

**Filing of
PROPOSED TARIFFS**

for

Financial Year 2011-12
and
Truing up for Financial Year 2007-08
to

**UTTARAKHAND ELECTRICITY REGULATORY
COMMISSION**

For

Dhalipur Large Hydro Generating Station

**UTTARAKHAND JAL VIDYUT NIGAM LIMITED
UJJWAL, Dehradun**

Ex. Director (IT)
Regulatory Commission

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उत्तराखण्ड UTTARAKHAND

10AA 051350

कोषागाट, देहरादून
(उत्तराखण्ड)

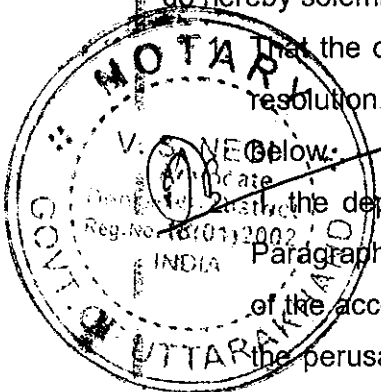
AFFIDAVIT

18 NOV 2010
I, Jayanti Kumar S/o Late Dr. Sh. Kamta Prasad, aged 53 years, Director (Finance) Uttarakhnad Jal Vidyut Nigam, residing at, B-201, Garden View Apartment, Panditwari, Chakrata Road, Dehardun, the deponent named above do hereby solemnly affirm and state on oath as under: -

That the deponent is the Director (Finance) who is authorized as per the resolution dated 29.11.2010 and is acquainted with the facts deposed to

Below:
the deponent named above do hereby verify that the contents of the Paragraph No. 1 of the affidavit and those of the Paragraph Nos. 1 to 74 of the accompanying petition are true to my personal knowledge based on the perusal of records, information received and the legal advice which I believe to be true and verify that no part of this affidavit is false and nothing material has been concealed.

(Deponent)



Jayanti Kumar
(Jayanti Kumar)
Director (Finance)
Uttarakhand Jal Vidyut Nigam Ltd.
Dehra Dun.

भारतीय गैर न्यायिक

दस
रुपये

TEN
RUPEES

रु. 10

Rs. 10

INDIA NON JUDICIAL

उत्तराखण्ड UTTARAKHAND

10AA 051349

कोषाधीन, देहरादून
(उत्तराखण्ड)

18 NOV 2010

BEFORE THE HON'BLE UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

FILE NO.

CASE NO.


In the matter of:

UJJVN
Dehra Dun District
Reg. No. 18(01)/2002
INDIA

Filing of proposed tariffs for the financial years 2011-12 and truing up for the Financial Year 2007-08 for Dhalipur generating station of Uttarakhand Jal Vidyut Nigam Limited for the Determination of Hydro Generation Tariffs under Section 62 and 86 of the Electricity Act, 2003 read with the relevant regulations and guidelines of the Commission

AND

In the matter of: Uttarakhand Jal Vidyut Nigam Limited (hereinafter referred to as "UJVNL"), a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at UJJWAL, Maharani Bagh, GMS Road, Dehra Dun – Petitioner.


(Jayant Kumar)
Director (Finance)
Uttarakhand Jal Vidyut Nigam Ltd.
Dehra Dun.

भारतीय गैर न्यायिक

दस
रुपये
रु.10



TEN
RUPEES
Rs.10

INDIA NON JUDICIAL

उत्तराखण्ड UTTARAKHAND

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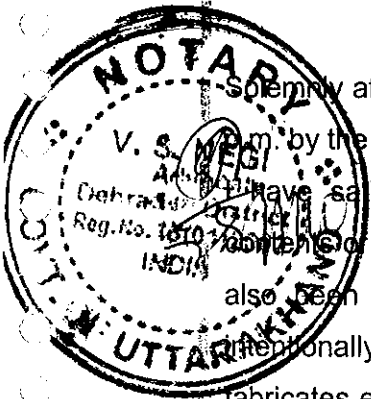
V.S. Chauhan Advocate,

18 NOV 2010

do hereby declare that the person making this affidavit is known to me through the perusal of records and I am satisfied that he is the same person alleging to be deponent himself.

विराट किरा
कोड सं. 001

(Advocate)



Solemnly affirmed before me on this 29th day of Nov 2010 at 11:30 a.m./
by the deponent who has been identified by the aforesaid advocate.

I have satisfied myself by examining the deponent that he understood the contents of the affidavit, which has been read over and explained to him. He has also been explained about Section 193 of Indian Penal Code that whoever intentionally gives false evidence in any of the proceedings of the Commission or fabricates evidence for purpose of being used in any of the proceedings shall be liable for punishment as per law.

This affidavit is sworn before me on
Shri. Jayant Kumar
who is identified by Shri. V.S. Chauhan
at Dehradun on 29/11/10 Adv.

V. S. NEGI
Advocate

(Jayant Kumar)
Director (Finance)
Uttarakhand Jal Vidyut Nigam Ltd.
Dehra Dun.

VERIFICATION

I, Jayant Kumar S/o Late Dr. Sh. Kamta Prasad, aged 53 years, Director (Finance) Uttarakhand Jal Vidyut Nigam, residing at, B-201, Garden View Apartment, Panditwari, Chakrata Road, Dehradun, do hereby verify that the contents of the Paragraph No. 1 to 74 of the accompanying petition are true to my personal knowledge/ derived from official records / believed to be true on legal advice and that I have not suppressed any material fact.

Jayant Kumar

(Signature of Petitioner)



Copy of the resolution passed by circulation by the Board of Directors of UJVNL


“RESOLVED that the consent of the Board be and is hereby accorded to prepare and file the tariff petitions before the Uttarakhand Electricity Regulatory Commission for determination of tariff for ten LHPs (Chibro, Khodri, Dhakarani, Dhalipur, Kulhal, MB-I, Chilla, Khatima, Kalagarh HEPs and MB-II) for the F.Y. 2011-12 and truing up for financial year 2007-08.

RESOLVED FURTHER that Managing Director/Director (Operation)/Director (Finance)/Director (Project) are hereby authorized to execute and file Tariff petitions/applications, written statements, rejoinders, affidavit, make corrections/additions, modifications/alterations in the documents filed and authenticate under his signature all such corrections, additions etc. and also to do all such acts, deeds or things as may be considered necessary in the interest of the Nigam.”

CERTIFIED TRUE COPY



(R.K. Jha)
Asstt. Company Secretary
Uttarakhand Jal Vidyut Nigam Ltd.
Dehradun



(Jayant Kumar)
Director (Finance)
Uttarakhand Jal Vidyut Nigam Ltd.
Dehradun.

5

**BEFORE THE HON'BLE UTTARAKHAND ELECTRICITY REGULATORY
COMMISSION DEHRADUN, UTTARAKHAND.**

FILING NO. _____

CASE NO. _____

In the matter of: Filing of proposed tariffs for the financial years 2011-12 and Truing up for FY 2007-08 for Dhalipur generating station of Uttarakhand Jal Vidyut Nigam Limited for the Determination of Hydro Generation Tariffs under Section 62 and 86 of the Electricity Act, 2003 read with the relevant regulations and guidelines of the Commission

AND

In the matter of: Uttarakhand Jal Vidyut Nigam Limited (hereinafter referred to as "UJVNL"), a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at UJJWAL, Maharani Bagh, GMS Road, Dehra Dun – Petitioner.

A. Specific Legal Provisions under which the Petition is being filed

- 1) The Uttarakhand Jal Vidyut Nigam Limited (hereinafter referred to as "UJVNL"), under Section 62 and 86 of the Electricity Act, 2003 read with section 4(1) of the Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 is filing this Tariff Petition before the Hon'ble Commission for approval of Tariffs for the Financial Year 2011-12.

B. Limitation

- 2) In terms of Section 56(4) (Chapter VI) of Uttarakhand Electricity Regulatory Commission Conduct of Business Regulation 2004, an application for tariff determination by every licensee shall be filed before the Hon'ble Uttarakhand Electricity Regulatory Commission on or before 30th November every year.
- 3) The present petition for Tariff Determination is within the period mentioned in Para (2) above hence not barred by Limitation.

C. Facts of the case

- 4) The Petitioner, Uttarakhand Jal Vidyut Nigam Limited (hereinafter referred to as "UJVNL") is a company incorporated under the provisions of the Companies Act, 1956, having its registered office at UJJWAL, Maharani Bagh, GMS Road, Dehradun
 - 5) It is submitted that Government of India (GoI) vide order dated November 5, 2001 (**Copy of the order placed at Annexure I enclosed**) transferred all hydropower assets of Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) located in the State of Uttarakhand to UJVNL with effect from November 09, 2001. In compliance to the said order, administrative and financial control of all hydro power plants of UPJVNL in operation or under construction was taken over by UJVNL with effect from November 09, 2001. GOI order also defines the basis of division of assets and liabilities between UPJVNL and UJVNL and is self-explanatory.
 - 6) Though administrative and financial control was transferred to UJVNL on November 09, 2001, UJVNL initiated discussions with UPJVNL for
-

formulation of transfer scheme as per the said GOI order on mutually agreed terms.

- 7) Government of Uttarakhand (GoU) has notified the provisional transfer scheme vide its notification no. 70/AS (E)/I/2008-04 (3)/22/08 dated 07/03/08. The copy of the said notification is placed at **Annexure –II**.
- 8) The Hon'ble Uttarakhand Electricity Regulatory Commission issued the tariff regulations for hydro generating stations in the State of Uttarakhand viz Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 (hereinafter referred to as the "Tariff Regulations") on 14th May 2004. These regulations are applicable for plants of capacity more than 25 MW. In accordance to the notification dated 05/10/2010, the Tariff Regulations 2004 are valid up to the date 31st March 2011.
- 9) As per section 4(1) of the Tariff Regulations 2004, UJVNL is required to obtain approval for its tariff from the Hon'ble Commission based on provisions of the Tariff Regulations. In terms of Section 4(3) of the Tariff Regulations "The generating company shall file with application for determination of tariff duly validated projected annual data for as many years for which it wants the tariff to be fixed but not exceeding 5 years".
- 10) Based on the provisions of the Section 4(3) of the Tariff Regulations, the Petitioner is filing this Petition **for determination of generation tariff for the financial years 2011-12 and truing up for FY 2007-08**.
- 11) It is submitted that in development of these petitions, UJVNL has been guided by principles that are inherent in the Tariff Orders of the Commission dated 12/07/06, 14/03/07, 18/03/08, 21/10/09 and 05/04/10 to the extent the same are acceptable to the Petitioner.

**CAPACITY CHARGES, CAPACITY INDEX INCENTIVE AND DEEMED
GENERATION CHARGES**

- 12) It is respectfully submitted that the matter of applicability & payability of Capacity Charges as well as the methodology for computing the said charges, Capacity Index Incentive And Deemed Generation Charges have been a matter of dispute between UJVNL & UPCL in the past. Even on clarification by the Hon'ble Commission vide letter
-

No- 724/UERC/Misc.-ADD N0-42/2005 dated 20.1.06 UPCL continues to with hold payment towards the said charges billed by UJVNL.

- 13) It is respectfully submitted that petitioner had prayed to Hon'ble commission to issued appropriate directions on aforesaid charges in its the previous tariff petitions as UPCL continues to hold payment of the petitioner against Capacity charges, capacity index incentive and deemed generation.
- 14) **It is respectfully prayed that suitable directions, as the Hon'ble Commission deems appropriate, on the subject charges may kindly be issued in this regard so as to avoid any anomaly, dispute or ambiguity at a later date between UJVNL & UPCL.**

**DIRECTIVES OF HON'BLE UERC AS CONTAINED IN THE
TARIFF ORDER DATED 05/04/10**

- 15) The Hon'bel Commission has given various directive in its tariff order dated 05.04.10 contained in para 5.2.3, 5.2.4, 5.2.5, 5.3.4, 5.3.6 and in Chapter 6 as reproduce below:

5.2.3 Depreciation:

The Commission directs the Petitioner to claim depreciation in future filings based on the rates for various categories of assets as specified in the Tariff Regulations instead of claiming depreciation on weighted average rate for all the 10 large generating stations.

5.2.4 Return on Equity:

The Commission, accordingly, directs the Petitioner to make all out efforts in the FY 2010-11 so as to ensure finalization of Transfer Scheme within the next financial year itself.

It is respectfully submitted that a letter no. 2818/MD/UJVNL/U-6 dated 21/08/10 has already been sent to Government for earlier finalization of transfer scheme. It is also requested kindly to take up said matter with Government of Uttarakhand.

5.2.5 Income Tax

As the Regulations provides for the recovery of income tax directly by the generating company from the beneficiaries without making any application, the Commission has not considered the Income Tax while determining the tariff of these generating stations for FY 2010-11. UJVNL, shall accordingly raise bills for the purposes of claiming its income tax liability from its beneficiaries including HPSEB, in addition to the tariff approved by the Commission.

It is respectfully submitted that bill of amount Rs. 24,44,90,238 has already been raised to UPCL on 19.07.10 and bill of amount Rs. 3,14,32,213 has already been raised to HPSEB vide invoice dated 31.07.10 for the FY 2001-02 to 2007-08.

It is further respectfully submitted that aforesaid bill has not paid by both of beneficiary (UPCL & HPSEB) till the filing of this petition. Therefore, **It is respectfully prayed that suitable directions, as the Hon'ble Commission deems appropriate, on the subject income tax charges may kindly be issued in this regard so as to avoid any anomaly, dispute or ambiguity at a later date between UJVNL & UPCL/ HPSEB.**

5.3.4 Repairs and Maintenance Expenses

The Commission directs UJVNL to submit the report of the auditor at the earliest and within the stipulated timeframe.

It is respectfully submitted that the auditor report submitted by auditor is under securitization.

5.3.6 Cost of consumption in colonies/dams/barrages etc.

The total electricity consumption in colonies including consumption by Irrigation Colonies excluding that in MB-II is about 29.27 MU against 20.11 MU in previous year's Order for 9 old stations. The Commission directs UJVNL to reconcile the data and submit a report thereon within 3 months of this Order.

It is respectfully submitted that the total electricity consumption in colonies submitted vide letter dated 08.03.10 was for FY 2008-09. The electricity consumption in colonies taken in the pervious order was computed for the FY 2007-08 wherein some meter / unmetered supplies was not considered. To reconcile said data ,

energy account for all 10 LHPs comprising of month-wise and plant-wise data on generation, import, auxiliary consumption, export, Dam/ barrage consumption, transformation losses inclusive of bus & line losses and detailed colony consumption (i.e. Pvt. Consumers, ID consumers, Commercial Consumers, Industrial consumers, UJVNL colony and others consumptions) has been prepared for FY 2007-08 and FY 2009-10. Copy of the same is enclosed at **Annexure- III**

Total electricity consumption in colonies including consumption by Irrigation Colonies excluding that in MB-II is 33.12 MUs for FY 2007-08 and 30.60 MUs for FY 2009-10.

6. Performance Improvement Measures

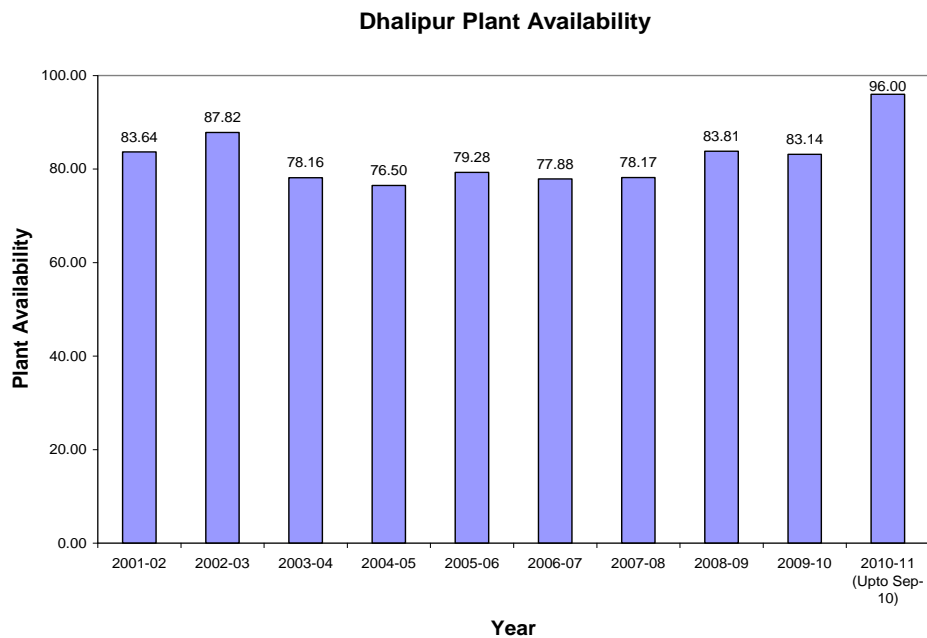
For further improvement in efficiency of these plants in the Tariff Order dated October 21, 2009 the Commission had directed the Petitioner to conduct a benchmarking study of its plants with other efficient utilities like NHPC, to explore further scope of improvement in technical losses and manpower rationalisation. The Petitioner was further directed to submit an action taken report for implementation of efficiency improvement and manpower rationalisation measures giving target dates for completion of each milestone of proposed plan within 6 months of issuance of the Order dated October 21, 2009.

The Commission has so far not heard anything from the Petitioner in this regard. The Commission is, however, hopeful that UJVNL would conduct such a study in its own commercial interest and submit a report to the Commission within the timelines specified in the previous order.

It is respectfully submitted that data obtained from NHPC is being analyzed by UJVNL and same would be submitted shortly.

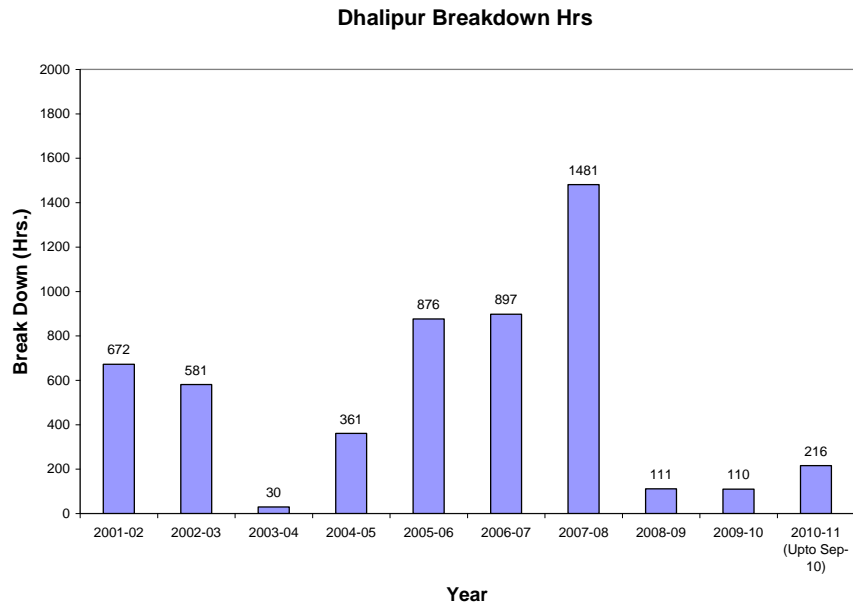
PERFORMANCE OF THE PLANT

16)The efforts for improving upkeep of its assets has helped UJVNL offset much of adversity in the hydrology experienced. The fact that the machines of Dhalipur Power house are very old and required capital maintenance, the improvement in plant availability for Dhalipur HEP over the years is shown graphically below:



17)The plant availability has been calculated as the total number of hours for which the plant has either generated or has been available for generation as a percentage of the overall hours in the year. The Nigam is carrying out extensive maintenance activities on the old plants to ensure safety as well as enhanced operating life of the projects. It also needs mention that as far as possible the maintenance activities are conducted in the lean months (typically November to April) and also during the hours of the day when load is low to ensure minimum loss of generation during the system peak periods.

18)Another indicator of the performance of the Plant is the annual breakdown (unplanned outage) hours of the plant. The trend in average annual breakdown hours is shown in the following graph:



Breakdown hours have a decreasing trend since year 2007-08 except for the year 2010-11. Breakdown hours in the year 2010-11 have been slightly on a higher side mainly due to stator winding problem in Unit-1 (in Aug-10).

However, all day and night efforts are being made to reduce the breakdowns.

19) Detailed submissions are as follows:

Norms of Operation

The norms of the Hon’ble Commission as applicable for the Dhalipur station are as follows:

(i) Normative capacity index

20) Based on the norms, for run of the river stations with pondage, the normative capacity index for the station is 85% and for run of the river stations without pondage the normative capacity index for the station is 90%. Hence, no deviation is sought on this account from the norms as determined by the Hon’ble Commission.

(ii) Auxiliary Energy Consumption

21) The Petitioner has assumed transformation losses and auxiliary consumption at the normative levels specified by the Hon’ble Commission through the regulations and in the earlier tariff order.

22) It is respectfully submitted that in accordance to the above, Auxiliary Consumption and Transformation Losses have been computed on the norms prescribed by the Hon’ble Commission as enumerated below:

Station Particulars	Norm	Quantum (MU)
Type of Station		
a) Surface	Yes	—
b) Underground	No	—
Type of excitation		
a) Rotating exciters on generator	Yes	—
b) Static excitation	No	—
Auxiliary Consumption (As % of Total Generation)	0.2%	0.38
Transformation losses (As % of Total Generation)	0.5%	0.96

Capital Costs

23) It is respectfully submitted that there has been limited transfer of historical data from UPJVNL to UJVNL. Despite the Petitioner's repeated follow-up, complete technical details are yet to be received. Certain essential documents such as the Detailed Project Reports, CEA clearances or Project Completion Reports have also not been provided. UJVNL is therefore not in a position to provide details regarding the break-up of original cost of fixed assets and those approved by a competent authority on COD.

24) In spite of all efforts Transfer Scheme between UPJVNL & UJVNL is still not finalized. This matter has also been referred to GoI. In March 2003 UJVNL was able to derive a "provisional Balance Sheet", on the basis of accounts and information received from UPJVNL. Plant-wise cost details were also not available from UPJVNL.

25) GoU had notified the provisional transfer scheme vide its notification dated 7/03/08. The value of the Gross Fixed Assets (GFA) notified by the GoU and approved by the Hon'ble Commission in its order dated 18.03.08 is tabulated below:

(Rs. In Crore)

Plant	Amount
Dhakrani	12.40
Dhalipur	20.37
Chibro	87.89
Khodri	73.97
Kulhal	17.51
Ramganga	50.02
Chilla	124.89
Maneri Bhali-I	109.72
Khatima	7.19
Total	503.96

26) The Hon'ble Commission has provisionally considered the amount of Rs. 2.21 Crore paid by Government attributable to MB-I HEP in compliance to the Hon'ble High Court order dated 14.05.07 for additional capitalization on the date of commissioning of MB-I HEP. The value of opening GFA, thus considered by Hon'ble commission in its tariff order dated 05.04.10 is tabulated below:

(Rs. In Crore)

Plant	Amount
Dhakrani	12.40
Dhalipur	20.37
Chibro	87.89
Khodri	73.97
Kulhal	17.51
Ramganga	50.02
Chilla	124.89
Maneri Bhali-I	111.93
Khatima	7.19
Total	506.17

27) It is respectfully submitted that in view of the facts stated above the value of opening GFA of Rs. 506.17 Crores as determined by the Hon'ble Commission for 9 LHPs which are transferred to UJVNL by UPJVNL is acceptable to the petitioner provisionally pending finalisation and notification of the Transfer Scheme.

28) Accordingly, the value of opening GFA transferred to UJVNL for Dhalipur Power House amounting to Rs. 20.37 Crores as determined by the Hon'ble Commission in table 5.2.1 of its order dated 05.04.10 is acceptable to the Petitioner provisionally pending finalisation and notification of the Transfer Scheme.

ADDITIONAL CAPITALISATION

29) It is respectfully submitted that the item-wise addition in GFA of Dhalipur Power House from FY 2006-07 to FY 2009-10 on actual basis is as follows:

(Rs. in Crores)

Additional Capitalisation	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Land	0.000	0.000	0.000	0.000
Building	0.000	0.091	0.000	0.014
Major Civil Works	0.000	0.000	0.000	0.000
Plant & Machinery	1.334	0.484	0.093	0.011
Vehicles	0.029	0.006	0.000	0.009
Furniture & Fixtures	0.019	0.022	0.056	0.037
Office Equipments & Others	0.054	0.052	0.045	0.092
Total	1.437	0.655	0.194	0.161

30) It is respectfully submitted that the aforesaid data has been claimed as per the balance sheet of the Nigam. The current status of the balance sheet is as follows:

- **FY 2006-07:** The Audited Balance Sheet for the FY 2006-07 is placed at **Annexure IV** for ready reference.
- **FY 2007-08:** The Audited Balance Sheet for the FY 2007-08 is placed at **Annexure V** for ready reference.
- The Balance Sheet has been approved by audit sub committee of the Board and statutory audit is under progress subsequent to which it would be placed before the board for adoption. Same is placed at **Annexure VI** for ready reference.
- **FY 2009-10:** The provisional Balance Sheet for the FY 2009-10 is placed at **Annexure VII** for ready reference.

31) The item-wise addition in GFA of Dhalipur Power House for FY 2010-11 (from 1.04.10 to 30.09.10) (based on the provisional accounts) on actual basis is as follows:

Additional Capitalisation	FY 20010-11 (upto 30/9/2010)
Land	0.000
Building	0.003
Major Civil Works	0.000
Plant & Machinery	0.068
Vehicles	0.001
Furniture & Fixtures	0.006
Office Equipments & Others	0.033
Total	0.110

32) It is respectfully submitted further that the accounts are maintained centrally for the various HEPs. In certain instances one - to - one correlation of the accounting divisions is possible with individual stations. However, for others, some form of apportionment is necessary for allocating certain expenses that are incurred by accounting units that serves more than one station.

In view of the above, the additional capital expenses incurred by such accounting divisions serving more than one station have been allocated as follows:-

Head Office/ Corporate Office: The additional capital expenses have been apportioned on HEPs on the basis of the installed capacity.

General Manager Office/ DGM/ Civil Division: allocated on LHPs within the control of the concerned GM/ DGM which further has been allocated to each LHP on the basis of the installed capacity.

The detailed working of such allocation of capital expenditure for the FY 2006-07 to 2009-10 and for the period from 01.04.10 to 30.09.10 is placed at **Annexure-VIII** enclosed.

33) It is respectfully submitted that in order to ensure efficiency and safety as well as ensuring continuous operation of the plants the additional capitalization was required to be incurred which may kindly be considered and allowed by the Hon'ble commission. Kind attention is invited to Regulation 16 (2) of the Hon'ble Commission's Terms and Conditions of Tariff Regulations explicitly permit additional works/service, which may become necessary for efficient and successful operation of the plant.

34) It is respectfully submitted that Hon'ble Commission has accepted only the actual capital cost incurred / accrued in its tariff order dated 05.04.10. Hence no provisional additional capitalisation has been claimed for the period from 1.10.2010 to 31.3.2011 and for the FY 2011-12.

35) **The Petitioner respectfully prays that the additional capital expenditure incurred/ accrued as detailed above may kindly be admitted.**

C. Debt – Equity Ratio

Return on Equity

36) Return on Equity has been computed assuming a normative debt equity ratio of 70:30 in accordance with the regulations of the Hon'ble Commission.

37) Based on the Regulations of the Hon'ble Commission a 14% Return on Equity has been adopted for Dhalipur HEP. The resultant returns are as follows:

(Rs. in Crores)

Component	FY 2007-08	FY 2011-12
Equity	6.83	6.98
Return on equity	0.96	0.98

Income Tax

38) It is respectfully submitted that in accordance to Regulation 8 of UERC Regulations, 2004 (Terms and Conditions for Determination of Hydro Generation Tariff), a tax escrow account is required to be maintained by the beneficiary from which the generation company is authorised to withdraw the amount for settling the tax liability.

In spite of repeated requests, UPCL has not maintained any Tax Escrow Account. UJVNL has already raised the bills on account of Income Tax paid by UJVNL which is not yet paid by UPCL.

39) The income Tax liability on the ROE computed in Para 37 above at the current rate of 30.90% would amount as follows: -

(Rs. in Crores)

Component	FY 2007-08	FY 2011-12
Return on equity	0.96	0.98
Income Tax Liability for the Year	0.23	0.23

40) It is respectfully submitted that copy of Income tax Return filed with The Income Tax Department for the Assessment year 2010-11 (Financial Year 2009-10) is placed on **Annexure-IX** enclosed.

41) **The Hon'ble Commission is humbly requested to consider the Income Tax Liability while determining the Tariff for FY 2011-12.**

Annual Fixed Charges

The projections of the Petitioner on each element of the annual fixed charges are discussed below:

(i) Depreciation

It is submitted that the depreciation for the FY 2011-12 has been computed based on the rates as considered by the Hon'ble Commission in its tariff order dated 05.04.10. In the said tariff order the rate of depreciation on opening GFA has been considered at an average rate of 2.38% and 2.66% on additional capitalization.

Since the sub-classification of asset category is not available with the petitioner, hence the rate of depreciation as considered in tariff order dated 05.04.10 have been considered for computation of depreciation for the FY 2007-08 and FY 2011-12.

42) It is submitted that the cumulative depreciation on the opening GFA of Rs 20.37 Crores has already reached 90% as allowed under the permissible limit in terms of clause 23(2) of the Hon'ble UERC's Regulations, 2004. In view of the above, no depreciation has been claimed on the opening GFA of Rs 20.37 Crores for the FY 2007-08 and FY 2011-12.

43) It is respectfully submitted that the depreciation for each year on additional capitalisation for which the tariff is being filed is provided in the annexed forms as detailed below. No advance against depreciation is necessary and hence has not been claimed.

(Rs. in Crores)	
Year	Depreciation on Additional Capitalisation
2007-08	0.06
2011-12	0.08

44) **It is respectfully prayed that the depreciation on additional capitalisation determined in accordance to the Regulation for the FY 2007-08 and FY 2011-12 may kindly be considered and allowed by the Hon'ble Commission.**

(iv) Operations & Maintenance expenses

45) It is respectfully submitted that the Hon'ble Commission had allowed Rs. 12.21 Crores on account of O & M expenses for the financial year 2010-11 for Dhalipur HEP in its order dated 05.04.10.

It is respectfully submitted that the Hon'ble Commission in Para 5.6 of the tariff order 05.04.10 had considered an average of escalation factor of 6.51% for the FY 2010-11.

46) It is respectfully submitted that the O&M expenses for the FY 2011-12 has been computed in following manner by escalating the O& M expensed of FY 2009-10 considering the average escalation of 6.51% as allowed by the Hon'ble Commission in accordance to the Regulations 2008 (terms & Conditions for Escalation Factor).

Hence the O & M expenses amounting to Rs. 12.55 Cores for the FY 2011-12 may kindly be considered and allowed.

47) It is respectfully submitted that O & M expenses for the FY 2007-08 may kindly be considered and allowed as per the audited balance sheet i.e. Rs. 8.31 Cores.

48) It is respectfully submitted that in addition to above, the following expenses as approved by the commission in its earlier tariff order dated 05.04.10 may kindly be considered and allowed while determining the O& M expenses:

- a) **Regulatory Fee:** As the Tariff filling fee for petition of each Generating station is Rs 10 lacs, the commission may kindly consider Rs. 10 lacs on account of the said fee for Fy 2011-12;
- b) **Insurance:** The actual insurance expenses incurred during the FY 2010-11 are Rs. 4.22 Crores. Petitioner has assumed that similar policy would be purchased in the FY 2011-12. Accordingly, the amount allocable to Dhalipur Power House on account of insurance of Rs 0.09 Crores has been considered for FY 2011-12.

The details of insurance policies purchase are placed at **Annexure XI**

c) Cost of Concessional Supplies of Electricity to Employees residing in Colonies:

Hon'ble commission has computed cost of consumptions in colonies/dam/barrages etc. at para 5.3.3 in its tariff order dated 05.04.10.

Similarly, the cost of the of Colony Consumption for 9 LHPs for 2007-08 has also been computed which are given below:

Cost of Colony Consumption for 9 LHPs 2007-08			
Name of the Generating Station	Colony Consumption claimed for 2007-08 (MU)	Primary Energy rate for FY 2007-08 as per order dated 21.10.09(p/unit)	Cost of colony consumption for Fy 2007-08 (Rs. crore)
DHAKRANI	15.531	38.7	0.05
DHALIPUR	0.571	46.99	0.03
KULHAL	0.000	39.85	0.34
Chibro	0.000	32.96	0.17
KHODRI	0.000	48.51	0.04
CHILLA	3.915	36.65	0.14
Khatima	1.765	35.91	0.06
MB-I	2.976	66.72	0.20
Ramganga	8.365	43.62	0.36
Total	33.122		1.40

Detail calculation of the energy account for the FY 2007-08 is placed at Annexure III

The cost of the of Colony Consumption for 9 LHPs for 2011-12 has also been computed by considering colony consumption for

the FY 2009-10 and primary energy rate for FY 2010-11 as approved in the tariff order dated 05.04.10, the which are given below:

Cost of Colony Consumption for 9 LHPs 2011-12

Name of the Generating Station	Colony Consumption claimed for 2011-12 (MU)	Primary Energy rate for FY 2010-11 (p/unit)	Cost of colony consumption claimed for Fy 2011-12 (Rs. crore)
DHAKRANI	14.80	58.66	0.07
DHALIPUR	0.55	71.26	0.04
KULHAL	0.00	55.13	0.49
Chibro	0.00	47.23	0.25
KHODRI	0.00	65.39	0.06
CHILLA	3.01	47.82	0.14
MB-II	1.56	190.78	0.30
Khatima	1.54	54.43	0.08
MB-I	2.70	80.94	0.22
Ramganga	8.01	61.75	0.49
Total	32.160		2.15

Detail calculation of the energy account for the FY 2009-10 is placed at Annexure III

It is respectfully submitted that the cost of colony consumption may kindly be approved provisional for the FY 2011-12 based on aforesaid calculation.

d) Cost of Concessional Supplies to Past & Present Employees of UJVNL residing in areas out side the Colonies: The Hon'ble Commission in its earlier Tariff Order dated 05.04.10 had approved Rs. 0.38 Crores on account of the cost towards such supplies. The said cost was determined by the Hon'ble Commission on the basis of the prevalent demand tariff rate of Rs. 2.35 per unit in accordance with the rate under category RTS-1.

In the view of the above, it is respectfully submitted that the additional cost of Rs. 0.38 Crores may kindly be considered & approved for the Financial Year 2011-12 also.

Based on the proportion of the installed capacity, amount allocable to Dhalipur Generating Station towards additional cost of such supplies works out to Rs 0.02 Crores for the Financial Year 2011-12.

It is respectfully submitted that the cost of concessional supply to Past & Present Employees of UJVNL residing in areas out side the Colonies for the FY 2007-08 may kindly be considered & approved same as per the tariff order 21.10.09 i.e, Rs. 0.34 crores.

Based on the proportion of the installed capacity, amount allocable to Dhalipur Generating Station towards additional cost of such supplies works out to Rs 0.02 Crores for the Financial Year 2007-08.

- e) **Impact of Arrears of Pay Revision:** It is respectfully submitted that an amount of Rs. 52.08 Crores (appx.) has been estimated by the Petitioner to be payable towards arrears of Pay Revision w.e.f. 1/1/06 to 31/3/09 and the same has been considered by the Hon'ble Commission in its tariff order dated 21.10.09 and 05.04.10 In accordance to the GOU order on 6th pay commission, 40% of the arrears have been considered to be payable by the end of the year 2009-10, 30% during the FY 2010-11 and the balance to be payable during the Financial Year 2011-12.

The financial impact of such arrears attributable to Dhalipur HEP allocated on the basis of employee cost amounts to Rs. 0.97 Crores for the Financial Year 2011-12.

It is respectfully submitted that the detailed calculation of impact of pay commission on salaries and computation of arrears is placed on **Annexure-XI** enclosed.

In view of the above, it is respectfully prayed that Hon'ble Commission may consider and allow the financial impact of arrears on account of pay revision of Rs. 0.97 Crores for the FY 2011-12.

- 49) In the view of all above, the O & M expenses for the FY 2011-12 submitted for kind consideration of the Hon'ble Commission are as detailed below:

(Rs. in Crores)		
PARTICULARS	FY 2007- 08	FY 2011- 12
O & M expenses	8.31	12.55
Colony Consumption	0.03	0.04
Regulatory Expenses		0.10
Insurance		0.09
Cost of Concessional supplies to Past & Present employees of UJVNL	0.02	0.02
Impact of Arrears of Pay revision		0.97
Total	8.36	13.77

50) It is respectfully prayed that as detailed above the Hon'ble Commission may kindly consider and allow O & M expenses of Rs. 8.36 Crores, for the Financial Year 2007-08 and Rs. 13.77 for the FY 2011-12.

(v) Interest on Working Capital

51) In line with the Tariff Guidelines issued by the Hon'ble Commission, UJVNL has projected the working capital for each of the plants based on normative levels as per the following:

- O&M expenses at one month of projected expenses;
- Maintenance spares of 1% of project cost, along with a 6.51% annual escalation in value;

(In the case of petitioner the historical cost of Rs. 20.37 Crores and escalation factor 6.51% has been considered as approved by the Hon'ble Commission in its earlier tariff order dated 05.04.10)

- Receivables at two months of revenue from sale of electricity.

Cost of working capital financing has been considered at 12.50 % per annum on the basis of the current PLR of State Bank Of India as on 21.10.10.

It is respectfully submitted that in terms of the above the interest on working capital works out as follows:

(Rs. in Crores)

Component	FY 2007-08	FY 2011-12
Working Capital	2.67	4.15
Interest on working Capital	0.33	0.52

52) It is respectfully submitted that the Hon'ble Commission may kindly consider and allow the interest on working capital of Rs 0.33 Crores for the Financial Year 2007-08 and Rs 0.52 crore for FY 2011-12.

(vi) Interest on loan capital

53) It is submitted that in terms of the regulations of the Hon'ble Commission, interest on normative debt has been considered on the value of additional capitalisation only. The interest on the normative loan has been calculated by considering the repayment period of 10 years, same as considered by the Hon'ble Commission in its tariff order 05.04.10.

The details of the aforesaid interest on normative debt are as under:

(Rs. in Crores)

Component	Fy 2007-08	FY 2011-12
Interest on Normative Debt	0.20	0.19

54) The rate of interest for such debt has been considered on the basis of the prevalent PLR of State Bank of India which is 12.50% P.A. The certificate of PLR of State Bank of India is placed as **Annexure-XII**.

55) It is respectfully submitted that the Hon'ble Commission may kindly consider and allow the interest on Normative Loan of Rs 0.20 Crores for the Financial Year 2007-08 and Rs. 0.19 Core for FY 2011-12.

F. Design Energy and Primary Energy Charges

56) It is respectfully submitted that the design energy and saleable energy of 192.0 MU and 190.66 MU respectively determined by

the Hon'ble Commission for Dhalipur P/H in Para 5.1.1 of its order-dated 05.04.10 is acceptable to the petitioner.

57) It is humbly submitted that any part of the Annual Fixed charges not recovered through the primary energy charge may kindly be allowed to be recouped through the capacity charges in terms of the Regulations. Also as per the regulations of the Hon'ble Commission the secondary energy charges may kindly be allowed to be payable at the same rate as primary energy charges. The deemed generation charges and the incentives may also be allowed to be applicable and payable as per the regulations. The referred charges have not been projected in the tariff filings due to the uncertain nature of such charges. The Hon'ble Commission is humbly requested to kindly state explicitly in its orders the applicability of such charges namely, Capacity Charges, Deemed generation Charges and Capacity Index Incentive for the convenience of the beneficiaries of the generating station.

58) The total Gross Annual Fixed Charges for Dhalipur plant for each of the tariff years is provided in the table below:

Particulars	Unit	FY 2007-08	FY 2011-12
Interest on Loan Capital	(Rs. Crores)	0.20	0.19
Depreciation	(Rs. Crores)	0.06	0.08
O&M Expenses	(Rs. Crores)	8.36	13.77
Interest on Working Capital	(Rs. Crores)	0.33	0.52
Return on Equity	(Rs. Crores)	0.96	0.98
Annual Fixed Charges	(Rs. Crores)	9.92	15.54
Total Saleable Units*	MU	190.66	190.66
Per Unit Tariff	P/ kWh	52.01	81.50

* Design energy less auxiliary consumption and transformation losses

59) **It is respectfully submitted that the above stated AFC and the corresponding tariff may kindly be considered and allowed for energy sales to UPCL and HPSEB.**

60) This petition includes the following documents:

- i) **PART I** : Main Petition and Detailed tariff formats;
- ii) **PART II** : Supporting documents and Annexure mentioned in the petition;
- iii) Soft Copy of the petition.

D. Cause of Action

61) Under Section 62 and 86 of the Electricity Act, 2003 and as per section 4(1) of the UERC Tariff Regulations, UJVNL is required to obtain approval for its tariff from the Hon'ble Commission based on provisions of the Tariff Regulations.

E. Ground of Relief

62) The Hon'ble Commission vide notification dated 05/10/10 has extended the validity period of Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 up to 31/03/2010. Hence the present filing is in accordance to Regulations 2004.

F. Detail of Remedies Exhausted

63) Not Applicable

G. Matter Not Previously Filed or Pending With any Court

64) The petitioner (s) further declares that he has not previously filed any petition or writ petition or suit regarding the matter in respect of which this petition has been made, before the Commission, or any other court or any other authority, nor any such writ petition or suit is pending before any of them.

H. Relief Sought

In view of the facts mentioned above, the Petitioner respectfully prays for the relief as stated below:

65) The Petitioner respectfully requests that the orders of the Hon'ble Commission may adequately consider the positions expounded in the present petition for approval of Annual Fixed Charges for the FY 2011-12 and truing up for the FY 2007-08. This Petition incorporates substantially improved information as compared to the earlier tariff petition. However the Petitioner is making continuous efforts to refine the information system further which has started generating results. The same may be suitably considered for the orders of the Hon'ble Commission.

66)The financial projections have been developed based on the Petitioner's assessment, trend available and estimates available for the FY 2011-12. There could be differences between the projections and the actual performance of the Petitioner. The Hon'ble Commission may condone the same. The Petitioner also requests the Hon'ble Commission to allow to make revisions to the Petition and submit additional relevant information that may emerge or become available subsequent to this filing.

67)The unresolved issue with Uttarakhand Power Corporation Limited has been highlighted in this petition by the petitioner. It is most respectfully submitted that Hon'ble commission may kindly issue necessary directive in its order specifying procedure & formats for billing of capacity charges, capacity index, Incentive & Deemed generation charges as [per Regulation.

68)While the tariff regulations of the Hon'ble Commission permit the generating companies to seek tariffs for a period up to five years, in view of the Regulations, 2004 being in force up to the 31.03.10 therefore the Petitioner is seeking tariffs only for the year FY 2011-12. The Petitioner will submit a fresh tariff application for the subsequent year(s) at an appropriate time.

69)In view of the foregoing, the Petitioner respectfully prays that the Hon'ble Commission may:

- (i) Accept and approve the accompanying projected financial information of the Petitioner for determination of generation tariff for the FY 2011-12 prepared in accordance with Tariff Regulations established by the Hon'ble Commission;
 - (ii) Grant suitable opportunity to the Petitioner within a reasonable time frame to file additional material information that may be subsequently available;
 - (iii) Grant the waivers prayed with respect to such filing requirements as the Petitioner is unable to comply with at this stage of filing;
-

- (iv) Treat the filing as complete in view of substantial compliance and also the specific humble requests for waivers with justification placed on record;
- (v) Condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date;
- (vi) Consider and approve the Petitioner's application including all requested regulatory treatments in the filing;
- (vii) Consider the submissions of Petitioner that could be at variance with the orders and regulations of the Hon'ble Commission, but are nevertheless fully justified from a practical viewpoint;
- (viii) Pass such orders as the Hon'ble Commission may deem fit and proper keeping in mind the facts and circumstances of the case.

I. Interim Order, in any, prayed for

70) Not Applicable

J. Details of Index

71) The list of enclosures is detailed below: -

- i) **Annexure I:** - Copy of Government of India (GOI) order dated November 5, 2001
 - ii) **Annexure II:-** Copy of GoU Notification dated 07/03/08
 - iii) **Annexure- III:** Copy of administrative approvals/ orders/ agreements are placed at along with the details of the activity carried out in the FY 2009-10.
 - iv) **Annexure-IV:** Details of the activities which are proposed to be carried out during 01/10/09 to 31/03/10 and in FY 2010-11
 - v) **Annexure V:-** The detailed working of allocation of capital expenditure for the FY 2008-09 and for the period from 01.04.09 to 30.09.09
 - vi) **Annexure VI:** - Copy of Income Tax Return for the assessment year 2009-10.
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- vii) **Annexure VII:** -. The details of insurance policies purchase for Financial Year 2009-10
- viii) **Annexure VIII:-** Detailed calculation of impact of arrear of pay revision .
- ix) **Annexure-IX:-** Certificate of State Bank of India in evidence of PLR considered.

K. Particulars of Fee Remitted

72)The details of the fee remitted are as follows:

Bank Draft No
In favour of- Uttarakhand Electricity Regulatory Commission
Drawn at - PNB - Yamuna Colony
Dated -

L. List Of Enclosures

73)Tariff Determination Forms

74)Supporting documents and Annexure mentioned in the petition;

- i) **Annexure I: -** Copy of Government of India (GOI) order dated November 5, 2001
 - ii) **Annexure II:-** Copy of GoU Notification dated 07/03/08
 - iii) **Annexure- III:** Copy of the energy accounts for Fy 2007-08 and For FY 2009-10.
 - iv) **Annexure-IV:** Copy of the balance sheet for the FY 2006-07.
 - v) **Annexure-V:** Copy of the balance sheet for the FY 2007-08.
 - vi) **Annexure-VI:** Copy of the balance sheet for the FY 2008-09.
 - vii) **Annexure-VII:** Copy of the balance sheet for the FY 2009-10.
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- viii) **Annexure VIII:-** The detailed working of allocation of capital expenditure for the FY 2006-07 to Fy 2009-10 and for the period from 01.04.10 to 30.09.10.
- ix) **Annexure IX: -** Copy of Income Tax Return for the assessment year 2010-11.
- x) **Annexure X: -** The details of insurance policies purchase for Financial Year 2010-11
- xi) **Annexure XI:-** Detailed calculation of impact of arrear of pay revision .
- xii) **Annexure-XII:-** Certificate of State Bank of India in evidence of PLR considered.

Uttarakhand Jal Vidyut Nigam Limited

Petitioner

Dehradun

Dated:

Detailed Tariff Format Dhalipur