

**Before the Appellate Tribunal for Electricity
(Appellate Jurisdiction)**

DFR No. 1219 of 2013 in Appeal no. 89 of 2012
and RP No. 10 of 2012

Dated: 9th July, 2013

**Present: Hon'ble Mr. Justice M. Karpaga Vinayagam, Chairperson
Hon'ble Mr. Rakesh Nath, Technical Member**

In the matter of:

**Chhattisgarh State Electricity Regulatory
Commission,**
Irrigation Colony, Shanti Nagar,
Raipur-492 001.

**...Applicant/Respondent
no.6**

Versus

**Chhattisgarh State Power Distribution,
Co. Ltd.**
4th Floor, Vidyut Seva Bhavan,
Danganiya, Raipur-492013,
Represented by its Superintending Engineer

...Respondent/Appellant

Counsel for the Applicant : Ms. Swapna Seshdri

**Counsel for the Respondent(s) : Mr. K. Gopal Chaudhary with
Mr. A. Bhatnagar (Rep.)
Ms. Suparna Srivastava**

ORDER

This Application has been filed by the Chhattisgarh State Electricity Regulatory Commission for clarification for implementation of the judgment dated 14.8.2012 in Appeal no. 89 of 2011 and Order dated 23.1.2013 in Review Petition No. 10 of 2012 passed by this Tribunal.

2. The Distribution Licensee had sought review of the judgment dated 14.8.2012 in Appeal no. 89 of 2011. The Review Petition was allowed by the Tribunal by order dated 23.1.2013. According to the State Commission, in course of implementation certain difficulties have arisen with respect to the issue relating to true up of reasonable return for FY 2005-06.
3. The Tribunal in order dated 23.1.2013 in regard to true up for reasonable return for FY 2005-06 directed that

the State Commission should use the same methodology in true up as used in the original tariff order for FY 2005-06 i.e. 14% on the net worth of the Electricity Board. However, the Tribunal also directed to allow reasonable return of Rs. 176.44 crores as allowed in the tariff order dated for FY 2005-06. According to State Commission, at the time of passing the tariff order for FY 2005-06, the audited accounts were not available and therefore a reasonable return of Rs. 176.44 crore was determined based on the estimated net worth of Rs. 1260.30 crores given by the Electricity Board. Since the audited accounts are now available, the actual net worth would be Rs. 986.14 crores instead of Rs. 1260.30 crores and the return at 14% would be Rs. 138.06 crores instead of Rs. 176.44 crores. Therefore, if the methodology as directed by the Tribunal is applied, the amount of Rs. 176.44 crores as reasonable return mentioned in the tariff order cannot

be arrived in the computation and if the amount of Rs. 176.44 crores is allowed then the Commission cannot adopt the methodology which has been directed by the Tribunal.

4. We have heard the Learned Counsel for the State Commission and the Distribution Licensee.

5. According to the Learned Counsel for the Distribution Licensee, while they agree that the return on equity should be 14% on the net worth as per the audited accounts in accordance with the methodology used in the tariff order, the State Commission in its computation has incorrectly taken the amount of reserves as Rs. 92.22 crores instead of Rs. 133.30 crores. Thus, the actual net worth as per the audited accounts is Rs. 1027 crores and not Rs. 986.14 crores and, therefore, the return should be Rs. 143.81 crores.

6. In view of above, we direct the State Commission to adopt the same methodology as used in the Tariff order for FY 2005-06 in truing up the reasonable return, taking into consideration the actual net worth as per the audited accounts i.e. to allow 14% return on the actual net worth as per the audited accounts. While determining the return on equity the State Commission shall consider the contention of the Distribution Licensee regarding actual net worth.

7. With the above clarification the Petition is disposed of.

8. **Pronounced in the open court on this**
9th day of July, 2013.

(Rakesh Nath)
Technical Member

(Justice M. Karpaga Vinayagam)
Chairperson

✓
REPORTABLE/~~NON-REPORTABLE~~

mk