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Abbreviations

A.P./AP	Andhra Pradesh
AB Cable	Aerial Bunched Cable
APCPDCL	Central Power Distribution Company of Andhra Pradesh Limited
APDDCF Ltd.	Andhra Pradesh Dairy Development Cooperative Federation Limited
APEPDCL	Eastern Power Distribution Company of Andhra Pradesh Limited
APERC	Andhra Pradesh Electricity Regulatory Commission
APGenco	Andhra Pradesh Power Generation Corporation Limited
APNPDCL	Northern Power Distribution Company of Andhra Pradesh Limited
APPCC	Andhra Pradesh Power Coordination Committee
APSPDCL	Southern Power Distribution Company of Andhra Pradesh Limited
APTRANSCO	Transmission Corporation of Andhra Pradesh Limited
APTS	Andhra Pradesh Technology Services Limited
ARR	Aggregate Revenue Requirement
ASSOCHAM	The Associated Chambers of Commerce and Industry of India
ATE/APTEL	Appellate Tribunal for Electricity
BSNL	Bharat Sanchar Nigam Limited
CAG	Comptroller and Auditor General of India
CBIP	Central Board of Irrigation and Power
CBR	Conduct of Business Regulations
CE	Chief Engineer
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CFL	Compact Fluorescent Lamp
CGRF	Consumer Grievance Redressal Forum
CII	The Confederation of Indian Industry
CMD	Chairman & Managing Director/ Contracted Maximum Demand
CoD	Date of Commercial Operation
CoS	Cost of Service
CPP	Captive Power Plant
CPRI	Central Power Research Institute
Cr.	Crore
Discom	Distribution Company
DPS	Delayed Payment Surcharge
Dr.MCR HRD	Dr.Marri Channa Reddy Human Resource Department Institute of Andhra Pradesh
DSM	Demand Side Management

e.filing	Electronic Filing
EA	The Electricity Act, 2003
EMRI	Emergency Management and Research Institute
FICCI	Federation of Indian Chamber of Commerce and Industry
FOIR	Forum of Indian Regulators
FSA	Fuel Surcharge Adjustment
G.O.	Government Order
GCV	Gross Calorific Value
GIS	Geographic Information System
GoAP	Government of Andhra Pradesh
GPS	Global Positioning System
HP	Horse Power
HRD	Human Resource Development
HT	High Tension
HVDS	High Voltage Distribution System
I.A.	Interlocutory Application
IT	Information Technology
JBIC	Japan Bank of International Cooperation
JMD	Joint Managing Director
kV	Kilo-Volt
kVA	Kilo-Volt-Ampere
kW	Kilo-Watt
kWh	Kilo-Watt-hour
LAN	Local Area Network
LT	Low Tension
MDO	Mandal Development Office
MRO	Mandal Revenue Office
MW	Mega Watt
NCE	Non-Conventional Energy
NVD	Neutral Voltage Displacement
O.P.	Original Petition
PPA	Power Purchase Agreement
PWS	Public Water Scheme
QoS	Quality of Service
R.P.	Review Petition
REC	Renewable Energy Certificate
RESCO	Rural Electric Supply Cooperative Society
RGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana

RMD	Recorded Maximum Demand
Rs.	Indian Rupees
RTI	Right to Information
RTPP	Rayalaseema Thermal Power Plant
SAC	State Advisory Committee
SERC	State Electricity Regulatory Commission
SERF	Southern Electricity Regulators Forum
SI	System Improvement
SLDC	State Load Despatch Centre
SLM	Straight Line Method
SSLBPH	Sri Sailam Left Bank Power House
STU	State Transmission Utility
T.A.	Traveling Allowance
Temp.	Temporary
u/s	Under Section
VCB	Vacuum Circuit Breaker
VVI	Voltage Variation Index
W	Watt
WDV Method	Written Down Value Method

EXECUTIVE SUMMARY

The Andhra Pradesh Electricity Regulatory Commission presents the Annual Report for the ninth functional financial year ended 31st March, 2008 duly incorporating the Summary of Activities together with the Separate Audit Report of the Comptroller & Auditor General of India (CAG) on the Annual Accounts of the Commission under sections 104 & 105 of the Electricity Act, 2003.

The Summary of the activities of the Commission during FY 2007-08 are:

- i) No fresh licences/exemptions were granted during 2007-08.
- ii) The Commission notified three (3) Regulations as detailed in Chapter-IV.
- iii) The number of petitions/applications disposed by the Commission is as given below:

Sl. No.	Petitions	Disposed
1)	Original Petitions	16 Nos (including 3 Nos.of previous years)
2)	Review Petitions	8 Nos
3)	Interlocutory Applications	2 Nos

- iv) The Commission accorded approval for various Transmission Investment schemes of total value Rs.547.03 crore and Distribution Investment schemes of total value Rs.1,573.96 crore during the year 2007-08.
- v) The Commission reviewed the Quality of Service (QoS) data submitted by the four Discoms in terms of their overall standards of performance.
- vi) The Retail Supply Tariffs for the year 2008-09 were determined vide Tariff Order dated 20.03.2008. The Highlights of the Tariffs are -
 - The filings of Discoms as well as the objections received from public along with the scanned copies of written objections/suggestions received pursuant to the public notice have been displayed in the e-filing window of the Commission's website www.ercap.org/e.Filing.
 - Tariffs have been rationalized through reduction in Energy Charges for the subsidizing categories viz., LT-II, HT-I, HT-II and HT-V.
 - The Energy charges has also been rationalized for HT-VI category at Rs.4.00 per unit, by which different groups of consumers can avail the tariff at single point.
 - The Commission introduced an innovative; a separate category in the Tariff Schedule titled "**Green Power**" available for all the consumers in the State who wish to avail of power from non-conventional sources of energy voluntarily and show their support to an environmental cause with the following broad terms & conditions:
 - b) Green pricing is an optional tariff offered by the licensees and is voluntary.
 - c) Each consumer is entitled to Renewable Energy Certificates (RECs).

- As an energy conservation measure, the carrying cost of Rs.1.00 crore for each Discom is included in the approved expenditure to enable to raise some funds to examine and experiment with the use of CFL lamps.
- APEPDCL has provided with additional amount of Rs 1.32 crore for electrification of some of the inaccessible tribal hamlets in its area of operation through Solar Photovoltaic Energy Schemes.
- The Load Factor incentive scheme applicable to category HT-I (Industrial General) is extended for one more year i.e., upto 31.03.2009.
- Consequent upon the policy direction by GoAP u/s 108 of the Electricity Act, 2003 uniform Tariffs throughout the State has been maintained.
- The Discom-wise Cost of Service has been provided in the Annexure to the Tariff Order for the first time.
- 15 fresh directives on various parameters/issues were issued for the improvement of system operations and financials of the Licensees.
- The gist of the major elements of Tariff proposed in this order is as follows:

1	Aggregate Revenue Requirement	Rs.14,541.57 crore
2	Revenue from Proposed Tariffs	Rs.13,253.72 crore
3	Net Revenue Gap	Rs.1,182.14 crore
4	GoAP subsidy	Rs.1,182.14 crore

CHAPTER-I ORGANISATIONAL SETUP

1.1 The Commission:

The Andhra Pradesh Electricity Regulatory Commission (hereinafter called “the Commission”) was constituted vide G.O. Ms. No. 65, Energy (Power III) dated 31.03.1999 as an independent statutory body under the provisions of Andhra Pradesh Electricity Reform Act, 1998 [Reform Act]. The Commission comprises a Chairman and two Members, appointed by the Government of Andhra Pradesh as per the selection procedure prescribed in the Reform Act. The Commission became operational w.e.f. 3rd April, 1999.

1.1.1 The Electricity Act, 2003 came into force w.e.f. 10.06.2003. While repealing the three earlier Acts viz., the Indian Electricity Act, 1910, the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commissions Act, 1998, the new Act saved the provisions of the Reform Act, not inconsistent with the provisions of the new Act, will continue to apply in the State of Andhra Pradesh.

1.1.2 During the financial year 2007-08, *Sri K.Swaminathan*, rendered his service upto 27.01.2008 as Chairman of the Commission. *Sri Surinder Pal* rendered his services as Member (Finance) and *Sri R.Radha Kishen*, rendered his services as Member (Technical) of the Commission.

1.2 Functions and duties of the Commission:

Section 86 of the Electricity Act, 2003 enumerates the functions of the State Electricity Regulatory Commission as:

- 1) the Commission shall discharge the following functions, namely:-
 - (a) To determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be within the State:

Provided that where open access has been permitted to a category of consumers u/s 42, the Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;
 - (b) To regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
 - (c) To facilitate intra-State transmission and wheeling of electricity;
 - (d) To issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;

- (e) To promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
 - (f) To adjudicate upon the disputes between the licensees and generating companies and to refer any dispute for arbitration;
 - (g) To levy fee for the purposes of the Act;
 - (h) To specify State Grid Code consistent with the Grid Code specified by CERC having regard to Grid Standards.
 - (i) To specify or enforce standards with respect to quality, continuity and reliability of service by licensees; and
 - (j) To fix the trading margin in the intra-State trading of electricity, if considered, necessary;
 - (k) To discharge such other functions as may be assigned under the Act.
- (2) The Commission shall advise the State Government on all or any of the following matters, namely:-
- (i) Promotion of competition, efficiency and economy in activities of the electricity industry.
 - (ii) Promotion of investment in electricity industry;
 - (iii) Reorganization and restructuring of electricity industry in the State;
 - (iv) Matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the Commission by the State Government.
- (3) The Commission shall ensure transparency while exercising its powers and discharging its functions.
- (4) In discharge of its functions, the Commission shall be guided by the National Electricity Policy, National Electricity Plan and Tariff Policy published under sub-section (2) of section 3 of the Electricity Act, 2003.

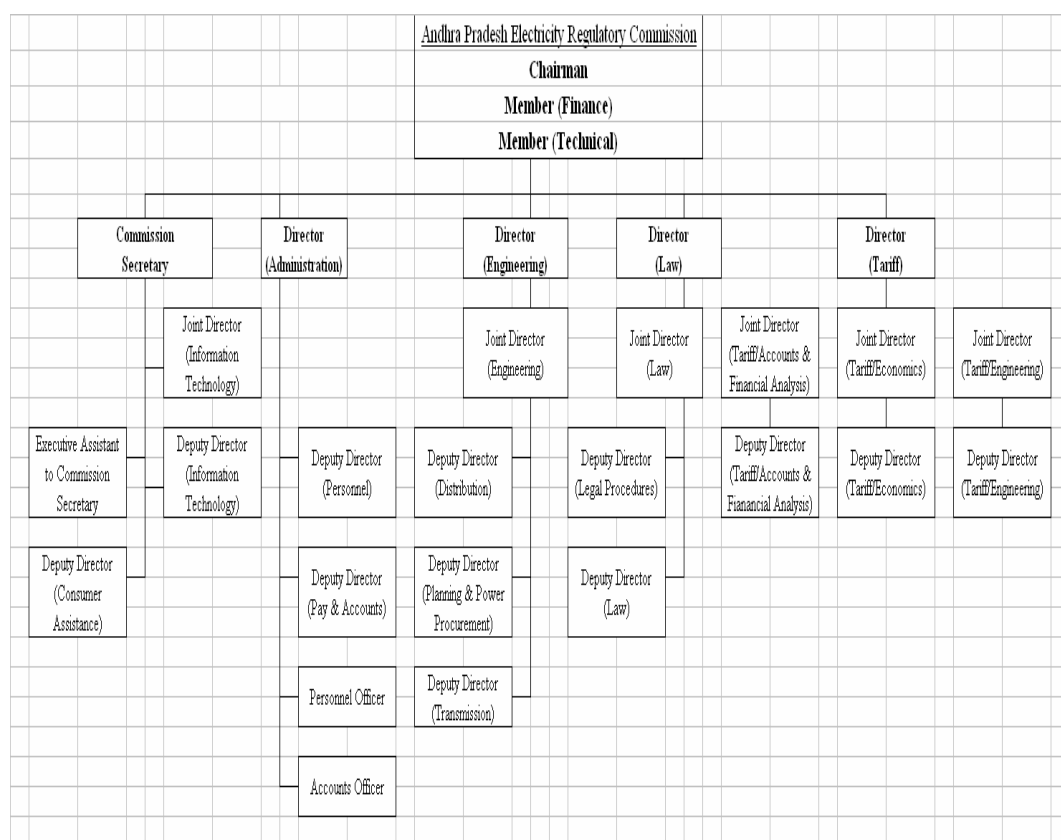
1.3 **Infrastructure:**

- 1.3.1 **Office Building:** The Commission has its office at rented premises at 11-4-660, 4th & 5th Floors, Singareni Bhavan, Red Hills, Hyderabad 500004 with court hall for conducting hearings on petitions and appeals, conference hall for conducting meetings and library for access of records, information and literature.

1.3.2 Local Area Network (LAN) and website Hosting: All the Computer systems in the Commission's office are connected through a Local Area Network (LAN) enabling for access to any reference information. The Commission has its own website www.aperc.gov.in (formerly www.ercap.org) and is used for announcing the hearing schedules, news, updates, issuing the orders and inviting comments on concept papers, regulations and petitions. It also provides information on Consumer Grievances Redressal Forums and Vidyt Ombudsman and guides the consumer for redressal of their grievances. Further, information like notified Regulations, orders and reports and details regarding Right to Information Act, 2005 are also available in downloadable formats on the website.

1.4 Organizational structure:

The Organizational chart of the Commission is as given below:



1.5 Staffing Position:

58 personnel are in position as on 31.03.2008 as against the sanctioned strength of 81, the Staffing position as on 31.03.2008 is as given below:

Sl. No.	Name of the Employee S/Sri/Smt.	Designation
1	G.V.Nagesh	Commission Secretary
2	Dr Geeta Gowri	Director/Tariff
3	K.Rajagopala Reddy	Director/Law
4	S.Ramanuja Rao	Director/Engineering
5	C.Ramakrishna	Director/Administration
6	Umakanta Panda	Joint Director/Information Technology

Sl. No.	Name of the Employee S/Sri/Smt.	Designation
7	Dr. P.Rama Rao	Deputy Director/Tariff (Economics)
8	Dr. A.Srinivas	Deputy Director/Legal Procedure
9	P.Solomon Herme	Deputy Director/Planning & Power Procurement
10	K.Sreedhar Reddy	Deputy Director/Engineering
11	N.Nagaraj	Deputy Director/Law
12	P.Sarada	Deputy Director/Information Technology
13	N.Bhanu Prakash	Deputy Director/Personnel
14	S.B.V.Rajesh	Deputy Director/Transmission
15	M.G.Gunasekaran	Deputy Director/Tariff (Accounts & Financial Analysis)
16	P.Murali Krishna	Deputy Director/Tariff (Engineering)
17	K.Vijaya Kumar	Deputy Director/Consumer Assistance
18	B.Ramesh Babu	Accounts Officer
19	M.S.V.V.Prasad	Personnel Officer
20	S.Rajender	Private Secretary
21	S.Vilma Samuel	Private Secretary
22	P.Lakshmi Kantamma	Junior Personnel Officer
23	K.Nagaraju	Cashier
24	G.V.R.Yohendra Rao	Security Officer
25	P.V.Suryanarayana Rao	Steno-cum-computer Operator
26	V.Sarada	Steno-cum-computer Operator
27	N.Sasikala	Steno-cum-computer Operator
28	P.V.Padmaja	Steno-cum-computer Operator
29	A.Lakshman Kumar	Steno-cum-computer Operator
30	H.G.Geetha	Librarian
31	R.Jayasree	Clerk-cum-computer operator
32	M.B.A.S.T.Sai	Clerk-cum-computer operator
33	B.Durga Prasad	Clerk-cum-computer operator
34	P.Amarnath	Clerk-cum-computer operator
35	G.Nataraju	Clerk-cum-computer operator
36	P.V.L.Sailaja	Clerk-cum-computer operator
37	P.Vijaya Lakshmi	Clerk-cum-computer operator
38	A.G.V.Satya Prakash	Personal Assistant
39	V.M.V.R.S.Sridhar	Personal Assistant
40	G.Surya Kumari	Personal Assistant
41	V.K.Ratnakar	Personal Assistant
42	I.Usha Rani	Telephone Operator
43	G.Venkateswara Rao	Receptionist
44	M.Sudarsan	Caretaker
45	M.Iqbal Ansari	Messenger
46	C.Laxminarayana	Driver
47	A.Rahman	Driver
48	Syed Yousuf	Driver
49	Mohammed Ali	Office Subordinate

Sl. No.	Name of the Employee S/Sri/Smt.	Designation
50	P.Anil Chand	Office Subordinate
51	P.Ramakrishna Murthy	Office Subordinate
52	G.Kumar	Office Subordinate
53	P.Srinivasa Rao	Office Subordinate
54	B.Srinivas	Office Subordinate
55	S.Srinivasa Rao	Office Subordinate
56	Y.Damodar Rao	Office Subordinate
57	G.Appanna	Office Subordinate
58	K.Ramu	Security Guard

1.6 Administration (Human Resource Development):

1.6.1 The Commission continued its proactive role in enhancing the capabilities of the officers and the staff of the Commission to match the requirements of the changing scenario of the Energy Sector and to deal with regulatory issues by sponsoring them for various training programs in the country as listed below:

1.6.2 Details of Training programmes attended by Officers of APERC during the FY 2007-08 is as given below:

S. No	Name of the Employee & Designation S/Sri	Details of the Program		
		Programme Name	Course Duration	Conducted By
1	C.Ramakrishna, Director/ Administration	Right to Information Act - 2005	28-30, May 2007	Dr. MCR HRD, Hyderabad
2	Dr.Geeta Gouri, Director/Tariff	Hydro Power Summit 2007 - Challenges for Development	12, Sep 2007	ASSOCHAM, New Delhi
		Right to Information Act - 2005	29-31, Aug 2007	Dr. MCR HRD, Hyderabad
3	K.Pratap, Director/ Engineering	Right to Information Act - 2005	26-28, July 2007	Dr. MCR HRD, Hyderabad
4	S.Ramanuja Rao, Director/ Engineering	Business by Projects	12-14, Nov 2007	CEA, New Delhi
		Power Distribution in India	18-19, Dec 2007	Power Line, New Delhi
5	Umakanta Panda, Joint Director/ Information Technology	Right to Information Act - 2005	14-15, May 2007	Dr. MCR HRD, Hyderabad
		Project Management Workshop	3-6, Jan 2008	Astrowix, Hyderabad
6	K.Sreedhar Reddy Deputy Director/ Distribution	Loss Reduction & Performance Equality improvement	19-20, Apr 2007	ICCPU, New Delhi
		Right to	14-15, May	Dr. MCR HRD,

S. No	Name of the Employee & Designation S/Sri	Details of the Program		
		Programme Name	Course Duration	Conducted By
		Information Act - 2005	2007	Hyderabad
		Distribution Automation	30-31, Oct 2007	CPRI, Bangalore
7	P.Karunakar Babu, Deputy Director/ Consumer Assistance & SPIO	Right to Information Act - 2005	28-30, May 2007	Dr. MCR HRD, Hyderabad
8	P.Solomon Herme, Deputy Director/ Planning & Power Procurement	Renewable Energy	28-29, Jun 2007	CII, New Delhi
		Right to Information Act - 2005	16-17, Jul 2007	Dr. MCR HRD, Hyderabad
		Hydro Power Summit 2007 - Challenges for Development	12, Sep 2007	ASSOCHAM, New Delhi
		Contract Management for Accelerated Development of Indian Hydropower Projects	16, Nov 2007	CBIP, New Delhi
		Propelling India's Growth: The challenges Ahead & The challenge of Energy security in India: The Way Forward	15, Feb 2008	FICCI, New Delhi
9	Antaryami Sahoo, Deputy Director/ Tariff (Engineering)	Renewable Energy	28-29, Jun 2007	CII, New Delhi
		Right to Information Act - 2005	24-25, Aug 2007	Dr. MCR HRD, Hyderabad
10	M.G.Gunasekaran, Deputy Director/ Tariff (Accounts & Financial Analysis)	Right to Information Act - 2005	16-17, Jul 2007	Dr. MCR HRD, Hyderabad
		Contract Management for Accelerated Development of Indian Hydropower Projects	16, Nov 2007	CBIP, New Delhi
11	P.Sarada, Deputy Director/ Information Technology	Right to Information Act - 2005	11-12, Jun 2007	Dr. MCR HRD, Hyderabad
12	S.B.V.Rajesh, Deputy Director/ Transmission	Right to Information Act - 2005	11-12, Jun 2007	Dr. MCR HRD, Hyderabad

S. No	Name of the Employee & Designation S/Sri	Details of the Program		
		Programme Name	Course Duration	Conducted By
		Business by Projects	12-14, Nov 2007	CEA, New Delhi
		Geospatial Technology in Emerging Management	2, Feb 2008	EMRI, Secunderabad
13	N.Nagaraj, Deputy Director/ Law	Right to Information Act - 2005	26-28, July 2007	Dr. MCR HRD, Hyderabad
14	Ch.V.Sai Prasad, Deputy Director/ Pay & Accounts	Right to Information Act - 2005	24-25, Aug 2007	Dr. MCR HRD, Hyderabad
15	Dr.P.Rama Rao, Deputy Director/ Tariff (Economics)	Right to Information Act - 2005	17-18, Sep 2007	Dr. MCR HRD, Hyderabad
16	N.Bhanu Prakash, Deputy Director/ Personnel	Right to Information Act - 2005	17-18, Sep 2007	Dr. MCR HRD, Hyderabad
17	A.Srinivas, Deputy Director/ Legal Procedures	Right to Information Act - 2005	27-29, Sep 2007	Dr. MCR HRD, Hyderabad

1.7 Visit of the Commission to FOIR Meetings:

The Forum of Indian Regulators (FOIR) is a society registered under the Societies Registration Act, to promote transparency in the working of regulatory bodies, protect consumer interest and develop consumer advocacy organizations, develop human and institutional capacities in regulatory bodies, utilities and other stakeholders, research the efficiency and effectiveness of independent regulation, provide an information base on regulatory law and practice and regulatory economics, collaborate with academic and research institutions, professional bodies and NGOs in India and internationally in areas of interest to the society. To discuss the aspects of regulatory development in the electricity reforms of various states, the Commission attended three meetings for FOIR on the following dates:

Sl.	FOIR Meeting	Date	Attended By
1)	20 th General Body Meeting at Ramnagar, Uttarakhand	9 th -10 th April, 2007	Sri Surinder Pal, Member
2)	8 th Annual General Body Meeting at New Delhi	7 th June, 2007	Sri Surinder pal, Member Sri P.Radha Kishen, Member
3)	21 st General Body Meeting at Gandhinagar, Gujarat	4 th -8 th October, 2007	Sri K.Swaminathan, Chairman Sri Surinder pal, Member Sri P.Radha Kishen, Member

1.8 Hosting of 1st meeting of SERF:

The Commission took initiation of hosting the inaugural meeting of Southern Electricity Regulators Forum (SERF), which was constituted on the basis of a felt need to understand and review issues specific to the

Southern Region. The Commission organized the first meeting of SERF on 21.06.2007 at Dr. MCR HRD Institute of AP, Jubilee Hills, Hyderabad. Sri K.Swaminathan, Chairman, APERC in his inaugural speech briefly explained the genesis of the Forum highlighting the benefits of a common platform for a region that shared similar characteristics and concerns. The first session was devoted to the constitution of SERF. The second session was devoted to issues that need attention and action of Regulatory Commission for moving towards Southern Region Electricity Market. The following Officials from other SERCs have participated in the meeting:

Sl.	Name of the Official	ERC
1	Sri K.P.Pandey, Chairman	Karnataka
2	Sri H.S.Subramanya, Member	
3	Sri C.Balakrishna, Chairman	Kerala
4	Sri M.P.Aiyappan, Member	
5	Sri C.Abdulla, Member	
6	Sri S.Kabilan, Chairman	Tamil Nadu
7	Sri B.Jayaraman, Member	

CHAPTER-II LICENCING AND INVESTMENT APPROVALS

2.1 Licences:

No fresh licences were issued during the year 2007-08.

2.2 Exemptions:

No fresh exemptions were granted during the year 2007-08.

2.3 Monitoring the Licensees' Performance:

The Commission conducted review meetings during the year 2007-08, with the CMDs of the respective Discoms and also with the CMD of APTransco to review the status of implementation of various directives and orders issued by the Commission from time to time and other issues aimed at improving their operational & financial efficiency.

2.4 Review of the status of implementation of Directives:

2.4.1 Upon review on the compliance of directives by the Discoms, the Commission has fixed the dates for compliance of the following five (5) directives and were also mentioned in the Retail Supply Tariff Order for FY 2008-09.

a) **Fixing meters on poles:** The APCPDCL to furnish the data of loss reduction on 11 kV feeders and also improvement in revenues from services in the areas where pole-mounted metering was implemented. This information may be filed with the Commission every year by 30th September and may also be kept on the Discom's website. .

(Directive No.1 of Tariff Order for the FY 2008-09)

b) **Implementation of Energy Conservation Act, 2005:** The Discoms shall submit a report on the action taken to implement the provisions of the Energy Conservation Act, 2005. They shall also submit proposals for offering suitable incentives to the Industrial consumers who comply with the provisions of the Energy Conservation Act, 2005. The report along with proposals on incentives may be submitted to the Commission by 30.09.2008.

(Directive No.2 of Tariff Order for the FY 2008-09)

c) **Safety Measures:** The Licensees shall file the action plan to adhere to appropriate safety standards, to periodically inspect their electrical installations, to take prompt action to rectify any shortcomings noticed or brought to their notice and to lay down a time schedule therefore as required to be filed by them in terms of para 186 of the Tariff Order 2006-07, by 30.09.2008.

(Directive No.3 of Tariff Order for the FY 2008-09)

d) **Compensation to the victims of accidents:** The Discoms to work out, and display on their website, a transparent procedure for determination and payment of compensation in accident cases, by 30.09.2008.

(Directive No.4 of Tariff Order for the FY 2008-09)

- e) **Merit Order Dispatch/Centralised Dispatch:** The Commission directs Discoms to furnish a monthly report on deviations along with reasons for such deviations in actual dispatch of Generating Stations in Merit Order compared to the monthly dispatch schedule adopted in this Tariff Order showing the quantum of energy in MU for each generating station. They are also directed to follow the directive of the Commission issued vide paragraph 479 in Tariff Order for 2005-06 on maintenance schedule based on demand and supply position in different months.
(Directive No.5 of Tariff Order for the FY 2008-09)

2.5 Investment approval - Transmission schemes:

The Commission approved the investment of Rs.547.03 crore during the year 2007-08 in the following schemes proposed by APTransco:

Sl. No.	Scheme Name	Sanction No.	Estimated Cost (Rs. crore)
1	Augmentation of transformer capacities in 400 kV substations in various districts of Andhra Pradesh	APT/TS/400/F-INVT-69/2007	36.33
2	Moolavanka 132 kV Transmission scheme	APT/TS/132/F-INVT-70/2007	10.11
3	Racherla 132 kV Transmission scheme	APT/TS/132/F-INVT-71/2007	13.38
4	Pydibhimavaram 132 kV Transmission scheme	APT/TS/132/F-INVT-72/2007	17.64
5	Chennur 132 kV Transmission scheme	APT/TS/132/F-INVT-73/2007	14.61
6	Sambepalle 132 kV Transmission scheme	APT/TS/132/F-INVT-74/2007	13.17
7	Narsannapet 132 kV Transmission scheme	APT/TS/132/F-INVT-75/2007	17.18
8	Rentachintala 132 kV Transmission scheme	APT/TS/132/F-INVT-76/2007	29.80
9	Nunna 220 kV Transmission Scheme	APT/TS/220/F-INVT-77/2006	11.86
10	Peddapuram 220 kV Transmission Scheme	APT/TS/220/F-INVT-78/2006	6.46
11	Implementation of ERP software package	APT/TS/IT/ F-INVT-79/2006	7.98
12	Bikanur 132 kV Transmission scheme	APT/TS/132/F-INVT-80/2007	12.50
13	Gangaram 132 kV Transmission scheme	APT/TS/132/F-INVT-81/2007	16.94
14	Pedda dornala 132 kV Transmission scheme	APT/TS/132/F-INVT-82/2007	6.40
15	Reddypet 132 kV Transmission scheme	APT/TS/132/F-INVT-83/2007	12.28
16	Marripalem 132 kV Transmission scheme	APT/TS/132/F-INVT-84/2007	9.57
17	Midgil 132 kV Transmission scheme	APT/TS/132/F-INVT-85/2007	12.93
18	Irala 132 kV Transmission scheme	APT/TS/132/F-INVT-86/2007	6.37

Sl. No.	Scheme Name	Sanction No.	Estimated Cost (Rs. crore)
19	Malkaram 220 kV Transmission Scheme	APT/TS/220/F-INVT-87/2008	21.79
20	Replacement of 132 kV Group Control Breakers with independent breakers in 79 Nos. 132 kV substations	APT/TS/132/F-INVT-88/2008	15.90
21	Augmentation of transformer capacities in 132 kV substations in various districts of AP	APT/TS/132/F-INVT-89/2008	253.83
Total			547.03

2.6 Investment approval - Distribution schemes:

The Commission approved the following investment schemes each of worth Rs.5 Cr and above during 2007-08. The approved investment is the total project cost to be invested over 2 to 4 years.

Sl. No.	Scheme Name	Estimated Cost (Rs. crore)
APCPDCL:		
1	P: SI Scheme for erection of 6 Nos 33/11 kV substations in Anantapur circle.	7.74
2	P: SI Scheme for erection of 7 Nos 33/11 kV substations in Kurnool District	7.65
3	P: SI Scheme for erection of 7 Nos 33/11 kV substations in Nalgonda District	7.73
4	P: SI Scheme for erection of 9 Nos 33/11 kV substations in Mahabubnagar District	11.84
5	P: SI Scheme for erection of 9 Nos 33/11 kV substations in Medak District	8.03
6	LT AB cable Scheme for Mahabubnagar and Medak Districts	14.06
7	P: SI Scheme for Kurnool circle	14.81
APCPDCL Total		71.86
APEPDCL:		
1	P: SI (JBIC) Scheme in Srikakulam, Vizianagaram, Visakhapatnam and East Godavari Districts	46.37
2	P: SI (JBIC) Scheme	25.18
APEPDCL Total		71.55
APNPDCL:		
1	P: SI (JBIC) Scheme	99.62
2	P: SI (HVDS) Scheme	125.19
3	Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) Scheme	151.30
APNPDCL Total		376.11
APSPDCL:		
1	P: SI Scheme for VCBs	10.74

Sl. No.	Scheme Name	Estimated Cost (Rs. crore)
2	P: SI Scheme for Meters	36.00
3	P: SI Scheme for Kadapa District	6.89
4	P: SI Scheme for Krishna District	5.72
5	P: SI Scheme for Power Transformers in Krishna, Guntur, Nellore and Chittoor Districts	7.50
6	P: SI Scheme for Guntur District	7.43
7	GIS/GPS based Consumer Indexing	24.79
8	P: SI (HVDS) Scheme	334.40
9	P: SI (HVDS) Scheme in Chittoor and Kadapa Districts	556.50
10	P: SI (JBIC) Scheme for Chittoor, Prakasam, Kadapa, Krishna, Nellore and Guntur Districts	64.47
APSPDCL Total		1054.44
GRAND TOTAL		1573.96

2.7 Power Purchase Agreements (PPAs):

2.7.1 The Commission has given consent under section 21(4)(b) of the Reform Act, for the following Power Purchase Agreements (PPAs) of APDiscoms for purchase of power from Non-Conventional Energy (NCE) projects:

Sl. No.	Name of the Company	Capacity (MW)	Type of project	Date of Consent
1)	M/s Mittapalem Mini Hydel Projects.	1.2 MW	Mini Hydel	18-04-2007
2)	M/s Vetamamidi Mini Hydel Projects.	1.2 MW	Mini Hydel	18-04-2007
3)	M/s Pinjarikonda Mini Hydel Projects.	1.2 MW	Mini Hydel	18-04-2007
4)	M/s Empee Power Company (India) Ltd.	20.0 MW	Bagasse co-gen	03-05-2007
5)	M/s KBD Sugars & Distilleries Ltd.	6.0 MW	Bagasse co-gen	13-09-2007
6)	M/s Agri Gold Projects (P) Ltd.	6.0 MW	Biomass	28-12-2007

2.7.2 **Export of Surplus Power:** The Commission has communicated consent for the purchase of surplus power from M/s Sponge Iron India Ltd., by APPCC during the year 2007-08.

CHAPTER-III TARIFF

3.1 **ARR filings of Discoms:**

For the year 2008-09, each of the four Distribution Companies submitted its filings on their Aggregate Revenue Requirement (ARR) and application for Tariffs for Retail Supply business on 30.11.2007. The Discoms however, filed their Cost of Service (CoS) models on 07.01.2008. These filings were further supplemented by addenda filed on different dates upto 31.12.2007, in respect of additional sales on account of new lift irrigation schemes proposed by GoAP. The Discoms in their filings neither proposed any increase in tariff nor mentioned any other resources to meet the deficit.

3.2 **Public Hearings:**

The Commission held public hearings at various places of the licensees between 21.02.2008 and 28.02.2008 at Vijayawada, Vizianagaram, Adilabad and Anantapur. On behalf of the Special Chief Secretary, Energy Department, Government of Andhra Pradesh, a statement was made on 21.02.2008, during the hearing on the filings of APSPDCL at Vijayawada, expressing the views of Government on various aspects like accomplishments of AP Power Sector. Government's commitment to provide quality and un-interrupted power supply to consumers particularly in Rural areas, seven-hour supply to Agriculture, electrification of Rural households, Industrial development, reiteration of commitment to provide necessary financial assistance as needed by the Sector and the subsidy to the utilities as per Section 65 of the Electricity Act, 2003.

3.3 **State Advisory Committee meeting:**

Many important issues relating to the ARR/Tariff proposals of the Licensees were discussed in the State Advisory Committee (SAC) meeting held and the suggestions made by the members of SAC have been taken into consideration by the Commission while finalizing the Tariff Order. The Commission issued Retail Supply Tariffs Order for FY 2008-09 on 20th March, 2008. These tariffs take effect from 1st April, 2008 onwards.

3.4 **The salient features of the ninth Tariff Order are indicated below:**

- The filings of Discoms as well as the objections received from public along with the scanned copies of written objections/suggestions received pursuant to the public notice have been displayed in the e-filing window of the Commission's website www.ercap.org/e.Filing.
- Tariffs have been rationalized through reduction in Energy Charges for the subsidizing categories viz., LT-II, HT-I, HT-II and HT-V.
- The Energy charges has also been rationalized for HT-VI category at Rs.4.00 per unit, by which different groups of consumers can avail the tariff at single point.

- The Commission introduced an innovative; a separate category in the Tariff Schedule titled “**Green Power**” available for all the consumers in the State who wish to avail of power from non-conventional sources of energy voluntarily and show their support to an environmental cause with the following broad terms & conditions:
 - a) Green pricing is an optional tariff offered by the licensees and is voluntary.
 - b) Each consumer is entitled to Renewable Energy Certificates (RECs).
- As an energy conservation measure, the carrying cost of Rs.1.00 crore for each Discom is included in the approved expenditure to enable to raise some funds to examine and experiment with the use of CFL lamps.
- APEPDCL has provided with additional amount of Rs 1.32 crore for electrification of some of the inaccessible tribal hamlets in its area of operation through Solar Photovoltaic Energy Schemes.
- The Load Factor incentive scheme applicable to category HT-I (Industrial General) is extended for one more year i.e., upto 31.03.2009.
- Consequent upon the policy direction by GoAP u/s 108 of the Electricity Act, 2003 uniform Tariffs throughout the State has been maintained.
- The Discom-wise Cost of Service has been provided in the Annexure to the Tariff Order for the first time.
- 15 fresh directives on various parameters/issues were issued for the improvement of system operations and financials of the Licensees.
- The gist of the major elements of Tariff proposed in this order is as follows:

1	Aggregate Revenue Requirement	Rs.14,541.57 crore
2	Revenue from Proposed Tariffs	Rs.13,253.72 crore
3	Net Revenue Gap	Rs.1,182.14 crore
4	GoAP subsidy	Rs.1,182.14 crore

CHAPTER-IV LEGAL MATTERS AND REGULATIONS

4.1 Legal matters:

4.1.1 The number of Original Petitions (O.Ps.), Review Petitions (R.Ps.) and Interlocutory Applications (I.As.) admitted and disposed by the Commission during the year 2007-08 is as given below:

Sl. No.	Petitions	Admitted	Disposed
1)	Original Petitions	13 Nos	16 Nos (including 3 Nos.of previous years)
2)	Review Petitions	8 Nos	8 Nos
3)	Interlocutory Applications	16 Nos	2 Nos

4.1.2 The details of orders passed by the Commission during FY 2007-08 are as given below:

- i) Order dated 21.04.2007 in O.P. No.27 of 2004: The Commission allowed the petition filed by M/s Jocil Ltd., Dokiparru, Guntur u/s 142 and/or 146 of the Electricity Act, 2003 to the extent that the Petitioner need to be compensated only the variable cost incurred by it.
- ii) Order dated 21.04.2007 in O.P. No.28 of 2004: The Commission dismissed the petition filed u/s 11(i) and 30 of the AP Reform Act, 1998 read with Rule 9 of (CBR), 1999 by M/s Gowtami Solvents Oils Pvt. Ltd.,.
- iii) Order dated 16.05.2007 in O.P. (SR) No.58 of 2006: The Commission not admitted the petition filed u/s 33 read with sections 143 and 144 of the Electricity Act, 2003 by APTransco, APPCC and 4 Discoms being not maintainable.
- iv) Order dated 19.05.2007 in O.P. No.3 of 2007: The Commission dismissed the petition filed u/s 86(1)(b) read with 86(1)(e) of the Electricity Act, 2003 and Regulation 6(4), 7, 8(1) of CBR by M/s Manihamsa Power Projects Ltd., Canal Road, Ravulapalem, East Godavari Dist. 533 238.
- v) Order dated 25.05.2007 in O.P. No.21 of 2004: As per the directions of the ATE, the Commission allowed the petition filed by M/s GMR Technologies and Industries Ltd., 6-3-866/1/G2, Greenlands, Begumpet, Hyderabad and passed orders with a direction to the respondents to adjust the amount refundable to the petitioner against dues in future.
- vi) Order dated 09.07.2007 in O.P. No.40 of 2006 and I.A. No2 of 2007 and O.P. No.41 of 2006 and I.A. No.3 of 2007: The Commission dismissed the petitions as well as I.As. filed u/s 86(1)(f) of the Electricity Act, 2003 by M/s Hyderabad Chemical Products Ltd., # A-24/25, APIE, Balanagar, Hyderabad 500 037 and M/s Hyderabad Chemical Ltd., Bank Street, Hyderabad 500 095.
- vii) Order dated 03.08.2007 in R.P. (SR) No.23 of 2007 in O.P. No.32 of 2006: The Commission not admitted the petition filed u/s 94(f) of

the Electricity Act, 2003 read with Clause 49 of the CBR by APTransco, being not maintainable.

- viii) Order dated 08.08.2007 in I.A. No.9 of 2007 in O.P. No.22 of 2004 and I.A. No.10 of 2007 in O.P. No.24 of 2004: The Commission posted I.As. filed by M/s GVK Industries Ltd., Paigah House 156 to 159, Sardar Patel Road, Secunderabad and M/s Gowtami Power Ltd., Paigah House, 156 to 159, Sardar Patel Road, Secunderabad for hearing the submissions of Sri M.Venugopala Rao.
- ix) Order dated 14.09.2007 in O.P. No.6 of 2007: The Commission directed the respondents to pay an amount of Rs.28,81,573/- to the petitioner within four weeks of receipt of the order without interest and thereafter with interest @10% per annum on the petition filed u/s 86(1)(b), 86(1)(e), 86(1)(f), 142 and 146 of the Electricity Act, 2003 filed by M/s Jocil Ltd., Dokiparru, Guntur.
- x) Order dated 14.09.2007 in R.P. (SR) No.32 of 2007 in O.P. No.33 of 2006: The Commission granted two weeks time to APCPDCL to file a review petition afresh, if so desired.
- xi) Order dated 16.10.2007 in I.A. No.11 of 2007 in O.P. No.4 of 2006: On the I.A. filed u/s 94(2) of the Electricity Act, 2003 by APGenco, Vidyut Soudha, Hyderabad 500 082 the Commission issued the following directions pending disposal and subject to the final outcome of O.P. No.4 of 2006.
- “The respondents shall pay to the petitioner w.e.f. 01.04.2007:*
- a) *Fixed charges for petitioner’s generating stations as per Tariff Order, dated 20.03.2007*
 - b) *Fixed charges for RTPP-II on proportionate basis depending upon to CoD.*
 - c) *Payment of Advance Income-Tax on proof of payment.*
 - d) *Variable charges for thermal stations as per table-8 of the Tariff Order dated 20.03.2007, duly adjusted for the GCV of fuel*
 - e) *Incentive on annual basis.*
 - f) *‘On-account’ payments in regard to the provision of Rs.100 crore on proportionate basis, subject to adjustments as may be required, if any, on disposal of OP No.4 of 2007.*
- Payment for energy delivered from SSLBPH in line with paragraphs 475 and 476 of Tariff Order 2004-05 subject to year-end adjustment.*
- All the above payments excepting Advance Income-tax and incentive shall be made on monthly basis, the payments due for and upto the end of the month preceding the date of issue of this Order to be made within 30 days of the issue of the order.”*
- xii) Order dated 12.12.2007 in I.A. No.9 of 2007 in O.P. No.22 of 2004 and I.A. No.10 of 2007 in O.P. No.24 of 2004: The Commission

dismissed the I.As. filed by M/s GVK Industries Ltd. Paigah House, 156 to 159, Sardar Patel Road, Secunderabad and M/s Gowtami Power Ltd., Paigah House, 156 to 159, Sardar Patel Road, Secunderabad.

- xiii) Order dated 07.02.2008 in I.A. No.1 of 2008 in O.P. No.11 of 2007: The Commission dismissed the I.A. filed u/s 94(2) of the Electricity Act, 2003 by M/s Sardar Power Ltd.
- xiv) Order dated 20.03.2008 in O.P. Nos.12 to 15 of 2007: The Commission passed orders on ARR filings and Retail Supply Tariff proposals for the FY 2008-09 u/s 62 of the Electricity Act, 2003 made by 4 Discoms
- xv) Order dated 21.03.2008 in O.P. Nos.1 to 3 and 5 of 2008: The Commission passed orders on the ARR/ERC filings u/s 62 of the Electricity Act, 2003 made by Anakapalle, Cheepurupalli, Sircilla and Kuppam RESCOs for the year 2008-09.

4.2 Regulations:

The Commission issued three (3) Regulations during the year, under the Electricity Act, 2003, as detailed hereunder:

- 4.2.1 **The APERC (Transmission Standards of Performance) Regulation, 2007 (No.1 of 2007) u/s 57(1), 57(2) and 86(1)(i) read with Section 181 of the Electricity Act, 2003.** This regulation was notified in the AP Extraordinary Gazette dated 31-01-2007. This Regulation lays down the performance standards to maintain certain critical grid parameters within the permissible limits. These standards shall serve as guidelines for State Transmission Utility (STU)/Transmission Licensee to operate the intra-state transmission system for providing an efficient, reliable, coordinated and economical system of electricity supply and transmission. The main objectives of these performance standards are:
- i) To ensure that the grid performance meets minimum standards essential for the Users system demand and proper functioning of equipment;
 - ii) To enable the Users to design their systems and equipment to suit the electrical environment that they operate in; and
 - iii) To enhance the quality standards of the State Transmission System in order to move towards standards stipulated in or established under the authority of National and State Acts and Rules in the short term and gradually towards the international standards in the long term

Standards of Performance: The Transmission Standards of Performance are classified into the following two (2) major categories

- i) **Mandatory Standards:-** These are statutory standards to be complied with by the Licensee as per the Electricity Rules, 1956 wherever not inconsistent with the Act. The following standards are specified as mandatory.
 - a) Voltage Variation
 - b) Safety Standards

- ii) Desirable Standards:- These are desirable for providing quality, continuity and reliability of services by the Licensees. The following standards are specified as desirable.
 - a) Feeder Availability
 - b) Substation Availability
 - c) Voltage Unbalance
 - d) Neutral Voltage Displacement (NVD)
 - e) Voltage Variation Index (VVI)
 - f) System Adequacy
 - g) System Security

4.2.2 The APERC (Appointment of Vidyut Ombudsman and Terms & Conditions of Service) Regulation, 2007 (No.2 of 2007) under sub-sections (6) and (7) of Section 42 read with Section 181 of the Electricity Act, 2003. This regulation was notified in the AP Extraordinary Gazette dated 03-07-2007.

- (i) In the APERC (Establishment of Forum and Vidyut Ombudsman for Redressal of Grievances of the Consumers) Regulation No.1 of 2004 notified on 06.02.2004, it was stated the mode of appointment and terms and conditions of service of the Vidyut Ombudsman and Staff shall be as specified by the Commission by separate Regulation. Accordingly, the Commission notified this Regulation.
- (ii) The Commission is the Appointing Authority to appoint or designate a person as Ombudsman. The Staff strength of the Ombudsman Secretariat and the terms and conditions of appointment of the Staff shall be as determined by the Commission from time to time.
- (iii) The expenses of the Secretariat shall be paid out of the Fund constituted u/s 103 of the Act. Provided till the time the Fund is constituted, the expenses of the Secretariat shall be borne by the Discoms in such proportion and in such manner as may be determined by the Commission.

4.2.3 The APERC (Establishment of Forum and Vidyut Ombudsman for Redressal of Grievances of Consumers) First Amendment Regulation, 2007 under Clause 15 of APERC Regulation No.1 of 2004. This regulation was notified in the AP Extraordinary Gazette dated 01-10-2007. Through this regulations certain amendments were carried out in the APERC (Establishment of Forum and Vidyut Ombudsman for Redressal of Grievances of Consumers) Regulation No.1 of 2004 duly incorporating inter alia, certain Rules (Rule 7) regarding Consumer Redressal Forum and Ombudsman notified by the Ministry of Power, Government of India vide GSR 379(E) dated 8th June, 2005 and Electricity (Amendment) Rules, 2006 vide GSR 667 (E) dated 26th October, 2006.

CHAPTER-V CONSUMER ADVOCACY

5.1 Review of Quarterly & Annual Returns of CGRF:

The Commission reviewed the details like number/nature of grievances reported in the Quarterly returns & Annual returns furnished by the Consumer Grievances Redressal Forums (CGRF) and the reports furnished by the Vidyut Ombudsman.

The consumers, who have submitted grievances directly to the Commission, have been guided/ advised to approach the Discoms/Forums depending upon the nature of the case.

Certain representations, where the Licensees not implemented the regulations, have been reviewed by the Commission. The Forums have been established already and the dates since which the Forums have been functioning are given below:

Sl. No.	Licensee	CGRF functioning with effect from	Number of Grievances received	Number of Grievances disposed off
1)	APCPDCL	26-02-2005	95	88
2)	APEPDCL	08-01-2005	224	207
3)	APNPDCL	06-01-2005	84	27
4)	APSPDCL	06-01-2005	95	101
Total			498	423

5.2 Vidyut Ombudsman:

A total of 27 Nos appeals have been received by the Ombudsman and all of them have been disposed off. Out of the disposed cases-

- 3 Nos fall under HT category and the balance fall under LT category.
- 5 Nos of cases have been disposed off during the admission stage.
- 16 Nos of appeals have been finalized in favor of the consumers and
- 3 Nos have been settled on mutual agreement.

5.3 Publicity for creating awareness on the existence of Forum:

Pursuant to the directions issued by the Commission vide its letter No.S-324/ DD(CA)/05-25 dated 26-11-2005 to create public awareness in the existence of Forums, the Commission reviewed the following activities undertaken by the Forums and the Discoms:

- i) Conduct of consumer awareness week.
- ii) Conduct of press conferences.
- iii) Printing and distribution of brochures and pamphlets.
- iv) Printed of information about the CGRFs on the consumer electricity bills.
- v) Publicity given through newspapers.

- vi) Arrangement of display boards at Department offices, Customer Service Centers, Gram Panchayats, MRO and MDO Offices, etc.

5.4 **Consumer Assistance Cell in the Commission:**

The Deputy Director (Consumer Assistance) guides and helps the consumers who approach the Commission for guidance on Redressal of problems faced by them. The written representations received from consumers were sent to concern Discoms/Forums as the case may be according to the stage of the handling of complaint in each case.

5.5 **Right to Information Act 2005:**

In pursuance of provisions of section 5(1) and 19(1) of the Right to Information Act, 2005 (No.22 of 2005), the Commission designated the following officers for the purpose of the Right to Information Act, 2005 vide proceedings No.Secy/08 dated 28.12.2005.

State Public Information Officer of the AP Electricity Regulatory Commission to provide information to the person requesting for information under the Act	Deputy Director (Consumer Assistance) APERC
Senior officer with whom appeal against the decision or non-receipt of decisions of State Public Information Officer of the Commission lies.	Secretary, APERC

As per the various provisions of the RTI Act, the information sought for is being provided to the applicants. Apart from this activity, Quarterly & Annual returns are being sent to the Energy Department of GoAP.

CHAPTER-VI ACCOUNTS & AUDIT

6.1 Grant in Aid:

The Andhra Pradesh Electricity Regulatory Commission is funded by the **budgetary provisions of the State Government by way of Grants-in-aid**. During the year the Commission has received Rs.4.01 crore as Grants-in-Aid towards Salaries (Rs.1.9444 crore) and Other Grants-in-aid (Rs.2.0618 crore) from Government of Andhra Pradesh and is being operated through a nationalized bank account.

6.2 Capital Expenditure:

No grant was, however, received from the State Government towards capital expenditure during the year. The assets of the Commission have been created from the Other Grants-in-Aid received from the State Government.

6.3 Collection of annual fees from Licensees and for grant of exemptions:

The Commission recovered an amount of Rs.5.068 crore during the year **towards Licence fee from Transmission Licensee (APTransco), the four (4) Distribution Licensees (APCPDCL, APEPDCL, APNPDCL and APSPDCL) and from four (4) Rural Electric Cooperative Societies (Anakapalle, Cheepurupalli, Sircilla and Kuppam RESCOs) and the same was remitted to the State Government.**

6.4 Books of Account and Other Records:

The Commission is maintaining proper books of accounts and other relevant records as required u/s 104(1) of the Electricity Act, 2003. The Annual Accounts of the Commission has been prepared on cash basis in the formats approved by the State Government.

6.5 Financial Statements:

The Commission prepared the following financial statements in accordance with the provisions of Para II (1) of Part-I of Schedule to Andhra Pradesh Electricity Reform Act, 1998.

- i) Receipts and Payments Account for the year ended 31st March, 2008
- ii) Income and Expenditure Account for the year ended 31st March, 2008.
- iii) Balance Sheet as on 31st March, 2008

6.6 Audit of Accounts:

The Comptroller & Auditor General of India have audited the financial statements of the Commission in accordance with section 104(2) of the Electricity Act, 2003. The Separate Audit Report containing the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment received vide letter No.AG(E&RSA)/ES-II(Power)/APERC/2014-15 dated 08.04.2014 is furnished hereunder.

Separate Audit Report of the Comptroller & Auditor General of India on the Annual Accounts of Andhra Pradesh Electricity Regulatory Commission for the year ended 31st March, 2008

1. We have audited the attached Balance Sheet of Andhra Pradesh Electricity Regulatory Commission (APERC) as on 31st March, 2008 and the Income and Expenditure Account/Receipts and Payments Account for the year ended on that date under 19 (2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 104 (2) of the Electricity Act, 2003. These financial statements are the responsibility of the APERC's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. This Separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards, disclosure norms, etc. Audit observations on financial transaction with regard to compliance with the Law, Rules and Regulations (Propriety and Regularity), efficiency-cum-performance aspects etc., if any, are reported through Inspection Reports/CAG's Audit Reports separately.
3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
4. Based on the preliminary observations made by us, the accounts of the Commission have been revised. Due to revision, the excess of Expenditure over Income amounting to Rs.37.40 lakh had been reduced to Rs.37.17 lakh and total assets and liabilities of the Balance sheet have also been increased by Rs.0.03 lakh.
5. Based on our audit, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. The Balance Sheet and Income and Expenditure Account/Receipts and Payments Account dealt with by this report have been drawn up in the format approved by the Comptroller and Auditor General of India under provisions of Para II (I) of Part - I of schedule to Andhra Pradesh Electricity Reform Act, 1998.
 - iii. In our opinion, proper books of accounts and other relevant records have been maintained by the APERC as required under section 104 (1) of the Electricity Act, 2003 in so far as it appears from our examination of such books.

iv. We further report that:

Grants - in - Aid:

Out of the grants in aid of Rs.4.01 crore received during the year (Rs. 1.00 crore was received in March 2008), the organization could utilize a sum of Rs.3.76 crore leaving a balance of Rs.2.06 crore as unutilized grant as on 31st March 2008 (previous year unutilized grant: Rs.1.81 crore).

v. Subject to our observation in the preceding paragraph, we report that the Balance Sheet and Income and Expenditure/Receipts and Payments Account dealt with by this report are in agreement with the books of accounts.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Notes, and subject to the significant matters stated above and other matters mentioned in the Annexure to this Separate Audit Report, give a true and fair view in conformity with accounting principles generally accepted in India.

a) In so far as it relates to the Balance Sheet of the state of affairs of the Andhra Pradesh Electricity Regulatory Commission as at 31st March, 2008; and

b) In so far as it relates to the Income and Expenditure Account of the deficit for the year ended on that date.

Place: Hyderabad
Date: 08.04.2014

Sd/-
(Lata Mallikarjuna)
Accountant General (E&RSA)

ANNEXURE

1.	Adequacy of Internal Audit System	There was proper internal audit system.
2.	Adequacy of Internal Control system	The internal control system is adequate.
3.	System of Physical Verification of Fixed Assets	There was proper system of physical verification of assets.
4.	Regulatory in payment of statutory dues applicable to them	Unit is regular in payment of statutory dues applicable to them.

Sd/-
Sr. Audit Officer/ES - II (Power)

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

Receipts	Current Year 2007-08	Previous Year 2006-07	Payments	Current Year 2007-08	Previous Year 2006-07
	Rs.	Rs.		Rs.	Rs.
To <u>Balance b/d</u>			By <u>Pay & Allowances to Chairman & Members</u>		
a) <u>Cash at Bank</u>			a) Salaries	2150666.00	1973398.00
State Bank of India	18093763.94	15700695.26	b) <u>Other Benefits</u>		
Indian Overseas Bank	4001525.40	5206.50	Water Charges	18659.00	20024.00
b) Cash on Hand	10036.00	10000.00	Electricity Charges	68803.00	76850.00
To <u>Grants-in-Aid</u>			Leased Accommodation	380233.00	330000.00
a) Towards Revenue A/c	40062000.00	37914000.00	Security Guards Charges	17768.00	21600.00
b) Towards Capital A/c			Newspaper Charges	9790.00	6831.00
To Licence Fee	50681648.60	49741779.90	Perquisites Tax	477195.00	502008.00
To <u>Loans</u>			c) Transfer TA	0.00	0.00
a) From Govt.			d) <u>Travelling Expenses</u>		
b) From Others Specify			i) Overseas	0.00	502336.00
To <u>Sales</u>			ii) Domestic	671363.00	810367.00
a) Sale of Publications			By Pension and Retirement Benefits	518442.00	528804.00
b) Sale of Assets	50351.00	165634.00	By <u>Pay & Allowances to Officers and Staff</u>		
c) Sale of Tender Documents			a) Salaries	17627437.00	15539127.00
d) Sale of Investments			b) Wages	1164226.00	1164116.00
To <u>Interest Income</u>			c) <u>Other Benefits</u>		
a) Interest on Investments			Newspaper Charges	8722.00	9185.00
b) Interest on Deposits	1110680.00	619445.00	Transfer TA	103901.00	0.00
To <u>Recoveries towards Loans & Advances</u>			d) <u>Travelling Expenses</u>		
a) Principal	452885.00	270444.00	i) Overseas		
b) Interest	7528.00	0.00	ii) Domestic	400080.00	545386.00
To <u>Recoveries for Remittance</u>			e) Over Time		
a) Income Tax	14721.00	64164.00	f) Honorarium by hiring of Man Power		
b) Salary Recoveries			By <u>Office Expenses</u>		
To <u>Miscellaneous Receipts</u>			a) Printing & Stationery	333652.00	826946.00
a) Sale of Tariff Order	78860.00	78235.00	b) Publication Expenses		
b) Recruitment Fee	0.00	0.00	c) Postage & Telegram Charges	30373.00	42021.00
c) Miscellaneous	15918.00	170920.00	d) Telephone Charges	841320.00	913725.00
d) Fee for Filing Petitions	246500.00	5470500.00	e) Electricity & Water Charges	1184599.00	1382809.00
To Mohision Motor Needs a/c	0.00	872.36	f) Insurance, Rents & Taxes	5065562.00	3803037.00
To Advance to Landlord	5333.00	0.00	g) POL	283017.00	375141.78
To Refund of Deposit by Life Water Security Pvt. Ltd.	1000.00	0.00	By AMC & Other Miscellaneous Expenses	574648.00	779815.50
To Refund of Temporary Advance by APTS	131871.00	0.00	By Advertisement Expenses	1091440.00	495440.00
			By Training Expenses	78674.00	183865.40
			By Hiring of Private Vehicles	990580.00	946090.00
			By Payment of Professional and Special Services	3539330.00	1641846.00
			By Subscription & Membership	192170.00	176260.00
			By Hospitality Charges	209824.00	264972.00
			By Receipts remitted to Government of AP A/c	54680000.00	51465000.00
			By Audit Fee	0.00	0.00
			By <u>Repairs & Maintenance</u>		
			a) Buildings		
			b) Vehicles	51882.00	73794.00
			By <u>Capital Expenditure</u>		
			Office Vehicles	0.00	731155.00
			Furniture (Office)	0.00	39755.00
			Computers	32492.00	0.00

Receipts	Current Year 2007-08	Previous Year 2006-07	Payments	Current Year 2007-08	Previous Year 2006-07
	Rs.	Rs.		Rs.	Rs.
			Air-Conditioners	0.00	23800.00
			Books	0.00	14256.00
			Miscellaneous Assets	0.00	0.00
			<u>Furniture (Commissioners)</u>		
			Annexure-I	0.00	24201.00
			Annexure-II	0.00	153038.00
			<u>By Deposits</u>		
			a) Telephones	6000.00	26320.00
			b) Temporary Advance	96260.00	115740.00
			c) Traveling Allowance Advance	0.00	9400.00
			d) EMDs	0.00	41397.00
			<u>By Bank Charges</u>		
			a) Interest		
			b) Collection		
			c) Commission etc.,	0.00	80.00
			By Loans & Advances to Employees	1042000.00	1361000.00
			<u>By Repayment of Loans</u>		
			a) Government		
			b) Others		
			By Audit Fees		
			By I. Tax & Other Recoveries Remitted to Govt. A/c		
			By Transfer to Receipts A/c	0.00	165634.00
			<u>By Closing Balances</u>		
			a) Cash on Hand	10269.00	10036.00
			b) <u>Cash at Bank</u>		
			State Bank of India	20611145.94	18093763.94
			Indian Overseas Bank	402098.00	4001525.40
Total	114964620.94	110211896.02	Total	114964620.94	110211896.02

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

Expenditure	Schedule	Current Year 2007-08	Previous Year 2006-07	Income	Schedule	Current Year 2007-08	Previous Year 2006-07
		Rs.	Rs.			Rs.	Rs.
To Salaries	A	20322495.00	18281127.00	By Grants-in-Aid			
To Travelling Expenses	B	1178828.00	1854656.00	a) For Salaries		19444000.00	15404000.00
To Retirement Benefits	C	518442.00	528804.00	b) Other Revenue Grants-in-aid		20618000.00	22510000.00
To Wages				By Excess of Expenditure Over Income (Transferred to Capital account)		3716978.28	233814.13
To Overtime							
To Training Expenses		78674.00	183865.40				
To Hiring of Man Power		1147047.00	1076472.00				
To Office Expenses	D	12170646.99	10745655.28				
To Repairs and Maintenance		51882.00	73794.00				
To Staff Welfare Expenses		0.00	0.00				
To Loss on Sale of Assets/Investments		122230.29	352962.15				
To Advertisement Expenses		1091440.00	297482.00				
To Depreciation	E	3064922.00	3022010.30				
To Bad Debts Written off		0.00	0.00				
To Provisions for Outstanding Expenses							
Salaries		813598.00	436778.00				
Travelling Expenses		39124.00	11916.00				
Office Expenses		3060394.00	1194311.00				
Advertisement Expenses							
Hiring of Man Power		19255.00	87981.00				
Audit Fee		100000.00	0.00				
To Excess of Income over Expenditure (Transferred to Capital account)							
Total		43778978.28	38147814.13	Total		43778978.28	38147814.13

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

BALANCE SHEET AS ON 31st MARCH, 2008

Liabilities	Schedule	Current Year	Previous Year	Assets	Schedule	Current Year	Previous Year
		2007-08	2006-07			2007-08	2006-07
		Rs.	Rs.			Rs.	Rs.
Funds				Fixed Assets	E		
a) Capital Funds		27718335.66	27952149.79	Gross Block		22885649.62	24035719.21
Add: Excess of Income Over Expenditure				Less Depreciation	(-)	15988153.95	14157834.25
b) Capital Grants				Net Block		6897495.67	9877884.96
Less: Excess of Expenditure Over Income		3716978.28	233814.13				
		24001357.38	27718335.66				
Reserves				Capital Work in Progress	E		
Loans From:	L			Investments	F		
a) Government				Deposits and Advances	G	288420.00	633917.99
b) From Others				Loans and Advances to Staff	H	2263769.00	1674654.00
Current Liabilities and Provisions				Accounts Receivable	I		
Due to Government (Receipts)		2132492.00	4621006.40	Other Current Assets	J		
EMD		77194.00	94373.00	Cash and Bank Balances	K	21023512.94	22105325.34
Provisions for Outstanding Expenses							
Salaries		813598.00	436778.00				
Travelling Expenses		39124.00	11916.00				
Office Expenses		3060394.00	1194311.00				
Hiring of Manpower		107236.00	87981.00				
Payment to SCCL (infra)		12917.23	12917.23				
Due to Income Tax Dept.		78885.00	64164.00				
Audit Fee		150000.00	50000.00				
Total		30473197.61	34291782.29	Total		30473197.61	34291782.29

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
ANNUAL ACCOUNTS 2007-08**

Schedule-A

Salaries	Current Year 2007-08	Previous Year 2006-07
	Rs.	Rs.
Salaries to Chairman & Members	2150666.00	1973398.00
Salaries to Officers & Staff	17627437.00	15539127.00
Other benefits to Chairman & Members	972448.00	957313.00
Other benefits to Officers & Staff	8722.00	9185.00
Total	20759273.00	18479023.00
LESS: Pertaining to Previous Year	436778.00	197896.00
	20322495.00	18281127.00
ADD: Outstanding Liabilities for Current Year	813598.00	436778.00
TOTAL	21136093.00	18717905.00

Schedule-B

Particulars	Current Year 2007-08	Previous Year 2006-07
	Rs.	Rs.
Travelling Allowances to Chairman & Members		
a) Overseas	0.00	502336.00
b) Domestic	683763.00	810367.00
Travelling Allowances to Officers & Staff		
a) Overseas	0.00	0.00
b) Domestic	403080.00	545386.00
Transfer T.A.	103901.00	0.00
Total	1190744.00	1858089.00
LESS: Pertaining to Previous Year	11916.00	3433.00
	1178828.00	1854656.00
ADD: Outstanding for Current Year	39124.00	11916.00
TOTAL	1217952.00	1866572.00

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
ANNUAL ACCOUNTS 2007-08**

Schedule-C

Retirement benefits	Current Year 2007-08	Previous Year 2006-07
	Rs.	Rs.
Contribution to Provident Fund		
Pension	518442.00	528804.00
Gratuity	0.00	0.00
Other benefits	0.00	0.00
Total	518442.00	528804.00

Schedule-D

Office Expenses	Current Year 2007-08	Previous Year 2006-07
	Rs.	Rs.
Printing & Stationery	383652.00	826946.00
Postage & Telegram Charges	30373.00	42021.00
Telephone Charges	841320.00	913725.00
Electricity & Water Charges	1184849.00	1382809.00
Insurance, Rents & Taxes	5120229.00	3803037.00
POL	297982.99	375141.78
Other Miscellaneous Expenditure	574648.00	779815.50
Hiring of Private Vehicles	990580.00	946090.00
Payment of Professional & Special Services	3539330.00	1641846.00
Subscription & Membership	192170.00	176260.00
Hospitality Charges	209824.00	264972.00
Computer Stationery (APTS)	0.00	34685.00
Total	13364957.99	11187348.28
LESS: Pertaining to Previous Year	1194311.00	441693.00
	12170646.99	10745655.28
ADD: Outstanding for Current Year	3060394.00	1194311.00
	15231040.99	11939966.28

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

ANNUAL ACCOUNTS 2007-08

Schedule-E

Name of the Asset	Gross Block				Depreciation						Net Block (A) - (B)
	Original cost	Additions during the year 2007-08	Deductions	Cost as on 31-03-2008 (A)	As on 01-04-2007	Rate of Depreciation	For the year 2007-08			As on 31-03-2008 (B)	
							Existing stock	Current year's stock	Adjustments		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Cars	1497341.00			1497341.00	630061.00	9.50%	142247.00			772308.00	725033.00
Furniture (Office)	2441323.65			2441323.65	941067.00	6.33%	154536.00			1095603.00	1345720.65
<u>Furniture (Commissioners)</u>											
Annexure-I	183256.95			183256.95	151162.95	50.00%	32094.00			183256.95	0.00
Annexure-II	570287.29		354582.29	215705.00	284372.00	15.00%	24553.00		232352.00	76573.00	139132.00
Computers	4999264.70	32492.00		5031756.70	4091223.00	16.21%	810381.00	2697.00		4904301.00	127455.70
Software	1013630.00			1013630.00	165513.00	20.00%	202726.00			368239.00	645391.00
Projector	83232.00			83232.00	12457.00	16.21%	13492.00			25949.00	57283.00
Air-Conditioners	1973818.72			1973818.72	388350.00	4.75%	93756.00			482106.00	1491712.72
Stabilizers	73200.00			73200.00	24682.00	4.75%	3477.00			28159.00	45041.00
Fax/Frinking Machine	58500.00			58500.00	21545.00	4.75%	2779.00			24324.00	34176.00
Type Writer	10375.00			10375.00	3821.00	4.75%	493.00			4314.00	6061.00
Water Cooler	20746.00			20746.00	7675.00	4.75%	985.00			8660.00	12086.00
Ceiling Fans	76908.00			76908.00	20412.00	4.75%	3653.00			24065.00	52843.00
Refrigerator	14990.00			14990.00	5221.00	4.75%	712.00			5933.00	9057.00
Modi Xerox	146090.00			146090.00	49440.00	4.75%	6939.00			56379.00	89711.00
Books	385316.60			385316.60	285929.00	15.00%	57797.00			343726.00	41590.60
EPABX	232619.00			232619.00	81027.00	4.75%	11049.00			92076.00	140543.00
Public Address System	187965.00			187965.00	127489.00	16.21%	30469.00			157958.00	30007.00
Wooden Partition	684968.00			684968.00	531823.00	16.21%	111033.00			642856.00	42112.00
Court Hall Furniture	309630.00			309630.00	148633.00	6.33%	19600.00			168233.00	141397.00
M.S. and Ceiling Mount Kit	45795.00			45795.00	26599.00	16.21%	7423.00			34022.00	11773.00
Infrastructure	7862917.00			7862917.00	5098316.00	16.21%	1274579.00			6372895.00	1490022.00
Franking Machine	59280.00			59280.00	9621.00	4.75%	2816.00			12437.00	46843.00
100 mbps Switches	89000.00			89000.00	48090.00	16.21%	14427.00			62517.00	26483.00
Misc. Assets	13015.00			13015.00	1055.00	100.00%	11960.00			13015.00	0.00
Servers 2 Nos	0.00	174271.00		174271.00	0.00	16.21%	28249.00			28249.00	146022.00
Total	23033468.91	206763.00	354582.29	22885649.62	13155583.95		3062225.00	2697.00	232352.00	15988153.95	6897495.67

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
ANNUAL ACCOUNTS 2007-08**

Schedule-G

Deposits and Advances	Current Year 2007-08	Previous Year 2006-07
	Rs.	Rs.
Deposits with Government	0.00	0.00
Deposits with Private parties	0.00	0.00
Advances to Government & Government Companies	0.00	0.00
Advances to Others		
Telephone Deposits	113320.00	107320.00
Tata Cellular Deposits	41000.00	41000.00
Advance for Leased Accommodation	55000.00	115000.00
Advance to Mohsin Motor Needs	0.00	14965.99
LPG Refill Deposit	3100.00	3100.00
BSNL (Computers)	0.00	20000.00
Annual Port Charges (Computers)	0.00	30000.00
Milk (APDDCF Ltd.)	1000.00	1000.00
Life Water Security Pvt. Ltd.,	0.00	1250.00
T.A. Advance	0.00	15400.00
Advance to APTS	0.00	159142.00
Temp. Advance	75000.00	125740.00
Total	288420.00	633917.99

Schedule-H

Loans & Advances	Current Year 2007-08	Previous Year 2006-07
	Rs.	Rs.
Loans and Advances to Employees	2263769.00	1674654.00
Loans and Advances to Contractors	0.00	0.00
Other Loans & Advances	0.00	0.00
Total	2263769.00	1674654.00

Schedule-K

Cash and Bank balances	Current Year 2007-08	Previous Year 2006-07
	Rs.	Rs.
Cash on Hand	269.00	36.00
Imprest	10000.00	10000.00
Balance with Banks		
State Bank of India	20611145.94	18093763.94
Indian Overseas Bank	402098.00	4001525.40
Total	21023512.94	22105325.34

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
ANNUAL ACCOUNTS 2007-08**

Depreciation on assets has been calculated as detailed below:

Depreciation calculated on Fixed assets in Straight Line Method as per the rates prescribed in the Schedule XIV of the Companies Act, 1956

SL.No.	Name of the Asset	Rate of Depreciation
1	Office Vehicles	9.5%
2	Furniture (Office)	6.33%
3	Computers	16.21%
4	Stabilizers	4.75%
5	Air-Conditioners	4.75%
6	Refrigerator	4.75%
7	Ceiling Fans	4.75%
8	Fax Machine	4.75%
9	Typewriter	4.75%
10	Water Cooler	4.75%
11	Modi Xerox	4.75%
12	Books	15%
13	Software	20%
14	EPABX	4.75%
15	Projector	16.21%
16	Cell Phones	100%

Depreciation worked out on the furniture provided to the residences of Commissioners as per the rates prescribed in the Service Conditions of the High Court Judges.

Annexure - I 50% (SLM) (Straight Line Method)
Annexure - II 15% (WDM) (Written Down Value Method)

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
NOTES ON ACCOUNTS 2007-08**

- 1) The Accounts of the Commission are prepared on accrual basis except for stamps, stationery and other petty expenses.
- 2) Depreciation on the assets of the Commission (excluding the furnishing articles provided to the residences of the Chairman and Members of the Commission) is provided at the SLM rates specified in schedule XIV to the Companies Act, 1956.
- 3) Depreciation on the Furnishing Articles supplied to the Chairman and Members of the Commission is provided at 50 percent on SLM in respect of articles falling under Annexure I and 15 percent on WDV method in respect of articles specified in Annexure II in line with High Court Judges (Writing off, selling and utilization of Furnishing Articles) Rules, 1990.
- 4) As per the Commission's order cent percent depreciation provided on capital items purchased at a time upto Rs.10,000/- during the Financial Year.
- 5) No retirement benefit fund has been created to meet the future liability of the pensionary benefits of the employees of the Commission because the SERC fund as envisaged in the Electricity Act, 2003 was not constituted and the funds are being provided by the Government from its Annual budget.
- 6) The Commission has received Grants-in-Aid towards Salaries and Other Grants-in-Aid, for which one bank account is operated and the entire expenditure of the Commission will be met from that bank account and 'Excess of income over expenditure' or 'Excess of expenditure over income' may be treated as Capital Fund.
- 7) All the assets shown in the balance sheet have been created from the Other grants-in-aid received from the Government.

(BY ORDER OF THE COMMISSION)

Sd/-
M.D.Manohar Raju
Commission Secretary