<u>UPCL's comments on the response / suggestion received from Sh. Deepak Gupta, Hony. Secretary, M/s Hotels and Restaurants Association of Uttaranchal, Deep Hotel, Camel's Back Road, Kulri, Mussoorie-248179, Dehradun.on the ARR and Tariff Petition of UPCL for FY 2017-18.</u>

S. No.	Objections/Comments/Suggestions	Response
1.	UPCL should not increase Tariff under RTS-2 category	UPCL is a commercial organization and is required to meet its Annual Revenue Requirement out of the revenue realized from the consumers through electricity tariffs. The revenue deficit for FY 2017-18 has been estimated at Rs. 748.99 Cr. for which tariff hike of 13.48% is required. This average tariff hike has been proposed for all the categories.

UPCL's comments on the response / suggestion received from Brig. K.G. Behl (Retd.), 8-A, Nemi Road, Dehradun-248001on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	UPCL should not increase Tariff under domestic category	(i) UPCL is a commercial organization and is required to meet its Annual Revenue Requirement out of the revenue realized from the consumers through electricity tariffs. The revenue deficit for FY 2017-18 has been estimated at Rs. 748.99 Cr. for which tariff hike of 13.48% is required. This average tariff hike has been proposed for all the categories. (ii) Tariff of Electricity is determined as per the provisions of Electricity Act, 2003. The Tariff of BPL Consumers has been proposed near 50% of Average Cost of Supply. The Tariff of other Domestic Consumers has been proposed near 73% of Average Cost of Supply. The rates of Electricity cannot be kept below these rates keeping in view the cost estimates of UPCL and the provisions of Law.
2.	Transmission loss and Electricity theft is very high in UPCL	(i) It is true that the Hon'ble Commission has fixed Distribution Losses @ 14.75% for FY 2017-18 but these losses have not been fixed keeping in view the existing level of Distribution Losses of the Company. The actual Distribution Losses for FY 2015-16 are 18.39% hence it is practically not possible to achieve the loss level of 14.75% in FY 2017-18 and therefore UPCL proposed a realistic level of Distribution Losses @ 16.39% for FY 2017-18 considering 1% reduction in losses in each year. (ii) In order to curb theft of energy, the following measures have been taken up by UPCL:

S. No.	Objections/Comments/Suggestions	Response
		• Vigilance Raids are being conducted and cases are being registered under Sections 126 and 135 of Electricity Act., 2003. Legal proceedings are being initiated against the person(s) who is found indulging in theft of electricity. • Mechanical meters are being replaced by electronic meters. • All defective meters are being replaced. • AB cable is being laid in theft prone areas. 700 Km. cable has been laid so far in this year. • New connections are being released by installing meters outside the premises of the consumers. • Meters installed on the connections of existing consumers are being shifted outside the premises of the consumers.
3.	UPCL has to distribute more LED bulb at cheaper rate	As on 9th March 2017 UPCL has distributed more than 35,54,878 LED bulb to the consumer. Currently LED bulb cost come down to Rs. 65 per LED.
4.	It is learnt that the ex-employees of electricity department who get free electricity are • subletting electricity to non-entitlement persons. This needs to be checked and stopped forthwith	(i) The employees of UPCL are being given the facility of departmental electricity connection since U.P. State Electricity Board was in existence. Under this facility, a fix lump-sum amount is charged from the employees according to their designation towards electricity charges for electricity supplied to them. Erstwhile UPSEB was unbundled under the provisions of Uttar Pradesh Electricity Reforms Act, 1999 and Section-23(7) of the said act provides “terms and conditions of service of the personnel shall not be less favorable to

S. No.	Objections/Comments/Suggestions	Response
		the terms and condition which were applicable to them before the transfer". The same spirit has been echoed under first proviso of section 133(2) of the Electricity Act, 2003. The benefits for employees / pensioners as provided in section 12(b)(ii) of the Uttar Pradesh Reform Transfer Scheme, 2000 include "concessional rate of electricity", which means concession in rate of electricity to the extent it is not inferior to what was existing before 14th January, 2000. The rates and charges indicated above for this category are strictly in adherence of above statutory provisions. As UPCL is the successor entity of UPPCL (formed as a result of unbundling of UPSEB), the above legal provisions are also applicable on it (UPCL). (ii) Any employee/pensioner found indulging in unauthorized use of electricity through departmental electricity connection is liable to penal action as per departmental rules / provisions of Law.
5.	It is observed that the percentage of the depreciation charged has gone up many fold in comparison to the previous years. It appears that UPCL, is not following the rules laid down the UERC for working out such depreciations, this needs to be reduced. Similarly the amount shown in the last years adjustments is quite high in comparison to previous years. How has this been worked out needs to be reviewed and figures accordingly reduced. O&M expenses too have gone up in comparison to previous years and needs to be reviewed and reduced.	(i) Calculation of depreciation has been done considering the opening (as on 08-11-2001) GFA of Rs. 508 Cr. This is in line with the approach adopted by the Hon'ble Commission. (ii) Depreciation has been claimed @ 5.22% which is similar to the rate approved by Hon'ble Commission in its Tariff Order dated 05-04-2016. (iii) As against Rs. 644.25 Cr. O&M Charges approved for FY 2017-18, UPCL claimed only Rs. 552.47 Cr. on this head. (iv) Detailed calculation and justification has been given in the petition in support of each and every expense claimed.

UPCL's comments on the response / suggestion received from Sh. Man Singh, General Manager (Engg.), M/s Vista Alps Industries Ltd., Haridwar Unit-II, Plot No. 1 B, Sector-10, Integrated Industrial Estate, SIDCUL, Distt. Haridwar.on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	The electricity tariff should not be revised this year particularly for Textile Sector	UPCL is a commercial organization and is required to meet its Annual Revenue Requirement out of the revenue realized from the consumers through electricity tariffs. The revenue deficit for FY 2017-18 has been estimated at Rs. 748.99 Cr. for which tariff hike of 13.48% is required. This average tariff hike has been proposed for all the categories.
2.	Exemption from Electricity Duty	As per section 3 of Uttar Pradesh Electricity (Duty) Act (Uttarakhand adaptation and modification) order 2001, State Government is empowered to fix the rates of Electricity Duty to be charged from various category of consumers. Government of Uttarakhand vide its notification no. 79/I/2016-01(3)/01/2003, dated 25-01-2016 has fixed these rates applicable w.e.f. 1-01-2016. UPCL is charging electricity duty as per Government orders. The Electricity duty charged from consumers is payable by UPCL to GoU. Therefore, the matter may be taken up with GoU.

UPCL's comments on the response / suggestion received from Sh. Vijay Singh Verma, Kisan Club, Village-Delna, P.O. Jhabrera, Haridwar-247665 on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	Energy charges till 200 units should be same in accordance with RTS – 1 and Commission may increases the fixed energy charges because in that cases more facts may be occurred of Electricity Theft.	The total cost of UPCL may be segregated into power purchase cost and other cost. The other cost is about 10% to15% of total cost and fixed in nature. This cost has necessarily to be incurred by UPCL and not related to the energy consumed, but which is related to the contracted load of the consumers. Thus, this cost needs to be recovered through fixed/demand charges.
2.	Distribution Losses and Electricity Theft.	(i) It is true that the Hon'ble Commission has fixed Distribution Losses @ 14.75% for FY 2017-18 but these losses have not been fixed keeping in view the existing level of Distribution Losses of the Company. The actual Distribution Losses for FY 2015-16 are 18.39% hence it is practically not possible to achieve the loss level of 14.75% in FY 2017-18 and therefore UPCL proposed a realistic level of Distribution Losses @ 16.39% for FY 2017-18 considering 1% reduction in losses in each year. (ii) In order to curb theft of energy, the following measures have been taken up by UPCL: • Vigilance Raids are being conducted and cases are being registered under Sections 126 and 135 of Electricity Act., 2003. Legal proceedings are being initiated against the person(s) who is found indulging in theft of electricity. • Mechanical meters are being replaced by electronic meters. • All defective meters are being replaced.

S. No.	Objections/Comments/Suggestions	Response
		• AB cable is being laid in theft prone areas. 700 Km. cable has been laid so far in this year. • New connections are being released by installing meters outside the premises of the consumers. • Meters installed on the connections of existing consumers are being shifted outside the premises of the consumers.
3.	Tariff hike	UPCL is a commercial organization and is required to meet its Annual Revenue Requirement out of the revenue realized from the consumers through electricity tariffs. The revenue deficit for FY 2017-18 has been estimated at Rs. 748.99 Cr. for which tariff hike of 13.48% is required. This average tariff hike has been proposed for all the categories.

UPCL's comments on the response / suggestion received from Sh. Pankaj Gupta, President, Industries Association of Uttarakhand, Mohabewala Industrial Area, Dehradun-248110on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	**Review of value of Gross Fixed Assets starting from FY 2001-02** Since the judgment on finalization on the matter was pending in the Hon'ble ATE, UPCL had been considering the Opening asset base as finalized between UPPCL a UPCL in its previous tariff petitions. However, now since judgment in the concerned matter has been issued by the Hon'ble ATE, UPCL has proposed to revise the value of the Gross Fixed Assets starting from FY 2001-02. UPCL has given a summary in this regard and has proposed to fix Gross Fixed assets at 3980 crores at the end of the year 2015-16. On this issue, we would like to draw the attention of Honorable commission the fact there UPCL has taken all the values from its balance sheets of past years. They have not given any justification. Commission has been issuing orders on Fixed Assets every year in its orders for different years. UERC has also not allowed capitalization in some cases in previous years. It is therefore requested that UERC should not consider any change in its orders on capitalization in previous years. Gross fixed Assets should now be finalized with original cost of assets at Rs. 508 crores arid then the same be added	In this connection, it is submitted that the value of GFA and its financing from FY 2001-02 to FY 2013-14 has been considered the same which has been considered by the Hon'ble Commission in its Tariff Orders. There is little difference in the financing of FY 2014-15 and FY 2015-16. UPCL considered Audited values for FY 2014-15 whereas Hon'ble Commission not considered the values of assets other than plant and machinery for FY 2014-15. We have requested in this petition to consider the same. Further, Hon'ble Commission considered estimated values for FY 2015-16 in the absence of actuals at that time. UPCL in its computation considered GFA as on 08-11-2001 as Rs. 508 Cr. Detailed computation of depreciation is mentioned at page no. 16 & 17 of the petition.

S. No.	Objections/Comments/Suggestions	Response
	year after year based on the orders of UERC in respective years.	
2.	Fixation of Unrealistic and Unachievable Distribution Loss Trajectory- We would request UERC to direct UPCL to carry our energy audit at Sub-station level and also at the different voltage levels separately so that actual reason of losses can be ascertained and action be taken to bring down the losses to the level below that directed by UERC.	It is true that the Hon'ble Commission has fixed Distribution Losses @ 14.75% for FY 2017-18 but these losses have not been fixed keeping in view the existing level of Distribution Losses of the Company. The actual Distribution Losses for FY 2015-16 are 18.39% hence it is practically not possible to achieve the loss level of 14.75% in FY 2017-18 and therefore UPCL proposed a realistic level of Distribution Losses @ 16.39% for FY 2017-18 considering 1% reduction in losses in each year.
3.	DEPRECIATION The value of Gross Fixed Assets (GFA) as on 08-11-2001 is finally settled at Rs 508.00 Crs. as per the value recognized by Hon`ble Commission in Tariff Orders- issued from time to time. In this connection we would request that depreciation be allowed accordingly on this value of original GFA with further capitalization as per its earlier orders.	Depreciation has been computed considering the GFA as on 08-11-2001 at Rs. 508 Cr. as per methodology adopted by Hon'ble Commission in its Tariff Order.
4.	NON CAPITALISATION OF ASSETS UERC in the past had not allowed capitalization of assets pending Electrical Inspector Certificate. In this connection we would request that same analogy as taken by UERC in the past be taken by Hon'ble Appellate Tribunal as no change has taken place in the present ARR and not allow capitalization till such certificate is received.	This issue has been settled now. UPCL has provided the Hon'ble Commission certificates of Electrical Inspector in respect of all HT assets capitalized for the period from FY 2007-08 to 2015-16.

S. No.	Objections/Comments/Suggestions	Response
5.	Assets created out of Grants – no return should be allow.	UPCL in this petition has not claimed any returned (Deprecation/Interest) on the assets created out of Grant
6.	RETURN ON EQUITY	(i) Hon'ble Commission in its Tariff Order for FY 2015-16 approved Return on Equity @ 16% on the opening equity of Rs. 305.49 Cr. Hon'ble Commission computed the value of equity for each year equivalent to 30% of (capitalization as reduced by grant and loans). Remaining 70% of capitalization has been considered normative loan. Return on Equity computed Rs. 48.88 Cr. (ii) UPCL in the Petition computed return on equity @ 16% on the opening equity of Rs. 535.27 Cr. for FY 2015-16. Year wise addition of equity has been considered at maximum of 30% of the capitalization excluding grants for each year. In the year when the equity deployed was less than 30%, actual equity has been considered. The equity in excess of 30% has been considered as normative loan. Detailed computation of return on equity is mentioned at page 19 and 20 of the Petition. (iii) Return on Equity for FY 2017-18 has been claimed @ 16.50% as per the provision of Regulations.
7.	PROVISION FOR BAD AND DOUBTFUL DEBTS:- Only two points should be considered for Bad and doubtful debts:- A)Has commission fixed any norm for Bad and Doubtful	(i) Regulation 31 of the UERC Tariff Regulations, 2015 provides that Hon'ble Commission may allow a provision for Bad and Doubtful Debts @ 1% of the estimated Annual Revenue subject to the (i) actual writing off of Bad Debts in previous years (ii) the total amount of such

S. No.	Objections/Comments/Suggestions	Response
	debts - Answer is No B)Has UPCL identified and actually written off bad debts according to a transparent policy approved by the Commission - Answer is No UPCL is trying to move in its own direction without taking in consideration the observation of UERC on bad and doubtful debt. It is common practice to take utmost care to realize the money due from its customers. Nowhere a provision as a percentage is allowed for the bad debts. Despite being a public utility, UPCL is also a commercial entity and therefore utmost care has to be taken while dealing with bad and doubtful debts. We feel that the earlier stand taken by UERC for Bad and doubtful debts should hold good for this year also. Even though UPCL has not provided for any amount for bad and doubtful debts this year but they have justified their earlier analogy in this ARR also and have asked Commission to allow for Bad and doubtful debts.	provisioning allowed in the previous years should not exceeds 5% of the receivables at the beginning of the year. (ii) UPCL at the time of transfer of Assets and Liabilities got a provision for Bad and Doubtful Debts amounting to Rs. 230.01 Cr. UPCL started its functioning w.e.f. 09-11-2001 and Hon'ble Commission so far allowed a provision for Bad and Doubtful Debts of Rs. 103.74 Cr. UPCL for the period upto FY 2015-16 written off the bad debts amounting to Rs. 195.26 Cr. Accordingly, no provision for Bad Debts has been included in the ARR of FY 2015-16 and 2017-18. However, keeping in view the actual Bad Debts Written Off amounting to Rs. 195.26 Cr. , UPCL requested the Hon'ble Commission to allow the Bad Debts Written Off .
8.	<u>Shortfall in Revenue in past years</u> Every year UPCL shows shortfall in revenue as against the same projected by commission. This is mainly due to load shedding resorted by UPCL on industrial consumers. It should not be disregarded that industrial consumers pay the maximum tariff and they are subjected to maximum	UPCL on truing up the expenses and revenue for FY 2015-16 computed a surplus of Rs. 21.31 Cr. which has been proposed from the ARR for FY 2017-18 alongwith carrying cost of the same i.e. Rs. 21.31 Cr. + Rs. 6.59 Cr. = Rs. 27.90 Cr.

S. No.	Objections/Comments/Suggestions	Response
	rostering. This will obviously result in shortfall in revenue to UPCL. In other states, Industrial consumers rostering is done as the last measure to maintain grid balance.	
9.	INVESTIGATION IN RESPECT OF LOSSES Hon'ble commission is empowered to investigate under sec 128 of Electricity Act. It is suggested that for investigating losses and energy audit, the commission should appoint an agency for carrying out this investigation. If HT consumers are consuming more than 50%, whose losses should not be more than 5-6% then the losses in other categories are more than 45%. This is enough reason for proper investigation. For UPCL to function properly controlling losses is the most important issue. It is also suggested that UPCL should convert their sub-stations into Cost-Centres and any Sub-station found to be loosing money should be subjected to penalties.	UPCL is in process to compute the voltage wise cost of supply as per direction of Hon'ble Commission.
10.	KCC DATA:- UPCL has done a good job in compiling data in KCC cell. Though the compilation is excellent but it seems that not enough benefit is being derived from scrutiny of this data. We would suggest that Commission may set up one cell either in the office of the commission or in UPCL for scrutiny of this data. This cell should be independent and should not be reporting to UPCL. We are sure that the formation of this cell will help in proper diagnostics of ills	UPCL has covered all the industrial consumers having load above 5 KW and non-domestic consumers having load above 10 KW under KCC billing. The MRI report and billing of the HT consumers are being checked at Corporate Office on regular basis. Corrective actions are being taken on the irregularities found in the checking of the metering system and billing of these consumers.

S. No.	Objections/Comments/Suggestions	Response
	and malafides prevailing in UPCL at division level and will highlight the vital areas to be settled.	
11.	QUALITY OF POWER:- Quality of Power is reducing with the passage of time, issues like Voltage variations amongst different phases, low voltage, high voltage, frequent breakdowns etc have become common practice. It is therefore suggested thatH'ble Commission while fixing the A.R.R. should give clear directions to UPCL for improvement of quality of power.	Efforts are regularly made by UPCL for improvement in quality of power. In this connection, it is worthwhile to mention here that the demand of electricity has become about four times from the date of creation of State and UPCL is meeting the demand of electricity to the satisfaction of the consumers. It is worthwhile to mention here that in the whole State average supply of electricity in a day is between 22-24 hours.
12.	Minimum Consumption Guarantee:- We strongly oppose continuance of Minimum Consumption Guarantee for any category as we had reached the stage of rationalized tariff structure after lot of deliberation in the past. This was also envisaged in the electricity act.	(i) The total cost of UPCL may be segregated into power purchase cost and other cost. The other cost is about 10% to15% of total cost and fixed in nature. This cost should be recovered through fixed/demand charges. (ii) About 40% of total Power Purchase Cost of UPCL is also fixed cost and is borne by UPCL whether or not to draw the power from the respective generating station. UPCL has its arrangement to sufficient power supply to the consumers but in case the consumer does not consume power even at very low load factor, UPCL is required not to draw its some power having fixed cost. This fixed cost needs to be recovered from the consumers through Minimum Consumption Guarantee Charges. (iii) Minimum Consumption Guarantee has been proposed at very low level of consumption i.e. at 6.85% load factor in respect of non-domestic category and LT industry category and at 13.70% in respect of HT industry category. In case during certain month, actual consumption is less than MCG, MCG is charged in those months. Any excess of billed consumption over (actual consumption or

S. No.	Objections/Comments/Suggestions	Response
		minimum consumption, whichever is higher) is adjusted at the end of the financial year.
13.	Receipt from MCG UPCL has not projected revenue receipt on account of MCG. As per past data, this amount is very low and it causes very heavy burden on the consumer paying such MCG, it is therefore requested that MCG be removed from this A.R.R. Fixation	UPCL in its petition while computing the revenue for FY 2017-18 has also considered revenue from MCG as follows:- RTS – 2 : Rs. 9.40 Cr RTS – 4 : Rs. 5.52 Cr. LT Industry : Rs. 9.29 Cr. HT Industry : Rs. 35.10 Cr. The details are available in the UPCL's submission made vide letter no. 4143/UPCL/RM/B-18, dated 8-12-2016 at page no. 231.

UPCL’s comments on the response / suggestion received from Sh. G.D. Mandhok, 146/1, Rajendra Nagar, Lane No. 9, Kaulagarh, Dehradun.on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	Tariff hike	UPCL is a commercial organization and is required to meet its Annual Revenue Requirement out of the revenue realized from the consumers through electricity tariffs. The revenue deficit for FY 2017-18 has been estimated at Rs. 748.99 Cr. for which tariff hike of 13.48% is required. This average tariff hike has been proposed for all the categories.

UPCL's comments on the response / suggestion received from Sh. Pramod Singh Tomar, Director, M/s GalwaliaIspatUdyog Pvt. Ltd., Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar.on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	Rebate proposed by UPCL is not aligned with cost of supply. Pending detailed determination of voltage wise cost of supply, UERC may determined distribution losses for HT Industry separately. The losses of HT Industry are not more than 1.5% to 2%.	(i) Presently, voltage wise / category wise losses are not available and Category wise Tariff has been calculated on the basis of average cost of supply and permissible level of cross subsidy. This is as per Regulation 91 of the UERC Tariff Regulations, 2015. Further, it is to apprise the Hon'ble Commission that UPCL is in process to calculate the voltage wise cost of supply as per direction of Hon'ble Commission. (ii) In the absence of availability of voltage wise losses, which is mix of Technical Losses and Commercial Losses, the Distribution Losses are required to be charged on average basis from all category of Consumers.
2.	Power Purchase Cost: It is submitted that key change in CERC 2014 Tariff Regulations was that GCV of coal was to be measured on 'as receipt basis' and not on 'as fired basis'. Mater was contested by NTPC and after detailed deliberations Hon'ble CERC decided the matter vide its order dated 25-01-2016 in Petition no. 283/GT/2014. It is submitted that on account of this order there is going to be significant refection of at least 25-30% in	The overall rate of power of NTPC for FY 2015-16 was Rs. 3.19/unit whereas the same rate of FY 2016-17 (upto December) is Rs. 3.38/unit. Hence, it is clear that there is no reduction in the power purchase rate of NTPC.

S. No.	Objections/Comments/Suggestions	Response
	variable charges.	
3.	There should be no Additional Surcharge on Open Access Energy.	For the purpose of ensuring continuous supply, UPCL is required to incur extra infrastructure cost as well as arrangement of energy availability at higher cost. Even in case the consumer purchase power through Open Access, UPCL is required to incur this cost and therefore recovery of the same is also required on the Open Access Energy consumed.
4.	Compensation of losses for no receipt of power purchased through open access	In this connection, the action is taken as per the provision of UERC (Terms and Conditions of Intra – State Open Access) Regulations, 2015.

UPCL's comments on the response / suggestion received from Sh. G.S. Bedi, General Manager, Indian Drugs & Pharmaceuticals Ltd., Virbhadra-249202, Rishikesh, Uttarakhandon the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	It is seen that RTS- 8 (Mixed load) rates remain quite higher in comparison to RTS-1: Domestic; 2 Single Pont Bulk Supplx,. This results in injustice & damaging effect on finance of consumers like IDPL Residential colony which has no commercial activity except soloe shop; / khokhas to cater the urgent need for the residents. As such it is requested that in case of domestic consumers having contracted load up to 2 kW & consumption up to 200 kWH per month are allowed to use some portion of premises for non-domestic purposes. In the interest of justice the same facility be allowed to consumers of RTS-1:Domestic; 2) Single Point Bulk Supply also whose contracted load & consumption is such that it can accommodate only up to 2 kW per consumer load and consumption up to 200 kWH per consumer per month.	Single Point Bulk Supply under Domestic (RTS -1) Category is allowed where the consumption of electricity is for domestic residential purposes. Whereas Single Point Bulk Supply under mixed load (RTS – 8) category is applicable where there are at least 60% domestic load and rest load is used for other non – domestic purposes. In case some portion of the supply is used for non-domestic purpose, the supply of electricity cannot be given under rate schedule RTS -1. Further, single point bulk supply under mixed load category cannot be compared with the consumers covered under domestic category having load upto 2 Kw and consumption upto 200 Kwh p.m. using some portion of their premises for non-domestic purposes.
2.	Rebate / Incentive are to be considered for consumers directly connected to PTCUL sub-stations on account of negligible line losses as in case of IDPL whose receiving station is separated only by boundary wall from PTCUL supply sub-station.	Rebate for supply at 132 KV or above voltage has been proposed @ 7.5% of energy charges.
3.	Rebate/ incentive for reactive power management by keeping very high pf in case of RTS-8 based on kw/kwh billing be considered to encourage consumers as it	Tariff is determined keeping in view the fact that the consumer will maintain a healthy power factor.

S. No.	Objections/Comments/Suggestions	Response
	offloads UPCL system from reactive power	
4.	Reduction in morning peak hours beyond 8 AM is to be considered because it is not leaving space for 8 hrs General shift working at normal rates in the Industry	Presently, the peak hours have been fixed keeping in view the trend of increased demand during the period.

<u>UPCL's comments on the response / suggestion received from Sh. R.P. Singh, Executive Director, M/s Tarai Foods Ltd., Sandhu Farms, P.O. Box No. 18, Rudrapur-263153, Distt. Udham Singh Nagaron the ARR and Tariff Petition of UPCL for FY 2017-18.</u>

S. No.	Objections/Comments/Suggestions	Response
1.	Mushroom growing is included in RTS-4A. Being mushroom growers, we have made severalrepresentations time and again to concerned authoritiesat Udham Singh Nagar district as well as Dehradun; butfailed to get bills, in accordance to RTS-4A for 2016-17	As per the provisions of Tariff Order for FY 2016-17, the Rate Schedule RTS – 4A is applicable to supply of power for use in nurseries growing plants/saplings, polyhouses growing flowers/vegetables and fruits which doesn't involve any kind of processing of product except for storing and preservation.

UPCL's comments on the response / suggestion received from Sh. Sunil Kumar Agarwal, Editor, Himalaya ki Diary, 32, Parshuram Marg, Rishikesh, Dehradun.on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No	Objections/Comments/Suggestions	Response
1.	Electricity meter should be install in department employee and no free electricity will be provide to the employee	(i) The employees of UPCL are being given the facility of departmental electricity connection since U.P. State Electricity Board was in existence. Under this facility, a fix lump-sum amount is charged from the employees according to their designation towards electricity charges for electricity supplied to them. Erstwhile UPSEB was unbundled under the provisions of Uttar Pradesh Electricity Reforms Act, 1999 and Section-23(7) of the said act provides "terms and conditions of service of the personnel shall not be less favorable to the terms and condition which were applicable to them before the transfer". The same spirit has been echoed under first proviso of section 133(2) of the Electricity Act, 2003. The benefits for employees / pensioners as provided in section 12(b)(ii) of the Uttar Pradesh Reform Transfer Scheme, 2000 include "concessional rate of electricity", which means concession in rate of electricity to the extent it is not inferior to what was existing before 14th January, 2000. The rates and charges indicated above for this category are strictly in adherence of above statutory provisions. As UPCL is the successor entity of UPPCL (formed as a result of unbundling of UPSEB), the above legal provisions are also applicable on it (UPCL). (ii) Any employee/pensioner found indulging in unauthorized use of electricity through departmental electricity connection is liable to penal action as per departmental rules / provisions of Law.
2.	Electricity Theft should be stopped.	In order to curb theft of energy, the following measures have been taken up by UPCL: • Vigilance Raids are being conducted and cases are being registered under Sections 126 and 135 of Electricity Act., 2003.

S. No	Objections/Comments/Suggestions	Response
		Legal proceedings are being initiated against the person(s) who is found indulging in theft of electricity. • Mechanical meters are being replaced by electronic meters. • All defective meters are being replaced. • AB cable is being laid in theft prone areas. 700 Km. cable has been laid so far in this year. • New connections are being released by installing meters outside the premises of the consumers. • Meters installed on the connections of existing consumers are being shifted outside the premises of the consumers.
3.	There should be no Tariff Hike	UPCL is a commercial organization and is required to meet its Annual Revenue Requirement out of the revenue realized from the consumers through electricity tariffs. The revenue deficit for FY 2017-18 has been estimated at Rs. 748.99 Cr. for which tariff hike of 13.48% is required. This average tariff hike has been proposed for all the categories.

UPCL's comments on the response / suggestion received from An anonymous from Haldwani (address not mentioned).on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1	Tariff should not be increase this year	(i) UPCL is a commercial organization and is required to meet its Annual Revenue Requirement out of the revenue realized from the consumers through electricity tariffs. The revenue deficit for FY 2017-18 has been estimated at Rs. 748.99 Cr. for which tariff hike of 13.48% is required. This average tariff hike has been proposed for all the categories. (ii) Tariff of Electricity is determined as per the provisions of Electricity Act, 2003. The Tariff of BPL Consumers has been proposed near 50% of Average Cost of Supply. The Tariff of other Domestic Consumers has been proposed near 73% of Average Cost of Supply. The rates of Electricity cannot be kept below these rates keeping in view the cost estimates of UPCL and the provisions of Law.

UPCL's comments on the response / suggestion received from Dr. V.K. Garg, Chairman, M/s South Asia Forum for Energy Efficiency, A-24/E, DDA Flats, Munirka, New Delhi-110067 on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	The format summary must give no of million units purchased from GENCOs in the state and the no of million units purchased paid for purchases from outside = total no of million units received. Of this the no of million units billed. Average cost of per unit billed and the revenue received per billed unit and the gap thereof. This gap multiplied by the no. of units paid for will give the right estimate of ARR and its effective gap for the year 17-18 excluding true-up and past baggage.	The detailed summary of the petition is enclosed herewith for kind perusal.
2.	Transmission charges of PGCIL at Rs. 741.89 need a precise and minute examination w.r.t. no. of million units wheeled over the distance of km. &PoC. Increase In transmission charges from 226 crs. to 741. crs. in 2 years from 15-16 to 17-18 is attorcious. Even the PITCUL charges 292 as. need to be examined w.r.t. million units wheeled at the internal network.	PGCIL charges have been calculated in the following manner. During the first six months of FY 2016-17, the Petitioner has received bills of Rs 350.28 Cr (against 3581.28 MU on PGCIL network) on account of revised POC Charges starting from May 2015 as per various CERC amendments notified during Jan to July 2015. Subsequently, for estimating PGCIL transmission charges for FY 2016-17, the Petitioner has assumed the same amount for remaining six months. The per MU PGCIL Charge for FY 2016-17 has been calculated using the estimated charges and energy coming from outside Uttarakhand during FY 2017-18. The per MU rate thus calculated is escalated by 2% per annum and then multiplied by the projected power purchase quantum for each year of the control period to arrive at the total estimated PGCIL charges.

<table>
<tr><th>S. No.</th><th>Objections/Comments/Suggestions</th><th>Response</th></tr>
<tr><td></td><td></td><td>The details of PGCIL charges in FY 2017-18 is as follows:

<table>
<tr><th>S. No</th><th>Particulars</th><th>MU</th><th>Rs/unit</th><th>Rs. Cr.</th></tr>
<tr><td>1</td><td>Power imported through PGCIL network</td><td>6411.70</td><td>1.00</td><td>639.66</td></tr>
<tr><td>2</td><td>Additional Procurement of Short term purchase</td><td>173.33</td><td>1.00</td><td>17.29</td></tr>
<tr><td>3</td><td>Banking of power</td><td>851.48</td><td>1.00</td><td>84.95</td></tr>
<tr><td colspan="2">Total</td><td>6585.02</td><td></td><td>741.89</td></tr>
</table></td></tr>
<tr><td>3.</td><td>Interest charges are again out of tune increasing from 79 crs. approved by the UERC to 218 crs. Where is the money borrowed from? at what rate? and where had it been deployed? Capex/ O&M?</td><td>(i) The details of approved Interest and Finance charges for FY 2016-17 and claimed for FY 2017-18 are as follows:-
<table>
<tr><th>S. No</th><th>Particulars</th><th>Approved for FY 2016-17 (Rs. Cr.)</th><th>Claimed for FY 2017-18 (Rs. Cr.)</th></tr>
<tr><td>1</td><td>Interest on Loan</td><td>79.83</td><td>158.40</td></tr>
<tr><td>2</td><td>Interest on Security Deposits</td><td>52.56</td><td>46.11</td></tr>
<tr><td>3</td><td>Government Guarantee Fee</td><td>3.40</td><td>13.62</td></tr>
<tr><td colspan="2">Total</td><td>135.79</td><td>218.13</td></tr>
</table>
The difference of Interest on Loan is mainly because of the reason that in the claim for FY 2017-18 capitalization of Rs. 1236.27 Cr. is also included.</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Objections/Comments/Suggestions</th><th>Response</th></tr>
<tr><td></td><td></td><td>(ii) The details of approved O&M for FY 2016-17 and claimed for FY 2017-18 are as follows:-
<table><tr><th>Particulars</th><th>Approved for FY 2016-17 (Rs. Cr.)</th><th>Claimed for FY 2017-18 (Rs. Cr.)</th></tr><tr><td>O&M</td><td>574.73</td><td>552.47</td></tr><tr><td>Employee</td><td>435.95</td><td>361.88</td></tr><tr><td>A&G</td><td>22.05</td><td>27.13</td></tr><tr><td>R&M</td><td>116.74</td><td>163.46</td></tr></table>Hence, it is clear that the claimed expenses for FY 2017-18 are less than the approved expenses for FY 2016-17.</td></tr>
<tr><td>4.</td><td>Return on equity showing an increase from 47-48 crs to 113/133 calls for a clarification of Capex and capital employed as discussed above in case of PITCUL. Rs. 4.8 crs. in RoE requires a total Investment of Rs.100 crs. i.e. 70 crs. debt and 30 crs. equity — 16% RoE on Rs. 30 crs.</td><td>(i) Hon’ble Commission in its Tariff Order for FY 2016-17 approved Return on Equity @ 16.50% on the opening equity of Rs. 285.58 Cr. Hon’ble Commission computed the value of equity for each year equivalent to 30% of (capitalization as reduced by grant and loans).
Remaining 70% of capitalization has been considered normative loan. Return on Equity computed Rs. 47.12 Cr.

(ii) UPCL in the Tariff Petition computed return on equity @ 16.50% on the opening equity of (Rs. 572.59 Cr.) for FY 2016-17. Year wise addition of equity has been considered at maximum of 30% of the capitalization excluding grants for each year. In the year when the equity deployed was less than 30%, actual equity has been considered. The equity in excess of 30% has been considered as normative loan. Detailed computation of return on equity is</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Objections/Comments/Suggestions</th><th>Response</th></tr>
<tr><td></td><td></td><td>mentioned in Tariff Petition.</td></tr>
<tr><td>5.</td><td>Interest on working capital from 8.38 crs. in 15-16 to 23 crs. in 16¬17 is surprising. May be next approval for 15-16 included in the 16¬17 but increase from 10 crs. In 16-17 to 19.5 crs. in 17-18 means virtually 9 crs. increase in working capital interest, means turnover of PITCUL must have doubled which is not visible from the figures presented in the public notice.</td><td>Hon’ble Commission in its Tariff Order for FY 2016-17 approved Interest on working Capital at Rs. 23.48 Cr. As against the same UPCL in its Petition claimed Rs. 19.50 Cr. only for FY 2017-18. Thus, it is clear that the claim of UPCL is much less than the approved value by UERC. Further, it is also submitted that Interest on Working Capital is computed as per the norms specified in the Regulations.</td></tr>
<tr><td>6.</td><td>Revenue from existing tariff is Rs. 5556 crs. whereas the power purchase cost work is Rs. 4556 S crs. which means a 22% surplus between what Is paid for power purchase and what is realized from power sale. This calls for total review of this 22%, which has scope for reduction in expenses and improvement in efficiency to reduce the tariff. This is a unique situation as compared to other states. Increase in the power purchase cost in 2017-18 needs clarity and break up of cost fro own GENCOS vis-a-vis power purchased from outside and the increase on account of quantity and on account of price per unit (assumed).</td><td>The detailed break-up of power purchase cost and ARR for FY 2017-18 may be shown as follows:-

<table>
<tr><th>S. No.</th><th>Particulars</th><th>Rs. Cr.</th><th>Rs./Unit</th><th>%</th></tr>
<tr><td>1</td><td>Cost of Power</td><td>5608.48</td><td>4.02</td><td>88.95%</td></tr>
<tr><td>2</td><td>Other Cost</td><td>881.00</td><td>0.63</td><td>13.97%</td></tr>
<tr><td>3</td><td>Adjustments</td><td>(183.97)</td><td>(0.13)</td><td>(2.92%)</td></tr>
<tr><td>4</td><td>ARR (1+2+3)</td><td>6305.51</td><td>4.52</td><td>100.00%</td></tr>
<tr><td>5</td><td>Distribution Loss @ 16.39%</td><td></td><td>0.89</td><td></td></tr>
<tr><td>6</td><td>Cost of Supply (4+5)</td><td>6305.51</td><td>5.41</td><td></td></tr>
<tr><td>7</td><td>Existing Tariff</td><td>5556.52</td><td>4.76</td><td></td></tr>
<tr><td>8</td><td>Gap (6-7)</td><td>748.99</td><td>0.65</td><td></td></tr>
</table></td></tr>
</table>

S. No.	Objections/Comments/Suggestions	Response
		<table><tr><th>S. No.</th><th>Particulars</th><th>Rs. / Unit</th><th>%</th></tr><tr><td>1</td><td>Power Purchase</td><td>3.21</td><td>79.80%</td></tr><tr><td>2</td><td>Transmission Charges</td><td>0.74</td><td>18.42%</td></tr><tr><td>3</td><td>Transmission Loss</td><td>0.07</td><td>1.78%</td></tr><tr><td>4</td><td>Cost of Power at Distribution Periphery</td><td>4.02</td><td>100.00%</td></tr></table> Hence, it is clear that ratio of power purchase cost and other cost is about 9:1.

UPCL's comments on the response / suggestion received from Sh. Pawan Agarwal, Vice-President, Uttarakhand Steel Manufacturers Association, C/o Shree Sidhbali Industries Ltd., Kandi Road, Kotdwar, Uttarakhandon the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	Tariff should be determined for three years.	Hon'ble UERC vide its Tariff Order dated 05-04-2016 fixed the base lines of demand and supply of electricity for a period from FY 2016-17 to FY 2018-19. However, with a view to estimate the price closer to the actual cost of supply it is necessary to determine the tariff every year.
2.	Distribution Losses should be reduced.	It is true that the Hon'ble Commission has fixed Distribution Losses @ 14.75% for FY 2017-18 but these losses have not been fixed keeping in view the existing level of Distribution Losses of the Company. The actual Distribution Losses for FY 2015-16 are 18.39% hence it is practically not possible to achieve the loss level of 14.75% in FY 2017-18 and therefore UPCL proposed a realistic level of Distribution Losses @ 16.39% for FY 2017-18 considering 1% reduction in losses in each year.
3.	NTPC Power is being cheaper.	The overall rate of power of NTPC for FY 2015-16 was Rs. 3.19/unit whereas the same rate of FY 2016-17 (upto December) is Rs. 3.38/unit. Hence, it is clear that there is no reduction in the power purchase rate of NTPC.
4.	Costly power of gas based generating stations.	With a view to provide quality and uninterrupted power supply to the consumers of the State, UPCL executed power purchase agreement for 428 MW Gas based generating stations situated in the State. The Tariff of these generating stations is Rs. 4.70 per

S. No.	Objections/Comments/Suggestions	Response
		unit. The power of these generating stations is available round the year and no PGCIL charges and losses are payable on this energy. Therefore, the cost of this power is not more than the power as procured from outside the State. Further, we have also executed an power purchase agreement for 70 MW hydro generating station situated in Himachal. Thus, presently there is no shortage of power.
5.	Cross subsidy	UPCL in this petition has maintained the same level of cross subsidy as was approved by the Hon'ble Commission in its Tariff Order for FY 2016-17.
6.	There should be no Tariff Hike for Industries.	UPCL is a commercial organization and is required to meet its Annual Revenue Requirement out of the revenue realized from the consumers through electricity tariffs. The revenue deficit for FY 2017-18 has been estimated at Rs. 748.99 Cr. for which tariff hike of 13.48% is required. This average tariff hike has been proposed for all the categories.
7.	Morning peak hours should be abolished.	The morning peak hours have been kept only in the winter season i.e. from October to March of the financial year. The timings of morning peak hours are from 06:00 hrs to 09:30 hrs. Morning peak hours have been provided due to heating load and reduced generation in winter season, whereas the Air Conditioning load during summer season in the State of Uttarakhand from 06:00 hrs to 09:30 hrs is negligible. Therefore, morning peak hours in winter are required to be continued.
8.	ToD tariff should be 20%.	The objective of introduction of ToD Tariff is to minimize the gap between maximum (peak) demand and minimum demand and to

S. No.	Objections/Comments/Suggestions	Response
		bring the peak demand as closer to the average demand as possible. On every reduction of this gap, the generation cost, transmission cost and distribution cost and power cuts will be reduced and the higher demand can be catered from the available capacity. In other words, ToD Tariff is very effective tool of demand side management which make possible the optimum utilization of the available capacity of Generation, Transmission and Distribution, resulting in reduction of costs. The benefit of such reduction in cost is passed on to the consumers. With a view to effectively implement the ToD Tariff, substantial increase in tariff is required for consumption during peak hours.
9.	Load Factor rebate increase upto 70% from 40%	Hence, it is submitted that higher energy charges are levied for higher consumption due to the fact that each procurement of additional firm power (marginal power) has higher cost. Secondly, at higher load factor demand charges per unit is reduced which is the incentive to the consumer for having higher load factor and average tariff per unit for the consumers having load factor upto 40% and above 40% is maintained at the same level. In case telescopic energy charges are imposed, the rate of higher load factor shall increase accordingly with a view to have a uniform average effective tariff at both the levels of load factors.
10.	Green energy cess should be abolished	1. As per Section 4 of the Uttarakhand Green Energy Cess Act, 2014, Government of Uttarakhand has levied this cess w.e.f. 01-07-2015 @ Rs. 0.10/unit on the Electricity consumption by Commercial and Industrial Consumers. UPCL is charging this cess as per Government orders. This cess charged from

S. No.	Objections/Comments/Suggestions	Response
		consumers is payable by UPCL to GoU. Therefore, the matter may be taken up with GoU. 2. As per section 3 of Uttar Pradesh Electricity (Duty) Act (Uttarakhand adaptation and modification) order 2001, State Government is empowered to fix the rates of Electricity Duty to be charged from various category of consumers. Government of Uttarakhand vide its notification no. 79/I/2016-01(3)/01/2003, dated 25-01-2016 has fixed these rates applicable w.e.f. 1-01-2016. UPCL is charging electricity duty as per Government orders. The Electricity duty charged from consumers is payable by UPCL to GoU. Therefore, the matter may be taken up with GoU.