



Uttarakhand Electricity Regulatory Commission

'Vidyut Niyamak Bhawan',
Near ISBT, PO- Majra, Dehradun-248171

PH. 0135-2641115 FAX- 2641314 Website www.uerc.gov.in E-mail- secy.uerc@gov.in

No. UERC/6/TF-357/2016-17/2016/1350

Date: 01 Dec., 2016

To,

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

Sub.: Filing of Petition for approval of True-up for FY 2015-16, Annual Performance Review (APR) for FY 2016-17 & Revised Aggregate Revenue Requirement for FY 2017-18 of PTCUL.

Sir,

This is with reference to your petition dated 25.11.2016 on the above-mentioned subject. In this regard, certain deficiencies/shortcomings have been observed which are enclosed as Annexure-A. You are required to submit the point-wise replies duly quoting titles/sub-titles and S.No. identical with the deficiencies referred to in enclosed Annexure-A. You are required to submit your reply on the same latest by 06.12.2016 in seven copies alongwith the soft copy of the reply accompanied with an affidavit so that your application may be put up before the Commission for admission.

Further, certain additional deficiencies/shortcomings have also been observed which are enclosed as Annexure-B. You are required to submit the point-wise replies duly quoting titles/sub-titles and S.No. identical with the deficiencies referred to in enclosed Annexure-B. You are required to submit your reply on the same latest by 30.12.2016 in seven copies alongwith the soft copy of the reply accompanied with an affidavit.

Encl. as above

Yours sincerely,

(Neeraj Sati)
Secretary

o/c

PTCUL's Petition for true up for FY 2015-16, Annual Performance Review for FY 2016-17 and Revised Aggregate Revenue Requirement for FY 2017-18

Information requirement/Discrepancies to be rectified for admission of the Petition

I. Data submitted in the Forms

1. PTCUL, alongwith its Petition, has submitted the excel forms as specified by UERC (Terms and Conditions for Determination for Tariff) Regulations, 2011 and 2015. However, some of the forms have links with external files which has not been submitted eg. [Model V7.xlsx], [HR-Employee_details-Final.xlsx] 23.09.2016. PTCUL should submit all the excel files linked to the Tariff Formats submitted alongwith the Petition.
2. Following formats of PTCUL are not as per the UERC (Terms and Conditions of Multi Year Tariff) Regulations, 2015.

Table 1: PTCUL forms to be submitted in accordance with the format specified by UERC (Terms and Conditions of Multi Year Tariff) Regulations, 2015

S.No.	Form	Particulars
1	1	Aggregate Revenue Requirement (Details of 1 st & 2 nd half of FY 17 to be provided)
2	2	Return on Equity (Details of 1 st & 2 nd of FY 17 to be provided)
3	9.5	Element Wise Break-up of Project/Asset/Element Cost for Transmission system or Communication System (reasons for variation for some schemes not submitted)
4	9.6	Break-up of Construction/ Supply/Service Packages (partly filled)
5	10.1	Statement of Asset Wise depreciation (not submitted asset-wise)
6	12	Draw Down Schedule for Calculation of IDC & Financing Charges
7	13	Details of Capital Cost and Financing Structures (Details of 1 st & 2 nd half of FY 17 to be provided)
8	15.3	Calculation of Interest on Normative Loan (partly filled)
9	19	Investment Plan (reasons for variation for some schemes not submitted)
10	20	Summary of Truing Up (partly filled up)

II. True up for FY 2015-16

3. PTCUL, vide footnote of Note 2.10, i.e. "Fixed Assets" of the Annual Accounts for FY 2015-16, submitted that addition during the year in deposit work assets amounting to. Rs 470.04 Lakhs has been excluded from the addition in Fixed assets during the year of PTCUL amounting to **Rs. 6997.21 Lakhs** as UERC does not allow depreciation on deposit work assets. However, as per the Sub-total of the Note 2.10 for addition during the year is **Rs. 6977.28 Lakhs**. The Petitioner is required to clarify the discrepancy in the total of addition during the year.

4. PTCUL, in Table-1, Table-3, Table-4 and Table- 5 of the Petition, mentioned the Addition during the year of Rs. 76.43 Crore for FY 2015-16, whereas addition during the year for FY 2015-16 is Rs. 74.47 Crore as per the audited accounts for FY 2015-16. In this regard, PTCUL should reconcile the numbers and maintain consistency at all places.
5. As per MYT order dated 05.04.2016, Opening Grant of Rs. 86.97 Crore has been considered for FY 2015-16 whereas PTCUL, in Table-5 of the Petition, submitted opening Grant of Rs. 87.13 Crore. The Petitioner is required to submit the reasons for variation in the above mentioned amount.

Considering the above deficiencies, the Petitioner is required to submit the revised computation of ARR alongwith Tariff Forms in workable excel format.

PTCUL's Petition for true up for FY 2015-16, Annual Performance Review for FY 2016-17 and Revised Aggregate Revenue Requirement for FY 2017-18

Additional requirement/Discrepancies to be rectified for analysis of the Petition

I. True up for FY 2015-16

1. PTCUL has considered opening balances for the FY 2015-16 as per MYT order dated 05.04.2016. However, the Commission vide review Order dated 11.07.2016 has revised the Addition during the year for FY 2014-15 resulting in change in closing GFA for FY 2014-15. Accordingly, the Petitioner is required to revise the opening balances for FY 2015-16.
2. As per the audited accounts for FY 2015-16, there was asset deduction of Rs. 2.27 Crore. However, PTCUL has not considered the same in its computations for true up for FY 2015-06. PTCUL should submit the justification for the same.
3. PTCUL is required to submit the justification for considering average rate of 5.28% for determination of depreciation whereas Tariff Regulations, 2011 and Tariff Regulations, 2015 provide asset class wise depreciation rate. PTCUL should provide asset class wise depreciation for each block of assets.
4. PTCUL has computed RoE on the average equity for the respective financial years. The Petitioner is required to submit the justification of deviating from the Tariff Regulations which provide RoE on the opening balance of Equity.
5. PTCUL submitted that the interest rates of REC and PFC have undergone revision in past years. PTCUL should submit the supporting documents to substantiate the same.
6. Interest rates submitted in Form-14, i.e. "Details of Financial Packages" do not match with the interest rates details submitted in Form 15.1, i.e. "Statement of Outstanding Loans". The Petitioner should submit the reason for discrepancies.
7. PTCUL, while computing Working Capital, has considered 1% of historical of GFA with an escalation of 6% for the calculation of Maintenance Spares for FY 2015-16 whereas Tariff Regulations, 2011 provides 15% of O&M expenses as Maintenance Spares. In this regard, PTCUL is required to submit the justification for deviating from the Regulations and also to submit revised computation applying the prevailing Tariff Regulations.

8. PTCUL, in Table-11 of the Petition, has submitted actual depreciation of Rs. 77.60 Crore for FY 2015-16 whereas at Table-5 of the Petition, depreciation has been worked out as Rs. 50.44 Crore as per Tariff Regulations, 2011. Accordingly, the Petitioner is required to make necessary correction in Table-11 of the Petition.
9. The Petitioner is required to submit the details of additional benefits/incentive/bonus separately paid to its employees for FY 2015-16.

II. APR for FY 2016-17 and Revised ARR for FY 2017-18

10. As per half yearly accounts for FY 2016-17 there has been asset deduction to the tune of Rs. 6.58 Crore in FY 2016-17 till Sep-2016. However, PTCUL has not considered the same in its computations for APR for FY 2016-17. PTCUL should submit the justification for the same.
11. PTCUL, in Table 21 of the Petition, submitted the actual employee expenses for the first 6 months of FY 2016-17 as Rs. 32.14 Crore, whereas the same is Rs. 27.99 Crore as per the half yearly accounts for FY 2016-17. In this regard, PTCUL should reconcile the numbers and maintain consistency at all places.
12. PTCUL, in Form-8.1 of the Petition, has claimed impact of 7th pay commission of Rs. 18.98 Crore for FY 2016-17 and Rs. 18.47 Crore for FY 2017-18. The Petitioner is required to submit the basis of working out these numbers and also submit the reasons for decrease in the impact of 7th pay commission from FY 2016-17 to FY 2017-18.
13. The Petitioner is required to submit the basis and policy under which employees' expenses and A&G expenses are being capitalized.
14. PTCUL has computed RoE on the average equity for the respective financial years. The Petitioner is required to submit the justification of deviating from the Tariff Regulations which provide RoE on the opening balance of Equity.
15. Petitioner is required to submit scheme wise and project wise physical and financial progress of the capitalization of Rs. 324.98 Crore and Rs. 524.82 Crore claimed for the FY 2016-17 and FY 2017-18 respectively alongwith the investment approval.
16. In respect of capitalization for FY 2015-16, FY 2016-17 (till September' 2016), the Petitioner is required to submit the details as mentioned in Appendix-I.
17. The Petitioner is required to mention the investment approval date and approved capital cost in

all the tables in the petition indicating capitalization done or proposed to be done for FY 2015-16, FY 2016-17 and FY 2017-18.

18. PTCUL, in Table-16 and Table-31 of the Petition, has submitted approved closing number of employees as 953 and 960 for FY 2016-17 and FY 2017-18 respectively. However, as per MYT order dated 05.04.2016, approved closing number of employees as 902 and 909 for FY 2016-17 and FY 2017-18. The Petitioner is required to submit the justification of the above mentioned discrepancy.
19. PTCUL, in Table-16 and Table-31 of the Petition, has submitted revised recruitment estimates of 253 and 104 for FY 2016-17 and FY 2017-18 respectively. In this regard, you are required to submit the actual number of employees recruited till 30.09.2016 and status of recruitment process for balance estimated number of employees till 31.03.2016 and for FY 2017-18. Further, the employees detail should clearly indicate in the tabular form the number of promotions, fresh recruitment, details of retirement/death of the employees during the year/half-year.
20. The Petitioner is required to submit the recruitment plan for FY 2017-18 indicating the schedule of advertisement, examination and/or interview and tentative date of joining of the fresh recruitment.
21. PTCUL vide Para 3.7 of the Petition has requested the Commission to include the effective adjustment of Rs. 1.09 Crore in the ARR for FY 2017-18. In this regard, the Petitioner is required to submit the basis for claiming the Rs. 1.09 Crore.
22. PTCUL, in Form 7 of the Petition, has submitted that the open access charges of Rs. 5.76 Crore for FY 2015-16 and Rs. 5.61 Crore for each FY 2016-17 and FY 2017-18. The Petitioner is required to submit the breakup of the open access charges in short term and long term open access charges.
23. Further, as per Tariff Regulations, 2011 and Tariff Regulations 2015, Short-term open access charges shall be deducted from the ARR of the licensee. The Petitioner is required to submit the justification for not deducting the same from the ARR of respective years.
24. SLDC, in Table 6 of the Petition, has claimed capitalization during the FY 2016-17 of Rs. 0.71 Crore and deduction of Rs. 0.15 Crore whereas the same has not been considered by the PTCUL while claiming the capitalization for FY 2016-17. The same issue also arises in FY 2017-18 where SLDC has claimed capitalization of Rs. 32.94 Crore in Table-20 of SLDC Petition however no

amount has been claimed by PTCUL in their Petition. Petitioner is required to submit the reasons for variations.

25. PTCUL, at S. No. 10 of Table 3 of the Petition, submitted capitalization for SLDC of Rs. 0.24 Crore whereas SLDC, in Table 6 of the Petition, submitted the capitalization during FY 2015-16 of Rs. 0.28 Crore. Petitioner is required to submit the reasons for variations and reconcile the amounts.
26. PTCUL, in Form 15.1, i.e. "Statement of Outstanding Loans" submitted interest rate of 12.26% for REC-II scheme, whereas SLDC, in Form 10.1, i.e. "Statement of Outstanding Loans" has considered interest rate of 12.50% for REC-II Scheme. The Petitioner is required to submit the reason for above mentioned discrepancy.
27. The Petitioner is required to submit Monthly Trial Balance for 31.3.2016 and 30.09.2016.
28. As per Tariff Order dated 11.04.2015, ARR approved for FY 2015-16 is Rs. 295.30 Crore whereas as per P&L Account, PTCUL has received Rs. 299.45 Crore for FY 2015-16 from UPCL. The Petitioner is required to submit the reason for recovering excess revenue from UPCL against the approved ARR for FY 2015-16.
29. The Petitioner is required to submit the details of Regulatory income & expenses alongwith the treatment of the same in accounts.
30. As per Tariff Order dated 11.04.2015, ARR approved for SLDC for FY 2015-16 is Rs. 7.45 Crore whereas as per P&L Account, PTCUL has shown Rs. 8.78 Crore for FY 2015-16 as revenue of SLDC. The Petitioner is required to submit the reason for recovering excess revenue against the approved ARR for FY 2015-16.
31. The Petitioner is required to submit as to why prior period items have not been considered in truing up for FY 2015-16. Further, the Petitioner is also required to submit the reasons for not considering extra ordinary items for truing up.
32. The Petitioner is required to submit year wise and scheme wise details of capitalization done or proposed to be done, clearly indicating fresh capitalization segregating it into Complete or part capitalization and additional capitalization in accordance with the Tariff Regulations.

Appendix-I

S. No	Name of the Project	Name of Scheme	Investment approval date	Start date of Work	Schedule Commissioning Date	Investment Approval Cost	Actual Start Date	Actual date of Commissioning	Actual completion cost	IDC Included in actual capital cost	Time overrun	Reason for time overrun	Cost Overrun	Reason for cost overrun