

APPENDIX – 1

Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon

Objections on Tariff Issues:	
Objection	Reply by BESCOM
<p>1. BESCOM should indicate steps taken for improvement of efficiency since the date of previous Order issued by the Commission.</p>	<p>Truing up of performance for FY17 is placed before the Commission with comparisons of Commission's approved figures versus actual figures for FY17 along with explanation. Annual Revenue Requirement for FY19 and Tariff revision for FY-19 is sought based on the projections of sales and power purchase with respect to historical data.</p> <p>Efficiency gains will be measured by the Commission and, while passing orders on the tariff application, the Commission will take care of sharing of gains and losses, duly considering the approved targets.</p>
<p>Commission's Views: The reply furnished by the BESCOM is noted. BESCOM shall consider providing a brief note on the steps taken for improvement of efficiency along with its tariff application in future.</p>	
<p>2. In the truing up proposal for FY17, the BESCOM has mentioned that the regulatory asset of Rs.541.97 crores which pertains to FY13 will be recovered in FY19 after a lapse of 4 years. This should not be done. BESCOM has also added carrying cost of Rs.68.41 crores with a total regulatory asset for Rs.611 crores. This amount should be recovered from the Government.</p>	<p>The Commission vide Tariff Order dated 30th March 2016, allowed recovery of Regulatory asset of Rs. 541.97 Crores related to FY13 and Rs.28.11 relating to the Commission's Order dated 10th December, 2015 in R.P. No.6/2013 and Order dated 7th January, 2016 in the R.P. No.5/2014. But, as per the accounts of FY17, the receipts of FY17 are not sufficient to meet the expenses of standalone year. Under the said circumstances, BESCOM has requested the Commission to allow recovery of the same in FY19 with carrying cost of Rs 68.41 Crs (for two years at 12% per annum, i.e., FY17 and FY18, at the rate of 12% of each year).</p> <ul style="list-style-type: none"> • The Commission should have allowed the carrying cost at the prevailing market lending rate for the carrying cost so that the efficiency of the distribution company

	<p>is not affected.</p> <ul style="list-style-type: none"> • A regulatory asset is a deferred expenditure to be recovered from the future consumers. In order to avoid tariff shock to its consumers, the revenue recovery although recognized, is deferred for the future. • The Regulators do permit carrying costs of Regulatory Assets to the distribution utilities to manage their cash-flow requirements. However, interest cost allowed for short term borrowing costs, to meet the shortfall in revenue is not sufficient. • This affects the ability of BESCOM to raise commercial debt in the market, as the Company's balance sheets get compromised on this account.
<p>Commission's Views: The Commission, duly taking note of the reply by BESCOM, has dealt with the matter suitably in the relevant chapter of this Tariff Order.</p>	
<p>3. Unscheduled load shedding has adverse effect on the industries. Hence, BESCOM has to take planned maintenance and should give 24 hours advance notice in newspapers. This is not being done, which is a violation of KERC directives.</p>	<p>Prior intimation of scheduled load shedding to the consumers is being given in daily newspapers.</p>
<p>Commission's Views: The reply by BESCOM is found acceptable.</p>	
<p>4. BESCOM has totally failed to improve the efficiency of its operation by implementing directives issued by the Commission. Hence, tariff filings are liable to be dismissed.</p>	<p>Objectors should specifically point out the inefficiency factor of BESCOM, and seek Commission's attention on the issue. General comment on inefficiency is not acceptable.</p>
<p>Commission's Views: The reply furnished by the BESCOM is acceptable. The consumers should point out specific issues instead of making general observations.</p>	
<p>5. Every year, due to its inefficiency, BESCOM, incurring additional expenditure and these are made good in truing up exercise. This time the major cost involved is short term power purchase cost of Rs.721.242 crores.</p>	<p>Rs.581.29 Crores of increase in tariffs was approved to make good the deficit approved by the Commission in its truing up exercise of the previous years. But due to increase in power purchase cost, approved tariff receipts have not fetched the standalone ARR of FY17.</p> <p>Added to above, decline in industrial sector under LT and HT categories and increase in</p>

	IP sales has resulted in revenue gap.
Commission's Views: The points raised are dealt with in the relevant chapter of the APR for FY17.	
6. Industrial sector is over burdened by cross subsidization. Hence, the Government should pay subsidies so that subsidization burden can be reduced on industrial sector.	Capital expenditure is incurred in strengthening the distribution network for enhancing the reliability of the system. It is the social responsibility of BESCO to energize the IP Sets of SC, ST, BCM & KMDC under Ganga Kalyana and drinking water supply schemes.
Commission's Views: The Commission has dealt with this matter in the appropriate chapter of this Tariff Order.	
7. BESCO which had committed to reduce distribution losses by 0.5 % every year, has not done so.	Distribution loss of BESCO is within the bandwidth set by the KERC.
Commission's Views: The reply furnished by the BESCO is noted. The Commission emphasizes that, the BESCO needs to put in more efforts in reducing distribution losses especially by conducting energy audit for plugging leakage and to make the BESCO viable both technically and financially.	
8. As per the National Tariff Policy and the KERC directives, all the Power Installations are to be metered irrespective of the category, whether industrial, domestic or IP set installation. The BESCO has to furnish the numbers of unauthorized IP sets that have been regularized. Whether IP sets consumption furnished by BESCO is based on facts should be clarified. Industrial sales have decreased considerably and BESCO has admitted that as against approved sales of LT-4 category 6739.18 MU, actual sales is 7288.47 MU and hence the actual cross subsidy level has increased from 52.51% to 56.49%.	BESCO is calculating IP sets consumption based on the 11 KV feeders exclusively feeding the IP sets which are metered. This is done as per the directions of KERC. The Commission has also prescribed a format for computing the sales of IP sets. The month-wise IP set details for FY17 are furnished during the validation meeting. Further, as per Government Order, BESCO is supplying only 7 hours of 3 phase supply to agricultural feeders in 2 batches unlike on Industrial and other feeders where power supply is maintained for more than 22 hours, subject to any transmission or generation constraints.
Commission's Views: The matter has been appropriately dealt with.	
9. BESCO should consider the following steps to increase energy sales: a. Incentivize increase in consumption b. Incentivize capital investment to	BESCO is keen on increasing the metered category sales and the suggestions of the objector will be considered.

<p>convert from LT to HT installation.</p> <p>c. TOD system should be optional.</p> <p>d. Changes of timing for TOD should be reversed.</p> <p>e. Govt. sponsored capital investment should be borne by Govt. so that cross subsidy can be reduced</p> <p>f. Quality of power should be assured.</p> <p>g. Encourage roof top solar power.</p>	
<p>Commission's Views: Reply furnished by the BESCOM is acceptable.</p>	
<p>10. Industrial consumers are already suffering from huge cross subsidy charges. The proposal to levy penalty proportionate to excess demand recorded will be a setback to consumers and will adversely affect the sales.</p>	<p>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 itself for the full demand requested by the consumer. In this context, BESCOM is seeking 85% billing demand in the place of 75%.</p>
<p>Commission's Views: Reply furnished by the BESCOM is noted and its proposal is dealt appropriately in the relevant chapter of the Tariff Order.</p>	
<p>11. BESCOM has not taken action on the KERC directives on implementation of standard performance.</p>	<p>Implementation of Standard of Performance are being monitored at the Corporate office, and the details are also being furnished to the Energy Department and KERC for review. For any violation on the part of BESCOM to perform within the pre-defined time, the Company is liable to pay the stipulated penalty.</p>
<p>Commission's Views: Reply furnished by the BESCOM is noted. The Consumers should point out specific cases of failure or deficiency in services of BESCOM instead of making general comments, so that the Commission can seek remedial action and compliance report from BESCOM.</p>	
<p>12. Un-scheduled load shedding is being done throughout the year. If the same is avoided definitely there will be improvement in sales.</p>	<p>Load shedding is intimated to the consumers through newspapers. Further, BESCOM has developed mobile application, to provide information to consumers through SMS in advance about the date, time and duration of the scheduled interruption. The Consumers are advised to use the same.</p>
<p>Commission's Views: The reply furnished by BESCOM is acceptable.</p>	

<p>13. As per the National Tariff Policy, the cross subsidy should be within $\pm 20\%$ of the cost of supply and the tariff determination should be based on cost to serve. ESCOMS are taking cost of supply as a basis for seeking tariff revision.</p>	<p>For industrial consumers, the Cross subsidy level of $\pm 20\%$ of Avg. Cost of Supply is already achieved in the earlier Tariff Orders of the Commission. BESCO has proposed to the Commission to reduce the Energy charges for HT consumers.</p> <ul style="list-style-type: none"> • The cross subsidy for a consumer category is the difference between cost to serve of that category of consumers and the average tariff realization rate of that category of consumers. While the cross-subsidies have to be reduced progressively and gradually to avoid tariff shock to the subsidized categories, the cross subsidies cannot be eliminated totally. • The tariff for different categories of consumers 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. • Tariff for consumers below the poverty line will be at least 50% of the average cost of supply. Further, the Commission is governed by the National Tariff Policy in fixation of tariff.
<p>Commission's Views: The Commission has dealt with this matter appropriately in the relevant chapter of the Tariff Order. The Commission's endeavor is to reduce the cross subsidies gradually as per the provisions of the Tariff Policy.</p>	
<p>14. The supply to agricultural pump sets is increasing year on year and since the metering of IP sets are still under progress. The cost of power used by IP sets is subsidized by other categories of consumers.</p>	<p>BESCO is calculating IP sets consumption based on the NJY feeder exclusively feeding IP sets. This is done as per the direction of KERC. The Commission has also prescribed a format for computing the sales of IP sets. The month-wise IP set details for FY-17 is furnished during the validation meeting. Further supply to IP sets constitutes 27.79% of total energy supplied in BESCO jurisdiction.</p>
<p>Commission's Views: The Commission has dealt with this matter appropriately in the relevant chapter of the Tariff Order.</p>	
<p>15. GoK is required to pay subsidy in</p>	<p>Subsidy claim of BESCO is made in</p>

advance every quarter. But non-release of timely subsidy by the GoK, has created financial problem for the ESCOMs. GoK is not providing any interest on late payment.	advance on average basis but reimbursement is very much dependent on GOK. BESCOM is not claiming the interest portion for non-released portion from GOK.
Commission's Views: The reply by BESCOM is acceptable.	
16. As per the KERC Security Deposit Regulations 2007, consumers opting to take supply through prepaid meters are not required to deposit two months security deposit.	In the existing scenario, only LT Temporary category of consumers are served with Prepaid meter mode and BESCOM is collecting security deposit from such consumers as per COS.
Commission's Views: The reply by BESCOM is noted.	
17. ESCOMs are levying penalty in cases, where power factor falls below 90%. It would be fair, if BESCOM gives some incentive for maintaining power factor above 90%.	Penalty is charged to attain grid discipline Hence, maintaining 90% warrants no incentive as it is stipulated as per the Grid Code.
Commission's Views: The reply by BESCOM is noted.	
18. Less than 1% of consumers comes under HT category and contribute revenue of more than 50%. In spite of this there is unscheduled load shedding for HT consumers affecting production, leading to negative trend in the manufacturing sector. Hence, this sector requires substantial reduction in present tariff.	Prior intimation of load shedding is being given to the consumers through daily newspapers. Further, BESCOM has developed a mobile application to provide information to consumers through SMS in advance about the date, time and duration of the scheduled interruption. When Load shedding is initiated, Rural and agricultural loads are shed first, industrial loads are shed only as a last resort for the benefit of manufacturing sector. Growth of GDP depends on various related factors and policies of the State and Central Government, and it is not dependent on power sector alone.
Commission's Views: The reply by BESCOM is acceptable.	
19. The revenue realization from vigilance cases booked earlier is not included in the tariff petition. ESCOM should publish the list of big defaulter consumers and action to be taken to recover their dues.	Revenue realized from vigilance cases is part of the Tariff petition. For FY17, the collection efficiency is more than 99%, BESCOM has achieved this through rigorous disconnection drive. Hence, the publishing of defaulters list does not arise.
Commission's Views: The reply furnished by BESCOM is noted.	

20. ESCOMs should take up additional resource mobilization by charging for use of electric poles for advertising and running cables by cable dish TV operators.	Additional revenue by allowing advertisement boards and laying of OFC cables on electric poles creates hazardous environment and will lead to electrical accidents.				
Commission's Views: The reply furnished by the BESCOM is acceptable.					
21. ESCOMs have failed to complete the metering of installations at the DTC level.	<p>Status of DTC Metering as on Oct-2017</p> <table border="1" data-bbox="842 483 1361 624"> <thead> <tr> <th data-bbox="842 483 1115 573">Total no. of DTC existing as at the end of Oct-17</th> <th data-bbox="1115 483 1361 573">Total DTCs Metered</th> </tr> </thead> <tbody> <tr> <td data-bbox="842 573 1115 624">287523</td> <td data-bbox="1115 573 1361 624">113630</td> </tr> </tbody> </table> <ul data-bbox="852 651 1495 2007" style="list-style-type: none"> • Metering of DTCs of IP set and Water supply installations is exempted. Balance metering to be carried out on approximately 38876 Nos. of DTCs. • There are approx. 5926 Nos. of DTCs identified under IPDS towns which are to be metered, for which tendering process is already initiated. Hence balance DTCs to be metered as on Oct-2017 is 32950 Nos. • For carrying out energy audit of metered DTCs, BESCOM has taken all measures to resolve the issues and the same is under progress. • In RAPDRP area DTC-wise Energy audit reports requires fine tuning in incremental data, GIS updating and integration with RAPDRP system. Once it is integrated, DTC-wise system generated Energy audit reports will be submitted regularly to the Commission. • In Non-RAPDRP area DTC-wise energy audit reports are generated from Jan-2016 onwards for 38000 Nos. of DTCs. Due to improper tagging most of the DTCs are having abnormal losses. Action is being taken to set right the same. Quarterly reports of ranges of loss levels are furnished to KERC regularly. • Also Energy audit reports at Town/Division/Feeder-wise are furnished 	Total no. of DTC existing as at the end of Oct-17	Total DTCs Metered	287523	113630
Total no. of DTC existing as at the end of Oct-17	Total DTCs Metered				
287523	113630				

	regularly to the Commission in the prescribed format for quarterly review meetings.
Commission's Views: The reply furnished by the BESCOM is acceptable.	
22. Niranthara Jyothi Yojana is not yet completed.	BESCOM has already completed Phase-I and Phase II of Niranthara Jyothi Yojana, Phase-III is due for completion in Mar 18 for providing better supply to non-agricultural rural loads as well as separating the agricultural load from mixed feeders. The benefits are also detailed in BESCOM's filing.
Commission's Views: The reply furnished by the BESCOM is acceptable.	
23. ESCOMs are not conducting consumer interactions meeting, the same should be conducted to all classes of consumers.	BESCOM is utilizing Rs. 1 Crs. fund towards Consumer Interaction Meetings, Consumer Adalaths and other related activities.
Commission's Views: The reply furnished by the BESCOM is noted.	
24. Training has to be imparted to the members of CGRF before assumption of office.	The functions of the Consumer Grievance Redressal Forum (CGRF) are laid out in the Karnataka Electricity Regulatory Commission (Consumer Grievance Redressal Forum and Ombudsman) Regulations 2004. The regulations are available on the BESCOM and KERC websites. Training to the CGRF members have also been carried out in the past. Further, if any of the consumers approach our sub divisional staff they will be guided about the CGRF regulations.
Commission's Views: The reply furnished by the BESCOM is acceptable.	
25. Vigilance staff cannot step in to the shoes of assessing officer and exercise the powers conferred by GoK.	The assessment is prepared by the Vigilance staff along with the BESCOM officials, but the final statements are prepared by assessing officers himself.
Commission's Views: The reply furnished by the BESCOM is noted.	
26. Training for officers at field level has to be conducted at regular intervals.	Training to the field officers are being carried out at BESCOM.
Commission's Views: The reply furnished by the BESCOM is noted.	
27. The power supply situation and quality of power in rural areas has deteriorated year by year.	The BESCOM has implemented Niranthara Jyothi Yojane for providing better power supply to rural areas.

Commission's Views: The reply furnished by the BESCOM is noted.	
28. Due to un-scheduled interruption and load shedding industries are suffering. Hence, independent feeders should be provided for industries.	Presently BESCOM has 458 dedicated industrial feeders. The specific area for which independent feeders are to be provided for industries should be mentioned. BESCOM is striving hard to provide uninterrupted power supply to all categories of consumers. Specific issue may be brought to the notice of BESCOM for immediate Redressal.
Commission's Views: The reply furnished by the BESCOM is noted.	
29. Segregation of commercial and technical losses as stipulated in the tariff policy is not done by BESCOM.	BESCOM has submitted D23 format wherein the segregation of technical and commercial losses is indicated.
Commission's Views: The reply furnished by the BESCOM is noted.	
30. The idea of using the energy under banking without any payment for the utilized energy after a lapse of 3 months is against fair trade practices.	The customary practice and the usual norm is that the Wind Generators bank their energy with the Petitioner during the generation period, only to be used at the end of the wind year, that is, in the month of March (Wind year – 1st April to 31st March), which causes great difficulties and hardship to BESCOM. Hence, BESCOM had proposed reduction of Banking period from 12 months to 3 months during the last tariff filing and a separate petition in this regard was also filed before the Commission.
Commission's Views: The reply furnished by the BESCOM is noted.	
31. ESCOMs are charging cost of meter as security deposit with the application.	Meters are procured by the consumers directly from the meter outlets. Precautionary instructions are already issued to outlets to stock sufficient meters to ensure timely servicing of the installations.
Commission's Views: The reply furnished by the BESCOM is acceptable.	
32. ESCOMs should disclose surplus lands, guesthouses, details of encroached lands, surplus assets, assets owned by ESCOMs but used by Govt. for other purposes.	Assets including land are taken to the books based on the various orders of GOK/KPTCL. The value of those assets including land transferred and procured by BESCOM exclusively (consequent to corporatization – FY2002-03 and onwards) are made available in the audited accounts and suitable disclosure are made in the Annual report.
Commission's Views: The reply furnished by the BESCOM is acceptable.	

<p>33. As per regulation 2.7.1 of MYT regulations 2006, in the application for determination of tariff for any financial year shall be made not less than 120 days before the commencement of financial year. Hence, this should have been filed on or before 30.11.2017.</p>	<p>BESCOM filed Turing up of FY17, and Annual Revenue Requirement for FY-19 and Tariff revision for FY-19 on 30.11.2017, which is within the norms.</p>
<p>Commission's Views: The reply furnished by the BESCOM is acceptable.</p>	
<p>34. BESCOM has deliberately shown power purchase of Rs.15282.98 crores whereas approved power purchase is Rs.14253.49 crores. The difference is Rs.1029 crores. BESCOM should inform the reason for procurement of more power costing Rs.1029 crores.</p>	<p>Though the Commission has approved the power purchase cost for the year, the actual Power Purchase Cost depends on fuel price, which varies during the financial year. This can be seen every year, wherein the actual power purchase cost increases from the approved power purchase cost. For FY17 Rs.12954.2 Crores was approved against which the actual power purchase cost was Rs.13672.98 Crores. Further, the transmission cost of PGCIL has also doubled i.e. Rs. 753.24 Crs. for FY17 from approximately Rs. 250Crores during the previous years.</p>
<p>Commission's Views: The reply furnished by the BESCOM is noted. The Commission has dealt with this matter appropriately, in the relevant chapter of this Tariff Order.</p>	
<p>35. The average cost of supply is Rs.5.96 per unit but IP sets are charged only Rs.2.38 per unit. There is a difference of Rs.3.58 per unit which is being recovered from other consumers through cross subsidization.</p>	<p>The Electricity Act, 2003 emphasizes lower tariff for lifeline consumption and also access to cheaper power by the poor and the needy. Section 61 of the Electricity Act, 2003 suggests the principles of tariff fixation. The National Tariff Policy states "For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within $\pm 20\%$ of the average cost of supply". The tariff for IP sets falls within $\pm 20\%$ of the average cost of supply.</p>
<p>Commission's Views: 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. It is the Commission's endeavor to gradually bring down the level of cross subsidies.</p>	

36. Form No. D-18 is to give details of demand, collection and balance. But the form D-18 is totally blank. BESCOM has not given any details.	The D-18 and D-18A formats is a very voluminous data which was not printed. However, the soft copy of the same has been hosted on BESCOM website www.bescom.org. BESCOM has complied with the KERC directions by submitting the details in soft copy to the Commission. BESCOM has always been following this procedure.
Commission's Views: The reply furnished by BESCOM is noted.	
37. Commission had approved purchase of 31522.26 MU but BESCOM has purchased only 31487.90 MU, thus BESCOM has purchased 34.36 MU less.	BESCOM was not supplied with the approved level of energy from KPCL thermal, CGS and major IPPS. The Company had to purchase more quantum of short term power with the approval of the Commission to supply power to its consumers which has resulted in the increase in power purchase cost for FY-17. Hence, the contention of the objector to delete Rs.719 Crs. for FY17 is not justifiable.
Commission's Views: The reply furnished by the BESCOM is noted. The Commission has dealt with this matter appropriately, in the relevant chapter of this Tariff. Approval of power purchase quantum and cost is based on estimates and the actuals are bound to be different than the estimates. Hence, truing up of ARR is done through APR.	
38. Capital expenditure approved by the Commission was Rs.2000 crores but BESCOM has made capital expenditure of Rs.1402.25 crores.	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.
Commission's Views: The reply furnished by the BESCOM is noted. The Commission has dealt with this matter appropriately, in the relevant chapter of this Tariff Order.	
39. Allowed debt equity ratio is 70:30 (2.33:1) In FY17, the debt equity ratio is 4.7:1 which is very high debt and very low equity, which reflects very weak finances of BESCOM.	The increase in debt: equity ratio is due to the fact that the actual depreciation and interest and finance charges are not fully recovered in the current Tariff Order. The Company is compelled to borrow loans to carry on the business. This increases the debt: equity ratio of the Company.
Commission's Views: The reply furnished by the BESCOM is noted. The Commission has dealt with this matter appropriately, in the relevant chapter of this Tariff Order.	

However, BESCOM is directed to maintain the Debt: Equity Ratio as per the MYT norms.	
40. ToD tariff should be made optional, as BESCOM has failed to prove that TOD has helped to bring down the peak.	Time of Day tariff is a demand side measure to clip off the peak (morning or evening). In order to spread out the demand for power throughout the day and to avoid congestion at a given point of time, TOD tariff was introduced.
Commission's Views: The reply furnished by BESCOM is noted. BESCOM shall analyse the impact of ToD usage and submit the same to the Commission before next tariff filing in order to establish that the ToD is really helping the ESCOMs to effectively manage the peak loads.	
41. Implementation of HVDS will bring down the losses by about 8 to 10%. BESCOM should decrease the expenditure incurred so far on HVDS and the percentage losses reduced.	<p>The implementation of HVDS involving 68 feeders in Tumkur RSD-1 & 2, Chikkaballapura and Doddaballapur sub-divisions of BESCOM is completed. The analysis of the feeders commissioned with respect to benefits accrued to the system post- implementation vis-à-vis the objectives set out in the DPR has been carried out by third party Agency M/s. N_Arc Consulting, New Delhi.</p> <p>The DPRs pertaining to implementation of HVDS scheme in Ramangara Division, BESCOM have been prepared as per the revised guidelines of the Commission & got approved for implementation of project by the KERC. The works are tendered through e-procurement portal as per KTCP Act & awarded to the successful agency. The works are under progress and will be completed within the scheduled period as per the contract.</p> <p>As per the directives of Commission, CPRI, Bangalore has been appointed as Third Party Inspection Agency (TPIA) for pre & post analysis of HVDS works in Kanakapura division & outlining the benefits accrued to the system post implementation of the HVDS project in Kanakapura division will be submitted to the Commission after completion of works. The works are under progress & nearing completion.</p>

Commission's Views: The reply furnished by BESCOM is noted. The Reports on the third party analysis should be furnished to the Commission at the earliest to know the benefits of the scheme.	
42. BESCOM has not furnished anything on DSM implementation.	Letter has been addressed to Energy Department, GoK regarding modifications in methodology for implementation of Agricultural DSM programme. BESCOM is awaiting directions from GoK.
Commission's views: The reply furnished by BESCOM is noted. The BESCOM shall submit the results of the Rytha Surya scheme being implemented in BESCOM, before next tariff filing.	
43. Commission has directed BESCOM to complete the work of metering of DTCs by 31.12.2010 BESCOM is silent on the said issue.	BESCOM has decided to embark on metering of all DTCs during FY19. Once, the metering part is completed the DTC-wise line loss will be worked out.
Commission's Views: The reply furnished by BESCOM is noted. In respect of the DTCs already metered, the BESCOM shall take up energy audit and take remedial action in reducing the losses in respect of DTCs showing abnormal losses	
44. It is noted that the distribution losses are more than 15% in 18 towns. The losses are as high as 45.74%. BESCOM should explain this.	BESCOM is providing the details of Energy Audit of Divisions, Towns, Cities & DTCs to the Commission in the prescribed format.
Commission's Views: The reply furnished by BESCOM is not satisfactory. It has to analyze the reasons for high distribution losses and take action to minimize the same compliance has to be submitted in this regard before next tariff filing.	
45. In BESCOM's jurisdiction accidents have increased and BESCOM should explain this.	<p>BESCOM has taken following effective measures, to reduce accidents.</p> <ul style="list-style-type: none"> • Instructions are issued from the corporate office to rectify the identified hazardous locations on top priority. • Third Saturday of every month is observed as safety day and instructions are issued from the corporate office to the field staff to conduct safety day every month wherein officers have to educate the field staff regarding safety and to take up at least one feeder maintenance work every month in each division. • LOI has been issued for fixing the incoming and outgoing name plate details for every

	<p>DTC and change-over points.</p> <ul style="list-style-type: none"> • Several circulars are issued from corporate office regarding staff and public safety. • Instructions are issued from the corporate office to attend the observations on DTCs and Lines made by the Electrical Inspectorate. • Safety pamphlets, Book markers and Safety game boards have been distributed during ELECRAMA-2016. • LT spacers are being installed wherever required. • LTD boxes are being installed wherever required. • Instructions were issued to all the field staff to immediately rectify the dangling wires on transformers/poles, raise the aerial fuse boards to safety height, prune the trees along the HT/LT lines, clean the transformer/RMU surroundings, maintain feeder pillar boxes & LTD boxes etc. • Modification of 11KV GOS had been carried out in BMAZ area.
Commission's Views: The reply furnished by BESCOM is noted.	
46. The Commission has directed BESCOM to achieve HT-LT ratio of 1:1, BESCOM should give details of action taken.	Details of HT and LT lines as on 31.03.2017 is depicted. BESCOM is aware of the directive. Increasing the HT/LT lines ratio is a continuous process. BESCOM has added 2280 ckt. Kms from 30.09.2016 to 31.03.2017. It will continue its efforts in the matter.
Commission's Views: The reply furnished by BESCOM is noted. BESCOM should have clear Action Plan to achieve the desired HT LT ratio.	
47. BESCOM has not disclosed the number of desired DTCs feeding to IP sets that are metered.	DTCs feeding IP sets as on January, 2018 is 1,00,573.
Commission's Views: The reply furnished by BESCOM is noted. BESCOM should furnish the details of metered DTCs feeding the IP sets and conduct energy audit of the same to know the level of losses in the DTCs before the next tariff filing.	
48. BESCOM has not furnished the abstract of reliability index of feeders.	Monthly reliability index in the prescribed format is being submitted to the Commission and the same is available on BESCOM

	website.
Commission's Views: The reply furnished by BESCOM is acceptable.	
49. BESCOM has not given the number of IP sets after enumeration. It should explain as to, whether the enumerated figures are incorporated in the DCB.	The no of enumerated IP set are depicted in monthly DCBs. For FY17, 32058 number of IP sets are added to DCB. The number of IP installations as on September, 2017 is 854809.
Commission's Views: The reply furnished by the BESCOM is noted. The Commission has dealt with this matter appropriately, in the relevant chapter of this Tariff Order.	
50. BESCOM has not regularized the unauthorized IP-sets which were identified.	The monthly progress of Unauthorized IP sets is recorded by BESCOM. As on January, 2018 292536 unauthorized IP sets have been identified and remaining 37725 IP sets are yet to be regularized.
Commission's Views: The reply furnished by the BESCOM is noted. The Commission has dealt with this matter appropriately, in the relevant chapter of this Tariff Order.	
51. BESCOM should complete metering of IP sets at least by the end of 2019.	BESCOM is metering the NJY feeders which are exclusively feeding the IP sets. By taking up Phase III of NJYs Scheme, BESCOM will be able to meter all the agricultural feeders.
Commission's Views: The reply furnished by BESCOM is noted. BESCOM should complete the Phase three of NJY scheme and measure the IP set consumption from the meters installed on the segregated 11 KV lines.	
52. BSECOM has not furnished details of failures of distribution transformer.	Details of failure of Distribution Transformers, will be uploaded in BESCOM's website on monthly basis.
Commission's Views: The reply furnished by BESCOM is noted.	
53. BESCOM is quoting only distribution losses but not ATC losses.	AT&C loss for FY17, as per accounts is 16.91%. Further reduction in ATC losses depends on the payment of arrears from the Urban and Rural Local bodies. However, the Commission has fixed the loss targets for distribution loss rather than AT&C losses (Commission is not considering the collection efficiency).
Commission's Views: The reply furnished by the BESCOM is noted. The Commission notes that a substantial portion of revenue has to come from the GoK in the form of subsidy and thus collection of revenue mainly depends on the release of subsidy and the payment of dues by the urban and local bodies. Hence, the AT & C losses will not reflect the true picture of the technical losses. The Commission has dealt with the T & D losses appropriately, in the relevant chapter of this Tariff Order.	
54. The banked energy should be allowed to be used within next 12 months.	The customary practice and the usual norm is that the Wind Generators bank their energy with the Petitioner during the

	generation period, only to be used at the end of the wind year that is in the month of March. (Wind year – 1st April to 31st March), which causes great difficulties and hardships to BESCOM. Hence, BESCOM had proposed reduction of Banking period from 12 months to 3 months.
Commission's Views: The reply furnished by BESCOM is noted. The ESCOMs had filed a separate petition on this, vide OP No.90,100,104 of 2016 and OP No. 47 & 130 of 2017. The Commission has issued orders on these petitions vide its Order dated 09.01.2018, giving detailed findings and the decision of the Commission in the matter.	
55. Average consumption of IP sets for FY19 is taken as 7980 units per IP set per annum. In the previous year it was taken as 6890 units per IP set per annum. The BESCOM should explain this anomaly.	The average consumption for FY19 has been estimated based on the FY18 and FY17 meter readings. The Commission is looking into the monthly feeder-wise readings to confirm the authenticity of BESCOM's information before approving the same. BESCOM is required to furnish the monthly feeder-wise details for approving BESCOM's IP sales.
Commission's Views: The reply furnished by the BESCOM is noted. The Commission has dealt with this matter appropriately, in the relevant chapter of this Tariff Order.	
56. BESCOM has not achieved segregation of technical and commercial losses as per the Tariff Policy announced in 2006.	BESCOM has submitted D-23 format, wherein the segregation of technical and commercial losses is computed.
Commission's Views: The reply furnished by BESCOM is noted.	
57. BESCOM has not supplied the details of average number of interruptions per consumer 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.
Commission's Views: The reply furnished by BESCOM is noted.	
58. BESCOM had to pay interest for the delayed payments to the generators. Such interest should not be passed on to the consumers.	The Commission is not passing the interest payable on belated payment to generators. Hence, BESCOM is not seeking for the same in its tariff filing.
Commission's Views: The reply furnished by BESCOM is noted. As per the MYT Regulations, the ESCOMs are entitled to interest on working capital and the same is being regulated as the MYT norms,	
59. The average power cost of hydel stations is 84.31 paisa per unit. The average power cost of thermal stations is 435.5155 per unit. Hence, BESCOM should utilize more and more	The hydel and thermal power share to ESCOMs are allocated by GoK.

hydel power.	
Commission's Views: The reply furnished by BESCO is noted. The available Hydel Power is being utilized by the ESCOMs, as per Govt. allocation. The Hydro energy is dependent on the monsoon and hence the availability of power always restricted to the availability of water in the hydro reservoirs.	
60. BESCO is trying to increase fixed cost for HT consumer. This will force more and more HT consumers to leave the grid.	The BESCO is seeking for increasing Fixed charges and reducing Energy charges so that the ARR is retained at the same level.
Commission's Views: The reply furnished by BESCO is noted. This issue is dealt with in the appropriate chapter of this Tariff Order.	
61. The BESCO has failed to provide commercial power connection to one of network element (fibers switch) which has been installed for providing internet services to the gated communities and residential apartments.	As per the in Conditions of Supply in the State of Karnataka (COS) vide Clause-4, BESCO is liable to service its consumer and classify appropriately i.e. under 4.0.1. Under clauses 7 & 8 of the CoS, credentials required for service connection under LT Commercial /industrial (LT3 OR LT5) and HT industrial and commercial (HT2A & HT2B) are clearly defined. Further in each Tariff Order, broader tariff classification is exhaustively given for the ESCOMS to act. Such being the case, rejecting the application of a consumer will not arise unless there is deficiency in the documents furnished for getting the service.
Commission's Views: : The reply furnished by BESCO is acceptable. The consumer may seek redressal of any grievance on this issue before the appropriate authority .	
62. Internet service provided is also in the business of provisioning tele-communication services and hence, power supply has to be arranged from BESCO.	If the required documents supporting the classification by the applicant are produced while seeking service connection, the BESCO, being the distribution licensee, will not delay to service the application under appropriate class. The cases where the applicants claim to be coming under Telecommunication sector are actually found to be coming under LT Commercial LT3 and HT Commercial -HT2b as per the classification approved by the Commission.
Commission's Views: The reply furnished by BESCO is acceptable.	
63. BESCO has to consider categorization of internet service provider by including it under any of the existing tariff slabs and	BESCO prays that the Commission may insert "Internet service provider" with permanent structure under LT3 and HT2B in the Tariff Order to avoid ambiguity for such

<p>commercial power connection from the BESCOM has to be arranged for fibers switches which is installed in the residential premises and big gated communities.</p>	<p>numerous service providers.</p>
<p>Commission's Views: The reply furnished by BESCOM is noted.</p>	
<p>64. If the expenditure is more than revenue, the BESCOM should reduce/abolish higher category posts of the company, which are not required i.e. the post of SEE, CEE and above posts.</p>	<p>BESCOM's expenditure for FY17 is Rs.16890 Crores, out of which expenditure towards power purchase is Rs.13673 Crores. this translates to 81% of the total expenditure. On the contrary, the total employee cost of the Company for FY17 is Rs. 982 Crores. This is only 6% of the total expenditure. The Posts of SEs, CEs and higher posts are integral part of the Company. The lower staff are being guided, in their day to day works, by the senior and experienced officers.</p> <p>The Electrical sector being a technical organization, the guidance from the senior engineers to the lower officers is of utmost importance for the smooth operation of the Electrical network. This hierarchical pattern is followed not only in BESCOM but also in other sectors as well.</p>
<p>Commission's Views: The reply furnished by BESCOM is noted.</p>	
<p>65. Establishment cost of the sector is very high.</p>	<p>The establishment costs are well within 10% of the revenue. However, the major contributor of the tariff hike is power purchase cost. The average power purchase cost is increasing as the coal prices are increasing and added to this, the inter-state transmission charges of have increased substantially.</p>
<p>Commission's Views: The reply furnished by BESCOM is noted.</p>	
<p>66. A small family of 3 to 4 persons is paying Rs.1000 towards electrical bill per month whose salary will be Rs.25000/- to 30000/- per month. Hence, middle class families are finding it difficulty in paying electricity bill.</p>	<p>The tariff fixed to the domestic category is much lower than the average cost of supply and the net realization rate from this category is still lesser than the approved level of tariff. Thus, domestic tariff is a subsidized Tariff, and the other categories of consumers (i.e., Commercial, Industrial, Non-domestic consumers) are paying cross subsidy for the consumption of domestic</p>

	<p>consumers.</p> <p>Added to this, the distribution loss for supplying to an LT consumer is more than cost of supply to a HT consumer. If voltage class-wise tariff is introduced, then the LT consumers will have to pay the highest tariff as compared to a HT consumer.</p> <p>The National Tariff Policy published by the Central Government mandates the Commission to bring down the cross subsidies over a period of time. Thus the only alternative available to the Commission is to increase the rates of domestic tariff consumers.</p> <p>Under the above circumstances any single unit of energy saving from the domestic consumes will lessen the burden of other consumers and this will not yield any additional revenue to BESCOM.</p>
<p>Commission's Views: The reply furnished by BESCOM is acceptable.</p>	
<p>67. BWSSB is being charged under tariff HT-1 for more than 99% of the electrical power consumed by it for the water supply and sewerage services. Cost of power at the present tariff represents about 64% of the gross water tariff revenue of BWSSB and it is the single largest expenditure of BWSSB. The Commission is requested to reject the proposal of ESCOM to increase tariff for HT-1 consumers.</p>	<p>The electricity is the only input cost component to BWSSB. Hence, it is the single largest item. Similarly, Power procurement is the major input cost which is the single largest item of expenditure to the ESCOM, which constitutes 85% of the total expenditure. Hence, to offset the increase in the input costs, BESCOM has to propose increase in tariff to all the consumers.</p>
<p>Commission's Views: The reply furnished by BESCOM is noted.</p>	
<p>68. BWSSB has already faced a 50% compounded increase in the cost of power since 2000. In the present application, the BESCOM proposes increase in the tariff for HT consumers from Rs.4.50 per unit to Rs.5.67 per unit. The Commission is requested to reject the proposal of BESCOM.</p>	<p>For FY18, Tariff fixed to HT-1 category is Energy charges at Rs.4.85 per unit and Demand charges at Rs.200 per KVA per month based on the estimated average cost of supply of Rs.6.48 per unit. Now the Average cost of Supply for FY17 stands at Rs.6.44 per unit and is estimated to reach Rs.6.66 per unit for FY19 due to high input costs. Hence increase in the Tariff fully</p>

	justified.
Commission's Views: The reply furnished by BESCOM is noted.	
69. BESCOM has filed the present application under clauses 2.8 and 2.9 of the KERC Regulations, 2006, which requires filing of ARR application every year and an application for determination of tariff for any financial year.	BESCOM is not filing the application for annual performance review as stated by the objector. But BESCOM has filed the application for truing up of FY17, based on the actuals by comparing the approved figures. Further, BESCOM has also filed application for approval of Annual Revenue Requirement for FY19 and tariff revision for FY19.
Commission's Views: The reply furnished by BESCOM is acceptable.	
70. In terms of Section 27(5)(a) of the Karnataka Electricity Reforms Act, 1999, the nature and purpose for which the electricity supply is required, is a relevant factor for the purpose of fixing the tariff.	Section 61 of the Electricity Act, specifies that the 'tariff progressively reflects the cost of supply of electricity and also, reduces cross-subsidies within the period to be specified by the Appropriate Commission". The Tariff fixed for HT-1 Category is 82% of the average Cost of Supply. This tariff requires 18% 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.
Commission's Views: The reply furnished by BESCOM is acceptable.	
71. Due to unscheduled interruption in power supply and frequency, the services provided by BWSSB get affected substantially. These unscheduled interruptions are causing damage to the system of the BWSSB.	The objector should not blame BESCOM without any specific reference. The objector is requested to be more specific on the unscheduled interruptions and the affected area at minimum.
Commission's Views: The reply furnished by BESCOM is noted. The objector should take up the issue with relevant authority as and when it arises instead of taking it up as a tariff revision issue.	
72. BWSSB is already faced with severe challenges in providing adequate water supply and sewerage facility to the expanded and extended area of BBMP. In the absence of any value added services from the BESCOM tariff hike adversely impacts the financial position of BWSSB which is in	Every business is a challenge for its survival. BWSSB or BESCOM is not an exception. Dues from BWSSB as on 31.03.2017 in High tension supply is Rs.50.34 Crores and under LT it is Rs.575.27Cr. Dues outstanding are more than 2 months' average demand. Supplying electricity without disconnecting the installations for arrears, is an also a

deficit since 2005-06.	challenge before the utility.
Commission's Views: The reply furnished by BESCOM is acceptable.	
73. The BESCOM, in terms of clause 2.8 of the KERC Regulations, in present application, is seeking increase in tariff by Rs. 1.02 paisa across all categories. It is reiterated that as per clause 2.8 of the KERC Regulations the sine qua non for filing the above application is the availability of additional information and material which were not available earlier.	BESCOM filed its application for Tariff revision for FY19 as per Regulation 2.3 of the MYT Regulations, 2006 and not as per regulation 2.8 as stated by the Objector. BESCOM is seeking tariff hike of 82 paise/unit across all categories of consumers and not Rs.1.02 per unit as stated by the objector.
Commission's Views: The reply furnished by BESCOM is noted.	
74. In terms of the Chapter-2 of the KERC Regulations, every retail company must comply with the guidelines laid down for the purpose of seeking ARR and/or ERC and also the retail supply tariff for relevant year. The BESCOM has totally disregarded the same.	Regulations, as stated in Chapter-II of MYT Regulations, 2006, in respect of Distribution business are fully complied with, while filing the application. The objector is requested to specifically furnish the details of BESCOM's violation of the Regulations.
Commission's Views: The reply furnished by BESCOM is acceptable.	
75. The power purchase cost presented by the BESCOM are based on the earlier inflated projections for earlier years, which have been duly modified by the Commission Hence, power purchase cost furnished in the filing is inaccurate.	Power purchase cost anticipated by the BESCOM or the Regulator for any future years is always based on the estimates, which cannot be forecast accurately. The Objector may refer to page No.12 of the filing - table No.3.3, Which clearly shows the deviations from the Commissions approved figures.
Commission's Views: : The reply furnished by BESCOM is noted.	
76. BESCOM has not submitted the perspective plan as required under the KERC Regulations.	Perspective plan has been submitted to the Commission vide letter dated 17.08.2015 for the 4th control period under MYT framework as specified by the Commission.
Commission's Views: The reply furnished by BESCOM is noted.	
77. The present application filed by BESCOM demonstrates the laid back attitude of BESCOM proposing high burden on the consumer.	BESCOM is seeking tariff increase due to the deficit it is facing for FY19 and the revenue gap for FY17. BESCOM is seeking tariff hike of 82 paise/unit across all categories of consumers and not Rs.1.48 per unit as stated by the objector.

Commission's Views: The reply furnished by BESCO is acceptable.	
78. It is admitted by BESCO that it could not achieve the targeted sales for the HT category for FY16. In spite of the same, BESCO seeks an upward revision in the tariff charges which is un reasonable.	Distribution business in the State is a regulated business. Open access is in operation throughout Country. HT consumers are leaving the grid for their cost benefit. Electricity is a special commodity and it is consumer driven and hence the objector cannot allege BESCO for reduction in sales.
Commission's Views: The reply furnished by BESCO is noted.	
79. The power purchase cost as projected by BESCO, over the last few years, has always been on the higher side.	The statement made by the objector is not true and baseless.
Commission's Views: The increase in power purchase cost is analysed in all the tariff orders.	
80. Considering a 25% reduction of power purchase cost, the gap for FY18 could be converted into surplus as per the data provided in the application.	The Commission has approved the expenditure incurred and passed on as the trued up deficit to the next year as additional subsidy to be claimed from GoK/regulatory asset/tariff. Hence, it is once again stressed that the objector's contention that 25% reduction in Power purchase cost will suffice to fill the gap of FY19 is not true.
Commission's Views: The reply furnished by BESCO is noted. This issue is dealt appropriately in the relevant chapter of this Tariff Order.	
81. INDO-MIM is into manufacturing of complex shaped Metal Injection Moulding parts in Doddaballapura Plant and suppling to automotive companies. The price of automotive companies are very competitive and no customer will be increasing the prices and hence there will be negative cost impact in the plant operations.	The BESCO has filed the Truing up of FY17 based on FY17 Audited Accounts. Annual Revenue Requirement for FY19 and Tariff revision for FY19 is sought based on the projections of sales and power purchase cost with reference to the historical data. BESCO has proposed ARR of Rs.18651.35 Crs. Hence, there is a deficit of Rs. 1273.93 Crs. for FY 19. Further, though the Commission has approved power purchase cost, the actual Power Purchase Cost depends on the fuel price, which varies during the financial year. This can be seen every year, wherein the actual power purchase cost increases from the approved power purchase cost. For FY17 12954.2 Crores was approved against which the

	<p>actual power purchase cost was Rs.13672.98 Crores. Further, the transmission cost of PGCIL has also doubled i.e. Rs. 753.24 Crores for FY17 from approximately Rs. 250Cr. during the previous years. For FY19, the PGCIL's transmission charges is Rs. 846 Crores. BESCO has projected sales of 27993.27 MU for FY19 which is more by 1025 MU than FY18. This translates to 3.8% growth over FY18. The growth is mainly in LT sector. The average power purchase cost is Rs.4.62/unit including the transmission charges. If transmission charges are excluded, then the average power purchase cost is Rs.3.83/unit. This shows that the transmission charge alone contributes Rs.0.81/unit. This expenditure is 'fixed' in nature and needs to be recovered from the consumers. Similarly, BESCO has computed the other operating cost and then arrived at the deficit which needs to be met through tariff revision. The relevant data seeking tariff revision is tabled before the Commission, and Commission will decide on the tariff revision for FY19.</p>
<p>Commission's Views: The reply furnished by the BESCO is noted. The Commission has dealt with this matter appropriately, in the relevant chapter of this Tariff Order.</p>	
<p>82. For Peenya HT Consumers, BESCO should have given lesser tariff compared to others, as there is less maintenance involved for BESCO. All the equipment, including the lines, are being provided by the consumer under self-execution; the same is being used by BESCO for giving supply to other Consumers. Even maintenance of these equipment is being done by the consumers.</p>	<p>It is true that the entire cost of providing equipment to HT installations is carried out by the consumer. But, BESCO has been treating such consumers' contribution under Accounting Standard (AS)-12. The Consumer contribution is recognized as profit in the P&L A/c in a systematic and rational basis over the useful life of assets (i.e. in proportion to the amount of depreciation charged over the period</p> <p>As per AS-12 the contribution is reduced in the expenditure (depreciation) to that extent. This, in turn will reduce the tariff. Hence, the consumer is benefitted by this way. Further, BESCO has to maintain the 11 kV lines which runs near any consumer's premises.</p>

Commission's Views: The reply furnished by BESCOM is acceptable.	
83. The BESCOM should procure cheaper power from IEX.	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 agreement is not a practicable solution.
Commission's Views: The reply furnished by BESCOM is acceptable.	
84. The BESCOM is not taking necessary action for reduction of distribution losses in the city limits and at the Division level.	Distribution loss of BESCOM is within KERC's approved level. BESCOM has designed and implemented the Financial Management Framework Model. T&D losses are fixed separately for HT & LT category as approved by the Commission and the average T&D losses for, specific level of the field office, is arrived based on the sales of FY17.
Commission's Views: The reply furnished by BESCOM is noted.	
85. The BESCOM has made excess payment as against the Commission approved price towards cost of power from thermal plants.	The price of thermal plants comprises of fixed cost and variable cost. The fixed cost is determined by the appropriate Commission based on interest on loan, Depreciation, 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. While approving the ARR, The Commission will consider these costs based on the average of previous three months and approved in ARR for ensuing financial year. In the Power Purchase Agreement as agreed to between BESCOM and the Generators, the actual fuel cost incurred during the month by the Generator is payable. Hence, there is bound to be difference in the cost approved in the ARR and the actual cost incurred. While "Truing up the Tariff" under Annual Performance Review (APR), the Commission would approve the actual cost since the variable cost is an uncontrollable cost .
Commission's Views: The reply furnished by BESCOM is acceptable.	

86. BESCOM has to adopt cost to serve methodology for fixing tariff among different categories.	Appellate Tribunal for Electricity, in its order in Appeal No.42/2014 has directed the State Commission to indicate category-wise cross subsidy with reference to voltage-wise cost of supply. The methodology is only a tool to fix the tariff to the different categories of consumers. However, for industrial consumers, the Cross subsidy level of \pm of 20% of Avg. Cost of Supply is already achieved in the earlier Tariff Orders of the Commission. BESCOM has filed Voltage-wise cost of supply (D23 statement) in its application. The objector is requested to revisit BESCOM's application. Further, BESCOM has proposed to the Commission to reduce the Energy charges for HT consumers and also a HT Special Incentive Scheme in Chapter-6 of the BESCOM's application.
Commission's Views: The reply furnished by BESCOM is noted	
87. BESCOM has to fix separate reduced tariff for small scale industries.	All the consumers have to pay the actual Average cost of supply (ACS). The actual average realization rate (ARR) for LT industries for FY17 is Rs.6.93/unit (urban) and Rs.6.59/unit (rural). The actual Average Cost of Supply (ACS) computed is Rs.6.44/unit. LT industries tariff is lower when compared to Commercial and Temporary tariff.
Commission's Views: The reply furnished by the BESCOM is noted. The Commission, keeping in view the small scale industries, has prescribed lower FC and EC for small industries with lower contracted power and thus the Commission does not find any necessity to have separate tariff for small industries.	
88. BESCOM has to maintain quality supply to farmers and there is non-co-operative attitude on the part of officers towards the farmers.	As per the Government Order, BESCOM is supplying 7 hours of 3 phase supply to agricultural feeders in 2 batches. Further, by implementation of NJY better quality power supply is being provided. BESCOM officers are extending full co-operation to farmers as and when required.
Commission's Views: The reply furnished by the BESCOM is noted.	
89. Un-metered power supply and theft of energy is high in BESCOM.	Other than IP sets, all installations are metered. For IP sets, the NJY agricultural feeders are metered and energy is assessed. BESCOM denies the allegations made by the objector that theft is high in BESCOM. Vigilance squad routinely inspects the installations and book cases if theft is found. MT staff, while rating the installations,

	<p>routinely inspects the installations and O&M officers also randomly inspect the installations. Further, the details of cases booked during FY17 and FY18 (upto Sept. 17) is part of the tariff filing as per D19 statement.</p>
<p>Commission's Views: The reply furnished by the BESCOM is noted.</p>	
<p>90. The BESCOM helpline 1912 is not working properly. Even if it works for some time there is no proper response by BESCOM.</p>	<p>The Consumers are calling the Customer Helpline Number 1912 which has 30 concurrent lines with Multi-Channel Complaint Registration Facility (Phone, SMS, Online, E-mail Facebook & Twitter).</p> <p>All the consumer complaints are being registered in the Web enabled PGRS (Public Grievance Redressal System) application. Whenever any consumer registers complaint, he will be provided with the Docket Number, using which he can track his complaint status through Help Line or BESCOM Website. For the speedy Redressal of complaints, BESCOM has established Circle control rooms in all the 9 Circles.</p>
<p>Commission's Views: The reply furnished by the BESCOM is noted.</p>	
<p>91. BESCOM has not taken action to conduct consumer grievance meeting at regular intervals as per the KERC guidelines.</p>	<p>Consumer Interaction Meetings are being conducted at all the Sub-Divisions on every third Saturday of the month with all proper preparations. Concerned Superintending Engineers and Executive Engineers are chairing the Consumer Interaction Meetings at the Sub-Divisions pertaining to their jurisdiction. The Proceedings of the Meetings are being uploaded in the website. The quarterly details of CIM are being furnished to the KERC during the KPTCL and ESCOM's Review Meeting.</p>
<p>Commission's Views: The reply furnished by the BESCOM is noted.</p>	
<p>92. Action has to be taken by BESCOM to avoid glowing of street light at the day time and LED lights has to be replaced and also awareness campaign has to be conducted.</p>	<p>The maintenance of street light is carried out by BBMP and local bodies. BESCOM has to receive arrears from BBMP and local bodies to the tune of Rs.91.37Cr as on Mar-2017. BESCOM cannot further burden itself by providing timer switches or LED to street light. BESCOM has taken up the issue with BBMP and has educated them about the</p>

	benefits of installation of timer switches to street light installations.
Commission's Views: The reply furnished by the BESCOM is noted. Installation of timer switches by BESCOM has to be taken up on a phased manner and should be completed in co-ordination with BBMP.	
93. The electric vehicles should be encouraged by allowing separate tariff for charging of electric vehicle	BESCOM has proposed new tariff rates for charging electric vehicles, which are on the lower side. In line with the Karnataka State Electric Vehicle & Energy Storage Policy 2017, BESCOM proposes to have a separate tariff under both HT and LT category with Time of Day tariff.
Commission's Views: The reply furnished by the BESCOM is noted.	
94. The transformers situated on footpaths should be shifted in the interest of consumer safety.	It is difficult to shift such transformers as there is no alternative space to move them. All possibilities are being explored to shift transformers situated on footpath. Pilot project with a new transformer design was undertaken and found successful. It was then decided to adopt the new design across the city. As part of the new design, components such as the circuits connecting the meters and LTD boxes, which take up most of the space at ground level, will be moved to a higher height on an 11meter pole, facilitating hassle-free movement of pedestrians on the foot path. The metal structure in the new design will also be earthed to ensure that leakage currents are taken care of. As a result, the pavement area around the transformers can be used safely by pedestrians. Around 116 distribution transformers will be shifted while 3,919 will be replaced with the new design.
Commission's Views: The reply furnished by the BESCOM is noted. The BESCOM has to take up this work in a phased manner by preparing Action Plan and the same should be completed within specified period.	
95. There is a discrepancy between the data provided in the Kannada and English versions of tariff filing by the BESCOM.	The tariff hike details for FY19 is wrongly shown in Kannada version of the summary. The error is regretted. BESCOM is seeking tariff hike of 82 paise/unit across all categories of consumers.
Commission's Views: The reply furnished by the BESCOM is noted.	

96. Separate tariff category should be introduced for Micro, Small and Medium Enterprises (MSME) and also voltage-wise tariff should be introduced.	All Micro, Small and Medium Enterprises (MSME) are categorized under LT5 tariff category. Voltage-wise tariff is calculated and submitted to the Commission in D23 statement.
Commission's Views: The reply furnished by the BESCOM is noted.	
97. BESCOM should notify the list of consumers who have long overdue arrears.	BESCOM is carrying out disconnection in a well-structured manner to collect long overdue arrears. Before disconnecting the installations, notices are being served to the consumers.
Commission's Views: The reply furnished by the BESCOM is noted.	
98. BESCOM should the method for repairing the distribution transformers as adopted in MESCOM. It is noticed that the repaired good distribution transformers fail within guaranty period.	<p>The following types of repairs are carried out for the failed Distribution Transformers:</p> <ul style="list-style-type: none"> • Minor Repairs • Major Repairs <p>Minor repairs constitute replacement of one limb/bushing of transformer, attending to loose contact/filtering of oil etc. Minor repairs to failed Distribution Transformers are carried out at 49 Minor repair centers located at Sub-Division/Taluk jurisdictions of BESCOM.</p> <p>The Major repairs constitute replacement of all the required accessories such as HT, LT coils, Bushing, laminations (CRGO) reconditioning the tank, filling the oil (after filtering) supplied by BESCOM and all other materials required for reconditioning/Repair. The repaired transformers are tested by meters and testing division and the tested transformers are sent to field for replacement of failed transformers and quality of power supply is ensured. The repair works carried out at Major Repair centres are monitored through the CC cameras installed at Major Repair centers. Major repairs of failed Distribution Transformers are carried out at 17 Major repair centres & IMASS repair centre located at Division/District jurisdictions of BESCOM. Further Detailed Work Award has been issued to carryout major repair works at Sira. Failed Distribution Transformers are being repaired at these repair centres and utilized for buffer stock of transformers and for early replacement of failed Distribution Transformers</p>

Commission's Views: The reply furnished by the BESCO is noted. BESCO should explore the possibility of adopting the methodology of MESCOM for repairing the distribution transformers.									
99. The procedure for availing temporary power supply should be simplified to avoid theft.	BESCO has introduced prepaid meters for temporary power supply which will simplify the procedure.								
Commission's Views: The reply furnished by the BESCO is noted									
100. No timely replacement/ maintenance of HT lines is done by BESCO.	<p>Corrective maintenance is conducted by BESCO in response to faults (e.g. possible damage caused by digging, internal failures such as defective cables, overloading, poor handling and installation, etc.), to determine the appropriate remedial action. Steps includes:</p> <ul style="list-style-type: none"> • Checking electric cable routes for possible damage after excavation or road work. • Insulation resistance testing to detect faults between conductors and ground connections. • The faulty cable is subjected to high potential test using cable fault locator to pinpointing faulty areas. • Repairing, re-testing and recommissioning faulty electrical cables. • Reducing the risk of recurrence with root cause analysis and remedial solutions. 								
Commission's Views: The reply furnished by the BESCO is noted									
101. Proper survey of IP set has not been conducted by BESCO	<p>The Details of survey of IP sets are as shown below: -</p> <table border="1"> <thead> <tr> <th>No. of 11 KV Agri/ Rural Feeders</th> <th>No. of IP sets existing as on (DCB figure Dec 2017)</th> <th>No. of Feeders for which GPS survey fully completed</th> <th>No. of IP set DTCs covered</th> </tr> </thead> <tbody> <tr> <td>1,968</td> <td>8,43,037</td> <td>1,856</td> <td>1,00,573</td> </tr> </tbody> </table> <p>There are 1,00,573 DTCs feeding to IP-sets, the number of IP sets covered are 7,92,521 installations.</p>	No. of 11 KV Agri/ Rural Feeders	No. of IP sets existing as on (DCB figure Dec 2017)	No. of Feeders for which GPS survey fully completed	No. of IP set DTCs covered	1,968	8,43,037	1,856	1,00,573
No. of 11 KV Agri/ Rural Feeders	No. of IP sets existing as on (DCB figure Dec 2017)	No. of Feeders for which GPS survey fully completed	No. of IP set DTCs covered						
1,968	8,43,037	1,856	1,00,573						
Commission's Views: The reply furnished by the BESCO is noted. The Commission has dealt with this matter appropriately, in the relevant chapter of this Tariff Order.									

102. There is no representation of farmers in CGRF	The consumer representative is selected as per clause 3(c) of the Karnataka Electricity Regulatory Commission (Consumer Grievance Redressal Forum and Ombudsman) Regulations, 2004 and its amendments.
Commission's Views: The reply furnished by the BESCOM is noted.	
103. Solar water heater should made compulsory for all categories of consumers and subsidy should be made available to the consumer automatically from first month billing.	<p>Government of Karnataka has issued the Notification No: EN 396 NCE 2006 dated: 13.11.2007 wherein the Solar water heating system is mandatory for certain categories of buildings.</p> <p>KERC had adopted this order during 2010 and BESCOM is insisting for mandatory installation of solar heaters. Though solar heater is mandatory for the above said premises, solar rebate is being extended only to domestic consumers. The only reason behind this is that the Government, the KERC and BESCOM want reduction in sales for domestic category. (because it is subsidized tariff) BESCOM needs sales growth in other categories of consumers.</p> <p>Hence, the question of rebate to all consumers does not arise. However, BESCOM intends to withdraw the solar rebate gradually.</p>
Commission's Views: The reply furnished by the BESCOM is noted.	
104. Floriculture should be brought under separate category, as presently it is in industrial tariff.	Government of India has identified floriculture as a sunrise industry and accorded it 100% export oriented industry status. Owing to steady increase in demand of flowers, floriculture has become one of the important commercial trades in Agriculture. Commercial floriculture has emerged as hi-tech activity-taking place under controlled climatic conditions inside greenhouse. Hence, floriculture is categorized under industrial activity.
Commission's Views: The reply furnished by the BESCOM is noted.	
105. The concessional tariff should be provided for STP installation in the	The tariff for Sewage Treatment Plant (STP) in apartment/residential building is based on

apartment buildings.	the clause 3.1.1 of the KERC (Recovery of Expenditure for Supply of Electricity) Regulations 2004.
Commission's Views: The reply furnished by the BESCOM is noted.	
106. The club houses situated in apartment buildings and club houses situated elsewhere are under different categories. Same should be look in to it.	BESCOM has differential treatment for club houses situated in apartment buildings and club houses situated elsewhere. When club houses are used only by the residents of the apartment buildings then domestic tariff is levied, otherwise commercial tariff is levied.
Commission's Views: The reply furnished by the BESCOM is noted.	
107. Though electrical trivector meter provided in the industries, records maximum demand of the load, BESCOM authorities visit the industries and physical inventory is conducted to check connected load of the installation.	All installations are subject to periodical / surprise rating by the Licensee's qualified Engineer to verify the accuracy of the meter.
Commission's Views: The reply furnished by the BESCOM is noted.	
108. In Peenya industrial area there is no proper infrastructure of transmission and distribution system to supply un interrupted power to meet the present demand. It is also observed that the system voltage during day time will be very low and high during night time, which will damage the equipment.	BESCOM endeavors to provide quality and uninterrupted power supply to its consumers. Capital expenditure of Rs.1402 Crs. has been incurred during FY17. Out of the said amount Rs. 108Crs. is spent for Providing Additional DTC's/Enhancement of DTCs, Reconductoring of HT/LT lines, Strengthening of HT/LT network including OH/UG cable and AB cable and Local planning works were taken up. BESCOM has carried out the above works which in turn will improve the quality and reliability of supply.
Commission's Views: The reply of BESCOM is noted. The BESCOM should reply to the specific issue relating to Peenya industrial area.	
109. Long standing arrears accumulated in Government departments and big consumers should be collected. BESCOM artificially creates power deficit and effects load shedding to seek tariff hike from the Commission.	BESCOM has been strictly following up with the Local bodies for collecting the arrears. Under Section 56 of the Electricity Act, 2003 read with the Karnataka Electricity Regulatory Commission (Electricity Supply) Code, 2004 BESCOM is empowered to disconnect the supply of electricity to defaulting consumers by serving them a 15 days' notice from the day the payment becomes due. However, as LT-6 installations

	<p>and the LT-3 government installations being of paramount public importance, public at large will be put to hardship on account of any disconnection of electricity, such action has not been resorted to.</p> <p>Hence, BESCO is planning to meter all the above installations with prepaid meters. A petition has been filed before the KERC regarding the same.</p>
Commission's Views: The reply furnished by the BESCO is noted.	
110. The loads connected in BJ/KJ homes should be monitored.	If the consumption of BJ/KJ installations are within the prescribed limits i.e. 40 units/installation/month then they are billed under LT1 category, else the consumption for that particular installation is billed under LT2a category as similar to domestic consumers.
Commission's Views: The reply furnished by the BESCO is noted.	
111. The BESCO has stated that there are some un-recovered regulatory assets. BESCO should explain the reasons for not taking action to recover the same.	Regulatory asset is deferred expenditures which are to be recovered through tariff only.
Commission's Views: The reply furnished by the BESCO is noted.	
112. The installation in Concrete Ready Mix manufacturing units should be categorized under HT-2(a) and not commercial.	<p>Ready mix concrete is a construction material, which is prepared from a process of mixing of sand, cement, granite, additives and water in a proportionate manner. Here a transformation process industrial activity is taking place and a new product is formed consuming electricity. It is a matter of fact that the product "ready mix concrete" is used for construction like brick, cement etc. for which a processing is taking place, but not within the construction premises. The product obtained after mixing is a different one, from that of the raw material and also the process is irreversible.</p> <p>If this concrete mix is purchased by a retailer and then sold to the end user, then the activity is commercial in nature.</p>
Commission's Views: The reply furnished by the BESCO is noted.	
113. As per present regulations, the ownership of electrical equipment's along with lines in apartments will be	Consumer assets are being transferred to BESCO for maintenance purpose. When the transformer breaks down or

<p>automatically transferred to BESCOM authorities after one year. But BESCOM authorities never conduct maintenance works of electrical equipment's including transformers. Hence, this transfer of ownership to BESCOM should not be done.</p>	<p>enhancement of transformer capacity is required, then BESCOM is carrying out the works.</p>
<p>Commission's Views: The reply furnished by the BESCOM is noted. BESCOM should ensure that the maintenance of such works is carried out promptly.</p>	
<p>114. The internet providers should be brought under a separate concessional tariff. At present they are categorized under HT-2(a) or HT-2(b).</p>	<p>The activity of software companies is defined under commercial category presenting After production of IT/BT certificate from the GoK they are being converted to Industrial tariff. This is a policy of the Government.</p>
<p>Commission's Views: : The reply furnished by the BESCOM is noted.</p>	
<p>115. 100% IP set metering should be done to bring transparency in the system</p>	<p>Due to intense resistance from farmers, Feeders feeding to IP sets are metered.</p>
<p>Commission's Views: The reply furnished by the BESCOM is noted.</p>	
<p>116. In the CAG report, the BESCOM has stated that, 100% metering of DTCs have been achieved</p>	<p>Action will be initiated to achieve 100% DTC metering</p>
<p>Commission's Views: The reply furnished by the BESCOM is noted.</p>	
<p>117. Industrial consumers buy power through IEX. During interruption of such power supply, BESCOM should pay UI charges to the OA consumers.</p>	<p>HT consumers are opting for power from sources other than BESCOM as they can purchase power at lower rates. Interruptions of power supply to HT consumers are arising due to KPTCL line interruptions for which BESCOM is not responsible. Further, the embedded consumers with BESCOM are also experiencing interruption of power supply similar to the open access consumers.</p>
<p>Commission's Views: The reply furnished by the BESCOM is noted.</p>	