

**BRIHANMUMBAI ELECTRIC SUPPLY  
and  
TRANSPORT UNDERTAKING (BEST)**



**Draft Executive Summary**

**ARR & Tariff Application – FY 2006-07**

## 1.0 Introduction

1.1 The Brihanmumbai Electric Supply and Transport Undertaking hereafter referred to as 'BEST' which is an Undertaking of the The Brihanmumbai Mahanagarpalika being a Local Authority and is in the business of distribution of electricity and providing public road transport. BEST supplies electricity in the island City of Mumbai whereas transport service is provided in Mumbai City, suburbs and extended suburbs and Navi Mumbai.

1.2 The BEST Undertaking is one of the pioneering organizations in the field of electricity distribution in India and presently is in its centenary year. It has evolved itself to meet the changing needs of the society from time to time and has created yardsticks in quality of services rendered to its consumers and ranks one of the best in terms of reliability and lowest distribution losses, also the power factor which has been 0.99 and above.

1.3 The Undertaking has paid continuous attention to the concept of energy conservation and was first licensee to install energy efficient High Pressure Sodium Vapour lamps in Street Lighting without sacrificing high standards of illumination levels which are world class. Also, our insurances on procurement of quality equipments and prudent design methods have contributed to great extent to the cause of energy conservation.

1.4 The Undertaking has always been forthcoming in adoption of state of art of technologies in all aspects of electricity distribution. It was one of the first organization in India to adopt Gas Insulated & Vacuum switchgears. Dry type transformers and SCADA System (Supervisory Control and Data Acquisition System) for monitoring of distribution systems. The first entirely indoor 110 KV substation in India was commissioned in year 1989 housed in multi-storeyed building in premium business districts at Nariman Point.

1.5 The Undertaking has rendered yeoman services both in the electricity supply and

bus transport which are lifelines to city of Mumbai in its day to day life. It has proved its capability to raise to the occasion in a number of natural calamities, emergencies causing minimum inconvenience to people and has played a great part in restoring the normalcy in this great metropolis and has received acknowledgement and acclaim in various forums the latest incident of deluge, i.e. in July 2005, is a recent example.

1.6 This application for approval of ARR and Tariff Petition for F.Y. 2006-07 is being filed before the Honourable Maharashtra Electricity Regulatory Commission, hereinafter referred to as Hon'ble Commission (or MERC or Commission), in accordance with the provisions of the Electricity Act, 2003. BEST has implemented the Tariff order dt. September 26, 2006 issued by the Hon'ble Commission w.e.f 01-10-2006.

1.7 BEST strives to fulfil expectations of its consumers by providing them reliable, quality supply of electricity at affordable prices. BEST believes in a transparent & focused approach towards its transport as well as electric supply business. Our endeavour is to meet the expectations of our stakeholders i.e. consumers, employees, BMC and people at large. The systems and procedures followed by BEST, as per the MMC Act, have sufficient checks and balances to ensure accountability and transparency, The BEST committee and MCGM (comprising of Municipal Councillors) as statutory authorities approve all budgets and proposals. However, the organization is headed by the General Manager, and BEST has administrative operational autonomy to efficiently run the business.

## **2.0 Revenue and sales mix**

Residential and Commercial are the prominent categories in the consumer mix. In F.Y. 2005-06 the residential categories accounted for 46% and commercial categories for 44%. For F.Y.2006-07 BEST has forecasted total consumption of 3741.89 MUs of which residential category would consume 45.2% and 44.6% consumption is expected to be consumed by the commercial category. However, for the first six months of F.Y. 2006-07 the actual consumption is 1921. 81 MUs

The following table gives the category wise break up for the electricity consumption in Mus.

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<b>Category</b>	<b>2004-05 (actual)</b>	<b>2005-06 (actual)</b>	<b>2006-07 (projections)</b>
Residential	1,620.57	1651.24	1,692.96
Commercial	1,534.01	1590.12	1,670.32
Industrial	328.59	321.30	327.09
Others (Temporary Supply, Street Light, etc)	51.88	52.02	51.53
<b>Total</b>	<b>3,535.04</b>	<b>3,614.69</b>	<b>3,741.89</b>

*Table- I Energy consumption for FY 2004-05, 2005-06 and 2006-07*

**3.0 Distribution loss**

3.1 The distribution losses of BEST are one of the lowest in the country. BEST has achieved this through continuous network up-gradation and efficient operational practices. The electricity is supplied through underground cables, which generally results in lower loss levels. BEST licensee area has a low incidence of losses and also the incidence of theft and tampering of the meters is less. The actual distribution losses for the FY 2005-06 are at 13.02% and for F.Y. 2006-07 BEST has projected a distribution loss of 12.4%, the Energy balance for both the years is as given below:

<b>Distribution loss (%)</b>	<b>F.Y.2005-06 (Actual)</b>	<b>F.Y. 2006-07 (projected)</b>
Units Sold (MUs)	3,614.69	3,741.89
Dist. Loss (MUs)	540.84	527.39
Units Purchased (MUs)	4,155.53	4,269.29
Distribution Loss (%)	13.02%	12.40%

*Table- II Distribution loss F.Y. 2005-06 and 2006-07*

3.2 BEST would further like to submit to the Hon'ble Commission that BEST in the past with its maximum endeavor had attempted to bring down the losses to achievable levels. With regard to reduction of technical losses, BEST have put additional cables and have

upgraded the voltage levels. Therefore, the options for reducing the technical loss level have more or less exhausted.

3.3 With regard to Commercial losses, BEST would like to submit that there are certain areas which are uncontrollable in nature. For instance, to catch hold of theft/stealing in the hutment is difficult since it is difficult to track down to various dwellings. BEST would also like to submit that they are in the process of installing electronic meters in place of mechanical meters. However, this is ongoing process which would be completed in next few years. The reasons for this progress is the fact that BEST has recently installed mechanical meters in number of premises, where it would be uneconomical to immediately reinstall electronic meters in these premises.

3.4 BEST would like to submit to the Hon'ble Commission that as per the existing practice, BEST is adopting bimonthly billing system and accordingly the loss levels are measured. BEST would like to assure and submit to the Hon'ble Commission that BEST would continue its effort to reduce losses in coming years.

#### **4.0 Power Purchase**

4.1 BEST procures power from the Tata Power Company Limited to meet its demand. The receiving voltages for BEST are 110 kV and 22/33 kV. BEST had a power purchase agreement with TPCL which is under renegotiation. Based on actual energy purchase & sales for FY 2004-05, FY 2005-06, the expenses have been projected for April 2006 to March 2007.

4.2 BEST would like to submit that in the tariff Order and the review order applicable for FY 2004-05 & 2005-06, the Hon'ble Commission has approved the power expenses of Rs. 1088.50 crores for FY 2004-05 and Rs. 1119.93 crore for FY 2005-06 provisionally. However, actual power purchase expenses incurred by BEST was Rs. 1122.29 crore in FY 2005-06. BEST humbly submits to the Hon'ble commission to approve the actual power purchase expenses for FY 2005-06.

(all figures in Rs. crore)

Particulars	2004-05	2005-06
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	Approved in Tariff order	Actual	Approved	Actual	Petition for Truing-up
Power Purchase expenses	1088.5	1088.5	1119.93	1122.29	1122.29

4.3 It may be noted that TPCL was billing BEST based on the principle agreed in the power purchase agreement. However, subsequent to the tariff order issued by the Hon'ble Commission dated 3<sup>rd</sup> October 2006, TPCL has started billing based on the directives specified in the tariff order. Further, BEST would like to highlight the following points:

- ∅ The Hon'ble Commission vide its Order on ARR for F.Y. 2006-07 of TPC – G & TPC -D have incorporated the following:
  - Fixed charges for an amount of Rs. 162.59 Crores
  - Energy charges for an amount of Rs. 1000 Crores for the energy allocated to BEST
  - Rebate due to usage of Hydro-peaking tariff for an amount of Rs. 42.64 Crores
  - Stand-by charges payable to MSEDCL as specified in the TPC-D order for an amount of Rs. 121.50 Crores
  - Charges payable to TPC-D at the average landed cost @ Rs. 4.41 per unit for supply of power from sources other than the existing TPC – G plants for energy to be purchased over and above the energy allocated for BEST
- ∅ Order dt. 29<sup>th</sup> Septemebr-2006 on Determination of Transmission tariff for Intra-state Transmission System (InSTS) for FY 2006-07 (Case no. 31 of 2006). The Hon'ble Commission has incorporated annual transmission charges payable by BEST to STU of Rs. 102.33 crores
- ∅ Order dt. 16<sup>th</sup> August 2006 on Long term Development of Renewable Energy Sources and associated Regulatory (RPS) Framework.. BEST had incurred Rs. 6.54 crore as RPO obligation for F.Y. 2004-05, for F.Y. 2005-06 BEST has projected RPO obligation of Rs. 6.54 crore only. From FY 2006-07 the RPS consumption has been increased to 3% of input energy. BEST submits the power purchase expenses towards RPS obligation kindly be approved by the Hon'ble Commission.

Particulars	Amount in Rs. Crore
Provision for Purchases from Non conventional sources ( RPO) for F.Y 2005-06	6.54

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Provision for Purchases from Non conventional sources ( RPO) for F.Y 2006-07 at 3% of input energy into the system at Rs. 3.30 per kWh	42.24
<b>Total</b>	<b>48.78</b>

4.4 With implementation of the above orders, the power purchase expenses forecasted for FY 2006-07 are as given below:

<b>S.no.</b>	<b>Particulars</b>	<b>Reference Order</b>	<b>Amount (in Rs. crores)</b>
1	Fixed Charges payable to TPC-G (as per page 94, <i>Table – Annual fixed charges of TPC thermal Generating station</i> )	TPC Tariff Order	162.59
2	Energy Charges payable to TPC-G ( <i>as per page-19 of tariff order</i> )		1000.00
3	(less) Rebate due to usage of Hydro peaking tariff to be received from TPC-G ( <i>as per page-19 of tariff order</i> )		(42.64)
4	Power purchase expenses related to supply from TPC-D (procurement of power from other sources, <i>as per provision 6.3.4 of TPC –D order</i> )		294.58
5	Stand-by charges payable to MSEDCL ( <i>as per page-116, proviso 6.3.5 of TPC – D order</i> )		121.50
6	Transmission charges payable to STU	Order on Intrastate Transmission	102.33

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		System	
7	Renewable purchase obligations	Order on Renewable Purchase Specification	48.78
	<b>Total (in Rs. crores)</b>		<b>1687.14</b>

Further, BEST is also liable to pay incentives to TPC – G for thermal & hydro units to be supplied to BEST, and the same is requested to be approved during the truing-up exercise for FY 2006-07.

4.5 Thus, the power purchase expense works out to Rs. 3.95 per unit. The power purchase expense has increased by Rs. 508.75 crores i.e. an increase of 43.17% over the estimated cost of Rs. 1178.39 crores as submitted in our ARR petition dated February 13, 2006. The Hon'ble commission is requested to approve the expenses for FY 2005-06 at actual as part of truing-up exercise and to also approve estimated power purchase expenses for FY 2006-07.

### 5.0 Operation & Maintenance (O&M) Expenses

The O&M expenses comprises of the following three expenses:

#### 5.1 Employee Expenses

The employee expenses for the supply division have been considered based on the expenses that are identified for the supply division. The employee expenses for F.Y. 2005-06 & 2006-07 is as given below:

Particulars	F.Y. 2005-06 (MERC review Order)	F.Y. 2005-06 (actual)	F.Y. 2006-07 (projected)
Employee expenses	136.41	151.04	117.30

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(in Rs. crore)			
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The tariff order dated March 9, 2006 and the review order dt. November 8, 2006 has provisionally approved employee expenses of Rs 136.41 crores for FY 2005-06, whereas the actual for FY 2005-06 is Rs 151.04 crores. BEST would like to submit that the additional expenditure on account of Ex-gratia (Rs.4.18 Crores), Gratuity which was earlier included in share of GA (Rs. 3.67 Crores) now shown under employee expenses, DA (Rs. 0.48 Crores) , Basic Salary (Rs. 3.23 Crores, PF (Rs. 0.13 Crores), Cost of Bus Tokens (Rs.0.43 Crores) , Interim relief (Rs. 2.68 Crores). The LTA expenditure reduces by Rs. 0.17 Crores. Earlier HRA Conveyance allowance, encashment, overtime are included under the Salary head. The Hon'ble Commission is requested to approve the same as part of truing up exercise. For F.Y. 2006-07 BEST has projected expenses of Rs. 117.30 crores, the Hon'ble Commission is requested to approve the same.

**5.2 Administration & General (A&G) expenses**

These expenses include items such as rent rates and taxes, insurance, printing and stationary, advertisement, etc. BEST has decided to change the method of allocation of General Administration expenses, except for activities relating to time keeping and security & vigilance (as both these departments are functioning in each and every depot premises), from FY 2006-07 to Supply & Transport division by applying the proportion of expenditure incurred by each division. The A&G expenses for F.Y. 2005-06 & 2006-07 is as given below:

<b>Particulars</b>	<b>F.Y. 2005-06 (MERC review Order)</b>	<b>F.Y. 2005-06 (actual)</b>	<b>F.Y. 2006-07 (projected)</b>
Administration & General expenses (in Rs. crore)	91.57	90.27	131.87

The Hon'ble Commission is requested to approve the estimated A&G expenses of Rs.131.86 Crore for FY 2006-07 and actual expenses of Rs.90.27 Cr for FY 2005-06.

### 5.3 Repair & Maintenance (R&M) expenses

The assumptions and working for Repair and Maintenance (R&M) are based on past trends. The expense includes various heads such as repairs to buildings, re-instatement charges, etc. The R&M expenses for F.Y. 2005-06 & 2006-07 is as given below:

<b>Particulars</b>	<b>F.Y. 2005-06 (MERC review Order)</b>	<b>F.Y. 2005-06 (actual)</b>	<b>F.Y. 2006-07 (projected)</b>
Repair & Maintenance expenses (in Rs. crore)	11.83	6.38	44.27

BEST would like to highlight that MCGM has issued new levies towards Re Instatement / cable laying charges for electrical cabling on BEST and other utilities in Mumbai area. The new policy to this effect is applicable from March 14, 2005 and this has resulted in steep increase in R&M expenses over the last two years. BEST humbly submits to approve the R&M expenses for FY 2005-06 and 2006-07 accordingly.

### 6.0 Rent Expenses

BEST has decided to make recovery of rent in respect of premises occupied by Supply branch in the Bus Depots and Bus Stations, because of the initial cost of acquisition of land and the cost of construction of Depots wherein the Supply branch also uses all the assets at these places. The area of premises occupied by the Supply branch in Bus depots & Bus station and the rent charged to the Supply branch is as enumerated in Appendix-1. For FY 2006-07, the rent expenses to be paid by the Supply branch are Rs. 26.45 crores, the Hon'ble Commission is requested to approve the same in the ARR of FY 2006-07. BEST would humbly submit to the Hon'ble Commission that BEST is gradually moving towards a commercial oriented utility and hence commercial prudent practises should be instilled in its function.

## **7.0 Capital and related expenditure**

7.1 BEST is undertaking major works for augmentation of its distribution network. The investment is a part of the efforts of BEST to provide efficient and reliable electricity to its consumers. The proposed capital expenditure for F.Y.2006-07 for Rs. 171.06 crore.

7.2 The capital expenditure of BEST is primarily funded by its internal funds and partially through external borrowings. Due to non/insufficient capital provision, execution of the capital scheme works gets deferred/ postponed. In order to avoid such situation in our organization, we make budget provision for all the schemes which may be required to be implemented. However, at times due to other reasons beyond the control of the Undertaking like non-availability of permission/clearances from concerned/ statutory authorities, delays in residential and commercial projects, many schemes get delayed and roll over to the next year. The projects are planned and budget allocations are made to augment our network to meet projected load growth, removal of overloads and to build up adequate redundancy in the system to cope with any eventuality. The undertaking will endeavour to implement maximum projects in the year and utilize a significant proportion of the budget.

7.3 BEST funds its capital expenditure primarily from its internal funds and partially from external borrowings. BEST has taken public loans, MMRDA loans for the Mega-city Project, District Planning Development Council loan and Accelerated Power Development and Reforms Programme Loan. The quantum of the loans and the interest out go is provided in the ARR for FY 2006-07.

7.4 Depreciation is charged on the basis of straight-line method, on the fixed assets in use at the beginning of the year. The depreciation is based on the original cost, estimated life and residual life. The depreciation rates prescribed under the IT Act and /or life of the assets are used by BEST. The financing structure of BEST does not fall in the conventions as followed by Companies, therefore, has not claimed any advance against depreciation in the ARR for FY 2006-07.

## **8.0 Returns claimed in the ARR**

8.1 Interest on consumer deposit

The Hon'ble commission vide its Order dt. November 8, 2006 in regard to case no. 32 of 2006 has allowed Interest at the rate of 6% on consumer deposits. In this order, the Hon'ble commission has approved Rs. 15.68 crore for FY 2004-05 and Rs. 11.70 crore for FY 2005-06. The actual for FY 2004-05 are Rs 15.68 crores and for FY 2005-06 are Rs. 11.70 crores. However, the Supplementary Order dated September 26, 2006 has provided for Interest on Consumer Deposits at Rs 7.55 crores for FY 2004-05 and Rs 9.00 crores for FY 2005-06. The Commission may kindly approve these additional returns of Rs. 8.13 Cr for FY 2004-05 and Rs.2.70 for FY 2005-06.

For FY 2006-07 BEST has claimed interest on consumer deposit of Rs. 11.70 crores. The Hon'ble Commission may kindly approve the same.

## **8.2 Interest on Internal Funds & Other Funds**

BEST Undertaking is not governed by the Companies Act, 1956 and does not have equity in the traditional sense. The funding is mainly done through internal resources of the corporation with the approval of BEST Committee and Bombay Municipal Corporation, as per Section 460 II of the Mumbai Municipal Corporation Act, 1888.

The Hon'ble commission vide its Order dt. November 8, 2006 in regard to case no. 32 of 2006 has allowed Interest at the rate of 6% on the funds utilised by the BEST. In this order, the Hon'ble commission has approved Rs. 63.15 Crore for FY 2004-05 and Rs. 62.47 crore for FY 2005-06. The actual for FY 2004-05 are Rs 63.15 crores and for FY 2005-06 at Rs. 62.47 crores. However, the retail tariffs issued vide Supplementary Order dated September 26, 2006 has provided for Interest on funds utilised by BEST at Rs 52.42 crores for FY 2004-05 and Rs 46.46 crores for FY 2005-06. The Commission may kindly approve these additional returns of Rs. 10.73 Cr for FY 2004-05 and Rs.16.01 for FY 2005-06. For F.Y. 2006-07 BEST has claimed interest on internal fund at Rs. 51.96 crore. The assumptions used for calculating assets used in business for FY 2006-07 are based on the budget estimates for 2006-07.

## **9.0 Annual Revenue Requirement (ARR) Synopsis**

A synopsis of the ARR for F.Y. 2006-07 is given below:

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<b>S.no</b>	<b>Particulars</b>	<b>F.Y. 2006-07 (forecast)</b>
1	Power Purchase Expenses	1687.14
2	Operation & Maintenance Expenses	293.44
2.1	Employee Expenses	<i>117.30</i>
2.2	Administration & General Expenses	<i>131.87</i>
2.3	Repair & Maintenance Expenses	<i>44.27</i>
3	Depreciation, including advance against depreciation*	44.68
4	Interest on Long-term Loan Capital	6.01
5	Interest on Internal funds	51.96
6	Interest on consumer deposits	11.70
7	Bad Debts Written off	6.19
8	Rent for premises occupied by Supply division in the Bus depots	26.45
	<b>Total Revenue Expenditure</b>	<b>2,127.57</b>
	<b>Aggregate Revenue Requirement</b>	<b>2,127.57</b>
	Less: Non Tariff Income	82.70
	<b>Aggregate Revenue Requirement from Retail Tariff</b>	<b>2,044.87</b>

BEST humbly requests the Hon'ble Commission to approve the ARR for F.Y. 2006-07.

## 10.0 Revenue from Sale of Energy and Revenue gap

10.1 The revenue gap/surplus is estimated based on the proposed ARR for FY 2006-07 and the revenue at existing tariff for FY 2006-07. The Hon'ble commission has revised the tariff structure of BEST vide its Supplementary Order dated 26 September 2006 and BEST has computed the estimated Revenue from sale of power for the 'entire year' based on the new tariff structure vide Order dt. 26 September 2006. The projected revenue for F.Y. 2006-07 is Rs. 1395.87 crore.

10.2 The Aggregate Revenue Requirement of BEST for FY 2006-07 is Rs. 2044.87 (as provided in Form-1). However, revenue from sale of power at existing tariff has been estimated at Rs. 1395.89 crore.

Surplus / (Deficit) for FY 2006-07

$$= \text{Rs. } (1395.89 - 2044.87) \text{ crores} = \text{Rs. } (648.98) \text{ crores}$$

10.3 This revenue gap shall be added to the Truing-up to be undertaken for F.Y. 2004-05 & F.Y. 2005-06. The truing-up process for F.Y. 2004-05 provides BEST with additional claim of Rs. 18.85 crore and truing-up process for F.Y. 2005-06 provides BEST with additional claim of Rs. 37.06 crore.

Cumulative Deficit for FY 2006-07 after truing-up for FY 2004-05 & 2005-06 for all expenses at actual and based on the Order dt. 08-11-2006 issued on review petition is

$$= \text{Rs. } ((648.98) + (18.85) + (37.06)) \text{ crores} = \text{Rs. } (704.89) \text{ crores}$$

10.4 This revenue gap is proposed to be bridged by proposing a new Tariff structure as enumerated below.

## 11.0 Revised Tariff Structure

11.1 The Hon'ble Commission has recently issued Conditions of Supply vide its order dated 3rd November, 2006. As per these conditions of supply, the licensees are required to execute agreement with all consumers with applied load below 50 kW, the application form (requisition) serves as the agreement, whereas for all the loads exceeding contract demand above 50 kW, a separate agreement is required to be executed. In our tariff

proposal for LF-2, LTC-1, LTP-1 and LTP-2 categories, above parameters of conditions of supply are incorporated.

11.2 The existing tariff schedule of the Undertaking has five tariff categories in HT tariffs. It is proposed to rationalize HT tariff categories to two tariff categories. In the license area, there are a number of important defence installations with their large residential complexes. It is, therefore, proposed to have a separate HTP category meant for residential bulk defence consumption. Therefore, HT tariff category under the heading HTP-Defence is proposed for above purpose and rest of the existing HT categories are covered under HTP General category. As such, this will be in line with the HT tariff categories with the neighbouring utilities.

11.3 In the existing tariff schedule, there is no penal charge to consumers exceeding contract demand. It is proposed to introduce in Sr. No. 3 of the notes "Billing Demand" about such penal charges. "If a consumer exceeds his Contract Demand, the demand in excess of Contract Demand shall be charged at the rate of 150% of the demand charges". It is also proposed that "Demand Charges for those consumers who have not registered their Contract Demand, will be applied on basis of their sanctioned load".

11.4 In our previous tariff, there was a tariff category 'Standby Tariff'. This tariff was meant for standby supply utilized for fire fighting and dedicated supply purpose. As per the statutory requirement, the supply for such installation is required to be given from separate sources and adequate network capacity is required to be kept spare for this purpose. Our network capacity to that extent is kept reserved for such installation and can not be utilized elsewhere. As such, in our previous tariff schedule, the billing for this tariff category was on the basis of connected load i.e. sanctioned load and consumption if any and billing was on whichever was higher. However, in MERC's Supplementary Tariff Order dated 26th September, 2006, this tariff was clubbed with Temporary Supply (T) with billing based on connection basis and consumption. As the applications of temporary supply and the above standby tariff supply as described above are entirely different, we propose to re-introduce this tariff as separate tariff category at Sr.No.12 with heading 'Standby (SB)' in our Proposed Tariff Schedule.

11.5 BEST has proposed a new Tariff Schedule provided as Appendix-4 in the ARR which is reproduced below:

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S.no.	Consumer Category	Demand charge (Rs / connection/ month or Rs. / kVA/ month)		Energy Charge (paise / kWh)	RkVah charges (paise / RkVah)
		Single	Three phase		
1	<b>BPL</b>	Rs. 3 / connection / month		40	
2	<b>LF - 1</b>				
	0 - 100	Rs. 30 / connection / month	Rs. 100 / connection / month	200	-
	101 - 300	Rs. 50 / connection / month		425	-
	> 300 (only balance units)	Rs. 100 / connection / month		650	-
3	<b>LF - 2</b>				
	0 - 300	Rs. 200 / connection / month		545	
	301 - 1000	Rs. 200 / connection / month		635	
	> 1000 (only balance units)	Rs. 200 / connection / month		760	

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	PF < 0.92	Reactive charges for consumers above 3000 units per month consumption		270
	0.92 < PF < 0.95			180
	0.95 < PF < 0.97			120
	PF > 0.97			-
<b>3</b>	<b>LTC - 1</b>			
	All units	Rs.374 / KVA / month	670	
	PF < 0.92			270
	0.92 < PF < 0.95			180
	0.95 < PF < 0.97			120
	PF > 0.97			-
<b>4</b>	<b>C (D)</b>	Rs. 200 / connection / month	1270	-
<b>5</b>	<b>LTP - 1</b>			
	All units	Rs. 300 / connection / month	550	
	PF < 0.92	Reactive charges for consumers above 3000 units per month consumption		270
	0.92 < PF < 0.95			180
	0.95 < PF < 0.97			120
	PF > 0.97			-
<b>6</b>	<b>LTP - 2</b>			
	All units	Rs. 374 / KVA / month	450	

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	PF < 0.92			270
	0.92 < PF < 0.95			180
	0.95 < PF < 0.97			120
	PF > 0.97			-
7	<b>SL</b>	Rs. 374 / kVA / month	355	-
8	<b>E</b>	Rs. 100 / connection / month	160	-
9	<b>T</b>	Rs. 250 / connection / per occasion of supply	925	-
10	<b>SB</b>	Rs. 100 / kW / month of sanctioned	800	-
11	<b>TS®</b>	Rs. 200 / connection / per occasion of supply	170	-
12	<b>HTP - Defence</b>			
	All units	Rs. 374 / kVA / month	350	
	PF < 0.92			270
	0.92 < PF < 0.95			180
	0.95 < PF < 0.97			120
	PF > 0.97			-
13	<b>HTP – General</b>			
	All units	Rs. 374 / kVA / month	415	
	PF < 0.92			270

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	0.92 < PF < 0.95			180
	0.95 < PF < 0.97			120
	PF > 0.97			-

**New Tariff Structure for F.Y. 2006-07 (figures in Rs. Crores)**

	<b>Note</b>
1	<b><i>Tariffs are subject to revision and/or surcharge that may be levied by B.E.S.&amp;T Undertaking from time to time as per the directives of MERC</i></b>
2	<b><i>The tariffs are exclusive of Tax on Sale of Electricity, Electricity duty, excise duty, taxes and other charges as levied by government or other competent authorities and the same, as applicable, will be payable by the consumers in addition to the charges levied as per the tariff mentioned hereunder.</i></b>
3	<p><b><i>Fuel Adjustment Cost (FAC) charge will be applicable to all consumers, and will be charged over and above the tariffs mentioned hereunder, on the basis of FAC formula prescribed by the commission and computed on a monthly basis.</i></b></p> <p><b><i>FAC = C + I + B where,</i></b></p> <p><b><i>FAC = Fuel adjustment cost</i></b></p> <p><b><i>C = Change in cost of power purchase due to variation in the fuel cost</i></b></p> <p><b><i>I = Interest on working capital</i></b></p> <p><b><i>B = Adjustment factor for over-recovery / under-recovery.</i></b></p> <p><b><i>The FAC on a monthly basis shall be calculated and charged as per Section-82 of MERC (Terms and conditions of Tariff) Regulations-2005.</i></b></p>

11.6 The projected revenue from the proposed tariff structure for FY 2006-07 is Rs 2102.53 crores.

Thus, the Revenue Gap for FY 2006-07

= (Income from revised tariff) - Net Aggregate Revenue Requirement

= Rs. 2103.86 crore – 2100.78crore

= Rs. 3.09 crore

11.7 The Hon'ble Commission is requested to approve the Aggregate Revenue Requirement and the Revised Tariff proposal of BEST.

## **12.0 Tariff Order Compliance**

The Hon'ble Commission has issued various directives in the Tariff Order dated 9th March 2006. BEST has submitted a compliance report reporting progress (as Chapter-10 in the ARR for F.Y. 2006-07) on the following directives:

- a) Distribution Losses
- b) Submission of Proforma Accounts for F.Y. 2006-07 as per Companies Act:-1956
- c) Identification of consumer Below Poverty Line and billing as per newly introduced tariff
- d) Updation of the security deposit and printing of the same on the electricity bill
- e) Reduction of outstanding to a reasonable level and to publish a list of defaulters in newspapers and also on its website on a regular month to month basis
- f) The improvement of bill format and bilingual bill
- g) Meters of street lighting installation
- h) To make continuous efforts to reduce the number of thefts and also undertake more stringent / focused measures for recovery of amounts due, in order to check and control the theft of electricity
- i) FAC
- j) Employee Expenditure
- k) Installation of electronic meters capable of measuring Maximum demand (MD) and suitable for time up data (ToD) tariff in tariffs category LF-2, LTP-1, LTP-2, LTC-1.

To maintain separate data on consumption and demand of consumer having sanctioned load of up to 20 KW and those having load above 20 KW

- l) Innovative collection process for metering, billing and collection

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