Outsourcing:**

2.9.1 HCC mentioned that WBSEDCL has claimed an exorbitant amount of Rs 12246.10 lakh towards cost of outsourcing against the approved amount of Rs 523.70 lakh by the Commission in the Tariff order for 2010 – 2011 without any basis of convincing supporting evidence. They also submitted that although certain jobs and services can be performed effectively through outsourcing but the estimate that 19380 nos. of contractual employees were required by WBSEDCL is implausible and unconvincing.



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- 2.9.2 HCC has mentioned that out of outsourced 11 functional areas where WBSEDCL has engaged 19380 numbers of contractual employees, only one i.e., 'Call Centre' is a new area and all other 10 functional areas were already in place as the same are essential functions.
- 2.9.3 HCC also mentioned that WBSEDCL has engaged such manpower every where i.e., from call centre to back office management consultancy which may lead to possibility of putting double manpower for one job. Therefore, it is necessary for WBSEDCL to provide statement showing the break-up of number of regular employee and contractual employee deployed for outsourcing jobs along with their functional areas for all the substations and offices including head office for the period 2006 – 2007 to 2010 – 2011. Such statement should contain clearly if such outsourcing was taken recourse to for jobs which were being performed by the existing manpower of WBSEDCL or for any fresh area of activities.
- 2.9.4 HCC also mentioned that the employee cost of WBSEDCL has recently soared due to wage revision and now WBSEDCL wants to recover the unfathomable cost of outsourcing resulting further burden on the consumers. In view of above, HCC wants that the additional claim of WBSEDCL to the tune of Rs. 11722.40 lakh towards cost of outsourcing is not to be considered.
- 2.9.5 On scrutiny of the APR application for the year 2010 – 2011 it is found that WBSEDCL has supplied the required data/information in the specified format in Form 1.17K of Annexure-I in Volume-I of the application supported with note of accounts with detailed break-up as asked for, which also includes detailed explanation / activity of specific area of such outsourcing. The Commission also finds that in the APR application WBSEDCL has fulfilled the direction as mentioned above. Thus the Commission finds no merit in the objection raised by HCC. In the above context the application of APR reasonably explained manpower expense and operational service expenses which are found to be



reasonable. However, while dealing with the outsourcing cost in Chapter 3 of this order the Commission will go through the necessity of such expenditure and will take decision on the merit of each such expenditure as a whole.

2.10 Rates & Taxes and Insurance:

2.10.1 HCC mentioned that the claim of WBSEDCL under the heads Insurance and Rates and Taxes may be allowed provided the O & M expenses are reduced by the equivalent amount. The O&M expenditure has already been regrouped as per the Tariff Regulations and the Insurance is considered separately reducing O&M expenses by the amount considered in the tariff order under (O&M) charges head.

2.11 O&M Charges:

2.11.1 HCC has raised objection against the claim of WBSEDCL on account of O&M charges as follows:

- a) WBSEDCL has claimed O&M expenses for Rs. 24039.30 lakh for APR for 2010 – 2011 after making separate provision for MPLS-VPN systems, Rates and Taxes and Insurance for Rs. 1934.00 lakh, Rs. 1102.00 lakh and Rs. 390.00 lakh respectively whereas the Commission has approved Rs. 24234.70 lakh on this score in its re-determined tariff order for 2010 – 2011 which includes the cost of Insurance and Rates & Taxes.
- b) O&M is a controllable item as per the Tariff Regulations of the Commission.
- c) WBSEDCL did not provide item wise expenditure in absence of which prudent checking is not possible.



- d) No new thing has cropped up between the period of redetermination of tariff for the year 2010 – 2011 and APR application for 2010 – 2011 to justify upward revision of O&M cost.
- e) In view of above, HCC claims admission of Rs. 22742.70 lakh on account of O&M expenses after making separate provision for MPLS-VPN systems, Rates and Taxes and Insurance for Rs. 1934.00 lakh, Rs. 1102.00 lakh and Rs. 390.00 lakh.

2.11.2 The Commission considered Rs. 24234.70 lakh on account of (O&M) expenses in the re-determined tariff order for 2010 – 2011 as admitted in the ARR for 2010 – 2011 in the tariff order for the first ensuing year of the second control period, i.e., for 2008 – 2009. Now WBSEDCL in their APR application for 2010 – 2011 has claimed Rs. 24039.30 lakh on account of (O&M) expenses with a separate provision for MPLS – VPN charges, rates and taxes and insurance. The Commission has given its views in the subsequent chapter in determination of fixed charges under different heads on those issues.

2.12 Return on Equity:

2.12.1 HCC mentioned that WBSEDCL has claimed Rs. 42214.00 lakh on account of Return on Equity against Rs. 40953.00 approved in MYT by Commission based on the rate applicable for distribution function i.e., 16.5%, which is not correct, as they failed to produce any documentary evidence in support of their contention that the entire equity is for distribution function.

2.12.2 HCC claimed that no further equity was added during 2010 – 2011 and as there has not been any addition in equity since 2009 – 2010, the amount of Rs. 35460.00 lakh admitted by the Commission as ROE in 2009 – 2010 should remain in place for the year 2010 – 2011 also.



2.12.3 The Commission has carefully gone through the details provided by WBSEDCL on this score and the claim of WBSEDCL on account of Return on Equity will be viewed in chapter 3 of this order and the Commission will take decision on the merit of the submission made by WBSEDCL.

2.13 Other Debits:

2.13.1 HCC mentioned that the total claim of Rs. 1374.00 lakh on account of other debits should be disallowed based on the facts that this expenditure is unforeseen and contingency in nature and therefore the same should be met from reserve for unforeseen exigencies fund.

2.13.2 The Commission has gone through objection of HCC and the decision of the Commission has been given in next chapter while determining the fixed charge payable to WBSEDCL for the year 2010- 2011.

2.14 Income from Investment:

2.14.1 HCC claimed that the amount of Rs. 2009.00 lakh earned by WBSEDCL on account of short term investment of occasional surplus should be deducted from gross fixed cost, which has not been done by WBSEDCL in its application for APR for the year 2010 – 2011.

2.14.2 The Commission has taken a note of this and given comments in next chapter while determining the fixed charge payable to WBSEDCL for the year 2010-2011.

2.15 Interest Credit on Depreciation:

2.15.1 HCC mentioned that the gross fixed cost be reduced by Rs. 1580.03 lakh instead of Rs. 1123.75 lakh as claimed by WBSEDCL on account of Interest Credit due to change in the amount of depreciation.



2.15.2 The Commission will take care of this objection while assessing the fixed charges payable to WBSEDCL in the next chapter.

2.16 Withheld amount for non-compliance of Safety Audit:

2.16.1 According to HCC, an amount of Rs. 100.00 lakh should be withheld till safety audit report of WBSEDCL for the year 2010 – 2011 is accepted by the Hon'ble Commission.

2.16.2 In the tariff order for 2007-2008, WBSEDCL was directed to conduct safety audit and to submit the report along with the next tariff petition to the Commission. WBSEDCL did not submit any report in compliance of the said direction in their MYT application for 2008-2009, 2009-2010 and 2010-2011. WBSEDCL, however, reported that they were conducting safety audit. The Commission withheld an amount of Rs. 100.00 lakh for each year from ARR for 2008-2009, 2009-2010 and 2010-2011 in the tariff order for 2008-2009 with a direction to conduct safety audit of all its power stations and its electrical distribution network through reputed organization and to submit the safety audit report within 31.03.2010. WBSEDCL has accordingly conducted safety audit at their generation stations and electrical distribution network and submitted the report to the Commission. Hence, the Commission decides not to hold any amount on this score. Thus the direction for conducting safety audit is not on a regular basis as mentioned by HCC.

2.17 Sharing of UI Receivables with consumers:

2.17.1 HCC stated the net UI receivable of Rs. 7241.36 lakh should be passed on to the consumers instead of Rs. 5431.02 lakh (75% of the net UI receivables) as claimed by WBSEDCL since the Commission has already taken a view while passing order for redetermination of tariff order for 2010 – 2011 that 'the entire amount to be passed on to the consumers and the same is to be deducted from



the gross ARR to arrive at the Net ARR in accordance with the regulation 2.1.13 of the Tariff Regulations, 2011'. The comments of HCC have been dealt in subsequent chapter.

2.18 Revenue:

2.18.1 HCC has mentioned that WBSEDCL has not provided any information regarding revenue assessment for 2010-11. WBSEDCL in their application of APR for 2010-11 has submitted the actual revenue realized by them during the year 2010-11 along with audited data. Thus the claim of HCC has no merit.

2.18.2 HCC has made their suggestion regarding revenue side truing up. As per Tariff Regulations revenue side truing up is done as because the gap between the revenue recovered as per audited accounts and the corresponding admissible amount of fixed costs as determined in APR and variable cost as admitted in the FPPCA order, if any, are recovered or refunded as per regulation 2.6.6 of the Tariff Regulations. Here the revenue recovered stands for revenue realized in terms of billed amount in accordance with the tariff order and as per the order for any Adhoc Power Purchase Cost/ Adhoc Fuel Cost/Adhoc Generation Cost/ Adhoc Variable Cost/Monthly Fuel Cost/Monthly Variable Cost of the year for which APR is undertaken. Thus revenue side truing up has been done based on revenue recovered as per Audited Accounts and thus satisfied the requirement of the Tariff Regulations.



CHAPTER – 3 FIXED CHARGES

3.1 The Uncontrollable elements of fixed charges are those elements where variations of actual expenditure with the expenditure allowed by the Commission in the ARR for the concerned year are caused by the factors beyond the control of the generating company or the licensee. *The amounts of actual expenses / charges under such heads of accounts are, therefore, to be considered on prudent check for carrying out positive or negative adjustments, as the case may be.* On the contrary, in case of controllable head of expenses, the applicant is supposed to contain the expenditure within the total amount so allowed. The review of each of such controllable and uncontrollable heads of fixed charges with reference to the amounts allowed through tariff and the actuals based on the audited accounts of WBSEDCL is being taken up hereunder one by one.

3.2 **Transmission Charges Payable to Central Transmission Utility (CTU):**

3.2.1 After making necessary adjustment of timely payment rebate of Rs. 259.93 lakh from the gross amount of transmission charges of Rs. 11881.49 lakh for the year 2010 – 2011, which is a fixed charge, the net amount of Rs. 11621.56 lakh was paid by WBSEDCL during the year 2010 – 2011 to Power Grid Corporation of India Limited (in short 'PGCIL'), the Central Transmission Utility (in short "CTU"). Besides, WBSEDCL paid Rs. 1939.51 lakh to PGCIL during the year 2010 – 2011 as CTU charge related to prior period. Thus the total CTU charges paid by WBSEDCL to PGCIL during the year 2010 – 2011 come to Rs. 13561.07 lakh (Rs. 11621.56 lakh + Rs. 1939.51 lakh) and the same amount has been claimed by WBSEDCL in their APR application for the year 2010 – 2011. The said amount of Rs. 13561.07 has been allowed by the Commission for APR of 2010 – 2011 and the entire amount is allocated to distribution function.

3.3 **Transmission Charges Payable to State Transmission Utility:**

3.3.1 After making necessary adjustment of timely payment rebate of Rs. 1345.69 lakh from the gross fixed charges, the net amount of Rs. 65938.66 lakh paid by WBSEDCL to West Bengal State Electricity Transmission Company Limited (in short 'WBSETCL'), the State Transmission Utility (in short "STU") as notified by the State Government under sub-section (1) of section 39 of the Electricity Act, 2003, for the



year 2010 – 2011 is considered as STU charges claimed by WBSEDCL in their APR application for the year 2010 – 2011. The said amount of Rs. 65938.66 lakh is admitted by the Commission in the APR for 2010 – 2011 and allocated to distribution function.

3.4 Charges payable to State Load Despatch Centre (SLDC):

3.4.1 An amount of Rs. 1300.00 lakh was allowed in the re-determined tariff order of WBSEDCL for the year 2010 – 2011 towards charges payable to the State Load Despatch Centre (in short “SLDC”) subject to adjustment on APR. As it comes out from Schedule – 19 to the audited accounts, no amount of such charges has been paid by WBSEDCL during the year. So no amount has been admitted in APR for 2010 – 2011 under this head. WBSEDCL has not claimed any amount on this account also.

3.5 Charges Payable to Eastern Regional Power Committee (ERPC):

3.5.1 The amount of Rs. 15.00 lakh paid towards charges payable to Eastern Regional Power Committee (in short “ERPC”) by WBSEDCL for which no provision was considered in ARR for the year 2010 – 2011, is now admitted for reimbursement through APR 2010 – 2011. WBSEDCL also claimed Rs. 15.00 lakh under this head in their APR application for 2010 – 2011. The entire admitted amount of Rs. 15.00 lakh is allocated to the distribution system.

3.6 Employees’ Cost:

3.6.1 Employees’ costs including the provisions for terminal benefits are the uncontrollable elements of fixed charges. The Commission allowed a total amount of Rs. 85544.59 lakh in the ARR for the year 2010 – 2011 in its order dated 30.12.2011 for redetermination of tariff for 2010 – 2011 in respect of WBSEDCL.

3.6.2 The re-determined tariff order for 2010 – 2011 in respect of WBSEDCL was issued by the Commission on 30.12.2011 pursuant to the direction of the Hon’ble Appellate Tribunal for Electricity vide their order dated 04.04.2011 in IA No. 62 of 2011 in Appeal No. 173 of 2011 and on the basis of the application submitted by WBSEDCL on 6th May, 2011. In their application dated 6th May, 2011, WBSEDCL highlighted the considerable increase in employees’ costs over the amounts as were allowed by the Commission in the ARR for 2010 – 2011 while determining the



ARR for all three ensuing years, i.e., 2008 – 2009, 2009 – 2010 and 2010 – 2011 in the tariff order for the first ensuing year i.e., 2008 – 2009, mainly due to revision of pay and allowances of all type of employees including retired employees of WBSEDCL as per WBSEDCL's Revision of Pay and Allowances Rules, 2009 (in short "ROPA, 2009") notified on 16.2.2009 with effect from January, 2006. It was also submitted by WBSEDCL that the payment of arrear pay has been made with effect from April, 2007 in two equal instalments paid during the year 2009-10 and 2010-11. Since the year 2010 – 2011 was over at that time WBSEDCL claimed the enhanced employee cost for the year 2010 – 2011 in their application dated 06.05.2011 and the Commission admitted the same.

- 3.6.3 It is seen from the schedule – 23 and schedule – 31 to the audited accounts for the year 2010 – 2011 and the submission made by WBSEDCL that the total amount chargeable to revenue account of WBSEDCL towards employees' cost came to Rs. 85674.35 lakh including terminal benefit of Rs. 35521.00 lakh and net of capitalization.
- 3.6.4 WBSEDCL has claimed Rs. 85674.35 lakh on account of employee cost in their APR application for 2010 – 2011. The amount towards employee cost of Rs. 85674.35 lakh is admitted by the Commission in the APR for 2010 - 2011, out of which Rs. 5069.91 lakh is for generation function and Rs. 80604.44 lakh is for distribution function as per allocation given by WBSEDCL.
- 3.7 **Operation & Maintenance Expenses vis-à-vis Cost of Outsourcing:**
- 3.7.1 Operation & Maintenance (O&M) expenses generally fall under following two major categories:
- (i) Repairs and Maintenance including Cost of Consumables and
 - (ii) Administrative and General Expenses.
- 3.7.2 Repair and maintenance expenses and administrative and general expenses for distribution and transmission systems are categorized in table 2.5-1 of the Tariff Regulations as controllable. The amount as allowed in the re-determined tariff order for the year 2010 – 2011 for the purpose was Rs. 24234.70 lakh.
- 3.7.3 While determining the ARR of WBSEDCL for all the ensuing years in the tariff order of the first ensuing year of the second control period i.e for 2008-09, the



Commission admitted Rs 24234.70 lakh under the head Operation and Maintenance (O&M) expenses for the year 2010 – 2011 and the same was considered in the re-determined tariff order for 2010 - 2011. In function wise breakup of the O&M expenses the Commission allowed Rs 4181.78 lakh for the year 2010 – 2011 under the head O&M expenses in a composite manner for generation function as per norms which include the administrative and general expenses and expenses for repair and maintenance. Since the O&M expenses under generation was admitted as per norms and as it is a controllable item, the Commission admits Rs 4181.78 lakh as allowed in the tariff order under the head of O&M expenses for generation function.

- 3.7.4 The Commission allowed head wise expenditure of O&M expenses under distribution function which include Rs. 13023.65 lakh for repair and maintenance. The Commission also directed that “in case the actual expenses under repair and maintenance head of distribution system are found to be less than the admitted amount for any of the three ensuing years, the Commission will allow the actual expenditure under this head in APR for the concerned year”. It is found from the submission of WBSEDCL that the actual expenses under repair and maintenance head in distribution system during the year 2010 – 2011 was Rs. 14722.56 lakh which is higher than that allowed in tariff order. Thus the Commission allows Rs. 13023.65 lakh under repair and maintenance head in distribution system as a controllable item. For other heads of O&M expenses in distribution the expenses have also been admitted as allowed in the tariff order as a controllable item. Since in terms of repealed Tariff Regulations, 2007 and also the Tariff Regulations, 2011 the expenditure on ‘insurance premium’ is a separate item the same has not been included in O&M expenses and is being dealt separately in subsequent paragraph. Thus amount of Rs. 218.98 lakh as allowed on account of insurance premium under (O&M) expenses head in the ARR for 2010 – 2011 is not being considered in (O&M) expenses in APR for 2010 – 2011. The Commission allowed Rs. 110.16 lakh, Rs. 110.79 lakh, Rs. 93.73 lakh, Rs. 339.41 lakh and Rs. 6156.20 lakh against rent rates and taxes, legal charges, consultancy fee, audit fee and other administrative and general expenses respectively, the other heads of (O&M) expenses, in the ARR for 2010 – 2011. As a controllable item, the Commission admits the same in the APR for 2010 – 2011 and the total amount of administrative



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and general charges under (O&M) expenses thus comes to Rs. 6810.29 lakh (Rs. 110.16 lakh + Rs. 110.79 lakh + Rs. 93.73 lakh + Rs. 339.41 lakh + Rs. 6156.20 lakh).

3.7.5 Summing up the decision in para 3.7.3 and 3.7.4 above the O&M expenses of WBSEDCL as found admissible in APR for 2010-11 and function wise breakup of that amount are as below:

Sl. No.	Particulars	As admitted in ARR for 2010 – 2011			As allowed in APR for 2010 – 2011		
		Generation (Rs. in Lakh)	Distribution (Rs. in Lakh)	Total (Rs. in Lakh)	Generation (Rs. in Lakh)	Distribution (Rs. in Lakh)	Total (Rs. in Lakh)
1	Rent Rates & Taxes	4181.78	110.16	24234.70	4181.78	110.16	24015.72
2	Legal charges		110.79			110.79	
3	Consultancy fees		93.73			93.73	
4	Audit fees		339.41			339.41	
5	Other administrative and General expenses		6156.20			6156.20	
6	Repair & Maintenance		13023.65			13023.65	
7	Insurance		218.98			0.00*	
	Total	4181.78	20052.92	24234.70	4181.78	19833.94	24015.72

*Note: Considered as separate item in paragraph 3.10

The Commission, thus, admits Rs. 24015.72 lakh as (O&M) expense in APR for 2010 – 2011 against the claim of WBSEDCL for Rs. 24039.30 lakh in the APR application for 2010 - 2011.

Henceforth, the other administrative and general expenses shall include the cost of spot meter reading and billing.

3.8 Cost of Outsourcing:

3.8.1 In its tariff proposals for the second control period comprising three financial years ending 2010 – 2011, WBSEDCL introduced a new category under the heading “Cost of Outsourcing” and that was by taking out some of the expenses towards items included in the above two major heads viz. Repair and maintenance expenses and administrative and general expenses under O & M expenses and considering those as cost of outsourcing. No detailed breakup of the items of works (and cost related to those items) which WBSEDCL intended to get done by the outsourcing agencies were made clear in their tariff proposal. In its tariff application for the second control period WBSEDCL had projected an expenditure of Rs. 5237.00 lakh for the year 2010 – 2011 towards “cost of outsourcing” against which the Commission admitted a token amount of Rs. 523.70 lakh with the direction to



come up with proper clarifications / justifications along with the application for APR for the respective year. WBSEDCL came up with details of total expenditure of Rs. 12246.10 lakh classified under cost of outsourcing in the APR application for 2010 – 2011. It is seen from the details so submitted that WBSEDCL engaged agencies for operation and maintenance of the generating units at Purulia Pumped Storage Project (in short “PPSP”) and also in Rammam HEP. WBSEDCL also engaged agencies for newly erected sub-stations and associated overhead lines. The expenditure incurred through outsourcing for new sub-stations, Rammam HEP and newly commissioned PPSP though in the nature of ‘Repair and Maintenance’ work but not considered earlier under the head ‘Repair and Maintenance’ in O&M expenses. The (O&M) expenses relating to generation function has been allowed as per norms. So no amount of cost of out sourcing related to generation function i.e., for Rammam HEP and PPSP are allowed separately. The cost of out sourcing for repair and maintenance of newly erected sub-stations and lines are being allowed in the APR for 2010 – 2011. It is seen from the schedule 21 of the annual accounts of WBSEDECL for 2010 – 2011 that total expenditure for maintenance of sub-stations and lines by outsourcing comes to Rs 5629.00 lakh (Rs 1055.00 lakh for sub-station maintenance + Rs 4574.00 lakh for line maintenance). The Commission thus allows this expenditure of Rs. 5629.00 lakh related to repair and maintenance work but in the new area of activity under the head ‘cost of outsourcing’.

- 3.8.2 WBSEDCL also engaged agencies in some new areas of activity viz. call centre and retail outlet service (Data Warehousing Franchisee). Expenditure for those activities was not considered earlier in their MYT application under the head of administrative and general expenses. It is seen from the schedule 21 to the annual accounts and from 1.17K of Annexure – I in Data Format volume submitted by WBSEDCL that out of Rs. 12246.10 lakh under the accounting head ‘cost of outsourcing’, Rs 148.00 lakh is for call centre and data centre, the new area of activity which had never been considered under any head previously. The Commission also admits the same under the head ‘cost of outsourcing’. The meter reading and billing activity is, however, the existing activity of the licensee already in place and expenditure on such activity through agencies are not considered



under the head 'cost of outsourcing' and instead shall be considered within the scope of other administrative and general expenses.

- 3.8.3 The expenditure for other activities viz. services for use of vehicle, telephones, etc. were however considered earlier either in administrative expenses or in repair and maintenance head and thus are not being considered in cost of outsourcing. WBSEDCL has claimed the expenses on meter reading, bill delivery including courier services and security services in the outsourced job in their APR application which is also reflected in their annual accounts of 2010-2011. But as WBSEDCL has mentioned that such cost was previously under the head 'administrative and general expenses', thus component of such cost had already been taken care under the 'other administrative and general expenses' in the tariff order for 2010-2011. Accordingly, in this case of APR for 2010 – 2011 such expenses are not being considered under the head 'cost of outsourcing'. This treatment is being done to avoid any deviation in the process of ARR determination in both the stages of tariff determination and APR determination because both the related heads i.e., other administrative and general expenses and cost of outsourcing are controllable items. In this regard, the Commission also feels that in the midway of a control period such above mentioned deviation is not prudent and the shifting of the above head can be considered by the Commission at the start of its next control period.
- 3.8.4 Summing up the decisions in para 3.8.1, 3.8.2 and 3.8.3 above, the allocable amount under the head of cost of outsourcing thus comes to Rs. 5777.00 lakh [Rs 5629.00 lakh relating to repair and maintenance of new sub-stations and lines + Rs 148.00 lakh relating to call centre & retail outlet services (data warehousing)]. WBSEDCL claimed Rs. 5237.00 lakh for the year 2010 – 2011 under the head 'cost of outsourcing' in the MYT tariff application. Since, as per Tariff Regulations, 2007, cost of outsourcing is a controllable item, the Commission admits Rs. 5237.00 lakh only under the head cost of outsourcing in the APR for 2010-11 against the claim of WBSEDCL for Rs. 12246.10 lakh in their APR application for 2010 - 2011 and the entire amount has been considered for distribution function:



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Sl. No.	Head of Accounts	Unit	As projected for 2010-11 in MYT application	As claimed by WBSEDCL in APR 2010-11	As admitted in the APR for 2010 – 2011
1	Cost of Outsourcing	Generation	-	964.42	-
		Distribution	5237.00	11281.68	5237.00
		Total	5237.00	12246.10	5237.00

3.9 MPLS – VPN Lease line:

3.9.1 WBSEDCL has stated in their application that to set up the complaint management mechanism as per requirement of West Bengal Electricity Regulatory Commission (Standard of Performance of Licensees Relating to Consumer Services) Regulations, 2010, MPLS-VPN (Multi Protocol Level Switching – Virtual Private Network) facility has been introduced in WBSEDCL in 2010 – 2011 for establishing and maintaining the communication net work for the purpose. WBSEDCL claimed Rs. 1934.00 lakh in their APR application for 2010 – 2011 under the head 'lease rental' for distribution function. No lease rental charges have been considered under (O&M) expenses in re-determination of tariff order for the year 2010 – 2011, which was determined on the basis of application of tariff for the second control period where such lease rental charges have not been claimed at all. Thus, the same is admissible because it is a cost related entity to regulatory obligations of the licensee. Thus, the Commission admits the amount of Rs. 1934.00 lakh in APR for 2010 – 2011 to fulfill the obligation of the above mentioned regulation of 2010 which was a subsequent development. The entire amount is allocated to distribution function.

3.10 Insurance Premium:

3.10.1 The provision towards insurance expenses was clubbed with the overall allowable amount of operation and maintenance expenses. Since in the repealed Tariff Regulations the expenditures towards insurance premium have been categorized as a separate and uncontrollable item, no expenses on account of insurance premium was considered in (O&M) expenses as described in paragraph 3.7.4. The actual expenditures totaling to Rs. 390.00 lakh as per annual accounts of WBSEDCL for 2010 – 2011 has been admitted by the Commission with the



breakup of Rs. 146.26 lakh for generation function and Rs. 243.74 lakh for distribution function against Rs. 390.00 lakh claimed by WBSEDCL in their APR application for 2010 – 2011.

3.11 Depreciation:

3.11.1 An amount of Rs. 35594.49 lakh was charged to the books of accounts towards depreciation on fixed assets as against Rs. 40986.74 lakh allowed in the ARR for the year 2010 – 2011. WBSEDCL also claimed Rs. 35594.49 lakh in their APR application for 2010 – 2011 and the said amount of Rs. 35594.49 lakh as charged in the annual accounts of WBSEDCL for 2010 – 2011 is being admitted in the APR for 2010 - 2011. The function wise break-up of the amount provided in the ARR for the year 2010 – 2011 and also allowed in the APR for 2010 - 2011 are found as under:

Sl. No.	Function	Amount (Rs. in Lakh)	
		As per Tariff Order	As found admissible in APR
1	Generation	10895.87	7101.94
2	Distribution	30090.87	28492.55
	Total	40986.74	35594.49

3.12 Bad Debts:

3.12.1 It has been observed from the audited accounts for the year 2010 – 2011 that WBSEDCL charged an amount of Rs 78.00 lakh towards Bad Debts written off. In terms of regulation 4.10.1 of the repealed Tariff Regulations, the Commission may allow such amount on this account as actually had been written off in the latest available audited accounts subject to a ceiling of 0.5% of the annual gross sales revenue. The total sales revenue accounted for during the year 2010 - 2011 was Rs. 974581.00 lakh out of which Rs. 858180.00 lakh pertained to sales to own consumers. The Commission considers to admit Rs. 78.00 lakh in APR for 2010 – 2011 being less than 0.5% of Rs. 858180.00 lakh being the gross sales revenue of WBSEDCL during the year 2010 – 2011 against Rs. 3030.88 lakh considered in the tariff order for the year 2010 – 2011 and the entire amount has been considered for



distribution function. The claim of WBSEDCL on account of bad debts written off was also Rs. 78.00 lakh in their application of APR for 2010 – 2011.

3.13 Interest on Capital Borrowings:

3.13.1 The amount of total interest paid / payable on capital borrowings as per the audited accounts (vide Schedule 26 thereto) worked out to Rs. 29428.00 lakh out of which an amount of Rs. 3737.00 lakh was considered to be capitalized and the balance amount of Rs. 25691.00 lakh was found chargeable in the revenue account. The details of interests on such loan are given in the table below:

Sl. No.	Particulars	Interest (Rs. in Lakh)
1	Interest on State Govt. Loan (JBIC)	7055.00
2	Interest on State Govt. Loan (Others)	11374.00
3	Interest on Loan from Commercial Bank	684.00
4	Interest on loan from REC Ltd	4639.00
5	Interest on loan from PFC Ltd	1736.00
6	Interest on Public Bond	3940.00
	Total	29428.00
	Less: Interest capitalized	3737.00
	Total Interest payable	25691.00

3.13.2 The Commission admits amount of Rs. 25691.00 lakh on account of interest on capital borrowing in APR for 2010 – 2011. The function wise break-up of the amount provided in ARR for the year 2010 – 2011 and also of the amount charged in revenue account are found as under:

Sl. No.	Function	Amount (Rs. in Lakh)	
		As per Tariff Order	As found admissible
1	Generation	16614.54	10549.00
2	Distribution	14733.65	15142.00
	Total	31348.19	25691.00

3.14 Interest on Pension Trustee Bonds:

3.14.1 An amount of Rs. 13005.00 lakh, as was provided in the ARR for the year 2010 – 2011 towards interest on 8.5% Pension Fund Bonds, remained unchanged and the



same amount is admitted. However, the allocation of aforesaid admitted amount to the generation and distribution functions has been changed as per allocation claimed by WBSEDCL.

Sl. No.	Function	Amount (Rs. in Lakh) as found admissible
1	Generation	1170.45
2	Distribution	11834.55
	Total	13005.00

3.15 Interest on Consumers' Security Deposit:

3.15.1 The total amount of consumers' security deposits with WBSEDCL rose to Rs. 123479.00 lakh at the end of the year 2010 – 2011 from the opening balance of Rs. 114014.00 lakh. The actual amount of interest accrued on such deposits during 2010 – 2011 as per audited accounts was Rs. 2392.00.00 lakh as against Rs. 4931.00 lakh provided in the tariff order. WBSEDCL also provided a status report on the amount of consumers' security deposit with them and confirmed that the said amount was utilized for working capital. The actual amount of interest accrued and claimed by WBSEDCL, i.e., Rs. 2392.00 lakh is admitted and considered under distribution function.

3.16 Interest on Working Capital:

3.16.1 In its tariff order dated 30.09.2008 in Case No. TP – 41 / 08 – 09, the Commission directed WBSEDCL to utilize the amounts of consumers' security deposits to supplement its normative level of working capital requirements. The balance, if any, over that was to be invested properly. The Commission also directed them to submit a status report in this regard along with its application for APR for the subsequent periods. It had been submitted by WBSEDCL in compliance of the directives that generally the interest accrued on the amounts of security deposited by the L&MV consumers was being adjusted against their security deposits every year to enhance the amount of deposits made initially. It is also submitted that the amounts of consumers' security deposits are being utilized by WBSEDCL to meet



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up its working capital requirements. WBSEDCL has taken short term loan from commercial bank and PFC Ltd. to meet up their balance requirement of working capital. It is seen from schedule – 26 to the audited accounts of WBSEDCL for 2010 - 2011 that an amount of Rs. 2436.00 lakh as interest on working capital has been provided in their annual accounts for 2010 – 2011. WBSEDCL in the data formats of their APR application for 2010 – 2011 has also claimed an amount of Rs 2436.00 lakh as interest on working capital. In terms of regulation 4.6.5.1 of the Tariff Regulations, 2007, the normative working capital requirement of WBSEDCL for the year 2010 – 2011 computed as follows:

Sl. No.	Particulars	Amount in Rs. in lakh	Amount in Rs. in lakh
1	Annual Fixed charges excluding interest on working capital		318636.31
	Less:		
2	Depreciation	35594.49	
3	Advance against depreciation	0.00	
4	Return on Equity	39158.00	
5	Provision for Bad Debt	78.00	
6	Reserve for Unforeseen Exigencies	2644.27	
7	Special allocation	4955.00	
8	Sub Total (2 to 7)		82429.76
9	Allowable Fixed Charges for working capital (1-8)		236206.55
10	Normative requirement of Working Capital (18% of 9)		42517.18
11	Interest allowable @ 8.66% on 10		3681.99
12	Interest on working capital allowed		2436.00

3.16.2 Considering the average interest of loan paid by WBSEDCL during the year 2010 – 2011 @ 8.66% being less than the SBI PLR at the beginning of 2009 – 2010, the interest on normative working capital thus comes to Rs. 3681.99 lakh. Since the actual interest on working capital as per audited accounts of WBSEDCL for the year 2010 – 2011 is Rs. 2436.00 lakh which is less than the normative interest on working capital, the Commission admits the actual amount of Rs. 2436.00 lakh as interest on working capital in APR for 2010 – 2011 which is also claimed by WBSEDCL in their APR application for 2010 – 2011 and the entire amount has been allocated to distribution function as claimed by WBSEDCL.



3.17 Other Finance Charges:

3.17.1 As it comes out from the Schedule 27 to the audited accounts, total amount of finance charges during the year 2010 – 2011 came to Rs.570.00 lakh which is admitted for the revenue account as against Rs.1140.00 lakh considered in the re-determined tariff for the year 2010 – 2011. The function wise breakup of the amounts considered in re-determined tariff order and now being admitted are as under:

Sl. No.	Function	Amount (Rs. in Lakh)	
		As per re-determined Tariff Order	As admitted in APR for 2010 – 2011
1	Generation	198.00	35.00
2	Distribution	942.00	535.00
	Total	1140.00	570.00

3.18 Taxes under Income Tax Act:

3.18.1 As it comes out from the Schedule 29, an amount of Rs. 1869.00 lakh with the following breakup was provided in the books towards taxes payable under the provisions of Income Tax Act as against Rs.1631.00 lakh considered in the amount of ARR for the year 2010 – 2011. Break up of the provisions of Tax in the books are as follows:

	Rs. in Lakh
Wealth Tax	1.00
Income Tax	1868.00
Fringe Benefit Tax	0.00
Total:	1869.00

3.18.2 Out of the total amount so provided in the accounts and claimed by WBSEDCL in their APR application for 2010 – 2011, Rs. 168.21 lakh was attributable to generation function and the balance Rs. 1700.79 lakh to distribution function. The Commission admits the same in APR for 2010 – 2011.

3.19 Reserve for Unforeseen Exigencies:

3.19.1 In terms of regulation 4.11 of the repealed Tariff Regulations, generating companies and the licensees may provide and maintain a reserve up to 0.25% of



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the value of the gross fixed assets at the beginning of the year annually for dealing with unforeseen exigencies subject to an overall ceiling of 5% of such gross value of fixed assets.

- 3.19.2 The total value of gross block of fixed assets as at the beginning of the year 2010 – 2011 was Rs. 1057707.00 lakh. The allowable amount of annual reserve on this account @ 0.25% comes to Rs. 2644.27 lakh as against Rs. 2983.57 lakh considered in the re-determined tariff order for 2010 - 2011. The Commission admits this amount of Rs. 2644.27 lakh as reserve for unforeseen exigencies in APR for 2010 – 2011 against the claim of WBSEDCL for Rs. 2983.57 lakh in APR application for 2010 – 2011. The function wise breakup of the amount of Rs. 2644.27 lakh admitted in APR for 2010 – 2011 is as under:

Sl. No.	Function	Amount (Rs. in Lakh)	
		As per Tariff Order	As admitted in APR 2010 - 2011
1.	Generation	972.66	-
2.	Distribution	2010.91	2644.27
	Total	2983.57	2644.27

- 3.19.3 WBSEDCL was allowed the amounts under this head in the APR for 2006 – 2007, 2007 – 2008 , 2008 – 2009 and 2009-10 as under:

Year	Order Reference	Amount (Rs. in Lakh)
2006 - 2007	Order dated 26.09.2008 in Case No. APR-5/07-08 (only relating to generation & distribution)	1101.21
2007 – 2008	Order dated 28.05.2009 in Case No. APR-11/08-09	1424.08
2008 – 2009	In the order dated 26.07.2010 in Case No. APR-16/09-10	2280.73
2009 – 2010	Order dated 17.10.2012 in Case No. APR-20/10-11	2456.00
2010 - 2011	In the instant Order in case no. APR-29/12-13	2644.27
	Total	9906.29

- 3.19.4 It has been observed in Schedule 2 to the audited accounts for 2010 – 2011 that a reserve of Rs. 8564.00 lakh had been created at the beginning of the year under the head “Reserve for unforeseen exigencies”. In regard to investment of the amount of the said reserve, it has been observed from Schedule 7 of the annual



accounts that a total amount of Rs. 5720.00 lakh had been invested in Fixed Deposit prior to beginning of the year 2010 – 2011 and an amount of Rs. 2272.00 lakh was invested in Fixed Deposit during the year which raised the total investment in Fixed Deposit at the end of the year to Rs. 7992.00 lakh against contingency reserve. So WBSEDCL has invested the admitted amount of reserve for unforeseen exigencies upto the year 2009-2010 and part of 2010 – 2011. WBSEDCL had made a fresh provision of Rs. 3479.00 lakh as reserve for unforeseen exigencies during the year 2010 – 2011. So the reserve for unforeseen exigencies for an amount of Rs. 2644.27 lakh is being admitted for 2010 – 2011 as computed in Paragraph 3.9.2. However, WBSEDCL is directed to invest the amount, if not yet invested and to submit a report on the investment of reserve for unforeseen exigencies and the return from such investment duly audited along with the APR application for 2011 – 2012.

3.20 Return on Equity:

- 3.20.1 Equity base for allowing returns has got two components, i.e., share capital and free reserve. It comes out from the audited balance sheet as at 31 March, 2011 that WBSEDCL had accumulated loss of Rs. 27288.00 lakh and Rs. 21593.00 lakh at the beginning and end of the year 2010 – 2011 respectively. It has, therefore, no free reserve. The equity base of it is only the amounts of share capital.
- 3.20.2 It is evident from Schedule 1 (Share Capital) that during the year 2010 – 2011, no amount has been added as equity participation by Government of West Bengal during the year. There is no positive contribution from Reserve & Surplus. Thus no amount has been considered as addition to equity base during the year.
- 3.20.3 It is further evident from Schedule 6 to annual accounts that transfer to fixed assets from capital work-in-progress during the year 2010 – 2011 is Rs. 66076.00 lakh.
- 3.20.4 The computations of the Equity Base for allowing returns following the methodology specified in Form 1.20(a) of Annexure-I in the Tariff Regulations, 2011 and the amount of returns are shown hereunder:



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	Particulars	Amount (Rs. in Lakh)
1.	Opening of Equity Base (Actual)	
	Share Capital (Schedule – 1, Share Capital)	255840.00
	Free Reserve	0.00
	Total	255840.00
2.	Admissible equity base at the beginning of the year (as per APR order for 2009 – 2010 in case no. APR-20/10-11)	242033.00
3.	Addition to Equity base (Schedule-1 to the Audited Accounts)	0.00
4.	Net addition to Fixed Assets (Schedule – 6 of annual accounts)	66076.00
5.	Normative addition to Equity 30% of (4)	19822.80
6.	Amount to be considered as addition during the year being lower of (3) & (5)	0.00
7.	Admissible Equity Base at the end of year (7) = (2)+(6)	242033.00
8.	Average admissible Equity Base (2+7)/2	242033.00

3.20.5 Allocation of equity base between generation function and distribution function is based on the admissible equity base at the beginning of the year and the addition of admissible equity as per fixed assets addition during the year are as below:

Rs. in Lakh

Particulars	Opening equity base of 2010-11	Addition to equity base during 2010-11	Closing equity base of 2010-11	Average equity base of 2010-11	Return on equity (in percent)	Return admitted in APR 2010-11
Generation	77729.00	0	77729.00	77729.00	15.5%	12048.00
Distribution	164304.00	0.00	164304.00	164304.00	16.5%	27110.00
Total	242033.00	0.00	242033.00	242033.00		39158.00

3.20.6 The Commission admits Rs. 39158.00 lakh as return on equity to WBSEDCL for the year 2010 – 2011 against the claim of WBSEDCL for Rs. 42214.00 lakh in their APR application for 2010 – 2011.

3.21 Expenditure of Singur Haripal Rural Electric Co-operative Society (SHRELCOP):

3.21.1 An amount of Rs. 350.00 lakh was provided in the tariff order for the year 2010 – 2011 towards reasonable fixed charges relating to Singur Haripal Rural Electric Co-operative Society (SHRELCOP) that WBSEDCL would be required to incur as the Administrator. In the application for APR for 2010 – 2011, WBSEDCL did not claim any amount on this score. Moreover, from the audited annual accounts of WBSEDCL, no separate expenditure details on SHRELCOP are available for the



year 2010 – 2011. Thus the Commission decides not to consider any amount on this score in APR for 2010 – 2011. No amount has been claimed by WBSEDCL on this score also in their APR application for 2010 – 2011.

3.22 **Special Allocation:**

3.31.21 In the re-determined tariff order for 2010 – 2011, the Commission released Rs. 4955.00 lakh as a part of ARR withheld in the tariff order dated 9 June, 2004 of the Commission and the said amount is allowed in the APR for 2010 – 2011 as against the claim of Rs. 4955.00 lakh of WBSEDCL in their APR application for 2010 – 2011. The amount relates to distribution system.

3.23 **Income from Investments:**

3.23.1 An amount of Rs. 975.00 lakh was deducted from the gross amount of ARR in the tariff order for 2010 - 2011. It came out from the audited accounts (vide schedule 17 thereto) as well as from their submission that WBSEDCL earned an amount of Rs. 25.00 lakh only as dividend income and other income from the investments. Besides, WBSEDCL has earned Rs. 2004.00 lakh as interest from bank on fixed deposit. Thus actual income from investment comes to Rs. 2029.00 lakh (Rs. 25.00 lakh + Rs. 2004.00 lakh). The actual amount of such earning of Rs. 2029.00 lakh is admitted in APR 2010 – 2011 and considered to be deducted from the gross amount of allowable fixed charge against the amount of Rs. 25.00 lakh claimed by WBSEDCL. The amount pertains to distribution function.

3.24 **Income from Non-Tariff Sources:**

3.24.1 A total amount of Rs. 18522.79 lakh was considered towards the estimated earnings of WBSEDCL from other non-tariff sources. In actual, (vide schedule 17 to the audited accounts) total such income came to Rs. 21832.00 lakh. All such incomes are related to the core business of WBSEDCL and, therefore, Rs. 21832.00 lakh is admitted in APR for 2010 – 2011 and considered for deduction from the gross amount of allowable fixed charges in regard to distribution function.



3.25 Unscheduled Interchange (UI):

3.25.1 As per the audited accounts for the concerned year (vide schedule 17 and schedule 20 thereto), the amounts received and paid by WBSEDCL towards unscheduled interchange were as under:

Sl. No.	Particulars	Amount in Rs. in Lakh
1	UI charges receivable during 2010-11 (vide Schedule-17 to accounts)	15561.00
2	Less : UI charges paid during 2010-11(vide schedule 20 to accounts)	8320.00
3	Net UI Charges received during 2010 – 2011 (3=1-2)	7241.00

3.25.2 In terms of regulation 4.17 of the Tariff Regulations, 2007, the Commission decides to pass on the entire amount of net earnings of WBSEDCL during 2010 – 2011 by way of UI charges to the consumers in the APR for 2010 – 2011, though WBSEDCL claimed to pass on 75% of such earnings to the consumers in their APR application for 2010 – 2011.

3.26 Amount withheld for Non-Compliance of Safety Audit Requirements:

3.26.1 An amount of Rs. 20.00 lakh and Rs. 80.00 lakh related to generation and distribution functions respectively were withheld from the ARR for the year 2010 – 2011 for non-compliance of the safety audit requirements. Since compliance reports in this regard had been submitted subsequently, no such deductions in this regard are being considered necessary and the aforesaid withheld amount stands released.

3.27 Benefits to be passed on to consumers and other licensees:

3.27.1 WBSEDCL made a total purchase (net of UI & CTU Grid Loss) of power to the tune of 28487.318 MU at a net power purchase cost of Rs. 711841.34 lakh. Out of such total purchase, 1207.329 MU was sold to persons other than its own consumers and other licensees. Besides, 1208.553 MU was swapped out by WBSEDCL during the period 2010-11. The proportionate power purchase cost of quantum of such sale to persons other than consumer and licensee including energy swapped out



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comes to Rs. 60368.08 lakh (Rs 30168.75 lakh + Rs 30199.33 lakh) as against Rs. 59416.92 lakh considered in the re-determined tariff order for the concerned year. Paragraph 2.2.2 of Commission's order dated 03.10.2012 in Case No. FPPCA – 57 /11 – 12 may be referred to in this regard.

3.27.2 As mentioned in the earlier paragraph, WBSEDCL sold 1207.329 MU of power to persons other than the licensees and its own consumers. The total revenue earned by such sale came to Rs. 44951.00 lakh (vide schedule 16 to the audited accounts for 2010 – 2011). WBSEDCL also swapped out 1208.553 MU during the year 2010-11 and revenue income from such energy swapped out is Rs 29763.00 lakh (vide schedule 16 to the audited accounts for 2010-11). So total revenue earned from such sale comes to Rs 74714.00 lakh (Rs 44951.00 lakh + Rs 29763.00 lakh). The gains derived through such sale work out as under:

Sl. No.	Particular	Amount (Rs. in Lakh)
1	Sales Revenue earned	74714.00
2	Less Cost of power for such sale	60368.08
3	Amount of gains derived by such sale	14345.92

3.27.3 In the re-determined tariff order for 2010 – 2011, the Commission considered to pass 60% of such amount of gains from sale of power to the persons other than its own consumers and licensee of WBSEDCL for the year 2010 – 2011. Now, the amount of benefit to be passed on to its own consumers and licensee of WBSEDCL @ 60% of such gain comes to Rs. 8607.55 lakh and the same is allocated to distribution function.

3.27.4 The amount of the share of gains to be passed on to the consumers is now being considered as Rs. 8607.55 lakh in the APR for 2010 – 2011.

3.28 Interest Credit:

3.28.1 In terms of regulation 4.5.3 of the Tariff Regulations, the amount of interest credit deductible from the ARR for 2010-11 works out as under:



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Sl. No.	Particulars	Amount in Rs. in Lakh
		Tariff As found Admissible
1	Depreciation	35594.00
2	Loan repayment	21823.00
3	Excess fund (1 – 2)	13771.00
4	Weighted average rate of interest	8.66%
5	Interest credit	1192.57

3.28.2 The total amount of interest credit of Rs. 1192.57 lakh as worked out above is allocated to distribution functions and adjusted with the ARR of 2010 – 2011 as against the claim of Rs. 1124.00 lakh by WBSEDCL in their APR application for 2010 – 2011.

3.29 **Amount withheld for Non-Submission of Performance Guarantee (PG) Test Reports:**

3.29.1 An amount of Rs. 4589.76 lakh was withheld from the fixed charges attributable to generation function awaiting submission of P.G. Test Reports in regard to Purulia Pumped Storage Project in the ARR for 2009 – 2010. Since the said report had subsequently been submitted, the amount of Rs. 4589.76 lakh so withheld was also released through the ARR for 2010-11 during re-determination of tariff of WBSEDCL for the year 2010-11. The same amount is also being considered to be released in the APR for 2010 – 2011.

3.30 **Release of Regulatory Asset:**

3.30.1 In the re-determined tariff order of WBSEDCL for the year 2010 – 2011, the Commission released Rs. 18800.00 lakh being a part of arrear pay which was included in the regulatory asset created vide Commission's Order dated 24.09.2009 in case no. OA-63/08-09 on account of admitted additional employee cost due to revision of pay and allowance of the employees of WBSEDCL as per ROPA, 2009. This regulatory asset includes arrear payment in two instalments of Rs. 19450.00 lakh each payable during the years 2009 – 2010 and 2010 – 2011. The said regulatory assets of Rs. 176383.00 lakh has been however reduced to Rs. 164403.86 lakh after carrying out necessary adjustment as per APR of WBSEDCL



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for 2008 – 2009 and a fresh regulatory asset of Rs. 164403.86 lakh has been created in the order dated 26.07.2010 in case no. APR-10/09-10 for 2008 – 2009. In the order dated 17th October, 2012 in case no. APR-20/10-11 for APR of WBSEDCL for the year 2009 – 2010, the Commission released Rs. 18800.00 lakh being the actual amount of first instalment of arrear pay (50% of the total arrear pay) paid by WBSEDCL to its employees and retired employees during the year 2009 – 2010. The paragraph 3.30.1 of the order dated 17th October, 2012 for APR for 2009 – 2010 may be referred to in this regard. WBSEDCL in their APR application for 2010 – 2011 has claimed to release Rs. 18885.60 lakh being the balance amount of arrear pay paid by WBSEDCL during the year 2010 – 2011 from the said regulatory asset.

3.30.2 It is revealed from the annual accounts of WBSEDCL for the year 2010 – 2011 that WBSEDCL has paid Rs. 12300.00 lakh to its employees during the year 2010 – 2011 on account of balance arrear pay. WBSEDCL in their submission has stated that an amount of Rs. 6085.60 lakh was paid from pension fund on account of arrear pay to the retired employees during the year 2010 – 2011 against which liability has been provided in the accounts of WBSEDCL. Similarly, an amount of Rs. 500.00 lakh was paid to the retired employees from the employees' gratuity fund on account of arrear gratuity due to that arrear pay against which liability has been provided in the annual accounts of WBSEDCL. Thus, an amount of Rs. 18885.60 lakh (Rs. 12300.00 lakh + 6085.60 lakh + Rs. 500.00 lakh) was paid to the employees and retired employees of WBSEDCL during the year 2010 – 2011 on account of arrear pay. WBSEDCL has also stated in the APR application that an amount of Rs. 914.00 lakh is yet to be paid to the employees and retired employees of WBSEDCL in future for which a provision has been made in their accounts for 2010 – 2011. The Commission, thus, decides to release Rs. 18885.60 lakh in the APR for 2010 – 2011 from the regulatory asset and to adjust the balance amount of regulatory asset in this order.

3.30.3 After release of Rs. 18800.00 lakh and Rs. 18885.60 lakh in the APR for 2008 – 2009 and 2009 – 2010 respectively against the arrear pay paid during the



concerned year, the regulatory asset needs to be re-adjusted. The regulatory asset of Rs. 164403.86 lakh includes Rs. 38900.00 lakh on account of arrear pay payable during the year 2009 – 2010 and 2010 – 2011 @ Rs. 19450.00 lakh each year. It is observed from the above paragraph that an amount of Rs. 37685.60 lakh (Rs. 18800.00 lakh + Rs. 18885.60 lakh) has been paid to the employees and retired employees on account of arrear pay during the year 2009 – 2010 and 2010 – 2011 against the amount of Rs. 38900.00 lakh included on this account in regulatory asset of Rs. 164403.86 lakh. The amount of Rs. 914.00 lakh to be paid to the employees and retired employees in future as stated by WBSEDCL and provided in the accounts of WBSEDCL for 2010 – 2011 is not being considered as a liability towards arrear pay in the aforesaid regulatory asset at present. If any such amount is paid by WBSEDCL in subsequent year, WBSEDCL shall claim with audited accounts that amount in their APR application for the concerned year during which the amount is paid. Considering the fact that the liability towards arrear pay of Rs. 38900.00 lakh payable during the year 2009 – 2010 and 2010 – 2011 and included in the aforesaid regulatory asset on estimated basis is diminished with the release of regulatory asset of Rs. 18800.00 lakh and Rs. 18885.60 lakh i.e., the amount equivalent to the amount actually paid by WBSEDCL as arrear pay to its employees and retired employees in instalment during the year 2009 – 2010 and 2010 – 2011 respectively, through the APR for the concerned years, the regulatory asset is now being reduced to Rs. 125503.86 lakh (Rs. 164403.86 lakh – Rs. 38900.00 lakh) which will be released in subsequent years. WBSEDCL shall deposit the released amount of the regulatory asset of Rs. 125503.86 lakh in future to the respective terminal benefit funds as the balance amount relates to actuarial valuation to be deposited to terminal benefit funds.

3.31 Utilization of Power Purchaser Fund:

3.31.1 WBSEDCL utilized Rs. 3498.00 lakh from the power purchaser fund to meet a portion of its increased cost of power purchase due to increase in power purchase price. The amount of Rs. 3498.00 lakh is now being considered to be deducted from gross ARR of WBSEDCL as that amount was available from the power



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purchaser fund. WBSEDCL is directed to submit the accounts of power purchaser fund duly audited along with the APR application for 2011-2012.

3.32 Allowable Fixed Charges in APR for 2010 – 2011:

3.32.1 Based on the foregoing analyses, the total amount of fixed charges allowable separately for generation and distribution functions of WBSEDCL have been shown in Annexure 3A. As may be seen there-from, the allowable fixed charges come as under:

Sl. No.	Function	Amount (Rs. in Lakh)	
		As per Tariff Order for 2010-11	As admitted in APR for 2010 – 2011
1	Generation	47451.48	45060.31
2	Distribution	233190.65	259173.49
	Total	280642.13	304233.80

3.33 Directions:

3.33.1. In the paragraph 3.32 of the order dated 17th October, 2012 for APR for 2009 – 2010, the Commission gave some directions to WBSEDCL in the matter of reserve for unforeseen exigencies, asset register and deposit to terminal benefit funds of its employees. WBSEDCL is directed to comply with those directions as provided in paragraphs 3.32.1, 3.32.2 and 3.32.3 (i), 3.32.3 (ii) and 3.32.3 (iii) of the APR order for 2009 - 2010. In addition, WBSEDCL shall comply with the following directions.

- i) While submitting application for APR of 2011 – 2012, WBSEDCL shall show through audited accounts of different terminal benefit funds that the contribution to the different terminal benefit funds during the year 2010 – 2011 of Rs. 35521.00 lakh admitted in this order as a part of employee cost is deposited in the terminal benefit funds. On the head of terminal benefit fund, if there is shortage in the deposit amount in the terminal benefit fund as the additional employee cost of Rs. 129.76 lakh over the amount of tariff order for 2010 – 2011 is released through this APR order only, the balance amount of contribution, if any, to terminal benefit fund that is required to be



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deposited as first charge item over and above what had already been deposited for the year 2010 – 2011, from the effective date of recovery of the recoverable amount against this order from the very first day. This is being required in order to ensure that in future actuarial valuation can be kept in control in a better way by avoiding carrying cost of such liability in future. So, it is directed that the balance amount of contribution as discussed above to terminal benefit fund for the year 2010 – 2011, i.e., the difference between the amount of contribution to terminal benefit funds that has already been deposited in the fund for the year 2010 – 2011 and Rs. 35521.00 lakh as allowed in this order for 2010 – 2011 as a part of employee cost, is to be deposited in the respective different terminal benefit funds. Such balance amount is to be deposited in different terminal benefit funds in 12 monthly equal instalments from the date on which the recovery through tariff against this APR order will start.

- ii) In future, WBSEDCL shall deposit the amount when released time to time from the regulatory asset of Rs. 125503.86 lakh to the respective terminal benefit funds within one year in 12 instalments from the effective date of the order releasing that amount, as the balance amount relates to actuarial valuation to be deposited to terminal benefit funds.
- iii) WBSEDCL is directed to submit a report along with their APR application for the year 2012 – 2013 confirming that the amount of Rs. 6085.60 lakh and Rs. 500.00 lakh as mentioned in paragraph 3.30.2 above are paid to the respective terminal benefit funds along with audit report of the respective terminal funds showing such deposit.



ANNEXURE – 3A

STATEMENT SHOWING ADJUSTMENTS ON ANNUAL PERFORMANCE REVIEW (APR)

Figures in Rs. Lakh

Sl. No.	PARTICULARS	AS PER REDETERMINED TARIFF ORDER FOR 2010-11			AS ADMITTED IN APR FOR 2010-11		
		GENERATION	DISTRIBUTION	TOTAL	GENERATION	DISTRIBUTION	TOTAL
1	Transmission charges to WBSETCL (STU)	0.00	65938.66	65938.66	0.00	65938.66	65938.66
2	Transmission charges to PGCIL (CTU)	0.00	11621.56	11621.56	0.00	13561.07	13561.07
3	Fees / Charges to SLDC	0.00	1300.00	1300.00	0.00	0.00	0.00
4	Fees / Charges to ERPC	0.00	0.00	0.00	0.00	15.00	15.00
5	Employee Cost	2371.32	83173.27	85544.59	5069.91	80604.44	85674.35
6	Cost of Outsourcing	0.00	523.70	523.70	0.00	5237.00	5237.00
7	Operation & Maintenance (O&M) Charges	4181.78	20052.92	24234.70	4181.78	19833.94	24015.72
8	MPLS - VPN Charge	0.00	0.00	0.00	0.00	1934.00	1934.00
9	Insurance Premium	0.00	0.00	0.00	146.26	243.74	390.00
10	Interest on Capital Borrowings	13616.08	12074.63	25690.71	10549.00	15142.00	25691.00
11	Interest on Pension Bonds for pension fund	390.15	12614.85	13005.00	1170.45	11834.55	13005.00
12	Interest on Consumer Security Deposits	0.00	2392.03	2392.03	0.00	2392.00	2392.00
13	Other Finance Charges	98.96	470.82	569.78	35.00	535.00	570.00
14	Interest on Working Capital	0.00	0.00	0.00	0.00	2436.00	2436.00
15	Depreciation	10895.87	30090.87	40986.74	7101.94	28492.55	35594.49
16	Bad Debt	0.00	3030.88	3030.88	0.00	78.00	78.00
17	Expenditure (Net) relating to SHRLCOP	0.00	350.00	350.00	0.00	0.00	0.00
18	Special Allocation relating to earlier year	0.00	4955.00	4955.00	0.00	4955.00	4955.00
19	Tax under Income Tax Act	48.92	1582.08	1631.00	168.21	1700.79	1869.00
20	Returns	11557.70	29396.00	40953.70	12048.00	27110.00	39158.00
21	Reserve for Unforeseen Exigencies	972.66	2010.91	2983.57	0.00	2644.27	2644.27
22	Release of amount withheld in 2009-2010 for non-submission of PG Test Report of PPSP.	4589.76	0.00	4589.76	4589.76	0.00	4589.76
23	Partial release of Regulatory Asset created under order dated 24.09.2009	0.00	0.00	0.00	0.00	18885.60	18885.60
24	Gross Fixed Charges	48723.20	281578.18	330301.38	45060.31	303573.61	348633.92



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Sl. No.	PARTICULARS	AS PER TARIFF ORDER			AS ADMITTED IN APR		
		GENERATION	DISTRIBUTION	TOTAL	GENERATION	DISTRIBUTION	TOTAL
	Less: Adjustments						
	a Income from Investment	285.00	690.00	975.00	0.00	2029.00	2029.00
	b Other Non-Tariff Income	0.00	18522.79	18522.79	0.00	21832.00	21832.00
	c Withheld for non-compliance of Safety Audit	20.00	80.00	100.00	0.00	0.00	0.00
	d Benefits to be passed on to consumers and other licensee (Regulatory Liability)	0.00	9178.07	9178.07	0.00	8607.55	8607.55
25	e UI Charges	0.00	15561.39	15561.39	0.00	7241.00	7241.00
	f Interest credit	966.72	857.28	1824.00	0.00	1192.57	1192.57
	g Withheld for non-submission of P.G. Test Reports	0.00	0.00	0.00	0.00	0.00	0.00
	h Amount available for utilization from power purchase fund	0.00	3498.00	3498.00	0.00	3498.00	3498.00
	Sub-total	1271.72	48387.53	49659.25	0.00	44400.12	44400.12
26	Net fixed charges (24-25)	47451.48	233190.65	280642.13	45060.31	259173.49	304233.80



CHAPTER – 4 AMOUNT ADJUSTABLE ON ANNUAL PERFORMANCE REVIEW

- 4.1 As shown at the concluding paragraph of the previous chapter, the re-determined allowable fixed charges for generation and distribution functions including retail selling activities of WBSEDCL for the year 2010 – 2011 come as under.

Particulars	Amount (Rs. in Lakh)
Generation Function	45060.31
Distribution Function	259173.49
Total	304233.80

- 4.2 As per audited statement of operating revenue of WBSEDCL for the year ended 31.03.2010, the amount, realized from sale of energy to consumers and the licensees, is Rs. 864841.00 lakh. The sales revenue earned by WBSEDCL during the year was found as under:

Particulars	Revenue (Rs. in Lakh)
Revenue from sale of power as per Schedule – 16 of Statement of Accounts	939555.00
Less: Revenue recovered from sale to persons other than to consumers and licensees + swap out power	74714.00
Revenue from sale of Energy to own consumer and other licensees	864841.00

- 4.3 WBSEDCL in their APR application for 2010 – 2011 has stated that in view of the re-determination of tariff for the year 2010 – 2011 by the Commission on 30.12.2011, an arrear amounting to Rs. 46907.00 lakh has been accrued which includes subsidy of Rs. 28924.00 lakh receivable from the State Government, is realizable through subsequent energy bills in the year 2011 – 2012 and 2012 – 2013 from the consumers of WBSEDCL against sale of power during the year



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2010 – 2011 on account of tariff difference. WBSEDCL has stated to consider the said arrear revenue amount of Rs. 46907.00 lakh as income for the year 2010 – 2011 in the APR for 2010 – 2011 in order to reduce the impact of APR on the consumers. A disclosure in this regard will be given in the annual accounts for the 2011 – 2012.

- 4.4 The amount of total allowable variable costs for the year 2010 – 2011, as determined in paragraph 2.5.1 of order on Fuel and Power Purchase Cost Adjustments (vide Order dated 03.10.2012 in Case No. FPPCA-57/11-12) is Rs. 624767.90 lakh. The function-wise break-up of this total amount of Rs. 624767.90 lakh is as follows:

	Rs. in Lakh
Generation	100.55
Distribution	624667.35
Total:	624767.90

- 4.5 An amount of Rs. 12723.77 lakh was found recoverable by WBSEDCL from its own consumers and other licensees in APR for the year 2007 – 2008 in terms of Commission's order dated 28.05.2009 in case no. APR-11/08-09. The said amount of Rs. 12723.77 lakh was kept as regulatory asset in the tariff order for 2009 – 2010 and released in the re-determined tariff order for 2010 – 2011. The Commission considers the same to be released in the APR for 2010 – 2011.
- 4.6 Based on the analyses as done in the foregoing paragraphs, the amount adjustable on the instant case of APR for the year 2008 – 2009 works out as under:

Sl No	Particulars	Total (Rs. in Lakh)
1	Variable cost allowed (vide paragraph 4.4)	624767.90
2	Allowable net fixed cost (vide paragraph 4.1)	304233.80
3	Total realizable sales revenue [3 = (1 + 2)]	929001.70
4	Positive adjustment on account of APR for 2007 – 2008 kept as regulatory assets in tariff order for 2009 - 2010	12723.77



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5	Total realizable amount for 2010 – 2011	941725.47
6	Actual Revenue realized during the year (vide paragraph 4.2)	864841.00
7	Arrear revenue to be realized in 2011 – 2012 and 2012 – 2013 for 2010 – 2011 (vide paragraph 4.3)	46907.00
8	Net amount recoverable [(8) = (5)-(6)-(7)]	29977.47

4.7 In terms of the Tariff Regulations, the entire amount of such short recovery, i.e., Rs. 29977.47 lakh or a part thereof may be adjusted with the amount of Aggregate Revenue Requirement of WBSEDCL for the year 2012 – 2013 or that for any other ensuing year or through a separate order, as may be decided by the Commission. The decision of the Commission in this regard will be given in the tariff order of WBSEDCL for the year 2011 – 2012 or that for any other ensuing year or in a separate order.

4.8 WBSEDCL is to take a note of this order.

Sd/-
(SUJIT DASGUPTA)
MEMBER

Sd/-
(PRASADRANJAN RAY)
CHAIRPERSON

DATE: 19.10.2012