

**BRIHAN-MUMBAI ELECTRIC SUPPLY & TRANSPORT UNDERTAKING
BEST Undertaking, BEST Bhavan, BEST Marg, Colaba, Mumbai – 400 001**

Web site: www.bestundertaking.com

PUBLIC NOTICE

Objections/suggestions on BEST's Annual Performance Review (APR) Petition for FY 2007-08 under MYT framework, truing up for FY 2006-07 and determination of ARR and tariff for FY 2008-09
MERC Case No. 73 of 2007

- BRIHAN-MUMBAI ELECTRIC SUPPLY & TRANSPORT UNDERTAKING (BEST) has filed the Petition for Approval of Annual Performance Review (APR) for FY 2007-08 under MYT framework, truing up for FY 2006-07 and determination of ARR and tariff for FY 2008-09 before the Maharashtra Electricity Regulatory Commission (MERC) under the Electricity Act, 2003. The Commission has admitted the petition on January 14, 2008 and directed BEST to publish a Public Notice under Section 64(2) of the Act.
- The salient features of the Petition are provided below:

Table 1: Sales and Aggregate Revenue Requirement of BEST (Rs. Crore)

Sl.	Particulars	Unit	Previous Year FY 2006-07		Current Year FY 2007-08		Ensuing Year FY 2008-09	
			MERC Order	Audited	MERC Order	Revised Estimate	MERC Order	Projections
1	Sales	MU	3725	3799	3851	4152	3990	4340
	Residential	MU		1632	1744	1816	1810	1882
	Commercial (LT + HT)	MU		1795	1724	1930	1787	2049
	Industrial (LT + HT)	MU		313	325	362	329	364
	Others	MU		59	58	44	64	45
	<i>Year on Year (YoY) growth in Total Sales</i>	%		-		9.3%		4.53%
2	Sales Revenue (based on existing Tariff)	Rs Crore	1469	1537	2224	2383	-	2601.04
3	Distribution Losses	%	11.5%	11.48%	11.0%	10.54%	10.5%	10.5%
	Technical Losses	%		7.47%		7.47%		7.47%
	Commercial Losses	%		4.01%		3.07%		3.03%

Sl.	Particulars	Unit	Previous Year FY 2006-07		Current Year FY 2007-08		Ensuing Year FY 2008-09	
			MERC Order	Audited	MERC Order	Revised Estimate	MERC Order	Projections
4	Energy Input Requirement (Units Purchased)	MU	4209	4293*	4547.2**	4765.5**		5096.6**
	TPC-G	MU	3684		4134.25	4143.0		4341.2
	External Sources	MU	399		231.1	582.4		500.6
	Energy Input on account of RPS	MU	126		181.9	40.0		254.8
5	Total Power Purchase Expense	Rs Crore	1422	1454	1766	1977	---	2161.6
	Power Purchase Cost (incl. Fixed Charges, Energy Charges, RPS, Etc.)	Rs Crore	1310	1342.3	1522	1764	---	1940
	Transmission Charges payable + SLDC charges	Rs Crore	51.2	51.2	98.4	98.4	108.1	103.5
	Standby Charges payable to MSEDCL	Rs Crore	60.8	60.8	146.1	114.6	---	118.1
6	Revenue Expenditure							
	Employee Expenses	Rs Crore	114.6	138.4	92.4	130.9	95.8	129.7
	Administration & General Expenses	Rs Crore	82.0	91.8	86.4	98.5	91.0	104.1
	Repairs & Maintenance	Rs Crore	20.0	24.6	5.7	14.4	7.3	16.3
	Depreciation	Rs Crore	41.4	39.9	44.7	54.5	50.0	50.5
	Bad Debts Written Off	Rs Crore	0.04	0.0	0.06	0.06	0.08	0.08
	Interest on Loans	Rs Crore	6.0	7.6	19.3	14.7	26.1	20.7
	Interest on Consumer Security Deposits+Working Capital Interest	Rs Crore	11.7	12.5	11.7	16.5	11.7	20.2
	Interest on Internal Funds	Rs Crore						

Sl.	Particulars	Unit	Previous Year FY 2006-07		Current Year FY 2007-08		Ensuing Year FY 2008-09	
			MERC Order	Audited	MERC Order	Revised Estimate	MERC Order	Projections
	Other Expenses (including towards DSM activities)		0.0	0.0	0.0	0.97	0.0	3.7
7	Income Tax	Rs Crore	0.0	0.0		0.0		0.0
8	Contribution to contingency reserves	Rs Crore		0.0		0.0		0.0
9	Adjustment for profit/loss on account of controllable/uncontrollable factors	Rs Crore		0.0		0.0		0.0
10	Under recovered FAC of TPC	Rs Crore		0.0	123.7	123.7		0.0
11	Under recovered FAC of BEST	Rs Crore			8.0	8.0		0.0
12	Total Expenditure	Rs Crore	1698.1	1769.0	2158.9	2439.5		2506.9
13	Return on Equity Capital	Rs Crore	0.0	98.1	0.0	101.3	0.0	106.0
14	Return as Interest on internal funds	Rs Crore	51.9	5.2	49.9	8.8	47.5	9.2
15	Aggregate Revenue Requirement	Rs Crore	1750.0	1872.2	2208.9	2549.6		2622.1
16	Less: Non Tariff Income	Rs Crore	82.7	42.9	73.5	46.2	73.5	47.3
16	Aggregate Revenue Requirement from Retail Tariff	Rs Crore	1667.4	1829.3	2135.4	2503.4		2574.8

* At T-D interface

** At Generation Bus-Bar.

Table 2.1: Truing up for FY 2006-07

True up of 2006-07 (Rs. Crores)	Approved	Actuals
Power Purchase Expenses	1310	1342
Other Expenses	388	427
RoE	52	103
Less:Other Income	83	43
Total Expenses	1667	1829
Total Revenues	1469	1537
Total Amount of True Up		292

Table 2.2: Truing up for FY 2007-08

True up of 2007-08 (Rs. Crores)	Approved	Actuals
Power Purchase Expenses	1522	1764
Other Expenses	637	675
RoE	50	110
Less: Other Income	73	46
Total Expenses	2136	2503
Total Revenues	2224	2383
Total Amount of True Up		120

Table 3: Revenue at existing Tariffs (Rs. Crore)

Sl.	Particulars	Previous Year (FY 2006-07)		Current Year (FY 2007-08)		Ensuing Year (FY 2008-09)
		MERC Order	Actual	MERC Order	Revised Estimate	Projected
1	Revenue	1469	1537	2224	2383	2601.04

Table 4: Energy Balance

Particulars	FY 2006-07	FY 2007-08	FY 2008-09
Energy Demand (MU)	3800	4068**	4340
Distribution loss (in %)	11.48%	10.54%	10.5%
Energy Requirement (MU)	4293*	4547	4849
Transmission Losses (%)	-	4.58%	4.85%
Total Energy Purchased (MUs)	4408*	4765	5097

* For H1 of FY 2006-07, BEST was billed for its energy purchase for the quantum at T-D interface while from H2, 2006-07 the quantum of power purchase has been as per the Energy accounting procedures initiated by SLDC. Thus BEST has taken those figures into account in this table

** Adjusted figure to account for additional billing in April, 07 due to switch from bimonthly to monthly billing by BEST

Table 5: Trajectory of Operational Parameters

Sl.	Particulars	Distribution Losses (%)			Collection Efficiency (%)		
		FY 2006-07	FY 2007-08	FY 2008-09	FY 2006-07	FY 2007-08	FY 2008-09
		Actual	Estimated	Projected	Actual	Estimated	Projected
1	BEST	11.48	10.54	10.50	98	98	98

Table 6: BEST's Capital Expenditure Plan (Rs. Crore)

Sl.	Name of Project	Estimated Cost	Expenditure incurred till FY 2006-07	Expenditure Planned & Capitalisation Projected			
				FY 2007-08		FY 2008-09	
				Expenditure	Capitalisation	Expenditure	Capitalisation
1	Ongoing Projects			35.7			
2	New Projects			323.5	120.0	266.6	120.0
3	Total		109.5	359.2	120.0	266.6	120.0

Note: All values rounded off to one decimal

Table 7: Aggregate Revenue Gap of BEST for FY 2007-08 and FY 2008-09

(Rs. Crore)

Sl.	Particulars	FY 2007-08	FY 2008-09
1	Annual Revenue Requirement from retail tariff	2503	2575
2	Revenue from Existing tariff	2383	2601
3	Revenue gap	120	- 26
4	True up amount for FY 2006-07 (after considering gains and losses due to controllable/ uncontrollable factors)	365*	485**
5	Net Revenue Requirement	2868	3060

* Includes true up of FY 2004-05, FY 2005-06 and FY 2006-07.

** Includes true up of FY 2004-05, FY 2005-06, FY 2006-07 and FY 2007-08 ARR.

Note: All values rounded off to nearest whole number

3. Tariff Proposal of BEST

Comparison of BEST proposed tariff with existing tariff

Tariff Category	Slab	BEST existing Tariff							BEST Proposed Tariff Schedule							% incr in variable charges	% incr in RC charges
		Components of tariff				Reliability charge (Rs. / kWh)			Components of tariff				Reliability charge (Rs. / kWh)				
		Single phase meter (Rs./ connection / month)	Three phase meter (Rs./ connection / month)	Demand charge (Rs./ kVA / month)	Energy charge (Rs. / kWh)	Stand-by	Expensive power	Total	Single phase meter (Rs./ connection / month)	Three phase meter (Rs./ connection / month)	Demand charge (Rs./ kVA / month)	Energy charge (Rs. / kWh)	Stand-by	Expensive power	Total		
LT Category																	
BPL	0 - 30	3			0.40			0.00	3			0.40			0.00	0.00	0.00
LT-1	0 - 100	10	100		0.50	0.38		0.38	10	100		0.90	0.27		0.27	80.00	-28.95
	101 - 300	30	100		1.80	0.38		0.38	30	100		2.20	0.27		0.27	22.22	-28.95
	301 - 500	60	100		3.50	0.38	1.19	1.57	60	100		3.90	0.27	2.48	2.75	11.43	75.16
	> 500	100	100		5.65	0.38	1.19	1.57	100	100		6.05	0.27	2.48	2.75	7.08	75.16
LT2	0 - 300	60	150		3.75	0.38		0.38	60	150		4.15	0.27		0.27	10.67	-28.95
	301 - 500	120	200		6.00	0.38	1.19	1.57	120	200		6.40	0.27	2.48	2.75	6.67	75.16
	501- 1000	180	250		7.25	0.38	1.19	1.57	180	250		7.65	0.27	2.48	2.75	5.52	75.16
	> 1000	300	300		8.40	0.38	1.19	1.57	300	300		8.80	0.27	2.48	2.75	4.76	75.16
LT-3	all units			300	6.75	0.38	1.19	1.57			300	7.15	0.27	2.48	2.75	5.93	75.16
LT-4	all units		400		13.00	0.38	1.19	1.57		400		13.40	0.27	2.48	2.75	3.08	75.16
LT-5	0 - 300		300		3.20	0.38		0.38		300		3.60	0.27		0.27	12.50	-28.95
	301 - 500		350		4.50	0.38	1.19	1.57		350		4.90	0.27	2.48	2.75	8.89	75.16

	501- 1000		400		5.50	0.38	1.19	1.57		400		5.90	0.27	2.48	2.75	7.27	75.16
	> 1000		400		6.85	0.38	1.19	1.57		400		7.25	0.27	2.48	2.75	5.84	75.16
LT-6A	all units		400		6.50	0.38	1.19	1.57		400		6.90	0.27	2.48	2.75	6.15	75.16
LT-6B	all units		300		5.50	0.38	1.19	1.57		300		5.90	0.27	2.48	2.75	7.27	75.16
LT-7A	all units		300		5.00	0.38	1.19	1.57		300		5.40	0.27	2.48	2.75	8.00	75.16
LT-7B	all units	150	200		5.00	0.38	1.19	1.57	150	200		5.40	0.27	2.48	2.75	8.00	75.16
LT-8	all units		100		1.50	0.38		0.38		100		1.90	0.27		0.27	26.67	-28.95
LT-9	all units		300		10.00	0.38	1.19	1.57		300		10.40	0.27	2.48	2.75	4.00	75.16
LT-10	all units		150		5.60	0.38	1.19	1.57		150		6.00	0.27	2.48	2.75	7.14	75.16
LT-11	0 - 100	150	200		1.80	0.38		0.38	150	200		0.90	0.27		0.27	-50.00	-28.95
	101 - 300	150	200		1.80	0.38		0.38	150	200		2.20	0.27		0.27	22.22	-28.95
	301 - 500	150	200		1.80	0.38		0.38	150	200		3.90	0.27	2.48	2.75	116.67	623.68
	> 500	150	200		1.80	0.38		0.38	150	200		6.05	0.27	2.48	2.75	236.11	623.68
HT Category																	
HT - 1	all units		300		2.50	0.38	1.19	1.57		300		2.90	0.27	1.00	1.27	16.00	-19.11
HT - 2	all units		300		4.75	0.38	1.19	1.57		300		4.75	0.27	2.48	2.75	0.00	75.16
HT - 3	all units		300		5.00	0.38	1.19	1.57		300		4.75	0.27	2.48	2.75	-5.00	75.16
HT - 4	all units		300		3.50	0.38	1.19	1.57		300		4.75	0.27	2.48	2.75	35.71	75.16
HT - 5	all units		300		3.50	0.38		0.38		300		2.90	0.27	1.00	1.27	-17.14	234.21

Note: Existing HT-5 and HT-1 Category have been merged into new proposed HT-1 category and HT-2, HT-3 and HT-4 categories have been merged into new proposed HT-2 category.

4. Copies of the following documents can be obtained on written request from the Head Office and Zonal offices of BEST mentioned below:

- Executive Summary of the proposal (free of cost, in Marathi or English)
- Detailed Petition documents along with CD (in English) (on payment of Rs.150/- by DD/ Cheque/ Cash drawn on **BEST Undertaking**).
- Detailed Petition documents (in English) (on payment of Rs. 100/-).
- CD of detailed Petition documents (in English) (on payment of Rs. 50/-).

Head Office Address: BEST Undertaking, Customer Care (South), 1st Floor, Electric House, BEST Marg, Colaba, Mumbai – 400 001

Zonal Offices Address: BEST Undertaking, Customer Care (North / West) Transportation Engineering Bldg., 2nd Floor, Tilak Road, Dadar, Mumbai – 400 014

5. The Commission has directed BEST to invite objections and comments/suggestions from the public on the above Petition through this Notice. Suggestions/comments may be sent to the Secretary, Maharashtra Electricity Regulatory Commission, 13th Floor, Centre No. 1, World Trade Centre, Cuffe Parade, Mumbai - 400 005 [Fax : 22163976 : E-mail – mercindia@mercindia.org.in] by **February 1, 2008**, along with proof of service on the General Manager, BEST Undertaking.
6. The suggestions or comments shall be filed in English or in Marathi, in four copies, and should carry the full name, postal address and e-mail address, if any, of the sender. It should be indicated whether the objection is being filed on behalf of any organization of category of consumers. It should also be mentioned if the sender wants **to be heard in person, in which case opportunity would be given by the Commission at the Public Hearing to be held at Vista Hall, 30th Floor, Centre 1, World Trade Centre, Cuffe Parade, Mumbai on February 6, 2008, at 11:00 Hrs** for which no separate notice will be given.
7. BEST shall reply to each of the objections and objections/comments/suggestions received within three days of the receipt of the same but not later than February 4, 2008 for all the objections and comments/suggestions received till February 1, 2008. Stakeholders can submit their rejoinders on replies provided by BEST either during the public hearing or latest by February 13, 2008.
8. The detailed Petition document and the summary are available on BEST's website (<http://www.bestundertaking.com>), an Executive Summary is also available on the Commission's website (<http://www.mercindia.org.in>) in downloadable format (free of cost).

Sign

**Name: Uttam Khobragade
General Manager
BEST Undertaking.**