

CHAPTER-7

Aggregate Revenue Requirement for MYT Period FY-26 to FY-28

Distribution Loss and energy requirement:

HESCOM proposes the Distribution Loss and total energy requirement for FY26 to FY 28 as noted below.

Particulars	FY-26	FY-27	FY-28
Energy Sales (MUs)	14150.72	14652.19	15192.05
HRECS Hukkeri Consumption (MUs)	570.68	634.16	718.93
AEQUS Pvt Ltd Consumption (MUs)	33.07	33.40	34.07
Total Energy Sales (MUs)	14754.47	15319.75	15945.05
Distribution Loss (%)	12.24%	12.23%	12.22%
Energy at interface point (MUs)	16812.30	17454.43	18164.79
Transmission Loss (%)	2.654%	2.644%	2.634%
Total Energy Required to meet the sales of HESCOM (including HRECS & AEQUS) (MUs)	17270.66	17928.46	18656.19

Proposed Capital outlay for FY- 26 to FY-28:

Proposed Capital outlay proposed for FY 26 to FY 28 are **Rs.1563.41 Crores, 1523.17 and 1478.85 respectively**. The Capital Budget proposal is distributed among all the essential works.

The details of Business Plan is appended as below:

- Annual Investment Plan includes all the planned and Non Plan works
- Capital budget provision is made for commissioned works, ongoing works and works that have been proposed to be taken up.
- Provision is made for metering which in turn yield in reduction in Technical and Commercial losses and also supports in Energy Auditing in more technical way.
- Appropriate provision is made for Social obligatory works such as Ganga Kalyan works, TSP, SCSP to meet the objectives of GOK
- Budget provision for construction of new link lines from new 110 KV sub stations is proposed.
- Investment provision is made on System strengthening works such as Reconductoring, of 33/11 KV lines.
- Preventive Measure works will be taken in order to improve tail end voltage and reduction of losses and prevents Accidents. All the hazardous installations are covered under this scheme.
- Investment provision is made on E & I works like additional DTCs, feeder bifurcation, line conversion, shifting of transformer to load center, enhancement of transformers etc are considered for energy saving and Quality supply and reduction of over load thus improving voltage.



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- Investment is made on New Stations/ Augmentation and also replacement works in Stations are to be taken up in order to improve quality power supply and reduce distribution losses and to cater load growth.
- New Projects under IT have been included and payment under IPDS IT initiative is included for which huge budgetary provision is being made.

Considering all the above factors Annual Investment plan for **FY-26 to FY 28 is proposed which is just a projection and may vary due to addition and deletion of Schemes accordingly.**

3.2 The Scheme wise details are as below:

Sl.	Scheme	2025-26	2026-27	2027-28
	Mandatory works, Social obligation and other works			
1	Gangakalyan total	114.00	108.00	108.00
	GOK Sponsored Works			
2	Rural Electrification under SCSP	34.00	34.00	34.00
3	Rural Electrification under TSP	15.00	15.00	15.00
4	Creating infrastructure to IP Sets	350.00	325.00	310.00
	Sub - total	399.00	374.00	359.00
5	Expansion of network and system improvement works.			
a	Additional DTCs	81.60	83.23	84.06
b	Enhancement of Distribution Transformers	8.92	9.10	9.28
c	Shifting of existing transformer to load centre	2.01	2.05	2.10
d	LT line conversion of 1Ph 2 wire or 1Ph 3 wire to 3ph 5 wire	8.01	8.17	8.33
e	11 KV link lines for bifurcation of load	20.00	20.00	20.00
f	Other E & I work	6.78	6.83	6.90
6	Construction of new 11 KV lines for 33 KV / 110 KV sub-stations	280.50	263.04	254.60
7	11 KV Re-conductoring.	81.60	83.23	84.06
8	LT Re-conductoring.	80.11	86.20	86.70
	Sub - total	569.53	561.86	556.04
	33 KV System			
9	Construction of new 33 KV stations	15.00	15.00	10.00
10	Construction of new 33 KV lines.	12.00	12.00	8.00
11	Augmentation of 33 KV stations.	10.00	10.00	10.00
12	Replacement of 33 KV lines Rabbit conductor by Coyote conductor.	10.00	10.00	10.00
13	Replacement of old and failed equipment's and other works of existing 33 KV stations and lines.	5.00	5.00	5.00
	Sub - total	52.00	52.00	43.00
	UG Cable			
14	Replacement of 11 KV OH feeders by UG Cables	20.00	20.00	20.00
15	Commissioning of 3 Ph 4 wire HT Metering Cubicle with meter, CTs, PTs	4.90	4.80	4.71
	Sub-total	24.9	24.8	24.71
	Reduction of T & D and ATC loss			
16	Providing meters to un-metered BJ/KJ installations.	5.00	5.00	5.00
17	Replacement of electromechanical/high precision meters by static meters.	70.00	70.00	70.00
18	DTC's metering (Other than APDRP)	20.00	20.00	20.00
	Sub - total	95.00	95.00	95.00



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	General (In House)			
19	Service connections	39.93	40.73	41.54
20	T&P materials.	5.00	5.00	5.00
	Sub - total	44.93	45.73	46.54
	New initiatives works			
21	IT initiatives, automation and call centre	20.00	20.00	20.00
22	IPDS IT initiative Phase II	20.00	20	20
23	Establishing ALDC & SCADA.	2.00	2.00	2.00
24	DSM Projects	1.00	1.00	1.00
	Sub - total	43.00	43.00	43.00
	Immediate Execution (Planned/Unplanned)			
25	Replacement of failed distribution transformers.	10.00	10.00	10.00
26	Replacement of Power Transformers.	5.00	5.00	5.00
27	Preventive measures to reduce the accidents. (Providing intermediate poles, Restranging of sagging lines, providing guy & struds, providing guarding, DTC earthing)	87.04	88.78	90.56
28	Civil Engineering works like Construction of new office buildings/ Substation civil works, Modernisation/Repairs to existing buildings, regular maintenance to immovable properties	119.00	115.00	98.00
	Sub - total	221.04	218.78	203.56
	Total	1563.41	1523.17	1478.85

Source of funds to meet the capital investment:

Source of funds to meet the capital investment is submitted in **Annexure3 to 5.**

PROJECTED ENERGY AVAILABILITY & COST FOR F Y-26 to FY-28:

Projected Energy Availability & Cost for FY-26 to FY-28 is submitted in **Annexure-6.**

Operation and Maintenance Expenses:

HESCOM has computed the O&M Expenses for FY-26 to FY-28 duly considering the actual O & M Expenses of FY 24 as per the Audited Accounts.

Annual escalation inflation rate is computed considering the Wholesale Price Index (WPI) as per the data available from the Ministry of Commerce & Industry, GOI and Consumer Price Index (CPI) as per the data available from the Labour Bureau, GOI and as per CERC Notification No. Eco T1(OLD SBD)/2024-CERC dtd. 02.04.2024 with CPI and WPI in a ratio of 80:20.

Computation of Rate of inflation							
Year	WPI	CPI	Composite Series	Yt/Y1=Rt	Ln Rt	Year	Product
						(t-1)	[(t-1)*(LnRt)]
2012	105.7	72.7	79.3				
2013	111.1	80.6	86.7	1.09	0.09	1	0.09
2014	114.8	85.7	91.52	1.15	0.14	2	0.29
2015	110.3	90.8	94.7	1.19	0.18	3	0.53
2016	110.3	95.3	98.3	1.24	0.21	4	0.86

2017	114.1	97.6	100.9	1.27	0.24	5	1.2
2018	118.9	102.4	105.7	1.33	0.29	6	1.72
2019	121.2	110.2	112.4	1.42	0.35	7	2.44
2020	121.8	116.3	117.4	1.48	0.39	8	3.14
2021	135	122	124.6	1.57	0.45	9	4.07
2022	151.3	129.2	133.62	1.68	0.52	10	5.22
2023	151.3	129.2	136.4	1.72	0.54	11	5.97
A= Sum of the product							25.53
B= 6 Times of A							153.16
C=(n-1) *n(2n-1) where n= No of years of date=12							3,036.00
D=B/C							0.05
g(Exponential factor)= Exponential(D)-1							0.0517
e=Annual Escalation Rate (%) = g*100							5.1743

HESCOM has calculated the O & M expenses for FY-25 to FY-28 as noted below.

- The actual O & M expenses for FY-24 inclusive of contribution to pension and Gratuity Trust -Rs. 1799.93. Crs.
- CGI based on 3-year CAGR (in %), considering the actual number of installations as per the audited accounts of FY-24 and projected for FY-25 to FY-28 - 2.87 %, 2.92%, 2.96% and 2.98 % for FY-25, FY-26, FY-27 & FY-28 respectively.
- The WII at 5.1743%
- Efficiency factor at 1%.

O & M expenses for FY-25 to FY-28 are calculated as follows.



Particulars	FY-24	FY-25	FY-26	FY-27	FY-28
No of installations as per audited accounts	5342526				
No of installations projected.		5455266	5570445	5688162	5808525
Weighted Inflation Index (in %)		5.1743	5.1743	5.1743	5.1743
CGI based on 3-year CAGR (in %)		2.87	2.92	2.96	2.98
Actual O &M expenses for FY-24 Rs. Crs	1799.93				
O & M Expenses: O & M (t-1) * (1+WII+CGI-X) in Crs.		1926.72	2063.41	2210.62	2368.77

Based on the above the O & M Expenses are segregated as noted below on pro-rata basis considering the actual O & M Expenses of FY-24.

Details of Normative O & M expenses:

Rs.in Crs

Particulars	FY-24 (Actual)	FY-25 (Projected)	FY-26 (Projected)	FY-27 (Projected)	FY-28 (Projected)
R&M cost	195.18	208.93	223.75	239.71	256.86
Employee cost	1401.71	1500.45	1606.90	1721.54	1844.70
A&G expenses	203.04	217.34	232.76	249.37	267.21
O&M cost	1799.93	1926.72	2063.41	2210.62	2368.77

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HESCOM is proposing O & M expenses for FY-26, FY-27 & FY-28 as below:

Particulars	FY-26	FY-27	FY-28
O & M expenses	2063.41	2210.62	2368.77

(HESCOM is not proposing any modification for FY-25 in this filing.)

Depreciation:

Depreciation is calculated as per the CERC Regulations with effect from 01.04.2009.

Growth of fixed Assets:

The projected growth in the fixed assets is worked out on the basis of creation of assets out of the Capex proposed for the control period FY-26 to FY-28. 70% of the Capex is considered as the assets of the particular year. Accordingly, the closing balance is worked out as noted below.

Particulars	FY-24 (Actual)	FY-25 (Proposed)	FY-26 (Proposed)	FY-27 (Proposed)	FY-28 (Proposed)
Capex(Rs. in Crs)	1200.00	1095.31	1563.41	1523.17	1478.85
Additions of Capex (Rs. in Crs)	1258.21	766.72	1094.40	1066.22	1035.20
Previous year closing balance of assets (Rs. in Crs)	12,557.84	13458.19	13841.72	14542.01	15194.17
Total closing balance of Assets worked on Capex (Rs. in Crs)	13816.05	14224.90	14936.11	15608.21	16229.34
Less retirement of Assets (Rs. in Crs)	357.86	383.18	394.11	414.07	432.65
Balance of Assets in Crs	13458.19	13841.72	14542.01	15194.17	15796.72

The individual group wise assets are calculated on pro rata basis on the figures of FY-24 (as per Format D-15)

Gross Fixed Assets and Intangible Assets

All Rs. in Crores

Sl No.	Particulars	As per Audited Accounts				Projections				Projections			
		FY 2023-24				FY 2024-25				FY 2025-26			
		O.B.	Additio ns	Retire ment	C.B.	O.B.	Additi ons	Retire ment	C.B.	O.B.	Additio ns	Retire ment	C.B.
A. Tangible Assets:													
1	Land and rights	2348.53	1.07	0.01	2349.59	2349.59	0.65	0.01	2350.23	2350.23	0.93	0.01	2351.15
2	Buildings	305.43	30.36	0.00	335.79	335.79	18.50	0.00	354.30	354.30	26.41	0.00	380.70
3	Hydraulic Works	8.15	0.33	0.00	8.48	8.48	2.20	0.00	10.68	10.68	3.14	0.00	13.82
4	Other Civil Works	11.19	0.27	0.00	11.46	11.46	2.16	0.00	13.62	13.62	3.09	0.00	16.71
5	Plant & Machinery	1589.23	486.54	310.55	1765.23	1765.23	213.48	182.52	1796.20	1796.20	304.72	187.72	1913.19
6	Lines, Cables, Networks	8264.22	738.29	43.94	8958.57	8958.57	524.89	197.05	9286.42	9286.42	749.22	202.67	9832.97
7	Vehicles	11.26	0.24	0.27	11.23	11.23	2.14	0.29	13.08	13.08	3.06	0.30	15.83
8	Furniture Fixtures	9.26	0.74	0.00	10.00	10.00	1.45	0.00	11.45	11.45	2.07	0.00	13.52
9	Office Equipment's	10.55	0.38	3.09	7.84	7.84	1.23	3.31	5.76	5.76	1.76	3.41	4.11
	Sub-Total A:	12557.84	1258.21	357.86	13458.19	13458.19	766.72	383.18	13841.72	13841.72	1094.40	394.11	14542.01
B	Non-Tangible Assets:	25.84	0.50	0.00	26.34	26.34	0.31	0.00	26.65	26.65	0.44	0.00	27.09
	Total (A+B):	12583.68	1258.71	357.86	13484.54	13484.54	767.03	383.18	13868.37	13868.37	1094.83	394.11	14569.09



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All Rs. in Crores

Sl. No.	Particulars	Projections				Projections			
		FY 2026-27				FY 2027-28			
		O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.
A.	Tangible Assets:								
1	Land and rights	2351.15	0.91	0.01	2352.05	2352.05	0.88	0.01	2352.91
2	Buildings	380.70	25.73	0.00	406.43	406.43	24.98	0.00	431.41
3	Hidraulic Works	13.82	3.06	0.00	16.88	16.88	2.97	0.00	19.86
4	Other Civil Works	16.71	3.01	0.00	19.72	19.72	2.92	0.00	22.64
5	Plant & Machinery	1913.19	296.88	197.23	2012.84	2012.84	288.24	206.08	2095.00
6	Lines, Cables, Networks	9832.97	729.93	212.93	10349.97	10349.97	708.69	222.49	10836.17
7	Vehicles	15.83	2.98	0.32	18.50	18.50	2.89	0.33	21.06
8	Furniture Fixtures	13.52	2.02	0.00	15.54	15.54	1.96	0.00	17.49
9	Office Equipment's	4.11	1.71	3.58	2.24	2.24	1.66	3.74	0.16
	Sub-Total A:	14542.01	1066.23	414.07	15194.17	15194.17	1035.20	432.65	15796.72
B.	Non-Tangible Assets:	27.09	0.43	0.00	27.51	27.51	0.41	0.00	27.93
	Total (A+B):	14569.09	1066.65	414.07	15221.68	15221.68	1035.62	432.65	15824.65

Based on the above closing balance of the assets, the depreciation is calculated as noted below (as per Format D-8).

Rs. In Crores

Sl. No.	Particulars	As per Audited Accounts				Projections				Projections			
		FY 2023-24				FY 2024-25			FY 2025-26				
		O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.
A.	Tangible Assets:												
1	Land and rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Buildings	56.50	11.32	0.00	67.82	67.82	11.22	0.00	79.03	79.03	11.83	0.00	90.87
3	Hidraulic Works	3.02	0.41	0.00	3.43	3.43	0.45	0.00	3.87	3.87	0.56	0.00	4.44
4	Other Civil Works	2.06	0.37	0.00	2.44	2.44	0.38	0.00	2.82	2.82	0.46	0.00	3.27
5	Plant & Machinery	407.32	107.04	54.15	460.21	460.21	93.20	59.57	493.85	493.85	94.84	65.53	523.16
6	Lines, Cables, Networks	1588.10	1585.43	20.31	3153.21	3153.21	473.01	22.35	3603.87	3603.87	490.32	24.58	4069.62
7	Vehicles	6.38	0.49	0.01	6.85	6.85	1.07	0.00	7.92	7.92	1.24	0.00	9.16
8	Furniture Fixtures	4.56	0.44	0.00	5.00	5.00	0.63	0.00	5.64	5.64	0.72	0.00	6.36
9	Office Equipment's	1.32	0.09	0.00	1.41	1.41	0.50	0.00	1.91	1.91	0.36	0.00	2.27
	Sub-Total A:	2069.26	1705.59	74.48	3700.37	3700.37	580.46	81.92	4198.91	4198.91	600.35	90.11	4709.15
B.	Non-Tangible Assets:												
1	Intangible Assets- software	20.14	3.16	0.00	23.30	23.30	1.50	0.00	24.80	24.80	1.50	0.00	26.30
	Total (A+B):	2089.39	1708.75	74.48	3723.67	3723.67	581.96	81.92	4223.71	4223.71	601.85	90.11	4735.45




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Sl. No.	Particulars	Projections				Projections			
		FY 2026 - 27			C.B.	FY 2027 - 28			C.B.
		O.B.	Additions	Retirement		O.B.	Additions	Retirement	
A.	Tangible Assets:								
1	Land and rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Buildings	90.87	12.72	0.00	103.58	103.58	13.57	0.00	117.16
3	Hidraulic Works	4.44	0.73	0.00	5.17	5.17	0.89	0.00	6.06
4	Other Civil Works	3.27	0.56	0.00	3.83	3.83	0.66	0.00	4.49
5	Plant & Machinery	523.16	101.02	72.08	552.10	552.10	106.28	79.29	579.09
6	Lines, Cables, Networks	4069.62	519.18	27.04	4561.76	4561.76	546.48	29.74	5078.49
7	Vehicles	9.16	1.50	0.00	10.66	10.66	1.76	0.00	12.42
8	Furniture Fixtures	6.36	0.86	0.00	7.22	7.22	0.98	0.00	8.20
9	Office Equipment's	2.27	0.26	0.00	2.53	2.53	0.14	0.00	2.67
	Sub-Total A:	4709.15	636.82	99.12	5246.85	5246.85	670.76	109.03	5808.58
B.	Non-Tangible Assets:								
1	Intangible Assets-software	26.30	1.50	0.00	27.80	27.80	1.50	0.00	29.30
	Total (A+B):	4735.45	638.32	99.12	5274.65	5274.65	672.26	109.03	5837.88

HESCOM is proposing Depreciation for FY-26, FY-27 & FY-28 as below:

Particulars	FY-26	FY-27	FY-28
Depreciation (Rs. In Crs)	601.85	638.32	672.26

(HESCOM is not proposing any modification for FY-25 in this filing.)

Interest and Finance Charges:

Capital Loan:

HESCOM proposes to draw loan and make the repayments and interest charges. The source wise details are furnished in D-9 statements. HESCOM has drawn capital loan of Rs. 412.20 Crs during FY-24 and desires to draw capital loan of about Rs. 362.28 Crs, Rs. 1280.00 Crs, Rs. 1100 Crs and Rs. 1070.00 Crs for FY-25, FY-26, FY-27 & FY-28 respectively.

HESCOM is proposing the interest on loan capital as noted below. HESCOM has worked out individual source wise loan and interest which are indicated in D-9.

Rs. In Crores

Particulars	FY-25	FY-26	FY-27	FY-28
Opening balance	2658.50	2728.71	3673.19	4431.10
Add new loans	362.28	1280.00	1100.00	1070.00
Less repayment	292.07	335.52	342.09	498.72
Closing balance loans	2728.71	3673.19	4431.10	5002.38
Average loans	2693.61	3200.95	4052.15	4716.74
Interest on loans	342.01	391.00	462.62	511.15

HESCOM is proposing interest on loan capital for FY-26, FY-27 & FY-28 as below:

Particulars	FY-26	FY-27	FY-28
Interest on loan capital (Rs. In Crs)	391.00	462.62	511.15

(HESCOM is not proposing any modification for FY-25 in this filing.)

Interest on working capital: As per Regulation 29 of the KERC (Multi Year Transmission, Distribution and Retail Supply Tariff) Regulations 2024, the interest on working Capital is one of the Components for estimation of ARR of the Distribution Licensee and it comprises O & M expenses for one month, maintenance spares at 1% of the cost of the asset at the beginning of the year and two months average revenue. The details of calculation are as noted below.

Rs. In Crores

Particulars	FY-25 (Projected)	FY-26 (Projected)	FY-27 (Projected)	FY-28 (Projected)
One -twelfth of the amount of O & M Exp	160.56	171.95	184.22	197.40
Opening GFA	13458.19	13841.72	14542.01	15194.17
Stores, materials and supplies 1% of opening balance of GFA	134.58	138.42	145.42	151.94
One-Sixth of the Revenue	1969.04	2044.54	2122.19	2209.32
Total Working Capital	2264.18	2354.91	2451.83	2558.65
Rate of Interest (% p.a) SBI MCLR of 8.95% p.a. (effective from 15.10.2024) for loan with tenure of one year + 250 basis points)	11.45%	11.45%	11.45%	11.45%
Interest on Working Capital calculated on normative basis	259.25	269.64	280.73	292.97

HESCOM has worked out individual source wise loan and interest which are indicated in D-9

Rs. In Crores

Particulars	FY-25	FY-26	FY-27	FY-28
Opening balance	7673.89	8338.84	7870.84	7697.00
Add new loans	2228.29	645.55	946.16	500.00
Less repayment	1563.33	1113.55	1119.99	1416.69
Closing balance loans	8338.84	7870.84	7697.00	6780.31
Average loans	8006.37	8104.84	7783.93	7238.66
Interest on Working Capital	821.90	870.98	820.21	930.29

HESCOM is covering the areas where the agricultural consumption is comparatively on higher side. HESCOM has consumer base of about 55 lakhs, out of which 31% are covered under free / subsidized power supply by the Government. The supply of energy to free & subsidized power supply category account for 56% of the total. Subsidy amount towards supply of energy to free & subsidized power supply category is about 53 % out of revenue of the HESCOM. Power purchase cost is about 75 to 80 % out of total expenditure of the HESCOM. Even though HESCOM is taking the prompt action in issue and collection of bills from the consumers under non-subsidized category, HESCOM is experiencing Working Capital short fall every year, as the 53% of total revenue demand depends on the release of



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the subsidy by the GOK. The GOK is restricting the subsidy to the amount allocated in the annual budget.

HESCOM has worked out individual source wise loan and interest which are indicated in D-9.

HESCOM is proposing Interest on working capital for FY-26, FY-27 & FY-28 as below:

Rs. In Crores

Particulars	FY-26	FY-27	FY-28
Interest on working capital (Rs. In Crs)	870.98	820.21	930.29
Normative Interest on working capital (Rs. In Crs)	269.64	280.73	292.97

(HESCOM is not proposing any modification for FY-25 in this filing.)

Interest on security Deposit: As per KERC (Interest on Security Deposit) regulation 2005, the licensee has to pay interest on security deposit of the consumer at the bank rate every year. The audited accounts for FY-24 are available. Considering the closing balance of security deposit held HESCOM proposes the interest on the security deposit of consumers as noted below.

HESCOM is considering Rs. 80 Crores each for every year as the additional security deposit likely to be collected based on the collection of security deposit in previous years and accordingly, the interest on consumer deposit is calculated as noted below.

Rs. In Crores

Particulars	FY-24	FY-25	FY-26	FY-27	FY-28
	(Actual)	(Proposed)	(Proposed)	(Proposed)	(Proposed)
Opening balance of consumer security deposits	1135.23	1220.22	1300.22	1380.22	1460.22
Closing balance of consumer security deposits	1220.22	1300.22	1380.22	1460.22	1540.22
Average balance of consumer security deposit		1260.22	1340.22	1420.22	1500.22
RBI Rate of Interest % as on 1 st April 2024		6.75%	6.75%	6.75%	6.75%
Interest payable to Consumers		85.06	90.46	95.86	101.26

HESCOM is proposing Interest on consumer security deposit for FY-26, FY-27 & FY-28 as below:

Particulars	FY-26	FY-27	FY-28
Interest on consumer security deposit (Rs.in Crs)	90.46	95.86	101.26

(HESCOM is not proposing any modification for FY-25 in this filing.)



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Other Interest and Finance charges:

To meet the other cost of financing and bank charges, HESCOM is proposing Rs. 60.00 Crs. per year for the control period FY-26 to FY-28 towards Other Interest and Finance charges, considering other interest and finance charges incurred in FY-24. Details are furnished in D-9 statement.

(HESCOM is not proposing any modification for FY-25 in this filing.)

Capitalization of interest and finance charges:

HESCOM is proposing Rs. 40.00 Crs. per year for the control period FY-26 to FY-28 towards Capitalization of interest and finance charges.

(HESCOM is not proposing any modification for FY-25 in this filing.)

Other Debits:

Other expenses consist of asset decommissioning cost, value written off, loss relating to fixed assets, bad and doubtful debts written off, material Cost variance etc. HESCOM has continued the process of decommissioning of old assets and to identify old and obsolete materials /assets, scrap materials, which are not useful. Such assets/materials will be sold at cost less than written down value maintained in the book of accounts. There is a provision for payment of compensation payable to consumer for damages, injury caused etc, and also in pursuance with standard performance regulations. HESCOM has considered actual expenses for previous years and estimated for the control period FY-26 to FY-28. The details are as follows.



Details of other debits: -

Sl. No.	Particulars	Rs. in Crs.				
		FY-24 (As per Audited Accounts)	FY-25 (Projected)	FY-26 (Projected)	FY-27 (Projected)	FY-28 (Projected)
1	Asset Decommissioning cost	3.97	4.37	4.81	5.29	5.82
2	Losses relating to fixed Assets	0.04	0.05	0.05	0.06	0.06
3	Provision for Bad & Doubtful Debts	7.46	3.65	4.01	4.41	4.85
4	Miscellaneous losses and Write offs	2.81	2.88	3.16	3.48	3.83
Grand Total		14.28	10.94	12.03	13.24	14.56

HESCOM is proposing other expenses for FY-26, FY-27 & FY-28 as below:

Particulars	FY-26	FY-27	FY-28
Other expenses .(Rs.in Crs)	12.03	13.24	14.56

(HESCOM is not proposing any modification for FY-25 in this filing.)

Prior Period Charges: As per accounting principles, HESCOM has to take into account both the income and expenses relating to the prior period. The Prior period income comprises interest, income tax, excess provision for depreciation, excess provision for interest and finance charges, receipt from (A & R) HESCOM, Hubballi.

consumer etc. The prior period expenses comprise power purchase cost, operating employee cost, depreciation, interest and finance charges, material related cost variance etc. HESCOM has not estimated prior period charges for the control period FY-26 to FY-28. However, the Hon'ble Commission is requested to allow such prior charges as pass through in case such charges accounted during relevant year.

Prior period expenses:

(Rs.in Crs)

Sl. No	Particulars	FY-24	FY-25	FY-26	FY-27	FY-28
		(As per Audited Accounts)	(Projection)	(Projection)	(Projection)	(Projection)
Income relating to previous years:						
1	Receipts from consumers		-	-		
2	Excess Provision for Depreciation	-11.79	-	-		
4	Excess Provision for Interest and Fin. Charges	-	-	-		
5	Other Excess Provision in prior periods includes provision for interest on Security Deposit	-71.63	-	-		
6	Others Income relating to prior periods	-150.44	-	-		
7	Prior period tariff / RE subsidy		-	-		
8	Other Miscellaneous from trading		-	-		
TOTAL		-233.87		-		
Expenditure relating to previous years						
1	Power Purchase	0.30	-	-		
2	Operating Expenses	0.24	-	-		
3	Excise Duty on generation		-	-		
4	Employee Cost	2.31	-	-		
5	Depreciation	18.86	-	-		
6	Interest and Finance Charges	0.35	-	-		
7	'Withdrawal of other misc income accounted in previous year (PTC)	18.59	-	-		
8	Admn. Expenses	0.14	-	-		
9	Other Expenses relating to prior periods	42.28	-	-		
TOTAL		83.07		-		
Grand Total		-150.80		-		

(HESCOM is not proposing prior period charges for the control period FY-26 to FY-28, not proposing any modification for FY-25 in this filing.)

Return on Equity: Return on Equity (ROE) is considered as a component of ARR of distribution Licensee. As per regulation 27 of the KERC (Multi Year Transmission, Distribution and Retail Supply Tariff) Regulations 2024, ROE only is considered as component of ARR of Distribution licensee. As per the said regulation, ROE will be computed at 15.5% per annum on share capital, Share Deposit, reserves and surplus held by the company. In view of huge negative reserves and surplus and net-worth of HESCOM is negative, ROE for the control period FY-26 to FY-28 is not proposed.



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Details of ROE:

Rs. in Crs

Particulars	Amount
Opening Balance of Paid up Share Capital	2151.94
Share Deposit (Opening balance)	-
Reserves & Surplus (Opening balance)	(7258.09)
Total Equity	(5106.15)

As the net-worth is negative, HESCOM is not proposing ROE for the control period FY-26 to FY-28.

Extraordinary Items:

As per G.O.No.: Energy/123/PSR/2022 Bangalore, Dated: 11.03.2022, GoK extended the financial support to the HESCOM by releasing arrears of subsidy from FY-17 till FY-22 of Rs.3463.08 Crs. (Cash Support Rs.2470.50 Crs. and Interest free loan adjusted Rs.992.58 Crs.) and remaining subsidy balance from FY-03 to FY-16 of Rs.2196.03 Crs. had been advised for write-off duly obtaining approval from the Board.

In this regard, HESCOM had made representation to GoK for reconsideration. The GoK vide their letter No.: Energy/46/PSR/2024 Bangalore, Dated: 22.02.2024, had instructed to write-off the subsidy arrears and to submit the Board Resolution copy. The Board in its 114th meeting held on 07.03.2024 has accorded its approval to write-off subsidy arrears of Rs.2196.03 Crs. in phased manner as stated below:

Sl.No.	Financial Year	Amount in Crs.
1	FY 2023-24	1098.00
2	FY 2024-25	658.82
3	FY 2025-26	439.21
	TOTAL	2196.03



Accordingly, HESCOM has written-off Rs.1098.00 Crs. during FY 2023-24 and proposed to write off Rs.658.82 Crs. and Rs.439.21 Crs. in FY 2024-25 and FY 2025-26 respectively.

HESCOM is requesting the Hon'ble Commission to consider Rs.658.82 Crs. and Rs.439.21 Crs. as Extraordinary Items for FY-27 and FY-28 respectively.

Provision for Taxation: As per regulation 30 of the KERC (Multi Year Transmission, Distribution and Retail Supply Tariff) Regulations 2024, taxes on income payable by Distribution Business is considered as one of the components of ARR. HESCOM has an accumulated loss of Rs. 9896.57 Crs. of which Rs. 2648.53 Crs. pertains to the unabsorbed depreciation. HESCOM is not proposing taxes for FY-26 to FY-28. The Hon'ble Commission is requested to approve the same.

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Other Income: The other income component shall be deducted in total expenditure to arrive net ARR of HESCOM. Other income comprises interest on bank deposits and loan provided to employee societies, income from trading such as sale of stores/scrap, miscellaneous receipts such as rentals from staff quarters and miscellaneous recoveries made etc. HESCOM is proposing "other Income" as noted below:

(i) Other Income:

(Rs.in Crs)

Sl. No.	Particulars	FY-24 (As per Audited Accounts)	FY-25 (Projection)	FY-26 (Projection)	FY-27 (Projection)	FY-28 (Projection)
A	Interest Income					
1	Interest on Bank fixed deposits & Others (62.222, 62.360)	4.16	4.57	5.03	5.53	6.09
	Sub Total-A	4.16	4.57	5.03	5.53	6.09
B	Other Non-operating Income					
1	Profit on sale of stores (62.330)	-	-	-	-	-
2	Sale of Scrap (62.340)	2.12	2.33	2.56	2.82	3.10
3	Meter Readings and Calibration of Meter-Charges of Wind Mill Project (62.363)	0.77	0.85	0.94	1.03	1.13
4	Income relating to reactive energy charges (62.364)	-	-	-		
5	Reactive energy charges demanded on IPPs (62.361)	0.85	0.93	1.02	1.13	1.24
6	Processing fees (62.625)					
	Sub Total-B	3.74	4.11	4.52	4.97	5.47
C	Miscellaneous Receipts:					
1	Rental from Staff Quarters (62.901, 62.902)	1.55	1.71	1.88	2.07	2.27
2	Rental from others (62.903)	0.27	0.30	0.33	0.36	0.40
3	Excess found on physical verification of stock (62.905)	0.11	0.12	0.13	0.14	0.16
4	Misc. recoveries (62.917)	42.22	46.45	51.09	56.20	61.82
5	Rebate from Power Generators (62.919)	64.90	71.40	78.53	86.39	95.03
6	Trade Income from the Energy Exchanges towards Renewable Energy Certificates (RECs) sale & Incentive Income from the Energy Exchanges towards RECs	60.35	66.38	73.02	80.32	88.36
7	Income from Cables on HESCOM infrastructure	0.03	0.03	0.04	0.04	0.05
8	Grants and Consumer contribution related to PPE apportioned for the year (Deferred revenue income)	168.82	110.45	119.77	125.40	133.70
	Sub Total-C	338.26	296.84	324.79	350.93	381.78
D	Others					
	Sub Total-D	0.00	0.00	0.00	0.00	0.00
	GRAND TOTAL:	346.16	305.52	334.35	361.44	393.34

Segregation of accounts in to distribution business and retail supply business.

As per Regulation No. 47.1, the accounts of licensee shall be segregated between Distribution and Retail Supply Business. It is provided in the regulation that till such time there is complete



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segregation, the ARR of the licensee shall be apportioned between the distribution business and retail supply business by appropriate methodology.

Considering the above, the expenditure is segregated between DB and RSB as furnished below.

Particulars	Distribution Business	Retail Supply Business
Power purchase expenses	-	100%
O & M Expenses	55%	45%
Depreciation	85%	15%
Interest on Capex Loans	90%	10%
Interest on Working Capital	15%	85%
Interest on consumer Deposits	0%	100%
Bad and Doubtful dues	0%	100%
RoE	75%	25%
Other Income	20%	80%

The main business of HESCOM is distribution of power in 7 districts of North Karnataka. As per Regulation, HESCOM has to forecast the annual revenue requirement for FY-26 to FY-28 and furnish in application under MYT Framework. The details of estimation of ARR for FY-26 to FY-28 is explained in the following Paras.

Expected Revenue from Charges: HESCOM has been earning revenue as per tariff determined by the Honorable Commission from time to time. The new Tariff order came into effect from 01.04.2024. HESCOM has estimated expected revenue charges for FY-26 to FY-28 on the basis of the new Tariff Order 2024 Dtd : 28.02.2024. The Format D-21 is prepared as per the actual consumption and load pattern available of FY-24. The Projections for the control period FY-26 to FY-28 are made on the basis of CAGR from FY-19 to FY-24 and CAGR from FY-21 to FY-24. Wherever the clear CAGR is not available, the trend is considered. The energy availability at generation point as provided by PCKL, proposed transmission loss and distribution loss are considered for estimating the sales and thereby expected revenue from charges at existing rates as per tariff order 2024 Dtd: 28.02.2024.

Revenue from sale of power to HRECS & AEQUS:

HRECS and AEQUS vide e-mail dtd. 31.08.2024 have submitted the energy requirement for FY-25 (revised) and the control period FY-26 to FY-28 as detailed below:

Particulars	FY 25 (Revised)	FY 26	FY 27	FY 28
HRECS Hukkeri (at IF point) in MUs	521.54	570.68	634.16	718.93
AEQUS (at IF Point) in MUs	32.75	33.07	33.40	34.07
Total	554.29	603.75	667.56	753.00



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HRECS & AEQUS Power purchase requirement for FY-26 to FY-28:

Sl No	Particulars	FY 25 (Revised)	FY 26	FY 27	FY 28
1	HRECS Hukkeri (at IF point) in MUs	521.54	570.68	634.16	718.93
2	Transmission Loss in %	2.664%	2.654%	2.644%	2.634%
3	HRECS Power Purchase requirement in MU	535.81	586.24	651.38	738.38
4	AEQUS (at IF point) in MUs	32.75	33.07	34.31	34.07
5	Transmission Loss in %	2.664%	2.654%	2.644%	2.634%
6	AEQUS Power Purchase requirement in MU	33.64	33.97	34.41	34.99
7	HRECS+AEQUS Power Purchase requirement in MU	569.46	620.21	685.69	773.37

Proposal of Tariff Rate to be billed to HRECS & AEQUS:

i) Request for Revision of Trading Margin:

Hon'ble KERC vide Tariff order 2024 dated 28.02.2024 has approved Trading Margin of 5 paise per unit for FY-25 as per CERC notification L-7/25(5)/2003-CERC dated 11.01.2010.

Following points for brought to the kind notice of the Hon'ble Commission for kind perusal and consideration.

- Energy allocation to HESCOM is as per Govt Order issued by GoK from time to time based on Tariff Orders.
- This energy includes power purchase of Hukkeri Rural Electric Co-operative Society Ltd and AEQUS also.
- As per current scenario Interface point at 11KV between HRECs & HESCOM plus 33 KV Loss of 33 KV substation in HRECs Jurisdiction are considered.
- HESCOM pays power purchase bills to generators as per due date and also pays interest / Late Payment surcharge on belated payments.
- HESCOM pays Transmission Charges to KPTCL and also to PGCIL as per approval from the Hon'ble CERC/KERC commission.
- HESCOM also pays SLDC charges, UI charges, O&M expenses to KPTCL and O&M expenses to PCKL as per approval from the Hon'ble Commission.

Hence HESCOM is responsible for all payments directly or indirectly to the Generators at Generator level minus their auxiliary consumption.

Hence HESCOM requests the Hon'ble commission to allow Trading Margin of 10 (ten) paise per unit over the average pooled power purchase cost of HESCOM for MYT period FY-26 to FY-28, while determining the tariff for Hukkeri Rural Electric Co-operative Society Ltd and AEQUS.



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ii) Tariff Rate Proposed for FY-26 to FY-28

Rs/unit

Sl No	Particulars	FY-26	FY-27	FY-28
1	Power purchase rate of HESCOM Rs. per unit	6.0649	6.1935	6.2582
2	Trading margin per unit proposed Rs. per unit	0.10	0.10	0.10
3	Power purchase rate including Trading margin per unit Rs. per unit	6.1649	6.2935	6.3582
4	Power Purchase requirement in MU	620.21	685.69	773.37
5	Power purchase cost in Crs.	382.36	431.54	491.73
6	Tariff Rate per unit to be billed at IF Point in Rs/unit	6.3330	6.4644	6.5302

HESCOM has projected revenue for the control period FY-26 to FY-28 as below:

Sl No	Particulars	FY-26	FY-27	FY-28
1	HRECS Energy Requirement (at IF Point) in MU	570.68	634.16	718.93
2	Power purchase cost (Rs/unit) to be billed	6.3330	6.4644	6.5302
3	Projected revenue in Crs	361.41	409.95	469.48
4	AEQUS Energy Requirement (at IF Point) in MU	33.07	33.40	34.07
5	Tariff Rate per unit (Rs/unit) to be billed	6.3330	6.4644	6.5302
6	Projected revenue in Crs	20.94	21.59	22.25
7	Total Revenue (HRECS+ AEQUS) in Crs.	382.35	431.54	491.73

(HESCOM is not proposing any modification for FY-25 in this filing.)

Expected Revenue from charges at existing tariff and proposed tariff:

(From D2)

Rs. In Crs

Sl. No.	Tariff Category	Category Description	Actuals as per Audited Accounts			
			1st previous FY		2023-24	(Paise / Unit)
			Installations	Energy Sales (MU)	Revenue Demand (Rs.in Cr)	
1	LT-1	BJ/KJ: <18 / 40 units	458377	115.56	123.09	1065
2	LT-1	BJ/KJ: >18 / 40 units	199986	111.63	67.59	605
3	LT-2 (a)	Domestic	2985589	1871.04	1624.49	868
4	LT-2 (b)	Private Educational Institutions	6841	29.32	31.93	1089
5	LT-3(a)	Commercial	412062	667.64	783.12	1173
6	LT-3(b)	Commercial-Advertisement & Hoardings	342	0.33	0.52	1567
7	LT-4 (a)	IP sets - 10 HP and below	1023972	8933.42	6562.33	735
8	LT-4 (b)	IP sets - Above 10 HP	532	18.72	9.39	502
9	LT-4 (c)	Private Horticulture Nurseries, Coffee & Tea Plantations	496	1.40	1.04	744
10	LT-5	Industries	101614	355.45	404.63	1138
11	LT-6(a)	Water Supply	47153	419.97	344.04	819
12	LT-6(b)	Public Lighting	30329	180.77	163.29	903
13	LT-6(c)	Electric Vehicle Charging Stations	32	0.17	0.18	
14	LT-7	Temporary Power Supply	71322	43.67	79.18	1813
		Sub-Total A:	5338647	12749.09	10194.82	800
1	HT-1	Water Supply	430	372.84	283.41	760
2	HT-2 (a)	Industries	1906	1094.42	1030.88	942
3	HT-2 (b)	Commercial	686	150.32	174.80	1163
4	HT-2 (c)(i)	Hospitals / educational institutions- Govt.	272	56.95	57.34	1007
5	HT-2 (c)(ii)	Hospitals / educational institutions-Private	141	29.79	33.13	1112
6	HT-3	Irrigation & LI Societies	342	574.70	365.91	637
7	HT-4	Residential Apartments	27	17.45	15.07	12.14
8	HT-5	Temporary Power Supply	74	49.71	85.21	10.20
9	HT-6	Irrigation & Agricultural Farms	1	0.02	0.01	480
		Sub-Total B:	3879	2346.20	2045.76	872
1	FPPCA (#)	Total (A+B)	5342526	15095.30	12240.58	811
		Sub-Total C:	0	0.00	0.00	
					986.14	3

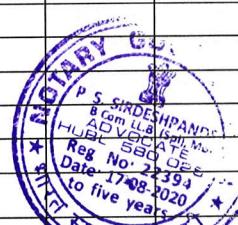


Other Operating revenues					
2	Reconnection fee (D&R) (61.901, 61.902)			0.03	
3	Service Connection (Supervision Charges) (61.904)			22.75	
4	Delayed payment charges from consumers (61.905)			182.90	
5	Other Receipts from consumers (61.906, 61.600)			5.15	
6	Registration fee towards SRTPV (61.907)			0.12	
7	Facilitation fee towards SRTPV (61.908)			0.04	
8	Supervision Charges for Self Execution works (61.909)			5.30	
9	Maintainance charges for the layouts created by the Developers (61.910)			2.69	
				218.99	
Open Access Related Charges (from Consumers):					
10	Wheeling Charges			0.04	
11	Cross Subsidy Surcharge			26.55	
12	Additional Surcharge			12.61	
	Sub-Total D:	0	0.00	258.19	
	Less: Solar Rebate allowed to consumers (78.822)			0.77	
	Less: Incentives for prompt payment (78.823)			0.62	
	Less: Time of day (TOD) Tariff Incentive (78.826)			0.05	
	Less: Rebate to MSME Consumers (78.826)			0.83	
	Less: Provision for withdrawal of Revenue Demand (83.830 to 83.832)			3.76	
	TOTAL	5342526	15095.30	13478.88	893
	Electricity Supplied to HRECS				
	Electricity Supplied to AEQUS		501.67	286.26	571
	GRAND TOTAL	5342526	15596.97	13765.14	883

Sl. No.	Tariff Category	Category Description	Projections			
			Current FY		FY 2024-25	Avg. Real. Rate (Paise / Unit)
			No. of Installations	Energy Sales (MU)	Revenue (Rs.in Cr)	
1	LT-1	Domestic	3712479	2191.60	1933.22	882
2	LT-2	Private Educational Institutions	6923	31.87	28.58	897
3	LT-3(a)	Commercial	427270	717.75	770.77	1074
4	LT-3(b)	Commercial-Advertisement & Hoardings	355	0.36	0.45	1261
5	LT-4 (a)	IP sets - 10 HP and below	1043972	7213.87	5338.26	740
6	LT-4 (b)	IP sets - Above 10 HP	532	19.25	9.70	504
7	LT-4 (c)	Private Horticulture Nurseries, Coffee & Tea Plantations	523	1.60	1.09	683
8	LT-5	Industries	102417	361.09	407.39	1128
9	LT-6(a)	Water Supply	47611	445.77	397.33	891
10	LT-6(b)	Public Lighting	32012	187.70	188.25	1003
11	LT-6(c)	Electric Vehicle Charging Stations	60	0.41	0.35	
12	LT-7	Temporary Power Supply	77135	46.34	71.11	1534
			5451289	11217.62	9146.50	815
1	HT-1	Water Supply	439	387.55	312.20	806
2	HT-2 (a)	Industries	1930	1113.02	984.23	884
3	HT-2 (b)	Commercial	696	154.95	154.70	998
4	HT-2 (c)(i)	Hospitals / educational institutions- Govt.	283	59.29	57.99	978
5	HT-2 (c)(ii)	Hospitals / educational institutions-Private	147	31.09	32.65	1050
6	HT-3	LI Schemes (Other than Govt)	102	215.73	120.71	560
7	HT-4	Residential Apartments	27	18.13	15.61	12.14
8	HT-5	Temporary Power Supply	82	71.51	103.07	10.20
9	HT-6	Irrigation & Agricultural Farms	1	0.01	0.02	1922
10	HT-7	LI Schemes (Govt)	270	411.68	290.12	
			Sub-Total B:	3977	2462.96	2071.30
			Total (A+B)	5455266	13680.58	11217.80
			Sub-Total C:	0	0.00	0.00
1	FPPCA (#)					
	Other Operating revenues					
2	Reconnection fee (D&R) (61.901, 61.902)			0.03		
3	Service Connection (Supervision Charges) (61.904)			23.88		
4	Delayed payment charges from consumers (61.905)			192.05		
5	Other Receipts from consumers (61.906, 61.600)			5.41		
6	Registration fee towards SRTPV (61.907)			0.13		
7	Facilitation fee towards SRTPV (61.908)			0.05		
8	Supervision Charges for Self Execution works (61.909)			5.56		
9	Maintainance charges for the layouts created by the Developers (61.910)			2.83		
				229.94		

Open Access Related Charges (from Consumers):							
10	Wheeling Charges					0.04	
11	Cross Subsidy Surcharge					27.88	
12	Additional Surcharge					13.24	
		Sub-Total D:	0	0.00	271.10		
	Less: Solar Rebate allowed to consumers (78.822)					0.00	
	Less: Incentives for prompt payment (78.823)					0.65	
	Less: Time of day (TOD) Tariff Incentive (78.826)					0.05	
	Less: Rebate to MSME Consumers (78.826)					0.00	
	Less: Provision for withdrawal of Revenue Demand (83.830 to 83.832)					3.91	
	TOTAL		5455266	13680.58	11484.29	839	
	Electricity Supplied to HRECS			521.54	310.47	595	
	Electricity Supplied to AEQUS				32.75	19.49	595
	GRAND TOTAL		5455266	14234.86	11814.25	830	

Sl.	Tariff	Category Description	Projections (with Revenue at EXISTING Tariff)				Projections (with Revenue at PROPOSED Tariff)			
			1 st FY of the Control Period		FY 2025-26		1 st FY of the Control Period		FY 2025-26	
			No. of Installations	Energy Sales (Rs.in)	Revenue (Rs.in)	Avg. Real. Rate	No. of Installations	Energy Sales (Rs.in)	Revenue (Rs.in)	Avg. Real. Rate
				(MU)	(Crores)	(Paise / Unit)		(MU)	(Crores)	(Paise/ Unit)
1	LT-1	Domestic	3782295	2289.14	2007.98	877.18	3782295	2289.14	2307.53	1008
2	LT-2	Private Educational Institutions	7006	34.64	30.63	884.36	7006	34.64	33.13	957
3	LT-3(a)	Commercial	443039	771.63	820.89	1063.84	443039	771.63	888.14	1151
4	LT-3(b)	Commercial-Advertisement & Hoardings	368	0.38	0.49	1277.40	368	0.38	0.52	1356
5	LT-4 (a)	IP sets - 10 HP and below	1063972	7353.40	5441.52	740.00	1063972	7353.40	5699.84	775
6	LT-4 (b)	IP sets - Above 10 HP	532	19.80	9.93	501.55	532	19.80	11.16	564
7	LT-4 (c)	Private Horticulture Nurseries, Coffee & Tea Plantations	551	1.82	1.20	658.41	551	1.82	1.40	768
8	LT-5	Industries	103226	366.82	404.55	1102.85	103226	366.82	471.04	1284
9	LT-6(a)	Water Supply	48074	473.17	413.87	874.68	48074	473.17	464.63	982
10	LT-6(b)	Public Lighting	33788	194.89	196.59	1008.71	33788	194.89	216.82	1113
11	LT-6(c)	Electric Vehicle Charging Stations	90	0.68	0.55	814.16	90	0.68	0.73	1081
12	LT-7	Temporary Power Supply	83422	49.18	75.83	1541.90	83422	49.18	81.40	1655
			5566363	11555.54	9404.03	813.81	5566363	11555.54	10176.34	881
1	HT-1	Water Supply	448	402.84	323.16	802.21	448	402.84	345.71	858
2	HT-2 (a)	Industries	1955	1131.93	998.96	882.52	1955	1131.93	1069.19	945
3	HT-2 (b)	Commercial	706	159.72	158.97	995.27	706	159.72	168.01	1052
4	HT-2 (c)(i)	Hospitals / educational institutions-Govt.	295	61.64	60.31	978.47	295	61.64	64.95	1054
5	HT-2 (c)(ii)	Hospitals / educational institutions-Private	153	32.38	34.01	1050.19	153	32.38	36.11	1115
6	HT-3	Li Schemes (Other than Govt)	102	235.51	56.39	239.42	102	235.51	70.28	298
7	HT-4	Residential Apartments	28	18.83	16.15	857.67	28	18.83	17.15	911
8	HT-5	Temporary Power Supply	91	102.87	141.41	1374.64	91	102.87	147.33	1432
9	HT-6	Irrigation & Agricultural Farms	1	0.01	0.02	1921.92	1	0.01	0.03	2883
10	HT-7	Li Schemes (Govt)	303	449.44	414.32	921.87	303	449.44	483.67	1076
		Sub-Total B:	4082	2595.18	2203.70	849.15	4082	2595.18	2402.43	926
		Total (A+B)	5570445	14150.72	11607.73	820.29	5570445	14150.72	12578.77	889
		Sub-Total C:	0	0.00	0.00		0	0.00	0	
1	FPPCA (#)									
	Other Operating revenues									
2	Reconnection fee (D&R) (61.901, 61.902)				0.03					0.03
3	Service Connection (Supervision Charges) (61.904)				24.84					24.84
4	Delayed payment charges from consumers (61.905)				199.73					199.73
5	Other Receipts from consumers (61.906, 61.600)				5.63					5.63
6	Registration fee towards SRTPV (61.907)				0.14					0.14
7	Facilitation fee towards SRTPV (61.908)				0.05					0.05
8	Supervision Charges for Self Execution works (61.909)				5.79					5.79
9	Maintenance charges for the layouts created by the Developers (61.910)				2.94					2.94
					239.13					239.13
	Open Access Related Charges (from Consumers):									
10	Wheeling Charges				0.04					0.04
11	Cross Subsidy Surcharge				28.99					28.99
12	Additional Surcharge				13.77					13.77
		Sub-Total D:	0	0.00	281.94			0	0.00	281.94



CONTROLLER (A & R),
HESCOM, Hubballi.

	Less;Solar Rebate allowed to consumers (78.822)			0.00			0.00	
	Less: Incentives for prompt payment (78.823)			0.68			0.68	
	Less: Time of day (TOD) Tariff Incentive (78.826)			0.05			0.05	
	Less: Rebate to MSME Consumers (78.826)			0.00			0.00	
	Less: Provision for withdrawal of Revenue Demand (83.830 to 83.832)			4.06			4.06	
	TOTAL	5570445	14150.72	11884.88	840	5570445	14150.72	12855.91
	Electricity Supplied to HRECS		570.68	361.41	633		570.68	361.41
	Electricity Supplied to AEQUS		33.07	20.94	633		33.07	20.94
	GRAND TOTAL	5570445	14754.47	12267.23	831	5570445	14754.47	13238.27
								897

Sl. No.	Tariff Category	Category Description	Projections (with Revenue at EXISTING Tariff)				Projections (with Revenue at PROPOSED Tariff)			
			2nd FY of the Control Period		FY 2026-27		2nd FY of the Control Period		FY 2026-27	
			No. of Installations	Energy (MU)	Revenue (Rs.in Crores)	Avg. Real. (Paise / Unit)	No. of Installations	Energy (MU)	Revenue (Rs.in Crores)	Avg. Real. (Paise / Unit)
1	LT-1	Domestic	3853424	2391.01	2080.46	870	3853424	2391.01	2613.97	1093
2	LT-2	Private Educational Institutions	7090	37.64	32.86	873	7090	37.64	37.40	994
3	LT-3(a)	Commercial	459390	829.55	874.47	1054	459390	829.55	996.85	1202
4	LT-3(b)	Commercial-Advertisement & Hoardings	381	0.41	0.52	1261	381	0.41	0.58	1406
5	LT-4 (a)	IP sets - 10 HP and below	1083972	7492.94	5544.78	740	1083972	7492.94	5992.42	800
6	LT-4 (b)	IP sets - Above 10 HP	532	20.36	10.16	499	532	20.36	12.32	605
7	LT-4 (c)	Private Horticulture Nurseries, Coffee & Tea Plantations	580	2.08	1.34	644	580	2.08	1.71	821
8	LT-5	Industries	104041	372.64	409.54	1099	104041	372.64	526.38	1413
9	LT-6(a)	Water Supply	48542	502.24	431.35	859	48542	502.24	521.68	1039
10	LT-6(b)	Public Lighting	35663	202.36	205.32	1015	35663	202.36	242.22	1197
11	LT-6(c)	Electric Vehicle Charging Stations	135	1.02	0.84	825	135	1.02	1.28	1258
12	LT-7	Temporary Power Supply	90221	52.19	80.86	1549	90221	52.19	91.26	1749
			5683971	11904.45	9672.50	813	5683971	11904.45	11038.07	927
1	HT-1	Water Supply	457	418.73	334.53	799	457	418.73	374.54	894
2	HT-2 (a)	Industries	1980	1151.17	1013.89	881	1980	1151.17	1136.66	987
3	HT-2 (b)	Commercial	716	164.65	163.35	992	716	164.65	179.28	1089
4	HT-2 (c)(i)	Hospitals / educational institutions- Govt.	307	64.20	62.80	978	307	64.20	71.13	1108
5	HT-2 (c)(ii)	Hospitals / educational institutions- Private	159	33.68	35.38	1050	159	33.68	39.15	1162
6	HT-3	LI Schemes (Other than Govt)	102	257.11	59.63	232	102	257.11	84.82	330
7	HT-4	Residential Apartments	28	19.56	16.71	854	28	19.56	18.49	945
8	HT-5	Temporary Power Supply	101	147.98	195.83	1323	101	147.98	209.15	1413
9	HT-6	Irrigation & Agricultural Farms	1	0.01	0.02	1922	1	0.01	0.03	2883
10	HT-7	LI Schemes (Govt)	340	490.66	458.73	935	340	490.66	593.36	1209
		Sub-Total B:	4191	2747.74	2340.87	852	4191	2747.74	2706.60	985
		Total (A+B):	5688162	14652.19	12013.37	820	5688162	14652.19	13744.67	938
		Sub-Total C:	0	0.00	0.00		0	0.00		0.00
1	FPPCA (#)									
	Other Operating revenues									
2	Reconnection fee (D&R) (61.901, 61.902)				0.03					0.03
3	Service Connection (Supervision Charges) (61.904)				25.83					25.83
4	Delayed payment charges from consumers (61.905)				207.72					207.72
5	Other Receipts from consumers (61.906, 61.600)				5.85					5.85
6	Registration fee towards SRTPV (61.907)				0.14					0.14
7	Facilitation fee towards SRTPV (61.908)				0.05					0.05
8	Supervision Charges for Self Execution works (61.909)				6.02					6.02
9	Maintenance charges for the layouts created by the Developers (61.910)				3.06					3.06
					248.70					248.70
		Open Access Related Charges (from Consumers):								
10	Wheeling Charges				0.05					0.05
11	Cross Subsidy Surcharge				30.15					30.15
12	Additional Surcharge				14.32					14.32
	Sub-Total D:	0	0.00	293.22		0	0.00	293.22		
	Less; Solar Rebate allowed to consumers (78.822)				0.00					0.00
	Less: Incentives for prompt payment (78.823)				0.71					0.71
	Less: Time of day (TOD) Tariff Incentive(78.826)				0.05					0.05



CONTROLLER (A & R),
HESCOM, Hubballi.

	Less: Rebate to MSME Consumers (78.826)			0.00				0.00	
	Less: Provision for withdrawal of Revenue Demand (83.830 to 83.832)			4.22				4.22	
	TOTAL	5688162	14652.19	12301.60	840	5688162	14652.19	14032.91	958
	Electricity Supplied to HRECS		634.16	409.95	653		634.16	409.95	646
	Electricity Supplied to AEQUS		33.40	21.59	653		33.40	21.59	646
	GRAND TOTAL	5688162	15319.75	12733.14	831	5688162	15319.75	14464.45	944

Sl.	Tariff	Category Description	Projections (with Revenue at EXISTING Tariff)				Projections (with Revenue at PROPOSED Tariff)			
			3rd FY of the Control Period		FY-2027-28		3rd FY of the Control Period		FY-2027-28	
			No. of Installations	Energy (Mu)	Revenue (Rs.in Crores)	Avg. Real. (Paise / Unit)	No. of Installations	Energy (Mu)	Revenue (Rs.in Crores)	Avg. Real. (Paise / Unit)
1	LT-1	Domestic	3925890	2497.42	2155.83	863.22	3925890	2497.42	2773.94	1111
2	LT-2	Private Educational Institutions	7175	40.92	35.28	862.27	7175	40.92	40.58	992
3	LT-3(a)	Commercial	476344	891.82	931.78	1044.81	476344	891.82	1076.35	1207
4	LT-3(b)	Commercial-Advertisement & Hoardings	395	0.44	0.56	1263.14	395	0.44	0.62	1398
5	LT-4 (a)	IP sets - 10 HP and below	1103972	7632.48	5648.04	740.00	1103972	7632.48	6146.67	805
6	LT-4 (b)	IP sets - Above 10 HP	532	20.94	10.40	496.61	532	20.94	12.83	613
7	LT-4 (c)	Private Horticulture Nurseries, Coffe & Tea Plantations	611	2.38	1.49	626.69	611	2.38	1.94	816
8	LT-5	Industries	104863	378.55	422.34	1115.67	104863	378.55	560.46	1481
9	LT-6(a)	Water Supply	49014	533.10	449.84	843.81	49014	533.10	554.28	1040
10	LT-6(b)	Public Lighting	37642	210.11	214.29	1019.87	37642	210.11	257.93	1228
11	LT-6(c)	Electric Vehicle Charging Stations	203	1.52	1.26	827.73	203	1.52	2.00	1314
12	LT-7	Temporary Power Supply	97574	55.38	86.23	1557.06	97574	55.38	98.85	1785
			5804215	12265.07	9957.34	811.85	5804215	12265.07	11526.45	940
1	HT-1	Water Supply	466	435.24	346.32	795.69	466	435.24	392.24	901
2	HT-2 (a)	Industries	2005	1170.73	1029.02	878.95	2005	1170.73	1168.00	998
3	HT-2 (b)	Commercial	727	169.72	167.87	989.09	727	169.72	186.02	1096
4	HT-2 (c)(i)	Hospitals / educational institutions- Govt.	320	66.76	65.34	978.79	320	66.76	75.05	1124
5	HT-2 (c)(ii)	Hospitals / educational institutions-Private	166	34.98	36.76	1051.02	166	34.98	41.14	1176
6	HT-3	LI Schemes (Other than Govt)	102	280.69	63.16	225.03	102	280.69	92.73	330
7	HT-4	Residential Apartments	28	20.32	17.29	851.00	28	20.32	19.32	951
8	HT-5	Temporary Power Supply	112	212.87	273.27	1283.72	112	212.87	292.86	1376
9	HT-6	Irrigation & Agricultural Farms	1	0.01	0.02	1921.92	1	0.01	0.03	2883
10	HT-7	LI Schemes (Govt)	383	535.66	508.00	948.38	383	535.66	678.23	1266
		Sub-Total B:	4310	2926.98	2507.06	856.54	4310	2926.98	2945.63	1006
		Total (A+B)	5808525	15192.05	12464.40	820.46	5808525	15192.05	14472.08	953
1	FPPCA (#)		Sub-Total C:	0	0.00	0.00		0	0.00	0.00
2	Other Operating revenues									
2	Reconnection fee (D&R) (61.901, 61.902)				0.03					0.03
3	Service Connection (Supervision Charges) (61.904)				26.86					26.86
4	Delayed payment charges from consumers (61.905)				216.03					216.03
5	Other Receipts from consumers (61.906, 61.600)				6.09					6.09
6	Registration fee towards SRTPV (61.907)				0.15					0.15
7	Facilitation fee towards SRTPV (61.908)				0.05					0.05
8	Supervision Charges for Self Execution works (61.909)				6.26					6.26
9	Maintenance charges for the layouts created by the Developers (61.910)				3.18					3.18
					258.65					258.65
10	Open Access Related Charges (from Consumers):									
10	Wheeling Charges				0.05					0.05
11	Cross Subsidy surcharge				31.36					31.36
12	Additional Surcharge				14.89					14.89
	Sub-Total D:		0	0.00	304.95		0	0.00	304.95	
	Less: Solar Rebate allowed to consumers (78.822)				0.00					0.00
	Less: Incentives for prompt payment (78.823)				0.73					0.73
	Less: Time of day (TOD) Tariff Incentive (78.826)				0.06					0.06
	Less: Rebate to MSME Consumers (78.826)				0.00					0.00
	Less: Provision for withdrawal of Revenue Demand (83.830 to 83.832)				4.39					4.39
	TOTAL	5808525	15192.05	12764.16	840	5808525	15192.05	14771.84	972	
	Electricity Supplied to HRECS		718.93	469.48	653		718.93	469.48	653	
	Electricity Supplied to AEQUS		34.07	22.25	653		34.07	22.25	653	
	GRAND TOTAL	5808525	15945.05	13255.89	831	5808525	15945.05	15263.57	957	

HESCOM is not proposing any modification for FY-25.

Revenue from Miscellaneous Charges: The income from reconnection fee, service connection charges, delayed payment charges and other receipts are shown under this Head. HESCOM has accounted miscellaneous charges of Rs. 252.16 Crs, for FY-24. The details of projection for the control period FY-26 to FY-28 are furnished below.

Details of Miscellaneous Charges:

Particulars	FY-24 (Actual)	FY-25 Projected	FY-26 Projected	FY-27 Projected	FY-28 Projected
Other operating revenues					
Reconnection fee (D&R)	0.03	0.03	0.03	0.03	0.03
Service Connection (Supervision Charges)	22.75	23.88	24.84	25.83	26.86
Delayed payment charges from consumers	182.90	192.05	199.73	207.72	216.03
Other Receipts from consumers	5.15	5.41	5.63	5.85	6.09
Registration fee towards SRTPV	0.12	0.13	0.14	0.14	0.15
Facilitation fee towards SRTPV	0.04	0.05	0.05	0.05	0.05
Supervision Charges for Self-Execution works	5.30	5.56	5.79	6.02	6.26
Maintenance charges for the layouts created by the Developers	2.69	2.83	2.94	3.06	3.18
Total	218.99	229.94	239.13	248.70	258.65
Open Access Related Charges (from Consumers):					
Wheeling Charges	0.04	0.04	0.04	0.05	0.05
Cross Subsidy Surcharge	26.55	27.88	28.99	30.15	31.36
Additional Surcharge	12.61	13.24	13.77	14.32	14.89
Total	39.20	41.16	42.81	44.52	46.30
LESS:					
Solar Rebate allowed to consumers	0.77	0.00	0.00	0.00	0.00
Incentives for prompt payment	0.62	0.65	0.68	0.71	0.73
Time of day (TOD) Tariff Incentive	0.05	0.05	0.05	0.05	0.06
Rebate to MSME Consumers	0.83	0.00	0.00	0.00	0.00
Provision for withdrawal of Revenue Demand	3.76	3.91	4.06	4.22	4.39
Total	6.03	4.61	4.79	4.98	5.18
Net total	252.16	266.49	277.15	288.23	299.76

HESCOM is not proposing any modification for FY-25.

Net Revenue Expected: Considering the revenue from existing Tariff Order-2024 across the categories and revenue from miscellaneous charges duly deducting rebate to be allowed, the net revenue expected for the control period FY-26 to FY-28 is furnished below.

Details of Net Revenue at existing Tariff:

(From D2) Rs. In Crs

Sl. No	Particulars	FY-25	FY-26	FY-27	FY-28
1	Revenue at existing tariff from all categories	11217.80	11607.73	12013.37	12464.40
2	Bulk power supply to Hukkeri Rural Electric Co-Operative Society- HRECS	310.47	361.41	409.95	469.48
3	Bulk power supply to AEQUS	19.49	20.94	21.59	22.25
4	Miscellaneous Charges	266.49	277.15	288.23	299.76
5	Net Revenue Expected	11814.25	12267.23	12733.14	13255.89

HESCOM is not proposing any modification for FY-25.

ANNUAL REVENUE REQUIREMENT for FY-26 to FY-28.

Rs. in Crs.

Ref. Form	Particulars	FY-26 At Existing tariff Projection	FY-27 At Existing tariff Projection	FY-28 At Existing tariff Projection
D-1	Energy Purchased at Generation Point (Mus)	17,270.66	17,928.46	18,656.19
	Energy at Transmission Level (Mus)	17,270.66	17,928.46	18,656.19
	Transmission Loss (%)	2.654%	2.644%	2.634%
	Energy at Interface Point (Mus) (without HRECS & AEQUS)	16,208.54	16,786.87	17,411.78
D-1	HRECS & AEQUS Consumption	603.75	667.56	753.00
D-2	Sub-Total:	16,812.30	17,454.43	18,164.79
	Energy Sales (Mus) (without HRECS & AEQUS)	14,150.72	14,652.19	15,192.05
	HRECS & AEQUS Consumption	603.75	667.56	753.00
	Sub-Total:	14,754.47	15,319.75	15,945.05
	Distribution Loss (%)	12.240%	12.230%	12.220%
INCOME:				
D-2	Revenue from sale of power	4,495.57	4,737.65	5,022.71
D-2	Miscellaneous Revenue	277.15	288.23	299.76
D-3	Revenue subsidies	7,112.16	7,275.72	7,441.69
D-2	Bulk power supply to Hukkeri Rural Electric Co-Operative Society- HRECS	361.41	409.95	469.48
D-2	Bulk power supply to AEQUS	20.94	21.59	22.25
	TOTAL INCOME	12,267.23	12,733.14	13,255.89
EXPENDITURE:				
D-1	Purchase of Power	7967.66	8582.63	8986.07
	Tr. Charges (PGCIL & POSCO)	406.01	416.16	426.31
	Tr. Charges (KPTCL & SLDC) Charges	1588.14	1594.19	1756.21
	P & G Trust Contribution to KPTCL	512.73	511.02	506.84
	Total Power Purchase Cost	10,474.54	11,104.00	11,675.43
D-5	Repairs & maintenance	223.75	239.71	256.86
D-6	Employee Costs	1,606.90	1,721.54	1,844.70
D-7	Administrative & General expenses	232.76	249.37	267.21
	Total O&M expenses	2063.41	2210.62	2368.77
D-8	Depreciation & related debits	601.85	638.32	672.26
D-9	Interest & Finance charges			
	Interest on loan capital	391.00	462.62	511.15
	Interest on working capital	269.64	280.73	292.97
	Interest on consumer deposit	90.46	95.86	101.26
	Other interest and finance charges	60.00	60.00	60.00
	Interest on belated payments of IPPs	-	-	-
D-10	LESS: Int. & Fin. charges capitalized	40.00	40.00	40.00
	Total Interest and Finance Charges	770.95	859.06	925.19
D-11	Other debits (incl. Bad debts)	12.03	13.24	14.56
D-12	Extraordinary Items (Exceptional Items)	-	-	-
D-13	Net prior period (credits) / charges	-	-	-
	Provision for Taxes	-	-	-
	Funds towards consumer Relations	0.50	0.50	0.50
A-4	Return on Equity	-	-	-
	LESS: Other income	(-) 334.35	(-) 361.44	(-) 393.34
	ARR	13,589.08	14,464.44	15,263.57
	Less: Previous year's surplus (FY-24) carried forward to next year	(-) 350.82		
	Net ARR	13,238.27	14,464.44	15,263.57
	REVENUE SURPLUS / (DEFICIT):	(-) 971.04	(-) 1731.30	(-) 2007.68



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CONTROLLER (A & R),
HESCOM, Hubballi.

**ARR for Distribution Business and Retails Supply Business
for FY-26 to FY-28.**

Rs. in Crs.

EXPENDITURE / ARR	Distribution Business		
	FY-26	FY-27	FY-28
Power purchase cost	0.00	0.00	0.00
Tr. Charges (PGCIL & POSOCO)	0.00	0.00	0.00
Tr. Charges (KPTCL & SLDC) Charges	0.00	0.00	0.00
P & G Trust Contribution to KPTCL	0.00	0.00	0.00
Total Power purchase Cost	0.00	0.00	0.00
Operation and Maintenance Cost:			
a) Repairs and Maintenance cost	123.06	131.84	141.27
b) Employee cost	883.79	946.85	1014.59
c) Administration and General expenses	128.02	137.15	146.97
Sub Total	1134.88	1215.84	1302.83
Funds towards consumer Relations/Consumer Education	0.00	0.00	0.00
Depreciation & related debits	511.57	542.57	571.42
Interest on loan capital	351.90	416.35	460.03
Interest on working capital	40.45	42.11	43.95
Interest on security deposit	0.00	0.00	0.00
other interest and finance charges	60.00	60.00	60.00
Interest payable to KPCL as per Ramraj Report	0.00	0.00	0.00
LPS	0.00	0.00	0.00
LESS: Other charges capitalized	-40.00	-40.00	-40.00
Other debits (not involving cash outflow)	12.03	13.24	14.56
Regulatory Deferral Account Balances / Extraordinary / Exceptional Items	0.00	0.00	0.00
Net prior period (credits) / charges	0.00	0.00	0.00
Less: Other Income	-66.87	-72.29	-78.67
Sub Total	2003.96	2177.83	2334.12
TOTAL	2003.96	2177.83	2334.12
Return on Equity	0.00	0.00	0.00
APR (Surplus) / Deficit Carry forward	(350.82)	0.00	0.00
Regulatory Asset	0.00	0.00	0.00
Carrying Cost on Regulatory Asset	0.00	0.00	0.00
Disallowances	0.00	0.00	0.00
Penalty for exceeding the distribution target	0.00	0.00	0.00
Sub-Total:	(350.82)	-	-
ANNUAL REVENUE REQUIREMENT	1653.14	2177.83	2334.12

EXPENDITURE / ARR	Retail Supply Business		
	FY-26	FY-27	FY-28
Power purchase cost	7967.66	8582.63	8986.07
Tr. Charges (PGCIL & POSOCO)	406.01	416.16	426.31
Tr. Charges (KPTCL & SLDC) Charges	1588.14	1594.19	1756.21
P & G Trust Contribution to KPTCL	512.73	511.02	506.84
Total Power purchase Cost	10474.54	11104.00	11675.43
Operation and Maintenance Cost:		0.00	0.00
a) Repairs and Maintenance cost	100.69	107.87	115.59
b) Employee cost	723.10	774.69	830.12
c) Administration and General expenses	104.74	112.22	120.24
Sub Total	928.54	994.78	1065.95
Funds towards consumer Relations/Consumer Education	0.50	0.50	0.50
Depreciation & related debits	90.28	95.75	100.84
Interest on loan capital	39.10	46.26	51.11
Interest on working capital	229.19	238.62	249.02
Interest on security deposit	90.46	95.86	101.26
other interest and finance charges	0.00	0.00	0.00
LPS	0.00	0.00	0.00
LESS: Other charges capitalized	0.00	0.00	0.00
Other debits (not involving cash outflow)	0.00	0.00	0.00
Regulatory Deferral Account Balances / Extraordinary / Exceptional Items	0.00	0.00	0.00
Net prior period (credits) / charges	0.00	0.00	0.00
Less: Other Income	-267.48	-289.15	-314.67
Sub Total	1110.59	1182.62	1254.02
TOTAL	11585.13	12286.62	12929.45
Return on Equity	0.00	0.00	0.00
APR (Surplus) / Deficit Carry forward	0.00	0.00	0.00
Regulatory Asset	0.00	0.00	0.00
Carrying Cost on Regulatory Asset	0.00	0.00	0.00
Disallowances	0.00	0.00	0.00
Penalty for exceeding the distribution target	0.00	0.00	0.00
Sub-Total:	-	-	-
ANNUAL REVENUE REQUIREMENT	11585.13	12286.62	12929.45

ATTESTED

NOTARY
(R. S. A. M. M. T. H. O. O.)



CONTROLLER (A & R),
HESCOM, Hubballi.