

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 04 of 2015

In the matter of:

Petition for investment approval of Construction of Colony at 132 kV Substation Majra Campus, Dehradun.

And

In the matter of:

Power Transmission Corporation of Uttarakhand Limited (PTCUL), Petitioner
Vidyut Bhawan, Near ISBT Crossing, Majra, Dehradun.

Coram

Shri Subhash Kumar Chairman

Shri K.P. Singh Member

Date of Order: February 12, 2016

ORDER

This Order relates to the Petition filed by Power Transmission Corporation of Uttarakhand Ltd. (hereinafter referred to as "PTCUL" or "the Petitioner") seeking approval of the Commission for investment approval of Construction of Colony at 132 kV Substation Majra Campus, Dehradun.

2. PTCUL vide its letter No. 06/Dir.(Projects)/PTCUL/UERC dated 07.01.2015 had filed an Application/Petition under Electricity Act, 2003 and UERC (Conduct of Business) Regulation, 2004 for seeking investment approval of Construction of Colony at 132 kV Substation Majra Campus, Dehradun.

Petitioner's submission

3. The estimated cost of the works proposed by the Petitioner in the DPR submitted alongwith the Petition is as follows:

Sl. No.	Particulars	Project Cost without IDC as per DPR (₹Crore)	Project Cost including IDC as per DPR (₹Crore)
1.	Construction of Colony at 132 kV S/s Majra Campus, Dehradun	107.54	124.14

4. The Petitioner has submitted copy of extracts of the Minutes of Board Meetings of PTCUL wherein the Petitioner's Board has approved the Corporation's aforesaid proposal with a funding plan of 70% through loan assistance by REC and balance 30% as equity proposed to be funded by GoU. However, the Petitioner did not submit any letter/assurance or any such documentary evidence for the funding of 30% equity from Government.
5. PTUCL has submitted that Headquarter Office building is situated in the campus of 132 kV S/s Majra, Dehradun and the State Load Dispatch Centre (SLDC) has also been established at the top floor of this building. Various corporate/project/O&M offices and SLDC are now fully operational. Need has been felt to provide residential facility to the employees of Corporation working in Corporate Headquarter Building, SLDC and other places at Dehradun as there is no pooled colony of PTCUL available at Dehradun. At present most of the officers and staff are residing either in the pooled colony of UPCL or in the rented accommodations. Rented buildings in Dehradun are costly and thus, impose a substantial financial burden over the concerned employees. The necessity for construction of colony has been thus felt and subsequently, administrative approval for the same has been accorded by MD, PTCUL vide letter No. 2746/MD/PTCUL/A-1 dated 15.10.2013.
6. With regard to Scope of Project the Petitioner has submitted that construction of colony comprising of residential flat buildings and community centre building for the employees working in corporate office/Projects/SLDC/SCADA/ O&M etc. and posted at Dehradun. The scope of work also includes associated necessary services

like fire fighting, all internal roads, drains, water supply, electrification, street lights, power backup, electrical room, sanitary & sewage system, rain water harvesting, boundary wall, landscaping, including other miscellaneous works required for proper functioning of the colony buildings.

7. With regard to need of this project PTCUL has submitted that PTCUL is a State Transmission Utility with the basic objectives to build, maintain and operate high voltage lines and associated substations including 132 k V and higher voltage within the state of Uttarakhand, to coordinate the facilities for interstate, regional and inter regional generation and efficient, economical and integrated transmission and supply of electricity, to levy and charge such fees and wheeling charges from the generators, distribution companies, licensees, bulk consumers as may be specified by appropriate Regulatory commission and to ensure integrated operation of the power system in the state of Uttarakhand, optimum scheduling and dispatch of electricity and monitor grid operations.

The Petitioner has further submitted that after separation from UPCL, PTCUL became an independent entity w.e.f. June 2004 and since then it has been steadily developing its basic infrastructure set up required for smooth and efficient functioning of this state transmission utility. To sustainably handle the objectives, as explained in the preceding paragraph, the Corporate Headquarter Building and a State Load Dispatch Centre were constructed at 132 kV substation, Majra, Dehradun premises to centrally administer the major activities of load dispatch, construction of new transmission systems to evacuate the power generated from new generating stations awarded to the developers from Central, State and Private sectors in Uttarakhand and operation & maintenance activities.

8. The Petitioner submitted that Construction of colony under discussion is also a prominent part of this infrastructure set up for achieving higher performance levels and is necessary especially in view of non availability of any pooled colony of PTCUL in Dehradun for its employees and very high rental values of private accommodations in the city. The requirement of quarters for the employees working

in corporate office/projects/SLDC/SCADA/O&M etc and posted at Dehradun has been worked out which is given below:

Sl. No.	Type of Quarter	No. of Quarters required	No. of Quarters proposed to be constructed
1	VI	5 Nos.	0 No.
2	V	34 Nos.	12 Nos.
3	IV	82 Nos.	48 Nos.
4	III	73 Nos.	48 Nos.
5	II	83 Nos.	48 Nos.
6	I	28 Nos.	0 No.
	Total	305 Nos.	156 Nos.

9. To justify the need of the proposed work the Petitioner submitted that for arrangement of proper residence is a basic necessity of human beings to meet minimal need or comfort standards and is an important social and financial issue. As such official accommodation provided by the employer facilitates the employees to subside a substantial amount of financial burden for families and develops a sense of social security by culminating social and financial tensions which ultimately lead to an incentive in achieving higher performance levels by the employees. This work is predominantly related to employee's welfare and is a part of social compensation programme and may be treated as potentially important form of alternate compensation frequently used to date by major Government departments and corporate world to assist their employees. Expenditure on rented accommodations is a major burden for much of the employees in a city like Dehradun. The proposed scheme shall provide accommodation facilities to employee office/projects/SLDC/SCADA/O&M etc. and posted at Dehradun in a very close proximity to their offices, which shall ensure their availability even in odd hours if emergent situation arises keeping in view the nature of the work assigned with SLDC etc. and other units of PTCUL in Dehradun.
10. The Petitioner has submitted that the land for construction of colony is available in the campus of the 132 kV S/s Majra, Dehradun behind Corporate Headquarter Building. The proposed residential colony comprises of six storied flats for each category of quarters viz. Type-II, Type-III, Type-IV and Type-V residences accommodating total 156 flats of various categories as per detail given below:

Sl. No.	Type of Residences	Unit plinth area of each Residence	Proposed No. of Residences
3	Type-II	57.70 M ²	48 Nos.
4	Type-III	79.00 M ²	48 Nos.
5	Type-IV	125.00 M ²	48 Nos.
2	Type-V	178.50 M ²	12 Nos.
	Total		156 Nos.

Further the Petitioner has submitted that plinth area of each residence has been taken on the basis of norms of State P.W.D. fixed for the Uttarakhand. However, out of two areas fixed by the P.W.D. for type IV residences, the higher one i.e. for super class Type-IV residences as 178.50 M² has been used for the purpose of Type-V residence in view of providing maximum residential facility to employees of all cadres posted at head quarter offices, SLDC and associated offices. The architectural drawings (plan) for each type of residences and that the Block plan having 04 Nos. of flats for each type of residences at each floor have been developed by M/s Jain & associate, Architect, Meerut.

The Petitioner in its Petition also proposed to construct a Community Centre Building to facilitate the residents for organizing social functions and get together, for this purpose a double storey building comprising of a community hall having size 15mx 35m, 04 nos. rooms of size 5.60 m x 6.50 m each with facilities of toilets, kitchen, pantry, drawing, dining & store etc. has been proposed by the Petitioner. Further the Petitioner has submitted that shifting of existing UPCL transformer repair workshop and dismantling of its old unusable building is required before construction of proposed Community Centre Building.

The base estimated cost of the proposed colony has been worked out as 65.54 crores (excluding contingency, centage charge, service tax, price escalation, quantity variation and IDC). The estimate has been prepared on the basis of plinth area rate of CPWD approved vide G.O. No. 62/SE(TAS)/plinth area rates/99 dated 24.12.2012 and item rates of DSR 2012. The following provisions have been made.

- i. One block of residence comprises of ground floor + six storeys.
- ii. Parking has been proposed at the Ground Floor.

- iii. Total numbers of flats proposed is 156 for all the categories described above which is more than 50% of the employees proposed to be posted at Dehradun.
 - iv. The construction shall be R.C.C. framed earth quake resistant construction.
 - v. One passenger lift for 08 persons has been proposed for each Block.
 - vi. Necessary provision of fire fighting, roads, drains, water supply, street lights, power backup, electrical room, rain water harvesting and sewage treatment plant has also been made.
 - vii. For construction of colony 04 nos. old Type-II residences, 04 Type-I residences, 03 nos. old D type, 05 nos. old C type and other temporary sheds shall be dismantled.
 - viii. For construction of community centre building, the existing old store shed shall be dismantled. The transformer repair workshop of UPCL accommodated in this shed shall have to be shifted outside the campus while the transmission store shall be shifted to some other place within the substation area.
11. PTCUL submitted that this work is predominantly related to employee's welfare and is a part of social compensation programme and may be treated as potentially important form of alternate compensation frequently used to date by major Government departments and corporate world to assist their employees. Expenditure on rented accommodations is a major burden for much of the employees in a city like Dehradun. However, the house rent allowance admissible to different categories of employees shall not to be paid to them on allotment of residences and the prescribed House rent shall be deducted from their salaries. On completion of the project, employee posted at headquarter offices, SLDC and associated offices shall be facilitated with official accommodation thereby relieving them with the tension of searching appropriate private accommodations which render high rental values in Dehradun city as already stated and several other socio-economic problems which are associated with hired private buildings. This in turn, shall improve their performance level and will probably ensure their efficient and reliable working. As

such it shall be helpful for the state and PTCUL for the quantity of electricity transmitted through the state grid, supervising and controlling intra-state transmission system and carrying out real time operation for grid control and dispatch of electricity within the state etc. including construction and maintenance activities in respect of substations and transmission lines.

12. With regard to execution of the work the Petitioner has submitted that the work shall be carried out by the office of Executive Engineer, Civil, Project, PTCUL, Srinagar through agreements for civil structure works and other specialized services for which open tendering will be done.
13. PTCUL vide its letter No. 836/Dir (Projects)/PTCUL/Investment Approval dated 15.05.2015 has submitted following additional information as provided by Superintending Engineer (Civil), Project, PTCUL vide its letter No. 405 /SE(C)P /WP-22 dated 13.05.2015:

"... estimated rates for civil works does not include the service tax which is to be paid to the contractors for depositing the same with Central Excise Department as per notification of GOI Moreover, the works being carried out by PTCUL are not exempted from service tax. Hence, the provision of service tax has been made extra on the basis estimated cost "

14. PTCUL vide its letter No. 926/Dir.(Projects)/PTCUL/Investment Approval dated 27.05.2015 submitted that:

" ... the commission is considering not to allow the service tax as taken in the DPR for the above referred work," in this regard, PTCUL has requested the Commission " ... that the provision of service tax in the DPR may kindly be allowed while according Investment Approval for the referred work."

15. The Commission vide its letter No. 684 dated 21.07.2015 directed PTCUL to furnish following information for further analysis of the proposal:

"1. Market rate of rent of similar type of residences in the vicinity of this campus as mentioned follows:

- (i) Type V residence having 178.50 Sq M plinth area*
- (ii) Type IV residence having 125 Sq M plinth area*

- (iii) Type III residence having 79 Sq M plinth area
- (iv) Type II residence having 57.7 Sq M plinth area
2. Comparison of rates per Sq M plinth area (type II to Type V) proposed in the instant Petition to the rates of various similar housing projects coming up (under construction/being launched) in nearby locations, which are proposed/being developed by Development Authorities/Colonizers/Builders.
 3. The House Rent Allowance (HRA) being given at present to the employees for these five residential categories.
 4. The rate of interest payable on the proposed loan of RS. 8689.71 Lac.
 5. The list of regular employees, who are eligible for allotment of these category of residences and working presently at following locations (separately for each location) in Dehradun including their name, designation, whether having own house in Dehradun etc.
 - a. Corporate Office
 - b. Sub-stations (220/132 kV or 132/33 kV)
 - c. Zone/Circle/Division Office besides the Corporate Office
 - d. SLDC.
 6. Comparative analysis and comments on various other options for providing accommodations to the Staff viz. soft loan facility to the employees for construction of their own house, option of hiring bulk accommodations from various Builders/Colonizers."
16. In compliance to the Commission's letter No. 684 dated 21.07.2015, PTCUL submitted its reply vide letter No. 1789/Dir(Projects)/PTCUL/Colony at 132 kV S/s Majra dated 17.10.2015, as follows:

"1. Market, rate of single type of residences in the vicinity of this campus (the proposed project).

Following information regarding the rate of rents for different residences in the vicinity of the project site has been gathered by searching internet sites & making query with the concerned tenders:-

Sl. No	Locality/area	Area in Sqm	Rent demanded (Rs.)	Rent/Sqm (Rs.)
1.	GMS Road (Alakananda Enclave)	121.00	16000.00	132.23
2.	GMS Road	193.00	20000.00	103.62
3.	Saharanpur Road	139.00	12000.00	86.33
4.	GMS Road (NCR Plaza)	140.00	15000.00	107.00
Average Market Rent				Rs.107.29/SQM

On the basis of average rent/Sqm as shown above,, the market rate of rent of proposed residences may be calculated as mentioned below.

- | | | |
|--|---|-------------|
| 1. Type-V having area 178.50 Sq.mt. | = | Rs 19151.00 |
| 2. Type IV having area 125.00 Sq.mt. | = | Rs 19151.00 |
| 3. Type III having area 79.00 Sq.mt. | = | Rs 8476.00 |
| 4. Type II having area 57.70.00 Sq.mt. | = | Rs 6191.00 |

2. Comparison of rates per sqm plinth Area (Type II to Type V) proposed in the Petition to the rates of various similar housing projects coming up (under construction/being launched) in nearby locations:

Some ongoing projects of similar nature which are proposed/being developed by the Development Authorities/Colonizers in the vicinity of site for the proposed colony of PTCUL have been identified and representatives/authorities of colonizers/Development Authorities have been inquired of by this office. On the basis of gathered information, a comparative chart showing tentative cost of construction per sqm plinth area have been prepared, which is being enclosed herewith for your kind proposal.

Comparison of rates per sqm plinth area of residences proposed in the petition to the rates of various similar housing project coming (under construction being launched) in nearby locations

Sl. No.	Locality/area	Total Plinth Area Under Project (SqM)	Overall cost of the project (excluding cost of land)	Construction cost per SqM plinth area
1.	MDDA Project (Near ISBT)	10421.00	377253338	36201
2.	Haridwar Road (Nilaya Hills)	14040.00	712080000	50718
3.	Sharanpur Road (Yash Greens)	17000.00	691430625	40672

Cost per sqm plinth area of proposed Colony of PTCUL at 132 kV S/s, Majra campus Saharanpur Road, Dehradun

Total proposed plinth area of the colony (SqM)-15753.60

Total Estimated Base Cost of The project as per DPR (Rs)-655395000

Cost per sqm plinth area- Rs. 41602.87

3. *House rent allowance (HRA) being given at present to the employees for these five residential categories.*

Sl. No.	Category of residents	Grade pay of employees	HRA admissible	Remarks
1.	Type-V	Rs. 12,000/-	Rs. 9,000/-	S.E./DFM/Dy.CAO and above are entitled for Type-V
		Rs. 10,000/-	Rs. 7,500/-	
		Rs. 8,900/-	Rs. 6,675/-	
		Rs. 8,700/-	Rs. 6,525/-	
2.	Type-IV	Rs. 10,000/-	Rs. 7,500/-	All A.E./E.E./Managers/AO/AAO/PO/PS/(Grade-I) are entitled for Type IV
		Rs. 8,900/-	Rs. 6,675/-	
		Rs. 8,700/-	Rs. 6525/-	
		Rs. 6,600/-	Rs. 4950/-	
3.	Type-III	Rs. 6,600/-	Rs. 4950/-	All JE/Accountant/OS (SG)/OS-I/ Steno Grade-I are entitled for Type-III
		Rs. 4,200/-	Rs. 3150/-	
4.	Type-II	Rs. 3,000/-	Rs. 2250/-	All OS Grade-II/Assistant Accountant/OA-I/OA-II,/Technician Grade-II/DEO/Class-IV employees are entitled for Type II
		Rs. 2,600/-	Rs. 1950/-	
		Rs. 1,900/-	Rs. 1425/-	

4. *The rate of interest payable on the proposed loan of Rs. 8689.71 lacs is 10.75% per annum (floating) as informed by G.M. (Finance), PTCUL, Dehradun.*
5. *The list of regular employees, who are eligible for allotment of these category residences and working presently at following locations in Dehradun is enclosed herewith. Details of employees entitled to various categories of residences are as under-*

Sl. No.	Name of office	No. of employees entitled for different type of residences								Total requirement for employees with no personal house
		Type-V		Type-IV		Type-III		Type-II		
		Total	Residences required	Total	Residences required	Total	Residences required	Total	Residences required	
1.	HQPU	13	08	21	13	29	24	20	18	63
2.	HQPU (P)	04	01	22	06	17	10	03	01	18
3.	S.E. Civil) O&M	01	-	01	01	02	01	01	01	03
4.	S.E. SLDC	-	-	10	07	09	06	01		13
5.	<u>E.E. O & M, D.Dun</u>									
	Office	-	-	01	-	01		04	03	03
	132 kV S/s Majra	-	-	01	-	04	03	11	06	09
	132 kV S/s Bindal	-	-	01	01	03	01	08	06	08
	132 kV S/s Purkul	-	-	01	-	03	03	09	05	08
	132 kV S/s Jhajara	-	-	-	-	04	03	06	04	07
	Total	18	09	58	28	72	51	63	44	132

Total no. of employees posted at Dehradun-211

6. *As informed by G.M. (H.R.) PTCUL, the provisions as mentioned in point no. 06 regarding soft loan facility to the employee for construction of their own house, hiring bulk accommodations etc. are not applicable in PTCUL at present."...*

Commission's Analysis and Views

17. On examination of the proposal and subsequent submissions made by PTCUL, it has been observed that total annual recurring cost including depreciation, interest on loan, return on equity and annual maintenance charges (@3% for Govt. buildings on the proposed cost of investment of ₹124.14 Crore) comes out to be ₹22.98 Crore. The same has been presented in the table given below:

Table 1: Annual Cost (₹Crore)

Total Project Cost (including IDC)	Equity	Debt	Annual Interest on Debt (@10.75%)	Return on Equity (@15.50%)	Depreciation (@3.34%)	Maintenance (@3%)	Total
			(a)	(b)	(c)	(d)	(a+b+c+d)
124.14	37.24	6.90	9.34	5.77	4.15	3.72	22.98

18. Further, based on the submissions made by the Petitioner vide letter dated 17.10.2015 discussed at para 16 above, on the information sought by the Commission, it is found that, for various Types and number of accommodation proposed by the Petitioner, the total annual expenditure on rent, at prevailing rates in the city, works out to only be ₹1.893 Crore. The same has been presented in the table given below:

Table 2: Calculation of Annual Rent at prevailing market rates

Type of accommodation	No. employees	Monthly Rent (average) (₹)	Total Rent (₹)
V	12	19151	229812
IV	48	13411	643728
III	48	8476	406848
II	48	6191	297168
Total Monthly Rent			1577556
Total Annual Rent			18930672
Or say			1.893 Crore

19. The annual recurring cost to be incurred on the proposed capital expenditure is substantially higher than annual rent calculated as above on the basis of Petitioner's submissions. On comparison of the above costs it is evident that construction of the proposed colony would have an additional annual expense to the tune of ₹21.09 Crore on the Petitioner, which in turn will be passed on to the consumers of the State in their retail tariffs. Hence, such uneconomical option is not justified.

20. On the contention of the Petitioner stated at para 9 above, that these accommodation facilities to the employees in the proposed colony would ensure their availability on duty even during odd hours in any emergent situation, the Commission is of the view that it might be applicable for the staff/officers residing in campus colonies of the respective Sub-stations/Load Despatch Center premises. However, the same does not hold good for a township/colony in a town for catering to employees posted in different Sub-stations/field units away from the town and commuting on daily basis.
21. Based on the above, the Commission is of the view that need of the capital expenditure proposal is not justified.

The Petition is disposed off accordingly.

(K.P. Singh)
Member

(Subhash Kumar)
Chairman