



# Uttarakhand Electricity Regulatory Commission

'Vidyut Niyamak Bhawan',

Near ISBT, PO- Majra, Dehradun-248171

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No. UERC/6/TF-357/2016-17/2017/1568

Date: 11-Jan., 2017

To,

Managing Director,  
Power Transmission Corporation of Uttarakhand Ltd.,  
Vidyut Bhawan, Near I.S.B.T. Crossing,  
Saharanpur Road, Majra,  
Dehradun-248002

**Sub.: Power Transmission Corporation of Uttarakhand Limited's Petition for True up for FY 2015-16, Annual Performance Review for FY 2016-17 and Revised Aggregate Revenue Requirement FY 2017-18.**

Sir,

This is with reference to the Technical Validation Session held on 10.01.2017 at 11.00 AM at the Commission's office on the above-mentioned subject. In this regard, the minutes of the said TVS meeting are enclosed as Annexure-A for information and necessary action at your end. You are required to submit your reply in seven copies alongwith the soft copy of the same accompanied with an affidavit latest by 23.01.2017.

Encl. as above

Yours sincerely,

  
(Neeraj Sati)  
Secretary

o/c

**Minutes of Technical Validation Session held on January 10, 2017 in the matter of  
PTCUL's Petition for approval of True up for FY 2015-16, APR for FY 2016-17 and  
revised ARR for FY 2017-18**

**Present:**

**UERC**

1. Shri Subhash Kumar, Chairman, UERC
2. Shri Neeraj Sati, Secretary, UERC
3. Shri Prabhat Kishor Dimri, Director (Technical), UERC
4. Shri Deepak Pandey, Director (Finance), UERC
5. Shri Rajnish Mathur, Director (C&L), UERC
6. Shri K K Gupta, Joint Director (Finance/Tariff), UERC
7. Shri Yashwardhan Dimri, Deputy Director (Technical), UERC
8. Shri Gaurav Sabharwal, Assistant Director (Finance/Tariff), UERC
9. Shri Gaurav Lohani, Assistant Director (Accounts), UERC
10. Shri Suresh Gehani, Consultant (ABPS Infrastructure Advisory Pvt. Ltd.)
11. Shri Namala K M Choudhary, Consultant (ABPS Infrastructure Advisory Pvt. Ltd.)
12. Shri Sanjiv Kumar Singh, Consultant (ABPS Infrastructure Advisory Pvt. Ltd.)

**PTCUL**

1. Shri S.N. Verma, Managing Director, PTCUL.
2. Shri Shrawan K. Sharma, Director (Projects), PTCUL.
3. Sh. Ashish Kumar, Director (HR), PTCUL.
4. Sh. Deep Sah, Chief Engineer (Projects), PTCUL.
5. Shri N.C. Tewari, Chief Engineer (O&M), PTCUL.
6. Shri Kamal Kant, Chief Engineer (C&R), PTCUL.
7. Shri V.K. Pande, Chief Engineer (Civil), PTCUL.
8. Shri A.K. Juyal, Dy. General Manager (HR), PTCUL.
9. Shri S.P. Arya, Superintending Engineer (C&R), PTCUL.
10. Shri D.P. Singh, Superintending Engineer (O&M/PI), PTCUL.
11. Shri Anupam Sharma, Superintending Engineer (SLDC), PTCUL.
12. Shri Rakesh Kumar, Superintending Engineer, PTCUL.
13. Shri J. Chaturvedi, Superintending Engineer (Civil), PTCUL.
14. Sh. Illa Chandra, Superintending Engineer (PI), PTCUL.
15. Shri Amit Kumar Singh, Executive Engineer, (SLDC), PTCUL.

16. Shri Ashu Sagar, Executive Engineer, (SCADA), PTCUL.
17. Ms. Saima Kamal, Executive Engineer (C&R), PTCUL.
18. Shri Himanshu Baliyan, Executive Engineer (C&R), PTCUL.
19. Shri Dharmendra Kumar, Executive Engineer, PTCUL.
20. Shri Mangat Ram, Assistant Engineer (C&R), PTCUL.
21. Ms. Shalu Jain, Sr. Accounts Officer, PTCUL.
22. Shri Avinash Chamoli, Asstt. Accounts Officer, PTCUL.
23. Shri Naveen Kumar, Asstt. Accounts Officer, PTCUL.
24. Shri Anurag Kumar, Consultant, PTCUL.

The queries raised by the Commission and the replies submitted by PTCUL were discussed in detail and the salient features of the discussions are as follows:

1. CERC vide its Order dated 11.12.2015 in Petition no. 215/TT/2013 has approved ATC of total Rs. 69.60 Crorefor FY 2011-12, 2012-13 and FY 2013-14 for three transmission lines i.e. "400 kV S/C Roorkee-Muzafarnagar", "400 kV S/C Kashipur - Moradabad" and "220 kV S/C Panthnagar - Baikantpur (Bareilly)" of PTCUL. The Commission sought the details in this regard. PTCUL submitted the following:
  - a. Details are required to be submitted to NLDC and the same is under process and status of the same would be apprised to the Commission within one month.
  - b. These Lines are inter-State Tie Lines through which power from CSGS is being drawn by UPCL.
  - c. CERC had approved the Yearly Transmission Charges for FY 2011-12 to FY 2013-14. The sole beneficiary drawing power from these Lines is UPCL for which the recovery of charges shall be done by CTU and then reimbursed to PTCUL.
  - d. Till FY 2015-16, UPCL was the sole beneficiary drawing power from these Lines. Currently, other beneficiaries have been included and PTCUL agreed to submit the details of beneficiaries.
  - e. The Commission emphasized that irrespective of beneficiary of these lines, PTCUL has to comply with the Order issued by CERC and submit the details to NLDC.
2. While approving the Investment proposal of PTCUL, the Commission has directed the Petitioner to submit the complete cost and financing of the schemes after completion of the schemes. Further, the Petitioner vide directive 6.2.3 of the MYT order dated 05.04.2016 was also directed to ensure timely submission of completed cost of the project alongwith the scheduled CoD, actual date of commissioning and actual IDC incurred within 30 days of CoD of the projects/works and should not wait for furnishing of the same alongwith the ARR Petitions. However, PTCUL has

beensubmitting the details of the schemes only after the queries are sought by the Commission at the time of filing of the ARR Petition. In this regard, PTCUL submitted that finalization of executed cost for the projects are time consuming. PTCUL submitted that it would strive to comply with the Commission's directive in future.

3. The Commission expressed concern regarding the non-submission of duly filled in Formats and information regarding the physical and financial progress of the upcoming projects for the ensuing years along with the main Petition. PTCUL submitted that it would strive to submit duly filled in Formats and information regarding the physical and financial progress of the upcoming projects in the ensuing years along with the main Petition.
4. The Commission had approved the project "Augmentation of 132 kV S/s Jwalapur" under REC (System Improvement). However, PTCUL has submitted this project in PFC (System Improvement). In this regard, PTCUL submitted that although at the time of Investment Approval, this project was considered to be financed by REC, the financing was approved by PFC and accordingly, the project has been considered under PFC (System Improvement).
5. Vide the replies dated 30.12.2016 and 06.01.2017, PTCUL submitted the details of actual capitalisation for FY 2015-16, proposed capitalisation for FY 2016-17 and FY 2017-18 in the specified format. In this regard, the Commission has observed serious discrepancies in the data submitted by PTCUL, some of which are as follows:
  - a. The nomenclature of projects as submitted in the Petition is different from that in the Investment Approval Orders (e.g., "132 kV S/s Laltappar" submitted in place of "132 kV S/s Haridwar Road, Dehradun").
  - b. The dates of Investment Approval Orders for the respective projects are incorrect at many places (e.g., Investment Approval Order for "Augmentation of 132 kV S/s Jwalapur" submitted as 17.05.2016 in place of 23.07.2015).
  - c. The approved costs as per the Investment Approval Orders for the respective projects are incorrect at many places (e.g., Approved cost of "220 kV S/s Dehradun" submitted as Rs. 7.65 Crore in place of Rs. 57.32 Crore).
  - d. The capitalisation for some of the projects submitted in the specified format is in variation to the capitalisation submitted in Form 9.5 for the respective projects in the Excel Formats (e.g., Capitalisation for "132 kV Switching S/s Srinagar" submitted as Rs. 18.11 Crore while in Form 9.5, the same has been submitted as Rs. 23 Crore).
  - e. For some of the projects which have been approved by the Commission in the true up of previous years, the approved cost till FY 2014-15 has not been filled in (e.g., 220 kV Maneribhali II-Rishikesh Line).

- f. The additional capitalisation claimed for the projects has not been justified in accordance the provisions of the Tariff Regulations (Generic reasons submitted as works deferred execution and within the original scope of work).
- g. The actual cost claimed for many of the projects is very less in comparison to the approved cost as per the Investment Approval Orders (e.g., Actual cost of "Augmentation of 132 kV S/s Bazpur" submitted as Rs. 5.24 Crore as against the approved cost of Rs. 11.90 Crore).
- h. The projects which have been submitted and approved by the Commission under one Scheme have been shifted to other Scheme (e.g., "Augmentation of 132 kV S/s Jwalapur" shifted from REC (System Improvement) to PFC (System Improvement)).

In light of the above observations, the Commission provides last opportunity to provide the details of capitalisation complying with the following:

- (i) The capitalisation of projects capitalised/proposed to be capitalised for the first time should be submitted in the Format enclosed at Annexure 1 for FY 2015-16, FY 2016-17 and FY 2017-18 separately. PTCUL should also resubmit the Certificates of Electrical Inspector duly cross referring with the projects for which the capitalisation is being claimed.
  - (ii) The additional capitalisation claimed for projects for which COD has already been achieved prior to COD should be submitted in the Format enclosed at Annexure 2 for FY 2015-16, FY 2016-17 and FY 2017-18 separately along with the relevant documentary evidences.
  - (iii) For the projects which are below of Rs. 2.50 Crore (for which Investment Approval is not required), PTCUL should submit the documentary evidences for the works undertaken.
6. The Commission, in the MYT Order for the second Control Period from FY 2016-17 to FY 2018-19 had approved the recruitment of 126 no. of employees in FY 2016-17. As against the same, the actual recruitment till September, 2016 is Nil. Further, PTCUL has proposed the recruitment of 253 no. of employees in FY 2016-17. In this regard:
- a. The Commission expressed concern regarding the shortage of qualified manpower in PTCUL.
  - b. PTCUL submitted that the recruitment for 199 no. of employees has been initiated in September, 2016 and the written test for the same is expected to be conducted in February, 2017 and recruitment process expected to be completed by March, 2017.
  - c. PTCUL further submitted that applications for 54 no. of AE's have been invited and the recruitment of the same is expected to be completed by March, 2017.
  - d. PTCUL has proposed the recruitment of 104 no. of employees in FY 2017-18. PTCUL agreed to submit the realistic recruitment schedule for the proposed recruitment for FY 2017-18

alongwith the complete details of various activities involved.

7. As per the audited accounts for FY 2015-16, there was asset deduction of Rs. 2.27 Crore which was not considered by PTCUL in its computations for true up for FY 2015-16. Similarly, as per the half yearly accounts for FY 2016-17, there was asset deduction of Rs. 6.58 Crore which was not considered by PTCUL in its computations of APR for FY 2016-17. Vide replies dated 30.12.2016, PTCUL submitted that the amounts of Rs. 2.27 Crore and Rs. 6.58 Crore pertain to the fixed assets due to the excess capitalisation which was reversed during FY 2015-16 and FY 2016-17 respectively. In this regard, PTCUL agreed to submit the following details:
  - a. The year(s) of booking such excess capitalisation.
  - b. The name of the Scheme(s) and the Project(s) under which such excess capitalisation has been booked.
  - c. The reasons for booking such excess capitalisation.
8. Vide replies dated 30.12.2016 (query no. 3), PTCUL submitted that the depreciation for FY 2015-16, FY 2016-17 and FY 2017-18 has been computed considering the assets net of deposit works and average rate of depreciation of 5.28% as the cumulative depreciation in various asset classes is not available. In this regard:
  - a. PTCUL agreed to revise the computations of depreciation considering the asset class wise GFA addition and the corresponding depreciation rates as specified in the Tariff Regulations.
  - b. PTCUL agreed to revise the computations of depreciation on assets created out of deposit works considering the weighted average rate of depreciation arrived at by the asset class wise depreciation rates as specified in the Tariff Regulations.
9. Vide the replies dated 30.12.2016 (query no.9), PTCUL submitted that the incentive/bonus benefit to employees for FY 2015-16 was Rs. 0.20 Crore as per the books of accounts. PTCUL agreed to submit the complete details in this regard.
10. Vide the replies dated 30.12.2016 (query no. 12), PTCUL submitted that the impact of VII Pay Commission has been considered as 20% in line with the methodology adopted by the Commission in the MYT Order dated 05.04.2016. PTCUL agreed to submit the computations of the impact of VII Pay Commission considering the Government Order issued in this regard.
11. Vide the replies dated 30.12.2016 (query no. 23 & 30), PTCUL submitted that the revenue from short term open access charges have been included in the LDCD fund of SLDC. It was clarified that the Tariff Regulations does not provide for accounting of revenue from transmission open access charges in the LDCD Fund of SLDC. In this regard, PTCUL agreed to segregate the revenue from open access attributable to transmission & SLDC and accordingly adjust the revenue from

transmission open access charges from ARR of PTCUL.

12. Vide the replies dated 30.12.2016 (query no. 28), PTCUL submitted that the Revenue for FY 2015- as per the P&L account includes the incentive for Transmission System Availability. In this regard:
  - a. As per Regulation 64 of the UERC Tariff Regulations, 2011, the Availability of AC system shall be calculated in accordance with the procedure specified in Appendix IV of the Regulations and shall be certified by SLDC. PTCUL agreed to submit the same.
  - b. PTCUL agreed to submit the amount and computations of Incentive included the Revenue for FY 2015-16.
13. Vide the replies dated 30.12.2016 (query no. 29), PTCUL submitted that the regulatory income for FY 2015-16 is Rs. 5.11 Crore which has been accounted for as per the guidelines of ICAI and instruction of Statutory Auditors and has been shown separately in P&L Statement. PTCUL agreed to submit the complete details of the same.
14. The loan balances considered for computing the weighted average interest rate for FY 2015-16 as well as the actual interest on loans as submitted by PTCUL do not match with the audited accounts. Vide the replies dated 06.01.2017 (query no. 8 & 9), PTCUL submitted that the reason for such variation is on account of the loan balances as per the Loan MIS and the audited accounts. PTCUL agreed to submit the revised Loan MIS to match with the loan balances and interest on loans with the audited accounts.
15. PTCUL agreed to submit the policy of accounting of employee expenses and A&G expenses being incurred for executing the UITP projects.
16. PTCUL agreed to submit the revised Scheme wise/project wise additional capitalization during FY 2016-17.
17. The Commission directed PTCUL to submit replies to all the balance queries and queries sought above by January 23, 2017. PTCUL agreed to submit all the replies within the stipulated time.





