

No. 2695 /UPCL/RM/B-16

Dated: 16 -12-2014

BEFORE THE UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

INDEX


IN THE MATTER OF: ANNUAL PERFORMANCE REVIEW AND TARIFF
PETITION FOR THE FINANCIAL YEAR 2015-16.

AND

IN THE MATTER OF: UTTARAKHAND POWER CORPORATION LIMITED.

.....Petitioner

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(G. K. Sharma)
Director (Projects)

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This is with reference to Hon'ble Commission's letter no. UERC/6/TF-240/14-15/2014/1703, dated 09-12-2014 vide which the petitioner has been asked to submit the reply to the deficiencies/ shortcomings observed by the Hon'ble Commission in the APR and Tariff Petition. The petitioner is directed to submit the reply on the affidavit latest by 16-12-2014. The point wise reply/ information is mentioned herein below and the petitioner most respectfully showeth as follows in the matter:-

A. General

1. UPCL has not submitted the formats in MS Excel. In this regard, formats should be submitted in MS Excel along with proper linkages and formulae.

Reply : The soft copy of required documents in MS Excel format is enclosed herewith at Annexure - A.

2. UPCL has provided the formats in MS Excel format. The cells in the formats have been linked to external files as mentioned below:



UERC-Distribution_Formats_APR_Final.xls
 UERC Formats-Revised after first TDS.xlsx
 UERC Format - no. of employees(1).xlsx
~~UERC Format - no. of employees(1).xlsx~~
 True-up for FY 14 Ver 1_8 Nov.xlsx
 True-up for FY 12&13. Proj for FY 15.xlsx
 PF Model Ver 2 7 Nov.xlsx
 PF Model - v2.28.10.xlsx
 Modified Comdata 12-13.xls
 Manpower.xlsx
 Draft_Sales projections_Ver 1.6.xlsx
 Draft_Sales projections_Ver 1.4 Nov.xlsx
 Draft_O&M Projections_UPCL_FY15_Ver1.xlsx
 Draft_O&M Projections_UPCL_FY14_Ver 9.xlsx
 Depreciation 2011-12.xls
 BS_2011-12_Final_16.07 2013.xls
 BS 2009_10.xls
 BS 13-14 Final Oct.14.xlsx
 BS 12-13 Final-21.12.13.xls
 BALANCE SHEET & MTB 2008-09.xls
 BALANCE SHEET & MTB 2007-08.xls
 BALANCE SHEET & MTB 2006-07.xls
 B.Sheet 2010-11(Final).xls
 3_COMMERCIAL DIARY March 2014.xls
 03 Commercial Diary March, 2012.xls
 03 Commercial Diary March, 2008.xls
 03 Commercial Diary March, 2007.xls
 03 Commercial Diary March 2013.xls
 03 Commercial Diary March 2011.xls
 03 Commercial Diary March 2010.xls

Reply: The Petitioner has provided soft copy of all the documents required as per the revised formats/models in Annexure-B.

3. In Format F-2.1 (Customer Sales Forecast) in the soft copy, UPCL has provided the table of past sales data for FY 2006-07 to FY 2012-13. However, some of the cells in the table have reference error. In this regard, UPCL should rectify the same and submit revised formats in MS Excel.

Reply: The reference errors have been rectified and updated Excel has been enclosed at Annexure - A.

B. FY 2013-14

4. UPCL should submit the computation of distribution losses for FY 2013-14.

Reply: (i) The computation of distribution losses for FY2013-14 is detailed as follows:

1	Actual/recasted sales(MU)	9046.89
2	Actual Energy input at Distribution Periphery(MU)	11216.31
3	Distribution Loss (MU) (2-1)	2169.42
4	Distribution Loss (%) (3/2)	19.34%

(ii) The details of Recasting of Sales are as follows :-

S. No	Category	Load	Consumption	Recasted Consumption	Basis of Recasting	Reduction in Sales
		KW	MU	MU		MU
1.1	Domestic (Metered)	2068512	2091.20	2091.20		
1.2	Domestic (Un-Metered)	13703	15.00	13.85	1.1 Consumption*1.2 Load/1.1 Load	1.15
2.1	Private Tubewells (Metered)	133183	209.38	209.38		
2.2	Private Tubewells (Un-Metered)	8513	30.37	13.38	2.1 Consumption*2.2 Load/2.1 Load	16.99
	Total	2223911	2345.95	2327.82		18.13

Recasted Sales = 9065.02 (as per CS-3) - 18.13 = 9046.89 MU

(iii) In this connection, it is submitted before the Hon'ble Commission that in the petition the recasted sales has been considered wrongly as 9047.07 MU. Hon'ble Commission is requested to kindly consider the above recasted figure of sales i.e. 9046.89 MU.

5. UPCL should submit the detailed computation of Inter-State Transmission losses for FY 2013-14.

Reply: The Petitioner obtains power from various transmission lines of PGCIL where transmission losses keep on varying month by month. Currently while preparing the energy balance for FY 2013-14 the Petitioner has considered energy sent out by the various plants and applied 4% transmission loss as PGCIL losses to arrive at a figure of total energy received at the state Periphery. The details of the same have been provided in Form 2.5 of the formats. It may be noted that the Petitioner has details of only Energy Sent out by various Power Stations & Energy received by UPCL.

C. Tariff Determination for FY 2015-16

6. In para 4.69(a) at page 42 of the Tariff Petition, UPCL for projecting cost of power from THDC station has submitted as follows:

"Annual fixed charges (AFC) as specified in the respective CERC tariff orders/monthly bills has been considered. Since CERC (terms and Conditions of Tariff) Regulations, 2009 is applicable from FY 2009- 14, fixed cost for FY 16 was not available, therefore

UPCL has considered fixed cost for FY 16 after taking 5% escalation twice on the fixed cost determined by CERC for FY 14."

In this regard, UPCL should provide the copy of the above specified CERC tariff order for FY 2013-14 and furnish the rationale for assuming 5% escalation for each year on AFC.

Reply: (i) The Petitioner has enclosed the soft copy of the desired CERC Tariff Orders in Annexure-C.

(ii) The Petitioner has assumed 5% y-o-y escalation similar in line to the assumption taken in the Tariff Petition for FY 2014-15

7. In Format F-7.1, UPCL has not given the details of financial packages, the same should be furnished.


Reply: The Petitioner is a Distribution Company which executes a number of projects which are small in nature and loan taken by the Petitioner is not against one particular project but against the entire Capex. Providing the details of financial packages requested by the Commission is difficult therefore the Petitioner humbly requests the Commission to provide a waiver from submission of the Form7.1.

8. In Form F 5.2, UPCL has provided the statement of asset class wise depreciation for FY 2013-14. In its 11th row (sub-total for civil structures including building & residential colony), the opening GFA is Rs. 123.63 Crore, depreciation provided for the year is Rs. 3.53 Crore and there are no withdrawals during the year. However, the closing GFA is Rs. 87.9 Crore. In this regard, UPCL should provide necessary justification for the reduction of GFA.

Reply: There were some errors in Form 5.2, which has been corrected now. The revised Form 5.2 is enclosed herewith at Annexure- D. As per revised format, the details of 11th row are as follows :-

Opening GFA	-	Rs. 123.63 Cr.
Net Addition	-	Rs.(35.76) Cr.
Closing GFA	-	Rs. 87.87 Cr.
Depreciation during the year	-	Rs. 3.53 Cr.

9. UPCL should submit the proposed tariff hike in terms of percentage for each consumer category for FY 2015-16 to meet the projected revenue gap. UPCL should justify the proposed tariff revision, in terms of reduction of cross-subsidy between various consumer categories, in accordance with the provisions of the Electricity Act, 2003, Tariff Policy, and previous Orders of the Commission.



Reply:

- (i) The revenue at projected sales and existing tariff has been provided in Table- 62 of the Tariff Petition submitted before the Commission.
- (ii) The revenue at projected sales and proposed tariff has been provided in Table-65 of the Tariff Petition submitted before the Commission.
- (iii) The proposed category-wise tariff increase is provided in the Table below:

S No	Category	Tariff hike (%)
1	RTS-1: Domestic	
2	RTS-2: Non Domestic	26.20%
3	RTS-3: Public Lamps	26.34%
4	RTS-4: Private Tube Wells	26.42%
5	RTS-5: Govt. Irrigation System	27.28%
6	RTS-6: Public Water Works	26.01%
7	RTS-7: Industry	27.60%
	<i>LT Industry*</i>	
	<i>HT Industry*</i>	26.36%
8	RTS-8: Mixed Load	26.16%
9	RTS-9: Railway Traction	26.26%
	Total	26.20%
		26.24%

(iv) As a result of proposed revision in existing Tariff, cross subsidy has not been increased of any category.

10. UPCL should furnish a table indicating the existing and proposed category-wise cross subsidy keeping in view of proposed tariff revision.

Reply: (i) The desired information is as follows :-

Sub-category/ Category	Existing			Proposed			Cross Subsidy	
	Sales	Average Tariff	Revenues	Sales	Average Tariff	Revenues	Existing	Proposed
	(MU)	(Rs/ unit)	(Rs Crore)	(MU)	(Rs/ unit)	(Rs Crore)	%	%
RTS-1: Domestic	2,618.75	2.91	763.24	2,618.75	3.68	963.19	-29.97%	-30.00%
RTS-2: Non Domestic	1,168.24	4.89	570.97	1,168.24	6.17	721.34	17.44%	17.52%
RTS-3: Public Lamps	48.58	4.05	19.66	48.58	5.12	24.85	-2.76%	-2.64%
RTS-4: Private Tube Wells	247.50	1.05	26.05	247.50	1.34	33.15	-74.71%	-74.51%

Sub-category/ Category	Existing			Proposed			Cross Subsidy	
	Sales	Average Tariff	Revenues	Sales	Average Tariff	Revenues	Existing	Proposed
	(MU)	(Rs/ unit)	(Rs Crore)	(MU)	(Rs/ unit)	(Rs Crore)	%	%
RTS-5: Govt. Irrigation System	114.92	4.28	49.24	114.92	5.40	62.05	2.95%	2.76%
RTS-6: Public Water Works	336.71	4.28	144.14	336.71	5.46	183.91	2.86%	3.95%
RTS-7: Industry	5,614.56	4.73	2,653.72	5,614.55	5.96	3,348.14	13.57%	13.50%
LT Industry	317.14	4.43	140.50	317.14	5.60	177.54	6.45%	6.55%
HT Industry	5,297.41	4.74	2,513.22	5,297.41	5.99	3,170.60	14.00%	13.91%
RTS-8: Mixed Load	199.56	3.96	78.95	199.56	5.00	99.69	-4.94%	-4.92%
RTS-9: Railway Traction	11.82	4.97	5.87	11.82	6.27	7.41	19.33%	19.31%
Total	10,360.63	4.16	4,311.84	10,360.63	5.25	5,443.73		

(ii) Hence, it is clear that there is no change in the level of cross subsidy as a result of proposed revision in Existing Tariff. The little difference of about less than one percent is due to rounding off of rates of energy charge and demand charge.

11. As regards Non-Tariff Income UPCL should submit the detailed break up of Non Tariff Income for FY 2014-15 and FY 2015-16. UPCL should include the same in the Tariff Petition as well as Form F-11 of the formats submitted along with Petition.

Reply: (i) The Detailed Break Up of Non Tariff Income for FY 2014-15 and FY 2015-16 is given below:

S No	Category	FY 2014-15	FY 2015-16
1	Interest on deposits	56.34	59.15
2	Income from staff welfare activities	0.13	0.14
3	Rebate/Incentive	25.68	26.97
4	Misc receipts	8.68	9.12
5	Delayed payment surcharge	0.00	0.00
	Total	90.84	95.38

- (ii) The Petitioner has not provided the detailed Break up in the form F-11 as the these line items are not appearing in the formats prescribed by the Commission.

12. Discrepancies

As regards A&G expenses for FY 2013-14, it is observed as follows:

Particulars	FY 2013-14	
	Table 6 Page No. 13	Form F-4.3
Administrative and General Expenses	24.97	33.51
Less: Capitalisation	6.96	-3.62
Net Administrative and General Expenses	18.01	37.13

UPCL should submit the reason for the discrepancy and rectify the same.

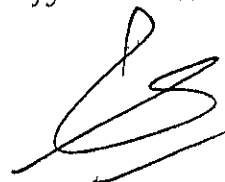
Reply: There were some errors in Form F- 4.3, which have been corrected now and the revised format is enclosed herewith at Annexure - E. As per the revised format, the details of A&G Expenses for FY 2013-14 are as follows :-

Administrative and General Expenses - Rs. 24.97 Cr.
Less: Capitalisation - Rs. 6.96 Cr.
Net Administrative and General Expenses - Rs. 18.01 Cr.

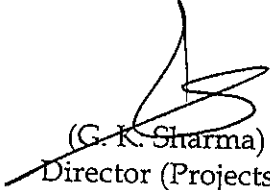
13. *In Form F-4.3 (Administration & General Expenses), there is negative capitalisation for FY 2012- 13 to FY 2015-16. In this regard, UPCL should provide the necessary justification for the negative capitalisation.*

Reply: There were some errors in Form F- 4.3, which have been corrected now and the revised format is enclosed herewith at Annexure - E. As per the revised format, there are no negative capitalization.

14. *It is observed that in Form F-9 'Provision for Bad Debts', Provision for Bad debts for FY 2015-16 is shown as Rs. 64.68 Crore, while in Table 57 on Page No. 54 of the Tariff Petition, provision for Bad debts for FY 2015-16 has been shown as Rs. 81.65 Crore. UPCL should submit the reason for the discrepancy and rectify the same.*




Reply: There were some errors in Form F- 9, which have been corrected now and the revised format is enclosed herewith at Annexure - F. As per the revised format, provision for Bad Debts for FY 2015-16 is Rs. 81.65 Cr.


(G. K. Sharma)
Director (Projects)
Uttarakhand Power Corporation Limited

Verification

I, Gopal Krishan Sharma, S/o Shri O. P. Sharma, aged about 59 years, working as Director (Projects), Uttarakhand Power Corporation Limited, Gabar Singh Bhawan, Dehradun do hereby verify that the contents of Paras 1 to 14 are derived from official records, which are true to my personal knowledge and that I have not suppressed any material fact.

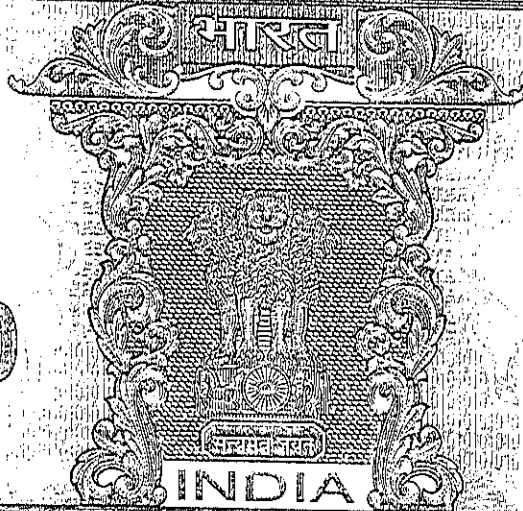

(G. K. Sharma)
Director (Projects)
Uttarakhand Power Corporation Limited

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RUPEES

Rs. 10



INDIA NON JUDICIAL

UTTARAKHAND

22AA 291153
File No.

Case No.

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AND: 0
13 DEC 2013

IN THE MATTER OF: UTTARAKHAND POWER CORPORATION LIMITED

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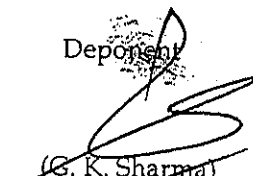
AFFIDAVIT VERIFYING THE PETITION

1. I, Gopal Krishan Sharma, S/o Shri O. P. Sharma, aged about 59 years, working as Director of Uttarakhand Power Corporation Limited, Gabar Singh Bhawan, Dehradun, the deponent named above do hereby solemnly affirm and state on oath as under:

That the deponent is the Director (Project) of Uttarakhand Power Corporation Limited who is acquainted with the facts deposed to below.

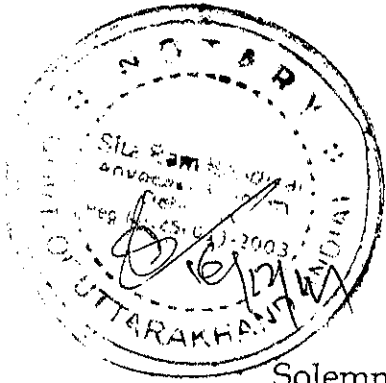
2. I, the deponent named above do hereby verify that the contents of the paragraph No.-1 of the affidavit and those of the paragraph No.-1 to 14 of the accompanying petition are based on the perusal of records which I believe to be true and verify that no part of this affidavit is false and nothing material has been concealed.

Deponent


(G. K. Sharma)
Director (Projects)

Uttarakhand Power Corporation Limited

I, ANIL PRASAD RANJAN Advocate, 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.



(.....*Anil*.....)

Advocate
R.N. 9750103

Solemnly affirmed before me on this day of December, 2014 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.

(Notary Public)

Certified that Shri/Smt. Gopal Krishan Sharma
The deponent is identified by.....
Sworn & Verified the contents of this affidavit
at Dehra Dun on.....

Sita Ram Naudiyal
Sita Ram Naudiyal
Notary, Dehra Dun