

Table 19 Details of Depreciation				
Particulars	Value of assets	2011-12	2012-13	2013-14
GFA as on 01.04.2011	234.15	9.33		
Addition in 2011-12	6.62			
GFA as on 01.04.2012	240.69		14.61	
Addition in 2012-13	66.16			
GFA as on 01.04.2013	306.85			30.96
Addition in 2013-14	340.72			
GFA as on 31.03.2014	647.57			

The regulation prescribes that the depreciation shall only be allowed after the commercial operation of the system and therefore depreciation for beginning of the tariff year 2013-14 shall be considered. Since no details of commercial operation are received so far, the Commission is allowing Rs.14.61 crores as depreciation charges in the ARR of 2013-14 subject to correction in next ARR.

Interest on working capital

Regulation prescribes that the working capital for electricity shall be calculated for meeting the expenses towards one month O & M expenses and receivable of two months for sale of electricity. The Commission has examined the actual amount paid towards the interest of working capital to the bank and found that no charges have been paid to the bank. In the last year the Commission has allowed working capital interest in the interest cost. The actual records show that MePDCL is paying interest towards the loan taken from the bank for capital assets and working capital. Accordingly to meet the funding of receivables/uncollectable dues, the Commission has allowed Rs.11 crores as interest on working capital in 2013-14.

Bad and doubtful debt

Regulation prescribes that after the distribution licensee gets the receivable audited the commission shall allow a provision of bad debt not exceeding an amount equal to 1% receivables in the ARR. In the last tariff the commission has allowed 5 crores towards bad debts subject to the condition that licensee will give the details of the arrear and amount of written off values of bad and doubtful debt after the audited values are final. No details of the written off is received by the Commission and therefore commission is allowing only 5 crore as bad and doubtful debt in the ARR for 2013-14 which shall be disallowed if details of written off dues is not provided to the Commission next year. The licensee shall also provide the details of arrears, doubtful debts and action taken by the licensee. This report should reach to the Commission with in 3 months time.

Other income

As per the Regulation, the other income of Distribution licensee is to be deducted from the total expenses to arrive at the net annual revenue requirement. The Components of other income are:

- (a) Delay payment surcharge.
- (b) Meter Rent.
- (c) Customer charges.
- (d) Income from investments.
- (e) Miscellaneous received from consumers.
- (f) Trading and income.
- (g) Prior period income.
- (h) Interest on staff loans.
- (i) Recovery of theft.
- (j) Any other income.

The details of other income are shown in the Table below:

Table 20 Non Tariff Income (Rs. Cr.)				
Sl.NO	Particulars	FY 2011-12 (Pre audit)	FY 2012-13 (Estimated)	FY 2013-14 (Projected)
1	Meter rent	1.58	1.66	1.74
2	Late payment surcharge	85.64	25.1	20
3	Theft	0	0	0
4	Miscellaneous receipt	0.42	0.38	0.34
5	Miscellaneous charges	3.96	4.16	4.24
6	Wheeling charges	3.14	4.72	5.9
7	Interest on staff loan	0.01	0.01	0.01
8	Income from trading	0.46	0.01	0.01
9	Income from welfare		0	0
10	Discount from suppliers	0.73	0.59	0.6
11	Investments	4.41	4.6	4.35
12	Total Income	100.35	41.23	37.19
13	Add prior period income	2.07		
	Total Non Tariff Income	102.42	41.23	37.19

The above table is revalidated from the schedule 17 of pre audit results of 2011-12. The Commission has noted that the income from delay payment surcharge has been reduced significantly from 2011-12. On making a query in the hearing the Director MePDCL has informed that the income from the delay payment surcharge in 2013-14 shall be reduced due to compliance of Hon'ble Supreme Court order dated 24.08.2012. The Commission is therefore treating the income from late payment surcharge on provisional basis subject to submission of final records by MePDCL after compliance of Hon'ble Supreme Court order. Accordingly, the

Commission, on the basis of previous records has allowed Rs. 40 crores as a non tariff income to be deducted from the ARR for 2013-14.

Income from Cross subsidy surcharge

MePDCL has submitted in its ARR that after introduction of Open Access within the State, the licensee has earned cross subsidy surcharge from the open access consumer of the state. The projected cross subsidy surcharge to be earned from the open access consumer in 2013-14 shall be Rs.1.70 crores. MePDCL in its reply to a Commission's query, mentioned that open access charges for wheeling cross subsidy and applicable losses shall be submitted in a separate petition to the Commission for its approval of open access charges for 2013-14. The Commission is allowing Rs.1.7 crores to be taken as income from cross subsidy surcharge to be deducted from the ARR of 2013-14.

State Government Subsidy

It is informed that the State Government of Meghalaya has provided Rs.13.28 crores subsidy in 2011-12 which is validated from the pre audited accounts of MeECL. The pre audited accounts has shown Rs.13.4 crores as subsidy from the State Government which includes Rs.13.28 crores subsidy for RE and Rs.1.36 crores as subsidy against losses on account of flood. The Commission is accepting the subsidy of Rs.16 crores as proposed by MePDCL for the year 2013-14 from the State Government. Rs.16 crores of RE subsidy should be deducted from the ARR for 2013-14.

Annual Revenue Requirement

Based on the detailed submissions of each component of ARR, the Commission is allowing Rs. 744.22 crores as the ARR for 2013-14 to be recovered from the consumer's tariff. The average cost of supply for MePDCL for 2013-14 shall be allowed at Rs.4.56 per unit. The detailed is given in the Table below:

Annual Revenue Requirement for 2013-14 (Rs. Cr.)		
Items of expenditure/income	MeECL	MSERC
Cost of power purchase	756.42	522.02
Inter State Transmission charges	64.8	57.5
Transmission charges MePTCL	75.35	58.32
Employees cost	114.28	95
R & M	13.3	13.3
A&G	7.51	6
Depreciation	30.96	14.61
Interest on Loan capital including working capital	49.14	20.74

6	Water Supply	8.09	4.34
7	General purpose	16.99	8.99
8	Kutir Jyoti	17.17	2.52
9	Crematorium	0.26	0.87
10	MeECL offices and employees	40.17	13.66
	Total Revenue from LT	463.49	173.01
	HT		
11	Domestic	22.14	11.69
12	Water supply	35.15	17.29
13	General purpose including buk supply	70.63	35.88
14	Commercial	39.12	19.82
15	Industrial	350.00	185.60
	Total revenue from HT	517.04	270.28
	EHT	0.00	
16	Industrial	350.00	172.02
	Total sale income from all category of consumers within the State.	1330.53	615.32

Revenue from sale outside State for 2013-14

The Commission has allowed in the tariff for 2013-14 for almost full purchase of available energy to the State so that MePDCL shall supply power in the State without any supply regulations and discrimination in any part of the State and meet the requirement of every consumer in full. There is a scope for new connections in general/ industrial/ commercial/tourism/water works/rural electrification/etc and after meeting the State requirement as the first priority, MePDCL shall make arrangement for outside the State sale in a commercial manner and maximise their return on the investment. This will add to the revenue of the state and in turn reduce the ARR to benefit the consumers of the State. The Commission has allowed the proposal of MePDCL to consider revenue for adjustment in the ARR for 2013-14 for sale outside the State at a minimum price of Rs.3.60/unit. However MePDCL shall work out the selling price after accounting for line losses and cost of service for any sale. MePDCL is directed to take prior permission for sale of electricity to anyone on bilateral/Agreement basis. In this way the total revenue from outside sale should not be less than Rs.121.82 crores in 2013-14.

