

THE MULA PRAVARA ELECTRIC CO-OPERATIVE SOCIETY LTD;  
SHRIRAMPUR, DIST. AHMEDNAGAR.

**Petition for approval of Schedule of Miscellaneous and Other Charges  
for Financial Years 2005-06. Case 46 of 2006.**

**EXECUTIVE SUMMERY**

## **1. Background**

1. The Mula Pravara Electric Co-operative Society Limited (hereinafter referred as “MPECS”) is a rural electric co-operative society, established in 1969, as one of the five pilot co-operative societies established in India as a rural electric co-operative. It distributes electricity in 183 villages spread over five talukas in the Ahmednagar district with consumer base of around 1.44 lakh..
2. The MPECS has been granted a license by Government of Maharashtra (GOM) as per provisions of Section 3(1) of Indian Electricity Act 1910 on January 28, 1971 for a period of 20 years. Subsequently, on May 21, 1999, the GOM have extended the license of MPECS for further period of 20 years with effect from February 1, 1991.
3. Further, MPECS humbly submits that MPECS, being ‘deemed licensee’ as per Section 14 of the Electricity Act 2003 (EA 2003), is required to comply with various provisions of EA 2003 and the regulations to be formulated by Hon’ble Commission.
4. The Electricity Act 2003 (EA 2003) provides distribution licensees to recover charges incurred for supply of electricity from its consumers in accordance with tariff determined by respective State Regulatory Commission. The charges to be recovered may include fixed charges in addition to charges for supply of electricity and rent or other charges for meter of other equipment provided by licensees. Specific provisions of Section 45 of EA 2003 are as follows -  
*“(3) The charges for electricity supplied by a distribution licensee may include -  
(a) a fixed charge in addition to the charge for the actual electricity supplied;  
(b) a rent or other charges in respect of any electric meter or electrical plant provided by the distribution licensee.”*

As per Section 46 of EA 2003, State Regulatory Commission may authorize a distribution licensee to charge any expenses reasonably incurred in providing any electric lines or plant used for purpose of giving supply.

In accordance with EA 2003, Hon'ble Commission has notified MERC (Electricity Supply Code and Other Condition of Supply), Regulation 2005. As per provisions of Supply Code Regulations, following charges are permitted to be recovered from consumers subject to approval from the Commission .

<b>Sr. No.</b>	<b>Particulars</b>	<b>Reference to Supply Code Regulations.</b>
<b>1</b>	<b>Charges for providing Service lines or equipment</b>	<b>3.2(a)</b>
A	Service Connection Charges	3.3.2
B	Dedicated Distribution Facilities	3.3.3
C	Temporary Service Connection charges	3.3.6
<b>2</b>	<b>Application Processing Fee</b>	<b>4.1(ix)</b>
A	Supply or for Additional Load	4.1
B	Shifting of Service	4.1
C	Extension of Service or Restoration of Supply	4.1
<b>3</b>	<b>Charges of works for increase or Reduction in Contract Demand / Sanctioned Load</b>	<b>6.8</b>
<b>4</b>	<b>Charges for Change of Name</b>	<b>10.2</b>
<b>5</b>	<b>Security Deposit</b>	<b>11.3</b>
<b>6</b>	<b>Power Factor (Penalty / Incentive )</b>	<b>12.2</b>
	Harmonics (Penalty)	12.2
<b>7</b>	<b>Meters</b>	<b>14</b>
A	Meter Security Deposit	14.1.1
B	Meter Hire Charges	14.1.2
C	Cost of Meter	14.1.3
D	Charges for Lost / Burnt Meters and other Electrical Equipments	14.2.2
E	Meter Testing Charges	14.4.2
<b>8</b>	<b>Restoration of Supply</b>	<b>16</b>

In this petition, MPECS has submitted existing 'Schedule of Charges' in respect of above categories and has also proposed revision in above 'Schedule of Charges' along with rationale and suitable justification in support of the claim to revise the same for kind perusal of the Hon'ble Commission.

## **2. Service line and Other Equipment Charges for LT Consumers**

MPECS has been collecting charges for arranging supply from its LT and HT consumer as per provision of Indian Electricity Act, 1910.

With introduction of EA 2003, erstwhile Electricity Act 1910 is repealed. Also, Hon'ble Commission has notified MERC Supply Code Regulations. Section 3 of MERC Supply Code Regulations provides for 'Recovery of Charges' and Section 3.3 particularly provides for 'Recovery of Expenses for giving supply' as per provision of MERC Supply Code Regulations.

It is noted that, MPECS can recover expense for providing electric lines or plant on average or normative basis from consumers. Further, as per Regulations no. 3.3.2, 3.3.3 and 3.3.3 of MERC Supply Code Regulations, the Distribution Licensee is permitted to recover expenses towards providing supply access to consumer under three scenarios, namely, (a) where such supply provisioning entails works of **laying of service-line from the distributing main** to the applicant's premises, (b) where such supply provisioning entails works of **installation of Dedicated distribution facilities**, and (c) where such supply provisioning entails **augmentation of distribution system**.

Currently, MPECS is recovering '**Service Line Charge**' (also referred to as '**Standard Charges**') which are typically in the nature of infrastructure charge and '**Service Connection Charges**' for cost toward service line as may be laid down or placed for the purpose of supply.

### **2.1 Investment made for providing electric supply to LT consumers**

MPECS is predominantly rural distribution licensee and LT agricultural load forms significant component of its overall load served and consumer base.

The MPESC has incurred expenditure of Rs. 29.12 Lakh and Rs. 41.63 Lakh for non agri and Agri consumers respectively during FY 2004-05 for laying service line and other equipment for non-agricultural and agricultural consumers respectively and overhead charges at the rate of 15% of the material cost.

### **2.2 Service Connection Charges– LT supply Non Agricultural Load**

In case of LT consumers excluding agricultural pumping consumers, service connection charges are collected on two-part basis. First component pertains to fixed charge for which SCC are recovered for service line up to 30 meter (equivalent to 100 feet). The second component pertains to charges towards service line required to be laid beyond 30 meters (equivalent to 100 feet).

The Society has earned a revenue of Rs. 20.25 Lakh from Non Agri consumers and Rs. 7.38 Lakh from Agri consumers during FY 2004-05 towards above charges.

### 2.3 Service Line Charges for LT consumers

As discussed above, Service Line Charges (SLC) are typically recovered towards infrastructure augmentation works incurred by distribution licensee for provisioning supply to consumers. Existing SLC are categorized as follows:

- SLC for Domestic consumers
- SLC for Non-Domestic consumers
- SLC for LT Industrial consumers in MIDC area and other than MIDC area
- SLC for HT/ EHT consumer for new / additional power supply

As per prevalent norms, the SLC has not been applied for agricultural consumers.

Table below summarises consumer category wise revenue from SLC during FY 2004-05. Others category covered under the Table below, refers to estimated revenue corresponding to Street light consumer category.

#### Service Line Charges from LT consumers for FY 04-05

Sr.No.	Categories	Amount (Rs)
1	Residential	1322175
2	Commercial	1047800
3	Industrial	273500
4	Water works	17500
5	Others	4500
<b>6</b>	<b>Total SLC (LT)</b>	<b>2665475</b>

As outlined in the above table the Service Line Charges recovered from consumers during FY 2004-05 are Rs. 26.65 Lakh.

### 2.4 Estimated Revenue Gap and Proposed Charges

Table below provides estimated revenue and expenditure for installation of service line and other equipment.

#### Revenue and Expenditure Statement

Sr. No.	Particulars	Amount (Rs Lakh)
1	Service Connection Charges	27.63
2	Service Line Charges	26.65
<b>3</b>	<b>Total Estimated Revenue</b>	<b>54.28</b>

4	Expenditure towards provisioning supply Non-Agricultural consumers	29.11
5	Expenditure for Agricultural consumers	41.63
<b>6</b>	<b>Total Expenditure</b>	<b>70.74</b>
<b>7</b>	<b>Deficit</b>	<b>(16.46)</b>

Thus, it is estimated that there exists Revenue shortfall to an extent of around 30% based on prevalent structure of 'SLC and SCC' towards recovery of expenses incurred towards provisioning of supply to various LT categories. Hence, it is proposed to revise the SLC and SCC as applicable to various consumer categories by at least 30% in order to meet the estimated revenue shortfall and to be in line with the principles outlined under Supply Code Regulations.

While it is noted that recovery from Agriculture categories is short of expenses incurred towards provisioning supply to them, it is submitted that drastic revision in the existing structure of 'SLC and SCC' will not be feasible. Hence, it is proposed that revision on 30% across all consumer categories shall ensure at revenue neutrality to MPECS (without incurring loss), while maintaining the existing 'structure of SLC and SCC'.

Further, it is submitted that 'existing rates of SLC and SCC' have not been revised since 1999, i.e. for period in excess of 6 years. Accordingly, a revision of 30% will amount to approximate increase of around 5% per annum only.

### **2.5 Proposed Service Connection Charges**

The proposed rates of 'SCC for Non-Agricultural and Agricultural consumer categories and the 'SLC for Domestic, Non-Domestic and LT-Industrial consumer categories has been summarized in the table enclosed herewith as Annex-I.

### **3. Service line and Service Connection Charges HT Others / HT Ag Consumers**

As submitted earlier, MPECS is a rural electricity distribution company. In terms of total consumers base of MPECS, HT consumer category represents less than 1% of total no of consumers. In the recent past, numbers of HT consumers added has been very insignificant. In fact, during FY 2004-05, no consumer was added in HT Agriculture consumer category and only three consumers were added in Non Agricultural HT category.

### **3.1 Service Connection Charges**

At present, HT category of consumers, are charged 'Service Connection Charges (SCC) on basis of maximum of charges estimated or actual expenditure incurred for providing HT supply to the consumer. The society has recovered Rs. 2.89 Lakh from HT consumers during FY 2004-05 through Service Connection Charges.

### **3.2 Service Line Charges**

As in case of LT category, SLC are not applicable to HT agriculture pumping load category. The society has recovered Rs. 1.88 Lakh towards SLC charges from HT consumer category during FY2004-05.

### **3.3 Proposed Charges for HT consumer**

Service Connection Charges and Service Line Charges for HT consumers are not proposed to be revised as actual cost of providing service line is recovered under SCC and are in line with charges applicable to MSEDCL consumers.

## **4. Temporary Supply and related charges**

MPECS provides temporary supply if requested by the applicant. Currently, temporary service connection is provided for maximum period of six month. The applicants with requirement of supply for larger duration are provided with permanent connection. Distribution licensee can recover all expenses incurred for providing temporary supply.

However, as per MERC Supply Code Regulations, temporary supply is defined as under -

*“Temporary Supply” means supply of electricity for a temporary period, not exceeding two (2) years, as may be agreed between the Distribution Licensee and the applicant.”*

When an applicant request temporary supply, work related can be executed by MPECS or by applicant himself. Component of charges to be recovered from temporary supply applicant include

1. **Service Connection charge:** Service line and other equipment cost has been proposed to be recovered in line with proposed service line charges.
2. **Minimum and Energy charges (tariff):** MPECS has already submitted Tariff revision petition before Hon'ble Commission for approval. As per existing schedule, fixed and energy charges to be recovered from temporary supply connections have been proposed at the highest slab rate of the category to which the consumer would have been categorized for availing power supply on permanent basis. It is proposed to continue with same policy in future.

3. **Security Deposit:** In case of security deposit Hon'ble Commission, has clearly specified conditions under its Supply Code Regulations. Accordingly, the security deposit requirements for temporary supply connection shall be in accordance with the provisions contained under Supply Code Regulations.

## 5. Application Processing Charges

### 5.1 Application processing fees

A consumer can submit application of provision of electric supply, sanction of additional load, shifting of service etc. As per Regulation 4.1 (ix) of the MERC Supply Code Regulations, a distribution licensee can recover fees for processing such applications. After receipt of application form, distribution licensee is primarily required to conduct following activities

1. Verification and scrutiny of existing location of applicant
2. Scrutiny of past dues, if any
3. Existing facility / infrastructure at consumer premises (service line, meter board etc.)
4. Provision of electrical network and equipment
5. Verification of compliances from consumer (payment of charges and appropriate wiring / distribution)

MPECS would like to humbly submit before Hon'ble Commission that, currently no charges are recovered from consumer for processing of applications. For providing electric supply to any consumer, it is essential to obtain approval from Electrical Inspector (PWD) and for that, charges are required to be paid to Electrical Inspector (PWD) for approval.

In view of above, considering rates specified for seeking approval from PWD Inspector as benchmark rate per activity and considering number of activities involved following charges are proposed as 'application processing fees'.

Sl. No.	Application Type	Existing Charges	Proposed Charges		
			Single Phase Consumer	Three Phase Consumer	HT Consumer
1	Supply requisition	Not applicable	Rs. 350	Rs. 350	Rs. 2000
2	Additional load	Not applicable	Rs. 350	Rs. 350	Rs. 2000
3	Shifting of Service	Not applicable	Rs. 350	Rs. 350	Rs. 2000

Sl. No.	Application Type	Existing Charges	Proposed Charges		
			Single Phase Consumer	Three Phase Consumer	HT Consumer
4	Restoration of Supply	Not applicable	Rs. 350	Rs. 350	Rs. 2000
5	Change of name	Not applicable	Rs. 350	Rs. 350	Rs. 2000

### ***5.2 Application form fees***

As mentioned above, consumer can submit application for new connection, additional load, shifting of service or restoration of supply to MPECS.

Further, it is noted that Hon'ble Commission in its Maharashtra Electricity Regulatory Commission (Fees and Charges) Regulations, 2004 (24) specified following charges

<i>Supply of copies of documents / order of the Commission</i>	<i>Rs 2 per page</i>
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On above basis and considering printing and development cost, MPECS propose to charge, application form fees as Rs. 20 per application form.

## **6. Meter Testing and Related Charges**

### ***6.1 Meter Hire Charges***

The EA 2003 mandates all licensees to supply of electricity only through correct meter after two year from appropriate date notified by Central Electricity Authority (CEA). As per sub-section 1 of Section 55 of EA 2003, a licensee may require the consumer to give him security deposit for the price of a meter and enter into agreement of hire thereof, unless the consumer elects to purchase a meter.

Further, MPECS notes that Hon'ble Commission in its Order to MSEDCL (erstwhile MSEB) dated 5<sup>th</sup> May 2000 has abolished meter rent and has directed to recover the meter charges from the consumers except for those holding less than 1 Ha land for whom the Rajadhyaksha Committee has recommended that 50% of the cost of the meter may be recovered.

In this context, MPECS wishes to submit that MPECS is a rural electric distribution licensee and had 48,000 number of LT un-metered agriculture consumers. MPECS have started providing new connection to all categories of consumers only with installation of meters. MPECS in line with MERC's ruling for MSEB and Rajadhyaksha Committee report propose to recover all necessary charge for the cost of meter accordingly, in this Petition we have proposed 'Cost of Meter' to be recovered and have not indicated 'hire charges' for the meter. However, MPECS wishes to submit that Hon'ble Commission

may kindly determine 'hire charges' for the meter in line with proposed revision in 'cost of meter' and the same shall be made applicable by society to its consumers, in case 'Hiring of meter' is envisaged by any applicant.

### **6.2 Meter cost charges**

As per Section 14.1.3 of MERC Supply Code Regulations, a consumer of a distribution licensee can purchase a meter from distribution licensee or from any supplier of correct meter in accordance with specification laid down by CEA. MPECS has noted that Hon'ble Commission in its Order dated 9<sup>th</sup> July 2004 in the matter of 'Recovery of cost of meter' that recovery of meter cost is life time cost and no meter cost can be recovered from consumer except in case of burnt / lost meter.

MPECS with view of maintaining meter charges at par with MSEB has been charging meter cost similar to meter cost that MSEB charges to its consumers.

Existing and proposed cost of meter is provided in table below.

#### **Existing and Proposed cost of meter**

<b>Sl.No.</b>	<b>Particular</b>	<b>Existing Charges</b>	<b>Proposed Charges</b>	<b>Remark</b>
1	Single Phase Energy meter (Electromagnetic)	Rs. 1000 per meter	Rs. 500 per meter	MPECS has stopped procurement of 1 phase electromagnetic meter and will be subsequently phased out of service
2	Single Phase Energy meter (Electronic)	Rs. 1000 per meter	Rs. 450 per meter	
3	Three Phase Energy meter	Rs. 2250 per meter	Rs. 2500 per meter	Charges are based on 3ph - 5 amp meter
4	HT meter Trivector meter	Rs. 11,000 per meter	Rs. 18500 per meter	
5	CTPT unit /set	Rs.550/-per month hire charge	Rs. 21000 per unit / set	On basis of 300/150/5A CT
6	LTCT set	Rs. 60/- per set per month hire charge	Rs. 350 per CT	On basis of 300/5A CT

*For Agricultural consumer having land holding less than 1 Ha only 50% of cost of meter shall be recovered.*

### **6.3 Meter burnt / lost**

Section 14.2 of MERC Supply Code Regulations deals exclusively with lost / burnt meters. As elaborated in section above and also in line with MERC Supply Code

Regulations, MPECS proposes that in case of burnt / lost meter, cost of new meter, other apparatus and any other applicable deposit shall be recovered from consumer. Also, in case of complaint by consumer or inspection by MPECS representative if the meter is found burnt, cost of new meter shall be recovered from consumer as mention in table above.

#### **6.4 Meter testing charges**

Under the provisions of MERC Supply Code Regulations, distribution licensee is responsible for periodic testing and maintenance of all consumer meters.

Consumer may upon payment of testing charges, request MPECS to test the accuracy of meter. As per Section 14.4.4, in the event of meter being tested and found beyond boundary, the consumer shall be refunded the testing charge paid and adjusts the amount of bill in accordance with the result of test.

This category of charges involves charges for testing single phase, three phase and other meters, which include trivector meters.

The Society has incurred employee expenses of Rs. 12.02 Lakh during FY 2004-05 towards repairing and testing of 4566 number of meters. Hence, the per meter charge towards repairing and testing work out to Rs.263/-.

Based on the actual expenses incurred for repairing and testing of meters the society proposes to revise the existing meter testing charges.

Table below summarizes existing and proposed charges for meter testing.

#### **Existing and Proposed charge for meter testing**

<b>Sl.No.</b>	<b>Particular</b>	<b>Existing Charges</b>	<b>Proposed Charges</b>	<b>Remark</b>
1	Single Phase Energy meter	Rs. 30 per meter	Rs. 260 per meter	
2	3 Phase 3/4W Energy meter (Electromagnetic)	Rs. 150 per meter	Rs. 300 per meter	
3	3 Phase 3/4W Energy meter (Electronic)	Rs. 150 per meter	Rs. 300 per meter	Electronic meter doesn't involve calibration hence kept in close range of testing charges for single phase meter
4	Special meter (LT MD / Trivector) with/ without CT PT unit	Rs. 400 per meter	Rs. 400 per meter	MPECS has stopped procurement of special meter and will be subsequently phased out of service

Above charges are only for testing of meters. In the event of repairing of meter the actual cost of the meter spares will be recovered from the consumer in addition to the testing charge.

## **7. Miscellaneous Charges**

### ***7.1 Consumer Security Deposit***

Historically MPECS recovers security deposit from its consumer under the provision of Schedule – VI of Indian Electricity Act, 1910. The Regulation no. 11 of MERC Supply Code Regulations deals with issue of security deposit. Accordingly, the security deposit requirements for various consumer categories shall be in accordance with the provisions contained under Supply Code Regulations.

### ***7.2 Power Factor Incentive / Penalty***

At present, provisions for Power Factor (PF) penalty and Power Factor (PF) Incentive are prevalent as directed by the MERC in case of Tariff Order for MSEB for FY2003-04.

MPECS is a rural distribution company having predominantly agricultural pumping load. Consumer connected load comprises mostly of pumping, lighting and fan load. It is proposed that Hon'ble Commission to determine Power Factor Incentive and Penalty on the basis of incentive and penalty charges determined for consumers located in distribution area of MSEDCL.

### ***7.3 Harmonics Penalty***

MPECS is a rural distribution company having predominantly agricultural pumping load. Consumer connected load comprises mostly of pumping, lighting and fan load. It is proposed that Hon'ble Commission to determine Harmonic penalty on the basis of penalty charges determined for consumers located in distribution area of MSEDCL.

### ***7.4 Supply restoration at meter cutout / OH mains***

The focus of EA 2003 is to make power sector in India commercially viable sector. Same principles are followed in MERC Supply Code Regulations (Section 16.1).

Consumer supply can be disconnected by distribution licensee due to non-compliance of obligation like payment of electricity bills etc. Consumer can approach distribution licensee after all obligations are fulfilled. MPECS shall recover supply restoration charges from such defaulting consumers.

Supply restoration at cut out requires quarter man day (including travel to consumer location) of Line man and Line helper team ( $\frac{1}{4}$  LM +  $\frac{1}{4}$  LH). Considering the average salary paid per day to the line staff the supply restoration at cutout incurs Rs. 155 per call cost to MPECS. Similarly, supply restoration at OH mains requires quarter man day effort of Line man, Assistant Line man and Line helper team ( $\frac{1}{4}$  LM +  $\frac{1}{4}$  ALM +  $\frac{1}{4}$  LH). Considering the average salary paid per day to the line staff supply restoration at OH mains incurs Rs. 229 per call cost to MPECS. On basis of above, table below summarizes Existing and proposed charges for supply restoration.

**Existing and proposed charges for supply restoration**

Sl.No.	Category	Existing charges in Rs.	Proposed charges in Rs.
<b>1</b>	<b>LT consumer at cutout</b>		
A	Single Phase	Rs. 15	Rs. 125
B	Three Phase	Rs. 30	Rs. 175
<b>2</b>	<b>LT consumer at service main</b>		
A	Single Phase	Rs. 25	Rs. 200
B	Three Phase	Rs. 50	Rs. 250
C	At underground main	Rs. 200	Rs. 250
3	HT consumer service	Rs. 300	Rs. 300

**7.5 Consumers fuse failure (LT / HT)**

As per Section 17 of MERC Supply Code Regulations, a distribution licensee is responsible for ensuring continuous, quality and reliable power supply. Failure of supply to a consumer can be attributed to fault in consumer installation or various other reasons as well. In case of failure of consumer's installation supply is interrupted by protection switchgear of distribution licensee and authorized representative are required to restore supply. In such scenario, supply restoration charges shall be payable by consumer. Table below, provide for existing and proposed fuse failure charges

**Existing and proposed charges for consumer fuse failure**

Sl.No.	Category	Existing charges in Rs.	Proposed charges in Rs.
1	LT consumer single phase	Nil	125
2	LT consumer three phase	Nil	175
3	HT consumer fuse replacement on one phase	Rs. 200	300
4	HT consumer fuse replacement on two phase	Rs. 300	300
5	HT consumer fuse replacement on three phase	Rs. 400	400

**PRAYER:**

In view of the above, the MPECS respectfully prays that this Hon'ble Commission may:

- i) Accept this Petition for approval of Schedule of Charges for FY 2005-06;
- ii) Approve the 'proposed Schedule of Charges' as submitted in this Petition and permit MPECS to recover 'existing Schedule of Charges' until 'proposed Schedule of Charges' as submitted under this Petition are duly approved by Hon'ble Commission.
- iii) MPECS most humbly requests Hon'ble Commission to condone delay in submission of Petition of Schedule of Charges;
- iv) Condone any inadvertent omissions/ errors/ short comings and permit MPECS to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date; and
- v) Pass such Orders as the Hon'ble Commission may deem fit and proper.