

Before
UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

In the Matter of:

Petition No. 6 of 2011 filed by UJVN Limited seeking approval of the Commission for investment on construction of steel bridge across Dakpathar-Dhakrani Power Channel at CH 3.30 Km.

AND

In the Matter of:

UJVN Limited, UJJWAL, Maharani Bagh GMS Road, Dehradun.

Petitioner

Coram

Shri Jag Mohan Lal

Chairman

Date of Order: 21st October 2011

ORDER

The Petitioner, UJVN Limited has submitted proposal for capital investment on construction of steel bridge across Dakpathar-Dhakrani Power Channel at CH 3.30 Km. vide Petition No. 6 of 2011 before the Commission for approval in accordance

with the provisions of the UERC (Conduct of Business) Regulations, 2004.

2. A single lane 3 span CC bridge was constructed at CH 3.30 km of Power Channel during the construction of first stage of Yamuna Hydro Electric Project, which collapsed on 19.07.2005. Detailed study was conducted by IIT Roorkee for failure of the bridge and one of the main reasons, as per the report, as submitted by the petitioner, for the failure of the bridge was that it was a one lane bridge and the actual traffic load was multiple times of the allowable load of traffic for single lane, and accordingly, a two lane steel bridge was proposed by IIT Roorkee.
3. The Petitioner has submitted that the design work of the steel bridge has been prepared by IIT Roorkee and the work would be carried out based on the design and specifications provided by IIT Roorkee.
4. The Petitioner has stated that the construction of two lane steel bridge across Dakpathar-Dhakrani Power Channel at CH.3.30 Km is necessary, as it is used by the villagers residing in the nearby locality and there is lot of local pressure for its early completion. Further, it has been stated that the work will be executed without any hindrance in the flow of the channel, therefore, there will be no generation loss.
5. The Total capital outlay for the said proposed scheme submitted by the Petitioner works out to Rs. 2.41 Crore, which though has not been approved by the Board of Directors of the Petitioner Company, but, as stated by the petitioner, is within the financial powers of the Managing Director of the Petitioner Company
6. The details of the proposed scheme is presented in the Table given below:

Table 1: Estimated Cost of the Proposed Scheme		
Sl. No.	Name of work	Estimated Amount (Rs.)
a)	Cost of the Work including cement	Rs 2,33,80,481.00
b)	Contingencies Charges @ 3.00%	Rs 7,01,414.43
	Total	Rs 2,40,81,895.43
	Say	Rs 241.00 Lac

7. The Petitioner has submitted that this Capital Investment would be financed in the debt-equity ratio of 70:30, wherein equity is proposed to be invested through budgetary support from Government of Uttarakhand or from internal resources and debt is proposed to be arranged from the financial institutions/banks.
8. The financing of the proposed scheme is not accompanied by any concrete proposals and its associated costs. The overall capital cost and annual financing cost of the proposed capital investment from Financial Institutions/banks would depend upon the proportion of loan assistance of the total cost of the schemes, interest rates and other terms of the loan.
9. The proposal submitted by the Petitioner stipulates that the work would be carried out during the FY 2011-12 and FY 2012-13. The Commission hereby directs that, the Petitioner shall ensure to adhere to the timeline proposed in the petition so as to avoid any escalation in the project cost due to time overruns and cost overruns.
10. On perusal of the project report for the proposed scheme, it was observed that the Petitioner has not included Interest during Construction (IDC) as part of the project cost. If the Petitioner proposes to finance the scheme through loans, IDC would also be one of the elements forming part of the capital cost. The estimated project cost of Rs. 2.41 Crore includes a component of an emergency provision of Rs. 21.25 Lakh worked out as 10% of the cost of capital works and Rs. 7 Lakh towards contingency charges worked out as 3% of the cost of capital expenditure. The Commission feels that this should take care of the provision required for IDC. However, if there is a variation in IDC in the completed cost for reasons beyond the control of the Petitioner, the same will be considered by the Commission during prudence check of the completed cost of the said scheme.
11. Further, it would also be necessary for the Petitioner to leverage the financing of the capital cost by way of loans from Bank/Financial Institutions/Other agencies and balance through internal resources/equity in line with the prevailing tariff regulations

so as to maximize the returns not only for the Petitioner Company but also in the consumer's interests.

12. Further, on examination of the report submitted by IIT Roorkee, it was observed that IIT Roorkee has listed lack of maintenance of the bridge as one of the probable reason alongwith increase in the traffic towards the failure of the bridge. IIT Roorkee's findings categorically points out that no timely action had been taken to address the problem of distress signals such as loss of pointing, cracks in pier cap and masonry pier and missing stone, etc. Also, the issue of open joints or dead/weakened mortar has not been ever addressed since the construction. In this regard, the Commission in the past in its tariff orders has been directing the Petitioner to ensure regular Repairs and Maintenance of its assets. The Petitioner is directed to plan the preventive/ routine repairs and maintenance in advance and submit a detailed repairs and maintenance plan for the proposed scheme so as to prevent the recurrence of such events in future.
13. The Commission realizes the necessity/urgency of the proposed works and hereby grants, in principle, approval to the Petitioner to go ahead with this capital investment, subject to fulfillment of the following conditions:
 - i. The Petitioner should plan and arrange for least cost financing from Financial Institutions/banks and submit the approvals/terms of Financial Institutions alongwith complete financing plan, phasing of expenditure, the incidence of IDC in accordance with the construction schedule specified in the proposal and a comprehensive Repairs and Maintenance Plan for the proposed scheme at the time of next Tariff filing.
 - ii. The cost of the loan assistance, if any, to be applied by the Petitioner should be most competitive and all the loan conditions as may be laid down by the Financial Institutions/banks should be strictly complied with.
 - iii. The additional cost burden, if any, arising out of the cost or time over runs or on

any other account, relating to controllable factors shall not be allowed in the Annual Revenue Requirement of the Petitioner.

- iv. The total expenditure incurred in the proposed scheme shall be considered as a capital expense.
- v. After completion of the work, the Petitioner shall submit the completed cost of the proposed scheme in the next tariff filing.

(Jag Mohan Lal)
Chairman