Order

on

Approval of Business Plan and Multi Year Tariff Petition For Power Transmission Corporation of Uttarakhand Ltd. For Third Control Period (FY 2019-20 to FY 2021-22)

February 27, 2019

Uttarakhand Electricity Regulatory Commission

Vidyut Niyamak Bhawan, Near I.S.B.T., P.O. Majra

Dehradun – 248171

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Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No.: 54 of 2018

And

Petition No. 56 of 2018

In the Matter of:

Petition filed by Power Transmission Corporation of Uttarakhand Limited for approval of Business Plan for third Control Period from FY 2019-20 to FY 2021-22.

AND

In the Matter of:

Petition filed by Power Transmission Corporation of Uttarakhand Limited for determination of Multi Year Tariff for third Control Period from FY 2019-20 to FY 2021-22.

AND

In the Matter of:

Power Transmission Corporation of Uttarakhand Ltd.

Vidyut Bhawan, Saharanpur Road, Majra,

Near ISBT, Dehradun-248001, Uttarakhand.

……...Petitioner

Coram

Shri Subhash Kumar Chairman

Date of Order: February 27, 2019

Section 64(1) read with Section 61 and 62 of the Electricity Act, 2003 (hereinafter referred to as "the Act") requires the Generating Companies and the Licensees to file an application for determination of tariff before the Appropriate Commission in such manner and alongwith such fee as may be specified by the Appropriate Commission through Regulations.

In accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011 (hereinafter referred to as "UERC Tariff Regulations, 2011") for the first Control Period from FY 2013-14 to FY 2015-16 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the MYT Order dated May 6, 2013 for the first Control Period from FY 2013-14 to FY 2015-16. In accordance with the provisions of the UERC Tariff Regulations, 2011, the Commission had carried out the Annual Performance Review for FY 2013-14, FY 2014-15 and FY 2015-16 vide its Orders dated April 10, 2014, April 11, 2015 and April 5, 2016 respectively.

Further, in accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2015 (hereinafter referred to as "UERC Tariff Regulations, 2015") for the second Control Period from FY 2016-17 to FY 2018-19 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the Order on approval of Business Plan and Multi Year Tariff dated April 5, 2016 for the second Control Period from FY 2016-17 to FY 2018-19. In accordance with the provisions of the UERC Tariff Regulations, 2015, the Commission had carried out the Annual Performance Review for FY 2016-17 and FY 2017-18 vide its Orders dated March 29, 2017 and March 21, 2018.

Further, in accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2018 (hereinafter referred to as "UERC Tariff Regulations, 2018") for the third Control Period from FY 2019-20 to FY 2021-22 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. In compliance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of UERC Tariff Regulations, 2018, Power Transmission Corporation of Uttarakhand Limited (hereinafter referred to as "PTCUL" or" Licensee" or "Petitioner") filed separate Petitions for approval of its Business Plan for the third Control Period from FY 2019-20 to FY 2021-22 (Petition No. 54 of 2018 hereinafter referred to as the "Business Plan Petition") and Multi Year Tariff Petition (Petition No. 56 of 2018 hereinafter referred to as the "MYT Petition") on November 30, 2018. PTCUL, in its Business Plan Petition, has submitted the Capital Investment Plan, Financing Plan, Human Resources Plan and trajectory of performance parameters for the third Control Period. Further, through the MYT Petition, PTCUL has submitted the detailed calculations of its projected Annual Transmission Charges for the third Control Period from FY 2019-20 to FY 2021-22 as per the UERC Tariff Regulations, 2018. Through the MYT Petition, the Petitioner has also requested for true up of FY 2017-18 based on the audited accounts in accordance with UERC Tariff Regulations, 2015.

The Business Plan Petition filed by PTCUL had certain infirmities/deficiencies which were informed to PTCUL vide Commission's letter no. UERC/6/TF/499/Misc. App. No. 75 of 2018/1228 dated December 6, 2018 and PTCUL was directed to rectify the said infirmities in the Petition and submit certain additional information necessary for admission of the Petition. PTCUL vide its letter no. 2925/Dir. (Projects)/PTCUL/UERC dated December 12, 2018 removed the critical deficiencies. Based on the submissions made by PTCUL, the Commission vide its Order dated December 17, 2018 provisionally admitted the Petition for further processing subject to the condition that PTCUL shall furnish any further information/clarifications as deemed necessary by the Commission during the processing of the Petition and provide such information and clarifications to the satisfaction of the Commission within the time frame, as may be stipulated by the Commission, failing which the Commission may proceed to dispose of the matter as it deems fit based on the information available with it.

Further, the Multi Year Tariff (MYT) Petition filed by PTCUL also had certain infirmities/deficiencies which were informed to PTCUL vide Commission's letter no. UERC/6/TF/ 502/Misc. App. No. 77 of 2018/1227 dated December 6, 2018 and PTCUL was directed to rectify the said infirmities in the Petition and submit certain additional information necessary for admission of the Petition. PTCUL vide its letter no. 2926/Dir.(Projects)/ PTCUL/UERC dated December 12, 2018 removed the critical deficiencies. Based on the submissions made by PTCUL, the Commission vide its Order dated December 17, 2018 provisionally admitted the Petition for further processing subject to the condition that PTCUL shall furnish any further information/ clarifications as deemed necessary by the Commission during the processing of the Petition and provide such information and clarifications to the satisfaction of the Commission within the time frame, as may be stipulated by the Commission, failing which the Commission may proceed to dispose of the matter as it deems fit based on the information available with it.

This Order, accordingly, relates to the Business Plan Petition and the MYT Petition filed by PTCUL for approval of the Business Plan and determination of Aggregate Revenue Requirement (ARR) and MYT for the third Control Period from FY 2019-20 to FY 2021-22 as well as true up for FY

2017-18 and Annual Performance Review for FY 2018-19, and is based on the original as well as all the subsequent submissions made by PTCUL during the course of the proceedings.

Tariff determination being the most vital function of the Commission, it has been the practice of the Commission to elaborate in detail the procedure and to explain the underlying principles in determination of tariffs. Accordingly, in the present Order also, in line with past practices, the Commission has tried to elaborate the procedure and principles followed by it in determining the ARR of the licensee. The Annual Transmission Charges of PTCUL are recoverable from the beneficiaries. It has been the endeavour of the Commission in past also, to issue Tariff Orders for PTCUL concurrently with the issue of Order on retail tariffs for Uttarakhand Power Corporation Limited (UPCL), so that UPCL is able to honour the payment liability towards transmission charges of PTCUL. For the sake of convenience and clarity, this Order has further been divided into following Chapters:

Chapter 1 - Background and Procedural History.

Chapter 2 – Stakeholder's Objections/Suggestions, Petitioner's Responses and Commission's Views.

Chapter 3 - Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Business Plan for the third Control Period.

Chapter 4 – Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2017-18.

Chapter 5 – Petitioner's Submissions, Commission's Analysis, Scrutiny & Conclusion on APR for FY 2018-19 and MYT for FY 2019-20 to FY 2021-22

Chapter 6 – Commission's Directives.

Chapter 7 – Annexures.

1 Background and Procedural History

In accordance with the provisions of the Uttar Pradesh Reorganization Act 2000 (Act 29 of 2000), enacted by the Parliament of India on August 25, 2000, the State of Uttaranchal came into existence on November 9, 2000. Section 63(4) of the above Reorganization Act allowed the Government of Uttaranchal (hereinafter referred to as "GoU" or "State Government") to constitute a State Power Corporation at any time after the creation of the State. GoU, accordingly, established the Uttaranchal Power Corporation Limited (UPCL) under the Companies Act, 1956, on February 12, 2001 and entrusted it with the business of transmission and distribution in the State. Subsequently, from April 1, 2001, all works pertaining to the transmission, distribution and retail supply of electricity in the area of Uttaranchal were transferred from Uttar Pradesh Power Corporation Limited (UPPCL) to UPCL, in accordance with the Memorandum of Understanding dated March 13, 2001, signed between the Governments of Uttaranchal and Uttar Pradesh.

Meanwhile, the Electricity Act, 2003 was enacted by the Parliament of India on June 10, 2003, which mandated separate licenses for transmission and distribution activities. In exercise of powers conferred under sub-section 4 of Section 131 of the Act, the GoU, therefore, through transfer scheme dated May 31, 2004, first vested all the interests, rights and liabilities related to Power Transmission and Load Despatch of "Uttaranchal Power Corporation Limited" into itself and, thereafter, re-vested them into a new company, i.e. "Power Transmission Corporation of Uttaranchal Limited", now renamed as "Power Transmission Corporation of Uttarakhand Limited" after change of name of the State. The State Government, further vide another notification dated May 31, 2004 declared Power Transmission Corporation of Uttarakhand as the State Transmission Utility (STU) responsible for undertaking, amongst others, the following main functions:

a) To undertake transmission of electricity through intra-State transmission system.
b) To discharge all functions of planning and co-ordination relating to intra-State transmission system.
c) To ensure development of an efficient, co-ordinated and economical system of intra-State transmission lines.
d) To provide open access.

A new company in the State was, thus, created to look after the functions of intra-State Transmission and Load Despatch, on May 31, 2004. In view of re-structuring of functions of UPCL and creation of a separate company for looking after the transmission related works, the Commission amended the earlier 'Transmission and Bulk Supply License' granted to 'Uttarakhand Power Corporation Limited' and transmission license was given to PTCUL for carrying out transmission related works in the State vide Commission's Order dated June 9, 2004.

The Commission vide its Order dated May 6, 2013 approved the Business Plan and Multi Year Tariff for PTCUL for the first Control Period from FY 2013-14 to FY 2015-16. Further, the Commission had carried out the Annual Performance Review for FY 2013-14, FY 2014-15 and FY 2015-16 vide its Orders dated April 10, 2014, April 11, 2015 and April 5, 2016 respectively.

In exercise of powers conferred to it under Section 61 of the Act and all other powers enabling it in this behalf, the Commission notified the UERC Tariff Regulations, 2015 on September 10, 2015. These Regulations superseded the UERC Tariff Regulations, 2011.

The Commission vide its Order dated April 5, 2016 approved the Business Plan and Multi Year Tariff for PTCUL for the second Control Period from FY 2016-17 to FY 2018-19. Further, the Commission had carried out the Annual Performance Review for FY 2016-17 and FY 2017-18 vide its Orders dated March 29, 2017 and March 21, 2018 respectively.

As mentioned earlier also, in accordance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of the UERC Tariff Regulations, 2018, Transmission Licensees are required to submit the Business Plan Petition and MYT Petition for determination of Aggregate Revenue Requirement latest by November 30, 2018. PTCUL in compliance to the Regulations submitted the Business Plan Petition and MYT Petition for determination of ARR/transmission tariff for the third Control Period from FY 2019-20 to FY 2021-22 alongwith the true up of expenses for FY 2017-18 on November 30, 2018.

The Business Plan Petition and MYT Petition were provisionally admitted by the Commission vide two separate Orders dated December 17, 2018. The Commission, through its above Admittance Orders dated December 17, 2018, to provide transparency to the process of tariff determination and give all stakeholders an opportunity to submit their objections/suggestions/comments on the proposals of the Transmission Licensee, also directed PTCUL to publish the salient features of its proposals in the leading newspapers. The salient features of the proposals were published by the Petitioner in the following newspapers:

Table 1.1: Publication of Notice

S. No.	Newspaper Name	Date of Publication
1	The Times of India	December 20, 2018
2	Hindustan Times	December 20, 2018
3	Dainik Jagran	December 20, 2018
4	Amar Ujala	December 20, 2018

Through above notice, stakeholders were requested to submit their objections/suggestions /comments latest by January 31, 2019 (copy of the notice is enclosed as **Annexure 1 and 2**). The Commission received in all 03 objections/suggestions/comments in writing on the Petitions filed by PTCUL. The list of stakeholders who have submitted their objections/suggestions/ comments in writing is enclosed as **Annexure-3.**

Further, for direct interaction with all the stakeholders and public at large, the Commission also held public hearings on the proposals filed by the Petitioner at the following places in the State of Uttarakhand.

Table 1.2: Schedule of Hearing

S. No	Place	Date
1	Srinagar	January 29, 2019
2	Dehradun	January 31, 2019
3	Almora	February 4, 2019
4	Rudrapur	February 5, 2019

The list of participants who attended the Public Hearing is enclosed at **Annexure-4.**

The Commission also sent the copies of salient features of tariff proposals to Members of the State Advisory Committee and the State Government. The salient features of the Business Plan Petition and MYT Petition submitted by PTCUL were also made available on the website of the Commission, i.e. www.uerc.gov.in. The Commission also held a meeting with the Members of the Advisory Committee on February 11, 2019, wherein, detailed deliberations were held with the Members of the Advisory Committee on the various issues linked with the Petitions filed by PTCUL.

The objections/suggestions/comments, as received from the stakeholders through mail/ post as well as during the course of public hearing were sent to the Petitioner for its response. All the issues raised by the stakeholders and Petitioner's response thereon are detailed in Chapter 2 of this Order. In this context, it is also to underline that while finalizing this Order, the Commission has, as far as possible, tried to address the issues raised by the stakeholders.

Meanwhile, based on the scrutiny of the Petitions filed by PTCUL, the Commission vide its letter no. UERC/6/TF-499/2018-19/2018/1328 and letter no. UERC/6/TF-502/2018-19/2018/1329 dated December 21, 2018 and letter no. UERC/6/TF/Petition No. 56 of 2018/1355 dated December 31, 2018 pointed out certain data gaps in the Petitions and sought following additional information/ clarifications from the Petitioner:

Business Plan Petition

- The estimated timelines for the proposed works in the Capital Investment Plan for the activities like (i) finalisation of DPR, (ii) Board's approval for taking up the works, (iii) filing of Petition for approval of Capital Investment Plan, (iv) Completion of work award process, (v) commencement of work, and (vi) completion of work.

MYT Petition

- Details of cost overrun and time overrun alongwith the justification for the same for the actual capitalisation in FY 2017-18.
- Justification for the increase in O&M expenses for FY 2017-18 in comparison with the actual O&M expenses for FY 2016-17.
- Details of actual payments made towards the impact of VII Pay Revision.
- Physical and financial progress of the works proposed to be capitalised during the period October, 2018 to March, 2019.

So as to have better clarity on the data filed by the Petitioner and to remove inconsistency in the data, a Technical Validation Session (TVS) was also held with the Petitioner's Officers on January 8, 2019, for further deliberations on certain issues related to the Petitions filed by PTCUL. Minutes of above TVS were sent to the Petitioner vide Commission's letter no. UERC/6/TF/502/ Petition No. 56 of 2018/1393 dated January 9, 2019, for its response.

The Petitioner submitted the replies to data gaps vide its letter no. 01/Dir. (Projects)/PTCUL/MYT, letter no. 02/Dir. (Projects)/PTCUL/ARR, letter no. 20/Dir.(Projects)/ PTCUL/ARR, and letter no. 54/Dir.(Projects)/PTCUL/ARR dated January 2, 2019, January 4, 2019, and January 7, 2019 respectively. The Petitioner submitted the replies to the Minutes of TVS vide letter no. 84/Dir. (Projects)/PTCUL/UERC dated January 15, 2019. The submissions made by PTCUL in the Petitions as well as additional submissions have been discussed by the Commission at appropriate places in the Tariff Order alongwith the Commission's views on the same.

2 Stakeholder's Objections/Suggestions, Petitioner's Responses and Commission's Views.

The Commission has received suggestions/objections/comments on PTCUL's Petitions for approval of Business Plan for the third Control Period from FY 2019-20 to FY 2021-22, approval of true up for FY 2017-18, Annual Performance Review for FY 2018-19 and Aggregate Revenue Requirement for the third Control Period from FY 2019-20 to FY 2021-22. List of stakeholders who have submitted their objections/suggestions/comments in writing is given at **Annexure-3** and the list of Respondents who have participated in the Public Hearings is enclosed at **Annexure-4**. The Commission has further obtained replies from PTCUL on the suggestions/objections/comments received from the stakeholders. For the sake of clarity, the objections raised by the stakeholders and responses of the Petitioner have been consolidated and summarized issue wise. In the subsequent Chapters of this Order, the Commission has kept in view the suggestions/objections/comments of the stakeholders and replies of the Petitioner while deciding the ARR for PTCUL.

2.1 Annual Transmission Charges

2.1.1 Stakeholder's Comments

Shri Munish Talwar of Asahi Glass India Ltd. and Shri Ganga Prasad Agrahari of Indian Drugs & Pharmaceuticals Ltd. have submitted that the proposed tariff hike by the utilities UPCL, PTCUL, SLDC and UJVN Ltd. would necessitate a total tariff hike of more than 25% resulting in a cascading effect of overall increase in prices of Industrial as well as general commodities.

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand submitted that PTCUL has been escalating the projected expenses to get the same approved as much as they can from the Commission which is not expected from a public utility.

2.1.2 Petitioner's Response

The Petitioner submitted that the expenses have been projected in adherence to the methodology specified in the Regulations. The projections are based on the actual expenses incurred in the past which are audited by statutory auditors and prudent estimates of expected expenses in the future. The Petitioner has always submitted a realistic estimate for the consideration of the Commission. The Petitioner requested the Commission to allow the projections based on the justifications provided.

2.1.3 Commission's Views

The Commission has carried out the detailed analysis of all the actual expenses while carrying out truing up of expenses for FY 2017-18 as elaborated in Chapter 4 of the Order. Further, the Commission has worked out the sharing of gains and losses for FY 2017-18 in accordance with the provisions of the UERC Tariff Regulations, 2015 while carrying out the truing up of expenses and revenues for FY 2017-18. The Commission has carried out detailed analysis of all the expenses while approving the Annual Transmission Charges for the third Control Period from FY 2019-20 to FY 2021-22 as elaborated in Chapter 5 of this Order.

2.2 Capitalisation of New Assets

2.2.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that for timely completion of the projects, all the clearances should first be obtained by PTCUL and then only the contracts for execution of works should be awarded to reduce the cost over-run. In the current proceedings also, the Commission should continue with the same approach of approving the schemes capitalised by allowing only the minimum of approved cost and the actual cost as per the audited reports submitted by the Petitioner.

2.2.2 Petitioner's Response

The projects are approved by the Commission after prudence check which includes the check of clearances obtained. The Petitioner submitted that its officials are committed to timely completion of all projects and delay, if any, have mostly been a result of uncontrollable factors. The projects are closely monitored by the respective projects units and sincere efforts are made towards avoiding time and cost overruns. In case of any unforeseen time/cost overruns, detailed reasons and justifications are provided to the Commission. The Petitioner requested the Commission to allow the capitalisation based on the submissions made in the Petitions.

2.2.3 Commission's View

The Commission had approved the final true up for FY 2004-05 to FY 2013-14 after giving due consideration to the Expert Committee Report on the allowable cost of REC Old and NABARD Schemes and the comments submitted by PTCUL on the Expert Committee Report. In the true up for FY 2014-15, the Commission had examined the projects covered under REC-II Scheme with respect to cost/time overruns against each completed project and after prudence check, had allowed the project costs and their capitalisation thereof in the respective years. Further, in the true up for FY 2015-16 and FY 2016-17, the Commission had not allowed part capitalisations in accordance with the UERC Tariff Regulations, 2011 and UERC Tariff Regulations, 2015 and also in consistence with the methodology adopted by the Commission in the true up of previous years. The Commission in this Order has again not allowed part capitalisations in accordance with the UERC Tariff Regulations, 2015. The detailed approach adopted by the Commission for approving the capitalisation for FY 2017-18 is elaborated in Chapter 4 of the Order. Further, the approach adopted by the Commission for the capitalisation considered for FY 2018-19 and third Control Period from FY 2019-20 to FY 2021-22 including the analysis of additional submissions made by the Petitioner is elaborated in Chapter 3 and Chapter 5 of this Order.

2.3 Return on Equity on assets created out of PDF

2.3.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the Commission should follow its earlier approach of not allowing Return on Equity on the assets created out of PDF.

2.3.2 Petitioner's Response

The Petitioner submitted that the Appeal No. 163 of 2015 was filed by PTCUL before Hon'ble APTEL in matter of (i) Disallowance of Return on Equity on equity through PDF and (ii) Declaration of 220 kV D/C Bhilangana-Ghansali line as an intra-State line. The Hon'ble APTEL, in Para 10 of its Judgment in the said Appeal, averred that if the State Government has not provided the amount from PDF as a grant and has invested the same as equity, RoE is to be allowed as per the Regulations. Further, the Additional Secretary vide Letter No 337/I(2)/2011-04-(01)/84/2008 dated February 11, 2011 conveyed the directions of GoU to the Commission that the amount contributed by the Government from PDF is from the consolidated fund of the State and hence, may be considered as equity by the Commission for allowance of RoE on the said amount to the Petitioner. The Petitioner requested the Commission to take the above into consideration and thereby, allow RoE on the equity contribution from PDF.

2.3.3 *Commission's Views*

The Commission in its previous Tariff Orders had not allowed any RoE on GoU contribution from PDF for reasons spelt out in the said Orders. This issue has been addressed by the Commission in Chapter 5 of the Order.

2.4 Return on Initial Equity Corresponding to assets vested in PTCUL

2.4.1 *Stakeholder's Comments*

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that PTCUL had shown the assets vested in it as unsecured loans in the past and now the same are being shown as capital reserve. As per the Electricity Act, any asset has to be seen from the perspective of the nature of its acquisition. The assets which were shown as loans for 12 years have been suddenly shown as capital reserve, and 30% of the same is proposed to be considered as equity and RoE is claimed alongwith carrying cost.

2.4.2 *Petitioner's Response*

The Petitioner submitted that the bifurcation of the existing assets was provided in the provisional transfer scheme notified by GoU vide Notification No. 86/1/2004-06(3)/259/2003 dated May 31, 2004 and 87/1/2004-06(3)/259/2003 dated May 31, 2004. It considered the difference between the value of assets and liabilities taken over amounting to Rs. 219.70 Crore as capital reserve in the Schedule–A of the notification. However, after finalization of the accounts, the figure of Rs. 219.70 Crore was revised to Rs. 188.81 Crore and was considered as unsecured loan from the State Government. Hon'ble APTEL, vide its Judgment in Appeal no. 189 of 2005 dated September 14, 2006 allowed RoE on opening balance of equity to UJVN Ltd. The Hon'ble APTEL had laid out general principles for allowing RoE in the stated Judgment, which are equally applicable in the Petitioner's case. The vesting of assets has taken place consequent to provisions of the Electricity Act, 2003 and it is the State, which owns the assets throughout.

A meeting was held between PTCUL and UPCL on November 26, 2018 to finalize the various issues pertaining to the transfer scheme amongst them. In this meeting, it was decided that the correct accounting approach would be to move the balancing amount of Rs. 188.81 Crore to capital reserve from other long-term liabilities. The same was reflected in the audited accounts for FY 2017-18. The Petitioner requested the Commission to allow RoE on initial equity vested in PTCUL by the provisional transfer scheme.

2.4.3 Commission's Views

The Commission has dealt with the issue of allowing RoE on initial equity portion of the assets vested in PTCUL in detail in Chapter 4 of this Order.

2.5 True up

2.5.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the Petitioner has claimed expenses in true up as per audited accounts. The Petitioner should provide justification for the difference between the expenses approved by the Commission and the actual expenses incurred and the Commission should allow the expenses in true up after prudence check.

2.5.2 Petitioner's Response

The Petitioner submitted that the figures approved by the Commission are based on projections for the said year. However, the utilities, for their smooth and efficient functioning need to incur certain expenses which are beyond their control. Moreover, in case of deviations from the approved figures, detailed justifications are provided in the Petition while claiming the expenses considering the actuals in the audited accounts. It is pertinent to note that the accounts are audited by statutory auditors and CAG and the expenses are approved after due audit and assessment of prudency of the same. The Petitioner requested the Commission to approve the figures submitted for true up of FY 2017-18.

2.5.3 Commission's View

The Commission, in this regard, would like to clarify that the actual expenses, both of revenue and capital nature claimed by the Petitioner are examined separately in detail while carrying out the truing up of expenses and revenues and only legitimate expenses are allowed in accordance with the UERC Tariff Regulations applicable from time to time. Further, the Commission has worked out the sharing of gains and losses for FY 2017-18 in accordance with the provisions of the UERC Tariff Regulations, 2015 while carrying out the truing up of expenses and revenues for FY 2017-18 as detailed in Chapter 4 of this Order.

2.6 Issues Raised During Meeting of State Advisory Committee

2.6.1 Stakeholder's Comments

During the Advisory Committee meeting held on Feb 11, 2019, the Members made the following suggestions on the Petitions filed by PTCUL for approval of Business Plan and True up for FY 2017-18, Annual Performance Review for FY 2018-19 and Aggregate Revenue Requirement FY 2019-20 to FY 2021-22 :

- The Commission shall take an appropriate view on the capitalisation proposed by the Petitioner for the third Control Period taking into consideration the actual achievement during the past.
- PTCUL has again claimed Return on Equity on PDF amount, though this is a settled issue as per the Commission's past Orders and is sub-judice at Hon'ble APTEL. As no stay has been granted by Hon'ble APTEL on Commission's Order, RoE on PDF amount should not be allowed.
- The delay in execution of capital works by PTCUL is affecting the entire power sector in the State of Uttarakhand.

2.6.2 Petitioner's Response

The Petitioner submitted the following replies on the queries raised:

- PTCUL informed about the current status of various projects and submitted that the 2 sub-stations namely 220 kV GIS at IIP Harrawala and 220/33 kV S/s at Piran Kaliyar have been commissioned in FY 2018-19 and 2 more sub-stations namely 132 kV GIS at Bageshwar and 220/33 kV S/s at Jafarpur are expected to be commissioned by March 2019.
- The RoE on PDF is claimed as the issue is still pending in APTEL.

2.6.3 Commission's Views

The issues raised by the Members of the Advisory Committee have been taken into consideration while deciding on the Petitioner's claims in the Petitions filed for approval of Business Plan for the third Control Period from FY 2019-20 to FY 2021-22, true up of FY 2017-18, APR for FY 2018-19 and Annual Transmission Charges for third Control Period from FY 2019-20 to FY 2021-22 as detailed in subsequent Chapters of this Order.

3 Petitioner's submission, Commission's Analysis, Scrutiny and Conclusion on Business Plan for the third Control Period

3.1 Statutory Requirement

In light of the provisions of the Act, the Commission has notified the UERC Tariff Regulations, 2018 on September 14, 2018 applicable for determination of Tariff for the third Control Period from FY 2019-20 to FY 2021-22.

3.2 Multi Year Tariff Framework

As regards the Multi Year Tariff Framework, UERC Tariff Regulations, 2018 specifies as follows:

"4. Multi-year Framework

The Multiyear tariff framework shall be based on the following: -

a) Business plan submitted by the applicant for the entire control period for the approval of the Commission prior to the beginning of the control period;

b) Applicant's forecast of expected ARR for each year of the control period, based on reasonable assumptions and financial & operational principles/parameters laid down under these Regulations submitted alongwith the MYT petition for determination of Aggregate Revenue Requirement and Tariffs for first year of the control period;

c) Review of control period ending on 31.03.2019 shall also be taken up alongwith the ARR/Tariff petition for the first year of ensuing control period;

d) Trajectory for specific parameters as may be stipulated by the Commission based on submissions made by the Licensee, actual performance data of the Applicants and performance achieved by similarly placed utilities;

e) Annual review of performance shall be conducted vis-à-vis the approved forecast and categorization of variations in performance into controllable factors and uncontrollable factors;

f) Sharing of excess profit or loss due to controllable and uncontrollable factors as per provisions of these Regulations.

…

7. ***Determination of Baseline***

The baseline values (operating and cost parameters) for the base year of the control period shall be determined by the Commission based on the approved values by the Commission, the latest audited accounts, estimates for the relevant year, prudence check and other factors considered by the Commission.

The Commission may re-determine the baseline values for the base year based on the actual audited accounts of the base year."

3.3 Business Plan for the third Control Period

Regarding Business Plan, Regulation 8 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**8. Business Plan***

(1) An Applicant shall submit, under affidavit and as per the UERC Conduct of Business Regulations as amended from time to time, a Business Plan by November 30th, 2018, for the Control Period of three (3) financial years from April 1, 2019 to March 31, 2022;

...

b) The Business Plan for the Transmission Licenses shall be for the entire control period and shall, interalia, contain-

(i) Capital investment plan which should be commensurate with load growth and quality improvement proposed in the business plan alongwith its cost-benefit analysis. The investment plan should also include yearly phasing of capital expenditure alongwith the source of funding, financing plan and corresponding capitalisation schedule. The system augmentation/expansion plan to be submitted as a part of Capital Investment Plan by the Transmission Licensee shall be consistent with the load growth forecast/ generation evacuation requirement during the control period. Further, the Capital Investment Plan shall be in conformity with the plans made by the CEA/ CTU/ STU/ Distribution Licensee;

(ii) The appropriate capital structure of each scheme proposed and cost of financing (interest on debt) and return on equity, terms of the existing loan agreements, etc;

(iii) Transmission loss reduction trajectory for each year of the control period, including details of the measures proposed to be taken for achieving the target loss;

…

(2) The Applicant shall also submit the details in respect of its manpower planning for the Control Period as part of Business Plan.

(3) The Commission shall scrutinize and approve the business plan after following the due consultation process."

Regarding Capital Investment Plan, Regulation 58 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**58. Capital Investment Plan***

(1) The Transmission Licensee shall file a detailed capital investment plan, financing plan and physical targets for each year of the Control Period, as a part of Business Plan, for meeting the requirement of load growth, reduction in transmission losses, improvement in quality of supply, reliability, metering, reduction in congestion, etc. The capital investment plan along with the Business Plan should be filed at the beginning of the Control Period, detailing all aspects as specified in Regulation 8 contained in Part – II of these Regulations.

(2) The investment plan shall be a least cost plan for undertaking investments on strengthening and augmentation of the intra-State transmission system for meeting the requirement of load growth, reduction in transmission losses, improvement in quality of supply, reliability, metering, reduction in congestion, etc.

(3) The investment plan shall cover all capital expenditure projects to be undertaken by the Transmission Licensee in the MYT Control Period and shall be in such form as may be stipulated by the Commission from time to time.

(4) Separate prior approval of the Commission shall be required for all capital expenditure schemes of the value exceeding the ceiling specified by the Commission in the transmission license.

(5) The investment plan shall be accompanied by such information, particulars and documents as may be required showing the need for the proposed investments, alternatives considered, cost/benefit analysis and other aspects that may have a bearing on the

transmission charges. The investment plan shall also include the capitalisation schedule and financing plan.

(6) The Transmission Licensee shall submit, along with the MYT Petition or along with the Petition for Annual Performance Review, as the case may be, details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require for assessing such progress.

(7) The Commission shall consider and approve the Transmission Licensee's capital investment plan, with modifications, if necessary. The costs corresponding to the approved investment plan of the Transmission Licensee for a given year shall be considered for its revenue requirement."

In accordance with Regulation 8 and Regulation 58 of UERC Tariff Regulations, 2018, the Petitioner submitted the Business Plan for the third Control Period from FY 2019-20 to FY 2021-22. The Petitioner in its Business Plan Petition and subsequent submissions has submitted the Capital Expenditure Plan, Capitalisation Plan, Financing Plan, Human Resources Plan and Transmission Loss trajectory for the third Control Period from FY 2019-20 to FY 2021-22. The Petitioner's submissions and the Commission's analysis on approval of the Business Plan for PTCUL for the third Control Period from FY 2019-20 to FY 2021-22 are detailed below.

3.4 Capital Expenditure Plan and Capitalisation Plan

3.4.1 Petitioner's Submissions

PTCUL is developing network for strengthening of Transmission System (132 kV and above) to meet the load growth requirement of Uttarakhand distribution system and also for evacuation of power from various generators, i.e. Hydro as well as Gas based, which are coming up in Uttarakhand. PTCUL has a network which is spread over 2888 ckt. km. of transmission line and has an installed transformation capacity of 8237.5 MVA (as of September, 2018) with a total of 42 sub-stations. PTCUL is in the process of increasing its network capacity to handle the increasing demand in future years. The increase in transmission network of PTCUL over the current MYT Control Period and that proposed for the ensuing MYT Control Period is as shown in the Table below:

Table 3.1: Transmission Network of PTCUL

Particulars		Units	FY 2016-17 (Actual)	FY 2017-18 (Actual)	FY 2018-19 (Estimated)	FY 2019-20 (Projections)	FY 2020-21 (Projections)	FY 2021-22 (Projections)
No. of sub-stations	400 kV	No./MVA	3/2455	3/2455	3/2455	3/2930	3/2930	3/2930
	220 kV	No./MVA	8/3010	8/3245	10/3745	11/3835	12/3935	15/4445
	132 kV	No./MVA	29/2337.5	29/2337.5	31/2367.5	33/2852.5	33/2937.5	33/2957.5
Growth in Network	400 kV	ckt. km.	422	422	422	422	422	422
	220 kV	ckt. km.	797	797	812	837	839	947
	132 kV	ckt. km.	1575	1575	1645	1821	1867	1919
	66 kV	ckt. km.	84	84	84	84	84	84
Total sub-station Capacity		No./MVA	40/7802.5	40/8037.5	44/8567.5	47/9617.5	48/9802.5	51/10332.5
Total Network Length		ckt. km.	2878	2878	2962.6	3163.54	3212.14	3372.14

Even though there has been a substantial increase in the network, there are a few congestion points in the current network of PTCUL. These have been identified and are being resolved through various mitigation solutions. The Capital Expenditure plan for the Control Period from FY 2019-20 to FY 2021- 22 has been made keeping in mind the congestion points currently being encountered by PTCUL. The Table below lists the constraints observed in the network, the mitigation actions being currently undertaken and status of the said actions.

Table 3.2: Constraints in PTCUL's Network and Mitigation Actions

S. No.	Constraints in PTCUL's Network observed by SLDC	Mitigation Actions	Status
1.	Loading on 400/220 kV Kashipur ICTs are not N-1 compliant in case of low gas generation	Increasing capacity at 400/220 kV level by additional 315 MVA T/F	The tender award activities are under process for this project; Work on the project is expected to start soon
2.	Loading on 220 kV Puhana (Roorkee, PGCIL)–Roorkee line and lines at 220 kV Roorkee S/s are not N-1 compliant	220/33 kV S/s Piran Kaliyar has been commissioned. It will reduce loading on 220 kV Roorkee-Puhana line due to shifting of Piran Kaliyar and nearby area load from 220 kV S/s Roorkee.	Work on the sub-station has been completed
3.	Overloading of 160 MVA ICTs at 400 kV Kashipur sub-station	Increasing capacity at 220/132 kV level by additional 160 MVA T/F	The system augmentation project is currently in the tendering stage and work is expected to be started by the end of the current financial year
4.	160 MVA ICTs are not N-1 compliant at 220 kV Roorkee sub-station	Loading on 160 MVA T/F will be reduced after shifting of load from 220/132/33 kV S/s Roorkee to 220/33 kV S/s Piran Kaliyar. 220/132 kV S/s Manglore is proposed. After commissioning of this S/s loading on 160 MVA T/F will be reduced in future.	The 220/33 kV S/s Piran Kaliyar has been commissioned and the 220/132 kV S/s Manglore is proposed for completion in FY 2021-22

Table 3.2: Constraints in PTCUL's Network and Mitigation Actions

5.	220 kV radial feeder for 220 kV Haldwani sub-station	Construction of 220 kV LILO of 220 kV Kashipur (400 kV S/s)-Pantnagar at Barheni to connect 220 kV S/s Kamaluaganja on existing corridor of 132 kV Bazpur-Kamaluaganja on Multi voltage/Multi Circuit Tower is proposed.	The project to mitigate the constraint and has been proposed in the Investment plan which is due for completion in FY 2021-22
6.	132 kV radial feeder for 132 kV Manglore sub-station	LILO of 132 kV Manglore -Air Liquid and Manglore -Asahi Glass line is proposed at proposed 220/132 kV S/s Manglore which will provide reliability in case of N-1 Contingency.	The project to mitigate the constraint has been proposed in the Investment plan and is due for completion in FY 2021-22
7.	132 kV radial feeder for 132 kV Ranikhet sub-station	132 kV Ranikhet-Bageshwar line is under implementation and 132 kV S/s Bageshwar is under implementation. Approximately 45 MW SHP will be connected to 132/33 kV under construction S/s Bageshwar and it will provide the reliability in case of N-1 Contingency.	Work on the Line is currently in progress and work on the sub-station is expected to complete soon.
8.	132 kV radial feeder for 132 kV ELDECO Sitarganj	Stringing of 132 kV Kichha-ELDECO Sitarganj line is under implementation.	The erection of two remaining towers is still pending due to RoW issues. All other works have been completed
9.	Single 40 MVA T/F at Laltappar sub-station.	Additional 01 No of 40 MVA T/F is proposed.	Contract has been awarded for the shifting of Transformer from 220 kV Jhajhra S/s to 132 kV Laltappar S/s.
132 /33 kV transformers not peak Reliant			
1.	132 kV Laksar sub-station.	Increasing capacity with additional 40 MVA T/F is under implementation.	Capacity enhancement at the 132 kV Laksar S/s is in progress
2.	132 kV Manglore sub-station.	Increasing capacity with additional 40 MVA T/F is proposed.	Capacity enhancement at the 132 kV Manglore S/s is in progress
3.	132 kV Khatima sub-station.	132/33 kV Khatima-II is proposed.	The project to mitigate the constraint has been proposed in the Investment plan and is due for completion in FY 2021-22
4.	132 kV Kichha sub-station.	Increasing capacity with additional 40 MVA T/F is under implementation	Capacity increment at the 132 kV Kichha S/s is in progress
5.	132 kV Jaspur sub-station.	Increasing capacity with additional 40 MVA T/F is under implementation	Capacity enhancement at the 132 kV Jaspur S/s is in progress
6.	132 kV Ramnagar sub-station.	Increasing capacity with additional 40 MVA T/F in place of existing 20 MVA T/F is proposed	Capacity enhancement at the 132 kV Ramnagar S/s is in progress
7.	220 kV Rishikesh sub-station	Increasing capacity with additional 40 MVA T/F is proposed	The project has been proposed for the coming Control Period. The DPR preparation is underway.
8.	132 kV Bindal sub-station	Increasing capacity with additional 40 MVA T/F is under implementation	Capacity enhancement at the 132 kV Ramnagar S/s is in progress
9.	132 kV Kotdwar sub-station	Increasing capacity with additional 40 MVA T/F is under implementation	Capacity enhancement at the 132 kV Kotdwar S/s is in progress

The peak load growth and energy transmitted by the transmission system is as shown in the

Table below:

Table 3.3: Peak Load and Energy Transmitted

Year	Peak Load (MW)	Energy transmitted (MU)
FY 2016-17 (Actual)	2153	16082
FY 2017-18 (Actual)	2338	16710
FY 2018-19 (Estimated)	2536	17194
FY 2019-20 (Projected)	2739	18194
FY 2020-21 (Projected)	2953	20805
FY 2021-22 (Projected)	3180	22885

The following projects were undertaken during the current MYT Control Period but, due to uncontrollable factors, are expected to be completed during the ensuing MYT Control Period.

Table 3.4 : Ongoing Projects

S. No.	Name of the Project	Region	Approved Cost (Rs. Crore)	Estimated Date of Completion
132 kV Lines				
1.	LILO of 132 kV Chilla-Nazibabad line at 132/33 kV S/s Patanjali Padartha Haridwar	Garhwal	6.41	June, 2019
2.	132 kV D/C line from 132 kV S/s SIDCUL, Sitarganj to 132 kV S/s Kichha	Kumaon	2.05	December, 2019
3.	Replacement of ACSR Panther Conductor in single ckt. Sitarganj (PGCIL)–(SIDCUL) Sitarganj Line (22 km) with HTLS Conductor	Kumaon	20.93	January, 2020
4.	Replacement of ACSR Panther Conductor of 1st ckt. of 132 kV Kichha-Sitarganj Line with HTLS Conductor	Kumaon	29.73	January, 2020
5.	Stringing of Second Circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor alongwith Construction of 132 kV bay at 132 kV S/s Bazpur	Kumaon	13.86	March, 2020
6.	132 kV S/C Line on Panther Conductor on Double Circuit Towers from 220/132 kV S/s Pithoragarh (PGCIL) to 132/33 kV sub-station Lohaghat (Champawat) of PTCUL	Kumaon	40.89	March, 2020
7.	Construction of 132 kV D/C line from 220 kV S/s Mahuakheraganj to 132 kV S/s Jaspur	Kumaon	26.00	March, 2021
8.	Replacement of ACSR Wolf Conductor in D/C of 132 kV Khatima-Pilibhit Line (44.54 km) by HTLS Conductor	Kumaon	65.78	March, 2021
Sub Total			**205.65***	
132 kV S/s				
1.	Increasing Capacity of 132/33 kV S/s Jaspur from 2x40 MVA to 3x40 MVA including construction of associated 01 No. 132 kV bay and 01 No. 33 kV bay and bisection of 132 kV & 33 kV Bus	Kumaon	7.39	September, 2019

Table 3.4 : Ongoing Projects

S. No.	Name of the Project	Region	Approved Cost (Rs. Crore)	Estimated Date of Completion
2.	Construction of 02 nos. 132kV bay at 132 kV S/s Jaspur	Kumaon	2.76**	September, 2019
3.	Augmentation of 132/33 kV Transformer capacity at 132 kV S/s Pithoragarh from 2x20 MVA+2x3x5 MVA to 1x20 MVA + 1x40 MVA+2x3x5 MVA	Kumaon	4.24	September, 2019
4.	Augmentation of 132 kV S/s Bindal from 2x40 MVA (132/33 kV) to 3x40 MVA (132/33 kV) by Procurement, Installation and Commissioning of 132/33kV, 40 MVA Transformer at 132 kV S/s Bindal, Dehradun	Garhwal	5.38	July, 2019
5.	Construction of 2x20 MVA 132 kV GIS S/s at Lohaghat	Kumaon	67.41	March, 2020
6.	Construction of 132/33 kV S/s, Patanjali Padartha, Haridwar.	Garhwal	19.35	June, 2019
7.	Supply, erection, testing and Commissioning of 01 no. 40 MVA 132/33 kV Power T/F at 132 kV S/s Kichha for augmentation of T/F capacity from 2x40 MVA to 3x40 MVA	Kumaon	3.87	September, 2019
8.	Augmentation of Transformation capacity from 2x40 MVA (132/33 kV) to 3x40 MVA (132/33 kV) by commissioning of 01 No. additional 132/33 kV 40 MVA T/F, HV and LV bay and oil pit for NIFPES and construction of 03 nos. new 33 kV feeder Bays at 132 kV S/s Jashodharpur, Kotdwar (Pauri Garhwal).	Garhwal	5.70	May, 2019
9.	Procurement and Erection commissioning of 01 No. 40 MVA, 132/33 kV T/F complete with 132 kV & 33 kV bay for increasing capacity of 132 kV S/s Laksar	Garhwal	4.81	May, 2019
Sub Total			**118.15#**	
220 kV Lines				
1.	Construction of 220 kV Piran Kaliyar (220 kV S/s) to Puhana (400 kV S/s) PGCIL S/C Line on D/C Towers.	Garhwal	11.12	September, 2019
2.	Stringing of 2nd Circuit of 220 kV Piran Kaliyar-Puhana (PGCIL) D/C line on D/C towers.	Garhwal		September, 2019
3.	Laying of 220 kV Cable at Puhana (PGCIL) S/s end	Garhwal	10.47	September, 2019
4.	Replacement of ACSR Zebra Conductor in 220 kV Mahuakheraganj (220 kV)-Kashipur (400 kV) 1st ckt. line with high capacity ACCC conductor	Kumaon	23.89	March, 2020
Sub Total			**45.48**	
220 kV S/s				
1.	Construction of 2x25 (MVA), 220/33 kV S/s Baram (Jauljivi)	Kumaon	60.38	June, 2019

Table 3.4 : Ongoing Projects

S. No.	Name of the Project	Region	Approved Cost (Rs. Crore)	Estimated Date of Completion
2.	Augmentation of 132/33 kV Transformer capacity at 220 kV S/s Haldwani from 2x40 MVA to 3x40 MVA including construction of associated 01 no. 132 kV bay and 01 no. 33 kV bay and extension and bisection of 132 kV and 33 kV bus	Kumaon	4.87	September, 2019
Sub Total			**65.25**	
220 kV Lines				
1.	Construction of LILO line of one Circuit 220 kV Dhauliganga-Pithoragarh (PGCIL) line at proposed 2x25 MVA Baram	Kumaon	15.72	June, 2019
Sub Total			**15.72**	
400 kV S/s				
1.	Supply and Installation of 01 no. 160 MVA T/F and its associated 220 kV HV side & 132 kV LV side bay at 400 kV S/s Kashipur.	Kumaon	18.39	March, 2020
2.	Augmentation of 400 kV S/s Kashipur from 2x315 MVA to 3x315 MVA T/F capacity including construction of associated 400 kV and 220 kV bays.	Kumaon	32.10	March, 2020
Sub Total			**50.49**	
Miscellaneous				
1.	Supply and Installation of 125 MVAR Reactor and its associated bay and related work at 400 kV S/s Kashipur	Kumaon	14.75	January, 2020
2.	Installation of Intra-State ABT Metering Scheme for On-Lining of ABT Meters to be installed at Interface Points for Energy Accounting & Transmission Level Energy Auditing at PTCUL	Kumaon/Garhwal	19.47	January, 2020
Sub Total			**34.22**	
Total			**534.96##**	

** Submitted in the Petition as Rs. 199.24 Crore (computational error which has been corrected)*
***Included in works given under S. No. 1 as per the additional submissions*
#After excluding 02 nos. 132 kV bay at 132 kV S/s Jaspur under S. No. 2
##Submitted in the Petition as Rs. 465.47 Crore

The status of the ongoing projects is as follows:

(i) **LILO of 132 kV Chilla-Nazibabad line at 132/33 kV S/s Patanjali Padartha, Haridwar** –The work is in progress and is expected to be completed by the estimated date of June 2019.

(ii) **Replacement of ACSR Panther Conductor in single ckt. Sitarganj (PGCIL) -SIDCUL Sitarganj Line (22 km) with HTLS Conductor** – Replacement of the existing conductor by the HTLS conductor will enable the lines to carry much larger quantum of electricity while making their operation and maintenance more efficient. The project is currently in the tendering stage and the work is expected to be started towards the end of the current financial year.

(iii) **Replacement of ACSR Panther Conductor of 1st ckt. of 132 kV Kichha-Sitarganj Line with HTLS Conductor** - The project is currently in the tendering stage and work is expected to be started towards the end of the current financial year.

(iv) **Stringing of Second Circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor alongwith Construction of 132 kV bay at 132 kV S/s Bazpur** - On completion, this project will (a) allow the complete utilization of the D/C towers and enable carriage of larger quantum of electricity, (b) allow the full usage of HTLS conductor which will further enhance the transmission capability and efficiency, (c) strengthen the 132 kV Bazpur sub-station and thus, will be instrumental in catering to the increasing demand in the Bazpur region. The replacement of conductor by HTLS conductor work is currently in the tendering stage. The construction of 132 kV bay at 132 kV S/s Bazpur is past the tendering stage and is in techno commercial evaluation phase.

(v) **132 kV S/C Line on Panther Conductor on Double Circuit Towers from 220/132 kV S/s Pithoragarh (PGCIL) to 132/33 kV sub-station Lohaghat (Champawat) of PTCUL-** Commissioning of the line from 220/132 kV S/s Pithoragarh to the proposed 132/33 kV S/s at Lohaghat will improve reliability and capacity of the transmission system. The work for this project is in progress and is expected to be completed by the estimated date.

(vi) **Replacement of ACSR Zebra Conductor in 220 kV Mahuakheraganj (220 kV)-Kashipur (400 kV) 1st ckt. line with high capacity ACCC conductor** – The finalization of award of the contract is due to be completed in the next meeting of the Board of Directors (BoD) of PTCUL. This will allow the work to begin.

(vii) **Construction of 132 kV D/C line from 220 kV S/s Mahuakheraganj to 132 kV S/s Jaspur**–This line will meet the additional load of Jaspur area and will increase the reliability of power supply in the same. The Techno-commercial evaluation of the various bids received is in progress and the tender is expected to be awarded soon.

(viii) **Replacement of ACSR Wolf Conductor in D/C of 132 kV Khatima-Pilibhit Line (44.54 km) by HTLS Conductor** – The scope of work is under review in light of the upcoming sub-station of UPPTCL that will be energized via a LILO on 132 kV Khatima-Pilibhit and 132 kV Sitarganj-Pilibhit line. After this process is complete, the tendering phase will start.

(ix) **Increasing Capacity of 132/33 kV S/s Jaspur from 2x40 MVA to 3x40 MVA including construction of associated 01 No. 132 kV bay and 01 No. 33 kV bay and bisection of 132 kV and 33 kV Bus** - Work on the project is currently in progress and is expected to be completed by the estimated date.

(x) **Augmentation of 132/33 kV Transformer capacity at 132 kV S/s Pithoragarh from 2x20 MVA+2x3x5 MVA to 1x20 MVA + 1x40 MVA+2x3x5 MVA** - Work on the project is currently in progress and is expected to be completed by the estimated date.

(xi) **Augmentation of 132 kV S/s Bindal from 2x40 MVA (132/33 kV) to 3x40 MVA (132/33 kV) by Procurement, Installation and Commissioning of 132/33 kV, 40 MVA Transformer at 132 kV S/s Bindal, Dehradun** - Work on the project is currently in progress and is expected to be completed by the estimated date.

(xii) **Construction of 2x20 MVA 132 kV GIS S/s at Lohaghat** – After its commissioning, the GIS at Lohaghat will cater to the increasing demand of the Champawat region and will enhance the transmission capability of the district. DPR has been revised considering that the scope has changed from construction of an AIS to that of a GIS S/s. The project is currently in the tendering stage.

(xiii) **Construction of 132/33 kV S/s, Patanjali Padartha, Haridwar** – The sub-station will relieve the excess load on the existing transmission system and also serve to meet the increasing energy demands arising from load growth in the region after its energization by the LILO of Chilla–Nazibabad line at the location of the sub-station.

Work on the sub-station is currently in progress and is expected to be completed by the estimated date.

(xiv) **Supply, erection, testing and Commissioning of 01 no. 40 MVA 132/33 kV Power T/F at 132 kV S/s Kichha for augmentation of T/F capacity from 2x40 MVA to 3x40 MVA** –The System augmentation project is currently in progress and is expected to be completed by the estimated date.

(xv) **Construction of 220 kV Piran Kaliyar (220 kV S/s) to Puhana (400 kV S/s) PGCIL S/C Line on D/C Towers** – Work on the transmission line is currently in progress and is expected to be completed by the estimated date.

(xvi) **Stringing of 2nd Circuit of 220 kV Piran Kaliyar-Puhana (PGCIL) D/C line on D/C towers** – Stringing work on the transmission line is currently in progress and is expected to be completed by the estimated date thereafter enabling it to start functioning as a D/C line.

(xvii) **Laying of 220 kV Cable at Puhana (PGCIL) S/s end** – Work on the transmission line is currently in progress and is expected to be completed by the estimated date.

(xviii) **Augmentation of 132/33 kV Transformer capacity at 220 kV S/s Haldwani from 2x40 MVA to 3x40 MVA including construction of associated 01 no. 132 kV bay and 01 no. 33 kV bay and extension and bisection of 132 kV and 33 kV bus** – The various system improvement works at the 220 kV S/s are currently in progress and are expected to get completed by the estimated date of completion.

(xix) **Supply and Installation of 125 MVAR Reactor and its associated bay and related work at 400 kV S/s Kashipur** – The techno commercial evaluation of bids received is under process and the tender is expected to be awarded soon.

(xx) **Supply and Installation of 01 no. 160 MVA T/F and its associated 220 kV HV side and 132 kV LV side bay at 400 kV S/s Kashipur** – The system augmentation project is currently in the tendering stage and work is expected to be started by the end of the current financial year.

(xxi) **Augmentation of 400 kV S/s Kashipur from 2x315 MVA to 3x315 MVA T/F capacity including construction of associated 400 kV and 220 kV bays** – The tender award activities are under process for this project. Work on the project is expected to start once the tendering activities are completed.

(xxii) **Installation of Intra-State ABT Metering Scheme for On-Lining of ABT Meters to be installed at Interface Points for Energy Accounting & Transmission Level Energy Auditing at PTCUL** – Work on the Intra-state ABT Metering scheme is currently in progress and is expected to be completed by the estimated date.

Some projects were initiated as a part of the Uttarakhand Integrated Transmission Project (UITP) scheme. The UITP was conceived to develop an optimal evacuation system for evacuating power from the cluster of hydroelectric generating stations in the four river basins of the State to the common pooling points from which power will be evacuated by PGCIL. The following Table gives the ongoing projects that are expected to be completed in the ensuing Control Period:

Table 3.5: Ongoing UITP Projects

S. No.	Name of the Project	Region	Approved Cost (Rs. Crore)	Estimated Date of Completion
400 kV Lines				
1.	400 kV D/C Vishnugad-Pipalkoti Line and LILO of 400 kV D/C Vishnuprayag-Muzaffarnagar line at Pipalkoti District Chamoli	Garhwal	114.00	September, 2019
2.	400 kV D/C Pipalkoti-Karanprayag-Srinagar line under(Package-I) Pipalkoti-Pokhari (Simlasu) District Chamoli	Garhwal	314.32	September, 2019
3.	400 kV D/C Pipalkoti-Karanprayag-Srinagar (Package-II) (Pokari Simlasu) to Narkota (Rudraprayag)	Garhwal	288.10	September, 2019
4.	400 kV D/C Pipalkoti-Karanprayag-Srinagar line under (Package-III) from Narkota (Rudraprayag to Srinagar (Garhwal).	Garhwal	301.09	September, 2019
5.	400 kV Khandukhal(Srinagar)-Rampura(Kashipur) Line			
5.1.	Package 1 Hilly terrain	Kumaon	576.74	September, 2020
5.2.	Package 2 Plain terrain	Kumaon	522.67	September, 2020
Total			**2116.92**	

Works on the lines and the LILO are in progress in the Garhwal division of Uttarakhand; the final Commissioning of the same will be energised with the commissioning of NTPC Vishnugad (520 MW) Project, i.e. September 2020. The Kumaon division projects are currently in the tendering stage and are expected to be awarded soon.

The following works have been proposed for the third MYT Control Period as part of Project Schemes under PTCUL's Capital Investment Plan. These schemes will create new lines and sub stations for the transmission utility and aid in meeting the increasing demand for power with greater efficiency.

Table 3.6: Major Works Proposed to be Executed During the Third MYT Control Period

S. No.	Scheme/ Funding Agency	FY	Project Details	Proposed Completion Date	Project Cost (Rs. Crore)
132 kV lines					
1.	PFC/REC/IR	2021-22	LILO of 132 kV Khatima-Sitarganj line at proposed 132/33 kV sub-station Khatima-II	March, 2022	28.00
Sub Total (132 kV Lines)					**28.00**
220 kV Lines					
1.	PFC/REC/IR	2020-21	LILO of 220 kV Khodri-Jhajhra line at proposed 220 kV GIS S/s Selaqui (Dehradun)	March, 2021	50.21
2.	PFC/REC/IR	2021-22	Construction of LILO of 220 kV Roorkee - Nara line at proposed 220 kV sub-station Manglore	March, 2022	7.04
3.	PFC/REC/IR	2021-22	Construction of LILO of 132 kV Manglore-Asahi line & Manglore-Air Liquid line at proposed 220 kV S/s Manglore	March, 2022	4.00
4.	PFC/REC/IR	2021-22	Construction of 220 kV LILO of 220 kV Kashipur (400 kV S/s) -Pantnagar at Barheni to connect 220 kV S/s Kamaluaganja on existing corridor of 132 kV Bazpur--Kamaluaganja on Multi voltage/Multi Circuit Tower	March, 2022	66.00
5.	PFC/REC/IR	2021-22	Construction of 220 kV D/C from Jauljibi (PGCIL) to Thal Transmission Line on Single Zebra conductor	March, 2022	135.00
Sub Total (220 kV Lines)					**262.25**
220 kV S/s					
1.	PFC/REC/IR	2020-21	220/33 kV GIS S/s Selaqui, Dehradun	March, 2021	114.25
2.	PFC/REC/IR	2021-22	220/33 kV GIS S/s at Rudrapur (Brahamwari)	April, 2021	189.24
3.	PFC/REC/IR	2021-22	220 /132/33 kV Manglore sub-station	March, 2022	223.29
4.	PFC/REC/IR	2021-22	220/33 kV GIS S/s Thal (Nachini)	March, 2022	150.00
Sub Total (220 kV S/s)					**676.78**
Total					**967.03**

Apart from the major works mentioned above, which will directly add new elements to the transmission system, PTCUL also plans to augment and strengthen the existing lines and sub-stations by replacement of old transformers, commissioning of new bays, increasing capacity of existing sub-stations, replacing the conductors in transmission lines etc. These schemes are being submitted as a part of the Capital Investment Plan as System Strengthening/Augmentation/ Improvement schemes.

Table 3.7: System Strengthening Works Proposed During the third MYT Control Period

S. No.	FY	Project Details	Proposed Completion Date	Project Cost (Rs. Crore)
132 kV Lines				
1.	2019-20	Re-Conductoring of 132 kV Jhajhra-Majra TL with HTLS Conductor	December, 2019	19.00
2.	2020-21	Replacement of Conductor of 132 kV Bindal Rishikesh With HTLS Conductor	March, 2021	45.00
3.	2020-21	Replacement of old ACSR Panther conductor with HTLS conductor in 132 kV S/C Rishikesh - Srinagar (400 kV S/s) line.	December, 2020	40.00
4.	2021-22	Strengthening of 132 kV Haldwani-Bhowali line by replacement through HTLS conductor.	March, 2022	14.56
5.	2021-22	Strengthening of 132 kV D/C Amariya (UPPTCL's proposed 220 kV S/s)-Khatima (UJVNL's S/s) line by replacing existing Wolf conductor to Panther equivalent HTLS conductor.	March, 2022	48.00
Sub Total (132 kV Lines)				**166.56**
132 kV S/s				
1.	2019-20	Increasing capacity of S/s by 1x80 MVA at 132 kV S/s Manglore	December, 2019	13.00
2.	2019-20	Increasing capacity of 132 kV S/s Ramnagar from 1x20 + 1x40MVA to 2x40MVA	March, 2020	4.16
3.	2019-20	Replacement of 1x3x5MVA Transformer bank - 1 with new 20 MVA Transformer at 132 kV S/s Bhowali.	March, 2020	2.08
4.	2019-20	Supply & Erection of 40 MVA T/F & Supply & Erection of 132/33 kV Bay at 132/33 kV sub-station Virbhadra Rishikesh.	March, 2020	6.00
5.	2019-20	Increasing Capacity of 132 kV S/s Purkul from 40+20 MVA to 2x40 +20 MVA	March, 2020	5.91
6.	2020-21	Installation of 20 MVA 132/66 kV Transformer alongwith construction of associated bays and extension of 132 kV bus and associated work at 132 kV sub-station Simli	June, 2020	5.81
7.	2020-21	Construction of 2 nos. 132 kV Bay at 132 kV sub-station Satpuli	June, 2020	2.20
8.	2020-21	Increasing capacity from 2x40 MVA+1x20 MVA (132/33 kV) to 3x40 MVA (132/33 kV) at 132 kV S/s Roorkee	June, 2020	5.00
9.	2020-21	Increasing capacity of 132 kV S/s Bazpur from 1x80 + 1x40 MVA to 1x80 + 2x40 MVA	March, 2021	4.60
10.	2020-21	Provision of Hybrid module (due to space constraint) for construction of Transfer Bus at 132 kV S/s, Pithoragarh	March, 2021	1.65
11.	2021-22	Replacement of Old 2x3x5 MVA Transformer with 2x20 MVA Transformer at 132 kV sub-station, Ranikhet	March, 2022	4.29
12.	2021-22	Replacement of Old 2x3x5 MVA Transformer with 2x20 MVA Transformer at 132 kV sub-station, Pithorgarh	March, 2022	4.30

Table 3.7: System Strengthening Works Proposed During the third MYT Control Period

S. No.	FY	Project Details	Proposed Completion Date	Project Cost (Rs. Crore)
Sub Total (132 kV S/s)				**59.00**
220 kV Lines				
1.	2019-20	Cold galvanising on rusted towers of 220 kV Rishikesh-Chamba, 220 kV Rishikesh-Dharasu line ckt. 1st and 220 kV Rishikesh-Dharasu line ckt. 2nd	October, 2019	0.79
2.	2020-21	Replacement of 220 kV Roorkee-Puhana old Deer conductor by new AAAC/ HTLS conductor	March, 2021	13.63
3.	2020-21	Replacement of Conductor of 220 kV Khodri-Jhajhra line with HTLS Conductor	March, 2021	30.00
Sub Total (220 kV Lines)				**44.42**
Miscellaneous Works				
1.	2019-20	Cold galvanising on rusted towers of 132 kV Roorkee-Manglore line to increase life of towers	October, 2019	1.00
2.	2019-20	Additional bay for 50 MVAR reactor at 400 kV S/s Rishikesh	December, 2019	1.24
3.	2019-20	Extension of 220 kV transfer bus at 400 kV S/s Rishikesh	December, 2019	0.80
4.	2019-20	Installation of 1x10 MVAR Cap. Bank at 132 kV S/s Bhagwanpur	December, 2019	0.40
5.	2019-20	Strengthening of Tower Foundation of 132 kV Bindal-Rishikesh D/C line	December, 2019	3.00
6.	2019-20	Construction of Boundary wall for flood protection at 132 kV S/s, Bazpur	March, 2020	2.00
7.	2019-20	Increasing Capacity of capacitor bank from 2x5 MVAR to 4x5 MVAR at 220 kV S/s Jhajhra	March, 2020	0.84
8.	2019-20	Increasing capacity of existing 33 kV Capacitor Bank from 2x5 MVAR to 2x10 MVAR at 132 kV sub-station, Jaspur	March, 2020	0.83
9.	2019-20	Increasing capacity of existing 33 kV Capacitor Bank from 2x5 MVAR to 3x5 MVAR at 132 kV sub-station, Almora	March, 2020	0.42
10.	2019-20	Supply and Commissioning of 2x5 MVAR capacitor bank at 132 kV sub-station, Kathgodam	March, 2020	0.47
11.	2019-20	Provision of additional 2x5 MVAR 33 kV Capacitor Bank at 132 kV sub-station, Pithorgarh	March, 2020	0.58
12.	2019-20	Construction of Boundary wall for protection at 220 kV S/s, Kamaluaganja	March, 2020	2.00
13.	2019-20	Installation of 1x10 MVAR Cap. Bank at 132 kV S/s Chudiyala	March, 2020	0.40
14.	2019-20	Increasing Capacity of 2x5 MVAR to 4x5 MVAR at 132 kV Bindal	March, 2020	0.40
15.	2020-21	Construction of 132 kV transfer bus and extension of switchyard at 132 kV	March, 2021	3.64

Table 3.7: System Strengthening Works Proposed During the third MYT Control Period

S. No.	FY	Project Details	Proposed Completion Date	Project Cost (Rs. Crore)
		S/s Bazpur		
16.	2020-21	Increasing existing 33 kV Capacitor Bank from 2x5 MVAR to 2x10 MVAR at 132 kV sub-station, Bazpur	March, 2021	0.83
17.	2020-21	Replacement of 1x3x5 MVA Transformer bank- 2 with new 20 MVA Transformer at 132 kV sub-station, Bhowali	March, 2021	2.08
18.	2021-22	Construction of 02 Nos. 220 kV Bay at 220 kV S/s, PGCIL, Sitarganj	March, 2022	5.20
Sub Total (Misc.)				**26.13**
Total				**296.11**

For the third MYT Control Period FY 2019-20 to FY 2021-22, PTCUL has proposed the construction of four GIS namely (i) 132 kV GIS at Lohaghat, (ii) 220 kV GIS at Selaqui (Dehradun), (iii) 220 kV GIS at Brahmawari (Rudrapur, Garhwal) and (iv) 220 kV GIS at Thal (Nachini). Listed below are some major advantages of GIS:

- Lower land development cost due to lesser space requirement for sub-station.
- Lower maintenance cost as compared to AIS as all the switching devices operate in the SF6 insulating medium.
- GIS increases the availability and reliability of power system as all parts are sealed inside closed metallic enclosures and thus, are shielded from the deteriorative environmental effects.
- Automation systems are easier to install in GIS due to their modular design making it possible for such sub stations to be operated from remote locations (Load Despatch Centres) which in turn reduces the operation cost.
- GIS, being smaller and more compact, are possible to be built in hilly regions which abound in Uttarakhand.
- GIS are more eco-friendly than their air insulated counterparts as they don't require excessive land development activities (which involve deforestation).
- Renovation costs are much lower for GIS equipment as their life is higher as compared to AIS equipment.

The 220 kV GIS at IIP Harrawala was commissioned in FY 2018-19. It will help PTCUL in meeting the increasing load demand in the Dehradun region. PTCUL has more GIS planned for completion in the fourth MYT Control Period; (i) 400/220/132 kV GIS Landhora, (ii) 220/33 kV GIS Phoolchaud (Haldwani), (iii) 132/33 kV GIS at Araghar, (iv) 132/33 kV GIS Gairsain.

PTCUL, in its Capital Investment plan has proposed the replacement of old ACSR Wolf/Panther conductors with High Temperature Low Sag (HTLS) conductors on its transmission lines. With a different composition than Aluminium Conductor Steel Reinforced (ACSR) conductor, Aluminium Conductor Composite Core (ACCC) have the ability to transmit approximately twice as much energy as an ACSR Conductor of the same size and weight. Apart from this, HTLS conductors are lighter and have a lower coefficient of thermal expansion; making them ideal for higher temperatures, often prevalent in the lower reaches of Uttarakhand. These properties render advantages to the HTLS conductor over normal ACSR conductor and makes it an ideal retrofitting option for old transmission conductor. Some important HTLS Conductor replacement projects proposed to be completed in the third MYT Control Period are as follows:

- 132 kV Sitarganj-SIDCUL Line
- 132 kVKiccha-Sitarganj Line
- 132 kV Kashipur-Bazpur Line
- 132 kV Jhajhra-Majra Line
- 132 kV Bindal-Rishikesh Line
- 132 kV Rishikesh-Srinagar Line
- 132 kV Haldwani-Bhowali Line
- 132 kV Amariya-Khatima Line
- 220 kV Roorkee-Puhana Line
- 220 kV Khodri-Jhajhra Line

Retrofitting of existing lines by HTLS conductor was completed for the Roorkee-Laksar and Roorkee-Manglore lines in FY 2017-18. The technologically advanced conductor has already been instrumental in managing the load in the region and have set a template of high performance for the upcoming works.

The proposed projects for the third MYT Control Period aim at relieving excess load, augmenting the existing capacity of the Transmission network, mitigating the constraints faced by the system and meeting the increasing demands and needs of the generation and distribution sectors. Some major projects are listed below:

(i) **Construction of 220 kV Piran Kaliyar (220 kV S/s) to Puhana (400 kV S/s) PGCIL S/C Line on D/C Towers** – The line will connect the newly Commissioned 220 kV Piran Kaliyar S/s to the 400 kV Puhana S/s and increase the Transmission capability of the State.

(ii) **220/33 kV GIS Selaqui, Dehradun –**The current load of the Selaqui region is met by the 220/132/33 kV sub-station Jhajhra. Commissioning of the new 220/33 kV sub-station will relieve the load on the Jhajra sub-station and also contribute in meeting the rapidly increasing demand of the region (approx. 40 MW) over future years.

(iii) **LILO of 220 kV Khodri-Jhajhra line at proposed 220 kV GIS Selaqui (Dehradun) –**A LILO of the Khodri-Jhajra Line at the Selaqui GIS will serve to energize the new sub-station.

(iv) **220/33 kV GIS S/s at Rudrapur (Brahamwari) –**This sub-station is proposed to evacuate power from upcoming Small Hydro Plants of UJVNL, namely, Kaliganga-I (4MW), Kaliganaga-II (4.5MW) and Madhyamaheshwar (15MW) and to meet the increasing load of the Brahamwari area (approx. 25 MW) for five years after its Commissioning.

(v) **220/132/33 kV Manglore sub-station –**The proposed sub-station at Manglore will serve the following purposes: (a) Strengthening the Transmission system of Roorkee, Manglore and Laksar area, (b) Providing relief to existing 220/132/33 kV S/s Roorkee and 132/33 kV S/s Manglore , (c) Meeting increased load in the region (approx. 40 to 50 MW) for the next 5 years, (d) The sub-station will also be accompanied by a LILO of the 220 kV Roorkee - Nara Line at the proposed location to energize it.

(vi) **Construction of LILO of 132 kV Manglore -Asahi line and Manglore -Air Liquid line at proposed 220 kV S/s Manglore -** This LILO line will connect the existing 132/33 kV S/s Manglore with proposed 220/132/33 kV S/s Manglore for increasing the reliability of the power system and meeting the additional load in the area.

(vii) **132/33 kV S/s at Khatima-II –**This sub-station is expected to relieve the load on the 132/33 kV S/s Khatima HEP and meet the load growth requirements of the area for ensuing ten years after its COD, the work on the sub-station will be accompanied by the LILO of the Khatima - Sitarganj line for its energization.

(viii) **Cold galvanising on rusted towers of 132 kV Roorkee-Manglore line, 220 kV Rishikesh-Chamba, 220 kV Rishikesh-Dharasu line 1st ckt. and 220 kV Rishikesh-Dharasu line 2nd ckt. to increase life of towers –**The project proposes to increase the age of rusted towers by galvanization of these towers by applying cold zinc coating which will offset the detrimental effects of rust and prevent further rusting.

(ix) **Increasing capacity by 1x80 MVA at 132 kV S/s Manglore –**Increasing the capacity of the 132 kV Manglore S/s will enable it to cater to the increasing load of the region.

(x) **Construction of 132 kV transfer bus and extension of switchyard at 132 kV S/s Bazpur–**The project is being undertaken to improve the system reliability in the Bazpur area.

(xi) **Replacement of Old 2x3x5 MVA Transformer with 2x20 MVA Transformer at 132 kV sub-station, Pithoragarh–**Replacing the old transformer will increase the transformation capacity of the region and help deal with the growth in demand.

(xii) **Increasing capacity from 2x40 MVA+1x20 MVA (132/33 kV) to 3x40 MVA (132/33 kV) at 132 kV S/s Roorkee–**Project to increase the capacity of the 132 kV S/s Roorkee will be undertaken to improve the system capability and cater to the growth in demand in the region.

The year wise capital expenditure and capitalisation proposed by the Petitioner during the third Control Period from FY 2019-20 to FY 2021-22 is as shown in the Table below:

Table 3.8: Capital Expenditure and Capitalisation submitted by PTCUL (Rs. Crore)

Particulars	FY2019-20	FY2020-21	FY2021-22	Total
Capital Expenditure	799.98	818.26	663.61	**2281.85**
Capitalisation	508.50	410.69	878.92	**1798.10**

With focus on relieving congestion points, growing infrastructure and improving quality and quantity of energy delivered, PTCUL has drawn a long-term plan comprising of projects expected to be completed after the third MYT period FY 2019-20 to FY 2021-22. Some major projects from this long-term plan are as below:

Table 3.9: Future Business Plan

S. No.	Name of the Project	Region	Approved Cost (Rs. Crore)	Estimated Date of Completion
1.	132/33 kV S/s at Khatima-II	Kumaon	50.00	April, 2022
2.	LILO of 220 kV Haldwani-Pantnagar line at proposed 220/33 kV GIS Phoolchaud (Haldwani) sub-station	Kumaon	7.00	March, 2023
3.	220/33 kV GIS S/s Phoolchaud (Haldwani)	Kumaon	114.00	March, 2023
4.	LILO of 132 kV Majra-Laltappar at 132 kV S/s Araghar line through laying of 132 kV cable	Garhwal	40.00	March, 2023
5.	132/33 kV GIS S/s at Araghar	Garhwal	71.36	March, 2023
6.	LILO of 400 kV Kashipur-Puhana line at Proposed 400/220/132 kV S/s Landhora	Garhwal	40.00	March, 2024
7.	400/220/132 kV GIS S/s Landhora	Garhwal	400.00	March, 2024
8.	LILO of 220 kV Roorkee-Manglore (Proposed) line at Proposed 400/220/132 kV S/s Landhora	Garhwal	40.00	March, 2024
9.	LILO of 132 kV Laksar-Chandok line at Proposed 400/220/132 kV S/s Landhora	Garhwal	24.00	March, 2024
10.	LILO of 132 kV Manglore -Shadipur line at Proposed 400/220/132 kV S/s Landhora	Garhwal	9.00	March, 2024
11.	132 kV Simli-Gairsain line	Garhwal	60.00	March, 2024
12.	132/33 kV GIS S/s Gairsain	Garhwal	50.00	March, 2024
Total			905.36*	

**Submitted in the Petition as 865.36 (computational error which has been corrected)*

The brief description of the major works proposed in the future business plan is as follows:

(i) **220/33 kV GIS S/s Phoolchaud (Haldwani)–**The main objective behind the project is to relieve the excess load on the 220/132/33 Kamaluaganja S/s and meet the load growth of the nearby area for around ten years. The sub-station shall be energized by the LILO of the Haldwani – Pantnagar line.

(ii) **132/33 kV GIS Araghar -**The main objective behind the project is to relieve the excess load on the 132/33 kV Majra S/s and to cater to the load growth in and around Araghar area. It is proposed to be energized by LILO of Majra-Laltappar line.

(iii) **400/220/132 kV GIS Landhora –**This large sub-station will strengthen the transmission system of Roorkee and surrounding areas and will greatly enhance the reliability and capability of the transmission network. It shall be energized by LILO of D/C Kashipur-Puhana (PGCIL) line.

(iv) **LILO of 220 kV Roorkee-Manglore (Proposed) line at proposed 400/220/132 kV S/s Landhora –**This LILO is proposed to connect the 220/132/33 kV S/s Roorkee and proposed 220/132/33 kV S/s Manglore with proposed 400/220/132 kV S/s Landhora to further enhance the transmission capability and reduce losses.

(v) **LILO of 132 kV Laksar-Chandok line at proposed 400/220/132 kV S/s Landhora –**This LILO is proposed to connect the 132/33 kV S/s Laksar with the proposed 400/220/132 kV S/s Landhora to further enhance the transmission capability and reduce losses.

(vi) **LILO of 132 kV Manglore -Shadipur line at proposed 400/220/132 kV S/s Landhora -** This LILO is proposed to connect the 132/33 kV S/s Manglore with the proposed 400/220/132 kV S/s Landhora to further enhance the transmission capability and reduce losses.

(vii) **132/33 kV GIS S/s Gairsain –**This project, proposed to be energized by the 132 kV Simli-Gairsain line will provide reliable power supply to the Gairsain area and meet future load growth of the area.

Further, PTCUL has taken the initiative to develop a 400 kV GIS Switching sub-station at Pipalkoti, District-Chamoli under UITP. However, due to opposition by the locals, PTCUL has not been able to finalize the land purchase. Tenders for the work will be invited once the land acquisition has taken place.

3.4.2 Commission's Analysis

PTCUL, in its Petition, has submitted the list of projects expected to be completed during the third Control Period from FY 2019-20 to FY 2021-22 alongwith the cost details and completion date. The Capital Investment Plan for the third Control Period from FY 2019-20 to FY 2021-22 was not submitted in accordance with UERC Tariff Regulations, 2018. The Commission sought the Capital Investment Plan categorizing the projects under the categories of (i) for meeting the requirement of load growth, (ii) for reduction in transmission losses, (iii) for improvement in quality of supply, reliability, reduction in congestion etc. in the specified format. In reply, although PTCUL submitted the year wise and scheme wise capital expenditure and capitalisation for FY 2019-20 to FY 2021-22, the year wise capital expenditure was in variation to that submitted in the Petition. PTCUL was provided another opportunity for submission of capital expenditure in the specified format rectifying the discrepancies. In reply, PTCUL submitted the revised year wise and scheme wise capital expenditure and capitalisation for FY 2019-20 to FY 2021-22.

Further, the Commission sought the cost benefit analysis of each work proposed in the Capital Investment Plan for the third Control Period from FY 2019-20 to FY 2021-22. In reply, PTCUL submitted the copies of Scheme Reports for the following works, giving the justification for the respective projects:

Table 3.10: List of works for which Scheme Reports have been submitted

S. No.	Name of the work	Capital expenditure proposed during the third Control Period (Rs. Crore)	Proposed completion date
1	220/33 kV GIS Selaqui	114.25	March, 2021
2	LILO of 220 kV Khodri-Jhajhra line at proposed 220 kV GIS Selaqui (Dehradun)	50.21	March, 2021
3	220/132/33 kV Manglore sub-station	223.29	March, 2022
4	LILO of 220 kV Roorkee-Nara line at proposed 220 kV sub-station Manglore	7.04	March, 2022
5	LILO of 132 kV Manglore-Asahi line & Manglore-Air Liquid line at proposed 220 kV S/s Manglore	4.00	March, 2022
6	220/33 kV GIS Rudrapur (Brahamwari)	189.24	April, 2021
	Total	**588.03**	

PTCUL submitted the cost benefit analysis of the work 'Increasing Capacity of 132 kV S/s Purkul from 40+20 MVA to 2x40+20 MVA'. Further, PTCUL submitted that the DPRs of the proposed works are under preparation which shall include the comprehensive cost benefit analysis. The DPRs shall be submitted to the Commission at the time of filing Petitions for Investment Approvals.

From the above, it could be observed that out of the total proposed capital expenditure of Rs. 2281.85 Crore for the third Control Period, PTCUL could submit the requisite details in compliance to the UERC Tariff Regulations, 2018 for less than 30% of the total proposed capital expenditure. Furthermore, PTCUL could not submit the requisite details for any of the works proposed to be completed in the ensuing year, i.e. FY 2019-20.

The Commission sought the preparedness of PTCUL to monitor and execute the proposed and planned capital works during the third Control Period. In reply, PTCUL submitted that some manpower has been deployed in the execution of on-going project works. It also planned to deploy additional manpower in due course of time. Further, manpower will be relieved from the on-going projects which are scheduled for commissioning in near future and same will be deployed in new projects to be undertaken. Also, Project Monitoring Unit has been formed at Head-Quarter for effective monitoring of the projects. Further, PTCUL submitted the anticipated timelines for the critical activities like finalization of DPR, Board Approvals, placement of orders, commencement of work etc.

The actual capitalisation in comparison to that approved by the Commission during the past period is as shown in the Table below:

Table 3.11 : Actual Capitalisation during the Past Period (Rs. Crore)

Year	Approved in the Tariff Order	Actual
FY 2013-14	117.98	144.33
FY 2014-15	167.77	91.27
FY 2015-16	130.89	69.77
FY 2016-17	115.69	187.27
FY 2017-18	137.82	94.62

In comparison to the actual capitalisation during the last 3 years, the year wise capitalisation proposed during the third Control Period from FY 2019-20 to FY 2021-22 is very much on a higher side. Further, the Transmission Licensee is required to seek the prior approval of the Commission for all the capital expenditure schemes of value exceeding Rs. 10 Crore. The schemes proposed for capitalisation during each year of the third Control Period from FY 2019-20 to FY 2021-22 are a mix of schemes below Rs. 10 Crore and above Rs. 10 Crore. In this regard, it is important to note that the process of filing Petition seeking investment approval and subsequent approval by the Commission also requires considerable time. Therefore, the Commission does not find it prudent to allow the capital expenditure and capitalisation as proposed by PTCUL. Hence, the Commission for the purpose of approval of Business Plan has considered the capitalisation for each year of the Control Period based on the approved total Capital Expenditure and Capital Works in Progress. However, during the Annual Performance Review/Truing-up exercise, the Commission shall consider the Capitalisation of only those Schemes which fulfill the conditions as stipulated by the Commission. The approach adopted by the Commission in approval of year wise capital expenditure and capitalisation for the third Control Period is detailed below:

The Commission has considered the capital expenditure and capitalisation for the past 3 years from FY 2015-16 to FY 2017-18 based on the audited accounts. From the audited accounts, it has been observed that the deduction from Capital Works in Progress (CWIP) for FY 2015-16 and FY 2016-17 is in variation to the GFA addition for the respective year as shown in the Table below:

Table 3.12: Deduction to CWIP and GFA addition (Rs. Crore)

Particulars (As per Audited A/c)	FY 2015-16	FY 2016-17
Deduction to CWIP	80.34	546.52
GFA addition	69.77	416.91

In line with the approach adopted by the Commission in the approval of Capital Investment Plan for the second Control Period, the Commission has worked out the capital expenditure for FY 2015-16 to FY 2017-18 by deducting the opening balance of CWIP from the sum of closing balance of CWIP and GFA additions as per the audited accounts for the respective year as shown in the Table below:

Table 3.13: Derivation of Capital Expenditure for FY 2015-16 to FY 2017-18 (Rs. Crore)

Particulars (As per Audited A/c)	Legend	FY 2015-16	FY 2016-17	FY 2017-18
Closing balance of CWIP	A	364.36	128.47	246.69
GFA additional as per the audited accounts	B	69.77	416.91	94.62
Total	**C=A+B**	**434.13**	**545.38**	**341.31**
Opening balance of CWIP	D	207.59	364.36	128.47
Capital expenditure for the year	**E=C-D**	**226.54**	**181.02**	**212.84**

As discussed earlier, the capital expenditure proposed by the Petitioner during each year of the third Control Period is substantially higher than the actual capital expenditure incurred during the last three years. The average actual capital expenditure incurred during the last three years is Rs 206.80 Crore and the maximum capital expenditure of Rs 226.54 Crore was incurred in FY 2015-16. Considering the past performance of the Petitioner and the status of capital investment approval of the schemes, the capital expenditure plan submitted by the Petitioner for the third Control Period seems over ambitious and is unlikely to materialize. The Commission for the purpose of approval of the Business Plan is approving the capital expenditure of Rs 226.54 Crore (equivalent to the maximum capital expenditure incurred in any year during the preceding three years) for each year of the third Control Period from FY 2019-20 to FY 2021-22.

The Commission analysed the trends of amount capitalised by the Petitioner as percentage of the sum of opening Capital Work in Progress (CWIP) plus Capital Expenditure for the past 3 years from FY 2015-16 to FY 2017-18. The same is shown in the Table below:

Table 3.14: Capitalisation as % of sum of opening CWIP and Capital Expenditure (Rs. Crore)

Particulars	Legend	FY 2015-16	FY 2016-17	FY 2017-18
Opening CWIP	A	207.59	364.36	128.47
Capital Expenditure during the year	B	226.54	181.02	212.84
Capitalisation during the year	C	69.77	416.91	94.62
Closing CWIP	A+B-C	364.36	128.47	246.69
Capitalisation as % of opening CWIP plus capital expenditure	C÷(A+B)	16%	76%	28%
Average capitalisation of past 3 years		40%		

The Commission observed that the amount capitalised by the Petitioner during the past 3 years is in the range of 16% to 76% of opening CWIP + Capital Expenditure during the year. The average of the same works out to 40%. For approving the capitalisation of each year of the third Control Period from FY 2019-20 to FY 2021-22, the Commission has considered the average capitalisation as % of opening CWIP plus capital expenditure for the past three years, i.e. 40%.

PTCUL has proposed the revised capitalisation of Rs. 295.31 Crore (including deposit works) for FY 2018-19 in its Petition. The Commission sought the physical and financial progress upto January 2019 of the works proposed to be capitalised in FY 2018-19. Of the projects proposed to be capitalized by PTCUL in the second half of FY 2018-19, the Commission has considered only two projects (a) Extension of 220 kV S/s, Piran Kaliyar, (b) Installation of 10 MVAR Cap. Bank at 132 kV, Manglore amounting to Rs. 9.44 Crore (9.18+0.26) to be capitalised in FY 2018-19. The balance projects amounting to Rs. 171.35 Crore (180.79-9.18-0.26) proposed to be capitalised by the Petitioner in the second half of FY 2018-19 have been carried forward to FY 2019-20 taking in view the physical progress reported by the Petitioner. Therefore, the amount to be capitalised in FY 2018-19 as considered by the Commission is Rs. 123.96 Crore (114.52+9.44). The capitalisation for FY 2019-20 has been arrived at by considering sum of 40% of the opening CWIP plus capital expenditure and the spillover amount of Rs. 171.35 Crore.

The year wise capital expenditure and capitalisation approved by the Commission for FY 2018-19 and the third Control Period from FY 2019-20 to FY 2021-22 is shown in the Table below:

Table 3.15: Capital expenditure and Capitalisation approved by the Commission (Rs. Crore)

Particulars	FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved
Opening CWIP	246.69	246.69	186.01	297.83	477.49	142.86	885.07	221.35
Capital Expenditure	234.13	175.10*	799.98	226.54	818.26	226.54	663.61	226.54
Capitalisation	294.81	123.96	508.50	381.52	410.69	148.06	878.92	179.51
Closing CWIP	186.01	297.83	477.49	142.86	885.07	221.35	669.76	268.38

**As approved in the Business Plan for the second Control Period*

The Commission will consider the actual capital expenditure/capitalization as a part of Annual Performance Review/Truing-up exercise subject to prudence check in accordance with the conditions stipulated by the Commission.

The above Capital Expenditure and Capitalisation approved by the Commission is excluding the UITP projects.

3.5 Financing Plan

3.5.1 Petitioner's Submissions

The Petitioner has proposed the financing of proposed capitalisation in the debt equity ratio of 70:30.

3.5.2 Commission's Analysis

Regulation 24 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**24. Debt-equity ratio***

(1) For a project declared under commercial operation on or after 1.4.2019, debt-equity ratio shall be 70:30. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as normative loan. Where actual equity employed is less than 30%, the actual equity would be used for determination of Return on Equity in tariff computations.

…"

The Commission sought the financing plan for each of the proposed work alongwith the supporting documents. In reply, PTCUL submitted that it proposes to finance the projects in debt: equity ratio of 70:30. The debt shall be raised from institutions like REC, PFC or other financial institutions. Also, the DPRs of the proposed schemes are under preparation, which shall include funding plan for the project. The same shall be submitted to the Commission, at the time of filing the Petition for Investment Approval.

In accordance with Regulation 24 of the UERC Tariff Regulations, 2018 the Commission has considered the debt equity ratio of 70:30. As the capital investment approval is yet to be sought by the Petitioner for most of the schemes, the Commission shall consider the actual means of finance for each scheme capitalised during the truing up for the respective year of the third Control Period from FY 2019-20 to FY 2021-22.

The Financing Plan approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 is shown in the Table below:

Table 3.16: Financing Plan approved by the Commission

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Capitalisation during the year (Rs. Crore)	508.50	381.52	410.69	148.06	878.92	179.51
Debt (%)	70%	70%	70%	70%	70%	70%
Equity (%)	30%	30%	30%	30%	30%	30%
Debt (Rs. Crore)	355.95	267.06	287.48	103.64	615.24	125.66
Equity (Rs. Crore)	152.55	114.46	123.21	44.42	263.68	53.85

3.6 Transmission Loss trajectory

3.6.1 Petitioner's Submissions

The Petitioner has proposed the intra-State transmission loss level of 1.40% for each year of the third Control Period from FY 2019-20 to FY 2021-22.

3.6.2 Commission's Analysis

As per Regulation 8(1)(b)(iii) of the UERC Tariff Regulations, 2018, the Petitioner was required to submit the transmission loss reduction trajectory for each year of the third Control Period from FY 2019-20 to FY 2021-22, including details of measures proposed to be taken for achieving the target loss level. The Commission sought justification for proposing uniform transmission loss level for the third Control Period from FY 2019-20 to FY 2021-22. In reply, the Petitioner submitted the following:

- The current loss levels of PTCUL are one of the lowest in the country.
- It would not be possible to further reduce the losses except for some little variation in the range of 1.1% to 1.8% as per current trend.

The actual intra-State transmission losses during the past period is as shown in the Table below:

Table 3.17: Actual intra-State transmission loss during the past period

Year	Approved Transmission Loss	Actual Transmission Loss
FY 2013-14	1.84%	1.81%
FY 2014-15	1.82%	1.78%
FY 2015-16	1.80%	1.71%
FY 2016-17	1.78%	1.50%
FY 2017-18	1.78%	1.39%

As the actual intra-State transmission losses are considerably lower and the Petitioner has not proposed any specific measures for further reduction in transmission loss, therefore, the Commission has considered the transmission loss level of 1.40% for each year of the third Control Period from FY 2019-20 to FY 2021-22 as proposed by the Petitioner. The Petitioner shall strive to achieve transmission loss level lower than that approved by the Commission by implementing the best practices from the past years.

3.7 Human Resources Plan

3.7.1 Petitioner's Submissions

The Petitioner has proposed the recruitment of 265 employees in FY 2018-19, 173 employees in FY 2019-20, 31 employees in FY 2020-21 and 93 employees in FY 2021-22.

3.7.2 Commission's Analysis

The actual recruitment and retirement of employees for the past period is as shown in the Table below:

Table 3.18: Actual Recruitment and Retirement during the past Period

Particulars	FY 2013-14		FY 2014-15		FY 2015-16		FY 2016-17		FY 2017-18	
	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual
Recruitment	107	5	225	3	178	85	126	1	38	5
Retirement	39	46	32	35	37	39	18	24	31	37

The Petitioner has not been able to achieve the recruitment of employees as approved by the Commission for the past years.

PTCUL has proposed the total recruitment of 265 employees in FY 2018-19. As against the same, the actual recruitment upto December 2018 is 52 employees. Regarding the balance proposed recruitment, PTCUL submitted the following:

- PTCUL had advertised 24 posts of Junior Engineer (Civil) and 07 posts of Junior Engineer (IT). UKSSSC conducted the written examination and provided a list of 21 JE (Civil) and 05 JE (IT) who were successful. 17 appointment letters for JE (Civil) and 04 appointment letters for JE (IT) have already been issued from this list. UKSSSC has been requested to provide the list of successful candidates for the remaining 03 posts of JE (Civil) and 02 posts of JE (IT). The recruitment to these posts shall be completed when the list is received from UKSSSC.
- PTCUL had advertised 92 posts of JE (E&M) for which UKSSSC conducted a written examination. A Writ Petition No. 354 of 2018, Jagdish Chandra Pandey vs. State & Ors. was filed in High Court, Uttarakhand, Nainital regarding the recruitment of JE (E&M) and the recruitment to these posts was stayed by the High Court. As such, the recruitment to these 92 posts shall be completed only after the judgment of the High Court and subsequent approval of GoU is obtained.
- PTCUL had advertised 80 posts of TG-II (Electrical). A Writ Petition No. 3320 of 2017 Samvida Karamchari Sangthan v/s State and others was filed in the High Court Uttarakhand, Nainital. The selection process has been stayed by the High Court. However, PTCUL is trying to get the stay vacated. Recruitment to these posts can be completed only after the Judgment of the High Court and subsequent approval of GoU is obtained.
- PTCUL had advertised 10 posts of Steno-III for which the written examination has already been conducted by UKSSSC but the result is still awaited. The recruitment process shall be completed when the result is declared by the UKSSC and the approval of the GoU is obtained.

Further, PTCUL vide its submission dated February 15, 2019 submitted that 78 no. of employees have joined till February 2019. In light of the above submissions of PTCUL, the Commission is of the view that most likely the remaining positions to be filled in FY 2018-19 will get spill over to FY 2019-20. Therefore, for FY 2018-19, the Commission has considered the addition to employees as 78. The balance of the proposed recruitment in FY 2018-19 has been carried forward to FY 2019-20. The proposed recruitment in FY 2019-20 has been carried forward to FY 2020-21. The proposed recruitment in FY 2020-21 and FY 2021-22 has been considered in FY 2021-22. The Commission has considered the retirement during each year as submitted by PTCUL. The Petitioner shall put in all efforts for meeting the proposed recruitment of employees during each year of the third Control Period from FY 2019-20 to FY 2021-22. The Commission shall consider the actual recruitment and retirement status during the truing up for the respective years. Accordingly, the HR plan approved by the Commission is shown in the Table below:

Table 3.19: HR Plan Approved by the Commission

Particulars	FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved
Opening no. of employees	743	743	985	798	1144	971	1166	1135
Recruitment during the year	265	78	173	187	31	173	93	124
Retirement during the year	23	23	14	14	9	9	11	11
Closing no. of employees	985	798	1144	971	1166	1135	1248	1248

4 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2017-18

4.1 Annual Performance Review

The Commission vide its MYT Order dated April 5, 2016 on approval of the Business Plan and MYT for the second Control Period from FY 2016-17 to FY 2018-19, approved the ARR for the Control Period based on the audited accounts available till FY 2014-15. Regulation 12(1) of the UERC Tariff Regulations, 2015 stipulates that under the MYT framework, the performance of the Transmission Licensee shall be subject to Annual Performance Review. The Commission vide its Tariff Order dated March 29, 2017 on approval of APR Petition for FY 2016-17 approved the revised ARR for FY 2017-18 considering the capitalisation approved by it till FY 2015-16 based on the audited accounts for FY 2015-16.

The Petitioner, in this Petition, has claimed final true up for FY 2017-18 based on the audited accounts. The Petitioner, based on the final true up for FY 2017-18, has also proposed a revenue surplus on account of truing up to be adjusted in FY 2019-20. In accordance with Regulation 12(3) of the UERC Tariff Regulations, 2015 the Commission has carried out the final true up for FY 2017-18 based on the audited accounts for FY 2017-18. The approach adopted by the Commission in the approval of true up for FY 2017-18 is elaborated in the subsequent paragraphs.

4.2 Value of opening assets

The Commission had discussed in detail its approach towards fixing of opening capital cost of PTCUL as on June 1, 2004 in its Tariff Order dated October 21, 2009. In the said Order, in respect of delay in finalization of the Transfer Scheme, it had been observed by the Commission that:

> *"The reason for this disinterest seems to be the caveat being put every year in the ARR and Tariff Petitions of UPCL and PTCUL that financial impact of finalization of transfer scheme should be allowed by the Commission as and when it takes place."*

It had been further elaborated by the Commission in the above Order that it would be very difficult to capture and pass on the entire financial impact due to change in the values of opening assets and liabilities on finalization of transfer scheme in a single tariff year. After highlighting the consequence of non-finalization of the Transfer Scheme, the Commission had also directed PTCUL as follows:

"The Petitioner is, therefore, directed to approach the State Government for early finalization of the transfer scheme and to provide them all necessary details/assistance in this regard. The Petitioner is directed to submit a report on steps taken by it and the status of transfer scheme within 3 months of the issuance of this tariff order."

The Commission in its Tariff Order dated April 6, 2010 had observed that no concrete steps were taken by PTCUL and had directed the Petitioner as under:

"The Commission accordingly directs PTCUL, one more time, to get the Transfer Scheme finalized within the ensuing financial year. The Commission would further like to warn PTCUL that sufficient time has already elapsed and if they do not make sincere efforts now they may eventually lose any past claims due to redetermination of GFA in future."

The Commission in its Tariff Order dated April 4, 2012 had further directed the Petitioner as under:

"As the Transfer Scheme has not been finalised so far, the Commission is constrained to adopt the same value for opening Gross Fixed Assets as already approved by it in the previous Tariff Orders. ***The Commission further, directs PTCUL to make sincere and all out efforts for getting the Transfer Scheme finalized within the ensuing financial year****."*

The Petitioner in its Petition for approval of Business Plan and MYT for the first Control Period FY 2013-14 to FY 2015-16 submitted that Govt. of Uttarakhand vide its Order No. 117/(I)(2)/2011-05/19/2002 dated April 27, 2012 had approved the value of GFA of Rs. 1058.18 Crore taken by UPCL in its accounts as on November 9, 2001. PTCUL submitted that it had, accordingly, considered the opening value of assets of Rs. 263.39 Crore as assigned to it in the Transfer Scheme. The Commission held that the said communication could not be accepted as finalization of the Transfer Scheme as it was only a letter to UPCL from Government of Uttarakhand and not a proper notification on finalization of Transfer Scheme. Subsequently, the Commission vide its Tariff Orders dated May 6, 2013, April 10, 2014, April 11, 2015, April 5, 2016 and March 29, 2017 directed the Petitioner to expedite the finalization of Transfer Scheme, to which the Petitioner did not comply.

The Commission vide its Tariff Order for FY 2018-19 dated March 21, 2018 directed the Petitioner to get the Transfer Scheme finalized and to submit the same to the Commission alongwith its Petition for Annual Performance Review for FY 2018-19. The Petitioner in the instant Petition submitted that various meetings and correspondence have been done between UPCL and PTCUL regarding Transfer Scheme. A Draft policy has also been submitted to UPCL for finalization. UPCL has informed that the Transfer scheme between UPCL and PTCUL shall be finalized only after the finalization of Transfer Scheme between UPPCL and UPCL.

The Commission expresses its extreme displeasure in the lackadaisical approach of the Petitioner in not acting responsibly in finalising the value of transferred assets from UPCL. **In this regard, the Commission holds that any consequential impact due to finalization of transfer scheme will be allowed without any carrying cost on the same as the delay is on the part of the Petitioner**.

4.3 Additional capitalisation for FY 2017-18

The Commission has considered the scheme wise closing GFA for FY 2016-17 as approved in the final truing up in its Tariff Order dated March 21, 2018 as the opening GFA for FY 2017-18.

The GFA addition in FY 2017-18 as per the Audited Accounts is Rs. 94.62 Crore. Out of the same, the GFA addition pertaining to UITP projects, which are not regulated by the Commission, is Rs. 3.40 Crore. The GFA addition pertaining to the transmission business regulated by the Commission is Rs. 91.22 Crore. PTCUL has claimed the GFA addition of Rs. 91.01 Crore for truing up of FY 2017-18. In addition, PTCUL has claimed GFA addition of Rs. 66.09 Crore which was disallowed by the Commission in the truing up of FY 2016-17. PTCUL, in its Petition, has not considered the GFA addition of Rs. 0.21 Crore pertaining to SLDC.

The Commission has approved the scheme wise capitalisation for FY 2017-18. While approving the same, for first time capitalisation, the Commission has considered the allowable cost considering the delay in completion, reasons for delay, cost overrun & reasons for cost overrun. Regarding the increase in project cost due to time overrun, Hon'ble ATE in its Judgment in Appeal No. 72 of 2010 clearly stipulated the treatment of extra IDC on account of delay under three cases, (i) due to factors entirely attributable to the Petitioner, (ii) due to factors beyond the control of the Petitioner, and (iii) situation not covered by (i) & (ii). The Commission for working out the excess IDC for the period of delay has first computed the Base Case IDC for the scenario if the project would have been completed on time as follows:

- IDC corresponding to Hard Cost as approved by the Commission = (actual IDC ÷ actual Hard Cost) x approved Hard Cost
- Base case IDC = IDC corresponding to Hard Cost approved x (Scheduled completion period ÷ actual completion period)

After detailed analysis of the reasons submitted by PTCUL for time overrun, the Commission is of the view that for some of the projects, the reasons for delay are solely attributable to the Petitioner, for some of the Projects, the reasons for delay are beyond the control of the Petitioner and for some of the projects, the reasons are a mix of both. For the projects for which the reasons for delay are solely attributable to the Petitioner, the Commission has not allowed any excess IDC. For the projects for which the reasons for delay are beyond the control of the Petitioner, the Commission has allowed the actual IDC and for the projects for which the reasons for delay are a mix of both, the Commission has allowed 50% of the excess IDC and disallowed the remaining IDC. For additional capitalisation towards schemes capitalised in the previous years, the Commission has approved the additional capitalisation in accordance with Regulation 22 of the UERC Tariff Regulations, 2015 which is reproduced below:

"**22. Additional capitalisation and De-capitalisation:**

(1) The following capital expenditure within the original scope of work actually incurred or projected to be incurred after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

a) Undischarged liabilities;

b) Works deferred for execution;

c) Procurement of initial capital spares within the original scope of work, subject to the provisions of Regulation 21(11);

d) Liabilities to meet award of arbitration or for compliance of the order or decree of acourt; and

e) On account of change in law.

Provided that the details included in the original scope of work along with estimates of expenditure, deferred liabilities and the works deferred for execution shall be submitted along with the application for determination of tariff.

(2) The capital expenditure of the following nature actually incurred after the cut-off date may be

admitted by the Commission, subject to prudence check:

a) Liabilities to meet award of arbitration or for compliance of the order or decree of acourt;

b) Change in Law;

c) Works deferred for execution within the original scope of work;

d) Any liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;

e) Any additional capital expenditure which has become necessary for efficient operation of generating station or transmission system as the case may be. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level;

..."

Further, Regulation 2(19) of the UERC Tariff Regulations, 2015 defines cut-off date as under:

"(19) "Cut-off Date" means 31st March of the year closing after two years of the year of commercial operation of the whole or part of the project, and in case the whole or part of the project is declared under commercial operation in the last quarter of a year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation."

In the subsequent Paras, the Commission has discussed the scheme wise capitalisation for FY 2017-18 claimed by the Petitioner and approved by the Commission.

4.3.1 REC Old Scheme (Also referred to as REC I & III Scheme)

The capitalisation of '132 kV D/C Srinagar-Simli Line' was approved by the Commission in FY 2016-17. The Petitioner has claimed de-capitalisation of Rs. 0.56 Crore for '132 kV D/C Srinagar-Simli Line' in FY 2017-18. As regards the same, PTCUL submitted that the expenses incurred on forest clearance were overbooked in FY 2016-17 and the same have been rectified in FY 2017-18. The Commission has considered the de-capitalisation of Rs. 0.56 Crore towards 132 kV D/C Srinagar-Simli Line for FY 2017-18.

4.3.2 REC New Scheme (Also referred to as REC II Scheme)

The Petitioner has not claimed any capitalisation towards REC New Scheme in its Petition. However, in SLDC's Petition, the net GFA addition for FY 2017-18 for the project "Construction of SLDC at Dehradun and 2 Nos. Sub LDC at Kashipur and Rishikesh" has been submitted as Rs. 0.21 Crore. This GFA addition claimed is towards SCADA and IT System. As the Commission has not carried out the true up of FY 2017-18 for SLDC separately, this net GFA addition of Rs. 0.21 Crore has been considered in the true up of FY 2017-18 for PTCUL under REC new Scheme.

4.3.3 REC IV Scheme

The Petitioner has claimed the capitalisation of Rs. 7.27 Crore in REC IV Scheme for the projects as shown in the Table below:

Table 4.1: Capitalisation claimed for REC IV Scheme in FY 2017-18 (Rs. Crore)

Project	Year of first time capitalisation	Capitalisation claimed by PTCUL in FY 2017-18
220 kV S/s Dehradun	FY 2013-14	3.51
LILO of 132 kV Dhalipur-Purkul Line at 220 kV S/s Dehradun	FY 2016-17	0.22
LILO of 132 kV Kulhal-Majra Line at 220 kV S/s Dehradun	FY 2015-16	-0.05
132 kV S/s Haridwar Road Dehradun (80 MVA)	FY 2015-16	2.56
132 kV S/s Sitarganj (SIDCUL)	FY 2012-13	1.03
Total		**7.27**

The capitalisation claimed by the Petitioner is towards the Projects completed in the previous years. The Commission has allowed the additional capitalisation and de-capitalisation claimed in FY 2017-18 for the projects which were completed in previous years, in accordance with the UERC Tariff Regulations, 2015.

4.3.3.1 220 kV S/s Dehradun

The project '220 kV S/s Dehradun' was commissioned in FY 2013-14. The Petitioner has claimed the additional capitalisation of Rs. 3.51 Crore in FY 2017-18 towards the deferred works viz. construction of colony. The Commission directed the Petitioner to submit the documentary evidences to substantiate the additional capitalisation claimed. In reply, PTCUL submitted the copies of Journal Vouchers wherein total amount aggregated to Rs. 0.73 Crore. The Commission directed the Petitioner to submit the justification for this discrepancy and reconcile the figures. In reply, PTCUL submitted the copies of Journal Vouchers wherein the total amount aggregated to Rs. 3.51 Crore.

The additional capitalisation claimed by PTCUL is beyond the cut-off date. Regulation 22(2)(c) of the UERC Tariff Regulations, 2015 provides for additional capitalisation towards works deferred for execution and within the original scope of work, beyond the cut-off date. From the cost estimates submitted by PTCUL at the time of investment approval, the Commission finds that the capital expenditure towards construction of colony was included in the initial cost estimates. Hence, the Commission approves the additional capitalisation of Rs. 3.51 Crore towards '220 kV S/s Dehradun'.

4.3.3.2 LILO of 132 kV Dhalipur-Purkul Line at 220 kV S/s Dehradun

The project 'LILO of 132 kV Dhalipur-Purkul Line at 220 kV S/s Dehradun' was commissioned in FY 2016-17. The Petitioner has claimed the capitalisation of Rs. 0.22 Crore in FY 2017-18. This comprises of (i) Rs. 0.05 Crore towards rectification entry from 'LILO of 132 kV Kulhal-Majra Line at 220 kV S/s Dehradun' and (ii) Rs. 0.17 Crore towards payment of un-discharged liabilities, viz. final erection bills. The additional capitalisation claimed by the Petitioner for FY 2017-18 is within the cut-off date. Regulation 22(1)(a) of the UERC Tariff Regulations, 2015 provides for additional capitalisation towards un-discharged liabilities, within the cut-off date. Hence, the Commission approves the additional capitalisation of Rs. 0.22 Crore claimed towards 'LILO of 132 kV Dhalipur-Purkul Line at 220 kV S/s Dehradun'.

4.3.3.3 LILO of 132 kV Kulhal-Majra Line at 220 kV S/s Dehradun

The Petitioner has claimed the de-capitalisation of Rs. 0.05 Crore for 'LILO of 132 kV Kulhal-Majra Line at 220 kV S/s Dehradun', which was commissioned in FY 2015-16. In this regard, the Petitioner submitted that the work of LILO of Kulhal-Majra and Dhalipur-Purkul Lines was awarded by a single contract and at the time of booking material consumption, material amounting to Rs. 0.05 Crore was booked in 'LILO of Kulhal-Majra line' instead of 'LILO of Dhalipur-Purkul line', which has been rectified in FY 2017-18. The Commission has considered the de-capitalisation of Rs. 0.05 Crore towards 'LILO of 132 kV Kulhal-Majra Line at 220 kV S/s Dehradun' for FY 2017-18.

4.3.3.4 132 kV S/s Haridwar Road Dehradun

The project '132 kV S/s Haridwar Road, Dehradun' was commissioned in FY 2015-16. The Petitioner has claimed the additional capitalisation of Rs. 2.56 Crore in FY 2017-18 towards the deferred works, viz. construction of colony. The Commission directed the Petitioner to submit the documentary evidences to substantiate the additional capitalisation claimed. In reply, PTCUL submitted the copies of Journal Vouchers wherein total amount aggregated to Rs. 2.56 Crore. The additional capitalisation claimed by PTCUL is within the cut-off date. Regulation 22(1)(b) of the UERC Tariff Regulations, 2015 provides for additional capitalisation towards works deferred for execution and within the original scope of work, within the cut-off date. From the cost estimates submitted by PTCUL at the time of investment approval, the Commission finds that the capital expenditure towards construction of colony was included in the initial cost estimates. Hence, the Commission approves the additional capitalisation of Rs. 2.56 Crore towards '132 kV S/s Haridwar Road Dehradun'.

4.3.3.5 132 kV S/s Sitarganj (SIDCUL)

The project '132 kV S/s Sitarganj (SIDCUL)' was commissioned in FY 2012-13. The Petitioner has claimed the additional capitalisation of Rs. 1.03 Crore in FY 2017-18 towards the deferred works viz. construction of colony. The Commission directed the Petitioner to submit the documentary evidences to substantiate the additional capitalisation claimed. In reply, PTCUL submitted the copies of Journal Vouchers wherein total amount aggregated to Rs. 1.08 Crore. The Commission directed the Petitioner to submit the justification for this discrepancy and reconcile the figures. In reply, PTCUL submitted the copies of Journal Vouchers wherein the total amount aggregated to Rs. 1.03 Crore.

The additional capitalisation claimed by PTCUL is beyond the cut-off date. Regulation 22(2)(c) of the UERC Tariff Regulations, 2015 provides for additional capitalisation towards works deferred for execution and within the original scope of work, beyond the cut-off date. From the cost estimates submitted by PTCUL at the time of investment approval, the Commission finds that the capital expenditure towards construction of colony was included in the initial cost estimates. Hence, the Commission approves the additional capitalisation of Rs. 1.03 Crore towards '132 kV S/s Sitarganj (SIDCUL)'.

The project-wise approved cost and the actual cost submitted by the Petitioner and the capitalisation approved by the Commission for truing up purposes is as shown in the Table given below:

Table 4.2: Capitalisation approved for REC IV Scheme in FY 2017-18 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2016-17	Capitalisation claimed by PTCUL in FY 2017-18	Capitalisation approved for FY 2017-18	Total capitalisation approved till FY 2017-18
220 kV S/s Dehradun	85.73	FY 2013-14	51.26	3.51	3.51	54.77
LILO of 132 kV Dhalipur-Purkul at 220 kV S/s Dehradun	1.28	FY 2016-17	3.46	0.22	0.22	3.68
LILO of 132 kV Kulhal- Majra Line at 220 kV S/s Dehradun	1.28	FY 2015-16	3.91	-0.05	-0.05	3.86
132 kV S/s Haridwar Road Dehradun (80 MVA)	28.09	FY 2015-16	17.70	2.56	2.56	20.26
132 kV S/s Sitarganj (SIDCUL)	23.54	FY 2012-13	15.49	1.03	1.03	16.53
Total	**139.92**			**7.27**	**7.27**	**99.10**

4.3.4 REC XII

The project '220 kV D/C twin Zebra line from 400 kV S/s PGCIL, Dehradun to 220 kV S/s PTCUL, Dehradun' was commissioned in FY 2016-17. The Petitioner has claimed the additional capitalisation of Rs. 0.08 Crore in FY 2017-18. This comprises of (i) Rs. 0.05 Crore towards payment of un-discharged liability and (ii) Rs. 0.03 Crore towards price variation bills. The additional capitalisation claimed by the Petitioner for FY 2017-18 is within the cut-off date. Hence, the Commission approves the additional capitalisation of Rs. 0.08 Crore claimed towards '220 kV D/C twin Zebra line from 400 kV S/s PGCIL, Dehradun to 220 kV S/s PTCUL, Dehradun'.

4.3.5 REC (System Improvement)

The Petitioner has claimed the capitalisation of Rs. 34.95 Crore for the projects as shown in the Table below:

Table 4.3: Capitalisation claimed for REC (SI) in FY 2017-18 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Capitalisation claimed by PTCUL in FY 2017-18
Procurement and Erection of 2x50 MVA T/F alongwith 220 kV & 33 kV bays at 220 kV S/s Pantnagar	15.81	FY 2016-17	6.42
Increasing capacity of 132 kV S/s Bhupatwala Haridwar from 2x40 MVA to 3x40 MVA & construction of 03 Nos. 33 kV bays	6.67	FY 2015-16	4.73
Construction of 132 kV (3x40 MVA) S/s Chudiyala and its LILO Line	14.06	FY 2015-16	0.29
Increasing capacity of 220 kV S/s SIDCUL, Haridwar from 2x80 MVA to 2x80 MVA+1x50 MVA	6.43	FY 2017-18	8.75
Increasing capacity of 220/33 kV S/s Jhajra, Dehradun from 2x40 MVA to 2x80 MVA alongwith associated accessories.	17.43	FY 2016-17	0.12
Construction of 132 kV & 33 kV bays including bisection of 132 kV & 33 kV main Bus and Const. of 132 kV Bus Coupler bay by using Hybrid Switchgear at 132 kV S/s Kichha	2.85	FY 2017-18	2.40
Increasing capacity of 220 kV S/s Virbhadra, Rishikesh from 2x160 MVA to 3x160 MVA alongwith its 220 kV & 132 kV Bays	12.84	FY 2017-18	12.17
Capital R&M of S/s and lines of O&M Division, Chamba/Srinagar, Garhwal Zone	-	FY 2017-18	0.07
Total	**76.09**		**34.95**

4.3.5.1 Procurement and Erection of 2x50 MVA T/F alongwith 220 kV & 33 kV bays at 220 kV S/s Pantnagar

The project 'Augmentation of 220 kV S/s Pantnagar alongwith construction of 2 No. 220 kV Bays and 2 No. 33 kV Bays' was commissioned in FY 2016-17. As against the approved project cost of Rs. 15.81 Crore in the investment approval, the Commission had approved the capitalisation of Rs. 8.32 Crore in the final true up of FY 2016-17, the same as claimed by PTCUL. The Petitioner has claimed the additional capitalisation of Rs. 6.42 Crore in FY 2017-18. The Petitioner submitted that although the works were completed in FY 2016-17, the additional capitalisation has been booked in FY 2017-18, after reconciliation, according to executed cost. The Commission directed the Petitioner to submit the documentary evidences to substantiate the additional capitalisation claimed. The Petitioner submitted the copy of Journal Vouchers. On perusal of the Petitioner's submissions, the Commission approves the additional capitalisation of Rs. 6.42 Crore towards 'Augmentation of 220 kV S/s Pantnagar alongwith construction of 2 No. 220 kV Bays and 2 No. 33 kV Bays'.

4.3.5.2 Increasing capacity of 132 kV S/s Bhupatwala Haridwar from 2x40 MVA to 3x40 MVA & construction of 03 Nos. 33 kV bays

The Commission had approved the project cost of Rs. 6.67 Crore towards 'Increasing capacity of 132 kV S/s Bhupatwala, Haridwar & construction of 03 Nos. bay at 132 kV S/s Bhupatwala, Haridwar' in the investment approval. The Commission had approved the capitalisation of Rs. 0.81 Crore in final true up of FY 2015-16 towards the cost of Bay and ruled that the capitalisation for the remaining work will be considered on completion of the same. The Petitioner has claimed the additional capitalisation of Rs. 4.73 Crore in FY 2017-18. As regards the same, the Petitioner submitted that the bills for supply had been received in FY 2016-17 and after reconciliation material has been transferred in the books of accounts in FY 2017-18.

The Commission directed the Petitioner to submit Form 9.5 giving the element wise details of the total capital expenditure incurred. From Form 9.5 submitted by the Petitioner, the Commission observed that there is no IDC booked in the actual expenditure of Rs. 5.99 Crore. The Commission also directed the Petitioner to submit the documentary evidences to substantiate the capitalisation claimed and PTCUL submitted the same. From the submissions of the Petitioner, the Commission observed that the claimed capitalisation in FY 2017-18 is towards the supply and erection of transformer and third-party inspection. On perusal of the Petitioner's submissions, the Commission approves the capitalisation of Rs. 4.73 Crore towards 'Increasing capacity of 132 kV S/s Bhupatwala, Haridwar & construction of 03 Nos. bay at 132 kV S/s Bhupatwala, Haridwar'.

4.3.5.3 Construction of 132 kV (3x40 MVA) S/s Chudiyala and its LILO Line

The project '132 kV S/s Chudiyala and its LILO Line' was commissioned in FY 2015-16. The Petitioner has claimed additional capitalisation of Rs. 0.29 Crore towards the contractor bills received in FY 2017-18 and IDC. The Commission directed the Petitioner to submit list of works/equipment claimed for additional capitalisation in FY 2017-18. The Commission also directed the Petitioner to submit the justification for claiming IDC after COD. The Petitioner submitted the copies of bills received from its contractors in support of the additional capitalisation claimed. The Petitioner also submitted that an adjustment entry was made for IDC wrongly booked in previous year. The additional capitalisation claimed by the Petitioner for FY 2017-18 is within the cut-off date and IDC claimed pertains to period prior to COD. Hence, the Commission approves the additional capitalisation of Rs. 0.29 Crore claimed towards '132 kV S/s Chudiyala and its LILO Line'.

4.3.5.4 *Increasing capacity of 220 kV S/s SIDCUL, Haridwar from 2x80 MVA to 2x80 MVA+1x50 MVA*

The Commission had approved the project cost of Rs. 6.43 Crore for the project 'Installation of 220/33 kV 50 MVA Transformer and construction of 3 No. 33 kV bay at 220 kV SIDCUL S/s Haridwar' in the investment approval. In the final true up of FY 2016-17, the Petitioner had claimed the part capitalisation of Rs. 0.17 Crore. The Commission did not allow the part capitalisation claimed in FY 2016-17. The Petitioner has claimed the capitalisation of Rs. 8.75 Crore in FY 2017-18. As regards the same, the Petitioner submitted that although the work was completed in FY 2016-17, material has been booked in FY 2017-18, after reconciliation, based on actual executed cost. The Commission sought the documentary evidences to substantiate the capitalisation claimed in FY 2017-18. The Commission observed that the contracts for supply, erection and supervision & testing have been placed at the firm price of Rs. 8.54 Crore. The capitalisation claimed by PTCUL is higher than the ordering cost. As the contracts are placed on firm price basis, the Commission approves the capitalisation of Rs. 8.54 Crore equivalent to the Contract Price towards 'Installation of 220/33 kV 50 MVA Transformer and construction of 3 No. 33 kV bay at 220 kV SIDCUL S/s Haridwar'.

4.3.5.5 *Increasing capacity of 220/33 kV S/s Jhajra, Dehradun from 2x40 MVA to 2x80 MVA alongwith associated accessories.*

The project 'Augmentation of 220 kV S/s Jhajra, Dehradun' was commissioned in FY 2016-17. The Petitioner has claimed the additional capitalisation of Rs. 0.12 Crore. As regards the same, the Petitioner submitted that this amount was wrongly booked in the project 'Increasing capacity of 132 kV S/s Bhupatwala Haridwar & construction of 03 Nos. bay at 132 kV S/s Bhupatwala, Haridwar' in FY 2016-17 which was subsequently transferred to 'Augmentation of 220 kV S/s Jhajra, Dehradun' in FY 2017-18. On perusal of the Petitioner's submissions, the Commission approves the additional capitalisation of Rs. 0.12 Crore towards 'Augmentation of 220 kV S/s Jhajra, Dehradun'.

4.3.5.6 *Construction of 132 kV & 33 kV bays including bisection of 132 kV & 33 kV main Bus and Const. of 132 kV Bus Coupler bay by using Hybrid Switchgear at 132 kV S/s Kichha*

As against the approved project cost of Rs. 2.85 Crore, the Petitioner has claimed the capitalisation of Rs. 2.40 Crore towards 'Construction of 132 kV & 33 kV Bays including bisection of 132 kV & 33 kV main Bus and Const. of 132 kV Bus Coupler bay by using Hybrid Switchgear at 132 kV S/s Kichha'. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning & civil works amounting to Rs. 2.74 Crore.

The Petitioner submitted that there has been a delay in completion of work on account of non-availability of shutdown at 132 kV S/s Kichha due to UPCL's denial of permission. The Commission directed the Petitioner to submit the details of penalty levied, if any, on the contractor for delay in completion. The Petitioner submitted that the penalty amounting to Rs. 0.26 Crore was deducted from running bills of contractor against delay in completion of work. However later, the time extension was granted to the contractor without levy of LD by C&P wing of PTCUL as the reasons of delay were not attributed to the contractor but to QAQC wing of PTCUL and there was delay on part of UPCL in giving permission for various shutdowns at 132 kV sub-station Kichha which were required for completion of work.

The Commission observed that the claimed capitalisation does not include any IDC. In this regard, the Commission directed the Petitioner to submit the justification for not claiming any IDC in the capitalisation. The Petitioner submitted that as per the contract the completion period was 8 months and during the construction period it used its own funds and loan was drawn later against the expenditure. Due to this, the liability of interest has not been imposed on PTCUL during construction period and IDC has not been accounted for in this project cost.

As the claimed capitalisation is lower than the ordering cost and no IDC has been actually incurred, the Commission approves the capitalisation of Rs. 2.40 Crore towards 'Construction of 132 kV & 33 kV Bays Including bisection of 132 kV & 33 kV main Bus and Const. of 132 kV Bus Coupler by using Hybrid Switchgear at 132 kV S/s Kichha'.

4.3.5.7 *Increasing capacity of 220 kV S/s Virbhadra, Rishikesh from 2x160 MVA to 3x160 MVA alongwith its 220 kV & 132 kV Bays*

As against the approved project cost of Rs. 12.84 Crore, the Petitioner has claimed the capitalisation of Rs. 12.17 Crore towards 'Increasing capacity of 220 kV S/s Virbhadra, Rishikesh from 2x160 MVA to 3x160 MVA alongwith its 220 kV & 132 kV Bays'. The Petitioner submitted the copies of contracts placed for Supply, Erection, Supervision of testing & commissioning amounting to Rs. 10.64 Crore. From Form 9.5 submitted by the Petitioner, the Commission observed arithmetical error wherein the actual expenditure was shown as Rs. 12.17 Crore in place of Rs. 12.15 Crore.

The Commission directed the Petitioner to submit the justification for the claimed capitalisation being higher than the ordering cost. The Petitioner submitted that the increase in cost was due to (1) increase in civil work to make new approach road to transport new 160 MVA transformer to switchyard, (2) increase in number of towers and corresponding increase in civil works/ erection work, (3) procurement of heavy gauge angle, and (4) procurement of 1 no. additional 145 kV Circuit Breaker. The Petitioner also submitted the copies of the amendment agreements. There was delay in completion of the work and the Petitioner submitted the reasons for time overrun as follows:

"1. As per initial planning 05 Nos. tower column for the extension of Existing Main-1, Main-2 and Transfer bus was planned (copy enclosed as Annexure-A) for increasing capacity of 220 kV Rishikesh and, accordingly, BoQ for execution of above work was prepared. During execution of work at site due to non availability of similar design of structure, new design & drawing of similar structure having similar height and beam attachment were arranged from different sites of PTCUL. As per new layout (copy enclosed as Annexure-B) for extension of 220 kV Main-1, Main-2 and Transfer Bus 09 nos. tower column instead from 05 nos. has been used, accordingly, the tower foundation also has been increased from 05 nos. to 09 nos. Being retrofitting nature of work contingencies occurred were not planned. This change in Scope of works as per site condition takes extra time to execute the work.

2. As per tower drawings the required angle size of tower column structure issued to the contractor was 130x130x16 mm. This above size of angle was not available with the manufacture and the same was confirmed by contractor and requested PTCUL to approve 150x150x16 mm in place of 130x130x16 mm. The suitability of 150x150x16 mm was checked with the approved structure and, accordingly, the approval was taken from MD, PTCUL (copy enclosed as Annexure-C) to use 150x150x16 mm instead of 130x130x16 mm.

3. As per initial planning the MS round quantity for earthmat has been calculated considering the spacing of earthmat 8 mtr. in extension area 117 mtr X27 mtr. But after excavation during execution of proposed bay location the spacing between existing MS round earthmat conductors was found 5 mtr, this resulted into increase of supply and erection of MS round earthmat quantity from 5 MT to 12 MT (copy enclosed as Annexure D). The extra works took extra time to execute the work.

4. The approach road inside the Switchyard of suitable capacity for transportation of 160 MVA 220/132 kV Transformer was not available, the approach road of approx 125 mtr. was constructed *by Civil wing. After construction of above road the Transformer was transported to Transformer plinth.*

5. *One no. extra 145 kV circuit breaker was procured as per the amendment letter no. 127/CE(C&P)/PTCUL dated: 02/02/2016 as the earlier procured 132 kV circuit breaker was utilized due to failure of existing 132 kV circuit breaker of 132 kV Rishikesh-Srinagar line, to immediately restore the supply of Srinagar, Rudraprayag and Chamoli areas. (Copy enclosed as Annexure-E)"*

The Commission directed the Petitioner to submit if any penalty was levied on the contractor for delay in completion of work. The Petitioner submitted that although the penalty of Rs. 0.21 Crore was deducted, it was later released due to the time extension of 2 months granted in addition to the scheduled completion period of 5 months.

The Commission has gone through the submissions of the Petitioner. The Petitioner has claimed the Hard Cost of Rs. 11.55 Crore. This Hard Cost does not include any overheads. From the Petitioner's submissions, the Commission finds that although the original contracts were placed on firm price basis, the increase in cost has been approved by PTCUL vide the amendment agreements. Therefore, the Commission has approved the actual hard cost of Rs. 11.55 Crore.

The Petitioner has claimed the actual IDC of Rs. 0.60 Crore. The actual completion period is 20 months as against the scheduled completion period of 7 months. In accordance with the principles approved in Para 4.3, the Commission has computed the IDC corresponding to scheduled completion period as Rs. 0.21 Crore. Hence, the increase in IDC due to time overrun is Rs. 0.39 Crore. The Commission finds that the reasons for delay are partly attributable for PTCUL and partly beyond its control. The Commission approves 50% of the increase in IDC on account of time overrun. Therefore, the allowable IDC works out to Rs. 0.41 Crore. Accordingly, the Commission approves the total cost of Rs. 11.95 Crore towards 'Increasing capacity of 220 kV S/s Virbhadra, Rishikesh from 2x160 MVA to 3x160 MVA alongwith its 220 kV & 132 kV Bays'.

4.3.5.8 Capital R&M of S/s and lines of O&M Division, Chamba/Srinagar, Garhwal Zone

The Petitioner has claimed the capitalisation of Rs. 0.07 Crore towards 'Capital R&M of S/s and Lines of O&M Division, Chamba/Srinagar, Garhwal Zone'. This capitalisation of Rs. 0.07 Crore includes IDC of Rs. 0.03 Crore and the rest amount includes civil works. The Commission does not find the claim of the Petitioner towards IDC to be prudent as the IDC claimed is around 43% of the capitalisation. Therefore, the Commission approves capitalisation of Rs. 0.04 Crore towards 'Capital R&M of S/s and Lines of O&M Division, Chamba/Srinagar, Garhwal Zone'.

The project-wise approved cost and the actual cost claimed by the Petitioner and the capitalisation approved by the Commission for truing up purposes is as shown in the Table given below:

Table 4.4: Capitalisation approved for REC (SI) in FY 2017-18 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2016-17	Capitalisation claimed by PTCUL in FY 2017-18	Capitalisation approved for FY 2017-18	Total capitalisation approved till FY 2017-18
Procurement and Erection of 2x50 MVA T/F alongwith 220 kV & 33 kV bays at 220 kV S/s Pantnagar	15.81	FY 2016-17	8.32	6.42	6.42	14.75
Increasing capacity of 132 kV S/s Bhupatwala Haridwar from 2x40 MVA to 3x40 MVA & construction of 03 Nos. 33 kV bays	6.67	FY 2015-16	0.94	4.73	4.73	5.66
Construction of 132 kV (3x40 MVA) S/s Chudiyala and its LILO Line	14.06	FY 2015-16	9.60	0.29	0.29	9.89
Increasing capacity of 220 kV S/s SIDCUL, Haridwar from 2x80 MVA to 2x80 MVA+1x50 MVA	6.43	FY 2017-18	0.00	8.75	8.54	8.54
Increasing capacity of 220/33 kV S/s Jhajra, Dehradun from 2x40 MVA to 2x80 MVA alongwith associated accessories.	17.43	FY 2016-17	5.36	0.12	0.12	5.48
Construction of 132 kV & 33 kV bays including bisection of 132 kV & 33 kV main Bus and Const. of 132 kV Bus Coupler bay by using Hybrid Switchgear at 132 kV S/s Kichha	2.85	FY 2017-18	0.00	2.40	2.40	2.40
Increasing capacity of 220 kV S/s Virbhadra, Rishikesh from 2x160 MVA to 3x160 MVA alongwith its 220 kV & 132 kV Bays	12.84	FY 2017-18	0.00	12.17	11.95	11.95
Capital R&M of S/s and lines of O&M Division, Chamba/Srinagar, Garhwal Zone	0.00	FY 2017-18	0.00	0.07	0.04	0.04
Total	**76.09**		**24.22**	**34.95**	**34.49**	**58.71**

4.3.6 PFC (System Improvement)

The Petitioner has claimed the capitalisation of Rs. 33.83 Crore towards a mix of System Improvement works funded by PFC in FY 2017-18.

Table 4.5: Capitalisation claimed for PFC (SI) in FY 2017-18 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Capitalisation claimed by PTCUL in FY 2017-18
Increasing capacity at existing 132/33 kV Bhowali S/s	4.79	FY 2015-16	0.05
Procurement & Erection of HTLS Conductor for 132 kV Roorkee-Laksar Line	30.83	FY 2017-18	19.51
Procurement & Erection of HTLS Conductor for 132 kV Roorkee-Manglore Line	10.67	FY 2017-18	7.55
Diversion of 220 kV Rishikesh-Dharasu & Chamba-Dharasu Transmission Line THDC	0.00	FY 2017-18	-0.08
Supply & Erection of DCDB at 132 kV S/s Haldwani	0.00	FY 2017-18	0.002
Augmentation of T/F capacity from 2x40 MVA to 3x40 MVA at 132 kV S/s Jwalapur	4.43	FY 2015-16	0.71
Augmentation of T/F capacity of 220 kV sub-station Chamba from 2x25 MVA to 1x25 MVA+ 1x50 MVA	7.18	FY 2017-18	6.10
Total	**57.90**		**33.83**

4.3.6.1 Increasing capacity of existing 132/33 kV Bhowali S/s

The Commission had approved the capitalisation of Rs. 2.81 Crore towards 'Increasing capacity of existing 132/33 kV Bhowali S/s' in final true up of FY 2015-16. The Petitioner has claimed the additional capitalisation of Rs. 0.05 Crore in FY 2017-18 towards payment of un-discharged liabilities and contractor bills. The additional capitalisation claimed by the Petitioner for FY 2017-18 is within the cut-off date. Hence, the Commission approves the additional capitalisation of Rs. 0.05 Crore claimed towards 'Increasing capacity of existing 132/33 kV Bhowali S/s'.

4.3.6.2 Procurement & Erection of HTLS Conductor for 132 kV Roorkee-Laksar Line & Procurement & Erection of HTLS Conductor for 132 kV Roorkee-Manglore Line

The Commission has approved the project cost of Rs. 30.83 Crore and Rs. 10.67 Crore towards 'Procurement & Erection of HTLS Conductor for 132 kV Roorkee-Laksar Line' and 'Procurement & Erection of HTLS Conductor for 132 kV Roorkee-Manglore Line' in the investment approval. The Petitioner has awarded both the projects under the same contracts at the awarded cost of Rs. 29.17 Crore. Therefore, the Commission has dealt both the projects together as discussed below.

The Petitioner submitted the copies of contracts placed for supply and erection amounting to Rs. 29.17 Crore. As against the same, the Petitioner has claimed the capital expenditure of Rs. 28.84

Crore and capitalisation of Rs. 27.06 Crore. The claimed capitalisation is inclusive of IDC of Rs. 0.56 Crore. The actual capitalisation claimed by the Petitioner in FY 2017-18 is lower than the ordering cost.

The Commission directed the Petitioner to submit the justification for the ordering cost being significantly lower than the cost approved in the investment approval. The Petitioner submitted that the ordering cost includes only the supply and erection of material whereas the approved cost in the investment approval includes many other components like contingency, supervision charges and IDC etc.

The Petitioner submitted that HTLS technology is introduced for the first time in PTCUL and being the new project of its kind, considerable time has been consumed in completion of project. The existing conductor was to be replaced by the new HTLS conductor without disturbing the Power Supply as 132 kV S/s Manglore is radially fed through 220 kV S/s Roorkee. The HTLS technology being newly introduced in PTCUL, the new vendors for supplying the items to be used for HTLS work was approved after detailed deliberations, assessment of credentials of vendors, submission of type test reports and after factory inspection. Further, due to high load demand at 132 kV S/s Laksar and non-availability of sugar mill generation, shutdown could not be obtained.

The Commission has gone through the submissions of the Petitioner. The Petitioner has claimed the Hard Cost of Rs. 26.50 Crore. This Hard Cost does not include any overheads. The Commission directed the Petitioner to submit the details of penalty levied, if any, on the contractor for delay in completion. The Petitioner submitted that the total penalty of Rs. 2.91 Crore was levied on the contractor for delay in completion. The Petitioner also submitted that the contractor has requested for release of penalty and it may be released after deciding on time extension case pending before the PTCUL authorities. The Commission has approved the actual Hard Cost as claimed by the Petitioner, as the same being lower than the ordering cost. However, there has been a delay in completion of the work and the submission of PTCUL that it was carrying such work for the first time is unacceptable. PTCUL should have been aware of the scope of work and time it would take to execute the work. Also, this fact may be considered by PTCUL authorities while deciding the release of penalty imposed. The Commission at present is not making any adjustment to this effect. However, **the Petitioner is directed to bring proper and complete facts before the Commission, in this regard, in the next proceedings. The Commission based on the above will take appropriate view.**

The Petitioner has claimed the actual IDC of Rs. 0.56 Crore. The actual completion period is 15 months as against the scheduled completion period of 05 months. In accordance with the principles approved in Para 4.3, the Commission has computed the IDC corresponding to scheduled completion period as Rs. 0.19 Crore. Hence, the increase in IDC due to time overrun is Rs. 0.37 Crore. The Commission finds that the reasons for delay are partly attributable for PTCUL and partly beyond its control. The Commission approves 50% of the increase in IDC on account of time overrun. Therefore, the allowable IDC works out to Rs. 0.37 Crore. Accordingly, the Commission approves the total cost of Rs. 26.87 Crore towards 'Procurement & Erection of HTLS Conductor for 132 kV Roorkee-Laksar Line' and 'Procurement & Erection of HTLS Conductor for 132 kV Roorkee-Manglore Line'.

4.3.6.3 Augmentation of T/F capacity from 2x40 MVA to 3x40 MVA at 132 kV S/s Jwalapur

The Commission had approved the capitalisation of Rs. 3.88 Crore towards 'Augmentation of T/F capacity from 2x40 MVA to 3x40 MVA at 132 kV S/s Jwalapur' in the final true up of FY 2015-16. The Petitioner has claimed the additional capitalisation of Rs. 0.71 Crore in FY 2017-18 towards payment of contractor bills and IDC. The Commission directed the Petitioner to submit the list of works/equipment claimed in additional capitalisation. The Commission also directed the Petitioner to submit the justification for claiming IDC after COD. The Petitioner submitted the details of works alongwith the supporting documents. The Petitioner further submitted that the IDC claimed in the project cost pertains to pre COD. After the perusal of the Petitioner's submissions, the Commission approves the additional capitalisation of Rs. 0.71 Crore towards 'Augmentation of T/F capacity from 2x40 MVA to 3x40 MVA at 132 kV S/s Jwalapur'.

4.3.6.4 Augmentation of T/F capacity of 220 kV sub-station Chamba from 2x25 MVA to 1x25 MVA+1x50 MVA

The Commission had approved Rs. 7.18 Crore as the project cost for 'Augmentation of T/F capacity of 220 kV sub-station Chamba from 2x25 MVA to 1x25 MVA+1x50 MVA' in investment approval. In the final true up of FY 2015-16, the Petitioner had claimed the part capitalisation of Rs. 0.20 Crore. The Commission did not allow the part capitalisation claimed in FY 2015-16. The Petitioner has claimed the capitalisation of Rs. 6.10 Crore in FY 2017-18. This includes the IDC of Rs. 0.39 Crore.

The Commission has gone through the submissions of the Petitioner. The Petitioner has claimed the Hard Cost of Rs. 5.71 Crore, which is equivalent to the total ordering cost of contracts placed for Supply, Erection, Supervision of testing & commissioning. The claimed Hard Cost does not include any overheads. The Commission directed the Petitioner to submit the details of penalty levied, if any, on the contractor for delay in completion. The Petitioner submitted that the penalty for delay in supply of transformer amounting to Rs. 0.62 Crore was levied on the contractor and the same has not been released. The Commission has approved the actual Hard Cost as claimed by the Petitioner, the same being equal to ordering cost.

The Petitioner has claimed the actual IDC of Rs. 0.39 Crore. The actual completion period is 21 months as against the scheduled completion period of 05 months. The Petitioner submitted that the delay was on account of non-availability of shutdown of 25 MVA transformer, which was to be replaced with the new 50 MVA transformer. In accordance with the principles approved in Para 4.3, the Commission has computed the IDC corresponding to scheduled completion period as Rs. 0.09 Crore. Hence, the increase in IDC due to time overrun is Rs. 0.29 Crore. The Commission finds that in Projects requiring shutdown of sub-station or equipment, pro-active measures are required to be taken for timely completion of the Projects. The Commission finds that the reasons for delay are partly attributable for PTCUL and partly beyond its control. The Commission approves 50% of the increase in IDC on account of time overrun. Therefore, the allowable IDC works out to Rs. 0.24 Crore. Accordingly, the Commission approves the total cost of Rs. 5.95 Crore towards 'Augmentation of T/F capacity of 220 kV sub-station Chamba from 2x25 MVA to 1x25 MVA+1x50 MVA'.

For other works, the Commission has considered the additional capitalisation and de-capitalisation as claimed by the Petitioner.

The project-wise approved cost and the actual cost claimed by the Petitioner and the capitalisation approved by the Commission for truing up purposes is as shown in the Table given below:

Table 4.6: Capitalisation approved for PFC (SI) for FY 2017-18 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2016-17	Capitalisation claimed by PTCUL in FY 2017-18	Capitalisation approved for FY 2017-18	Total capitalisation approved till FY 2017-18
Increasing capacity at existing 132/33 kV Bhowali S/s	4.79	FY 2015-16	2.81	0.05	0.05	2.85
Procurement & Erection of HTLS Conductor for 132 kV Roorkee-Laksar Line	30.83	FY 2017-18	0.00	19.51	26.87	26.87
Procurement & Erection of HTLS Conductor for 132 kV Roorkee-Manglore Line	10.67	FY 2017-18	0.00	7.55		
Diversion of 220 kV Rishikesh-Dharasu & Chamba-Dharasu Transmission Line THDC	0.00	FY 2017-18	0.00	-0.08	-0.08	-0.08
Supply & Erection of DCDB at 132 kV S/s Haldwani	0.00	FY 2017-18	0.00	0.00	0.00	0.002
Augmentation of T/F capacity from 2x40 MVA to 3x40 MVA at 132 kV S/s Jwalapur	4.43	FY 2015-16	3.88	0.71	0.71	4.60
Augmentation of T/F capacity of 220 kV sub-station Chamba from 2x25 MVA (220/33 kV) to 1x50 MVA +1x25 MVA (220/33 kV)	7.18	FY 2017-18	0.00	6.10	5.95	5.95
Total	**57.90**		**6.69**	**33.83**	**33.50**	**40.19**

4.3.7 Others (system strengthening through internal resources and deposit works)

The Petitioner has claimed the capitalisation of Rs. 1.60 Crore towards System Strengthening Schemes funded by Internal Resources. The Commission has approved the capitalisation of Rs. 1.60 Crore, as claimed by the Petitioner.

The Petitioner has claimed the capitalisation of Rs. 9.84 Crore towards works carried out from PSDF grants and Rs. 3.98 Crore towards deposit works. The Commission has considered the capitalisation, as claimed by the Petitioner.

4.3.8 Disallowed capitalisation in the final true up of FY 2016-17

The Commission in the final true up of FY 2016-17 had disallowed some additional capitalisation based on the prudence check of the Petitioner's submissions. The Petitioner has sought the capitalisation of Rs. 66.09 Crore towards the same, in final true up of FY 2017-18 and requested the Commission to allow the same, giving reasons for cost overrun for those projects. The Commission had approved the capitalisation in the final true up of FY 2016-17 giving its detailed analysis thereon. The Petitioner has also filed Appeal No. 247 of 2018 before the Hon'ble APTEL on the disallowance of capitalisation for some of the projects. The request of the Petitioner to approve the capitalisation disallowed during the final true-up of 2016-17 cannot be considered on account of (1) an Appeal filed by the Petitioner is pending before the Hon'ble APTEL and (2) barring the issues raised by the Petitioner in the Appeal No. 247 of 2018, the other issues raised by the Petitioner in the instant Petition have attained finality. Therefore, the Commission has not gone into the merits of the Petitioner's submissions seeking approval of capitalisation of Rs. 66.09 Crore in FY 2017-18.

4.4 Gross Fixed Assets including additional capitalisation

Based on the above, the GFA considered by the Commission for FY 2017-18 is as shown in the Table given below:

Table 4.7: Revised GFA approved by the Commission for FY 2017-18 (Rs. Crore)

S. No.	Particulars	FY 2017-18 (True up)		
		Approved in Tariff Order	**Claimed**	**Approved**
1	Opening value	1289.97	1305.82*	1239.73
	Addition			
2	REC Old		-0.56	-0.56
3	REC II		0.00	0.21
4	REC IV		7.27	7.27
5	REC XII		0.08	0.08
6	System Improvement Works	137.82		
	REC		34.95	34.49
	PFC		33.83	33.50
7	Grants & Deposit works		13.82	13.82
8	System strengthening		1.60	1.60
9	**Total addition during the year**	**137.82**	**91.01**	**90.42**
10	Less: Deletions during the year	0.00	0.00	0.00
11	**Closing value**	**1427.79**	**1396.82**	**1330.15**

**including Rs. 66.09 Crore disallowed by the Commission in the final true up of FY 2016-17*

4.5 Capital Structure

Regulation 24 of the UERC Tariff Regulations, 2015 specifies as under:

"(1) For a project declared under commercial operation on or after 1.4.2016, debt-equity ratio shall be 70:30. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as normative loan. Where actual equity employed is less than 30%, the actual equity would be used for determination of Return on Equity in tariff computations.

…

(6) In case of Generating Company, Transmission Licensee, Distribution Licensee, or SLDC where investments have been made prior to 1.4.2016, Debt: Equity Ratio shall be as approved by the Commission in the previous Orders."

For Schemes capitalised prior to FY 2017-18, the Commission has considered the Debt-Equity ratio as approved earlier for the respective Schemes. For new Schemes, the Commission has considered the Debt-Equity Ratio of 70:30 as approved in the Investment Approval. The capital structure considered by the Commission for true up for FY 2017-18 is as shown in the Table given below:

Table 4.8: Approved Means of Finance for FY 2017-18

S. No.	Particulars	Grants	Debt	Equity	Total
1	REC Old	0%	82%	18%	100%
2	REC New	0%	70%	30%	100%
3	REC IV	0%	70%	30%	100%
4	REC XII	0%	70%	30%	100%
5	System Improvement works	0%	70%	30%	100%
6	Deposit works& grants	100%	0%	0%	100%
7	System strengthening	0%	70%	30%	100%

Based on the above, the Commission has determined the debt and equity components for FY 2017-18 which works out as given below:

Table 4.9: Details of financing for capitalisation for FY 2017-18 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	79.01	96.59	829.34	234.80	1239.73
2	**Additions in the year**					
	REC Old		0.00	-0.46	-0.10	-0.56
	REC II		0.00	0.15	0.06	0.21
	REC IV		0.00	5.09	2.18	7.27
	REC XII		0.00	0.06	0.02	0.08
	System Improvement Works					
	REC		0.00	24.14	10.35	34.49
	PFC		0.00	23.45	10.05	33.50
	Deposit works		13.82	0.00	0.00	13.82
	System strengthening		0.00	1.12	0.48	1.60
3	**Total addition during the year**	**0.00**	**13.82**	**53.55**	**23.05**	**90.42**
4	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
5	**Closing Value**	**79.00**	**110.41**	**882.89**	**257.84**	**1330.15**

4.6 Annual Transmission Charges

Regulation 57 of the UERC Tariff Regulations, 2015 specifies as follows:

"57. Annual Transmission Charges for each financial year of the Control Period

The Annual Transmission Charges for each financial year of the Control Period shall provide for recovery of the Aggregate Revenue Requirement of the Transmission Licensee for the respective financial year of the Control Period, as reduced by the amount of non-tariff income, income from Other Business and short-term open access charges, as approved by the Commission and shall be computed in the following manner:-

Aggregate Revenue Requirement, is the sum of:

(a) Operation and maintenance expenses;
(b) Lease Charges;
(c) Interest and Finance Charges on Loan Capital;
(d) Return on equity capital;
(e) Income-tax;
(f) Depreciation;
(g) Interest on working capital and deposits from Transmission System Users; and

Annual Transmission Charges of Transmission Licensee = Aggregate Revenue Requirement, as above;

minus:

(h) Non-Tariff Income;
(i) Short-Term Open Access Charges; and
(j) Income from Other Business to the extent specified in these Regulations:

..."

4.6.1 O&M expenses

O&M expenses comprises of Employee Expenses, A&G Expenses and R&M Expenses, i.e. expenditure on staff, administration and repairs and maintenance etc. For estimating the O&M expenses for the Control Period, Regulation 62 of UERC Tariff Regulations, 2015 specifies as below:

"(1) The O&M expenses for the first year of the Control Period will be approved by the Commission taking into account the actual O&M expenses for last five years till Base Year subject to prudence check and any other factors considered appropriate by the Commission.

(2) The O&M expenses for the nth year and also for the year immediately preceding the Control Period, i.e. 2015-16, shall be approved based on the formula given below:-

$O\&M_n = R\&M_n + EMP_n + A\&G_n$

Where –

- *O&Mn – Operation and Maintenance expense for the nth year;*
- *EMPn – Employee Costs for the nth year;*
- *R&Mn – Repair and Maintenance Costs for the nth year;*
- *A&Gn – Administrative and General Costs for the nth year;*

(3) The above components shall be computed in the manner specified below:

$EMP_n = (EMPn\text{-}1) \times (1+Gn) \times (CPIinflation)$

$R\&Mn = K \times (GFA_{n-1}) \times (1+WPIinflation)$ *and*

$A\&Gn = (A\&Gn\text{-}1) \times (1+WPIinflation) + Provision$

Where –

- EMP_{n-1} *– Employee Costs for the (n-1)th year;*
- *A&Gn-1 – Administrative and General Costs for the (n-1)th year;*
- *Provision: Cost for initiatives or other one-time expenses as proposed by the Transmission Licensee and approved by the Commission after prudence check.*
- *"K" is a constant specified by the Commission in %. Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on Transmission Licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;*
- *CPIinflation – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years;*
- *WPIinflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three years;*
- *GFAn-1 - Gross Fixed Asset of the Transmission Licensee for the n-1th year;*
- *Gn is a growth factor for the nth year. Value of Gn shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on Transmission Licensee's filings, benchmarking and any other factor that the Commission feels appropriate:*

Provided that in case of a transmission licensee is governed by Government pay structure, the Commission may consider allowing a separate provision in Employee expenses towards the impact of VIIth *Pay Commission.*

Provided that repair and maintenance expenses determined shall be utilised towards repair and maintenance works only."

4.6.1.1 Employee expenses

The Commission had approved the normative employee expenses of Rs. 109.48 Crore in the Tariff Order for FY 2017-18. As against the same, the Petitioner has claimed the normative employee expenses of Rs. 92.97 Crore and the actual employee expenses of Rs. 73.13 Crore in the final true up of FY 2017-18.

The Commission has approved the revised normative employee expenses for FY 2017-18 in accordance with UERC Tariff Regulations, 2015. The Commission has revised the CPI Inflation based on the actual CPI Indices for the preceding 3 years for FY 2017-18. Accordingly, the Commission has computed the CPI Inflation of 5.12% for FY 2017-18. The Commission has observed that there has been recruitment of 05 nos. of employees as against 38 nos. of employees considered in MYT Order and retirement of 37 nos. of employees in FY 2017-18. Accordingly, the no. of employees has reduced to 743 in FY 2017-18 from 775 in FY 2016-17. Hence, the Commission has considered the Gn factor as 0.00%. Further, the Commission has considered the actual capitalisation rate for FY 2017-18.

The Commission finds that while the Petitioner has been submitting ambitious recruitment plans at the time of projections, however, in actual, the recruitments have been consistently lower and number of employees retiring is outpacing the number of employees being recruited resulting in the number of employees reducing year on year. The Commission finds that this is not a healthy position on account of (1) the posts becoming vacant due to the retiring employees not being filled up and (2) the adequate number of employees required for construction and operation of the new assets being created is not maintained. The Petitioner is expected to maintain the adequate number of employees for its sustained operations.

The Commission in its Tariff Order for FY 2017-18 had not approved any additional expenses towards the impact of Seventh Pay Commission. However, in actual, the Petitioner has incurred Rs. 9.37 Crore towards the same. The Seventh Pay Commission was implemented w.e.f. January 1, 2016 and the salaries were raised to the level of Seventh Pay Commission w.e.f. December 1, 2017. For calculating the impact of increased salaries on account of Seventh Pay Commission, the difference between total salary paid out for months of November 2017 (Sixth Pay Commission) and

September 2018 (Seventh Pay Commission) was multiplied by 4 (for months of December 2017 to March 2018). The impact of the same has been claimed as Rs. 3.34 Crore. Further, arrears amounting to Rs. 6.04 Crore have been claimed to be paid in FY 2017-18. The Commission has considered the impact of Seventh Pay Commission of Rs. 9.37 Crore claimed by the Petitioner in addition to the normative employee expenses computed in accordance with the UERC Tariff Regulations, 2015.

The actual employee expenses as per the audited accounts for FY 2017-18 are Rs. 74.32 Crore. The actual employee expenses for FY 2017-18 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual employee expenses attributable to UITP projects is Rs. 1.19 Crore. Therefore, the actual employee expenses for non-UITP projects works out to Rs. 73.13 Crore. The Petitioner submitted that the employee expenses of FY 2017-18 have increased on account of the impact of Seventh Pay Commission.

Further, the Commission observes that the actual employee expenses for FY 2017-18 is inclusive of the performance incentive of Rs. 1.82 Crore. The Commission directed the Petitioner to submit the nature of such performance incentive paid to its employees. The Petitioner submitted that the performance incentive was paid to its employees out of efficiency gains. The Petitioner also submitted the copy of office memorandum & minutes of Board Meeting authorizing the payment of performance incentive. Further, in line with the approach adopted in the final true up of FY 2016-17, the Commission has computed the impact of advance increment allowed in FY 2015-16 for FY 2017-18 as Rs. 1.36 Crore. As in the approach adopted in the true up of previous years, the performance incentive paid to the employees in FY 2017-18 and the impact of advance increment amounting to Rs. 3.18 Crore needs to be deducted from the actual employee expenses. Accordingly, the Commission has considered the actual employee expenses of Rs. 69.95 Crore for sharing of gains and losses.

The employee expenses approved by the Commission for FY 2017-18 is as shown in the Table given below:

Table 4.10: Employee expenses approved for FY 2017-18 (Rs. Crore)

Particulars	Approved in the Tariff Order	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Employee expenses	109.48	92.97	72.16	73.13	69.95

As the employee expenses are controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2015 as elaborated below in Para 4.8 of the Order.

However, with regard to performance incentive, it would be relevant to point out that PTCUL had billed Rs. 2.02 Crore to UPCL on account of increased transmission availability above the normative transmission availability specified in the Regulations. In accordance with UERC Tariff Regulations, 2015 the entitlement of the Petitioner in the performance incentive works out to Rs. 1.35 Crore. Notwithstanding this amount, PTCUL has distributed Rs. 1.82 Crore as performance incentive to its employees without any justifiable basis.

4.6.1.2 R&M expenses

The Commission had approved the normative R&M expenses of Rs. 23.32 Crore in the Tariff Order for FY 2017-18. As against the same, the Petitioner has claimed the normative R&M expenses of Rs. 25.23 Crore and the actual R&M expenses of Rs. 35.01 Crore in the final true up of FY 2017-18.

The actual R&M expenses have increased from Rs. 23.94 Crore in FY 2016-17 to Rs. 35.01 Crore in FY 2017-18. The Commission directed the Petitioner to submit the justification for the same. The Petitioner submitted that the R&M expenses have increased on account of (1) increase in tax rate, (2) one time works like renovation of residential and non-residential buildings and other structures, (3) urgent works required to be undertaken in Garhwal and Kumaon zones, (4) payments of FY 2016-17 made in FY 2017-18, and (5) processing of all the pending and running bills for works done before GST implementation w.e.f. July 1, 2017, in FY 2017-18.

The Commission has approved the revised normative R&M expenses for FY 2017-18 in accordance with UERC Tariff Regulations, 2015. The K factor has been considered as 1.78%, the same as approved in the Tariff Order. The Petitioner has considered the K factor of 2.01% for computing the normative R&M expenses for FY 2017-18. In accordance with the UERC Tariff Regulations, 2015, the K factor shall be determined by the Commission in the MYT Order and shall remain constant for the entire Control Period. Therefore, the K factor for FY 2017-18 cannot be revised in the final true up. The Commission has revised the WPI Inflation for FY 2017-18 based on the WPI Indices for the preceding three years and, accordingly, approved the WPI Inflation of 0% for FY 2017-18.

The actual R&M expenses as per the audited accounts for FY 2017-18 are Rs. 35.44 Crore. The actual R&M expenses for FY 2017-18 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual R&M expenses attributable to UITP projects are Rs. 0.43 Crore. Therefore, the actual R&M expenses for non-UITP projects works out to Rs. 35.01 Crore.

The R&M expenses approved by the Commission for FY 2017-18 is as shown in the Table below:

Table 4.11: R&M expenses approved for FY 2017-18 (Rs. Crore)

Particulars	Approved in the Tariff Order	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
R&M expenses	23.32	25.23	22.01	35.01	35.01

As R&M expenses are controllable in nature, the Commission has carried out sharing of losses in accordance with UERC Tariff Regulations, 2015 as elaborated in Para 4.8 of this Order.

4.6.1.3 A&G expenses

The Commission had approved the normative A&G expenses of Rs. 11.94 Crore in the Tariff Order for FY 2017-18. As against the same, the Petitioner has claimed the normative A&G expenses of Rs. 12.39 Crore and the actual A&G expenses of Rs. 22.65 Crore in the final true up of FY 2017-18.

The actual A&G expenses have increased from Rs. 18.29 Crore in FY 2016-17 to Rs. 22.65 Crore in FY 2017-18. The Commission directed the Petitioner to submit the justification for the same. The Petitioner submitted that the A&G expenses have increased on account of (1) increase in security guards and other UPNL employees, (2) increase in salary of security guards, (3) increase in CSR expenses and (4) increase in fuel prices.

The Commission observes that the expenses towards security personnel have been increasing substantially in the recent years. The expenses towards the security personnel are of uncontrollable nature and, therefore, the Commission finds it appropriate to allow the same at actuals. However, the normative A&G expenses approved for the second Control Period from FY 2016-17 to FY 2018-19 were inclusive of the actual security expenses incurred for FY 2012-13 to FY 2014-15. Hence, the Commission has revised normative opening A&G expenses for FY 2017-18 by excluding the actual security expenses from the actual A&G expenses for FY 2012-13 to FY 2014-15 in accordance with the UERC Tariff Regulations, 2015. The Commission in this Order has revised the WPI Inflation based on the WPI Indices for the preceding three years and, accordingly, approves the WPI Inflation of 0% for FY 2017-18. The Commission has escalated the revised approved gross normative A&G expenses by the inflation factor of 0%. The Commission has considered the actual capitalisation rate for FY 2017-18. Further, the Commission has approved the actual Licensee Fee and security expenses incurred in FY 2017-18 in addition to the normative A&G expenses.

The actual A&G expenses as per the audited accounts for FY 2017-18 are Rs. 23.14 Crore. The actual A&G expenses for FY 2017-18 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual A&G expenses attributable to UITP projects is Rs. 0.49 Crore. Further, the Commission observes that the actual A&G expenses for FY 2017-18 are inclusive of the amount of Rs. 1.35 Crore towards the CSR activities. The expenses towards the CSR expenses should be met from the profits of the Company and, hence, are reduced from the actual A&G expenses for the purpose of sharing of gains and losses. Accordingly, the Commission has considered the actual A&G expenses of Rs. 21.30 Crore.

The A&G expenses approved by the Commission for FY 2017-18 is as shown in the Table below:

Table 4.12: A&G expenses approved for FY 2017-18 (Rs. Crore)

Particulars	Approved in the Tariff Order	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
A&G expenses	11.94	12.39	17.29	22.65	21.30

As A&G expenses are controllable in nature, the Commission has carried out sharing of losses in accordance with UERC Tariff Regulations, 2015 as elaborated in Para 4.8 of the Order.

4.6.1.4 O&M expenses

Based on the above, the O&M expenses approved by the Commission for FY 2017-18 upon truing up are as shown in the Table given below:

Table 4.13: O&M expenses approved for FY 2017-18 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Normative		Actual	
			Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
1	Employee expenses	109.48	92.97	72.16	73.13	69.95
2	R&M expenses	23.32	25.23	22.01	35.01	35.01
3	A&G expenses	11.94	12.39	17.29	22.65	21.30
	Total	**144.75**	**130.58**	**111.46**	**130.79**	**126.26**

The normative O&M expenses approved by the Commission in the true up are lower in comparison to the normative O&M expenses approved in the Tariff Order on account of variation in CPI and WPI Inflation, Gn factor of employees becoming 0%, reduction in the GFA base, increase in capitalisation rate of employee and A&G expenses.

4.6.2 *Interest and Finance Charges*

Regulation 27 of the UERC Tariff Regulations, 2015 specifies as follows:

"(1) The loans arrived at in the manner indicated in Regulation 24 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2016 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2016 from the gross normative loan.

(3) The repayment for each year of the Control Period shall be deemed to be equal to the depreciation allowed for that year.

…

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project:

….

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

…"

The Commission had approved the interest expenses of Rs. 51.34 Crore in the Tariff Order for FY 2017-18. As against the same, the Petitioner has claimed the interest expenses of Rs. 53.10 Crore in the final true up of FY 2017-18. The Petitioner has considered the closing loan balance approved in true up of FY 2016-17 as the opening loan balance for FY 2017-18. The Petitioner submitted that the loan addition during the year has been considered as per Scheme wise means of finance and the actual GFA addition. The Petitioner submitted that the depreciation for the year has been considered as the normative repayment for the year. The Petitioner submitted that the actual weighted average interest rate of 11.41% has been considered for computing the interest expenses.

The Commission has considered the approved closing loan balance for FY 2016-17 as the opening loan balance for FY 2017-18. The Commission has worked out the Interest Charges considering the loan amount corresponding to the assets capitalised in FY 2017-18 based on the approved means of finance. The repayment of loans has been considered as equivalent to the depreciation worked out by the Commission on the approved GFA for the Control Period. The actual weighted average interest rate of 11.41% has been considered based on the actual interest rate for the year. The interest expenses approved by the Commission for FY 2017-18 is as shown in the Table given below:

Table 4.14: Interest expenses approved for FY 2017-18 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
Opening Loan balance	480.24	446.73	446.73
Drawal during the year	96.47	100.29	53.55
Repayment during the year	64.34	62.57	60.30
Closing Loan balance	512.38	484.45	439.98
Interest Rate	10.34%	11.41%	11.41%
Interest	**51.34**	**53.10**	**46.47**

4.6.3 Income Tax

Regulation 34 of the UERC Tariff Regulations, 2015 specifies as follows:

"34. Tax on Income

Income Tax, if any, on the main stream of the regulated business of Generating Companies, Transmission Licensees, Distribution Licensees and SLDC shall be reimbursed to the Generating Companies, Transmission Licensees, Distribution Licensees and SLDC as per actual income tax paid, based on the documentary evidence submitted at the time of truing up of each year of the Control Period, subject to prudence check."

The Petitioner has claimed the income tax of Rs. 5.30 Crore for FY 2017-18. The Petitioner has submitted the supporting documents for the income tax claimed for FY 2017-18. Based on the scrutiny of the documentary evidence submitted by the Petitioner, the Commission has approved the actual income tax of Rs. 5.30 Crore for FY 2017-18.

4.6.4 Return on Equity

Regulation 26 of the UERC Tariff Regulations, 2015 specifies as follows:

"(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 24.

Provided that, Return on Equity shall be allowed on amount of allowed equity capital for the assets put to use at the commencement of each financial year.

(2) Return on equity shall be computed on at the rate of 15.5% for thermal generating stations, transmission licensee SLDC and…

The Commission had approved the Return on Equity of Rs. 22.38 Crore in the Tariff Order for FY 2017-18. As against the same, the Petitioner has claimed the Return on Equity for FY 2017-18 as Rs. 39.73 Crore including Return on Equity invested from PDF. The Petitioner has claimed Return on Equity on the average of opening equity and closing equity at the rate of 15.50%.

In line with the approach adopted by the Commission in the earlier Orders and as deliberated in earlier Orders, the Commission has not approved the RoE on Equity from PDF. The Commission has allowed the Return on Equity on the opening equity base excluding the equity from PDF at the rate of 15.50%. The Return on Equity approved by the Commission for FY 2017-18 is as shown in the Table given below:

Table 4.15: Return on Equity approved for FY 2017-18 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
Opening Equity	256.44	234.80	234.80
Addition during the year	41.35	42.98	23.05
Closing Equity	297.79	277.78	257.85
Eligible Equity for Return	144.36	256.29	116.59
Rate of Return on Equity	15.50%	15.50%	15.50%
Return on Equity	**22.38**	**39.73**	**18.07**

4.6.5 *Depreciation*

Regulation 28 of the UERC Tariff Regulations, 2015 specifies as follows:

"(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

Provided that the depreciation shall not be allowed on assets funded through Consumer Contribution and Capital Subsidies/Grants.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

…

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix - II to these Regulations.

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets.

(5) In case of the existing projects, the balance depreciable value as on 1.4.2016 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2016 from the gross depreciable value of the assets. The difference between the cumulative depreciation recovered and the depreciation so arrived at by applying the depreciation rates as specified in these Regulations corresponding to 12 years shall be spread over the remaining period upto 12 years. The remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance life.

(6) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis…"

The Commission had approved the depreciation of Rs. 64.34 Crore in the Tariff Order for FY 2017-18. As against the same, the Petitioner has claimed depreciation of Rs. 62.57 Crore in final true up of FY 2017-18.

The Commission has considered the closing GFA approved in the true up for FY 2016-17 as the opening GFA for FY 2017-18. The Commission has approved the asset class wise GFA by proportionately allocating the approved addition to GFA in FY 2017-18 in the same proportion as in the audited accounts for FY 2017-18. The Commission has approved the depreciation for FY 2017-18 by applying the depreciation rates specified in the UERC Tariff Regulations, 2015. The Commission has deducted the depreciation on assets created out of grants by applying the weighted average rate of depreciation for FY 2017-18. Accordingly, the depreciation approved by the Commission for FY 2017-18 is as shown in the Table given below:

Table 4.16: Depreciation approved for FY 2017-18 (Rs. Crore)

Particulars	Approved in the Tariff Order	Claimed by PTCUL	Approved
Depreciation	64.34	62.57	60.30

4.6.6 *Interest on Working Capital*

The Commission had approved the interest on working capital of Rs. 10.31 Crore in the Tariff Order for FY 2017-18. As against the same, the Petitioner has claimed the normative interest on working capital of Rs. 9.95 Crore in the final true up of FY 2017-18 and the actual interest on working capital as zero.

The Commission has determined the normative interest on working capital for FY 2017-18 in accordance with the UERC Tariff Regulations, 2015.

4.6.6.1 *One Month O&M expenses*

The annual O&M expenses approved by the Commission are Rs. 116.39 Crore for FY 2017-18. Based on the approved O&M expenses, one month's O&M expenses works out to Rs. 9.70 Crore for FY 2017-18.

4.6.6.2 *Maintenance Spares*

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2015, which work out to Rs. 17.46 Crore for FY 2017-18.

4.6.6.3 *Receivables*

The Commission has approved the receivables for two months based on the approved ATC of Rs. 226.43 Crore for FY 2017-18, which works out to Rs. 37.74 Crore for FY 2017-18.

Based on the above, the total working capital requirement of the Petitioner for FY 2017-18 works out to Rs. 64.90 Crore. The Commission has considered the rate of interest on working capital as 13.75% equal to State Bank Advance Rate (SBAR) of State Bank of India as on the date of filing of the MYT Petition and, accordingly, the interest on working capital works out to Rs. 8.92 Crore for FY 2017-18. The interest on working capital for FY 2017-18 approved by the Commission is as shown in the Table below:

Table 4.17: Interest on working capital approved for FY 2017-18 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
O&M expenses for 1 month	12.06	10.89	9.70
Maintenance Spares	21.71	19.60	17.46
Receivables for 2 months	39.61	42.15	37.74
Working Capital	73.38	72.63	64.90
Rate of Interest on Working Capital	14.05%	13.70%	13.75%
Interest on Working Capital	**10.31**	**9.95**	**8.92**

The actual interest on working capital as per Audited Accounts for FY 2017-18 is nil. As interest on working capital is controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2015 as elaborated in Para 4.8 of the Order.

4.6.7 *Non-Tariff Income*

The Commission had approved the non-tariff Income of Rs. 6.74 Crore in the Tariff Order for FY 2017-18. As against the same, the Petitioner has claimed the non-tariff Income of Rs. 8.48 Crore in the final true up of FY 2017-18. The actual 'other income' as per the audited accounts is Rs. 33.21 Crore. The Commission observes that the Petitioner has not considered the 'other income' pertaining to (1) Interest on TDRs through Sweep Accounts, (2) Interest on Investments in FDR, and (3) Deferred revenue grant. Regulation 63(2) of the UERC Tariff Regulations, 2015 stipulates that the interest earned from investments made out of Return on Equity corresponding to the regulated business of the transmission licensee shall not be included in the non-tariff income. The Commission directed the Petitioner to confirm if the FDR is made through its earning from RoE and submit the details to substantiate the same. The Petitioner submitted that the profit of a regulated entity in the power sector comprises of Return on Equity, savings in O&M Expenses, savings in interest on working capital and income from other sources. This profit is utilized for projects/activities carried out from Internal Resources and other expenses like Corporate Social Responsibility and payment of dividends to the shareholder. Thus, the remaining Return on Equity on which any interest may be earned is the difference of the accrued profits and the accumulated expenses carried out from the same.

The Petitioner further submitted that for the computation of the interest on the investments made out of Return on Equity, the difference of the accrued profits for FY 2016-17 and the accumulated expenses carried out from the same till FY 2016-17 has been considered as the opening Return on Equity balance for FY 2017-18. The Petitioner submitted that all the drawls made for expenditures carried out from Internal Resources have been made from the profit accrued from other sources before utilizing the earned Return on Equity. The closing balance for FY 2017-18 for investments from Return on Equity has been computed based on Return on Equity claimed in the Petition and expenses incurred from Internal Resources in FY 2017-18. Finally, the average Return on Equity for FY 2017-18 has been multiplied by the Interest Rate on deposits for the year calculated from the Audited Financial statements of PTCUL (6.29%), resulting in a figure of Rs. 4.27 Crore. The Petitioner submitted that the amount of Rs. 4.27 Crore may be deducted from non-tariff Income.

The Commission observes that the Petitioner has only furnished the computation of the notional amount of Rs. 4.27 Crore and submitted that the same may be considered as Non-Tariff Income. Whereas, in actual, the interest on investments in FDR as per the audited accounts is Rs. 2.95 Crore. In the absence of any satisfactory evidence to substantiate that the investments were made out of Return on Equity, the Commission has considered the actual interest income of Rs. 8.79 Crore from TDRs and FDR as non-tariff income. However, the Commission has not considered the deferred revenue grant of Rs. 15.94 Crore as non-tariff income. Accordingly, the Commission approves the non-tariff income of Rs. 17.27 Crore only.

4.6.8 Revenue from Short Term Open Access

The Petitioner has claimed the revenue from Short Term Open Access as Rs. 6.24 Crore as per the audited accounts for FY 2017-18. The Commission has considered the same and deducted it from the ARR of the Petitioner in accordance with the UERC Tariff Regulations, 2015.

4.6.9 Return on Equity on opening Equity as on date of creation of PTCUL

The Petitioner submitted that PTCUL was incorporated on May 27, 2004 as a separate company under Companies Act, 1956 and was separately assigned the business of transmission of electricity and State Load Despatch Centre (SLDC) function in the State. The scope of the business, Assets and Liabilities of the said entity and other incidental and consequential matters were laid down in the detailed transfer scheme notified by GoU vide Notification No. 86/1/2004-06(3)/259/2003 dated May 31, 2004 and 87/1/2004-06(3)/259/2003 dated May 31, 2004. In the Balance Sheet as on March 31, 2005, the variation in value of assets and liabilities taken over as on May 31, 2004 amounting to Rs. 188.81 Crore was considered as unsecured loan from State Government by the Company. A meeting was held between UPCL and PTCUL dated May 23, 2018 to finalize various issues pertaining to Transfer Scheme between UPCL and PTCUL. It was decided that the correct approach would be to show the balancing amount as "Capital Reserves" in accordance with the Transfer Scheme. Accordingly, an amount of Rs. 188.80 Crore was transferred from "Other Long-Term Liability" to "Capital Reserves" in the accounts for FY 2017-18.

PTCUL had filed its Petition for ARR and Tariff for FY 2004-05 before the Commission on June 08, 2004. The Commission advised PTCUL to file its ARR application at the time when Uttaranchal Power Corporation Limited files its ARR. Accordingly, PTCUL filed its ARR and Tariff proposals for FY 2004-05 and FY 2005-06 on January 15, 2005. The Commission in its Tariff Order dated April 25, 2005 in the matter of the said Petition approved a GFA of Rs. 126.34 as on March 31, 2003 and Rs. 163.63 Crore as on March 31, 2005. However, no return on normative equity corresponding to the said amount was allowed in Tariff Order dated April 25, 2005 and the subsequent Tariff Orders. The Commission stated that since PTCUL did not invest any of its own funds for meeting any capital expenditure, the question of claiming return on the same does not arise.

The Petitioner submitted that if return is not allowed on the opening value of assets, it would amount to considering the value of assets owned by the company as zero, which is not the case in present context. In other States, which have reorganized the electricity sector including Odisha, Andhra Pradesh, Rajasthan, Delhi, etc., book value of equities in successor undertakings was viewed in the context of the overall Financial Restructuring Plan for the sector and respective State Electricity Regulatory Commissions have permitted book values of equity in successor entities to qualify for earning return on equity.

The Petitioner submitted that in the state of Uttarakhand itself, the Commission has allowed Return on Equity to UJVN Ltd., on opening value of assets, though no notification has been issued by the State Government, finalizing the value of assets or allocating of the capital reserves as equity or loan or grant. The Return on Equity on opening value of assets is being allowed to UJVN Ltd. from FY 2007-08 onwards in line with the Hon'ble APTEL's Judgment in Appeal No. 185 of 2005 dated September 14, 2006. The relevant extract of the same is as follows:

"23. …The non-specification by the State Government as to the allocation of equity may be forever so many reasons of State reorganisation or it may take some more time but that cannot be a ground for deprivation of return on the investment made in the generating stations, presently held by appellant, which was held by a larger State, now vested with the Government of Uttaranchal on re-organisation…"

24. The appellant had sought return on equity on 30% of the share capital based/GFA as valued by the Commission. The Commission has assessed the GFA and that being so, the Commission should have allowed RoE at least on that basis..."

….

26. The UP Electricity Regulatory Commission in its earlier proceedings, which is since being followed by Uttaranchal Electricity Commission, has fixed the capital cost/GFA for nine hydro generating plants at Rs. 503.96 crores as seen from Table 5.9, Page 48 of the tariff order. It is not only just but also appropriate to provide ROE on 30% on the said capital base, being normative equity. If such a portion of ROE on normative basis is not allowed, on the reasoning that the government has not issued a notification or allocation or fixed it either as equity or loan or subsidy or a grant, as already pointed out on a later date, this will not be possible for the Commission to put back the clock or reopen the matter and revise the tariff retrospectively and eventually liability has to be fastened on the new generation of consumers ultimately …"

The Petitioner submitted that the Hon'ble APTEL has laid out general principles for allowing Return on Equity in the said judgment, which are equally applicable in its case. The vesting of assets has taken place consequent to the provisions of the Electricity Act, 2003 and it is the State, which own the assets throughout. The Commission has already assessed the GFA and that being so, return on normative equity corresponding to that GFA is allowable. The Petitioner has claimed provisional Return on Equity as 30% of the GFA as on March 31, 2005 approved by the Commission, alongwith carrying cost, pending the finalization of the Transfer Scheme. The Petitioner requested the Commission to allow the return on initial equity as claimed by it. The Petitioner also submitted that the final claim shall be made as and when the final Transfer Scheme is notified by the Government.

The Commission has gone through the submissions of the Petitioner. The footnote to Note 12 (Other Equity) of the Audited Accounts of FY 2017-18 is as follows:

> *"…(iii) PTCUL was incorporated on 27.05.2004 as a separate company under Company's Act, 1956 and assigned separately the business of Transmission of Electricity and State Load Dispatch Centre (SLDC) function in the state of Uttaranchal. The Scope of business, Assets & Liabilities of the said equity and other incidental & Consequential matters were laid down in the detailed transfer scheme notified by the Govt. of Uttaranchal vide Notification No. 86/1/2004-06(3) 2003 dated 31.05.2004 and 87/1/2004-06(3) 2003 dated 31.05.2004. In accordance with Transfer Scheme Rs. 18880.07 Lakh is shown as "Capital Reserves."*

The provisional transfer scheme dated May 31, 2004 notified by GoU had capital reserves of Rs. 219.70 Crore, however, PTCUL showed the same as unsecured loans in its accounts since FY 2004-05. Based on the principles laid down by Hon'ble ATE in its judgment dated September 14, 2006 and the analogy used by the Commission w.r.t. UJVN Ltd's opening equity, the Commission finds merit in the Petitioner's claim.

The Commission vide the Tariff Order for FY 2015-16 dated April 11, 2015 had approved the final true up of FY 2004-05 to FY 2013-14. In the stated Order, the Commission had approved the opening GFA for FY 2004-05 as Rs. 146.14 Crore which included assets worth Rs. 22.39 Crore funded through loan & equity. Balance assets of Rs. 123.75 Crore were assets which were unfunded and which the Petitioner/GoU in its provisional transfer scheme assumes as capital reserve. Hence, in line with the Order of Hon'ble ATE & approach of the Commission followed in UJVN Ltd., the Commission is considering 30% of the same eligible for return purposes. Further, the Commission had considered the deduction of assets for each year from the opening value of assets of the respective year and had reduced the financing from the unfunded assets/capital reserves since the asset was not in existence and written off, therefore, its corresponding financing was also adjusted and the same was also not objected to by PTCUL and has attained finality. Hence, 30% of net unfunded assets/capital reserve has been considered by the Commission as equity eligible for return purposes for the respective years.

RoE on the Equity portion corresponding to the opening value of unfunded assets/capital reserves approved by the Commission is as shown in the Table below:

Table 4.18: RoE on Equity portion of opening capital reserve approved by the Commission (Rs. Crore)

Particulars	Opening unfunded assets/Capital Reserve	Deduction	Closing unfunded assets/Capital Reserve	Equity portion of opening unfunded assets/Capital Reserve	Rate of RoE	RoE
FY 2004-05	123.75	0.03	123.72	37.13	14.00%	4.33
FY 2005-06	123.72	1.07	122.65	37.11	14.00%	5.20
FY 2006-07	122.65	1.36	121.29	36.79	14.00%	5.15
FY 2007-08	121.29	0.00	121.29	36.39	14.00%	5.09
FY 2008-09	121.29	0.00	121.29	36.39	14.00%	5.09
FY 2009-10	121.29	0.23	121.06	36.39	14.00%	5.09
FY 2010-11	121.06	23.03	98.03	36.32	14.00%	5.08
FY 2011-12	98.03	0.00	98.03	29.41	14.00%	4.12
FY 2012-13	98.03	3.45	94.59	29.41	14.00%	4.12
FY 2013-14	94.59	8.25	86.33	28.38	15.50%	4.40
FY 2014-15	86.33	7.33	79.01	25.90	15.50%	4.01
FY 2015-16	79.01	0.00	79.01	23.70	15.50%	3.67
FY 2016-17	79.01	0.00	79.01	23.70	15.50%	3.67
FY 2017-18	79.01	0.00	79.00	23.70	15.50%	3.67
Total						**62.71**

The Commission does not find merit in the Petitioner's claim of carrying cost as the above approval of RoE on the Equity portion of the unfunded assets/capital reserve has been necessitated only pursuant to the accounting treatment in the audited accounts for FY 2017-18. Further, the Petitioner itself raised the claim for the first time and was sitting over the same in previous proceedings. Thus, the consumers cannot be burdened for the negligence of the Petitioner.

4.6.10 Revenue from Natural ISTS Lines

As regards the revenue from Natural ISTS Lines, the Petitioner's submissions are as follows:

CERC vide its Order dated December 11, 2015 in Petition no. 215/TT/2013 approved a total ATC of Rs. 69.60 Crore for FY 2011-12, FY 2012-13 and FY 2013-14 for three natural ISTS lines viz. (1) 400 kV S/C Roorkee- Muzaffarnagar, (2) 400 kV S/C Kashipur–Moradabad and (3) 220 kV S/C

Pantnagar–Baikanthpur (Bareilly) of PTCUL. Further, PTCUL filed a Petition (No. 221/TT/2017 (dated October 17, 2017 for determination of Annual Transmission Charges for FY 2014-15 to FY 2018-19. Since, the Tariff Order in matter of said Petition was issued by CERC on June 22, 2018, the tariff for FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 was recovered from PGCIL considering the ARR approved by CERC for FY2013-14 in Tariff Order dated December 11, 2015, alongwith ARR for FY 2011-12 to FY 2013-14. The total amount recovered from PGCIL until March 31, 2018 was Rs. 169.18 Crore, net of rebate allowed by PGCIL to DICs, against Rs. 105.52 Crore due, considering the ARR approved in Tariff Order dated December 11, 2015 for FY 2011-12 to FY 2013-14 and Tariff Order dated June 22, 2018 for FY 2014-15 to FY 2017-18.

A meeting was held between PTCUL and CTU on August 20, 2018 for joint reconciliation of ISTS charges disbursed by CTU to PTCUL in FY 2017-18. It was agreed that PTCUL would refund an amount of Rs. 64.52 Crore to CTU due to difference between provisional claim and the YTC approved by the CERC in respect of three natural inter-state lines for the Period from FY 2014-15 to FY 2018-19. The said amount was refunded to CTU on October 30, 2018. The difference between the liabilities shown in audited accounts for PTCUL for FY 2017-18 towards PGCIL (Rs. 63.66 Crore) and the amount refunded to PGCIL (Rs. 64.52 Crore) is on account of rebate allowed by PGCIL on excess amount recovered by PTCUL.

In accordance with the Tariff Order issued by CERC, the amount received by PGCIL against ARR of three natural inter-state lines is to be adjusted against the ARR approved by the State Commission. Accordingly, an amount of Rs. 104.66 Crore (Rs. 169.18 Crore – Rs. 64.52 Crore) be adjusted against the ARR of PTCUL approved by the Commission. However, adjustment of an amount of said quantum in one single year would result in serious cash flow issues for the company. Accordingly, the Petitioner requested the Commission to allow adjustment over five years from FY 2017-18 to FY 2021-22, resulting in an adjustment of Rs. 20.93 Crore in ARR of five years from FY 2017-18 to FY 2021-22.

The Commission has gone through the submissions of the Petitioner. The Commission has adjusted the said amount of Rs. 104.66 Crore in 3 equal installments from the ARR for FY 2017-18 to FY 2019-20 as against the Petitioner's proposal to adjust in five years from FY 2017-18.

4.7 Transmission Availability Factor

The recovery of Annual Transmission Charges for the Transmission Licensee is linked to Normative Transmission Availability Factor as specified in the UERC Tariff Regulations, 2015. The actual Transmission Availability Factor for FY 2017-18 was 99.15%. Regulation 65 of the UERC Tariff Regulations, 2015 specifies the methodology of billing of Transmission Charges by the Transmission Licensee.

From the audited accounts for FY 2017-18, the Commission observed that the Petitioner has received an incentive of Rs. 2.02 Crore on account of higher Transmission Availability Factor for FY 2017-18. As per UERC Tariff Regulations, 2015, the variation in performance parameters is a controllable factor and the gain on efficiency in performance parameters is to be shared with the consumers. Accordingly, the Commission has considered the sharing of the amount of Rs. 2.02 Crore in accordance with the UERC Tariff Regulations, 2015.

4.8 Sharing of gains and losses

Regulation 12 of the UERC Tariff Regulations, 2015 specifies as follows:

*"**12. Annual Performance Review***

…

(5) The "uncontrollable factors" shall include the following factors which were beyond the control of, and could not be mitigated by, the applicant, as determined by the Commission. Some examples of uncontrollable factors are as follows:-

…

c) Economy wide influences such as unforeseen changes in inflation rate, market interest rates, taxes and statutory levies;

...

(6) Some illustrative variations or expected variations in the performance of the applicant which may be attributed by the Commission to controllable factors shall include, but not limited to, the following:-

…

d) Variations in working capital requirements;

…

h) Variation in operation & maintenance expenses

...

(10) Upon completion of the Annual Performance Review, the Commission shall pass on an order recording-

a) The approved aggregate gain or loss to the Applicant on account of uncontrollable factors and the mechanism by which the Applicant shall pass through such gains or losses in accordance with Regulation 13;

b) The approved aggregate gain or loss to the Applicant on account of controllable factors and the amount of such gains or such losses that may be shared in accordance with Regulation 14;

c) The approved modifications to the forecast of the Applicant for the ensuing year, if any;

The surplus/deficit determined by the Commission in accordance with these Regulations on account of truing up of the ARR of the Applicant shall be carried forward to the ensuing financial year."

Regulation 13 of the UERC Tariff Regulations, 2015 specifies as under:

*"**13. Sharing of Gains and Losses on account of Uncontrollable factors***

(1) The approved aggregate gain or loss to the Applicant on account of uncontrollable factors shall be passed through as an adjustment in the tariff/charges of the Applicant over such period as may be specified in the Order of the Commission;

…"

Regulation 14 of the UERC Tariff Regulations, 2015 specifies as follows:

*"**14. Sharing of Gains and Losses on account of Controllable factors***

(1) The approved aggregate gain and loss to the Applicant on account of controllable factors shall be dealt with in the following manner:

a) 1/3rd of such gain or loss shall be passed on as a rebate or allowed to be recovered in tariffs over such period as may be specified in the Order of the Commission;

b) The balance amount of such gain or loss may be utilized or absorbed by the Applicant."

Hence, in accordance with UERC Tariff Regulations, 2015, the O&M expenses, interest on working capital and gain on efficiency in performance parameters (i.e., Availability) are controllable factors and any gain or loss on account of the controllable factors is to be dealt in accordance with the provisions of Regulation 14.

The sharing of gains and losses on account of controllable factors approved by the Commission for FY 2017-18 is as shown in the Table given below:

Table 4.19: Sharing of gains and losses on account of controllable factors approved by the Commission for FY 2017-18 (Rs. Crore)

Particulars	Actual	Trued up (Normative)	Aggregate gain/(loss)	Rebate in Tariff/(recovery through tariff)	Entitlement of the Petitioner
	A	B	C=B-A	D=1/3 x C	E=B-D
O&M expenses	126.26	111.46	-14.80	-4.93	116.39
Interest on Working Capital	0.00	8.92	8.92	2.97	5.95
Gain on Efficiency in Performance Parameter (Availability)	0.00	2.02	2.02	0.67	1.35

4.9 Aggregate Revenue Requirement

Based on the above, the Aggregate Revenue Requirement approved by the Commission for FY 2017-18 is as shown in the Table given below:

Table 4.20: Aggregate Revenue Requirement approved for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18 (True up)		
	Approved in Tariff Order	Claimed for true up	Approved
O&M expenses	144.75	130.65	116.39
Interest on loan	51.34	53.10	46.47
Return on Equity	22.38	39.73	18.07
Income tax	0.00	5.30	5.30
Depreciation	64.34	62.57	60.30
Interest on working capital	10.31	6.63	5.95
Aggregate Revenue Requirement	**293.11**	**297.99**	**252.48**
Add:			
RoE on opening Equity	0.00	0.00	62.71
True up of previous years	-29.70	-29.70	-29.70
Minus:			
Non-Tariff Income	6.74	8.48	17.27
Revenue from STOA charges	3.89	6.24	6.24
Revenue from Natural ISTS Lines	0.00	20.93	34.89
Sharing of Availability incentive	0.00	0.67	0.67
Net ARR	**252.78**	**231.96**	**226.43**

4.10 Revenue gap/(surplus) for FY 2017-18

The revenue gap/(surplus) for FY 2017-18 after sharing of gains and losses is shown in the Table given below:

Table 4.21: Revenue gap/(surplus) for FY 2017-18 (Rs. Crore)

Particulars	Claimed by PTCUL	Approved
Trued up ATC after sharing of gains and losses (including SLDC Charges)	231.96	226.43
ATC approved in the Tariff Order (including SLDC Charges)	252.78	252.78
Revenue Gap/(Surplus)	**-20.82**	**-26.36**

Hence, the Commission has approved the revenue surplus of Rs. 26.36 Crore as against the revenue surplus of Rs. 20.82 Crore claimed by PTCUL.

4.11 Total revenue surplus to be carried forward to FY 2019-20

The revenue surplus to be adjusted in the ATC of FY 2019-20 including carrying cost is as shown in the Table below:

Table 4.22: Total revenue surplus to be adjusted in FY 2019-20 approved by the Commission (Rs. Crore)

Particulars	FY 2017-18	FY 2018-19
Opening Gap/(Surplus)	0.00	-28.17
Addition	-26.36	0.00
Closing Gap/(Surplus)	-26.36	-28.17
Interest rate	13.75%	13.75%
Carrying cost/(holding cost)	-1.81	-3.87
Cumulative Gap/(Surplus)	-28.17	-32.04

5 Petitioner's Submissions, Commission's Analysis, Scrutiny & Conclusion on APR for FY 2018-19 and MYT for FY 2019-20 to FY 2021-22

5.1 Capitalisation for FY 2018-19

The Commission vide its Order dated March 21, 2018 on approval of ARR for FY 2018-19 for the Petitioner had approved capitalisation of Rs. 419.73 Crore for FY 2018-19. As against the same, the Petitioner has proposed the revised capitalisation of Rs. 295.31 Crore for FY 2018-19. The Petitioner submitted that the actual capitalisation during the period from April to September, 2018 is Rs. 109.11 Crore and the details of the same are as shown in the Table below:

Table 5.1: Actual capitalisation during April to Sept. 2018 as submitted by PTCUL (Rs. Crore)

S. No.	Name of the Scheme	Scheme	Amount capitalised till Sept. 2018	Total amount proposed to be capitalised in FY 2018-19	Date of Completion
Projects other than deposit work/grant					
1	220 kV GIS S/s IIP Harrawala Dehradun	PFC	51.65	56.91	August 4, 2018
2	LILO of 220 kV Rishikesh - Jhajra Line at 220 kV S/s IIP Harrawala	PFC	0.30	0.33	August 4, 2018
3	System strengthening of 132 kV sub-station Kichha and ampacity increment of 132 kV Pantnagar-Rudrapur circuit by replacing existing ACSR Panther conductor with high capacity ACCC Casablanca conductor	RCRM-9796	5.90	7.61	May 19, 2018
4	Construction of (2x25 MVA) 220/33 kV S/s at Piran Kaliyar	REC VI	37.46	37.60	October 15, 2018
5	LILO of 220 kV D/C Roorkee (PGCIL) Puhana–Roshanabad Line at 220 kV S/s Piran Kaliyar (Imlikhera)	REC VI	10.28	10.31	September 23, 2018
6	Augmentation of Transformer capacity from 80 MVA(2x40 MVA) to 100 MVA (2x40 MVA+1x20 MVA) at 132 kV S/s Rudrapur	Others	2.43	0.55	June 19, 2018
7	Construction of 01 No. 132 kV T.B.C. Bay & associated work at 132/33 kV S/s Rudrapur	Others	0.35	0.48	June 19, 2018
8	Work of Construction of Boundary Wall	Others	0.12	0.12	May 26, 2018
9	Work of making new drain wall around 315 MVA T/F at 400 kV S/s Kashipur	Others	0.12	0.12	May 8, 2018
Sub-Total			**108.60**	**114.02**	
Projects carried out through deposit work/grant					
10	Renovation & Up-gradation of protection system of 220 kV Rishikesh	PSDF (Grant)	1.10	1.10	April 23, 2018
11	Renovation & Up-gradation of protection system of 220 kV Pantnagar	PSDF (Grant)	0.27	0.27	April 3, 2018

Table 5.1: Actual capitalisation during April to Sept. 2018 as submitted by PTCUL (Rs. Crore)

S. No.	Name of the Scheme	Scheme	Amount capitalised till Sept. 2018	Total amount proposed to be capitalised in FY 2018-19	Date of Completion
12	Renovation & Up-gradation of Protection System of 132 kV S/s Majra	PSDF (Grant)	1.01	1.01	May 21, 2018
13	Renovation & Up-gradation of Protection System of 132 kV Purkul	PSDF (Grant)	0.46	0.46	May 21, 2018
14	Renovation & Up-gradation of Protection System of 400 kV Rishikesh	PSDF (Grant)	0.84	0.84	April 06, 2018
15	33 kV Ghantaghar bay at 132 kV S/s Bindal Dehradun	Deposit	0.21	0.21	May 21, 2018
16	Miscellaneous	Others	(3.39)	(3.39)	2018-19
Sub-Total			**0.50**	**0.50**	
Total			**109.11**	**114.52**	

The Petitioner has proposed the capitalisation of the following projects during the period from October, 2018 to March, 2019 as shown in the Table below:

Table 5.2: Works proposed to be capitalized during October, 2018 to March, 2019 as submitted by PTCUL (Rs. Crore)

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalized	Expected Date of Completion
1	Construction of 132 kV GIS S/s Bageshwar with 6x5 MVA 132/33 kV Transformer Capacity (Revised DPR under REC-II Scheme)	REC II	57.40	January 31, 2019
2	132 kV Single Circuit Line on Double Circuit Tower from Ranikhet to Bageshwar	REC II	46.00	January 31, 2019
3	Construction of 220/33 kV sub-station at Jafarpur (Capacity -2×50 MVA)	PFC	30.88	December 31, 2018
4	Construction of LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV sub-station at Jafarpur	PFC	5.85	December 31, 2018
5	Balance work of Diversion of 220 kV Rishikesh-Dharasu & Chamba-Dharasu Transmission Line in THDC Transmission Line	PFC09303 026	1.84	March 31, 2019
6	Construction of 132 kV overhead line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur and construction of 132 kV bays at both ends	REC9025	2.10	March 31, 2019
7	Shifting of 132 kV lines in Dev Sanskriti Vishvavidyalaya Campus for Shri Ved Mata Gayatri Trust Shantikunj Haridwar	Others	3.25	March 31, 2019
8	Construction of 132 kV LILO of Bhagwanpur-Chudiyala at Piran Kaliyar	REC9218	8.00	March 31, 2019

Table 5.2: Works proposed to be capitalized during October, 2018 to March, 2019 as submitted by PTCUL (Rs. Crore)

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalized	Expected Date of Completion
9	Supply and Erection of 4 no. 132 kV D/C 'B' & 01 No. 132 kV D/C 'C' type towers at 132 kV Roorkee-Laksar line & 132kV RKE-MNG Line	Others	0.77	March 31, 2019
10	Extension of 220 kV S/s Piran Kaliyar	REC9218	9.18	October 31, 2018
11	132 kV S/C link line between 132 kV S/s Purkul and Bindal	REC IV	5.96	March 31, 2019
12	Augmentation of 220 kV S/s Jhajhra from 2x40 MVA to 2x80 MVA	REC9665	6.34	March 31, 2019
13	Augmentation of 220 kV sub-station SIDCUL Haridwar from 2x80 MVA (132/33 kV)+1x50 MVA (220/33 kV) to 2x80 MVA (132/33 kV)+1x50 MVA (220/33 kV)+1x25 MVA (220/33 kV) and Construction of 01 No. of 220 kV T/F Bay, 01 No. 33 kV T/F Bay & 02 No. of 33 kV feeder Bay	REC8851	2.96	March 31, 2019
14	Installation of 10 MVAR Cap. Bank at 132 kV S/S Manglore	Others	0.26	October 20, 2018
Total			**180.79**	

Further, the Petitioner submitted the actual physical and financial progress upto January 31, 2019 for the projects proposed to be capitalised during October, 2018 to March 2019 as shown in the Table below:

Table 5.3: Actual physical and financial progress as on January 31, 2019 as submitted by PTCUL

S. No.	Name of the Scheme	Actual/Expected date of completion	Physical progress upto January 31, 2019	Financial progress upto January 31, 2019	Remarks
1	Construction of 132 kV GIS S/s Bageshwar with 6x5 MVA 132/33 kV Transformer Capacity (Revised DPR under REC-II Scheme)	March 31, 2019	96%	66%	Slope stabilization (66%) work under process, 132 kV GIS testing to be done after complete debris removal (95%).
2	132 kV Single Circuit Line on Double Circuit Tower from Ranikhet to Bageshwar	March 31, 2019	97%	170%	RoW issues in tower locations no. 26, 27, 28 & 29 in non-forest area.
3	Construction of 220/33 kV sub-station at Jafarpur (Capacity -2×50 MVA)	March 31, 2019	87%	70%	Cable laying work (95%), earth filling (90%), earth work

Table 5.3: Actual physical and financial progress as on January 31, 2019 as submitted by PTCUL

S. No.	Name of the Scheme	Actual/Expected date of completion	Physical progress upto January 31, 2019	Financial progress upto January 31, 2019	Remarks
					(90%), construction of road and water tan (70%) under process
4	Construction of LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV sub-station at Jafarpur	March 31, 2019	30%	20%	11/19 foundation completed, work at site stand still due to RoW issues at tower locations 13 to 16.
5	Balance work of Diversion of 220 kV Rishikesh-Dharasu & Chamba-Dharasu Transmission Line in THDC Transmission Line	March 31, 2019	80%	53%	-
6	Construction of 132 kV overhead line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur and construction of 132 kV bays at both ends	March 31, 2019	90%	81%	-
7	Shifting of 132 kV lines in Dev Sanskriti Vishvavidyalaya Campus for Shri Ved Mata Gayatri Trust Shantikunj Haridwar	March 31, 2019	12%	0%	-
8	Construction of 132 kV LILO of Bhagwanpur-Chudiyala at Piran Kaliyar	March 31, 2019	88%	151%	
9	Supply and Erection of 4 no. 132 kV D/C 'B' & 01 No. 132 kV D/C 'C' type towers at 132 kV Roorkee-Laksar line & 132 kV RKE-MNG Line	March 31, 2019	73%	78%	-
10	Extension of 220 kV S/s Piran Kaliyar	30 November, 2018	100%	104%	-
11	132 kV S/C link line between 132 kV S/s Purkul and Bindal	March 31, 2019	78%	-	Severe RoW problems in tower no. 46, 47, 48 & 49
12	Augmentation of 220 kV S/s Jhajhra from 2x40 MVA to 2x80 MVA	March 31, 2019	50%	94%	-
13	Augmentation of 220 kV sub-station SIDCUL Haridwar from 2x80 MVA (132/33 kV)+1x50 MVA (220/33 kV) to 2x80 MVA (132/33 kV)+1x50 MVA (220/33 kV)+1x25 MVA (220/33 kV) and Construction of 01 No. of 220 kV T/F Bay, 01 No. 33 kV T/F Bay & 02 No. of 33 kV feeder Bay	March 31, 2019	15%	0%	-
14	Installation of 10 MVAR Cap. Bank at 132 kV S/S Manglore	15 October, 2018	100%	88%	-

The Commission has considered the capitalisation of Rs. 114.52 Crore for the projects actually commissioned during April to September, 2018. Based on the physical and financial progress submitted by PTCUL, the Commission has also considered the capitalisation of the projects (a) Extension of 220 kV S/s, Piran Kaliyar, and (b) Installation of 10 MVAR Cap. Bank at 132 kV S/s Manglore during October, 2018 to March, 2019. As regard the other works proposed to be capitalized by PTCUL during October, 2018 to March, 2019, the Commission considering the physical and financial progress of these works till 31 January, 2019 and based on discussion with PTCUL during technical sessions, is of the view that these works may not get capitalized in FY 2018-19 and will get carried forward to FY 2019-20. Therefore, the amount to be capitalised in FY 2018-19 as considered by the Commission is Rs. 123.96 Crore. The balance capitalisation of Rs. 171.35 Crore which is proposed to be capitalised in FY 2018-19 by the Petitioner has been carried forward to FY 2019-20.

Table 5.4: GFA base approved for FY 2018-19 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	Claimed by PTCUL	Approved in APR
1	Opening GFA	1284.52	1396.82	1330.15
2	Capitalisation	419.73	294.81	123.96
3	Closing GFA	1704.25	1691.63	1454.11

In accordance with Regulation 12(3) of the UERC Tariff Regulations, 2015 the scope of annual performance review is limited to the revision of estimates for the ensuing year, if required, based on the audited financial results for the previous year and does not provide for the revision of estimates for the current year and give effect on this account in the estimates of the ensuing year. The Commission shall carry out the truing up of FY 2018-19 based on the audited accounts for FY 2018-19 and give effect on this account in the revised ARR of FY 2020-21 in accordance with Regulation 12(3) of the UERC Tariff Regulations, 2018. The Commission has computed certain expenses for FY 2018-19 based on the revised GFA for FY 2018-19 only to facilitate the computations for the ensuing Control Period from FY 2019-20 to FY 2021-22.

5.2 Capitalisation during the third Control Period

The Commission, in the approval of Business Plan for the third Control Period from FY 2019-20 to FY 2021-22 as discussed in Chapter 3 of the Order has approved the capitalisation of Rs. 381.52 Crore, Rs. 148.06 Crore, and Rs. 179.51 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively. The Commission has considered the year wise capitalisation for the third Control Period from FY 2019-20 to FY 2021-22 as approved in the Business Plan. The GFA base approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 is as shown in the Table below:

Table 5.5: GFA base approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Opening GFA	1691.63	1454.11	2200.13	1835.63	2610.82	1983.68
GFA addition during the year	508.50	381.52	410.69	148.06	878.92	179.51
Closing GFA	2200.13	1835.63	2610.82	1983.68	3489.74	2163.20

5.3 Means of Finance

The Petitioner has proposed the Debt-equity ratio of 70:30 for the proposed capitalisation during the third Control Period as per the Financing Plan submitted in its Petition for approval of Business Plan for the third Control Period from FY 2019-20 to FY 2021-22.

The Commission, in the approval of Business Plan for the third Control Period from FY 2019-20 to FY 2021-22 as discussed in Chapter 3 of the Order has approved the Financing Plan of the approved capitalisation during the third Control Period in the debt equity ratio of 70:30. The Commission has considered the Financing Plan for the third Control Period from FY 2019-20 to FY 2021-22 as approved in the Business Plan. The debt and equity component for FY 2019-20 to FY 2021-22 approved by the Commission is as shown in the Tables given below:

Table 5.6: Details of financing for capitalisation for FY 2019-20 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	79.00	110.41	969.66	295.03	1454.11
2	**Additions in the year**					
	MYT works	0.00	0.00	267.06	114.46	381.52
3	**Total addition during the year**	**0.00**	**0.00**	**267.06**	**114.46**	**381.52**
4	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
5	**Closing Value**	**79.00**	**110.41**	**1236.72**	**409.49**	**1835.63**

Table 5.7: Details of financing for capitalisation for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	79.00	110.41	1236.72	409.49	1835.63
2	**Additions in the year**					
	MYT works	0.00	0.00	103.64	44.42	148.06
3	**Total addition during the year**	**0.00**	**0.00**	**103.64**	**44.42**	**148.06**
4	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
5	**Closing Value**	**79.00**	**110.41**	**1340.36**	**453.90**	**1983.68**

Table 5.8: Details of financing for capitalisation for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	79.00	110.41	1340.36	453.90	1983.68
2	**Additions in the year**					
	MYT works	0.00	0.00	125.66	53.85	179.51
3	**Total addition during the year**	**0.00**	**0.00**	**125.66**	**53.85**	**179.51**
4	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
5	**Closing Value**	**79.00**	**110.41**	**1466.02**	**507.76**	**2163.20**

5.4 Annual Transmission Charges for the third Control Period

Regarding the Annual Transmission Charges, Regulation 57 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**57. Annual Transmission Charges for each financial year of the Control Period***

The Annual Transmission Charges for each financial year of the Control Period shall provide for the recovery of the Aggregate Revenue Requirement of the Transmission Licensee for the respective financial year of the Control Period, as reduced by the amount of non-tariff income, income from Other Businesses and short-term open access charges, as approved by the Commission and shall be computed in the following manner

Aggregate Revenue Requirement, is the sum of:
(a) Operation and maintenance expenses;
(b) Lease Charges;
(c) Interest and Finance charges on loan capital;
(d) Return on equity capital;
(e) Income-tax;
(f) Depreciation;
(g) Interest on working capital and deposits from Transmission System Users; and Annual Transmission Charges of Transmission Licensee = Aggregate Revenue Requirement, as above,
Minus:
(h) Non-Tariff Income
(i) Short-Term Open Access Charges and
(j) Income from Other Business to the extent specified in these Regulations.
..."

The Commission in this Order has approved the Annual Transmission Charges for each year of the third Control Period from FY 2019-20 to FY 2021-22 based on the approved GFA base for the respective years.

5.4.1 Operation and Maintenance expenses

Regarding the Operation and Maintenance expenses, Regulation 62 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**62. Operation and Maintenance Expenses***

(1) The O&M expenses for the first year of the Control Period will be approved by the Commission taking into account actual O&M expenses for last five years till Base Year subject to prudence check and any other factors considered appropriate by the Commission.

(2) The O&M expenses for the nth year and also for the year immediately preceding the Control Period i.e., FY 2018-19 shall be approved based on the formula given below:-

$O\&M_n = R\&M_n + EMP_n + A\&G_n$

Where–

- *O&Mn – Operation and Maintenance expense for the nth year;*
- *EMPn – Employee Costs for the nth year;*
- *R&Mn – Repair and Maintenance Costs for the nth year;*
- *A&Gn – Administrative and General Costs for the nth year;*

(3) The above components shall be computed in the manner specified below:

$EMP_n = (EMP_{n-1}) \times (1+G_n) \times (CPIinflation)$

$R\&Mn = K \times (GFA_{n-1}) \times (WPIinflation)$ *and*

$A\&Gn = (A\&G_{n-1}) \times (WPIinflation) + Provision$

Where –

- *EMP_{n-1} – Employee Costs for the (n-1)th year;*
- *A&Gn-1 – Administrative and General Costs for the (n-1)th year;*
- *Provision: Cost for initiatives or other one-time expenses as proposed by the Transmission Licensee and approved by the Commission after prudence check.*
- *"K" is a constant specified by the Commission in %. Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on Transmission Licensee's filing, benchmarking of repair and maintenance expenses,*

approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

- *CPIinflation– is the average increase in the Consumer Price Index (CPI) for immediately preceding three years;*
- *WPIinflation – is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years;*
- *GFAn-1 - Gross Fixed Asset of the Transmission Licensee for the n-1th year;*
- *Gn is a growth factor for the nth year and it can be greater than or less than zero based on the actual performance. Value of Gn shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on Transmission Licensee's filings, benchmarking and any other factor that the Commission feels appropriate:*

Provided that repair and maintenance expenses determined shall be utilised towards repair and maintenance works only."

The O&M expenses includes Employee expenses, R&M expenses and A&G expenses. In accordance with Regulation 62 of the UERC Tariff Regulations, 2018, the O&M expenses for the first year of the Control Period shall be determined by the Commission taking into account actual O&M expenses of the previous years and any other factors considered appropriate by the Commission. The submissions of the Petitioner and the Commission's analysis on the O&M expenses for the third Control Period from FY 2019-20 to FY 2021-22 is detailed below.

5.4.1.1 Employee expenses

The Commission has approved the employee expenses of Rs. 107.00 Crore for FY 2018-19 in its Order dated March 21, 2018 on approval of ARR for FY 2018-19. The Petitioner submitted that the actual employee expenses for the first six months of FY 2018-19 was Rs. 40.91 Crore. The Petitioner, in its Petition, has proposed the employee expenses for FY 2018-19 as Rs. 107.69 Crore including the impact of Seventh Pay Commission of Rs. 15.59 Crore. This impact of Seventh Pay Commission of Rs. 15.59 Crore includes Rs. 5.58 Crore towards arrears and Rs. 10.01 Crore towards impact of increased salary.

The Petitioner submitted that the employee expenses for the third Control Period from FY 2019-20 to FY 2021-22 has been proposed as per the UERC Tariff Regulations, 2018 considering the actual employee expenses for FY 2015-16 to FY 2017-18. In order to compute 'EMPn-1', the Petitioner has averaged the 'adjusted' employee expenses net of capitalization for FY 2015-16 to FY 2017-18 to arrive at the employee expenses for the median year FY 2016-17. Thereafter, the employee expenses, thus, arrived for FY 2016-17 have been escalated by the CPI inflation for the past three years @ 5.12% and growth factor for FY 2017-18 and FY 2018-19 to arrive at 'EMPn-1', employee expenses for FY 2018-19. The 'adjustment' has been carried out in order to bring the employee expenses for FY 2015-16 to FY 2017-18 at par with Seventh Pay Commission salary levels. The Seventh Pay Commission was implemented w.e.f. January 01, 2016 and the salaries were raised to the level of Seventh Pay Commission w.e.f. December 01, 2017. Arrears were paid to employees for last quarter of FY 2015-16, FY 2016-17 and first 8 months of FY 2017-18 from April, 2017 to September, 2018. Further, the Gn factor based on the HR plan proposed in the Business Plan has been considered. Accordingly, the Petitioner has proposed the employee expenses of Rs. 122.14 Crore, Rs. 129.90 Crore and Rs. 145.07 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

The UERC Tariff Regulations, 2018 stipulate the normative O&M expenses for the third Control Period to be approved taking into account the actual O&M expenses for FY 2013-14 to FY 2017-18. The Commission observed that the Seventh Pay Commission was implemented w.e.f. January 01, 2016 and the salaries were raised to the level of Seventh Pay Commission w.e.f. December 01, 2017. The actual employee expenses for the first six months of FY 2017-18 was Rs. 37.82 Crore and the actual employee expenses for the first six months of FY 2018-19 was Rs. 40.78 Crore, thereby, the increase in actual employee expenses for the period April to September from FY 2017-18 to FY 2018-19 is 8%. The Commission finds that this increase in employee expenses appears to be lower on account of all the employees not opting to adopt the Seventh Pay Commission. The Petitioner in its replies to minutes of TVS submitted that 24 employees are yet to adopt the Seventh Pay Commission. The Commission also observes that the impact of Seventh Pay Commission is currently only in the Basic component of the salaries. In view of the above, the Commission does not find it prudent to approve the normative employee expenses for the third Control Period based on the actual employee expenses for FY 2013-14 to FY 2017-18 as only for small part of this period the employee expenses include impact of revision in salaries as well as arrears due to the Seventh Pay Commission. Further, as mentioned earlier, all the employees have not opted for Seventh pay Commission and impact of Seventh Pay Commission is currently only in the Basic component of the salaries, hence, the actual salaries for the past period do not reflect the total impact of Seventh Pay

Commission.

Regulation 103(2) of the UERC Tariff Regulations, 2018 stipulates as under:

"Nothing in these Regulations shall bar the Commission from adopting in conformity with provisions of the Act, a procedure which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or a class of matters, deems it just or expedient for deciding such matter or class of matters."

In view of the special circumstances in this case, in exercise of powers conferred by the above stated Regulation, the Commission finds it prudent to deviate from the methodology stipulated in the UERC Tariff Regulations, 2018 for approval of normative employee expenses for the third Control Period from FY 2019-20 to FY 2021-22 to the extent of consideration of actual employee expenses for the preceding five years.

The Commission has considered the normative gross employee expenses (without the impact of Seventh Pay Commission) approved in the true up of FY 2017-18 as the opening gross employee expenses. This normative opening gross employee expenses have been adjusted for the Gn factor approved for FY 2018-19 and escalated with CPI Inflation of 4.34% to arrive at normative employee expenses for FY 2018-19. To the gross employee expenses so computed, the Commission has considered additional 15% expenses as the impact of Seventh Pay Commission. The gross employee expenses so arrived have been considered as the gross employee expenses (EMPn-1) for FY 2018-19. From FY 2019-20 onwards, the Commission has computed the normative employee expenses in accordance with the Regulation 62(3) considering the Gn factor approved for the corresponding year and the CPI inflation of 4.34%. Further, the Commission has considered the actual capitalisation rate of employee expenses for FY 2017-18 to be the capitalisation rate for each year of the third Control Period.

The Commission shall consider the actual impact of Seventh Pay Commission for FY 2018-19 and FY 2019-20 during the true up of FY 2018-19. Further, the Commission opines that the employee expenses shall be allowed at actuals for FY 2019-20 subject to prudence check at the time to true up without any sharing of gains and losses.

The Commission, in the approval of Business Plan for the third Control Period from FY 2019-20 to FY 2021-22 as discussed in Chapter 3 of the Order has approved the HR Plan. Based on the approved HR Plan, the Commission has computed the Gn factor as shown in the Table below:

Table 5.9: Gn approved by the Commission

Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Closing no. of employees	743	798	971	1135	1248
Gn	-	7.40%	21.68%	16.89%	9.96%

However, if the actual addition to number of employees is lower than the number of employee addition considered in this Order, the impact of the same shall be adjusted while carrying out the truing up and will not be considered as reduction in employee expenses on account of controllable factors.

The normative employee expenses approved for the third Control Period from FY 2019-20 to FY 2021-22 is as shown in the Table below:

Table 5.10: Employee expenses approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
EMPn-1	100.79	109.47	122.14	138.98	129.90	169.51
Gn	16.14%	21.68%	1.92%	16.89%	7.03%	9.96%
CPI inflation	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%
EMPn=(EMPn-1) x (1+Gn)x(1+CPIinflation)	**122.14**	**138.98**	**129.90**	**169.51**	**145.07**	**194.47**
Capitalisation rate	-	26.08%	-	26.08%	-	26.08%
Less: Employee expenses capitalised	-	36.25	-	44.21	-	50.72
Net Employee expenses	**122.14**	**102.73**	**129.90**	**125.29**	**145.07**	**143.75**

5.4.1.2 R&M expenses

The Commission has approved the R&M expenses of Rs. 23.05 Crore for FY 2018-19 in its Order dated March 21, 2018 on approval of ARR for FY 2018-19. The Petitioner submitted that the actual R&M expenses for the first six months of FY 2018-19 was Rs. 11.65 Crore. The Petitioner has proposed the R&M expenses for FY 2018-19 as Rs. 34.20 Crore.

The Petitioner submitted that the R&M expenses for the third Control Period from FY 2019-20 to FY 2021-22 has been proposed as per the UERC Tariff Regulations, 2018. The Petitioner has considered the K factor of 2.39%. Further, the Petitioner has considered the WPI inflation of 2.33% considering the average increase in the Wholesale Price Index (WPI) for FY 2016-17 to FY 2017-18. Accordingly, the Petitioner has proposed the R&M expenses of Rs. 41.42 Crore, Rs. 53.87 Crore and Rs. 63.92 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

The Commission has determined the R&M expenses for the third Control Period from FY

2019-20 to FY 2021-22 in accordance with UERC Tariff Regulations, 2018. The Commission has computed the percentage of actual R&M expenses over approved opening GFA for each year of FY 2015-16 to FY 2017-18. Thereafter, the Commission has considered the average of such percentages as K factor which works out to 2.39%. The Commission has considered the opening GFA for each year of the third Control Period from FY 2019-20 to FY 2021-22. The Commission has considered the WPI inflation of 0.33% which is the average increase in the Wholesale Price Index (WPI) for FY 2015-16 to FY 2017-18.

The R&M expenses approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 is as shown in the Table below:

Table 5.11: R&M expenses approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
K	2.39%	2.39%	2.39%	2.39%	2.39%	2.39%
GFAn-1	1691.63	1454.11	2200.13	1835.63	2610.82	1983.68
WPI inflation	2.33%	0.33%	2.33%	0.33%	2.33%	0.33%
R&Mn = K x (GFAn-1) x (1+WPI inflation)	**41.42**	**34.91**	**53.87**	**44.07**	**63.92**	**47.62**

5.4.1.3 A&G expenses

The Commission has approved the A&G expenses of Rs. 16.09 Crore for FY 2018-19 in its Order dated March 21, 2018 on approval of ARR for FY 2018-19. The Petitioner submitted that the actual A&G expenses for the first six months of FY 2018-19 as Rs. 14.99 Crore. The Petitioner, in its Petition, has proposed the A&G expenses for FY 2018-19 as Rs. 30.21 Crore. The estimated A&G expenses of Rs. 30.21 Crore includes license fee of Rs. 8.35 Crore paid to the Commission, security expenditure of Rs. 9.50 Crore and Rs. 12.15 Crore on other heads.

The Petitioner submitted that the A&G expenses for the third Control Period from FY 2019-20 to FY 2021-22 has been proposed as per the UERC Tariff Regulations, 2018. Accordingly, the estimated A&G expenses for FY 2018-19, net of license fee has been considered as 'A&Gn-1'. The 'A&Gn-1' has been escalated by WPI inflation of 2.33% to arrive at expenses for each year of the Control Period. Further, the license and other fee to be paid to the Commission has been added to arrive at total A&G expenses for each year of Control Period. Accordingly, the Petitioner has proposed the A&G expenses of Rs. 30.46 Crore, Rs. 31.97 Crore and Rs. 33.66 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

The UERC Tariff Regulations, 2018 stipulate the normative O&M expenses for the third Control Period to be approved taking into account the actual O&M expenses for FY 2013-14 to FY 2017-18. The Commission observed that the A&G expenses have increased significantly in the immediately preceding years partly on account of the increase in security expenses and the license fee. In view of the above, the Commission does not find it prudent to approve the normative A&G expenses for the third Control Period based on the actual A&G expenses for FY 2013-14 to FY 2017-18.

Regulation 103(2) of the UERC Tariff Regulations, 2018 specifies as under:

"Nothing in these Regulations shall bar the Commission from adopting in conformity with provisions of the Act, a procedure which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or a class of matters, deems it just or expedient for deciding such matter or class of matters."

In view of the special circumstances in this case, in exercise of powers conferred by the above stated Regulation, the Commission finds it prudent to deviate from the methodology stipulated in the UERC Tariff Regulations, 2018 for approval of normative A&G expenses for the third Control Period from FY 2019-20 to FY 2021-22 to the extent of consideration of actual A&G expenses for the preceding five years.

The Commission has considered the normative gross A&G expenses (excluding the license fee and security expenses) approved in the true up of FY 2017-18 as the gross base A&G expenses. This normative opening gross A&G expenses have been escalated by the WPI inflation of 0.33% to arrive at gross A&G expenses for FY 2018-19. The gross A&G expenses so arrived at have been considered as the gross A&G expenses (A&Gn-1) for FY 2018-19. From FY 2019-20 onwards, the Commission has computed the normative A&G expenses in accordance with the Regulation 62(3) considering the WPI inflation of 0.33%. Further, the Commission has considered the actual capitalisation rate of A&G expenses for FY 2017-18 to be the capitalisation rate for each year of the third Control Period. In addition, the Commission has considered the license fee as claimed for each year of the third Control Period.

The Commission observes that the actual security expenses for the Petitioner have been increasing year-on-year and have almost doubled from FY 2015-16 to FY 2017-18. The security expenses are increasing with the increase in the asset base of the Petitioner. The Commission observed that the average security expenses during FY 2015-16 to FY 2017-18 are 0.63% of the approved opening GFA corresponding to non-UITP projects for FY 2015-16 to FY 2017-18. Considering this ratio, the Commission has determined the security expenses for each year of the third Control Period based on the approved opening GFA for each year and the WPI inflation of 0.33%.

The normative A&G expenses approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 is as shown in the Table below:

Table 5.12: A&G expenses approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
A&Gn-1	21.65	8.79	22.15	8.81	22.67	8.84
WPI inflation	2.33%	0.33%	2.33%	0.33%	2.33%	0.33%
Provision	0.00	0.00	0.00	0.00	0.00	0.00
A&Gn=A&Gn-1 x (1+WPI inflation) + Provision	**22.15**	**8.81**	**22.67**	**8.84**	**23.20**	**8.87**
Capitalisation rate	-	38.21%	-	38.21%	-	38.21%
Capitalised A&G expenses	-	3.37	-	3.38	-	3.39
Net A&G expenses	**22.15**	**5.45**	**22.67**	**5.46**	**23.20**	**5.48**
License Fee	8.31	8.31	9.30	9.30	10.46	10.46
Security expenses	0.00	9.26	0.00	11.69	0.00	12.63
Total A&G expenses	**30.46**	**23.02**	**31.97**	**26.45**	**33.66**	**28.57**

5.4.1.4 O&M expenses

The O&M expenses approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 is as shown in the Table below:

Table 5.13: O&M expenses approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Employee expenses	122.14	102.73	129.90	125.29	145.07	143.75
R&M expenses	41.42	34.91	53.87	44.07	63.92	47.62
A&G expenses	30.46	23.02	31.97	26.45	33.66	28.57
Total O&M expenses	**194.03**	**160.66**	**215.73**	**195.81**	**242.65**	**219.94**

5.4.2 Interest on Loans

The Petitioner has considered the opening loan balance for FY 2019-20 as Rs. 614.40 Crore. The Petitioner has considered the loan addition during each year of the third Control Period from FY 2019-20 to FY 2021-22 equivalent to 70% of the proposed capitalisation for the respective year. The Petitioner has considered the normative repayment for each year equal to the depreciation for the year. The Petitioner has proposed the interest on loan by applying the interest rate of 11.41% on the average loan for the year. Accordingly, the Petitioner has proposed the interest on loan of Rs. 85.00 Crore, Rs. 109.61 Crore and Rs. 145.77 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

Regulation 27 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**27. Interest and finance charges on loan capital and on Security Deposit***

(1) The loans arrived at in the manner indicated in Regulation 24 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 01.04.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.03.2019 from the gross normative loan.

(3) The repayment for each year of the Control Period shall be deemed to be equal to the depreciation allowed for that year…

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year after providing appropriate accounting adjustment for interest capitalised:

…

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

…"

The Commission has considered the approved closing loan balance of FY 2017-18 as opening loan balance for FY 2018-19. Thereafter, the Commission has considered the loan addition during FY 2018-19 as per the approved means of finance for FY 2018-19. The Commission has considered the depreciation for FY 2018-19 as the normative repayment for the year. The Commission has considered the closing loan balance for FY 2018-19 as the opening loan balance for FY 2019-20. The Commission has considered the loan addition during each year of the third Control Period from FY

2019-20 to FY 2021-22 as per the approved Financing Plan. The Commission has considered the normative repayment equivalent to the approved depreciation for each year of the third Control Period from FY 2019-20 to FY 2021-22. The Commission has considered the interest rate of 11.41% which is the weighted average rate of interest for FY 2017-18. The Commission has determined the interest on loan by applying the interest rate of 11.41% on the average loan balance for each year of the third Control Period from FY 2019-20 to FY 2021-22. The interest on loan approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 is as shown in the Table given below:

Table 5.14: Interest on Loan approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable
Opening Loan balance	614.40	461.00	876.17	649.16	1045.91	659.94
Drawal during the year	355.95	267.06	287.48	103.64	615.24	125.66
Repayment during the year	94.18	78.90	117.74	92.86	150.79	101.50
Closing Loan balance	876.17	649.16	1045.91	659.94	1510.36	684.10
Interest Rate	11.41%	11.41%	11.41%	11.41%	11.41%	11.41%
Interest	**85.00**	**63.31**	**109.61**	**74.65**	**145.77**	**76.64**

5.4.3 *Return on Equity*

The Petitioner has considered the opening Equity for FY 2019-20 as Rs. 365.06 Crore. The Petitioner has considered the equity addition during each year of the third Control Period from FY 2019-20 to FY 2021-22 equivalent to 30% of the proposed capitalisation for the respective year. The Petitioner has proposed the Return on Equity at the rate of 15.50% on the average equity for the year. Accordingly, the Petitioner has proposed the Return on Equity of Rs. 68.41 Crore, Rs. 89.78 Crore and Rs. 119.76 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

The Commission, in its MYT Order for the second Control Period from FY 2016-17 to FY 2018-19 dated May 05, 2016 disallowed the Petitioner's claim of RoE on GoU contribution from PDF. The Petitioner filed a Review Petition on the stated Order of the Commission. The Commission vide its Review Order dated July 11, 2016 ruled as under:

"2.7.3.2 However, during the hearing on admission of the Petition, the learned counsel of the Petitioner agreed with the view of the Commission to take a view on the issue of RoE on the PDF once the Hon'ble Supreme Court pass its judgment in this matter. Further, deciding on the issue of Return on equity on PDF while the case is pending in the Supreme Court is barred under Section 11

of the Code of Civil Procedure, 1908 of the Code of Civil Procedure…

Accordingly, the Commission also clarifies that raising the issue again in the Commission while it is pending in the Hon'ble Supreme Court amounts to Res-Judicata and is not maintainable. The Commission would wait for the Apex Court's Orders on the issue and would decide accordingly."

The Petitioner has again claimed RoE on GoU contribution from PDF in its APR Petitions for FY 2016-17 and FY 2017-18. In this regard, the Commission vide its Tariff Orders for FY 2017-18 and FY 2018-19 dated March 29, 2017 and March 21, 2018 disallowed the Petitioner's claims. The Petitioner submitted that it is aggrieved by the ruling of the Commission in the stated Orders and that it has not taken recourse on the Review Order of the Commission dated July 11, 2016. The Petitioner submitted that the Commission has decided the issue without waiting for the Hon'ble Supreme Court's Judgment. The Petitioner submitted that the Hon'ble Supreme Court's Judgment has been issued on May 10, 2018 and, accordingly, requested the Commission to allow the amount of Rs. 246.47 Crore towards RoE on GoU contribution from PDF in line with the Hon'ble APTEL's Judgment in R.P. No. 2 of 2015 in Appeal No. 163 of 2015. The Petitioner submitted that the principles laid down in the said judgement by Hon'ble APTEL were general and cannot be confined only to relate to a particular matter. The Hon'ble APTEL in the said Judgment has categorically held that if the amount has been invested by GoU as equity then the RoE has to be allowed as per the Regulations of the State Commission.

The Petitioner further submitted that the Additional Secretary vide Letter No 337/I(2)/2011-04-(01)/84/2008 dated February 11, 2011 conveyed the directions of GoU to the Commission that the amount contributed by the Government from PDF fund is from the consolidated fund of the State and asked the Commission to consider the amount as equity and allow the Return on Equity on the said amount to the Petitioner.

The Petitioner submitted that in light of general principle as laid down by Hon'ble APTEL, for grant of RoE, only consideration to be seen is the nature of investment made by the Government and not the source of fund. Thus, the principle applies in the instant issue as well, as the investment made by GoU is by way of equity and not as a grant, and, therefore, the Petitioner is entitled for RoE as claimed in the tariff Petition. Further, the amount contributed by GoU was provided against various schemes as equity, as clearly provided in various 'Government Orders' issued by the Government. Also, the said amount received from GoU has been treated as equity in books of accounts, which have been audited by CAG.

PTCUL submitted that in light of the above submissions, no specific directions are required for applying the law of land or the principles determined by the Hon'ble APTEL. Accordingly, the same needs to be considered independently as per the clarity given by the Hon'ble APTEL regarding grant of RoE in R. P. No. 02 of 2015 in Appeal No. 163 of 2015 while considering retrospective effects for previous years as well.

The Commission vide its Review Order dated July 11, 2016 ruled that it would wait for the Hon'ble Supreme Court's Judgment for deciding on the issue of allowing RoE on GoU contribution from PDF. Nevertheless, the Petitioner again put this issue before the Commission for decision in its APR Petition for FY 2016-17. In the APR Petition for FY 2016-17, the Petitioner stated as under:

> *"The petitioner would like to reiterate that the **Hon'ble ATE in its Order had nowhere directed the Hon'ble Commission to reopen the Hon'ble Commission's Orders which showed that the Commission itself was considering the matter as per general principle and independently of the same, yet has refused to consider the law and the principle determined by the Hon'ble APTEL by stating that no specific directions were issued to the State Commission to re-open the Hon'ble Commission's order for previous years**.*
>
> ***PTCUL would also like to submit that no specific directions are required for applying the law of land or the principles determined by the Hon'ble APTEL. Further, no such orders could have been passed in the said matter and the Hon'ble Commission should have considered the same independently as per the clarity given by the Hon'ble APTEL regarding grant of RoE in the said order while considering retrospective effects for previous years as well.***
>
> *It is pertinent to mention that the APTEL considered above also considered and gave its view on a second issue, that is the case of allowing transmission charges for 220 kV D/C Bhilangana-III-Ghansali line, an issue that is unrelated to the allowing RoE on account of PDF. However, M/s BHPL filed a Civil Appeal being C.A. No. 2368- 2370 of 2015 before Hon'ble Supreme Court of India along with an interim application for stay against the Judgment of Hon'ble ATE dated November 29, 2014. Hon'ble Supreme Court of India vide its Daily Order dated October 12, 2015 decided as under:*
>
> > *"In the circumstances, we are of the opinion that the Orders of the respondent no. 3 dated 29.4.2013 and 6.5.2013 be stayed until further orders without prejudice to the rights of the*

respondents. The appellant-applicant will continue to pay the transmission charges at the rate for which it was paying during the pendency of the appeals."

It is crucial to note that the stay ordered by the Hon'ble Supreme Court is on a particular order of Hon'ble UERC which was over the issue of allowing transmission charges for 220 kV D/C Bhilangana-III- Ghansali line, and not about the allowance RoE on account of PDF*.*

Also, the Petitioner is in process of seeking clarification and removing stay on the said order and the next date for hearing of the same has been set as December 02, 2016. The Petitioner is hopeful of receiving the clarification and removing the stay in the current financial year, hence the Petitioner has claimed Return on Equity of fund received through PDF also in this petition.

PTCUL requests the Hon'ble Commission to allow return on equity on the NABARD, REC Old and REC IV schemes as well which have been developed by utilizing the State Government equity. The computation of Return on Equity on these schemes is provided in table below:"

As can be seen from Petitioner's submissions reproduced above, in spite of the Commission's decision in the Review Order dated July 11, 2016, the Petitioner has once again requested the Commission to decide on the issue of RoE on GoU contribution from PDF in its APR Petition for FY 2016-17. In this regard, the Commission vide its Tariff Order for FY 2017-18 dated March 29, 2017 ruled as under:

"The Commission has gone through the submissions of the Petitioner. The Commission has given its detailed reasons for not allowing the RoE on GoU contribution from PDF in its MYT Order dated April 5, 2016 as well as the Review Order dated July 11, 2016. The Petitioner has not taken recourse applicable to it on the Review Order of the Commission dated July 11, 2016. Hence, the Review Order of the Commission stands attained finality. The Commission finds that the Petitioner has not submitted any new material information that necessitates the revision of the Commission's decision on allowing RoE on GoU contribution from PDF. Hence, the Commission finds the prayer of the Petitioner in this regard as not tenable."

The Petitioner has again reiterated its submissions made in its APR Petition for FY 2017-18 to which the Commission has reiterated its earlier decision, in the Tariff Order for FY 2018-19 dated March 21, 2018. The Petitioner in the instant Petition submitted that it is aggrieved by some portion of the Commission's decision in the Tariff Order for FY 2017-18 and the Commission has given its decision without waiting for the Hon'ble Supreme Court's Judgment. The Commission had to give its decision on this issue as it is the Petitioner, in spite of the Commission's decision in the Review Order, once again requested the Commission to decide on this issue. After lapse of almost two years of issuance of the Tariff Order for FY 2017-18, the Petitioner is stating that it is aggrieved by some portion of the Commission's decision in that Order. It is pertinent to mention that the Petitioner has not taken recourse applicable to it on the Tariff Orders for FY 2017-18 and FY 2018-19, and hence, those Orders have attained finality with respect to this issue.

The Petitioner has also referred to a letter dated February 11, 2011 in this regard. Regarding the same, the Commission vide its Tariff Order for FY 2011-12 dated May 10, 2011 ruled as under:

*"**5.6 Return on Equity***

…

Meanwhile, the Commission received a letter from Additional Secretary (Power), GoU wherein the Commission was requested to allow RoE on equity transferred to the Petitioner from PDF. In one of its submission made before the Commission, the Petitioner also requested the Commission to allow it return on normative basis on the value of assets inherited by it from UPCL.

The Commission has not been allowing Return on Equity on funds deployed by the GoU out of PDF fund for various reasons recorded in the previous Tariff Orders. With regard to the above submissions of the Petitioner, the Commission would like to point out that unlike other funds available with the Government collected through taxes and duties, PDF is a dedicated fund created in accordance with the provisions of the PDF Act passed by the GoU. PDF Act and Rules made there-under, further, clearly indicate that money available in this fund has to be utilized for the purposes of development of generation and transmission assets. The money for the purpose of this fund is collected by the State Government through cess imposed on the electricity generated by State Hydro Generating Stations which are more than 10 years old. The cost of such cess is further passed on to UPCL and which in turn recovers the same from ultimate consumers of electricity through tariffs. The money available in this fund is, accordingly, provided by the consumers of electricity in the State and is, accordingly, their money. Since, under the Tariff Regulations of the Commission, licensees are not allowed any return on money contributed by the consumers for creation of assets, the Commission has not been allowing return on such contribution made by the Government out of PDF. In this connection, it also needs to be highlighted that in case Commission allows returns on such money *invested by the Government it would tantamount to double loading on consumers, first for financing the equity and then for servicing the same, i.e. first in the form of cess and thereafter in the form of return allowed to licensee as both these form part of respective utilities" ARR and would ultimately be recovered from the final consumers of electricity through tariffs.*

As regards contention of the Petitioner that such treatment by the Commission adversely impacts its loan raising ability, the Commission would like to clarify that Tariff regulations framed by the Commission allow recovery of all prudent costs incurred by the licensees including interest costs, which in itself is a big guarantee for any loaning agency provided licensee is managing its business well. The Petitioner, accordingly, can utilize the funds made available by the Government out of PDF for counterpart funding at zero cost.

Further, since the Commission in its previous Tariff Order for FY 2009-10 and FY 2010-11 had not allowed any return on funds provided by GoU out of money recovered from consumers by way of PDF for reasons spelt out in the said Orders, at present also, there seems no reason to revisit this issue and the Commission is, therefore, not allowing any return on equity utilized for creation of assets funded out of PDF."

The stated Tariff Order for FY 2011-12 has attained finality. In light of the above, the Commission does not find merit in the Petitioner's claim of RoE on GoU contribution from PDF and, accordingly, has not allowed the same.

PTCUL has further claimed the amount of Rs. 276.50 Crore towards RoE, on the initial Equity considering the same to be 30% of the approved opening GFA for PTCUL as on date of its creation, from FY 2005-06 to FY 2018-19. As discussed in Chapter 4, the Commission has approved the RoE on opening Equity portion as approved in this Order in the true up of FY 2017-18. Further, the Commission while computing the RoE for each year of the third Control Period from FY 2019-20 to FY 2021-22 has considered the initial equity as part of opening Equity. Therefore, the Commission has not separately approved any amount in this regard in FY 2019-20.

Regarding the Return on Equity, Regulation 26 of the UERC Tariff Regulations, 2018 specifies as follows:

"***26. Return on Equity***

(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 24.

Provided that, Return on Equity shall be allowed on account of allowed equity capital for the assets put to use at the commencement of each financial year.

(2) Return on equity shall be computed on at the base rate of 15.50% for thermal generating stations, transmission licensee, SLDC...."

In accordance with the Regulations, Return on Equity is allowable on the opening equity for the year. Hence, the Commission has determined the Return on Equity for each year of the third Control Period from FY 2019-20 to FY 2021-22 considering the eligible opening equity for return for the respective year.

The Return on Equity approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 is as shown in the Table below:

Table 5.15: Return on Equity approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Opening Equity	365.06	318.74	517.61	433.19	640.81	477.61
Addition during the year	152.55	114.46	123.21	44.42	263.68	53.85
Closing Equity	517.61	433.19	640.81	477.61	904.49	531.46
Eligible Equity for return	441.33	200.53	579.21	314.98	772.65	359.40
Rate of Return	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Return on Equity	**68.41**	**31.08**	**89.78**	**48.82**	**119.76**	**55.71**

5.4.4 *Income Tax*

The Petitioner has not claimed any Income Tax in its ARR proposals for the third Control Period from FY 2019-20 to FY 2021-22.

Regarding Income Tax, Regulation 34 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**34. Tax on Income***

Income Tax, if any, on the income stream of the regulated business of Generating Companies, Transmission Licensees, Distribution Licensees and SLDC shall be reimbursed to the Generating Companies, Transmission Licensees, Distribution Licensees and SLDC shall be reimbursed to the Generating Companies, Transmission Licensees, Distribution Licensees and SLDC as per actual *income tax paid, based on the documentary evidence submitted at the time of truing up of each year of the Control Period, subject to prudence check."*

As stated above, Income Tax is admissible at the time of truing up and hence, the Commission has not considered any Income Tax in the approval of ARR for the third Control Period from FY 2019-20 to FY 2021-22.

5.4.5 Depreciation

The Petitioner submitted that the asset class wise depreciation has been computed considering the proposed GFA for each year of the third Control Period from FY 2019-20 to FY 2021-22 and the rates of depreciation specified in the UERC Tariff Regulations, 2018. Accordingly, the Petitioner has proposed the depreciation of Rs. 94.18 Crore, Rs. 117.74 Crore and Rs. 150.79 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

Regulation 28 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**28. Depreciation***

(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

Provided that depreciation shall not be allowed on assets funded through Consumer Contribution and Capital Subsidies/Grants.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

...

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix - II to these Regulations.

..."

The Commission has determined the depreciation for the third Control Period from FY 2019-20 to FY 2021-22 considering the approved GFA base and asset class wise rates of depreciation specified in UERC Tariff Regulations, 2018. Further, the Commission has computed the depreciation on assets created out of grants by applying the weighted average rate of depreciation for the respective year and deducted the same from the gross depreciation. The depreciation approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 is as shown in the Table given below:

Table 5.16: Depreciation approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Depreciation	94.18	78.90	117.74	92.86	150.79	101.50

5.4.6 *Interest on Working Capital*

The Petitioner has submitted that the interest on working capital for the third Control Period from FY 2019-20 to FY 2021-22 has been proposed in accordance with UERC Tariff Regulations, 2018. Accordingly, the Petitioner has proposed the IWC of Rs. 15.45 Crore, Rs. 18.76 Crore and Rs. 22.46 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

The Commission has determined the interest on working capital for the third Control Period in accordance with the UERC Tariff Regulations, 2018.

5.4.6.1 *One Month O&M Expenses*

The annual O&M expenses approved by the Commission are Rs. 160.66 Crore, Rs. 195.81 Crore and Rs. 219.94 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 13.39 Crore, Rs. 16.32 Crore and Rs. 18.33 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

5.4.6.2 *Maintenance Spares*

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2018, which work out to Rs. 24.10 Crore, Rs. 29.37 Crore and Rs. 32.99 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

5.4.6.3 *Receivables*

The Commission has approved the receivables for two months based on the approved ATC of Rs. 255.01 Crore, Rs. 400.43 Crore and Rs. 434.57 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively, which works out to Rs. 42.50 Crore, Rs. 66.74 Crore, Rs. 72.43 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

Based on the above, the total working capital requirement of the Petitioner for FY 2019-20, FY 2020-21 and FY 2021-22 works out to Rs. 79.99 Crore, Rs. 112.43 Crore, and Rs. 123.75 Crore respectively. The Commission has considered the rate of interest on working capital as 13.75% equal to State Bank Advance Rate (SBAR) of State Bank of India as on the date of filing of the MYT Petition and, accordingly, the interest on working capital works out to Rs. 11.00 Crore, Rs. 15.46 Crore, and Rs. 17.02 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively. The interest on working capital approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 is as shown in the Table below:

Table 5.17: Interest on working capital approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
O&M expenses for 1 month	16.17	13.39	17.98	16.32	20.22	18.33
Maintenance Spares	29.10	24.10	32.36	29.37	36.40	32.99
Receivables equivalent to 2 months	67.51	42.50	86.61	66.74	107.32	72.43
Working Capital	**112.78**	**79.99**	**136.95**	**112.43**	**163.94**	**123.75**
Rate of Interest on Working Capital	13.70%	13.75%	13.70%	13.75%	13.70%	13.75%
Interest on Working Capital	**15.45**	**11.00**	**18.76**	**15.46**	**22.46**	**17.02**

5.4.7 Non-Tariff Income

The Petitioner has proposed non-tariff income of Rs. 3.75 Crore, Rs. 3.94 Crore and Rs. 4.13 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively. The Commission observed that the actual non-tariff income earned by PTCUL during FY 2017-18 is Rs. 17.27 Crore which has been considered by the Commission while carrying out the truing up. The Commission in order to assess the non-tariff Income for FY 2019-20 analysed the non-tariff income claimed by PTCUL in its previous Tariff Petitions and actual/trued up non-tariff income during the last 5 years which is as shown in Table below:

Table 5.18: Actual Non-Tariff Income

Particulars	Approved in the Tariff Order	Approved in true-up
FY 2013-14	1.30	3.13
FY 2014-15	1.37	2.42
FY 2015-16	1.44	6.11
FY 2016-17	2.67	4.41
FY 2017-18	6.74	17.27

It is observed that the actual non-tariff income is higher as compared to non-tariff income projected by Petitioner in its Tariff Petition. Considering the trends of actual non-tariff income during last 5 years, the Commission at this stage has provisionally considered the non-tariff income of Rs. 10.00 Crore which shall be trued up based on actuals subject to prudence check.

5.4.8 *Revenue from STOA charges*

The Petitioner has proposed revenue from STOA of Rs. 1.65 Crore, Rs. 1.73 Crore and Rs. 1.82 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively. In the absence of any yardstick for estimating the revenue from STOA of the Petitioner, the Commission provisionally accepts the same for the Control Period. The same shall, however, be trued up based on the actual audited accounts for the year.

5.4.9 *Revenue from Natural ISTS lines*

The Petitioner has proposed the adjustment of Rs. 20.93 Crore in each year of the third Control Period. As discussed in Chapter 4, the Commission has considered the adjustment of revenue from Natural ISTS lines in three years from FY 2017-18 and, accordingly, has considered Rs. 34.89 Crore in FY 2019-20.

5.4.10 *Annual Transmission Charges*

Based on the above, the Annual Transmission Charges approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 is as shown in the Table below:

Table 5.19: Annual Transmission Charges approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
O&M expenses	194.03	160.66	215.73	195.81	242.65	219.94
Interest on loan	85.00	63.31	109.61	74.65	145.77	76.64
Return on Equity	68.41	31.08	89.78	48.82	119.76	55.71
Depreciation	94.18	78.90	117.74	92.86	150.79	101.50
Interest on working capital	15.45	11.00	18.76	15.46	22.46	17.02
Aggregate Revenue Requirement	**457.06**	**344.95**	**551.62**	**427.61**	**681.43**	**470.81**
Add:						
True up of previous years	-20.80	-32.04	-	-	-	-
Minus:						
Non-Tariff Income	3.75	10.00	3.94	10.00	4.13	10.00
Revenue from STOA charges	1.65	1.65	1.73	1.73	1.82	1.82

Table 5.19: Annual Transmission Charges approved by the Commission for the third Control Period from FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved	Claimed by PTCUL	Approved
Revenue from Natural ISTS Lines	20.93	34.89	20.93	0.00	20.93	0.00
SLDC Charges	25.83	11.35	26.28	15.44	31.53	24.42
Annual Transmission Charges	**384.10**	**255.01**	**498.74**	**400.43**	**623.01**	**434.57**
Provision for RoE on initial Equity	**276.46**	-	-	-	-	-
Provision for RoE on GoU contribution from PDF	**246.67**	-	-	-	-	-

5.5 ATC of Bhilangana III–Ghansali Line for the third Control Period

The Petitioner has proposed the ARR for Bhilangana III–Ghansali Line for the third Control Period from FY 2019-20 to FY 2021-22 giving the computations of the components of ARR. The Petitioner has proposed the ARR of Rs. 6.79 Crore, Rs. 1.40 Crore and Rs. 1.30 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

Before going into the components of ARR for Bhilangana III–Ghansali Line for the third Control Period, the Commission has discussed the admissibility of the same as detailed below.

The Hon'ble Supreme Court vide its Judgment dated 10.05.2018 in Civil Appeal No. 2368-2370 of 2015 ruled as under:

"We do not find any merit in these appeals. The same are, accordingly, dismissed.

This order will be subject to the liberty to the appellant to move the central commission to establish that for any particular period the transmission was inter state and on this being established, the Central Commission will be at liberty to modify the charges which will be provisional till then.

If no application is filed within three months, the impugned order will be treated as final.

It will be open to the respondents to show that the charges have already been recovered from the buyers or that transmission was not inter state and no modification was required."

The Commission notes that pursuant to the Hon'ble Supreme Court's Judgment reproduced above, the generating company namely M/s Bhilangana Hydro Power Limited has filed a Petition before the Central Electricity Regulatory Commission. Therefore, the Commission does not deem it fit to determine the ATC of Bhilangana III–Ghansali Line in light of the pending proceedings before the Central Electricity Regulatory Commission in the matter of jurisdiction.

5.6 Recovery of Annual Transmission Charges

Having considered the submissions made by PTCUL, the responses of the stakeholders in the context of Petitioner's proposals for ARR and the relevant provisions of the Electricity Act, 2003 and Regulations of the Commission, the Commission hereby approves that:

- Power Transmission Corporation of Uttarakhand Ltd., the transmission licensee in the State will be entitled to recover Annual Transmission Charges for FY 2019-20 from its beneficiaries in accordance with the provisions of the Regulations.
- The payments, however, shall be subject to adjustment, in case any new beneficiary(including long/medium term open access customer) is using the Petitioner's system, by an amount equal to the charges payable by that beneficiary in accordance with the UERC (Terms and Conditions of Intra-State Open Access) Regulations, 2015. In that case, the charges recoverable from the new beneficiary(ies), including long/medium term open access customers, shall be refunded to UPCL in accordance with the said Regulations.

5.7 Transmission Charges payable by Open Access Customers

Uttarakhand Electricity Regulatory Commission (Terms and Conditions of Intra-State Open Access) Regulations, 2015 inter-alia specify transmission charges applicable on the customers seeking open access to intra-state transmission system. In this regard, Regulation 20(1)(b) specifies as under:

"(b) For use of intra-State transmission system–Transmission charges payable by an open access customer to STU for usage of its system shall be determined as under:

Transmission Charges = ATC/(PLS T X365) (Rs./MW/day)

Where,

ATC = Annual Transmission Charges determined by the Commission for the State transmission system for the relevant year;

PLST = Peak load served by the State transmission system in the previous year"

The ATC approved by the Commission for FY 2019-20 is Rs. 255.01 Crore and the PLST during FY 2018-19 is 2216 MW. Hence, in accordance with the methodology provided in the aforesaid Regulations, the rate of transmission charges payable by the customers seeking open access to intra-State transmission system for FY 2019-20 shall be:

Table 5.20: Rate of Transmission Charges for open access approved for FY 2019-20

Description	Rs./MW/day
Transmission Charges	3152.80

However, in case, augmentation of transmission system including construction of dedicated transmission system is required for giving long-term open access then such long-term customer shall, in addition to transmission charges as per the Rate of Charge provided above, also bear the transmission charges for such augmentation works including dedicated system. These charges shall be determined by the Commission on Rs./MW/day basis after scrutiny of the annual revenue requirements for the said works including dedicated system based on the proposal of the STU/transmission licensee, on case to case basis. With regard to sharing of these transmission charges for the augmentation works including dedicated system, the Commission shall take a decision, taking into account the beneficiaries of the said works and its usage, at the time of scrutiny of PTCUL's ARR for the ensuing year for intra-State system. However, till such time the Commission issues tariff order for the ensuing year, the long-term access customer for whom these augmentation works including dedicated system was carried shall be liable to pay these additional transmission charges.

The Annual Transmission Charges approved for FY 2019-20 will be applicable with effect from April 01, 2019 and shall continue to apply till further Orders of the Commission.

6 Commission's Directives

The Commission in its previous Orders had issued a number of specific directions to PTCUL with an objective of attaining operational efficiency and streamlining the flow of information, which would be beneficial for the Sector and the Petitioner both in short and long term. This Chapter deals with the compliance status and Commission's views thereon as well as the summary of new directions for compliance and implementation by PTCUL.

6.1 Compliance of Directives Issued in APR Order for FY 2017-18 dated March 21, 2018

6.1.1 Electrical Inspector Certificate

The Petitioner was directed to submit the Electrical Inspector Certificates for all the assets claimed for capitalisation during the respective years with proper cross referencing as part of the Petition.

Petitioner's Submissions

The electrical inspector certificates for all completed projects claimed for capitalization have been submitted. The certificates have been cross referenced as required by the Commission.

The Commission has noted the compliance by the Petitioner. **The Petitioner is directed to submit the Electrical Inspector Certificates for all the assets claimed for capitalisation during the respective years with proper cross referencing as part of the Petition**.

6.1.2 Capital cost of transferred assets

The Commission directed the Petitioner to get the Transfer Scheme finalised and submit the same to the Commission along with its Petition for Annual Performance Review of FY 2018-19.

Petitioner's Submissions

Various meetings and correspondence have been done between UPCL and PTCUL regarding Transfer Scheme. A Draft policy has also been submitted to UPCL for finalization. UPCL has informed that the Transfer scheme between UPCL and PTCUL shall be finalized only after the finalization of Transfer Scheme between UPPCL and UPCL.

The Commission directs the Petitioner to get the Transfer Scheme finalised and submit the same to the Commission along with its Petition for Annual Performance Review of FY 2019-20.

6.1.3 SLDC Charges

The Commission directed PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2018-19.

Petitioner's Submissions

In the 63rd Board meeting, PTCUL was directed to approach advisors preferably PGCIL/POSOCO ex-employees for strengthening of SLDC and its ring fencing. As per the directions of the Board, a team of officers from SLDC and HR visited SLDC, Lucknow and POSOCO, New Delhi to gather information on functional requirements of SLDC and study the manpower requirements for the same. On the basis of above inputs, the manpower structure of SLDC is being reframed with specific focus on emerging role of SLDC as market operator and the structure shall be again put up before PTCUL's BoD for necessary approval. The six-member committee formed for Ring Fencing of SLDC was re-constituted due to retirement of Shri A.K. Sharma, Director (Projects), PTCUL and transfer of Shri Amit Kumar Singh, Executive Engineer, PTCUL. The re-constituted committee met on October 05, 2018 and discussed on the necessity of ring fencing, approach being followed in other States and actions required for ring fencing of SLDC.As an initial step towards Ring Fencing of SLDC the space for the officials of SLDC (existing and proposed) is being allocated within the building of PTCUL. The matter involves a policy decision and various aspects of Ring Fencing viz. building, site, finance, staff structure etc. have to be taken into consideration, and accordingly time extension is being sought from the Commission in this regard.

The Commission directs PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2019-20.

6.1.4 Capitalisation of partially completed schemes

The Commission cautioned the Petitioner to mend its affairs and ensure that all the information required to be submitted in accordance with the Tariff Regulations is furnished along with its Tariff Petitions for the ensuing years.

Petitioner's Submissions

The details as required by the Commission have been submitted in the requisite formats.

The Commission, in its previous Orders, had repetitively emphasized the significance of the submission of information in the prescribed formats and in accordance with the Tariff Regulations. The Commission opines that the interdepartmental co-operation is not proper within its organization because of which substantial amount of time is being expended on reconciling the figures alone.

The Commission cautions the Petitioner to mend its affairs and ensure that all the information required to be submitted in accordance with the Tariff Regulations is furnished along with its Tariff Petitions for the ensuing years.

6.1.5 Additional Capitalisation beyond the cut off date

The Petitioner is directed to be vigilant in furnishing information to the Commission taking cognizance of the earlier Tariff Orders of the Commission and its own submissions during various proceedings.

The Petitioner is directed to submit the justification of claiming any additional capitalisation in accordance with the Regulations, for FY 2017-18 onwards in the Petition, failing which any claim of the Petitioner towards the additional capitalisation will not be allowed.

The Commission directed the Petitioner to make realistic estimates of the project cost while approaching the Commission for Investment Approval.

Petitioner's Submissions

The detailed justification for additional capitalization has been submitted in Form 9.8.

The Petitioner is directed to be vigilant in furnishing information to the Commission taking cognizance of the earlier Tariff Orders of the Commission and its own submissions during various proceedings.

The Petitioner is directed to submit the justification of claiming additional capitalisation in accordance with the Regulations, alongwith documentary evidences for the same in the Petition itself.

6.1.6 Frequent Grid Failures

The Commission directed PTCUL to submit report on the major incident, if any, occurring in future in accordance with Clause 10 of the License no. 1 of 2003.

Petitioner's Submissions

The details of any major incident are submitted to the Commission on a regular basis. The latest reply pertaining to power failure in Garhwal Region (Srinagar dated June 01, 2018 and June 22, 2018 and Dehradun dated July 11, 2018) along with the remedial measures undertaken by PTCUL was submitted to the Commission vide letter No. 1634/ Dir.(Projects)/ PTCUL/ UERC dated July 18, 2018.

The Commission directs PTCUL to submit report on the major incident, if any, occurring in future in accordance with Clause 10 of the License no. 1 of 2003.

6.1.7 *Transmission System Availability*

The Commission directed the Petitioner to submit the Availability of its AC System along with the SLDC Certification for the same, during the truing up exercise.

Petitioner's Submissions

SLDC certificate for Transmission System Availability for FY 2017-18 has been submitted in the MYT Petition.

The Commission directs the Petitioner to submit the Availability of its AC System along with the SLDC Certification for the same, during every truing up exercise.

6.1.8 *Submission of Completed Cost*

The Commission directed the Petitioner to ensure timely submission of completed cost of the project alongwith the scheduled CoD, actual date of commissioning and actual IDC incurred within 30 days of CoD of the projects/works failing which the Commission would be constrained to restrict the executed cost of the project equal to the approved cost and no true up of any cost/time overrun would be allowed. Further, with regard to capitalisation during FY 2017-18, the Petitioner is directed to submit project wise abovementioned details alongwith duly filled Form 9.5 prescribed in the UERC Tariff Regulations, 2015 having instances of time over run and/or cost over-run within 30 days from the date of issue of Order.

Petitioner's Submissions

The said information has been submitted vide letter No. 1292/ Dir.(Projects)/PTCUL/ARR dated June 6, 2018 and letter no. 1918/Dir. (Projects)/PTCUL/ARR dated August 09, 2018. The Petitioner requested the Commission for time period of 90 days for submission of Form 9.5 in respect of completed projects.

The Petitioner has not submitted any justification for the time period of 90 days sought for submission of Form 9.5 in respect of completed projects. **The Commission once again directs the Petitioner to ensure timely submission of the completed cost of the project alongwith the scheduled CoD, actual date of commissioning and actual IDC incurred within 30 days of CoD of the projects/works failing which the Commission would be constrained to restrict the executed cost of the project equal to the approved cost and no true up of any cost/time overrun would be allowed. Further, with regard to capitalization during FY 2018-19, the Petitioner is directed to submit project wise above mentioned details alongwith duly filled Form 9.5 prescribed in the UERC Tariff Regulations, 2015 having instances of time over run and/or cost over-run within 30 days from the date of issue of Order.**

6.1.9 Submission of consistent information in proper format

The Commission directed the Petitioner to be consistent in the information to be submitted before the Commission otherwise the Commission shall take it as a deliberate attempt by the Petitioner to mislead the Commission and take action, accordingly, in accordance with the provisions of the Act.

Petitioner's Submissions

The details as required by the Commission have been submitted in the requisite formats.

The Commission observed inconsistency in the submissions of the Petitioner in this Petition also wherein the actual employee, R&M and A&G expenses for the past years was in variation to that submitted in the truing up for the respective years. The Petitioner justified stating that the variations are on account of inadvertent errors. **The Commission directs the Petitioner to be consistent in the information to be submitted before the Commission**.

6.1.10 Separate accounting of Open Access Charges

The Petitioner was directed to show the transmission charges recovered from short term open access customers as a separate head of income in the ARR/Tariff filings for subsequent years. Further, the Petitioner is also directed to refund the transmission charges collected from long-term/medium-term open access customers to UPCL and show this amount as a separate expense head in its ARR/Tariff filings from next year onwards rather than reducing it from its revenue.

Petitioner's Submissions

The directive of the Commission has been complied with. The transmission charges recovered from short-term, medium-term and long-term Open Access charges are being shown separately in PTCUL's books of accounts and financial statements. The transmission charges received from medium-term Open Access consumers in FY 2017-18 and FY 2018-19 (till April 2018) have been refunded to UPCL in the bill raised in April, 2018 and the amount is shown as a separate expense head in ARR. In addition, the transmission charges recovered from short-term Open Access consumers have been shown under a separate head of income in the ARR.

The Commission has noted the compliance by the Petitioner.

6.1.11 ATC of Natural ISTS lines of PTCUL

The Petitioner was directed to pursue the matter with CERC and claim the tariff along with carrying cost on the same. The Petitioner in this regard was required to submit quarterly progress report before the Commission and also book it separately in its accounts as and when, it receives the amount.

Petitioner's Submissions

The information pertaining to amount received from PGCIL in respect of three Natural ISTS lines from October 11, 2017 to March 31, 2018 has been submitted to the Commission. PTCUL has separately booked the ISTS charges for the fund received from PGCIL in its books of accounts. The books of accounts are being submitted along with the Petition for perusal of the Commission. The excess amount received by PTCUL has been refunded to the PoC account of CTU on October 30, 2018.

The Commission once again directs the Petitioner to submit quarterly progress report before the Commission regarding ATC of Natural ISTS lines of PTCUL and also book it separately in its accounts as and when, it receives the amount.

6.1.12 Hiring of taxis vis-à-vis entitled reimbursement

On the other issues regarding, prima facie, high cost of hiring of taxies vis-à-vis entitled reimbursement as per GoU Order, the Commission directed PTCUL to submit the details of vehicles taken on hire including the process of hiring the same along with the details of employees to whom such vehicles have been allotted within one month of the date of Order. PTCUL's BoD is also directed to explore as to why Government G.O. regarding conveyance is not adopted by it and submit the report within 3 months of the date of Order so as to ensure savings in overall costs.

Petitioner's Submissions

The GO of the State Government no. 65/ IX-1/2013/215/2011 dated January 17, 2013 regarding hiring of vehicles was adopted after the approval of BoD vide OM No. 1024/HR & Admn/PTCUL/A-4 dated July 19, 2014. The details of vehicles taken on hire along with details of employees to whom the vehicles have been allotted have been submitted to the Commission.

6.1.13 Employee expenses

The Commission directed the Petitioner to separately maintain the details of employee expenses for UITP & non-UITP projects.

Petitioner's Submissions

The Employee expenses of UITP & non-UITP are being maintained separately by PTCUL. The consolidated monthly trial balances for FY 2017-18 and FY 2018-19 (till September, 2018) for 400 kV S/s Srinagar has been submitted in the MYT Petition.

The Commission has noted the submission of the Petitioner.

6.1.14 R&M expenses

The Petitioner was directed to separately maintain the details of R&M expenses for UITP & non-UITP projects.

Petitioner's Submissions

The R&M expenses of UITP & non-UITP are being maintained separately by PTCUL. The consolidated monthly trial balances for FY 2017-18 and FY 2018-19 (till September, 2018) for 400 kV S/s Srinagar has been submitted in the MYT Petition.

The Commission has noted the submission of the Petitioner.

6.1.15 A&G expenses

The Commission directed the Petitioner to separately maintain the details of A&G expenses for UITP & non-UITP projects.

Petitioner's Submissions

The A&G expenses of UITP & non-UITP are being maintained separately by PTCUL. The consolidated monthly trial balances for FY 2017-18 and FY 2018-19 (till September, 2018) for 400 kV S/s Srinagar has been submitted in the MYT Petition.

The Commission has noted the submission of the Petitioner.

6.1.16 Separate details paid as arrears of VII Pay Commission

The Petitioner is directed to maintain separate details of the amount paid as arrears to it employees on account of implementation of the recommendations of VII Pay Commission.

Petitioner's Submissions

The detail of arrears paid towards VII Pay Commission are being maintained separately. The details of month wise arrears paid to employees have been submitted in the MYT Petition.

The Petitioner is directed to maintain separate details of the amount paid as arrears to it employees on account of implementation of the recommendations of VII Pay Commission.

6.2 Fresh Directives

6.2.1 Revenue from Natural ISTS lines

The Commission directs the Petitioner to maintain the details of revenue from Natural ISTS lines separately from revenue earned from UITP Projects and submit the same alongwith the true up of respective year.

6.2.2 Penalty for delay (Para No.4.3.6.2)

The Commission has approved the actual Hard Cost as claimed by the Petitioner, as the same being lower than the ordering cost. However, there has been a delay in completion of the work and the submission of PTCUL that it was carrying such work for the first time is unacceptable. PTCUL should have been aware of the scope of work and time it would take to execute the work. Also, this fact may be considered by PTCUL authorities while deciding the release of penalty imposed. The Commission at present is not making any adjustment to this effect. **However, the Petitioner is directed to bring proper and complete facts before the Commission, in this regard, in the next proceedings. The Commission based on the above will take appropriate view.**

6.2.3 *Submission of duly filled in stipulated Formats*

The Petitioner is directed to submit duly filled in Form 9.5 (Element wise breakup of Project/Asset/Element Cost for Transmission System or Communicating System), Form 9.6 (break up of Construction/Supply/Service packages) and Form 9.7 (Details of element wise cost of the Project while claiming the capitalisation of new projects in the true up for the respective year.

The Petitioner is further directed to maintain uniformity in complying and furnishing the information regarding the actual capital expenditure of new projects in the stipulated formats.

The Annual Transmission Charges approved for FY 2019-20 will be applicable with effect from April 01, 2019 and shall continue to apply till further Orders of the Commission.

(Subhash Kumar)
Chairman

7 Annexures

7.1 Annexure-1: Public Notice on PTCUL's Proposal for Multi Year Tariff from FY 2019-20 to FY 2021-22.

POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.

PTCUL

(A Govt. of Uttarakhand Undertaking)
Corporate ID No. U40101UR2004GOI028675
"Vidyut Bhawan", Near-ISBT Crossing, Saharanpur Road, Majra, Near ISBT, Dehradun-248002, Uttarakhand,
Phone No. 0135-2642006, Fax No. 0135-264360, Website www.ptcul.org

PUBLIC NOTICE

Inviting Comments on the Petition filed by PTCUL for True up for FY 2017-18, Annual Performance Review for FY 2018-19 and Multi Year Tariff for FY 2019-20 to FY 2021-22

1. Power Transmission Corporation of Uttarakhand Limited (PTCUL), a Transmission licensee in the State of Uttarakhand has filed a petition before the Commission for True up for FY 2017-18, Annual Performance Review for FY 2018-19 and Multi Year Tariff for FY 2019-20 to FY 2021-22. The summary of proposals of the Intra-State network for the aforesaid is given in the following Table:

(Rs. in Cr.)

S. No.	Particulars	FY 2017-18		FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
		Approved in Tariff Order	Claimed for true up	Approved in Tariff Order	Revised Estimates	Proposed	Proposed	Proposed
1.	O&M expenses	144.75	130.65	146.14	172.10	194.03	215.73	242.65
2.	Interest on Loan	51.34	53.10	53.48	62.66	85.00	109.61	145.77
3.	Return on Equity	22.38	39.73	20.15	49.82	68.41	89.78	119.76
4.	Income Tax	–	5.30	–	–	–	–	–
5.	Depreciation	64.34	62.57	71.15	73.69	94.18	117.74	150.79
6.	Interest on Working Capital	10.31	6.63	9.07	11.60	15.45	18.76	22.46
	Total ARR	**293.11**	**297.99**	**299.99**	**369.87**	**457.06**	**551.62**	**681.43**
7.	Add: True-up of previous year including carrying cost	(29.70)	(29.70)	(83.43)	(83.43)	(20.80)	–	–
8.	Add: Medium Term Open Access Charges refunded to UPCL	–	–	–	1.00	–	–	–
	Total ARR	**263.41**	**268.29**	**216.56**	**287.44**	**436.26**	**551.62**	**681.43**
9.	Less: Non-tariff Income	6.74	8.48	4.41	3.57	3.75	3.94	4.13
10.	Less: Income from Short-term Open Access Charges	3.89	6.24	2.84	1.57	1.65	1.73	1.82
11.	Less: Sharing of Incentive due to higher availability	–	0.67	–	–	–	–	–
	Net ARR (including SLDC)	**252.78**	**252.89**	**209.29**	**282.30**	**430.86**	**545.95**	**675.47**
12.	Less: SLDC Charges	–	–	16.84	15.28	25.83	26.28	31.53
13.	**ARR (excluding SLDC)**	**–**	**252.89**	**192.46**	**267.02**	**405.03**	**519.67**	**643.94**
14.	Less: Revenue from Natural ISTS Lines	-	20.93	–	20.93	20.93	20.93	20.93
	Net ARR	**252.78**	**231.96**	**192.46**	**246.09**	**384.10**	**498.74**	**623.01**
15.	Provision for RoE on initial equity	–	–	–	–	276.46		
16.	Provision for RoE on equity contributed by GoU through PDF	–	–	–	–	246.67		
17.	Revenue (Surplus)/ Gap including carrying cost	–	(20.80)	–	–	–	–	–

2. PTCUL has proposed a total hike of 99.6% for FY 2019-20 (which includes the truing up impact of FY 2017-18 along with carrying cost on the same) over the approved transmission charges for FY 2018-19. In addition, PTCUL has also claimed ₹ 523.13 Crore on account of Return on Equity on the initial equity and the equity contributed by Government of Uttarakhand through PDF and considering this claim, the total hike works out to 371%. In case, the entire claim of PTCUL including that of RoE on initial equity and the equity contributed thorough PDF is also accepted by the Commission, additional hike of 9.6% in consumer tariff shall be required over and above the hike proposed by UPCL.
3. Detailed proposals can be seen free of cost on any working day at the Commission's office or at the office of Managing Director, Power Transmission Corporation of Uttarakhand Limited, Dehradun. Relevant extracts can also be obtained from the above mentioned offices of the Petitioner.
4. The proposals are also available at the website of the Commission (www.uerc.gov.in) and at PTCUL's website (www.ptcul.org).
5. Objections/suggestions are invited from the consumers and other stakeholders on the above proposals. These may be sent to the Secretary, Uttarakhand Electricity Regulatory Commission, either in person, or by post at Vidyut Niyamak Bhawan, Near I.S.B.T., P.O.-Majra, Dehradun – 248171 or through e-mail to secy.uerc@gov.in as a statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by 31.01.2019.

No. 1269/HQPU/PTCUL/A-2, Dt. 19/12/2018

Managing Director

"Save Electricity in the Interest of Nation"

7.2 Annexure-2: Public Notice on PTCUL's Proposal for Business Plan from FY 2019-20 to FY 2021-22

PTCUL

POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.

(A Govt. of Uttarakhand Undertaking)

Corporate ID No. U40101UR2004GOI028675

"Vidyut Bhawan", Near-ISBT Crossing, Saharanpur Road, Majra, Near ISBT, Dehradun-248002, Uttarakhand

Phone No. 0135-2642006, Fax No. 0135-264360, Website www.ptcul.org

PUBLIC NOTICE

Inviting Comments on the Petition filed by PTCUL for approval of the Business Plan for FY 2019-20 to FY 2021-22

1. Power Transmission Corporation of Uttarakhand Limited (PTCUL), a Transmission licensee in the State of Uttarakhand has filed a petition before the Commission for approval of its Business Plan for FY 2019-20 to FY 2021-22 giving details of the activities proposed to be carried out by it during this Control Period.
2. Detailed proposals can be seen free of cost on any working day at the Commission's office or at the office of Managing Director, Power Transmission Corporation of Uttarakhand Limited, Dehradun. Relevant extracts can also be obtained from the above mentioned offices of the Petitioner.
3. The proposals are also available at the website of the Commission **(www.uerc.gov.in)** and at PTCUL's website **(www.ptcul.org)**.
4. Objections/suggestions are invited from the consumers and other stakeholders on the above proposals. These may be sent to the Secretary, Uttarakhand Electricity Regulatory Commission, either in person, or by post at Vidyut Niyamak Bhawan, Near I.S.B.T., P.O.-Majra, Dehradun– 248171 or through e-mail to **secy.uerc@gov.in** as a statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by 31.01.2019.

No. 1269/HQPU/PTCUL/A-2, Dt. 19/12/2018

Managing Director

"Save Electricity in the Interest of Nation"

7.3 Annexure-3: List of Respondents

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Ganga Prasad Agrahari	General Manager	Indian Drugs & Pharmaceuticals Ltd.	Virbhadra-249202, Rishikesh, Uttarakhand
2.	Sh. Munish Talwar	-	M/s Asahi India Glass Ltd.	Integrated Glass Plant, Village-Latherdeva Hoon, Manglaur-Jhabrera Road, P.O. Jhabrera, Tehsil Roorkee, Distt. Haridwar, Uttarakhand
3.	Sh. Pankaj Gupta	President	Industries Association of Uttarakhand	Mohabewala Industrial Area, Dehradun-248110

7.4 Annexure-4: Participants in Public Hearings

List of Participants in Hearing at Srinagar on 29.01.2019

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Darshan Singh Bhandari	-	-	Near Nagaraja Mandir, Village Srikot, Gangnali, Srinagar Garhwal
2.	Sh. Y.S. Panwar	-	-	Ramakunj, Srikot, Gangnali, Srinagar Garhwal
3.	Sh. Chandi Prasad	-	-	Naur Kinkleshwar, Chauras, Tehsil & Distt. Tehri Garhwal
4.	Sh. Kavindra Singh Bisht	-	-	1148, Indira Nagar Colony, P.O.: New Forest, Dehradun-248006
5.	Sh. Mohan Singh Negi	-	-	Village-Mandhi Chauras, P.O : Kinkleshwar, Vikaskhand Kirtinagar, Distt. Tehri Garhwal
6.	Sh. Dhirendra Singh Rawat	-	-	Village-Odda, Block-Koti, P.O. Khandiyusain, Pauri Garhwal
7.	Sh. Maatbar Singh Negi	-	-	Mohalla Kinkleshwar, Near Bank of India, Distt. Pauri Garhwal
8.	Sh. Birendra Singh Negi	Chairman	M/s Industrial Development Association	C/o Pindar Tyre Retreding, Simli-246474, Distt. Chamoli
9.	Sh. Kamal Rawat	-	-	P.O. Khandah, Srinagar Garhwal
10.	Sh. Sanjay Jain		Tropical Dairy	GIC Road, Srinagar Garhwal
11.	Sh. Madan Mohan Nautiyal	-	-	GIC Road, Srinagar Garhwal
12.	Sh. Dayal Singh Rawat	-	-	Manichauras, P.O. Kinkleshwar, Tehri Garhwal
13.	Sh. Uday Ram Lakheda	-	-	Narsari Road (Milan Kendra), Srinagar Garhwal
14.	Sh. Mahendra Pal Singh Rawat	-	-	Village-Sunaar Gaon, Near Daak Bangla, Srinagar Garhwal
15.	Sh. Hridaya Ram Kotnala	-	-	H.No. 9/60, Shakti Vihar, Bhaktiyana, Srinagar Garhwal

List of Participants in Hearing at Dehradun on 31.01.2019

Sl. No.	Name	Designation	Organization	Address
1	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
2	Sh. Rajiv Agarwal	Sr. Vice-President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
3	Sh. Rakesh Bhatia	President	M/s Uttarakhand Industrial Welfare Association	E-8, Govt. Industrial Area, Patel Nagar, Dehradun
4	Bijay Singh Tomar	State General	Laghu Udhyog	E-11, UPSIDC Industrial Area,

List of Participants in Hearing at Dehradun on 31.01.2019

Sl. No.	Name	Designation	Organization	Address
		Secretary	Bharti	Selaqui, Dehradun
5	Sh. Anil Marwah	State President	M/s Uttarakhand Industrial Welfare Association	222/5, Gandhi Gram, Kanwali Road, Dehradun, Uttarakhand
6	Sh. K.L. Khanduja	-	Sh. Ganesh Roller Floor Mills	Mohabbewala Industrial Area, Subhash Nagar, Dehradun-248001
7	Sh. Akash Agarwal	-	Arunachal Pradesh Power Corporation Ltd.	B-17, Sector-1, Noida
8	Sh. Arvind Jain	Member	Tarun Kranti Manch (Regd.)	6-Ramleela Bazaar, Dehradun
9	Sh. Anil Kumar Jain	-	-	Ramanuj Court, Sukhi Nadi, Bhupatwala, Haridwar
10	Sh. Naval Duseja	DGM (Finance & Accounts)	M/s Flex Foods Ltd.	Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun-248140
11	Sh. Vijay Singh Verma	Secretary	Kisan Club	Village-Delna, P.O. Jhabrera, Haridwar-247665, Uttarakhand
12	Sh. Mahesh Sharma	Convener	M/s Uttarakhand Industrial Welfare Association	Off. G-31, UPSIDC, Industrial Area, Selaqui, Dehradun, Uttarakhand
13	Sh. Vijay Verma	-	M/s Shiv Shakti Electricals Ltd.	Sarrafa Bazaar, Kankhal, Distt. Haridwar, Uttarakhand
14	Sunil Uniyal	-	M/s Fillmatic Packaging Systems	323 MI, Central Hope Town, Selaqui Industrial Area, Dehradun
15	Sh. Divas Joshi	-	-	Engineers Enclave, Phase-2, GMS Road, Dehradun
16	Mohd. Yusuf	-	-	73, Turner Road, Clementown, Dehradun
17	Sh. Sunil Gupta	Editor	Teesri Aankh ka Tehalka	16, Chakrata Road (Tiptop Gali), Dehradun-248001
18	Sh. Munish Talwar	-	M/s Asahi India Glass Ltd.	Integrated Glass Plant, Village-Latherdeva Hoon, Manglaur-Jhabrera Road, P.O. Jhabrera, Tehsil Roorkee, Haridwar
19	Sh. Suresh Kumar	-	-	Majra, Dehradun
20	Smt. Geeta Bisht	Spokesperson	District Congress Committee	Mohanpur, Post Off.-Premnagar, Dehradun-248007
21	Sh. V. Viru Bisht	-	-	Mohanpur, Post Off.-Premnagar, Dehradun-248007
22	Sh. Kavindra Singh Bisht	-	-	1148, Indira Nagar Colony, PO-New Forest, Dehradun-248006.
23	Sh. Manish Kathait	-	M/s Akshay Urja	47/1, Chakrata Road, Vasant Vihar,

List of Participants in Hearing at Dehradun on 31.01.2019

Sl. No.	Name	Designation	Organization	Address
			Association Ltd.	Dehradun-248006
24	Sh. Vishwamitra	-	-	36-Panchsheel Park, Chakrata Road, Dehradun
25	Sh. Ashok Goswami	Manager	Shetra Mai Jeevni Ram Sukhdevi Ram Trust	Haridwar Road, Rishikesh, Dehradun
26	Sh. Surya Prakash	-	-	271/153, Dharampur, Dehradun
27	Sh. Khemchand Gupta	-	-	Baldev Niwas, Sampurna Vihar, Shaheed Gajendra Singh Bisht Road (Shimla Road), Badowala Aarkedia, Premnagar, Dehradun.

List of Participants in Hearing at Almora on 04.02.2019

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Nayan Pant	-	-	Pant Niwas, Sitoli Road, Laxmeshwar, Distt. Almora, Uttarakhand
2.	Sh. Ranjeet Singh Bisht	-	-	Village-Gurroda, P.O.-Gurroda Bang, Distt. Almora-263623
3.	Sh. P.C. Joshi	District President	Forest Panchayat Development Society	Laver Mall, Thapaliya, Distt. Almora
4.	Sh. Naveen Chandra Joshi	Former Warrant Officer	-	S/o Late Sh. Tara Datt Joshi, Resident-Bakshi Khola, Post Off. & Distt. Almora-263601, Uttarakhand
5.	Sh. Amar Singh Karki			Mohalla-Makedi, P.O. & Distt. Almora-263601, Uttarakhand
6.	Sh. Prakash Chand Joshi	Chairman	Nagar Palika Parishad-Almora	Opp. Kheem Singh Rautela Sweet Shop, Distt. Almora
7.	Sh. T.S. Karakoti	-	-	Karakoti Niwas, Near Shankar Bhawan, East Pokhar Khali, Distt. Almora-263601, Uttarakhand
8.	Sh. Rajendra Kumar			S/o Sh. Pratap Singh Bisht, Talla Dupkia, Distt. Almora
9.	Sh. Bhupen Joshi			117, Uppar Gali, Jakhan Devi, Distt. Almora
10.	Sh. Vijay Pandey			Pokhar Khali, Near Sai Mandir, Distt. Almora
11.	Sh. Pooran Chandra Tiwari	General Secretary	Uttarakhand Lok Vahini	"Mitra Bhawan", Talla Galli, Jakhandevi, Distt. Almora, Uttarakhand.
12.	Sh. P.G. Goswami			East Pokhar khali, Near Home Guard Office, Distt. Almora
13.	Sh. Keshav Datt Pandey			Malla Kholta, Distt. Almora-263601

List of Participants in Hearing at Almora on 04.02.2019

Sl. No.	Name	Designation	Organization	Address
14.	Sh. Laxman Singh Aithani			Malla Chausar, Distt. Almora-263601
15.	Sh. Puran Singh Rautela	President	Nagar Congress	Distt. Almora, Uttarakhand
16.	Sh. Girish Dhawan			Alaknanda House, NTD, Distt. Almora, Uttarakhand
17.	Sh. Sanjay Kumar Agrawal	Director	Shree Karuna Jan Kalyan Samiti (Regd.)	Saroj Kunj, Sanjay Bhawan, Malla Joshi Khola, Distt. Almora-263601, Uttarakhand
18.	Sh. Shyam Lal Shah	Former President	Prantiya Udyog Vyapaar Pratinidhi Mandal	Gangula Mohalla, Distt. Almora, Uttarakhand
19.	Sh. Roop Singh Bisht			Sarroop Cottage, Makeri, Dharanaula Road, Distt. Almora-263601, Uttarakhand
20.	Sh. M.H. Negi			Narsingh Bari, Near Nirankari Bhawan, Distt. Almora, Uttarakhand
21.	Sh. Manoj Upreti			Laxhmeshwar, Near UPCL Distt. Sub-Station & Gas Godown, Distt. Almora, Uttarakhand
22.	Sh. P.C. Tiwari	Advocate & Central President	Uttarakhand Parivartan Party	Devki Niwas, Dharanaula, Distt. Almora-263601, Uttarakhand
23.	Sh. Manoj Joshi			Near Sunari Naula, Mohalla-Kholta, Distt. Almora-263601, Uttarakhand.
24.	Sh. K.B. Pandey	-	-	Talla Tilakpur, Sunari Naula, Distt. Almora, Uttarakhand

List of Participants in Hearing at Rudrapur on 05.02.2019

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Shakeel A. Siddiqui	Sr. General Manager (Finance)	M/s Kashi Vishwanath Textile Mill (P) Ltd.	5th KM Stone, Ramnagar Road, Kashipur-244713, Distt. Udhamsingh Nagar.
2.	Sh. B.S. Sehrawat	-	M/s ACME Cleantech Solutions Ltd.	Plot 3-8, 29-34, Sector-5, Integrated Industrial Estate Sidcul, Rudrapur, Distt. Udhamsingh Nagar.
3.	Sh. R.S. Yadav	Vice President (HR & Admn.)	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur-244713, Distt. Udhamsingh Nagar.
4.	Sh. Ashok Bansal	President	M/s Kumaon Garhwal Chamber of Commerce & Industry Uttarakhand	Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt. Udhamsingh Nagar.
5.	Sh. Ajir Awasthi	-	M/s Alpla India Pvt. Ltd.	Plot No. D 11(C), Phase –2, Eldeco Sidcul Industrial Park, Sitarganj, Distt. Udhamsingh Nagar.
6.	Sh. Suresh Kumar	-	M/s La Opala RG Ltd.	B-108, Eldeco Sidcul Industrial Park, Sitarganj, Distt. Udhamsingh Nagar
7.	Sh. Sunil Nayal	-	M/s Auto Line Industries Ltd.	Plot No. 5, 6, 8 Sector-11, Tata Vendor Park, SIDCUL, Pantnagar, Distt. Udhamsingh Nagar
8.	Sh. R.K. Singh	Head (CPED & E)	M/s Tata Motors Ltd.	Plot No. 1, Sector 11, Integrated Industrial Estate, SIDCUL, Pantnagar-263153, Distt. Udhamsingh Nagar.
9.	Sh. S.K. Garg	-	M/s BST Textile Mills Pvt. Ltd.	Plot 9, Sector 9, IIE, SIDCUL, Pantnagar, Distt. Udhamsingh Nagar
10.	Sh. G.S. Sandhu	Managing Director	M/s Tarai Foods Ltd.	Sandhu Farms, P.O. Box No. 18, Rudrapur-263153, Distt. Udhamsingh Nagar.
11.	Sh. R.P. Singh	Executive Director	M/s Tarai Foods Ltd.	Sandhu Farms, P.O. Box No. 18, Rudrapur-263153, Distt. Udhamsingh Nagar.
12.	Sh. Sreekar Sinha	-	M/s Endurance Technologies Ltd.	Plot Nos.-03 & 07, Sector-10, IIE, Pantnagar, Distt. Udhamsingh Nagar-263153
13.	Sh. Sarang Agarwal	-	M/s Umashakti Steels Pvt. Ltd.	Village-Vikrampur, PO-Bazpur, Distt. Udhamsingh Nagar.
14.	Sh. Teeka Singh Saini	President	Bhartiya Kisan Union	33, Katoratal, Kashipur, Distt. Udhamsingh Nagar
15.	Sh. Balkar Singh Fozi	-	-	Village-Raipur Khurd, Kashipur, Distt. Udhamsingh Nagar

List of Participants in Hearing at Rudrapur on 05.02.2019

Sl. No.	Name	Designation	Organization	Address
16.	Sh. Kuldeep Singh	-	Bhartiya Kisan Union	Village-Dakiya Kalan, Post Off.-Dakiya No.-I, Tehsil-Kashipur, Distt. Udhamsingh Nagar-244713
17.	Sh. R.B. Biradar	Sr. General Manager	M/s Radico Khaitan Ltd.	A-1, A-2, B-3, Industrial Area, Bazpur, Distt. Udhamsingh Nagar
18.	Sh. B.S. Sandhu	-	-	Village-Paiga Farm, P.O. Mahuakheraganj, Tehsil-Kashipur, Distt. Udhamsingh Nagar
19.	Sh. Kalyan Singh Dhillow	-	-	Village-Girdhayi, P.O. Mahuakheraganj, Tehsil-Kashipur, Distt. Udhamsingh Nagar
20.	Sh. Sukhdev Singh	Block President	Bhartiya Kisan Union	Village-Narkheda, p.o. Bazpur, Distt. Udhamsingh Nagar.
21.	Sh. Rajesh Kumar Mishra	-	M/s Sidcul Entrepreneur Welfare Society	Plot No. 1, Sector-9, IIE, SIDCUL Pantnagar, Distt. Udhamsingh Nagar.
22.	Sh. Jagdish Chandra Singh	-	M/s Bhramari Steels Pvt. Ltd.	Village-Kisanpur, Tehsil Kichha, Distt. Udhamsingh Nagar.
23.	Sh. Bhaskar Joshi	-	M/s Titan Company Ltd.	Sector-2, Plot No. 10 B&C, IIE, Sidcul, Pantnagar, Rudrapur-263154, Distt. Udhamsingh Nagar.
24.	Sh. Tushar Agrawal	-	M/s BTC Industries Ltd.	Village-Kishanpur, P.O. Deooria, Tehsil-Kichha, Distt. Udhamsingh Nagar
25.	Sh. Umesh Agrawal	-	M/s Ester Industries Ltd.	Pilibhit Road, Sohan Nagar, P.O.-Charubeta, Khatima, Distt. Udhamsingh Nagar-262308
26.	Sh. Laxmi Dutt	-	-	S/o Sh. Ganga Dutt, Village-Harsaan, P.O. Haripura, Bazpur, Distt. Udhamsingh Nagar
27.	Sh. Babu Singh	-	-	S/o Sh. Karam Singh, Village-Harsaan, P.O. Haripura, Bazpur, Distt. Udhamsingh Nagar
28.	Sh. Lekhraj Jetli	-	M/s OMAXE Riviera	Nainital Road, NH-87, Rudrapur, Distt. Udhamsingh Nagar