Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 69 of 2010

In the Matter of

Application under Regulation 85 of the MERC (Conduct of Business) Regulations, 2004, by Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) seeking review of the Order dated 12th September, 2010 in Case No. 111 of 2009 in respect of MSEDCL's Annual Performance Review (APR) for FY 2009-10, True up for FY 2008-09 and ARR and Tariff Determination for FY 2010-11

Shri. V.P. Raja, Chairman
Shri. Vijay L. Sonavane, Member

ORDER

Dated: 2nd December, 2010

Maharashtra State Electricity Distribution Company Limited
Prakashgad,
Plot No.G-9, Bandra (East),
Mumbai – 400 051 …. Applicant

The Commission in exercise of the powers vested in it under Section 61 and Section 62 of the Electricity Act, 2003 (EA 2003) and all other powers enabling it in this behalf, had issued an Order on 18th May, 2007 for determination of Annual Revenue Requirement (ARR) of the Applicant for the Control Period FY 2007-08 to FY 2009-10 under the MYT framework.

1.1 On 12th September, 2010 the Commission issued an Order in Case No. 111 of 2009 for the Truing-up of Aggregate Revenue Requirement for FY 2008-09, approval of Annual Performance Review for FY 2009-10 and Aggregate Revenue Requirement and tariff determination for FY 2010-11 under the MYT framework (APR Order for FY 2009-10).

1.2 The Applicant has filed the present petition on 18th October 2010 seeking review of the APR Order dated 12th September, 2010 with the following prayers:

"

1) *The Hon'ble Commission may be pleased to admit the Review Petition;*

2) *The Hon'ble Commission may permit review of the Order dated 12th September, 2010 passed by the Hon'ble Commission in Case No. 111 of 2009;*

3) *Accordingly the Hon'ble Commission may be further pleased to re-determine the tariffs to be levied / applied for sale of electricity to different categories of the consumers during the year FY 2010 – 11;*

4) *The Hon'ble Commission may please condone any inadvertent omissions / errors / short comings in the present Review Petition and may further permit the Review Petitioner to add / modify / change / amend / alter the present Review Petition and to make further submissions as may be required during the proceedings;*

5) *The Hon'ble Commission may pass such further & other Orders as the Hon'ble Commission may deem fit & proper keeping in view of the facts & circumstances of the Present Review Petition."*

1.3 The points raised in the review petition are as follows:

1) Truing up for FY 2008-09: Consideration of surplus of Rs. 214 Cr for FY 2006-07 & surplus of Rs. 469 Cr for FY 2001-02

2) Distribution loss achievement – sharing of efficiency gains

3) Revenue from existing tariff for FY 2009-10

4) Wrong application of domestic tariff for estimating total revenue for FY 2010-11

5) Capitalization & capital expenditure for FY 2009-10

6) Capitalization & capital expenditure for FY 2010-11

7) Reduction in Administrative & General (A&G) expense and Repair & Maintenance (R&M) expense for FY 2008-09, FY 2009-10 and FY 2010-11

8) Determination of wheeling charge for FY 2010-11

1.4 The Applicant stated that certain error apparent on the face of the record has crept in the impugned Order that is the APR Order for FY 2009-10 within the meaning of Regulation 85 of the Maharashtra Electricity Regulatory Commission (Conduct of Business) Regulations, 2004 which provides as follows –

> *"85. (a) Any person aggrieved by a direction, decision or order of the Commission, from which (i) no appeal has been preferred or (ii) from which no appeal is allowed, may, upon the discovery of new and important matter or evidence which, after the exercise of due diligence, was not within his knowledge or could not be produced by him at the time when the direction, decision or order was passed or on account of some mistake or error apparent from the face of the record, or for any other sufficient reasons, may apply for a review of such order, within forty-five (45) days of the date of the direction, decision or order, as the case may be, to the Commission."*

1.5 A notice was issued upon the Applicant and four Consumer Representatives authorised under Section 94(3) of the Electricity Act, 2003 (EA 2003) for hearing the present matter. The Commission scheduled the hearing in the matter on November 15, 2010 and directed the Applicant to serve copies of the application upon the said authorised Consumer Representatives. During the hearing, the Applicant reiterated the issues raised in the review petition.

1.6 Having heard the Applicant and after considering the materials placed on record, the findings of the Commission are in the following sections.

I. Truing up for FY 2008-09: Consideration of Surplus of Rs. 214 Cr for FY 2006-07 & Surplus of Rs. 469 Cr for FY 2001-02

Applicant's Submission

1.7 The Applicant has submitted that the Commission considered Rs. 214 Cr as surplus after truing up exercise for FY 2006-07 and Rs. 469 Cr as surplus after truing up exercise for FY 2001-02. The surplus for these two years has been considered for determination of ARR of MSEDCL on two occasions – first while determining the Aggregate Revenue Requirement & Tariff for FY 2009-10 (in the Order dated 17th August 2009 – Case No. 116 of 2008) and again while determining the Aggregate Revenue Requirement & Tariff for FY 2010-11 (in Order dated 12th September 2010 – Case No. 111 of 2009).

1.8 The consideration of the surplus of Rs. 214 Cr and Rs. 469 Cr again while determining the Aggregate Revenue Requirement & Tariff for FY 2010-11 (in Order dated 12th September 2010) is incorrect.

Consumer Representative's submission

1.9 During the course of hearing Shri. Raksh Pal Abrol and Shri.N.Ponrathnam, Consumer Representatives, submitted that the submission made by the applicant does not qualify as a matter of error apparent on face of the record within the meaning of Regulation 85 of the MERC (Conduct of Business) Regulations, 2004 and that no subsequent review should be allowed against the earlier orders issued by the Commission.

Commission's View

1.10 The issue of the revenue surplus for FY 2001-02 and FY 2006-07 spans across three tariff orders of the Commission,

1) Order dated 20th June 2008 in the Case No. 72 of 2007 on MSEDCL's Petition for approval of Annual Performance Review for FY 2007-08 and Tariff for FY 2008-09 ;

2) Order dated 17th August 2009 in the Case No. 116 of 2008 on MSEDCL's Petition for Truing Up for FY 2007-08, Annual Performance Review for FY 2008-09 and Tariff Determination for FY 2009-10 ;

3) Order dated 12th September 2010 in the Case No. 111 of 2009, MSEDCL's Petition for Truing Up for FY 2008-09, Annual Performance Review for

FY 2009-10 and Aggregate Revenue Requirement and Tariff Determination for FY 2010-11

1.11 The treatment of the surplus for FY 2001-02 and FY 2006-07 in the above mentioned three orders are described below.

1) In the Tariff Order dated 20th June 2008, the Commission while determining the revenue gap of Rs. 1510 Cr to be recovered from sale of electricity in FY 2008-09 had considered the true up surplus of Rs. 469 Cr for FY 2001-02 and Rs. 214 Cr for FY 2006-07. The net revenue gap of Rs. 1510 Cr resulted in an average tariff increase of 6.76%.

2) In the Tariff Order dated 17th August 2009, the Commission provisionally trued up the ARR for FY 2008-09. In the provisional true up exercise carried out, all the heads of expenses and income (refund and surplus) as considered in the first order dated 20th June 2008 were reconsidered and the revenue gap was determined as Rs. 981 Cr. The revenue gap of Rs. 981 Cr for FY 2008-09 considered into the revenue gap determination for FY 2009-10, which was determined as Rs. 1099 Cr. The Rs. 1099 Cr revenue gap affected a tariff increase of 4.2% for FY 2009-10.

3) In the Tariff Order dated 12th September 2010, the Commission carried out final true up for FY2008-09 and the revenue gap was determined at Rs. 421 Cr for FY 2008-09. The revenue gap of Rs. 421 Cr for FY 2008-09 was included while computing the consolidated revenue requirement and thereby the revenue gap determination for FY 2009-10.

1.12 The table below details out the revenue gap calculation carried out in the three above mentioned orders.

Table 1: Revenue Gap Calculation (Rs Cr)

Particulars	Tariff Order dated 20 Jun. 2008	Tariff Order dated 17 Aug. 2009	Tariff Order dated 12 Sept. 2010
	FY 2008-09 Projections	**FY 2008-09 Provisional True up**	**FY 2008-09 Final True up**
Power purchase	19403	17774	18054
Employee Exp	1874	2276	2486
A&G	181	201	232
R&M	456	458	458
Depreciation +AAD	428	400	408
Interest Long Term	347	238	237

Particulars	Tariff Order dated 20 Jun. 2008	Tariff Order dated 17 Aug. 2009	Tariff Order dated 12 Sept. 2010
Interest on Working Capital	271	258	195
Provision Bad Debts	335	312	342
Other Exp	5	5	9
Income Tax	86	0	0
Transmission Charges	1786	1744	1739
Contingency reserve	29	27	27
Incentive/ Discounts	79	77	148
Sharing of gains and Losses			103
Total Revenue Requirement	**25278**	**23772**	**24440**
RoE	581	510	504
ARR	**25860**	**24281**	**24943**
Less: Non Tariff Income	1074	964	1315
Less: income from wheeling		6	**15**
Less: amt from GoM for PP		200	200
Total ARR	**24785**	**23111**	**23413**
Refund of RLC	500	500	455
Pending claim - FAC Interest	12	12	12
True up for FY 2001-02 (surplus)	(469)	(469)	(469)
True up for FY 2006-07 (surplus)	(214)	(214)	(214)
Provision true up for FY 2007-08 (surplus)	(756)		
Net ARR	**23858**	**22940**	**23197**
Rev from existing tariff	22348	21,959	22776
Total revenue gap for FY 2008-09	**1510**	**981**	**421**

1.13 The Commission is of the view that while carrying out true up for a particular year, whether provisional or final, all expenses and income for that year and previous year surplus, which were considered in the first order have to be reconsidered during the provisional as well as the final true up exercises of that year. In case the previous year surplus) are not considered during provisional or final true up, the gap bridged (after adjusting surpluses of Rs. 469 Cr for FY 2001-02 and Rs. 214 Cr for FY 2006-07) in the previous Order through the tariff hike shall be required to be bridged again even though the required hike was already allowed in the previous year.

1.14 The logic for restating the past surplus can be explained using the following example. Let us assume a year FY (X) for which the revenue gap is projected and tariff is determined. The total projected ARR of the licensee for FY (X) is Rs. 500 Cr and revenue at existing tariff, Rs. 200 Cr. There is also a surplus of Rs. 100 Cr from past year. Thus the Revenue Gap for FY (X) is projected at Rs. 200 Cr as shown in Table 2. The tariff for FY (X) is increased such that additional revenue of Rs. 200 Cr is generated. Thus the *projected revenue gap at new tariff is zero*.

1.15 Let us also assume that the projections made regarding cost and revenues for FY (X) are completely accurate, so that when the accounts for FY (X) are trued up the ARR is actually determined as Rs. 500 Cr and the revenue earned in FY (X) is actually Rs. 400 Cr.

1.16 If the accounts of FY (X) were trued up without restating the surplus of Rs. 100 Cr from previous years, as shown in Table 2, there would appear to be again a gap of Rs. 100 Cr for FY (X). *This would thus be incorrect as there was no change in costs for the year and the revenue for FY (X) was already increased to ensure that the revenue gap till FY (X) is zero* This anomaly is removed by restating the surpluses on account of the past years at the time of truing up of accounts for FY (X).

Table 2: Example

	FY (X) ***Projected in Year (n)***	**FY (X)** ***True up in Year (n+1) without including the surplus***	**FY (X)** ***True up in Year (n+1) after including the surplus***
ARR	500	500	500
Surplus of past years	(100)		(100)
Net ARR	400	500	400
Revenue at Existing Tariff	200	-	-
Revenue Gap	200	-	-
Revenue at Increased Tariff	400	400	400
Net Revenue Gap	0	100	0

1.17 Accordingly, the revenue gap for FY 2008-09 as determined in the three orders (at Rs. 1510 Cr in Order dated 20th June 2008, at Rs. 981 Cr as provisional true up for FY 2008-09 in Order dated 17th August 2009 and at Rs. 421 Cr as final true up for FY 2008-09 in Order dated 12th September 2010), was computed after considering previous surplus for FY 2001-02 and FY 2006-07 along with the latest/actual income and expense. The revenue gap so determined for FY 2008-09 in the respective three orders flowed into determining the overall revenue gap for that particular year.

1.18 Hence, the Commission has correctly computed the consolidated gap for FY 2010-11 at Rs. 909 Cr, and there is no error apparent in the computations while considering surplus of Rs. 469 Cr for FY 2001-02 and Rs. 214 Cr for FY 2006-07.

II. Distribution Loss Achievement – Sharing of Efficiency Gains

Applicant's Submission

1.19 The Applicant has submitted that the Commission while re-computing the distribution loss for the year FY 2008-09 has reduced the inter-state transmission losses from 5.88% as submitted by the Applicant to 4.83%.

1.20 The reduction allowed in the inter-state losses has led to the distribution loss for FY 2008-09 being recomputed as 22.24% by the Commission instead of 21.98% as submitted by the Applicant.

1.21 The Applicant has submitted that this reinstatement of Distribution Loss for FY 2008-09 as 22.24% instead of 21.98% has resulted in financial loss of Rs. 52 Cr to the Applicant.

Commission's View

1.22 The Applicant in its application has made two conflicting submissions regarding the net energy input at transmission periphery. In the main petition, *Energy at Transmission Periphery* has been submitted as 78,360 MUs. However, in Form 2, (containing details of power purchased by the Applicant in FY 2008-09 from various sources), submitted along with the petition, the *Total Energy at Transmission Periphery* has been given as 78,630 MUs. Similarly, *Net Energy Purchased from Outside the State* has been given as 24,176 MUs in the main petition but the same has been given as 24,446 MUs in Form 2.

1.23 The figures for *Total Purchase within the State* (54,185 MUs), *Total Power Purchased* (79870 MUs) and *Effective Gross Purchase from Outside the State* (25685 MUs) are same both in the main petition and in Form 2.

1.24 Out of the two conflicting submissions made by the Applicant, the Commission accepted the submission in Form 2 as this can be substantiated by the source-wise break up of energy input. This has already been stated in the Tariff Order dated 12th September, 2010 as follows:

"The Commission observed that for computing the Energy Balance and the

efficiency gains, MSEDCL has considered the Energy Input at Transmission Periphery as 78360 MU, whereas in Form-2, it has submitted the same as 78630 MU. The Commission has accepted the Energy Input at Transmission Periphery as 78630 MU, based on Form-2 submitted by MSEDCL, where the source-wise purchases have been provided."

1.25 Using the *Effective Gross Purchase from Outside the State* (25,686 MUs) and *Net Energy Purchased from Outside the State* (24,446 MUs from Central Generating Stations, UI and Kawas/ Gandhar/ Traders and banking) as given in Form 2, the inter-state transmission loss has been calculated as 4.83%.

1.26 Thus the difference in the approved and submitted inter-state transmission loss is due to the contradictory submissions made by the Applicant in its tariff petition.

1.27 The approved level of *Total Energy at Transmission Periphery* (78,630 MUs) as given in Form 2 has been used along with the pooled intra-state transmission losses for FY 2008-09 at 4.86% (based on inputs from MSLDC) and the actual energy sales (58,171 MUs, as submitted by the Applicant) to calculate the distribution loss as 22.24%.

1.28 Therefore, in the case of distribution loss as well, the difference in the approved and submitted level is due to the contradictory submissions made by the MSEDCL in its petition. The distribution loss calculation has been reproduced in Table 3.

Table 3: Energy Balance and Distribution Loss for FY 2008-09

	Particulars	**Units**	**MSEDCL's Petition**	**Approved in APR Order of 12th September 2010**
1	Purchase from MSPGCL	MU	46,257	46,257
2	Purchases from other sources within the State	MU	7928	7928
3	Total Purchase from within the State	MU	54,185	54,185
4	**Effective gross purchase from outside the State**	**MU**	**25,686**	**25,686**
5	*Central Generating Station*	MU	*22,053*	*22,053*
6	*UI*	MU	*797*	*797*
7	*Kawas/ Gandhar/ Traders*	MU	*2,835*	*2,951*
	Banking			***(116)***
8	**Inter-State transmission losses**	**%**	**5.88%**	**4.83%**
9	Net purchase from outside the State	MU	24,176	24,446
10	**Total Power Purchase payable**	**MU**	**79,870**	**79,870**

11	**Energy at Transmission Periphery**	**MU**	**78,360**	**78,630**
12	Intra- State Losses	%	4.85%	4.86%
13	Energy at Distribution Periphery	MU	74559	74809
14	**Distribution losses**	**%**	**21.98%**	**22.24%**
15	Energy Sales	MU	58171	58171

1.29 There is, thus, no error apparent in the calculation of distribution loss by the Commission and the Applicant's claim is invalid.

III. Revenue from Existing Tariff for FY 2009-10

Applicant's Submission

1.30 The Applicant submitted that in the reply to data gaps, submitted during the finalisation of APR Order for FY 2009-10, it had stated that the amount of refund on account of Regulatory Liability Charge (RLC) & Additional Supply Charge (ASC) has been considered as expenditure.

1.31 The Commission, however, has added Rs. 1,092 Cr to the total actual revenue income (Rs. 26,618 Cr) as submitted by the Applicant. As a consequence, the Commission for FY 2009-10, has determined the revenue of the Applicant as Rs. 27,710 Cr instead of Rs. 26,618 Cr.

1.32 The over-estimation of the revenue at existing tariff for FY 2009-10 by Rs. 1092 Cr has led to incorrect determination of the revenue gap for FY 2009-10.

Consumers Representative Submission

1.33 During the course of hearing Shri. Ashok Pendse, Shri Raksh Pal Abrol, and Shri. N. Ponrathnam, Consumers Representatives have indicated that in case it is an arithmetical error, due corrections may be carried out by the Commission.

Commission's View

1.34 The Commission in its Order, dated 2nd April, 2008 in Case No. 26 of 2007 and Case No. 65 of 2006, has stated that: *"the RLC* (Regulatory Liability Charge) *amounts that are required to be returned would be effected by reduction in tariffs of the subsidized consumer categories that had contributed the RLC while at the same time MSEDCL is permitted to claim these amounts as expenses in its ARR so that all consumers equally bear the RLC".*

1.35 Also, the Commission determined the methodology and amount of refund of Additional Supply Charge separately in its Order dated 9th November 2009 in Case

No. 144 of 2008 as Rs. 592 Cr. The Commission also included this amount as an expense in the ARR in the previous APR Order dated 17^{th} August 2009.

1.36 Thus, the refund of Rs. 1092 Cr on account of RLC (Rs. 500 Cr) and ASC (Rs. 592 Cr) is to be included as an expense item in the ARR and has been included in calculating the ARR for FY 2009-10 at Rs. 27,716 Cr. However, Rs. 1092 Cr has been included in the revenue for FY 2009-10.

1.37 The correct revenue from existing tariff is Rs. 26,618 Cr and accordingly the correct revenue gap for FY 2009-10 is Rs. 1098 Cr (Rs. 1092 Cr + Rs. 6 Cr). Thus, there is an error apparent in these computations and hence Rs. 1092 Cr have to be added into the Revenue Gap of FY 2010-11.

IV. Wrong Application of Domestic Tariff for Estimating Revenue for FY 2010-11

Applicant's Submission

1.38 The Applicant has submitted that the Commission has approved a tariff of 437 paise per unit for the consumer category – LT Domestic (100 - 300 units consumption). However, while projecting the revenue for FY 2010-11, the Commission has wrongly considered the tariff for this consumer category as 450 paise per unit.

1.39 The consideration of wrong tariff for LT Domestic (100-300 units consumption) category has resulted in inflation of the projected revenue of the Applicant for FY 2010-11 by Rs. 37 Cr.

Commission's View

1.40 The Commission while determining the expected revenue for the Applicant for FY 2010-11 has erroneously considered the tariff applicable to LT Domestic (100-300 units consumption) category as 450 paise per unit instead of 437 paise per unit as approved in the tariff schedule. This lead to *overestimation* of revenue for FY 2010-11 by Rs. 37.13 Cr from this category.

1.41 A similar error has also occurred in calculating the revenue from two other categories.

1.42 For calculating the revenue from LT II (LT Non-residential or Commercial, > 20 kW and $\leq$50 kW) category, the Commission has taken the tariff as 640 paise/unit instead of the approved tariff of 650 paise/unit. This, however, leads to *underestimation* of the revenue for FY 2010-11 by Rs. 4.59 Cr.

1.43 Also, in calculating the revenue from LT IV – Agriculture, Metered Tariff category, the Commission has taken the tariff as 149 paise/unit instead of the approved tariff of 154 paise/unit. This lead to *underestimation* of the revenue for FY 2010-11 by Rs. 34.94 Cr.

1.44 Taking into account all the above errors in computation of the revenue for FY 2010-11, the revenue for FY 2010-11 was actually underestimated by Rs. 2.40 Cr in the APR Order. The summary of change in the revenue calculations is given in the Table 4.

Table 4: Revised Revenue for FY 2009-10

Category	Approved Tariff (Paise/kWh)	Tariff rate considered for revenue calculation (Paise/kWh)	Difference (Rs. Cr)
Domestic101-300 Units	437	450	-37.13
LT II Non Domestic >20- 50 kW	650	640	4.59
LT IV Agriculture Metered Tariff (Including Poultry Farms)	154	149	34.94
Total			**2.40**

1.45 Thus, the correct figure for expected revenue for FY 2010-11 is Rs. 30,862.40 Cr and hence Rs. 2.40 Cr is to be subtracted from the Revenue Gap for FY 2010-11.

V. Capitalization & Capital Expenditure for FY 2009-10

Applicant's Submission

1.46 The Applicant has submitted that, out of the actual capitalization of Rs. 1690 Cr for FY 2009-10, the Commission allowed the capitalization of only Rs. 769.10 Cr which pertains to the capitalization of DPR schemes. Also, the Commission has accordingly allowed only 50% capitalisation for DPR schemes for which in principle approval was given. The Commission has stated that the balance 50% capitalisation will be considered when the cost benefit analysis for these schemes is submitted to the Commission.

1.47 The Applicant has, however, claimed that out of the capitalisation of Rs. 1690 Cr, capitalization of Rs. 1059 Cr (and not just Rs. 769.10 Cr) pertains to the capitalization of DPR schemes for which the Commission has given in-principle approval.

1.48 The Applicant has further submitted that, under Universal Service Obligation, it is not always necessary that all the DPR schemes would generate financial benefits which can be quantified, since some of the schemes like electrification of households of Below Poverty Line consumers, under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) are executed by the Applicant in order to comply with the social obligations. The Applicant further submitted that in respect of some of the schemes like DTC Metering, Agricultural Metering, etc; the cost benefits can never be established.

1.49 The Applicants submitted that the benefits from a DPR Scheme can be ascertained only after a period not less than six months from the complete execution of the said scheme. The APR/ARR petition was submitted in April 2010, when the capital expenditure incurred on these schemes was not known correctly and compilation of necessary information was in progress.

1.50 The Applicant submitted that it has provided the actual scheme-wise capitalization for FY 2009-10 to the Commission vide its letter dated 23rd August 2010, and has requested the Commission to refer to and rely upon the said letter during the proceedings of the Review Petition.

1.51 The Applicant also submitted the cost benefit analysis of DPR schemes approved by the Commission in the year FY 2008-09 has been submitted to the Commission and, on similar lines, the cost benefit analysis of DPR schemes approved by the Commission in the year FY 2009-10 will be submitted soon.

Commission's View

1.52 The Commission observed as under while approving capitalisation for FY 2009-10 in the APR Order for FY 2009-10:

"The Commission observed that, out of the actual capitalisation of Rs. 1690 Cr submitted by MSEDCL, capitalisation of only Rs. 769.10 Cr pertains to the capitalisation of DPR schemes for which in-principle approval has been granted by the Commission. Further, it is also observed that MSEDCL has not submitted any details on the benefits accrued through such schemes against that projected in the DPR of such schemes, as was directed by the Commission in the previous APR Order. In view of the above, the Commission approves a capitalisation of 50% of the capitalisation against DPR schemes for which, in-principle approval has been granted by the Commission, which amounts to capitalisation of Rs. 384.55 Cr. The Commission shall consider the disallowed capitalisation against such DPR schemes, once the benefits of such schemes are established by MSEDCL. As regards capitalisation of Non DPR schemes, the Commission had set a general rule in its previous APR Order that the capitalisation against Non DPR schemes shall have to

be restricted to 20% of the capitalisation of DPR schemes. Accordingly, for the purpose of provisional truing up for FY 2009-10, the Commission has considered Rs. 76.91 Cr towards the capitalisation of Non-DPR schemes. Thus, a total capitalisation of Rs. 461.46, including capitalisation of DPR and Non DPR schemes has been approved by the Commission for FY 2009-10."

1.53 The Commission determined in the APR Order for FY 2009-10 that, out of the capitalisation of Rs. 1690 Cr approved for FY 2009-10, capitalisation of Rs. 769.10 Cr pertains to the capitalization of DPR schemes. No new information has been provided by the Applicant.

1.54 The Applicant's second request – that the Commission may reconsider the principle of allowing only 50% of the capitalisation against DPR schemes for which in-principle approval has been granted cannot be accepted as a part of this review, as no grounds have been made out.

1.55 Since no new information has been made available to the Commission and there is no error apparent on the face of the record, the Applicant's claim for review of the amount of capitalisation allowed for FY 2009-10. The capitalisation is not admitted for FY 2009-10 shall be reviewed during the true up for FY 2009-10 in the next APR Order of the Commission.

VI. Capitalization & Capital Expenditure for FY 2010-11

Applicant's Submission

1.56 In the APR Order for FY 2008-09 and for approving capitalisation for FY 2009-10 in the APR Order for FY 2009-10, the Commission has allowed *capitalisation of 50% against DPR schemes for which, in-principle approval has been given by the Commission*. However, while approving capitalisation for FY 2010-11, in case of DPR schemes of infrastructure plan works and Gaothan Feeder Separation Scheme - Phase II, for which in principle approval has been taken, the Commission has not allowed 50% of the capitalisation submitted by the Applicant.

The Applicant further submitted that the Commission in its Order dated September 12, 2010 has stated as under:

"*...in view of the trend of actual capitalisation in past years by MSEDCL, it is highly unlikely that such a capitalisation level will be achieved. Hence, for FY 2010-11, the Commission has considered a capitalisation of Rs. 232.72 Cr and Rs. 161.54 Cr against these two schemes, which are the actual capitalisation level of the respective schemes for FY 2009-10 as submitted by MSEDCL…"*

1.57 The Applicant submitted that the Commission has not allowed 50% capitalisation of the DPR Scheme for determining the capitalization (as done by the Commission for the years FY 2008-09 and FY 2009-10), which would have resulted in capitalisation of Rs. 2079 Cr for FY 2010-11.

1.58 The Applicant further submitted that the major capital expenditure schemes being executed (like Infra Project, APDRP / R-APDRP, etc); had some teething problems at the initial stage of execution and therefore they could not achieve the targets, which were considered at the time of projecting capitalization. The Applicant has submitted that all the schemes of capital expenditure are now being closely monitored to ensure achievement of prescribed mile stones and therefore the Applicant is confident that, at the end of FY 2010-11, it will achieve the projected capitalization. The Applicant has claimed that though it cannot be denied that the actual capitalization achieved by it in the past few years was less than what had been projected in APR / ARR Petitions, it would be illogical and unreasonable to presume that the Applicant will maintain the same trend in FY 2010-11.

Consumer Representative Submission

1.59 Shri. Ashok Pendse, Authorised Consumer Representative has submitted that MSEDCL views are correct. The Commission may consider allowing the Capital Expenditure in FY 2010-11. The interest portion on additional capitalisation may be allowed.

Commission's View

1.60 While approving the capitalisation for FY 2010-11, the Commission has stated in its Tariff Order:

"For approving capitalisation of FY 2010-11, the Commission has considered only capitalisation of such DPR schemes for which in-principle approval has been granted by the Commission. However, adopting a similar approach as explained in the above paragraph while approving the capitalisation for FY 2009-10, the Commission has considered 50% of proposed capitalisation against such schemes, except in case of DPR schemes of infrastructure plan works and Gaothan Feeder Separation Scheme - Phase II. As regards these schemes, the Commission observed that the capitalisation proposed against these two schemes forms nearly 47% of the total capitalisation proposed by MSEDCL for FY 2010-11. However, the same is definitely on a higher side and in view of the trend of actual capitalisation in past years by MSEDCL, it is highly unlikely that such a capitalisation level will be

achieved. Hence, for FY 2010-11, the Commission has considered a capitalisation of Rs. 232.72 Cr and Rs. 161.54 Cr against these two schemes, which are the actual capitalisation level of the respective schemes for FY 2009-10 as submitted by MSEDCL. Based on the above approach adopted for FY 2010-11, the total capitalisation considered for FY 2010-11 amounts to Rs. 876.51 Cr, which includes capitalisation of Rs. 730.42 Cr towards DPR schemes and Rs. 146.08 Cr towards Non-DPR schemes."

1.61 Thus, the Commission in approving capitalisation for DPR schemes of Infrastructure Plan Works and Gaothan Feeder Separation Scheme - Phase II, considered the actual implementation progress achieved in the previous year allowing 50% of the capitalisation against DPR schemes for which in-principle approval has been given.

1.62 The Applicant submitted a capitalisation of Rs 1470.40 Cr for Infrastructure Plan Works and Rs 670.83 Cr for Gaothan Feeder Separation Scheme - Phase II. Considering the submission made by the Applicant, the Commission approves Rs. 735.2 Cr and Rs. 335.42 Cr as capitalisation for Infrastructure Plan Works and Gaothan Feeder Separation Scheme - Phase II, respectively (which is equal to 50% of capitalisation for these schemes).

1.63 The Commission in the APR Order for FY 2009-10 had approved a capitalisation of Rs. 232.72 Cr for Infrastructure Plan Works and Rs. 161.54 Cr for Gaothan Feeder Separation Scheme - Phase II. The additional capitalisation now approved for Infrastructure Plan Works is Rs. 502.48 Cr (Rs. 735.20 Cr – Rs. 232.72 Cr) and for Gaothan Feeder Separation Scheme - Phase II is Rs. 173.88 Cr (Rs. 335.42 Cr – Rs. 161.54 Cr). The total additional capitalisation for these two schemes is Rs. 676.36 Cr. The allowed capitalisation for all other schemes remains unchanged as approved in the APR Order for FY 2009-10.

1.64 The total capitalisation now approved by the Commission is Rs. 1406.78 Cr which is summation of Rs. 730.42 Cr capitalisation approved by Commission in the APR Order dated 12th September 2010 and additional capitalisation Rs. 676.36 Cr (Rs. 502.48 Cr for Infrastructure Plan Works and Rs 173.88 Cr for Gaothan Feeder Separation Scheme - Phase II). Table 5 below summarizes the total approved capitalisation for FY 2010-11.

Table 5: Approved Capitalisation for FY 2010-11 (Rs. Cr)

Description	Approved by the Commission in the APR Order dated 12th	Approved by the Commission in this Order	Additional Capitalisation Approved in this Order

	September		
Capitalisation DPR Schemes	730.42	1406.78	676.36
Capitalisation Non - DPR Schemes	146.08	281.36	135.27
Total	**876.51**	**1688.14**	**811.63**
Interest on Additional Capitalisation Approved in Review Order @ 11.50%			**46.67**

1.65 The additional capitalisation approved for FY 2010-11 is to be funded by debt at an interest rate of 11.50% (the rate of interest approved for new loans in APR Order for FY 2009-10). Thus, the Commission approves an additional Rs. 46.67 Cr as interest on long term loans for FY 2010-11.

1.66 The Applicant's second request that the Commission reconsider the principle of allowing only 50% of the capitalisation against DPR schemes for which in-principle approval has been granted by the Commission cannot be accepted as a part of this review. The reasons for the same have already been mention in para 1.55 of this Order.

VII. Reduction in Administrative & General (A&G) expenses and Repair & Maintenance (R&M) expenses for FY 2008-09, FY 2009-10 and FY 2010-11

Applicant's Submission

1.67 The Applicant submitted that in approving the R&M and A&G expenses for the respective years, the Commission has not taken cognizance of the fact that the organisational structure and the distribution network of the Applicant has been increasing on a yearly basis, with new Zones / Circles / Divisions / Sub-Divisions / Section Offices are being created to meet the consumers requirement and to successfully meet all the challenges of operating a distribution system.

1.68 The Applicant has further submitted that the Commission has applied the norm of increasing previous year's expenses with respect to change in the combination of Wholesale Price Index (WPI) and Consumer Price Index (CPI). The Applicant also stated that the norm or logic, as adopted by the Commission, is not the right approach for approving the A&G expenses on yearly basis without taking into cognizance the change in operational structure of the organisation and/or operation of the state wide distribution network of the Applicant.

1.69 The Applicant also submitted that the Commission for determining the A&G expenses for the year FY 2008-09 has considered the values approved by the Commission in the previous APR Order dated 17th August 2009

1.70 The Applicant further submitted that the submissions made by it with respect to A&G expenses also holds good for R&M expenses, since there cannot be any linkage between the Wholesale Price Index (WPI) and R&M expenses.

Commission's View

1.71 The Commission approved the A&G expenses for FY 2008-09 in the APR Order dated 17th August, 2009 for FY 2008-09 by considering an increase of 6.04% on account of inflation factor corresponding to increase in Wholesale Price Index (WPI) and Consumer Price Index (CPI) over the A&G expenses as approved for FY 2007-08.

1.72 The Commission approved the A&G expenses for FY 2008-09 on the basis of the expenses as approved in the provisional true up for FY 2008-09 in the APR Order dated 17th August, 2009. The Commission also approved an extra Rs. 5 Cr for Cess paid to the Excise Department in FY 2008-09. Regarding the Applicant's request for allowing higher A&G expenses for FY 2008-09, the Commission, while approving the above expenses, has already observed in the APR Order for FY 2009-10 as under:

"The Commission is of the view that A&G expenses, being controllable in nature, cannot be allowed to increase at the rates considered by MSEDCL, and MSEDCL has to share the efficiency loss due to controllable factors as provided under the MERC Tariff Regulations."

1.73 For FY 2009-10 and FY 2010-11, the Commission has escalated the approved expenses of the previous financial year at the rate of 5.48% and 7.02% respectively on account of inflation factor corresponding to increase in Wholesale Price Index (WPI) and Consumer Price Index (CPI).

1.74 The Commission has approved the R&M expenses for FY 2008-09 by considering R&M expenses approved in the previous APR Order dated 17th August, 2009. For FY 2009-10 and FY 2010-11, the Commission has escalated the approved expenses of the previous financial year by 4.91% and 6.05% respectively on account of the increase in WPI.

1.75 The Applicant has not submitted any new information in the review petition to necessitate a revision of the amount approved as A&G and R&M expenses by the Commission in the APR Order for FY 2009-10 and hence, this claim is not allowed.

1.76 Further, the Applicant's request for reconsideration of the methodology adopted by the Commission for approving A&G expenses and R&M expenses cannot be accepted as a part of this review.

VIII. Determination of Wheeling Charge for FY 2010-11

Applicant's Submission

1.77 The Applicant submitted that the Commission has approved the wheeling charges in the range of 4 paise/unit (33 kV level) to 36 paise/unit (LT level) but has not provided any detailed working in respect of determination of wheeling charges at different voltage levels.

Commission's View

1.78 The first step in determining wheeling charges is estimating the cost of the wire business. The Commission, in its MYT Order dated May 18, 2007 in Case No. 65 of 2006 had observed that MSEDCL needs to maintain separate accounts for network related cost and supply related cost for appropriate determination of wheeling charges. The Commission had directed MSEDCL to submit voltage-wise segregated wire cost component of ARR during Annual Performance Review. However, this has not been maintained and submitted by the Applicant.

1.79 In the absence of accounting information for wire related costs, the Commission considered allocation of various cost components of ARR between network related costs and supply related costs, as per the principles outlined in the MYT Order for the Applicant with only one exception that is non-tariff income has been considered against network cost instead of supply cost. This allocation has shown in Table 6:

Table 6: Allocation of ARR between Wire and Retail Supply Business

Particulars	ARR	Network Cost	Supply Cost	Network Cost	Supply Cost
	Rs. Cr	%	%	Rs. Cr	Rs. Cr
Purchase Expenses	24213	0%	100%	0	24213
Employee Expenses	2591	60%	40%	1555	1037
Administration & General Expenses	262	50%	50%	131	131

Particulars	ARR	Network Cost	Supply Cost	Network Cost	Supply Cost
Repair & Maintenance Expenses	510	87%	13%	444	66
Depreciation, including advance against depreciation	458	87%	13%	399	60
Interest on Long-term Loan Capital	305	87%	13%	266	40
Interest on Working Capital, consumer security deposits and finance charges	249	9%	91%	22	227
Bad Debts Written off	450	9%	91%	40	409
Other Expenses	17	0%	100%	0	17
Income T ax	0	87%	13%	0	0
Transmission Charges paid to Transmission Licensee	1879	0%	100%	0	1879
Contribution to contingency reserves	29	92%	8%	27	2
Incentives/Discounts	163	0%	100%	0	163
Total Revenue Expenditure	**31128**	**0%**	**0%**	**2884**	**28244**
Return on Equity Capital	533	80%	20%	426	107
Aggregate Revenue Requirement	**31660**	**0%**	**0%**	**3310**	**28350**
Less: Non Tariff Income	1465	100%	0%	1465	0
Net ARR	**30196**			**1845**	**28350**

1.80 The Applicant submitted in its petition that the Opening GFA for FY 2010-11 has been segregated in terms of various voltage levels as under: 33 kV – 14%, 22 kV/11 kV – 56%, and LT level – 30%. The same ratio has been used to allocate the cost of the wire business as determined above (Rs. 1845 Cr) at different voltage levels. Accordingly, the network cost has been determined as follows at various voltage levels: 33 kV – Rs. 258 Cr, 22 kV/11 kV – Rs. 1033 Cr and LT level – Rs. 554 Cr.

1.81 To arrive at the cost of wheeling at the various voltage levels, the total wire network cost at various voltage levels (as computed above) has been apportioned to various voltage levels (i.e., 33 kV, 22 kV/11 kV and LT) in the ratio of sales at respective voltage levels. The wire costs at higher voltage levels has been further apportioned to lower voltage levels, since the HT system is also being used for supply to the LT consumers.

Table 7: Calculation of Wheeling Charges

Category	% Allocation of GFA	Network Cost	Sales	% Sales	% of Sales between 22/11 kV & LT level	Wheeling Cost	Formula for Calculating Wheeling Cost	Wheeling Cost
		(Rs. Cr)	(MU)	(%)		(Rs. Cr)		Rs./unit
33 kV Level*	14.00%	258	7913	11.23%		29	258 x 11.23%	0.04
22/11 kV Level	56.00%	1033	23740	33.68%	37.94%	479	258 x (1-11.23%) x 37.94% + 1033 x 37.94%	0.20
LT Level	30.00%	554	38827	55.09%	62.06%	1337	= 1845 – cost at HT level	0.34
Total	**100.00%**	**1845**	**70480**	**100.00%**		**1845**		**0.26**

* 25% of HT Sales assumed to be at 33 kV

1.82 Subsequently, the Commission calculated the share of each voltage category in the non coincident peak demand using % sales for each category. The wheeling charge (in Rs./kW/month) has then been derived by dividing the wheeling cost of each voltage category (as computed above) by the non-coincident peak demand for that category and dividing it by 12 months.

1.83 Finally, the wheeling charges for each category have been calculated by dividing the wheeling charge (in Rs./kW/month) for each category by the load factor (assumed to be 66%) and 720 hrs (24x30).

Table 8: Calculation of Wheeling Charges

Category	Wheeling Cost	%Sales	Share in Non coincident Peak Demand	Wheeling Charge	Per unit Wheeling Charge Derived
	(Rs. Cr)	(%)	(MW)	(Rs. /kW /Month)	(Rs./unit)
33 kV Level	29	11.23%	1312.29	18.00	0.04
22/11 kV Level	479	33.68%	3936.88	101.00	0.21
LT Level	1337	55.09%	6438.83	173.00	0.36
Total	**1845**	**100.00%**	**11688.00**	**132.00**	**0.28**

1.84 In addition, the Commission has also specified wheeling loss applicable for wheeling transactions. The Applicant has not submitted the voltage-level loss data, despite being asked by the Commission on several occasions. In the absence of this data, the Commission has used its best judgement to assess the voltage level losses. It is also logical that the open access consumers have to bear only the technical losses in the system, and should not be asked to bear any part of the commercial losses.

1.85 The Commission has considered the technical losses at 33 kV as 6% and the technical losses at 22 kV/11 kV at 9%, as projected by the Applicant. However, as regards technical losses at LT level, it has not applied overall distribution loss of 20.98% (i.e., opening distribution loss at FY 2010-11 as projected by the Applicant in its petition) which includes commercial loss component as well. The wheeling loss applicable for open access transactions entailing drawal at LT level has been approved at 14%, which is equivalent to estimated technical loss at LT level, considering that the overall allowed distribution loss for FY 2010-11 is 17.2%.

1.86 The approved Wheeling Charges and Wheeling Loss at HT and LT level for FY 2010-11 is summarised in Table 9:

Table 9: Wheeling Charges

Category	Wheeling Loss %	Per unit Wheeling Charge Derived (Rs./kWh)
33 kV Level	6%	0.04
22/11 kV Level	9%	0.21
LT Level	14%	0.36

1.87 The paragraphs above provide the detailed workings in respect of determination of wheeling charges at different voltage levels. The Applicant may approach the Commission for any further clarifications on this issue.

Total Additional Revenue Approved in the Review Order

1.88 In summary, the Commission has approved the following additional revenue in this Review Order:

1) Additional Revenue of Rs. 1092 Cr on account of Revenue from existing tariff for FY 2009-10 as described in paras 1.36 - 1.37.

2) Reduction in total revenue by Rs. 2.40 Cr on account of error in calculation of revenue for FY 2010-11 as described in para 1.44.

3) Additional cost of Rs. 46.67 Cr on approval of interest on additional capitalisation for FY 2010-11 as described in para 1.65.

1.89 Thus, the Commission approves additional revenue of Rs. 1136.27 Cr (Rs. 1092 Cr + Rs. 46.67 Cr – Rs. 2.40 Cr) in this Review Order, which will be recovered through tariff from the consumers with effect from 1st December 2010.

Treatment of Additional Revenue Approved in the Review Order

1.90 The Commission is conscious of the fact that the "capacity to pay" of different categories of consumers is different and the tariff design for FY 2010-11 is based on this consideration. The additional recovery allowed in this Order cannot be levied uniformly across all categories as this will be contrary to the tariff design principle. Hence, the recovery of additional allowed expenses will be based on allocation ratio, which is the ratio of energy charge for a particular consumer category to the average energy charge for MSEDCL for FY 2010-11. The basis of computation of Allocation Ratio is provided in Table 10.

Table 10: Allocation Ratio

A	Total MSEDCL sales to Consumers (MU)	67439
B	Revenue from Energy Charges of other consumer categories + Revenue from fixed charges to agricultural unmetered consumers (Rs. Cr)	27474.70
C = B/A*10	Average Energy Charge (Rs./kWh)	4.07
D	Allocation Ratio	Energy Charge for particular consumer category/ Average Energy Charge

1.91 The Tariff Order for FY 2010-11 was issued on 12th September 2010 and MSEDCL was allowed to charge revised tariff from 1st September 2010. The additional revenue gap approved by the Commission shall be charged from 1st December 2010. As such the recovery of Additional Energy Charge has been computed by giving the effect of the period from 1st September 2010 to 30th November 2010 (3 months). Additional revenue to be recovered in these three months has been proportionally considered to be recovered further in nine months.

1.92 The Additional Energy Charge on 12 months sales comes to Rs.0.17/kWh, and on 9 month sales comes to Rs.0.22/kWh. The category wise Additional Energy Charge on 12 month sales and 9 month sales are shown in column 5 and column 6 of Table 11.

1.93 The Un-metered agriculture tariff has been fixed at Rs. 200/ HP/month for Zones with consumption norm of < 1318 hrs/HP/annum and Rs 235/HP/Month for zones with Consumption norm >1318 hrs/HP/annum, as per the Tariff Order dated 12th September 2010. Due to additional revenue approved in this Review Order, the additional per month fixed Charge for these consumers will be Rs. 11.03/HP/month for zones with consumption norm of < 1318 hrs/HP/annum and Rs.12.96/HP/Month for zones with Consumption norm >1318 hrs/HP/annum (on 9 months sales).

1.94 The additional per month fixed Charge for these consumers will be Rs. 8.27/HP/month for zones with consumption norm of < 1318 hrs/HP/annum and Rs.9.72/HP/Month for zones with Consumption norm >1318 hrs/HP/annum (on 12 months sales).

1.95 The category wise Additional Energy Charge to be levied to all consumer categories is provided in Table 11.

Table 11: Category- wise Additional Energy Charge

No.	Category	Energy Charge as per Tariff Order dated 12 Sept 2010 (Rs/kWh)	Allocation Ratio	Additional Energy Charge on 12 months sales (Rs/kWh)	Approved Additional Energy Charge to be recovered on 9 months sales (Rs/kWh)	Approved Additional Revenue to be recovered (Rs Cr)
1	**HT-1 Industries**					**527.86**
a	*Express Feeders*	*5.27*	*1.29*	*0.22*	0.29	*339.59*
b	*Non Express Feeders*	*4.80*	*1.18*	*0.20*	0.26	*183.91*
c	*Seasonal*	*5.90*	*1.45*	*0.24*	0.33	*4.36*
2	**HT Commercial**					**50.21**
	Express Feeder				0.43	*9.65*
a	*Educational Institutions & Hospitals*	*7.65*	*1.88*	*0.32*	0.42	*5.12*
b	*Others*	*7.95*	*1.95*	*0.33*	0.44	*4.53*
	Non-express Feeder					*40.56*
a	*Educational Institutions & Hospitals*	*7.15*	*1.76*	*0.30*	0.39	*2.39*
b	*Others*	*7.45*	*1.83*	*0.31*	0.41	*38.17*
3	**HTP III Railways**	**5.80**	***1.42***	***0.24***	0.32	***34.22***
4	**HT IV-PWW**					***18.24***
a	*HT IV- PWW (Express Feeders)*	*3.75*	*0.92*	*0.16*	0.21	*13.25*
b	*HT IV- PWW (Non Express Feeders)*	*3.60*	*0.88*	*0.15*	0.20	*4.99*
5	**HT V Agricultural**	**2.15**	**0.53**	***0.09***	0.12	***4.41***
6	**HT VI**					**6.27**
a	*Residential Complex*	*3.72*	*0.91*	*0.15*	0.21	*6.25*
b	*Commercial Complex*	*6.30*	*1.55*	*0.26*	0.35	*0.02*
7	**HT VII -MPECS**	**2.62**	**0.64**	*0.11*	0.14	*8.05*
	HT Total					**649.26**

No.	Category	Energy Charge as per Tariff Order dated 12 Sept 2010 (Rs/kWh)	Allocation Ratio	Additional Energy Charge on 12 months sales (Rs/kWh)	Approved Additional Energy Charge to be recovered on 9 months sales (Rs/kWh)	Approved Additional Revenue to be recovered (Rs Cr)
8	**LT I Domestic**					**169.57**
a	*BPL (0-30 Units)*	*0.78*	0.19	*0.03*	0.04	*0.22*
b	*Consumption > 30 Units Per Month*				0.18	*169.35*
	0-100 Units	*2.47*	*0.61*	*0.10*	0.14	*87.29*
	101-300 Units	*4.37*	*1.07*	*0.18*	0.24	*51.62*
	301-500 Units	*6.25*	*1.53*	*0.26*	0.34	*11.95*
	500 -1000Units	*7.25*	*1.78*	*0.30*	0.40	*8.64*
	above 1000 units	*7.50*	*1.84*	*0.31*	0.41	*9.85*
9	**LT II -Non Residential or Commercial**					**90.33**
A	*0-20 kW*					73.93
a	*Educational Institutions, Hospitals & Dispensaries*					6.90
	0-200 Units	4.30	*1.06*	*0.18*	0.24	*2.88*
	Above 200 Units	6.00	*1.47*	*0.25*	0.33	*4.02*
b	*Others*					67.04
	0-200 Units	4.50	*1.10*	*0.19*	0.25	*24.71*
	Above 200 units	6.45	*1.58*	*0.27*	0.36	*42.33*
B	*>20- 50 kW*	6.50	*1.60*	*0.27*	0.36	*12.34*
C	*>50 kW*	8.40	*2.06*	*0.35*	0.46	*4.06*
10	**LT III PWW**					**4.81**
	0-20 kW	*1.72*	0.42	*0.07*	0.09	*2.89*
	20-40 kW	*2.22*	0.54	*0.09*	0.12	*1.10*
	40-50 kW	*3.02*	0.74	*0.12*	0.17	*0.82*
11	**LT IV Metered Agriculture**					***44.51***
	Metered Tariff (Including Poultry Farms)	*1.54*	0.38	*0.06*	0.08	*44.51*

No.	Category	Energy Charge as per Tariff Order dated 12 Sept 2010 (Rs/kWh)	Allocation Ratio	Additional Energy Charge on 12 months sales (Rs/kWh)	Approved Additional Energy Charge to be recovered on 9 months sales (Rs/kWh)	Approved Additional Revenue to be recovered (Rs Cr)
12	**LT V Industrial**					**89.45**
	0-20 KW	*3.90*	0.96	*0.16*	0.22	*31.55*
	Above 20 KW	*5.40*	1.33	*0.22*	0.30	*57.90*
13	**LT VI Streetlight**					**10.11**
	Grampanchayat, A, B & C Class Municipal Council	*3.10*	0.76	*0.13*	0.17	*5.59*
	Municipal Corporation Areas	*3.70*	0.91	*0.15*	0.20	*4.53*
14	**LT VII- Temporary Connection**					**11.68**
	Temporary Connections (Other Purposes)	*11.50*	2.82	*0.48*	0.63	*11.65*
	Temporary Connections (Religious)	*2.52*	0.62	*0.10*	0.14	*0.03*
15	**LT VIII Advertisement & Hoardings**	**16.00**	**3.93**	***0.66***	**0.88**	***0.26***
16	**LT IX – Crematoriums & Burial Grounds**	**2.52**	**0.62**	***0.10***	**0.14**	***0.01***
	LT Total					**420.73**
	Total MSEDCL Metered Sales					**1069.99**
17	**LT Ag Unmetered**				0.13	**66.28**
	Zones with Consumption norm <1318 hrs/HP annum (equivalent energy charge)	2.05	0.50	*0.08*	0.11	*22.72*
	Zones with Consumption norm >1318 hrs/HP/annum (equivalent energy charge)	2.40	0.59	*0.10*	0.13	*43.56*
	Total MSEDCL Sales	**4.07**	**1.00**	**0.17**	**0.22**	**1136.27**

1.96 After completion of 9 months, the Additional Energy Charge will be levied as computed on 12 months sales (column 5) from the consumers.

1.97 Any over recovery or under recovery on account of this modification shall be considered during the true up process for FY 2010-11.

1.98 This Order shall come into force from 1st September 2010. However, the additional recovery shall commence from 1st December 2010.

1.99 With this Order, the Commission disposes MSEDCL's review petition in the matter of Case No. 69 of 2010**.**

Sd/-
(Vijay L. Sonavane)
Member

Sd/-
(V. P. Raja)
Chairman

(K. N. Khawarey)
Secretary, MERC