



MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

In the matter of:

Final Truing up of Annual Revenue Requirement for the year 2009-10.

AND

In the matter of:

Meghalaya Power Distribution Corporation Ltd, Lumjingshai, Shillong Meghalaya-Petitioner.

ORDER

Date: 30.09.2014

This order is to true up the ARR of MeECL (formerly MeSEB) for 2009-10. The ARR for 2009-10 was first determined by MSERC at Rs.375.70 crores vide tariff order dated 30.11.2009. A dispute regarding some expenses, which are not very material for the purpose of the present true up exercise arose and when the matter went up before the Appellate Tribunal for Electricity (APTEL) (Appeal No. 67/2010 – BIA versus MSERC and another), APTEL vide its order dated 19.04.2010, remanded the matter and directed the Commission to hear the parties, i.e., MeECL and BIA, on the basis of materials before it and to decide it afresh. Accordingly, the Commission examined the ARR 2009-10 of MeECL and after hearing the parties and considering their submissions the Commission then passed the order dated 05.08.2010 determining the ARR at Rs.337.16 crores. The earlier order dated 30.11.2009 fixing the ARR at Rs.375.70 crores thus stood revised. Be it mentioned, the order dated 05.08.2010 was passed when audit of the accounts of MeECL by the C & AG was not completed; it was passed on the basis of the accounts and records as till then made available by MeECL. When passing the order, Commission also made a remark that the final true- up would be done when audited accounts were available.



2. Audit of the accounts by the C&AG for 2009-10 has now been completed and MeECL vide its letter dated 15.05.2013 has petitioned the Commission to finally true up the ARR for 2009-10. It has also petitioned the Commission to review the true up order dated 18.02.2011 on the ARRs for 2007-08 & 2008-09. The Commission will proceed to true up and pass order on the ARR for 2009-10. On the petition for review of the true up order dated 18.02.2011, orders will be passed in the latter part of this order.

ARR 2009-10: TRUING UP PROCEEDINGS AND ANALYSIS

3. The revenue and expenses of MeECL during 2009-10 as reflected in the audit report have been taken and compared with those contained in the earlier tariff order dated 05.08.2010 and a prudence check thereon exercised. The Table below shows the particulars of revenue and expenditure items, the assessment as per order dated 05.08.2010 and the actuals as per CAG's report.

Sl. No	Particulars	FY 2009-10 (Rs. Crores)	
		Provisionally assessed by MSERC vide order dated 05.08.10	Actual as audited by C&AG
1	Power purchase including transmission charges	223.74	222.88
2	R & M	20.26	20.09
3	Employees cost	111.03	114.92
4	A & G cost	8.71	10.01
5	Depreciation	17.08	25.93
6	Interest in finance charges	72.70	103.40
7	Other debits including bad debts	10.00	14.24
8	Income tax	4.94	0
9	Prior period charges	0	105.44
	Revenue expenditure	468.46	616.91
10	Less expenses capitalized		
11	Interest and finance charges capitalised	58.65	63.85
12	Employees and expenses capitalised	9.31	9.98
13	A & G expenses capitalised	0	0.13
	Net revenue expenditure	400.50	542.95
14	ROE	28.28	0
	Aggregate revenue requirement	428.78	542.95
	Less non tariff income		
15	Other Income	22.67	58.50
16	RE subsidy	13.68	12.31
17	Fiscal losses for failure to cause 3% reduction of AT & C losses	55.27	0
	Net revenue requirement	337.16	472.14
18	Revenue from sale of power	399.56	415.73
	Net gap (surplus+)/(deficit -)	+62.40	-56.41

a) Sale

The total energy sale as per the Commission's order 05.08.2010 is 896.09 MU. As per audited accounts the sale figure is 978.85 MU including sale outside the State which is 80.43 MU. The sale within the State is 898.42 MU as per audit records. Accordingly, the Commission allows 898.42 MU sales within the State.

b) Income

According to the 05.08.2010 order the total income during the year is Rs.435.92 crores and according to the audit report it is Rs. 486.54 crores, both coming under the three parts as shown below:

Sl. No.	Parts	As per Commission's order dated 05.08.2010 (Rs. Crores)	As per audit report (Rs. Crores)
(i)	Revenue from sale of power	399.57	415.73
(ii)	Revenue from subsidy/ grants	13.68	12.31
(iii)	Other income	22.67	58.50
	Total income in 2009-10	435.92	486.54

(i) Revenue from sale of power

The revenue from sale of power as per order dated 05.08.2010 is Rs.399.57 crores and as per the audited report the revenue accrued is Rs.415.73 crores. MePDCL in its letter dated 24.01.2014 explained that on account of the Hon'ble Supreme Court order dated 28.08.12 which had the effect of lowering down the tariff of HT/EHT consumers for the 6 months of 2008-09 (01.10.2008 to 31.03.2009) and for the 8 months of 2009-10 (01.04.2009 to 30.11.2009), the revenue from sale of power in FY 2009-10 has been reduced by an amount of Rs.18.89 crores, i.e., from Rs.415.73 crores to Rs.396.84 crores. For the present final true up of 2009-10 the Commission deems it prudent to base the exercise on the audited records. The revenue from sale of power as per audited account is Rs.415.73 crores. However, the Commission will take a view on the change in revenue due to Hon'ble Supreme Court order in the latter part of this order.

(ii) Revenue from subsidies and grants:

Revenue from subsidies and grants is Rs.13.68 crores as per Commission order dated 05.08.2010 and Rs.12.31 crores as per audited records. The latter is justified and, therefore, the Commission approves the amount of Rs.12.31 crores under this head for FY 2009-10.

(iii) Revenue from other income

In the audited accounts the revenue from other income is shown as Rs.58.50 crores which includes Rs.48.59 crores as income from delayed payment surcharge. The Commission in its order dated 05.08.2010 has considered Rs.22.67 crores under this head. However, MePDCL vide its letter dated 24.01.2014 intimates that by adjustment of electricity charges and delayed payment surcharge (DPS) in compliance with Hon'ble Supreme Court's Order dated 28.08.2012, the revenue from delayed payment surcharge in FY 2009-10 is Rs.42.86 crores as against audited figures of Rs.58.50 crores. MePDCL has produced certificates from the statutory auditor M/s Kiron Joshi & Associates regarding issue of revised bills for past periods from October 2008 to January 2013. The adjustment of the bills took place in 2012-13, it is stated. The Commission will, therefore, take a final view on the account when audit of FY 2012-13 by the C&AG is done and the report is furnished. As far as the present true up is concerned, based on audited records, the revenue from other income in 2009-10 is being taken as Rs.58.50 crores.

c) Expenditures

(i) Power purchase including transmission charges

The Commission in its order dated 05.08.2010 had allowed Rs.223.74 crores as power purchase cost including transmission charges. However, in the audited statement of accounts the cost is shown as Rs.222.62 crores plus 0.26 crores as generation cost giving the total power purchase, including generation, cost as Rs.222.88 crores. The Commission has in its earlier order held that power purchase is an uncontrollable item of expenditure provided that the licensee adopts the merit order principle. Since there is no large variation between the

audited figures and those allowed by the Commission in its order dated 05.08.2010, the power purchase cost including transmission charges as actually incurred and vetted by the C&AG, that is, Rs.222.88 crores, is accordingly allowed.

(ii) Repair & maintenance

The Commission vide order dated 05.08.2010 had allowed Rs.20.26 crores as R & M expenses on a provisional basis for 2009-10 while the audited accounts show it as Rs.20.09 crores. MePDCL, however, states that there was an increase in R & M expenses as compared to 2008-09 because the nature and increase in volume of civil works and maintenance of old generating plants are uncontrollable in nature. In principle, the Commission does not allow any change in the R & M cost as it views it to be a controllable item of expenditure. Accordingly the Commission allows Rs.20.09 crores as R & M expenses for 2009-10.

(iii) Employees cost

The Commission on 05.08.2010 had allowed Rs.111.03 crores as employees cost during 2009-10 while audited accounts show it as Rs.114.92 crores. Schedule 9 of the Statement of Accounts shows the different heads of employees cost due in 2009-10. In its reply dated 07.04.2014 to a query made, MePDCL stated that the increase is due to revision of Dearness Allowance of the employees because any such revision notified from time to time by the State Government for its employees is unavoidably adopted by the Corporation for its employees also. The Commission agrees with the licensee in so far as the impact of Dearness Allowances is concerned though, in general, employees cost should be controllable by employment of staff in a judicious manner. Accordingly, the cost is finally tried up and allowed at Rs.114.92 crores.

(iv) Administration and General Expenses

The Commission had fixed Rs.8.71 crores as A&G cost in its order dated 05.08.2010 while the audited accounts show it as Rs.10.01 crores. MeECL in its submission explained saying that because of restructuring of MeSEB they had to engage consultancy services and paid Rs.2.73 crores in 2009-10 as against

Rs.1.17 crores in 2008-09. The Commission feels that the A&G cost is controllable item and, therefore, licensee should prudently control such type of expenses and adhere to the Commission's directives. However, in order to consider licensee's request for getting assistance for restructuring the power sector in the State for the first time, the Commission allows Rs.10.01 crores as A & G expenses for 2009-10.

(v) Depreciation

The Commission in its order dated 05.08.2010 had allowed Rs.17.08 crores as depreciation expenses, while the audited accounts show it as Rs.25.93 crores. However, it is noted that the audit report mentioned that fixed assets registers had not been physically verified by the management during 2009-10 and as such discrepancies between the physical assets and book assets could not be ascertained. According to the Regulations the depreciation is allowed only after commissioning of the project. In the original order dated 30.11.09 for 2009-10 the Commission had allowed Rs.15.53 crores. In its reply dated 07.04.14, MePDCL informed that the assets of Rs.57.84 crores were added in 2009-10 for Sonapani and RE schemes and the closing assets value was reported to be Rs.607 crores and that depreciation thereon was calculated as per CERC norms. In principle, the Commission has accepted that depreciation on the approved capitalization should be considered as non controllable item. Accordingly, the Commission allows Rs.25.93 crores as depreciation expenses in the final truing up exercise.

(vi) Interest and finance charges

The Commission in its earlier order dated 05.08.2010 had allowed Rs.72.70 crores under this head. The audited accounts now show Rs.103.40 crores as interest liability on loans and finance charges. Commission sees that the liability on four items, namely, (a) interest on State Government loans which were never paid (Rs.19.91 crores), (b) interest on JBC loans (Rs.0.17 crores), (c) interest on OECF loans (Rs.1.55 crores) and (d) penal interest on capital liabilities (Rs.3.85 crores) - all amounting to Rs.25.48 crores cannot be allowed as the licensee itself had failed to pay the same. In the order dated 05.08.2010 the Commission did

not allow such charges. The licensee in its letter dated 07.04.14 tried to explain that the liability could not be met due to cash crunch and pleaded that the charges be taken as uncontrollable expenditure. The explanation and plea are not justified. The Commission, therefore allows only Rs.77.92 crores (Rs.103.40 crores-Rs.25.48 crores) in the present true up for 2009-10.

(vii) Capitalized Expenses towards employees cost and interest charges

In its order dated 05.08.2010 Commission had allowed Rs.58.65 crores and Rs. 9.31 crores as expenses capitalized respectively towards interest cost and employee's cost pertaining to ongoing projects. In the audited statements of accounts the expenses are shown as Rs.63.84 crores and Rs.10.12 crores. The Commission has examined and finds that the expenses chargeable towards capitalized interest expenses matches with the record and allows it at Rs. 63.84 crores as vetted in the audited records. Similarly, the Commission allows Rs.10.12 crores as expenses towards employees and other costs both totaling to Rs.73.96 crores as expenses capitalized in FY 2009-10.

(viii) Other debits

The Commission in its order dated 05.08.2010 had allowed Rs.10 crores as other debits including bad debts in 2009-10 as against Rs.14.24 crores (Rs.14.00 crores as bad debts and Rs.0.24 crores as miscellaneous and other provisions) shown in the audited accounts. In the audited report it is mentioned that the licensee has not done age-wise analysis of debtors. MePDCL informed that there are actual debts pertaining to bills of untraceable consumers amounting to Rs.11.57 crores in 2009-10. Accordingly, the Commission is allowing Rs.11.57 crores as bad debt in 2009-10.

(ix) Prior period charges (prior to 2009-10)

The audited accounts reflect Rs.105.44 crores as net prior period charges which includes Rs.106.78 crores as expenses and Rs.1.34 crores as credit. The Commission in its order dated 05.08.2010 did not allow prior period charges in 2009-10 as against the demand of Rs.13.28 crores made by the licensee. In its

reply dated 07.04.14, MePDCL informed that prior period expenses are charged on the following:

- (a) Purchase of power relating to prior period – according to CAG there is a prior period expense of Rs.5.34 crores during 2008-09. Due to understatement of 2008-09, there is a prior period expense of Rs.6.38 crores. The total amount is Rs.11.72 crores. However, in its Affidavit dated 31.07.2014 MeECL mentioned that Rs.5.26 crores pertains to prior period power purchase cost and Rs.0.28 crores to prior period interest on loan have already been claimed during the true up of FY 2008-09. MeECL has accordingly revised the expenses towards power purchase in the past as Rs.6.18 crores.
- (b) Employees cost relating to prior period – The employees cost is primarily due to payment of arrears made towards time bound financial benefits like retirement gratuity, etc. MePDCL has provided details of prior period expenses towards employees cost. The total amount against is Rs.4.47 crores.
- (c) Interest and other charges relating to prior period – The expenses are mainly due to REC loan re-schedulement for the period of 2003-2022 and Rs.68.70 crores due to interest accrued up to the period of 2009-10. Similarly, Rs.12.33 crores is the interest accrued to OECF loan for prior period. On an enquiry made MeECL in its subsequent reply dated 1st July 2014 informed that the REC re-schedulement was taken after considering the interest liability from 2009-10 up to FY 2022-23 to be paid in equated monthly installments. It is only a provision contained in the Balance Sheet of 2009-10.
- (d) Wheeling charges-According to CAG observation made during 2008-09, there is a wheeling charge of Rs.4.99 crores for payment against wheeling charges for the prior period.
- (e) Depreciation under provided – Rs.4.24 crores has been shown as under provision of depreciation in the prior period.

4. The Commission has examined the prior period expenses shown by MeECL in their balance sheets. The comparison of prior period expenses during the last five years are shown below:

PRIOR PERIOD EXPENSES (Schedule 18 of Audited Accounts) Rs. Cr.						
SN	Item	2005-06	2006-07	2007-08	2008-09	2009-10
1	Purchase of power relating to prior period	0	26466506	195774024	301623853	117191053
2	Employees cost relating to prior period	14952103	9267977	5818386	139394382	44741816
3	Depreciation under provided in prior period	0	3016569	17421049	14844019	42419263
4	Interest and other charges relating to prior period	984384	25723724	0	3313737	813255694
5	Wheeling charges relating to prior period	116404474	17982428	31658873	26579431	49906467
	Income Tax			76835981		
6	A & G	26765	82173	571702	14030	1325
7	Other expenses	4851241	95751	2932787	781962	314490
8	Total	137218967	82635128	331012802	486551414	1067830108

5. Prior period charges are generally claimed when there is an error or something is left out while preparing the balance sheets. In the present analysis, it is found that except for 2009-10 the claim for prior period charges varies between 8.26 crores to 48.65 crores. In 2009-10 it is exceptionally high to the extent of Rs.106.78 crores. This, it is seen, is mainly due to the amount of Rs.81.32 crores as interest and other charges which according to MeECL's replies dated 07.04.2014 and dated 12.08.2014 includes Rs.68.70 crores as interest towards REC re-schedulement, Rs.12.33 crores towards OECF loan and Rs.0.28 crores towards JBIC loans.

6. After careful examination of the records the Commission finds that the change in interest cost is due to nonpayment of legitimate claims of the financial institutions in time. Such expenditure cannot be considered as uncontrollable item. Therefore, the re-schedulement of loans for the past period and the interest payable to State Government are not considered in the present truing up exercise. The amount of annual installment due for 2009-10 has already been considered as part of interest charges in 2009-10. Accordingly, the Commission is allowing Rs.19.88 crores as prior period expenses in the following manner:

- A) Power purchase relating to prior period – Rs.6.18 crores (Rs.11.72 – 5.54 crores) as per MeECL affidavit dated 31.07.2014.
- B) Employees cost relating to prior period – Rs. 4.47 crores.
- C) Interest & other charges relating to prior period – NIL.
- D) Wheeling charges relating to prior period – Rs.4.99 crores.
- E) Depreciation under provided – Rs.4.24 crores.

7. Financial loss due to AT & C losses –

The Commission in its order dated 05.08.2010 had fixed a penalty of Rs.55.27 crores on MePDCL for not bringing down the target losses to 30.79%. The actual loss as informed by the MePDCL was 40.05% during 2009-10. The licensee was asked to file an affidavit on the AT & C losses in 2009-10 and in its Affidavit dated 08.09.2014, the AT & C losses was shown 34.63% after considering the short fall in revenue from that stated in the audited records. In the present exercise the Commission accepts the AT&C losses as per audited records and affidavit filed by MeECL in this regard. The computation of AT & C losses in 2009-10 without considering the implication of Supreme Court order dated 28.08.2012 works out to 38.64% as shown below:

Computation of AT&C losses in 2009-10					
Sl.No	Particulars	Unit	MSERC order dt.05.08.2010	Proposed by MePDCL As per Affidavit dt. 8.9.14	As Allowed By MSERC
1	Own generation after auxiliary cons	Mu	532.31	534.79	534.79
2	Power purchase at discom network	MU	819.61	819.61	819.61
3	Outside sale at discom level	MU	13.16	13.16	13.16
4	Total energy available for sale within the State	MU	1338.76	1341.24	1341.24
5	Energy billed within the State	MU	896.09	898.4	898.4
6	Total amount billed to consumers within the State	Rs.Cr.	393.9	364.51	388.27*
7	Collection efficiency	%	89.57	97.59%	91.6%
8	Amount realized		352.82	355.71	355.71
9	Distribution loss	%	33%	33.02%	33.02%
10	AT & C losses	%	40.05%	34.63%	38.64%

* Sale of power Rs.415.73 crores less sale to Assam Rs.4.96 cr less UI sale Rs.22.50 cr as per audited records.

Accordingly, AT&C losses as per audited account works out to 38.64% as against 40.05% in Commission's order dated 05.08.2010. The penalty for failure to cause minimum reduction in AT&C losses in 2009-10 works out to Rs.30.47 crores as shown below:

Truing up fiscal loss for failure to cost a minimum of 3% reduction in AT & C losses during 2009-10		
Sn	Particulars	
1	Actual AT & C losses in 2008-09 (as per Commission's order dt.18.02.11)	33.79%
2	Mandated minimum reduction of AT&C losses for entities having AT&C losses not in excess of 30%	3.00%
3	Maximum permissible AT&C losses for MeECL during 2009-10 after reduction of such loss by minimum 3% from the previous year in %	30.79%
4	Actual AT & C losses in 2009-10 (as per audited records and MeECL affidavit dated 08.09.2014) in %	38.64%
11	Shortfall in minimum reduction in %	7.85%
12	Energy sold in 2009-10 in the State as per MeECL affidavit	898.42
13	Average rate for sale of power in 2009-10 (388.27/898.42)in Rs./unit	4.32
14	Shortfall in amount of energy 7.85% of 898.42 MU	70.52
16	Penalty for not reducing the losses by 7.85% @ Rs.4.32/unit in Rs.Crores	30.47

Therefore, the Commission is now fixes the penalty for failure to achieve the minimum required reduction of AT & C losses in FY 2009-10 at Rs.30.47 crores.

8. The final over all ARR for 2009-10 now, therefore, works out to Rs.356.24 crores as against Rs.337.16 crores determined in the order dated 05.08.2010. After working out the net revenue result as per the audited records, the surplus in that year is Rs.59.49 crores as against Rs.62.41 crores determined vide Commission's order dated 05.08.2010. The table of computation is given below:

Statement showing Truing up of ARR of MeECL for the year 2009-10 based on the audited records of 2009-10					
SN	ITEMS	ARR as Approved vide Commission's order dated 5.8.10 for FY2009-10	ARR as per Audited Records for 2009-10	ARR as per MeECL true up petition dt. 15.05.13 & subsequent revision vide letter dt. 24.01.14	ARR Allowed for 2009-10
1	Power purchase including transmission charges	223.74	222.88	223.91	222.88
2	Repair & Maintenance	20.26	20.09	20.09	20.09
3	Employees costs	111.03	114.92	114.92	114.92
4	A & G expenses	8.71	10.01	10.01	10.01
5	Depreciation	17.08	25.93	25.94	25.93
6	Interest & finance charges	72.7	103.4	83.49	77.92
7	other expenses including bad debts	10	14.24	14.24	11.57
8	Prior period expenses	0	105.44	102.51	19.88
9	Provision for income tax	4.94	0	0	0
10	Sub total	468.46	616.91	595.11	503.20
11	Less expenses capitalised				
	(a) Interest	58.65	63.84	63.85	63.84
	(b) Other expenses	9.31	10.12	10.11	10.12
12	Sub total (2)	67.96	73.96	73.96	73.96
13	Net expenses	400.5	542.95	521.15	429.24
14	Less				
	(a) Other income	22.67	58.5	42.86	58.5
	(b) RE subsidy	13.68	12.31	12.31	12.31
15	Fiscal loss for 3% reduction in AT & C	55.27		4.98*	30.47
16	Sub total	91.62	70.81	55.17	101.28
17	Net after deduction	308.88	472.14	465.98	327.96
18	Add ROE	28.28		28.28	28.28
19	Net ARR	337.16	472.14	494.26	356.24
20	Total energy billed (Mus)	896.09	978.85		978.85
21	Revenue from sale of power	399.57	415.73	396.84	415.73
22	Surplus+(-Gap)	+62.41	-56.41	-97.42	+59.49

* May undergo change as MeECL revised AT & C losses from 28.60% to 34.63% in its affidavit dated 08.09.14.

Based on the audited accounts for 2009-10, the Commission finds a surplus of Rs.59.49 crores. While doing so, the Commission has not considered the implications of Supreme Court order on the change of revenue in 2009-10.

Implication of Supreme Court order dated 28.08.2012

9. The Hon'ble Supreme Court's order dated 28.08.2012 and its implication on ARR for 2008-09 and 2009-10 and the revenue there from is briefly narrated below.

10. The ARR for 2008-09 was first fixed at Rs.465.75 crores vide Commission's tariff order dated 30.09.2008. It was effective from 01.10.2008. A litigation arose and following APTEL's direction Commission re-examined the ARR and by order dated 10.09.2009 refixed it at Rs.371.65 crores. Appeals and counter appeals cropped up and finally the matter went up in the appeal before the Hon'ble Supreme Court (Appeal No. 1237-38/2011 - BIA versus MSERC and another). The Apex Court vide its order dated 28.08.2012 held that since appellants had paid Rs.371 crores against the amount due as Rs.358.31 crores, the matter had become infructuous and the Hon'ble Court directed that any surplus which might have accrued to the Appellants should be adjusted in future bills in accordance with law.

11. The Licensee informed the Commission that it had implemented the Supreme Court order in 2012-13 by revising downwards the electricity bills served on HT & EHT consumers for the 6 months from 01.10.2008 to 31.03.2009 and for the 8 months from 01.04.2009 to 30.11.2009 of 2009-10. The actual revision was implemented in 2012-13 but it had an impact on the accrued revenues of the licensee during 2008-09 and 2009-10.

12. The intent of truing up is to adjust any surplus or deficit in the tariff orders. In the present order the Commission finds a surplus of Rs.59.49 crores for 2009-10. Any surplus or deficit in previous years will be adjusted in future tariff. However MeECL submitted that due to implementation of Supreme Court order dated 28.08.2012 there will be a shortfall of revenue from sale of power and DPS of Rs.34.53 crores in 2009-10. Similarly they also proposed that there should be no penalty towards AT&C losses in 2009-10 because of percentage improvement in collection from revised billed amounts. On AT & C losses, MeECL submitted an affidavit on 08.09.2014 that due to the change of revenue while implementing SC orders the losses in 2008-09 will be 26.07% and 34.63% in 2009-10. Since AT & C losses play an important role while determining the ARR and the related penalty the exercise on these items will reveal as follows:

Particulars	Unit	Amount
AT & C losses approved by Commission in FY 2007-08	%	31.62
Mandated minimum reduction of AT & C losses in excess of 30%	%	3
AT & C loss target to be achieved in FY 2008-09	%	28.62
Actual loss after implementation of Supreme Court order in 2009-10	%	26.07%
Saving on account of achieving target in 2008-09		2.55%
Mandated minimum reduction of AT & C losses in excess of 1.5% for next year		1.5%
AT & C loss target to be achieved in FY 2009-10	%	24.07
Actual loss after implementation of Supreme Court order in 2009-10	%	34.63
Short fall in AT & C loss during 2009-10	%	10.56
Shortfall in MU terms of 10.56 % of 898.42 MU	MU	94.87
Average rate for sale of power in 2009-10 (364.51/898.42)in Rs./unit	Rs/unit	4.05
Penalty for AT & C loss reduction	Rs-Crs	38.42

13. In order to validate the revenue figures as submitted by MeECL with a certificate issued by M/s Kiron Joshi CA and to consolidate the figures, the Commission vide letter dated 29.08.2014 enquired from MeECL and in its reply on 15.09.2014, MeECL submitted that the actual adjustment of electricity bills of HT & EHT category of consumers following the Supreme Courts' orders dated 28.08.2012 took place during 2012-13 and that the change in respect of revenue and delayed payment charges will be incorporated in the statements of accounts of FY 2012-13. In the circumstances, the Commission is not in position to take a final view with regard to the surpluses or deficits unless audit by C&AG is done. MeECL/MePDCL will therefore finalise their accounts at least up to FY 2012-13 at the earliest so that necessary adjustment in the subsequent years may be considered. Since the implication of the Supreme Court order in 2009-10, as per MeECL is of the order of Rs.32.87 crores (Rs.59.45-34.53-30.47+38.42), the surplus of 2009-10 may be adjusted in the future tariff as and when the audited records of 2012-13 are placed. However, the Commission shall consider the adjustment of any surplus/deficit while considering the true up of FY 2010-11 & FY 2011-12.

14. The true up for 2009-10 is accordingly decided as discussed in the foregoing paragraphs of this order and the true up application of the licensee is disposed of in the light thereof.

15. As regards the request of MeECL for reviewing the true up order dated 18.02.2011 so far as it relates to FY 2007-08, the Commission finds no merit as the final true up order for that year has already been done taking the audited accounts into consideration. Accordingly, the request for the review petition cannot be entertained. The deficit of Rs.9.41 crores as per the Commission's order dated 18.2.2011 will be considered for any adjustment as may be due in future tariff.

16. As regards the request of MeECL for reviewing the true up order dated 18.02.2011 relating to FY 2008-09, the Commission reiterates that the true up order has already been passed based on the audited accounts and hence needs no re-examination. However, the request of MeECL with regard to change in revenue (Rs. 15.67 crores) and saving on penalty (Rs. 19.49 crores) due to Hon'ble Supreme Court's order dated 28.8.2012 may be looked into when the audited accounts of FY 2012-13, the year in which the actual adjustment of bills actually took place, and the audit report thereon are received. A final view on the surplus in 2008-09 will be taken thereafter. The review petition for FY 2008-09 is disposed of accordingly.

17. It may be mentioned that in the process for deciding the present 2009-10 true up, Commission had given opportunity to the consumers, including BIA and other stake-holders to be heard. Their responses, verbal or written, and also the rejoinder by BIA were considered during the exercise.

(ANAND KUMAR)
CHAIRMAN, MSERC