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(A Govt. Of Uttarakhand Undertaking)
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उत्तराखण्ड पावर कारपोरेशन लि०
(उत्तराखण्ड सरकार का उपक्रम)
ऊर्जा भवन, कौवली रोड,
देहरादून -- 248001
दूरभाष:91-135-2763552 फ़ैक्स-91-135-2763839
ई०पी०बी०एक्स०-2763672-75

No. 619

UPCL/RM/E-16

Dated: 27-03-2013

BEFORE UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

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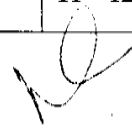
IN THE MATTER OF: Submission of actual data of expenses and revenues for the FY 2010-11 as desired by Hon'ble Uttarakhand Electricity Regulatory Commission in pursuance of Hon'ble Appellate Tribunal's Order dated 27-02-2013 on Appeal No.-152 of 2011

AND

IN THE MATTER OF: Uttarakhand Power Corporation Limited.

(Respondent)

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(A.K. Johri)
Managing Director

BEFORE UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

IN THE MATTER OF: Submission of actual data of expenses and revenues for the FY 2010-11 as desired by Hon'ble Uttarakhand Electricity Regulatory Commission in pursuance of Hon'ble Appellate Tribunal's Order dated 27-02-2013 on Appeal No.-152 of 2011.

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IN THE MATTER OF: Uttarakhand Power Corporation Limited.

(Respondent)

The humble respondent most respectfully Showeth:

1. Hon'ble Uttarakhand Electricity Regulatory Commission (Commission) vide its letter No.- UERC/6/TF-132/12-13/2013/1647, dated 04-03-2013 quoted the following finding of the Hon'ble Appellate Tribunal for Electricity in its order dated 27-02-2013 issued in appeal no.152 of 2011 filed by Kumaon Garhwal Chamber of Commerce and Industry:

"30. Summary of Our Findings

(a) Tariff Order as per the directions of the State Government: The judgment of the Tribunal dated 31.2.2011, in Appeal No.41 of 2010 setting aside the tariff order for FY 2009-10 on the ground that the same was based on the policy direction would also be applicable to the impugned order in this Appeal as the same was also based on the policy directives of the State Government. According to the learned Counsel for the Uttarakhand State Commission, the State Commission would re-determine the tariff while truing-up the expenses and revenues for the FY 2010-11 in line with the judgment of the Tribunal dated 31.1.2011 and that UPCL has already filed the truing up application. In view of the submissions made by the learned Counsel for the State Commission, we deem it appropriate to direct the State Commission to re-determine the tariff for FY 2010-11 while truing up the expenses in accordance with the ratio decided by this Tribunal in the judgment dated 31.1.2011".

In view of the above, Hon'ble Commission directed the respondent to submit its response / written submission in the matter alongwith all the data on actual cost of supply, sales, revenues, cross subsidy from different categories of consumers for the FY 2010-11 by 08.03.2013.

2. In compliance of direction issued by Hon'ble Commission, the information / comments of the respondent company are being submitted hereinbelow:

A. Input energy and billed energy for FY 2010-11:

1. The details of input energy & billed energy for FY 2010-11 are as follows:

Input energy at Distribution periphery	-	9249.42 MU
Billed Energy	-	7250.68 MU

2. The category-wise details of billed energy for FY 2010-11 are as follows:

S No	Category	Billed Energy (MU)
1	RTS-1: Domestic	1485.56
2	RTS-2: Non Domestic	812.52
3	RTS-3: Public Lamps	53.86
4	RTS-4: Private Tube Wells	183.02
5	RTS-5: Government Irrigation System	112.97
6	RTS-6: Public Water Works	276.37
7	RTS-7: Industry	4197.72
	<i>LT Industry</i>	234.96
	<i>HT Industry</i>	3962.76
8	RTS-8: Mixed Load	120.86
9	RTS-9: Railway Traction	7.80
	Total	7250.68

B. Actual cost of supply for the FY 2010-11:

1. Power Purchase Expenses for FY 2010-11:

1.1 Power purchase expenses have been computed on the following basis:

- Power purchase expenses are computed as per the actual bills received from the generating companies.
- Energy purchased through U.I Overdrawl during the year is considered towards state consumption.
- Revenue received towards energy charges for U.I underdrawal has been reduced from the power purchase cost
- Cost of free power has been considered at a rate equivalent to the average power purchase rate for purchase from all firm sources except GoU free power. This is in line with the methodology adopted by the Hon'ble Commission in its previous Tariff Orders.
- Hon'ble Central Electricity Regulatory Commission has revised the Tariff of various stations of central generating stations accordingly, the arrears amount has also been considered for such stations.
- Transmission charges payable to Power Grid Corporation of India Limited (PGCIL) and Power Transmission Corporation of Uttarakhand Limited (PTCUL) are taken on the basis of transmission charges paid to the respective company for the year.

1.2 The details of power purchase expenses are as follows:

Source of power	Power purchased @ state periphery (MU)	Cost (₹ Cr)
NTPC	2735.54	688.24
NPCL	179.52	49.32
NHPC	430.26	119.45
UJVNL	4414.69	647.85
SJVNL	46.23	13.41
THDC	96.99	49.32
IPPs	231.46	71.87
Open market purchase	229.94	101.43
UI Overdrawl	617.36	228.95
Banking (Net)	32.01	
Sub-Total	9014.00	1969.83
GoU Free power		
Tanakpur	43.12	8.75
Dhauliganga	129.12	26.20
Tehri	357.47	72.53
Vishnuprayag	200.79	40.74
Sub-Total	730.50	148.21
Transmission and Other Cost	-	237.42
Less: UI Underdrawl	294.26	63.01
Total Power Purchase Cost	9450.24	2292.45

2. **Operation and Maintenance (O&M) Expenses for FY 2010-11:**

- 2.1 Operation and maintenance (O&M) expenses includes Employee Cost, Administration and General expenses and Repair and Maintenance expenses, which are based on actual expenses as shown in the annual accounts for the year.
- 2.2 Operation and Maintenance expenses have been capitalized by the same percentage as was considered by Hon'ble Commission during truing up exercise on the basis of provisional annual accounts for FY 2010-11.
- 2.3 The table below details the actual O&M expenses as per the audited accounts of FY 2010-11.

Particulars	Cost (₹ Cr)
Employee Cost	254.85
Less: Capitalisation	39.05
Net Employee Cost	215.80
Repair and Maintenance	55.55
Administrative and General expenses	20.27

Less: Capitalisation	5.23
Net Administrative and General Expenses	15.04
Total O&M Expenses	286.39

3. Interest and Finance Charges for FY 2010-11:

3.1 Interest expenses have been claimed on the following basis:

- a) Actual interest accrued during the year has been considered which is net off capitalisation
- b) No interest on GPF loans and UPPCL Loans has been considered
- c) Interest on REC (Old) loans has been taken in accordance with the interest determined by the Commission in Annexure 7 of the Tariff Order of FY 2009-10.

3.2 Government Guarantee fees is considered on actual basis.

3.3 The table below details the actual Interest expenses for FY 2010-11 as per audited accounts:

Particulars	Actual (₹ Cr)
APDRP	1.33
District Plan	2.22
MNP	1.64
PMGY	6.11
State Plan	2.40
AREP	1.70
Others	7.35
Total Interest on GoU Loan	22.75
Interest on REC (Old) Loans	30.39
Rebates/Discounts allowed to consumers	0.13
Interest on consumers security deposit	16.58
GoU Guarantee Fees	1.4
Other financial & Bank charges	4.67
Gross Interest Charges	75.92
Less: Capitalization	2.30
Net Charges	73.62

4. Depreciation for FY 2010-11:

- 4.1 The Commission in its Tariff Order of FY 2012-13 had allowed depreciation on opening value of GFA less value of the assets funded through grant at the normative rates specified by the Commission in its UERC (Terms and Conditions for determination of distribution tariff), Regulations, 2004.
- 4.2 The value of depreciation allowed by the Commission for FY 2010-11 was Rs 21.95 Cr. The same value is being considered in this petition.
- 4.3 The Commission in its previous orders (As on 31.03.2011) had not recognized the value of GFA amounting to Rs 441.92 Cr due to non-finalisation of transfer scheme and value of GFA amounting to Rs 1318.25 Cr due to non submission of Electrical Inspector certificate and assets created out of Grant. This matter has been taken up in our MYT petition filed before the Hon'ble Commission on 31.01.2013.
- 4.4 The table below details the value of Depreciation for FY 2010-11.

Particulars	Cost (₹ Cr)
Depreciation	21.95

5. Provision for Bad & Doubtful Debts for FY 2010-11:

- 5.1 Annual provisioning towards bad & doubtful debts is an accepted method of accounting and considering the peculiarity of retail supply of electricity business, the same has also been recognized by the State Regulatory Commissions. The amount, if any, written off towards bad debts is only adjusted against the accumulated provisions in the books, irrespective of the actual amount of bad debts during any particular financial year.
- 5.2 Considering the geographical spread of the large consumer base across the State including a large part of the same prevailing in the difficult terrain and hilly region and the problem of realizing energy dues from retail consumers, the respondent requests the Commission to allow provision for bad and doubtful debts on actual basis.
- 5.3 However, the Respondent has calculated provision for bad debts at 2.50% on the actual revenue. The details of which are as follows

Particulars	Cost (₹ Crore)
Tariff Revenue	2509.20
Provision for bad and doubtful debts @ 2.5%	62.73

6. Interest on Working Capital for FY 2010-11:

- 6.1 The interest on working capital has been calculated in line with the methodology adopted by the Commission in the previous Tariff Orders.

6.2 The working is detailed in the table below:

Particulars	Cost (₹ Cr)
O&M Expenses for 1 month	23.87
Collection inefficiency (4%)	100.37
Receivables for 2.50 months	522.75
Sub-total	646.98
Less: Adjustment for security deposits & credit by power purchase	464.56
Net working Capital	182.43
Interest Rate (Short-term PLR)	11.75%
Interest on Working Capital	21.44

7. Return on Equity for FY 2010-11:

7.1 Return on equity has been calculated based on opening equity of Rs 42.2 Cr approved by the Commission for FY 2010-11 in the Tariff Order of FY 2012-13 and also on the liability for CPSU dues, part of which has been converted to Equity of Rs 481.03 Cr less opening GFA of Rs 108.26 Cr which were transferred to PTCUL. Thus, the opening equity for FY 2010-11 is worked out as Rs 414.97 Cr.

7.2 The addition in equity has been calculated taking normative equity of 30% on the capitalisation during the year.

7.3 RoE has been calculated on average basis at normative rate of return of 14%.

7.4 Table below details the RoE calculated for FY 2010-11.

Particulars	Cost (₹ Cr)
Opening Equity	414.97
Additions	129.04
Closing Equity	544.01
Average	479.49
RoE (%)	14%
RoE (Rs Cr)	67.13

8. Gap at the End of FY 2009-10:

8.1 The Gap as approved by Hon'ble Commission in its Tariff order at the end of FY 2009-10 has been considered as follows

Particulars	Cost (₹ Crore)
Gap at the end of FY 2009-10	12.33

Carrying cost @ 11.75%	1.45
Total	13.78

9. Non-Tariff Revenue for FY 2010-11:

- 9.1 Non-Tariff Income includes incomes from non-tariff sources such as Income from investments, delayed payment surcharge etc.
- 9.2 Non-tariff income has been considered on the actual basis as per the audited accounts at Rs 182.02 Cr.
- 9.3 The Table below shows the details of Non Tariff Revenue for FY 2010-11

Particulars	Amount (₹ Crore)
Interest	9.35
Delayed Payment Surcharge	8.21
Miscellaneous charges from consumers	132.52
Miscellaneous Receipts	2.96
Income from Staff Welfare Activities	0.12
Rebate / incentives	28.86
Total	182.02

10. Cost of Supply for FY 2010-11:

Based on above submission, summary of expenses and revenue for the year 2010-11 is as follows:

Particulars	Amount (₹ Crore)
Power purchase expenses	2055.03
Transmission Charges	237.42
O&M Charges	286.39
Interest Charges	73.62
Depreciation	21.95
Interest on Working Capital	21.44
Other expenses/ Appropriations	
Provision for bad and doubtful debts	62.73
Return on equity	67.13
Gap at the end of 2009-10	13.78
Sub Total	2839.49
Less: Non Tariff Income	182.02
Cost of Supply	2657.47

C. Tariff Revenue:

The details of category-wise tariff revenue for FY 2010-11 are as follows:

Category	Billed Energy	Tariff Revenue
	MU	₹ Crore
Domestic	1485.57	349.53
Non-Domestic	812.52	319.12
LT Industry	234.96	92.54
HT Industry	3962.76	1549.00
Mixed Load	120.86	38.37
Private Tube-wells	183.02	15.69
Public Lamps	53.86	20.32
Public Water Works	276.37	87.86
Government Irrigation System	112.97	33.27
Railway Traction	7.8	3.50
Total	7250.69	2509.20

D. Gap between Tariff Revenue and Cost of Supply:

As per details of tariff revenue and cost of supply for FY 2010-11 as mentioned in foregoing paras, the gap between tariff revenue and cost of supply may be shown as follows:

Cost of Supply	-	₹ 2,657.47 Cr
Tariff Revenue	-	₹ 2509.20 Cr
Gap	-	₹ 148.27 Cr

E. Cross Subsidy:

1. Cross subsidy of various categories can be calculated only in the situation where tariffs are equivalent to cost of supply. Due to a gap of ₹ 148.27 Crore between the cost of supply and tariff revenue for FY 2010-11, cross subsidy for various categories can not be calculated. Therefore, notional addition has been made in tariffs in proportion of tariff revenue of each category, to make it equivalent to cost of supply for the purpose of calculation of cross subsidy. The extent of category-wise cross subsidy for FY 2010-11 computed on average cost of supply are given in the table below:

Category	Sale	Tariff Revenue	Enhanced Tariff Revenue (with Notional Addition) to make it equivalent to COS	Cost of Supply (COS)	Cross Subsidy
	(MU)	(₹ Cr)	(₹ Cr)	(₹ Cr)	(%)
Domestic	1485.57	349.53	370.18	544.48	32.01%
Non-Domestic	812.52	319.12	337.98	297.80	-13.49%
LT Industry	234.96	92.54	98.01	86.12	-13.81%
HT Industry	3962.76	1549.00	1640.53	1452.40	-12.95%
Mixed Load	120.86	38.37	40.64	44.30	8.26%
Private Tube-wells	183.02	15.69	16.62	67.08	75.23%
Public Lamps	53.86	20.32	21.52	19.74	-9.02%
Public Water Works	276.37	87.86	93.05	101.29	8.14%
Government Irrigation	112.97	33.27	35.24	41.40	14.90%
Railway Traction	7.8	3.50	3.71	2.86	-29.66%

2. The cross subsidy of all subsidizing categories is within 20% of the COS except Railway Traction and reason for the same is very low load factor of this category.

F. Comments of UPCL:

- (a) Actuals of expenses and revenue for the FY 2010-11 should be considered while re-determining the tariffs for FY 2010-11.
- (b) In case tariff of any category(s) is / are reduced due to re-determination of tariff, the tariff of other categories should be enhanced in a manner that the total revenue is equivalent to the total expenses for the FY 2010-11.

- (c) In case tariff is changed from the tariff as determined by Hon'ble Commission vide its previous orders, UPCL will be required to revise the bills of the consumers (15,25,696 consumers) for the period from April, 2010 to March, 2011. There will be great deal of difficulty in revising the bills of all the consumers for the whole year. Besides this, there may be lot of social problems for increasing the bills of the consumers with retrospective effect and there is likely to be discontent in the consumers and may lead to agitations which may create serious administrative problems. Accordingly, it is submitted that the impact of tariff revision may be implemented w.e.f. 01-04-2013.
- (d) The level of cross subsidy may be maintained $\pm 20\%$ as per the provisions of National Tariff Policy.

For and on an behalf of
Uttarakhand Power Corporation Ltd.

(A.K.Johri)
Managing Director

VERIFICATION

I, A.K. Johri, S/o Shri P.S. Johri, aged about 60 years, working as Managing Director, Resident of 1/1, Urja Bhawan Campus, Kanwali Road, Dehradun do hereby verify that the contents of paras 1 & 2 (A to F) are derived from official records, which are true to my personal knowledge and that I have not suppressed any material fact.

Deponent

(A.K. Johri)
Managing Director
Uttarakhand Power Corporation Limited

File No.

Case No.

BEFORE UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

IN THE MATTER OF: Submission of actual data of expenses and revenues for the FY 2010-11 as desired by Hon'ble Uttarakhand Electricity Regulatory Commission in pursuance of Hon'ble Appellate Tribunal's Order dated 27-02-2013 on Appeal No.-152 of 2011.

AND

IN THE MATTER OF: Uttarakhand Power Corporation Limited.

(Respondent)

AFFIDAVIT VERIFYING THE PETITION

I, A.K. Johri, S/o Shri P.S. Johri, aged about 60 years, working as Managing Director, Resident of 1/1, Urja Bhawan Campus, Kanwali Road, Dehradun, the deponent named above do hereby solemnly affirm and state on oath as under:

1. That the deponent is the Managing Director of Uttarakhand Power Corporation Limited and is acquainted with the facts deposed to below.
2. I, the deponent named above do hereby verify that the contents of the paragraph No.-1 of the affidavit and those of the paragraph No.- 1 & 2 (A to F) of the accompanying petition are based on the perusal of records which I believe to be true and verify that no part of this affidavit is false and nothing material has been concealed.

Deponent

(A.K.Johri)
Managing Director
Uttarakhand Power Corporation Limited

I,, Advocate, do hereby declare that the person making this affidavit is known to me through the perusal of records and I am satisfied that he is the same person alleging to be deponent himself.

(.....)
Advocate

Solemnly affirmed before me on this day of March, 2013 by the deponent who has been identified by the aforesaid advocate.

I have satisfied myself by examining the deponent that he understood the contents of the affidavit which has been read over and explained to him. He has also been explained about section 193 of Indian Penal Code that whoever intentionally gives false evidence in any of the proceedings of the Commission or fabricates evidence for purpose of being used in any of the proceedings shall be liable for punishment as per law.

(Notary Public)