

## APPENDIX-1

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
1	MYT filings and other documents were not available on the BESCOM website on 27th January, 2019	BESCOM had uploaded MYT filings on BESCOM website in the column of 'Latest News' on 31.12.2018, the date of the first paper Notification published by BESCOM, The MYT filings were pushed down in the same column 'Latest News', but the link was still available.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. BESCOM, in future, shall ensure that the MYT filings and other related documents are explicitly available to the public on the website.	
2	As per MYT Regulations, application shall be made 120 days before commencement of financial year. Accordingly, BESCOM should have filed the application on or before 30th November, 2018. BESCOM filed the application on 31st December, 2018, thus, the application is not maintainable.	BESCOM filed its Petition for Turing up of FY-18, and Annual Revenue Requirement for FY20 to FY22 and Tariff revision for FY20 on 30th November, 2018, which is within the norms.
	<b>Commission's Views:</b> The Commission notes that BESCOM has filed the Petition within the timeline specified in the Regulations.	
3	The Petition is not maintainable as it has been filed by an unauthorized person without being duly stamped.	In the 87th Board of Directors meeting held on 20.02.2018, it had been resolved that the Deputy General Manager (Regulatory Affairs) has been authorized to represent the Company, to sign affidavits, pleadings, statements to furnish required documents/letters on behalf of BESCOM.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.	
4	BESCOM has not indicated any steps taken for improvement of efficiency or efficiency gains which can be passed on to the consumers.	BESCOM has filed the Truing up of FY18 based on FY18 Audited Accounts. ARR for FY20 to FY22 and Tariff revision for FY20 is sought based on the projections of sales and power purchase with respect to historical data. Efficiency gains will be measured by the Commission and the Commission will take care of sharing of gains duly considering the approved targets.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The APR is carried out as per the MYT Regulations. The gains and losses are being shared as per the provisions of the MYT Regulations, as discussed in the relevant Chapter of the Order.	

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5	The accounts submitted does not comply with the Orders passed by the Commission and the APTEL .	BESCOM has prepared the financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013. The accounts of the Company are audited by the statutory auditors and also by the Comptroller and Auditor General of India.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.	
6	Regulatory asset pertaining to FY13 amounting to Rs.541.97 Crores along with the carrying cost of Rs. 68.41 Crores should be recovered from the GoK.	In the truing up of FY18, BESCOM has not stated anything about recovering regulatory assets and carrying Cost.
	<b>Commission's Views:</b> The Commission notes that BESCOM has not claimed any Regulatory asset with carrying cost pertaining to FY13 in the present Petition. Hence, the question of it being recovered from the GoK does not arise.	
7	Gap for FY19 was Rs.581 Crores, but gap for FY20 is Rs. 2934 Crores. Thus, in one year the gap has increased by 422%.	The gap of Rs.2934 Crores is only for FY20. The actual average power purchase cost for FY19 is Rs.5.40 per unit as against the approved purchase cost of Rs.4.81 per unit. The gap of Rs.2934 Crores has resulted in proposed tariff hike of 101paise/unit for FY20. This alone translates to 85 paise increase in tariff proposal for FY20. Employees cost will increase by 6 paise, Depreciation has increased by 3 paise, 2 paise increase is towards A&G expenses and 5 paise increase is towards interest and finance charges.
	<b>Commission's Views:</b> The Commission has analysed the submissions made by BESCOM and has appropriately dealt with the same in the relevant chapters of this Order.	
8	Prudence check of all the expenditures incurred by the licensee should be done by the Commission before passing on the cost of any expenditure to the consumers.	BESCOM has submitted the audited accounts of the Company to the Commission.
	<b>Commission's Views:</b> The reply furnished by BESCOM is not relevant. It is noted that the Commission has already entrusted the work of prudence check to the third party Consultants. Based on the reports submitted by the Consultants, the Commission would take appropriate action.	
9	BESCOM is seeking tariff revision due to its inefficiency, irresponsibility and lapses in carrying out duties. Hence, it is objectionable to increase the tariff.	BESCOM's proposal for tariff hike for FY20 is on normative basis and based on its estimated deficit for FY20. It does not include any deficit for FY18.
	<b>Commission's Views:</b> The Commission while determining the tariff, has been allowing the expenses as per the norms specified in the MYT Regulations and passing on the losses and gains, to the consumers after the APR in terms of the said Regulations.	

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10	Capex proposed for FY20 is Rs.3173.64 Crores, i.e. 60 % more than actual capital expenditure of Rs.1979 Crore for FY18.	An amount of Rs.1979.01 Crores is the amount of works capitalized for FY18 and Rs.3173.64 Crores, is the capital investment plan proposed for FY20.
	<b>Commission's Views:</b> The matter relating to Capex has been discussed in the relevant chapter of this Order.	
11	Capex utilised is only Rs. 1979.01 Crore as against approved capex of Rs. 3272.31 Crores. BESCOM has failed to utilise its budgeted capex.	The entire Capital expenditure is not considered as a part of tariff hike. Interest and Finance charges and Depreciation expenses are part of tariff hike. If there is a reduction in the said costs, the same is considered for truing up.
	<b>Commission's Views:</b> The Commission has dealt with this issue appropriately under the relevant chapter of this Tariff Order.	
12	KERC should examine the worthiness of HVDS schemes implemented by BESCOM. The capital investment incurred on implementing HVDS system should be disallowed as it has not provided any benefit to the consumers.	BESCOM is facing problems in maintaining the agriculture feeders due to poor electricity supply quality such as voltage fluctuations, high or low frequency, low voltage, etc. Inferior quality of electricity delivery means frequent motor burnouts and high losses. So BESCOM had decided to go for HVDS in some of the agriculture feeders.
	<b>Commission's Views:</b> The reply furnished by BESCOM is noted. The prudence check of the Capex is being done through third party evaluation by the Commission and the cost incurred on any imprudent work is being disallowed based on the reports furnished by the consultants. As of now, the Commission has directed BESCOM (under Commission's Directives-Appendix), not to submit any further proposal for HVDS works until further orders.	
13	HVDS system has not yet been completed. No reduction in HT:LT ratio. No honest efforts in reducing losses.	BESCOM in page no. 1 of its Petition has depicted length of HT and LT lines as on 31.03.2018. BESCOM is in a continuous process of increasing the HT lines. Further, BESCOM is taking up conversion of 11kV overhead line by underground cables from FY20 to FY22. This in turn will increase the HT lines and all the benefits stated by the objector till also accrue.
	<b>Commission's Views:</b> The reply furnished by BESCOM is noted. BESCOM should try and adhere to the timelines for completion of various capex schemes. The Commission is of the view that ESCOM should make all efforts to increase the HT: LT ratio, with an action plan for achieving the same.	
14	Rate of failure of transformers in Karnataka is 10% as against 7% in Maharashtra due to lack of proper maintenance.	The transformer failure rate has reduced from 9% to 5.76%.
	<b>Commission's Views:</b> The Commission takes note of the reply submitted by BESCOM.	
	The Commission should check the capital investments proposed by	No reply.

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	KPTCL and BESCOMs on quarterly basis.	
	<b>Commission's Views:</b> In terms of MYT Regulations, the Commission examines and approves the capex proposals only at the time of approval of APR & ARR as the capex will have tariff implications. This is an annual exercise and there is no provision for checking the same quarterly.	
15	The Govt. sponsored projects get a lion's share in capital investment and the industrial sector is burdened by cross subsidization. Thus, GoK should sponsor capital investments to reduce cross-subsidy burden on industries. Interest and depreciation amount related to Government capex schemes should be borne by the Government to reduce cross-subsidy burden on industrial sector.	The capital expenditure is incurred for strengthening the distribution network for enhancing the reliability of the system. It is the social responsibility of BESCOM to energize the IP Sets of SC, ST, BCM & KMDC under Ganga Kalyana and drinking water supply schemes. Local planning works are carried out at the behest of the elected representatives for the welfare of the general public.
	<b>Commission's views:</b> The reply furnished by the BESCOM is noted. Most of the above works are being carried out through Central or State schemes under grants and hence the question of cross subsidy on account of such capex to consumers will not arise.	
16	Data collected from IEX shows that for FY18 power was available at an average price of Rs.4/unit and Rs. 3.63/unit during non-peak hours. BESCOM could have procured power at lower cost than the actual cost of Rs.4.18/unit for FY18. Power purchase cost higher than the revenue shows poor planning and incapability of BESCOM to buy power at lower available market rates.	The availability of power to the tune of 1000 MW or more in IEX under long term is uncertain. IEX is a fluctuating market. When there is demand, the availability is less and cost is very high. When there is no demand, the power may be available at cheaper rates. Hence, procurement of bulk power from IEX under long terms is not predictable. Major reasons for increasing Average Cost of Supply: <ul style="list-style-type: none"> <li>• Significant increase in power purchase costs over 5 years (FY14 to FY18) itself with a 26% increase in the Average Power Purchase Cost (APPC).</li> <li>• Open access sales to HT consumers has increased from 2% in FY14 to 31% in FY18.</li> <li>• RPO obligation during the period FY14 to FY18 has increased from 10% to 12% for Non-solar and 0.5% to 6% for solar.</li> <li>• Because of backing down of thermal energy due to increased RE generation, BESCOM pays for the fixed/capacity charges to thermal stations.</li> <li>• Transmission charges to the total power purchase cost has increased from 11% to 16% from FY14 to FY18</li> </ul> The power purchase cost is the major contributor in the ARR of BESCOM, at

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		approximately. 85%. If the Average Realization Rate is equal to the Average Cost of Supply, the expense incurred is realized. If not there will be deficit/surplus.
	<b>Commission's Views:</b> The reply by BESCOM is noted. The Commission has dealt with the matter of power purchase suitably in the relevant chapter of the Tariff Order. Further, the Commission also notes that BESCOM has been buying energy from the exchange and selling the electricity in the market whenever availability is more than the demand.	
17	The Commission should, direct BESCOM to bring down the percentage of PPC to revenue to 80% or below and not allow any further increase in the ARR for FY19-20.	There is an energy shortage of -3.56%, -2.65% - 1.8% and -0.05% in KPCL hydel, KPCL thermal, UPCL and Other State Hydel power supply respectively. This energy shortage is made good by 3.88%, 2.31% and 2.05% through CGS energy, Renewable Energy and short/medium term energy respectively. Similarly, the power purchase cost has reduced by -1.19%, -5.01% and -2.81% in KPCL hydel, KPCL thermal and UPCL respectively. Power purchase cost has increased by 4.25%, 2.60% and 2.12% in CGS energy, Renewable energy and short/medium term energy respectively. The price of power from thermal plants comprises of fixed cost and variable cost. The fixed cost is determined by the Appropriate Commission based on the fixed costs such as employee cost, establishment expenses, interest on loan, interest on working capital, Return on Equity, O & M expenses etc. The variable cost is determined, based on actual cost of fuel, Gross calorific value, Station heat rate etc. In the Power Purchase Agreement agreed between BESCOM and Generators, the actual fuel cost incurred during the month by Generator is to be payable. Hence, there will be a difference in the approved cost in ARR and actual cost incurred. While "Truing up the Tariff" under Annual Performance Review (APR), Commission will approve the actual cost since the variable cost is an uncontrollable cost.
	<b>Commission's Views:</b> The reply by BESCOM is noted. The Commission has dealt with the matter of power purchase suitably in the relevant chapter of this Tariff Order.	

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18	BESCOM to provide revised submission on realistic projections of power purchase cost to revenue, for the control period. Increase in power purchase cost to the tune of Rs. 1102.05 Crore for FY18 should be disallowed.	The projections cannot be treated as exact predictions of the future claims. They are the numerical consequence of the data and the assumptions built into the model. Whilst the power purchase cost which comprises of 82% to 85% of the annual revenue required were considered on actual basis, other components of costs such as O&M expenses were determined keeping in view the trends of both controllable and uncontrollable elements of costs. Although certain elements of costs are uncontrollable, the MYT Regulations had provided a normative formula for determining the same which also take into account a reasonable increase in such costs on a normative basis. Uncontrollable costs would include (but not limited to) fuel costs, costs on account of inflation, taxes and cess, variations in power purchase costs per unit including on account of hydro- thermal mix in case of adverse natural events.
<b>Commission's Views:</b> The reply by BESCOM is noted. The Commission has dealt with the matter of power purchase suitably in the relevant chapter of this Tariff Order.		
19	Hydel power should be utilized fully. Two major Hydro stations namely Sharavathy and Nagajhari Power Houses have been fully depreciated and KPCL should reduce the cost of Generation.	The cost of hydel power for FY18 is Rs. 1.09 per unit and for FY19 it is estimated at Rs. 1.10 per unit. The rate of Sharavathy Valley project in 42.02 paise/unit and 44 paise/unit for FY18 & FY19 respectively and the rate for Varahi is Rs.1.29 per unit. The increase in rates is due to increase in O&M expenses due to wage revision approved by the Commission.
<b>Commission's Views:</b> The reply by BESCOM is noted. The Commission has dealt with the matter of power purchase suitably in the relevant chapter of the Tariff Order. The hydel tariff is being allowed in terms of the PPAs approved by the Commission.		
20	ESCOMS should come out with short term and long term solutions for cheap power purchase. The Commission should direct BESCOM to call for open tenders for power purchase.	The ESCOMs have executed many long term contracts for procuring power from wind and solar projects. During the period from June 2017 onwards there is no short term procurements. Due to commissioning of higher capacity of renewable mainly solar during peak hours, there is no deficit situation. The capacity addition during the coming years is 5981MW as per PCKL annual Report. Thus, ESCOMs may be in surplus availability situation. The Commission is monitoring power availability from various sources of power & power requirement by each ESCOMs in quarterly "Review meetings" and

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		advising the Government/ESCOs to procure the power at affordable rates. Open tenders for short term procurement were called by PCKL upto FY17 to meet the deficit situation.
	<b>Commission's views:</b> The reply furnished by the BESCOM is noted. All future procurements are being approved by the Commission keeping in view the requirement and the cost. The Government and PCKL have also been advised to procure all medium and long-term power requirement including RE only through competitive bidding.	
21	There is a provision in EA 2003, that Distribution Company can have its own Generation and supply it exclusively to BESCOM Consumers. This will help to reduce load shedding and supply cheaper power to BESCOM Consumers.	The suggestion with regard to establishing own generating plant by BESCOM is considered and appropriate action will be taken as per provisions of EA 2003.
	<b>Commission's View:</b> There is no case for captive generation by BESCOM as suggested for the present.	
22	BESCOM is not putting on its website the demand and availability data.	BESCOM's demand and availability data are available on a daily basis on BESCOM website
	<b>Commission's View:</b> The reply furnished by BESCOM is noted.	
23	BESCOM is not putting on its website quantum of spot purchase of power.	Power trading is carried out by PCKL on behalf of all ESCOMs.
	<b>Commission's views:</b> The reply furnished by the BESCOM is acceptable.	
24	BESCOM has purchased power of Rs. 15123.21 Crores as against Rs. 13624.31 Crores for FY18 approved by the Commission. BESCOM should have controlled the power purchase by controlling the power supply to various categories of consumers. This extra power is generally supplied to the IP sets. Thus, this cost should be borne by the GoK.	BESCOM has not procured beyond the approved level of energy from KPCL thermal, CGS and major IPPs source. The Company had to purchase more quantum of short term power which has resulted in the increase of power purchase cost for FY18. All category sales other than IP sets are metered. The revenue from sale of power to IP sets is raised from the Government.

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	<b>Commission's views:</b> The reply furnished by BESCOM is noted. The details of the power purchase for FY18 have been discussed in the APR chapter of the Order. Further, the consumption by IP sets is being fully subsidised by GoK at the CDT.	
25	BESCOM has not submitted any calculation on Energy requirement for FY20 of 34091.02 MU, for FY21 of 35491.68 MU and for FY22 of 37009.65 MU.	The detailed calculation for arriving at the energy input for FY20 to FY22 is available at Chapter- 4 of BESCOM's tariff application.
	<b>Commission's views:</b> The reply furnished by the BESCOM is noted and acceptable.	
26	Power purchase costs constitute the major expenditure. KERC needs to review the power purchase every month, especially short-term purchases.	No reply.
	<b>Commission's views:</b> The Commission notes that in the recent past ESCOMs are not purchasing power under short-term. Further, the power purchase costs of ESCOMs are being reviewed on a quarterly basis, while arriving at the FAC.	
27	High cost power generating sources are being allocated to BESCOM.	BESCOM has not purchased high cost energy during FY-18.
	<b>Commission's Views:</b> The power allocation to the ESCOMs is being done by the GoK, who is the owner of the ESCOMs. There is no case for any intervention by the Commission.	
28	GoK had the authority to allocate PPAs of erstwhile KEB and KPTCL. GoK has no authority to modify the original power allocation notification and also subsequent purchases made by ESCOMs. The Commission should consider Power purchase costs for the power purchased as per the initial power allocation notification issued by GoK and all the subsequent power purchase costs incurred by PCKL should be apportioned among the ESCOMs at the proportionate average cost of procurement.	The GoK vide Order dated 10th May, 2005 transferred the rights relating to trading of electricity from KPTCL to five Electricity Supply Companies viz. BESCOM, HESCOM, MESCOM, GESCOM and CESC Mysore w.e.f. 10th June 2005. Further, GOK has reassigned the capacities in CGS, IPPs and the NCES projects to five ESCOMs as per the percentage stipulated in the GoK notification dated 06-07-2005. In accordance with the GoK orders, ESCOMs shall place and maintain Payment Security Mechanism as per the provisions contained in the PPAs, commensurate with the quantum of power allotted/purchased by each of the ESCOMs. Further, the GOK guarantee provided to IPPs, if any, shall continue to be in force as if the Guarantee is for the power purchased by ESCOMs in place of KPTCL/KEB.
	<b>Commission's Views:</b> The reply submitted by BESCOM is noted.	



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29	The charges claimed for Jurala hydro project should not be approved, as the project being an inter-state project, the tariff should have been determined by the CERC and not the TSERC.	The evacuation of power from Jurala hydel project from Telangana is through radial lines exclusively constructed by KPTCL through self-execution scheme. It is a joint venture project of Andhra Pradesh (now Telangana) and Karnataka States. The tariff is approved by TSERC (erstwhile APERC) for all hydel projects of Telangana including Jurala Hydel project. In the Memorandum of Understanding and in the power purchase agreement, Karnataka has agreed for the tariff as determined by the TSERC.
	<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
30	Power Purchase costs claimed by BESCOM should be deeply scrutinized for excluding interest on belated payments, hidden in power purchase costs.	BESCOM has not delayed or defaulted in power purchase payments. The payments are made within due dates, duly availing eligible rebates.
	<b>Commission's Views:</b> The reply submitted by BESCOM is noted. The Commission, as such, is not allowing interest on belated payment towards power purchase.	
31	BESCOM did not seek prior approval from the Commission for purchase of power from UPCL. Further, ESCOMs are purchasing 90% of the power generated from UPCL as against 100% produced by it. BESCOM has claimed a sum of Rs. 3336.79 Crores in FY18 at a cost of Rs. 5.02/unit.	UPCL is an interstate generating station and the tariff has been determined by the CERC. However, the Commission vide Order dated 14.05.2018 had approved 4381.93MU and Rs.2085.80 Crores towards power procurement from UPCL in the ARR of BESCOM for FY19. UPCL is scheduling 90% of the power to ESCOMs of Karnataka. For balanced 10% it has tied up contract with MUPL and surplus available is sold in IEX. Due to drastic increase in dollar rate and fuel cost, the variable cost of UPCL has gone up. Hence, the power purchase cost need not be restricted to Rs.4.49/unit and has to be allowed, as claimed in ARR and MYT.
	<b>Commission's Views:</b> The Commission notes that it has been approving the procurement of power from UPCL in all its tariff Orders at the tariff approved by the CERC.	

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32	Power from Jurala and DVC was purchased without bidding route. Thus, the same cannot be passed on to the consumers.	MoP during FY14 had requested all States to procure surplus power available in DVC at the CERC determined tariff. Karnataka was facing severe power shortage during FY14 and FY15 and as such the State has decided to procure 450 MWs from DVC. Accordingly, the PPAs were executed by all ESCOMs on 4th March, 2014. Due to transmission corridor congestion the power supply from DVC commenced only from January 2016. For FY19, Commission vide Order dated 14.05.2018 has approved 1595.91 MU and amount of 562.65 Crs. at the rate of Rs.3.53/unit which is a cheaper power when compared to Simhadri, Kudgi, NTPC-stage-III of NTPS, NLC expansion -II, NTPC of NLC of CGS stations.
	<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable	
33	All the dams were full during the current year. Thus, the necessity of purchasing power at higher cost may not arise. Hence, tariff revision may not be advisable.	The Hydel source allocation to BESCOM is only 17%. Further, out of the total source-wise energy allocation, BESCOM receives 2% of total energy from Hydel source.
	<b>Commission's Views:</b> The Commission has dealt with the issue appropriately under the relevant chapter of the Tariff Order.	
34	The average cost of hydel power is 84.31 paise per unit. The average cost of Thermal power is 435.51 paise per unit. Hence, BESCOM should utilize more and more Hydel Power.	The hydel and thermal shares to ESCOMs are allocated by GoK.
	<b>Commission's Views:</b> The reply submitted by BESCOM is acceptable.	
35	If Bidadi Gas Station which was proposed about 15 years back had been commissioned, then there was no need to make short term purchase. There is no mention of Bidadi Gas Station at in the petition	No comments.
36	<b>Commission's Views:</b> The Commission notes that in the recent past the ESCOMs are not purchasing short-term power. The Bidadi Gas plant is yet to be commissioned. Further, the Commission notes that the tariff of gas based power plants would be considerably higher when compared to the solar/wind power. Also, the availability of gas is also a matter of concern.	

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37	Fixed cost levied by other utility services unlike electricity remains constant. BESCOM, in its Petition, has sought an increase in the range of 20% to 55.55% in Fixed charges without any basis. The Commission should conduct a detailed study of fixed charges levied by other States.	Fixed charges depend on the maximum demand of the consumer. BESCOM has to pay capacity charges and transmission charges to its generators and transmission licensees. These charges have increased over the years. For FY19, the capacity charges are Rs. 4520.12Cr and transmission charges are Rs. 2555 Crs. There is a 45% increase in the capacity charges and transmission charges in FY19 over FY18 values. The fixed expenditure is contributing 43% of the total cost and the variable expenditure is contributing 57% of the total cost. Fixed costs and variable costs are collected at the rate of 19% and 81% of the total receipts, respectively. Increasing tariff by increasing energy charges instead of fixed / demand charges would result into steep fluctuations in revenue with varying consumption over time. It would also affect BESCOMs ability to meet its fixed charges obligation. BESCOM welcomes the demand of the objector to conduct a detailed study of the fixed charges, along with which a detailed study of the capacity charges/ fixed expenditure incurred by BESCOM also needs to be studied.
<b>Commission's Views:</b> The Commission has noted the reply given by BESCOM. The Commission has dealt with the issue appropriately under chapter-6 of the Tariff Order.		
38	Increase in fixed cost is due to HT consumers moving out of the grid and is posing extra burden on industries. It should be recovered through surcharge from open access customers only. It is a short-term plan to make up for the loss of revenue from HT consumers who have opted for open access.	BESCOM's proposal of increasing Demand charges and retaining uniform Energy charges is in view of the HT consumers opting for Open access. Since the contribution of fixed charges is only 19% of the average realization rate, the balance i.e. 24% (43%-19%) is concealed in the energy charges. Hence, the energy charges seem to be on a higher side. This is the foremost reason for tapping HT consumers by generators. If the Demand/Fixed charges which is masked in the energy charges are separated, then the variable cost can be reduced. Hence, it is proposed for increasing the fixed charges for HT consumers. Since the fixed charges are inadequate, BESCOM has to borrow some amount to meet its working capital requirements to discharge its fixed liabilities.
<b>Commission's Views:</b> The Commission has noted the reply given by BESCOM. The Commission has dealt with the issue appropriately under chapter 6 of the Tariff Order.		

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39	Open access may be extended to the consumers drawing power below 1 MW also.	Open Access for consumers below 1 MW must be approved by the Government of India.
	<b>Commission's Views:</b> The Commission notes the reply given by BESCOM. Open Access to consumers up to one MW is as per the Provisions of section 42 of the EA 2003. If it has to be extended to consumers below one MW, the Electricity Act, 2003 has to be amended by the Parliament.	
40	Borrowings are increasing every year. No action plan is indicated as to how the borrowings will be reduced.	The moratorium period of the capital loans ranges from 2 to 3 years. For the first 2 to 3 years (moratorium period) there will be no repayment of long term loan. Since there is no repayment of loans for the first 2 to 3 periods, the loan borrowings are on higher side.
	<b>Commission's Views:</b> The amount of borrowings depend upon the capex envisaged. The issue of Capex and the associated financial charges are discussed in the relevant chapters in the Order.	
41	BESCOM has claimed depreciation of Rs. 429.86 Crores as against an approved depreciation of Rs. 373.76 Crores. Depreciation being a controlled expenditure, more than Rs. 56.10 Crores should not be passed on to the consumers.	BESCOM has computed the truing up figures based on the MYT Regulations and its amendments.
	<b>Commission's Views:</b> The Commission has noted the reply furnished by BESCOM. The Commission has dealt with the issue appropriately under relevant chapter of this Tariff Order.	
42	O&M expense are higher than per unit generation cost. BESCOM is claiming O&M expenses of Rs. 1627.46 Crores on normative basis as against actual O&M expenses of Rs. 1396.67 Crores. Reduction in O&M cost will negate the need for increase in tariff.	The proposed increase in tariff of 101 paise consists of 73 paise power purchase costs, 12 paise transmission costs, 6 paise employee cost, 2 paise A&G cost, 3 paise depreciation charges and 5 paise I&F charges. O&M Expenses are calculated on normative basis as per the MYT regulations and the Commission is requested to allow the same.
	<b>Commission's Views:</b> The Commission has noted the reply furnished by BESCOM. The Commission has dealt with the issue appropriately under relevant chapter of this Tariff Order.	
43	Interest for the delayed payment made to the Generators should not be passed on to the Consumers.	Commission is not passing on the belated payment interest payable to generators. Hence, BESCOM is not seeking for the same in its tariff filing.
	<b>Commission's Views:</b> As per the MYT Regulations, the Commission on not allowing any interest on the delayed payment of power purchase cost in the ARR.	
44	Growth in installations is stated to be at 5.99%, but 4.42% decline in sales indicates that HT consumers leaving the grid due to high HT tariff which is	BESCOM has initiated HT incentive to attract HT consumers back to the grid.

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	a matter of concern.	
	<b>Commission's Views:</b> The Commission has noted the reply furnished by BESCOM.	
45	For FY18, 68% sales were catered to LT category, contributing 56.58% of the revenue to BESCOM and 31% sales to the HT category contribute 43.42% revenue to BESCOM.	The objector is comparing the number of installations and consumption pattern of HT category with LT category which is not justifiable.
	<b>Commission's Views:</b> The reply furnished by BESCOM is noted. The HT consumers because of their higher paying capacity are cross-subsidizing, Hence, even though their sales share is less, the other consumer share of revenue from HT category is more.	
46	There is a decline in sales and revenue realization in LT5 and HT2 (cross-subsidizing) categories and increase in sales agriculture sector.	The agriculture sector sales are more than the approved sales but has declined from the previous year for FY17 sales of 7285.47 MU. Further, the LT5 sales and HT2a sales have also increased from FY17 to FY18.
	<b>Commission's Views:</b> The reply submitted by BESCOM is noted. The sales to various categories are discussed in the relevant chapter of this Order.	
47	BESCOM did not indicate any wheeling charges under Format D-2 even though it says that it has wheeled 87.10 MU.	BESCOM has included the cross subsidy surcharge and additional surcharge in revenue demand of that particular HT tariff category.
	<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
48	Though BESCOM has sold 25967MU as against an approved sale of 26109MU for FY18, it has boosted energy purchase by purchasing 31211MU as against approved figure of 30880 MU. By exceeding distribution and transmission loss level, BESCOM has purchased additional 473MU of energy.	Transmission loss cannot be attributed to BESCOM's performance. IP set consumption has reduced from 7286 MU in FY17 to 6289 MU in FY18. There is increase in the sales of other categories from 18899 MU in FY17 to 19495 MU in FY18. BESCOM is endeavouring to continue to reduce the distribution loss further. However, loss reduction is a slow process and to maintain the rate with which it has been decreasing so far is a difficult task. With HT consumers switching to Open Access, it becomes difficult to assess the demand requirement. Further, BESCOM has to act as a standby power supplies to these HT industries.
	<b>Commission's Views:</b> The Commission has noted the reply furnished by BESCOM. The Commission has dealt with the issue appropriately under relevant chapter of this Tariff Order. The approved figures are only estimates and the actuals will always be different. The difference is being considered during Annual Performance Review (APR) by the Commission.	

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
49	BESCOM is quoting only distribution losses but not ATC losses. BESCOM wants to implement Simulation type to find out losses which is not realistic.	AT&C loss for FY18 is 14.10%. Reduction in AT&C losses depend on the payment of dues from the ULBs. BESCOM is calculating T&D and AT&C losses based on actual field details and DCB data and no simulation is done for calculation of losses.
	<b>Commission's Views:</b> The reply submitted by BESCOM is noted.	
50	The Commission should not allow the distribution losses as calculated by BESCOM, considering the approved losses at 13% instead of 12.50%. The Commission should set targets for T&D losses at each zonal level and then narrow down to division and sub-division level instead of aggregating it at BESCOM level. Variation in distribution loss of 0.67% (173.90 MU) amounting to an excess loss of Rs. 120.74 Crores should be disallowed. BESCOM which had committed to reduce distribution losses by 0.5 % every year, has not done so.	BESCOM has compared the upper limit of approved distribution loss percentage with the actual distribution loss percentage for FY18. BESCOM endeavours for taking Distribution Losses to the lowest possible level. BESCOM has achieved a significant reduction in distribution losses during recent years. These efforts will be continued and will be enhanced in coming years. However, loss reduction is a slow process and to maintain the rate with which it has been decreasing so far is a difficult task. The reduction in HT Sales and increase in LT sales has also impacted the distribution losses.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The treatment of losses is appropriately discussed in relevant chapter of this Order. The issue pertaining to energy audit have been dealt under directives as well.	
51	The losses are more than 15% in 71 urban feeders and 259 rural feeders and more than 20% in 13274 DTCs. This clearly shows that attempts have not been made to calibrate Energy Meters and reduce the losses.	Energy audit is being carried out on all 11KV feeders and based on the energy audit results, necessary action is being initiated to reduce the distribution losses. The loss levels are monitored on monthly basis. There are variations in feeder-wise loss levels and some feeders show negative loss due to frequent change overs in case of faults. The DTC-wise Energy Audit is also being carried out and most of the DTCs are showing abnormal losses and to rectify the same, action has been initiated. The tagging of installations with respect to DTCs and feeders are under progress. Reasons for high losses are being analysed and regular action is being taken for reducing losses.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The Commission is reviewing the DTC-wise/feeder-wise causes in the quarterly review meetings and advising the BESCOM to bring down the losses to below 12% in the DTCs and feeders having losses above 50%.	

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
52	BESCOM has not achieved segregation of technical and commercial losses as per the Tariff Policy announced in 2006	BESCOM has submitted D23 format wherein the segregation of technical and commercial losses are computed.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. BESCOM is advised to carry out scientific studies to arrive at technical and commercial losses, as and when required.	
53	BESCOM has not objected to the tariff proposed by KPTCL. Company affairs of BESCOM are being controlled by KPTCL and thus, Condition 29.2 of Terms of License is being violated.	BESCOM has objected to KPTCL tariff petitions in the previous years. Further, BESCOM has not considered the transmission charges as filed by KPTCL in its MYT application for FY20 to FY22.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The issues relating transmission charges is elaborately discussed in the transmission tariff Order.	
54	Basis for Rs. 15 Crore increase per month in KPTCL transmission charges and 10% increase in PGCIL charges is not provided. KPTCL transmission charges for FY19 is not shown. Basis for projecting these charges for FY 20, FY21 and FY22 are not given.	KPTCL transmission charges for the period FY17 to FY19 is Rs.101 Crore / month, Rs.112 Crore / month and Rs.127 Crore/month. Thus, there is an increase of nearly Rs.15 Crore per month and for a year it is Rs 180 Crore. Hence the same is factored. Similarly, in the case of PGCIL transmission charges, there is 10% increase every year and hence, Rs.100 Crore increase for each year is considered.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The issue of KPTCL transmission charges is discussed in the Transmission Tariff Order and the PGCIL charges are discussed in the relevant chapter of this Order.	
55	BESCOM has claimed Rs. 1358.51 Crores as transmission charges in FY18 whereas in KPTCL filing, the transmission charges received from the applicant was Rs. 1347.80 Crores.	The Commission had approved incentive of Rs.22.11 Crores payable by all ESCOMs for maintaining the System Availability beyond the target system availability of 98%. The incentive payment for BESCOM's share is Rs.10.71 Crores and the same is paid by BESCOM. As it is not a revenue towards transmission charges, KPTCL had accounted it as income. Hence, it is not reflected in the transmission charges received. The figures are already reconciled with KPTCL.
	<b>Commission's Views:</b> The reply submitted by BESCOM is acceptable.	
56	Transmission Charges payable to KPTCL should be determined on the basis of proportionate energy transmitted to BESCOM and not on the basis of generating capacity allocated to BESCOM and the transmission charges should be a part of energy costs.	As per MYT regulations, the transmission tariff is to be determined on the basis for transmission capacity and not on proportionate energy from KPTCL transmission network. The billing on MW basis is already followed from 2008-09 onwards.
	<b>Commission's Views:</b> The reply submitted by BESCOM is acceptable.	

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
57	There are discrepancies in the figures submitted in the Petition and figures stated in Annual Report. Finance charges of Rs. 790.65 Crores indicated in audited accounts as against Rs. 948.81 Crores in form A1. In Form A1 total revenue indicated is Rs. 18262.73 Crore for FY18 as against Rs. 18358.90 Crore indicated in audited accounts. Further, Closing GFA is indicated as Rs. 11889.80 Crores in Form A2 for FY18 as against Rs. 11955.62 Crores in Annual Report.	BESCOM has filed for Truing up of FY-18 and ARR for FY20 to FY22 and Tariff revision for FY-20 as per the MYT regulations. Truing up of FY-18 is placed before the Commission with comparisons of Commission's approved figures versus actual figures for FY-18 along with explanation. At page 43 of BESCOM's tariff application, a comparison is made between Approved, Actual and Trued up figures.
	<b>Commission's View:</b> The reply furnished by BESCOM is noted. Allowing the finance charges, revenue and the GFA are appropriately discussed in the relevant chapter of this Order.	
58	For FY18, BESCOM is lagging by 3.51 sales month. Considering 10% interest rate on this outstanding amount, it works out as Rs.527.73 Crores. Interest on same should be disallowed. BESCOM should bring down receivables in a structured manner and reduce the finance cost.	For FY18 the collection is Rs.18677 Crores against revenue demand of Rs.18042 Crore collection efficiency is 104%. Nevertheless, the tariff determination is based on the revenue demand and not on the revenue collected.
	<b>Commission's Views:</b> The Commission notes, the reply furnished by BESCOM, which is acceptable. The receivables which is an item in the balance sheet does not have impact on the gap of FY18, which is based on revenue expenditure and revenue realization on accrual basis.	
59	BESCOM should provide clarity on doubtful debts written off in every financial year. The same should be submitted to the Commission and made available to the public on website. Further, BESCOM should provide clarifications on amounts recovered for FY17.	BESCOM, in its reply to the objection, has submitted break-up for provision for bad debts for FY17 and FY18. The provision for Bad and doubtful debts for FY18 is Rs.1135.76 Crores.
	<b>Commission's Views:</b> The Commission in accordance with the MYT Regulations, is allowing 'other debits' based on the actual expenditure, excluding any provisions for bad and doubtful debts.	



Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
60	The approved ARR of BESCOM for FY18 was Rs. 16914.19 Crores and revenue receipts for FY18 was Rs. 18042 Crores and hence, a surplus Rs. 1127.81 Crore. Thus, proposal for upward revision of tariff should be rejected.	The objector is comparing the approved ARR of Rs.16914.19 Crores with the actual revenue receipts of Rs.18042 Crores. Hence, the contention regarding surplus of Rs.1127.81 Crores is incorrect. There is an increase in actual power purchase cost to the tune of Rs.1498.9 Crores for FY18 as against the approved power purchase cost. Since, BESCOM has not supplied with the approved level of energy from approved sources, the Company had to purchase more quantum of short/medium term power which has resulted in the increase of power purchase cost for FY18. This translated into average 43 paise/unit increase in power purchase cost in truing up of FY-18.
	<b>Commission's Views:</b> The Commission has dealt with this matter appropriately in the relevant chapter of this Tariff Order.	
61	Surplus should be Rs. 600.88 Crores as against Rs.1.57 Crores as claimed by BESCOM because instead of actual figures, trued-up figures are considered while arriving at the surplus. KERC should make a detailed analysis	BESCOM has trued up FY18 accounts based on MYT Regulations. Efficiency gains will be measured by the Commission and the Commission will take a view on sharing of gains duly considering the approved targets. Hence, the Objector's contention that BESCOM has surplus is not correct.
	<b>Commission's Views:</b> The Commission has dealt with this matter appropriately in the relevant chapter of this Tariff Order.	
62	BESCOM should furnish the number of illegal IP sets identified for FY18 and action initiated against such consumers. The Commission should identify and remove multiple IP sets issued to single farmer to avoid subsidy to the rich.	For IP sets, the NJY agricultural feeders are metered and energy is computed based on feeder reading data. BESCOM is calculating IP sets consumption based on the NJY Agri feeders exclusively feeding IP set as per the format prescribed by the Commission for computing the sales to IP sets. The month-wise IP set details for FY18 are furnished to the Commission. BESCOM is regularizing unauthorized IP sets by collecting Rs.10,000/- and other deposits from farmers below 10 HP.
	<b>Commission's Views:</b> The Commission has noted the reply furnished by BESCOM. As stated earlier, ESCOMs shall complete the GPS survey to arrive at the correct number of IP sets. IP set sales is being wholly subsidized by the GoK at the Commission determined tariff. Further, Commission is obtaining the data of IP set consumption on a monthly basis and also reviewing the same in the quarterly review meetings.	

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
63	Unscientific way of extension of distribution network in arranging power supply to IP sets, under akrama/sakrama scheme.	BESCOM is carrying out extension of distribution network as per the guidelines and each 25kVA transformer has to cater the loads of maximum three IP sets only. Also, 25kVA transformer is provided to cater to the loads of a single IP set in case no other IP set exists in the vicinity. However, the same 25kVA transformer can be utilised to cater the loads of upcoming IP sets in that vicinity.
<b>Commission's Views:</b> The Commission has noted the reply furnished by BESCOM.		
64	BESCOM has projected IP set sales for FY20 at Rs.3929.60 Crores and specific consumption at 7200 units/annum. Number of IP sets and their energy consumption has been exaggerated for claiming higher subsidy from the Government and higher cross-subsidy.	IP sets consumption is computed based on the preceding year's specific consumption. BESCOM has multiplied 7200 units/IP/annum with the LT4a projected numbers of 925047 to arrive at 6660.3MU. The specific consumption of 7200 units/IP/annum is considered for estimating the energy in MU for the control period. The projections cannot be treated as exact predictions of the future claims. They are the numerical consequence of the data and the assumptions built into the model.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. Further, the Commission has dealt with this matter appropriately in the relevant chapter of this Tariff Order.		
65	Power factor of IP loads is very low due to which the ESCOMs have to not only purchase more power but KPTCL pays more penalty to PGCIL which is in turn passed on to the consumers.	No reply.
<b>Commission's views:</b> The Commission has directed all the ESCOMs to install capacitors of appropriate capacity in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees, in the case of installations covered under Tariff category LT 3, LT4, LT 5, & LT 6, where motive power is involved. Further, the Commission, in its previous order, had retained the PF threshold limit and surcharge, both for LT and HT installations at the existing levels. The Commission has decided to continue the same limit as indicated below: LT Category (covered under LT-3, LT-4, LT-5 & LT-6 where motive power is involved): 0.85.		

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
66	IP sets are charged at Rs. 2.38 per unit as against the average cost of supply of Rs. 6.95 per unit. It means a large part of cost of unmetered power is being borne by other consumers through cross-subsidy. Total power purchase cost should be borne by the government. Regularisation of dues from the Government needs to be done.	The Electricity Act 2003 also emphasizes lower tariff for lifeline consumption and also enables access to cheaper power by the poor and the needy. Approximately 8 lakhs of Irrigation consumers seeks cross subsidy and almost 92% of the consumers are paying the cost. Actual realization of cross subsidy from the Industrial sector is between 5% to 8%. The tariff for different categories of consumer may progressively reflect the cost of electricity to the consumer category but may not be a mirror image of cost to supply to the respective consumer categories.
	<b>Commission's views:</b> The Commission has noted the reply furnished by BESCOM. The Commission has dealt with this matter appropriately in the relevant chapter of the Tariff Order. Further, IP set sales is being subsidized by the GoK at the Commission determined tariff. Subsidy is released to the IP sets according to the Orders issued by the GoK from time to time. The Commission is endeavouring to reduce the cross-subsidy levels gradually as envisaged under the Act and the Tariff Policy.	
67	The progress report of pump sets energization as on 31st March, 2017 available at CEA website shows that 2399439 pump sets were energized in Karnataka State. The number of IP sets energized as shown in CEA website is on the higher side by 100066.	The link of the CEA monthly report as stated by objector is not working.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. BESCOM is directed to complete the GPS survey to arrive at the correct number of IP set installations and also communicate the correct figures to CEA.	
68	Condition laid by GoK for release of subsidy was on the basis of actual consumption recorded on correct meters installed on IP set installations only. The Commission has no jurisdiction to approve IP set consumption on estimation basis. BESCOM should not supply electricity to un-metered IP set Connections	BESCOM is not claiming unrealistic subsidy from the Government of Karnataka. Subsidy is given to BESCOM based on actuals.
	<b>Commission's Views:</b> The Commission has determined the applicable tariff the IP sets based on accepted principles and the GoK is also accepting it and releasing the subsidy.	
69	Unauthorized IP set connections in agricultural sector is contributing to distribution loss thereby increasing the burden on consumers. Distribution loss could be reduced by regularizing unauthorized IP sets.	BESCOM is calculating IP sets consumption based on the NJY Agri feeder exclusively feeding IP set as per the direction of KERC. The month-wise IP set details for FY18 are furnished to the Commission. The enumerated IP set numbers are depicted in monthly DCBs. For FY18, 31001

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
	BESCOM has not given the number of IP sets after enumeration. To what extent this number differs from DCB figures, whether enumerated figures are incorporated in DCB and how it affects the subsidy calculations. Impact due to the difference has not been worked out. In the case of metering of IP sets the progress is only 9.60%.	number of IP sets are added to DCB. Further, the GoK has issued a circular in which there is no concept of unauthorized IP sets. The number of IP installations as on September 2018 is 886138. Further, 1,62,924 DTCs are feeding IP sets, the number of IP sets covered are 800753 installations. Subsidy calculations are based on the NJY Agri feeder details, which is extrapolated to the entire sub-division. The unauthorized IP sets consumption is also recorded when feeder details are considered. By taking up NJY phase III, BESCOM will be able to meter all the agricultural feeding IP sets.
	<b>Commission's Views:</b> The Commission has noted the reply furnished by BESCOM. The Commission has dealt with this matter appropriately in the relevant chapter of the Tariff Order. IP set sales is being wholly subsidized by the GoK at the Commission determined tariff. As stated earlier, ESCOMs shall complete the GPS survey to arrive at the correct number of IP sets. Further, Commission is obtaining the data of IP set consumption on a monthly basis and also reviewing the same in the quarterly review meetings.	
70	Conducting GPS survey of IP sets for getting subsidy from Government for excess load connected.	GPS survey has been conducted to identify the live IP set installations & their connected loads. A table showing percentage progress achieved as 93.11% is furnished.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
71	Procedures for authorization of IP sets should be simplified. Additional loads may be sanctioned without insisting on additional infrastructure.	Regularization of IP sets has been simplified. The monthly progress of Unauthorized IP sets is recorded by BESCOM.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
72	BESCOM has not yet started replacement of 1,00,403 less efficient pump sets by high efficient pump. BESCOM has not done DSM at all. BESCOM has stated that Solar PV power is provided to 310 IP sets. It is not DSM as there is no peak during day time.	BESCOM has taken up 'Surya Raitha', a pilot project which promotes energizing the pump sets with solar power by replacing existing pump sets by energy efficient pump sets and feed excess energy to the grid on net metering concept. Thus pump sets will not utilize energy from BESCOM and thereby conserve the conventional energy. Due to these reasons project comes under DSM.
	<b>Commission's Views:</b> The reply of BESCOM is noted. As per the DSM regulations use of solar energy is also a DSM measure.	

<b>Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon</b>		
<b>Sl.No.</b>	<b>Objection</b>	<b>Reply by BESCOM</b>
73	The Commission has directed BESCOM to complete the work of metering of DTCs by 31st December, 2010. Today, still 51,451 DTCs are to be metered. DTC-wise line losses have not been calculated for DTCs which are metered. BESCOM has not submitted the details of action that has been taken to reduce the losses.	Metering of DTCs on exclusive IP feeder and single water supply installations with exclusive DTCs are exempted (about 158215 nos.). Metering of 1365 nos. of DTCs (RAPDRP towns under rural zones) has been taken up under IPDS project and budget has been allocated for metering of 1024 Nos. of DTCs in BMAZ area (one of the town under RAPDRP). Tendering process has been initiated for metering of balance DTCs.
	<b>Commission's Views:</b> The Commission has noted the reply furnished by BESCOM. Status of DTC metering is being reviewed in the quarterly meetings with the ESCOMs.	
74	Specific consumption of IP sets for FY19 is taken as 7980 Units/IP set/annum as compared to 6890 Units in the previous years. Thus specific consumption is an imaginary figures taken by BESCOM to adjust the losses and power purchase.	The average consumption for FY20 is estimated based on the FY19 and FY18 meter readings. BESCOM has furnished the monthly feeder-wise details IP set sales data to the Commission for its approval.
	<b>Commission's Views:</b> The Commission has noted the reply furnished by BESCOM. The Commission has dealt with this matter appropriately in the relevant chapter of this Tariff Order.	
75	GoK and BESCOM should evolve a formula to eliminate consumers who have attained 'APL' category from 'BPL' category and thus, reduce the burden of cross-subsidy. Consumption of BJ/KJ installations should be restricted to 30 units per month. BESCOM has stated that Solar PV power is provided to 310 IP sets. This is only to provide cheap solar power during day time.	Government of Karnataka in its Budget for FY18, approved to provide free power supply to BJ/KJ installations consuming up to 40 units and Government of Karnataka is releasing subsidy at the Average Cost Supply.
	<b>Commission's Views:</b> Providing Subsidy to the ESCOMs is a policy matter of the GoK. GoK issues Orders from time to time regarding the beneficiaries and release of subsidy. The BJ/KJ Consumers who consume beyond 40 units per month, are charged the regular domestic lighting tariff under LT2(a).	
76	BESCOM has not quantified the improvement accrued by implementation of NJY towards power supply to rural areas and in loss reduction levels. The entire cost should be borne by GoK. Agricultural consumers who require power for their irrigation sets are indulging in the act of linking NJY feeder to dedicated IP feeder defeating very purpose of the scheme. NJY Works in 401 Feeders out of 414 feeders were	The detailed benefits derived from NirantharaJyothi project is illustrated in page number 118 of BESCOM's filing and page number 72 of BESCOM's compliance to preliminary observations. The main scope of the project is to segregate the Irrigation pumps from the existing rural feeders with aim to provide 24 hours supply to non-IP rural consumers. The 3rd party report on Niranthara Jyothi Phase -3 NJY is awarded to M/s. Nikathan Consultants and M/s. N-arc consultants. The report will be submitted at the earliest. It is proposed to complete the

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
	completed by November 2017 as against targeted date of March 2017. BESCOM has not indicated a target date for completion of NJY scheme.	remaining one NJY Agri feeder – Mallaghatta during Feb,2019. BESCOM has received grants from the State Government towards Niranthara Jyothi Yojana.
	<b>Commission's Views:</b> BESCOM should adhere to the timeline for completion of NJY scheme and also quantify the benefits accrued out of the entire scheme. It should also ensure that power from NJY feeders supply power to non-agricultural consumers is not tapped by others.	
77	Notional Interest at the average rate of interest incurred by BESCOM towards Inter-ESCOM receivables should be disallowed for FY18.	BESCOM had sent the bills including interest for energy balancing amounts to ESCOMs. BESCOM is pursuing the recovery of energy balancing amounts from the Government by way of adjustment out of the subsidies payable to the ESCOMs. Once the realization of principal amount is settled, the accounting of interest would be looked onto.
	<b>Commission's Views:</b> The Commission does not consider the interest payable / receivable towards Inter-ESCOM receivables, while computing the ARR and the revenue gap for FY18.	
78	Capitalisation of security deposit amounting to Rs.101.43 Crores should be deducted from the share capital for the purpose of calculating RoE. BESCOM is claiming expenditure on Interest payable on security deposits amount (reduced to the extent of Rs. 85.97 Crore) as per the accounts and the interest is being paid to the consumers (which include Rs. 85.97 Crore capitalised). Security deposit Interest of Rs.5.80 Crores on consumers' security deposit paid by BESCOM by adjusting the revenue from sale of energy in the monthly bills and the adjusted reduced is considered as revenue of that month and passed on to consumers. Hence, the revenue from sale of power has to be increased to the extent of Rs.5.80 Crores in each year's revenue from sale of power.	BESCOM's share of capitalized consumer meter security deposit is Rs.85.97 Crores. Further, in the Annual Accounts of BESCOM for the years 2011-2012, 2012-13 and 2013-14 amounts received from the Government of Karnataka under tripartite agreement was credited to other income instead of reducing the receivable from the Government of Karnataka. Since the amount is credited to other income, Commission has already considered the amount as a reduction in the ARR of the respective years for truing up of ARR of the respective years, BESCOM has requested the Commission to credit this amount against the capitalized consumer security deposit and balance to be considered as reduction in the equity. BESCOM has reduced other Income of Rs.31.16 Crore from Security deposit for meter equipment to arrive at the amount of Rs.54.81 to be considered for reduction in equity consequent to capitalisation of consumer meter security deposit. Thus, BESCOM has reduced an amount of Rs.54.81 Crores for computation of Return on Equity. No interest is claimed on the capitalized amount.

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
	<b>Commission's Views:</b> The interest on security deposit of consumers is being allowed as per the provisions of the Electricity Act, 2003 and the Regulations issued by the Commission. The recapitalized consumer security deposit at net-worth is being considered as per the Orders of the Hon'ble Appellate Tribunal for Electricity in Appeal No.46/2014 for the purpose of calculation of RoE.	
79	Rs. 610.13 Crore shown under Loans and Advances to others also should not be considered either for payment of interest on loan or for RoE as the same is not directly concerned with distribution or retail supply business. Further, RoE should be calculated on Net Fixed Asset instead of Gross Fixed Asset. RoE should be calculated on Rs. 703.24 Crores considering 30% of the total net asset and after deducting investment made in PCKL, Jurala Hydro projects and Capitalised consumer security deposits.	BESCOM has considered share deposit and the equity addition during the year for the calculation of RoE in line with the MYT Regulations the KERC (Terms and Conditions for determination of Tariff for Distribution and Retail sale of Electricity) Regulations, 2015, dated 18.05.2016. Further, BESCOM's consideration of Rs.54.81 Crores in the place of Rs. 100 Crores towards Meter Security deposits is already explained in the above paras.
	<b>Commission's View:</b> The Commission is computing the RoE as per the MYT Regulations and it is discussed in relevant chapter of this Order.	
80	Distribution companies should work on no-profit no-loss basis. Tax refund, if any, should be adjusted against revenue deficit to reduce burden on consumers.	BESCOM is paying Income Tax as per Regulation-3.12.6 of the KERC (Terms & Conditions for Determination of the Tariff for Distribution and Retail sale of Electricity) (Second Amendment) Regulation, 2015.
	<b>Commission's View:</b> The Distribution Companies are expected to work on commercial principles in terms of the Electricity Act and Tariff Policy. The Commission is computing the tax as per the MYT Regulations and it is discussed in relevant chapter of this Order	
81	Rs. 9.63 Crore paid as Interest to Service Tax Department due to delay in payment of taxes should not be passed on to the consumers.	As per law, it is mandatory to pay the interest on service tax. BESCOM's request for exemption was not considered. Hence, BESCOM was bound to pay the interest on service tax. Hence, the Commission is requested to allow the interest on service tax in the Other Finance charges.
	<b>Commission's Views:</b> The Commission has noted the reply furnished by BESCOM and dealt with the issue appropriately in the relevant chapter of this Order.	
82	Incentives should be restricted to those HT companies that buy their power requirements from BESCOM and do not depend on BESCOM for backup power.	BESCOM proposes continuation of Special Incentive Scheme to its embedded consumers with modifications.
	<b>Commission's View:</b> The issue is discussed in the relevant chapter of this tariff Order.	
83	Total fixed charges corresponding to power purchase cost has been considered at Rs. 7694.09 Crores, as	BESCOM has rightly computed the fixed charges for determination of Additional surcharge for FY20. The total power purchase cost projected

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
	against Rs.4826.53 Crores shown in D-1 Format for FY20. BESCOM has considered transmission charges while calculating fixed costs. Thus, BESCOM has accounted transmission charges twice while calculating 'Additional Surcharge'. The Commission is requested to analyse the generation back-down data of each of the fifteen minute time block along with the reason for such back down to assess the case for additional surcharge.	for FY20 is Rs.20134.53 Crores as per D-1 Format. BESCOM has also considered the transmission charges along with the capacity charges of Rs.4827 Crores. BESCOM has, in its petition OP No.52/2017, already demonstrated that the power purchase commitments are stranded. BESCOM has to pay Fixed Charges to the Generators as per the terms and conditions of the PPAs irrespective of utilization of generation. Hence, to mitigate this burden, it would be appropriate to determine an Additional Surcharge for OA consumers, as per Section 42 of the EA, 2003, Section 8.5.4 of the Tariff Policy, 2016 & Clause 5.8.3 of the National Electricity Policy.
	<b>Commission's Views:</b> The reply furnished by BESCOM is noted. Further, the Commission has dealt with this matter appropriately in the relevant chapter of this Tariff Order.	
84	BESCOM should furnish statement of any subsidy committed by GoK, giving details of beneficiary along with the way in which such subsidy is proposed to be reflected in the proposed tariff.	Subsidy allocation letter and date are available in BESCOM's reply to Commissions observation. BESCOM is raising the bill Government on quarterly basis in respect of power supply to BJ/KJ and IP sets. Government is releasing the amount quarterly.
	<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
85	Special Incentive Scheme (SIS) should be rejected as it is contrary to the objectives enshrined under various Sections of the Act, by showing undue preference to any person or class of consumers. By implementation of SIS, BESCOM gains dominance over RE generators engaged in providing wheeled energy. BESCOM and RE power generators contribute to the increasing demand in the State. BESCOM and RE power generators fall within the same class and ought not to be treated differently. SIS leads to creation of an artificial distinction between BESCOM and RE generators and thus would affect investment in RE sector.	The SIS is applicable to all HT consumers and not targeted towards 1MW and above HT consumers. Further, the HT consumers from FKCCI have time and again insisted on the introduction of the HT incentive Scheme in the State during tariff public hearings and Advisory Committee meetings. The Act places considerable emphasis on competition and competitive markets as a means to achieve consumer welfare, promote efficiency and attract investments in the Indian power sector. The law, as set out in the preamble, inter-alia states among the objectives "... generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas.....". Further, Sections 23, 60, 61, 62, 79, 86 & 131 incorporate various provisions for promotion of competition. The SIS is also a Demand Side Management to increase the consumption during normal hours (10:00hrs to 18:00hrs) and off peak hours (22:00hrs to 06:00hrs). The Special Incentive



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		Scheme is only a mechanism to improve the sales within a specified period. Market share – may not always be acquired strategically – but may be due to the requirement of the State Government to serve all consumers including those in remote areas – irrespective of the commercial implications. In such cases, market share of a player may be high because of Universal Service Obligation or due to the pressure of the State Government to supply power to various categories of consumers. The statement of the objector that “BESCOM and Renewable Power Generator fall within the same class ought not to be treated differently”, is not justifiable.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable. However the matter relating to SIS has been discussed in the relevant chapter of this Tariff Order.	
86	Wheeled energy should be considered while computing base consumption.	Cross subsidy surcharge (CSS) has to be levied on the exiting HT consumers so that the loss to the revenue is compensated and helps the utility to continue its supply of power to the LT category consumers at subsidized rates. The Cross subsidy surcharge is computed as per the formula stipulated in the National Tariff Policy. In accordance with the Law, if the consumer opts for Open Access, he needs to pay at least the amount of Cross subsidy surcharge, so as to compensate the subsidized category of consumer.
	<b>Commission's Views:</b> The Cross subsidy surcharge is computed as per the formula stipulated in the National Tariff Policy. In accordance with the Law, if the consumer opts for Open Access, he needs to pay Cross subsidy surcharge, so as to compensate the licensee for the loss of cross-subsidy.	
87	Waiver of OA charges (CSS, Additional Surcharge, wheeling and transmission charges) for OA consumers on power consumed from the firm renewable energy projects for its useful life may be considered.	In accordance with the EA 2003, if the consumer opts for Open Access, he needs to pay at least the amount of Cross subsidy surcharge, so as to compensate the subsidized category of consumer.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The charges for Open access as specified by the Commission in its Orders/Regulations are payable by the OA consumers.	

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Sl.No.	Objection	Reply by BESCOM
88	BESCOM has not taken any steps to prevail upon the Commission to frame Regulations on reduction on surcharge and Cross-subsidy in accordance with the EA 2003.	Cross subsidy surcharge is computed as per the formula stipulated in the National Tariff Policy. In accordance with the law, if the consumer opts for Open Access, he needs to pay at least the amount of Cross subsidy surcharge, so as to compensate the subsidized category of consumer. It is observed that the Open Access consumers are still in comfortable position even after paying current rates of cross subsidy surcharge, wheeling charges to the Licensee and purchase of power from power exchange/trader.
	<b>Commission's Views:</b> Cross-subsidy and subsidy are linked with each other. The reduction of cross subsidy is dependent on the long-term policy on the grant of subsidy to a certain class of consumers. It has always been the Commission's endeavour to reduce the cross subsidies gradually as per the provisions of the Tariff Policy.	
89	BESCOM has not followed the directive of Tariff Policy on tariffs being $\pm 20\%$ of average cost of supply for determination of cross-subsidy. BESCOM has proposed cross-subsidy surcharge based on the proposed tariff, which were also based on the cost of supply.	Actual realization of cross subsidy from the Industrial sector is between 5% to 8%. In fact, Commission approved the industrial rate within the bracket of +20% of average cost of supply. Actually contribution is still less than the approved level.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The cross subsidy levels as shown in this Tariff Order indicate that the Commission has been gradually reducing the cross subsidy levels year after year.	
90	BESCOM has not implemented the CoS methodology. BESCOM has not furnished any statement indicating proposed category-wise cross-subsidy.	The Embedded cost of service of supply of electricity has been worked out and the same is depicted in D-23 statement. A statement of proposed voltage-wise cost of supply is compared with the existing average realization rate in accordance with the Commission's prescribed methodology for computing Voltage class-wise Cost of Supply. BESCOM has complied with all the directives of the Commission.
	<b>Commission's Views:</b> The Commission has noted the reply furnished and the matter is dealt with in the appropriate Chapter of this Tariff Order.	

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Sl.No.	Objection	Reply by BESCOM
91	BESCOM is treating captive plant as captive generating station even after change of ownership and has lost substantial amount by not recovering surcharge and additional surcharge.	The determination of captive status of a Generating Plant is done only at the end of the financial year. The Distribution Licensee verifies the shareholding pattern, the generation data of the Plant and self-consumption data of the Captive Users as per the provisions of the Electricity Rules, 2005. If the Generating Plant does not fulfil the CPP status at the end of financial year, the Distribution Licensee may face the brunt of loss of CSS and Additional Surcharge. If CSS and Additional Surcharge are not paid by the Captive Users of the CPP, the amount has to be borne by other consumers of the Distribution Licensee.
	<b>Commission's Views:</b> The captive status has to be satisfied in terms of Rule 3 of the Electricity Rules 2005. The ESCOM should check the status of captive generating unit on an annual basis and in case the captive status is not satisfied, such units should be treated as any other Open Access consumer and all the charges levied accordingly.	
92	EA 2003 has specifically exempted captive power plants from cross-subsidy and payment of surcharges. Additional surcharge should not be applicable to captive consumers/ Renewable energy consumers as the purchase of power is only intra-state and the generators are already paying the infrastructure charges in the form of wheeling and banking. BESCOM has requested additional surcharge of Rs. 1.55 per unit for FY20 as against Rs. 1.13 per unit as calculated.	Section 42 (4) of the EA 2003 provides for recovery of Additional Surcharge. Section 8.5.4 of the Tariff Policy 2016 also provides for recovery of such costs through Additional Surcharge. BESCOM has computed the Additional surcharge in line with the methodology specified in the KERC Order dated 14.05.2018. The typographical error is regretted, the additional surcharge for FY-20 is Rs.1.13/unit and not Rs.1.55/unit. BESCOM has in its petition OP No.52/2017 already demonstrated that the power purchase commitments are stranded. On the one hand, BESCOM has tied up considerable quantum of power, after approval of the Commission, by considering the overall growth; and on the other hand, the Open Access (OA) users, who are now buying considerable quantum of power under OA, are not availing power supply from BESCOM. In this situation, BESCOM needs to back down the generation and also has to pay Fixed Charges to the Generators as per the terms and conditions of the PPAs irrespective of utilization of generation. If CSS and Additional Surcharge are not paid by the Captive Users/ RE consumers, the amount has to be borne by other consumers of the Distribution Licensee.

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Sl.No.	Objection	Reply by BESCOM
	<b>Commission's Views:</b> The Commission has noted the reply given by BESCOM. The matter is dealt in the appropriate chapter of the Order.	
93	No compensation is being paid in case of back down of generation of different RE sources submission DGEPL.	No reply.
	<b>Commission's Views:</b> Wind power projects have must run status and are normally backed down only to safeguard grid security for which compensation is not payable.	
94	Wind projects should be given the same concession as given to solar projects as the projects were planned when there was no cross-subsidy.	In order to encourage solar generation which is green power clean and renewable, the Commission has exempted solar projects from wheeling, banking and cross subsidy charges.
	<b>Commission's Views:</b> The wheeling, banking and cross-subsidy charges are applicable to RE projects in accordance with the Orders issued by the Commission from time to time.	
95	BESCOM's industrial sales have considerably decreased hence lower revenue realization. The actual sales of LT4(a) category has increased and hence the actual subsidy level increased against approved and with consumers switching to open access, the burden of cross-subsidization will be on small scale and commercial establishments which is unacceptable.	The actual realization of cross subsidy from the Industrial sector is between 5 to 8%. In fact, Commission has approved the industrial rate within the bracket of +20% of average cost of supply. Actual contribution is still less than the approved level. However, Commission will take care of the cross subsidy portion.
	<b>Commission's View:</b> The Commission has dealt with this matter in the appropriate chapter of this Tariff Order.	
96	Additional surcharge is applicable only if obligation of licensee in terms of power purchase commitments has been and continues to be stranded. Calculations should consider the stranded fixed costs resulting due to open access power brought during those time blocks, where the generating capacity is available but not scheduled solely due to open access power. BESCOM should have given the details of power purchase in short-term as well as stranded power capacity due to OA. EA 2003 and National Tariff Policy have mandatorily provisioned	BESCOM, in its petition, has already demonstrated that the power purchase commitments are stranded. On the one hand, BESCOM has tied up considerable quantum of power, after approval of the Commission, by considering the overall growth; and on the other hand, the Open Access (OA) users, who are now buying considerable quantum of power under OA, are not availing power supply from BESCOM. As a result, the generation capacity tied up by BESCOM remains idle. In this situation, BESCOM needs to back down the generation and also has to pay Fixed Charges (or Capacity Charges) to the Generators as per the terms and conditions of the PPAs, irrespective of utilization of generation. The burden of fixed cost

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	<p>the demonstration of stranded capacity for the calculation of Additional Surcharge. BESCOM has not presented the following data:</p> <ol style="list-style-type: none"> <li>1. data regarding backing down of generation due to transmission constraints in southern corridor;</li> <li>2. Amount of stranded power procurement cost is required to be worked out on daily basis to be apportioned amongst the OA consumers importing power during the period when additional surcharge is leviable.</li> <li>3. Section 8.5 of the Tariff Policy has stated that cost of stranded assets should be recovered through wheeling charges.</li> </ol> <p>So, calculation of additional surcharge shouldn't include physical stranded asset cost due to open access due to double accounting.</p>	<p>is affecting the consumers who are buying power from BESCOM. Hence, to mitigate this, it would be appropriate to determine an Additional Surcharge for OA consumers, as per Section 42 of the EA, 2003, Section 8.5.4 of the Tariff Policy, 2016 &amp; Clause 5.8.3 of the National Electricity Policy.</p>
	<p><b>Commission's View:</b> The Commission has dealt with the matter in detail in its Order dated 14th May, 2018 for imposing additional surcharge. Accordingly the additional surcharge has been determined in the relevant chapter of the Order.</p>	
97	<p>CoS should be determined to each class of consumers depending upon geographical area, load pattern and voltage levels, etc.</p>	<p>BESCOM has calculated Average Cost of Supply as per the Commission prescribed formats.</p>
	<p><b>Commission's Views:</b> The reply of BESCOM is noted. The cost of supply for each category of consumer is being indicated by the Commission as per the APTEL's Order.</p>	
98	<p>Nurseries having small land area of 1-4 acres are still using old techniques as such the IP sets used by nurseries should be categorized under LT4(a). Free power or power at concessional tariff of Re.1 should be charged to the nurseries. A.P. has categorized nurseries under agriculture category.</p>	<p>BESCOM is bound by Government policies and tariff is determined without any bias. The categorization is done in accordance with section 62 of the Act. As per the KERC subsidy regulations, the GoK is releasing subsidy in advance for agricultural activity. The nurseries, coffee, tea, etc. are categorized under LT4(c)(1) and LT4(c)(2) which are non-agricultural activities. If the request of the Petitioner is considered, then the cross-subsidy on HT industries needs to be increased. Further, each State has its own tariff structure and the same cannot be compared.</p>
	<p><b>Commission's View:</b> The reply furnished by the BESCOM is acceptable.</p>	

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Sl.No.	Objection	Reply by BESCOM
99	Reduction in tariff slabs for LT2(a)(i) category is a welcome move, but it should not affect the consumption pattern due to lower prices on higher consumption units.	In the new proposal, BESCOM is utilizing non-telescopic tariff to intra-cross-subsidize the domestic consumers due to the following reasons: <ul style="list-style-type: none"> <li>Existing domestic tariff structure fetches an average ARR of Rs.6.25 per unit as against the actual ACS of Rs.8.19 per unit.</li> <li>Due to the burden of cross subsidy the other cross subsidizing consumers (HT) are leaving the grid.</li> <li>The high end domestic consumers can afford to share cross subsidy of other domestic consumers.</li> </ul>
	<b>Commission's View:</b> The Commission has dealt with this matter in relevant Chapter of this Tariff Order.	
100	Separate category should be introduced to IT/BT companies. The highest rate paid by domestic or commercial consumers to be the basic rate for IT/BT sector.	BESCOM in its MYT filing, has proposed to shift Software installations from HT2a/LT5 category to new HT/LT sub category with tariff rates in between HT2a/LT5 and HT2b/LT3 category.
	<b>Commission's Views:</b> Based on the Policy of the State Government to encourage IT / BT companies, they are being treated as an industry. Presently IT industries are covered under HT2(a)/LT5 category. Unless there is a change in the Government's Policy the existing classification needs to continue.	
101	Software Companies' should be brought under Commercial tariff.	The activity of software companies is defined under commercial category presently. After the production of IT/BT certificate from the GoK they are being converted to Industrial tariff as per policy of the Government.
	<b>Commission's Views:</b> The Commission's views are covered in the above item-Sl.No.100.	
102	Considering IT and software companies under a higher tariff category would be a regressive step towards attracting investment.	Lower tariff to IT Companies under IT/BT policy is costing ESCOMs. They are also availing the other tariff incentives such as High Voltage rebate, Prompt payment incentive etc., and getting energy at cheaper rates from IEX and Wheeling.
	<b>Commission's View:</b> The Commission has noted BESCOM's reply. After the production of IT/BT certificate from the GoK they are being converted to Industrial tariff as per the Policy of the Government.	
103	Mushroom being an edible vegetable, its cultivation should be treated as farming and it should be reclassified under HT3(b) as against HT2(a)(i) category.	Hatcheries, Poultry Farm, Floriculture, and Green House activities are classified under HT Industry (HT 2a) category. Since commercial mushroom cultivation is analogous to the above said activities and mushroom cultivation is classified under HT Industrial category.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable. Mushroom cultivation is not being treated as agricultural activity by the Government. Hence no	

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	reclassification is possible.	
104	Floriculture should be categorized under agriculture category.	The procedure for determination of tariff is contained in Section 62 of the Electricity Act 2003. Hatcheries, Poultry Farm, Mushroom cultivation, and Green House activities are classified under HT Industry (HT 2a/LT5) category. Since floriculture is analogous to the above said activities floriculture is classified under HT Industrial category. If floriculture is classified under HT 3b/LT4 category (subsidized category) then floriculture would be cross-subsidized by other HT industries.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.	
105	The club houses should be billed under residential tariff because such club houses are exclusively for occupants of the premises.	Now a days vending kiosks are placed inside the club houses, which is a commercial activity. With increasing technology more related activity may come up. In this regard, BESCOM in its Tariff petition FY-20 has proposed to classify Club houses /gym /sport facilities of the apartment complexes where non-resident members/guests who are not related to residents of the apartment are allowed /outsiders to be brought under commercial tariff category.
	<b>Commission's Views:</b> The Commission is of the view that the club houses should continue to be billed under existing category as they are exclusively for occupants of the premises and most of them are being run by the Resident's Welfare Associations. BESCOM can decide to charge commercial tariff if they are running on commercial lines by renting them out.	
106	EV charging stations should be treated under residential tariff of MS building for application of tariff to common areas.	To encourage electricity vehicles, they are classified under LT6 (c), the Commission has approved reduced rates compared to domestic tariff rates.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is appropriate.	
107	Suitable facility to be provided for using welding sets and domestic pumps which draws more current at the time of starting as the prepaid meter trips when connected load exceeds the sanctioned load	Prepaid energy meters allows 1:1 ratio of the sanctioned load. This is to avoid penalty to the consumers for excess demand.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	

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Sl.No.	Objection	Reply by BESCOM
108	Revision in 'life-line consumption' of 30 units per month to 50 units will give fillip to the consumers to use more electricity at a cheaper rate and thus, it will lead to increase in cross-subsidy burden on other consumers	This proposal is not applicable to BJ/KJ installations. BESCOM is proposing non-telescopic tariff to intra-cross-subsidize the domestic consumers. The existing domestic tariff structure fetches an average ARR of Rs.6.25 per unit as against the actual ACS of Rs.8.19 per unit. Due to the burden of cross subsidy the other cross-subsidizing consumers (HT) are leaving the grid. The high end domestic consumers who can afford are to be barred from cross subsidy and made to share cross subsidy of other domestic consumers.
	<b>Commission's Views:</b> The Commission has dealt with this matter appropriately, in the relevant Chapter of this Tariff Order.	
109	By increasing the base consumption to 50 units, BESCOM is trying to collect more revenue by changing the slab and increasing the energy charges. Lesser slabs with non-telescopic tariff as proposed by BESCOM is not consumer friendly.	Gol desires to simplify the tariff. The Average Cost of Supply of domestic consumer is Rs.8.19 against which domestic consumer Average Revenue Realization is Rs.6.25/unit. HT consumers are leaving the grid. In such scenario BESCOM, has proposed intra-cross-subsidization in the domestic category. Further, if cost of service is applied, then LT consumers have to pay Rs. 8.80/unit
	<b>Commission's Views:</b> The Commission has dealt with this matter appropriately, in the relevant Chapter of this Tariff Order.	
110	Uniform tariff for all the ESCOMs should be continued.	Differential tariff has been introduced in Karnataka from the past few years. The Agricultural tariff i.e. IP sets below 10HP for each ESCOM is different. Added to this the tariff rates for all the categories of consumers in ESCOMs other than BESCOM is equal to BESCOM's rural tariff rates
	<b>Commission's Views:</b> The Commission has dealt with this matter appropriately, in the relevant Chapter of this Tariff Order.	
111	Private educational institutes should be categorized under LT2(a). Since education is a social sector, it should not be charged with higher tariff of commercial category. Healthcare is categorized under service sector, hence, tariff should not be considered at par with commercial category.	Tariff is determined for an activity in accordance with the Section 62 of the Electricity Act 2003. If educational institution is classified under LT 2a category, then educational institutions should be cross subsidized by HT industries. Hospitals run by the State/ Central Government, Local bodies and Ashrams were classified by the Commission under subsidized tariff applicable to Domestic consumers as these hospitals cater to the common man who cannot afford to take treatment in the private hospitals. Private hospitals and nursing home usually cater to the paying category of patients. In Tariff Order 2013, a new tariff classification HT2c was introduced.



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	<b>Commission's Views:</b> The Commission in its tariff Order 2013 to introduce a new tariff category for all Hospitals run by Charitable Institutions and Educational Institutions belonging to Government, Local Bodies and Aided Institutions under HT category so as to provide electricity at lower rates as they are catering to the health care /educational needs of the society. The Commission decides to continue with the existing classification as indicated in chapter 6 of this Order.	
112	Increase in billing demand for HT category will adversely affect industrial sales as well as industrial growth. Poor quality of power supply may encourage industries to reduce their sanctioned load. The proposal to levy penalty proportionate to excess demand recorded will affect sales adversely.	BESCOM has developed its infrastructure for the full load. If the consumers target to use only 75% of the Demand, then BESCOM need not spend on the infrastructure. In order to meet the peak load BESCOM has to equip with the full demand requested by the consumer. In this context, BESCOM is seeking 85% billing demand in place of 75%. BESCOM has not proposed to levy penalty for maximum demand exceeding the contract Demand.
	<b>Commission's Views:</b> The Commission has justified the increase in the threshold limit of billing demand in the previous Tariff Order.	
113	The present tariff may not be increased for Small Scale Industries and in order to encourage Small Scale Industries the tariff may be brought down. There should be a separate tariff for Small Scale Industries and this tariff should be Re.1 less than the other Tariffs.	BESCOM has not proposed flat hike of 101 paise for all categories. The same can be seen in the D-20 format of Tariff Revision Petition of BESCOM for the FY-20. Further, the HT incentive Scheme has been proposed to help the Industries.
	<b>Commission's View:</b> The Commission while determining the tariff for LT industries has approved lower fixed charges upto 40 HP with a minimum increase of Rs.5 to 10 per HP and a nominal increase in energy charges by 15 paise/unit upto 500 units and 20 paise/unit for consumption above 500 units. 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. In the absence of subsidy from the Government to MSMEs, extending concessions to this category would result in increase in cross-subsidy levels of other categories of consumers, which is not permissible under the Tariff Policy.	
114	BESCOM should be instructed to supply quality power to the industries in rural areas. Reliefs like 5 paise reduction and 15 paise reduction appears to be very meagre. Further reduction may be given.	BESCOM has already implemented NJY for providing better supply to the rural areas. The load shedding on Industrial feeders are the last resort undertaken by BESCOM. Interruption to industrial areas is rectified at the earliest. BESCOM cannot be attributed for interruptions from KPTCL end. Further, BESCOM has implemented Special Incentive Scheme to HT/EHT consumers.
	<b>Commission's View:</b> Considering increase in average cost of supply and the services provided by BESCOM, the tariff fixed by the Commission for rural industries is lesser than the tariff applicable to urban area industries. The energy charges to the rural area	

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	industries is less by 30 paise per unit upto 500 units and 65 paise per unit for next 500 units and 35 paise per unit for more than 1000 units.	
115	Reduction in tariff for energy intensive units like Foundries, Forging Shops, Heat treatment shops, is required to ensure survival of these Industries.	BESCOM has implemented Special Incentive scheme to HT/EHT Consumers. The quantum of energy consumed during non-peak day hours between 10.00Hrs and 18.00Hrs during the month over and above the average base consumption corresponding to this time period is eligible under this incentive scheme.
	<b>Commission's View:</b> The reply furnished by BESCOM is noted.	
116	During 2013-14, five states – Chhattisgarh, Odisha, Rajasthan, Tamil Nadu, and Uttar Pradesh have not increased industrial tariff. In order to encourage industries, this year there should not be hike in tariff for the industries.	Tariff of other States are not comparable to that of Karnataka. Each State has its own profile of energy sources and energy consumption. Different states adopt different method of charging tariff. Some states are levying Fuel escalation charges beside energy charges, Reliability charges, Restriction on power usage etc. However, it is mandatory to all the DISCOMs to file their ARR before the KERC every year as per the Tariff/ MYT Regulations.
	<b>Commission's Views:</b> The reply furnished by BESCOM is noted. The process of tariff determination is discussed in Chapter-6 of this Order.	
117	Major generation in Karnataka is Hydel and Hydel is much cheaper than other sources of generation. Hence, tariff in Karnataka should be lower than in other States.	The Hydel capacity available in Karnataka is 3273.35 MW and the average rate is Rs. 1.10 per unit. The total capacity required for the State is more than 17000MW. Hence the hydel availability is less than 1/5 <sup>th</sup> of the total capacity required & balance capacity is to be met through thermal & NCE source. In other States, the power may be available from cheaper sources & hence the availability of power and the cost differ from State to State and the same cannot be compared.
	<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
118	The Power tariff accounts for 64% of the revenue of BWSSB and is the single largest item of expenditure. The proposed hike of 15% in demand charges from Rs. 200 to Rs. 230 would drive up the cost of power to almost 75% and would represent about 27% increase from present tariff. The additional cost of Rs. 30 per kVA would translate into additional budget requirement and expenditure of Rs. 100 Crores per annum. For FY20, BESCOM has asked	The Average cost of Supply for FY18 stands at Rs.6.95 per unit and is estimated to reach Rs.8.19 per unit for FY20. Hence increase in the rate is warranted. The Tariff fixed for HT-1 Category is 73% of the average Cost of Supply. This tariff requires 27% cross subsidy from the other consumers. Consequent to increase in the cost, tariff revision to this category is necessary at least to maintain the same level of cross subsidy. All the required data is furnished in the filing in accordance with the KERC MYT regulations. BESCOM has submitted the Perspective plan to the Commission.

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Sl.No.	Objection	Reply by BESCOM
	for a hike in average tariff by Rs.1.01 across all categories. BESCOM has not submitted any perspective plan as required under the KERC Regulations. BESCOM has not furnished the last two years' data preceding the base year of the MYT period. The nature and purpose for which the electricity supply is required should be considered while determining tariff as more than 35% of the water is supplied to BPL and EWS consumers.	
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The revision of tariff for water supply is dealt appropriated in the relevant chapter of this Tariff Order.	
119	BESCOM has not given information on reliability Index of feeders. BESCOM has claimed reliability Index of 99.20, but has not submitted the work sheets.	Monthly reliability index in the prescribed format is being submitted to the Commission and the same is available on BESCOM website.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.	
120	Consumer Indexing though started many years back has not been completed.	Consumer indexing is a continuous process of updating the information.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
121	Geographical positioning system (GPS) though started many years back has not been completed.	GPS Survey has been carried out to identify the IP sets.
	<b>Commission's Views:</b> GPS Survey shall be completed at the earliest to arrive at the correct number of IP sets.	
122	BESCOM has not supplied details of average number and average duration of interruptions per consumer.	The average number of interruptions and average duration of interruptions per consumer are uploaded in BESCOM's website. The details are also furnished to the Commission.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.	
123	BESCOM has failed to improve the efficiency of its operation by implementing the directives of the Commission. Hence, tariff filings are liable to be dismissed. The quality of power supply in rural areas has deteriorated.	BESCOM has submitted a detailed chapter regarding compliance to Commission's directives. Objectors had to specifically point out the inefficiency factor of BESCOM. General comment on inefficiency is not acceptable. The tariff revision was assessed based on assumptions and the normative principles. The normative principles will alter year on year due to different reasons.

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Sl.No.	Objection	Reply by BESCOM
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The consumers should point out specific issues instead of making general observations. Further, the compliance to the directives have been discussed separately in this Order.	
124	BESCOM has not taken action on the KERC directives on implementation of standards of performance. Services like issuance of service certificate, time limit for change of name, tariff change and reduction of loan has not been implemented at all.	Implementation of Standard of Performance are being monitored at the Corporate offices and the details are also being furnished to Energy Department and KERC for review. Any negligence on the part of BESCOM to perform within the stipulated time, the Company is liable to pay the stipulated penalty.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. Further, the compliance to the directives have been discussed separately in this Order.	
125	BESCOM is not putting up on its website the sub-station-wise and feeder-wise interruptions every month.	Sub-station-wise and feeder-wise details are available on BESCOM website.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.	
126	Load shedding is done more on industrial consumers.	When Load shedding is initiated, Rural and agricultural loads are shed first, industrial loads are shed only as a last resort.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
127	Likely time of restoration is not informed to the Consumers.	Likely time of restoration is also informed by BESCOM.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. This issue is also discussed in the relevant chapter of this Tariff Order.	
128	Unscheduled load shedding has adverse effect on the industries. If the same is avoided definitely there will be improvement in sales. Hence, BESCOM has to take planned maintenance and should give 24 hours' advance notice in newspapers	Load shedding is intimated to the consumers through Newspapers. Further, BESCOM has developed BESCOM MITRA mobile app to provide information to consumers through SMS in advance about the date, time and duration of the scheduled interruption.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted and BESCOM is advised to promptly intimate the scheduled outages to the consumers. The consumers, on their part, should update their contact details with BESCOM, in order get all the information relating to the supply of electricity.	
129	BESCOM has not disclosed any plans for introduction of pre-paid meters. The Commission may issue direction to BESCOM regarding adjustment of future bills of consumers who wants pre-paid meters, from their security deposits.	BESCOM has implemented prepaid meters using keypad Technology along with vending system for temporary installations. As on 23.01.2019 total 35909 No's of prepaid meters are installed. Prepaid meter technology for HT installations is not installed as there are certain technical issues.

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
	<p><b>Commission's Views:</b> The Commission notes that a consumer has to provide security for the monies which are due to the licensee in respect of electricity supplied and for the electric line or plant or meter provided by the licensee. Section 47 (5) of the EA 2003 mandates that no security deposit is required to be collected by the licensee for the electricity supplied if the consumer opts for pre-paid meter. Thus, when an existing consumer opts for pre-paid meter, the ESCOMs have to return the security deposit to the consumer. In case, the same has to be adjusted against future bills of the consumers. The ESCOM can approach the Commission for suitable amendments to the COS. Regarding the meter security deposit the Commission vide Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka (Seventh Amendment), 2018 has specified that Meter Security Deposit shall be equivalent to cost of pre-paid energy meter and shall be paid by the consumer in case pre-paid meters are provided by the ESCOMs.</p>	
130	ESCOMs should take up additional resource mobilization by charging for use of electric poles for running cables of TV networks, etc.	No reply.
	<p><b>Commission's Views:</b> The ESCOMs are deemed licensees for distribution and supply of electricity. Hence they cannot take up other activities to raise additional resources. Further the use of electric poles for running cables of TV networks would not be safe and it may result in electrical accidents.</p>	
131	Under R-APDRP scheme, additional transformers are provided with new AB cables and UG cables for strengthening distribution network. The AB cables and UG cables deteriorate within 5 to 6 years.	The AB cables and UG cables utilised for implementation of the works are capable of serving upto a maximum of 35 years.
	<p><b>Commission's Views:</b> The Commission notes that the objector has made a general statement without providing any proof. Nevertheless, the Commission directs the licensee to ensure the quality at the stage of procurement itself and penalize the vendor in case of failures within the warranty period, in terms of the agreement entered into with the procurer.</p>	
132	BESCOM is arranging power supply to new layouts in an unscientific manner, by recognising these layouts as unauthorised layouts or revenue sites and thereby BESCOM is incurring huge loss by carrying out the electrification work instead of self-execution work required to be carried out by the developer.	The objection is general in nature and if any case specific information is provided the same shall be considered for further investigation.
	<p><b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.</p>	
133	The scheduled rates notified for procurement of various materials by BESCOM is higher than the market rates and work tenders are awarded at 20% above the schedule of rates	The tendering process is done in a transparent manner for all the works being carried out in BESCOM's jurisdiction. Therefore, the objector has to identify case-specific work instead of raising general allegations.

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
	and thereby incurring losses.	
	<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.	
134	Providing ATP machines and the meter reading services in urban areas is being entrusted to a private agency for their benefit.	Providing ATP machines and meter reading services in urban areas was entrusted to a private agency after duly inviting tenders. This service is being provided in the interest of consumers and not to benefit any private agency.
	<b>Commission's Views:</b> The Commission has noted the reply furnished by BESCOM. The objection is not justified by any proof of favouring private agencies.	
135	Providing unscientific luxurious facilities like AC, TV, laptops and mobiles to the officers has led to unnecessary expenditure.	BESCOM has provided facilities to the officers/employees to carry out the work in an efficient and effective manner and not for luxury.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.	
136	Entrusting the work of thermo-graphic survey in respect of distribution transformer centres to a private agency is an unnecessary expenditure.	All the distribution transformer centres are monitored using thermo-graphic survey including GIS mapping, data base and conditions of various equipment to facilitate carrying out preventive maintenance works at DTCs and not for the purpose of unnecessary expenditure.
	<b>Commission's Views:</b> The objection is not justified by any proof. The reply furnished by the BESCOM is acceptable.	
137	Directives in respect of the universal metering, cost of supply, paying capacity, and pre-paid meters are yet to be implemented.	BESCOM has been complying with the directives of the Commission.
	<b>Commission's Views:</b> The compliance of directives are separately dealt with in this Order.	
138	Hourly based day ahead projections for each sub-station is not informed	Estimate of hourly requirement of BESCOM is done on daily basis and submitted to SLDC.
	<b>Commission's Views:</b> The Commission notes that at present BESCOM is making hourly forecast for BESCOM as a whole and submitting its daily requirements to SLDC. Forecasting at sub-station-wise hourly load would be at a micro level, which is not presently mandated. However, from the consumer's perspective, it would be sufficient for the ESCOMs to promptly intimate the consumers' the scheduled outages if any.	
139	There is no co-ordination among the ESCOMs. Each ESCOM wants to draw more power.	ESCOMs are allocated power beforehand by GoK.
	<b>Commission's Views:</b> The ESCOMs are providing schedules in 15 minutes block of their power requirement daily to the SLDC which is being finalized by SLDC keeping in view the generation availability. SLDC is raising bills for any deviation from the schedules.	

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
140	BESCOM has not monitored the implementation of Standards of Performance. BESCOM has not mentioned in how many cases BESCOM Officers failed, how much penalty was imposed etc.	Implementation of SOP is being monitored at the Corporate office, the details are being furnished to Energy Department and KERC for review. Any negligence on the part of BESCOM to perform within the stipulated time, the Company is liable to pay the stipulated penalty.
<b>Commission's Views:</b> BESCOM is furnishing details of implementation of SOP to the Commission on regular basis.		
141	Where is the need to form Technology Innovation Centre (TIC) by BESCOM? Why BESCOM has not accepted the Ujwal Discoms Assurance Yojana (UDAY) scheme?	BESCOM has no Research wing. Hence, BESCOM has started the Technology Innovation Centre. State Government has decided on acceptance UDAY scheme.
<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.		
142	BESCOM has not clarified whether MD billing has increased considering 15 minutes block.	Monthly billing with 15 minutes' block is in pursuance to compliance to Commission's directive for HT consumers drawing energy through open access. With this billing, the HT consumers are scheduling energy and also consuming the same within the 15 minutes' block. Thus, forfeited energy has reduced drastically.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted		
143	BESCOM is trying to hike fixed cost which is against the provisions of EA 2003 regarding tariff to be within $\pm 20\%$ of the Cost to serve. Cost to serve should be worked out for HT2(a) category. Increase in fixed charges from 75% to 85% should be reversed as BESCOM has not spent anything on improving quality of power supply.	APTEL has directed the State Commissions to indicate category-wise cross subsidy with reference to voltage-wise cost of supply vide Appeal No.42/2014. The methodology is only a tool to fix the tariff to the different category of consumers. The provision of tariff within $+ 20\%$ of cost to serve is based on ARR. However, for industrial consumers, the Cross subsidy level of $\pm$ of 20% of Avg. Cost of Supply is already achieved. Hence, BESCOM is retaining the ARR and varying the proportion of fixed cost and energy cost. BESCOM has filed Voltage-wise cost of supply under D-23 Format, in its Petition. Further, BESCOM has proposed to the Commission to reduce the Energy charges for HT consumers and also to continue Special Incentive Scheme for HT consumers.
<b>Commission's Views:</b> The reply submitted by BESCOM is noted. The Commission has dealt with the issue appropriately under chapter 6 of the Tariff Order. The Commission in accordance with the directions of the APTEL, is determining voltage-wise cost to serve for different category of consumers. Further, the increase in the fixed charges from 75% to 85% of the CD is already dealt in the Tariff Order 2018.		

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
144	BESCOM should justify the increase in higher demand charges. MD billing should be brought down from 75% to 70%. Billing for energy for entire month for any half an hour MD shoot should be dropped. The Commission should provide a grace margin of $\pm 10\%$ deviation in recorded maximum demand (limit 85% of the contract demand).	Any sudden peak is impulse in nature. Thus, BESCOM has to equip with the full demand requested by the consumer otherwise the system may collapse. If the consumers target to use only 75% of the Demand, then BESCOM need not spend on the infrastructure. In this context, BESCOM is seeking 85% billing demand in place of 75%.
	<b>Commission's Views:</b> The Commission has discussed and decided about this issue in the Tariff Order 2018.	
145	The Service of reconnection should be free.	BESCOM has not proposed increasing of Reconnection charges.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
146	ESCOMS are still servicing Installations without meters. 100% metering has not been achieved. The Commission should not allow the cross subsidy in respect of un-metered category.	Metering to Irrigation pump sets is not achieved due to protest from the farmers.
	<b>Commission's View:</b> The reply furnished by the BESCOM is noted.	
147	With decrease in revenue demand from Rs.39.81 Crores to Rs.37.39 Crores, the proposal of SIS scheme may be reconsidered.	BESCOM has requested the Commission to continue the Special Incentive Scheme with few modifications.
	<b>Commission's View:</b> The SIS is discussed in the relevant chapter of the Order.	
148	The Automation projects should be completed within the stipulated time. The Automation project started in Peenya is not completed even after five Years.	"Distribution Automation System (DAS) Project" for Bengaluru Metropolitan zone area is taken up for integrated remote monitoring & automated control on 11 KV distribution network in Bengaluru city, comprising of 104 sub-stations, 1516 feeders and 3130 remote field devices. The division-wise roll out of DAS project is being scheduled on completion of network GIS validated data Peenya division network is also in the pipeline and expected to roll out by March, 2019.
	<b>Commission's View:</b> The reply furnished by BESCOM is noted.	
149	The banked energy should be allowed to be used in the next 12 months.	The Wind Generators bank their energy with the Petitioner during the generation period, and use it in the month of March, which create problems for BESCOM. Further, the Commission has reduced the banking period to six months.
	<b>Commission's View:</b> The matter is subjudice, as the Order of the Commission reducing the banking period from 12 months to 6 months is challenged in the Hon'ble High Court/ APTEL.	



Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
150	BESCOM has not given any details of demand, collection and balance under form D18.	The D-18 and D-18A Formats are a very voluminous data which was not printed. However, the soft copy of the same has been hosted on BESCOM website. BESCOM has complied with KERC directions by submitting the details in soft copy to the Commission.
	<b>Commission's View:</b> The reply furnished by BESCOM is noted.	
151	Vigilance cases should be booked by the Assessing Officer. Commission may send clear directions in this regard.	The assessment is prepared by Vigilance staff along with BESCOM officials, but the final statements are prepared only by the assessing officers.
	<b>Commission's View:</b> The reply furnished by BESCOM is noted. This issue has been dealt with in the Commission's Directives also.	
152	Electricity supply tariff can be reduced by reducing the cost of replacement of faulty transformers and by carrying on maintenance work on time.	The transformer failure rate has reduced over the years. Faulty transformers are inspected and mahazar is drawn recording the faulty spares which needs to be replaced. Preventive maintenance is carried by field staff to reduce the failing of transformers. Older transformers are being replaced over time by new, lower-loss units during routine utility maintenance of power distribution systems. As a result, the percentage of T&D losses associated with distribution transformers is decreasing each year.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
153	Clubbing of more than one meter installed to a single agency in case of buildings used for paying guest is not proper. At present approximately one to twenty meters are working for single agency in a single premises.	The objector cannot insist for one meter to the entire M.S Building as individual houses are provided with individual meter. It may lead to resale of energy in few cases.
	<b>Commission's Views:</b> The objection raised by applicant relates to compliance of CoS. If there is any problem in clubbing of meters against provisions of CoS then the consumers may seek appropriate modification of the provisions of CoS.	
154	Facility should be provided to the consumers for purchase of prepaid meters through certified outlets.	All BESCOM Sub-divisions are providing pre-paid meters to its consumers for temporary connection.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. Further, BESCOM may consider exploring options of opening certified outlets for sale of prepaid meters for the benefit of consumers.	

<b>Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon</b>		
<b>Sl.No.</b>	<b>Objection</b>	<b>Reply by BESCOM</b>
155	There should be proper maintenance of HT installations by replacing faulty spares within stipulated time. BESCOM should keep sufficient stock of spare parts like CTs and PTs and should constitute a separate team to avoid interruptions and loss of revenue.	Faulty HT equipment shall be replaced by consumers if it is within one year from the date of execution. Thereafter it is the duty of the utility to maintain the HT equipment by replacing the faulty spares. Division officers are being instructed to maintain sufficient quantity of CT/PT and other spares in their concerned stores to avoid inconvenience to the consumer. MT division will carry out replacement & faulty spares & restoration of supply to HT consumers in Co-ordination with sub-divisions.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.		
156	BESCOM should start billing installations on MD recording basis and should educate consumers regarding availing additional power supply matching to their connected loads.	BESCOM has two billing systems, viz, RAPDRP for urban area (Central Government Project) & Total Revenue Management (TRM) for non-RAPDRP area. The amendment of the regulation for billing of installations on MD recorded basis is already implemented in TRM system and it is under process in the R-APDRP area.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. In the retail supply tariff approved by the Commission, the demand charges are collected on the recorded MD or at 85% of the contract demand in KVA. BESCOM should expedite implementation of billing on MD basis in other areas also in by expediting replacement of ordinary meters with MD recording meters.		
157	Metering of unauthorized street lights and by installing timer switches and replacement of lights with LED bulbs on reading date-wise basis.	Vigilance and field staff are booking cases where unauthorized street lights are found. Regularization of the same is carried out.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted		
158	Implementing present regulations for installation of solar water heater while arranging power supply and solar benefits to the consumers should be made automatic.	BESCOM is insisting for mandatory installation of solar heaters in accordance with GoK Order dated 13th November, 2007. Though solar heater is mandatory for the various premises, solar rebate is being extended only to domestic consumers.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.		
159	Energy Audit should be conducted and awareness should be created among the consumers by conducting workshop about theft, line losses, safety and proper usage of electricity for various purpose.	Energy audit is conducted in BESCOM. Regular awareness programmes are being conducted at different levels at BESCOM. To create safety awareness on electricity among children and youth, Painting/drawing competitions were conducted in coordination with Education Department in all 52 taluks of BESCOM jurisdiction. To curb the theft of electricity, awareness is created on social media and print media. Dedicated WhatsApp number 9449844640 & Customer care number 1912 are

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
		notified to report theft of electricity.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. BESCOM shall intensify the awareness program, to educate the staff at the grass root level.	
160	Billing of temporary installations should be made monthly instead of weekly	Billing of temporary installations to be made monthly instead of weekly comes under Conditions of Supply. To avoid the billing issues related to temporary installations prepaid meters are installed.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.	
161	BESCOM should consider the following steps to increase energy sales: a. Incentivize increase in consumption b. Incentivize capital investment to convert from LT to HT installation. c. TOD system should be optional. d. Changes of timing for TOD should be encouraging for industries. e. Govt. sponsored capital investment should be borne by Govt. so that cross subsidy can be reduced. f. Quality of power should be maintained and scheduled load shedding should be avoided. g. Encourage roof top solar power.	BESCOM is keen on increasing the metered category sales and the suggestions of the objector will be considered. Further as per Commission's Order dated 14.05.2018, BESCOM has extended Special Incentive Scheme to EHT/HT consumers for, increasing the metered sales of BESCOM.
	<b>Commission's Views:</b> Reply furnished by the BESCOM is noted.	
162	Buildings with deemed permission to occupy a building and with no occupancy certificate are deprived of getting permanent connection. But there is no prohibition for getting power connection on temporary basis. The Commission may amend the CoS suitably.	The amendment to clause 8 of the CoS (Conditions of Supply), specifies to insist for occupancy certificate from HT consumers. Insisting on OC is in line with amendments issued by the Commission to the Conditions of Supply. Objectors, claim of not insisting on Occupancy Certificate for arranging power supply to HT is unrelated to the tariff petition.

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
	<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable. Further, the objector may file a separate Petition seeking any amendment in the CoS if it is so advised.	
163	BESCOM has indicated to have forfeited energy of 95.47 MU and a gain of Rs. 85.93 Crores. But BESCOM has not accounted it under power purchase.	Any income generated in case of forfeited energy is accounted as Revenue demand.
	<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
164	The Commission may specify method of assessment of the electricity charges payable in case of theft of electricity pending adjudication by appropriate court. The Commission should frame measures to prevent unauthorized use of electricity and disconnection of power supply under Electricity Supply Code.	Procedures to be followed in case of prejudicial use and theft of electricity are already incorporated by the Utility as approved by the Commission.
	<b>Commission's View:</b> The Commission notes that the reply furnished by BESCOM is acceptable.	
165	A separate company should be established to manage and operate SLDC.	Not related to the tariff petition
	<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
166	Bank Guarantee should be accepted. Cash payment should not be insisted.	As per the KERC (Security Deposit) (First Amendment) Regulations 2017, Initial Security Deposit (ISD) shall be paid in the form of cash/demand draft (DD)/ pay order/Banker's cheque drawn in favour of the Licensee. The objector has not clearly mentioned for which the Bank Guarantee should be accepted.
	<b>Commission's View:</b> The Commission notes that the reply furnished by BESCOM is acceptable.	
167	Commission should publish Annual Reports of ESCOMS mentioning the breakup of accumulated losses, efficiency, improvements, etc.	The Annual Accounts of BESCOMs are available on its website.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.	
168	Consumers education fund should be disallowed as the same is not being utilised in an effective manner.	BESCOM has utilized the Consumer Education Fund during FY18 and the details are depicted at page 51 of BESCOM's compliance to preliminary observations.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted and the Commission directs BESCOM to effectively use the proposed funds.	

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
169	Solar Rebate is being continued without verifying the benefits accrued to the Utility. BESCOM must furnish the number of installations benefitted under solar rebate. BESCOM must conduct periodical inspections of working condition of solar installations. Solar rebates should be extended to LT2(a) consumers who don't have any heating load or who have installed water heaters using bio-fuels.	Solar water heating system is mandatory for buildings specified under GoK Notification dated 13th November, 2007. Solar rebate is being extended only to domestic consumers as the GoK, KERC and BESCOM want reduction in sales for domestic category. However, BESCOM intends to withdraw the solar rebate gradually.
	<b>Commission's Views:</b> Reply furnished by BESCOM is noted.	
170	Surcharge should be imposed on electricity produced by solar generators. Wheeling and banking charges should be imposed on all renewable energy generators.	Initially to encourage and increase solar energy the Commission had exempted solar power from paying surcharge. Now a days the solar energy is available at a cheaper rate in the range rate of Rs.1.90/unit to Rs.2.80/unit. Hence, the Commission is requested to remove the exemption to solar power from paying surcharge.
	Commission's View: The matter is subjudice as the Order of the Commission imposing the above charges has been challenge the Hon'ble the High Court/ APTEL.	
171	BESCOM should pay the average cost of energy purchased by it to roof-top solar PV installations.	BESCOM welcomes the suggestions of the objector. Tariff has already been determined for solar roof top PV installations by KERC.
	<b>Commission's View:</b> The tariff payable to the SRTPV owners is according to the tariff determined by the Commission from time to time, which is based on the cost of investment on the SRTPV projects. The average cost of supply has no relevance.	
172	Solar rebate should be continued and enhanced to Rs.100 as it helps in bringing down morning peak. BESCOM has not given details of installations yet to be serviced with solar heaters.	Solar heater is mandatory for consumers/ buildings notified vide GoK notification 13th, November, 2007. Solar rebate is being extended only to domestic consumers as it is a subsidised category and the Government, KERC and BESCOM wants reduction in sales for domestic category. BESCOM needs sales growth in other category of consumers. Hence, the question of rebate does not arise. However, BESCOM intends to withdraw the solar rebate gradually.
	<b>Commission's Views:</b> To solar rebate has been introduced to encourage the consumers to opt for installation of solar water heaters which is beneficial to consumers as well to the ESCOMs as it conserves energy. The Commission is not in favour of increasing the solar rebate as the financial burden thereon will have to be borne by all the consumers.	

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
173	BESCOM has not given information as to what extent peak load has come down. If peak load has not come down, then Commission may cancel compulsory TOD Order and make it optional. BESCOM has stated that peak has shifted from evening to morning. This peak is from domestic and AEH consumers. Peak due to HT should be studied separately. TOD hours should remain the same and TOD should be made optional as BESCOM has failed to prove that TOD has helped to bring down the peak.	TOD tariff is a demand side measure to clip of the peak (morning or evening). The peak load is an impulse load. The peak load for FY18 is 5206 MW on 15th March, 2018 at 9:46 a.m. HT consumers contribute 32% of the sales, whereas domestic consumers contribute 25% of the total consumption. Further, BESCOM has also increased the sales of LED bulbs to domestic consumers which in turn has reduced the load of the latter. This can be seen in the LT2a(i) sales (average sales per installation) for FY18 over the previous years.
	<b>Commission's views:</b> The reply is noted and the Commission directs BESCOM to carry out a detailed impact analysis of implementing TOD and report to the Commission within three months.	
174	The officers of BESCOM do not have clear instructions regarding implementation of Special Incentive Scheme.	BESCOM had issued advertisements in newspapers regarding Special Incentive Scheme. The Scheme details were also posted on BESCOM website. Central Complaints centre of BESCOM was instructed to link the consumer to the concerned section when enquired about Special Incentive Scheme.
	<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. Nevertheless, BESCOM has to intensely educate its own officers for effective implementation of the scheme.	
175	BESCOM submitted that time switches are yet to be provided for 42,979 street light installations. Time switches helps in bringing down the peak load. Thus, BESCOM has failed to implement DSM.	BESCOM has to receive arrears from BBMP and urban local bodies to the tune of Rs.703.87 Crores as on March, 2018. BESCOM cannot further burden itself by providing timer switches to street lights. BESCOM has taken up the issue with BBMP and has educated them about the benefits of installation of timer switches to street light installations.
	<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
176	Independent feeders should be provided for feeding industries.	It is requested to mention the specific area for which independent feeders are to be provided for industries. BESCOM on its part is striving hard to provide uninterrupted power supply to all categories of consumers. Any specific issue may please be brought to the notice of BESCOM for redressal.
	<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	

<b>Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon</b>		
<b>Sl.No.</b>	<b>Objection</b>	<b>Reply by BESCOM</b>
177	Implementation of HVDS will bring down the losses by about 8 to 10%. BESCOM has not informed a target date for completion of HVDS for remaining 111 divisions. Further, evaluation report of the scheme has not been shared with consumers. BESCOM is requested to submit details of expenditure incurred and percentage of losses reduced.	BESCOM, in its reply to the objection, has submitted physical and financial progress of HVDS, Phase-II, Phase-III and Phase-IV works as on Dec,2018 in a tabular format. In Kanakpura division 44 out of 49 feeders have been completed. In Ramanagara division, 56 out of 101 feeders proposed have been commissioned. In Tumakuru division, 11 out of 58 feeders proposed have been commissioned.
	<b>Commission's Views:</b> The reply furnished by BESCOM is noted. Due to its high cost of implementation, the Commission has directed the BESCOM not propose any new HVDS scheme, until further orders.	
178	Procedures for getting temporary and permanent supply connections should be simplified and the connections should be issued within a stipulated time. Fast Track Network Connection (FTNC) rule have not been implemented effectively in cities as neither the employees nor the consumers are completely aware of the rules.	Fast Track New Connection launched formally on 07.02.2018 is intended to arrange power supply to domestic and commercial consumers up to 7.5 KW within 24 working hours subject to conditions. The objective of FTNC is to simplify the procedure and to make it consumer friendly. Prospective consumers can apply ONLINE or OFFLINE for availing the services. FTNC also facilitates Name change, Tariff change & Addition / Reduction of load within 24 working hours. Further, the FTNC cell has been established in all the 49 sub-divisions in Bangalore city and simplified Application Forms along with Fast Track Kit is made available at Helpdesk at each of Sub-Divisional Offices. The Cell is managed by trained resources. Based on the successful implementation and positive response, the FTNC services are extended to all the zones of BESCOM. Sufficient publicity is provided for creating the awareness among general public, social media, BESCOM Mitra, print media etc. The officers of BESCOM attended the training program about FTNC. As on 19th, January, 2019 total application received from prospective consumers and power supply arranged are 1,10,652 Nos. Temporary installations are installed with prepaid meters within the stipulated time.
	<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon		
Sl.No.	Objection	Reply by BESCOM
179	BESCOM has not implemented the proposed action plan to reduce accidents. BESCOM has not been able to do periodical maintenance. BESCOM has not attended to the live wires, open junction boxes, etc. on the road. BESCOM has resorted to third party for maintenance of equipment. BESCOM has not given the accident figures of FY18. Safe distances for vertical and horizontal clearance as per the IE Rules are not being maintained. Concerned Officers should be held responsible.	BESCOM, has submitted details of accidents happened from April, 2018 to December,2018 in a tabular format. The main reasons for accidents are due to ignorance of public, deliberate contact with power lines, road accidents, pole broken, under suspicious circumstances. In order to reduce electrical accidents & interruptions; BESCOM is implementing conversion of HT/LT overhead line into Under Ground (UG)/Aerial Bunched (AB) cable in BMAZ area.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. The Commission is regularly reviewing accidents in its quarterly meetings and directing ESCOM to take appropriate remedial actions. This has also been dealt with in the Directives chapter of this Tariff Order.		