

Filing of

Reply

To

**Hon'ble UERC's Letter No. 1073/UERC/07 dated
23.03.2007**

&

Letter No. 133/UERC/07 dated 04.05.2007

for

Financial Years 2007-08 and 2008-09

to

**UTTARANCHAL ELECTRICITY REGULATORY
COMMISSION**

For

9 No.s Large Hydro Generating Station

UTTARANCHAL JAL VIDYUT NIGAM LIMITED

UJJWAL, Dehradun

BEFORE THE HON'BLE UTTARANCHAL ELECTRICITY REGULATORY COMMISSION

At 80, Vasant Vihar, Phase-I, Dehradun, Uttaranchal.

FILING NO. _____

CASE NO. _____

In the matter of: **Filing of Reply to the Hon'ble UERC Letter No. 715/UERC/Misc. App. No. 39/2006 dated 22.12.2006 and 829/UERC/07 dated 19.01.2007 pertaining to Filing of proposed tariffs for the financial years 2007-08 &2008-09 for the Determination of Hydro Generation Tariffs for 9 No.s Large generating station of Uttaranchal Jal Vidyut Nigam Limited under Section 62 and 86 of the Electricity Act, 2003 read with the relevant regulations and guidelines of the Commission**

AND

In the matter of: Uttaranchal Jal Vidyut Nigam Limited (hereinafter referred to as “UJVNL”), a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at UJJWAL, Maharani Bagh, GMS Road, Dehra Dun – Petitioner.

AFFIDAVIT

I, Sh. Ramaballava Misra (S/o Sh. Kishore Chandra Misra) 51 years, Director (Finance), residing at, 11, Ashirwad Enclave Ext., Maharani Bagh Road, Dehradun), the deponent named above do hereby solemnly affirm and state on oath as under: -

1. That the deponent is the Director (Finance), who is authorized as per the resolution dated 20.11.2006 (In case the Petitioner is a company) 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 Nos. 1 to 21 of the accompanying petition are true to my personal knowledge/ based

on the perusal of records/ based on information received/ based on the legal advice which I believe to be true and verify that no part of this affidavit is false and nothing material has been concealed.

(Deponent)

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 _____ 2007 at _____ a.m./ p.m. 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.

VERIFICATION

I, Sh. Ramaballava Misra (S/o Sh. Kishore Chandra Misra) 51 years, Director (Finance), residing at, 11, Ashirwad Enclave Ext., Maharani Bagh Road, Dehradun), do hereby verify that the contents of the Paragraph No. 1 to 21 of the accompanying petition are true to my personal knowledge/ derived from official records / believed to be true on legal advice and that I have not suppressed any material fact.

(Signature of Petitioner)

**BEFORE THE HON'BLE UTTRAKHAND ELECTRICITY REGULATORY
COMMISSION**

At 80, Vasant Vihar, Phase-I, Dehradun, Uttarakhand.

FILING NO. _____

CASE NO. _____

In the matter of: Filing of Reply to the Hon'ble UERC Letter No. 1073/UERC/07 dated 23.03.2007 and 133/UERC/07 dated 04.05.2007 pertaining to Filing of proposed tariffs for the financial years 2007-08 & 2008-09 for the Determination of Hydro Generation Tariffs for 9 No.s Large generating station of Uttarakhand Jal Vidyut Nigam Limited under Section 62 and 86 of the Electricity Act, 2003 read with the relevant regulations and guidelines of the Commission

AND

In the matter of: Uttrakhand Jal Vidyut Nigam Limited (hereinafter referred to as "UJVNL"), a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at UJJWAL, Maharani Bagh, GMS Road, Dehra Dun - Petitioner

A. Specific Legal Provisions under which the Petition is being filed

1. The Uttarakhand Jal Vidyut Nigam Limited (hereinafter referred to as “UJVNL”), under Section 16 of the Uttarakhand Electricity Regulatory Commission (Conduct of Business) Regulations, 2004 and in accordance with the Hon’ble Commission’s letter No. 1073/UERC/07 dated 23.03.2007 and 133/UERC/07 dated 04.05.2007 is filing this Petition before the Hon’ble Commission for submission of reply to the Hon’ble Commission’s above referred Letter and for approval of Tariffs of its 9 No.s LHPs for the FY 2007-08 and FY 2008-09.

B. Limitation

2. This petition is not barred by Limitation.

C. Facts of the case

3. The Petitioner, Uttarakhand Jal Vidyut Nigam Limited (hereinafter referred to as “UJVNL”) is a company incorporated under the provisions of the Companies Act, 1956, having its registered office at UJJWAL, Maharani Bagh, GMS Road, Dehradun.
4. It is submitted that the Petitioner submitted the Tariff Petitions for its 9 No.s LHPs for determination of generation tariff on 28.11.2006 & 29.11.2006 well within the period prescribed by the Hon’ble Commission for submission of such applications in terms of Section 56(4) (Chapter VI) of Uttarakhand Electricity Regulatory Commission Conduct of Business Regulation 2004.
5. It is further submitted that the Hon’ble UERC returned the Petitioner’s applications along with the fess vide its Letter No. 715/UERC/Misc. App. No.

39/2006 dated 22.12.2006 and 829/ UERC/07 dated 19.01.07 on the following grounds: -

- a) Company/s Final Accounts for the Years 2002-03, 2003-04, 2004-05 and 2005-06
- b) Finalisation of Transfer Scheme.

6. The point wise replies to the above stated issues raised by Hon'ble Commission were submitted with the Hon'ble Commission vide letter No.482/ED(B&C)/UJVNL/2007 dated 07/03/07.

7. It is further submitted that the above stated reply was returned by the Hon'ble Commission vide letter No-1073/UJVNL -07 dated 23.3.07 on the following grounds:-

- a) Company/s Final Accounts for the Years 2002-03, 2003-04, 2004-05 and 2005-06
- b) Finalisation of Transfer Scheme.

It is humbly submitted that the position of finalization of the company final account as desired by the Hon'ble Commission and as submitted in the above referred reply of dated 07/03/07 is as follows:-

“Company/s Final Accounts for the Years 2002-03, 2003-04, 2004-05 and 2005-06

It is humbly submitted that for the Statutory audit of Accounts of a Government Company, the following steps are to be taken: -

- c) The final Accounts for the year are to be authenticated by the Board of Directors of the Company after which the same are forwarded to the Statutory Auditors for Audit. The statutory Auditor completes his Audit and furnishes the Audit report to CAG under Section 619 (3) (a) of the Company's Act 1956.*

- d) *There after C&AG conducts supplementary Audit and furnishes its report.*
- e) *The Final Accounts along with the report of Statutory Auditor, and Supplementary Audit report of CAG and report of Board of Director are placed before the shareholders in the Annual general meeting for adoption.*
- f) *The Statutory Auditor can certify the Account for immediately succeeding year only when the Accounts of the proceeding year have been adopted by Share Holders as mentioned above.*
- g) *The above stated procedure is to be followed for Audit of each years Accounts.”*

The current status of Final Accounts of UJVNL for respective years is given as follow:-

- **FY 2001-02** The Audited Balance Sheet completed in all respects for the FY 2001-02 is placed **at Annexure 1** for ready reference
- **FY 2002-03** The Audited Balance Sheet completed in all respects for the FY 2002-03 is placed **at Annexure 2** for ready reference
- **FY 2003-04** The Audited Balance Sheet completed in all respects for the FY 2003-04 is placed **at Annexure 3** for ready reference
- **FY 2004-05** Copy of provisional_accounts for the FY 2004-05 is placed **at Annexure 4** for ready reference.
- **FY 2005-06** Copy of provisional_accounts for the FY 2005-06 is placed **at Annexure 5** for ready reference.
- **FY 2006-07** Copy of provisional_accounts for the FY 2006-07 is placed **at Annexure 6** for ready reference.

8. It is further submitted that the provisional Trial Balances for the period from 01/04/07 to 31/08/07 are under preparation and would be submitted forth with on finalisation for kind consideration of the Hon'ble Commission.

9. The status of the finalization of the transfer scheme as submitted in the reply filed on 07/03/07 is as follows:-

“Finalisation of Transfer Scheme.

Opening value of Assets and liabilities received by UJVNL from UPJVNL were incorporated in the books of UJVNL on the basis of information received from UPJVNL. Although UJVNL had not accepted these opening balance values, those were incorporated in the books with a view to finalize the Accounts for the period ending on 31-03-2002 and subsequent years. Here it may not be out of place to mention that the Statutory Auditors appointed by CAG had not accepted the above and had qualified the Accounts for the period ending 31-03-2002. Subsequently, CAG had also confirmed the qualifications of the Statutory Auditors for the above period. Hon'ble UERC had also not accepted the value of fixed Assets incorporated in the books of UJVNL on the ground that the Power purchase Agreement (PPA) between UPJVNL & UPPCL dated 07-03-2000 incorporate a different set of values for each of the large Hydro Power Plant transferred to UJVNL. Moreover the said PPA had also been filed with UPERC for fixation of tariff.

As UJVNL had similar concerns, UPJVNL had been requested time and again to furnish the value of fixed Assets in respect of different large Hydro Power Plants referred to above, as per their books of Account and as incorporated in the PPA referred to above. In addition there were some other items of Assets & liabilities having substantial financial implication, which were proposed to be transferred to UJVNL by UPJVNL. Before taking a final decision in respect of those issues, UPJVNL had been requested to furnish to details of the same. Some items having major financial implication are detailed below: -

- **Balance under the head INTER UNIT TRANSATION**

The provisional Balances, proposed to be transferred, comprise a Balance of over Rs100 Crores under the head IUT. It may be mentioned that on any cut off date, there should always be a Nil Balance under the head IUT. Acceptance of provisional Balances with such huge balance will be to the

detriment of UJVNL. It is therefore, necessary that IUT Balances are required to be reconciled before the same could be accepted.

- **Debtors and Creditors Balances**

There also exists huge Balance of Debtors and Creditors, which have not been conformed by the respective parties. Acceptance of Balances in the absence of such certification will not be in the interest of UJVNL.

- **LIC Loan:**

*The balances under the head loans also include a loan from LIC amounting Rs.352 Crores. Apparently this loan had not been utilized for acquisition of Assets transferred to UJVNL. The matter had been referred to MOP, GoI. The reply is awaited. **Copy of the Letter dated 01.07.2006 and its subsequent reminder dated 09.11.2006 is being enclosed at Annexure 5.***

- **Other Balances:**

In the same manner, details of other balances have not been provided which require reconciliation before final acceptance.

*UJVNL is constantly pursuing UPJVNL to provide the necessary information, at the earliest to settle the long pending issue, once for all. We have also informed UPJVNL regarding our concerns, particularly, with regard to adverse comments from UERC, Income Tax, Govt Audit and State Govt (**copy enclosed at Annexure 6 for ready reference**). In the last communication, Director (F) UJVNL has proposed to UPJVNL to fix up a meeting so as to resolve the long pending issue. It is expected that desired information may be available soon from UPJVNL. On receipt of the information the transfer scheme would be finalized and a copy of the same would also be forwarded to Hon'ble UERC forthwith.*

Reference is invited to Clause 5.3.1 of Hon'ble UERC's tariff Order dated 16.12.2004 where in the Hon'ble UERC has stated as under: -

Regulation 15(2) requires that in case of existing generating stations, the project cost first admitted by the Appropriate Commission shall be the basis for determination of

tariff. GFA of Rs. 927.42 crore (revised Rs. 943 crore) approved by UPERC is, therefore, the capital cost of all stations of erstwhile UPJVNL as on the date of unbundling of UPSEB i.e. 14.01.2000. Plant-wise breakup of this has been worked out as indicated above. With duly validated changes, this value can be updated to any date and the same would be the admissible capital cost of these plants on that date.

The value of GFA for these nine stations worked out as per the Provisional and the Final Transfer Schemes is given in Table 5.9 below:

Table 5.9 : GFA of the stations as on 14.01.2000 (Rs. crore)

Plant	GFA based on Rs. 927.42 crore	GFA based on Rs. 943.38 crore
Dhakrani	12.19	12.40
Dhalipur	20.03	20.37
Chibro	86.40	87.89
Khodri	72.72	73.97
Kulhal	17.21	17.51
Ranganga	49.17	50.02
Chilla	122.78	124.89
Maneri Bhali I	107.86	109.72
Khatima	7.07	7.19
Total	495.43	503.96

The above principle adopted by the Hon'ble Commission in its Earlier Tariff orders of 16.12.2004 & 12.07.2006 were also find justified and appropriate for further calculations by the Hon'ble ATE in terms of Clause 26 of the Hon'ble ATE's Order dated 14.09.2006 and hence were adopted by the Petitioner in these filings."

10. It is further submitted details of the actual employee cost unit wise for the financial year 2006-07 are placed on **Annexure 7 to Annexure 18** for kind perusal of the Hon'ble Commission.

11. It is humbly submitted that in the petitions of the 9 large Hydro Plants filed and subsequently returned by Hon'ble Commission as mentioned above it

was submitted that except for the component of the employee cost the O&M expenses determined by the Hon'ble Commission are acceptable to the petitioner. It was further requested that Hon'ble Commission may kindly consider 10% escalation per annum on the actual employee cost for the financial year 2005-06.

12. It is respectfully submitted that since the actual employee cost for the financial year 2006-07 is now available it is humbly requested that the Hon'ble Commission may consider the same and allow 10% escalation per annum.

13. It is further submitted that the Petitioner is resubmitting the Tariff Petitions for its 9 no.s LHPs (1 original + 6 copies) which were returned by the Hon'ble Commission vide 715/UERC/Misc. App. No. 39/2006 dated 22.12.2006 along with demand drafts enclosed herewith towards the payment of the requisite fees.

14. It is further submitted that the petitioner is also re-submitting the reply in response to the Hon'ble Commission's letter No-715/UERC/Misc. App. No. 39/2006 dated 22.12.2006.

D. Cause of Action

15. As per Hon'ble UERC letter No. 715/UERC/Misc. App. No. 39/2006 dated 22.12.2006, Letter No. 829/UERC/07 dated 19.01.2007, Letter No. 1073/UERC/07 dated 23.03.2007 and Letter No. 133/UERC/07 dated 04.05.2007, UJVNL is required to submit the additional information on Petitions for Filing of proposed tariffs for the financial years 2007-08 & 2008-09 for the Determination of Hydro Generation Tariffs for 9 No.s Large generating station of Uttarakhand Jal Vidyut Nigam Limited under Section 62 and 86 of the Electricity Act, 2003 read with the relevant regulations and guidelines of the Commission

E. Ground of Relief

16. The Petitioner hopes that Hon'ble Commission finds the above in order. The petitioner would be pleased to furnish any other Clarification/information in the matter as and when required. The same may be suitably considered for the orders of the Hon'ble Commission.

F. Detail of Remedies Exhausted

17. Not Applicable.

G. Matter Not Previously Filed or Pending With any Court

18. The petitioner (s) further declares that he has not previously filed any petition or writ petition or suit regarding the matter in respect of which this reply has been made, before the Commission, or any other court or any other authority, nor any such writ petition or suit is pending before any of them.

H. Relief Sought

19. In view of the facts mentioned above, the Petitioner prays for the following relief:
- Treat the present filing as complete in view of substantial compliance with justification placed on record;
 - Condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date;
 - Consider and approve the Petitioner's application including all requested regulatory treatments in the filing;

- Consider relaxation in the submissions of Petitioner that could be at variance with the orders and regulations of the Hon'ble Commission;
- Pass such orders, as the Hon'ble Commission may deem fit and proper in view of the facts and circumstances of the case.

I. Interim Order, in any, prayed for

20. Not Applicable

J. Details of Index

21. A list of documents enclosed and marked as annexure is given below;
1. Copy of the Audited Balance Sheet for the FY 2001-02.
 2. Copy of the Audited Balance Sheet for the FY 2002-03.
 3. Copy of the Audited Balance Sheet for the FY 2003-04.
 4. Copy of provisional_accounts for the FY 2004-05.
 5. Copy of provisional_accounts for the FY 2005-06.
 6. Copy of provisional_accounts for the FY 2006-07.
 7. Copy of the actual employee cost of CSPPO, Dehradun.
 8. Copy of the actual employee cost of Chibro Power Station.
 9. Copy of the actual employee cost of Khodri Power Station.
 10. Copy of the actual employee cost of DDD, Dakpathar.
 11. Copy of the actual employee cost of SAO (YV), PCM, Dakpathar.
 12. Copy of the actual employee cost of HGD, Dhakrani.
 13. Copy of the actual employee cost of M.B.S. Plants, Tilot, Uttarkashi.
 14. Copy of the actual employee cost of PCM, Haridwar.
 15. Copy of the actual employee cost of EGD-II, Chilla.
 16. Copy of the actual employee cost of Pathari, Haridwar.
 17. Copy of the actual employee cost of HGD, Kalagarh.
 18. Copy of the actual employee cost of Lohiahead.

K. Particulars of Fee Remitted

1- It is respectfully submitted that this petition is a part & parcel of the petitions for determination of tariff for FY 2007-08 & 2008-09 being resubmitted along with the requisite fees.

L. List Of Enclosures

2- This petition includes the following documents:

Supporting documents and annexure mentioned in the petition;

- a) Annexure – 1: Copy of the Audited Balance Sheet for the Financial Year 2001- 02.
- b) Annexure – 2: Copy of the Audited Balance Sheet for the Financial Year 2002- 03.
- c) Annexure – 3: Copy of the Audited Balance Sheet for the Financial Year 2003- 04.
- d) Annexure – 4: Copy of the Provisional Account for the Financial Year 2004- 05.
- e) Annexure – 5: Copy of the Provisional Account for the Financial Year 2005- 06.
- f) Annexure – 6: Copy of the Provisional Account for the Financial Year 2006- 07.
- g) Annexure – 7: Copy of the actual employee cost of CSPPO, Dehradun.
- h) Annexure – 8: Copy of the actual employee cost of Chibro Power Station.
- i) Annexure – 9: Copy of the actual employee cost of Khodri Power Station.
- j) Annexure – 10: Copy of the actual employee cost of DDD, Dakpathar.

- k) Annexure – 11: Copy of the actual employee cost of SAO (YV), PCM, Dakpathar.
- l) Annexure – 12: Copy of the actual employee cost of HGD, Dhakrani.
- m) Annexure – 13: Copy of the actual employee cost of M.B.S. Plants, Tilot, Uttarkashi.
- n) Annexure – 14: Copy of the actual employee cost of PCM, Haridwar.
- o) Annexure – 15: Copy of the actual employee cost of EGD-II, Chilla.
- p) Annexure –16: Copy of the actual employee cost of Pathari, Haridwar.
- q) Annexure –17: Copy of the actual employee cost of HGD, Kalagarh.
- r) Annexure –18: Copy of the actual employee cost of Lohiahead.

Uttarakhand Jal Vidyut Nigam Limited

Petitioner

Dehradun

Dated: