Order

on

True up for FY 2015-16,

Annual Performance Review for FY 2016-17

&

ARR for FY 2017-18

For

Power Transmission Corporation of Uttarakhand Ltd.

March 29, 2017

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.: 63 of 2016

In the Matter of:

Petition filed by Power Transmission Corporation of Uttarakhand Limited for True up for FY 2015-16, Annual Performance Review for FY 2016-17 and Revised Aggregate Revenue Requirement for FY 2017-18.

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: March 29, 2017

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 along with 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 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 Control Period FY 2016-17 to FY 2018-19. As per the provisions of Regulation 12 of the UERC Tariff Regulations, 2015, PTCUL filed a Petition (Petition No. 63 of 2016 and hereinafter referred to as the "Petition"), giving details of its revised projections of Aggregate Revenue Requirement (ARR) for FY 2017-18, based on the true up for FY 2015-16 and Annual Performance Review for FY 2016-17 on November 25, 2016.

The Petition filed by PTCUL had certain infirmities/deficiencies which were informed to PTCUL vide Commission's letter no. UERC/6/TF-357/2016-17/2016/1350 dated December 1, 2016 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. 941/CE(C&R)/PTCUL/ARR dated December 6, 2016 removed the critical deficiencies. Based on the submission dated December 6, 2016 made by PTCUL, the Commission vide its Order dated December 8, 2016 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 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 APR Petition filed by PTCUL for true up for FY 2015-16, APR for FY 2016-17 and revised ARR for FY 2017-18 and is based on the original as well as all the subsequent submissions made by PTCUL during the course of the proceedings and the relevant findings contained in the MYT Order dated April 5, 2016.

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 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 – Stakeholders' Objections/Suggestions, Petitioner's Responses and Commission's Views.

Chapter 3 – Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2015-16.

Chapter 4 – Commission's Analysis, Scrutiny & Conclusion on APR for FY 2016-17 and Revised ARR for FY 2017-18.

Chapter 5 - Commission's Directives.

Chapter 6 – 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 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. The Commission, in the approval of Business Plan, approved the Capital Expenditure Plan, Capitalisation Plan, Human Resource Plan and Trajectory of Transmission Availability and Loss Levels and, in the approval of MYT, approved the Aggregate Revenue Requirement for each year of the Control Period from FY 2016-17 to FY 2018-19. In accordance with Regulation 12 of the UERC Tariff Regulations, 2015, the Transmission Licensee is required to file a Petition for Annual Performance Review by November 30 of every year.

In compliance with the Regulations, PTCUL filed its Petition for Annual Performance Review for FY 2016-17 on November 25, 2016. Through the above Petition, PTCUL sought true up for FY 2015-16, review of ARR for FY 2016-17 and Revised Aggregate Revenue Requirement for FY 2017-18 based on the audited accounts for FY 2015-16. The above Petition was provisionally admitted by the Commission vide its Order dated December 8, 2016. The Commission, through its above Admittance Order dated December 8, 2016, 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 points of its proposals in the leading newspapers. The salient points of the proposal were published by the Petitioner in the following newspapers:

Table 1.1: Publication of Notice

S. No.	Newspaper Name	Date Of Publication
1	Amar Ujala	December 10, 2016
2	Times of India	December 10, 2016
3	Dainik Jagran	December 10, 2016
4	Hindustan Times	December 10, 2016

Through above notice, stakeholders were requested to submit their objections/suggestions /comments latest by January 31, 2017 (copy of the notice is enclosed as **Annexure 1**). The Commission received in all five (5) objections/suggestions/comments in writing on the Petition filed by PTCUL. The list of stakeholders who have submitted their objections/suggestions/ comments in writing is enclosed as **Annexure-2.**

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	Almora	February 21, 2017
2	Rudrapur	February 22, 2017
3	Dehradun	March 2, 2017
4	New Tehri	March 3, 2017

The list of participants who attended the Public Hearing is enclosed at **Annexure-3**.

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 APR 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 March 8, 2017, wherein, detailed deliberations were held with the Members of the Advisory Committee on the various issues linked with the Petition 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 Petition submitted by PTCUL, the Commission vide its letter no. UERC/6/TF-357/2016-17/2016/1410 dated December 15, 2016 and letter no. UERC/6/ TF-357/2016-17/2017/1697 dated February 6, 2017 pointed out certain data gaps in the Petitions and sought following additional information/clarifications from the Petitioner:

- Scheme wise details of assets capitalised in FY 2015-16.
- Financial and Physical progress of projects estimated to be completed during remaining 6 months of FY 2016-17.
- Year wise and asset wise capital expenditure of the current projects which are anticipated to be completed during the second Control Period.
- Supporting documents for the interest rate considered for the computation of interest on loan.
- Duly filled in formats as specified in the UERC Tariff Regulations, 2015.

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 10, 2017, for further deliberations on certain issues related to the Petition filed by PTCUL. Minutes of above TVS were sent to the Petitioner vide Commission's letter no. UERC/6/TF-357/ 2016-17/2017/1568 dated January 11, 2017, for its response.

The Petitioner submitted the replies to datagaps vide its letter no. 941/CE(C&R)/PTCUL /ARR dated December 6, 2016, letter no. 2536/Dir. (Projects)/PTCUL/ARR dated December 30, 2016, letter no. 23/Dir. (Projects)/PTCUL/ARR dated January 6, 2017, and letter no. 287/Dir. (Projects)/PTCUL/ARR dated February 14, 2017. The Petitioner submitted the replies to Minutes of TVS vide letter no. 260/Dir. (Projects)/PTCUL/ARR dated February 9, 2017. The submissions made by PTCUL in the Petition as well as additional submissions have been discussed by the Commission at appropriate places in the Tariff Order along with the Commission's views on the same.

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

The Commission has received five suggestions/objections on PTCUL's Petitions for True up for FY 2015-16, Annual Performance Review for FY 2016-17 and Revised Aggregate Revenue Requirement for FY 2017-18. List of stakeholders who have submitted their objections/suggestions /comments in writing is given at **Annexure-2** and the list of Respondents who have participated in the Public Hearings is enclosed at **Annexure-3**. The Commission has further obtained replies from PTCUL on the objections/suggestions/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 summarised issue wise. In the subsequent Chapters of this Order, the Commission has kept in view the objections/suggestions/comments of the stakeholders and replies of the Petitioner while deciding the ARR for PTCUL.

2.1 Increase in Employee Expenses

2.1.1 *Stakeholder's Comments*

Shri Ravindra Jugran, Former Vice President, State Youth Welfare Board, Uttarakhand and Shri Shakti Singh Bartwal submitted that as per the Official Memo No. 1199 on August 20, 2015, PTCUL has made profits for FY 2014-15 and has provided an additional increment in the salary (Basic Pay+Grade Pay) of all employees. They submitted that any profits in a year can be passed through to the employees as incentives, but not as pay increment as this may lead to increased expenditure on employee costs for the future years. This increase in costs would then have to be paid for by UPCL which shall in turn, hike tariff for consumers. They requested the Commission to look into this matter as this affects the tariff paid by the consumers. Shri Shakti Singh Bartwal also submitted that the profits for FY 2015-16 was also disbursed as one-time incentives of Rs. 50,000 to all the employees which further increased the employee expenses of the Petitioner and burdened the consumers.

2.1.2 *Petitioner's Response*

The Petitioner submitted that the incentive provided to the permanent employees of the Petitioner was implemented after following all due procedures and on approval from the competent authorities. The issue was presented to the Board of PTCUL in the 50th Board Meeting dated 20.08.2015 and was consequently approved after due deliberation. It also informed that the incentive provided was approved considering the efficiency of the organization and year-on-year sustained profits achieved by the Petitioner.

The Petitioner also submitted that the availability factor of its Transmission System for FY 2013-14 was 99.31%, for FY 2014-15 it was 99.33% and for FY 2015-16 it was 99.46%. It further submitted that the availability of its Transmission System has been one of the most efficient among the utilities in the country. PTCUL was awarded the prestigious "Gold Shield" for FY 2009-10 in the category of "Transmission System Availability" by Ministry of Power, Government of India. As regards losses and grid failure, the Petitioner submitted that its loss levels for the past years have consistently been below 2% and there has been no incidence of grid failure in the past year.

2.1.3 *Commission's Views*

The Commission has approved the Annual Transmission Charges for FY 2017-18 in accordance with the provisions of UERC Tariff Regulations, 2015 as detailed under each item of Annual Transmission Charges and the issues raised by the stakeholders have been addressed while approving the revised ARR for FY 2017-18 as detailed in subsequent Chapters of this Order. Further, the Commission has approved the O&M Expenses which include Employee Expenses on normative basis in accordance with the UERC Tariff Regulations, 2015 excluding any incentives paid by the Petitioner company which has to be met from its own resources.

2.2 Capitalization 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 be first obtained by PTCUL and only then the contract should be awarded to reduce the cost over-run.

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that 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, since PTCUL has not submitted the reasons for cost and time over-run of the projects and also has not taken the approval of the schemes from the Commission.

2.2.2 *Petitioner's Response*

The Petitioner submitted that it is an established practice to get the investment approval for all major projects from the Commission which is only given post detailed technical and financial appraisal. The Petitioner also submitted that the projects are approved by the Commission after prudence check which includes the check of clearances obtained. It also submitted that it is the constant endeavour of its officials to undertake projects within the stipulated estimates.

The Petitioner further submitted that the detailed reasons for time and cost overruns, if any, which are uncontrollable in nature, have been provided to the Commission on regular basis and also as a part of response to queries received from the Commission post submission of the Petition.

2.2.3 *Commission's Views*

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, part capitalisations have not been allowed in FY 2015-16 in accordance with the UERC Tariff Regulations, 2011 and also consistent with the methodology adopted by the Commission in the true up of previous years as elaborated in detail in subsequent Chapters of this Order. The Commission in this Order has followed the same approach adopted in the previous Orders while approving capitalisation of the projects.

2.3 Carrying Cost of Deficit

2.3.1 *Stakeholder's Comments*

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that non-finalization of GFA is due to the delay attributable to PTCUL and, hence, no carrying cost should be allowed when the GFA is finalized by the Commission.

2.3.2 *Petitioner's Response*

The Petitioner submitted that it has claimed carrying cost as per UERC (Terms and Conditions of Multi-year Tariff) Regulations, 2015. The under-recovered amount computed as a result of truing up exercise is in the nature of deferred payments & requires additional funding by the utility. The carrying cost enables the utility to service funding of such deferred payments and, hence, it has proposed the carrying cost on the revenue gap of the past years, which is also as per the practice followed under the accounting principles. It also submitted that the ARR for FY 2015-16 has been computed based on the audited accounts of FY 2015-16 and given effect for the actual capitalization during FY 2014-15.

2.3.3 *Commission's Views*

The Commission has considered the carrying cost on revenue deficit/surplus in accordance with the UERC Tariff Regulations, 2015 and the approach adopted by it in the truing up of previous years.

2.4 Annual Transmission Charges

2.4.1 *Stakeholder's Comments*

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the Commission should not allow return on equity on assets created out of power development fund as was done by it in the past.

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that PTCUL claims a sum of Rs. 26.44 Crore as actual income tax paid during FY 2015-16 as per their balance sheet. On the other hand, they claim a reasonable return on equity of Rs. 29.44 Crore for FY 2015-16. Income tax is 90% of the return. He requested that this has to be investigated and income tax be allowed only to the extent of tax on reasonable return on equity.

Shri Munish Talwar of Asahi India Glass Ltd. submitted that the interstate and intrastate transmission charges projected to the tune of Rs. 1051 Crore for FY 2015-16, FY 2016-17 and FY 2017-18 is very cumbersome and requested for clarification on the same

Dr. V.K. Garg submitted that the gross expenditure of Rs. 388.77 for FY 2017-18 is beyond justification.

Dr. V.K. Garg and Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the interest on long term loans should either remain the same when the rates are fixed or should reduce as the present interest rates are lower. The new loans are also available at low interest rates. They requested the justification for increase in interest costs from Rs. 54.5 Crore to Rs. 79.64 Crore.

Dr. V.K. Garg also requested the justification for 40% increase in the interest on working capital.

2.4.2 *Petitioner's Response*

As regards claim of RoE on assets created out of PDF, the Petitioner submitted that the case has already been decided in favour of PTCUL by the Hon'ble Appellate Tribunal of Electricity (ATE) dated May 15, 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015. Regarding the stay order issued by the Hon'ble Supreme Court in its Order dated October 12, 2015, PTCUL is in process of seeking clarification and removing stay on allowing return on equity on fund received through PDF.

As regards claim of income tax, the Petitioner submitted that the return on equity is calculated on normative basis as per the UERC (Terms and Conditions of Multi-year Tariff) Regulations, 2015 while the income tax expenditure claimed is as per the actual income tax paid by the Petitioner, the details of which have already been submitted to the Commission.

The Petitioner submitted that the ARR claimed for the years FY 2015-16, FY 2016-17 and FY 2017-18 are Rs. 336.83 Crore, Rs. 271.32 Crore and Rs. 413.71 Crore respectively. The APR for FY 2016-17 and revised ARR for FY 2017-18 have been projected on the basis of the project completion schedule envisaged by the Petitioner and that it is an established practice to get the investment approval for all major projects from the Commission which is only given post detailed technical and financial appraisal. It also submitted that all the expenses (actual as well as projected) have been determined as per the UERC (Terms and Conditions of Multi-year Tariff) Regulations, 2015.

As regards the high interest rates claimed, the Petitioner submitted that it is committed to providing the most efficient and economical service to its consumers and that it is an established practice to avail only the most economical loans. It also submitted that the credit rating of the Petitioner has improved over the years, which is a proof of reliability and efficiency, and consequently the interest rates applicable for the Petitioner have also gone down compared to previous years. The complete details of the loans availed by the Petitioner have also been submitted to the Commission.

As regards the high interest on working capital, the Petitioner submitted that the interest on working capital has been computed on normative basis as per the UERC (Terms and Conditions of Multi-year Tariff) Regulations, 2015.

2.4.3 *Commission's Views*

The Commission has approved the Annual Transmission Charges for FY 2016-17 and FY 2017-18 in accordance with the provisions of UERC Tariff Regulations, 2015 as detailed under each item of Annual Transmission Charges and the issues raised by the stakeholders have been addressed while approving the APR for FY 2016-17 and Revised ARR for FY 2017-18 as detailed in subsequent Chapters of this Order.

Further, the Commission has approved the Interest on Working Capital on normative basis in accordance with the UERC Tariff Regulations, 2015.

2.5 True-Up

2.5.1 *Stakeholder's Comments*

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that PTCUL is claiming expenses in true up as per its 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.

He also submitted that all major R&M works cannot be expected to be recurring in nature and the expenses incurred on R&M works that would yield long terms benefits to PTCUL should be capitalised. Prior approval for such expenses of capital nature should be obtained.

2.5.2 *Petitioner's Response*

The Petitioner submitted that the details of the true-up claimed for FY 2015-16 have been provided in the Petition. Also, all the recording of expenses is being done in accordance with the accounting principles. It also submitted that expenses submitted by PTCUL are examined in detail by the Commission while carrying out the truing up of expenses and revenues and only legitimate expenses are allowed.

As regards the contention against major R&M works, the Petitioner submitted that all R&M expenses are claimed as per the UERC (Terms and Conditions of Multi-year Tariff) Regulations, 2015. Also, accounting principles are followed while recording such R&M expenses.

2.5.3 *Commission's Views*

The Commission, in this regard, would like to clarify that the actual expenses both of revenue and capital nature submitted 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 2015-16 in accordance with the provisions of the UERC Tariff Regulations, 2011 while carrying out the Truing up of expenses and revenues for FY 2015-16.

Further, since separate Accounts for SLDC are not available, the Commission has carried out the truing up for FY 2015-16 for PTCUL as a whole.

2.6 Issues Raised During Meeting of State Advisory Committee

2.6.1 *Views of State Advisory Committee*

During the Advisory Committee meeting held on March 8, 2017, the Members made the following suggestions on the Petition for True up for FY 2015-16, Annual Performance Review for FY 2016-17 and Revised Aggregate Revenue Requirement FY 2017-18.

- The interest expenses projected by PTCUL for FY 2017-18 are substantially higher as compared to actual interest expenses in FY 2015-16 and the interest expenses for FY 2017-18 approved by the Commission in MYT Order. If the loans are with floating rate of interest, then with the falling interest rates, interest costs should reduce. If PTCUL is availing new loans than the same will be available at lower interest rates. Considering these aspects, the increase in interest cost needs to be examined.

- The interest rate for claiming Interest on Working Capital considered by PTCUL is on higher side. The interest on working capital is increasing by around 40% and it needs to be examined as whether corresponding increase in turnover is there or not.
- PTCUL has again claimed Return on Equity on PDF amount, though this is settled issue as per Commission's 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.
- PTCUL has claimed actual Income Tax of Rs. 26.44 Crore during FY 2015-16 on Return on Equity of Rs. 29.44 Crore. The reasons for same needs to be examined.

2.6.2 *Petitioner's Response*

The Petitioner submitted the following replies for queries raised:

a. The increase in interest expenses is due to additional capitalisation proposed by PTCUL. Further, PTCUL is availing new loans at the rates prevalent in the market after following competitive bidding process.

b. The interest on Working Capital is claimed on normative basis considering the interest rate as per the provisions of MYT Regulations.

c. The RoE on PDF is considered as the issue is pending in Hon'ble APTEL.

d. The actual income Tax during FY 2015-16 is on higher side because of higher income due to true-up amounts allowed by the Commission and incentive.

2.6.3 *Commission's Views*

The Commission has approved the Annual Transmission Charges for FY 2017-18 in accordance with the provisions of UERC Tariff Regulations, 2015 as detailed under each item of Annual Transmission Charges and the issues raised by the Advisory Committee Members has been addressed while approving the Revised ARR for FY 2017-18 as detailed in subsequent Chapters of this Order.

3 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2015-16

3.1 Annual Performance Review

The Commission, vide its Order dated May 6, 2013 on approval of Business Plan and MYT for the Control Period from FY 2013-14 to FY 2015-16, had approved the ARR for the Control Period based on the audited accounts available till FY 2011-12.

Regulation 13(1) of the UERC Tariff Regulations, 2011 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 April 11, 2015 on approval of APR for FY 2014-15, had carried out the truing up for FY 2013-14 and approved the revised ARR for FY 2015-16. The Commission vide its Tariff Order dated April 5, 2016 on approval of Business Plan and MYT for the Control Period from FY 2016-17 to FY 2018-19, carried out the truing up for FY 2014-15. Subsequently, the Petitioner had filed a Review Petition (Petition No. 24 of 2016) seeking review of the Commission's Order dated April 5, 2016 on certain grounds. The Commission vide its Order dated July 11, 2016 disposed of the Review Petition filed by the Petitioner after granting relief on one issue, i.e. allowing capitalisation of LILO of 132 kV Almora-Pithoragarh Line for 220 kV S/s Pithoragarh (PGCIL) for FY 2014-15.

The Petitioner, in this Petition, has claimed final true up for FY 2015-16 based on the audited accounts of FY 2015-16. The Petitioner, based on the final Truing up for FY 2015-16, has also proposed a revenue gap on account of truing up to be recovered in FY 2017-18.

In accordance with Regulation 13(3) of the UERC Tariff Regulations, 2011 the Commission has carried out the final truing up for FY 2015-16 based on the audited accounts for FY 2015-16. The approach adopted by the Commission in the approval of true up for FY 2015-16 is elaborated in the subsequent paragraphs.

3.2 Value of opening assets and additional capitalisation

The Commission has considered the scheme wise closing GFA for FY 2014-15 as approved in the final truing up in its Tariff Order dated April 5, 2016 and its subsequent Review Order dated

July 11, 2016, as the opening GFA for FY 2015-16.

The Petitioner has claimed the capitalisation of Rs. 76.43 Crore for FY 2015-16 in its Petition. The Petitioner has submitted the details of projects within each Scheme for which the capitalisation was claimed. The actual GFA addition as per the audited accounts for FY 2015-16 was Rs. 69.77 Crore. In addition to the GFA addition as per the audited accounts, the Petitioner has claimed the capitalisation of Rs. 6.66 Crore which was disallowed by the Commission in the final truing up for FY 2014-15 and its subsequent Review Petition.

The Commission, in its previous Orders, had repetitively emphasised the significance of the submission of information in the prescribed formats and in accordance with the Tariff Regulations. However, the Petitioner did not furnish the requisite information in the current Petition while claiming the capitalisation for FY 2015-16. The Commission sought the details of capitalisation for FY 2015-16 in the prescribed format along with the justification for additional capitalisation claimed in FY 2015-16 in accordance with UERC Tariff Regulations, 2011. In reply, the Petitioner submitted the details of actual capitalisation for FY 2015-16 in the prescribed format. However, the Commission again observed numerous discrepancies in its submissions. It is pertinent to highlight that the discrepancies were also observed even in the approved cost for the respective projects in the submissions of the Petitioner. Subsequently, during the TVS held with the Petitioner, the Petitioner was again directed to submit the capitalisation details for FY 2015-16 in the prescribed format, in response to which the Petitioner submitted the requisite information.

The Commission has prescribed the formats in its Tariff Regulations for submitting the capitalisation details of new projects. The Petitioner did not submit the duly filled in formats along with its Petition. Even after providing the opportunity for submitting the duly filled formats in MS Excel, the Petitioner provided only part information in such formats.

The Commission, in its previous Orders, had repetitively emphasised the significance of Electrical Inspector Certificate for claiming capitalisation. Although the Petitioner has submitted Electrical Inspector Certificates, however, the same were not cross referenced at appropriate places. The aforesaid deficiency was rectified only after the Commission directed the Petitioner during the TVS.

The Commission, in its previous Orders, had cautioned the Petitioner regarding the part capitalisation of schemes. The Petitioner has again claimed part capitalisation for some of the schemes in the range of 50-60% of the approved cost. The Commission has not approved such part capitalisation of schemes during truing up for FY 2015-16. The capitalisation of such schemes shall be considered only during the year, by which significant capitalisation in comparison to the approved cost is recognised in the books of accounts of the Petitioner or shall be considered if such asset is put to use.

During TVS, the Commission directed the Petitioner to submit the capitalization claimed in the prescribed format. In reply, the Petitioner claimed the capitalisation of Rs. 116.77 Crore for FY 2015-16 against the capitalization of Rs. 69.77 Crore as per the audited accounts. The capitalisation claimed of Rs. 116.77 Crore was inclusive of the actual capitalisation in FY 2015-16 and the capitalisation disallowed by the Commission in FY 2014-15. The Commission while carrying out the truing up for FY 2014-15 had disallowed the capitalisation for some of the projects due to part capitalisation. The Petitioner has again claimed the capitalisation of such projects disallowed by the Commission in FY 2014-15 including the additional capitalisation in FY 2015-16, during truing up for FY 2015-16. The Commission has observed that the completed cost for such projects was still much lower than the approved cost as per the Investment Approval. This poses serious concern regarding the practice of the Petitioner in estimating the project cost for the Investment Approval. **The Commission directs the Petitioner to make realistic estimates of the project cost while approaching the Commission for Investment Approval.** The Commission has considered the capitalisation of such completed projects in FY 2015-16 which were not allowed due to part capitalisation in FY 2014-15 and the capitalisation for the assets/projects which have been put to commercial use. For the projects capitalised for the first time in FY 2015-16 and the completed cost being lower than the approved cost as per the Investment Approval, the Commission has considered the allowable cost based on the completed cost for such projects in the true up for FY 2015-16. **The Petitioner is directed to submit detailed justification in accordance with the Tariff Regulations for claiming any additional capitalisations over and above the approved capital costs for FY 2015-16 for such projects**.

The Commission has approved the scheme wise capitalisation for FY 2015-16. In the approval of 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 and the total PV paid against the PV payable upto the commissioning of the project. In the absence of the breakup of Hard Cost and IDC separately in the Investment Approval Orders, the

Commission has considered the actual Hard Cost as claimed by Petitioner. Regarding the increase in project cost due to time overrun, Hon'ble ATE in its Judgment in Appeal No. 72 of 2010 has clearly stipulated the treatment of cost overruns and time overruns 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 other Projects, the reasons for delay are beyond the control of the Petitioner while for balance projects, the reasons are a mix of both. For projects where the reasons for delay are solely attributable to the Petitioner, the Commission has not allowed any excess IDC. For the projects where the reasons for delay are beyond the control of the Petitioner, the Commission has allowed the actual IDC and for the projects where the reasons for delay are a mix of both, the Commission has allowed 50% of the excess IDC and disallowed balance IDC. For additional capitalisation towards schemes capitalized in the previous years, the Commission has approved the additional capitalisation subject to the ceiling of the approved cost and in accordance with Regulation 24 of the UERC Tariff Regulations, 2011.

In this regard, reference is made to Regulation 24 of MYT Regulations, 2011 and Regulations 22 of MYT Regulations, 2015 which deals with additional capitalisation. **The Petitioner is directed to submit the justification of claiming any additional capitalisation in accordance with the Regulations for FY 2016-17 onwards in the Petition, failing which any claim of the Petitioner towards the additional capitalisation will not be allowed.**

In the subsequent Paras, the Commission has discussed the scheme wise capitalisation for FY 2015-16 claimed by the Petitioner and that approved by the Commission.

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

The Petitioner has claimed the capitalisation of Rs. 23.06 Crore in REC New Scheme for the projects as shown in the Table below:

Table 3.1: Capitalisation claimed for REC New Scheme in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16
Construction of 132 kV Substation Srinagar-II	21.69	FY 2015-16	0.00	18.11
LILO of 132 kV Rishikesh-Srinagar (I) Line at Srinagar (II) 132 kV Substation	1.23	FY 2011-12	0.96	1.78
Construction of SLDC at Dehradun and Construction of 2 No. Sub LDC at Kashipur and Rishikhesh	51.92	-	12.73	0.24
132 kV S/C Line on D/C Towers from 400 kV S/s Kashipur to Bazpur	8.22	FY 2009-10	8.22	0.14
LILO of 132 kV Pithoragarh-Almora line for 220 kV Pithoragarh (PGCIL) Substation	6.64*	FY 2014-15	6.64	2.79
Total	**89.70**	-	**28.55**	**23.06**

** inclusive of allowed PV of Rs. 1.57 Crore.*

The capitalisation claimed by the Petitioner is a mix of projects which were first time capitalized in FY 2015-16 and additional capitalization for the projects capitalized in previous years. The Commission has allowed the additional capitalisation claimed in FY 2015-16 for the projects which were capitalized in previous years subject to the ceiling limit of the approved cost and in accordance with Regulation 24 of the UERC Tariff Regulations, 2011. For the projects which were capitalised first time in FY 2015-16, the Commission has approved the cost in line with the methodology elaborated above, considering the reasons for cost and time over-run.

The Petitioner has claimed the completed cost of Rs. 18.11 Crore for "Construction of 132 kV Substation Srinagar II", which has been capitalised during FY 2015-16, as against the approved cost of Rs. 21.69 Crore. The Petitioner submitted that the capitalisation claimed in FY 2015-16 is full capitalisation. The Commission observed that there has been delay in completion of this project. The impact of time overrun has resulted in the increase in the project cost. In the absence of the breakup of the approved Hard Cost and IDC, the Commission has considered the actual hard cost as claimed by Petitioner. After detailed analysis of the reasons for delay submitted by the Petitioner, the Commission finds that the reasons for delay are partly attributable to the Petitioner and partly beyond its control. Hence, the Commission has allowed the 50% of the increase in IDC due to time overrun while disallowing the balance 50%. Accordingly, the Commission has approved the cost of Rs. 14.96 Crore.

The Petitioner has claimed the capitalisation of Rs. 1.78 Crore in FY 2015-16 for "LILO of 132 kV Rishikesh-Srinagar (I) Line at Srinagar (II) 132 kV Substation", as against the approved cost of Rs. 1.23 Crore, claiming the same as first time capitalisation. The Petitioner submitted that initially a 132/33 kV Srinagar II S/s was proposed in Srinagar area and DPR of line was prepared accordingly. After revised system requirement 132/33 kV S/s Srinagar-II was cancelled and a 400/220/132 kV S/s Srinagar was proposed and orientation of 132 kV Switchyard layout was changed accordingly. The route of line is required to be finalized as per orientation of 400/220/132 kV S/s Srinagar. After finalization of layout of 400/220/132 kV S/s Srinagar and orientation of gantry of 132 kV switchyard of S/s, route of line was finalised.

The said project has already been commissioned in FY 2011-12 and the Commission had approved the capitalisation of Rs. 0.96 Crore in the same year. Even the Electrical Inspector Certificate submitted by the Petitioner substantiates the fact that the project was completed in FY 2011-12. The Commission sought clarification in this regard. The Petitioner submitted that the amount of Rs. 0.96 Crore approved by the Commission was the capital expenditure incurred in that year and the capitalisation claimed in FY 2015-16 is inclusive of this amount. The Commission, while carrying out the truing up for FY 2011-12, had approved the capitalisation for the year considering the reconciliation of the project wise capitalisation with the GFA addition as per the audited accounts as submitted by the Petitioner. The Petitioner is now changing its stand that the amount of Rs. 0.96 Crore as claimed in FY 2011-12 was capital expenditure and not capitalisation in that year. The Commission expresses extreme displeasure about the manner in which the submissions are being made by the Petitioner without taking into cognizance of its own earlier submissions. Nevertheless, the Commission does not find it appropriate to change the capitalisation towards this project which has already been approved in FY 2011-12. The Commission has only considered the additional capitalisation in FY 2015-16 as the same pertains to works within the original scope and has approved the additional capitalization subject to the ceiling of the approved cost. The Petitioner has not submitted details of cost overrun in the prescribed format in accordance with the regulations and from the justifications submitted for the cost overrun by the Petitioner is not satisfactory. Hence, the cost has been restricted to the approved cost.

The Petitioner has claimed the additional capitalisation of Rs. 0.14 Crore for "132 kV S/C Line on D/C Towers from 400 kV S/s Kashipur to Bazpur", towards payment made to contractor pursuant to the outcome of an arbitration with the contractor. The Commission finds it legitimate to allow the additional capitalisation of Rs. 0.14 Crore in this regard as the same is also in accordance with the Regulations.

The Petitioner has claimed the capitalisation of Rs. 2.79 Crore for "LILO of 132 kV Pithoragarh-Almora line for 220 kV Pithoragarh (PGCIL) Substation", which is inclusive of Rs. 2.39 Crore disallowed by the Commission in the true up for FY 2014-15 and the additional capitalisation of Rs. 0.40 Crore on account of payment of bills submitted post COD of the project. For this project, the Commission had approved the capitalisation of Rs. 5.07 Crore as against Rs. 9.03 Crore claimed by the Petitioner in the final true up for FY 2014-15 vide its Order dated April 5, 2016. Subsequently, the Commission in its Review Order had allowed the price variation of Rs. 1.57 Crore and accordingly, the Commission has approved the total cost for this project as Rs. 6.64 Crore in the final truing up for FY 2014-15. By virtue of the Commission's review Order dated July 11, 2016, the approved cost of "LILO of 132 kV Pithoragarh-Almora line for 220 kV Pithoragarh (PGCIL) Substation" has attained finality at Rs. 6.64 Crore. As the approved cost has already been allowed in entirety in FY 2014-15, the Commission does not find it prudent to allow the additional capitalisation claimed by the Petitioner in FY 2015-16.

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

Table 3.2: Capitalisation approved for REC New Scheme in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16	Capitalisation approved for FY 2015-16	Total capitalisation till FY 2015-16
Construction of 132 kV Substation Srinagar-II	21.69	FY 2015-16	0.00	18.11	14.96*	14.96
LILO of 132 kV Rishikesh-Srinagar (I) Line at Srinagar (II) 132 kV Substation	1.23	FY 2011-12	0.96	1.78	0.27	1.23
Construction of SLDC at Dehradun and Construction of 2 No. Sub LDC at Kashipur and Rishikhesh	51.92	-	12.73	0.24	0.24	12.97
132 kV S/C Line on D/C Towers from 400 kV S/s Kashipur to Bazpur	8.22	FY 2009-10	8.22	0.14	0.14	8.37
LILO of 132 kV Pithoragarh-Almora line for 220 kV Pithoragarh (PGCIL) Substation	6.64	FY 2014-15	6.64	2.79	0.00	6.64
Total	**89.70**	-	**28.55**	**23.06**	**15.61**	**44.16**

**Full capitalization as submitted by the Petitioner*

3.2.2 *REC IV Scheme*

The Petitioner has claimed a capitalisation of Rs. 24.94 Crore in REC IV Scheme for the projects as shown in the Table below:

Table 3.3: Capitalisation claimed for REC IV Scheme in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16
220 kV S/s Dehradun	57.32	FY 2013-14	50.51	0.61
220 kV LILO line for Dehradun (5 Km)	1.75	FY 2013-14	1.75	1.13
132 kV LILO Kulhal – Mazra LILO Line at Dehradun (2 Km)	0.80	FY 2015-16	0.00	2.86
132 kV S/s Haridwar Road Dehradun (80 MVA)	28.09	FY 2014-15	0.00	17.36
132 kV Majra-Rishikesh LILO line at 132 kV S/s Dehradun (10 Km)	3.81	FY 2014-15	0.00	2.24
132 kV SC Link Line between 132 kV S/s Purkul and Bindal (11.5 Km)	5.96	FY 2015-16	0.00	0.06
1 No. 132 kV Bay at 132 kV S/s Kicha	1.14	FY 2015-16	0.00	0.67
220 kV D/C Ghansali - Bhilangana III (Ghuttu) Line (2X19 Km)	21.91	-	10.90	0.02
Total	**120.78**	-	**63.16**	**24.94**

The capitalisation claimed by the Petitioner is a mix of projects which were capitalized for the first time in FY 2015-16 and additional capitalization for the Projects capitalized in previous years. The Commission has allowed the additional capitalisation claimed in FY 2015-16 for the projects which were capitalized in previous years subject to the ceiling limit of the approved cost and in accordance with Regulation 24 of the UERC Tariff Regulations, 2011. For the projects which were capitalized for the first time in FY 2015-16, the Commission has approved the cost in line with the methodology elaborated above, considering the reasons for cost and time over-run.

The Petitioner has claimed the capitalisation of Rs. 2.86 Crore for "132 kV LILO Kulhal – Mazra Line at Dehradun", against the approved cost of Rs. 0.80 Crore. The Petitioner submitted the reasons for delay as RoW problems, change in scope of work and stoppage of work due to heavy rainfall. The Petitioner did not submit the information in the prescribed format with regard to the capitalisation of the new projects. The Commission asked the Petitioner to quantify the increase in project cost. In reply, the Petitioner submitted that the cost overrun is due to RoW issues, increase in number of towers provision of gantry, change in type of foundation. It is apparent that the Petitioner preferred to submit a general statement instead of furnishing component wise detailed justification for cost overrun in this case also. The Petitioner did not submit the information to the satisfaction of the Commission. Hence, the Commission has approved the project cost as Rs. 0.80 Crore for this project equivalent to the approved cost of the Project.

The Petitioner claimed the capitalization of Rs. 17.36 Crore for "132 kV S/s Haridwar Road Dehradun (80 MVA)", against the approved cost of Rs. 28.09 Crore. The Petitioner submitted that Sub-station has already been put to use and the civil work is yet to be completed. The Commission finds it prudent to allow the cost of Rs. 17.36 Crore pertaining to Sub-station as the same has been put to use. The capitalisation for the remaining work will be considered in the subsequent years in the completion of the balance civil work.

The Petitioner claimed the capitalisation of Rs. 0.06 Crore for "132 kV SC Link Line between 132 kV S/s Purkul and Bindal", as against the approved cost of Rs. 5.96 Crore. The capitalisation claimed is towards lease rent capitalised in FY 2015-16. Hence, the Commission has not considered the capitalisation towards the same in FY 2015-16 as the Project is not fully capitalised and not put to use.

For the project "220 kV D/C Ghansali - Bhilangana III (Ghuttu) Line", the Petitioner has claimed the additional capitalisation of Rs. 0.02 Crore. The Commission in the true up of previous years has not considered the additional capitalisation of this project since Appeals have been filed by both M/s BHPL and PTCUL on the above stated Orders of the Commission. The Appeals were settled vide the Judgments of Hon'ble APTEL dated November 29, 2014 in Appeal No. 128, 129 and 163 of 2013 and Judgment of Hon'ble APTEL dated May 15, 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015. Meanwhile 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 ruled 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."

In light of the ruling of the Hon'ble Supreme Court of India reproduced above, the Commission is not considering additional capitalization claimed by the Petitioner for FY 2015-16. However, the same shall be considered in subsequent tariff proceedings in accordance with the outcome of Hon'ble Supreme court in its Judgment in the matter. 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 3.4: Capitalisation approved for REC IV Scheme in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16	Capitalisation approved for FY 2015-16	Total capitalisation approved till FY 2015-16
220 kV S/s Dehradun	57.32	FY 2013-14	50.51	0.61	0.61	51.12
220 kV LILO line for Dehradun (5 Km)	1.75	FY 2013-14	1.75	1.13	0.00	1.75
132 LILO Kulhal – Mazra LILO Line at Dehradun (2 Km)	0.80	FY 2015-16	0.00	2.86	0.80	0.80
132 kV S/s Haridwar Road Dehradun (80 MVA)	28.09	FY 2014-15	0.00	17.36	17.36	17.36
132 kV Majra-Rishikesh LILO line at 132 kV S/s Dehradun (10 Km) (10 Km)	3.81	FY 2014-15	0.00	2.24	2.24	2.24
132 kV SC Link Line between 132 kV S/s Purkul and Bindal (11.5 Km)	5.96	FY 2015-16	0.00	0.06	0.00	0.00
1 No. 132 kV Bay at 132 kV S/s Kiccha	1.14	FY 2015-16	0.00	0.67	0.67*	0.67
220 kV D/C Ghansali - Bhilangana III (Ghuttu) Line (2X19 Km)	21.91	-	10.90	0.02	0.00	10.90
Total	**120.78**	**-**	**63.16**	**24.94**	**21.67**	**84.84**

**Full capitalization as submitted by the Petitioner*

3.2.3 REC V Scheme

The Petitioner has claimed the capitalisation of Rs. 4.30 Crore in REC V Scheme for the projects as shown in the Table below:

Table 3.5: Capitalisation claimed for REC V Scheme in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16
220 kV DC Line from 400 kV S/s Kashipur to 220 kV S/s Mahuakheraganj	15.37	FY 2014-15	15.37	0.03
2 No. 220 kV Bay at 400 kV S/s Kashipur	5.78	FY 2014-15	0.00	4.27
Work of foundation of wave trap and erection of structure of wave trap at 400 kV S/s Kashipur	-	FY 2015-16	0.004	0.004
Total	**21.15**	-	**15.37**	**4.30**

The capitalisation claimed by the Petitioner is a mix of projects which were capitalized for the first time in FY 2015-16 and additional capitalization for the projects capitalized in previous years. The Commission has allowed the additional capitalisation claimed in FY 2015-16 for the projects which were capitalized in previous years subject to the ceiling limit of the approved cost and in accordance with Regulation 24 of the UERC Tariff Regulations, 2011. For the projects which have been capitalised for the first time in FY 2015-16, the Commission has allowed the cost in line with the methodology elaborated above, considering the reasons for cost and time over-run.

The Petitioner has claimed the capitalisation of Rs. 0.03 Crore towards 220 kV DC Line from 400 kV S/s Kashipur to 220 kV S/s Mahuakheraganj. The Petitioner has clarified that the amount has been claimed for payment of crop compensation. The Commission finds it prudent to allow such additional capitalization in accordance with the UERC Tariff Regulations, 2011. Hence, the Commission has considered the additional capitalization towards the same in FY 2015-16.

The Petitioner has claimed the completed cost of Rs. 4.27 Crore for "2 No. 220 kV Bay at 400 kV S/s Kashipur", as against the approved cost of Rs. 5.78 Crore. The Petitioner submitted that the capitalisation claimed in FY 2015-16 is full capitalisation. In the absence of the breakup of the approved Hard Cost and IDC, the Commission has considered the actual Hard Cost as claimed by Petitioner. The Commission observed that there has been delay in completion of this project. The impact of time overrun has resulted in the increase in the project cost. The Petitioner submitted that the reason for delay was incomplete BOQ, ROW issue and delay on part of contractor in procurement of material. After detailed analysis of the reasons for delay submitted by the Petitioner, the Commission finds that the reasons for delay are partly attributable to the Petitioner and partly beyond its control. Hence, the Commission has allowed the 50% of the increase in IDC due to time overrun. Accordingly, the Commission has approved the cost of Rs. 4.09 Crore.

The Petitioner has claimed the capitalisation of Rs. 0.004 Crore towards foundation works for wave trap and erection of structure of wave trap at 400 kV S/s Kashipur. The Petitioner has clarified that the amount has been claimed for the balance work, i.e. for foundation and erection of wave trap. The Commission has allowed the same for FY 2015-16.

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 3.6: Capitalisation approved for REC V Scheme in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16	Capitalisation approved for FY 2015-16	Total capitalisation approved till FY 2015-16
220 kV DC Line from 400 kV S/s Kashipur to 220 kV S/s Mahuakheraganj	15.37	FY 2014-15	15.37	0.03	0.03	15.40
2 No. 220 kV Bay at 400 kV S/s Kashipur	5.78	FY 2014-15	0.00	4.27	4.09*	4.09
Work of foundation of wave trap and erection of structure of wave trap at 400 kV S/s Kashipur	-	FY 2015-16	0.00	0.004	0.004	0.004
Total	**21.15**	**-**	**15.37**	**4.30**	**4.12**	**19.49**

**Full capitalization as submitted by the Petitioner*

3.2.4 REC 4365

The Petitioner has claimed the capitalisation of Rs. 11.87 Crore towards "Augmentation of 220 kV S/s Roorkee" under REC 4365 Scheme. The project was completed in FY 2013-14. The Commission had not approved the capitalisation of the same in the truing up for FY 2013-14 and FY 2014-15 as the scheme did not have the Investment Approval by the Commission. The Petitioner had filed the Petition seeking post facto Investment Approval for this scheme. The Commission vide its Order dated March 01, 2017 has approved the completed cost of Rs. 11.66 Crore for this project. Accordingly, the capitalisation of this project has been considered as Rs. 11.66 Crore.

3.2.5 REC (System Improvement)

The Petitioner has claimed the capitalisation of Rs. 15.52 Crore towards a mix of System

Improvement works funded by REC in FY 2015-16 for the projects as shown in the Table below:

Table 3.7: Capitalisation claimed for REC (SI) in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16
01 No. 132/33 kV 40 MVA transformer for increasing capacity of 132 kV S/s Bhupatwala, Haridwar & construction of 03 Nos. bay at 132 kV S/s Bhupatwala, Haridwar	9.54	FY 2015-16	0.00	0.81
Construction of 132 kV S/s Chudiyala and its LILO Line	14.06	FY 2015-16	0.00	9.42
Procurement, Erection & Commissioning of 40 MVA, 132/33 kV Transformer and replacing the defective Transformer at 132 /33 kV Sub-station Roorkee	3.16	FY 2015-16	0.00	3.07
Construction of 01 no. well foundation of 220 kV Double circuit Bareilly Pantnager Line Location 146A at river Gaula	< 2.50 Crore	FY 2015-16	0.00	0.83
220 kV Bay at Pantnagar	< 2.50 Crore	FY 2015-16	0.00	1.39
Total	**-**		**0.00**	**15.52**

The said works are a mix of Commission's approved schemes and those schemes below Rs. 2.50 Crore which does not require prior approval of the Commission under the conditions of license. For the schemes which have been approved by the Commission, the Commission has approved the completed cost in FY 2015-16. For the schemes below Rs. 2.50 Crore, the Commission sought the supporting documentary evidences for the works undertaken and has approved the cost considering the nature of such works.

The Petitioner has claimed the capitalization of Rs. 0.81 Crore for "01 No. 132/33 kV 40 MVA transformer for increasing capacity of 132 kV S/s Bhupatwala, Haridwar & construction of 03 Nos. bay at 132 kV S/s Bhupatwala, Haridwar" against the approved cost of Rs. 9.54 Crore. The Commission sought clarification for claiming part capitalization of Rs. 0.81 Crore against the approved cost of Rs. 9.54 Crore. In reply, the Petitioner submitted that Rs. 0.81 Crore is the cost of only one bay and the same has been put to use. The Commission finds it prudent to allow the cost of Rs. 0.81 Crore pertaining to bay as the same has been put to use. The capitalisation for remaining work will be considered in the subsequent years on the completion of the same.

The Petitioner has claimed the capitalisation of Rs. 9.42 Crore for "Construction of 132 kV S/s Chudiyala and its LILO Line", as against the approved cost of Rs. 14.06 Crore. The Petitioner submitted that the sub-station and the first transformer were charged on 15.12.2015 and the second transformer was directly diverted to 132 kV S/s Bhupatwala. For Chudiyala S/s, the second Transformer (old and spare) was brought from Jhajra on 22.06.2016 and charged on 18.11.2016. In the absence of the breakup of the approved Hard Cost and IDC, the Commission has considered the actual Hard Cost as claimed by Petitioner. The Commission observed that there has been delay in completion of this project. After analyzing the reasons submitted by the Petitioner for time overrun, i.e. shifting of new transformer from Jwalapur to 132 kV S/s Chudiyala, the Commission finds that the reasons for delay are fully attributable/controllable to the Petitioner. Hence, the Commission has disallowed the entire increase in IDC due to time overrun. Accordingly, the Commission has approved the cost of Rs. 9.40 Crore.

The Petitioner has claimed the capitalization of Rs. 3.07 Crore for "Procurement, Erection & Commissioning of 40 MVA, 132/33 kV Transformer and replacing the defective Transformer at 132 /33 kV Sub-station Roorkee" against the approved cost of Rs. 3.16 Crore. After analysis of time and cost overrun, it is found that there is no cost or time overrun in the project and also the capitalisation claimed by the Petitioner is within the approved cost and the asset has been put to use, the Commission finds it prudent to allow the cost of Rs. 3.07 Crore.

The Petitioner has claimed the capitalisation of Rs. 0.83 Crore towards well foundation works for 220 kV D/C Bareilly Pantnagar line Location 146A at river Gaula. It has been clarified by the Petitioner that this work has been done for successful and efficient operation of transmission system in the exiting project. The Commission finds it prudent to allow such additional capitalisation since such expenditure which has become necessary for successful and efficient operation of transmission system allowable in accordance with UERC Tariff Regulations, 2011. Hence, the Commission has considered the additional capitalisation towards the same in FY 2015-16.

The Petitioner claimed the capitalisation of Rs. 1.39 Crore for "220 kV Bay at Pantnagar". The Petitioner claimed capitalization of Rs. 1.39 Crore and submitted that in lieu of penalty the Petitioner has deducted Liquidated Damage amounting to Rs. 0.15 Crore from the contractor's bill. The Commission observed that there has been delay in completion of this project due to delay in supply of material by the contractor. The Commission observed that there is an increase in IDC due to time overrun even after excluding the Liquidated Damage amount. In the absence of the breakup of Hard Cost and IDC separately in the Investment Approval Orders, the Commission has considered the actual Hard Cost as claimed by Petitioner. After detailed analysis of the reasons for delay, i.e. which were primarily on account of delay in supply of material by the contractor, the Commission finds that the reasons for delay are fully attributable to the Petitioner as the same were controllable. Hence, the Commission has disallowed increased IDC due to time overrun. Accordingly, the Commission has approved the cost of Rs. 1.23 Crore.

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 3.8: Capitalisation approved for REC (SI) in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16	Capitalisation allowable for FY 2015-16	Total capitalisation approved till FY 2015-16
01 No. 132/33 kV 40 MVA transformer for increasing capacity of 132 kV S/s Bhupatwala Haridwar & construction of 03 Nos. bay at 132 kV S/s Bhupatwala, Haridwar	9.54	FY 2015-16	0.00	0.81	0.81**	0.81
Construction of 132 kV S/s Chudiyala and its LILO Line	14.06	FY 2015-16	0.00	9.42	9.40	9.40
Procurement, Erection & Commissioning of 40 MVA, 132/33 kV Transformer and replacing the defective Transformer at 132/33 kV Sub-station Roorkee	3.16	FY 2015-16	0.00	3.07	3.07	3.07
Construction of 01 No. well foundation of 220 kV Double circuit Bareilly Pantnager Line Location 146A at river Gaula	< 2.50 Crore	FY 2015-16	0.00	0.83	0.83	0.83
220 kV Bay at Pantnagar	< 2.50 Crore	FY 2015-16	0.00	1.39	1.23*	1.23
Total	**-**	**-**	**0.00**	**15.52**	**15.35**	**15.35**

** Full capitalization as submitted by the Petitioner;*
***Cost of 1 bay put to use;*

3.2.6 PFC (System Improvement)

The Petitioner has claimed the capitalisation of Rs. 27.67 Crore towards a mix of System Improvement works funded by PFC in FY 2015-16 for the projects as shown in the Table below:

Table 3.9: Capitalisation claimed for PFC (SI) in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16
Increasing capacity of existing 132/33 kV Bhowali S/s	4.79	FY 2015-16	0.00	2.81
Augmentation of 132 kV S/s Almora	4.22	FY 2015-16	0.00	2.76
Augmentation of 132 kV S/s Bazpur	11.90	FY 2015-16	0.00	5.24
Supply & erection of SF-6 Circuit Breaker at 400 kV O&M Rishikesh	<2.50 Crore	FY 2014-15	1.35	0.45
Supply and fixing DCDB at 132 kV Bhowali	<2.50 Crore	FY 2015-16	0.00	0.03
Augmentation of 132 kV Substation Kathgodam	4.43	FY 2015-16	0.00	3.05
Augmentation of transformer capacity at SIDCUL (Haridwar) from 2*100 MVA to 2*160 MVA	18.20	FY 2015-16	0.00	9.13
Augmentation of 132 kV S/s Jwalapur	4.43	FY 2015-16	0.00	4.01
Increasing capacity of 220 kV Substation Chamba from 2x25 MVA (220/33 kV) to 1x50 MVA +1x25 MVA (220/33 kV).	7.18	FY 2015-16	0.00	0.20
Total	**-**	**-**	**1.35**	**27.67**

The said works are a mix of Commission approved schemes and those schemes below Rs. 2.50 Crore which does not require prior approval of the Commission under the conditions of license. For the schemes which have been approved by the Commission, the Commission has approved the completed cost in FY 2015-16. For the schemes below Rs. 2.50 Crore, the Commission sought the supporting documentary evidences for the works undertaken and has approved the cost considering the nature of such works.

The Commission observed that the executed cost of many of the projects is much lower than the approved cost. The Commission sought detailed justifications for the same. In reply, the Petitioner submitted that the cost discovered through competitive bidding through open tender was lower than the estimated cost for supply as well as erection of the respective projects.

For "Augmentation of 132 kV S/s Jwalapur", from the information submitted by the Petitioner, it has been observed that the Petitioner has paid an amount of Rs. 0.13 Crore towards the Price Variation after the completion date. In line with the practice adopted by the Commission in the previous orders, Price Variation paid after the completion date has not been allowed.

The Petitioner has claimed an amount of Rs. 0.20 Crore towards for "Increasing capacity of 220 kV Substation Chamba from 2x25 MVA (220/33 kV) to 1x50 MVA + 1x25 MVA (220/33 kV) against the approved cost of Rs. 7.18 Crore. The Petitioner further submitted that it is a part capitalisation and EI certification has not been obtained yet. The Commission does not find it prudent to allow such capitalisation towards the equipment which has not been put to use or partly capitalised.

For rest of the works under PFC (System Improvement) Scheme, the Commission observed that the capitalization claimed by the Petitioner is within approved cost and there is no time/cost overrun. Hence, the Commission has considered the capitalization as claimed by the Petitioner.

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 3.10: Capitalisation approved for PFC (SI) in FY 2015-16 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2014-15	Capitalisation claimed by PTCUL in FY 2015-16	Capitalisation approved for FY 2015-16	Total capitalisation approved till FY 2015-16
Increasing capacity of existing 132/33 kV Bhowali S/s	4.79	FY 2015-16	0.00	2.81	2.81*	2.81
Augmentation of 132 kV S/s Almora	4.22	FY 2015-16	0.00	2.76	2.76*	2.76
Augmentation of 132 kV S/s Bazpur	11.90	FY 2015-16	0.00	5.24	5.24*	5.24
Supply & erection of SF-6 Circuit Breaker at 400 kV O&M Rishikesh	< 2.50 Crore	FY 2014-15	1.35	0.45	0.45	1.80
Supply and fixing DCDB at 132 kV Bhowali	< 2.50 Crore	FY 2015-16	0.00	0.03	0.03	0.03
Augmentation of 132 kV Substation Kathgodam	4.43	FY 2015-16	0.00	3.05	3.05*	3.05
Augmentation of transformer capacity at SIDCUL (Haridwar) from 2*100 MVA to 2*160 MVA	18.20	FY 2015-16	0.00	9.13	9.13	9.13
Augmentation of 132 kV S/s Jwalapur	4.43	FY 2015-16	0.00	4.01	3.88*	3.88
Increasing capacity of 220 kV Substation Chamba from 2x25 MVA (220/33 kV) to 1x50 MVA +1x25 MVA (220/33 kV).	7.18	FY 2015-16	0.00	0.20	0.00	0.00
Total	**-**	**-**	**1.35**	**27.67**	**27.34**	**28.69**

**Full capitalization as submitted by the Petitioner;*

3.2.7 *Others*

The Petitioner has claimed the capitalisation of Rs. 4.71 Crore towards System Strengthening Schemes funded through Internal Resources. Out of the same, the Petitioner has claimed additional capitalisation of Rs. 1.33 Crore towards well foundation works at tower location no. 74B, 75B at Khatima Sitarganj 132 kV DC Line at River Kailash. The Petitioner has clarified that the work has been done for the smooth functioning of the transmission system. Commission finds it prudent to allow such capitalisation since such expenditure are necessary for successful and efficient operation of the transmission system. Hence, the Commission has approved the capitalisation of Rs. 4.71 Crore towards System Strengthening Schemes funded by Internal Resources.

3.2.8 *Asset deduction in FY 2015-16*

As per the audited accounts for FY 2015-16, there has been an asset deduction of Rs. 2.27 Crore. PTCUL has not considered the same while claiming the true up for FY 2015-16. The Commission sought justification for not considering the asset deduction as per the audited accounts. In reply, the Petitioner submitted that the amount of Rs. 2.27 Crore pertains to the fixed assets due to the excess capitalisation which was reversed during FY 2015-16. The Commission further sought the details of year(s) of booking such excess capitalisation, the projects under which such excess capitalisation has been booked and the reasons for booking such excess capitalisation. The Petitioner submitted that the excess capitalisation had been under the schemes NABARD (Rs. 1.92 Crore), REC New (Rs. 0.03 Crore) and System Strengthening (Rs. 0.32 Crore). The Petitioner did not submit the details of the projects in the corresponding schemes under which such excess capitalisation had been done. The approach adopted by the Commission for considering the asset deduction of Rs. 2.27 Crore is as follows:

- For REC New and System Strengthening Schemes, the Commission has deducted the amounts from the capitalisation approved for the respective Schemes in FY 2015-16 and has allowed the net capitalisation.
- For NABARD Scheme, the Commission has considered the deduction during the year in FY 2015-16 from the financing under the NABARD scheme.

3.3 Gross Fixed Assets including additional capitalisation

Based on the above, the GFA considered by the Commission for FY 2015-16 is as shown in the Table given below:

Table 3.11: Revised GFA approved by the Commission for FY 2015-16 (Rs. Crore)

S. No.	Particulars	FY 2015-16 (True up)		
		Approved in Tariff Order	Claimed	Allowable
1	Opening Value	1132.58	1006.64	1008.23
	Net Addition			
2	REC Old	122.72	0.00	0.00
3	NABARD		0.00	-1.92
4	REC New		23.06	15.58
5	REC IV		24.94	21.67
6	REC V		4.30	4.12
7	REC 4365		11.87	11.66
8	System Improvement Works			
	PFC		27.67	27.34
	REC		15.52	15.35
9	Deposit works		4.70	4.70
10	System strengthening	8.17	4.71	4.40
11	**Total addition during the year**	**130.89**	**116.77**	**102.89**
12	**Closing value**	**1263.47**	**1123.41**	**1111.12**

3.4 Capital Structure

Regulation 22 of UERC Tariff Regulations, 2011 specifies as under:

"(1) For a project declared under commercial operation on or after 1.4.2013, 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.

(2) In case of Generating Company, Transmission Licensee, Distribution Licensee, or SLDC where investments have been made prior to 1.4.2013, Debt: Equity Ratio shall be as approved by the Commission in the previous Orders."

For Schemes capitalised prior to FY 2015-16, 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 2015-16 is as shown in the Table given below:

Table 3.12: Approved Means of Finance for FY 2015-16

S. No.	Particulars	Grants	Debt	Equity	Total
1	REC Old	0%	82%	18%	100%
2	NABARD	0%	81%	19%	100%
3	REC New	0%	70%	30%	100%
4	REC IV	0%	70%	30%	100%
5	REC V	0%	70%	30%	100%
6	PFC	0%	70%	30%	100%
7	REC 4365	0%	70%	30%	100%
8	Deposit works	100%	0%	0%	100%
9	System strengthening	0%	70%	30%	100%

Based on the above, the Commission has determined the debt and equity components for FY 2015-16 which works out as given below:

Table 3.13: Details of financing for capitalisation for FY 2015-16 (Rs. Crore)

S. No.	Particulars	FY 2015-16				
		Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	79.01	86.97	662.61	179.64	1008.23
2	**Additions in the year**					
	REC Old	-	0.00	0.00	0.00	0.00
	NABARD	-	0.00	-1.56	-0.37	-1.92
	REC New	-	0.00	10.90	4.67	15.58
	REC IV	-	0.00	15.17	6.50	21.67
	REC V	-	0.00	2.88	1.24	4.12
	REC 4365	-	0.00	10.49	1.17	11.66
	System Improvement					
	PFC	-	0.00	19.14	8.20	27.34
	REC	-	0.00	10.74	4.60	15.35
	Deposit works	-	4.70	0.00	0.00	4.70
	System strengthening	-	0.00	3.08	1.32	4.40
3	**Total addition during the year**	**0.00**	**4.70**	**70.85**	**27.34**	**102.89**
4	**Closing Value**	**79.01**	**91.67**	**733.46**	**206.98**	**1111.12**

3.5 Annual Transmission Charges

Regulation 60 of the UERC Tariff Regulations, 2011 specifies as follows:

*"**60. 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:

..."

3.5.1 O&M expenses

O&M expenses comprise of Employee Expenses, A&G Expenses and R&M Expenses, i.e. expenditure on employees, administration and repairs and maintenance etc. For estimating the O&M expenses for the first Control Period, Regulation 65 of UERC Tariff Regulations, 2011 specifies as below:

"...

(2) 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.

(3) The O&M expenses for the nth year and also for the year immediately preceding the Control Period, i.e. 2012-13, 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;*

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

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

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

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

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:*

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

3.5.2 *Employee expenses*

The Petitioner has claimed the normative employee expenses of Rs. 68.08 Crore for FY 2015-16, the same as approved by the Commission in the Tariff Order. As against the same, the actual employee expenses, as per the audited accounts for FY 2015-16 is Rs. 57.71 Crore.

The Commission had approved the projections of employee expenses for FY 2015-16 in the MYT Order based on the actual employee expenses for FY 2011-12 as base year and considering the proposed manpower recruitment by the Petitioner in the Tariff Order for FY 2015-16. The base year expenses were escalated by considering the CPI Inflation and the Gn factor in accordance with UERC Tariff Regulations, 2011.

The Commission has revised the CPI Inflation based on the actual CPI Indices for the preceding 3 years for FY 2015-16. Accordingly, the Commission has computed the CPI inflation of 8.80% for FY 2015-16. Thereafter, the Commission observed that there has been recruitment of 85 no. of employees and retirement of 39 no. of employees in FY 2015-16. Accordingly, the no. of employees has increased to 798 in FY 2015-16 from 752 in FY 2014-15. Hence, the Commission has considered the Gn factor as 6.12%. The Commission has escalated the normative employee expenses of FY 2014-15 by CPI inflation and Gn factor. The Commission has considered the capitalisation of employee expenses for FY 2015-16 in the same proportion as per the audited accounts for FY 2015-16. However, in this regard it would be relevant to point out that the employee expenses capitalized of Rs. 0.16 Lakh out of the gross employee expenses of Rs. 57.88 Crore are merely 0.28% of the gross employee expenses which does not appear justified keeping in view the significant capitalisation carried out/proposed by the Petitioner. **The Petitioner is hereby directed to submit the total number of employees engaged in the projects and also the basis of charging the employee expenses to CWIP in FY 2015-16 within one month of the date of Order.**

The normative employee expenses as approved by the Commission for FY 2015-16 are as shown in the Table given below:

Table 3.14: Employee expenses approved for FY 2015-16 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Actual as per Audited Accounts	Normative	
				Claimed by PTCUL	Approved
1	Employee expenses	68.08	57.71	68.08	75.16

As the employee expenses are controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2011 as elaborated in Para 3.8.

3.5.3 R&M expenses

The Petitioner has claimed the normative R&M expenses of Rs. 35.50 Crore for FY 2015-16 the same as approved by the Commission in the Tariff Order. As against the same, the actual R&M expense for FY 2015-16 as per the audited accounts is Rs. 21.82 Crore.

The Commission had approved the projections of R&M expenses for FY 2015-16 in the Tariff

Order based on the average of actual R&M expenses for the three years FY 2009-10 to FY 2011-12 to arrive at the R&M Expenses as % of opening GFA approved for these years, and worked out the 'k' factor as 3.18%. The Commission in its Order dated April 11, 2015 revised the 'k' factor to 2.92%. The Commission has revised the WPI Inflation for FY 2015-16 based on the WPI Indices for the preceding three years and, accordingly, approved the WPI Inflation of 5.11% for FY 2015-16. The normative R&M expenses approved by the Commission for FY 2015-16 are as shown in the Table given below:

Table 3.15: R&M expenses approved for FY 2015-16 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Actual	Normative	
				Claimed	Approved
1	R&M expenses	35.50	21.82	35.50	30.94

As R&M expenses are controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2011 as elaborated in Para 3.8.

3.5.4 A&G expenses

The Petitioner has claimed the normative A&G expenses for FY 2015-16 as Rs. 13.57 Crore, the same as approved by the Commission in the Tariff Order. As against the same, the actual A&G expense for FY 2015-16 as per the audited accounts is Rs. 16.79 Crore.

The Commission has approved the projections of A&G expenses for FY 2015-16 in the MYT Order based on the average of actual Gross A&G expenses other than the licensee fees and guarantee fees for three years, i.e. FY 2009-10 to FY 2011-12. The Gross A&G expenses were then arrived for FY 2011-12 considering the average of 3 years and the escalation factor approved by the Commission for FY 2011-12. The expenses of FY 2011-12 were further escalated with the average increase in WPI in accordance with UERC Tariff Regulations, 2011 to estimate the A&G expenses for FY 2012-13 and FY 2013-14 in the MYT Order.

The Commission in this Order has revised the WPI Inflation for based on the WPI Indices for the preceding three years and, accordingly, has computed the WPI Inflation of 5.11% for FY 2015-16. The Commission has escalated the approved gross normative A&G expenses for FY 2014-15 by the inflation factor of 5.11%. Thereafter, the Commission has added the actual Licensee Fee paid for FY 2015-16. The Petitioner has not capitalized any A&G expenses. However, in this regard it would be relevant to point out that the A&G expenses capitalized have been nil which does not appear justified keeping in view the expenses of the project offices of the Petitioner. **The Petitioner is**

hereby directed to submit the total number of project offices, officers engaged in the project offices and expenses of such project offices and also the basis of charging the A&G expenses to CWIP in FY 2015-16 within one month of the date of Order.

Further, the Commission had also approved a onetime provision of Rs. 1.00 Crore in the A&G expenses, in the MYT Order, in accordance with UERC Tariff Regulations, 2011. The Petitioner submitted that it had not incurred any expenses on this account. Hence, the Commission has not considered the same. The normative A&G expenses approved by the Commission for FY 2015-16 are as shown in the Table given below:

Table 3.16: A&G expenses approved for FY 2015-16 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Actual	Normative	
				Claimed by PTCUL	Approved
1	A&G expenses	13.57	16.79	13.57	12.71

As A&G expenses are controllable in nature, the Commission has carried out the sharing of gains in accordance with UERC Tariff Regulations, 2011 as elaborated in Para 3.8.

3.5.5 O&M expenses

Based on the above, the normative O&M expenses approved by the Commission for FY 2015-16 on truing up considering the impact of sharing of gain and losses, as discussed in Para 3.8 of this order, are as shown in the Table given below:

Table 3.17: O&M expenses approved for FY 2015-16 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Actual	Normative		Rebate in Tariff/(recovery through tariff)	Entitlement after sharing gain/losses
				Claimed by PTCUL	Approved		
1	Employee expenses	68.08	57.71	68.08	75.16		
2	R&M expenses	35.50	21.82	35.50	30.94	4.66	114.15
3	A&G expenses	13.57	16.79	13.57	12.71		
Total O&M expenses		**117.15**	**96.32**	**117.15**	**118.81**	**4.66**	**114.15**

3.5.6 ..Interest and Finance Charges

Regulation 28 of the UERC Tariff Regulations, 2011 specifies as follows:

"(1) The loans arrived at in the manner indicated in Regulation 22 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2013 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2013 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 Petitioner has claimed the interest expenses of Rs. 59.33 Crore for FY 2015-16. The Petitioner submitted that the closing loan balances for FY 2014-15 have been considered as the opening loan balances for FY 2015-16. 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 11.72% has been considered for computing the interest expenses.

The Commission observed that although the Petitioner has submitted that the closing loan balance for FY 2014-15 as approved by the Commission has been considered, the actual opening loan balance considered by the Petitioner is different from the closing loan balance approved by the Commission in the truing up for FY 2014-15. The Commission has considered the approved closing loan balance for FY 2014-15 as the opening loan balance for FY 2015-16. The Commission has worked out the Interest Charges considering the loan amount corresponding to the assets capitalised in FY 2015-16 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 Petitioner has considered the rate of interest as 11.72% for computing the interest expense for FY 2015-16. The Commission observed that for arriving at the weighted average interest rate of 11.72%, the Petitioner has considered short term loans also. Further, it was observed that the loan balances as per the audited accounts did not match with the loan balances considered by the Petitioner for arriving at the weighted average interest rate of 11.72%. In reply to a specific query of the Commission in this regard, the Petitioner submitted that the variation is on account of the difference in the loan balances as per the audited accounts and the loan MIS. The Commission for truing up of interest expenses for FY 2015-16 has considered the weighted average interest rate of 10.34% computed considering the loan balances and interest expenses as per the audited accounts and in accordance with the UERC Tariff Regulations, 2011. **The Petitioner is directed to ensure consistency in the loan balances and the interest amount as per the audited accounts vis-à-vis its Loan MIS in all its tariff petitions in future**.

The interest expenses approved by the Commission for FY 2015-16 are as shown in the Table given below:

Table 3.18: Interest expenses approved for FY 2015-16 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
Gross Opening Loan	864.40	-	746.11*
Cumulative Repayments	367.61	-	362.94
Net opening Loan	496.79	514.25	383.17
Drawal during the year	106.05	61.93	72.41
Repayment during the year	57.32	77.60	48.73
Closing Loan	545.53	498.58	406.85
Interest Rate	11.81%	11.72%	10.34%
Interest	**61.55**	**59.33**	**40.86**

**inclusive of PFC (NABARD gap funding) of Rs. 83.49 Crore.*

The amount of loan drawn during FY 2015-16 as shown in the above Table is in variation to that of the loan addition during FY 2015-16 as shown in Table 3.13 (Table on Means of Finance) on account of the asset deduction of Rs. 1.92 Crore under NABARD Scheme in FY 2015-16 is towards an entry made in FY 2004-05. The entire loan pertaining to the asset must have been paid and the treatment of the same must have been incorporated in the net opening loan for FY 2015-16 and considering the debt portion on account of deduction of the asset in the drawl during the year will lead to double impact of the debt portion. Hence, the Commission has considered the loan addition during the year for FY 2015-16 as Rs. 72.41 Crore (excluding the deduction in loan of Rs. 1.56 Crore on account of asset deduction under NABARD Scheme) in the above table in place of Rs. 70.85 Crore as depicted in Table 3.13.

3.5.7 Income Tax

Regulation 35 of the UERC Tariff Regulations, 2011 specifies as follows:

"35. 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. 26.44 Crore for FY 2015-16. The Petitioner has submitted the supporting documents for the income tax claimed for FY 2015-16. Based on the scrutiny of the documentary evidence submitted by the Petitioner, the Commission has approved the actual income tax of Rs. 26.44 Crore for FY 2015-16 as the same is from the regulated business of the Petitioner.

3.5.8 Return on Equity

Regulation 27 of the UERC Tariff Regulations, 2011 specifies as follows:

"(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 22.

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 Generating Stations, Transmission Licensee and SLDC and at the rate of 16% for Distribution Licensee on a post-tax basis.

..."

The Petitioner has claimed the Return on Equity for FY 2015-16 as Rs. 27.77 Crore including Return on Equity invested from PDF. The Petitioner submitted that the Return on Equity has been claimed on the opening balance of eligible equity for return purposes for FY 2015-16 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 funds from PDF. The Commission has allowed the Return on Equity on the equity base excluding the equity from PDF at the rate of 15.50%. The Return on Equity approved by the Commission for FY 2015-16 is as shown in the Table given below:

Table 3.19: Return on Equity approved for FY 2015-16 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
Opening Equity	201.36	179.17	179.64
Addition during the year	-	33.62	27.34
Closing Equity	-	212.79	206.98
Eligible Equity for Return	95.22	179.17	73.50
Rate of Return on Equity	15.50%	15.50%	15.50%
Return on Equity	**14.76**	**27.77**	**11.39**

3.5.9 *Depreciation*

Regulation 29(1) of the above Regulations 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.

…

(5) 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.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2013 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2013 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.

(7) 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 Petitioner has claimed a depreciation of Rs. 77.60 Crore for FY 2015-16.

The Commission has considered the closing GFA approved in the true up for FY 2014-15 as the opening GFA for FY 2015-16. The Commission has approved the asset class wise GFA by proportionately allocating the approved addition to GFA in FY 2015-16 in the same proportion as in the audited accounts for FY 2015-16. The Commission has approved the depreciation for FY 2015-16 by applying the depreciation rates specified in the UERC Tariff Regulations, 2011. The Commission has deducted the depreciation on assets created out of grants by applying the weighted average rate of depreciation for FY 2015-16. Accordingly, the depreciation approved by the Commission for FY 2015-16 is as shown in the Table given below:

Table 3.20: Depreciation approved for FY 2015-16 (Rs. Crore)

Particulars	Approved in the Tariff Order	Claimed by PTCUL	Approved
Depreciation	57.32	77.60	48.73

3.5.10 *Interest on Working Capital*

Regulation 34(2) of the UERC Tariff Regulations, 2011 specifies as follows:

"(2) Transmission:

a) The Transmission Licensee shall be allowed interest on the estimated level of working capital for the financial year, computed as follows:

(i) Operation and maintenance expenses for one month;

(ii) Maintenance spares @ 15% of operation and maintenance expenses; and

(iii) Two month equivalent of the expected revenue from transmission charges at the prevailing tariffs;"

The Petitioner has claimed the normative interest on working capital for FY 2015-16 as Rs. 11.69 Crore. As against the same, the actual interest on working capital for FY 2015-16 is Zero.

The Commission has computed the normative IWC in accordance with UERC Tariff Regulations, 2011.

3.5.10.1 *One Month O&M Expenses*

The annual O&M expenses approved by the Commission are Rs. 118.81 Crore for FY 2015-16. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 9.90 Crore for FY 2015-16.

3.5.10.2 Maintenance Spares

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2011, which work out to Rs. 17.82 Crore for FY 2015-16.

3.5.10.3 Receivables

The Commission has approved the receivables for two months based on the approved Annual Transmission Charges of Rs. 278.50 Crore for FY 2015-16, which works out to Rs. 46.42 Crore for FY 2015-16.

Based on the above, the total working capital requirement of the Petitioner for FY 2015-16 works out to Rs. 74.14 Crore. The Commission has considered the rate of interest on working capital as 14.75% equal to State Bank Advance Rate (SBAR) of State Bank of India as on the date of filing of the APR Petition and, accordingly, the interest on working capital works out to Rs. 10.94 Crore for FY 2015-16.

As the working capital requirement for the Transmission Licensee is a controllable parameter the Commission has carried out the sharing of gains in accordance with UERC Tariff Regulations, 2011 as elaborated in Para 3.8. The Interest on Working Capital approved by the Commission for FY 2015-16 after considering the sharing of gain/losses is as shown in the Table given below:

Table 3.21: Interest on working capital approved for FY 2015-16 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up		Rebate in Tariff/(recovery through tariff)	Entitlement after sharing gain/losses
		Claimed by PTCUL	Approved		
O&M expenses for 1 month	9.76	9.43	9.90		
Maintenance Spares	17.57	16.97	17.82		
Receivables for 2 months	43.91	56.14	46.42		
Working Capital	**71.25**	**82.54**	**74.14**		
Rate of Interest on Working Capital	14.75%	14.05%	14.75%		
Interest on Working Capital	**10.51**	**11.60**	**10.94**	**2.19**	**8.75**

3.5.11 Non-Tariff Income

The Petitioner has claimed Non-Tariff Income of Rs. 6.11 Crore as per the audited accounts for FY 2015-16. The Commission has approved the actual non-tariff income of Rs. 6.11 Crore for FY 2015-16 as per the audited accounts.

3.5.12 *Revenue from Short Term Open Access*

The Petitioner has claimed the revenue from Short Term Open Access as Rs. 4.43 Crore as per the audited accounts for FY 2015-16. The Commission has considered the same and deducted it from the ARR of the Petitioner in accordance with the UERC Tariff Regulations, 2011.

3.5.13 *Annual Transmission Charges*

Based on the above, the Annual Transmission Charges approved by the Commission for FY 2015-16 is as shown in the Table given below:

Table 3.22: Annual Transmission Charges approved for FY 2015-16 (Rs. Crore)

Particulars	Tariff Order	Claimed	Allowable
O&M expenses after sharing of gains and losses	**117.15**	**96.32**	**114.15**
Interest on Loan	61.55	59.33	40.86
Guarantee Fee	2.19	0.00	0.00
Return on Equity	14.76	27.77	11.39
Income Tax	0.00	26.44	26.44
Depreciation	57.32	77.60	48.73
Interest on Working Capital after sharing of gains and losses	10.51	11.60	8.75
Aggregate Revenue Requirement (including SLDC Charges)	**263.48**	**299.06**	**250.32**
Less: Non-Tariff Income	1.44	6.11	6.11
Less: Gain on Efficiency in Performance Parameter (Availability)	-	-	1.99
Less: Revenue from STOA charges	-	4.43	4.43
Add: True up of previous years	40.71	40.71	40.71
Annual Transmission Charges	**302.75**	**329.23**	**278.50**

**Actual as per the audited accounts*

3.6 ATC for Natural ISTS lines of PTCUL

CERC vide its Order dated 11.12.2015 in Petition no. 215/TT/2013 has approved ATC of total Rs. 69.60 Crore for FY 2011-12, 2012-13 and FY 2013-14 for three transmission lines, i.e. "400 kV S/C Roorkee-Muzafarnagar", "400 kV S/C Kashipur – Moradabad" and "220 kV S/C Panthnagar – Baikanthpur (Bareilly)" of PTCUL. In this regard during TVS, the Commission sought the progress regarding the inclusion of the said assets in the POC mechanism and recovery of the same. In reply, the Petitioner submitted that details are required to be submitted to NLDC and the same is under process and status of the same would be apprised to the Commission within one month. The Petitioner also submitted that CERC had approved the Yearly Transmission Charges for FY 2011-12 to FY 2013-14 and UPCL was the sole beneficiary drawing power from these Lines till FY 2015-16. Currently, other beneficiaries have been included and PTCUL agreed to submit the details of beneficiaries, however, the Petitioner has not submitted any detail till date. **The Commission**

directs the Petitioner that it has to comply with the Orders issued by CERC and submit the details to NLDC irrespective of beneficiary of these lines. Further, it has been observed from the CERC order that PTCUL is yet to file petition for seeking determination of tariff for more Natural ISTS lines. Accordingly, PTCUL is directed to submit the copy of the CERC order on determination of Annual Transmission Charges pertaining to Natural ISTS lines owned by PTCUL alongwith the compliance thereof in the next Tariff Petition.

3.7 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, 2011. The actual Transmission Availability Factor for FY 2015-16 was 99.46%. Regulation 68 of the UERC Tariff Regulations, 2011 specifies the methodology of billing of Transmission Charges by the Transmission Licensee.

From the audited accounts for FY 2015-16, the Commission observed that the Petitioner has received the incentive of Rs. 15.75 Crore on account of higher Transmission Availability Factor for the period from FY 2009-10 to FY 2015-16. The provisions of UERC Transmission Tariff Regulations, 2004 were applicable till FY 2012-13. In accordance with the provisions of the UERC Transmission Tariff Regulations, 2004, the incentive on achieving the annual Availability beyond the target Availability as specified in the Regulations is to the account of the Transmission Licensee.

Out of the amount of Rs. 15.75 Crore, the amount pertaining to the period from FY 2013-14 to FY 2015-16 is Rs. 9.94 Crore. As per UERC Tariff Regulations, 2011, 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. 9.94 Crore pertaining to the period FY 2013-14 to FY 2015-16 in accordance with the UERC Tariff Regulations, 2011.

3.8 Sharing of gains and losses

Regulation 13 of the UERC Tariff Regulations, 2011 specifies as follows:

*"**13. 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 14;

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 15;

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 14 of the UERC Tariff Regulations, 2011 specify that:

*"**14. 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 15 of the UERC Tariff Regulations, 2011 specifies as follows:

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

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

a) 20% of such gain shall be passed on as a rebate in tariffs over such period as may be specified in the Order of the Commission;

b) The balance amount of gain may be utilized at the discretion of the Applicant.

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

a) 25% of the amount of such loss shall be allowed by the Commission to be recovered through tariffs over such period as may be specified in the Order of the Commission under;

b) The balance amount of loss shall be absorbed by the Applicant."

Hence, in accordance with UERC Tariff Regulations, 2011, the O&M expenses, Interest on Working Capital and gain on efficiency in performance parameters, i.e. Availability etc. 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 15.

The Petitioner during FY 2015-16 had paid an advance increment to its employees for the reasons that it had made profits during the year. Any incentive paid to the employees by the Petitioner will not be allowed to be pass through and loaded on to the consumers and will have to be borne by the Petitioner from its own resources. The details of incentives paid by the Petitioner to its employees during FY 2015-16 were sought. In response the Petitioner submitted that the total incentive paid to the employees during FY 2015-16 was Rs. 0.81 Crore. The Commission has while carrying out the sharing of gains and losses reduced this amount from the actual O&M expenses. Furthermore, since the advance increment granted to the employees will have impact on years to come, accordingly, **the Petitioner is directed to maintain separate details for the same and submit to the Commission the amount relating to the same every year in its Petition.**

The sharing of gains on account of controllable factors approved by the Commission for FY 2015-16 is as shown in the Table given below:

Table 3.23: Sharing of gains on account of controllable factors approved by the Commission for FY 2015-16 (Rs. Crore)

Particulars	Actual	Trued up	Aggregate gain/(loss)	Rebate in Tariff / (recovery through tariff)	Entitlement in Gains/ losses	Net entitlement of the Petitioner
	A	B	C=B-A	D=20%/(25%) x C	E=C-D	F=B-D
O&M expenses	95.51*	118.81	23.29	4.66	18.64	114.15
Interest on Working Capital	0.00	10.94	10.94	2.19	8.75	8.75
Gain on Efficiency in Performance Parameter (Availability)	-	-	9.94	1.99	7.95	-
Total	**-**	**-**	**44.17**	**8.83**	**35.34**	**-**

**After deduction of Rs. 0.81 Crore additional increment given by the Petitioner to its employees*

The revenue gap for FY 2015-16 after sharing of gains and losses for FY 2015-16 as claimed by the Petitioner is shown in the Table given below:

Table 3.24: Revenue gap for FY 2015-16 claimed by the Petitioner (Rs. Crore)

Particulars	Legend	Amount
Trued up ARR (PTCUL)	A	340.83
Less: Rebate in Tariff	B	4.00
Net ARR	C=A-B	336.83
Revenue from Transmission Charges	D	295.30
Revenue gap/(surplus)	**E=C-D**	**41.53**

The net revenue gap/(surplus) for FY 2015-16 after sharing of gains and losses for FY 2015-16 as approved by the Commission is shown in the Table given below:

Table 3.25: Revenue gap/(surplus) for FY 2015-16 approved by the Commission (Rs. Crore)

Particulars	Legend	Amount
Trued up ATC after sharing of gains and losses (including SLDC Charges)	A	278.50
ATC approved in the Tariff Order (including SLDC Charges)	B	302.75
Revenue gap/(surplus)	**C=A-B**	**-24.25**

Hence, the Commission has approved the revenue surplus of Rs. 24.25 Crore as against the revenue gap of Rs. 41.53 Crore claimed by PTCUL.

3.9 Total revenue gap to be carried forward to FY 2017-18

The Petitioner has claimed the revenue gap for FY 2015-16 to be carried forward to FY 2017-18 as Rs. 57.81 Crore (including carrying cost). The revenue surplus to be adjusted in the ATC of FY

2017-18 is as shown in the Table below:

Table 3.26: Total revenue surplus approved by the Commission to be adjusted in FY 2017-18 (Rs. Crore)

Particulars	FY 2015-16	FY 2016-17
Opening Gap/(Surplus)	0.00	-26.04
Addition	-24.25	0.00
Closing Gap/(Surplus)	-24.25	-26.04
Interest rate	14.75%	14.05%
Carrying cost/(holding cost)	-1.78	-3.66
Cumulative Gap/(Surplus)	-26.04	-29.70

4 Commission's Analysis, Scrutiny & Conclusion on APR for FY 2016-17 and Revised ARR for FY 2017-18

4.1 Annual Performance Review

Regulation 12(1) of the UERC Tariff Regulations, 2015 specifies that under the MYT framework, the performance of the Transmission Licensee shall be subject to Annual Performance Review.

Regulation 12(3) of the UERC Tariff Regulations, 2015 specifies that:

"The scope of Annual Performance Review shall be a comparison of the performance of the Applicant with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:-

a) A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors;

b) Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors);

c) Revision of estimates for the ensuing financial year, if required, based on audited financial results for the previous financial year;

d) Computation of sharing of gains and losses on account of controllable factors for the previous year."

The Commission vide its Order dated April 5, 2016 approved the MYT Petition of the Petitioner for the second Control Period FY 2016-17 to FY 2018-19 based on the Audited Accounts available till FY 2014-15. The Petitioner, in this Petition, proposed the revision of estimates for FY 2016-17 and FY 2017-18 based on the audited accounts for FY 2015-16. The Petitioner, based on the final Truing up for FY 2015-16, also proposed the revenue gap for FY 2015-16 to be recovered in FY 2017-18.

The Commission in this Order has carried out the final Truing up for FY 2015-16 in accordance with UERC Tariff Regulations, 2011 as elaborated in the preceding section. 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. Hence, the Commission under the provisions of Regulation 12(3) of the UERC Tariff Regulations, 2015 has revised the ARR for FY 2017-18 based on the approved capitalisation for FY 2015-16 and revised estimated capitalisation for FY 2016-17. The Commission has computed certain expenses for FY 2016-17 based on the revised GFA for FY 2015-16 and FY 2016-17 only to facilitate the computations for FY 2017-18. The approach adopted by the Commission in the approval of each element of ARR for FY 2017-18 is elaborated in the subsequent paragraphs.

4.2 Capitalisation for FY 2016-17 and FY 2017-18

The Commission vide its Order dated April 5, 2016 on approval of Business Plan and MYT Petition of the Petitioner for the Control Period FY 2016-17 to FY 2018-19, had approved the capitalisation for each year of the Control Period. The Petitioner submitted that the actual capitalisation during the first 6 months of FY 2016-17 was Rs. 114.65 Crore and based on the progress of balance 6 months of FY 2016-17, it estimated to achieve the capitalisation of Rs. 307.20 Crore for FY 2016-17 as against the approved capitalisation of Rs. 115.69 Crore. The Table below shows the list of projects completed during first 6 months of FY 2016-17 as submitted by the Petitioner:

Table 4.1: Projects completed in first 6 months of FY 2016-17 as submitted by the Petitioner

Scheme	Project	Capitalisation (Rs. Crore)
REC I	132 kV S/s Simli	13.03
REC I	132 kV Srinagar Simli Line	101.01
REC II	132 kV Switching S/s Srinagar	0.45
REC II	LILO of 132 kV Rishikesh Srinagar Line at Rishikesh	0.01
REC IV	220 kV S/s Dehradun	0.14
Total		**114.65**

The Table below shows the Scheme wise capitalisation claimed by the Petitioner for FY 2016-17:

Table 4.2: Capitalisation for FY 2016-17 as submitted by the Petitioner

Scheme	Project Name	Rs. (in Crore)
REC I	132 kV D/C Srinagar-Simli Line	122.18
REC I	132 kV S/s Simli	13.03
REC II	Construction of 132 kV Srinagar-II Substation	0.45
REC II	LILO 132 kV Rishikesh-Srinagar (I) Line at 132 kV Substation Srinagar-II	0.01
REC-II	Construction of SLDC Dehradun and Two Sub-LDC at Kashipur & Rishikesh	0.71
REC-IV	132 kV S/s Haridwar Road, Dehradun (80 MVA)	2.49
REC-IV	220 kV Substation Dehradun	3.00
REC-IV	220 kV S/s Dehradun (Colony Non-Turnkey works)	3.37
REC IV	LILO of 132 kV Purkul - Dhalipur line at 220 kV Dehradun (2.5 Km)	2.09
REC IV	132 kV Kulhal - Majra LILO line at Dehradun	1.15
REC V	Construction of Type 2, 3, 4 residences for 220 kV Mahuakheraganj S/s (Additional Capitalization)	4.75
REC VI	Construction of (2x25 MVA) - 220/33 kV Substation at Piran Kaliyar and LILO of 220 kV S/C Roshnabad (Haridwar)- Puhana line at 220/33 kV Sub-station Piran Kaliyar	9.91
REC XII	220 kV D/C twin Zebra line from 400 kV S/s PGCIL, Dehradun to 220 kV S/s PTCUL, Dehradun	15.3
REC-9605	Augmentation of 220 kV S/s Jhajhra, Dehradun	24.85
REC-9029	Construction of 132 kV S/s Chudiyala and its LILO line	4.64
REC-9029	Civil work, 132 kV S/S Chudiyala Roorkee	0.10
REC-9218	Augmentation of 220/33 kV S/s to 220/132 kV S/s with additional 2X 100 MVA transformers at Piran Kaliyar.	13.20
REC-9666	Increasing capacity of 220 kV S/s Virbhadra Rishikesh Substation (from 2 x 160 MVA (220/132 kV) to 3 x 160 MVA (220/132 kV))	18.19
	Supply of Materials for Construction of 220 kV Bay & 132 kV Bay for 160 MVA Transformer (220/132 kV) at 220 kV S/s, Rishikesh (LOA No. 2088/CE(C&P)/PTCUL/SS-08/2015-16/LOA dated 12.10.2015) (M/s Ishaan Enterprises, Howrah)	
	Supply, Erection (Excluding of Transformer Foundation Work) and Supervision of Testing & Commissioning of 01 No. 160 MVA Transformer 220/132 kV for Rishikesh (LOA No. 2108/CE(C&P)/ PTCUL/TF-11/2015-16/LOA dated 13.10.2015) (M/s. IMP, Mumbai)	
	Work of Extension of 220 kV Switchyard and 220 kV Bay for 160 MVA 220/132 kV Transformer-III at 220 kV Substation, Rishikesh (Agreement No. CE/GZR-34/2015-16 dated 15.12.2015) (M/s. Singhal & Co., Rishikesh).	
	Work of Extension of 132 kV Bay for 160 MVA Transformer at 220/132 kV Substation, Rishikesh (Agreement No. CE/GZR-35/2015-16 dated 15.12.2015) (M/s. Singhal & Co., Rishikesh)	
REC-9664	Procurement, erection & commissioning of 01 No. 132/33 kV 40 MVA transformer for increasing capacity of 132 kV S/s Bhupatwala Haridwar Construction of 03 Nos. bay at 132 kV S/s Bhupatwala, Haridwar	5.86
REC-8851	Installation of 220/33 kV 50 MVA transformer and construction of 3 Nos 33 kV bay at 220 KV SIDCUL S/s Haridwar	9.88
REC-11 5787	PTCUL office building 132 kV S/s Majra Dehradun	0.35
PFC-09303014	Augmentation of 132 kV S/s Jwalapur	0.55

PFC-093023002	Supply & erection of SF-6 Circuit Breaker at 400 kV O&M Rishikesh Supply	1.25
Internal sources	Supply & erection of SF-6 Circuit Breaker at 400 kV O&M Rishikesh Erection	0.07
Internal resources	Re-alignment of tower at loc. No. 30 to a safe place of 132 kV Kathgodam -Bhowali line.	0.50
Deposit work (NHAI (PWD))	Shifting of 220 kV and 132 kV transmission line at meeting point of NH 72 A of ISBT chowk	1.49
Deposit work (NHAI)	Shifting of 132 kV and 220 kV transmission line for construction of lane Haridwar Dehradun section of NH 58 and 72 in Uttarakhand	4.27
Deposit Work	Construction of MES Bay at 132 kV Substation Pithoragarh.	0.35
DPR Submitted	Plie foundation of LILO of Rosnabad-Puhana 220 kV line at 220 kV S/s Piran kaliyar	1.13
NA	Civil work, 132 kV S/s Pithroragarh	0.70
NA	Replacement of 132 kV Roorkee-Manglore line conductor by new AAAC/HTLS conductor at 132 kV S/s Manglore	10.64
NA	Replacement of 132 kV Roorkee-laksar line old wolf conductor by new AAAC/HTLS conductor at 132 kV S/s laksar	30.74
Total		**307.20**

The Petitioner proposed the capitalisation of Rs. 580.09 Crore for FY 2017-18 as against Rs. 137.82 Crore approved by the Commission.

The Commission had approved the capitalisation of Rs. 115.69 Crore and Rs. 137.82 Crore for FY 2016-17 and FY 2017-18 respectively in the MYT Order dated April 5, 2016. The Commission observed that the significant variation in capitalisation figures for FY 2016-17 was on account of the projects “132 kV S/s Simli” and “132 kV Srinagar Simli Line” under REC Old Scheme towards which the Petitioner has claimed the capitalisation of Rs. 135.21 Crore. It is pertinent to mention that the project “132 kV S/s Simli” was completed in FY 2011-12. However, the Commission had not allowed the capitalisation for this project as the associated “132 kV Srinagar Simli Line” was not completed. The project cost of 132 kV Srinagar Simli Line had increased exorbitantly due to the delay of around 8 years in obtaining the Forest Clearance for the project. The Commission, in this Order, has not gone into the merits of the delay in commissioning of the project and its impact on the project cost. The prudence check of the same shall be carried out as a part of the truing up for FY 2016-17.

In this regard, the Commission while granting Investment Approval to various Schemes proposed by the Petitioner, has been directing the Petitioner to submit the completed cost and financing of the schemes after completion of the aforesaid schemes. Infact, the Commission in its MYT Order dated April 5, 2016 had also held the following in the matter:

"…Further, the Commission has also observed that the Petitioner has never reported the actual capital cost incurred on completion of the project despite the fact that the Petitioner has to submit completed cost of the project on commissioning of the same as directed vide the Orders on investment approval by the Commission issued from time to time. ***In this regard, the Petitioner is hereby, directed 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 and should not wait for furnishing of the same alongwith the ARR Petitions.****"*

However, the Petitioner has been found defiant in ensuring compliance of the directions of the Commission. **Accordingly, 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 2016-17, the Petitioner is directed to submit projectwise 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.**

In the MYT Order dated April 5, 2016, the Commission had revised the capitalisation for FY 2015-16 to Rs. 254.17 Crore from Rs. 130.89 Crore approved in the Tariff Order dated April 11, 2015. In doing so, the Commission had envisaged the completion of some of the projects in FY 2015-16. However, some projects have not been completed during FY 2015-16 and have infact spilled over to FY 2016-17. Hence, the Commission finds it appropriate to consider the capitalisation of such schemes spilled over to FY 2016-17 from FY 2015-16 in FY 2016-17 in addition to the capitalisation approved in the MYT Order. However, while considering the capitalisation of such schemes, the Commission at this stage has considered the approved cost of the scheme. The Commission will consider the actual cost of the schemes including time overrun and cost overrun, if any, at the time of truing up for FY 2016-17 subject to prudence check. Accordingly, the revised capitalisation considered by the Commission for FY 2016-17 is as shown in the Table below:

Table 4.3: Revised capitalisation for FY 2016-17

Scheme	Project	Capitalisation claimed by the Petitioner (Rs. Crore)	Capitalisation considered by the Commission (Rs. Crore)	Basis
REC Old	132 kV S/s Simli	13.03	12.71	Approved Cost
	132 kV Srinagar Simli Line	122.18	22.26	Approved Cost
REC IV	132 kV S/s Haridwar Road Dehradun	2.49	2.49	Additional capitalisation
REC (SI)	Augmentation of 220 kV S/s Pantnagar alongwith construction of 2 No. 220 kV Bays and 2 No. 33 kV Bays	15.34*	15.34	Approved Cost
	01 No. 132/33 kV 40 MVA transformer for increasing capacity of 132 kV S/s Bhupatwala Haridwar & construction of 03 Nos. bay at 132 kV S/s Bhupatwala, Haridwar	5.86	5.86	Additional capitalization
	Installation of 220/33 kV 50 MVA Transformer and construction of 3 No. 33 kV bay at 220 kV SIDCUL S/s Haridwar	6.43	6.43	Approved Cost
	132 kV S/s Chudiyala and its LILO Line	4.74	4.66	Additional capitalization due to commissioning of 2nd transformer
	Sub-Total	**170.07**	**69.75**	-
-	Capitalisation approved in the MYT Order	-	115.69	-
	Total	**-**	**185.44**	-

** The Petitioner had claimed the capitalization in FY 2015-16 in tariff petition for FY 2016-17. However, due to spill over the same has been considered in FY 2016-17*

Further, as per the half yearly accounts for FY 2016-17, the Commission observed that there has been an asset deduction of Rs. 6.58 Crore. The Commission sought justification for not considering the asset deduction as per the audited accounts. In reply, the Petitioner submitted that the amount of Rs. 6.58 Crore pertains to the fixed assets due to the excess capitalisation which was reversed during FY 2016-17. The Commission further sought the details of year(s) of booking such excess capitalisation, the projects under which such excess capitalisation has been booked and the reasons for booking such excess capitalisation. The Petitioner submitted that the excess capitalisation had been under the REC IV Scheme. The Petitioner did not submit the details of projects in the corresponding schemes under which such excess capitalisation had been done. In line with the approach adopted in the true up for FY 2015-16, the Commission has considered the asset deduction of Rs. 6.58 Crore in FY 2016-17. The corresponding loan and equity has been reduced considering the means of finance of REC IV Scheme.

The Petitioner has proposed the capitalisation of Rs. 580.09 Crore for FY 2017-18 as against

Rs. 137.82 Crore approved by the Commission. The Petitioner submitted the physical and financial progress of the projects proposed for capitalisation in FY 2017-18. From the submissions of the Petitioner, the Commission observed that out of Rs. 580.09 Crore claimed by the Petitioner, the capitalisation of projects for which the Investment Approvals have been accorded by the Commission amounts only to Rs. 252.02 Crore, i.e. around 44%. Out of such projects for which Investment Approvals have already been granted, the major projects are:

(i) GIS S/s at IIP Harrawala; and

(ii) 220 kV S/s Pirankaliyar.

The physical progress of these two projects is 45% and 38% respectively as on 15.01.2017 and the capital expenditure is Rs. 65.80 Crore and Rs. 46.12 Crore respectively. The Petitioner has proposed the capitalisation of these projects in March, 2018.

The Commission observed that the Petitioner is adopting the practice of projecting capitalisation on much higher side in its Tariff Petitions while on the other side, the actual capitalisation is not even matching the approved capitalisation. The trend of capitalisation during the first Control Period FY 2013-14 to FY 2015-16 is as shown in the Table below:

Table 4.4: Trend of capitalisation during the first Control Period FY 2013-14 to FY 2015-16 (Rs. Crore)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Capitalisation claimed in the Tariff Petition	128.38	335.99	169.02
Capitalisation approved by the Commission	117.98	167.77	130.89
Actual capitalization as per audited accounts	144.33	91.27	69.77

In light of the above discussions, considering the extent of schemes approved by Commission, physical progress of major schemes and the actual capitalization in last 3 years, the Commission does not find it appropriate to revise the capitalisation for FY 2017-18 from that approved in the MYT Order dated April 5, 2016. Accordingly, the Commission has considered the capitalisation of Rs. 137.82 Crore for FY 2017-18 at this stage. The Commission will consider the actual capitalisation during FY 2017-18 at the time of truing up for FY 2017-18 subject to prudence check.

4.3 Gross Fixed Assets

The Commission has considered the closing GFA approved in the true up for FY 2015-16 as the opening GFA for FY 2016-17. The revised GFA approved by the Commission for FY 2017-18 is as shown in the Table given below:

Table 4.5: GFA approved by the Commission (Rs. Crore)

S. No.	Particulars	FY 2016-17			FY 2017-18		
		Approved in MYT Order	Claimed by PTCUL	Approved	Approved in MYT Order	Claimed by PTCUL	Approved
1	Opening Value	1262.40	1124.98	1111.12	1378.09	1432.18	1289.97
	Net Addition						
2	REC Old	-	-	34.97	-	-	-
3	REC IV	-	-	-4.09	-	-	-
4	SI						
	REC	-	-	32.29	-	-	-
5	MYT Schemes	115.69	-	115.69	137.82		137.82
6	Total addition during the year	115.69	307.20	178.85	137.82	580.09	137.82
7	Closing value	1378.09	1432.18	1289.97	1515.91	2012.27	1427.79

4.4 Means of Finance

The Commission has considered the scheme wise approved means of finance as shown in the Table given below:

Table 4.6: 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	MYT works	0%	70%	30%	100%

Based on the above and considering the closing balances for FY 2015-16, the Commission has determined the debt and equity components for FY 2016-17 and FY 2017-18 which works out as given below:

Table 4.7: Details of financing of capitalisation (Rs. Crore)

S. No.	Particulars	FY 2016-17					FY 2017-18				
		Cap. Res.	Grant	Loan	Equity	Total	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	79.01	91.67	733.46	206.98	1111.12	79.01	91.67	862.86	256.44	1289.97
2	**Additions in the year**										
	REC Old		0.00	28.67	6.29	34.97					
	REC IV		0.00	-2.86	-1.23	-4.09					
	SI										
	REC		0.00	22.60	9.69	32.29					
	MYT works		0.00	80.98	34.71	115.69		0.00	96.47	41.35	137.82
3	**Total addition during the year**	**0.00**	**0.00**	**129.39**	**49.46**	**178.85**	**0.00**	**0.00**	**96.47**	**41.35**	**137.82**
4	**Closing Value**	**79.01**	**91.67**	**862.86**	**256.44**	**1289.97**	**79.01**	**91.67**	**959.33**	**297.78**	**1427.79**

4.5 Annual Transmission Charges

Regarding the 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 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 FY 2017-18 based on the approved GFA base.

4.5.1 *Operation and Maintenance expenses*

Regarding the Operation and Maintenance expenses, Regulation 62 of the UERC Tariff Regulations, 2015 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 2015-16shall 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:

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

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

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

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 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."

The O&M expenses include Employee expenses, R&M expenses and A&G expenses. In accordance with Regulation 62 of the UERC Tariff Regulations, 2015, the O&M expenses for the first year of the Control Period shall be determined by the Commission taking into account the 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 FY 2017-18 are detailed below.

4.5.1.1 Employee expenses

The Commission had approved the employee expenses of Rs. 103.56 Crore for FY 2017-18 in its MYT Order dated April 5, 2016. The Petitioner, in its Petition, has proposed the employee expenses for FY 2017-18 as Rs. 105.49 Crore as per the UERC Tariff Regulations, 2015 considering the actual employee expenses for FY 2015-16.

The Commission has computed the employee expenses in accordance with the UERC Tariff Regulations, 2015. In accordance with the UERC Tariff Regulations, 2015, the Gn (growth factor) is to be considered in the computation of employee expenses. The Commission, in the approval of the Business Plan for the second Control Period from FY 2016-17 to FY 2018-19, based on the approved HR Plan computed the Gn factors of 13.60% and 0.78% for FY 2016-17 and FY 2017-18 respectively. As against the same, the Petitioner has proposed the Gn factors of 30.08% and 7.03% for FY 2016-17 and FY 2017-18 respectively. The Commission has considered the closing no. of employees for FY 2015-16 as the opening no. of employees for FY 2016-17. In the MYT Order dated April 5, 2016, the Commission had approved the recruitment of 126 no. of employees in FY 2016-17. As against the same, the Petitioner has proposed recruitment of 253 no. of employees. During the TVS, the Petitioner submitted that the actual recruitment till September, 2016 was zero and the proposed recruitment is to be completed by March, 2017. In light of the above and the past performance of the Petitioner in meeting the recruitment targets, the Commission has not considered any recruitment in FY 2016-17. However, the Commission has considered the recruitment of 253 no. of employees in FY 2017-18. The Commission has considered the retirement of employees in FY 2016-17 and FY

2017-18 as submitted by the Petitioner. Accordingly, the Commission has approved the Gn factors of 0% for FY 2016-17 and 28.43% for FY 2017-18. However, if the actual addition to number of employees is lower than the number of employees 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.

In accordance with UERC Tariff Regulations, 2015, CPI inflation which is the average increase in the Consumer Price Index (CPI) for the preceding three years is to be considered. The Commission has calculated the annual growth in values of CPI (overall) based on average of preceding three full years upto FY 2015-16 as 7.21%.

The Commission has considered the employee expenses approved in the true up for FY 2015-16 for projecting the employee expense for FY 2016-17 and FY 2017-18 in accordance with the UERC Tariff Regulations, 2015. Further, the Commission has considered the capitalisation rate of employee expenses as 11.44% as approved in the MYT Order.

In its MYT Order, the Commission had considered the impact of Seventh Pay Commission to the tune of 20% of the approved net employee expenses and had allowed certain provision to the Petitioner for FY 2016-17 to FY 2018-19. However, since the Pay Commission has not yet been approved by the State Government for the Petitioner, it is likely that the same would be allowed during FY 2017-18. The Commission directed the Petitioner to submit the impact of the Seventh Pay Commission considering the Orders of the State Government. The Petitioner has submitted detailed computations of the impact of Seventh Pay Commission. Accordingly, while projecting the employee expenses for FY 2017-18, the Commission has considered Rs. 18.24 Crore as impact towards the VII Pay Commission for FY 2016-17 as submitted by PTCUL to estimate the net salary for FY 2016-17 which has been escalated in accordance with the Regulations considering the growth factor and CPI inflation arrive at the employee expenses for FY 2017-18. The Commission has already allowed Rs. 15.74 Crore to the Petitioner for FY 2016-17 which would be available with the Petitioner and the same can be utilised for payment of arrears to the employees. However, **the Petitioner is directed to maintain separate details of the amount paid as arrears to its employees on account of implementation of the recommendations of VII Pay Commission.** The Commission would carry out the truing up for FY 2016-17 and FY 2017-18 based on the actual impact of VII Pay Commission including arrears and no sharing of gains and losses on this account would be allowed. The normative employee expenses approved by the Commission for FY 2017-18 are as shown in the

Table below:

Table 4.8: Employee expenses approved by the Commission for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18	
	Claimed by PTCUL	Approved
EMPn-1	80.71	89.80
Gn	7.03%	28.43%
CPIinflation	7.21%	7.21%
EMPn = (EMPn-1) x (1+Gn) x (1+CPIinflation)	**92.61**	**123.63**
Capitalisation rate	0.28%	11.44%
Less: Employee expenses capitalised	0.26	14.15
Net Employee expenses	**92.34**	**109.48**
Impact of Seventh Pay Commission	13.15	0.00
Total Employee expenses	**105.49**	**109.48**

4.5.1.2 R&M expenses

The Commission had approved the R&M expenses of Rs. 25.69 Crore for FY 2017-18 in its MYT Order dated April 5, 2016. As against the same, the Petitioner has proposed R&M expenses of Rs. 32.03 Crore. The Petitioner submitted that R&M expenses have been computed as per UERC Tariff Regulations, 2015.

The Commission has determined the R&M expenses in accordance with UERC Tariff Regulations, 2015. The Commission has considered the K factor of 1.78% as approved in the MYT Order dated April 5, 2016. The Commission has considered the opening GFA for FY 2017-18. The Commission has considered the WPIinflation of 1.83% which is the average increase in the Wholesale Price Index (WPI) for FY 2013-14 to FY 2015-16.

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

Table 4.9: R&M expenses approved by the Commission for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18	
	Claimed by PTCUL	Approved
K	2.20%	1.78%
GFAn-1	1430.63	1289.97
WPIinflation	1.83%	1.83%
R&Mn = K x (GFAn-1) x (1+WPIinflation)	**32.03**	**23.32**

4.5.1.3 A&G expenses

The Commission had approved the A&G expenses of Rs. 15.18 Crore for FY 2017-18 in its MYT Order dated April 5, 2016. The Petitioner, in its Petition, has proposed the A&G expenses for

FY 2017-18 as Rs. 17.42 Crore as per the UERC Tariff Regulations, 2015 and considering the actual A&G expenses for FY 2015-16.

The Commission has considered the approved normative A&G expenses in the true up for FY 2015-16 for projecting the A&G expenses for FY 2016-17 and FY 2017-18. The Commission has considered the WPI inflation of 1.83% which is the average increase in the Wholesale Price Index (WPI) for FY 2013-14 to FY 2015-16. The Commission has considered the capitalisation rate of 11.91%, the same as approved in the MYT Order dated April 5, 2016.

The Commission has considered the actual License Fee as paid by the Petitioner for FY 2016-17 and has projected the License Fee for FY 2017-18 by escalating the License Fee paid for FY 2016-17 by 5%.

In this regard, it is pointed out that O&M expenses and in particular A&G expenses is a controllable expense and the endeavour of the Petitioner should be to keep it to a bare minimum.

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

Table 4.10: A&G expenses approved by the Commission for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18	
	Claimed by PTCUL	Approved
A&Gn-1	17.10	10.86
WPIinflation	1.83%	1.83%
Gross A&G expenses	17.42	11.06
Capitalisation rate	0.00%	11.91%
Less: A&G expenses capitalised	0.00	1.32
Net A&G expenses	**17.42**	**9.74**
Provision	0.00	0.00
A&Gn = A&Gn-1 x (1+WPIinflation) + Provision	**17.42**	**9.74**
Add: Licence Fee	-	**2.20**
Total A&G expenses	**17.42**	**11.94**

4.5.1.4 O&M expenses

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

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

Particulars	MYT Order	Claimed by PTCUL	Approved
Employee expenses	103.56	105.49	109.48
R&M expenses	25.69	32.03	23.32
A&G expenses	15.18	17.42	11.94
Total O&M expenses	**144.43**	**154.94**	**144.75**

4.5.2 *Interest on Loans*

The Petitioner has considered the opening loan balance for FY 2017-18 as Rs. 567.07 Crore. The Petitioner has considered the loan addition to the year as equivalent to 70% of the proposed capitalisation. The Petitioner has considered the normative repayment for the year equivalent to the depreciation claimed for FY 2017-18. The Petitioner has proposed the interest on loan by applying the interest rate of 11.72% on the average loan for the year. Accordingly, the Petitioner has proposed the interest on loan of Rs. 83.95 Crore for FY 2017-18.

Regulation 27 of the UERC Tariff Regulations, 2015 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 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 has considered the closing loan balance of FY 2015-16 as approved after truing up as opening loan balance for FY 2016-17. The loan addition during FY 2016-17 has been considered as per the approved means of finance for FY 2016-17. The allowable depreciation for FY 2016-17 has been considered as the normative repayment for the year. The Commission has considered the closing loan balance for FY 2016-17 as the opening loan balance for FY 2017-18. The loan addition during the year has been considered as per the approved Financing Plan. The Commission has considered the normative repayment equivalent to the approved depreciation. The Commission has considered the interest rate of 10.34% which is the weighted average rate of interest for FY 2015-16 based on the interest expenses and long term borrowing details as per Annual Accounts for FY 2015-16. The interest on loan has been determined by applying the interest rate of 10.34% on the average loan balance for the year. The interest on loan approved by the

Commission for FY 2017-18 is as shown in the Table given below:

Table 4.12: Interest on Loan approved by the Commission for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	Claimed	Allowable
Gross Opening Loan	1017.28	-	947.91*
Cumulative Repayment	478.35	-	467.67
Opening Loan balance	538.04	567.07	480.24
Drawl during the year	96.47	383.87	96.47
Repayment during the year	69.17	84.92	64.34
Closing Loan balance	565.35	866.02	512.38
Interest Rate	12.13%	11.72%	10.34%
Interest	66.92	83.95	51.34

**inclusive of PFC (NABARD gap funding) of Rs. 83.49 Crore.*

4.5.3 *Return on Equity*

The Petitioner has considered the opening Equity for FY 2017-18 as Rs. 303.12 Crore. The Petitioner has proposed the Return on Equity at the rate of 15.50% on the opening equity for the year. Accordingly, the Petitioner has proposed the Return on Equity of Rs. 46.98 Crore for FY 2017-18.

Regarding the Return on Equity, Regulation 26 of the UERC Tariff Regulations, 2015 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 ..."

The Petitioner has claimed the Return on Equity on the GoU contribution from PDF citing the Judgment of Hon'ble ATE dated May 15, 2015 in R.P. No. 2 of 2015 in Appeal No. 162 of 2015.

With regard to the reference of Judgment dated May 15, 2015 of Hon'ble ATE in the matter of M/s BHPL and PTC, it is important to note that the aforesaid Judgment issued in R. P. No. 2 of 2015 in Appeal No. 163 of 2015 have been issued on a different matter, i.e. allowing Return on Equity on the assets from which power is being sold to consumers outside the State of Uttarakhand. Para 9(iv) of Hon'ble ATE Judgment in this regard stipulates as follows:

"In addition and without prejudice to the above, the State Commission's reasoning of not allowing RoE on the amount provided by the State Government from PDF as it would tantamount to double loading on consumers in the State of Uttarakhand, is entirely misplaced in the context of the present case since the power generated by BHPL is not being sold to consumers in the State of Uttarakhand. BHPL is selling the power from its Hydro Project out of the State of Uttarakhand through a PPA with Tata Power Trading Corporation Limited which in turn is selling the power in Punjab."

The Commission has not allowed the Return on Equity on the GoU contribution from PDF in the approval of ARR and truing up for the Petitioner for past years for reasons recorded in the respective Orders of the Commission. Those Orders of the Commission have attained finality. Hence, the Commission does not find any reason to change its approach in the matter.

In accordance with the stated Regulation, Return on Equity is allowable on the opening equity for the year. Hence, the Commission has determined the Return on Equity considering the eligible opening equity for return.

The Return on Equity approved by the Commission for FY 2017-18 is as shown in the Table below:

Table 4.13: Return on Equity approved by the Commission for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	Claimed by PTCUL	Approved
Opening Equity	277.87	303.12	256.44
Addition during the year	41.35	164.52	41.35
Closing Equity	319.22	467.63	297.79
Eligible Equity for return	131.33	303.12	144.36
Rate of Return	15.50%	15.50%	15.50%
Return on Equity	**20.36**	**46.98**	**22.38**

4.5.4 Depreciation

The Petitioner submitted that the asset class wise depreciation has been computed considering the proposed GFA and the average rate of depreciation as 5.28%. Accordingly, the Petitioner has proposed the depreciation of Rs. 84.92 Crore for FY 2017-18.

Regulation 28 of the UERC Tariff Regulations, 2015 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 FY 2017-18 considering the approved GFA base and asset class wise rates of depreciation specified in UERC Tariff Regulations, 2015. 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 FY 2017-18 is as shown in the Table given below:

Table 4.14: Depreciation approved by the Commission for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	Claimed by PTCUL	Approved
Depreciation	69.17	84.92	64.34

4.5.5 Interest on Working Capital

The Petitioner has submitted that the interest on working capital for FY 2017-18 has been proposed in accordance with UERC Tariff Regulations, 2015. Accordingly, the Petitioner has proposed the IWC of Rs. 14.77 Crore for FY 2017-18.

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

4.5.5.1 One Month O&M Expenses

The annual O&M expenses approved by the Commission are Rs. 144.75 Crore for FY 2017-18. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 12.06 Crore for FY 2017-18.

4.5.5.2 *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. 21.71 Crore for FY 2017-18.

4.5.5.3 *Receivables*

The Commission has approved the receivables for two months based on the approved ATC of Rs. 237.63 Crore for FY 2017-18, which works out to Rs. 39.61 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. 73.38 Crore. The Commission has considered the rate of interest on working capital as 14.05% equal to State Bank Advance Rate (SBAR) of State Bank of India as on the date of filing of the APR Petition and, accordingly, the interest on working capital works out to Rs. 10.31 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 4.15: Interest on working capital approved by the Commission for the FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	Claimed	Approved
O&M expenses for 1 month	12.04	12.91	12.06
Maintenance Spares	21.66	23.24	21.71
Receivables equivalent to 2 months	49.34	68.95	39.61
Working Capital	83.04	105.10	73.38
Rate of Interest on Working Capital	14.05%	14.05%	14.05%
Interest on Working Capital	**11.67**	**14.77**	**10.31**

4.5.6 *Non-Tariff Income*

The Petitioner has proposed non-tariff income of Rs. 6.74 Crore for FY 2017-18. In the absence of any yardstick for estimating the non-tariff income of the Petitioner, the Commission provisionally accepts the same. The same shall, however, be trued up based on the actual audited accounts for the year.

4.5.7 *Revenue from Short Term Open Access Charges*

The Petitioner has proposed Revenue from Short Term Open Access Charges of Rs. 3.89 Crore for FY 2017-18. In accordance with the UERC Tariff Regulations, 2015, the Commission has considered the same for deduction from the ARR of the Petitioner.

4.5.8 *Annual Transmission Charges*

Based on the above, the Annual Transmission Charges approved by the Commission for FY 2017-18 is as shown in the Table below:

Table 4.16: Annual Transmission Charges approved by the Commission for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	**Claimed**	**Approved**
O&M expenses			
Employee expenses	103.56	105.49	109.48
R&M expenses	25.69	32.03	23.32
A&G expenses	15.18	17.42	11.94
Total O&M expenses	**144.43**	**154.94**	**144.75**
Interest on Loan	66.92	83.95	51.34
Return on Equity	20.36	46.98	22.38
Depreciation	69.17	84.92	64.34
Interest on Working Capital	11.67	14.77	10.31
Aggregate Revenue Requirement (including SLDC Charges)	**312.54**	**385.56**	**293.11**
Less: Non-Tariff Income	2.80	6.74	6.74
Less: Revenue from STOA charges		3.89	3.89
Less: SLDC Charges	13.72	19.03	15.15
Add: True up of previous years		57.81	-29.70
Annual Transmission Charges	**296.02**	**413.71**	**237.63**

4.6 Return on Equity on GoU contribution from PDF

The Petitioner submitted that the issue of allowing RoE on GoU contribution from PDF for previous years was raised in its previous Tariff Petition citing the Hon'ble APTEL Judgment. The Commission had not allowed the same in its MYT Order dated April 5, 2016 and ruled as under:

"With regard to the reference of the Order dated May 15, 2015 of Hon'ble ATE in the matter of M/s BHPL and PTCUL, the Commission reiterates its views expressed at Para 5.3.3 of this Order that the aforesaid Order issued in R. P. No. 2 of 2015 in Appeal No. 163 of 2015 have been issued on a different matter and, accordingly, Return on Equity on the Government contribution from PDF has not been allowed for the past years till FY 2013-14. The Petitioner also submitted that the Order of Hon'ble ATE referred by the Petitioner has been stayed by the Hon'ble Supreme Court of India. Nevertheless, the Hon'ble ATE in its Order had nowhere directed the Commission to reopen the Commission's Orders for the Petitioner for the previous years. Hence, the Commission does not find the claim of the Petitioner in this regard as tenable."

The Petitioner submitted that it had prayed to reconsider the issue in Review Petition on which the Commission has not allowed the review reiterating the decision taken in its MYT Order dated April 5, 2016. The Petitioner submitted that the Commission arrived at the opinion that 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 clarified that raising the issue again while it is pending in the Hon'ble Supreme Court amounts to Res-Judicata and is not maintainable. The Commission conveyed that it would wait for the Apex Court's Orders on the issue and would decide accordingly.

The Petitioner submitted that the Hon'ble ATE in its judgment had nowhere directed the Commission to reopen its 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 ATE by stating that no specific directions were issued to the Commission to re-open the Commission's Orders for previous years. The Petitioner submitted that no specific directions are required for applying the law of land or the principles determined by the Hon'ble ATE. Further, no such orders could have been passed in the said matter and the Commission should have considered the same independently as per the clarity given by the Hon'ble ATE regarding grant of RoE in the said Order while considering retrospective effects for previous years as well.

The Petitioner submitted that Hon'ble ATE 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 stayed the Orders. The stay ordered by the Hon'ble Supreme Court of India is on a particular order of the Commission 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 submitted that it is in process of seeking clarification and removing stay on the said Order. The Petitioner submitted that it is hopeful of receiving the clarification and removing the stay in the current financial year, hence it has claimed Return on Equity of fund received through PDF also in this Petition. Accordingly, the Petitioner has claimed the amount of Rs. 130.70 Crore (including carrying cost) on the Return on Equity disallowed on GoU contribution from PDF for NABARD, REC Old and REC IV Schemes.

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.

4.7 ARR for Bhilangana III – Ghansali Line

The Petitioner has proposed the ARR for Bhilangana III – Ghansali Line for FY 2015-16, FY 2016-17 and FY 2017-18 giving the computations of the components of ARR. The Petitioner has proposed the ARR of Rs. 2.12 Crore, Rs. 2.06 Crore and Rs. 3.01 Crore for FY 2015-16, FY 2016-17 and FY 2017-18 respectively.

The Commission in its Order dated April 29, 2013 had held as under:

> *"With regard to 220 kV D/C Bhilangana-III- Ghansali line, the Commission considers this as a transmission line which will be primarily used for evacuation of power from existing and proposed hydro generating stations in the area. The Commission has taken note of the fact that as of now while one circuit of this double circuit line is strung upto 220 kV S/s at Chamba and is being used for evacuation of power from the existing generating station namely Bhilangana-III (24 MW) the other circuit is strung upto Ghansali and is proposed to be connected to upcoming 220 kV S/s at Ghansali. It is apparent that only one circuit has been energised and put to use. Taking cognizance of the provisions of the Tariff regulations that any capital expenditure towards creation of an asset is deem fit for capitalization only if that asset is put to use, therefore, the Commission has decided to allow cost of servicing/ARR on only 50% of the capital cost incurred by the Petitioner towards the construction of the 220 kV D/C Bhilangana –III- Ghansali line which shall be recovered from the generator namely Bhilangana-III SHP, the only beneficiary as of now, subject to pro-rata recovery of this cost from other generators as and when they are commissioned and connected with this line. As far as the recovery of the balance capital cost of the line, disallowed as above, the Commission will take a view as and when the second circuit of the line is energised and put to use."*

…

*"The Commission has decided that the transmission charges payable by the Generator towards 220 kV D/C Bhilangana-III-Ghansali line shall be determined in the proposed Tariff Order for PTCUL for the 1st control period (FY14 to FY16) on principles mentioned in **Para 17** of this Order. These charges are provisional and will be replaced by the charges determined under the PoC mechanism by CERC. The Commission allows the Petitioner to recover these charges till December 2013 or till charges under PoC mechanism are determined. In case charges under PoC mechanism are not determined till December 2013, Petitioner should come up for further continuance of these charges furnishing details of efforts made/actions taken in this regard. The Commission may consider further continuance of these charges after satisfying itself of the due diligence of the Petitioner."*

Further, the Commission in its Order dated May 6, 2013 had determined the provisional transmission charges for FY 2011-12 to FY 2015-16, and directed the Petitioner to ensure compliance of the direction of the Commission issued in its Order dated April 29, 2013.

Appeals have been filed by both M/s BHPL and PTCUL on the above stated Orders of the Commission. The Appeals were settled vide the Judgments of Hon'ble ATE in Appeal No. 128, 129 and 163 of 2013 dated November 29, 2014 and Judgment dated May 15, 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015. Meanwhile 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 Interim Order dated October 12, 2015 ruled 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."

In light of the ruling of the Hon'ble Supreme Court of India reproduced above, the Commission did not approve the ARR for Bhilangana III – Ghansali Line for the second Control Period from FY 2016-17 to FY 2018-19 in its MYT Order dated April 5, 2016. The Petitioner submitted that the decision of the Hon'ble Supreme Court of India does not restrict it from approval of ARR on account of transmission charges and neither it restricts the Commission to approve the

ARR. Accordingly, the Petitioner prayed the Commission to approve the ARR for Bhilangana III - Ghansali Line.

The Commission in its Order dated May 6, 2013 had approved the ARR for Bhilangana III – Ghansali Line for FY 2013-14 to FY 2015-16. Hence, the Commission does not find the need to revise the ARR for Bhilangana III – Ghansali Line for FY 2013-14 to FY 2015-16. Pending the outcome of the Appeal before the Hon'ble Supreme Court, the Commission in this Order has approved the ARR for Bhilangana III – Ghansali Line for FY 2016-17 to FY 2018-19 in accordance with the UERC Tariff Regulations, 2015.

4.7.1 GFA

The Petitioner submitted that the GFA base has been considered as Rs. 10.90 Crore, which is the approved GFA in the Commission's Order dated May 6, 2013. The Petitioner has not considered any GFA addition during the Control Period.

The Commission has considered the GFA base of Rs. 10.90 Crore for determination of ARR for the Control Period FY 2016-17 to FY 2018-19. The Commission has not considered any GFA addition during the Control Period.

4.7.2 Depreciation

The Petitioner submitted that the depreciation has been computed considering the GFA base of Rs. 10.90 Crore and the depreciation rate of 5.28%. Accordingly, the Petitioner has claimed the depreciation of Rs. 0.58 Crore for FY 2016-17 and FY 2017-18.

The Commission has approved the depreciation considering the GFA base of Rs. 10.90 Crore and the depreciation rate of 5.28%. Accordingly, the Commission has approved the depreciation of Rs. 0.58 Crore for FY 2016-17, FY 2017-18 and FY 2018-19.

4.7.3 Means of Finance

The Petitioner has considered the debt equity ratio as 70:30 which is the approved means of finance for REC IV Scheme.

The Debt-Equity ratio of REC-IV Scheme considered by the Commission is 70:30. The Commission has considered the same Debt-Equity ratio of 70:30 for 220 kV D/C Bhilangana-III – Ghansali Line also. The Commission has considered the closing balances of loan and equity as approved for FY 2015-16 in its Order dated as the opening balances for FY 2016-17.

4.7.4 *Interest on Loan*

The Petitioner submitted that the closing loan balance approved by the Commission for FY 2014-15 has been considered as the opening loan balance for FY 2015-16. The depreciation of the year has been considered as the normative repayment for the year. The interest rate of 13.78% has been considered to compute the interest on the average loan balance for the year. Accordingly, the Petitioner has claimed the interest on loan of Rs. 0.67 Crore and Rs. 0.59 Crore for FY 2016-17 and FY 2017-18 respectively.

The Commission has considered the closing loan balance for FY 2015-16 as the opening loan balance for FY 2016-17. The depreciation for the year has been considered as the normative repayment for the year. The interest rate of 12.11%, which is the actual interest rate of REC IV Scheme for FY 2015-16, has been considered as the interest rate. The interest on loan approved by the Commission for the second Control Period FY 2016-17 to FY 2018-19 is as shown in the Table given below:

Table 4.17: Interest on Loan approved by the Commission for FY 2016-17 to FY 2018-19 (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Opening Loan	5.13	5.14	4.56	4.57	-	3.99
Addition	0.00	0.00	0.00	0.00	-	0.00
Repayment	0.58	0.58	0.58	0.58	-	0.58
Closing Loan	4.56	4.57	3.98	3.99	-	3.42
Interest Rate (REC IV)	13.78%	12.11%	13.78%	12.11%	-	12.11%
Interest	**0.67**	**0.59**	**0.59**	**0.52**	**-**	**0.45**

4.7.5 *Return on Equity*

The Petitioner has claimed the Return on Equity on the Equity base of Rs. 3.27 Crore at the rate of 15.50%. Accordingly, the Petitioner has claimed the Return on Equity of Rs. 0.51 Crore for FY 2016-17 and FY 2017-18.

The Commission in its Order dated May 6, 2013 had approved the Equity of Rs. 3.27 Crore. However, the Commission in the said Order had not approved the Return on Equity as the Equity support has been provided by GoU from PDF. However, the Hon'ble ATE its Order dated May 15, 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015 ruled as under:

"The Tribunal has upheld the findings of the State Commission in the impugned order but has not

given any finding relating to disallowance of ROE on the funds deployed by the State Government from PDF towards capital cost of the project. We feel that the findings of this Tribunal in Appeal no. 189 of 2005 will be applicable to the present case. If the State Commission has not provided the amount as a grant and has invested the amount as equity, ROE has to be allowed as per the Regulations of the State Commission. Accordingly this issue is decided in favour of the Petitioner."

Since the above referred ruling of the Hon'ble ATE, exclusively allows RoE for the equity funding in respect of Bhilangana III- Ghansali Line, hence, the Commission has decided to allow Return on Equity of Rs. 0.51 Crore each for FY 2016-17, FY 2017-18 and FY 2018-19 in accordance with UERC Tariff Regulations.

4.7.6 Operation and Maintenance (O&M) expenses

The Petitioner submitted that the O&M expenses have been projected considering the approved O&M expenses for FY 2014-15 in the Commission's Order dated May 6, 2013 and the inflation index based on the CPI and WPI (50% WPI and 50% CPI). Accordingly, the Petitioner has claimed the O&M expenses of Rs. 0.24 Crore and Rs. 0.26 Crore for FY 2016-17 and FY 2017-18 respectively.

The Commission has considered the approved O&M expenses for FY 2015-16 as the base O&M expenses for projecting the O&M expenses for FY 2016-17 to FY 2018-19. The Commission while projecting the O&M expenses for the second Control Period from FY 2016-17 to FY 2018-19 has computed the inflation rate of 4.65% based on past 3 years CPI and WPI data (55% WPI inflation and 45% CPI inflation). The Commission for the purpose of projecting the O&M expenses for the second Control Period from FY 2016-17 to FY 2018-19 has escalated the O&M expenses for FY 2015-16 at the rate of 4.65% annually. Accordingly, the Commission has approved the O&M expenses of Rs. 0.23 Crore, Rs. 0.24 Crore and Rs. 0.25 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively.

4.7.7 Interest on Working Capital

The Petitioner submitted that the interest on working capital has been computed in accordance with the UERC Tariff Regulations, 2015. Accordingly, the Petitioner has claimed the interest on working capital of Rs. 0.06 Crore and Rs. 0.08 Crore for FY 2016-17 and FY 2018-19 respectively.

The Commission has approved the interest on working capital for FY 2016-17 to FY 2018-19 in accordance with the UERC Tariff Regulations, 2015 as discussed in subsequent Paras.

4.7.7.1 One Month O&M Expenses

The annual O&M expenses approved by the Commission are Rs. 0.23 Crore, Rs. 0.24 Crore and Rs. 0.25 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 0.02 Crore each for FY 2016-17, FY 2017-18 and FY 2018-19 respectively.

4.7.7.2 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. 0.03 Crore, Rs. 0.04 Crore and Rs. 0.04 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively.

4.7.7.3 Receivables

The Commission has approved the receivables for two months based on the approved ARR of Rs. 1.95 Crore, Rs. 1.89 Crore and Rs. 1.83 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively, which works out to Rs. 0.33 Crore, Rs. 0.32 Crore, Rs. 0.31Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively.

Based on the above, the total working capital requirement of the Petitioner for FY 2016-17, FY 2017-18 and FY 2018-19 works out to Rs. 0.38 Crore, Rs. 0.37 Crore and Rs. 0.36 Crore respectively. The Commission has considered the rate of interest on working capital as 14.05% equal to State Bank Advance Rate (SBAR) of State Bank of India as on the date of filing of the Petition and, accordingly, the interest on working capital works out to Rs. 0.05 Crore each for FY 2016-17, FY 2017-18 and FY 2018-19 respectively. The interest on working capital for FY 2016-17 to FY 2018-19 approved by the Commission is as shown in the Table below:

Table 4.18: Interest on working capital approved by the Commission for FY 2016-17 to FY 2018-19 (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
O&M expenses for 1 month	0.02	0.02	0.02	0.02	-	0.02
Maintenance Spares	0.04	0.03	0.04	0.04	-	0.04
Receivables for 2 months	0.34	0.33	0.50	0.32	-	0.31
Working Capital	0.40	0.38	0.56	0.37	-	0.36
Rate of Interest on Working Capital	14.05%	14.05%	14.05%	14.05%	-	14.05%
Interest on Working Capital	**0.06**	**0.05**	**0.08**	**0.05**	**-**	**0.05**

4.7.8 Non-Tariff Income

The Commission for the purpose of this Order has not considered any Non-Tariff Income.

4.7.9 True up for previous years

The Petitioner has claimed Rs. 0.99 Crore in FY 2017-18 towards the impact of truing up for previous years till FY 2015-16.

The Commission in the true up of previous years has not considered the additional capitalisation of this project for the reasons spelt out in the Order dated April 29, 2013 given as under:

*"The Commission has decided that the transmission charges payable by the Generator towards 220 kV D/C Bhilangana-III-Ghansali line shall be determined in the proposed Tariff Order for PTCUL for the 1st control period (FY14 to FY16) on principles mentioned in **Para 17** of this Order. These charges are provisional and will be replaced by the charges determined under the PoC mechanism by CERC. The Commission allows the Petitioner to recover these charges till December 2013 or till charges under PoC mechanism are determined. In case charges under PoC mechanism are not determined till December 2013, Petitioner should come up for further continuance of these charges furnishing details of efforts made/actions taken in this regard. The Commission may consider further continuance of these charges after satisfying itself of the due diligence of the Petitioner."*

Further, the true up of this component would be carried out based on the Judgment of Hon'ble Supreme Court in the matter.

4.7.10 Annual Transmission Charges for 220 kV D/C Bhilangana III- Ghansali Line

Based on the above, the Annual Transmission Charges approved by the Commission for 220 kV D/C Bhilangana III – Ghansali Line is as given in the Table below:

Table 4.19: Annual Transmission Charges for FY 2016-17 to FY 2018-19 (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
O&M expenses	0.24	0.23	0.26	0.24	-	0.25
Interest on Loan	0.67	0.59	0.59	0.52	-	0.45
Return on Equity	0.51	0.51	0.51	0.51	-	0.51
Depreciation	0.58	0.58	0.58	0.58	-	0.58
Interest on Working Capital	0.06	0.05	0.08	0.05	-	0.05
Aggregate Revenue Requirement	**2.06**	**1.95**	**2.02**	**1.89**	**-**	**1.83**
Less: Non-Tariff Income	0.00	0.00	0.00	0.00	-	0.00
Add: True up of previous years including carrying cost	-	-	0.99	0.00	-	-
Annual Transmission Charges	**2.06**	**1.95**	**3.01**	**1.89**	**-**	**1.83**

Till any further Order(s) of the Hon'ble Supreme Court in the Civil Appeal C.A. No. 2368-2370 of 2015, M/s BHPL is liable to pay the transmission charges to the Petitioner at the rate for which it was paying during the pendency of the appeals in accordance with the Interim Order dated October 12, 2015 of the Hon'ble Supreme Court reproduced in Para 4.7 above of this Order.

4.8 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 2017-18 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 & 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.

4.9 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 2017-18 is Rs. 237.63 Crore as given in Table 5.25 above and the PLST during FY 2016-17 is 2037 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 2017-18 (applicable upto 31st March, 2018) shall be:

Table 4.20: Rate of Transmission Charges for open access approved for FY 2017-18

Description	Rs./MW/day
Transmission Charges	3196

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 Petitioner is hereby directed that the transmission charges recovered from short term open access customers shall be shown separately 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.**

The Annual Transmission Charges approved for FY 2017-18 will be applicable with effect from April 01, 2017.

5 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.

5.1 Compliance of Directives Issued in MYT Order for FY 2016-17 to FY 2018-19 dated April 5, 2016

The Commission had issued certain directions in the MYT Order for FY 2016-17 to FY 2018-19 dated April 5, 2016, as detailed in the respective Sections. They are summarized hereunder.

5.1.1 Electrical Inspector Certificate

The Petitioner is directed to submit the Clearance Certificates for all the assets claimed for capitalisation alongwith the truing up for the ensuing years.

Petitioner's Submissions

The Petitioner submitted that it has furnished all electrical inspector certificates to the Commission for all the assets that have been claimed for Capitalisation.

Fresh Directive

The Commission, in its previous Orders, had repetitively emphasised the significance of Electrical Inspector Certificate for claiming capitalisation. Although the Petitioner has submitted Electrical Inspector Certificates the same have been not cross referenced at appropriate places and the same was provided only after the Commission directed the Petitioner during TVS. **The Petitioner is directed to submit the Electrical Inspector Certificates for all the assets claimed for capitalisation during the respective year with proper cross referencing as part of the Petition from next year onwards.**

5.1.2 Capital cost of transferred assets

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 2016-17.

Petitioner's Submissions

The Petitioner submitted that it had appointed a consultant for finalization of transfer scheme and the draft details are under reconciliation with UPCL for authentication. The Petitioner requested the Commission for more time for finalization of Transfer Scheme, so that the same may be submitted to GoU for revised notification of Transfer Scheme.

Fresh Directive

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 2017-18.

5.1.3 SLDC Charges

The Commission directs PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2016-17.

Petitioner's Submissions

The Petitioner submitted that its Director (Projects) has been provided charge for undertaking ring-fencing of SLDC and SCADA. As a first step, employees of PTCUL have been allocated towards SLDC business and a separate requisition for approval of manpower has been submitted with the Govt. of Uttarakhand.

Fresh Directive

The Commission directs PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2017-18.

5.1.4 Capitalisation of partially completed schemes

The Commission cautions the Petitioner that such casual and lacklustre approach on issues which has substantial bearing on their revenue will be detrimental to its own financial health.

Petitioner's Submissions

The Petitioner submitted that the works are being capitalized in the book of accounts in the year of commissioning. However, certain works like civil works such as residential colonies, or fencing etc. are capitalised after the CoD of the asset. The Petitioner submitted that the detailed reasons for any additional capitalization are being submitted in Format 9.8.

Fresh Directive

The Commission expresses extreme displeasure about the manner in which the submissions are being made by the Petitioner without taking into cognizance, the Orders of the Commission and its own earlier submissions. The Commission, in its previous Orders, had repetitively emphasised the significance of the submission of information in the prescribed formats and in accordance with the Tariff Regulations. Still, the Petitioner has not furnished the complete information while claiming the capitalisation for FY 2015-16 in its Petition. The Commission opines that the interdepartmental co-operation is not proper within its organisation 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.

5.1.5 Additional Capitalisation beyond the cutoff date

The Petitioner is directed to mend its affairs in this regard and ensure proper co-ordination and consistent flow of information amongst its departments.

Petitioner's Submissions

The Petitioner submitted that the works are being capitalized in the book of accounts in the year of commissioning or within the cut-off date. Further, the detailed reasons for any additional capitalization are also submitted on regular basis.

Fresh Directive (Para 3.2)

The Commission finds serious disconnect in the Petitioner's submissions in compliances to directives and in actual submissions in its Petition. Even after repeated directives in the truing up of previous years, the Petitioner did not submit proper justification for the capitalisation claimed in the truing up for FY 2015-16 in its Petition and the Commission had to spend significant time in procuring the adequate information from the Petitioner.

Henceforth, 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 detailed justification in accordance with the Tariff Regulations for claiming any additional capitalisations over and above the approved capital costs for FY 2015-16 for such projects.

The Petitioner is directed to submit the justification of claiming any additional capitalisation in accordance with the Regulations for FY 2016-17 onwards in the Petition, failing which any claim of the Petitioner towards the additional capitalisation will not be allowed.

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

5.1.6 Advance Against Depreciation

The Commission directs the Petitioner to submit the fixed asset registers for FY 2004-05 to FY 2012-13 depicting the treatment of utilization of AAD approved by the Commission.

Petitioner's Submissions

The Petitioner submitted that the draft Fixed Assets Register has been prepared which is under finalisation.

Fresh Directive

The Commission directs the Petitioner to submit the fixed asset registers for FY 2004-05 to FY 2012-13 depicting the treatment of utilization of AAD approved by the Commission within 3 months from the date of this Order.

5.1.7 Frequent Grid Failures

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.

Petitioner's Submissions

The Petitioner submits that any major incident or grid failure shall be brought to the notice of Commission as per Clause 10 of the License no. 1 of 2003.

Fresh Directive

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.

5.1.8 Transmission System Availability

The Commission directs the Petitioner to submit the Availability of its AC System during the truing up exercise.

Petitioner's Submissions

The Petitioner submits that the details of system availability have been submitted in Format 5 being submitted along with this Petition.

Fresh Directive

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

5.1.9 Submission of Completed Cost

In this regard, the Petitioner is hereby, directed 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 and should not wait for furnishing of the same alongwith the ARR Petitions.

Petitioner's Submissions

The Petitioner submitted that the Commission's directive shall be adhered to.

Fresh Directive (Para 4.2)

Accordingly, 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 2016-17, the Petitioner is directed to submit projectwise 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.

5.1.10 Capitalisation towards works like transformer plinth

The Petitioner is directed to bring up such amount alongwith the truing up Petition of the year in which such augmentation works are completed.

Petitioner's Submissions

The Petitioner submitted that the Commission's directive shall be adhered to and no such works have been submitted in the current Petition.

5.1.11 Submission of consistent information in proper format

The Petitioner is hereby cautioned to ensure submission of complete and consistent information in all respect so as to avoid delay in the regulatory process.

Petitioner's Submissions

The Petitioner submitted that all relevant formats as required by the Hon'ble Commission are being submitted along with this Petition.

Fresh Directive

The Commission has provided formats for submitting the capitalisation details of new projects. The Petitioner, along with its Petition, has not submitted the duly filled in formats. Even after providing the opportunity for submitting the duly filled in excel formats, the Petitioner has provided only part information in such formats.

The Petitioner is hereby cautioned to ensure submission of complete and consistent information in all respect so as to avoid delay in the regulatory process.

5.1.12 Separate accounting of Open Access Charges

The Petitioner is hereby directed that the transmission charges recovered from short term open access customers shall be shown separately 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 Petitioner submitted that the transmission charges recovered from short term open access customers has been shown as a separate head of income in the ARR filing. As regards the refund of transmission charges collected from long term/medium term open access customers to UPCL, it is under the process of reconciliation and adjustment.

Fresh Directive (Para 4.10)

The Petitioner is hereby directed that the transmission charges recovered from short term open access customers shall be shown separately 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.

5.2 Fresh Directives

5.2.1 Estimates of Project Cost for Investment Approvals (Para 3.2)

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

5.2.2 Capitalisation of employee expenses (Para 3.5.2)

The Petitioner is hereby directed to submit the total number of employees engaged in the projects and also the basis of charging the employee expenses to CWIP in FY 2015-16 within one month of the date of Order.

5.2.3 Capitalisation of A&G expenses (Para 3.5.4)

The Petitioner is hereby directed to submit the total number of project offices, officers engaged in the project offices, and expenses of such project offices and also the basis of charging the A&G expenses to CWIP in FY 2015-16 within one month of the date of Order.

5.2.4 Uniformity in Loan balances and interest in audited accounts and Loan MIS (Para 3.5.6)

The Petitioner is directed to ensure consistency in the loan balances and the interest amount as per the audited accounts vis-à-vis its Loan MIS in all its tariff petitions in future.

5.2.5 ATC for Natural ISTS lines of PTCUL (Para 3.6)

The Commission directs the Petitioner that it has to comply with the Orders issued by CERC and submit the details to NLDC irrespective of beneficiary of these lines. Further, it has been observed from the CERC order that PTCUL is yet to file petition for seeking determination of tariff for more Natural ISTS lines. Accordingly, PTCUL is directed to submit the copy of the CERC order on determination of Annual Transmission Charges pertaining to Natural ISTS lines owned by PTCUL alongwith the compliance thereof in the next Tariff Petition.

5.2.6 Incentive paid to the employees (Para 3.8)

The Petitioner is directed to maintain separate details for the same and submit to the Commission the amount relating to the same every year in its Petition.

5.2.7 Employee expenses (Para 4.5.1.1)

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

The Annual Transmission Charges approved for FY 2017-18 will be applicable with effect from April 01, 2017 till revised by the Commission.

(Subhash Kumar)
Chairman

6 Annexures

6.1 Annexure-1 : Public Notice on PTCUL's Proposals

POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.

(A Govt. of Uttarakhand Undertaking)

Vidyut Bhawan, Saharanpur Raod, Majra, Near ISBT, Dehradun – 248001, Uttarakhand

Phone: 0135-2642006 Fax: 0135-2643460 Corporate ID U40101UR2004GOI028675

PUBLIC NOTICE

Inviting Comments on the Petition filed by PTCUL for approval of the proposed Transmission Charges for FY 2017-18

Salient Points of the ARR/Tariff Petition

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 truing up of FY 2015-16 based on audited Accounts & Annual Performance Review (APR) for FY 2016-17 and the Revised ARR for FY 2017-18. The summary of the proposals of the intra-State network for the aforesaid is given in the following Table:

Summary of APR &ARR of PTCUL for intra-State transmission network (₹ Crore)

S. no	Partculars	UERC Tariff Regulations, 2011		UERC Tariff Regulations, 2015			
		FY 2015-16 (True up)		FY 2016-17 (APR)		FY 2017-18 (ARR)	
		Approved in APR Order for FY 2014-15	Claimed for true up	Approved in the MYT Order for FY 2016-17	Revised Estimates	Approved in the MYT Order for FY 2017-18	Proposed
1	Depreciation	57.32	77.60	62.49	60.92	69.17	82.51
2	Interest on Long Term Loans	61.55	59.33	64.14	54.50	66.92	79.64
3	Return on Equity	14.76	29.44	14.98	38.66	20.36	57.68
4	O&M Expenses	117.15	96.32	132.41	140.37	144.43	159.76
5	Guarantee Fees	2.19	0.00	0.00	0.00	0.00	0.00
6	Interest on Working Capital	10.51	11.61	10.45	11.02	11.67	15.42
7	Income Tax	-	26.44	-	-	-	-
8	Add: Sharing of Gain/Loss	-	16.82	-	-	-	-
9	Provision for carrying cost on PDF	-	-	-	-	-	-
10	**Gross Expenditure**	**263.48**	**317.56**	**284.77**	**305.47**	**312.55**	**395.01**
11	Less: Non-Tariff Income	1.44	6.11	2.67	6.42	2.80	6.74
12	**Net Expenditure**	**262.04**	**311.45**	**281.80**	**299.05**	**309.75**	**388.27**
13	Add: True up of previous years including carrying cost	40.71	40.71	-6.52	-6.52	0.00	66.45
14	Add: Impact of revised year wise capitalisation of REC-II Scheme for previous years	0.00	0.00	-4.16	-4.16	0.00	0.00
15	Less: ARR for SLDC	7.45	9.12	10.08	14.35	13.72	19.81
16	**Net ARR**	**295.30**	**343.03**	**261.04**	**274.02**	**296.02**	**434.91**
17	**Revenue (Surplus)/Gap**	-	**47.73**	-	-	-	-

2. PTCUL has proposed a total hike of 66.61% for FY 2017-18 (which includes the truing up impact of FY 2015-16 alongwith the carrying cost on the same) over the approved transmission charges for FY 2016-17. In case, the entire claim of PTCUL including that of truing up of FY 2015-16 is also accepted by the Commission, additional hike of 2.50% 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, Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT, Dehradun - 248001, Uttarakhand. 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 **31.01.2017**.

पत्रांक:– 1008/मु0मु0ई0/पिटकुल/ए–2 दिनांक:– 09.12.2016 **Managing Director**

"Save Electricity in the Interest of Nation"

6.2 Annexure-3 : List of Respondents

Sl.	Name	Designation	Organization	Address
1	Sh Ravindra Jugran	-	Bhartiya Janta Party	Off. 39/29/3, Balbeer Road, Dehradun
2	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	Mohabewala Industrial Area, Dehradun-248110
3	Sh. Shakti Singh Bartwal	Social Activist	-	Shri Sidhvihar, Lane No. 4, Lower Nehrugram, Dehradun
4	Sh. Munish Talwar	Head- Electrical and Instrumentation	M/s Asahi India Glass Ltd.	Integrated Glass Plant, Village-Latherdeva Hoon, Manglaur-Jhabrera Road, P.O. Jhabrera, Tehsil Roorkee, Distt. Haridwar, Uttarakhand
5	Dr. V.K. Garg	Chairman	M/s South Asia Forum for Energy Efficiency	A-24/E, DDA Flats, Munirka, New Delhi-110067

6.3 Annexure-4 : List of Participants in Public Hearings

List of Participants in Hearing at Almora on 21.02.2017

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Girish Joshi	Principal (Retd.)	-	Mohalla Dubkiya, Distt. Almora-263601, Uttarakhand
2.	Sh. G.L. Verma	Ex Navy Officer	-	Johari Bazaar, Distt. Almora, Uttarakhand
3.	Sh. Shankar Dutt Pandey	Incharge-District Information Officer	-	Mall Road, Distt. Almora, Uttarakhand
4.	Sh. Akhtar Hussain	Sabhasad	-	District Panchayat Awaas, Chaughan Pata, Distt. Almora, Uttarakhand
5.	Sh. N.C. Joshi	Ex. Warrant Officer	-	S/o Late Sh. T.D. Joshi, Buxi Khola, PO & Distt. Almora-263601, Uttarakhand
6.	Sh. Amar Singh Karki	-	-	Mohalla-Makedi, PO & Distt. Almora, Uttarakhand
7.	Sh. Krishna Singh Latwal	-	-	Village-Dewali, PO-Lodhiya, Distt. Almora, Uttarakhand
8.	Sh. Pratap Singh Satyal	General Secretary	M/s Day Care Centre	Thana Bazaar, Distt. Almora, Uttarakhand
9.	Sh. Pooran Chandra Tiwari	Central General Secretary	Uttarakhand Lok Vahini	"Tiwari Sadan", Talla Galli, Jakhandevi, Distt. Almora, Uttarakhand
10.	Dr. R.S. Shahi	Retd. Director (Medical & Health)	-	Near Chief Medical Officer (CMO) Office, Pandey Khola, Distt. Almora, Uttarakhand
11.	Sh. Shyam Lal Sah	District President	Prantiya Udyog Vyapaar Pratinidhi Mandal	Kachhari Bazaar, Distt. Almora, Uttarakhand
12.	Sh. Anand Singh Bagadwal	President	Almora Urban Co-operative Bank	Lala Bazaar, Distt. Almora, Uttarakhand
13.	Sh. Manish Kumar Joshi	-	-	Talla Joshi Khola, Distt. Almora, Uttarakhand
14.	Sh. D.S. Bisht	-	-	Bansal Gali, Lala Bazaar, Distt. Almora, Uttarakhand
15.	Sh. Hari Krishna Khatri	-	-	52 Seedi, Dharanaula Marg, Distt. Almora-263601, Uttarakhand
16.	Sh. Khajaan Mishra	-	-	Bakshi Khola, Distt. Almora, Uttarakhand
17.	Sh. T.S. Karakoti	-	-	Karakoti Niwas, Near Shankar Bhawan, East Pokhar Khali, Distt. Almora-263601, Uttarakhand
18.	Sh. K.B. Pandey	-	-	Talla Tilakpur, Sunari Naula, Distt. Almora, Uttarakhand
19.	Sh. Sanjay Kumar Agrawal	Director & Secretary	Shri Karuna Jan Kalyan Samiti	Sanjay Bhawan, Malla Joshi Khola, Distt. Almora, Uttarakhand

Sl. No.	Name	Designation	Organization	Address
20.	Sh. Kailash Gurrani	-	-	Gurrani Khola, Distt. Almora-263601, Uttarakhand
21.	Prof. Arun K. Pant	-	-	Laxmi Niwas, Cement Kothi, Rani Dhara, Distt. Almora, Uttarakhand
22.	Sh. Prakash Chandra Joshi	President	Nagar Palika	Distt. Almora, Uttarakhand
23.	Sh. P.C. Tiwari	President	Uttarakhand Parivartan Party	Devki Niwas, Dharanaula, Distt. Almora-263601, Uttarakhand
24.	Sh. Anand Singh Ary	President	M/s Day Care Centre	Thana Bazaar, Distt.Almora, Uttarakhand
25.	Ms. Rekha Dhasmana	-	-	BSNL Colony, Quarter No. 4, Type-4, Makedi, Dhara Naula, Distt. Almora, Uttarakhand

List of Participants in Hearing at Rudrapur on 22.02.2017

Sl. No.	Name	Designation	Organization	Address
1.	Dr. Ganesh Upadhyaya	-	-	Village and P.O. Shatipuri No. 2, Distt. Udham Singh Nagar
2.	Sh. Sudhir Shahi	-	-	Village Pratappur, Tehsil-Rudrapur, Distt. Udham Singh Nagar
3.	Sh. Avendra Kumar	-	-	Village-Indrapur, P.O. Pratappur, Distt. Udham Singh Nagar
4.	Sh. Navneet Mishra	-	-	Village-Indrapur, P.O. Pratappur, Distt. Udham Singh Nagar
5.	Sh. Indrasan Yadav	-	-	Village-Indrapur, P.O. Pratappur, Distt. Udham Singh Nagar
6.	Sh. S.K. Garg	-	M/s BST Textile Mills Pvt. Ltd.	Plot 9, Sector 9, IIE, SIDCUL, Pantnagar, Distt. Udham Singh Nagar
7.	Sh. Jagdish Singh	-	-	Village-Dharampur, P.O. Chattarpur, Distt. Udham Singh Nagar
8.	Sh. Kunwar Pal Singh	-	-	Fauji Matkota, Bhurarani, Rudrapur, Distt. Udham Singh Nagar
9.	Sh. Sushil Kumar	-	-	Plot No. 14-B, Sector-9, SIDCUL, Pantnagar, Distt. Udham Singh Nagar
10.	Sh. R.S. Yadav	Vice President (HR & Admn.)	India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar
11.	Sh. R.K. Singh	Head (CPED & E)	M/s Tata Motors Ltd.	Plot No. 1, Sector 11, Integrated Industrial Estate, SIDCUL, Pantnagar-263153, Distt. Udham Singh Nagar
12.	Sh. Virat Seth	-	M/s Tata Motors Ltd.	Plot No. 1, Sector 11, Integrated Industrial Estate, SIDCUL, Pantnagar-263153, Distt. Udham Singh Nagar
13.	Sh. Devesh Pant	-	M/s Tata Motors Ltd.	Plot No. 1, Sector 11, Integrated Industrial Estate, SIDCUL, Pantnagar-263153, Distt. Udham Singh Nagar
14.	Sh. Shakeel A. Siddiqui	Sr. General Manager (Finance)	M/s Kashi Vishwanath Textile Mill (P) Ltd.	5th KM Stone, Ramnagar Road, Kashipur-244713, Distt. Udham Singh Nagar
15.	Sh. Rakesh Sood	-	M/s Galwalia Ispat Udyog Pvt. Ltd.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar
16.	Sh. Akash Jain	-	M/s Roop Polymers Ltd.	Plot No. 19, Sector-9, IIE SIDCUL, Pantnagar, Distt. Udham Singh Nagar
17.	Sh. Sanjay Adhlakha	-	M/s Ambashakti Glass India Pvt. Ltd.	Plot. No. 41, Sector-3, SIDCUL, Pantnagar, Distt. Udham Singh Nagar

Sl. No.	Name	Designation	Organization	Address
18.	Sh. Deepak Kumar	-	M/s Nestle India Ltd.	Pantnagar, SIDCUL Industrial Area Road, Distt. Udham Singh Nagar-263153
19.	Sh. Teeka Singh Saini	Former State General Secretary	Kisan Congress	33, Katoratal, Kashipur, Distt. Udham Singh Nagar
20.	Sh. Balkar Singh Fauji	-	-	Village-Raipur Khurd, P.O. Kashipur, Distt. Udham Singh Nagar
21.	Sh. Kuldeep Singh	-	-	Village-Dhakia Kalan, PO-Dhakia No. 1, Tehsil-Kashipur, Distt. Udhamsingh Nagar-244713
22.	Sh. Tushar Agarwal	-	M/s BTC Industries Ltd.	Village-Kishanpur, P.O. Deooria, Tehsil-Kichha, Distt. Udhamsingh Nagar
23.	Sh. Arunesh Kumar Singh	-	M/s Perfect Dynamics Auto Pvt. Ltd.	Fulsunga, P.O. Transit Camp, Rudrapur, Distt. Udham Singh Nagar
24.	Sh. Dinesh Johsi	-	M/s Sanjay Technolplast Pvt. Ltd.	Pant Nagar Plant : Khata No. 182, Khasra No. 301 Min., Village-Fulsunga, Tehsil-Kichha, Rudrapur, Distt. Udham Singh Nagar-263153
25.	Sh. Vijendra Singh	-	M/s Sanjay Technolplast Pvt. Ltd.	Pant Nagar Plant : Khata No. 182, Khasra No. 301 Min., Village-Fulsunga, Tehsil-Kichha, Rudrapur, Distt. Udham Singh Nagar-263153
26.	Sh. Sukkha Singh	-	-	Village & P.O.-Chattarpur, Rudrapur, Distt. Udham Singh Nagar
27.	Sh. Prateek Agrawal	-	M/s Shrishti Steel Industries (P) Ltd.	Station Road, Kashipur, Distt. Udham Singh Nagar
28.	Sh. Dheerendra Kumar Singh	-	M/s Omega Icewill Pvt. Ltd	Plot No. 37, Sector-4, IIE, Pantnagar, SIDCUL, Rudrapur, Distt. Udham Singh Nagar
29.	Sh. R.B. Biradar	Sr. General Manager	M/s Radico Khaitan Ltd.	A-1, A-2, B-3, Industrial Area, Bazpur, Distt. Udham Singh Nagar
30.	Dr. R.P. Singh	Executive Director	M/s Tarai Foods Ltd.	Sandhu Farms, P.O. Box No. 18, Rudrapur-263153, Distt. Udham Singh Nagar
31.	Sh. Manish Goyal	-	M/s BST Textile Mills Pvt. Ltd.	Plot 9, Sector-9, Rudrapur, Distt. Udham Singh Nagar
32.	Sh. S. Sinha	-	M/s Endurance Technologies Ltd.	Plot-03, Sector-10, IIE, Pantnagar, Distt. Udham Singh Nagar-263153
33.	Sh. Harish Pant	-	M/s Endurance Technologies Ltd.	Plot-03, Sector-10, IIE, Pantnagar, Distt. Udham Singh Nagar-263153
34.	Sh. Rajiv Kumar	-	M/s Endurance Technologies Ltd.	Plot-03, Sector-10, IIE, Pantnagar, Distt. Udham Singh Nagar-263153
35.	Sh. Amit Goyal	-	M/s Ashok Layland Ltd.	Plot No. 1, Sector 12, IIE, Pantnagar, Distt. Udham Singh Nagar-263153
36.	Sh. Rameshwar Dayal	-	M/s Ashok Layland Ltd.	Plot No. 1, Sector 12, IIE, Pantnagar, Distt. Udham Singh Nagar-263153
37.	Sh. Ashok	-	M/s Rudrapur Solvents	Rudrapur-Kichha Road, Lalpur, Distt.

Sl. No.	Name	Designation	Organization	Address
	Bansal		Pvt. Ltd.	Udham Singh Nagar
38.	Sh. Ajit Dandavate	-	M/s Bajaj Auto Ltd.	Plot No. 2, Sector-10, SIDCUL, Pantnagar, Rudrapur, Distt. Udhamsingh Nagar
39.	Sh. Prem Maurya	-	-	Village & P.O. Chattarpur, Rudrapur, Distt. Udham Singh Nagar-263153
40.	Sh. Umesh Sharma	-	M/s Voltas Ltd.	Plot No. 2-5, Sector-8, IIE, Pantnagar Industrial Area, Rudrapur, Distt. Udhamsingh Nagar-263153
41.	Sh. Ram Kumar Agarwal	-	M/s Umashakti Steels (P) Ltd.	Village-Vikrampur, Bannakheda Road, Bazpur, Distt. Udham Singh Nagar
42.	Sh. Sushil Kumar Tulsyan	-	M/s Umashakti Steels (P) Ltd.	Village-Vikrampur, Bannakheda Road, Bazpur, Distt. Udham Singh Nagar
43.	Sh. Naresh Ghai	-	M/s AICA Laminates India (P) Ltd.	Plot No. 23-26 & 45-48, Sector-5, SIDCUL, Pantnagar, Distt. Udham Singh Nagar
44.	Sh. Kuldeep Singh	-	M/s Kumaon Garhwal Chamber of Commerce & Industry Uttarakhand	Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt. Udhamsingh Nagar
45.	Sh. Vijay Mishra	Manager (HR)	M/s Eminent Power Friends Equiptment Co. Pvt. Ltd.	Plot No-14-A & 15, Sector-4, IIE, SIDCUL, Pantnagar-263153, Distt. Udham Singh Nagar
46.	Sh. D.N. Maurya	-	-	Chattarpur, Rudrapur, Distt. Udham Singh Nagar-263153
47.	Sh. Shiv Ji Maurya	-	-	Village & P.O. Chattarpur, Rudrapur, Distt. Udham Singh Nagar
48.	Sh. J.K. Patel	-	M/s SIDCUL Welfare Association	SIDCUL Area, Pantnagar, Rudrapur, Distt. Udham Singh Nagar
49.	Sh. Manoj Tyagi	-	-	-
50.	Sh. Jagri Singh	-	-	Village-Bagwara, P.O. Garinegi, Tehsil-Jaspur, Distt. Udham Singh Nagar
51.	Sh. Gurbachan Singh	-	-	Village & P.O. Kunda, Tehsil-Jaspur, Distt. Udham Singh Nagar
52.	Sh. Shital Singh	-	-	S/o Sh. Singara Singh, Village-Jagatpur Patti, P.O. Shivrajpur, Tehsil-Jaspur, Distt. Udham Singh Nagar
53.	Sh. Didaar Singh	-	-	S/o Karam Singh, Village-Jagatpur Patti, P.O. Shivrajpur, Tehsil-Jaspur, Distt. Udham Singh Nagar
54.	Sh. Harish Bhatt	-	-	Village & P.O. Chattarpur, Rudrapur, Distt. Udham Singh Nagar
55.	Sh. Rajeev	-	M/s Kashi Vishwanath	Narain Nagar Industrial Estate,

Sl. No.	Name	Designation	Organization	Address
	Gupta		Steels Pvt. Ltd.	Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar.
56.	Sh. Sanjeev Jindal	-	M/s Uttaranchal Ispat Pvt. Ltd.	Pipaliya Industrial Area, Bazpur, Distt. Udham Singh Nagar.
57.	Sh. Vikash Kumar	-	-	Plot No. 13, Sector-2, Rudrapur, Distt. Udham Singh Nagar.

List of Participants in Hearing at Dehradun on 02.03.2017

Sl. No.	Name	Designation	Organization	Address
1	Sh. K.S. Kukreja	-	-	1/9, Govind Garh, Dehradun
2	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
3	Sh. Rajiv Agarwal	Sr. Vice-President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
4	Sh. R.L. Khanduri	-	M/s Flex Foods Ltd.	Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun-248140
5	Sh. Sandeep Sahni	President	Uttarakhand Hotel Association	Hotel Brentwood, Kulri, The Mall, Mussoorie-248179, Dehradun
6	Sh. Ram Kumar	Sr. Vice President	Mussoorie Hotel Association	Hotel Vishnu Palace, Library Chowk, Mussoorie-248179, Dehradun
7	Sh. G.C. Madhwal	-	-	147/28, Kalidas Road, Hathibarkala, Dehradun
8	Sh. Gulshan Rai	-	Sh. Ganesh Roller Floor Mills	Mohabbewala Industrial Area, Subhash Nagar, Dehradun-248001
9	Sh. Vishvamitra Gogiya	-	-	36, Panchsheel Park, Chakrata Road, Dehradun
10	Sh. K.G. Behl	-	-	8A, Nemi Road, Dalanwala, Dehradun
11	Sh. Arvind Jain	Member	Tarun Kranti Manch (Regd.)	6-Ramleela Bazaar, Dehradun
12	Sh. Anoop Nautiyal	-	-	69, Vasant Vihar, Dehradun
13	Sh. V. Viru Bisht	-	-	Village-Mohanpur, Post Off.-Premnagar, Dehradun-248007
14	Sh. G.D. Madhok	-	-	146/1, Rajendra Nagar, Street No. 9, Kaulagarh Road, Dehradun
15	Sh. Munish Talwar	Head-Electrical & Instrumentation	M/s Asahi India Glass Ltd.	Integrated Glass Plant, Village-Latherdeva Hoon, Manglaur-Jhabrera Road, P.O. Jhabrera, Tehsil Roorkee, Distt. Haridwar
16	Sh. Manish Garg	-	M/s Madhu Gupta & Company	51/510, New Hyderabad, Lucknow, Uttar Pradesh
17	Sh. Sushil Tyagi	-	-	34, Phase-1, THDC Colony, Pathri Bagh, Dehradun
18	Sh. Mahesh Sharma	President	M/s Uttarakhand Industrial Welfare Association	Off. G-31, UPSIDC, Industrial Area, Selaqui, Dehradun, Uttarakhand
19	Sh. Vikas Kumar	-	M/s Cavendish Industries Ltd.	Village-Kheri Mubarakpur, Laksar, Haridwar, Uttarakhand
20	Sh. Manish Garg	-	M/s Galwalia Ispat Udyog Pvt.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713,

Sl. No.	Name	Designation	Organization	Address
			Ltd.	Distt. Udham Singh Nagar.
21	Dr. Mahesh Bhandari	President	Doon Residential Welfare Front	6, Municipal Road, Dehradun
22	Sh. Avdhash Kaushal	-	-	68/1, Rajpur Road, Dehradun
23	Sh. Surendra Nautiyal	-	-	Lower Nehru Gram, P.O.-Nehru Gram, Dehradun
24	Sh. K.S. Pundir	-	-	Shantikunj, Lane No.-1A, Lower Nathanpur, Dehradun
25	Sh. Sanjay Chaurasiya	-	M/s Hindustan National Glass & Industries Ltd.	Post Off.-Virbhadra, Rishikesh-249202, Uttarakhand
26	Sh. K.L. Sundriyal	-	-	4(4/3), New Road, Near Hotel Relax, (Amrit Kauri Road), Dehradun
27	Sh. Akash Agarwal		Arunachal Pradesh Power Ltd.	Sector-1, B-15, Noida, Uttar Pradesh
28	Thakur Sh. R.S. Kaintura	-	-	4/19, Lane No. 03, P.O. Road Clement Town, Dehradun
29	Sh. Vijay Singh Verma	-	-	Village-Delna, P.O. Jhabrera, Haridwar-247665, Uttarakhand
30	Sh. Dharam Pal Goyal	-	-	S/o Sh. Ram Kumar, Gyan Vihar, Gurudwara Road, Doiwala, Dehradun
31	Sh. Umesh Sharma Kau	Hon'ble MLA	-	Brahma Niwas, Ajabpur Kalan, Dehradun
32	Sh. P.C. Thapliyal	-	-	90, Vijay Park, Dehradun
33	Sh. Man Singh	General Manager (Engg.)	M/s Vista Alps Industries Ltd.	Haridwar Unit-II, Plot No. 1 B, Sector-10, Integrated Industrial Estate, SIDCUL, Distt. Haridwar
34	Sh. Rajendra Singh	-	-	91, Dharampur, Dehradun
35	Sh. Shekhera Nand Maindolia	-	-	150, Divya Vihar, Danda Dharampur, Dehradun.
36	Sh. Shakti Singh Bartwal	-	-	Shri Sidhh Vihar, Lane No.-04, Lower Nehrugram, Dehradun

List of Participants in Hearing at New Tehri on 03.03.2017

Sl. No.	Name	Designation	Organization	Address
1	Sh. Prem Singh Bangai	Advocate	-	Chamber No. 2, Court Compound, New Tehri, Tehri Garhwal, Uttarakhand
2	Sh. Shiv Singh Negi	President	Consumer Welfare Committee (Regd.)	Block No. 9/2, Type-3, New Tehri, Tehri Garhwal, Uttarakhand
3	Sh. Sumer Singh	Pradhan	-	Village-Khatyada, Vikas Khand-Narendra Nagar, P.O.-Rani Chaudi, Tehri Garhwal, Uttarakhand
4	Sh. Sandeep Singh	-	-	Near Main Post Office, Moldhar, New Tehri, Tehri Garhwal, Uttarakhand
5	Sh. Ashish Chauhan	-	M/s Golu Bakers	Gaja, Tehri Garhwal, Uttarakhand