



Uttarakhand Electricity Regulatory Commission

'Vidyut Niyamak Bhawan',

Near ISBT, PO- Majra, Dehradun-248171

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No. UERC/7/CL /436/Misc. App. No. 52 of 2020/1136

Date: 12 January, 2021

To,

Managing Director,
Power Transmission Corporation of Uttarakhand Ltd.,
Vidyut Bhawan, Majra,
Dehradun

Sub.: Petition for approval of True-up for FY 2019-20, Annual Performance Review (APR) for FY 2020-21 and Aggregate Revenue Requirement (ARR) for FY 2021-22 of PTCUL.

Sir,

This is with reference to your petition dated 31.12.2020 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 20.01.2021 in seven copies alongwith the soft copy of the reply under 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 27.01.2021 in seven copies alongwith the soft copy of the reply under an affidavit.

Yours Sincerely,

Encl: As above.


(Neeraj Sati)
Secretary

Petition filed by Power Transmission Corporation of Uttarakhand Limited for True up for FY 2019-20, Annual Performance Review for FY 2020-21 and Revised ARR for FY 2021-22

I. Preliminary information required for admission of Petition.

A. General

1. PTCUL has submitted the excel formats along with its Petition. Some of the Forms are not duly filled in as detailed in the Table below:

Table 1: Details of missing information in Excel Formats

Form	Description	Shortcoming
1	Aggregate Revenue Requirement	Complete details not furnished in the specified format such as Revenue, Surplus/ Shortfall & Capacity of Transmission System.
9.5	Element wise Break-up of Project/ Asset/ Element Cost for Transmission System or Communication System	Form 9.5 to be submitted for all the projects capitalised in FY 2019-20 and FY 2020-21 (till 31st December 2020)
9.6	Break-up of Construction/ Supply/ Service Packages	1. Form 9.6 to be submitted for each project separately duly filling in all the details of contracts awarded. 2. Form 9.6 to be submitted for all the projects capitalised in FY 2019-20 and FY 2020-21 (till 31st December 2020)
9.7	Details of element wise cost of the project	Complete details (for all the projects) not furnished in the specified format such as apportioned approved cost and amount capitalized.
9.8	Statement of Additional Capitalisation after COD	1. Relevant Clause/Regulation of the Tariff Regulations to be submitted 2. Details to be furnished separately for capitalisation within cut-off date and beyond cut-off date
9.9	Financing of Additional Capitalisation	Details not furnished
9C	Statement of De-capitalisation	Complete details not furnished in the specified format such as year of capitalization of asset, Debt Equity ratio & Cumulative depreciation.
10.2	Statement of Depreciation	Details not furnished
11.2	Statement of Capital Expenditure	Details not furnished
11.3	Statement of Capital Expenditure & Schedule of Completion of New Schemes	Details not furnished
11.4	Break-up of Scheme-wise Capital Expenditure for New Schemes	Details not furnished
12	Draw Down Schedule for Calculation of IDC & Financing Charges	Details not furnished
14	Details of Financial Packages	Details not furnished
14.1	Financial Package upto COD	Details not furnished
15.1	Statement of Outstanding Loans	Details not furnished for ensuing year

Form	Description	Shortcoming
15.2	Calculation of Weighted Average Interest Rate of Interest on Actual Loans	Details not furnished for ensuing year
16	Interest and Finance Charges	Complete details not furnished in the specified format such as state government loans and secured/unsecured loans.
17	Details of Interest on Working Capital	The details for current year (2020-21) have not been submitted separately for Apr-Sep (Actual) and Oct-Mar (Estimated)
19	Investment Plan	Details not furnished
20	Summary of Truing Up	Details not furnished for ensuing year

B. True-up for FY 2019-20

2. In Table 5 of the Petition, the Petitioner has submitted Opening GFA of Rs 1,467.02 Crore for FY 2019-20 whereas as per Note 2 of the audited books of accounts for FY 2019-20, Opening GFA during FY 2019-20 is Rs. 1,480.25 Crore. In this regard, PTCUL is required to submit the reasons for variation.
3. In Table 5 of the Petition, PTCUL has claimed the GFA addition of Rs. 221.24 Crore for FY 2019-20 whereas the capitalisation for FY 2019-20 has been submitted as Rs. 218.94 Crore in Form 9A (Scheme wise detail of capital expenditure). PTCUL is required to rectify this discrepancy and maintain consistency at all places.
4. Accounting treatment of 'Material received back' amounting to Rs. 2.70 Crore during FY 2019-20 in the audited books of accounts for FY 2019-20.
5. Asset-wise details of opening GFA, additional capitalisation/ deduction, if any, and closing GFA under UITP Scheme for FY 2019-20.
6. In Table 10 of the Petition, PTCUL has claimed the amount of Rs. 0.67 Crore towards impact of 7th Pay Commission for FY 2019-20. PTCUL is required to submit reasons for the same alongwith the employee wise detail of payment.
7. In Table 17 of the Petition, PTCUL has claimed the actual O&M Expenses of Rs. 145.50 Crore excluding UITP Projects (*including Employee Expenses of Rs. 85.62 Crore, R&M of Rs. 29.44 Crore, A&G of Rs. 30.44 Crore*) for FY 2019-20 whereas the total actual O&M Expenses for FY 2019-20 has been submitted as Rs. 144.43 Crore (*including Employee Expenses of Rs. 84.99 Crore, R&M of Rs. 29.44 Crore, A&G of Rs. 29.99 Crore*) in Form 8. PTCUL is required to rectify this discrepancy and maintain consistency at all places.
8. In Table 22 of the Petition, PTCUL has claimed the Interest on Working Capital of Rs. 9.83 Crore before sharing of gains and losses (Rs. 6.55 Crore after sharing of gain/loss) for FY 2019-20 whereas the Interest on Working Capital for FY 2019-20 has been submitted as Rs. 9.73 Crore in Form 17. PTCUL is required to rectify this discrepancy and maintain consistency at all places.

9. As per Note 25 of the audited accounts for FY 2019-20, the other income for FY 2019-20 is 20.55 Crore. PTCUL has claimed the non-tariff income of Rs. 7.79 Crore. PTCUL to submit the reconciliation of non-tariff income claimed with the other income as per the audited accounts.
10. PTCUL has claimed the income tax of Rs. 29.74 Crore as per the actuals for FY 2019-20. In this regard:
 - a. PTCUL is required to submit the justification for claiming the entire income tax under the regulated business.
 - b. PTCUL is required to revise the claim of income tax allocating the total income tax to UITP and non-UITP and also submit the basis of such allocation.

C. APR for FY 2020-21

11. PTCUL submitted the actual transmission loss for FY 2019-20 as 1.21%. Whereas, the transmission loss for FY 2020-21 has been projected as 1.34%. PTCUL is required to submit the justification for proposing higher transmission loss in FY 2020-21 in comparison to the actual transmission loss for FY 2019-20.
12. In Table 30 of the Petition, PTCUL submitted the details of proposed capitalization in second half of FY 2020-21. In column of "Expected date of Completion" PTCUL mentioned "work in progress" for most of the projects instead of a specified date. PTCUL is required to submit the updated table with Expected date of Completion.
13. In Table 32 of the Petition, PTCUL has claimed the GFA addition of Rs. 13.20 Crore first half of FY 2020-21 whereas the same has been submitted as Rs. 2.26 Crore in Form 9A (Scheme wise detail of capital expenditure). PTCUL is required to rectify this discrepancy and maintain consistency at all places.
14. In Table 32 of the Petition, PTCUL has claimed actual capitalisation (till Sept.) of Rs. 13.20 Crore but in Table 29, the actual capitalisation (till Sept.) of Rs. 2.26 Crore is claimed. PTCUL is required to rectify this discrepancy.
15. In Table 32 of the Petition, PTCUL has claimed revised capitalisation of Rs. 150.76 Crore for FY 2020-21 but the sum of breakup of revised capitalisation under Table 29, 30 & 31 is Rs. 150.56 Crore. PTCUL is required to rectify this discrepancy.
16. In Table 36 of the Petition, PTCUL has proposed the recruitment of 123 no. of employees in the second half of FY 2020-21. PTCUL is required to submit the progress of recruitment process for the same.
17. In Table 42 of the Petition, PTCUL has claimed the O&M Expenses (April-Sept) of Rs. 78.82 Crore for FY 2020-21 whereas the 1 O&M Expenses for April to September 2020 has been submitted as Rs. 77.56 Crore in Form 8. PTCUL is required to rectify this discrepancy and

maintain consistency at all places.

D. Revised ARR for FY 2021-22

18. PTCUL submitted the actual transmission loss for FY 2019-20 as 1.21%. Whereas, the transmission loss for FY 2021-22 has been projected as 1.34%. PTCUL is required to submit the justification for proposing higher transmission loss in FY 2021-22 in comparison to the actual transmission loss for FY 2019-20.
19. In Table 55 & 57 of the Petition, PTCUL has proposed the R&M Expenses of Rs. 46.87 Crore and A&G Expenses of Rs. 25.66 Crore for FY 2021-22 whereas the same has been submitted as Rs. 25.66 Crore against R&M Expenses in Excel Form 8.2 and Rs. 46.87 Crore against A&G Expenses in Excel Form 8.3. PTCUL is required to rectify this discrepancy and maintain consistency at all places.
20. In Table 48 of the Petition, PTCUL submitted the GFA addition through Deposit Works in FY 2021-22 as Rs. 3.64 Crore whereas the addition of Grant/ Deposit Works in FY 2021-22 has been submitted as Rs. 0 Crore in Form 9.2 (Deposit works and grants/subsidies towards cost of capital assets). PTCUL is required to rectify this discrepancy.

Petition filed by Power Transmission Corporation of Uttarakhand Limited for True up for FY 2019-20, Annual Performance Review for FY 2020-21 and Revised ARR for FY 2021-22

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

A. True up for FY 2019-20

1. The comparison of actual O&M expenses for FY 2018-19 and FY 2019-20 as per the audited accounts is as shown below:

Table 2: Comparison of O&M expenses

S. No.	Particulars	FY 2018-19 (Rs. Crore)	FY 2019-20 (Rs. Crore)	Increase/Decrease (%)
1	Employee expenses	84.85	85.80	(0.1%)
2	R&M expenses	25.98	29.44	13.32%
3	A&G expenses	32.28	31.19	(3.25%)
	Total	143.11	146.44	1.62%

It is observed from the above table that while the actual Employee Expenses and A&G expenses has decreased from FY 2018-19 to FY 2019-20 by 0.1% & 3.25% respectively, however the R&M expenses has increased by 13.32% between the same period. PTCUL to submit the justification for the variation in actual R&M expenses from FY 2018-19 to FY 2019-20, substantiating the same with supporting documents.

2. The comparison of the actual O&M expenses for FY 2019-20 as per the audited accounts and that claimed for true-up is as shown below:

Table 3: Comparison of actual O&M expenses claimed for FY 2019-20 (Rs. Crore)

S. No.	Particulars	As per audited accounts	Actual submitted for true-up (non-UITP)
1	Employee expenses	85.80	85.62
2	R&M expenses	29.44	29.44
3	A&G expenses	31.19	30.44
	Total	146.44	145.50

PTCUL to submit justification for the variation in O&M expenses along with the basis of allocation of actual employee, R&M and A&G expenses amongst UITP and non-UITP projects along with supporting documents.

3. Submit the basis of computing capitalisation rate for Employee expenses and Administrative & General Expenses.
4. The Commission vide its directives in the Tariff Order dated May 6, 2013 directed PTCUL to

maintain separate account for UITP and non-UITP schemes to ensure that no expenses related thereto devolve on the consumers in the State. However, it has been observed from the books of accounts for FY 2019-20 that the PTCUL has not maintained separate accounts for UITP Schemes. With regard to the capitalisation under UITP scheme, PTCUL is required to submit the following details:

- a. Detailed break-up of employee, R&M and A&G expenses capitalised during FY 2019-20.
- b. Details of employees deployed along with year wise salary details, for the projects capitalized under UITP Scheme upto FY 2019-20.
- c. Asset class wise (Land, Building, Hydraulic works, etc.) Capital expenditure incurred in the actual GFA addition for FY 2019-20.
- d. Details of ongoing UITP Projects in FY 2019-20 along with their actual/anticipated completion dates.
- e. Reasons for non-compliance of Commission's directive.

B. APR for FY 2020-21

5. In Table 30 of the Petition, PTCUL submitted the proposed capitalisation in second half of FY 2020-21. In this regard:
 - a. PTCUL to include the details of approved cost against each project in the table.
 - b. PTCUL to include the "Expected date of Completion" for each of the project.
 - c. It has been observed that some of the projects are proposed to be completed before September 30, 2020. PTCUL to revise the table with the actual/revised anticipated commissioning dates for such projects.
6. The comparison of the actual O&M expenses for first half of FY 2020-21 as per the half yearly accounts and that claimed is as shown below:

Table 4: Comparison of actual O&M expenses claimed for first half of FY 2020-21 (Rs. Crore)

S. No.	Particulars	As per half yearly accounts	Claimed (non-UITP)
1	Employee expenses	44.97	45.33
2	R&M expenses	17.68	17.68
3	A&G expenses	14.92	15.82
	Total	77.56	78.82

PTCUL to submit the basis of allocation of actual employee, R&M and A&G expenses amongst UITP and non-UITP projects along with supporting documents.

7. In Table 37 of the Petition, PTCUL has claimed the amount of Rs. 0.20 Crore towards impact of 7th Pay Commission for prior Control Period. PTCUL is required to submit detailed justification in this regard.
8. PTCUL to submit the actual employee expenses, A&G expenses and R&M expenses for the period April to December 2020.
9. PTCUL to submit the monthly trial balances for the period April to December 2020.

C. Revised ARR for FY 2021-22

10. In Table 48 of the Petition, PTCUL has proposed the capitalisation of Rs. 226.07 Crore in FY 2021-22. In this regard:
 - a. PTCUL to include the details of approved cost against each project in the table.
 - b. PTCUL is required to submit its preparedness to execute the proposed works in terms of funds tie up, order placement etc.
11. In Table 52 of the Petition, PTCUL has proposed the recruitment of 83 no. of employees in FY 2021-22. PTCUL is required to submit the progress of recruitment process for the same.