

**Statement showing the Objections of the Stakeholders/Public, HESCOM's response and the Commission's Views.**

<b>Objections on Tariff Issues:</b>	
<b>Objections</b>	<b>Replies by HESCOM</b>
<p>1.HESCOM should clearly indicate the efficiency gains issued by the Commission, since from the date of previous Order.</p>	<p>The HESCOM has taken various steps to improve the efficiency. Sales have increased in FY16 by 9.60% over FY15. The number of installations has increased by 3.70%. The distribution loss is maintained at 16.89% which is 0.61% less than the approved loss of 17.50% for FY16. HESCOM is following the KERC directives and has furnished the compliances thereon.</p>
<p><b>Commission's Views:</b> The reply furnished by HESCOM is noted. However, HESCOM should aim at increasing the metered sales and revenue collections in order to improve the cash flow position.</p>	
<p>2.Contribution of revenue from the manufacturing sector has fallen to 13% of the revenue, indicating that the industrial activity is not growing in Karnataka. As per the Tariff Policy laid down by the Gol, the level of cross-subsidy should be +/- 20% of the cost of supply. ESCOMs, instead of taking average cost of supply as the basis for computing the tariff revision, should consider cost to serve.</p>	<p>The sales recorded by HESCOM are 10992.01 MU in FY16. In respect of industrial category under HT, there is no decrease in consumption. In spite of open access facility, there is increase in consumption by 4.25 MUs in FY16 over FY15. Considering the trend in December 2016, the expected sales under HT-2(a) category would be about 1000 MU. HESCOM does not agree that the contribution of the manufacturing sector to the state revenue has fallen to 13%. Considering the present scenario, the growth of industries, the extent of investment and the opportunities about the employment, it is certainly proved that there is increase in the industrial growth as well as revenue from it.</p> <p>In HESCOM the number of installations has increased from 1035 installations in FY13 to 1287 under HT-2(a) category and from 84,870 installations to 101446 under LT-5 category.</p> <p>The revenue realization for HT-2(a) category is Rs.6.76/unit in FY16 which is</p>

	0.78 Paise more than the average cost of supply and therefore the increase is by 13.04% over average cost of supply.
<b>Commission's Views:</b> The reply furnished by HESCOM is noted. The Commission has dealt with this matter of cross subsidies in the appropriate chapter of the Tariff Order. The Commission's endeavor is to reduce the cross subsidies gradually. Further, the Commission is indicating the cross subsidy levels based on cost to serve as well as average cost of Supply in its Tariff Order.	
3. The IP set consumption is increasing year on year and constitutes 33% of total energy sales. Though the Government has committed to provide power to IP sets, the ESCOM is recovering the cost by charging other category consumer.	<p>The HESCOM covers an area which is predominantly dominated by agriculture. Nearly 55% of energy goes to agriculture sector. There are nearly about 6.5 lakh IP sets in HESCOM's jurisdiction.</p> <p>The Government provides the subsidy at the rate determined by KERC. The Tariff is determined duly deducting the Cross Subsidy contributed by other categories. The Tariff determined by KERC for IP Sets is Rs.5.52 per unit duly deducting the cross subsidy in average Cost of Supply of Rs.5.98 / unit.</p> <p>Therefore, the cross subsidy contributed by other categories is 46 paise per unit which is about 7.69% of average Cost of Supply.</p>
<b>Commission's Views:</b> The reply furnished by HESCOM noted.	
4. As per the KERC Regulations, The Government has to pay subsidy in advance, every quarter, in the month of April-July-Oct and Jan. But due to non-release of timely subsidy by GOK, it has created burden for ESCOMS and which in turn burden on common consumer.	HESCOM is receiving the subsidy in advance every month based on its quarterly claims.
<b>Commission's Views:</b> The reply furnished by HESCOM noted.	
5. As per the KERC security Deposit Regulation 2007, consumers opting to take supply through prepaid meters are not required to pay, two months security deposit and hence HESCOM should follow, as per the Hon'ble High Court Oder (WP NO. 13836/2015).	<p>HESCOM has taken up the work of implementation of pre-paid meters using Smart Card Technology &amp; Key Pad technology for LT-7 tariff in Hubballi &amp; Belagavi Divisions on Pilot basis.</p> <p>Based on the successful performance of the project, it will be extended to all the Divisions of HESCOM.</p>
<b>Commission's Views:</b> HESCOM's reply is noted. Since the pre-paid meters are very expensive, its installation has to be done in a phased manner. The HESCOM is directed to abide by the provisions of the EA 2003 and the Regulations issued by the Commission regarding the security deposit.	

6. Under the new proposal, HESCOM has sought increase in Fixed Charges without furnishing the details of additional assets.	HESCOM has not made any new proposal for increase in FC in this Tariff petition for FY18. However, HESCOM has filed Separate petition regarding increase in FC/DC for which separate public hearing might be held by Commission.
<b>Commission's Views:</b> This issue has been appropriately dealt with in this Tariff Order in the relevant chapter.	
7. HESCOM has proposed for introducing Morning Peak (TOD Tariff). This will result in choking of the function of the manufacturing industries.	HESCOM has not made any proposal in this regard in the tariff petition for FY18 and separate petition is filed regarding TOD tariff.
<b>Commission's Views:</b> This issue has been appropriately dealt with in this Tariff Order in the relevant chapter.	
8. HESCOM, in its ERC and Tariff filing for FY18, has proposed to limit the period for utilizing Banked Energy within three months and same is impracticable in nature as manufacturing industries requirements are dynamic in nature.	HESCOM has not made any new proposals regarding wheeling and banking in the tariff petition. A separate petition is filed, for a decision by the Commission.
<b>Commission's Views:</b> This issue has been appropriately dealt with in this Tariff Order in the relevant chapter.	
9. The Electricity Act 2003 and the Regulations issued by the Hon'ble Commission do not provide any definition for commercial activity. The vigilance officer authorized to book cases under section 135 (theft of electricity) is not authorized to issue any demand notice in respect of unauthorized use of energy under section 126.	HESCOM abides by the decision of the Hon'ble KERC in this regard.
<b>Commission's Views:</b> The HESCOM is directed to strictly adhere to the provisions of the Electricity Act, 2003 and the relevant Regulations thereon while booking cases for theft of electricity.	
10. HESCOM should bring back the provision of allowing increasing demand by 20% of contract demand during non-peak hours for HT industries.	HESCOM is in favour of continuance of claiming demand charges as per the Current Tariff Order.
<b>Commission's Views:</b> The Commission in the Tariff Order dated 30.03.2016 has amended the earlier provision to bring in conformity with the provisions of the EA, 2003.	
11. HESCOM has left out categorization of RMC in tariff Order.	HESCOM abides by the decision of KERC in this regard.
<b>Commission's Views:</b> The activity of RMC is a commercial activity and has to be billed under LT-3 or HT 2(b) category, as the case may be.	

12. HESCOM is not properly utilizing Rs.1 Crores allowed for consumer education. It would be better to educate the industrial and commercial consumers about the provisions of the Act and KERC Regulations.	The Commission allows Rs. 50 lakhs towards consumer education in the ARR which is restricted to the actual in the APR.
<b>Commission's Views:</b> HESCOM should educate the consumers by utilizing the fund provided.	
13. There is a huge requirement to improve the awareness among the consumers on the CGRF mechanism and redress the complaints within the time frame stipulated.	HESCOM will definitely aim towards effective and meaningful education and will consider volunteer's offer to organize awareness programs on consumer education.  HESCOM has issued press ads in Kannada and English News Papers twice a month for a period of nearly 3 months. It will arrange to provide Refresher Courses to the members of CGRF. It does not agree to the suggestion that the members of the CGRF are to be subjected to examination prior to assumption of Office.
<b>Commission's Views:</b> The reply furnished by HESCOM is acceptable.	
14. The officers at the field level are to be trained on the Regulations issued by the Commission to carry out the day to day activities.	Training is being imparted to the filed Officers regarding regulations.
<b>Commission's Views:</b> The reply furnished by HESCOM is acceptable.	
15. The Power supply situation and quality of Power Supply in rural areas have deteriorated further and compliance of other directives is also very poor and hence Tariff proposals are liable for rejection.	The power supply situation in rural areas has definitely improved. The compliance to the directives is submitted and has yielded many tangible results. The application is maintainable in all respects.
<b>Commission's Views:</b> The reply furnished by HESCOM is noted and the compliance to directives is dealt in the relevant chapter of this Tariff Order.	
16. Due to poor planning and inefficient operations, ESCOMs are losing revenue and industry is made to pay for the same.	HESCOM has made very good planning and efficient operation and the revenue is improving.
<b>Commission's Views:</b> The reply of HESCOM is noted.	
17. HESCOM has not provided Timer switches to street light installations even after four years after the directives were issued by the Commission	Installing timer switches to street lights comes under the purview of local bodies like CMC, TMC, VPC etc.

<b>Commission's Views:</b> The HESCOM shall continue to persuade the local bodies to install timer switches for street lights.	
18. Independent feeders are to be provided to the industries to get quality and uninterrupted power supply.	Independent feeders are provided to industries wherever possible.
<b>Commission's Views:</b> The reply furnished by HESCOM is acceptable.	
19. HESCOM is not conducting energy audit and segregating the technical and commercial losses. The distribution losses declared without proper energy audit is doubtful. The HESCOM has not given the number of IP sets based on the enumeration.	Feeder wise energy audit is being done and submitted to KERC. Town energy audit is also done. DTC wise energy audit is done. The details are furnished on pages No.19,20 & 21 of ARR.
<b>Commission's Views:</b> The reply furnished by the HESCOM is noted. However, the Commission emphasizes that, conducting energy audit is the only way for plugging leakage and to make the HESCOM viable both technically and financially.	
20. HESCOM has not provided segregation of commercial and technical losses.	Segregation of commercial and technical losses is not yet done in HESCOM.
<b>Commission's Views:</b>	
21. The HESCOM has not given the number of IP sets based on the enumeration.	GPS based survey of IP Sets is being done in Bailhongal Division on pilot basis. Action is being taken for survey in the other divisions also.
<b>Commission's Views:</b> The Commission notes that HESCOM has furnished segregated losses in its energy flow diagram. However, to improve the accuracy of data HESCOM is directed to carry out energy audit on a continuous basis.	
22. HESCOM has indicated a higher financial performance of Rs 5893.52 Crores for FY16, as against approved ARR of Rs 5319.58 Crores.	The approved figures are based on estimation which are subjected to truing up.
<b>Commission's Views:</b> The reply furnished by HESCOM is noted and the Commission has carried out APR as per MYT Regulations.	
23. The Power Purchase cost comprises around 65% cost of the ARR and hence any deviation/in-correct consideration in Power procurement cost will adversely affect the tariff to consumer.	The approved figures are based on estimation which are subjected to truing up.
<b>Commission's Views:</b> The reply furnished by HESCOM is noted and the issue of power purchase cost is appropriately dealt in the relevant chapter of this Tariff Order.	
24. HESCOM expenses are higher than the Commission approved figures	The approved figures are based on estimation which are subjected to truing up.
<b>Commission's Views:</b> The reply furnished by HESCOM is noted and the expenses are allowed in accordance with MYT Regulations.	

25. The highest cost incurred by HESCOM is the P&G Trust arrears of HESCOM.	As per the tri-partite agreement, Govt., of Karnataka was supposed to pay the arrears of P and G Trust of Rs. 448.27, But the Govt. has not released the same. Hence, HESCOM has included the same in the ARR.
<b>Commission's Views:</b> This issue has been addressed suitably in this Tariff Order.	
26. Power procurement cost of HESCOM for FY18 is Rs 4780.41 Crores against approved cost of Rs 4712.54 Crores, and there will be 1.44% increase and Hence HESCOM has to avoid costly Power purchase and must follow Merit Order Dispatch during Power procurement.	The power purchase cost for FY18 is based on the availability of power as provided by PCKL.
<b>Commission's Views:</b> This issue has been addressed suitably in the Tariff Order.	
27. HESCOM has realized revenue of Rs 5109.72 Crores against approved of Rs 5057.11 Crores and hence no need for Tariff hike.	The assumptions made regarding the tariff hike seems to be not correct. HESCOM, in its application has made it clear about the necessity of tariff hike.
<b>Commission's Views:</b> This issue has been addressed suitably in the Tariff Order.	
<ul style="list-style-type: none"> <li>a) The Company has incurred loss due to un-scheduled Load Shedding.</li> <li>b) Due to increase in tariff, Automobile Sector has to undergo tough challenges.</li> <li>c) HESCOM is buying cheaper power from IPP's, State owned generation and this should reflect in the power costs being charged by HESCOM.</li> </ul>	<ul style="list-style-type: none"> <li>a) The interruptions are due to technical faults.</li> <li>b) The tariff hike will affect all the consumer categories.</li> <li>c) Power Purchase is made by PCKL on behalf of HESCOM and the allocation is as per the Govt., Order.</li> </ul>
<b>Commission's Views:</b> The reply of HESCOM is noted.	
28. What is the ground for collecting Fixed Charges continuously when consumers have already deposited fixed deposit while availing Power Supply.	Fixed Charges is one of the component of the Electricity Tariff. HESCOM has invested huge Capital for carrying out works by raising loan, for arranging Quality Power Supply. Hence it is essential to collect Fixed Charges from the consumers.
<b>Commission's Views:</b> The reply of HESCOM is acceptable.	
29. The Transmission line between Kumata and Gokarna has problems. HESCOMs assurance to rectify the same by constructing station at Madanagere, by the end of June 2016 is not implemented so for.	The HESCOM has already initiated the work and it will be completed by the end of February, 2017. For construction of station at Madanagere, proposal has been submitted to KPTCL.
<b>Commission's Views:</b> The reply of HESCOM is acceptable.	

30. South Western Railways are consuming electricity in various categories. The hike in tariff at Rs 1.48 at a flat rate irrespective of categories, brings a variation of 18.39 % to 49.33 % hike in different categories including Railways.	Comparison has been made on the basis of minimum slab. Hence, the percentage hike in respect of domestic categories having low tariff structure usually shows high rise. The increase in power purchase cost and other items have increased HESCOM's annual revenue requirement and the revenue gap needs to be bridged. Hence tariff hike is necessary for HESCOM.
<b>Commission's Views:</b> The Commission has dealt with the matter of tariff revision in the relevant chapter of the Tariff Order.	
31. Railways deserves to be spared from proposed hike across all categories.	HESCOM has also social obligation for distribution of Electricity and its business structure cannot be compared with the Railways as the two are entirely different in nature. If the Railways are exempted from hike, the burden shifts to other categories of the consumers.
<b>Commission's Views:</b> The reply of HESCOM is acceptable.	
32. The HT consumers are being treated as a cross subsidizing category. As per the Electricity Act 2003, tariff should be reduced and cross subsidy level eliminated over a period of time.	The HT consumers and some LT categories are subsidizing the low paying categories. HESCOM is trying to reduce the cross subsidy level gradually.
<b>Commission's Views:</b> The reply of HESCOM is noted. The endeavor of the Commission is to reduce cross subsidies gradually..	
33. South Western Railway's proposed electrification projects will become unviable if tariff rates are increased.	The Tariff hike is necessary to maintain the financial balance of the Company and run the organization efficiently.
<b>Commission's Views:</b> The reply of HESCOM is acceptable.	
34. All future electrification projects shall be offered rebate to encourage Railways to go for electrification.	HESCOM does not agree with the proposals as it would create deficit in revenue.
<b>Commission's Views:</b> The reply of HESCOM is noted.	
35. HESCOM has to consider single part tariff instead of present two part tariff for Railways.	The HESCOM is not in favour of single part structure only for Railways.
<b>Commission's Views:</b> The reply of HESCOM is noted.	
36. Suitable incentive scheme should be introduced for maintaining power factor above 0.90.	Improved power factor ultimately helps the consumer.
<b>Commission's Views:</b> The maintenance of proper PF is in the interest of consumer only. PF above the threshold levels would improve the voltage of the supply to the consumers and also enables optimizing the power consumption.	
37. HESCOM has to allow a separate tariff for Railways and permit it to avail bulk LT domestic supply at one point and distribute to Railway quarters.	The tariff allowed to LT-2 (a) consumers cannot be applied to railway quarters which comes under HT-4. The tariff fixed by Commission in respect of HT-4 is

	appropriate in view of bulk supply to colony. HESCOM has no objection if Railways desire to obtain the service connection on individual basis.
<b>Commission's Views:</b> The reply furnished by HESCOM is acceptable.	
38. Major portion of the energy purchased by the railways is for passenger amenities like platform lighting, waiting halls, approach area, water coolers, water pumping etc. and hence, railways should be exempted from the proposed hike to the LT-3 installations.	Any exemption from hike to the LT-3 installation of Railways will result in the burden being shifted to other consumers.
<b>Commission's Views:</b> The activities in the station are considered as commercial and non-domestic. Hence there cannot be any discrimination between the consumers who are similarly placed..	
39. The book containing details of HESCOMs tariff hike proposal is priced at Rs.1000/-. In the interest of public, this book should have been distributed free or at nominal price.	As per the Regulation, the licensee is required to provide full set of the application together with supporting materials to any interested person who may ask for it on payment of cost of photo copying. Hence, ARR of FY18 and APR of FY16 in two volumes are priced on the basis of photo copying charges.
<b>Commission's Views:</b> The reply furnished by HESCOM is noted.	
40. The concession of Rs.50 per meter given by the HESCOM, for the use of solar water heater needs to be increased.	HESCOM does not support increase.
<b>Commission's Views:</b> The issue of solar rebate is dealt in the relevant chapter of this Tariff Order.	
41. HESCOM, in its paper notification, it has shown a deficit of Rs 372.73 crores under Revenue Demand and collection. But it has also mentioned that after allowing Govt. subsidy, there is a profit of Rs 372.73 crores. There is a discrepancy in the data.	There was a discrepancy in the advertisement given in the News Paper dated 08.01.2017 and corrigendum has published on 09.01.2017 News Paper and corrected information has been published on 09.01.2017 and 10.01.2017.
<b>Commission's Views:</b> HESCOM's reply is acceptable.	
42. It has been reported in an Audit Report of HESCOM that, it is not following Accounting Standard in respect of inventory, depreciation, retirement benefit and income tax and thus maintaining accounts as per rules.	HESCOM is maintaining accounts as per Accounting Standards and has maintained centralized data base, ERP System has been implemented on experimental basis.
<b>Commission's Views:</b> The reply of HESCOM is acceptable.	
43. HESCOM should collect subsidy arrears of Rs.27.03 Crores from Hukeri	Efforts are being to collect the accumulated arrears from HRECS and



Co-operative Society from FY06 to FY10.	of will not be transferred to the consumers.
<b>Commission's Views:</b> HESCOM should pursue the matter and to recover the arrears expeditiously.	
44. HESCOM should not spend more than the grants received from the Govt. under Ganga Kalyana Scheme.	The HESCOM tries to carry out the work within grant amounts released to the beneficiary by the State Government. Only under un-avoidable circumstances, the additional expenses will be incurred from out of HESCOM CAPEX.
<b>Commission's Views:</b> HESCOM should restrict the expenditure within the amount of grants received from the Government or seek additional funds from the Government.	
45. Computerization has been implemented only for generating electricity bills and receipts but the other accounting activities like sundry credit, advances, recurring expenses etc. have still not been computerized.	The HESCOM has taken steps to implement total centralized computerization and is implementing ERP packages on experimental basis.
<b>Commission's Views:</b> HESCOM should expedite the process of computerization of its activities to make its functioning more efficient and economical.	
46. HESCOM has been borrowing money from the financial institutions and not maintained transparency in this regard. HESCOM has to follow applicable company rules.	The HESCOM has borrowed money from commercial banks, REC, PFC institutions following the company rules and regulations and same has been provided in D-9 format.
<b>Commission's Views:</b> HESCOM's reply is noted.	
47. HESCOM has deposited money against bank guarantee but that same has not been withdrawn even after the lapse of guarantee period.	The HESCOM had deposited money even after the lapse of guarantee period, due to pending case in the Court and the direction of the Hon'ble Court. Now the fixed deposit has been withdrawn after taking permission from the Court.
<b>Commission's Views:</b> HESCOM's reply is noted.	
48. It is noted that even after lapse of 10 years, the company has not made a policy for regulatory asset liability.	The HESCOM will shortly come up with the policy for regulatory asset liability.
<b>Commission's Views:</b> HESCOM's reply is noted.	
49. HESCOM has stated that, there are 276 pending cases in the court. HESCOM has to provide details about cases regarding expected revenue from these cases, expenditure incurred for this cases etc. in detail.	The HESCOM has 276 pending cases in the court and expected revenue from these cases approximately amounts to Rs.28.51 Crores.
<b>Commission's Views:</b> HESCOM's reply is acceptable.	
50. HESCOM had collected Rs.53.66 Crores from the farmers during 1.04.2001 to 31.03.2003 but as per the	The HESCOM is requesting Govt. to release the amount. Recently a letter has been addressed to Govt on

Govt.'s direction the same has been returned to farmers. HESCOM should demand the amount from the Government.	08.02.2017 and HESCOM continuously is pursuing the same.
<b>Commission's Views</b> HESCOM's reply is acceptable.	
51. As per Audit Report, the Distribution Loss in FY15 was 16.74% and in FY16 was 16.84% and Unmetered Sales in FY15 was 5140.37 MU and in FY16 it was 5786.50 MU. HESCOM has disobeyed the guidelines of Hon'ble Commission and hence penalty has to be imposed.	Unmetered sales relate to IP Set consumption, which is 55% of the total sales. HESCOM is continuously facing resistance from the farmers to install meter to IP Sets. Hence HESCOM is assessing IP set consumption from DTC level .The Hon'ble Commission has directed for segregation of 11kV feeders as NJY and Agriculture feeders.
<b>Commission's Views:</b> This matter has been dealt with in the relevant chapter of the Tariff Order.	
52. Due to non-release of payment to IPP's, HESCOM is entitled to interest of Rs 21.39 crores at the end of March, 2016 and this shall not be transferred to the consumers.	This amount will not be transferred to consumers.
<b>Commission's Views:</b> HESCOM's reply is acceptable.	
53. HESCOM has failed in conducting DSM activities. The LED Bulbs distributed doesn't have ISI Mark. Rs 13.00 Lakhs spent on DSM activities needs to be verified.	HESCOM has been spending DSM awareness through publications in News Paper and also conducting Workshops. The distribution of LED Bulbs has been taken up by the Govt. of India Company, M/s EESL and the quality of the same is being monitored by the Energy Department and M/s EESL. M/s ESSL will also replace faulty Bulbs. The amount spent on DSM activities will be audited.
<b>Commission's Views</b> HESCOM's reply is noted.	
54. HESCOM has not initiated effective and serious measures to reduce the accidents.	Safety standards are being adhered to and the workmen have been provided with safety equipment and care is being taken to ensure that the workmen use the safety equipment while at work. Safety training is also being imparted on a regular basis. Disciplinary action is also being initiated on the errant workmen/officers.
<b>Commission's Views:</b> The reply furnished by HESCOM is noted. The Commission directs HESCOM to take all precautionary and safety measures and also take up periodical maintenance to reduce the accidents.	
55. It is noted that the Company sales in LT-4B, LT-4C, LT-5, LT-6, LT-7, HT-2(a), HT-3 categories have reduced due to	Due to various reasons the sale to certain categories has reduced. In HESCOM HT consumers have switched

poor quality of power supplied and hence HESCOM has to supply power at cheaper rates for this category consumers and can increase rate to IP sets, for which Govt. will give subsidy.	over to open access to buy cheaper energy. HESCOM is also thinking of reducing the cost of supply to these consumers. Hon'ble Commission will decide the cost of power to IP set and BJ/KJ installation on the basis of average cost of power purchase.
<b>Commission's Views:</b> These issues have been dealt with in this Tariff Order in the relevant chapter.	
56. HESCOM has to stop the process of regularizing the Unauthorized IP sets as getting New IP set connection will take long time.	HESCOM has taken several measures to stop unauthorized IP sets.
<b>Commission's Views:</b> HESCOM's reply is noted.	
57. HESCOM has showed other expenses of Rs.10.74 crores. The Commission has not given approval for this.	The Commission will approve appropriate other expenditure during the process of approving APR as per regulations.
<b>Commission's Views:</b> HESCOM's reply is noted and the matter is dealt appropriately in the relevant chapter of this Tariff Order.	
58. HESCOM has stated that, there is a growth in the IP set consumers by 4.82% (up to 10HP).But this is not true and not acceptable.	There is an increase in IP sets. Hon'ble Commission has directed to identify IP sets by taking up GPS survey. In Bailahongala division, this programme has been taken up and about 45296 IP sets have been identified so far.
<b>Commission's Views:</b> This matter is dealt appropriately in the relevant chapter of the Tariff Order.	
59. The Commission should not allow P&G Arrears of Rs 448.27 crores and same should be got from GOK.	The balance P&G arrears of Rs.448.27 crores has not been released by the GOK and hence, HESCOM has filed in its ARR of FY18.
<b>Commission's Views:</b> This matter has been suitably dealt with in the Tariff Order.	
60. The HESCOM capital expenditure is not realistic and it has to be audited. HESCOM has stated that it has replaced age old LT conductor, distribution transformer, power transformer and failed equipment, which needs to be verified.	The Hon'ble Commission has directed prudence check for HESCOM's capital expenditure.
<b>Commission's Views:</b> This matter has been suitably dealt with in the Tariff Order.	
61. How much money has spent for the work of HESCOM terminal benefit which is entrusted to Thanawala consultancy services.	The work of HESCOM terminal benefit is entrusted to Thanawala consultancy services for Rs. 60,000, under head of account 76-123.
<b>Commission's Views:</b> HESCOMs rely is noted.	
62. Due to failure of monsoon during this year, farmers are in critical condition and hence, the Commission should	As HESCOM a distribution company, has to buy power from the generators, and the power purchase cost and other

reject the tariff petition filed by HESCOM.	expenses have gone up. Hence, it is inevitable to increase the tariff for the survival of the company.
<b>Commission's Views:</b> The reply furnished by HESCOM is acceptable.	
63. In Tariff Order, it is stated that IP sets installations has to be billed once in 3 months but HESCOM is billing every month.	Under Niranthara Jyothi Scheme all IP set installations have been separated and every month energy meter reading has to be submitted to Govt of Karnataka.  As per the tariff order, the IP set installations are to be billed at least once in 3 months, but there is no objection from the Hon'ble Commission to bill once in a month.
<b>Commission's Views:</b> The reply furnished by HESCOM is noted.	
64. In the Govt order No.107 ELS 2003, dated 09.03.2003, Govt of Karnataka has sanctioned Rs.15 Crores package for IP sets coming under Malnad area. HESCOM has not returned this money to the farmers.	HESCOM has not received any package towards the IP set in the Malnad area. The Commission has not approved the action taken by the Govt of Karnataka.
<b>Commission's Views:</b> The reply furnished by HESCOM is acceptable.	
65. The existing policy of collecting Rs.10000/- per New IP set as a deposit, has to be modified to Rs.1000/- per HP. Because 80% of the farmers in Uttara Kannada will go for 1 HP pump sets only.	In the GOK order dated 14.07.2014, it directed that all ESCOMS should collect Rs.10000 as deposit for new IP sets. Accordingly, HESCOM is collecting deposit for new IP sets. GOK has to take decision in this matter.
<b>Commission's Views:</b> The reply furnished by HESCOM is acceptable.	
66. It is requested to put minimum charge in every bill and this must be deducted from the consumption of the installations.	There is no Order from the Commission to deduct minimum charge from the bill. The minimum charge will be collected only in certain installations like HT-3(a) and HT-3(b) as per the direction of the Hon'ble Commission.
<b>Commission's Views:</b> The reply furnished by HESCOM is acceptable.	
67. HESCOM should provide uniforms and identity cards compulsorily for meter readers.	The meter reading in some divisions of the HESCOM has been outsourced and hence, only identity card has been provided. Whereas HESCOM employees have been provided both uniforms and identity cards.
<b>Commission's Views:</b> The reply furnished by HESCOM is acceptable.	
68. HESCOM should not differentiate consumers as rural and urban consumers and should provide uniform tariff policy.	HESCOM will follow the direction of Hon'ble Commission.
<b>Commission's Views:</b> As per the Electricity Act, 2003, differential tariff can be charged to urban and rural consumers. The Commission is following that principle.	

69. HESCOM has consumer advisory forum at Taluka level and members of the forum have to come all the way from 10 to 15 Km. Hence, travelling allowance has to be arranged for them.	The GOK appoints members to the consumer advisory forum and hence, HESCOM has no role in this.
<b>Commission's Views:</b> The reply furnished by HESCOM is acceptable.	
70. The farmers of Uttara Karnataka District have sacrificed their land to nuclear and hydel projects. Hence, HESCOM has to give concession from the power cut.	It is not feasible.
<b>Commission's Views:</b> The restrictions on power supply, which is necessitated due to supply constraints, are applicable to all the consumers of the HESCOM's area without any exception.	
71. GESCOM has indicated 3 years' account i.e., 2015-16, 2016-17 and 2017-18 in paper notification as per tariff petition but HESCOM has not furnished the same and it has not indicated FY17 revenue details and hence application of HESCOM has to be rejected.	HESCOM has submitted audited accounts of FY16, half year actual un-audited account of 2017 and also estimated expenditure of FY18. The Commission has already revised the tariff for FY17 and HESCOM has now filed a tariff petition for FY18.
<b>Commission's Views:</b> HESCOM's reply is acceptable.	
72. As per the Newspaper notification, the average distribution cost per unit is Rs.7.10 but in page 139 of FY18 ERC filing, average distribution cost of supply per unit is Rs.7.372 and in Form D-23 it is mentioned Rs.7.38 per unit. HESCOM has to provide clarification.	For FY18, on total deficit, the cost of supply per unit is shown as 7.372. In page no.332, D-23 Format, the unit cost of supply is mentioned based on the voltage level. But at interface point level, Rs.7.10 per unit.
<b>Commission's Views:</b> HESCOM's reply is noted.	
73. The calculation of distribution loss is total imaginary exercise to get the subsidy from the Govt., as there are un-metered installations and un-metered IP sets and MNR meters. Improper claim for incentive of Rs.24.91 Crore shall be rejected.	The HESCOM is facing resistance from the farmers to install meter to IP sets and hence, it is inevitable for HESCOM to compute consumption of IP sets through sample reading. Except IP sets and BJ/KJ installations all other installations have been metered and replacement of MNR meters will also carried out as a routine measure. Claim for incentive is proper.
<b>Commission's Views:</b> These issues are dealt appropriately in the relevant chapters of the Tariff Order.	
74. The Hon'ble Commission in its preliminary objections under page 47, has directed to reassess the distribution loss.	The HESCOM has reviewed the objections of Hon'ble Commission, because of the geographical of HESCOM's area, it is difficult to minimize the distribution loss below the specified level.

<b>Commission's Views:</b> This has been suitably dealt with in the relevant chapters of Tariff Order.	
75. In FY17 ERC filing, HESCOM has stated that, 2 Crores will be spent on purchasing meters for BJ/KJ installations. In FY18 tariff petition there is no information about this.	In FY16 it had estimated to buy meters at a cost of 3 crores for installing them to the BJ/KJ installations. But Rs.1.50 Crores have been spent during FY16 and same has been furnished in page No.49.
<b>Commission's Views:</b> HESCOM's reply is noted.	
76. It is noted that, there is no carrying cost of 12.5% for regulatory assets.	In FY18 there is no regulatory asset.
<b>Commission's Views:</b> HESCOM's reply is acceptable.	
77. It is noted that, every district of HESCOM has CGRF and the progress achieved by the forum is not satisfactory and hence, there should be a single forum for the Company.	As every District has CGRF, consumers can get their grievances locally. Otherwise all consumers have to come to Hubli.
<b>Commission's Views:</b> HESCOM's reply is acceptable.	
78. Under Solar pump set programme, KREDL has identified 290 beneficiaries. It should be clarified, whether, this programme is to replace the existing pump set or to install new pump set.	Under first phase, GOK has identified 300 Solar pump sets in Muddebihal and Gokak Taluk. Out of 300 pump sets, 290 pump sets have been installed successfully. Under second phase, in HESCOM jurisdiction 450 solar pump sets have been allotted from 14 taluks and the tendering process is under progress.
<b>Commission's Views:</b> HESCOM's reply is acceptable.	
79. In FY18 tariff petition, HESCOM has not submitted any new demand.	No new demand is submitted to the Commission but HESCOM has proposed to remove concession to TOD metering, to restrict the banking in open access and to increase the demand charges for HT installations.
<b>Commission's Views:</b> HESCOM's reply is noted. The issue of banking and additional surcharge is being separately raised by ESCOMs and the Commission would pass separate Orders in those matters.	
80. Agro based industries such as Rice mill, cotton processing unit, Spinning Mill, Sugarcane mill, Oil mills etc., have to be separated from the LT-5 and HT-2(a) category and to be proposed under a new category.	The Commission has to take a decision in this matter.
<b>Commission's Views:</b> The Commission has classified Agro based industries under LT-5 and HT-2(a) category, as these are industries.	
81. Under energy efficiency programme, 590 old pump sets had been replaced by energy efficient pump set during 2013. Why has this programme been discontinued?	HESCOM is pursuing the matter with EESL.
<b>Commission's Views:</b> HESCOM's reply is noted.	

82. HESCOM has not conducted any meeting with the Advisory Committee regarding DSM programme.	The DSM unit has been conducting various programmes and shortly it will conduct Advisory Committee meeting also.
<b>Commission's Views:</b> HESCOM's reply is acceptable.	
83. HESCOM has to implement the policy of installing current limiter switch to installations under DSM programme. Consumer will draw 4 to 5 KW from the grid while having 1 KW sanctioned load. Hence, current limiter switch has to be installed to restrict the drawal of power equivalent to sanctioned load.	HESCOM will abide by the decision taken by Hon'ble Commission.
<b>Commission's Views:</b> The electronic meters which are now being used record the maximum demand and in cases where the demand exceeds the sanctioned load, the consumers are being charged for excess demand. Therefore, installation of current limiter is not necessary.	
84. Buildings providing accommodations to students and workers, which are not having commercial activity like refreshment places and restaurants should be removed from LT-3 category and included in LT-2 (a) .	HESCOM will abide by the decision taken by Hon'ble Commission.
<b>Commission's Views:</b> Refreshment places and restaurants are classified as commercial activities and hence categorized under LT-3	
85. HESCOM has to deduct demand charges paid by the open access consumers. The open access consumers are paying demand charges as per their contract demand. As demand charges are already inbuilt while calculating 'T' as revenue realization from the particular category of consumers. Hence, demand charges ought to be deducted from 'T' while calculating CSS to avoid double charging of demand charges.	HESCOM has applied the Cross Subsidy Surcharge Formula as notified in the Tariff Policy dated 28-01-2016 for proposing the Cross Subsidy Surcharge for FY-18. As per the formula the component 'T' is the tariff applicable to the relevant category of consumers and since the average cost per unit for a particular category also includes the demand charges, HESCOM has considered the same.
<b>Commission's Views:</b> HESCOM's reply is noted. The Commission has already issued Orders in the matter in RP4/2016 and the decision is binding.	
86. The calculation of wheeling charges proposed by ESCOMs seems erroneous as the quantum of energy considered for calculation is only the quantum of sales by HESCOM to the consumers excluding quantum of open access.	The HESCOM has applied the same methodology, which is being followed in the previous tariff orders of the Hon'ble Commission for proposing the wheeling charges.
<b>Commission's Views:</b> HESCOM's reply is acceptable.	

<p>87. DISCOMs have tied up power with various generators under long term PPA. There are two components of cost that have to be paid to the generators. 1) Fixed charges and 2) Variable charges. Fixed charges are paid by the DISCOMs irrespective of consumption of the power. In view of the above DISCOMs must buy power from exchange/Short term markets when prices are lower than energy charges of generators tied up in long term PPA.</p>	<p>HESCOM is entering into long term / medium term / short term contracts based on its forecast for supply of power to ensure that a guaranteed quantum is available to maintain continuity of supply to its consumers. Hence, it is inevitable for the HESCOM to honor the obligations of the contracts first. Power exchange market is so dynamic that, HESCOM cannot not expect a certain quantum of power for a price affordable by them in a particular period of time. Hence, it may not be appropriate to include the sourcing of power from the power exchanges in the merit order.</p>
<p><b>Commission's Views:</b> HESCOM's reply is noted.</p>	
<p>88. Two years back, HESCOM had called for tender for DTC and GIS programme and these activities were not transparent and hence, HESCOM incurred heavy losses. Even after our objection raised in the previous years, there is no reply from HESCOM and the Commission.</p>	<p>GIS tenders were called as per KTCP Act and in 19 divisions GPS mapping is under progress. There is no discrepancy.</p>
<p><b>Commission's Views:</b> HESCOM's reply is noted.</p>	
<p>89. HESCOM has been incurring losses not for electricity purchase and distribution. But it is incurring loss due to unnecessary programmes and due to employees deputed from other organization. Consumer should not suffer for tariff hike.</p>	<p>There are no unnecessary programmes, which cause losses to the HESCOM. Every year, the Commission conducts prudence check for the capital expenditure spent by HESCOM. The cost of purchasing electricity has gone up and during FY16, HESCOM has paid Rs.4721.74 Crores for power purchase. In addition to this the cost of labour and equipment's prices are also have gone up.</p>
<p><b>Commission's Views:</b> HESCOM's reply is noted and the expenditure incurred are allowed by the Commission as per MYT Regulations during APR.</p>	
<p>90. Instead of out-sourcing ATP machines, if HESCOM purchases and maintain the same, it can save lot of money.</p>	<p>The HESCOM is not favour of procurement of ATP machines.</p>
<p><b>Commission's Views:</b> HESCOM's reply is noted.</p>	
<p>91. Increase of tariff at Rs.1.48 irrespective of categories brings a variation of 18.39% to 49.33% hike in different categories including Railways and hence, this is highly objectionable.</p>	<p>The percentage hike in respect of domestic categories having low tariff structure usually shows a higher impact. HESCOM has to purchase the power form generators and distribute it to consumers. The increase in power purchase cost and</p>



	increase in other commodities also has increased HESCOM annual requirement. Therefore, there is revenue gap which needs to be bridged. Hence tariff hike is necessary for HESCOM.
<b>Commission's Views:</b> HESCOM's reply is noted and the tariff to various categories is discussed in the relevant chapter of this tariff Order.	
92. HESCOM should have clearly indicated steps taken for improvement of efficiency since the date of previous order and earlier orders issued by Hon'ble Commission indicating the efficiency gains of HESCOM.	The HESCOM has in its application, the various steps taken to improve efficiency. Sales have increased in FY-16 by 9.60% over FY-15. The number of installations has increased by 3.70%. The distribution loss is maintained at 16.89% which is 0.61% less recorded than the approved loss of 17.50% for FY16. HESCOM is following the KERC directives and has furnished the compliance.
<b>Commission's Views:</b> HESCOM's reply is noted.	
93. HESCOM has stated that, the gap for FY18 is Rs.1536.76 Crores and hence, has requested Commission to hike the tariff by Rs.1.48 per unit for all category of consumers. It is also noted that truing up arrears of Rs.372.73 crores is a burden on the consumer. The truing up deficit is due to the inefficiency of the HESCOM and this should be deleted.	RS.372.73 Crores is not truing up arrears. It is the deficit of HESCOM for FY-16. As per the regulations, HESCOM has to seek the approval of Hon'ble KERC for annual performance review for FY-2016 based on the audited annual report and the results of the truing up exercise will be carried on to the ARR of FY-18.
<b>Commission's Views:</b> HESCOM's reply is noted. The APR of FY16 and ARR for FY18 are discussed in the relevant chapters of this Tariff Order.	
94. FY16 gap of Rs.372.73 Crores due to truing up is objectionable. Loading the truing up deficit to the consumer is bad logic and hence, should not be considered now. HESCOM also should indicate the arrears recovered from the local bodies.	Rs. 372.73 Crores is the deficit as per the audited accounts of HESCOM for FY-16 and it is not a trued up figure. HESCOM has submitted the application for approval of APR for FY-16.  HESCOM is persuading government to release the grants towards electricity bills of local bodies However, the arrears do not have any impact on this tariff filling because the amount involved was already accounted as demand in the respective year filing.
<b>Commission's Views:</b> HESCOM's reply is noted.	
95. As per the Tariff Policy any tariff to be fixed should be within +/-20% of cost to serve. HESCOM's "cost to serve" is not approved by the Commission. Regulations are yet to be framed.	HESCOM has worked out the APR and gap on the basis of Average Cost of Supply. The cost to serve is yet to be approved by KERC.

Cost to serve is a very important parameter and it is not possible to verify whether the proposed tariff is within the limits.	
<b>Commission's Views:</b> The Commission in its Tariff Order is indicating the cross subsidy levels based on cost to serve as well as average cost of supply. The Commission's endeavor is to reduce cross subsidies gradually.	
96. Capital expenditure approved by Commission was 683.50 Crores. But HESCOM has made capital expenditure of Rs.704.21 Crores.	The HESCOM has made submission to KERC for approval of excess capital expenditure incurred.
Commission's Views: This matter has been dealt suitably in the relevant chapter of the Tariff Order.	
97. The Commission has approved Rs.635.76 crores towards O&M expenditure. But HESCOM has incurred expenditure of Rs.645.63 Crores i.e excess of Rs.18.11 crores and hence, excess should not be approved.	The HESCOM has prayed the Commission for actual O&M expenses incurred. The Hon'ble KERC allows it as per MYT regulations.
<b>Commission's Views:</b> This matter has been dealt suitably in the relevant chapter of Tariff Order.	
98. HESCOM was asked to replace existing bulbs by LED lamps for energy conservation and but it has not given any time schedule to replace bulbs.	The HESCOM is replacing existing bulbs by LED bulbs. As on 31.01.2017 13,32,652 numbers of bulbs have been replaced.
<b>Commission's Views:</b> HESCOM's reply is noted.	
99. Commission has ordered to implement TOD for 500 KVA and above HT installations. It shall be made optional as per APTEL order of Jaypur Vidyuth Vitharana Nigam and RERC.	The HESCOM has submitted, to continue the present TOD tariff. HESCOM abides by the decision of the Commission in this regard.
<b>Commission's Views:</b> This matter has been dealt suitably in the relevant chapter of Tariff Order.	
100. Solar Heating greatly helps in bringing down the morning peak load. Hence, present solar rebate has to be continued. HESCOM has to give details about the installations which are yet to be serviced with solar water heaters.	Solar water heating system is mandatory, as per regulations for some categories who wish to obtain new connection.
<b>Commission's Views:</b> HESCOM's reply is noted and the matter has been dealt suitably in the relevant chapter of Tariff Order.	
101. Implementation of HVDS will bring down the losses by 8 to 10%. Since, from 2012, Commission has been repeatedly instructing HESCOM to	HESCOM is creating infra-structure, providing separate transformers to Ganga Kalyan works and water supply installations. The benefits of HVDS will be

<p>implement HVDS but, HESCOM has failed to implement it.</p>	<p>seen in these works. However, HESCOM is taking up the Pilot project and is awaiting for Commissions approval.</p> <p>The details, before and after implementation of HVDS in Kummur feeders are as follows:</p> <ol style="list-style-type: none"> <li>1. Before implementation of HVDS, the Distribution Losses were: 16.77%.</li> <li>2. After implementation of HVDS, the Distribution Losses is: 12.00%.</li> <li>3. The benefit achieved is reduction of Distribution Losses around 4.77% (Savings).</li> </ol> <p>Estimate for HVDS BHOJ in Sadalaga Sub Division is submitted to Hon'ble KERC on 07.09.2016 with provision of Auto- Re-closure.</p> <p>Instructions are issued to Divisional Engineers for conducting Survey of feeders for preparation of Estimates and DPR in view of implementing HVDS across HESCOM jurisdiction.</p>
<p><b>Commission's Views:</b> HESCOM's reply is noted.</p>	
<p>102. HESCOM has stated that, it has replaced 590 old pump sets by energy efficient pump sets and this would save 30% of energy consumption. HESCOM has not provided solar power to any of the IP sets.</p>	<p>HESCOM has distributed 290 No.s of solar Pump Sets. The details of Solar Pump sets are provided on page No.146 and 147.</p>
<p><b>Commission's Views</b> HESCOM's reply is noted.</p>	
<p>103. Out of 33654 DTCs which are metered, communication is established in only 15330 DTCs.</p>	<p>The details of DTC metering and DTC energy audit are furnished on page NO.22 and23.</p>
<p><b>Commission's Views</b> HESCOM's reply is noted.</p>	
<p>104. It is noted that accidents in FY16 were the highest in last 5 years.</p>	<p>HESCOM has stated that, HESCOM is making all efforts to prevent the accidents.</p>
<p><b>Commission's Views</b> HESCOM's reply is noted. The Commission directs HESCOM to take all precautionary measures and periodical maintenance to reduce the accidents.</p>	
<p>105. Commission has directed HESCOM to achieve HT/LT ratio of 1:1, but HESCOM has not brought down the ratio.</p>	<p>HESCOM is trying hard to bring down the HT/LT ratio.</p>
<p><b>Commission's Views</b> HESCOM's reply is noted.</p>	

106. As HESCOM has not provided meters to all IP sets. At present IP set consumption is calculated based on sample metering and generalized which is not corrected.	In view of opposition from the farmer's community metering to IP sets could not be completed. Hence HESCOM is forced to assess the IP Set Consumption on IP set dominated area of DTC meter reading. However, the Hon'ble Commission has directed HESCOM to assess the IP set consumption based on segregated IP set feeder readings. Accordingly, HESCOM will take action in this regard.
<b>Commission's Views:</b> The Commission has dealt with this issue in the relevant chapter of the Tariff Order.	
107. HESCOM has to provide an abstract of reliability index of feeders. HESCOM has stated that, reliability index of the company is 99.20% but HESCOM has not provided the work sheets in the tariff filing.	<p>Reliability Index:</p> <p>In Urban /Town area: Compared to previous year, there is improvement in quality of supply in urban/town area. RI of Urban/Town area in 2015:94.84% &amp; in 2016:96.63%.</p> <p>In Rural area (scheduled hours of power supply): Compared to previous year, there is improvement in quality of supply in rural area. RI of rural area in 2015:63.33% &amp; in 2016:64.51%.</p> <p>Monthly Reliability Index of HESCOM is hosted on HESCOM website.</p>
<b>Commission's Views</b> HESCOM's reply is noted.	
108. HESCOM has not given the number of IP sets after enumeration. Whether, enumerated figures are incorporated in DCB. How it affects the subsidy calculations.	HESCOM has taken the work of GPS survey of IP sets in Bailhongal Division as a pilot project and about 45,300 IP sets have been surveyed and information collected. Action will be taken to survey in other Divisions also which will be completed by May 2017.
<b>Commission's Views</b> HESCOM's reply is acceptable.	
109. Un-authorized IP sets are affecting HESCOM's progress. HESCOM is not disclosing the actual losses. HESCOM has to clearly mention the number of unauthorized IP sets is available in FY16.	The HESCOM is making all efforts to regularize the unauthorized IP sets. HESCOM does not agree that there is manipulation in numbers and consumption. There are about 57694 unauthorized IP sets as at the end of January, 2017.
<b>Commission's Views</b> HESCOM's reply is noted.	
110. HESCOM has calculated IP set consumption as 5927.78 MU. But this calculation does not include un-authorized IP sets.	The HESCOM has indicated in its application that it desires to retain the consumption for IP sets as approved by the Hon'ble Commission for FY18.

<b>Commission's Views</b> This has been suitably dealt with in the relevant chapter of the Tariff Order.	
111. HESCOM has not given the details of failures of distribution transformers and also not indicated expenditure in repairing of these failed transformers.	The Details of replacing the failed distribution transformers in FY17 are: <ul style="list-style-type: none"> <li>• Total transformer Failed-20176</li> <li>• Total transformer Replaced-18278</li> <li>• As at end of December 2016, 38 Nos. repair centers are functioning.</li> <li>• Action is being taken to establish repair centers in 8 taluks (Kundagol, Karwar, Byadagi, Kalagahatagi, Shiggaon, Honnavar, Yallapur and Nargund).</li> <li>• Transformer banks are established in all 23 Divisional hand and there is sufficient stock in the transformer Banks.</li> <li>• Transformers are procured annually and provided to all works including IP Sets.</li> <li>• 6317 Transformers are purchased at the cost of Rs. 41.32 Crs as at the end of December 2016 in FY-17.</li> <li>• New Transformers are provided even in Akrama Sakrama Scheme.</li> </ul>
<b>Commission's Views</b> HESCOM's reply is noted	
112. Interest on consumer deposit is to be given every quarter .But, HESCOM is not following it in violation of KERC's Order.	Interest on consumer deposits will be paid at the beginning of the financial year not quarterly as per the Regulations.
<b>Commission's Views:</b> The HESCOM reply is noted. Interest on consumer deposits has to be paid during the first quarter of the financial as per the prevailing Regulations.	
113. HESCOM is not complying with the KERC directives such as prior information regarding Load shedding, interruption of power supply with time and duration, like time of restoration, load shedding being done only for industrial consumers. Further HESCOM is not updating in its website, the demand and availability, power purchase issues, substation wise feeder wise interruptions etc.	HESCOM is publishing the information regarding scheduled power supply outages of substations and feeders with time and duration in local newspapers in advance and the same is being hosted on HESCOM website. Also, HESCOM is uploading the outage information in Urja-Mitra web portal for information to the consumers.  Based on hourly allocation of HESCOM sent by SLDC, hourly based day ahead 220 KV substation wise allocation is prepared and sent to all 220 KV substations in HESCOM jurisdiction and

	<p>the same is being hosted in HESCOM website.</p> <p>HESCOM has initiated action to send SMS to the consumers regarding power supply interruptions with time and duration and likely time of restoration through Urja-Mitra web portal in coordination with REC.</p> <p>No load shedding is being done on industrial feeders.</p> <p>All ESCOMs are drawing power as per allocation given by SLDC and the over drawal /under drawal being controlled by State Load Dispatch Centre (SLDC). HESCOM is submitting its demand and availability every month to KERC. The same will be hosted on HESCOM website in the coming days.</p> <p>M/s PCKL, on request by HESCOM makes spot purchase based on availability of corridor.</p> <p>HESCOM is submitting the substation-wise and feeder-wise interruptions every month to KERC. The same will be hosted in HESCOM website in the coming days.</p>
<p><b>Commission's Views:</b> HESCOM's reply is noted and the compliance to directives is discussed in the relevant chapter of this Tariff Order.</p>	
<p>114. HESCOM has not implemented Standards of Performance as directed by the Hon'ble Commission.</p>	<p>HESCOM is monitoring the implementation of Standards of performance. In all sub-divisions the posters are displayed. HECOM is submitting SOP report regularly to the Commission.</p>
<p><b>Commission's Views:</b> HESCOM's reply is acceptable.</p>	
<p>115. Paying capacity of software companies is good and hence, they should be brought under commercial tariff. HESCOM has not achieved segregation of technical and commercial losses as per the Tariff Policy.</p>	<p>The HESCOM abides by the order of KERC on the issue of tariff category.</p> <p>Segregation of losses is not done in HESCOM.</p>
<p><b>Commission's Views:</b> HESCOM's reply is noted and the tariff categorization is discussed in the relevant chapter of this tariff Order.</p>	

<p>116. Consumer indexing in HESCOM has not completed and implementing geographical positioning system is also not completed. In HESCOM number of vigilance cases is increasing year by year and realization from these cases has not been reported in the tariff petition. Interest paid due to delayed payments to the generators, should not be passed on to the consumers. HESCOM should avail the Govt of India restructuring Scheme "UDAY". HESCOM should utilize more and more hydel power.</p>	<p>Consumer indexing has been completed in HESCOM. GPS survey is under Progress. Vigilance activities and progress are furnished on page No.141 and 142. Interest on belated payments to IPPs is not passed on to consumers.</p> <p>HESCOM is participating in UDAY for operating parameters only and is furnishing all the necessary data.</p> <p>Hydel power is not available sufficiently.</p>
<p><b>Commission's Views:</b> HESCOM's reply is noted. Regarding the consumer indexing, HESCOM is directed to update the consumer data as when it gets modified.</p>	
<p>117. There should be a separate tariff for small scale industries and this tariff should be Rs.1 less than the other tariffs.</p>	<p>If a separate category is created for small scale industries with less rate, then the burden will be on the other consumes which may be objected.</p>
<p><b>Commission's Views:</b> The retail tariff to the consumers is being fixed keeping in view the recovery of average cost of supply and the cross subsidy levels with reference to the average cost of supply. Fixing a tariff below the cost of supply would entail meeting the balance cost either by government subsidy or through cross subsidization. Extending concessions to small scale industries would result in increase in cross subsidy levels of other categories of consumers, which is not permissible under the Tariff Policy.</p>	
<p>118. In HESCOM industrial consumption in respect of HT-2(a) has steadily declined due to higher cost and non- availability of quality power. With the proposed tariff revision by 148 paise per unit will be a big blow to manufacturing sector. Hence, cost of supply should have been the basis of tariff determination proposed by HESCOM. Further, allocation of expensive PPA's to HESCOM is not in accordance with National Electricity Policy.</p>	<p>In view of open access facility HT-2(a) consumers are procuring energy from other IPPS even then the consumption in HT-2(a) category in HESCOM has not decreased. Along with industrial consumers, commercial consumers are also contributing cross subsidy. The contribution is not only towards IP Set but also to low other paying categories like domestic and waters supply.</p> <p>The uniform hike proposed by all the ESCOMs is due to adjustment in power purchase cost otherwise, the HESCOM may require more hike and which is not feasible.</p>
<p><b>Commission's Views:</b> HESCOM's reply is noted. The Commission notes that power allocation is done by GoK and the tariff to various categories is discussed in the relevant chapter of this Tariff Order.</p>	

119. HESCOM should utilize hydel power at maximum extent and KPCL should reduce the cost of generation. KPCL thermal generation cost is higher than the CGS thermal stations. Open access may be extended all consumers drawing power below 1 MW. Bank guarantee should be accepted instead of cash payment.	HESCOM abides by the decision of KERC.HESCOM does not accept that Bank Guarantee in lieu of cash payment.
<b>Commission's Views:</b> HESCOM's reply is noted. The details of Power purchase are discussed in the relevant chapter of the Tariff Order. Acceptance of Bank Guaranty for open access transaction is not a relevant issue in these proceedings.	
120. HESCOM should not increase the tariff for LT-1 and LT-2 consumers using energy within 100 units per month. HESCOM has to increase tariff gradually for the consumers, who consume more than 100 units per month.	HESCOM has requested the commission to increase the tariff of Rs.1.48 for all consumers to fill the revenue gap.
<b>Commission's Views:</b> This matter has been dealt with in the relevant chapter of the Tariff Order.	
121. HESCOM has to prepare appropriate action plan in the coastal areas for the preventive maintenance works such as jungle clearing etc. before the onset of monsoon in order to reduce the failure of transformers.	Preventive maintenance such as jungle clear etc., will be taken up every year as a routine work before the onset of monsoon in the coastal areas.
<b>Commission's Views:</b> HESCOM's reply is noted.	
122. HESCOM should develop its own network and software system enabled payment of bills through online so that consumer can save additional expenses towards online payment through third party network.	This is under consideration.
<b>Commission's Views:</b> HESCOM's reply is noted.	



**Points raised by the Stakeholders during the Public Hearing and the Replies thereon**

123. HESCOM is finding it very difficult to implement the tariff for the Effluent Treatment Plants (ETP). Separate meter has to be provided for ETP and separate tariff shall be considered under LT category.	Since there is no separate tariff for ETP under LT side connection, HESCOM is finding it difficult in allowing ETP tariff to industries, as the connection to ETP installation is on the LT Side and the industry is HT one.
<b>Commission's Views:</b> The Commission has dealt with this issue suitably, in this Tariff Order.	
124. In case of failure of transformers, the HESCOM has to replace the transformer as per the KERC Regulations, without expecting bribe from the consumer.	The HESCOM has stated that, it is taking all the necessary action to replace the failed transformers, within 72 hours in rural and 24 hours in Urban areas, as per KERC Regulations. In addition, a Transformer banks also have been established in 23 divisions and 38 transformer repairing centers are working.
<b>Commission's Views:</b> HESCOM's reply is noted.	
125. Steel melting and rolling units are biggest power consuming industries and hence, if the proposed hike is implemented, industries have to be close down and move to nearby state like Goa.	The HESCOM has stated that, tariff hike is proposed based on the projected revenue gap duly considering the increase in power purchase cost and O &M expenditure etc., HESCOM has to get the tariff hike in order to balance its financial position. HESCOM is a distribution company and has to purchase the power from the generating companies. Hence, tariff revision is inevitable.
<b>Commission's Views:</b> HESCOM's reply is noted.	
126. Cross subsidy charges should go down instead of going up on year by year.	While proposing the revision in the tariff, HESCOM is trying its best to reduce the cross subsidy surcharge gradually.
<b>Commission's Views:</b> HESCOM's reply is noted and the matter of cross subsidy charges is appropriately dealt in the relevant chapter of this Tariff Order.	
127. HESCOM consumers who are buying power under open access on exchange have to not only bear the highest transmission charges but also have to bear the transmission losses.	The HESCOM has stated that, the consumers buying power under open access are abided by the open access regulations issued by the Hon'ble KERC.
<b>Commission's Views:</b> HESCOM's reply is noted. The Commission is of the view that the inter-state transaction under Open Access including power exchange Transactions are governed by CERC Regulations.	