



**ORDER**

**OF THE**

**WEST BENGAL ELECTRICITY REGULATORY  
COMMISSION**

**IN CASE NO.: APR – 20 / 10 – 11**

**IN RE THE APPLICATION OF THE  
WEST BENGAL STATE ELECTRICITY  
DISTRIBUTION COMPANY LIMITED  
FOR ANNUAL PERFORMANCE  
REVIEW FOR THE FINANCIAL  
YEAR 2009 – 2010.**

**DATE: 17.10.2012**



## 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, 2007 as amended, the generating companies or the licensees, as the case may be, were subject to an Annual Performance Review (in short 'APR'). The West Bengal Electricity Regulatory 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 its application of APR to the Commission on 29 November, 2010 for the financial year 2009 – 2010. 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-20/10-11. WBSEDCL also submitted a supplementary application to the APR application for 2009-10 on 13 December, 2010.
- 1.2 The instant application of WBSEDCL is its third application for the APR, the first and second being for the years 2007 – 2008 and 2008 – 2009 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 2009 – 2010 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 Tariff Regulations.



**Order on APR of WBSEDCL for the year 2009-10**

---

- 1.3 WBSEDCL has submitted their application for Annual Performance Review for 2009-10 in terms of the provision contained in West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2007, as amended. Since the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2007 (hereinafter referred as 'repealed Tariff Regulations') has been repealed and West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended (hereinafter referred to as Tariff Regulations) is now being operational, the instant application needs to be dealt with as per provisions of the Tariff Regulations.
- 1.4 APR is to cover the annual fixed costs and fixed charges 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 2009 – 2010 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 2009 – 2010, vis-à-vis the actuals as per the audited accounts. The instant application of WBSEDCL for the year 2009 – 2010 is being viewed in the subsequent parts of this order.
- 1.6 In terms of the provisions of the Tariff Regulations the application of APR for the year 2009-10, though submitted by WBSEDCL in terms of the provisions of repealed Tariff Regulations, is to be dealt with in terms of the provisions of the Tariff Regulations.
- 1.7 In terms of regulation 2.6.12 of the Tariff Regulations, WBSEDCL was asked vide letter No. WBERC/APR-20/10-11/0128 dated 5.5.2011 to submit a draft gist of the application of APR for the year 2009-10 for approval of the Commission.



---

**Order on APR of WBSEDCL for the year 2009-10**

---

Accordingly, WBSEDCL submitted a draft gist of the APR application on 6.5.2011.

- 1.8 On receipt of the draft gist submitted by WBSEDCL, the application of APR of WBSEDCL was admitted by the Commission on 12.05.2011 in Case No. APR-20/10-11. After admission of the application WBSEDCL was directed to publish the gist of the application as approved by the Commission in newspapers and also in their website. Accordingly, the gist of the application was published simultaneously in Ananda Bazar Patrika, Times of India, Aajkal and Sakalbela on 14.05.2011 inviting objections and suggestions from all interested parties and members of the public. The gist was also posted in the website of WBSEDCL on 13.05.2011. They were also offered opportunity for inspection of the application and to take certified copies in terms of the relevant provisions of West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2003 as amended and West Bengal Electricity Regulatory Commission (Fees) Regulations, 2003. A copy of the petition was also posted in the website of WBSEDCL.
- 1.9 The last date of submission of objections and suggestions by the interested parties was 10.06.2011. No objection and suggestion was received by the Commission upto 10.06.2011 i.e. the stipulated date for submission of objections and suggestions. On receipt of the application for extension of time from Hooghly Chamber of Commerce on 10.06.2011, the Commission extended time for submission of objections and suggestions upto 24.06.2011. Accordingly, a Notification to that effect was published simultaneously in Ananda Bazar Patrika, Times of India, Aajkal and Sakalbela on 12.06.2011.
- 1.10 Objections and suggestions on the application of WBSEDCL for APR in respect of the year 2009-10 was received by the Commission from Hooghly Chamber of Commerce and Industries within the extended time i.e. 24.06.2011.



---

**Order on APR of WBSEDCL for the year 2009-10**

- 1.11 Objections and suggestions on the application in question received by the Commission within the stipulated extended period have been dealt with in Chapter-2.



## CHAPTER – 2 FIXED CHARGES

---

### Objections and suggestions against the application of APR for 2009-10 of WBSEDCL

- 2.0 The persons from whom objections and suggestions on the application of APR for 2009-10 of WBSEDCL have been received within the stipulated time are mentioned in Paragraph 1 of Chapter-1. The points of their 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 2009-10. The objections submitted by HCC are divided in 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 5 (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”. In this context, 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 which is duly framed under the law. The Tariff Regulations framed under the provision of the Act has specifically provided for receiving of such objections/suggestions from public in written form only. Thus, the intention 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 for inviting suggestions and objections as per Section 64 of the Act, there is no requirement to hold a public hearing.

- 2.3 In the context of paragraph 6 of the objection and suggestions of HCC it is to be noted that the licensee has been asked as per provisions under the regulation 2.6 of the Tariff Regulations to provide the statutory audited data along with annual accounts. The Annual Performance Review application will cover only annual fixed charge, fixed cost, incentive and gain sharing which are not covered under the Fuel and Power Purchase Cost Adjustment (FPPCA). Accordingly licensee has to file their application seeking fixed cost, fixed charge and incentive as per Schedule-10 of the Tariff Regulation and effect of gain sharing as per Schedule – 9B. WBSEDCL has submitted their APR application seeking Annual Performance Review for the year 2009-10 supported with statutory audited annual accounts. In this context the licensee is required to provide the related information only for APR as per format of tariff petition limited to the period under review. For further clarification it is to be noted that under Regulation 2.6.8 of the Tariff Regulation it has been mentioned that the Commission shall review an application of APR for 2009-10 for the elements as mentioned in regulation 2.6.1 in the same manner as was done during determination of ARR of the ensuing year on the basis of the original tariff application subject to such deviation of such allowances as permitted under the Tariff Regulations based on the related information as per audited accounts which is required for APR of the year



- concerned. It is to be noted that such process of determination of APR is only limited to the elements of fixed charge and fixed cost in the same manner as followed for determination of ARR during the process of original tariff application in line with regulation 2.1.15 of the Tariff regulations. Other two elements i.e. incentive and gain sharing not being a part of the tariff application do not require to be compared between the manner to be followed in the determination of ARR in the original tariff application and that in APR.
- 2.4 HCC has raised their objection in Para 7 that the claims made by WBSEDCL are contrary to the provisions of the Act and Regulations and past orders/practice of the Commission and allowing these claims would amount to rewarding the inefficiencies of WBSEDCL. It is also mentioned by HCC that WBSEDCL have made wrong computations and relevant factors have not been considered while making computations/claims by WBSEDCL. These objections raised by HCC are not being duly supported by any evidence or any documents or any specific issues in respect of the objection on the basis of which the Commission can deal with such objection. In the said para HCC has not indicated which of the claims/computations of WBSEDCL are erroneous. Thus, the Commission finds no merit in dealing with this objection in the absence of details.
- 2.5 **Transmission Charges:**
- 2.5.1 The objector HCC in Para 9, 10 and 11 of objection has suggested to disallow the excess transmission charge of Rs 4433.08 lakh on the ground that WBSEDCL had to purchase additional power due to higher distribution loss 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. It being a





fixed cost in nature 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 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 already determined in concerned APR order of WBSETCL of 2009-10 where the income from short-term open access is duly considered. The impact of such adjustment has thus been duly taken care of in the APR of WBSETCL for 2009 – 2010 and the benefit of such income will automatically be passed on to the consumers of the licensee who used the service of WBSETCL. However, the STU charges paid by WBSEDCL to WBSETCL during the year 2009 – 2010 as claimed by WBSEDCL is in accordance with the tariff order of WBSETCL for the year 2009 – 2010.

## 2.6 **Employee Cost:**

2.6.1 As mentioned by HCC, the liability of Rs 245 crore incurred by WBSEDCL on account of terminal benefit for 2009-10 is required to be considered on the basis of actual payment only. In this context it is to be noted that it is an uncontrollable expenditure and pass through element and also covered under AS-15 of Accounting Standard. As in the Tariff Order for 2009-10 there was no element of Rs 245 crore on account of terminal benefit, the licensee was not in a position to deposit amount in the fund created for that purpose and thus there is no reflection in the cash flow of WBSEDCL in the concerned year. Such amount can be deposited in the terminal benefit fund after due recovery through tariff. The



**Order on APR of WBSEDCL for the year 2009-10**

point of employee cost increase by 77% due to ROPA , 2009, as mentioned by HCC, has been duly considered and the Commission has scrutinized the following documents filed by WBSEDCL to the Commission on requisition of such information vide letter no. PTR/SERC/191 dated 03/05/2012.

- a) Agenda and resolutions of the meeting of Board of WBSEDCL in relation to the wage revision as required under the repealed Tariff Regulations.
- b) Working Group Report as referred under the Agenda of the meeting of Board of WBSEDCL on ROPA, 2009.

The ROPA, 2009 is found to be in order with the Board Resolution. The Commission feels that employee cost as claimed by WBSEDCL is reasonable. In view of the above fact the total additional claim of Rs 394.75 crore is hereby admitted under the head "Employees Cost" in pursuance to regulation 2.5.3 (x) of the Tariff Regulations as it is an uncontrollable expenditure and pass through element in tariff.

2.6.2 In the tariff order for the year 2009-10, Commission has considered the terminal benefit and employees cost combined at Rs 506.623 crore after capitalization. In this respect Commission has sought for the principles adopted by WBSEDCL on capitalization of employees cost vide its letter no. WBERC/APR-20/10-11/0135 dated 25.04.2012. It transpires from reply that WBSEDCL is following the practices as per their adopted policies being pursued since WBSEB period on this issue.

On this issue of capitalization of employee cost the Tariff Regulations has no specific direction by which principle of the apportionment of capitalization should take place. As per Accounting Standard (AS-1) the respective company is required to frame the accounting policies that are to be followed by them based on different aspects and according to which such capitalization of employee cost



has taken place. Thus in accordance with the regulations 5.1(iv) and 2.6.8 of the Tariff Regulations, the proposal of HCC for capitalization of terminal benefit has not been considered. However, WBSEDCL has been directed to take note of the comments of the HCC for their future action.

2.6.3 For effective utilization of the part of ARR related to terminal benefit, directions are provided in paragraph 3.32.3.

**2.7 Cost of Outsourcing:**

2.7.1 In para 17 to 19 of their objection HCC has mentioned that WBSEDCL has claimed an exorbitant amount of Rs. 9744.95 lakh towards cost of outsourcing against the approved amount of Rs. 451.50 lakh by the Commission in the Tariff order for 2009-10 without any basis of supporting evidence. They also submitted that WBSEDCL has failed to give reason for outsourcing and the claim of WBSEDCL towards outsourcing is example of inefficiencies of WBSEDCL. They have also mentioned that, WBSEDCL has failed and/or ignored to supply the information despite the following direction:

- (a) WBSEDCL shall submit, in detail, the expenditure in different areas which are covered through outsourcing along with number of manpower engaged on regular basis for such outsourcing
- (b) WBSEDCL shall intimate whether such type of expenditure was incurred prior to 2008-09
- (c) WBSEDCL shall indicate 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.

On scrutiny of the APR application for the year 2009-10 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 expenses and operational service expenses which are found to be reasonable.
- 2.7.2 HCC's view is that outsourcing is the outcome of inefficiency of WBSEDCL. But it has not elaborately explained how outsourcing is the outcome of inefficiency of WBSEDCL. In fact, every licensee has the liberty to design its man power deployment policy regarding its different business process. While dealing with the out source cost in Chapter 3 of this order the Commission will examine the necessity of such expenditure and will take decision on the merit of each such expenditure as a whole.
- 2.8 Depreciation:**
- 2.8.1 In Para 21 and 22 the objector HCC has mentioned that WBSEDCL is not maintaining Fixed Asset Registers which are necessary to capture the details of the assets, its acquisition cost, the location of the asset, value amortized etc. This indicates inefficiency on the part of WBSEDCL. HCC also stated that WBSEDCL is claiming depreciation against assets created out of consumer contribution, subsidies and grants received by WBSEDCL towards cost of capital assets. In this context it is to be noted that the detail as needed under fixed asset register are available as explained in paragraph 2.8.2 according to the Annual Accounts submitted by WBSEDCL along with their APR application. Depreciation on the assets created against consumer's contribution, grant or subsidy are computed in accordance with the existing regulations/rules. The depreciation against any asset created from consumer's contribution is needed for replacement of the existing asset after expiry of their life.



2.8.2 It reveals from the Note C.1 of annual accounts of WBSEDCL that depreciation claimed by WBSEDCL are in accordance with the provisions of existing regulation and thus admitted. In the second sentence of the Note C.1 it is clearly mentioned that the accounting unit wise, accounting code wise figures of fixed assets with depreciation and value of depreciated assets are available. It has also been mentioned in the same paragraph that the job of identification of fixed assets has already been taken up by the company and the same has been completed for assets capitalized upto 31.03.2008 and the balance work is in progress. However, WBSEDCL is directed to maintain the Asset Register as per CARO, 2003 and submit a report along with the APR application for 2011 – 2012.

**2.9 Interest on Working Capital:**

2.9.1 HCC has also raised their objection regarding the claim of WSEDCL under the head 'interest on working capital'. HCC has mentioned that the Hon'ble 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 have suggested to follow the same philosophy and not to allow any amount under the said head. HCC have also mentioned that WBSEDCL has not provided any details of the lender. On this score the Commission has explained their view in para 3.13 and 3.14 of this order on the basis of audited accounts of WBSEDCL for 2009-10.

**2.10 Benefit from sale to persons other than consumers and licensee:**

2.10.1 HCC has pointed out a computational error in the application of APR for 2009-10 of WBSEDCL in the calculation of benefit from sale to persons other than consumers and licensee. The Commission considers the same in dealing with the allowable amounts under different head and computation of revised ARR for 2009-10 in the next chapter.



2.10.2 HCC has also raised their objection on the high distribution loss of 24.34% in WBSEDCL system during the year 2009 – 2010 against normative distribution loss of 18.25% which resulted in lower projection of sale to persons other than consumers and licensee. HCC has suggested to consider additional sales to persons other than consumer and licensee on the basis of normative distribution loss in calculation of presumptive gain from such sale. In this context, it is mentioned that the excess distribution loss over the normative distribution loss has been disallowed in the order of FPPCA for 2009-10. Now on the same account deemed sale of energy to persons other than consumers and licensee can not be considered as such sale has not actually taken place and thus the presumptive gain cannot be considered as claimed by HCC.

**2.11 Interest earned from Investment:**

2.11.1 HCC has raised their objection regarding the information submitted by WBSEDCL about the income earned from investment. HCC has mentioned that WBSEDCL has not accounted for income from various fixed deposits with banks and on account of auto sweep. HCC also prayed for thorough verification of claims of WBSEDCL and allow the same after prudence check.

2.11.2 In this context it is to be noted that unforeseen exigencies fund is created for the purpose of meeting any emergency situation that cannot be forecast.

2.11.3 On the issue raised by HCC, Commission vide its letter No. WBERC/APR-20/10-11/0135 dated 25.04.2012 asked for clarification. In response WBSEDCL vide its letter No. PTR/SERC/191 dated 03.05.2012 mentioned that “in Form 1.8C(i) of APR application for the year 2009-10, investment in fixed deposit with bank has been shown as Rs 5720.00 lakh which is investment related to Contingency Reserve fund as stood at the end of the year 2009-10. Interest income of Rs. 569.00 lakh from such investment is included in the Contingency Reserve fund as disclosed in clause I(4) of the Notes to Accounts (Schedule-31) for the year



---

**Order on APR of WBSEDCL for the year 2009-10**

- 2009-10 in line with regulation 4.24 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff ) Regulations,2007,as amended. As interest income from Contingency Reserve fund has been ploughed back in the fund itself, so no income from such investment has been shown in the form 1.18 C (ii) separately.” In fact Commission finds that this income from investment is being kept under contingency reserve fund as per regulation and thus it is not adjusted against the ARR. In this context, a direction is provided in paragraph 3.32.1.
- 2.11.4 WBSEDCL Vide letter no PTR/SERC/191 dated 03.05.2012 also mentioned that “in Form 1.8C (i) of APR application for the year 2009-10, investment on account of auto sweep has been shown as Rs 1016 lakh which is actually investment in shares in subsidiary (WBREDCL). It is shown in the form 1.8c (i) as investment on account of auto sweep inadvertently. There was no dividend income from the shares from WBREDCL during the year 2009-10.”
- 2.11.5 In this instance the said misplaced data has no impact on the ARR. Thus on this issue of clarification on interest income on auto sweep, the Commission observes that the licensee should be more careful in providing the data in any application in appropriate manner.
- 2.12 Release of Regulatory Assets:**
- 2.12.1 HCC has raised their objection regarding release of regulatory asset as claimed by WBSEDCL. HCC has prayed to undertake prudence check and thorough investigation of the current and past tariff filings of WBSEDCL before allowing any regulatory assets as claimed by WBSEDCL. The Commission has dealt with this matter in Chapter-3 of this order. The regulatory assets are created against any earlier order of the Commission and while passing these orders the Commission undertook the required prudence check.



2.12.2 In the context of release of regulatory asset HCC has expressed their concerns and doubts regarding the veracity of the submissions made by WBSEDCL over the years and also in the instant petition. The Commission considered the earlier applications of WBSEDCL and passed orders on those applications with due diligence following the regulations framed under the Act.

2.12.3 However, while releasing the regulatory asset, the Commission kept its vigil for proper reconciliation of the balance amount of regulatory asset as well as utilization of such regulatory asset in appropriate manner for which it is released.

### 2.13 **Truing up of Power Purchase Cost:**

2.13.1 HCC has mentioned that WBSEDCL has not applied for truing up of Fuel and Power Purchase Cost Adjustment (FPPCA) for 2009-10 in the APR application for 2009-10. They also mentioned that it is imperative upon WBSEDCL to file APR petition in relation to fuel and power purchase cost also. HCC has also showed ignorance about FPPCA order of 2009-10 in paragraph 2.10.2 of its objections and suggestions.

2.13.2 In this context it is to be noted that HCC has also referred and recognized the year 2008-09 for which WBSEDCL filed application both for FPPCA and APR separately. This fact along with the provision of regulations clearly shows that truing up of the revenue requirement under FPPCA and APR is to be done under separate regulatory procedure.

2.13.3 In this context regulations 2.6.1, 2.6.12 and 2.8.7.2 of the Tariff Regulations are referred which clearly explain the separate procedure for application filing of APR and FPPCA respectively. Truing up of fuel and power purchase cost has been done in FPPCA order. In this context contention of HCC to consider fuel and power purchase cost in APR is not appreciated as APR deals with only certain components of ARR as already mentioned in Para 2.3 in this Chapter. As per





---

#### Order on APR of WBSEDCL for the year 2009-10

---

above method WBSEDCL filed two separate applications. In fact in the paragraph 32 of the APR application for 2009-10 WBSEDCL has claimed truing up of revenue side by considering approved ARR arising out of the FPPCA for 2009-10 vide order dated 30.06.2010. By virtue of such above mentioned facts the truing up of FPPCA of 2009-10 has been done as per Tariff Regulations and in the same line with that of 2008-09 which HCC has referred to in objection and suggestions submitted by them. In fact on the above ground the contention of HCC in paragraph 2.10.2 of their objection and suggestions has no merit.

#### 2.14 Revenue Side Truing Up:

2.14.1 HCC has mentioned that WBSEDCL has not provided any information regarding revenue assessment for 2009-10. WBSEDCL in their application of APR for 2009-10 has submitted the actual revenue realized by them during the year 2009-10 along with audited data. Thus the claim of HCC has no merit.

2.14.2 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 and the corresponding admissible amount of fixed costs as determined for the year for which APR is undertaken and variable cost as per FPPCA order, if any, for the year under APR will be 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:**

3.2.1 The fixed charges totaling to an amount of Rs. 12867.00 lakh was paid by WBSEDCL to Power Grid Corporation of India Limited (in short 'PGCIL'), which is the Central Transmission Utility (in short "CTU") for the year 2009-2010 against the amount of Rs. 13000.00 lakh as considered in the tariff order for 2009 – 2010. The amount of Rs. 12867.00 lakh is admitted in the APR for 2009 – 2010 and the entire amount is allocated to distribution function.

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

3.3.1 The fixed charges totaling to an amount of Rs. 69206.00 lakh was 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 2009 – 2010 is considered as STU charges as per the tariff order of WBSETCL for the year 2009 – 2010. The Commission admits the amount of Rs. 69206.00 lakh in the APR for 2009 - 2010. The entire amount is 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 tariff order of WBSEDCL for the year 2009 – 2010 towards charges payable to the State Load Despatch Centre (in



short “SLDC”) subject to adjustment on APR. As it come out from Schedule – 20 to the audited accounts, the actual amount of such charges came to Rs. 311.00 lakh and the same has been admitted and allocated to distribution function in APR for 2009 – 2010.

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

3.5.1 The amount of Rs. 15 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 2009 – 2010, is now admitted for reimbursement through APR 2009 – 2010 and is allocated to the distribution function.

**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. 50662.30 lakh in the ARR for the year 2009 – 2010 with the following function wise breakup:

	<b>Rs. in Lakh</b>
Generation	1404.37
Distribution	49257.93
<b>Total</b>	<b>50662.30</b>

3.6.2 WBSEDCL highlighted the considerable increase in employees’ costs over the amounts as were allowed by the Commission in its tariff order for the concerned year 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. 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. It is revealed from the annual accounts for the year 2009 – 2010 submitted by WBSEDCL that WBSEDCL has incurred Rs. 18800.00 lakh during the year 2009 – 2010 on account of 50% of arrear pay.

3.6.3 As per reasons highlighted in paragraph 3.6.2 above, the total amount chargeable to revenue account of WBSEDCL towards employees’ cost came to Rs. 90137.00 lakh



Order on APR of WBSEDCL for the year 2009-10

including terminal benefit of Rs. 36585.00 lakh, due to revision of pay and allowances as per ROPA, 2009 with following component wise breakup as per audited accounts of WBSEDCL for 2009-10.

Sl. No.	Particulars	Amount (Rs. in Lakh)
1	Salaries	36878.00
2	D.A.	9577.00
3	Other Allowances	9237.00
4	Overtime	1746.00
5	Bonus	1234.00
6	Staff Welfare	438.00
7	Other Staff Cost	4323.00
8	Employees' Terminal Benefits	36585.00
	<b>Total</b>	<b>100018.00</b>
9	Less: Cost capitalized	9881.00
<b>10</b>	<b>Amount charged to Revenue Account</b>	<b>90137.00</b>

3.6.4 The amounts towards employees' cost admitted in APR for 2009 - 2010, thus come to Rs. 90137.00 lakh which is accepted by the Commission and out of which Rs. 5046.11 lakh is for generation function and Rs. 85090.89 lakh is for distribution function.

**3.7 Operation & Maintenance Expenses vis-à-vis Cost of Outsourcing:**

3.7.1 Operation & Maintenance (O&M) expenses generally fall under the 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 were categorized in table 2.5-1 of the Tariff Regulations, 2007 as controllable. The amount as allowed for the purpose in tariff order was Rs. 23116.28 lakh for the year 2009-10.

3.7.3 While determining the ARR of WBSEDCL for all the ensuing year in the tariff order of the first ensuing year of the control period i.e., for 2008-09, the Commission



#### Order on APR of WBSEDCL for the year 2009-10

admitted Rs 23116.28 lakh under the head Administrative and General expenses for the year 2009-10. In function wise breakup of the O&M expenses the Commission allowed Rs 4017.25 lakh for the year 2009-10 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 4017.25 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 Rs12403.48 lakh for repair and maintenance. The Commission also directed that “in case the actual expenses under repair and maintenance head of distribution function 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 function during the year 2009-10 was Rs11653.96 lakh which is lower than that allowed in tariff order. Thus the Commission allows Rs 11653.96 lakh under repair and maintenance head in distribution function. For other heads of O&M expenses in distribution the expenses has been admitted as allowed in the tariff order as a controllable item. Since in terms of repealed Tariff Regulations the expenditure on ‘insurance premium’ is a separate item the same has not been included in O&M expenses and are being dealt separately in subsequent paragraph. Thus, the amount of Rs. 208.55 lakh as allowed on account of insurance premium under (O&M) expenses head in the ARR for 2009 – 2010 is not being considered in (O&M) expenses in APR for 2009 - 2010.

3.7.5 The Commission allowed Rs. 105.92 lakh, Rs. 105.51 lakh, Rs. 89.27 lakh, Rs. 323.25 lakh and Rs. 5863.05 lakh against rent, rates and taxes, legal charges, consultancy fee, audit fee and other administrative and general expenses respectively, in the ARR for 2009 – 2010 for distribution function. As a controllable item, the Commission admits the same in the APR for 2009 – 2010. Thus total amount on account of rent, rates and taxes, legal charges, consultancy fee, audit fee



**Order on APR of WBSEDCL for the year 2009-10**

and other administrative and general expenses in distribution function comes to Rs. 6487.00 lakh.

3.7.6 Summing up the decision in para 3.7.4 and 3.7.5 above the O&M expenses of WBSEDCL as found admissible in APR for 2009-10 and function wise breakup of that amount are as below:

Sl. No.	Particulars	As admitted in ARR for 2009-2010			As allowed in APR for 2009-2010		
		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	4017.25	105.92	23116.28	4017.25	105.92	22158.21
2	Legal charges		105.51			105.51	
3	Consultancy fees		89.27			89.27	
4	Audit fees		323.25			323.25	
5	Other administrative and General expenses		5863.05			5863.05	
6	Repair & Maintenance		12403.48			11653.96	
7	Insurance		208.55			0.00*	
	<b>Total</b>	<b>4017.25</b>	<b>19099.03</b>	<b>23116.28</b>	<b>4017.25</b>	<b>18140.96</b>	<b>22158.21</b>

\*Note: Considered as separate item in paragraph 3.8

The Commission, thus, admits Rs. 22158.21 lakh as (O&M) expense in APR for 2009 – 2010.

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

3.7.7 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. 4515.00 lakh towards “cost of outsourcing” against which the Commission admitted a token amount of Rs. 451.50 lakh with the direction to come up with proper clarifications / justifications along with the application of APR for the respective year. WBSEDCL has come up with details of total expenditure of Rs. 9744.95 lakh classified under cost of



#### Order on APR of WBSEDCL for the year 2009-10

outsourcing in their APR application for 2009 – 2010. 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 operation and maintenance of 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 was 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 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 2009 – 2010. It is seen from the schedule 22A of the annual accounts of WBSEDECL for 2009 – 2010 that total expenditure for maintenance of sub-stations and lines by out sourcing comes to Rs 2861.00 lakh (Rs 947.00 lakh for sub-station maintenance + Rs 1914.00 lakh for line maintenance). The Commission thus allows this expenditure of Rs. 2861.00 lakh related to repair and maintenance work but in the new area of activity under the head ‘cost of outsourcing’.

WBSEDCL also engaged agencies in some new areas of activity viz. call centre, retail outlet service (Data Warehousing Franchisee), revenue collection / billing services through outsourcing. 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 22A to the annual accounts and from 1.17K of Annexure – I in Data Format volume submitted by WBSEDCL that out of Rs. 9744.95 lakh under the accounting head ‘cost of outsourcing’, Rs 72.00 lakh (Rs 62.00 lakh for call centre + Rs. 10.00 lakh for data warehousing) are for those 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 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



#### Order on APR of WBSEDCL for the year 2009-10

courier services and security services in the outsourced job in their APR application which is also reflected in their annual accounts of 2009-2010. 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 2009-2010. Accordingly, in this case of APR for 2009 – 2010 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.

Thus the Commission admits Rs. 2933.00 lakh [Rs 2861.00 lakh relating to repair and maintenance of new sub-stations and lines + Rs 72.00 lakh relating to call centre, retail outlet services (data warehousing)] only under the head cost of outsourcing in the APR for 2009-10 against the claim of Rs. 9744.95 by WBSEDCL and the entire cost has been considered for distribution function:

Sl. No.	Head of Accounts	Unit	As projected for 2009-10 in MYT application	As admitted by the Commission in Tariff Order	As per Audited Accounts	As admitted in the APR for 2009 – 2010
1	Cost of Outsourcing	Generation	-	-	-	-
		Distribution	4515.00	451.00		2933.00
		Total	4515.00	451.50	9744.95	2933.00

### 3.8 Insurance Premium

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. 39.00 lakh as per annual accounts of WBSEDCL for 2009 - 2010 has been admitted by the Commission against the amount of Rs.





### Order on APR of WBSEDCL for the year 2009-10

209.55 lakh in tariff order of 2009 – 2010 with the breakup of Rs. 16.77 lakh for generation function and Rs. 22.23 lakh for distribution function.

#### 3.9 Depreciation:

3.9.1 An amount of Rs. 27726.38 lakh was charged to the books of accounts towards depreciation on fixed assets as against Rs. 34467.13 lakh allowed in the ARR for the year 2009 – 2010. The function wise break-up of the amount provided in the ARR for the year 2009 – 2010 and as allowed in the APR for 2009-10 are as under:

Sl. No.	Function	Amount (Rs. in Lakh)	
		As per Tariff Order	As found admissible in APR
1	Generation	10783.43	7268.30
2	Distribution	23683.70	20458.08
	<b>Total</b>	<b>34467.13</b>	<b>27726.38</b>

#### 3.10 Bad Debts:

3.10.1 It has been observed from the audited accounts for the year 2009 – 2010 that WBSEDCL charged an amount of Rs 63.00 lakh towards Bad Debts written off. In terms of regulation 5.10.1 of the 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 2009-10 was Rs. 752601.00 lakh out of which Rs. 611907.00 lakh pertained to sales to own consumers. The Commission considers to admit Rs. 63.00 lakh in APR for 2009 – 2010 being less than 0.5% of Rs. 611907.00 lakh as against Rs.2732.51 lakh considered in the tariff order for the year 2009 – 2010 and the entire amount has been considered for distribution function.

#### 3.11 Interest on Capital Borrowings:

3.11.1 The amount of total interest paid / payable on capital borrowings as per the audited accounts (vide Schedule 26 thereto) worked out to Rs. 27952.00 lakh out of which an amount of Rs. 649.00 lakh was considered to be capitalized and the balance



**Order on APR of WBSEDCL for the year 2009-10**

amount of Rs. 27303.00 lakh was found chargeable in the revenue account. The details of such loan are given in the table below:

Sl. No.	Particulars	Interest (Rs. in Lakh)
1	Interest on State Govt. Loan (JBIC)	7860.00
2	Interest on State Govt. Loan (Others)	11310.00
3	Interest on Loan from Commercial Bank	953.00
4	Interest on loan from REC Ltd	4383.00
5	Interest on loan from PFC Ltd	1775.00
6	Interest on Public Bond	1671.00
	<b>Total</b>	<b>27952.00</b>
	Less: Interest capitalized	649.00
	<b>Total Interest payable</b>	<b>27303.00</b>

3.11.2 The Commission admits the amount of Rs. 27303.00 lakh on account of interest on capital borrowing in APR for 2009 – 2010 against the approved amount of Rs. 29751.00 lakh in tariff order of 2009 – 2010. The function wise break-up of the amount provided in ARR for the year 2009 – 2010 and also of the amount admitted in APR for 2009 - 2010 are found as under:

Sl. No.	Function	Amount (Rs. in Lakh)	
		As per Tariff Order	As found admissible
1	Generation	15762.77	11698.28
2	Distribution	13978.31	15604.72
	<b>Total</b>	<b>29741.08</b>	<b>27303.00</b>

**3.12 Interest on Pension Trustee Bonds:**

3.12.1 An amount of Rs. 13005.00 lakh, as was provided in ARR for the year 2009 – 2010 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:



**Order on APR of WBSEDCL for the year 2009-10**

Sl. No.	Function	Amount (Rs. in Lakh) as found admissible
1	Generation	1182.27
2	Distribution	11822.73
	Total	13005.00

**3.13 Interest on Consumers' Security Deposit:**

3.13.1 The total amount of consumers' security deposits with WBSEDCL rose to Rs. 114014.00 lakh at the end of the year 2009 – 2010 from the opening balance of Rs. 100101.00 lakh. The actual amount of interest accrued on such deposits during 2009 – 2010 as per audited accounts was Rs. 5061.00 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. 5061.00 lakh is admitted and considered under distribution function.

**3.14 Interest on Working Capital:**

3.14.1 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 were being adjusted against their security deposits every year to enhance the amount of deposits made initially. Such initial deposits were found much lower than the required amounts. It is also submitted that the amounts of consumers' security deposits are being utilized by WBSEDCL to meet up its working capital requirements. It is also seen from the audited accounts of WBSEDCL for 2009-10 that no interest on working capital has been provided in the annual accounts of WBSEDCL for 2009 – 2010. Though WBSEDCL in the data formats



### Order on APR of WBSEDCL for the year 2009-10

of their APR application for 2009-10 has considered an amount of Rs 16859.00 lakh as interest on working capital on normative basis, the Commission does not admit any amount on this score in APR for 2009 – 2010 as it is not duly supported by annual accounts provision.

#### 3.15 Other Finance Charges:

3.15.1 As it comes out from the Schedule 26A to the audited accounts, total amount of finance charges during the year 2009-10 came to Rs.760 lakh which is admitted for the revenue account as against Rs.1709 lakh considered in the tariff for the year 2009 – 2010. The function wise breakup of the amounts considered in tariff order and now being admitted are as under:

Sl. No.	Function	Amount (Rs. in Lakh)	
		As per Tariff Order	As admitted in APR for 2009 – 2010
1	Generation	182	35
2	Distribution	1527	725
	<b>Total</b>	<b>1709</b>	<b>760</b>

#### 3.16 Taxes under Income Tax Act:

3.16.1 As it comes out from the Schedule 27(B), an amount of Rs. 2970.00 lakh with the following breakup was provided in the books of accounts towards taxes payable under the provisions of Income Tax Act as against Rs.1588.00 lakh considered in the ARR for the year 2009 – 2010. Break up of the provisions of Tax in the books of accounts are as follows:

	Rs. in Lakh
Wealth Tax	0.00
Income Tax	2970.00
Fringe Benefit Tax	0.00
<b>Total:</b>	<b>2970.00</b>

3.16.2 Out of the total amount so provided in the accounts and claimed by WBSEDCL in their APR application for 2009 - 2010, Rs. 99.00 lakh was attributable to generation



### Order on APR of WBSEDCL for the year 2009-10

function and the balance Rs. 2871.00 lakh to distribution function. The Commission admits the same in APR for 2009 – 2010.

#### 3.17 Reserve for Unforeseen Exigencies:

3.17.1 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 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.

3.17.2 The total value of gross block of fixed assets as at the beginning of the year 2009 – 2010 was Rs. 982592.00 lakh. The allowable amount of annual reserve on this amount @ 0.25% comes to Rs. 2456.00 lakh as against 2542.10 lakh considered in the tariff order for 2009 - 2010. The Commission admits the amount of Rs. 2456.00 lakh as reserve for unforeseen exigencies in APR 2009 – 2010 against the claim of WBSEDCL for Rs. 2542.00 lakh in APR for 2009 – 2010. The function wise breakup of the amount of Rs. 2456.00 lakh admitted is as under:

Sl.No.	Function	Amount (Rs. in Lakh)	
		As per Tariff Order	As admitted in APR 2009 - 2010
1.	Generation	953.42	790.00
2.	Distribution	1588.68	1666.00
	<b>Total</b>	<b>2542.10</b>	<b>2456.00</b>

3.17.3 The amount admitted under this head in the APR for 2006 – 2007, 2007 – 2008 , 2008 – 2009 and 2009-10 are 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	In the instant order in Case No. APR-20/10-11	2456.00
	<b>Total</b>	<b>7262.02</b>



#### Order on APR of WBSEDCL for the year 2009-10

3.17.4 It has been observed in Schedule 2 to the audited accounts for 2009-10 that a reserve of Rs. 5453.00 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 - 8 of the annual accounts that a total amount of Rs. 1204.00 lakh had been invested on long term basis in Fixed Deposit prior to beginning of the year 2009-10 and an amount of Rs. 4516.00 lakh was invested in Fixed Deposit during the year which raise the total investment in Fixed Deposit at the end of the year at Rs. 5720.00 lakh against contingency reserve. So WBSEDCL has invested the admitted amount of reserve for unforeseen exigencies upto the year 2008-09. WBSEDCL had made a fresh provision of Rs. 3111.00 lakh as reserve for unforeseen exigencies during the year 2009-10. So the reserve for unforeseen exigencies for an amount of Rs 2456.00 lakh is being admitted for 2009-10 as computed in Paragraph 3.17.2. However, WBSEDCL is directed to invest the balance 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.

#### 3.18 Return on Equity:

3.18.1 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, 2010 that WBSEDCL had accumulated loss of Rs. 36099.00 lakh and Rs. 27288.00 lakh at the beginning and end of the year 2009 – 2010 respectively. It has, therefore, no free reserve. The equity base of it is only the amounts of share capital.

3.18.2 It is evident from Schedule 1 to the audited accounts 2009 - 2010 (Share Capital) that during the year 2009 – 2010, an amount of Rs. 25068.00 lakh has been added as equity participation by Government of West Bengal. On scrutiny, it is found from the notes to accounts (schedule 31 to the audited accounts 2009 - 2010) that WBSEDCL has received Rs. 25068.00 lakh from West Bengal Rural Energy Development Corporation Limited (in short "WBREDCL") on behalf of Government of West Bengal as additional equity as per order of Govt. of West Bengal. The amount of Rs. 25068.00 lakh was accounted for during the year 2009 – 2010 as



**Order on APR of WBSEDCL for the year 2009-10**

paid up share capital. In terms of Tariff Regulations, the said amount of Rs. 25068.00 lakh is considered as equity contributed during the year. However, there is no positive contribution from Reserve & Surplus. Thus in aggregate, Rs. 25068.00 lakh has been considered as addition to equity base during the year.

3.18.3 It is further evident from Schedule 6 to the audited accounts 2009 – 2010 that transfer to fixed assets from the capital works in progress during the year 2009 – 2010 is Rs. 37536.00 lakh.

3.18.4 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 and the amount of returns are shown hereunder:

Sl. No.	Particulars	Amount (Rs. in Lakh)
	<b>Opening of Equity Base</b>	
1	Share Capital	230772.00
	Free Reserve	0.00
		<b>230772.00</b>
2	Addition to Equity base	25068.00
3	Actual equity base at the end of the year [(1)+(2)]	255840.00
4	Net addition to Fixed Assets	37536.00
5	Normative addition to Equity 30% of 4	11261.00
6	Amount to be considered as addition during the year being lower of (2) & (5)	11261.00
7	Admissible equity base at the end of year [(7) = (1)+(6)]	242033.00
8	Average Equity Base [(1)+(7)]/2	236403.00

3.18.5 Allocation of equity base between generation function and distribution function is based on ratio of the gross cost of fixed assets at the beginning of the year and addition during the year as submitted by WBSEDCL as below:

**Rs. in Lakh**

Particulars	Opening equity base of 2009-10	Addition to equity base during 2009-10	Closing equity base of 2009-10	Average equity base of 2009-10	Return on equity (in percent)	Return admitted in APR 2009-10
Generation	77511.00	218.00	77729.00	77620.00	15.5%	12031.00
Distribution	153261.00	11043.00	164304.00	158783.00	16.5%	26199.00
<b>Total</b>	<b>230772.00</b>	<b>11261.00</b>	<b>242033.00</b>	<b>236403.00</b>		<b>38230.00</b>



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

3.19.1 An amount of Rs. 350.00 lakh was provided in the tariff order for the year 2009 – 2010 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 2009 – 2010, 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 2009-2010. Thus the Commission decides not to consider any amount on this score in APR for 2009 – 2010.

**3.20 Special Allocation:**

3.20.1 In the tariff order for 2009 – 2010, 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 2009 – 2010. The amount relates to distribution function.

**3.21 Income from Investments:**

3.21.1 An amount of Rs. 931.00 lakh was deducted from the gross amount of ARR in the tariff order for 2009 – 2010 as income from investment. It came out from the audited accounts (vide schedule 19 thereto) as well as from their submission that WBSEDCL earned an amount of Rs. 30.00 lakh only as dividend income and interest income from the investments. Besides, WBSEDCL has earned Rs. 2470.00 lakh as interest from bank on fixed deposit. Thus actual income from investment comes to Rs. 2500.00 lakh (Rs. 30.00 lakh + Rs. 2470.00 lakh). The actual amount of such earning is admitted in APR 2009 – 2010 and considered to be deducted from the gross amount of allowable fixed charge. The amount pertains to distribution function.

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

3.22.1 A total amount of Rs. 17431.00 lakh was considered towards the estimated earnings of WBSEDCL from other non-tariff sources. In actual, (vide schedule 19 to the





### Order on APR of WBSEDCL for the year 2009-10

audited accounts) total such income came to Rs. 19287.53 lakh. All such incomes are related to the core business of WBSEDCL and, therefore, Rs. 19287.53 lakh is admitted as projected by WBSEDCL in APR for 2009 – 2010 and is considered for deduction from the gross amount of allowable fixed charges in regard to distribution function.

#### 3.23 **Unscheduled Interchange (UI):**

3.23.1 As per the audited accounts for the concerned year (vide schedule 19 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 received during 2009-10 (vide Schedule-19 to accounts)	24142
2	Less: UI charges paid during 2009-10(vide schedule 20 to accounts)	3826
3	Net UI Charges received during 2009 – 2010 (3=1-2)	20316

3.23.2 In terms of regulation 4.17 of the repealed Tariff Regulations, the Commission decides to pass on the entire amount of net earnings of WBSEDCL during 2009 – 2010 by way of UI charges to the consumers in the APR for 2009 – 2010 as projected by WBSEDCL.

#### 3.24 **Amount withheld for Non-Compliance of Safety Audit Requirements:**

3.24.1 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 2009- – 2010 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. Since the compliance report was received after finalization of the APR for 2008 – 2009, the amount of Rs. 100.00 lakh was also withheld in the APR for 2008 – 2009. That amount is now considered to be released through the APR for 2009 – 2010.



**3.25 Benefits to be passed on to consumers and other licensees:**

3.25.1 WBSEDCL made a total purchase (net of UI & Grid Loss) of power to the tune of 26523.93 MU at a net power purchase cost of Rs. 585581.47 lakh. Out of such total purchase, 1536.49 MU was sold to persons other than its own consumers and other licensees. Besides, 700.82 MU was swapped out by WBSEDCL during the period 2009-10. The proportionate power purchase cost of quantum of such sale to person other than consumer and licensee including energy swapped out comes to Rs. 49394.16 lakh ( Rs 33921.82 lakh + Rs 15472.34 lakh) as against Rs. 68827.75 lakh considered in the tariff order for the concerned year. The amount relates to distribution function. Paragraph 2.2.2 of Commission's order dated 30 June, 2010 in Case No. FPPCA – 43 /10 – 11 may be referred to in this regard.

3.25.2 As mentioned in the earlier paragraph, WBSEDCL sold 1536.49 MU of power to persons other than the licensees and its own consumers. The total revenue earned by such sale came to Rs. 79184.00 lakh (vide schedule 17 to the audited accounts for 2009 – 2010). WBSEDCL also swapped out 700.82 MU during the year 2009-10 and revenue income from such energy swapped out is Rs 15259.00 lakh (vide schedule 17 to the audited accounts for 2009-10). So total revenue earned from such sale comes to Rs 94443.00 lakh (Rs 79184.00 lakh + Rs 15259.00 lakh). Power purchase cost of such sale was Rs. 49394.16 lakh as mentioned in paragraph 3.25.1. The gains derived through such sale work out as under:

Sl. No.	Particular	Amount (Rs. in Lakh)
1	Sales Revenue earned	94443.00
2	Less: Cost of power for such sale	49394.16
3	Amount of gains derived by such sale	45048.84

3.25.3 In terms of regulation 4.15.2 (iv) of the Tariff Regulations, the Commission decides 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 2009 – 2010. The



**Order on APR of WBSEDCL for the year 2009-10**

amount of such benefit to be passed on to its own consumers and licensee of WBSEDCL comes to Rs. 27029.30 lakh.

3.25.4 The amount of the share of gains to be passed on to the consumers is now being considered in the APR for 2009 – 2010 and allocated to distribution function.

**3.26 Interest Credit:**

3.26.1 In terms of regulation 4.5.3 of the Tariff Regulations, the amount of interest credit deductible from the ARR for 2009-10 works out as under:

Sl. No.	Particulars	Amount in Rs. in Lakh
		As found Admissible
1	Depreciation	27726
2	Loan repayment	22886
3	Excess fund (1 – 2)	4840
4	Weighted average rate of interest	8.44%
<b>5</b>	<b>Interest credit</b>	<b>408.50</b>

3.26.2 The total amount of interest credit of Rs. 408.50 lakh as worked out above is allocated to distribution functions and adjusted with the ARR of 2009 – 2010.

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

3.27.1 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. Since the said report had subsequently been submitted, the withheld amount was released through the ARR for 2010-11 during re-determination of tariff of WBSEDCL for the year 2010-11. As such, the same amount is also being considered as withheld amount in the APR for 2009-10 in view of the order dated 30.12.2011 of the Commission in case no. TP-41/08-09.

**3.28 Regulatory Asset:**

3.28.1 Since the quantum of gains to be derived by the licensees from the sale of electricity to persons other than to consumers and other licensees were highly dependant on



#### Order on APR of WBSEDCL for the year 2009-10

the fluctuating demand and supply conditions in the market, the Commission considered to deduct an amount of Rs. 32765.70 lakh as regulatory asset pending the ascertainment of the final position in this regard. Now that the quantum of such sale, the amount of revenue realized from that as well as the amount of consumers' share of gain had finally been ascertained and accounted for, no such deduction is found necessary and the amount withheld towards regulatory assets stands released in the APR for 2009 – 2010.

- 3.29 In the order dated 30.06.2010 in case No.FPPCA-43/10-11 in the matter of Fuel and Power Purchase Cost Adjustment (FPPCA) for the year 2009-10 in respect of WBSEDCL, Commission considered 1219.80 MU as pumping energy (excluding the normative transmission loss) required for Purulia Pumped Storage Project (PPSP) during 2009-10 as per data submitted by WBSEDCL with a certificate from a Chartered Accountant. Gross energy generation in PPSP during the year was 868.354 MU as found from the Annual Statement of Accounts for 2009-10 duly audited. So the cycle efficiency of PPSP during the year comes at 71.19%. In terms of paragraph P of Schedule 9A to the repealed Tariff Regulation, the norm for cycle efficiency of PPSP shall be 74% . So there was excess energy consumed in the pumping mode in PPSP. An amount of Rs 1063.67lakh is to be deducted from the ARR of WBSEDCL for 2009-10 on this score. The entire amount is to be deducted under generation head. A computation in this regard is given below:

a	Gross Generation	868.354 MU
b	Cycle efficiency as per norm	74%
c	Pumping energy required as per norm (868.35 / 0.74)	1173.45 MU
d	Pumping energy required including normative transmission loss [1173.46/ (1-0.038)]	1219.80 MU
e	Pumping energy utilized including transmission loss	1267.98 MU
f	Excess pumping energy utilized [(d) – (e) ]	48.18 MU
g	Average power purchase cost (refer para 2.3.2 of the FPPCA order dated 30.06.2010)	220.77 Paisa/unit
h	Excess cost to be disallowed [(f) x (g)/10]	Rs. 1063.67 lakh



### 3.30 Release of Regulatory Asset:

3.30.1 The Commission in its order dated 24.09.2009 in case no. OA-63/08-09 admitted the amount of Rs. 176383.00 lakh on account of additional liability towards employee cost due to revision of pay and allowance of the employees of WBSEDCL as per ROPA, 2009 issued on 16.02.2009 and kept as regulatory asset. The said regulatory assets of Rs. 176383.00 lakh was however reduced to Rs. 164403.86 lakh after carrying out necessary adjustment as per APR of WBSEDCL for 2008 – 2009 and a fresh regulatory asset of Rs. 164403.86 lakh was created in the order dated 26.07.2010 in case no. APR-10/09-10 for 2008 – 2009. The amount of additional liability of Rs. 176383.00 lakh includes the first instalments of estimated arrear payments of Rs. 19450.00 lakh (50% of total arrear payment) paid during the year 2009 – 2010. This arrear payment, however, is not included in the employees cost for the year 2009 – 2010. WBSEDCL in their APR application for 2009 – 2010 submitted to release the amount equivalent to the amount of first instalment of arrear payment made during the year 2009 – 2010. It is seen from the annual accounts of WBSEDCL for 2009 – 2010 that an amount of Rs. 18800.00 lakh was paid by WBSEDCL during the year 2009 – 2010 on account of arrear payment. The Commission considers it to release the amount of Rs. 18800.00 lakh in APR for 2009 – 2010 from the amount kept as regulatory asset. Regarding appropriate adjustment of balance regulatory asset after due reconciliation of the gap between estimated payment of 50% of arrears of Rs. 19450.00 lakh and actual payment of Rs. 18800.00 lakh, the Commission will do the necessary work out in the APR order for 2010 – 2011.

### 3.31 Allowable Fixed Charges in APR for 2009 – 2010:

3.31.1 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 therefrom, the allowable fixed charges come as under:

Sl. No.	Function	Amount (Rs. in Lakh)	
		As per Tariff Order for 2009-10	As admitted in APR for 2009 – 2010
1	Generation	39888.03	36550.55
2	Distribution	187682.37	227350.28
	Total	227570.40	263900.83



**3.32 Directions:**

**3.32.1 Reserve for Unforeseen Exigencies:**

- i) In the matter of reserve for unforeseen exigencies, the Commission directs that WBSEDCL shall ensure that the amount allowed each year under the head reserve for unforeseen exigencies is deposited in the fund within the year.
- ii) Commission also directs WBSEDCL to follow regulations 5.24.3, 5.24.4 and 5.24.10 of the Tariff Regulations and submit the audited amount of the interest income from investment of each type of reserve funds covered under regulation of 5.24 of the Tariff Regulations with APR of each year starting from the year 2012-13. Commission also directs that the interest accrued from investment of power purchaser fund, development fund and reserve for unforeseen exigencies fund shall be deposited in the respective fund as per provision of the regulations.
- iii) WBSEDCL is directed to invest immediately the balance fund of reserve for unforeseen exigencies so far allowed following the provisions of the regulation 5.24.1 of the Tariff Regulations, if not yet invested and submit a report on the investment of reserve for unforeseen exigencies and the return from such investment duly audited along with APR application for 2011 – 2012.

**3.32.2 Asset Register:**

- i) WBSEDCL is directed to maintain the Asset Register as per CARO, 2003 and submit a report along with the APR application for 2011 – 2012.

**3.32.3 Terminal Benefit:**

- i) WBSEDCL is directed to submit a report along with the application of APR for 2011 – 2012 with audited accounts of the concerned terminal benefit funds regarding deposit of terminal benefit amount for the years 2007 –



#### Order on APR of WBSEDCL for the year 2009-10

---

2008, 2008 – 2009, 2009 – 2010 and 2010 – 2011 as allowed in the APR orders for the concerned years to the respective terminal benefit funds.

- ii) The above report to be submitted shall also include the proper accounts confirming that the interest on pension bond @ Rs. 13005.00 lakh each year as allowed in the concerned APR orders of 2007 – 2008, 2008 – 2009, 2009 – 2010 and 2010 – 2011 is deposited in the terminal benefit fund every year.
- iii) WBSEDCL shall submit a report along with application of APR for 2011 - 2012 with audited accounts of the concerned terminal benefit funds that the released amount of Rs. 11979.14 lakh being a part of regulatory assets of Rs. 176383.00 lakh created vide order dated 24.9.2009 through adjustment of refundable amount in the order dated 26.07.2010 on APR for 2008 – 2009 is deposited in the terminal benefit fund. If the said amount is not yet deposited, WBSEDCL will deposit the amount to the concerned fund within three months from the date of this order and submit a compliance report in this regard.
- iv) The above reports to be submitted as per paragraph (i) above shall also show through audited accounts of different terminal benefit funds that the contribution to the different terminal benefit funds during the year 2009 – 2010 of Rs. 36585.00 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. 39475.00 lakh over the amount of tariff order for 2009 – 2010 is released through this APR order only, the balance amount of contribution, if any, to terminal benefit fund, is required to be deposited as first charge item over and above what had already been deposited for the year 2009 – 2010, 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



**Order on APR of WBSEDCL for the year 2009-10**

---

terminal benefit fund for the year 2009 – 2010, i.e., the difference between the amount of contribution to terminal benefit funds that has already been deposited in the fund for the year 2009 – 2010 and Rs. 36585.00 lakh as allowed in this order for 2009 – 2010 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.



**ANNEXURE – 3A****STATEMENT SHOWING ADJUSTMENTS ON ANNUAL PERFORMANCE REVIEW (APR)**

Figures in Rs. Lakh

Sl. No.	PARTICULARS	AS PER TARIFF ORDER			AS ADMITTED IN APR		
		GENERATION	DISTRIBUTION	TOTAL	GENERATION	DISTRIBUTION	TOTAL
1	Transmission charges to WBSETCL	0.00	64246.61	64246.61	0.00	69206.00	69206.00
2	Transmission charges to PGCIL	0.00	13000.00	13000.00	0.00	12867.00	12867.00
3	Fees / Charges to SLDC	0.00	1300.00	1300.00	0.00	311.00	311.00
4	Fees / Charges to ERPC	0.00	0.00	0.00	0.00	15.00	15.00
5	Employee Cost including terminal benefit	1404.37	49257.93	50662.30	5046.11	85090.89	90137.00
6	Cost of Outsourcing	0.00	451.50	451.50	0.00	2933.00	2933.00
7	Operation & Maintenance (O&M) Charges	4017.25	19099.03	23116.28	4017.25	18140.96	22158.21
8	Insurance	0.00	0.00	0.00	16.77	22.23	39.00
9	Interest on Capital Borrowings	15762.77	13978.31	29741.08	11698.28	15604.72	27303.00
10	Interest on Pension Bonds	390.15	12614.85	13005.00	1182.27	11822.73	13005.00
11	Interest on Consumer Security Deposits	0.00	4931.00	4931.00	0.00	5061.00	5061.00
12	Other Finance Charges	182.00	1527.00	1709.00	35.00	725.00	760.00
13	Interest on Working Capital	0.00	0.00	0.00	0.00	0.00	0.00
14	Depreciation	10783.43	23683.70	34467.13	7268.30	20458.08	27726.38
15	Bad Debt	0.00	2732.51	2732.51	0.00	63.00	63.00
16	Expenditure (Net) relating to SHRLCOP	0.00	350.00	350.00	0.00	0.00	0.00
17	Special Allocation relating to earlier year	0.00	4955.00	4955.00	0.00	4955.00	4955.00
18	Tax under Income Tax Act	47.83	1540.17	1588.00	99.00	2871.00	2970.00
19	Returns	12248.35	24168.00	36416.35	12031.00	26199.00	38230.00
20	Reserve for Unforeseen Exigencies	953.42	1588.68	2542.10	790.00	1666.00	2456.00
21	Release of withheld amount in the APR for 2008-2009 for non compliance of safety audit	0.00	0.00	0.00	20.00	80.00	100.00
22	Partial release of Regulatory Asset created under order dated 26.07.2010	0.00	0.00	0.00	0.00	18800.00	18800.00
<b>23</b>	<b>Gross Fixed Charges</b>	<b>45789.57</b>	<b>239424.29</b>	<b>285213.86</b>	<b>42203.98</b>	<b>296891.61</b>	<b>339095.59</b>



Order on APR of WBSEDCL for the year 2009-10

Sl. No.	PARTICULARS	AS PER TARIFF ORDER			AS ADMITTED IN APR		
		GENERATION	DISTRIBUTION	TOTAL	GENERATION	DISTRIBUTION	TOTAL
	Less: Adjustments						
23	a Income from Investment	324.00	607.00	931.00	0.00	2500.00	2500.00
	b Other Non-Tariff Income	0.00	17431.00	17431.00	0.00	19287.53	19287.53
	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	0.00	0.00	0.00	27029.30	27029.30
	e UI Charges	0.00	0.00	0.00	0.00	20316.00	20316.00
	f Interest credit	967.78	858.22	1826.00	0.00	408.50	408.50
	g Withheld for non-submission of P.G. Test Reports	4589.76	0.00	4589.76	4589.76	0.00	4589.76
	h Regulatory Asset	0.00	32765.70	32765.70	0.00	0.00	0.00
	i Cost to be disallowed on excess cycle efficiency of PPSP	0.00	0.00	0.00	1063.67	0.00	1063.67
	Sub-total	5901.54	51741.92	57643.46	5653.43	69541.33	75194.76
<b>24</b>	<b>Net fixed charges (20-21)</b>	<b>39888.03</b>	<b>187682.37</b>	<b>227570.40</b>	<b>36550.55</b>	<b>227350.28</b>	<b>263900.83</b>



## 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 2009 – 2010 come as under.

Particulars	Amount (Rs. in Lakh)
Generation Function	36550.55
Distribution Function	227350.28
<b>Total</b>	<b>263900.83</b>

- 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.660700.00 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 – 17 of Statement of Accounts	755143.00
Less: Revenue recovered from sale to persons other than to consumers and licensees + swap out power	79184.00 15259.00
<b>Revenue from sale of Energy to own consumer and other licensees</b>	<b>660700.00</b>



**Order on APR of WBSEDCL for the year 2009-10**

- 4.3 The amount of total allowable variable costs for the year 2009 – 2010, as determined in paragraph 2.5.1 of order on Fuel and Power Purchase Cost Adjustments (vide Order dated 30 June, 2010 in Case No. FPPCA-43/10-11) is Rs. 519599.86 lakh. The function-wise break-up of this total amount of Rs. 519599.86 lakh is as follows:

	<b>Rs. in Lakh</b>
Generation	88.43
Distribution	519511.43
<b>Total:</b>	<b>519599.86</b>

- 4.4 Based on the analyses as done in the foregoing paragraphs, the amount adjustable on the instant case of APR for the year 2009 – 2010 works out as under:

SI No	Particulars	Amount (Rs. in Lakh)
1	Variable cost allowed (vide paragraph 4.3)	519599.86
2	Allowable net fixed cost (vide paragraph 4.1)	263900.83
3	Total realizable sales revenue [3 = (1 + 2)]	783500.69
4	Actual Sales Revenue (vide paragraph 3.2)	660700.00
5	Net amount recoverable [5 = (3-4)]	122800.69

- 4.5 In the judgment order dated 8.8.2011 of the Appellate Tribunal for Electricity (APTEL) in Appeal No.51 of 2010 in the matter of Rohit Ferro Tech Ltd. & others Vs. WBERC & Anrs. it is directed that if any excess amount has been found recovered by WBSEDCL as a result of the impugned order, the same will be adjusted with interest in the ARR for FY 2011-12 to give necessary relief in tariff to the appellants Rohit Ferro Tech Ltd & others and other consumers who were



**Order on APR of WBSEDCL for the year 2009-10**

---

subjected to adhoc increase in tariff by the impugned order. Since the net recoverable amount after APR of 2009-10 is Rs 122800.69 lakh, there was no over recovery or excess realization during the year 2009-10. Hence the question of adjustment as on account of over recovery does not arise.

4.6.1 In terms of the regulation 2.6.6 of the Tariff Regulations, the entire amount of such short recovery, i.e., Rs. 122800.69 lakh or a part thereof shall be adjusted with the amount of Aggregate Revenue Requirement of WBSEDCL for the year 2011 – 12 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 2011-12 or any ensuing year or in a separate order.

4.7 WBSEDCL is to take a note of this order.

**Sd/-**  
**(SUJIT DASGUPTA)**  
**MEMBER**

**Sd/-**  
**(PRASADRANJAN RAY)**  
**CHAIRPERSON**

**DATE: 17.10.2012**