UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

PETITION NO.: 993/2014

IN THE MATTER OF

DETERMINATION OF ANNUAL REVENUE REQUIREMENT (ARR) AND TARIFF FOR FY 2015-16 ALONG WITH TRUE UP FOR FY 2012-13

OF

UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

ORDER UNDER SECTION 64 OF THE ELECTRICITY ACT, 2003

June 18, 2015

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IN THE MATTER OF:

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And

IN THE MATTER OF:

Uttar Pradesh Power Transmission Corporation Limited, Lucknow (UPPTCL)

ORDER

The Commission, having deliberated upon the above Petition and also the subsequent filings by the Petitioner, and the Petition thereafter being admitted on March 23, 2015, and having considered the views/comments/suggestions/objections/representations received from the stakeholders during the course of the above proceedings and also in the Public Hearings held, in exercise of powers vested under Sections 61, 62, 64 and 86 of the Electricity Act, 2003 (hereinafter referred to as 'the Act'), hereby passes this Order signed, dated and issued on June 18, 2015. The Petitioner, in accordance with Regulation 139 of the Uttar Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2004, shall publish the approved Tariff within three days from the date of this Order. The Tariff so published shall become the notified Tariff and shall come into force after seven days from the date of such publication of the Tariff, and unless amended or revoked, shall continue to be in force till the issuance of the next Tariff Order.

1. BACKGROUND AND PROCEDURAL HISTORY

1.1 BACKGROUND

1.1.1 The Uttar Pradesh Electricity Regulatory Commission (hereinafter referred to as the 'UPERC' or 'the Commission') was formed under U.P. Electricity Reform Act, 1999 by the Government of Uttar Pradesh (GoUP) in one of the first steps of reforms and restructuring process of the power sector in the State. Thereafter, in pursuance of the reforms and restructuring process, the erstwhile Uttar Pradesh State Electricity Board (UPSEB) was unbundled into the following three separate entities through the first reforms Transfer Scheme dated January 14, 2000:

- Uttar Pradesh Power Corporation Limited (UPPCL): vested with the function of Transmission and Distribution within the State.
- Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL): vested with the function of Thermal Generation within the State.
- Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL): vested with the function of Hydro Generation within the State.

1.1.2 Through another Transfer Scheme dated January 15, 2000, assets, liabilities and personnel of Kanpur Electricity Supply Authority (KESA) under UPSEB were transferred to Kanpur Electricity Supply Company Limited (KESCO), a company registered under the Companies Act, 1956.

1.1.3 After the enactment of the Electricity Act, 2003 (EA 2003), the need was felt for further unbundling of UPPCL (responsible for both Transmission and Distribution functions) along functional lines. Therefore, the following four new distribution companies (hereinafter collectively referred to as 'Discoms') were created vide Uttar Pradesh Transfer of Distribution Undertaking Scheme, 2003 dated August 12, 2003, to undertake distribution and supply of electricity in the areas under their respective zones specified in the scheme:

- Dakshinanchal Vidyut Vitran Nigam Limited (Agra Discom or DVVNL)

- Madhyanchal Vidyut Vitran Nigam Limited (Lucknow Discom or MVVNL)
- Pashchimanchal Vidyut Vitran Nigam Limited (Meerut Discom or PVVNL)
- Purvanchal Vidyut Vitran Nigam Limited (Varanasi Discom or PuVVNL)

1.1.4 Under this scheme, the role of UPPCL was specified as "Bulk Supply Licensee" as per the license granted by the Commission and as "State Transmission Utility" under sub-section (1) of Section 27-B of the Indian Electricity Act, 1910.

1.1.5 Subsequently, the Uttar Pradesh Power Transmission Corporation Limited (UPPTCL), a Transmission Company (TRANSCO), was incorporated under the Companies Act, 1956 by an amendment in the 'Object and Name' clause of the Uttar Pradesh Vidyut Vyapar Nigam Limited. The TRANSCO started functioning with effect from July 26, 2006 and is entrusted with the business of transmission of electrical energy to various utilities within the State of Uttar Pradesh. This function was earlier vested with UPPCL. Further, Government of Uttar Pradesh (GoUP), in exercise of powers vested under Section 30 of the Electricity Act, 2003, vide notification No. 122/U.N.N.P/24-07 dated July, 18, 2007 notified Uttar Pradesh Power Transmission Corporation Limited as the "State Transmission Utility" of Uttar Pradesh. Subsequently, on December 23, 2010, the Government of Uttar Pradesh notified the Uttar Pradesh Electricity Reforms (Transfer of Transmission and Related Activities Including the Assets, Liabilities and Related Proceedings) Scheme, 2010 which provided for the transfer of assets and liabilities from UPPCL to UPPTCL with effect from April 1, 2007.

1.1.6 Thereafter, on January 21, 2010, as the successor distribution companies of UPPCL (a deemed licensee), the Discoms which were created through the notification of the UP Power Sector Reforms (Transfer of Distribution Undertakings) Scheme, 2003 were issued fresh distribution licenses, which replaced the UP Power Corporation Ltd (UPPCL) Distribution, Retail & Bulk Supply License, 2000.

1.1.7 UPPTCL is entrusted with the responsibilities of planning and development of an efficient and economic intra-State transmission system, providing connectivity and allowing open access for use of the intra-State transmission system in coordination, among others, licensees and generating companies. In doing so, it is guided by the provisions of the UP Electricity Grid Code, 2007, UPERC (Terms and Conditions for Open Access) Regulations, 2004, and UPERC (Grant of Connectivity to intra-State Transmission System) Regulations, 2010 as amended from time to time.

1.1.8 The Government of Uttar Pradesh (GoUP), in exercise of the powers vested under Section 31 of the Electricity Act, 2003, vide Notification No. 78/24-U.N.N.P.-11-525/08 dated January 24, 2011 notified the "Power System Unit" as the "State Load Despatch Centre" of Uttar Pradesh for the purpose of exercising the powers and discharging the functions under Part V of the Electricity Act, 2003. SLDC shall be operated by the Uttar Pradesh Power Transmission Corporation Ltd., in its capacity as the State Transmission Utility. SLDC shall be the apex body to ensure integrated operation of the power system in the State.

1.2 TRANSMISSION TARIFF REGULATIONS

1.2.1 The Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2006 (hereinafter referred to as the "Transmission Tariff Regulations, 2006") were notified by the Commission on October 6, 2006. These Regulations are applicable for the purposes of ARR filing and Tariff determination of the Transmission Licensees within the State of Uttar Pradesh from FY 2007-08 onwards.

2. PROCEDURAL HISTORY

2.1 TARIFF ORDER FOR FY 2014-15

2.1.1 The Commission, vide its Order dated October 1, 2014, approved the Annual Revenue Requirement and Transmission Tariff for UPPTCL for FY 2014-15. In the said Order, the Commission also approved the true up for FY 2011-12.

2.2 ARR & TARIFF PETITION FILING BY UPPTCL

2.2.1 In accordance with Regulation 2.1.1 of the Transmission Tariff Regulations, 2006, the Transmission Licensees' are required to file their ARR / Tariff Petitions before the Commission latest by November 30, each year so that the Tariff can be determined and be made applicable for the subsequent financial year.

2.2.2 The ARR / Tariff Petition for FY 2015-16 was filed by UPPTCL under Section 64 of the Electricity Act, 2003 on December 15, 2014 (Petition No. 993/2014).

2.3 PRELIMINARY SCRUTINY OF THE PETITIONS

2.3.1 A preliminary analysis of the ARR & Tariff Petition was conducted by the Commission, wherein it was observed that UPPTCL has submitted the provisional accounts for FY 2013-14 and audited accounts for FY 2012-13 along with the supplementary audit report of the Comptroller and Auditor General of India (CAG). The need for submission of audited accounts was also reaffirmed in the Judgment of Hon'ble Appellate Tribunal for Electricity (Hon'ble ATE) dated October 21, 2011 in Appeal No. 121 of 2010 in the Petitioner's case.

2.3.2 A deficiency note was issued by the Commission on January 15, 2015, seeking clarifications on issues in regard to the Petition filed by the Petitioner. The

Petitioner replied to some of the queries raised in the deficiency note on February 13, 2015 and sought additional time for replying to other queries. Subsequently, on February 26, 2015, the Petitioner submitted the response to the datagaps raised by the Commission.

2.4 ADMITTANCE OF THE PETITIONS

2.4.1 The Commission, vide its Admittance Order dated March 23, 2015, directed the Petitioner to publish, within 3 days from the date of issue of that Order, the Public Notice detailing the salient information and facts of the Petitions in at least two daily newspapers (one English and one Hindi) for inviting views/objections by all stakeholders and public at large. The Commission also directed the Petitioner to upload the response to the deficiency note on its website.

2.5 PUBLICITY OF THE PETITIONS

2.5.1 The Public Notice detailing the salient features of the Petitions were published by the Petitioner in daily newspapers as detailed below, inviting objections from the public at large and all stakeholders:

- Hindustan Times (English) : March 25, 2015
- The Indian Express (English) : March 26, 2015
- Amar Ujaala (Hindi) : March 25, 2015
- Dainik Jagran (Hindi) : March 26, 2015

2.6 PUBLIC HEARING PROCESS IN RESPECT OF ARR / TARIFF DETERMINATION

2.6.1 The Commission also held public hearings to encourage active participation of the stakeholders and obtain their views and suggestions.

Table -: Public Hearings

S. No.	Date	Place of Hearing	Hearings in the matter of
1	April 9, 2015	Sitapur	PuVVNL, PVVNL, MVVNL, DVVNL, KESCO, NPCL & UPPTCL
2	April 15, 2015	Ghaziabad	
3	April 21, 2015	Orai	
4	April 27, 2015	Gorakhpur	

3. PUBLIC HEARING PROCESS

3.1 OBJECTIVE

3.1.1 The Commission, in order to achieve the twin objectives, i.e., to observe transparency in its proceedings and functions and to protect interest of consumers, has always attached importance to the views/comments/ suggestions/objections/representations of the public on the true up and ARR / Tariff determination process. The process gains significant importance in a "cost plus regime", wherein the entire cost allowed to the Petitioner gets transferred to the consumer.

3.1.2 The comments of the consumers play an important role in the determination of Tariff. Factors such as quality of electricity supply and the service levels need to be considered while determining the Tariff.

3.1.3 The Commission, by holding Public Hearing in accordance with Regulation 55 of the Uttar Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2004, has provided the various stakeholders as well as the public at large, a platform where they would be able to share their views / comments / suggestions/ objections / representations on the determination of Transmission Tariff for FY 2015-16 and truing up for FY 2012-13. This process also enables the Commission to adopt a transparent and participative approach in the process of its proceedings.

3.1.4 The Commission has not received any specific views / comments / suggestions / objections / representations from the stakeholders on the Petition filed by UPPTCL for determination of ARR and Tariff for FY 2015-16 and truing up for FY 2012-13. The list of consumers, who attended the Public Hearings, is appended at **Annexure I**.

4. ESCALATION INDEX / INFLATION RATE

4.1 Provisions of Transmission Tariff Regulations, 2006

4.1.1 Regulation 4.2 of the Transmission Tariff Regulations, 2006 specifies the methodology for consideration of the O&M expenses, wherein such expenses are linked to the inflation index determined under these Regulations. The relevant provisions of the Transmission Tariff Regulations are reproduced below:

"***4.2 Operation and Maintenance Expenses***

1. *The O&M expenses for the base year shall be calculated on the basis of historical/audited costs and past trend during the preceding five years. However, any abnormal variation during the preceding five years shall be excluded. O & M expenses so calculated for the base year shall then be escalated on the basis of prevailing rates of inflation for the year as notified by the Central Government and shall be considered as a weighted average of Wholesale Price Index and Consumer Price Index in the ratio of 60:40. Base year, for these regulations means, the first year of tariff determination under these regulations.*

2. *Where such data for the preceding five years is not available the Commission may fix O&M expenses for the base year as certain percentage of the capital cost.*

3. *Incremental O&M expenses for the ensuing financial year shall be 2.5% of capital addition during the current year. O&M charges for the ensuing financial year shall be sum of incremental O&M expenses so worked out and O&M charges of current year escalated on the basis of predetermined indices as indicated in regulation 4.2.1 above.*

4. *However, the Commission may direct the utilities to bring down the O & M expenses to an efficient level i.e., by fixing norms based on the circuit kilometers of transmission lines, transformation capacity at the sub-stations, number of bays in substation etc. of similarly placed efficient utilities, within such span of time, as may be determined by the Commission.*

5. *The Commission shall examine and if satisfied shall allow inclusion in revenue requirement in the next period additional O&M expenses on account of war, insurgency, and change in laws or like eventualities for a specified period.*"

4.1.2 The Commission has determined the O&M expenses for the base year, i.e., FY 2007-08 in the Order dated May 21, 2013 in Petition No. 809/2012. The Commission has approved the truing up in respect of FY 2008-09, FY 2009-10 and FY 2010-11 in the Order dated May 31, 2013 in Suo - Motu Case No. 01 of 2013, Petition No. 849/2012 and Petition No. 883/2013. The Commission has approved the truing up in respect of FY 2011-12 in the Order dated October 1, 2014 in Petition No. 916/2013. In this Order, the Commission has approved the truing up in respect of FY 2012-13. The trued up O&M expenses for FY 2012-13 have been extrapolated up to FY 2015-16 at the yearly escalation index as specified under the Transmission Tariff Regulations, 2006.

4.1.3 The Commission, in accordance with the Transmission Tariff Regulations, 2006, has calculated the inflation index for the relevant year (n^{th} year) based on the weighted average index of Wholesale Price Index (WPI) and Consumer Price Index (CPI) of the corresponding year. The Commission has considered the WPI indices as available on the website of the Office of the Economic Advisor to the Government of India, Ministry of Commerce and Industry (www.eaindustry.nic.in/) and CPI indices as available on the website of the Labour Bureau Government of India (www.labourbureau.gov.in).

4.1.4 The computation of inflation index is given in the Table below:

Table -: Calculation of Escalation / Inflation Index

Month	Wholesale Price Index				Consumer Price Index				Consolidated Index			
	FY 12	FY 13	FY 14	FY 15	FY 12	FY 13	FY 14	FY 15	FY 12	FY 13	FY 14	FY 15
April	152	164	171	181	186	205	226	242	166	180	193	205
May	152	164	171	182	187	206	228	244	166	181	194	207
June	153	165	173	183	189	208	231	246	167	182	196	208
July	154	166	176	185	193	212	235	252	170	184	199	212
August	155	167	179	186	194	214	237	253	171	186	202	213
September	156	169	181	185	197	215	238	253	173	187	204	212
October	157	169	181	184	198	217	241	253	173	188	205	211
November	157	169	182	181	199	218	243	253	174	188	206	210
December	157	169	180	179	197	219	239	253	173	189	203	208
January	159	170	179	177	198	221	237	254	174	191	202	208
February	159	171	180	176	199	223	238	253	175	192	203	207
March	161	170	180	176	201	224	239	254	177	192	204	207
Average	**156**	**168**	**178**	**181**	**195**	**215**	**236**	**251**	**172**	**187**	**201**	**209**
									Calculation of Inflation Index (CPI-40%, WPI-60%)			
Weighted Average of Inflation										**8.75%**	**7.69%**	**4.02%**

As depicted in the Table above, the Commission has considered an escalation / inflation index of 8.75% for FY 2012-13, 7.69% for FY 2013-14, 4.02% for FY 2014-15 and FY 2015-16.

5. TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2012-13

The Commission, in its Order dated October 19, 2012 in Petition No. 739/2011 and Petition No. 793/2012, approved the ARR and Tariff for FY 2012-13 for UPPTCL. The Petitioner has sought the final truing up of expenditure and revenue for FY 2012-13 based on actual expenditure and revenue as per the Audited Accounts. In this section, the Commission has analysed all the elements of actual revenue and expenses for FY 2012-13, and has undertaken the truing up of expenses and revenue after prudence check of the data made available by the Petitioner. The Commission has allowed the true up for FY 2012-13 considering the principles laid down in the Transmission Tariff Regulations, 2006.

5.1 O&M EXPENSES

The Petitioner's Submissions

5.1.1 Operation and Maintenance (O&M) expenses comprises of employee expenses, administrative and general (A&G) expenses, and repair and maintenance (R&M) expenses.

5.1.2 The Petitioner submitted that the actual gross employee expenses were Rs. 344.96 Crore as against Rs. 433.44 Crore approved by the Commission in the Tariff Order for FY 2012-13. The employee expenses capitalised as per Audited Accounts are to the tune of Rs. 75.12 Crore as against Rs. 94.05 Crore approved in the Tariff Order. Thus, the net employee expenses as per Audited Accounts are Rs. 269.84 Crore as against Rs. 339.39 Crore approved in the Tariff Order.

5.1.3 The Petitioner submitted that the actual gross A&G expenses were Rs. 16.03 Crore as against Rs. 21.23 Crore approved by the Commission in the Tariff Order for FY 2012-13. The A&G expenses capitalised as per Audited Accounts are to the tune of Rs. 9.58 Crore against Rs. 4.03 Crore approved in the Tariff Order. Thus, the net A&G expenses as per Audited Accounts are Rs. 6.46 Crore as against Rs. 17.20 Crore approved in the Tariff Order.

5.1.4 The actual repair and maintenance expenses for FY 2012-13 were Rs. 143.14 Crore as against Rs. 104.18 Crore approved by the Commission in the Tariff Order for FY 2012-13.

5.1.5 The Petitioner submitted that it had been able to control the employee expenses and A&G expenses within the limit prescribed in the Tariff Order. The overall O&M expenses are also within the limit approved in the Tariff Order.

5.1.6 The Petitioner submitted that the normative O&M expenses for FY 2012-13 have been computed by escalating the component wise O&M expenses approved in true up for FY 2011-12 by the escalation index of 8.69%, which is the escalation index for FY 2011-12. In addition to the O&M expenses based on inflationary indices based on escalation, the Petitioner has claimed the incremental O&M expenses on asset addition during the year in accordance with Transmission Tariff Regulations, 2006. The Petitioner requested the Commission to allow the normative O&M expenses in true up for FY 2012-13 in accordance with the Transmission Tariff Regulations, 2006.

5.1.7 The Petitioner has claimed Rs. 442.56 Crore towards net O&M expenses for FY 2012-13 as against Rs. 460.77 Crore approved by the Commission in the Tariff Order and the actual O&M expenses of Rs. 419.43 Crore as per the Audited Accounts.

The Commission's Ruling:

5.1.8 The Commission asked the Petitioner to submit the reasons for increase in actual R&M expenses for FY 2012-13 in comparison to that approved in the Tariff Order. The Petitioner submitted that the appropriate base for comparing the actual R&M expenses for FY 2012-13 is the trued up R&M expenses for FY 2011-12 and not the R&M expenses approved in the Tariff

Order for FY 2012-13. The actual R&M expenses of Rs. 143.14 Crore for FY 2012-13 is 27.33% higher in comparison to the trued up R&M expenses of Rs. 112.41 Crore for FY 2011-12 and this increase is inclusive of increase in R&M expenses due to asset addition. The Petitioner submitted that it had inherited aged and complex network, which is congested at multiple locations. The Petitioner submitted that it has been endeavouring to remove congestions by increasing the capacity of existing sub-stations and building new sub-stations and lines.

5.1.9 Regulation 4.2.1 of the Transmission Tariff Regulations issued by the Commission stipulates:

"

1. *The O&M expenses for the base year shall be calculated on the basis of historical/audited costs and past trend during the preceding five years. However, any abnormal variation during the preceding five years shall be excluded. O & M expenses so calculated for the base year shall then be escalated on the basis of prevailing rates of inflation for the year as notified by the Central Government and shall be considered as a weighted average of Wholesale Price Index and Consumer Price Index in the ratio of 60:40. Base year, for these regulations means, the first year of tariff determination under these regulations."*

5.1.10 The Commission has trued up the O&M expenses for FY 2012-13 in accordance with the Transmission Tariff Regulations, 2006.

5.1.11 The Commission has determined the trued up O&M expenses for the preceding year, FY 2011-12 in its Order dated October 1, 2014 in Petition No. 916/2013 as Rs. 340.33 Crore.

5.1.12 The allowable O&M expenses for FY 2012-13 have been approved by escalating the component wise O&M expenses for FY 2011-12 by using the escalation index of 8.75 % as computed in Section 4 above.

5.1.13 Further, in addition to the O&M cost based on inflationary indices based on escalation, the Transmission Tariff Regulations, 2006 provide for incremental O&M expenses on addition to assets during the year. Regulation 4.2.3 of the Transmission Tariff Regulations issued by the Commission stipulates:

"3. Incremental O&M expenses for the ensuing financial year shall be 2.5% of capital addition during the current year. O&M charges for the ensuing financial year shall be sum of incremental O&M expenses so worked out and O&M charges of current year escalated on the basis of predetermined indices as indicated in regulation 4.2.1 above."

5.1.14 In accordance with the Transmission Tariff Regulations, 2006 the Commission has approved the incremental O&M expenses for FY 2012-13 as shown in the Table given below:

Table -: Approved Incremental O&M Expenses for FY 2012-13 (Rs. Crore)

Particulars	Derivation	True up Petition	Approved upon truing up
Net Addition to GFA during preceding year, FY 2011-12	A	672.24	672.24
Incremental O&M expenses for preceding year, FY 2011-12	B	84.62	84.62
Incremental O&M expenses @ 2.50% of Net GFA addition of preceding year, FY 2011-12	C=2.50% of A	16.81	16.81
Inflation Index	D	8.69%	8.75%
Incremental O&M expenses for preceding year, FY 2011-12, escalated with the Inflation Index	E =Bx(1+D)	91.97	92.02
Incremental O&M expenses	**F= C+E**	**108.77**	**108.83**
Employee expenses		*73.60*	*74.34*
A&G expenses		*3.86*	*4.07*
R&M expenses		*31.31*	*30.42*

5.1.15 The same are allocated across the individual elements of the O&M expenses on the basis of the contribution of each element in the gross O&M expenses as approved in the subsequent paragraphs.

5.1.16 The O&M expenses approved for FY 2012-13 is as shown in the Table given below:

Table -: Approved O&M expenses for FY 2012-13 (Rs. Crore)

Particulars	Tariff Order	True up Petition	Approved upon truing up
Employee expenses			
Gross employee expenses and provisions	416.14	304.02	304.20
Incremental employee expenses @ 2.50% of GFA additions of preceding year	17.30	73.60	74.34
Total employee expenses	433.44	377.62	378.54
Employee expenses capitalised	94.05	75.12	75.12
Net employee expenses	**339.39**	**302.50**	**303.42**
A&G expenses			
Gross A&G expenses	20.35	17.86	17.87
Incremental A&G expenses @ 2.50% of GFA addition of preceding year	0.88	3.86	4.07
Total A&G expenses	21.23	21.72	21.94
A&G expenses capitalised	4.03	9.58	9.58
Net A&G expenses	**17.20**	**12.14**	**12.37**
R&M expenses			
R&M expenses	98.86	96.61	96.67
Incremental R&M expenses @ 2.50% of GFA addition of preceding year	5.32	31.31	30.42
Total R&M expenses	**104.18**	**127.92**	**127.08**
Total O&M expenses allowable as per Regulations	**460.77**	**442.56**	**442.87**

5.1.17 The summary of O&M expenses submitted by the Petitioner and as approved by the Commission is as shown in the Table given below:

Table -: Actual Vs approved O&M expenses for FY 2012-13 (Rs. Crore)

Particulars	Tariff Order	Actual as per Audited Accounts	True up Petition	Approved upon truing up
Employee expenses	433.44	344.96	377.62	378.54
Administrative & General expenses	21.23	16.03	21.72	21.94
Repair & Maintenance expenses	104.18	143.14	127.92	127.08
Gross Operation & Maintenance expenses	**558.85**	**504.13**	**527.26**	**527.57**
Less: Expenses capitalised				
Employee expenses capitalised	94.05	75.12	75.12	75.12
A&G expenses capitalised	4.03	9.58	9.58	9.58
Total expenses capitalised	**98.08**	**84.70**	**84.70**	**84.70**
Net Operation & Maintenance expenses	**460.77**	**419.43**	**442.56**	**442.87**

5.2 INTEREST AND FINANCE CHARGES

5.2.1 Interest on Long Term Loans

The Petitioner's Submissions

5.2.1.1 The Petitioner has claimed gross interest expenses of Rs. 658.06 Crore and net interest expenses of Rs 396.16 Crore as against net interest expense of Rs. 334.07 Crore approved in the Tariff Order for FY 2012-13.

5.2.1.2 The Petitioner submitted that interest cost is an uncontrollable cost as the interest regime is determined by various factors and the actual loans taken are consequential to the actual capital expenditure.

5.2.1.3 The Petitioner submitted that it had derived the actual capital investments in FY 2012-13 considering the CWIP and GFA balances as per the Audited Accounts. The Petitioner submitted that the total capital expenditure after deduction of the capital expenditure financed through consumer contributions, capital subsidies and grants is considered to be financed through debt and equity in the ratio of 70:30.

The Commission's Ruling

5.2.1.4 The Petitioner submitted the closing CWIP for FY 2012-13 as Rs. 5292.58 Crore while the closing CWIP as per Note 10 of the Audited Accounts is Rs. 2416.54 Crore. The Commission asked the Petitioner to submit the justification for this discrepancy. The Petitioner submitted that the closing CWIP for FY 2012-13 is the sum of (i) closing balance of CWIP as per Note 10 of the Audited Accounts and (ii) advances made to contractors and suppliers as per Note 11 of the Audited Accounts. The Petitioner submitted that till FY 2011-12, the financial statements depicted the sum of CWIP and advances to suppliers and contractors under the same schedule but from FY 2012-13, the two are being shown separately. The Petitioner further submitted that the advances to suppliers and contractors as per Note 11 of the Audited Accounts are towards capital works and are part of capital investment schemes. The Commission took cognizance of the submissions of the Petitioner in this regard.

5.2.1.5 Considering the CWIP and GFA balances as per Audited Accounts, the Commission has derived the actual capital investments undertaken by the Petitioner in FY 2012-13. The details are provided in the Table below:

Table -: Approved Capital Investments in FY 2012-13 (Rs. Crore)

Particulars	Derivation	Tariff Order	True up Petition	Approved upon truing up
Opening WIP as on 1st April	A	2825.77	4040.33	4040.33
Investments	B	1549.95	1463.21	1463.21
Employee expenses capitalisation	C	94.05	75.12	75.12
A&G expenses capitalisation	D	4.03	9.58	9.58
Interest capitalisation in Interest on long term loans	E	98.96	261.90	261.90
Total Investments	**F=A+B+C+D+E**	**4572.76**	**5850.14**	**5850.14**
Transferred to GFA (total capitalisation)	G	1093.93	557.56	557.56
Closing WIP	**H=F-G**	**3281.79**	**5292.58**	**5292.58**

5.2.1.6 The Commission has considered a normative approach with debt: equity ratio of 70:30. Considering this approach, 70% of the capital expenditure undertaken in the year has been considered to be financed through loan and balance 30% has been considered to be financed through equity contributions. The portion of capital expenditure financed through consumer contributions, capital subsidies and grants has been separated as the depreciation and interest thereon would not be charged to the consumers. The Audited Accounts of the Petitioner reveal the amounts received as consumer contributions, capital subsidies and grants, as summarised in the Table below:

Table -: Approved Consumer Contributions, Capital grants and Subsidies in FY 2012-13 (Rs. Crore)

Particulars	True up Petition*	Approved
Opening balance of Consumer Contributions, Grants and Subsidies towards cost of Capital Assets	337.01	337.01
Addition during the year	30.54	30.54
Less: Amortisation	16.44	17.97
Closing Balance	**351.11**	**349.58**

**Submitted vide replies dated February, 12, 2015*

5.2.1.7 The Commission observes that the amortisation of consumer contributions as per Note 2 of the audited accounts for FY 2012-13 is Rs. 17.97 Crore while UPPTCL has submitted the amortisation of Rs. 16.44 Crore which is equivalent to depreciation on assets created out of consumer contribution.

5.2.1.8 Thus, the approved financing of the Capital Investment is as shown in the Table given below:

Table -: Financing of Capital Investments in FY 2012-13 (Rs. Crore)

Particulars	Derivation	True up Petition	Approved upon truing up
Investment	A	1463.21	1463.21

Particulars	Derivation	True up Petition	Approved upon truing up
Less:			
Consumer Contribution	B	30.54	30.54
Investment funded by debt and equity	C=A-B	1432.67	1432.67
Debt funded	70%	1002.87	1002.87
Equity funded	30%	429.80	429.80

5.2.1.9 Thus, from the above Tables, it could be observed that UPPTCL has made investment of Rs. 1463.21 Crore in FY 2012-13. The consumer contributions, capital subsidies and grants received during the corresponding period is Rs. 30.54 Crore. Thus, balance Rs. 1432.67 Crore has been funded through debt and equity. Considering a debt equity ratio of 70:30, Rs. 1002.87 Crore or 70% of the capital investment is approved to be funded through debt and balance 30% equivalent to Rs. 429.80 Crore through equity. Allowable depreciation for the year has been considered as normative loan repayment. The actual weighted average interest rate of 12.59% has been considered for computing the interest. The opening balance of long term loan has been considered from the loan balance approved in the True up for FY 2011-12 in the Order dated October 1, 2014.

5.2.1.10 Considering the above, the gross interest on long term loan is Rs. 658.07 Crore. The interest capitalisation has been considered at the same rate as per the Audited Accounts. The interest on long term loan approved for FY 2012-13 is as shown in the Table given below:

Table -: Approved Interest on Long Term Loans for FY 2012-13 (Rs. Crore)

Particulars	Tariff Order	True up Petition	Approved upon truing up
Opening Loan balance		4907.17	4907.17
Loan Addition (70% of Investments)		1002.87	1002.87
Less: Repayments (Depreciation allowable for the year)		360.67	360.67
Closing Loan balance		5549.36	5549.37

Particulars	Tariff Order	True up Petition	Approved upon truing up
Weighted average rate of interest		12.59%	12.59%
Interest on Long Term Loans	**334.07**	**658.06**	**658.07**
Interest Capitalisation Rate		39.80%	39.80%
Less: Interest Capitalised	0.00	261.90	261.90
Net Interest Charged	**334.07**	**396.17**	**396.16**

5.2.2 Finance charges

The Petitioner's Submissions

5.2.2.1 The Petitioner has claimed Rs. 2.97 Crore towards finance charges for FY 2012-13. Items claimed under this head are towards items such as bank charges and finance charges.

The Commission's Ruling

5.2.2.2 The Commission approves the bank charges and finance charges as per the Audited Accounts to the extent of Rs. 2.97 Crore for FY 2012-13.

5.2.3 Interest on Working Capital

The Petitioner's Submissions

5.2.3.1 The Petitioner has claimed Interest on Working Capital of Rs. 40.64 Crore for FY 2012-13 as against Rs. 32.63 Crore approved by the Commission in the Tariff Order for FY 2012-13. The Petitioner submitted that it has computed Interest on Working Capital in accordance with the Transmission Tariff Regulations, 2006.

The Commission's Ruling

5.2.3.2 In the Tariff Order for FY 2012-13, the Commission had allowed Rs. 32.63 Crore towards Interest on Working Capital. The Transmission Tariff Regulations, 2006 provide for normative interest on working capital based on the methodology outlined in the Regulations. Accordingly, the Commission has approved Interest on Working Capital for FY 2012-13 as shown in the Table below:

Table -: Approved Interest on Working Capital for FY 2012-13 (Rs. Crore)

Particulars	Tariff Order	True up Petition	Approved upon truing up
One month's O&M expenses	46.23	36.88	36.91
One-twelfth of the sum of the book value of materials in stores at the end of each month	10.76	60.65	60.65
Receivables equivalent to 60 days average billing on consumers	204.06	227.60	213.80
Total Working Capital	**261.06**	**325.13**	**311.36**
Rate of Interest on Working Capital	12.50%	12.50%	12.50%
Interest on Working Capital	**32.63**	**40.64**	**38.92**

5.2.3.3 The following table summarises the interest and finance charges submitted by the Petitioner and approved by the Commission for FY 2012-13:

Table -: Approved Interest and Finance Charges for FY 2012-13 (Rs. Crore)

Particulars	Tariff Order	Actual as per Audited Accounts	True up Petition	Approved upon truing up
A. Interest on Long Term Loans				
Gross Interest on Long Term Loan	334.07	689.79	658.06	658.07
Less: Interest Capitalisation	0.00	261.90	261.90	261.90
Net Interest on Long Term Loans	**334.07**	**427.90**	**396.16**	**396.16**
B. Finance and Other Charges				
Guarantee Charges	0.00	2.92	2.92	2.92
Bank Charges	0.00	0.04	0.04	0.04
Total Finance Charges	**0.00**	**2.97**	**2.97**	**2.97**
C. Interest on Working Capital	**32.63**	0.00	**40.64**	**38.92**
Total (A+B+C)	**366.70**	**430.86**	**439.77**	**438.04**

5.3 DEPRECIATION

The Petitioner's Submissions

5.3.1 The actual depreciation expense charged in the Audited Accounts is Rs. 374.94 Crore. However, the same has been accounted for considering the depreciation rates prescribed by the Companies Act, 1956.

5.3.2 The Petitioner submitted that it had computed the gross allowable depreciation for FY 2012-13 considering the depreciable GFA base as per the Audited Accounts and the rate of depreciation approved by the Commission for FY 2012-13 in the Tariff Order. The Petitioner submitted that the depreciation on assets created out of consumer contributions, capital grants and subsidies has been deducted from the gross depreciation and accordingly the net depreciation for FY 2012-13 is Rs. 360.67 Crore.

The Commission's Ruling

5.3.3 The Commission observed that the GFA addition in FY 2012-13 is inclusive of Rs. 1.25 Crore towards intangible assets. The Commission asked the Petitioner to submit the details of such intangible assets. The Petitioner submitted that the intangible assets include the cost of softwares pertaining to SCADA, EASS and load flow studies.

5.3.4 The Commission has computed the allowable depreciation expense on the GFA base as per the Audited Accounts for FY 2012-13 and at the rates approved by the Commission in the Tariff Order for FY 2012-13. The Commission has computed the depreciation only on the depreciable asset base and have excluded the non-depreciable assets such as land, land rights, etc.

5.3.5 Considering this philosophy, the gross entitlement towards depreciation is as shown in the Table below:

Table -: Gross Allowable Depreciation for FY 2012-13 (Rs. Crore)

Sl. No.	Particulars	Opening GFA	Addition to GFA	Deduction to GFA	Closing GFA	Depreciation Rate	Allowable Gross Depreciation
1	Land & Land Rights						
	(i) Unclassified	31.65	0.12	0.00	31.77		
	(ii) Freehold Land	5.23	-5.18	0.00	0.05		
2	Buildings	278.23	25.41	0.03	303.62		
3	Other Civil Works	43.87	0.42	0.00	44.29		
4	Plant & Machinery	4402.81	387.24	96.77	4693.29		
5	Lines, Cables, Network etc.	3345.76	146.50	1.61	3490.65		
6	Vehicles	3.55	0.00	0.05	3.49		
7	Furniture & Fixtures	1.44	0.11	0.00	1.55		
8	Office Equipments	2.65	2.57	0.00	5.22		
9	Other assets	70.00	0.35	0.00	70.35		
10	**Total Fixed Assets**	**8185.19**	**557.56**	**98.47**	**8644.29**		
11	Non depreciable assets (Land & Land Rights)	36.88	-5.05	0.00	31.82		
12	**Depreciable assets**	**8148.32**	**552.51**	**98.47**	**8612.46**	**4.50%**	**377.12**

5.3.6 The Commission has scrutinised the Audited Accounts submitted by the Petitioner and obtained the figures in respect of depreciation charged on the assets created out of consumer contributions, capital grants and subsidies. This equivalent depreciation amounting to Rs. 16.44 Crore has been reduced from the allowable depreciation for FY 2012-13.

5.3.7 Thus, the approved depreciation for FY 2012-13 is as shown in the Table given below:

Table -: Net Approved Depreciation for FY 2012-13 (Rs. Crore)

S. No.	Particulars	Tariff Order	Actual as per Audited Accounts	True up Petition	Approved upon truing up
1	Gross allowable Depreciation	390.66	391.38	377.12	377.12
2	Less: Equivalent amount of depreciation on assets acquired out of the Consumer Contribution	0.00	16.44	16.44	16.44

S. No.	Particulars	Tariff Order	Actual as per Audited Accounts	True up Petition	Approved upon truing up
3	**Net allowable Depreciation**	**390.66**	**374.94**	**360.67**	**360.67**

5.4 PRIOR PERIOD EXPENSES

The Petitioner's Submissions

5.4.1 The Petitioner has submitted that it has identified and accounted for certain prior period incomes and expenses in the Audited Accounts for FY 2012-13. In the financial statements for FY 2012-13, there has been recognition of net prior period expense of Rs. 81.35 Crore.

The Commission's Ruling

5.4.2 Prior period expenses and incomes are the outcomes of omissions / errors in recording the transactions in the accounting statements. The items booked under the prior period expenses are essentially ARR items like O&M expenses, interest and finance charges, etc. Each item of ARR has a distinct methodology of treatment in the ARR and true up determination.

5.4.3 The Commission in its Order dated October 1, 2014 on approval of Transmission Tariff for FY 2014-15 directed as under:

"6.4.6 *Thus, the Petitioner is directed to file a separate Petition for approval of prior period expenses / incomes. The Petition should clearly indicate the head wise and year wise bifurcation of prior period expenses / incomes clearly indicating the impact of such expenses / incomes on various ARR components and such impact should not exceed the normative expenses for any particular year. Further, based on the data submitted by the Petitioner, the Commission after scrutiny and prudence check shall consider the expenses under the above head as it deems fit.*"

5.4.4 The Commission asked the Petitioner to submit the relevant information for FY 2012-13 as specified in the above direction regarding the submission of information for prior period items. The Petitioner submitted that the prior period expenses / incomes are recognised in the financial statements in compliance with the Accounting Standards (AS 5) (Revised) on 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' which does not require year wise classification of prior period items. As there was no statutory requirement of classifying the prior items with respect to the each year to which they pertain, such information was not specifically depicted in the audited accounts. Considering this the expenses and incomes which are omitted to be accounted for in one or more financial years are accounted for as and when such omissions or errors are detected. The Petitioner requested the Commission to allow the prior period expenses as per the audited accounts which has also received the approval of the CAG.

5.4.5 Thus, in line with the approach adopted by the Commission in its earlier True up Orders, the Petitioner is directed to file a separate Petition for approval of prior period expenses / incomes. The Petition should clearly indicate the head-wise year-wise bifurcation of prior period expenses / incomes clearly indicating the impact of such expenses / incomes on various ARR components, and such impact should not exceed the normative expenses for any particular year. Based on the data submitted by the Petitioner, the Commission after scrutiny and prudence check shall consider the expenses under the above head as it deems fit.

5.4.6 The Commission has not approved the prior period expenses in true up for FY 2012-13 as claimed by the Petitioner.

5.5 RETURN ON EQUITY

The Petitioner's Submissions

5.5.1 The Petitioner has claimed Return on Equity of Rs. 61.98 Crore for FY 2012-13 as against Rs. 55.78 Crore approved by the Commission in the Tariff Order for FY 2012-13.

5.5.2 The Petitioner submitted that the Return on Equity for FY 2012-13 has been arrived by considering the following:

- Opening equity as on 1st April, 2007 based on the equity balance, which devolved upon the Petitioner in the Transmission Transfer Scheme.
- Equity additions in FY 2007-08, to FY 2012-13 equivalent to normative 30% of the capitalised assets.
- A rate of 2% has been considered for computing return on eligible equity.

The Commission's Ruling

5.5.3 Under the provisions of Transmission Tariff Regulations, the Petitioner is allowed a return @ 14% on equity base; for equity base calculation, debt equity ratio shall be 70:30. Where equity involved is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30%. Equity amounting to more than 30% shall be considered as loan. In case of actual equity employed being less than 30%, actual debt and equity shall be considered for determination of tariff.

5.5.4 In view of the huge gap in the recovery of cost of supply at the Discom level, the Petitioner was of the view that return on equity would only result in accumulation of receivables.

5.5.5 As such, the Petitioner has been claiming return on equity @ 2% since FY 2009-10 onwards. Return on equity has been computed on the normative equity portion (30%) of capitalised assets.

5.5.6 The Commission, while truing up the Return on Equity, has considered:

- Closing equity approved by the Commission for FY 2011-12 has been considered as the opening equity for FY 2012-13.

- Return on equity has been computed at the rate of 2% in line with the approach adopted by the Commission in the earlier Orders.

5.5.7 The approved Return on Equity for FY 2012-13 is as shown in the Table given below:

Table -: Approved Return on Equity for FY 2012-13 (Rs. Crore)

Particulars	Tariff Order	True up Petition	Approved upon truing up
Equity at the beginning of the year	2624.93	3015.34	3015.34
Assets Capitalised	1093.93	557.56	557.56
Addition to Equity	328.18	167.27	167.27
Closing Equity	2953.11	3182.60	3182.61
Average Equity	2789.02	3098.97	3098.97
Rate of Return	2.00%	2.00%	2.00%
Return on Equity	**55.78**	**61.98**	**61.98**

5.6 REVENUE SIDE TRUING UP

The Petitioner's Submissions

5.6.1 Non Tariff Income

5.6.1.1 The Petitioner has submitted that the actual non tariff income for FY 2012-13 is Rs. 20.74 Crore as against Rs. 32.53 Crore approved in the Tariff Order.

The Commission's Ruling

5.6.1.2 The Commission observes that the submissions of the Petitioner are in order and accordingly approved the non tariff income as submitted by the Petitioner for FY 2012-13.

5.6.2 Revenue from Transmission of Power

The Petitioner's Submissions

5.6.2.1 The Petitioner submitted that the transmission charges recovered in FY 2012-13 are to the tune of Rs. 1285.82 Crore as per the Audited Accounts. As part of separate function of SLDC, it has recovered Rs. 1.99 Crore as SLDC charges in FY 2012-13. The open access charges billed in FY 2012-13 are to the tune of Rs. 20.96 Crore. Thus, the total revenue receipts of the Petitioner are to the tune of Rs. 1308.78 Crore in FY 2012-13.

The Commission's Ruling

5.6.2.2 The Commission observes that the submissions of the Petitioner are in order and accordingly approves the Revenue from Transmission of Power as submitted by the Petitioner for FY 2012-13.

5.7 ANNUAL REVENUE REQUIREMENT FOR FY 2012-13 AFTER TRUING UP

5.7.1 The Annual Revenue Requirement for FY 2012-13 after final truing up is summarised in the table below:

Table -: ARR for FY 2012-13 after final truing up (Rs. Crore)

Particulars	Tariff Order	Actual as per Audited Accounts	True up Petition	Approved upon truing up
Employee expenses	433.44	344.96	377.62	378.54
A&G expenses	21.23	16.03	21.72	21.94
R&M expenses	104.18	143.14	127.92	127.08
Interest on Loan Capital	334.07	689.79	658.06	658.07
Interest on Working Capital	32.63	0.00	40.64	38.92
Finance Charges	0.00	2.97	2.97	2.97
Depreciation	390.66	374.94	360.67	360.67
Gross expenditure	**1316.21**	**1571.83**	**1589.61**	**1588.19**
Less: Employee expenses capitalised	94.05	75.12	75.12	75.12
Less: A&G expenses capitalised	4.03	9.58	9.58	9.58
Less: Interest expenses capitalised	0.00	261.90	261.90	261.90
Net expenditure	**1218.13**	**1225.23**	**1243.01**	**1241.59**
Bad Debts & Provisions	0.00	0.00	0.00	0.00

Particulars	Tariff Order	Actual as per Audited Accounts	True up Petition	Approved upon truing up
Prior Period expenses	0.00	81.35	81.35	0.00
Net expenditure with provisions	**1218.13**	**1306.58**	**1324.36**	**1241.59**
Add: Return on Equity	55.78	0.00	61.98	61.98
Less: Non Tariff Income	32.53	20.74	20.74	20.74
Annual Revenue Requirement	**1241.38**	**1285.84**	**1365.59**	**1282.83**
Revenue from Operations	-	1308.78	1308.78	1308.78
Net Gap/(Surplus)	-	**-**	**56.82**	**(25.95)**

5.7.2 Thus, the net revenue surplus for FY 2012-13 approved by the Commission is Rs. 25.95 Crore. The Commission allows UPPTCL to refund the net surplus allowed on true up for FY 2012-13 in 1 monthly instalment from the date of this Order in the proportion of amount billed to the Distribution Licensees and other entities in FY 2012-13. The Commission shall consider the same while carrying out the true up for FY 2015-16.

5.8 Derivation of Transmission Tariff for FY 2012-13

5.8.1 The standalone trued up ARR for FY 2012-13 is Rs. 1282.83 Crore as against Rs. 1365.59 Crore claimed by the Petitioner.

5.8.2 Considering the actual energy handled, the Transmission Tariff for FY 2012-13 is computed as shown in the Table given below:

Table -: Trued up Transmission Tariff for FY 2012-13

Particulars	Legend	Tariff Order	Actual as per Audited Accounts	True up Petition	Approved upon truing up
Revenue Gap/(Surplus) for FY 2010-11 approved in the Tariff Order for FY 2012-13	A	83.49	83.49	83.49	83.49
Revenue Gap/(Surplus) for FY 2011-12 approved in the Tariff Order for FY 2012-13	B	(97.71)	(97.71)	(97.71)	(97.71)

Particulars	Legend	Tariff Order	Actual as per Audited Accounts	True up Petition	Approved upon truing up
Standalone ARR for FY 2012-13	C	1241.38	1285.84	1365.59	1282.83
Net ARR for FY 2012-13 (Rs. Crore)	**D=A+B+C**	**1227.16**	**1271.62**	**1351.37**	**1268.61**
Energy Handled (MU)	E	70495.08	73667.40	73667.40	73667.40
Transmission Tariff (Rs./kWh)	**F=D*10/E**	**0.174**	**0.173**	**0.183**	**0.172**

5.9 Additional submissions of the Petitioner

The Petitioner's Submissions

5.9.1 The Petitioner submitted that Transmission Tariff Regulations, 2006 specify the Rate of Return on Equity as 14%. In view of the huge gap in the recovery of cost of supply at Discom level, and to provide benefit to consumers through reduced tariffs, the Return on Equity was not claimed for FY 2007-08 and FY 2008-09 and from FY 2010-11, the Return on Equity is being claimed at the rate of 2%. The Petitioner submitted that the relinquished Return on Equity from FY 2007-08 to FY 2011-12 is to the tune of Rs. 1587.92 Crore as shown in the Table given below:

Table -: Relinquished Return on Equity as submitted by the Petitioner (Rs. Crore)

Particulars	Legend	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Equity at the beginning of the year	A	1842.97	2218.93	2423.97	2642.74	2792.47
Assets Capitalised	B	1253.19	683.47	729.24	499.08	742.90
Addition to Equity	C = 30% of B	375.96	205.04	218.77	149.73	222.87
Closing Equity	D = A + C	2218.93	2423.97	2642.74	2792.47	3015.34
Average Equity	E = (A+D)/2	2030.95	2321.45	2533.35	2717.60	2903.90
Rate of Return claimed	F	0.00%	0.00%	2.00%	2.00%	2.00%
Return on Equity claimed	**G = E x F**	**0.00**	**0.00**	**50.67**	**54.35**	**58.08**
Relinquished RoE %	H = 14% - F	14.00%	14.00%	12.00%	12.00%	12.00%
Relinquished RoE	**I = E x H**	**284.33**	**325.00**	**304.00**	**326.11**	**348.47**
Total Relinquished RoE						**1587.92**

5.9.2 The Petitioner submitted that in the truing up of previous years, the Commission had approved O&M expenses based on historical expenses and not in terms of the transmission network of the Petitioner. The Petitioner submitted that the historical costs have been lower due to multiple reasons such as under-staffing at transmission divisions and field units, working capital issues due to poor paying capacity of the distribution licensees, etc. The Petitioner submitted that the Commission had also disallowed the prior period expenses in the truing up of previous years. The Petitioner submitted that while it had relinquished its entitlement to Return on Equity at the rate of 14% as per Transmission Tariff Regulations, 2006 the Commission had disallowed the actual expenses in the truing up.

5.9.3 The Petitioner requested the Commission to allow the actual expenses in final truing up and any disallowances in case of actual expenses being higher than normative expenses, should be looked at from the point of view of the relinquished Return on Equity. The Petitioner requested that if the actual expenses incurred in any year are over and above the normative expenses, but is within the amount of relinquished Return on Equity, the same may be allowed, as there is no additional burden on the consumers and it would not incur loss in its financial statements. Any under recovery / loss in the financial statements is viewed adversely by the lenders such as PFC and REC and affects the credit rating. The adverse credit rating increases the cost of debt and consequently higher burden on the consumers. The Petitioner submitted that the benefits provided to the consumers are much higher in terms of relinquished Return on Equity than in terms of the disallowed expenses as shown in the Table given below:

Table -: Disallowed expenses Vs relinquished Return on Equity as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Disallowed O&M Expenses	51.32	83.02	29.61	44.87	15.38
Disallowed Prior Period Expenses	6.86	15.71	-13.52	-33.80	33.83
A) Total Disallowances	**58.18**	**98.72**	**16.09**	**11.06**	**49.21**
B) Relinquished Return on Equity	**284.33**	**325.00**	**304.00**	**326.11**	**348.47**

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Difference (B-A)	**226.15**	**226.28**	**287.91**	**315.05**	**299.26**

5.9.4 The Petitioner submitted that the disallowances are only a fraction of the relinquished Return on Equity. The total disallowances over the period FY 2007-08 to 2011-12 is to the tune of Rs. 233.26 Crore as against the relinquished Return on Equity of Rs. 1587.92 Crore over the same period.

5.9.5 The Petitioner requested the Commission to allow actual expenses in final truing up, in case they are over and above normative expenses, and if such difference is within the amount of relinquished Return on Equity. The Petitioner requested the Commission to allow Rs. 233.26 Crore towards the variation in approved expenses and normative expenses for the period FY 2007-08 to FY 2011-12.

The Commission's Ruling

5.9.6 The Petitioner is entitled to Return on Equity at the rate of 14% in accordance with the Transmission Tariff Regulations, 2006. The Petitioner has been claiming Return on Equity at the rate of 2% from FY 2009-10. The decision of claiming Return on Equity at the rate of 2% was put forth by the Petitioner. Taking cognizance of the submissions of the Petitioner, the Commission had been approving Return on Equity at the rate of 2% from FY 2009-10.

5.9.7 The Commission has carried out the truing up for previous years after due prudence check of the actual expenses, in accordance with the Transmission Tariff Regulations, 2006. The submissions of the Petitioner do not qualify for admission under the provisions of the Transmission Tariff Regulations, 2006. Hence, the Commission has not gone into the merits of the submissions of the Petitioner.

6. ANNUAL REVENUE REQUIREMENT FOR FY 2015-16

6.1 TRANSMISSION LOSSES

6.1.1 In the Tariff Order for FY 2014-15 dated October 1, 2014, the Commission had approved intra-State transmission losses of 3.67% and Inter-State transmission losses up to State's Transmission periphery as 1.65%.

6.1.2 The Transmission Tariff Regulations, 2006 clearly state that the base line for losses will have to be based on proper loss estimation studies. In this regard, the Commission had directed the Petitioner to conduct proper loss estimate studies so as to set the base line losses in accordance with Transmission Tariff Regulations, 2006. However, the Petitioner has not submitted the same.

6.1.3 The actual intra-State transmission loss submitted by the Petitioner is as shown in the Table given below:

Table -: Actual intra-State Transmission Loss as submitted by the Petitioner

Particulars\Year	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Intra-State Transmission Loss (%)	4.11%	3.98%	3.56%	3.63%	4.08%	4.17%

6.1.4 The Petitioner has started functioning independently with effect from July 26, 2006. The Commission has time and again directed the Petitioner to conduct a proper loss estimate study so as to set the base line losses in accordance with the Transmission Tariff Regulations, 2006. The Petitioner has not complied with this directive till date. The Commission directs the Petitioner to comply with the earlier directive of the Commission in this regard and submit the compliance report within the stipulated time frame. The Commission cautions the Petitioner that the failure to comply with the Commission's directive might attract punitive action as deemed appropriate by the Commission.

6.1.5 In the absence of proper loss estimates, the Commission approves intra-State transmission losses of 3.59%, as submitted by the State Discoms and inter-State transmission losses up to Transmission periphery as 1.65% for FY 2015-16.

6.2 COMPONENTS OF ARR AND ANALYSIS OF EACH COMPONENT

6.2.1 The Commission has analysed all the components of the Annual Revenue Requirement (ARR) to provide suitable values for each component. The ARR for the Petitioner includes the following components:

a) Operation & Maintenance expenses
   - Employee expenses
   - Administration & General expenses
   - Repair and Maintenance expenses

b) Interest expenses
   - Interest on Loan Capital
   - Interest on Working Capital

c) Depreciation expenses

d) Other Income (Non-tariff income)

e) Special Appropriations

f) Return on Equity

g) Tax on Income

h) Any other relevant expenditure

6.2.2 In accordance with the Transmission Tariff Regulations, 2006, the Commission has analysed each component of the ARR and accordingly approved each of the components along with the justification for the same.

6.3 OPERATION & MAINTENANCE EXPENSES

The Petitioner's Submissions

6.3.1 The Petitioner submitted that the O&M expenses for FY 2015-16 have been computed by escalating the component wise O&M expenses for FY 2012-13 by using the yearly inflation indices upto FY 2014-15, in accordance with Transmission Tariff Regulations, 2006.

6.3.2 The Petitioner submitted that in addition to employee expenses, A&G expenses and R&M expenses, the incremental O&M expenses on addition to Gross Fixed Assets have been claimed for FY 2015-16 in accordance with the Transmission Tariff Regulations, 2006.

6.3.3 The Petitioner submitted that the increase in dearness pay may be higher than the escalation index determined as per the Transmission Tariff Regulations, 2006 and requested the Commission to allow the increase in employee expenses due to increase in dearness pay in true up.

6.3.4 The Petitioner has proposed the O&M expenses of Rs. 624.06 Crore for FY 2015-16.

The Commission's Ruling

6.3.5 Regulation 4.2.1 of the Transmission Tariff Regulations, 2006 specifies:

"1. The O&M expenses for the base year shall be calculated on the basis of historical/audited costs and past trend during the preceding five years. However, any abnormal variation during the preceding five years shall be excluded. O & M expenses so calculated for the base year shall then be escalated on the basis of prevailing rates of inflation for the year as notified by the Central Government and shall be considered as a weighted average of Wholesale Price Index and Consumer Price Index in the ratio of 60:40. Base

year, for these regulations means, the first year of tariff determination under these regulations."

6.3.6 The Commission has trued up each component of O&M expenses for FY 2012-13 in the preceding section.

6.3.7 The allowable O&M expenses for FY 2015-16 have been approved by escalating the component wise O&M expenses for FY 2012-13 by using the yearly inflation indices computed in Section 4 above.

6.3.8 Further, in addition to the O&M cost based on inflationary indices based on escalation, the Transmission Tariff Regulations, 2006 provide for incremental O&M expenses on addition to assets during the year. Regulation 4.2.3 of the Transmission Tariff Regulations, 2006 issued by the Commission stipulates:

"*3. Incremental O&M expenses for the ensuing financial year shall be 2.5% of capital addition during the current year. O&M charges for the ensuing financial year shall be sum of incremental O&M expenses so worked out and O&M charges of current year escalated on the basis of predetermined indices as indicated in regulation 4.2.1 above.*"

6.3.9 Based on the above, the Commission has computed the incremental O&M expenses for FY 2015-16 in accordance with Transmission Tariff Regulations, 2006 as shown in the Table given below:

Table -: Incremental O&M Expenses for FY 2015-16 in accordance with Transmission Tariff Regulations, 2006 (Rs. Crore)

Particulars	Derivation	FY 2013-14	FY 2014-15	FY 2015-16
Net Addition to GFA during preceding year	A	459.09	1168.37	1992.93

Particulars	Derivation	FY 2013-14	FY 2014-15	FY 2015-16
Incremental O&M expenses for preceding year	B	108.83	128.67	163.05
Incremental O&M expenses @ 2.50% of Net GFA addition of preceding year	C=2.50% of A	11.48	29.21	49.82
Inflation Index	D	7.69%	4.02%	4.02%
Incremental O&M expenses for preceding year, escalated with the Inflation Index	E =B x (1+D)	117.20	133.84	169.60
Incremental O&M expenses	**F= C+E**	**128.67**	**163.05**	**219.42**
Employee expenses		*87.90*	*111.31*	*149.56*
A&G expenses		*4.76*	*5.91*	*7.76*
R&M expenses		*36.01*	*45.82*	*62.10*

6.3.10 The same are allocated across the individual elements of the O&M expenses on the basis of the contribution of each element in the gross O&M expenses.

6.3.11 Thus, the normative O&M expenses computed for FY 2015-16 in accordance with the Transmission Tariff Regulations, 2006 are depicted in the Table below:

Table -: Normative O&M expenses for FY 2013-14 to FY 2015-16 (Rs. Crore)

Particulars	FY 2013-14			FY 2014-15			FY 2015-16	
	Tariff Order	Revised Proposed	Normative	Tariff Order	Revised Proposed	Normative	Petition	Normative
Employee expenses								
Gross employee expenses and provisions	334.48	330.62	327.58	352.77	356.06	340.74	370.65	354.43
Incremental employee expenses @ 2.50% of GFA additions of preceding year	105.15	87.32	87.90	126.98	113.73	111.31	151.81	149.56
Total employee expenses	439.64	417.94	415.48	479.75	469.78	452.06	522.46	503.99
Employee	95.40	78.58	78.58	104.11	93.44	85.50	103.92	95.32

Particulars	FY 2013-14			FY 2014-15			FY 2015-16	
	Tariff Order	Revised Proposed	Normative	Tariff Order	Revised Proposed	Normative	Petition	Normative
expenses capitalised								
Net employee expenses	**344.23**	**339.36**	**336.90**	**375.64**	**376.34**	**366.56**	**418.54**	**408.67**
A&G expenses								
Gross A&G expenses	19.65	19.42	19.25	20.73	20.92	20.02	21.78	20.82
Incremental A&G expenses @ 2.50% of GFA addition of preceding year	6.14	4.68	4.76	7.25	6.07	5.91	8.07	7.76
Total A&G expenses	25.79	24.10	24.01	27.98	26.99	25.93	29.85	28.59
A&G expenses capitalised	4.90	7.62	7.62	5.32	7.18	8.23	7.93	9.07
Net A&G expenses	**20.89**	**16.49**	**16.39**	**22.66**	**19.82**	**17.71**	**21.91**	**19.52**
R&M expenses								
R&M expenses	106.29	105.06	104.10	112.10	113.14	108.28	117.78	112.63
Incremental R&M expenses @ 2.50% of GFA addition of preceding year	43.70	37.76	36.01	53.05	49.15	45.82	65.83	62.10
Total R&M expenses	**149.99**	**142.82**	**140.11**	**165.15**	**162.30**	**154.10**	**183.61**	**174.73**
Total O&M expenses allowable as per Regulations	**515.12**	**498.67**	**493.41**	**563.46**	**558.46**	**538.37**	**624.06**	**602.92**

6.3.12 The Petitioner has requested the Commission to allow it to claim dearness allowance on actual expenditure basis in case the increase in rate of dearness allowance announced by the GoUP exceeds the escalation index for the relevant year and to treat such increase as uncontrollable cost. The Petitioner requested the Commission to allow any variation on this account based on Audited Accounts during true up.

6.3.13 The specific prayer of the Petitioner pertains to truing up exercise and hence, the Commission shall take an appropriate view during truing up, based on the merits of the specific submissions of the Petitioner in this regard. The O&M expenses approved above would be subject to truing up upon finalisation of Audited Accounts.

6.4 GFA BALANCES AND CAPITAL FORMATION ASSUMPTIONS

The Petitioner's Submissions

6.4.1 The Petitioner submitted that the Gross Fixed Assets (GFA) and Capital Work in Progress (CWIP) for FY 2015-16 have been arrived at based on the following assumptions:

- The opening GFA and CWIP for FY 2014-15 have been taken as per the closing balances for FY 2013-14 as per the Provisional accounts for FY 2013-14.

- 25% of the opening CWIP and 25% of the investment made during the year, expenses capitalised and interest capitalised, has been assumed to be capitalised during FY 2014-15 and FY 2015-16.

- Investment through deposit works have been taken for capital formation and depreciation thereon has not been charged in the ARR.

- The capital investment for FY 2014-15 has been considered as Rs. 1900 Crore out of which works through deposit works have been considered as Rs. 100 Crore.

- The capital investment for FY 2015-16 has been estimated to be Rs. 4800 Crore out of which works through deposit works have been estimated to be of Rs. 100 Crore. The Petitioner submitted that the substantial increase in the estimated capital investment for FY 2015-16 in comparison to the previous years is on account of the transmission infrastructure for power evacuation from Lalitpur Power Generation Company Ltd.'s 3x660 MW coal based thermal power plant.

The Commission's Ruling

6.4.2 Regulation 3.6 of the Transmission Tariff Regulations, 2006 specifies as under:

"***3.6 Capital Investment Plan***

1. The licensee shall identify projects for the ensuing year and subsequent four years and submit detailed capital investment plan along with a financing plan for undertaking the identified projects in order to meet the requirement of load growth, refurbishment and replacement of equipment, reduction in transmission losses, improvement of voltage profile, improvement in quality of supply, system reliability, metering, communication and computerization, etc.

....

3. Licensee's ARR filing shall separately show ongoing projects that will spill into the year under review, and new projects that will commence but may be completed within or beyond the tariff period. For the new projects, the filing must provide the justification as stipulated under investment guidelines of the Commission.

4. The Licensee shall demonstrate that his financing plan matches his investment requirement plan.

....

6. In presenting the justification for new projects, the licensee shall detail the specific nature of the works, and outcome sought to be achieved. The detail must be shown in the form of physical parameters, e.g., addition of new capacities in terms of sub-stations, lines, VAR compensating devices, tele-metering equipments & communication systems etc, so that it is amenable for physical verification......... In case of any significant shortfall in physical implementation, the Commission shall require the licensee to explain the reasons, and may proportionately reduce the provision, including the interest, *and the return component, made towards revenue requirement, in the next period.*

...........”

6.4.3 As stated above, the Transmission Tariff Regulations, 2006 clearly specify the procedure for approval of the Capital Investment Plan. The Petitioner has not proposed the Capital Investment Plan for FY 2015-16 in accordance with the Transmission Tariff Regulations, 2006.

6.4.4 The Commission asked the Petitioner to submit the preparedness to execute the proposed capital investment in FY 2015-16 in terms of funds tie up and orders placed. The Commission also asked the Petitioner to submit the detailed plan to evacuate power from all the upcoming generating stations in the State in FY 2015-16.

6.4.5 The Petitioner submitted that the proposed capital expenditure for FY 2015-16 would be funded through a mix of debt and equity. The equity would be provided by the GoUP through budgetary allocation and the debt would be tied up with financial institutions such as PFC and REC. The Petitioner submitted that the work orders would be placed in FY 2015-16. The Petitioner also submitted the details of planned evacuation network for upcoming generating stations.

6.4.6 The Commission in order to approve the realistic levels of gross fixed asset balance and consequent tariff components such as depreciation, interest on loan and return on equity, has considered the opening balance of FY 2013-14 in line with the closing balance as per the Audited Accounts for FY 2012-13.

6.4.7 The Commission has considered the capital additions, capital deletions, capital work in progress balances, etc. from the Provisional Accounts for FY 2013-14 submitted by the Petitioner along with its Petition.

6.4.8 For FY 2014-15, the Commission has considered the revised capital investments, as proposed by the Petitioner as the same is lower than that approved by the Commission in the Tariff Order.

6.4.9 The Commission has observed that the capital investment proposed by the Petitioner is not in strict accordance with the Transmission Tariff Regulations, 2006. In order to reprimand the Petitioner, the Commission disallows 30% of the capital investment proposed in the Petition and allows only 70% of the proposed capital investment for FY 2015-16. **The Commission directs the Petitioner to claim the capital investment plan henceforth, strictly in accordance with applicable Tariff Regulations for the Transmission Licensee**.

6.4.10 The expenses capitalisation has been considered as approved in Section 6.3 of the Order.

6.4.11 25% of the total investments including opening capital work in progress, expenses and interest capitalisation during the year have been projected to be capitalised in FY 2015-16.

6.4.12 Accordingly, the details of approved Capitalisation and capital work in progress for FY 2013-14 to FY 2015-16 are provided in the table below:

Table -: Capitalisation and WIP upto FY 2015-16 (Rs. Crore)

Particulars	Derivation	FY 2013-14			FY 2014-15			FY 2015-16	
		Tariff Order	Revised Proposed	Revised Approved	Tariff Order	Revised Proposed	Revised Approved	Petition	Approved
Opening WIP as on 1st April	A	4714.18	5292.58	5292.58	5855.78	5619.92	5619.92	5981.02	5978.78
Investments	B	2100.00	1185.48	1185.47	1960.00	1900.00	1900.00	4800.00	3360.00
Employee expenses capitalisation	C	95.40	78.58	78.58	95.79	93.44	85.50	103.92	95.32
A&G expenses capitalisation	D	4.90	7.62	7.62	3.57	7.18	8.23	7.93	9.07

Particulars	Derivation	FY 2013-14			FY 2014-15			FY 2015-16	
		Tariff Order	Revised Proposed	Revised Approved	Tariff Order	Revised Proposed	Revised Approved	Petition	Approved
Interest capitalisation in Interest on long term loans	E	339.26	325.35	325.35	302.71	354.16	358.05	449.26	434.79
Total Investments	**F=A+B+C+D +E**	**7253.75**	**6889.60**	**6889.59**	**8217.85**	**7974.70**	**7971.70**	**11342.14**	**9877.95**
Transferred to GFA (total capitalisation)	G	1813.44	1269.68	1269.67	2054.46	1993.67	1992.93	2835.53	2469.49
Closing WIP	**H=F-G**	**5440.31**	**5619.92**	**5619.92**	**6163.39**	**5981.02**	**5978.78**	**8506.60**	**7408.46**

6.5 FINANCING OF THE CAPITAL INVESTMENT

The Petitioner's Submissions

6.5.1 The Petitioner submitted that for FY 2013-14, the amounts received as consumer contributions, capital subsidies and grants have been considered as per the Provisional Accounts for FY 2013-14. The Petitioner submitted that the consumer contributions, capital subsidies and grants for FY 2014-15 and FY 2015-16 have been considered to be in the same ratio to the total investments in FY 2013-14.

6.5.2 The Petitioner submitted that out of the proposed capital investment of Rs. 4800 Crore for FY 2015-16, the capital investment through deposit works is estimated to be Rs. 100 Crore and the remaining capital investment of Rs. 4700 Crore is estimated to be funded through debt and equity in the ratio of 70:30.

The Commission's Ruling

6.5.3 The Commission has considered a normative approach with a debt: equity ratio of 70:30. Considering this approach, 70% of the capital expenditure undertaken in the year has been considered to be financed through loan and balance 30% has been considered to be financed through equity contributions. The portion of capital expenditure financed through consumer contribution, capital subsidies and grants have been separated as the depreciation and interest thereon would not be charged to the consumers.

6.5.4 The provisional accounts for FY 2013-14 reveal the amounts received as consumer contributions, capital subsidies and grants. Further, the consumer contributions, capital subsidies and grants for FY 2014-15 and FY 2015-16 have been considered to be in the same ratio to the total investments, as proposed by the Petitioner for FY 2014-15 and FY 2015-16 respectively.

6.5.5 The Table below summarises the amounts considered towards consumer contributions, capital grants and subsidies from FY 2013-14 to FY 2015-16:

Table -: Consumer contributions, capital grants and subsidies considered up to FY 2015-16 (Rs. Crore)

Particulars	FY 2013-14			FY 2014-15			FY 2015-16	
	Tariff Order	Revised Proposed*	Revised Approved	Tariff Order	Revised Proposed*	Revised Approved	Petition*	Approved
Opening balance of Consumer Contributions, Grants and Subsidies towards cost of Capital Assets	483.92	351.11	349.58	510.67	425.75	423.85	504.79	502.97
Addition during the year	175.00	91.92	91.92	157.50	100.00	100.00	100.00	70.00
Less: Amortisation	16.56	17.28	17.65	25.28	20.96	20.88	24.85	24.10
Closing Balance	**642.36**	**425.75**	**423.85**	**642.89**	**504.79**	**502.97**	**579.94**	**548.87**

**Submitted vide replies dated February, 12, 2015*

6.5.6 Thus, the approved financing of the capital investment is depicted in the table below:

Table -: Financing of the capital investments up to FY 2015-16 (Rs. Crore)

Particulars	Derivation	FY 2013-14	FY 2014-15	FY 2015-16

		Tariff Order	Revised Proposed	Revised Approved	Tariff Order	Revised Proposed	Revised Approved	Petition	Approved
Investment	A	2100.00	1185.48	1185.47	1960.00	1900.00	1900.00	4800.00	3360.00
Less:									
Consumer Contribution	B	175.00	91.92	91.92	157.50	100.00	100.00	100.00	70.00
Investment funded by debt and equity	C=A-B	1925.00	1093.56	1093.55	1802.50	1800.00	1800.00	4700.00	3290.00
Debt funded	70%	1347.50	765.49	765.48	1261.75	1260.00	1260.00	3290.00	2303.00
Equity funded	30%	577.50	328.07	328.06	540.75	540.00	540.00	1410.00	987.00

6.5.7 The Commission approves consumer contributions, capital subsidies and grants to the tune of Rs. 70.00 Crore for FY 2015-16. Thus, the balance amount of Rs. 3290.00 Crore has been considered to be funded through debt and equity considering a debt equity ratio of 70:30.

6.6 DEPRECIATION

The Petitioner's Submissions

6.6.1 The Petitioner submitted that it has considered the GFA base for FY 2012-13 as per the Audited Accounts and has subsequently added the yearly capitalisation for FY 2013-14, FY 2014-15 and FY 2015-16. The Petitioner submitted that it has considered the depreciation rate of 5.28% as specified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

6.6.2 The Petitioner submitted that the depreciation has been computed only on the depreciable asset base and the depreciation on assets created out of consumer contributions, capital grants and subsidies, has been deducted from the gross allowable depreciation.

6.6.3 The Petitioner has proposed the depreciation of Rs. 695.94 Crore for FY 2015-16.

The Commission's Ruling

6.6.4 For the purpose of computing depreciation, the Commission has considered the GFA base as per the Audited Accounts for FY 2012-13 and has added the yearly capitalisation for FY 2013-14, FY 2014-15 and FY 2015-16 considered in the preceding Section.

6.6.5 For FY 2013-14 and FY 2014-15, the Commission has considered the rate of depreciation approved in the Tariff Orders for the respective years. The Transmission Tariff Regulations, 2006 specify that the depreciation shall be calculated on straight line method at the rates specified by the Central Electricity Regulatory Commission in the Tariff Regulations. Considering this, for FY 2015-16, the Commission has considered a depreciation rate of 5.28%.

6.6.6 The Commission has computed the depreciation only on the depreciable asset base and have excluded the non-depreciable assets such as land, land rights, etc.

6.6.7 Considering this philosophy, the gross entitlement towards depreciation for FY 2015-16 is as shown in the Table given below:

Table -: Gross allowable depreciation for FY 2015-16 (Rs. Crore)

S. No.	Particulars	Opening GFA	Addition to GFA	Deduction to GFA	Closing GFA	Depreciation Rate	Allowable Gross Depreciation
1	Land & Land Rights						
	(i) Unclassified	32.21	0.00	0.00	32.21		
	(ii) Freehold Land	0.05	0.00	0.00	0.05		
2	Buildings	390.99	0.00	0.00	390.99		
3	Other Civil Works	48.09	0.00	0.00	48.09		
4	Plant & Machinery	6209.20	1234.74	0.00	7443.94		
5	Lines, Cables, Network etc.	5043.11	1234.74	0.00	6277.86		
6	Vehicles	3.50	0.00	0.00	3.50		
7	Furniture & Fixtures	2.56	0.00	0.00	2.56		
8	Office Equipments	5.51	0.00	0.00	5.51		
9	Other assets	70.36	0.00	0.00	70.36		
10	**Total Fixed Assets**	**11805.58**	**2469.49**	**0.00**	**14275.07**		

S. No.	Particulars	Opening GFA	Addition to GFA	Deduction to GFA	Closing GFA	Depreciation Rate	Allowable Gross Depreciation
11	Non depreciable assets (Land & Land Rights)	32.26	0.00	0.00	32.26		
12	**Depreciable assets**	11773.32	2469.49	0.00	14242.81	**5.28%**	**686.83**

6.6.8 The Commission has projected the depreciation on assets created out of consumer contributions, capital grants and subsidies for FY 2015-16 in the same ratio as per the provisional accounts for FY 2013-14. The Commission has reduced the depreciation on assets created out of consumer contributions, capital grants and subsidies from the gross allowable depreciation for FY 2015-16.

6.6.9 The Commission has been, time and again, directing the Petitioner to prepare and furnish the Fixed Asset Register. Maintenance of Fixed Asset Register ensures that the costs incurred on each asset, date of commissioning, location of asset, and other technical details are properly and adequately recorded.

6.6.10 As a first step towards reprimanding the Petitioner over the issue of non-preparation of Fixed Asset Register, the Commission had withheld 20% of the allowable depreciation for FY 2013-14 till the submission of the Fixed Asset Register up to FY 2012-13, in the Tariff Order for FY 2013-14. As a second step towards reprimanding the Petitioner over the issue of non-preparation of Fixed Asset Register, the Commission had withheld 25% of the allowable depreciation for FY 2014-15, in the Tariff Order for FY 2014-15.

6.6.11 Thus as evident from the above, the Commission in its earlier Tariff Order has withheld 20% of the allowable depreciation for FY 2013-14 and 25% of the allowable depreciation for FY 2014-15; however, even after several directions, no submission in this regard has been made by the Petitioner so far. The Commission has already expressed its displeasure on the non-availability of Fixed Asset Register of the Petitioner and further, reiterates its direction to the Petitioner to ensure proper maintenance of detailed Fixed Assets Register, as specified in the Transmission Tariff Regulations, 2006. Thus, in line with the approach adopted by the Commission in its earlier Order over the issue of non-maintenance of Fixed Asset Register, the Commission has withheld 30% of the allowable depreciation for this year, i.e., FY 2015-16 and the Petitioner is directed to timely submit the complete details pertaining to Fixed Asset Register for FY 2015-16 along with the ARR Petition for FY 2016-17, otherwise the withheld amount would be disallowed permanently.

6.6.12 The depreciation approved by the Commission for FY 2015-16 is as shown in the Table given below:

Table -: Approved Depreciation for FY 2015-16 (Rs. Crore)

Particulars	FY 2013-14			FY 2014-15			FY 2015-16	
	Tariff Order	Revised Proposed	Revised Approved	Tariff Order	Revised Proposed	Revised Approved	Petition	Approved
Gross allowable Depreciation	554.25	485.57	485.57	611.60	568.87	569.02	695.94	686.83
Less: Equivalent amount of depreciation on assets acquired out of the Consumer Contribution	16.56	17.28	17.28	27.05	20.94	20.25	24.81	24.44
Net allowable Depreciation	**537.69**	**468.29**	**468.29**	584.55	**547.93**	**548.77**	**671.13**	**662.38**
Less: Depreciation withheld due to non-maintenance of Fixed Asset Registers	107.54	0.00	93.66	146.14	0.00	137.19	0.00	198.71
Depreciation approved	**430.15**	**468.29**	**374.63**	**438.41**	**547.93**	**411.58**	**671.13**	**463.67**

6.7 INTEREST AND FINANCE CHARGES

6.7.1 Interest on Long Term Loans

The Petitioner's Submissions

6.7.1.1 The Petitioner submitted that 70% of the capital expenditure is considered to be funded through debt. The allowable depreciation for the year has been considered as normative loan repayment for the year. The weighted average interest rate of overall long-term loan portfolio for FY 2013-14 has been considered for computing the interest expenses for FY 2015-16. The interest capitalisation rate of 45.17% has been considered for FY 2015-16 which is the actual capitalisation rate for FY 2013-14 as per the Provisional Accounts.

6.7.1.2 The Petitioner has proposed interest expenses of Rs. 545.44 Crore for FY 2015-16.

The Commission's Ruling

6.7.1.3 It is reiterated that the Commission has considered a normative approach with a gearing of 70:30. In this approach, 70% of the capital expenditure undertaken in the year has been considered to be financed through loan and balance 30% has been considered to be funded through equity contributions. The portion of capital expenditure financed through consumer contributions and grants has been separated as the depreciation thereon would not be charged to the consumers.

6.7.1.4 Allowable depreciation for the year has been considered as normative loan repayment.

6.7.1.5 The weighted average interest rate of 12.64% as per the provisional accounts for FY 2013-14 is considered for computing the interest expenses for FY 2015-16. The capitalisation of interest expenses has been considered at the rate of 45.17% as proposed by the Petitioner.

6.7.1.6 The interest on long term loans approved by the Commission for FY 2015-16 is as shown in the Table given below:

Table -: Approved Interest on Long Term Loans for FY 2015-16 (Rs. Crore)

Particulars	FY 2013-14			FY 2014-15			FY 2015-16	
	Tariff Order	Revised Proposed	Revised Approved	Tariff Order	Revised Proposed	Revised Approved	Petition	Approved

Particulars	FY 2013-14			FY 2014-15			FY 2015-16	
	Tariff Order	Revised Proposed	Revised Approved	Tariff Order	Revised Proposed	Revised Approved	Petition	Approved
Opening Loan balance	5636.15	5549.36	5549.37	6455.22	5846.56	5846.56	6558.63	6694.99
Loan Addition (70% of Investments)	1347.50	765.49	765.48	1261.75	1260.00	1260.00	3290.00	2303.00
Less: Repayments (Depreciation allowable for the year)	537.69	468.29	468.29	438.41	547.93	411.58	671.13	463.67
Closing Loan balance	6445.96	5846.56	5846.56	7278.55	6558.63	6694.99	9177.49	8534.32
Weighted average rate of interest	9.88%	12.64%	12.64%	**12.59%**	12.64%	12.64%	12.64%	12.64%
Interest on Long Term Loans	**596.92**	**720.35**	**720.35**	864.87	**784.15**	**792.77**	**994.70**	**962.66**
Interest Capitalisation Rate	23.00%	45.17%	45.17%	35.00%	45.17%	45.17%	45.17%	45.17%
Less: Interest Capitalised	137.29	325.35	325.35	302.71	354.16	358.05	449.26	434.79
Net Interest Charged	**459.63**	**395.00**	**395.00**	**562.17**	**429.99**	**434.71**	**545.44**	**527.88**

6.7.2 Finance charges

The Petitioner's Submissions

6.7.2.1 The Petitioner submitted that the finance charges for FY 2015-16 have been projected by extrapolating the finance charges for FY 2013-14 as per the Provisional Accounts by the yearly escalation indices. The Petitioner has proposed finance charges of Rs. 3.22 Crore for FY 2015016.

The Commission's Ruling

6.7.2.2 The Commission has allowed finance charges to the tune of Rs. 3.11 Crore for FY 2015-16. The same have been computed by extrapolating the finance charges incurred in FY 2013-14 as per the Provisional Accounts and using the inflation indices approved for the respective years.

6.7.3 Interest on Working Capital

The Petitioner's Submissions

6.7.3.1 The Petitioner submitted that the interest on working capital has been computed in accordance with the Transmission Tariff Regulations, 2006. The Petitioner submitted that the rate of interest on working capital has been considered as 12.50%. The Petitioner has proposed Interest on Working Capital of Rs. 55.79 Crore for FY 2015-16.

The Commission's Ruling

6.7.3.2 The Transmission Tariff Regulations, 2006 provides for normative interest on working capital based on the methodology specified in the Regulations. The Petitioner is eligible for interest on working capital worked out in accordance with the methodology specified in the Regulations.

6.7.3.3 In accordance with the Transmission Tariff Regulations, 2006, the interest on the working capital requirement would be the Bank Rate as specified by the Reserve Bank of India as on 1st April of every year plus a margin as decided by the Commission. Accordingly, the Commission for this Order has considered the interest rate on working capital requirement at 12.50% including margin.

6.7.3.4 The Commission in accordance with the Transmission Tariff Regulations, 2006, considered the interest on working capital as shown in the Table given below:

Table -: Approved Interest on Working Capital for FY 2015-16 (Rs. Crore)

Particulars	Petition	Approved
One month's O&M expenses	52.01	50.24
One-twelfth of the sum of the book value of materials in stores at the end of each month	66.67	66.67
Receivables equivalent to 60 days average billing on consumers	327.68	285.53
Total Working Capital	**446.35**	**402.44**
Rate of Interest on Working Capital	12.50%	12.50%
Interest on Working Capital	**55.79**	**50.31**

6.8 OTHER INCOME

The Petitioner's Submissions

6.8.1 The Petitioner submitted that the other income for FY 2015-16 has been projected by escalating the actual non tariff income for FY 2013-14 by the yearly escalation indices. The Petitioner has proposed the non tariff income of Rs. 25.31 Crore for FY 2015-16.

The Commission's Ruling

6.8.2 Other income includes non tariff income, which comprises of items such as interest on loans and advances to employees, income from fixed rate investment deposits and interest on loans and advance to staff.

6.8.3 The Commission has approved the non tariff income of Rs. 25.31 Crore for FY 2015-16 as proposed by the Petitioner.

6.9 RETURN ON EQUITY

The Petitioner's Submissions

6.9.1 The Petitioner submitted that the eligible return on equity has been computed considering the closing level of normative equity for FY 2012-13 and the yearly normative equity additions for FY 2013-14, FY 2014-15 and FY 2015-16. The Petitioner submitted that the return on equity has been computed considering the rate of return of 2%. The Petitioner has proposed the return on equity of Rs. 91.74 Crore for FY 2015-16.

The Commission's Ruling

6.9.2 Under provisions of Transmission Tariff Regulations, 2006 the Petitioner is allowed a return of 14% on the equity base; for equity base calculation, debt equity ratio shall be 70:30. Where equity involved is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30%. Equity amounting to more than 30% shall be considered as loan. In case of actual equity employed being less than 30%, actual debt and equity employed being less than 30%, actual debt and equity shall be considered for determination of tariff.

6.9.3 In view of the huge gap in the recovery of cost of supply at the Discom level, the Petitioner was of the view that the return on equity would only result in accumulation of receivables.

6.9.4 As such, the Petitioner has been claiming return on equity @ 2% from FY 2009-10 onwards. Return on equity has been computed on the normative equity portion (30%) of capitalised assets.

6.9.5 The Commission while undertaking analysis for allowance of return on equity has considered opening level of equity for FY 2013-14 based on the closing regulatory equity approved in the section dealing with the true up for FY 2012-13. Subsequently, it has considered the yearly normative equity based on the capital additions for FY 2013-14, FY 2014-15 and FY 2015-16.

6.9.6 The Return on Equity approved by the Commission for FY 2015-16 is as shown in the Table given below:

Table -: Approved Return on Equity for FY 2015-16 (Rs. Crore)

Particulars	FY 2013-14			FY 2014-15			FY 2015-16	
	Tariff Order	Revised Proposed	Revised Approved	Tariff Order	Revised Proposed	Revised Approved	Petition	Approved
Equity at the beginning of the year	3445.90	3182.60	3182.61	3767.49	3563.51	3563.51	4161.61	4161.39
Assets Capitalised	1813.44	1269.68	1269.67	2054.46	1993.67	1992.93	2835.53	2469.49
Addition to Equity	544.03	380.90	380.90	616.34	598.10	597.88	850.66	740.85
Closing Equity	3989.94	3563.51	3563.51	4383.82	4161.61	4161.39	5012.27	4902.23
Average Equity	3717.92	3373.06	3373.06	4075.65	3862.56	3862.45	4586.94	4531.81
Rate of Return	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Return on Equity	**74.36**	**67.46**	**67.46**	**81.51**	**77.25**	**77.25**	**91.74**	**90.64**

6.10 SERVICE TAX

The Petitioner's Submissions

6.10.1 The Petitioner submitted that service tax liability is imposed on the service provider and is chargeable on actual energy transmitted during a financial year at the rates notified by the Government. The Petitioner submitted that such liability may be imposed on UPPTCL, retrospectively, as it was done in the case of PGCIL. The Petitioner submitted that in such an event, it would approach the Commission for allowance of such liability in the ARR in accordance with the provisions of Regulation 4.9 of the Transmission Tariff Regulations, 2006.

The Commission's Ruling

6.10.2 Regulation 4.9 of the Transmission Tariff Regulations, 2006 specify as under:

"***4.9 Cess/Duty/Royalty/Tax imposed by State Government***

Any cess or duty or royalty or tax imposed by the State Government shall be allowed as pass through to be recovered from the distribution licensees / long term open access consumers in proportion of their allotted capacity or quantity of energy delivered, as the case may be."

6.10.3 The Petitioner has not proposed any expenses on this account in the ARR for FY 2015-16. The Commission shall take an appropriate view based on the merits of the specific submissions of the Petitioner in this regard.

6.11 SUMMARY OF AGGREGATE REVENUE REQUIREMENT FOR FY 2015-16

6.11.1 The summary of the expenses under different heads as approved by the Commission for FY 2015-16 is as shown in the Table given below:

Table -: Approved ARR for FY 2015-16 (Rs. Crore)

Particulars	Petition	Approved
Employee expenses	522.46	503.99
A&G expenses	29.85	28.59
R&M expenses	183.61	174.73

Particulars	Petition	Approved
Interest on Loan Capital	994.70	962.66
Interest on Working Capital	55.79	50.31
Finance Charges	3.22	3.11
Depreciation	671.13	463.67
Gross expenditure	**2460.77**	**2187.05**
Less: Employee expenses capitalised	103.92	95.32
Less: A&G expenses capitalised	7.93	9.07
Less: Interest expenses capitalised	449.26	434.79
Net expenditure	**1899.65**	**1647.88**
Add: Return on Equity	91.74	90.64
Less: Non Tariff Income	25.31	25.31
Annual Revenue Requirement	**1966.08**	**1713.21**

6.11.2 Thus, the approved ARR for FY 2015-16 is Rs. 1713.21 Crore as against Rs 1966.08 Crore proposed by the Petitioner.

6.12 SLDC CHARGES

6.12.1 Load Despatch Centres have been termed as the apex bodies in the electricity industry. They need true independence not only in financial terms but also in decision making. The Ministry of Power, Government of India had also constituted a Committee on "Manpower Certification and Incentives for System Operation and Ring Fencing Load Despatch Centres" to ensure functional autonomy for Load Despatch Centres. The Committee in its report dated 11th August, 2008 observed that functional autonomy would mean taking decisions without being adversely influenced by extraneous issues originating from the Company Management or any of the market players, which can be ensured through:

- Independent governance structure;
- Separate accounting;
- Adequate number of skilled manpower having ethical standards and driven by altruistic values;

- Adequate logistics / infrastructure.

6.12.2 For implementation of the above recommendations, the Commission shall approve the SLDC charges, which shall be payable by the Petitioner and which will be recovered through transmission tariff as per the Clause 8 (2) of the SLDC Regulations.

6.12.3 The Commission in its Tariff Orders had emphasised on the importance of segregation of accounts of SLDC and had directed the Petitioner towards its submission. However, the Petitioner has failed to provide segregated accounts for SLDC function.

6.12.4 The Petitioner submitted that the full fledged accounting function of SLDC is yet to commence and hence, it has considered capturing the expenses and income separately. The process of accounting professionals in SLDC as per the manpower sanction received from GoUP is underway. Thereafter, separate accounting group code would be created to manage entire SLDC functions separately.

6.12.5 The independent governance structure and manpower has been approved for SLDC. The existing IT systems are updated on dynamic web-base solutions to comprehensively manage SLDC functions. The new SLDC building is under construction and is expected to be completed by September, 2015. Further, as mandated in the U.P. Electricity Grid Code, 2007, “State Power Committee” has been constituted under the chairmanship of Chief Engineer (SLDC).

6.12.6 The Petitioner submitted that SLDC would achieve the envisaged operational, financial and administrative independency in a phased manner. The Petitioner submitted that the activities being performed by the SLDC have been categorised in three parts as depicted below:

1. Operations and Control

a. Control Room round the clock operations in 3 shifts

b. Scheduling and outage Planning

c. Data Management

d. System Studies

2. SCADA and Communication

a. SCADA and EMS

b. IT

3. Energy Accounting and settlement

a. Energy Accounting & Commercial

b. Balancing and Settlement System

c. Open Access (Short term)

4. Finance and HR functions

a. Financ[ia]l Accounting and Audit, Annual Budget

b. HR including Training

6.12.7 The Petitioner submitted that the SLDC charges for FY 2015-16 are embedded in the ARR for Transmission business and would be around 2.09% of the ARR of UPPTCL. The SLDC Budget proposed by the Petitioner for FY 2015-16 is as shown in the Table given below:

Table -: SLDC Budget for FY 2015-16 proposed by the Petitioner (Rs. Crore)

Particulars	FY 2015-16
Operating Budget	
Employee expenses	22.10
A&G expenses	3.14
R&M expenses	3.00
Interest on Working Capital	0.00
RLDC Fee and NRPC Charges	0.00
Total operating cost	**28.24**
Capital Charge Budget	
Dynamic website develoment	0.88
SLDC Bldg/Capex works	16.66

Particulars	FY 2015-16
Depreciation	0.00
Interest & Finance Charges	0.00
Return on Equity	0.00
Total capital cost budget	**17.54**
Less: SLDC Income	4.78
Total SLDC Budget	**41.00**

6.12.8 The Commission has taken note of the submissions of the Petitioner. In the absence of segregated accounts for SLDC, the estimated costs of running UPPTCL central load despatch centre in Lucknow and four regional load despatch centres at Panki, Sahupuri, Modipuram and Moradabad, which are owned and operated by UPPTCL are embedded in the ARR approved for UPPTCL for FY 2015-16.

6.13 SLDC Fee for FY 2015-16

6.13.1 SLDC requested the Commission to allow it to retain the revenue through scheduling, rescheduling, registration fee and processing fee as a capital reserve for undertaking the required capital expenditure.

6.13.2 Further, SLDC has proposed the revision in the SLDC fee for FY 2015-16 as shown in the Table given below:

Table -: SLDC Fee proposed by the Petitioner for FY 2015-16

Particulars	Existing	Proposed
Registration Fee (STOA)	Nil	Rs. 5000 per year per registration
Application Fee (STOA)	Rs. 5000 per application	Rs. 10000 per application
SLDC Fee (STOA upto 3 months)	Rs. 50000 per transaction	Rs. 100000 per application
SLDC Fee (STOA more than 3 months and less than 1 year)	Rs. 75000 per transaction	Rs. 100000 per transaction
SLDC Fee (LTOA)	Rs. 100000 per Annum	Rs. 300000 per Annum

6.13.3 The Commission clarifies that the Revenue from SLDC operations could only be treated as revenue for the particular year and no other treatment is permissible. Any capital expenditure should be undertaken by sourcing funds through appropriate means.

6.13.4 The Commission vide the Notification dated June 7, 2005 issued UPERC (Terms and Conditions for Open Access) Regulations, 2004. The Commission vide the Notification dated June 18, 2009 issued the UPERC (Terms and Conditions for Open Access) (First Amendment) Regulations, 2009. The Petitioner has proposed the revision of SLDC Fees and Charges specified in the Open Access Regulations.

6.13.5 The Commission clarifies that the SLDC Fees and Charges were specified in the Open Access Regulations issued by the Commission and any revision of such SLDC Fees and Charges could be done only after due regulatory process of amending the Regulations or issuing new Regulations. Hence, the proposal of the Petitioner to revise the SLDC Fees and Charges in the Tariff Petition does not qualify for consideration.

6.14 TRANSMISSION TARIFF

6.14.1 The Transmission Tariff Regulations, 2006 provide for capacity (MW) based transmission charges. However, there are still numerous issues in the determination of MW based Transmission Tariff, like allocation of transmission capacity to the existing long-term transmission system users, allocation of existing PPAs, etc.

6.14.2 Presently, the State Discoms have not been allotted transmission capacity as such, hence the Transmission Tariff has been calculated by the Commission on the basis of the number of units wheeled by the Transmission Licensee for the Distribution Licensees.

6.14.3 The Petitioner requested the Commission to allow it to pass an internal adjustment with the distribution companies so that it recovers only its cost and no unjust enrichment is allowed on account of postage stamp tariff method based billing till such time contracted capacities are finalised.

6.14.4 The Petitioner further submitted that billing in respect of intra-State transmission charges is being done on postage stamp tariff method till such time the allotted transmission capacity of long-term transmission system customers (the Distribution Licensees and Bulk consumers) is not finalised. Suitable steps in this regard have been initiated at the Petitioner's end to finalise the allotted transmission capacities and after the finalisation of the same, the intra-State transmission charges would be claimed based on the contracted transmission capacity. The Petitioner submitted that the postage stamp tariff based billing poses the risk of unjust enrichment to the Petitioner as it is possible for it to recover fixed costs in excess of that approved by the Commission. The Petitioner prayed the Commission to allow it to raise an internal adjustment bill with the Discoms at the year end.

6.14.5 The Commission has computed the Transmission Tariff applicable for FY 2015-16 based on postage stamp method since the allocation of transmission capacity to the long-term transmission system users is not currently available.

6.14.6 As regards the prayer of the Petitioner for allowing it to raise an internal adjustment bill, the Commission is of the view that it is not required as the actual annual expenses and revenue of the Petitioner are subject to true up based on the Audited Accounts for the relevant year and the net revenue gap/surplus shall be approved by the Commission after prudence check.

6.14.7 The Commission has approved the Transmission Tariff for FY 2015-16 considering the approved ARR for FY 2015-16.

6.14.8 As regards the quantum to be considered for arriving at the Transmission Tariff in Rs./kWh terms, the Petitioner submitted that currently NPCL is procuring power only through short-term route and the energy quantum corresponding to NPCL should not be considered in deriving the Transmission Tariff for FY 2015-16. The Petitioner submitted that although NPCL had signed the BPTA, it had not executed any PPA so far and the entire energy requirement of NPCL is drawn through short-term open access route through bilateral transactions from FY 2014-15. The payments for short-term OA are paid through Northern Regional Load Despatch Centre and no separate billing is done for energy accounting.

6.14.9 In the postage stamp method, the Transmission Tariff for the Petitioner is arrived at by dividing the approved ARR by the energy quantum approved for the Discoms of the State to be handled by the Petitioner. Till FY 2014-15, the Commission has been considering the energy quantum of NPCL in the energy approved to be handled by the Petitioner for deriving the Transmission Tariff. The Commission is aware that NPCL has not yet executed any long term PPA so far for power procurement. The Commission is also aware that NPCL in its Tariff Petition for FY 2015-16 has proposed to execute a long term PPA in FY 2015-16. Hence, in light of the present situation, the Commission has not considered the NPCL energy quantum in deriving the Transmission Tariff for FY 2015-16. The Commission has only considered the energy quantum approved for PVVNL, DVVNL, MVVNL, PuVVNL and KESCO to be handled by the Petitioner. If the efforts of NPCL to execute a long term PPA in FY 2015-16 becomes fruitful and power flow commences through the Petitioner's network in FY 2015-16, appropriate adjustment to transmission tariff and its treatment for FY 2015-16 shall be done in the true up exercise.

6.14.10 The Transmission Tariff approved by the Commission for FY 2015-16 is as shown in the Table given below:

Table -: Approved Transmission Tariff for FY 2015-16

Particulars	Units	FY 2015-16	
		Petition	Approved

Particulars	Units	FY 2015-16	
		Petition	Approved
ARR for FY 2015-16	Rs. Crore	1966.08	1713.21
Revenue Gap for FY 2012-13	Rs. Crore	56.82	0.00*
Net ARR for FY 2015-16	Rs. Crore	2022.90	1713.21
Energy delivered to Discoms	MU	103076	99458.40
Transmission Tariff	**Rs./kWh**	**0.1963**	**0.1723**

**Allowed to adjust separately*

6.14.11 The Commission thus approves the Transmission Tariff of Rs. 0.1723 / kWh for FY 2015-16.

6.14.12 The Transmission Tariff as determined by the Commission above are payable by the State Distribution Licensees.

6.15 OPEN ACCESS: TRANSMISSION TARIFF

The Petitioner's Submissions

6.15.1 The Transmission Tariff proposed by the Petitioner for Open Access for FY 2015-16 is as shown in the Table below:

Table -: Transmission Tariff of Open Access proposed by the Petitioner for FY 2015-16

Particulars	Unit	Long Term	Short Term
Connected at 132 kV Voltage Level	Rs./kWh	0.1963	0.1963
Connected above 132 kV Voltage Level	Rs./kWh	0.1963	0.1963

6.15.2 The Petitioner has proposed the uniform Transmission Tariff for customers connected at 132 kV Voltage level and customers connected above 132 kV Voltage level. The Petitioner submitted that the energy handled by the Petitioner is not voltage dependant. The Petitioner submitted that the same is consistent with the existing practices adopted by CERC in which uniform rate for all voltage levels is adopted.

The Commission's Ruling

6.15.3 The Commission has computed the Transmission Tariff for FY 2015-16 in the preceding Section for use of the UPPTCL network for transmission of electricity.

6.15.4 The Commission in its previous Tariff Orders had impressed upon the Petitioner to submit the details in support of the voltage-wise losses claimed. However, the Petitioner had not submitted any supporting study to justify the voltage-wise losses. The ARR/Tariff Petition of the Petitioner for FY 2015-16 is also devoid of any supporting information/study with regard to the voltage-wise losses considered.

6.15.5 The Commission in its previous Order has considered the interim allocation of cost at various voltage levels and approved the transmission charges payable by the Open Access consumers. In the absence of any study and details of voltage wise losses, the Commission is constrained to adopt a normative approach for the determination of Open Access charges at different voltage levels.

6.15.6 In the absence of voltage level wise break-up of expenses and asset details, the Commission has, for the purpose of the present Order, considered an interim allocation of costs at various voltage levels and approved the following transmission charges payable by all Open Access customers based on the voltage level at which they are connected with the grid.

6.15.7 The Transmission charges for open access consumers connected at voltage levels above 132 kV are assumed to be at 75% of the charges specified for consumers connected at 132 kV voltage level.

6.15.8 The transmission open access charges approved by the Commission are as shown in the Table given below:

Table -: Approved Voltage wise Transmission Open Access charges for FY 2015-16

Particulars	Unit	Long Term	Short Term
Connected at 132 kV Voltage Level	Rs./kWh	0.1723	0.1723
Connected above 132 kV Voltage Level	Rs./kWh	0.1292	0.1292

6.15.9 In addition to the above charges, the open access consumer would also be liable to bear the transmission losses in kind. In the absence of authenticated voltage level loss data, the Commission has ruled that the transmission losses for FY 2015-16 would be 3.59% irrespective of the voltage levels at which the consumers are connected with the grid.

6.15.10 The open access charges and losses to be borne by the open access consumers shall be reviewed by the Commission on the submission of the relevant information by the Petitioner.

7. DIRECTIVES

7.1 COMPLIANCE TO DIRECTIVES ISSUED IN THE ORDER DATED OCTOBER 1, 2014

7.1.1 The Commission had issued certain directives to the Petitioner in the Order dated October 1, 2014. The status of compliance submitted by the Petitioner to the same is as shown in the Table given below:

Table -: Status of compliance to the directives issued by the Commission in the Order dated October 1, 2014

S. No.	Directive	Compliance status submitted by the Petitioner	Fresh directive	Time period for compliance from the date of issue of this Order
1	The Petitioner is directed to file a separate Petition for approval of prior period expenses / incomes. The Petition should clearly indicate the head wise and year wise bifurcation of prior period expenses / incomes clearly indicating the impact of such expenses / incomes on various ARR components and such impact should not exceed the normative expenses for any particular year.	The Petitioner submitted that information has to be collected from the field units which would then be compiled at the zonal level and then the zonal accounts would be compiled at the corporate level. The Petitioner requested the Commission to waive off the immediate submission of the same given the complexity of the task	The Petitioner is directed to file a separate Petition for approval of prior period expenses / incomes. The Petition should clearly indicate the head wise and year wise bifurcation of prior period expenses / incomes clearly indicating the impact of such expenses / incomes on various ARR components and such impact should not exceed the normative expenses for any particular year.	Immediate
2	The Petitioner is directed to provide the details pertaining to the accumulated regulatory depreciation claimed on each class of asset reconciling the same with the accumulated depreciation as per the Fixed Asset Register.	The Petitioner submitted that the regulatory depreciation is distinct from the depreciation recorded in the financial statements.	The Petitioner is directed to provide the details pertaining to the accumulated regulatory depreciation claimed on each class of asset reconciling the same with the accumulated depreciation as per the Fixed Asset Register.	3 months

S. No.	Directive	Compliance status submitted by the Petitioner	Fresh directive	Time period for compliance from the date of issue of this Order
3	The Commission directs UPPTCL to submit the Fresh Actuarial Valuation Study Report in respect to employee expenses.	The Petitioner submitted that it had attempted to appoint an actuary but there was no response.	The Commission directs UPPTCL to submit the Fresh Actuarial Valuation Study Report in respect to employee expenses.	Along with ARR and Tariff Petition for FY 2016-17
4	The Commission reiterates its direction to UPPTCL to ensure proper maintenance of detailed Fixed Assets Register as specified in the Transmission Tariff Regulations. In order to ensure that Fixed Asset Register is timely and regularly prepared going forward, the Commission directs UPPTCL to prepare the Fixed Asset Register duly accounting for the yearly capitalisations from FY 2012-13 onwards. The capitalisation for the period before that may be shown on gross level basis. This dispensation is merely to ensure that the proper asset registers capturing all necessary details of the asset, including the costs incurred, date of commissioning, location of asset, and all other technical details are maintained for the ensuing years. However, the Petitioner would also be required to clear the backlog in a time bound manner. Upon finalisation of the Transfer Scheme and clearing of backlog, the Petitioner may update the Fixed Asset Register appropriately by passing necessary adjustments.	The Petitioner submitted that appropriate instructions have been issued to the field units to prepare fixed asset registers. However, there are two practical difficulties in the preparation of fixed asset registers. They are: (a) Finalisation of unit levels subsequent to transfer scheme is still pending. (b) Huge backlog from FY 2007-08. The Petitioner prayed that the direction to prepare fixed asset registers may be waived for FY 2015-16 and about a year's time may be provided to prepare the fixed asset registers from FY 2007-08 onwards.	The Commission reiterates its direction to UPPTCL to ensure proper maintenance of detailed Fixed Assets Register as specified in the Transmission Tariff Regulations. In order to ensure that Fixed Asset Register is timely and regularly prepared going forward, the Commission directs UPPTCL to prepare the Fixed Asset Register duly accounting for the yearly capitalisations from FY 2012-13 onwards. The capitalisation for the period before that may be shown on gross level basis. This dispensation is merely to ensure that the proper asset registers capturing all necessary details of the asset, including the costs incurred, date of commissioning, location of asset, and all other technical details are maintained for the ensuing years. However, the Petitioner would also be required to clear the backlog in a time bound manner. Upon finalisation of the Transfer Scheme and clearing of backlog,	Immediate

S. No.	Directive	Compliance status submitted by the Petitioner	Fresh directive	Time period for compliance from the date of issue of this Order
			the Petitioner may update the Fixed Asset Register appropriately by passing necessary adjustments.	
5	The Commission redirects UPPTCL / SLDC that the ARR / budget for SLDC should be submitted separately along with the ARR submission of TRANSCO. The costs have to be separately identified and not embedded in the TRANSCO ARR.	The Petitioner submitted that instructions have been issued to SLDC and sub-SLDC for capturing the expenses and income separately.	The Commission redirects UPPTCL / SLDC that the ARR / budget for SLDC should be submitted separately along with the ARR submission of TRANSCO. The costs have to be separately identified and not embedded in the TRANSCO ARR.	Along with ARR and Tariff Petition for FY 2016-17
6	The Commission directs UPPTCL to formalise the capacity of transmission system in use by long-term open access customers (Distribution Licensees or generating companies) in accordance with the principle laid down under Tariff Regulations and based on existing PPAs / MoU's signed by them for purchase or sale of electricity.	The Petitioner submitted that the matter of allocation of PPAs is pending before GoUP. The Petitioner requested the Commission to allow more time for compliance.	The Commission directs UPPTCL to formalise the capacity of transmission system in use by long-term open access customers (Distribution Licensees or generating companies) in accordance with the principle laid down under Tariff Regulations and based on existing PPAs / MoU's signed by them for purchase or sale of electricity.	Immediate
7	The Commission directs UPPTCL to initiate the process of signing of BPTA with Distribution Licensees who are the existing long-term customers and submit the status on execution of BPTA of the same.	The Petitioner submitted that BPTA for 270 MW with NPCL had been executed on March 27, 2014. The Petitioner submitted that it had initiated steps for signing BPTA with other Distribution Licensees and is awaiting response from UPPCL regarding its nominee for signing the BPTA.	The Commission directs UPPTCL to initiate the process of signing of BPTA with Distribution Licensees who are the existing long-term customers and submit the status on execution of BPTA of the same.	Within 3 months

S. No.	Directive	Compliance status submitted by the Petitioner	Fresh directive	Time period for compliance from the date of issue of this Order
8	The Commission directs the Petitioner to claim the capital investment plan henceforth, strictly in accordance with applicable Tariff Regulations for the Petitioner.	The Petitioner submitted that the capital investment plan for FY 2015-16 has been submitted in accordance with the Tariff Regulations.	The Commission directs the Petitioner to claim the capital investment plan henceforth, strictly in accordance with applicable Tariff Regulations for the Petitioner.	-
9	The Commission directs UPPTCL to conduct benchmarking studies to determine the desired performance standards and submit the report to the Commission.	The Petitioner submitted that an Independent Consultant would be appointed for the same after finalisation of Terms of Reference	The Commission directs UPPTCL to conduct benchmarking studies to determine the desired performance standards and submit the report to the Commission.	Within 6 months
10	The Commission directs UPPTCL to conduct proper loss estimate studies under its supervision and submit the report to the Commission.	The Petitioner submitted that it would abide by the MYT Regulations for Transmission business to be notified by the Commission. The Petitioner submitted that it is working on SLDC base EASS model to derive proper loss estimates and to compare the same with the loss estimate studies.	The Commission directs UPPTCL to conduct proper loss estimate studies under its supervision and submit the report to the Commission.	Within 3 months
11	The Commission directs UPPTCL to submit completion report in respect of all capital projects which have achieved the Commercial Operation Date during for each year in accordance with Clause 3.6.7 of the Transmission Tariff Regulations.	The Petitioner submitted that it has submitted the physical and financial progress of all ongoing capital works.	The Commission directs UPPTCL to submit completion report in respect of all capital projects which have achieved the Commercial Operation Date during for each year in accordance with Tariff Regulations.	Along with true up Petition for the relevant year
12	The Commission directs UPPTCL to exclude the transmission charges approved by CERC towards transmission lines connecting two States from the overall transmission charges claimed in the next ARR filing for UPPTCL	The Petitioner submitted that the matter is pending with CERC	The Commission directs UPPTCL to exclude the transmission charges approved by CERC towards transmission lines connecting two States from the overall transmission charges	Along with ARR and Tariff Petition for FY 2016-17

S. No.	Directive	Compliance status submitted by the Petitioner	Fresh directive	Time period for compliance from the date of issue of this Order
			claimed in the next ARR filing for UPPTCL	
13	The Commission directs the Petitioner to urgently pursue with the GoUP for finalisation of the Transfer Scheme and submit a copy of the same.	The Petitioner submitted that the matter is pending with GoUP	The Commission directs the Petitioner to urgently pursue with the GoUP for finalisation of the Transfer Scheme and submit a copy of the same.	Along with ARR and Tariff Petition for FY 2016-17
14	The Commission directs the UPPTCL to submit load flow studies along with the assessment of various options with regards to transmission pricing, their relative advantages and disadvantages and suitability for adoption in Uttar Pradesh	The Petitioner submitted that CERC had initiated studies in respect of PoC mechanism and subsequently approved the PoC Regulations. The Petitioner submitted that it would be appropriate that the Commission initiate such studies and approve a framework for transmission pricing in the State.	The Commission directs the UPPTCL to submit load flow studies along with the assessment of various options with regards to transmission pricing, their relative advantages and disadvantages and suitability for adoption in Uttar Pradesh	Within 6 months

7.1.2 The Commission directs the Petitioner to follow the directions scrupulously and submit the periodical reports by 30th of every month about the compliance of directions to the Commission on regular basis.

8. APPLICABILITY OF THE ORDER

The Petitioner, in accordance with Section 139 of the UPERC (Conduct of Business) Regulations, 2004 shall publish the approved tariffs within three days from the date of this Order. The Petitioner shall ensure that the same is published in at least two daily newspapers (one English and one Hindi) having wide circulation in the area of supply. The tariffs so published shall become the notified tariffs applicable in the area of supply and shall be effective after seven days of such publication, and unless amended or revoked, shall continue to be in force till issuance of the next Tariff Order. The Commission may issue clarification / corrigendum / addendum to this Order as it deems fit from time to time with the reasons to be recorded in writing.

(I.B. Pandey)	(Meenakshi Singh)	(Desh Deepak Verma)
Member	**Member**	**Chairman**

Place: Lucknow
Dated: June 18, 2015

9. ANNEXURE- I

ANNEXURE: LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT SITAPUR, GHAZIABAD, ORAI and GORAKHPUR IN RESPECT OF PROCEEDINGS FOR ARR & TARIFF DETERMINATION FOR UPPTCL FOR FY 2015-16

LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT SITAPUR

List of Persons who attended Public Hearing at Sitapur on April 9, 2015		
Sl. No.	**Name**	**Organisation**
1	Shri Sahaj Ram	Consumer
2	Shri Sita Ram	Consumer
3	Shri Hooripal	Consumer
4	Shri Ramgopal	Consumer
5	Shri Ramchandra	Consumer
6	Shri Bagu Ram	Consumer
7	Shri Ram vereyan	Consumer
8	Shri Ramlakhan	Consumer
9	Shri Rakesh Goyel	Consumer
10	Shri P.N. Kalki	Consumer
11	Shri Umes Pandey	Consumer
12	Shri Pankaj Bajpai	Consumer
13	Shri Dinesh	Consumer
14	Shri Vijay Bansal	Consumer
15	Shri Amit Bhargava	Director (Tariff), UPERC
16	Shri Saurabh Garg	Consultant, UPERC
17	Shri Abinash Agrawal	Consultant, UPERC
18	Shri Subrat Swain	Consultant, UPERC
19	Shri S.B. Srivastava	PuVVNL
20	Shri S.K. Verma	LESA

List of Persons who attended Public Hearing at Sitapur on April 9, 2015		
Sl. No.	**Name**	**Organisation**
21	Shri Anwar	Consumer
22	Shri R.S. Pandey	Consumer
23	Shri Madhusudan Raizada	Consultant, UPERC
24	Shri Pradeep Tandon	Director (Technical), MVVNL
25	Shri Pramod Khandalkar	Director (Commercial), UPPTCL
26	Shri Mohit Goyal	Consultant, UPPCL
27	Shri Sayed Abbaj Rizvi	UPPCL
28	Shri Manoj Jain	NPCL
29	Shri A.K. Arora	NPCL
30	Shri S. Joshi	UPPCL
31	Shri S.K. Bhattacharya	UPPTCL
32	Shri Shaitendra Grav	UPPTCL
33	Shri S.K. Chaurasya	UPPTCL
34	Shri Ramesh Kumar	KESCO
35	Shri Jay Jay Ram Pandey	CGRF
36	Shri Nisar Ahmad	CGRF
37	Shri Ashsok Mishra	CGRF
38	Shri Deepak Kumar	CGRF
39	Shri R.K.S. Singer	Mohali Sagar Mill
40	Shri Sohan Prasad	UP State Suger Corporate Ltd.
41	Shri Lovkush Yadav	Consumer
42	Shri Lallan Bajpai	Consumer
43	Shri K.K. Dixit	Consumer
44	Shri Shehslesh	Consumer

List of Persons who attended Public Hearing at Sitapur on April 9, 2015		
Sl. No.	**Name**	**Organisation**
45	Shri V.K. Nigam	CGRF
46	Shri P.K. Diwedi	Consumer
47	Shri Akhil Kumar	Consumer
48	Shri Nakul	CGRF
49	Smt. Richa Dixit	CGRF
50	Shri Vivek	CGRF
51	Shri Abhishek Srivastava	CGRF
52	Shri A.K. Agarwal	CGRF
53	Shri Ram Shebrli	MVVNL
54	Shri Hari Prakash	MVVNL
55	Shri N.K. Srivastava	MVVNL
56	Shri A.K. Singh	MVVNL
57	Shri R.P. Singh	PVVNL
58	Shri R.K. Verma	UPPCL
59	Shri S.K. Singh	UPPTCL
60	Shri V.K. Sharma	UPPCL
61	Shri Ashutosh Kumar	MVVNL
62	Shri Mohit	MVVNL
63	Shri Ram Saran	MVVNL
64	Shri Svdesh Gupta	NBT
65	Shri Chandra Sekhar	MVVNL
66	Shri G. Dhupriyar	Consumer
67	Shri Sudhir Kumar	Consumer
68	Shri Satesh Kumar	Consumer
69	Shri K.D. Nishad	Consumer
70	Shri S.K. Verma	Consumer

List of Persons who attended Public Hearing at Sitapur on April 9, 2015		
Sl. No.	**Name**	**Organisation**
71	Shri Ashutosh Pandey	Consumer
72	Smt Beena Pandey	Consumer
73	Shri Santosh Mishra	Consumer
74	Shri Ujjawal Srivastava	Consumer
75	Shri Kanti Prakash	Consumer
76	Shri Raju Gautam	Consumer
77	Shri Janab Khan	Consumer
78	Shri Akhilesh Chandrashekher	Consumer
79	Shri Gopal Tandan	Consumer
80	Shri Rahul Jaiswal	Consumer
81	Shri Mahesh Sharma	Consumer
82	Shri Pradeep Kumar	Consumer
83	Shri Indu Singh Chauhan	Consumer
84	Shri Deepti Mishra	Consumer
85	Shri G.C. Mishra	Advocate
86	Shri R.C. Verma	UPPCL
87	Shri A.K. Singh	MVVNL
88	Shri A.K. Kaushal	MVVNL
89	Shri K.P. Khan	MVVNL
90	Shri M.K. Jaiswal	Consumer
91	Shri A.N. Singh	MVVNL
92	Smt Maya Devi	Consumer
93	Shri Shivakant Tripathi	Consumer
94	Shri Chandra Prakash Awasthi	Consumer
95	Shri K.K. Mishra	Consumer
96	Shri R.P. Sharma	Consumer

List of Persons who attended Public Hearing at Sitapur on April 9, 2015		
Sl. No.	**Name**	**Organisation**
97	Shri Ajay Singh	Consumer
98	Shri Sachhidanand	Consumer
99	Shri Shiv Balak	Consumer
100	Shri Bhawgoti Prasad	Consumer
101	Shri V.K. Gupta	Consumer
102	Shri DevBhanu Singh	Consumer
103	Shri Sunil Singh Gour	Consumer
104	Shri Servesh Pandey	Consumer
105	Shri Kisori Lal Srivastava	Consumer
106	Shri Sudhir Shukla	Consumer
107	Shri Satish Tiwari	Consumer
108	Shri Saral Kumar	Consumer
109	Shri Atul Gupta	Consumer
110	Shri Ganpati	Consumer
111	Shri Sagar Sharan Bhargava	Consumer
112	Shri Ram Chandra	Consumer
113	Shri PyareLal	Consumer
114	Shri Yogendra Nath Mishra	Consumer
115	Shri SidheShwri Devi	Consumer
116	Shri Amardeep Singh	Consumer
117	Shri Rama pati	Consumer
118	Shri Kamlesh Kumar	Consumer
119	Shri Satrohan Lal	Consumer
120	Shri Shri Ram	Consumer
121	Shri Ashok Yadav	Consumer
122	Shri Om Prakash Mishra	Amar Ujala

List of Persons who attended Public Hearing at Sitapur on April 9, 2015		
Sl. No.	**Name**	**Organisation**
123	Shri Ram Prakash ken	Consumer
124	Shri Amit Srivastava	Consumer
125	Shri J.B. Singh	Consumer
126	Shri Satyapal	Consumer
127	Shri S.P. Pal	Consumer
128	Shri Ravi Kumar	Consumer
129	Shri V.P. Verma	Consumer
130	Shri Mukesh Kumar	Consumer
131	Shri Umesh Pandey	Consumer
132	Shri Prem Agarwal	Consumer
133	Shri Asheesh Mishra	Consumer
134	Shri Tushar Sahani	Consumer
135	Shri Ram Narayan	Consumer
136	Shri Lalta Prashad	Consumer
137	Shri Kali Chaaran	Consumer
138	Shri Tanveer Alam	Consumer

LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT IN GHAZIABAD

List of Persons who attended Public Hearing at Ghaziabad on April 15, 2015		
Sr. No.	**Name**	**Organisation**
1	Shri Rajpal Singh	Consumer
2	Shri Sushil Agarwal	Consumer
3	Shri Anil Pandit	Consumer
4	Shri Atul Shrma	Consumer
5	Shri Veerpal Malik	Consumer
6	Shri S.K. Mahrotra	Consumer
7	Shri Davandra Malik	Consumer
8	Shri Ram Prasad Singh	Consumer
9	Shri Anil Kumar Bharti	Consumer
10	Shri Narendra Kumar	Consumer
11	Shri P.K. Gupta	Consumer
12	Shri Awadh Narayan Singh	Consumer
13	Shri S.P. Sharma	Consumer
14	Shri Z. Rehman	Consumer
15	Shri Visharash Gupta	Consumer
16	Shri V.K. Mittal	Consumer
17	Shri Lalit Kumar Gupta	Consumer
18	Shri Amit Bhargava	Director (Tariff), UPERC
19	Shri Vivek Sharma	Consumer
20	Shri Ravi Bansal	Consumer
21	Shri Mittal Bman	Consumer
22	Shri Ajay Chauhan	Consumer
23	Shri Rajeev Yadav	Consumer
24	Shri Vijay Karan	Consumer

List of Persons who attended Public Hearing at Ghaziabad on April 15, 2015		
Sr. No.	**Name**	**Organisation**
25	Shri Sabir Malik	Consumer
26	Shri Boblu Chaudhry	Consumer
27	Shri Mohit Goyal	Aligarh Rolling Mills
28	Shri Omdutt Gupta	Consumer
29	Shri Rajeev Mahrotra	Consumer
30	Shri Vipendra Sudha Valimiki	Consumer
31	Shri N.K. Puri	Consumer

LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT ORAI

List of Persons who attended Public Hearing at Orai on April 21, 2015		
Sr. No.	**Name**	**Organisation**
1	Shri Dileep Singh	CGRF
2	Shri Vinod Kumar	CGRF
3	Shri M. Gufran	UPPCL
4	Shri Kishor Kumar Sharma	DVVNL
5	Shri R.L. Yadav	DVVNL
6	Shri R.D. Yadav	UPPTCL
7	Shri S.K. Chaursiya	UPPTCL
8	Shri G.R. Ambwani	Consumer
9	Shri A.K. Arora	NPCL
10	Shri A.K. Pandey	KESCO
11	Shri Amit Bhargava	Director (Tariff), UPERC
12	Shri R.K. Trivedi	CGRF
13	Shri Arun Kumar	CGRF
14	Mohd Saif islam	DVVNL
15	Shri Ram Krishna	Consumer
16	Shri Sanjeev Rana	PVVNL
17	Shri Rakesh Kumar	Consumer
18	Shri Prashant Singh	Consumer
19	Shri V.K. Verma	Consumer
20	Shri Deepak Singh	KESCO
21	Shri Gurdeep Singh	KESCO
22	Shri Desh Raj	Consumer
23	Shri Pradyuman Tripthi	KESCO
24	Shri D.Paehose	DVVNL

List of Persons who attended Public Hearing at Orai on April 21, 2015		
Sr. No.	**Name**	**Organisation**
25	Shri Er. Ramesh Kumar	Consumer
26	Shri A.K.S	KESCO
27	Shri Pankaj Saxena	KESCO
28	Shri D.C. Verma	Consumer
29	Shri Saurabh Garg	ABPS-Consultant, UPERC
30	Shri Abhinas Agarwal	ABPS-Consultant, UPERC
31	Shri Hemant Tiwari	Consumer
32	Shri G.K. Singh	KESCO
33	Shri Vinod Kumar	KESCO
34	Shri Manoj Kumar Agrahari	KESCO
35	Shri Vishnu Kumar	CGRF
36	Shri Rakesh Srivastava	Consumer
37	Shri Santosh Kumar	KESCO
38	Shri Narendra	Consumer
39	Shri Taran Veer Singh	Consumer
40	Shri S.S. Prasad	Consumer
41	Shri Adarsh Kumar Kaushal	MVVNL
42	Shri K.P. Khan	MVVNL
43	Shri Sunit Kumar	Consumer
44	Shri G.C. Jha	KESCO
45	Shri S.B. Verma	KESCO
46	Shri R.B. Singh	CGRF
47	Shri R.B. Chandai	Consumer
48	Shri Tirthankar Sarkar	Hindustan United ltd
49	Shri Manish Gupta	Consumer
50	Shri Udai Chauhan	Hindustan United ltd

List of Persons who attended Public Hearing at Orai on April 21, 2015		
Sr. No.	**Name**	**Organisation**
51	Shri Yogesh Agarwal	Rimjim Ispat Ltd.
52	Shri Harikesh	Consumer
53	Shri V.N. Kumar	Consumer
54	Shri Vijay Singh	Consumer
55	Shri Arun Kumar Sexsena	Consumer
56	Shri Sahav Singh Chauhan	Consumer
57	Shri Rajveer Singh	Consumer
58	Shri Balram Singh	Consumer
59	Shri Surendra Singh	Consumer
60	Shri jagdish Tiwari	Consumer
61	Shri Pravesh Kumar	Consumer
62	Shri P.M. Prabhakar	Consumer
63	Shri M. Gufran	Consumer
64	Shri Balkesh Rajput	Consumer
65	Shri Rajeev Singh	Consumer
66	Shri Harikarn Gupta	Consumer
67	Shri Ajay Gupta	Consumer
68	Shri Ajay Kumar	Consumer
69	Shri G.D. Diwedi	Consumer
70	Moh. Israr ahmad	Consumer
71	Shri Ram Prakas	Consumer
72	Shri Shivam Kumar	Consumer
73	Shri Rajesh	Consumer
74	Shri Mahendra Kumar Verma	Consumer
75	Shri Shyam Baran Singh	Consumer
76	Shri Rajendra Kumar Yadav	Consumer

List of Persons who attended Public Hearing at Orai on April 21, 2015		
Sr. No.	**Name**	**Organisation**
77	Shri Pramod Kumar	Consumer
78	Shri Anil Kumar	Consumer
79	Shri Bhupendra Kumar	Consumer
80	Shri Ramesh Rajput	Consumer
81	Shri Dilip Kumar Verma	Consumer
82	Smt Kishori Devi	Consumer
83	Shri Kailash Singh Yadav	Consumer
84	Shri Babu Lal	Consumer
85	Shri Kamar Khan	Consumer
86	Shri Amir Khan	Consumer
87	Shri Ankur Khan	Consumer
88	Shri Ankur Tiwari	Consumer
89	Shri Surendra Kumar	Consumer
90	Shri Vijay Krishna Gupta	Consumer
91	Shri Ajay Kumar	Consumer
92	Shri B.K. Chaudhary	Consumer
93	Shri Virendra Kumar Verma	Consumer
94	Shri Santosh Kumar	Consumer
95	Shri Rakesh Singh	Consumer

LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT GORAKHPUR

List of Persons who attended Public Hearing at Gorakhpur on April 27, 2015		
Sr. No.	**Name**	**Organisation**
1	Shri S.P. Pandey	PVVNL
2	Shri D.K. Singh	UPPCL
3	Shri Ravindra Kumar	PVVNL
4	Shri Akhil	PVVNL
5	Shri S.P. Tripathi	PVVNL
6	Shri Sudhanshu Diwedi	PuVVNL
7	Shri Amit Bhargava	Director (Tariff), UPERC
8	Shri Ajit Singh	PuVVNL
9	Shri Vivek Dekshit	UPPCL
10	Shri Sanjay Kumar Singh	UPPCL
11	Shri A.K. Singh	PuVVNL
12	Shri O.P. Gupta	PuVVNL
13	Shri L.B. Sharma	PuVVNL
14	Shri G.C. Dwivedi	Consumer
15	Shri B.R.S. Chauhan	Consumer
16	Shri A.K. Singh	Consumer
17	Shri C.P. Gupta	Consumer
18	Shri Sanjay Yadav	Consumer
19	Shri M.N. Goyal	Consumer
20	Shri V.K. Singh	Consumer
21	Shri Dheeraj Singh	Consumer
22	Shri A.K. Arora	NPCL
23	Shri Ramesh Kumar	KESCO
24	Shri Mohit Goyal	UPPCL

List of Persons who attended Public Hearing at Gorakhpur on April 27, 2015		
Sr. No.	**Name**	**Organisation**
25	Shri D.K. Lal	Consumer
26	Shri Rajat Jureja	Consumer
27	Shri Ashok Kumar	Consumer
28	Shri Pradyuma Tripathi	PuVVNL
29	Shri B.L. Anand	Consumer
30	Shri Sanjay Kumar Singh	Consumer
31	Shri Subodh Verma	Consumer
32	Shri Vishal Mishra	Consumer
33	Shri S.A. Rizvi	UPPCL
34	Shri Pradeep Kumar	Consumer
35	Shri Rajesh Ranjan Singh	Consumer
36	Shri S. Joshi	Consumer
37	Shri R.A.P	Consumer
38	Shri Khalil Fazal	Consumer
39	Shri MK Gaur	Consumer
40	Shri Ram Sharda	MVVNL
41	Shri Vinod Kumar	Consumer
42	Shri Lalit Kumar	Consumer
43	Shri Sudhir Rastogi	MVVNL
44	Shri V.P. Singh	Consumer
45	Shri V.K. Singh	Consumer
46	Shri A.K. Singh	Consumer
47	Shri B. Prasad	Consumer
48	Shri H.R. Azmi	Consumer
49	Shri Ghanshyam Mishra	Consumer
50	Shri S.P.N. Singh	Consumer

List of Persons who attended Public Hearing at Gorakhpur on April 27, 2015		
Sr. No.	**Name**	**Organisation**
51	Shri Lal Chand Rai	Consumer
52	Shri Rajesh Kumar Prajapati	Consumer
53	Smt. Neeti Mishra	Consumer
54	Shri Mahendra Mishra	Consumer
55	Shri A.K. Chaudhary	Consumer
56	Shri A.K. Singh	Consumer
57	Shri Ajay Kumar Singh	Consumer
58	Shri Ashish	Consumer
59	Shri Shachindra Jaiswal	Consumer
60	Shri R.N. Mishra	Consumer
61	Shri Avinash Kumar Singh	Consumer
62	Shri Krishna Kuamr	Consumer
63	Shri Bipin Kumar Singh	Consumer
64	Shri C.K. Chaurasiya	UPPCL
65	Shri Hemant Kumar Singh	UPPCL
66	Shri Abhishek Singh	UPPCL
67	Shri Naveen	UPPCL
68	Shri Akanksha Jaiswal	UPPCL
69	Shri Er. S.K. Singh	UPPCL
70	Shri Arush Kumar Rahman	UPPCL
71	Shri P. Ram	Consumer
72	Shri M.N. Bharti	Consumer
73	Shri Nagendra Nath	Consumer
74	Shri Satya Prakash Singh	Consumer
75	Shri RamJanak Singh	Consumer

List of Persons who attended Public Hearing at Gorakhpur on April 27, 2015		
Sr. No.	**Name**	**Organisation**
76	Shri Vinod kumar Srivastava	Consumer
77	Shri Nitin Kumar Gupta	Consumer
78	Shri Mohd. Rizwan Siddiqui	Consumer
79	Shri Sanjay Kumar Yadav	Consumer
80	Shri Yesh hural Verma	Consumer
81	Shri K.L. Yadav	Consumer
82	Shri Kamlesh Kumar	Consumer
83	Shri Mrityunjaya Sharma	Consumer
84	Shri Mukesh Kumar	Consumer
85	Shri R.C. Yadav	Consumer
86	Shri A.K. Chaudhary	Consumer
87	Shri Girish Chaube	Consumer
88	Shri Bhagesh wari gupta	Consumer
89	Shri Gaurav Singh	Consumer
90	Shri Kush Singh	Consumer
91	Shri Bharat Tiwari	Consumer

** The above list may not be exhaustive and does not include names of some of the stakeholders whose names were illegible*