

**CHHATTISGARH STATE ELECTRICITY REGULATORY
COMMISSION, RAIPUR**

**Petition No. 29/2009(T)
and No. 30/2009(M)**

**M/s. Bhilai Steel Plant, Bhilai
(Distribution Licensee)**

Applicant

In the matter of:

- (i) Approval of Aggregate Revenue Requirement (ARR) and determination of tariffs for distribution of electricity in the designated area of the Bhilai Steel Plant Township, Bhilai for the year 2009-10.**
- (ii) Approval of power supply agreement and Business Plan for distribution of electricity in the designated area of the Bhilai Steel Plant Township, Bhilai for the year 2009-10.**

**Present: Manoj Dey, Chairman
B.K. Sharma, Member**

ORDER

(Passed on 31.08.09)

1. HISTORY

Bhilai Steel Plant (BSP), has established and maintains a large residential township at Bhilai for its employees. For convenience of its employees, markets and other facilities like schools, colleges, religious and cultural institutions, banks etc. have been allowed to be developed in the area of BSP.

Prior to formation of Chhattisgarh the BSP was permitted to supply electricity vide the Govt. of undivided M.P's letter No. F-7/1/13/77 dated 6.6.1978 and subsequent amendment issued vide letter No.3116/F-16/3/13/92 dated 27.6.1992. Town Electrical Engineering Department of BSP (BSP-TEED) is responsible for electricity distribution and supply in the township area.

After the Commission has started functioning w.e.f. 1st July,2004 the BSP applied for grant of distribution license under section 14 of the Electricity Act, 2003 (the Act) and the license was granted by this Commission on 20.12.2005 on terms and conditions as prescribed therein.

In accordance with condition no. 12 of the distribution license, BSP (Distribution Licensee) was required to file the application for determination of first retail tariff under clause 10 of the CSERC (Details to be furnished by the licensee or generating company for determination of tariff and manner of making application) Regulations, 2004, on 31st March, 2006. The Commission extended the time limit to 27th April, 2007 on the request of BSP. When no application was received, a show cause notice was served by the Commission on 30.04.2007. BSP submitted a plain five page tariff application for the year 2006-07 without any supportive data / information on 11.05.2007 which was rejected on 24.05.2007. In reply to next notice dated 04.07.2007, BSP requested to extend the date of submission of tariff application to 30.11.2007, which was agreed to. On non- submission of tariff application upto 30.11.2007 on enquiry, it was noticed from the reply of BSP dated 20.12.2007 that the BSP had not even appointed the consultant for preparation of application and BSP again sought time upto 31.03.2008. There was no other option then to permit filing of tariff application upto 31.03.2008. BSP could award the work of preparation of tariff application on their behalf to a consultant on 17.03.2008 as expertise for this was not available in-house. The Commission had to extend the time up to end of July, 2008.

BSP submitted tariff application on 31.07.2008. After scrutiny of the application, it was noticed that BSP had not maintained separate account for distribution business. Informations like balance sheet, cash flow statement, sources of funding assets, expenses capitalized, write-offs, etc. were not submitted. In spite of availability of cheaper power from the source of BSP, power procurement was proposed from a costlier source (industrial rate of Chhattisgarh State Electricity Board, in short CSEB). BSP informed that the NTPC-SAIL Power Corporation Ltd. (NSPCL), which is setting up 2x250 MW generation plant within the premises of Bhilai Steel Plant, has not yet declared the date of commercial operation and therefore they were unable to include availability of cheaper power in the application. The BSP administration had

also not decided to source this power for township. BSP (Licensee) sought time for deciding the source of power purchase. Ultimately, BSP requested vide their letter dated 03.12.2008 to the Commission to close the file of tariff application for the year 2008-09 and allow them to file fresh multi-year-tariff application for the period 2009-12 in accordance with the multi-year-tariff regulations of the Commission. The Commission decided that by the time the application for 2008-09 is considered the financial year may come to an end and the licensee may find difficulty to file multi-year-tariff application in time for the year 2009-10 onwards. The licensee may not be able to submit information for multi-year-tariff as it is not available even for the yearly tariff. The business plan was also not ready. It was, therefore, decided that the licensee may continue to provide electricity to its consumers on the existing rates and licensee was directed to submit tariff application for the year 2009-10 latest by 31.01.2009 with complete information as pointed out from time to time during the past. BSP kept requesting to extend the date on one or the other plea and submitted application for the year 2009-10 and the business plan for the same year on 04.05.2009 which were registered as Petition No. 29/2009(T) and No. 30/2009(M) respectively on 27.05.2009. BSP was advised to publish a notice in leading newspapers in the area of license inviting public objections / comments on both the petitions. The notice was published in following newspapers on 11.06.2009 inviting comments of public within 15 days-

1. Dainik Bhaskar (Hindi)
2. The Hitavada (English)

Tariff petition was also uploaded on the website of the Commission 'www.cserc.gov.in'. Copies of petition were available for sale on a nominal price in the office of the Assistant General Manager, Town Electrical Engineering Department of BSP as well as in the Commission's office.

Objections from four persons / organizations (Annexure-I) were received, which were replied by the BSP and copies of reply were also submitted to the Commission. These objectors were informed in writing by the Commission about the public hearing on 18.07.2009 at Bhilai. The Commission also got published advertisement on 10.07.2009 about holding of public hearing at Bhilai in Dainik Bhaskar and Nav Bharat- two Hindi daily

newspapers. It was informed to the public that other persons can also submit written objections / comments during the public hearing at Bhilai on 18.07.2009. Eight persons/organizations submitted written representations during public hearing at Bhilai (Annexure-I). Although more than 100 persons attended public hearing, only 14 persons (Annexure-II) had expressed their views on the tariff petition before the Commission. No one raised objection or submitted suggestion on the petition of Business Plan for the year 2009-10 in person or in writing.

Technical validation meetings were held on 15.07.09, 27.07.09 and 31-7-09 with the officers of BSP and their consultant, and licensee submitted additional available information to the Commission based on the discussions during these meetings.

2. ABOUT THE LICENSEE

As already mentioned, BSP was given permission for distribution and supply of power to its employees in BSP's township and to markets, schools, colleges, water supply and sewerage arrangements, etc. meant basically to facilitate its employees.

BSP purchases power from Chhattisgarh State Power Distribution Company Ltd. (CSPDCL) on 220KV and 132KV mainly for industrial use. Apart from above source, the power to the plant is also fed from 51 MW and 74 MW captive power plants i.e. PP-1 and PP-2 respectively. From this arrangement supply is stepped down to 11 KV and through two step down substations TDS-I and TDS-II, whole township of BSP is supplied through 8 numbers 11KV feeders and meters have been provided at these substations. Recently 2x250 MW power plant has also been commissioned within the BSP premises (PP-3).

Tariff of CSPDCL to BSP is high being the tariff for industries. The BSP has made an arrangement to take 38MW power for township area from recently commissioned 2x250MW power stations (PP-3). Application to Central Electricity Regulatory Commission (CERC) has already been submitted for determination of tariff for PP-3. Provisionally, rate of Rs. 2.70 per unit has been proposed in this application. This rate is cheaper as

compared to tariff of CSPDCL. Status of network and number of consumers as on 31.03.2009 is as follows:

Status of Network:-

1.	11 KV lines	110 Km
2.	L.T. lines	650 KM
3.	Distribution transformers	175 Nos.

Number of consumers:-

1.	Domestic consumers	31665
	a. BSP employees	23204
	b. Non-BSP	8461
2.	Commercial consumers	2472
3.	Flour mills and industries	54
4.	Government offices	29
5.	BSP's offices, schools, hospitals, clubs, guest houses	125
6.	BSPs drinking water and sewage pumps	10
7.	Street light	1

Total 34,356 Nos.

Thus out of 34356 total consumers, about 11016 (32%) are non-BSP consumers. There is no differentiation between HT and LT consumers. Types of industrial connections are not known to the licensee. Total maximum demand of licensee is about 38 MW.

3. OBJECTIONS RAISED AND PETITIONER'S REPLY

As stated above, a public hearing was held at Bhilai on 18.07.2009. There were more than 100 persons present during the public hearing most of which shop keepers of the markets in the BSP township. Views and suggestions of the objectors on the tariff petition and the replies given by the petitioner are discussed below. No one submitted any comments on the petition of Business Plan and power supply arrangement filed by the licensee.

3.1 BSP charges very high tariff from non-BSP consumers. Security deposit and other charges are also high.

Petitioner's reply: At present the licensee gets power from CSPDCL on their tariff of Heavy Industries (EHV-2), which is quite high. This power is

distributed by the licensee to its consumers after meeting all the losses, etc. In comparison to the cost of power purchase from CSPDCL, the tariff charged to licensee's Non-BSP consumers is not much higher. Security amount is charged as per the load of a consumer in accordance with a prescribed formula which is prevalent for last many years. Similarly, other charges are also being recovered for last many years. No change in these charges has been requested in this petition.

- 3.2 Interest on security deposit is not given in accordance with the regulations of the Commission.

Petitioner's reply: At present, there is no provision for providing interest on security deposit.

- 3.3 BSP has proposed to procure electricity from the newly commissioned generating plant of NSPCL at cheaper rate. The tariff, therefore, should be fixed in accordance with the Act, tariff policy, tariff philosophy of the Commission and regulations of the Commission. In the same town, the tariff should not be different than that of CSPDCL. HUDCO area was recently transferred from BSP to CSPDCL, where cheaper tariff of CSPDCL is charged. When BSP has proposed to purchase electricity at cheaper rate from NSPCL during 2009-10, there is no justification for enhancing the present tariff. There should not be any discrimination in tariff for BSP employees and non-BSP consumers.

Petitioner's reply: The detail of all expenditure, etc has been submitted to the Commission. Fixation of tariff is in the purview of the Commission. Expenditure of two different licensees cannot be compared. The licensee being part and parcel of the BSP (Industry) is basically for welfare of its employees and has been charging subsidized tariff from its employees.

- 3.4 For serving a new connection to non-BSP consumers, an installation charge of Rs. 100/- for single phase and Rs. 300/- for three phase connection is payable by LT consumers.

Petitioner's reply: This charge is being recovered for last many years. This charge is recovered in lieu of effort put in by employees to connect the connection and ascertaining proper functioning of meter and its testing.

- 3.5 Presently the installations of business, police, banks, insurance, school, post office, etc. are being charged tariff of Rs. 6/- per unit, which is proposed to be increased to Rs. 7.40 per unit, which is very high.

Petitioner's reply: Hon'ble Commission shall decide the tariff after scrutiny of all expenses, etc. of the licensee.

- 3.6 More than 6000 quarters of BSP have been unauthorisedly occupied, which are using free electricity. In camp and Khursipar area, a big number of persons have directly hooked their connections from LT lines.

Petitioner's reply: The licensee has been taking adequate measures to check theft of energy. Efforts for providing meters and commencing billing to about 4000 unauthorized occupiers are being made. Plan for providing A B cable in Khursipar and Camp area to avoid theft of energy is being made. These actions shall also reduce the line losses.

- 3.7 BSP has not acted upon the advice of the Commission to take a separate connection for residential colony on cheaper tariff of CSPDCL. This would have reduced financial burden of licensee and in turn of consumers.

Petitioner's reply: As setting up of new 2x250 MW power plant by NSPCL was in progress, therefore, this connection was not taken.

- 3.8 For distribution of electricity in 38 sq.km area of the licensee, the losses in 2008-09 have been reported as 37.43%, which are very high. Licensee has not taken any steps to reduce losses.

Petitioner's reply: BSP has been installing new transformers and lines to reduce the losses. 1000 defective meters have already been replaced. Plan for cent percent metering has been given to the Commission. In future, all electromechanical meters shall be replaced by electronic meters. Efforts to check theft and misuse of electricity are being made. Licensee has been doing a lot on demand side management.

- 3.9 O&M expenditure has been shown more in comparison to other licensee in the state.

Petitioner's reply: This has been proposed based on past trend of expenditure. However, prudent checking of all expenses shown in the petition shall be done by the Commission.

3.10 BSP's own office buildings, guest houses, clubs, water works, sewage plants, etc. have no meters and so far no tariff was fixed for these.

Petitioner's reply: The whole area of BSP is fed through a HT connection by CSPDCL and is metered. Since all above installations belong to BSP, the bill of their consumption is being paid by BSP (Industry). Now as a licensee, the metering is required to be done for all the consumers, for which action is being commenced. The Commission shall fix the tariff for these connections for the purpose of proper accounting.

3.11 There are arrears against public representatives, Government departments, police, etc.

Petitioner's reply: Efforts are being made to recover the old arrears.

3.12 The present tariff for temporary connections is very high.

Petitioner's reply: This is within the purview of the Hon'ble Commission.

3.13 BSP has proposed to increase the tariff of its employees, which was already high.

Petitioner's reply: At present BSP employees pay at the rate of Rs. 1.57 per unit which is much below the price of purchase from CSPDCL. Fixation of tariff is within the purview of the Hon'ble Commission.

4. **BUSINESS PLAN**

The licensee has submitted a petition for approval of business plan for the year 2009-10. It is more like a capital expenditure plan. BSP has proposed capital expenditure of Rs. 285.93 lakhs during 2009-10 as detailed below:

S. No.	Particulars	Proposed expenditure in Lakh Rs.
1.	Panels and switch gear for additional section for 7.5 MVA transformer at TDS-II	78
2.	Hydraulic platforms of 13 m height mounted on light commercial vehicle.	28
3.	Replacement of 15 distribution transformers.	81
4.	Single phase electronic meters (10000 Nos.)	30.81
5.	Installation of 315 KVA transformer substations (20 Nos.)	68.12
	Total	285.93

Petition No. 30/2009(M) was registered on 27.05.2009. Alongwith the tariff proposal, comments from public were invited for on this petition. No objections/suggestions on this petition were received and none had expressed any view in the public hearing held on 18.07.2009 at Bhilai.

The BSP has proposed above capital expenditure for improvement in efficiency by installing additional transformers at load centres and providing meters to unmetered connections and replacing defective meters. Procurement of hydraulic platform would be helpful in maintenance of line and reduce the period of outages.. Whole expenditure shall be borne by Bhilai Steel Plant management. The details of internal accruals could not be supplied. The procedure of accounting between BSP (Industry) and BSP (TEED) has not been explained. The interest part has been accounted for in the ARR considering debt-equity ratio of 70:30. **Commission approves the business plan and directs petitioner for execution of these works during 2009-10 and report to the Commission in due course.**

5. ANNUAL REVENUE REQUIREMENT FY 2009-10

5.1 Power Purchase and Sales

As stated above, BSP-TEED gets supply of power from the Bhilai Steel Plant (Industry) for distributing the same to various consumers in the BSP township. BSP (Industry) gets supply from CSPDCL (250 MVA) and their power plants of 1x51 and 1x74 MW, and 2x250 MW (280MW is the share of BSP). BSP (Industry) has internal arrangement to supply about 38 MW peak power on 11 KV to BSP (Distribution Licensee or TEED) for distribution and supply purpose in the township.

BSP have been procuring power from the State utility for use in industry as well as for its distribution business. During the year 2007-08, licensee has procured 204.93 MU at an average cost of Rs 4.07 per unit. In the year 2008-09, it has estimated power purchase to the tune of 214.9 MU at an average cost of Rs 4.15 per unit. On the basis of estimated sales and losses, the licensee has stated that its power requirement for the year 2009-10 will be 214.29 MU. For the first quarter of the year 2009-10, the licensee would purchase power from CSPDCL and in the remaining period of year may

purchase power from NSPCL. The weighted average cost of power purchase estimated by the petitioner is Rs 3.08 per unit.

Regarding cost of power purchase, it is to be noted that tariff of CSPDCL is at the same level as in the previous year and hence the power purchase cost of BSP for the first quarter of the year FY 10 is estimated as Rs 4.15 per unit. For the remaining part of the year, the Commission has considered the equivalent power purchase price as estimated for purchase of power by CSPDCL from NSPCL in the tariff order 2009-10, which is Rs 2.52 per unit. The power purchase cost is an uncontrollable item of ARR and any variation in the total power purchase cost may be passed on while undertaking trueing up exercise. In view of above consideration, the weighted average power purchase rate is estimated as Rs 2.94 per unit, for the year 2009-10.

The petition for determination of tariff for the power procurement from 2x250 MW power plant of NSPCL has since been filed with Central Electricity Regulatory Commission (CERC). Average rate of Rs. 2.70 per unit has been worked out in the petition and the licensee has requested to accept this rate provisionally up till the time it is determined by CERC. The difference can be trued up in future. The Commission has not accepted this and has considered the rate of Rs. 2.52 per unit i.e. the rate as per which NSPCL may supply to CSPDCL for calculation of ARR.

Category-wise sales to consumers from the year 2006-07 and onwards are given as follows:

Consumption

(MU)

S.No.	Category	2006-07	2007-08	2008-09	2009-10 (Proposed)
1.	Domestic	78.04	77.03	79.75	83
2.	Non-domestic	6.08	7.3	8.6	9.01
3.	Industry	0.87	0.89	0.91	0.93
4.	Public Utility	31.383	39.23	39.23	40.41
5.	Street Lights	5.41	5.41	5.90	6.08
Total		121.783	129.86	134.39	139.43

Actual growth in 2007-08 and 2008-09 as compared to its earlier year has been 6.6% and 3.5% respectively. The licensee has estimated 3.75% growth in consumption during 2009-10 as compared to 2008-09, which seems to be in order. It may also be seen that the licensee has reported that out of 34356 total consumers, meters of 15009 (43.7%) consumers have not been functioning properly and 136 connections belonging to BSP (offices, schools, hospitals, guest houses, club, water works, sewage) have not been provided meters. Assessment of units consumed has been done on the basis of load and working hours. For assessment of energy consumption in respect of defective meters, licensee had made assessment for each type of quarter about 10 years ago. The method adopted for assessment is not correct and load in quarters must have increased in last 10 years. 1000 Nos. defective meters have been replaced during the year 2009-10 so far, but no study has been done to find out the difference between actual recording of consumption after replacement of defective meters and the assessed units billed during the periods the meter remained defective. Meter reading of employees is recorded every fourth month and adjusted for 3 months' average billing. The bills for employees are made in the payslip itself by some other department. In view of improper accounting, the loss calculation indicated below can not be considered correct and seems to be on much higher side looking to the network size and small distribution area of the licensee.

Energy Input and Losses

S. No.	Category	2006-07	2007-08	2008-09	2009-10 (Proposed)
1.	Energy input (MU)	198.00	204.93	214.9	212
2.	Sales to consumers (MU)	121.8	129.9	134.4	139.43
3.	Losses (%)	38.5%	36.6%	37.46%	34.43%

The licensee has offered to reduce 3% losses during 2009-10. The level of losses is very high and the licensee has to take various strict measures to control the losses. As reported during the public hearing, about 4500 quarters have been occupied unauthorisedly. These should be brought in to billing net immediately. There are direct connections in Khursipar and Camp area. **Direct theft cases of energy may be reported to Police and action be taken under Section 135 of the Act. The action to provide Aerial bunch (A.B.) cable be taken. Concerted efforts will have to be**

made to reduce the losses. Commission directs the licensee to assess the correct losses within 6 months and report to the Commission.

The Commission observes that the loss estimated by the BSP is on the higher side. It is only after the installation of meters and replacement of stop / defective meter at consumers premises, proper loss estimation can be done. BSP has informed that they have already started installing the meters. For fixation of tariff and loss target the Commission is guided by Tariff Policy notified by Union Ministry. Clause 5 (h),(2) which states :

“In cases where operations have been much below the norms for many previous years the initial starting point in determining the revenue requirement and the improvement trajectories should be recognized at ‘relaxed’ levels and not the ‘desired’ levels”.

Clause 5 of Tariff Policy says:

“Except for the cases referred to in para 5.3(h)(2), the operating parameters in tariffs should be at “normative levels” only and not at “lower of normative and actuals”. This is essential to encourage better operating performance. The norms should be efficient, relatable to past performance, capable of achievement and progressively reflecting increased efficiencies and may also take into consideration the latest technological advancements, fuel, vintage of equipments, nature of operations, level of service to be provided to consumers etc. Continued and proven inefficiency must be controlled and penalized.”

This is the first tariff petition of licensee. There is no proper energy accounting of distribution business. In a regulatory framework one of the important functions of the Commission is to safeguard the consumers' interest also. An appropriate balance has to be maintained between the interest of consumers and licensee. Considering all these aspects the Commission approves loss level of 32.43% i.e. reduction by 5% during 09-10.

Sl. No	Particulars	2008-09	2009-10 Petition	2009-10 Approved by the Commission
1.	Energy received in the system (MU)	214.9	212.55	205.71
2.	Energy sold (MU)	134.4	139	139.43
3.	Overall losses	37.43%	34.43%	32.43%

5.2 O&M Expenses

The operation and maintenance (O&M) expenses are generally considered under the following heads:

- Employee expenses
- Administration and General Expenses
- Repairs and Maintenance Expenses

Employee expenses

The petitioner has claimed employee expenses of Rs. 1182 lakhs for FY 2009-10. The tariff application shows that the total number of employees deployed for distribution business is 200. Out of this, 21 numbers of employees are of executive level and 179 are at non-executive level. The applicant has proposed an escalation of 4% over the employee expenses estimated for the year 2008-09.

Analysis of the employee productivity related parameters proposed for the year FY 2009-10 reveals that the number of employees for the distribution functioning is 200. The average manpower per MU sale is proposed as 1.43. During technical validation, the petitioner averred that as they are maintaining a better standard of performance, the cost claimed towards employee expenses may be allowed. The number of consumers per employee and energy sale per employee needs to be reviewed by the BSP management. The Commission has considered the cost towards only 150 employee in computing employee expenses. On the basis of this **the Commission has approved the gross employee expenses of Rs 886.50 lakhs.**

5.3 Administration and General Expenses

The A&G expenses comprise rent, rates and taxes, travel and conveyance expenses, consultancy and legal fees, insurance and other administration expenses. For the year 2009-10, the petitioner has claimed A & G expenses of Rs 13.53 lakhs. The applicant has proposed an escalation of 6.04% over the estimated A&G expenses for FY 08-09. **The proposal of the applicant is reasonable and therefore the Commission approves the same.**

5.4 **Repairs and Maintenance (R&M) Expenses**

The petitioner has claimed R&M expenses of Rs. 23.65 lakhs. The petitioner has estimated it by considering 5% of opening Gross Fixed Assets (GFA). However, it is observed that the R&M expenses proposed work out to be 2.35% of the GFA. The R&M expenses estimated for the year 2008-09 were Rs.101.11 lakhs. **The Commission has approved the R & M expenses for the State utility at 5% of opening GFA. The proposal of applicant is justifiable and therefore, the Commission approves the R&M expenses of Rs. 23.65 lakhs.**

5.5 **O&M expenses**

The total O&M expenses claimed by the petitioner for the year 2009-10 are Rs. 1219.18 lakhs. Based on the approved Employee expenses, A&G expenses and R&M expenses, the O&M expenses work out as Rs 923.68 lakhs.

5.6 **DEBT-EQUITY RATIO**

The petition shows that the capital expenditure estimated during 2008-09 is Rs.268.24 lakhs and the capital expenditure projected for 2009-10 is Rs.285.93 lakhs. Clause 12 of CSERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 inter alia provides that in case of a new distribution line or substation commissioned or capacity expanded on or after 01.04.2005, the debt and equity in the capital cost of such a project shall be considered in the ratio of 70:30 for the purpose of determination of tariff. Further in case of investments made prior to 1.4.2005 for the existing distribution system, the debt-equity ratio shall be accepted on the basis of audited accounts. In case the audited accounts for the year 2004-05 are not available, the distribution licensee shall submit the unaudited accounts for that year along with the latest audited accounts for any of the preceding years available.

The opening gross assets for 2008-09 are Rs.745 lakhs and by addition of assets during FY 08-09, the opening GFA is Rs. 1013.35 lakhs. The proposal for debt-equity ratio on the capital expenditure for FY 08-09 and FY09-10 is in accordance with the Regulations and hence the Commission accepts the submission of the petitioner.

5.7 **RETURN ON EQUITY**

The petitioner has claimed Rs.11.27 lakhs as return on equity on the basis of notional equity on capital expenditures incurred in 2008-09 and 2009-10. The petitioner shall be entitled to return on equity @ 14% on normative equity which comes out to be Rs. 11.27 lakhs.

5.8 **DEPRECIATION**

BSP has proposed depreciation of Rs. 42.82 lakhs. The average depreciation rate considered by the BSP for computing depreciation is 3.75%. The opening GFA for 2009-10 is Rs.1013.35 lakhs. The Commission considers the average depreciated rate on the opening GFA and approves the depreciation amount of Rs. 38 lakhs.

5.9 **INTEREST ON LOAN**

The petitioner has proposed interest on normative loan towards capital expenditure at the rate of 12%.The petitioner has claimed interest on loan amount as Rs. 23.2 lakhs. However, the Commission observes that the closing balance shown for interest calculation is Rs.187 lakhs. The Commission considers the interest rate at 11% of closing balance and approves the interest on normative loan amount as Rs. 20.57 lakhs.

5.10 **INTEREST ON WORKING CAPITAL**

In accordance with Clause 15 of the Regulations, the working capital shall consist of:

- (a) Operation and maintenance expenses for one month.
- (b) Maintenance spares for 2 months based on annual requirement considered at 1% of the GFA at the beginning of the year.
- (c) Receivables equivalent to 60 days' average billing of consumers.
- (d) Receivables equivalent to 60 days' of wheeling charges from open access customers.

The interest on working capital has been proposed by the applicant on above lines. BSP has proposed interest of Rs. 13.41 lakhs on working capital for FY 09-10. On the basis of approved O&M expenses and interest rate of 11%, the Commission approves interest of Rs 9.58 lakhs on working capital.

5.11 **Bad and doubtful debts**

The petitioner has claimed Rs 11.18 lakhs towards bad and doubtful debts. The Commission approves the same.

5.12 **Non-Tariff income**

The applicant estimates a non-tariff income of Rs 58.46 lakhs, which is accepted.

Revenue from temporary connections

The Commission observed that the sales and revenue for temporary supply to consumer has not been accounted for. The details provided show that the revenue earned through temporary supply to consumers is Rs 42 lakhs, The Commission has considered the amount earned through temporary supply in the revenue through sale of power.

5.13 **ANNUAL REVENUE REQUIREMENT**

The licensee has given ARR of Rs. 7854 lakhs for the year 2009-10 and the Commission has worked out Rs. 7005 lakhs as given in the following table:

ARR (Rs. in Lakhs)

S.No	Particulars	Proposed by licensee	Approved by Commission
1.	Energy Purchase or Energy Available (MU)	211.98	205.71
2.	Sale of Energy (MU)	139	139
3.	Loss %	34.43	32.43
	Expenditure		
1.	Weighted average cost of purchase of energy (Rs. 2.94 per unit)	6591.37	6049.98
2.	R&M expenses	23.65	23.65
3.	Employee expenses	1182	886.50
4.	A&G expenses	13.53	13.53
5.	Depreciation	42.82	38
6.	Interest and Finance charges	36.64	30.15
7.	Other Debits	11.18	11.18
8.	Total	7901.19	7052.99
9.	Reasonable Return	11.27	11.27
10.	Non-tariff income (Less)	58.46	58.46
11.	Annual Revenue Requirement (8)+(9)-(10)	7854	7005
12	Revenue from sale of power under existing tariff	2236.70	4314
13	Surplus / (Deficit)	(5617.30)	(2691)

The cost of supply proposed by the petitioner works out as Rs. 5.65 per unit in which the energy charge (power purchase cost) is Rs.4.74 per unit and fixed charge Rs. 0.91 per unit.

The Commission has estimated the cost of supply of petitioner as Rs. 5.04 per unit in which the energy charge comprises of Rs. 4.35 per unit and fixed charge as Rs. 0.69 per unit.

6. TARIFF PRINCIPLES AND DESIGN

6.1 In assessing the revenue requirement and fixing the retail supply tariff for the year 2009-10, the Commission has been guided by the provisions of the Electricity Act, 2003, the National Electricity Policy (NEP), the Tariff Policy and Commission's relevant regulations. One stipulation of Multi-year Tariff framework for determination of tariff has not been followed as the licensee has come up with first tariff petition. As already stated in earlier chapters, more than two third of the consumers of the licensee are employees of BSP and were being supplied electricity at a very cheaper rate as compared to the rate of procurement paid to the CSPDCL (the then CSEB). The retail supply rates were arbitrarily decided by the BSP management for employees and the outsiders. The licensee has not been able to supply proper records and feedbacks to ascertain systematic designing of tariff. At the same time, the Commission can not give tariff shock to the consumers and suggest all tariff corrections in one go. The main business of the BSP is manufacturing of steel and not the electricity distribution and therefore, they do not have much of expertise to properly design the tariff and account for the units purchased and sold in their township and bearing other responsibilities as distribution licensee. BSPs own official establishments, hospitals, schools, pump houses, street light, etc. were neither metered nor billed. Thus the exact figures of sales and deficit being met with by the BSP management is not known. Presently, there are tariff categories like, Commercial normal, Commercial High rate, Government offices, BSP employees on role, Non-BSP Domestic normal, Non-BSP domestic high rate, Domestic Canteen and Rites employees, Equivalent to BSP employees [Delhi Public School (DPS) and medical trust], Commercial light and power, etc. All around adjacent to the licensee's area, supply of CSPDCL exists and consumers, especially non-BSP, compare their rates with the tariff of CSPDCL. In view of above, it is

difficult for the Commission to properly categorize and set the tariff of consumers. The Commission will try to rationalize the tariffs in future as the performance and accounting of the licensee improves. Being the first tariff order for the licensee, few consumers may experience tariff shock in the beginning, which is unavoidable in view of initiation of rationalization process.

The licensee has worked out ARR of Rs. 7854 lakhs and has not shown detailed calculation of revenue from present and proposed tariff. The Commission has however, worked out revenues based on the additional information supplied by the licensee. The revised categorization reflects purpose of supply as well as the voltage of supply and the tariffs have been designed as follows-

6.2 **L.T. Tariff**

At present all the consumers are being billed on L.T. tariff since the H.T. connections like office buildings, water supply, hospitals, etc. are virtually not in the billing net.

6.2.1 **LT-1 Domestic**

There are 5 different sub-categories in the domestic tariff e.g. (i) BSP employees on roll, (ii) Domestic normal (Non-BSP), (iii) Domestic (Canteen and RITE'S employees), Domestic high rate (Non-BSP), and (v) Equivalent to BSP employees rate (DPS and medical trust). The tariff of BSP employees is Rs.1.57 per unit, while for other it varies from Rs. 1.57 to Rs. 5.99 at different slabs in other sub-categories. The Commission has decided to make one tariff for all types of domestic consumers as differentiation between BSP employees and non-BSP consumers is not desirable. To avoid much of tariff difference, the present telescopic system of billing in present consumption slabs is being considered. Although, there may be tariff shock for BSP employees paying a flat rate of Rs. 1.57 per unit for all the units consumed, but differentiation in tariff for similar consumer in one type of category is not desirable in view of the statutes. The tariff given in schedule shall be chargeable on following slabs (telescopic):-

- 0-100 units
- 101-200 units
- Above 200 units

6.2.5 LT-5 Temporary Supply

The tariff at one and half times the tariff fixed for respective category is decided as per the practice in the CSPDCL for last many years. Temporary connections should be given with meters.

6.3 Terms and Conditions of LT Tariff

The terms and conditions of LT tariff have separately been defined. LT connections shall be given up to maximum connected load of 75 KW / 100 HP. The LT connection having load more than the above should be converted to HT supply by 31.03.2010.

6.4 HT Tariff

Most of the HT connections in following HT-2 and HT-3 category belonging to BSP industry do not have meters at present. The licensee shall take some time to procure HT meters with metering equipments. The licensee is directed to provide L.T. meters on such connections immediately. The tariffs are therefore designed on L.T. metering and H.T. metering. As and when the LT meters are replaced by the H.T. meters, the demand based H.T. tariff shall applicable.

6.4.1 HT-1 Residential

There are two connections which are feeding supply to residential colonies by taking supply at one point. The tariff has been designed in comparison to LT residential tariff. The present average tariff charged is above Rs. 6 per unit, which is abnormally high for residential premise. HT meters needs to be provided in such connections on priority.

6.4.2 HT-2 Non-residential and General purpose

The licensee informed that there are 11 connections in this category. Four connections are of outsiders and 7 connections are of BSP industry. This tariff is also splitted in demand charge and energy charge and the overall effect will be the same as the present tariff.

6.4.3 HT-3 Public Utilities

This tariff is for water works and sewage pumps. There are 5 water works connections at present and all belong to BSP industry. Proposed tariff has been considered.

6.5 Terms and Conditions of HT tariff

The terms and conditions of the H.T. tariff have been detailed after the HT tariff schedule. Provision of power factor incentive and surcharge has been kept. Provision for rebate on the amount of advance payment has also been kept.

6.6 Miscellaneous and General Charges

The licensee shall continue to charge the various such charges as per the present rate and practice in vogue. The licensee is directed to file separate petition within two months from the date of this order for fixation of these charges in the transparent manner.

7. TARIFF SCHEDULE

The detailed tariff schedules of approved tariff are given in this part –

7.1 SCHEDULE OF LT TARIFF

7.1.1 LT Domestic

(i) Applicability

This tariff is applicable to domestic light and fan and power used for all domestic appliances in residential premises, including institutional residential hostels. This tariff is also applicable to temples, churches, mosques, gurudwaras; and religious and spiritual institutions.

(ii) Tariff

Unit slab (Telescopic)	Fixed charge in Rs. Per unit	Energy charge in Rs. Per unit	Minimum Fixed Charge
0-100 units	1.15	1.15	Single phase – Rs. 50/- p.m. Three phase- Rs.100/- p.m.
101-200 units	2.00	2.00	
Above 200 units	2.75	2.75	

Note: If a portion of the dwelling is used for the purpose other than specified as above (i), the entire consumption shall be billed under LT Non-Domestic tariff 7.1.1(ii).

7.1.2 LT Non-domestic

(i) Applicability

This tariff is applicable to light and fan, and power to shops, show rooms, business houses, offices, educational and other institutions, public buildings, town halls, gymnasium and health clubs, meeting halls, places of public entertainment, hotels, cinemas, hospitals, dispensaries, private clinics and nursing homes, X-rays plants, diagnostic centres, pathological laboratories, carpenters and furniture makers, juice centres, hoardings and advertisement services, public libraries and reading rooms, typing institutions, internet cafes, STD/ISD PCOs, FAX/photocopy shops, photographers and colour labs, laundries, cycle shops, tailoring shops, petrol pumps and service stations, compressors for filling air, restaurants, eating establishments, guest houses, marriage gardens, towers of mobile phones, ATMs, Banks, super bazaars, book binders, stadium and to all other consumers not covered under any other category.

(ii) Tariff

Unit slab (Non-telescopic)	Fixed charge (Rs. per unit)	Energy charge (Rs. per unit)	Minimum Fixed Charge
0-200 units	2.60	2.60	Single phase – Rs. 100/- p.m. Three phase- Rs.200/- p.m.
Above 200 units	2.80	2.80	

7.1.3 LT Industry

(i) Applicability

This tariff is applicable to light and fan and power for industries such as flour mills, hullers, grinders for grinding masala, ice factories, ice candies and workshops run by Mahila Samaj, other cooperative societies and private parties.

(ii) **Tariff**

Fixed Charge (Rs. per unit)	Energy Charge (Rs. per unit)
2.15	2.15

7.1.4 **LT Public Utilities**

(i) **Applicability**

This tariff is applicable to public utilities such as water supply schemes, sewage pumping and treatment plants, traffic signals and lighting of public streets, public parks and archaeological and other monuments.

(ii) **Tariff**

Fixed Charge (Rs. per unit)	Energy Charge (Rs. per unit)
3.70	3.70

7.1.5 **L.T. Temporary supply**

(i) **Applicability**

This tariff is for connections of temporary nature required for marriage, pooja, religious function, construction purposes, fair, circus, etc. The applicability shall be as given in the respective category rate schedule.

(ii) **Tariff**

Fixed charge and energy charge to be billed at one and half times the normal tariff as applicable to corresponding consumer category.

Notes:

- a. Temporary supply can not be demanded by a prospective consumer as a matter of right but will normally be arranged by the licensee when a requisition is made giving due notice subject to technical feasibility.
- b. Any expenditure made by the licensee for providing temporary supply up to the point of supply, shall be paid by the consumer.
- c. No temporary connection shall be served without a meter.
- d. Connection and disconnection charges shall be paid as per the schedule of miscellaneous charges.

- e. A month for the purpose of billing of temporary supply shall mean 30 days from the date of connection or part thereof.
- f. The assessed amount on account of energy / fixed charges is payable in advance for estimated energy consumption for 3 months or the actual period of temporary connection, whichever is less, before serving the temporary connection subject to replenishment from time to time and adjustment in the last bill after disconnection.

7.2 **Terms and Conditions of L.T. Tariff**

- (i) Energy will be supplied to the consumer ordinarily at a single point for the entire premises of the consumer.
- (ii) L.T. connections shall be served for maximum connected load of 75 KW/100 HP.
- (iii) All existing L.T. connections with contracted load above 75 KW / 100 HP shall avail H.T. connection by 31.03.2010.
- (iv) Contracted load / connected load in KW / HP / KVA in fraction shall be rounded off to the next whole number.
- (v) **Provision of billing in case of excess supply**
In case the connected load of any LT consumer, except non domestic light and fan and domestic consumer, is found at any time in excess of contracted load, the consumer shall also have to pay charges at tariff (fixed and energy charge, including minimum charge) corresponding to the excess load at the rate of one and half times the normal tariff of that category for a maximum period of previous six months, including the month in which the excess load is detected and shall be continued to be billed at this rate till the excess load is removed or contracted load is enhanced.
- (vi) **Delayed payment surcharge**
If the bill is not paid by the consumer within the period (due date) prescribed for payment of bill, a surcharge @ 1.5% per month or part thereof, on the total outstanding amount of the bill (including arrears, if any, but excluding amount of surcharge), subject to minimum of Rs. 5, shall be payable in addition, from the due date of payment as mentioned in the bill.

(vii) **Advance payment rebate**

A rebate @ 0.5% per month shall be payable on the net amount of advance at the end of billing cycle of that particular month, subject to the net amount of advance is not less than Rs. 100/-, and shall be adjustable in next months' bill.

(viii) **Rounding off**

The bill shall be rounded off to the nearest multiple of Rs. 10. Difference, if any, between the bill amount before and after rounding off, shall be adjusted in the next month's bill.

(ix) **Tax or Duty**

The tariff does not include any tax or duty, etc. on electrical energy that may be payable at any time in accordance with any law in force. Such charges, if any, shall be payable by the consumer in addition to tariff charge.

(x) **Meter Hire**

Meter hire shall be charged as per the schedule of miscellaneous charges to the connections for which meter is provided and maintained by the licensee. Part of month shall be reckoned as full month for the purpose of billing.

(xi) **Power Factor Surcharge on Welding Transformers**

Ordinarily, no new supply to LT installations with welding transformers will be given unless suitable capacitors so as to ensure power factor of not less than 0.85 lagging, are installed. Surcharge of 75 (seventy five) paise per unit shall be levied on the entire monthly consumption of L.T. installation with welding transformer(s) in the connected load unless suitable capacitors are installed so as to ensure power factor of not less than 0.85 lagging, provided the load of welding transformer(s) exceeds 25% of the total connected load.

For the purpose of computing connected load of the welding transformer in KW or HP, a power factor of 0.6 shall be applied to the KVA rating of such welding transformer. The KVA rating can also be calculated on the basis of no load voltage and maximum full load current of the welding machine.

The decision of the licensee, as to the adequacy or otherwise of the power factor improvement device installed, shall be binding on consumer.

Levy of this power factor surcharge shall be without prejudice to the rights of licensee to disconnect the consumer's installation if steps are not taken to improve the power factor by installing suitable shunt capacitors.

A period of three months is allowed for installation of suitable capacitors by such consumers and thus the penal provision will be applicable w.e.f. 1st January 2010.

(xii) **Applicability of Tariff**

In case of any dispute on applicability of tariff on a particular category of LT consumer, the decision of the Commission shall be final and binding.

(xiii) **Contrary to the Agreement**

All the above conditions of tariff shall be applicable notwithstanding the provisions, if any, in the agreement entered into by the consumer with the licensee, to the contrary.

7.3 TARIFF SCHEDULE FOR HIGH TENSION (11 KV) CONSUMERS

7.3.1 HT-1 HT RESIDENTIAL

(i) **Applicability**

This tariff is applicable for providing bulk supply at one point to residential colonies and multi-storeyed residential buildings including loads like water supply, sewage pumping, street light, etc. needed for residential complex.

(ii) **Tariff**

Metering at LT

Fixed charge (Rs. per unit)	Energy charge (Rs. per unit)
2.60	2.60

OR

Metering at HT

Demand charge (Rs. /KVA/month)	Energy charge (Rs. per Kwh)
240	2.60

The Commission directs that after the installation of the appropriate HT meters demand based HT tariff as specified above shall be applicable.

7.3.2 HT-2 GENERAL PURPOSE NON-DOMESTIC

(i) **Applicability**

This tariff is applicable for supply to establishments such as offices, hospitals, hotels, educational institutions, stadium, guest houses, clubs, etc. having mixed load or non-industrial and / or non-residential load. This tariff is also applicable to all other H.T. consumers not covered specifically in any other HT tariff category.

(ii) **Tariff**

Metering at LT

Fixed charge (Rs. per unit)	Energy charge (Rs. per unit)
3.05	3.05

OR

Metering at HT

Demand charge (Rs. /KVA/month)	Energy charge (Rs. per Kwh)
240	4.05

The Commission directs that after the installation of the appropriate HT meters demand based HT tariff as specified above shall be applicable.

7.3.3 HT-3 HT PUBLIC UTILITIES

(i) **Applicability**

This tariff is applicable for supply of power to public water supply schemes, sewerage treatment and pumping installations including the energy used for lighting purposes.

(ii) **Tariff**

Metering at LT

Fixed charge (Rs. per unit)	Energy charge (Rs. per unit)
3.70	3.70

OR

Metering at HT

Demand charge (Rs. /KVA/month)	Energy charge (Rs. per Kwh)
400	6.80

The Commission directs that after the installation of the appropriate meters demand based HT tariff as specified above shall be applicable.

7.4 TERMS AND CONDITIONS OF HT TARIFF

(i) **Point of Supply**

Power will be supplied to a consumer ordinarily at a single point for entire premises.

(ii) The HT connections for connected load above 75 KW / 100 HP shall be given at supply voltage of 11 KV by providing HT tri-vector meters with demand indicators. HT meters, if not provided to such HT connections earlier, may now be provided by 31.03.2010.

(iii) **Determination of Demand**

The maximum demand of supply in each month shall be two times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 30 minutes in the month as per sliding window principle of measurement of demand.

(iv) **Billing Demand**

The billing demand for the month shall be the maximum demand (in KVA) of the consumer recorded during the billing month or 75% of the contract demand subject to minimum of 60 KVA. The billing demand shall be rounded off to the nearest integral figure, the fraction of 0.5 or above shall be rounded to the next higher figure and the fraction less than 0.5 shall be ignored.

(v) **Minimum Charge**

The demand charge on contract demand is a monthly minimum charge whether any energy is consumed during the month or not.

(vi) **Power Factor Incentive / Surcharge**

(a) If the average monthly power factor of the consumer increases above 95%, he shall be paid an incentive at the following rate :

For each one percent increase by which his average monthly power factor is above 95%, upto unity power factor	-	One percent (1%) of the total amount of the bill under the head 'energy charge'
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(b) If the average monthly power factor of the consumer falls below 90%, he shall pay a surcharge in addition to his normal tariff, at the following rate:

For each one percent by which his average monthly power factor falls below 90% upto 85%	-	One percent (1%) of the total amount of the bill under the head 'energy charge'
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(c) If average monthly power factor of the consumer falls below 85%, he shall pay a surcharge in addition to his normal tariff at the following rate:

For each one percent by which his average monthly power factor falls below 85%	-	Two percent (2%) of the total amount of the bill under the head 'energy charge'
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(d) If the average monthly power factor of the consumer falls below 70%, then the licensee shall have the right to disconnect supply to consumer's installation after serving a notice of 15 days. Supply may be restored only after steps are taken to improve the power factor to the satisfaction of the licensee. This is, however, without prejudice to the levy of surcharge for low power factor in the event of supply not being disconnected.

(e) For this purpose, the "average monthly power factor" is defined as the ratio of total 'Kilo Watt hours' to the total 'Kilo Volt Ampere hours' recorded during the month. This ratio will be rounded off to two figures

after decimal, 5 or above in the third place after decimal being rounded off to the next higher figure in the second place after decimal.

(vii) **Rounding off**

The amount of H.T. energy bill shall be rounded off to the nearest multiples of Rs. 10.

(viii) **Delayed Payment Surcharge**

If the bill is not paid by the consumer within the period prescribed (due date) for payment of the bill, a surcharge @ 1.5% per month or part thereof, on the total outstanding amount of the bill (including arrears, if any but excluding amount of surcharge), shall be payable in addition, from the due date of payment as mentioned in the bill.

(ix) **Advance Payment Rebate**

A rebate @ 0.5% per month will be payable on net amount of advance at the end of the billing cycle of that particular month, subject to the net amount of advance is not less than Rs.100, and shall be adjustable in next month's bill.

(x) **Additional Charge for Exceeding Contract Demand**

The consumers should restrict their maximum demand to the contract demand. In case the maximum demand in any month exceeds the contract demand, the foregoing tariffs shall apply only to the extent of the contract demand and corresponding units of energy. The demand in excess of contract demand and corresponding units of energy shall be treated as excess supply. The excess supply so availed, if any, in any month shall be charged at one and half times of the normal tariff applicable to the consumer and while doing so other provisions of electricity tariff (such as tariff minimum charge, low power factor charge, etc.) will also be applicable on aforesaid excess supply, unless otherwise provided specifically for any category.

For the purpose of billing of excess supply, the billing demand and the units of energy shall be determined as under:-

a. **Billing Demand / Contract Demand:**

The demand in excess of the contract demand in any month shall be the billing demand/ contract demand of the excess supply.

b. **Units Energy:**

The units of energy corresponding to KVAs of the portion of the demand in excess of the contract demand shall be:

$$EU = TU \left(1 - \frac{CD}{MD} \right)$$

Where,

EU -denotes units corresponding to excess supply;

TU-denotes total units supplied during the month;

CD-denotes contract demand; and

MD- denotes maximum demand.

The excess supply availed in any month shall be charged alongwith the monthly bill and shall be payable by the consumer.

The billing of excess supply at one and half times of the normal tariff applicable to consumer is without prejudice to the licensee's right to discontinue the supply in accordance with the provisions contained in the Chhattisgarh State Electricity Supply Code. (Supply Code)

c. No rebate / incentive is payable on such excess supply.

(xi) **Meter Hire**

Meter hire shall be charged as per the schedule of miscellaneous and general charges.

(xii) **Tax or Duty**

The tariff does not include any tax or duty, etc. on electrical energy that may be payable at any time in accordance with any law / State Government Rules in force. Such charges, if any, shall be payable by the consumer in addition to tariff charges.

(xiii) **Dispute on applicability of tariff**

In case of any dispute on applicability of tariff on a particular category of HT consumer, the decision of the Commission shall be final and binding.

(xiv) **Contrary to the Agreement**

Notwithstanding the provisions, if any, contrary to the agreement entered into by the consumer with the licensee, all conditions prescribed herein shall be applicable to the consumer.

8. DIRECTIVES OF THE COMMISSION

8.1 This is the first tariff application filed by the BSP (Distribution Licensee) which offered opportunity to the Commission to discuss various matters in details with the licensee. The Commission also came to know the views of the

consumers of the licensee and about functioning of the licensee. Since the tariff order covers in its scope the analysis of the performance of the licensee, the directives are considered necessary to further bring improvement in the functioning of licensee and enhance their efficiency.

(i) **Separation of Accounts**

In accordance with the terms and conditions of the license, a separate accounting of distribution and supply business is required to be maintained. This has repeatedly been brought to the notice of the licensee during the past. Separation of accounts may be confirmed within next 6 months. The asset register may be prepared separately for the licensed business and depreciation may be calculated each year.

(ii) **Power procurement from Renewable Sources**

Every distribution licensee should procure power from renewable sources in accordance with Section 86(1)(e) of the Act and the regulations made by the Commission thereon. The licensee may initiate process for procurement of such power to the extent prescribed in the regulations.

(iii) **Metering**

Out of total 34356 consumers, meters to 15009 (43.7%) consumers have either not been provided or have not been functioning properly. Connections given for BSP's offices, hospitals, guest houses, clubs, water works, sewage plants, schools, etc. do not have meters. Licensee has to plan to procure meters for these 135 connections by March 2010 and complete installation work by June 2010. 11445 meters of the connections given to employees of BSP are lying defective since long. Information on age-wise defective meters is not available. The billing is done on the basis of assessment fixed about more than 10 years back by BSP management for each type of quarter. Licensee has reported that new electronic meters recently purchased are being provided, to 1000 connections and 9000 meters are being procured.

Licensee is directed to submit a petition to the Commission within two months from the date of issue of this order giving plan for 100% meterisation.

(iv) **Losses**

The licensee has reported 37.46% distribution losses as at the end of year 2008-09 for the network of 11 KV and L.T. level. In view of improper recording

/ assessment of consumption of various consumers, improper accounting of units sold, inadequate metering, large scale theft of energy, etc.; the loss calculation seems to be incorrect. Such a high level of distribution loss in a small distribution area of licensee is unacceptable and the licensee is required to take effective steps urgently to improve the conditions. A study to arrive correct losses so also measures for reducing losses may be undertaken and report be submitted to the Commission within six months.

Immediate action to bring the unauthorized connections in billing net may be taken and all such electricity connections may be regularized on priority. Since the cause of such thefts are required to be removed immediately, BSP should urgently take up the program for laying aerial bunch cable in theft prone areas. Provisions in respect of theft of energy given in the Act and the Supply Code were brought in to the knowledge of officers of the licensee during technical validation meetings. Progress on the above with increase in consumption, be reported quarterly.

Licensee has proposed to reduce 3% losses during 2009-10. With this pace, the licensee may not be able to achieve the required target of 15% by the year 2011-12. The Commission sets target of 5% initially for the year 2009-10 since there is vast scope of improvement as stated in above paras.

(v) **Recovery of arrears**

The record keeping and accounting of licensee is not up to the mark. Billing is done by a separate section and payment of bills of employees is not known to the billing section. Position of electricity arrears against BSP employees is not known to the licensee. In absence of correct figures, the licensee has not been able to take any effective steps for recovery of arrears. There are arrears against State and Central Government offices, colleges, schools, clubs, etc. Age-wise approximate arrears indicated are as follows:

Sl.No.	Age of arrears	Amount in Rs.
1	More than 5 years old	6,11,53,270/-
2	Between 2-5 years	5,70,47,113/-
3	Between 1-2 years	2,32,01,548/-
4	Between 6 months to 1 year	1,65,69,632/-
5	Up to 6 months	3,22,26,688/-
Total		19,01,98,251/-

Out of Rs. 1902 lakhs, Rs. 322 lakhs (17% of the total) pertains to the period 6 months and below. Remaining 83% arrears are old and immediate action for recovery of such dues should be taken. Progress in respect of recovery of old arrears and current arrears may be informed quarterly to the Commission. The licensee is directed to prepare a sales and revenue statement as prepared by CSPDCL and submit the same to the Commission quarterly.

(vi) **Approval of Miscellaneous Charges**

It appears that the provisions of Supply Code and other regulations of the Commission are not being followed. Licensee has been charging miscellaneous charges without any basis. No separate records have been kept to show recovery in each type of miscellaneous charge. The licensee is directed to submit petition to the Commission within next two months for deciding miscellaneous and general charges in transparent way.

(vii) **Interest on Security Deposit**

The objectors have reported that the interest on security deposit is not being given. Total security amount held is not known to the licensee. The details of security held are not informed to the non-BSP consumers. The licensee is directed to trace the security deposit held from the records and consumers and provide the interest in accordance with the Chhattisgarh State Electricity Regulatory Commission (Security Deposit) Regulations, 2005.

(viii) **Demand Side Management**

The licensee had informed of taking various DSM measures. BSP has provided 1000 CFLs and 222 energy efficient, star-rated air conditioners in official buildings. Four 500 KVA 11/0.4 KV dry-type distribution transformers having lesser transformation loss were installed. BSP has plan to install 208 energy efficient, star-rated ACs and 500 CFLs. Progress may be communicated from time to time.

8.2 The Commission has approved the tariff for the year 2009-10 as given in the Tariff Schedule. This tariff shall be remain in force up to 31st March 2010 or till the next tariff order of the Commission, whichever is later. The approved tariff will be applicable with effect from 1st October, 2009.

The Commission directs the licensee to take immediate steps to implement this tariff order. The licensee shall give public notice of seven days in accordance with the CSERC (Details to be furnished by the licensees or generating company, etc.) Regulations, 2004 before implementation of tariff.

**Sd/-
B.K. Sharma
Member**

**Sd/-
Manoj Dey
Chairman**

List of objectors who submitted objections / comments within due date

1. Shri Vidya Ratan Bhasin, Mayor, Nagar Palika Nigam, Bhilai.
2. Shri Vashitha Narayan Mishra, Corporator, Ward No. 41, Nagar Palika Nigam, Bhilai.
3. Shri Gyan Chand Jain, Adhyaksha, Uva Vyapari Sangh, Bhilai.
4. Centre of Steel Workers, Bhilai Nagar.

List of objectors who submitted objections / comments during public hearing at Bhilai on 18.07.2009.

1. Mrs. Pratima Chandrakar, Hon'ble MLA, Durg (Rural)
2. Shri Badruddin Qureshi, Hon'ble MLA, Bhilai
3. Shri Shiju Anthony, Corporator, Ward No. 57, Durg.
4. Shri Ram Kumar Gupta, Ziladhyaksha, Vyapari Prakoshtha, Bhilai
5. Centre of Steel Workers, Sector-6, Bhilai
6. Steel Workers Union, Bhilai
7. Bhilai Vyapari Sangh, Sector-1 B Market, Bhilai.
8. Bhilai Yuva Vyapari Sangh, Sector-1, Bhilai

Annexure-II

**List of objectors who appeared before the Commission in public hearing at
Bhilai on 18.07.2009**

1. Shri Vashitha Narayan Mishra, Corporator
2. Shri Bhag Chand Jain, Corporator
3. Shri Gyan Chand Jain, Adhyaksha, Uva Vyapari Sangh
4. Shri Shyam Lal Sahu, Centre of Steel Workers
5. Shri Ram Kumar Gupta, Vyapari Prakoshtha
6. Shri Santosh Jaiswal, Representative of Hon'ble MLA, Durg (R)
7. Shri Brij Bihari Mishra, Steel Workers Association.
8. Shri Pradeep Bakliwal, Bhilai Vyapari Sangh, Sector 1 B Market
9. Shri Rama Kant Dani
10. Shri Satyavan Agrawal
11. Shri Madan Jain
12. Shri S.S. Gaur
13. Shri P.L. Pathe
14. Shri Yad Lal Sharma