

**APPENDIX-1****Statement showing the objection of the consumers / public, HRECS's Response and the Commission's Views.**

Objections	Replies by HREC's
<p>1. There is no basis for showing a loss of Rs. 32.81 crores for FY18 though HRECS has earned a profit of Rs. 8,70,27,266.23 for FY18. KERC should not accept this loss, since Society is earning profit. Tariff should not be increased.</p>	<p>While closing the Annual Accounts for FY18, HESCOM has indicated and given bill for power purchase cost for Rs. 151,25,65,056.00 only and there by HRECS could earn a profit of Rs. 8,70,27,266.23. However, HESCOM has given bill for difference of power purchase cost for 2016-17 amount of Rs. 26,52,69,008.00 and difference in power purchase cost for FY18 is also notified between what is approved by the KERC and actual bill. Further there is variation in cost in both saving in cost and increase in cost of Return on equity &amp; Interest on Working Capital, this Rs. 6.28 crores is also added to the gap and thus total gap of Rs. 32.81 cores stated. It is not loss, but to make good the gap, a tariff increase is proposed before the KERC.</p>
<p><b>Commission's Views:</b> The previous years' gap is not allowed by the Commission once the APR for a given year is approved and the resultant gap/ surplus is carried over to the next year.</p>	
<p>2. Reason for proposing a uniform increase in Tariff of Rs. 1.13 /unit, unilaterally? Whether the loss would come down by Rs.38.30 with this increase is not clear.</p>	<p>Society has submitted a proposal for uniform increase of Tariff of Rs. 1.13 /unit and Hon'ble Commission by their Tariff Order would determine the Rate for the customer. In order not increase distortions/ irrationality in the Tariff, the uniform increase of Tariff proposed by the society. In order to meet the gap of Rs. 38.30 crore, the proposal is submitted to the Hon'ble Commission for increase in Tariff by Rs. 1.13/unit. However during Annual Performance Review, if there is increase in the Power Purchase Cost, there arises the gap in the Revenue Account.</p>

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<b>Commission's Views:</b> The reply furnished by the HRECS is noted.	
3. The Electricity Arrears are increasing year after year and the reasons thereof and the action taken thereon are to be explained. There is need to fill up the existing vacant posts and initiate action to recover the arrears.	Currently, Rs. 25 cores of arrears is to be recovered from consumers. Mainly, from Gram Panchayats, Water supply installations and Grant due from the Govt. are not released timely to the concerned department and therefore arrears are increasing. For collecting arrears from consumers, action is initiated soon after reading the installations, disconnection drives are also made.
<b>Commission's Views:</b> The Commission directs HRECS to take immediate action to recover the above arrears and further necessary action in accordance with Electricity Act,2003 and to submit a compliance report to the Commission in this regard within one month from the publication of the Tariff Order.	
4. The Society has spent huge amounts on advertisement, that too when society has accumulated loss of 61.32 Crores. The reasons thereon need to be furnished.	Tenders are called for DDUGJY works in a national Daily to seeking deserving bidder since bidders have not participated, notification have to be issued number of times. Notifications calling for tender for purchase of materials are also made for day to day work. Details are available in the society paying copying fee, objectors are free to collect the list of advertisement issued.
<b>Commission's Views:</b> The reply furnished by the HRECS is noted.	
5. The Society has deposited Rs. 36.37Crores as fixed deposit with the Bank and earned Rs. 3.27 Crores as interest accounted the same under profit and shown 2017-18 accounts under profit. Whereas, HESCOM is charging 12% interest on power purchase dues which amounts to Rs. 8.05 Cores. When there huge arrears of power purchase dues, and if	A sum of Rs. 68.06 crore towards subsidy is due to the society from GoK. Proposal has been sent to the Government to release the subsidy to the society through HESCOM and waive the interest and balance amount will be paid by the society to HESCOM. Had the amount been paid to HESCOM, it would have accounted the amount for interest and principal the amount would have remained as due and therefore, the amont has been kept in the bank.

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they had been cleared , the profits on deposits would not have arisen											
<b>Commission's Views:</b> The reply furnished by the HRECS is noted.											
6. The Society has to pay huge arrears to the employees/ retired employees which are shown as amounts payable. Many retired employees have approached the court for payment of arrears on pay revision and DA arrears and the favourable orders are under Appeal. Though the Commission is approving the pay and allowances year on year, the Society has not paid them and the same is shown as payable towards salary and labour.	Since, the matter is pending in the Hon'ble Court action will be taken as per the Orders of the Hon'ble Court.										
<b>Commission's Views:</b> The reply furnished by the HRECS is noted.											
7. Details of banks where the amounts are kept as deposit shall be furnished.	<p>Society has kept Term Deposit in the following Banks.</p> <table border="1" data-bbox="699 1314 1289 1598"> <tbody> <tr> <td>BDCC Bank, Hukeri branch</td> <td>Rs. 361980744.00</td> </tr> <tr> <td>Canara Bank, -----do-----</td> <td>Rs. 1298000.00</td> </tr> <tr> <td>Adinath Credit Souharda Co-Op bank, Hebbal</td> <td>Rs. 43276.00</td> </tr> <tr> <td>Murarji Desai Multipurpose Co-Op society, Kochari</td> <td>Rs. 450000.00</td> </tr> <tr> <td>Total</td> <td>Rs. 363772020.00</td> </tr> </tbody> </table> <p>Rate of interest offered by all the banks have examined and Deposits have been made with the Banks who are paying higher Rate of interest.</p>	BDCC Bank, Hukeri branch	Rs. 361980744.00	Canara Bank, -----do-----	Rs. 1298000.00	Adinath Credit Souharda Co-Op bank, Hebbal	Rs. 43276.00	Murarji Desai Multipurpose Co-Op society, Kochari	Rs. 450000.00	Total	Rs. 363772020.00
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	Deposits are made in the Government scheduled Bank and co-operative Banks.
<b>Commission's Views:</b> The reply furnished by the HRECS is noted.	
8. Source of money deposited in banks may be furnished. Is it is from savings or has it come from the GoK need to be clarified.	Society has been paying its monthly Power Purchase Bill as when claimed by the HESCOM. After that the balance left has been deposited in the bank and Grant assistance from the Government to the schemes are also kept in the Bank and utilise as and when the need arise. HESCOM is claiming revised power purchase cost of previous years and thus there is arrears and they are collecting arrears on the revised power purchase cost. The said interest is requested to be waived. In case of waiver, the amount will be paid through Tripartite Adjustment.
<b>Commission's Views:</b> The reply furnished by the HRECS is noted.	
9. The Society has shown huge amounts as subsidy to be received from the GoK since 2009. Reasons for claiming the same need to be explained.	Reconciliation has been made with the Energy Department on the issue related to this subject. Amount due from GoK to the Society on account IP set Subsidy is Rs. 68.06 Crores. Society has requested to release this amount to HESCOM towards payment of power purchase dues of the society to HESCOM.
<b>Commission's Views:</b> The reply furnished by the HRECS is noted.	
10. Efforts made to recover these dues from GoK need to be clarified.	With regard to this subject, arrears waived from 2003 to 2008, GoK has requested to release the amount.
<b>Commission's Views:</b> The reply furnished by the HRECS is noted.	
11. The Society has shown huge sums as work in progress for the year 2016-17 whereas as per 2017-18 accounts, it was shown as Zero.	The information shown in the accounts by the society under work in progress is under capital account. This amount indicates work under progress and difference in the amount paid by the consumers as estimated cost and actual cost. In

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	<p>case the payment made by the consumers is more than the estimated cost, the difference amount is shown under Assets in the Balance Sheet. In case the estimated cost paid by the consumer is in excess of work in progress, the difference is shown as liability, under the Liability head, in the Balance sheet.</p> <table border="1" data-bbox="699 600 1398 793"> <tr> <td>Work in Progress as on 31-03-2018</td> <td>8,96,60,240.20</td> </tr> <tr> <td>Estimated cost Paid by the consumers</td> <td>9,13,47,642.00</td> </tr> <tr> <td>Capital Work in Progress as on 31-03-2018</td> <td>-16,87,401.80</td> </tr> </table> <p>Capital Work in Progress for 2016-17 is Rs. 28167086.91 and difference of amount Rs. 16,87,401.80 has been shown in the Annual Accounts as the liability. In the same way the amount is shown in the previous year.</p>	Work in Progress as on 31-03-2018	8,96,60,240.20	Estimated cost Paid by the consumers	9,13,47,642.00	Capital Work in Progress as on 31-03-2018	-16,87,401.80
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<p><b>Commission's Views:</b> The reply furnished by the HRECS is noted.</p>							
<p>12. In the previous year, during the public hearing of tariff increase, the Chairman, KERC, has directed HRECL to conduct consumer grievance readdress meeting on every third Saturday of the month. Notice of meeting has to be printed on the back of the electricity bill. During 2018, not even a single meeting has been conducted.</p>	<p>Consumer grievance redressal meeting is conducted once in every quarter after giving notifications in local newspaper. Grievance Redressal meeting has been conducted on 13-11-2018 and on 25-01-2019 in the society Head quarters</p>						
<p><b>Commission's Views:</b> The HRECs is directed to conduct the Consumer Grievance Redressal Meeting as prescribed by the Commission from time to time.</p>							
<p>13. The Society has made Term Deposit of Rs. 36.37 Crores</p>	<p>As per Deen Dayal Upadhyaya Grama Jyothi Yojane Central Government gives 60% and the</p>						

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and has taken a loan of Rs.1.13Crores from the BDCC Bank and interest of Rs. 52,321 has been paid. Even though sufficient deposit was available the reason for taking loan needs to be explained	society has to pay 10% and 30%, as loan have to be invested. And therefore, for the said scheme loan has been taken from BDCC Bank.																																							
<b>Commission's Views:</b> The reply furnished by the HRECS is noted. The Commission directs HRECS to provide the compliance report on the subject report within one month from the publication of the Tariff Order.																																								
14. Provide the list of application pending for electricity connection as on 31-03-2018. Society is doing politics for new electricity connection. What is the reason?	<table border="1"> <thead> <tr> <th data-bbox="699 793 867 835">Sl. No.</th> <th data-bbox="867 793 1159 835">Name</th> <th data-bbox="1159 793 1406 835">Village Name</th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="699 835 1406 877" style="text-align: center;"><b>Lighting</b></td> </tr> <tr> <td data-bbox="699 877 867 947">1</td> <td data-bbox="867 877 1159 947">Dharwad Mishra Pedha</td> <td data-bbox="1159 877 1406 947">Hukeri</td> </tr> <tr> <td data-bbox="699 947 867 1052">2</td> <td data-bbox="867 947 1159 1052">Ramappa Lagamappa Khanapure</td> <td data-bbox="1159 947 1406 1052">Bellad Bagewadi</td> </tr> <tr> <td colspan="3" data-bbox="699 1052 1406 1094" style="text-align: center;"><b>Small Industries</b></td> </tr> <tr> <td data-bbox="699 1094 867 1163">1</td> <td data-bbox="867 1094 1159 1163">Mallappa Basappa Doddadannavar</td> <td data-bbox="1159 1094 1406 1163">Gudas</td> </tr> <tr> <td data-bbox="699 1163 867 1232">2</td> <td data-bbox="867 1163 1159 1232">Balaram Bhimappa Bani</td> <td data-bbox="1159 1163 1406 1232">Yelimunnoli</td> </tr> <tr> <td data-bbox="699 1232 867 1302">3</td> <td data-bbox="867 1232 1159 1302">Usamanabeg Abdulgbeeg Inamadar</td> <td data-bbox="1159 1232 1406 1302">Bastwad</td> </tr> <tr> <td data-bbox="699 1302 867 1371">4</td> <td data-bbox="867 1302 1159 1371">Riyajahmed Dastageer Sanadi</td> <td data-bbox="1159 1302 1406 1371">Hukeri</td> </tr> <tr> <td data-bbox="699 1371 867 1440">5</td> <td data-bbox="867 1371 1159 1440">P.S. Hosamani</td> <td data-bbox="1159 1371 1406 1440">Shirahatti B.K</td> </tr> <tr> <td colspan="3" data-bbox="699 1440 1406 1482" style="text-align: center;"><b>Irrigation Pumpset</b></td> </tr> <tr> <td data-bbox="699 1482 867 1551">1</td> <td data-bbox="867 1482 1159 1551">Bharama Styappa Harari</td> <td data-bbox="1159 1482 1406 1551">Sarapur</td> </tr> <tr> <td data-bbox="699 1551 867 1621">2</td> <td data-bbox="867 1551 1159 1621">Dastageer Hasansab Makanadar</td> <td data-bbox="1159 1551 1406 1621">Sarapur</td> </tr> </tbody> </table> <p data-bbox="699 1671 1159 1703">The above list is as on 31-03-2018.</p> <p data-bbox="699 1738 1421 1812">Thereafter some applications which are disposed off and some are pending on technical ground.</p>	Sl. No.	Name	Village Name	<b>Lighting</b>			1	Dharwad Mishra Pedha	Hukeri	2	Ramappa Lagamappa Khanapure	Bellad Bagewadi	<b>Small Industries</b>			1	Mallappa Basappa Doddadannavar	Gudas	2	Balaram Bhimappa Bani	Yelimunnoli	3	Usamanabeg Abdulgbeeg Inamadar	Bastwad	4	Riyajahmed Dastageer Sanadi	Hukeri	5	P.S. Hosamani	Shirahatti B.K	<b>Irrigation Pumpset</b>			1	Bharama Styappa Harari	Sarapur	2	Dastageer Hasansab Makanadar	Sarapur
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	Society never do politics giving service Connections.
<b>Commission's Views:</b> The reply furnished by the HRECS is noted. The Commission directs HRECS to adhere to the Standards of Performance.	
15. How many layouts are there in the society area during 2017-18 and how many layouts are pending and how much income has come to society? Provide the list of layouts pending who have paid the money.	7 layouts have been electrified in the Society area during 2017-18. No layouts are pending for electrification. Income assessment is not possible.
<b>Commission's Views:</b> The reply furnished by the HRECS is noted.	
16. It is stated by the Society that energy meters are fixed to five IP Set feeders. Details of meter readings of 5 feeders for 2017-18 need to be provided.	Society has not fixed energy audit meter for 5 pump set feeders.
<b>Commission's Views:</b> The reply furnished by the HRECS is noted. The Commission directs HRECS to adhere to the Commission's directions on furnishing energy consumption and energy audit in HERCS.	
17. Whether prepaid meters are fixed for Temporary installations? How? Provide the lists of Temporary installations are fixed with prepaid meters as on 31-03-2018. Give the details.	Prepaid meters are not fixed to the Temporary installation.
<b>Commission's Views:</b> The Commission directs HRECS to follow the Regulations and Directions issued by the Commission in this regard.	
18. Whether you have purchased materials through e-tender? If not how material are purchased.	Materials are not purchased through E-tenders by the Society. Paper notifications are issued in the Newspaper calling for tenders and the same is

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	placed before the Managing Committee meeting for purchase of materials.																		
<b>Commission's Views:</b> The Commission directs HRECS to follow the KTPP Act in this regard.																			
19. Provide Resolution of the Annual General body Meeting held on 19-9-2018.	Copy of the Resolution available in the Society and can be obtained on payment of prescribed fees.																		
<b>Commission's Views:</b> The reply furnished by the HRECS is noted.																			
20. The details of age-wise analysis of arrears need to be furnished along with the details of amounts recovered and action taken to recover the arrears.	<p>The details arrears pending are as below:</p> <table border="1" data-bbox="699 829 1393 1077"> <thead> <tr> <th>Particulars</th> <th>Installations</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>More than one year</td> <td>3416</td> <td>Rs. 23745543.00</td> </tr> <tr> <td>More than two year</td> <td>2415</td> <td>Rs.16916737.00</td> </tr> <tr> <td>More than three year</td> <td>630</td> <td>Rs. 3890430.00</td> </tr> <tr> <td>More than four year</td> <td>879</td> <td>Rs 6473693.00</td> </tr> <tr> <td>More than five year</td> <td>3255</td> <td>Rs. 41940295.00</td> </tr> </tbody> </table> <p>Said arrears are being recovered by meter reader soon after they complete meter readings. Arrears are also collected during Lok-Adalath</p>	Particulars	Installations	Amount	More than one year	3416	Rs. 23745543.00	More than two year	2415	Rs.16916737.00	More than three year	630	Rs. 3890430.00	More than four year	879	Rs 6473693.00	More than five year	3255	Rs. 41940295.00
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