



Uttarakhand Electricity Regulatory Commission

'Vidyut Niyamak Bhawan',

Near ISBT, PO- Majra, Dehradun-248171

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No. UERC/6/TF/509/2018-19/1302

Date: 18 December, 2018

To,

Managing Director,
UJVN Limited,
"UJJWAL", Maharani Bagh, GMS Road,
Dehradun.

Sub: Petitions for True up for FY 2017-18, Annual Performance Review for FY 2018-19 and Multi Year Tariff for FY 2019-20 to FY 2021-22 for 10 LHPs of UJVN Ltd.

Sir,

This is with reference to your Petitions dated 30.11.2018 and subsequent submission vide letter dated 12.12.2018 on the above mentioned subject.

In this regard, additional deficiencies/shortcomings have been observed which are enclosed as **Annexure-1**. I have been directed to inform you to submit the point-wise replies duly quoting titles/sub-titles and Sl. No. identical with the deficiencies referred to in enclosed Annexure-1. You are also directed to submit your reply under affidavit on the same latest by **28.12.2018** in seven copies alongwith the soft copy of the reply.

Besides above, you are required to submit the information pending against Commission's letter dated 06.12.2018 alongwith the above replies.

Yours sincerely,

Encl: As above.


(Neeraj Sati)
Secretary

Additional Information Required/Shortcomings on UJVN Ltd.'s Petitions for True up for FY 2017-18, Annual Performance Review for FY 2018-19 & Multi Year Tariff for FY 2019-20 to FY 2021-22 for 10 LHPs of UJVN Ltd. in accordance with UERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2018

General:-

1. The Petitioner has submitted total non-tariff income for FY 2017-18 as Rs. 6.739 Crore, however, as per the audited accounts submitted by the Petitioner the non-tariff income is Rs. 43.19 Crore. The Petitioner is required to submit reconciliation of non-tariff income claimed vis-a-vis that booked in audited account for FY 2017-18.
2. The Petitioner during the truing up proceeding for FY 2016-17 had submitted nos. of employees at the beginning of the year as 2085 and total employee addition during the year as 242 however, in the present petition the Petitioner while computing Gn factor has considered the opening number of employees as 2086 and that added during FY 2016-17 as 310. The Petitioner to clarify the discrepancy in figures. Further, UJVN Ltd. is required to submit Employee details recruited/retired/deceased for FY 2017-18 upto FY 2021-22 specific for 10 LHPs.
3. The Petitioner in its Petition for MB-II station in Para 1.4.2 has submitted that the Additional Capitalisation for FY 2017-18 includes an amount of Rs. 36.77 Crore which was transferred to deposit works against Major Civil Works. The Petitioner however, in the additional capitalisation sheet for FY 2017-18 has deducted only Rs. 23.64 Crore. Further, deduction of Rs. 36.77 Crore is also mentioned in the Note 4 to audited accounts. The Petitioner, in this regard, is required to clarify the same.
4. It is observed that as per Note-33 of Balance sheet of FY 2017-18, a grant of Rs. 10.55 Crore was received in FY 2017-18 by UJVN Ltd.

In this regard, UJVN Ltd. is required to submit details of Year-wise Grant Amounts received from Government alongwith Utilisation certificates for its 10 LHPs for FY 2017-18 and FY 2018-19.

5. It is observed that the Interest on Working Capital has been considered as 13.75%.

In this regard, UJVN Ltd. is required to submit justification for considering the same as the interest as on date of filing of Tariff Petition was 13.70%.



6. UJVN Ltd. is required to submit the reason for the reduction in insurance expenses in the Third Control Period for FY 2019-20 to FY 2021-22 under A&G expenses for its 10 LHPs vis-à-vis Insurance expenditure claimed for FY 2017-18 and FY 2018-19.
7. UJVN Ltd. is required to submit the details of financing of works covered under DRIP Scheme and supporting documents substantiating the infusion of grant/equity and loan.
8. UJVN Ltd. is required to submit details of Plant-wise billed energy, capacity charge recovered and energy charge recovered for FY 2017-18 & FY 2018-19 for its 10 LHPs.
9. UJVN Ltd. is required to submit details of Add. Cap., A&G and R&M expenses and vouchers of expenses above 10 Lakh for its 10 LHPs for FY 2017-18.
10. UJVN Ltd. is required to submit Plant-wise detail of DRIP expenses claimed/booked in previous and ensuing years and submit justification for its claim as per provisions of MYT Regulations. UJVN Ltd. is also required to the apportionment philosophy for works corresponding to DRIP Scheme.
11. UJVN Ltd. is required to substantiate its claim that the fixed deposit have been made through its earning from ROE.
12. UJVN Ltd. is required to submit Unit-wise/Plant-wise details of Annual Maintenance and Capital Maintenance for last 5 years and for Third MYT Control Period as per the **Format-1** enclosed.
13. UJVN Ltd. is required to confirm that expenses incurred on account of breaching of Power Channel at Khatima HEP disallowed by the Commission are not included in the expenses of its claim for FY 2017-18.
14. The Commission had categorically directed UJVN Ltd. to complete all the balance Capital Works of MB-II by FY 2018-19.

In this regard, it is observed that the work of testing of surge shaft gate is pending which is critical for the safety of the Hydro Power Plant. UJVN Ltd. is required to submit the status of activity-wise completion of works covered under Balance Capital Works of MB-II alongwith justification for the above.

15. UJVN Ltd. is required to submit the status of direction issued at Page No. 44-45 Tariff Order dated 21.03.2018 w.r.t. schedule of rates, procurement of centralised items and strengthening of internal audit mechanism. Further, UJVN Ltd. is required



to submit the summary of all Compliance of Directives issued by the Commission along with the updated status as on 15.12.2018.

16. On examination of Income Tax claims of UJVN Ltd., it is observed that the calculation of Income Tax has been done on the basis of installed capacity, whereas, the same is for the sale of energy from a particular plant.

In this regard, UJVN Ltd. is required to submit a justification for considering the philosophy based on installed capacity rather than sale of energy.

17. UJVN Ltd. is required to submit Plant-wise details of Arrears paid to its Employees on account of 7th Pay Commission in FY 2017-18 & FY 2018-19 duly reconciled with the Audited Balance Sheet.
18. On examination of Non-Tariff Income, it is observed that negative entries are appearing in Sale of Scrap.

UJVN Ltd. is required to submit justification for the same.

19. On examination of the outages detail submitted in Annexure 1 of respective MYT Petitions for Third Control Period, it is observed that UJVN Ltd. has claimed forced outages in ensuing years. In this regard, UJVN Ltd. is required to clarify the basis of taking such forced outages for calculating the PAF.
20. UJVN Ltd. is required to submit details of Water Tax bills along with computation for calculating water tax for FY 2017-18 and calculation of Water Tax for FY 2018-19 and FY 2019-20 in hard as well as in soft copy.
21. UJVN Ltd. is required to submit Unit-wise/Plant-wise details of RMU schedule alongwith expected date of COD for the Plants undergoing/undergone RMU.
22. UJVN Ltd. is required to submit actual interest on working capital for FY 2017-18 for its 10 LHPs.
23. UJVN Ltd. is required to review its basis of apportionment of common expenses as directed by the Commission in its Tariff Order dated 21.03.2018 considering its existing & proposed addition of Solar Power Plants.

Additional Capitalization Related:-

24. On examination of the Add. Cap. values vis-a-vis audited balance sheet, it has been observed that the total Add. Cap. was Rs. 134.16 Crore (Rs. 171.32 - Rs. 37.16) for FY



2017-18, whereas, as per excel sheet submitted by UJVN Ltd. the same is shown as Rs. 134.56 Crore.

In this regard, UJVN Ltd. is required to submit the justification for the variation in the Petition vis-a-vis audited balance sheet and is also required to substantiate its plant-wise Additional Capital Expenditure claimed for FY 2017-18 in accordance with the audited balance sheet.

25. UJVN Ltd. is required to submit Year-wise Additional Capital Expenditure of works covered under Balance Capital Works Petition of MB-II as per the prescribed format at Annexure 6 of T.O. dated 21.03.2018, duly giving justification for any deviation from approved expenses.
26. UJVN Ltd. is required to confirm that it has not claimed any expenditure towards 01 additional Bay of 220 kV S/s at Khodri HEP pertaining to Barnigad SHP in its Petition.

Forms Related:-

27. In Form-5.1, the year for which Depreciation on Add. Cap. is applicable is not mentioned in the heading in the top row of the table.

UJVN Ltd. is required to clarify the same.

28. The Petitioner in Form F-7 of 10 LHPs has considered reduction/addition in loan amount at 30% of the net capital additions during the year. The Petitioner should clarify the same and also submit the revised Tariff forms.
29. In Form-9, it is observed that the loan balance at the beginning of the year FY 2019-20, FY 2020-21 & FY 2021-22 are incorrect.

UJVN Ltd. is required to correct and re-submit the Forms.

30. On examination of O&M expenses Form-11, it is observed that the basic salary and dearness allowance claimed by UJVN Ltd. for FY 2018-19 and Third Control Period are incorrect and are purely based on projections considering the 6th Pay Commission, whereas, already 7th Pay Commission has been implemented in UJVN Ltd.

UJVN Ltd. is required to submit justification and revise the relevant Forms.

31. UJVN Ltd. has considered Generation Incentives for MB-II and Interest on GPF Trust for 10 LHPs in its O&M claims in Form-11.

UJVN Ltd. is required to submit justification and revise the relevant Forms.

32. The true up computation submitted in the format "Summary True Up" sheet is erroneous. UJVN Ltd. is required to resubmit the true up computation sheet for all 10 LHPs.
33. UJVN Ltd. is required to review & re-submit all the Forms accordingly as per the above mentioned comments and submit supporting files in hard as well as soft copy.

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Unit-wise details of Annual Maintenance & Capital Maintenance and Expenditure incurred/Capitalised

Plant Name:-
Unit:-

Financial Year	Annual Maintenance				Capital Maintenance								
	Duration		Expenditure Incurred/ Proposed (In Rs. Crore)	Capitalisation Details		Duration		Expenditure Incurred/ Proposed (In Rs. Crore)	Capitalisation Details				
	From	To	Days	Expenditure Capitalised in Add. Cap/ R&M	Amount (In Rs. Crore)	Year of Capitalisation	From	To	Days	Expenditure Capitalised in Add. Cap/ R&M	Amount (In Rs. Crore)	Year of Capitalisation	
2012-13													
2013-14													
2014-15													
2015-16													
2016-17													
2017-18													
2018-19													
2019-20													
2020-21													
2021-22													