



**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**  
**4<sup>th</sup> & 5<sup>th</sup> Floors, Singareni Bhavan, Red Hills, Hyderabad 500 004**

RP (SR) No. 25 of 2012

Dated: 18.02.2013

**Present**

Sri A.Raghotham Rao, Chairman  
Sri C.R.Sekhar Reddy, Member  
Sri R.Ashoka Chari, Member

Between  
M/s. APEPDCL

.... Petitioner

And

Nil

... Respondent

This petition has come up for hearing on 19.01.2013 in the presence of Sri P.Shiva Rao, Advocate for the petitioner, the Commission passed the following:

**O R D E R**

This petition is filed by the petitioner u/s 49 of the APERC (Business Rules of the Commission) Regulations 1999, seeking reconsideration of certain issues in the retail supply business tariff order for FY 2012-13 dated March 30, 2012.

The case of the petitioner is briefly as follows:

- (i) The licensee seeks reconsideration of the non-tariff income target of Rs.283.31 crs approved for APEPDCL for FY 2012-13 as it is exorbitantly on high side and without any valid base. Resultantly the subsidy receivable by EPDCL from GoAP for FY 2012-13 has been decreased by Rs.245.91crs. The licensee contends the non-tariff income target approved for FY 2012-13 as not justified.
- (ii) Based on the observation and licensee's analysis provided hereunder, the licensee seeks reconsideration by the Commission on the issue highlighted above.

**a) Unreasonable hike in non-tariff income target:**

The non-tariff income target approved for APEPDCL in page no.58 and para 91 of tariff order 2012-13 is exorbitantly on high side. Even in the tariff order for 2011-12, the target approved for APEPDCL is Rs.61.94crs. There cannot be 357% increase at a time in one financial year in non-tariff income. Non-tariff income targets approved by Commission in previous tariff orders in comparison with present tariff order are furnished below:

Sl.No.	FY	Non-tariff income target approved in retail supply tariff orders (Rs.crs)	Growth rate over previous year target (%)
1	2009-10	47.22	
2	2010-11	77.12	63.32%
3	2011-12	61.94	-19.68%
4	2012-13	283.31	357.39%

**b) Non-tariff income filed by licensee in its ARR filing is reasonable.**

Sl.no.	Items of non-tariff income (RS.crs)	ARR filing 2012-13	Target approved in tariff order 2012-13
1	Recoveries from theft of power	-	283.31
2	Interest income from bank deposits / investment etc	5.50	
3	Interest income from staff advances and loans	0.10	
4	Power purchase rebates earned	-	
5	Miscellaneous / other receipts	11.00	
6	R.C.fees	9.90	
7	LT application fees	0.90	
8	<b>Total Non tariff income at current charges</b>	27.40	
9	Additional income from non-tariff proposals	10.00	
10	<b>Total tariff income at proposed charges</b>	37.40	

- (i) **Recoveries from theft of power:** Any instances of theft or malpractice would have a bearing on the loss target achievement and since that was not subject to true up, revenue from theft and malpractice was not considered.
- (ii) **Interest income from bank deposits / investments:** As the licensee had withdrawn most of its bank deposits in FY 2009-10, interest income from bank deposits had been estimated at Rs.5.5crs for the financial year 2012-13.
- (iii) **Interest income on staff loans and advances:** Based on past trend, interest income from staff loans and advances had been estimated at Rs.0.1 crs for the financial year 2012-13.

- (iv) **Power purchase rebates earned:** Power purchase rebates were not projected under the head non-tariff income as the gross power purchase cost was projected for FY 2012-13 in the filing.
- (v) **Miscellaneous / other receipts:** Miscellaneous receipts for retail supply business comprise mainly of supervision charges (Theft), capacitor surcharge etc. Based on past trend, they were estimated at Rs.11 crs for FY 2012-13
- (vi) **RC fees and LT application fees:** Based on past trend, RC fees and LT application fees had been estimated at Rs.9.9 crs and Rs.0.9 crs for the financial year 2012-13.

**c) Hike in non-tariff income target approved by Hon'ble Commission does not commensurate with the hike in non-tariff charges approved by the Commission.**

The non-tariff proposals approved by Commission for FY 2012-13 and their revenue impact calculations are as follows:

**(i) Meter testing fees:**

Meters	2011-12		2012-13		Approximate revenue impact (RS.crs)
	LT	HT	LT	HT	
AC single phase energy meter	Rs.10		Rs.100		
AC three phase energy meter	Rs.30		Rs.300		Rs.522
LT Tri vector meter			Rs.2000		
Demand or special type meter	Rs.150	Rs.500		Rs.3000	

**(ii) Supervision / inspection & checking charges:**

	2011-12	2012-13	Approximate revenue impact (RS.crs)
For LT-I(A) Domestic	Rs.50	Rs.100	0.55
For LT-I(B) Domestic	Rs.50	Rs.100	
LT Agricultural	Rs.50	Rs.100	
For all other LT categories	Rs.150	Rs.100	
For all HT categories	Rs.300	Rs.600	

Except for agricultural and domestic categories, for all other LT categories, the supervision/inspection and checking charges were reduced from Rs.150 to Rs.100 which results in negative revenue impact.

**(iii) Reconnection charges:**

		2011-12	2012-13	Revenue impact (Rs.crs)
a)	<b>Low Tension Services</b>			0.50
	LT-I(A)	Rs.50	Rs.25	
	Overhead LT line services	Rs.50	Rs.75	
	UG Services	Rs.100	Rs.200	
b)	<b>High Tension Services</b>			0.50
	11KV	Rs.300	Rs.1000	
	33KV	Rs.500	Rs.2000	
	132/220KV	Rs.1000	Rs.3000	

Appropriate revenue impact due to hike in non-tariff charges approved by Hon'ble APERC in Tariff Order 2012-13 will be Rs.6.27 crs as explained above.

The hike proposed by the licensee in its ARR filing is Rs.10 crs. With the approved charges for FY 2012-13, the hike in revenue will not be more than Rs.7 crs.

Whereas the Commission approved Rs.255.91 crs over the filing figure which is unjustified.

**d) The base explained by Commission in Tariff order does not take into account true and fair view of the financial position of the licensee:**

The non-tariff income actuals as per annual accounts for FYs 2008-09, 2009-10 and 2010-11 are as follows:

<b>Items of non-tariff income (Rs.Crs)</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
Interest income from bank deposits / investments etc.	27.63	29.93	15.8
Interest income from staff advances and loans	0.05	0.03	0.1
Power purchase rebates earned	29.34	39.27	33.71
Securitization benefits			
Miscellaneous / other receipts	6.03	0.13	9
R C Fees	5.57	7.31	8.77
LT application fees	1.05	0.70	0.86
<b>Total Non Tariff Income</b>	<b>69.68</b>	<b>77.37</b>	<b>68.24</b>

When compared with the actuals of FY 2010-11, the target fixed by Commission for FY 2012-13 is 315% higher.

**As a result, the subsidy receivable by APEPDCL from GOAP has been decreased by Rs.245.91 crs which is not justified.**

- (iii) The above issues of tariff order as explained above may be taken on record by the Commission and revise the tariff order by duly reviewing it. The Commission may permit the petitioner to make any additional submissions during the proceedings in support of the prayer.

(iv) Hence, it is prayed to

- i. Consider and accept the review petition, and effect the modification as sought in the review petition.
- ii. Pass such other order/ orders, as the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

3. Now, the point for consideration is, whether the petition filed by the petitioner is to be accepted by the Commission for consideration?

4. This petition is coming up for numbering as it is at the S.R.stage. The petitioner filed the above said petition to revise the tariff order by reviewing its own order. The petitioner has mentioned so many grounds projecting alterations as there is a change of revenue impact than the impact projected in the tariff order. It is urged that unless the above said petition is numbered, it is not possible for the Commission to consider the merits or otherwise grounds mentioned in the petition.

5. The petitioner has filed the above said petition projecting alterations that seek to improve the revenue generation as compared to the figures projected in the tariff order. Most of these points have been gone into at the time of issue of the Tariff order including the public hearing process which addressed various issues in great detail.

6. We are of the considered opinion that the request made by the petitioner to review the tariff order for 2012-13 cannot be entertained.

7. In the result, the petition is hereby rejected.

This order is corrected and signed on this 18<sup>th</sup> day of February, 2013.

<b>Sd/-</b>	<b>Sd/</b>	<b>Sd/-</b>
<b>(R.ASHOKA CHARI)</b>	<b>(C.R.SEKHAR REDDY)</b>	<b>(A.RAGHOTHAM RAO)</b>
<b>MEMBER</b>	<b>MEMBER</b>	<b>CHAIRMAN</b>