



ORDER

OF THE

**WEST BENGAL ELECTRICITY REGULATORY
COMMISSION**

IN CASE NO.: APR – 33 / 12 – 13

**IN RE THE APPLICATION OF THE
DPSC LIMITED FOR
ANNUAL PERFORMANCE REVIEW
FOR THE FINANCIAL
YEAR 2011 – 2012**

DATE: 10.09.2013



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, as amended (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 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 performances and projected performances under different factors / heads of accounts. Such adjustments are now to be done in the manner as specified in the Tariff Regulations. DPSC Limited (in short 'DPSC') submitted their application of APR for the year 2011 – 2012 on 17th January, 2013. A copy of its annual report and audited annual accounts for the concerned year was also submitted by DPSC along with the application. DPSC also submitted additional information on 24.01.2013 and 27.05.2013. DPSC has also submitted the comprehensive scheme of VRS package as a part of APR for 201 – 2012 on 29.04.2013. The APR application of DPSC for 2011 – 2012 along with all the additional submissions was admitted by the Commission for processing and the same was numbered as APR-33/12-13.
- 1.2 The instant application of DPSC is their first application for the APR of the third control period. The adjustments, as may arise out of the review of the instant application for 2011 – 2012 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.



- 1.3 DPSCL has submitted their application for Annual Performance Review for 2011-12 in terms of the provisions contained in the Tariff Regulations. The instant application needs to be dealt with as per provisions of the Tariff Regulations.
- 1.4 The Commission has taken careful note of the representations made by DPSCL. The relevant issues will be addressed and views will be taken accordingly while examining the admissibility of expenses under different heads of accounts. The APR is to cover the annual fixed charges allowed to the licensee, incentives and the effect of gain sharing as per Schedule – 10 and Schedule – 9B to the Tariff Regulations. APR for the year 2011 – 2012 is the review of the different factor elements of fixed charges, categorized as controllable and uncontrollable, allowed to DPSCL through the ARR for the year 2011 – 2012, vis-à-vis the actuals as per the audited accounts. The analyses of the Commission and views considered thereon will be with reference to the audited data. The instant application of DPSCL for the year 2011 – 2012 is being viewed in the subsequent parts of this order.
- 1.5 In its application for APR for the financial year 2011 – 2012, DPSCL brought out the following major issues for the consideration of the Commission.
- 1.5.1 The actual Plant Load Factor (PLF) achieved at its Dishergarh and Chinakuri generating stations were 5.33% and 20.82% respectively as against normative of 48% and 80% respectively. As per submission of DPSCL, such low PLF resulting in considerable shortfall in the target generation was attributable to non-availability of requisite supply of coal and grade slippages. DPSCL has also mentioned the annual Plant Availability Factor (PAF) for Dishergarh and Chinakuri generating stations at 90.50% and 93.64% respectively in Form 1.1 in Annex 1 in volume I of their submission. This PAF is however excluding outage due to unavailability of coal as stated by DPSCL. Such position shall be kept in



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view while deciding upon the recovery of capacity charges in terms of the Tariff Regulations.

- 1.6 In terms of regulation 2.6.12 of the Tariff Regulations, the gist of the application of APR of DPSCCL for the year 2011 – 2012 was published simultaneously in ‘The Statesman’, ‘Ekdin’, ‘Dainik Lipi, Asansol’ and ‘Prabhat Khabar’ on 11th June, 2013. The application of APR for 2011 – 2012 along with the gist of APR was also posted in the website of DPSCCL. The publication invited the attention of all interested parties, stake holders and the members of the public to the application for APR for the year 2011 – 2012 of DPSCCL and requested for submission of objections, comments etc., if any, on the application to the Commission by 8th July, 2013 at the latest. Opportunities were also afforded to all to inspect the application and take copies thereof.
- 1.7 No comment, suggestion, objection on application for APR for the year 2011 – 2012 of DPSCCL was received within the stipulated period i.e., 8th July, 2013.



CHAPTER – 2 FIXED CHARGES

- 2.1 The uncontrollable elements of fixed charges are those elements where variations of actual expenditure with the expenditures allowed by the Commission in the tariff order 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 different heads of accounts are, therefore, to be considered on prudent check for carrying out positive or negative adjustments, as the case may be.
- 2.2 The Commission considers all the expenses for the old units of Dishergarh Power Station (12.2 MW) and Chinakuri Power Station (30MW) only during the review of annual performance of DPSCCL for the year 2011-12 but does not consider any expense for the new unit of Dishergarh Power Station (1X12 MW) as it has been commissioned and it commenced its operation with effect from 25.09.2012. The review of each of such controllable and uncontrollable head of fixed charges with reference to the amount allowed through tariff and the actual based on the audited annual report and accounts of DPSCCL is being taken up hereunder one by one.
- 2.3 However, DPSCCL is directed to furnish cost centre wise segregation of all controllable and uncontrollable expenses and incomes while making submission of petition for APR for the year 2012-13 for the purpose of allocation of expenses and incomes appropriately.
- 2.4 **Employee Cost:**
- 2.4.1 Employee Cost, being an uncontrollable cost element, is inclusive of salaries, wages, bonus, various staff welfare expenses, contribution to provident fund and other statutory funds along with terminal benefits for the employees on the regular establishment. As per petition for APR submitted by DPSCCL for 2011-12, total amount of Rs. 3553.71 lakh has been claimed in respect of employee cost including Directors' fees of Rs. 5.01 lakh and payment of Rs. 81.67 lakh to



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- contract labour through contractors. The entire amount of Rs. 81.67 lakh towards payment to contract labour included in the total claim of DPSCL for employee cost should not be classified under employee cost. The expense incurred for contract labour through contractors is to be excluded from employee cost as nature of such expense is directly related with operation and maintenance job. As such, the expenses on contract labours are to be included under operation and maintenance expenses, which have been considered separately.
- 2.4.2 In the petition of APR, employee cost also includes staff training expense amounting to Rs. 13.55 lakh. Staff training expense should not be considered as employee cost as nature of such expense is related to administrative and general expenses under Operation and Maintenance job and same would be treated separately.
- 2.4.3 As per sl. no. 23 of notes on financial statement in the audited annual report of DPSCL for the year 2011-12, employee benefits expense was Rs. 3548.70 lakh, including Rs. 81.67 lakh for payments to contract labour as per note no. 23.1 (ii) of notes on financial statement for the year 2011-12 but excluding Rs. 5.01 lakh for directors' fees as per note no. 25 of notes on financial statement for the year 2011-12. The amount also includes staff training expense of Rs. 13.55 lakh as stated above.
- 2.4.4 The Commission thus decides to admit the total amount of Rs. 3458.49 lakh (i.e. Rs. 3548.70 lakh – Rs. 81.67 lakh + Rs. 5.01 lakh – Rs. 13.55 lakh) under the head of employee cost in the APR for the year 2011 – 2012.
- 2.4.5 As per submission of DPSCL in form 1.17(h) to annexure 1 for breakup of employee cost, the cost-centre wise breakup of allowable expenses through APR for the year 2011 – 2012 is allocated hereunder:



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Rs. in Lakh

Particulars	Amount in Rs. lakh
Generation	
Dishergarh	197.05
Chinakuri	483.61
Distribution	2777.83
Grand Total	3458.49

2.4.6 In compliance of the direction given in the tariff order of 2011 – 2012 dated 14.02.2013 in case no. TP – 51 /11 – 12, DPSCL has submitted a comprehensive scheme of VRS package of its employees based upon the Memorandum of Settlement entered into with the Unions/Associations of its employees on 09.08.2012. In the submitted VRS package, it has been observed that the compensation of VRS will come into effect during the year 2012 – 2013 and 2013 – 2014. As such, the same is not considered in APR for 2011 – 2012. The Commission intends to deal with the VRS package in a separate order. However, on preliminary examination, it has been found that the scheme of VRS package is incomplete on the following grounds.

- i) The savings of Rs. 461.00 lakh and Rs. 296.00 lakh during 2012 – 2013 and 2013 – 2014 under Phase – I and Phase – II package respectively are not supported by detailed calculations.
- ii) The net impact on consumer during 2012 – 2013 and 2013 – 2014 after considering the savings have not been elaborated.
- iii) Cost benefit analysis of the scheme has not been submitted.
- iv) Eligible amount of VRS in respect of management staff has been arrived by adopting Gujrat pattern and DHI pattern. The original documents of both the patterns have not been submitted for examination.



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DPSCL is directed to submit the VRS package afresh with the above clarification for necessary action by the Commission.

2.4.7 DPSCL is also directed to submit –

- (i) The actuarial report for liability towards employees terminal benefit fund for payment of gratuity and pension with the application of APR for the year 2012-13.
- (ii) Any policy of capitalization of employee cost and terminal benefits of DPSCL with Board's approval and resolution.
- (iii) Any amount of such capitalization separately under the heads of expenses in the APR application of respective years.

2.5 Coal and Ash Handling Charges:

2.5.1 As per note on financial statement (Sl. No. 25) of DPSCL for 2011-12, the actual expense towards coal and ash handling charges is Rs. 27.14 lakh and same amount has also been claimed in the APR for 2011-12 as under:

Generating Stations	Amount in Rs. lakh
Dishergarh	11.95
Chinakuri	15.19
Total:	27.14

2.5.2 Since, the coal and ash handling charges are mostly variable in nature with the quantum of generation and use of coal, the Commission views the same with reference to actual generation vis-à-vis target generation and amount admitted in the tariff order for 2011-12. The admissible amount for such expense is calculated as under:



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Rs. in Lakh

Generating Stations	Target Generation (MU)	Expenses as per Tariff Order of 2011-2012	Actual Generation (MU)	Expenses proportionate to actual generation	Actual expense	Expenses admitted in APR for 2011-2012
Dishergarh	4.83	11.50	4.75	11.31	11.95	11.31
Chinakuri	49.63	15.64	49.12	15.48	15.19	15.19
Total	54.46	27.14	53.87	26.79	27.14	26.50

2.5.3 According to the above table, actual expense under this head is higher than the expense proportionate to actual generation in Dishergarh generating station. For Chinakuri generating station the actual expense is lower than the expenses proportionate to actual generation. The Commission, thus, admits Rs. 11.31 lakh and Rs. 15.19 lakh for Dishergarh and Chinakuri generation stations respectively under this head of expense in APR for the year 2011-2012.

2.6 Water Charges:

2.6.1 DPSCL has claimed a sum of Rs. 9.33 lakh in APR for 2011-12 towards water charges for their generating stations and the same amount was also admitted in tariff order for 2011-12. As per annual report of DPSCL for 2011-12 an amount of Rs. 9.33 lakh is also booked in the accounts under the head of raw water charges.

2.6.2 Since, raw water charges are mostly variable in nature with the quantum of generation and use of water, the Commission views the same with reference to actual generation vis-à-vis target generation and amount admitted in the tariff order for 2011-12. The admissible amount for such expense is calculated as under:



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Rs. in Lakh

Generating Stations	Target Generation (MU)	Expenses as per Tariff Order of 2011-2012	Actual Generation (MU)	Expenses proportionate to actual generation	Actual expense	Expenses admitted in APR for 2011-2012
Dishergarh	4.83	0.74	4.75	0.73	0.09	0.09
Chinakuri	49.63	8.59	49.12	8.50	9.24	8.50
Total	54.46	9.33	53.87	9.23	9.33	8.59

2.6.3 In view of above, actual expense for Dishergarh generating station under this head is lower than the expenses proportionate to actual generation. For Chinakuri generating station the actual expense under this head is higher than the expenses proportionate to actual generation. The Commission, thus, admits Rs. 0.09 lakh and Rs. 8.50 lakh for Dishergarh and Chinakuri generating stations respectively under this head of expense for the year 2011-2012.

2.7 Interest on Capital Borrowings:

2.7.1 DPSCl has made fresh drawal of term loan of Rs. 2000.00 lakh during the year 2011-12 from IDBI bank for 1 x 12 MW thermal power plant project at DPS. As per annual report for 2011-12 of DPSCl, total interest cost is Rs. 1088.77 lakh and the same is shown in the APR petition for 2011-12 (Form – C) with following segregation:

Sl. No.	Head of Expenses	Amount (Rs. in lakh)
1	Interest on Capital Borrowings	369.70
2	Interest on Working Capital	719.07
	Total:	1088.77



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2.7.2 DPSCL has claimed interest on loan capital for Rs. 369.70 lakh in APR for 2011-12. As per notes on financial statement (sl. no. 12) for the year 2011-12 regarding fixed assets, net addition to capital expenditure during the year 2011-12 was Rs. 2643.38 lakh (Rs. 15237.04 lakh – Rs. 12593.66 lakh) after deducting value of assets retired from operation and the amount of contribution including advances received from consumers as under:

Rs. in Lakh

Particulars	Opening Balance		Closing Balance	
Gross block of Fixed assets as per Annual Report of 2011-12	15813.40		20012.73	
Less: Value of additional 3 floors of building at Salt Lake (Kolkata) including the cost of air conditioning, plant and elevator	1598.30		1598.30	
Value of leasehold land at Salt Lake in Kolkata	308.91		308.91	
Value of defunct Sibpur generating station	11.98		11.98	
Leasehold Land at Raghunathpur	---	1919.19	1321.75	3240.94
Gross Value of Fixed Assets for energy business operation	13894.21		16771.79	
Less: Contribution from Consumers towards Service Line	966.72		1023.60	
Advance from Consumers for job	333.83	1300.55	511.15	1534.75
Net Cost of Fixed Assets	12593.66		15237.04	

2.7.3 The amount allowable towards interest on normative loan is computed as under:

Particulars	Derivative	Amount (Rs. in Lakh)
Opening normative debt	a	2426.11
Actual addition to debt for the year	b	2000.00
Addition to the fixed assets during the year	c	2643.38
Normative addition to debt @ 70% of the addition to fixed asset during the year	$d = c \times 0.7$	1850.37
Addition to debt for the year to be considered to APR	$e = \text{higher of } b \text{ and } d$	2000.00
Additional normative debt during the year	$f = e - b$	NIL
Closing balance of additional normative debt	$g = a + f$	2426.11
Average normative debt	$h = (a+g)/2$	2426.11
Weighted average rate of interest paid on term loan during the year	$i = 10.75\%$	
Interest on normative debt allowed in APR for 2011 – 2012	$j = h \times i$	260.81



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2.7.4 Further, considering actual drawal of term loan for Rs. 2000.00 lakh during 2011 – 2012, the amount of interest is determined at Rs. 107.50 lakh on an average for the year with rate of interest of 10.75%

2.7.5 In view of above, interest allowable comes to Rs. 368.31 lakh (Rs. 260.81 lakh + Rs. 107.50 lakh) and the Commission admits the same amount towards interest on capital borrowings in the APR for 2011 – 2012 with allocation to distribution function only as proposed by DPSCL.

2.8 Interest on Working Capital:

2.8.1 An amount of Rs. 523.10 lakh was considered in tariff order for 2011-12 towards interest on working capital. In its application for APR, DPSCL claimed Rs. 719.07 lakh on this account considering the actual amount of interest paid on working capital borrowing as shown at paragraph 2.7.1 above. It has been observed from the submission as well as from the audited accounts that DPSCL have actually arranged working capital by way of cash credit from banks. According to the APR petition for 2011-12, DPSCL has utilized cash credit of Rs. 627.07 lakh and a part of non-convertible debenture of Rs. 10000.00 lakh to meet up the requirement of working capital during the year 2011-12.

2.8.2 In terms of regulation 5.6.5.1 of the Tariff Regulations, working capital requirement shall be assessed on normative basis @ 10% on summation of annual fixed charges, fuel cost and power purchase cost reduced by non-cash expenses viz. depreciation, return on equity, bad debt written off, reserve for unforeseen exigencies, cash security deposit taken from consumers, etc. Accordingly, working capital requirement comes to Rs. 4674.54 lakh. As per regulation 5.6.5.2 of the Tariff Regulations, as amended, the admissible amount of the interest on working capital comes to Rs. 549.26 lakh considering short term



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prime lending rate of State Bank of India @ 11.75% as on 01.04.2010 applicable for this purpose as follows:

Sl. No.	Particulars	Amount (Rs. in lakh)	Amount (Rs. in lakh)
1	Fuel & Power Purchase Cost as admitted in FPPCA Order dated 25.07.2013		45651.32
2	Net Fixed Charges excluding Interest on Working Capital		6980.83
3	Total (1+2):		52632.15
4	Return on Equity	1248.20	
5	Depreciation	573.34	
6	Reserve for Unforeseen Exigencies	34.74	
7	Provision for Bad Debt	83.09	
8	Total (4 to 7):		1939.37
9	Balance (3 – 8)		50692.78
10	Normative requirement of Working Capital (10% of 9)		5069.28
11	Security Deposit held at the beginning of the year		394.74
12	Requirement of working capital		4674.54
13	Interest allowable @ 11.75% on above 12		549.26
14	Actual amount of interest on Working Capital as per Form – C		719.07
15	Admissible amount of Interest on Working Capital for the year 2011-12		549.26

2.8.3 The Commission, thus, admits interest on working capital for an amount of Rs. 549.26 lakh in APR for 2011-12 with the allocation to generation and distribution functions on the basis of revenue requirement as follows.

Rs. in Lakh

Particulars	Amount in Rs. lakh
Dishergarh	7.91
Chinakuri	37.95
Distribution	503.40
Total:	549.26



2.9 Interest on Consumers' Security Deposit:

2.9.1 DPSCL has claimed an amount of Rs. 45.05 lakh towards interest on consumers' security deposit in APR for 2011-12 while an amount of Rs. 22.70 lakh was admitted in this respect in the tariff order for 2011-12. As per annual report of DPSCL for 2011-12, the balance of interest accrued but not due on security deposit as on 01.04.2011 and 31.03.2012 were Rs. 22.29 lakh and Rs. 48.27 lakh respectively. But DPSCL has neither furnished any information for actual payment of interest on consumers' security deposits nor indicated actual amount of expense for interest on consumers' security deposits booked in their annual report for the year 2011-12.

2.9.2 According to provision under regulation 4.2.6 of the West Bengal Electricity Regulatory Commission (Miscellaneous Provisions) Regulations, 2013, interest on consumers' security deposit comes to Rs. 23.68 lakh being 6% on the balance of liabilities for consumers' security deposit as on 01.04.2011 of Rs. 394.73 lakh as per annual report of DPSCL for 2011-12. As such, the Commission admits an amount of Rs. 23.68 lakh in the APR 2011 – 2012 under this head of expense with an allocation to distribution function only.

2.9.3 In this matter, DPSCL is directed to enclose the reconciliation of payment for interest on consumers' security deposits along with actual booking of amount of interest on consumers' security deposits in the annual accounts duly certified by the auditors in their submission of petition for APR for 2012-13.

2.10 Other Finance Charges:

2.10.1 DPSCL has claimed an amount of Rs. 53.36 lakh towards other finance charges covering Non-Convertible Debenture (NCD) issue expenses and another amount of Rs. 23.13 lakh towards bank charges under the head of administration and



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general expenses in APR petition for 2011-12. DPSCL has considered both the expenses in their annual accounts as per annual report for 2011-12.

2.10.2 According to the annual report of 2011-12 of DPSCL, debenture representing 10.75% secured redeemable NCD are totally secured by mortgage of immovable properties consisting of land and building at Salt Lake, Kolkata, Asansol and Gujrat. DPSCL in their APR petition for 2011-12 has highlighted that NCD worth Rs. 10000.00 lakh was issued in the year 2010-11 for new generation, augmentation / upgradation of existing distribution facilities, refinancing of existing debts, meeting shortfall in working capital, etc. but actual utilization of this fund under specific heads or purposes is not disclosed separately. It is, however, observed that the requirement of capital borrowing is met through separate loan drawn by DPSCL. The requirement of normative working capital was also much below the NCD amount of Rs. 10000.00 lakh. It is not clear to the Commission whether such drawal of loan is related to its core business and will serve the interest of consumers in the long run. Moreover, the NCD was issued during the year 2010 – 2011 and the NCD issue expenses are claimed in the year 2011 – 2012. So, NCD issue expense for Rs. 53.36 lakh is not considered allowable under this head as the expenditure has not been justified.

2.10.3 In view of above, the Commission admits only an amount of Rs. 23.13 lakh in the APR for 2011 – 2012 towards bank charges under the head of other finance charges with the allocation to distribution system only as proposed by DPSCL.

2.11 Rent:

2.11.1 An amount of Rs. 13.60 lakh was allowed in tariff order for 2011-12 towards rents, rates and taxes for distribution function only under the head of Operation and Maintenance (O&M) Expenses and provision for rent was not separately considered for generation function in the tariff order. As per audited annual report of DPSCL for 2011-12, an amount of Rs. 11.71 lakh was incurred towards rent



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and the same is attributable to distribution functions only as per APR petition in annexure to form – E.

2.11.2 In terms of regulations 5.7.1 and 5.7.2 of the Tariff Regulations, administrative and general expenses also include rent and lease charge for asset other than generating station. In view of the above, rent and lease rental for the function other than generating station will be dealt with appropriately under O&M head of expense. Since no amount has been claimed for rent in respect of any generating station, the Commission does not allow any amount on account of rent in the APR for 2011-12 for generation function.

2.11.3 In view of above, the Commission decides to allow expenditure on rent amounting to Rs. 11.71 lakh relating to distribution function but to consider as a part of O&M expenses appropriately in subsequent paragraph.

2.12 Lease Rent (For Generating Station):

2.12.1 DPSCL has actually incurred an amount of Rs. 386.05 lakh towards lease rent for Chinakuri TPS as per other expenses under sl. no. 25 of notes on financial statement of DPSCL for the year 2011-12 and claimed the same amount in APR for 2011-12. In terms of regulation 5.7.2(i) of the Tariff Regulations, the lease rental charges for generating station are uncontrollable and the Commission decides to admit the actual amount of payment of Rs. 386.05 lakh under the head of lease rent for Chinakuri TPS in APR for 2011-12.

2.12.2 As discussed earlier in this order, rent and lease rental for function other than generating station are treated as controllable being the part of O&M expenses and is thus restricted to the claim corresponding to the amount allowed in the tariff order for 2011-12 which will be dealt appropriately under O&M head of expense for distribution function.



2.13 Rates & Taxes (Other than on Income & Profit):

2.13.1 No amount was separately considered towards rates and taxes (other than tax on income & profit) in the tariff order for the year 2011-12 for generation function but an amount of Rs. 13.60 lakh was allowed towards rent, rates and taxes for distribution function.

2.13.2 As per other expenses under sl. no. 25 of notes on financial statements of DPSCCL for the year 2011-12, the expenditure on rates and taxes was booked for Rs. 71.96 lakh. Again, DPSCCL in its application for APR for 2011-12 has claimed Rs. 25.36 lakh towards license and petition filling fees paid during 2011-12 to the Commission and Appellate Tribunal and the same is to be included under rates and taxes. The amount of license and petition filling fees is identified from details of miscellaneous expenses in the annexure to form – E but not categorized as rates and taxes in the audited annual report of DPSCCL. The Commission decides to admit Rs. 25.36 lakh alongwith Rs. 71.96 lakh towards the amount of rates and taxes aggregating to Rs. 97.32 lakh in APR for 2011-12 under this head of account with following cost centre-wise allocation as proposed by DPSCCL. DPSCCL is, however, directed to submit henceforth the details of fees deposited to Commission and Appellate Tribunal in their APR for future years.

Sl. No.	Particulars	Amount (Rs. in lakh)
1.	Generation	
	Dishergarh	0.50
	Chinakuri	3.15
2.	Distribution	93.67
	Total	97.32



2.14 Insurance Premium:

2.14.1 As per Tariff Regulations, the expenditures towards appropriate insurance coverage have been categorized as uncontrollable. According to annual report of DPSCCL for 2011-12, an amount of Rs. 20.59 lakh is booked against insurance premium for the year 2011-12. Though a sum of Rs. 21.59 lakh is admitted in the tariff order for 2011-12, DPSCCL has claimed a sum of Rs. 20.59 lakh towards payment of insurance premium for fire, motor vehicle, workmen compensation and other insurance.

2.14.2 In this matter, the Commission admits their claim for insurance premium for Rs. 20.59 lakh in the APR for 2011 – 2012 with following cost centre wise allocation as proposed by DPSCCL.

Sl. No.	Particulars	Amount (Rs. in lakh)
1.	Generation	
	Dishergarh	0.06
	Chinakuri	3.79
2.	Distribution	16.74
	Total	20.59

2.14.3 DPSCCL is, however, directed to confirm in the next APR application that the provisions under regulation 5.23.1 has been complied with for this purpose.

2.15 Depreciation:

2.15.1 As per annual report of DPSCCL for 2011-12, depreciation and amortization expense for 2011-12 is Rs. 632.09 lakh while an amount of Rs. 577.62 lakh was admitted in the tariff order for 2011-12 for the same. DPSCCL has claimed an amount of Rs. 574.16 lakh for depreciation and amortization expenses for the



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year 2011-12 as per form – B of their APR petition after making adjustment of depreciation for assets which are not directly related with their core business.

2.15.2 The Commission, however, admits an amount of Rs. 573.34 lakh towards depreciation for the year 2011-12 as follows:

Sl. No.	Particulars	Amount (Rs. in lakh)	
1.	Depreciation and amortization expenses as per books of accounts	632.09	
	Less::		
2	Depreciation on cost of additional 3 floors of its building at Salt Lake in Kolkata including the cost of air conditioning, plant and elevator	53.21	58.75
3	Depreciation on leasehold land	5.21	
4	Depreciation on defunct Sibpur generating station	0.33	
5	Depreciation admissible for 2011 – 2012 [1 – (2 + 3 + 4)]	573.34	

2.15.3 On the basis of original cost of fixed assets of DPSCL as on 01.04.2011, cost center wise allocation of depreciation and amortization expense for the year 2011-12 are as follows:

Sl. No.	Particulars	Amount (Rs. in lakh)
1.	Generation	
	Dishergarh	21.81
	Chinakuri	100.75
2.	Distribution	450.78
	Total	573.34

2.16 Reserve for Unforeseen Exigencies:

2.16.1 In terms of regulation no. 5.11 of the 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



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fixed assets. Accordingly, DPSCL was allowed undernoted provisions in the tariff order since 2006 – 2007.

Financial Years	Order Reference	Amount (Rs. in lakh)
2006 – 2007	Order dated 15.09.2008 in Case No. APR-4/07-08	21.30
2007 – 2008	Order dated 28.05.2009 in Case No. APR-6/08-09	23.37
2008 – 2009	Order dated 26.07.2010 in Case No. APR-12/09-10	26.01
2009 – 2010	Order dated 24.08.2012 in Case No. APR-19/10-11	30.90
2010 – 2011	Order dated 26.03.2013 in Case No. APR-24/11-12	32.11
2011 – 2012	Order dated 14.02.2013 in Case No. TP 51/11-12	35.15
Total		168.84

2.16.2 DPSCL has claimed a sum of Rs. 34.78 lakh towards reserve for unforeseen exigencies in APR for 2011-12. The value of gross fixed assets as on 01.04.2011 for core business operation comes to Rs. 13894.21 lakh as per form 1.18 submitted by DPSCL. So, allowable amount of reserve for unforeseen exigencies comes to Rs. 34.74 lakh, being 0.25% on value of gross fixed assets for Rs. 13,894.21 lakh as on 01.04.2011 as computed in the table under paragraph 2.7.2 above.

2.16.3 The Commission admits Rs. 34.74 lakh towards reserve for unforeseen exigencies in APR for 2011-12 with following cost centre wise allocation on the basis of original value of fixed assets as on 01.04.2011:

Sl. No.	Particulars	Amount (Rs. in lakh)
1.	Generation	
	Dishergarh	1.32
	Chinakuri	6.11
2.	Distribution	27.31
	Total	34.74

2.16.4 As per sl. no.13 of notes of financial statement of annual report of DPSCL for the year 2011-12, DPSCL has invested Rs. 181.70 lakh towards reserve for unforeseen exigencies up to 2011-12.



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2.16.5 It is also observed from sl. no.13 of notes of financial statement of annual report of DPSCL that interest received in respect of such investment fund amounting to Rs. 60.43 lakh has also been reinvested in terms of regulation 5.24.2 of the Tariff Regulations.

2.17 Bad Debts:

2.17.1 DPSCL has charged an amount of Rs. 83.18 lakh as bad debts written off in its books of accounts for 2011-12 but claimed Rs. 83.09 lakh under this head in APR for 2011-12. In the tariff order for 2011-12, provision for bad debts was not considered. However, their claim for bad debts in the APR for the year 2011-12 is well within the limit as per regulation 5.10.1 of the Tariff Regulations.

2.17.2 Thus, the Commission is admitting the amount of Rs. 83.09 lakh towards bad debts for the year 2011-12 with allocation of the same to distribution function only.

2.18 Tax on Income or profit under Income Tax Act:

2.18.1 DPSCL claimed total amount of Rs. 361.56 lakh for payment of tax for the financial year 2011-2012. According to significant accounting policies under sl. no. 1(g) of notes on financial statement of DPSCL for 2011-12, current tax of Rs. 458.59 lakh is provided on taxable income in the books of accounts for the year 2011-12 as per applicable tax laws. As per annual report of DPSCL for the year 2011-12, credit entitlement of MAT of Rs. 31.25 lakh is found realizable.

2.18.2 DPSCL has not furnished income tax assessment order for the assessment year 2012-13 relating to financial year 2011-12 to the Commission. Hence, the computation of admissibility for tax on income or profit is carried on the basis of assessment order of income tax received by DPSCL up to the financial year



Order on APR of DPSCL for the year 2011-12

2009-2010. However, the Commission admits the amounts of Rs. 306.10 lakh as taxes under the provision of Income Tax Act in the APR for 2011 - 2012 considering the payment of direct tax of Rs. 226.57 lakh as depicted in the cash flow statement for the year 2011-12 as follows:

Sl. No.	Particulars	Amount (Rs. in lakh)
1	Tax assessed up to FY 2009 – 2010	769.12
2	Tax allowed up to date through tariff orders and APR orders	658.34
3	Tax allowable up to FY 2009 – 2010 (1 – 2)	110.78
4	Direct Tax paid as per audited Annual Report for the year 2011 - 2012	226.57
5	Entitlement of tax credit (MAT) as per Annual Report for the year 2011-12	31.25
6	Net tax found allowable up to this APR (3 + 4 – 5)	306.10

2.18.3 On the basis of permitted return, above admissible amount of total tax for 2011 – 2012 are allocated to different cost centers, as follows:

Sl. No.	Particulars	Amount (Rs. in lakh)
1.	Generation	
	Dishergarh	10.86
	Chinakuri	50.17
2.	Distribution	245.07
	Total	306.10

2.18.4 The Commission directs DPSCL to furnish following documents in terms of regulation 5.13 of the Tariff Regulations while submitting APR for 2012 – 2013 and subsequent years:

- i) Final Assessment Order of Income Tax Authority for the assessment year 2010 – 2011 and subsequent years.
- ii) Audited certificate in regard to income tax assessed and income tax paid with corresponding credit of income tax received from the assessment year 2001 – 2002 to the assessment year 2013 – 2014.



Order on APR of DPSCL for the year 2011-12

2.19 Return on Equity:

2.19.1 DPSCL has claimed Rs. 1274.30 lakh towards return on equity in APR for 2011-12. As per audited annual report of DPSCL for 2011-12, actual equity base at the beginning and end of the year 2011-12 is calculated as follows:

Rs. in Lakh

Particulars	Opening Balance		Closing Balance	
Share Capital	423.39		9737.90	
<u>Free Reserve:</u>				
Share Premium	1659.39		0.00	
General Reserve	5000.00		170.04	
Profit & Loss A/c	2929.46	9588.85	562.34	732.38
Total	10012.24		10470.28	
Less: Cost of lease hold land at corporate office including registration charges	308.91		308.91	
Grand Total	9703.33		10161.37	

2.19.2 Net addition to equity base during 2011-12 thus comes to Rs. 458.04 lakh (i.e. Rs. 10161.37 lakh – Rs. 9703.33 lakh) and addition to the original cost of fixed asset during the year 2011-12 is Rs. 2643.38 lakh as per paragraph 2.7.2 above.

2.19.3 Equity base for allowing returns to the licensees at the specified rate is an uncontrollable factor in terms of the Tariff Regulations. DPSCL was allowed return on the projected average equity base of generation function and distribution function @ 15.50% and 16.50% respectively. The actual average equity base for the purpose of computation of return on equity during the year 2011 – 2012 comes to Rs. 7662.15 lakh as under:

Sl. No.	Particulars	Amount (Rs. in lakh)
1	Actual equity base at the beginning of the year	9703.33
2	Admissible equity base at the beginning of the year	7433.13
3	Actual addition to equity base during the year	458.04
4	Actual equity base at the end of the year (1+3)	10161.37
5	Net Addition to the original cost of fixed assets during the year	2643.38
6	Normative addition to equity base (30% of 5)	793.01



Order on APR of DPSCL for the year 2011-12

7	Addition to equity base considered for the year (lower of 3 and 6)	458.04
8	Admissible equity base considered at the end of the year (2+7)	7891.17
9	Average equity base for allowing returns on equity (2 + 8) / 2	7662.15

2.19.4 Return of equity is computed on the basis of gross value of fixed assets at the beginning and end of the year and cost centre wise gross value of fixed assets of DPSCL as on 01.04.2011 and 31.03.2012 is segregated as under:

Particulars	Gross Value of Fixed Assets (Rs. in lakh)	
	As on 01.04.2011	As on 31.03.2012
Generation		
Dishergarh	528.62	528.62
Chinakuri	2441.57	2441.57
Distribution	10924.02	13801.60
Total	13894.21	16771.79

2.19.5 It is seen from the above that there was no asset addition in generation and the entire asset addition during the year 2011 – 2012 was related to distribution business. Thus the admissible addition to equity base as considered in paragraph 2.19.3 is attributable to distribution business.

2.19.6 Based on above, the following cost center-wise allocation of equity base and return of equity for generation and distribution functions are admitted in the APR for 2011 – 2012:

Rs. in Lakh

Particulars	Admissible Equity Base of 2011-12		Average Equity Base of 2011-12	Return on equity (%)	Return admitted in APR for 2011-12
	Opening	Closing			
Generation					
Dishergarh	285.77	285.77	285.77	15.50	44.29
Chinakuri	1319.92	1319.92	1319.92	15.50	204.59
Distribution	5827.44	6285.48	6056.46	16.50	999.32
Total	7433.13	7891.17	7662.15		1248.20



2.20 Performance Incentive:

2.20.1 Schedule 10 to the Tariff Regulations provides for allowing incentives to generating companies and the licensees, as the case may be for their improved performances. Since ARR for the concerned year was determined on prospective basis, no amounts towards such incentives were provided therein. Now the actual performance of DPSCCL on different criteria, as come out from their submission, is not found eligible for any performance incentive and DPSCCL also in their application for APR 2011 – 2012 did not claim any amount for the same. Thus, no performance incentive is admitted to DPSCCL in APR for 2011 – 2012.

2.21 Operation & Maintenance Expenses:

2.21.1 Operation and Maintenance (O&M) expenses viz. repair and maintenance including cost of consumables, legal and professional charges, audit fees, administrative and general expenses are categorized as controllable in terms of the Tariff Regulations.

2.21.2 The expenses under the head 'rent', 'lease rental', 'rates and taxes' and 'insurance premium' previously treated as a part of O&M expenses and controllable expenses have been considered separately in the preceding paragraphs 2.11, 2.12, 2.13 and 2.14 of this chapter.

2.21.3 In view of above, the O&M expenses approved in the tariff order is regrouped wherever necessary to take a considered view in this regard. The table given below depicts the amount approved in the tariff order under the head O&M expenses vis-à-vis actual expenses (where comparison is required) thereof separately for generation and distribution function.



Order on APR of DPSCL for the year 2011-12

2.21.4 O&M expenses for generating stations being controllable are admitted in terms of norms specified in schedule 9A of the Tariff Regulations, which is same as that was considered in the tariff order.

2.21.5 O&M expenses for generation function as admitted in APR for 2011-12 are as under:

Rs. in Lakh

Particulars	As admitted in APR for 2011 - 2012
Generation	
Dishergarh	186.78
Chinakuri	351.00
Total	537.78

2.21.6 O&M expenses for distribution function as considered in the tariff order vis-à-vis actual are presented in the table below after necessary regrouping as per Tariff Regulations discussed in paragraph 2.21.2 above.

2.21.7 The Commission in its tariff order for 2011 – 2012 directed that in case actual expenditure under **repair and maintenance** head of distribution system is found to be less than the admitted amount, the Commission will allow the actual expenditure under this head in APR for the concerned year. DPSCL has incurred the actual expenditure on repair and maintenance including consumable stores and contract labour amounting to Rs. 582.34 lakh (i.e. Rs. 365.56 lakh + Rs. 135.11 lakh + Rs. 81.67 lakh) as per the annual report for the year 2011–12. The actual allocation for repairs and maintenance in tariff order is inseparable from the total allocated O&M expenses in case of generation function and hence cannot be compared one to one basis. However, in case of distribution function, it is observed that DPSCL has actually spent Rs. 362.13 lakh (i.e. Rs. 276.33 lakh + Rs. 55.81 lakh + Rs. 29.99 lakh) on repairs including consumable stores and



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contract labour while an amount of Rs. 244.36 lakh was allowed under this head of expense in the tariff order for 2011-12. The Commission, therefore, decides to admit the expenses on repairs including consumable stores and payment to contract labour through contractor as per tariff order for the year 2011-12 for its distribution function totaling to an amount of Rs. 244.36 lakh above. Besides, all the items of other expenses except loss on discard/sale of fixed assets (net) and miscellaneous expenses under sl. no. 25 of notes on financial statement of audited annual report for 2011-12 of DPSCS have been considered separately. Loss on discard / sale of fixed assets (net) amounting to Rs. 89.31 lakh and miscellaneous expenses amounting to Rs. 1053.07 lakh are detailed and included in annexure to form – E for administration and general expenses as disclosed in the APR petition for 2011-12. On the basis of the available information, actual expense for other **administrative and general expenses** in respect of distribution function for the year 2011-12 comes to Rs. 427.53 lakh, while an amount of Rs. 188.24 lakh was admitted in the tariff order for 2011-12 under this head of expense for distribution function. As per APR petition for 2011-12, **legal and professional charges** including consultancy service charges comes to Rs. 521.93 lakh while an amount of Rs. 54.05 lakh was admitted in the tariff order for 2011-12 under this head of expense for distribution function. Again **auditors' remuneration** as per annual report for 2011-12 is Rs. 23.00 lakh while an amount of Rs. 7.42 lakh was admitted in the tariff order for 2011-12 under this head of expense for distribution function. **Rent** for distribution function is considered as O&M expense but **rates and taxes** are dealt separately under paragraph 2.13.2. **Staff training expenses** for distribution function are claimed for Rs. 11.67 lakh in the APR for 2011-12 while an amount of Rs. 10.08 lakh was admitted in the tariff order for 2011-12 under this head of expense for distribution function.



Order on APR of DPSCL for the year 2011-12

2.21.8 Based on the above analysis, O&M expenses, being controllable in nature, are regrouped and admitted for distribution function in the APR for the year 2011-12 as follows:

Rs. in Lakh

Sl. No.	Head of O&M Expenses (Regrouped)	As approved in Tariff Order	Actual Expenditure	Amount admitted in APR under O&M Head	Remarks
1	Repairs & Maintenance including Consumable Stores & spares and payment to Contract Labours	244.36	362.13	244.36	--
2	Other Administrative & General expenses	188.24	427.53	188.24	--
3	Rent		11.71	11.71	--
4	Rates & Taxes	13.60	68.32	0.00	Treated separately
5	Legal & Professional Charges	54.05	521.93	54.05	--
6	Audit Fees	7.42	23.01	7.42	--
7	Staff Training Expense	10.08	11.67	10.08	--
	Total	517.75	1426.30	515.86	

2.22 Income from Investments:

2.22.1 An amount of Rs. 70.37 lakh was deducted from the gross amount of fixed charges towards projected income from investments and bank balances in the tariff order for 2011-12. As per notes on financial statements of DPSCL for the year 2011-12 vide sl. no. 21, income from investment and deposits along with dividend income on long term investment comes to Rs. 306.00 lakh as detailed below:

Sl. No.	Particulars	Amount in Rs. lakh
1	Interest Income on Investment in Bonds and Securities – long term	24.25
2	Interest Income on Investment in Fixed deposits – long term	2.86
3	Interest Income on Deposits and Others	278.29
4	Dividend Income on long term Investment	0.60
	Total:	306.00



Order on APR of DPSCL for the year 2011-12

2.22.2 Again according to sl. no. 21.1 of notes on financial statements of DPSCL for the year 2011-12, above income from investment amounting to Rs. 306.00 lakh includes the earning of Rs. 15.13 lakh from the investment of reserve for unforeseen exigencies, which is required to be included in the specific reserve fund only. Since earnings from investment reserve for unforeseen exigencies are to be included in the specific reserve fund, any income from such investment would never be considered as income from investment.

2.22.3 As such, the Commission allows Rs. 290.87 lakh (i.e. Rs. 306.00 lakh – Rs. 15.13 lakh) towards income from investment for 2011-12 for deduction from gross allowable fixed charges with allocation to distribution function as proposed by DPSCL.

2.23 Other Miscellaneous Incomes:

2.23.1 All incomes other than income from investment are considered under this head of income. DPSCL has considered such income in their petition for APR of 2011-12 for Rs. 145.28 lakh after deduction of an amount of Rs. 126.90 lakh towards old liabilities written back. In this regard, the Commission observes that the liability of Rs. 126.90 lakh was created out of normal business operation of DPSCL. As such, the written back amount of liability should be considered as income from normal business operation of the licensee. As per audited accounts of DPSCL of 2011-12, other miscellaneous incomes including rent received, other operating income, dividend income, etc. are accumulated to Rs. 378.44 lakh as detailed below:

Sl. No.	Particulars	Amount in Rs. lakh
1	Rent received	86.89
2	Other Operating Income including liabilities written back	272.18
3	Dividend on long term investment others	0.60
4	Miscellaneous	18.77
	Total:	378.44



Order on APR of DPSCCL for the year 2011-12

2.23.2 The Commission allows Rs. 378.44 lakh towards other miscellaneous operating income for 2011-12 for deduction from gross allowable fixed charges with allocation to distribution function as proposed by DPSCCL

2.24 Interest Credit:

2.24.1 As per annual report for 2011-12, DPSCCL had not made any repayment of loan during the year 2011-12. So, interest credit at the rate of weighted average cost of debt on excess of depreciation over repayment of loan is being admitted in terms of regulation 5.5.3 of the Tariff Regulations by the Commission as follows:

Rs. in Lakh

Sl. No.	Particulars	As admitted in APR 2011-12
1	Depreciation allowed	573.34
2	Less : Loan repayment during the year 2011-12	NIL
3	Excess of depreciation over loan repayment (1 - 2)	573.34
4	Weighted average rate of interest in percent	10.75
5	Interest credit	61.63

2.24.2 The above admitted amount of Rs. 53.33 lakh is allocated between generation and distribution function in proportion to the allocation of depreciation as under:

Sl. No.	Particulars	Amount (Rs. in lakh)
1.	Generation	
	Dishergarh	2.34
	Chinakuri	10.83
2.	Distribution	48.46
	Total	61.63



2.25 Admissibility of recovery of Full Capacity Charges based on availability:

2.25.1 In terms of regulation 6.4.2 of the Tariff Regulations, the recovery of capacity charges for all the generating stations of the licensee shall be against the normative availability. But in terms of proviso to the regulation 6.4.2 of the Tariff Regulations the capacity charge recovery of the generating stations that have not been covered by on-line monitoring display arrangement at SLDC along with dedicated audio communication shall be done on the basis of normative PLF only. The Dishergarh power station of DPSCS was not covered by on-line monitoring display arrangement at SLDC during the entire period of 2011 – 2012. Thus the recovery of capacity charge for Dishergarh generating station shall be determined on the basis of actual generation vis-à-vis targeted generation at target PLF. Online display arrangement at SLDC along with dedicated audio communication for Chinakuri power station has already been established and DPSCS started furnishing declared capacity / schedule only from 15.10.2010. Thus, recovery of capacity charges for Chinakuri generating station shall be made against normative availability.

2.25.2 It is observed that actual generation at Dishergarh and Chinakuri generating stations of DPSCS during the year 2011 – 2012 was much below the target generation as admitted in the tariff order. DPSCS has submitted in its application for APR for 2011 – 2012 in form 1.1 that such low generation was attributable to continued short availability of coal despite the Plant Availability Factor (in short “PAF”) of Dishergarh generating station, was 90.50% excluding outage and that of Chinakuri generating station was 93.64% excluding outage.



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2.25.3 Again, according to form no. 1.2 submitted by DPSCL, actual Plant Load Factors (PLF) for both Dishergarh and Chinakuri generating stations are respectively 5.33% and 20.82% against target PLF of 48% and 80% respectively.

2.25.4 On the basis of aforesaid observation, the Commission decides to allow the recovery of capacity charges to the extent the PLF actually achieved in respect of Dishergarh generating station. Accordingly, capacity charge in respect of Dishergarh generating station is admitted for Rs. 274.98 lakh after disallowing capacity charges of Rs. 204.66 lakh as depicted below in a nut-shell.

Rs. in Lakh

Generating Station	Target PLF (%)	Actual PLF (%)	Shortfall in percentage	Capacity Charge for 2011 – 12	Capacity charge disallowed	Admitted Capacity Charge for 2011 – 2012
Dishergarh	48	5.33	42.67	479.64	204.66	274.98

2.25.5 Since Chinakuri generating station has achieved normative PAF during the year 2011 – 2012, capacity charges of Rs. 1640.03 lakh for Chinakuri generating station is fully allowed during the year 2011 – 2012.

2.25.6 Since the actual PLF physically achieved in Chinakuri generating station (20.82%) and in Dishergarh generating station (5.33%) are lower than the targeted PLF, no incentive in terms of paragraph no. 1 of the schedule – 10 to the Tariff Regulations is allowed.



2.26 Fixed Charges as Admitted:

2.26.1 Based on the foregoing analysis, allowable fixed charges under different heads after adjustment of other incomes in respect of Dishergarh and Chinakuri generating stations and distribution function of DPSCL for the year 2011 – 12 comes to Rs. 7530.09 lakh as shown in enclosed Annexure 2A.

2.26.2 Net admissible amount of fixed charges of DPSCL for the year 2011 – 2012 in respect of Dishergarh and Chinakuri generating stations as well as distribution function has been arrived at Rs. 7325.43 lakh after deducting the amount specified in paragraphs 2.25.4 above and cost centre wise allocation of admissible fixed charges are as follows:

Sl. No.	Description	Generating Station		Distribution	Total
		Dishergarh	Chinakuri		
1	Net Fixed Charges(Refer Annexure -2A)	479.64	1640.03	5410.42	7530.09
2	Fixed Charges disallowed (refer paragraph 2.25.4)	204.66	0.00	0.00	204.66
3	Admissible Fixed Charges (1 – 2)	274.98	1640.03	5410.42	7325.43



Annexure – 2A

Rs. in Lakh

Sl. No.	Head of Fixed Charges	As Admitted in APR 2011 - 2012			
		Generation		Distribution	Total
		Dishergarh	Chinakuri		
1	Employee Cost	197.05	483.61	2777.83	3458.49
2	Water Charges	0.09	8.50	0.00	8.59
3	Coal & Ash Handling Expenses	11.31	15.19	0.00	26.50
4	Operation & Maintenance Expenses including consumables and payment to contract labour	186.78	351.00	515.86	1053.64
5	Interest on Capital Borrowings	0.00	0.00	368.31	368.31
6	Interest on Consumers' Security Deposit	0.00	0.00	23.68	23.68
7	Interest on Working Capital	7.91	37.95	503.40	549.26
8	Other Finance Charges	0.00	0.00	23.13	23.13
9	Lease Rental (for generating station)	0.00	386.05	0.00	386.05
10	Rates & Taxes (Other than on Income & Profit)	0.50	3.15	93.67	97.32
11	Insurance Premium	0.06	3.79	16.74	20.59
12	Depreciation	21.81	100.75	450.78	573.34
13	Reserve for unforeseen Exigencies	1.32	6.11	27.31	34.74
14	Bad Debts	0.00	0.00	83.09	83.09
15	Taxes as per Income Tax Act	10.86	50.17	245.07	306.10
16	Return on Equity	44.29	204.59	999.32	1248.20
17	Gross Fixed Charges for the year (1 to 16)	481.98	1650.86	6128.19	8261.03
	Less: Adjustment				
18	Income from Investment	0.00	0.00	290.87	290.87
19	Other Miscellaneous Income	0.00	0.00	378.44	378.44
20	Interest credit	2.34	10.83	48.46	61.63
21	Total (18 to 20)	2.34	10.83	717.77	730.94
22	Net fixed charges (17 - 21)	479.64	1640.03	5410.42	7530.09
23	Capacity charges disallowed	204.66	0.00	0.00	204.66
24	Admissible fixed charges (22 - 23)	274.98	1640.03	5410.42	7325.43



CHAPTER – 3 AMOUNT ADJUSTABLE ON ANNUAL PERFORMANCE REVIEW

- 3.1 Based on the forgoing analyses and admission of the adjustments under different controllable / uncontrollable factors / elements of fixed charges, the re-determined allowable fixed charges separately for each of the generating stations of DPSC as well as for its distribution functions come as under:

Particulars	Amount (Rs. in Lakh)
Generation	
Dishergarh	274.98
Chinakuri	1640.03
Distribution	5410.42
Total	7325.43

- 3.2 In its order dated 25.07.2013 in case No. FPPCA-58/12-13, the Commission also re-determined the fuel and power purchase cost allowable to DPSC totalling to Rs. 45651.32 lakh, after meeting the amounts relating to shares of various gains attributable to its consumers and WBSEDCL in terms of the Tariff Regulations vide paragraph 4.5 of the aforesaid order. The cost centre-wise breakup of this total amount of Rs. 45651.32 lakh is as follows:

Rs. In Lakh				
Particulars	Dishergarh	Chinakuri	Distribution	Total
Fuel Cost (allocated in the ratio of normative cost of Order dated 17.12.2012 in Case No. FPPCA-60/12-13.	320.40	2141.26	-	2461.66
Power Purchase Cost	-	-	43189.66	43189.66
Total	320.40	2141.26	43189.66	45651.32



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- 3.3 It comes out from the enumerations as shown above, DPSC's total realizable sales revenue from its consumers and WBSEDCL during the year 2011-12 comes as follows:

	Rs. In Lakh
Fuel & Power Purchase Cost	45651.32
Fixed Charges	7325.43
Total:	52976.75

3.4 **Gains through Better Performance in Distribution Loss than the Norms:**

- 3.4.1 In terms of paragraph D of Schedule 9B of the Tariff Regulations, gains accruing to a distribution licensee due to its performance in distribution loss being better than the norms of distribution loss in any year may be retained by that distribution licensee in that year subject to gain sharing applicable separately for fuel cost of own generation as specified in paragraph A of Schedule 7A of the Tariff Regulations during Fuel and Power Purchase Cost (FPPC) determination. In terms of paragraph 3.3 of the Fuel and Power Purchase Cost Adjustment (FPPCA) order of DPSC for the year 2011-12 vide order dated 25.07.2013 in Case No. FPPCA-58/12-13, DPSC saved 23.94 MU for better performance in distribution loss than the norms and they had been allowed to retain the benefit for such savings amounting to Rs. 969.95 lakh during FPPC determination for 2011-12.
- 3.4.2 In terms of paragraph 3.3 above, the total admitted variable and fixed cost in APR for 2011-12 of DPSC for sale of energy to consumers and WBSEDCL come to Rs. 52976.75 lakh for 998.47 MU of energy sold to consumers and licensee. Units saved through reduction of distribution loss in 2011-12 are 23.94 MU and therefore DPSC is allowed to retain the revenue earned i.e., Rs. 1270.21 lakh $\{(Rs. 52976.75 \text{ lakh} / 998.47) \times 23.94\}$ subject to adjustment of gain



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sharing accruing to them amounting to Rs. 969.95 lakh through the FPPCA order referred above. The net adjustment with the actual revenue realized from such savings in sale of energy to own consumers and WBSEDCL comes to Rs. 300.26 lakh (Rs. 1270.21 lakh – Rs. 969.95 lakh).

- 3.5 In the tariff order for 2011-12 an amount of Rs 3045.28 lakh as found recoverable by DPSC in APR for 2009-10 was adjusted in the ARR for 2011-12. Accordingly, the amount of Rs. 3045.28 lakh is also required to be adjusted in determining the net recoverable amount.
- 3.6 Actual revenue realized from sale of energy to the consumers and WBSEDCL during the year 2011-12 as per note 20 in notes on financial statement of annual report and accounts 2011 - 2012 is Rs. 53786.21 lakh.
- 3.7 In terms of paragraph 3.4.2 above, Rs. 300.26 lakh is to be adjusted against actual revenue realized from sale of energy for 2011-12 amounting to Rs. 53786.21 lakh. Accordingly, the re-determined actual revenue realized by DPSC from sale of energy to own consumers and WBSEDCL comes to Rs. 53485.95 lakh (Rs. 53786.21 lakh – Rs. 300.26 lakh) and the same is allocated to different generating stations and distribution function as below.

Particulars	Amount in Rs. in Lakh
Generation	
Dishergarh	662.71
Chinakuri	4029.10
Distribution	48794.14
Total	53485.95



Order on APR of DPSC Limited for the year 2011-12

3.8 Based on the analyses as done in the foregoing paragraphs, DPSC is to recover an amount of Rs. 2536.08 lakh (Rs. 45651.32 + Rs 7325.43 lakh + Rs.3045.28 lakh -Rs 53485.95 lakh) for the year 2011-12 with cost centre wise break-up as given below:

Particulars	Net Amount Recovered from sale of power	Fuel & Power Purchase Cost	Fixed Charges	Adjustment of fixed charges on account of APR for 2009-10	Total Recoverable	Balance amount recoverable
1	2	3	4	5	6= (3+4+5)	7= (6-2)
Dishergarh	662.71	320.40	274.98	98.75	694.13	31.42
Chinakuri	4029.10	2141.26	1640.03	438.85	4220.14	191.04
Distribution	48794.14	43189.66	5410.42	2507.68	51107.76	2313.62
Total	53485.95	45651.32	7325.43	3045.28	56022.03	2536.08

3.9 In terms of the Tariff Regulations, the entire recoverable amount of Rs. 2536.08 lakh or a part thereof shall be adjusted with the amount of Aggregate Revenue Requirement for the year 2013-14 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 DPSC for the year 2013-14 or any ensuing year or in a separate order.

3.10 DPSC is to take a note of this order.

Sd/-
(SUJIT DASGUPTA)
MEMBER

Sd/-
(PRASADRANJAN RAY)
CHAIRPERSON

DATED: 10.09.2013