Order

on

True up for FY 2016-17,

Annual Performance Review for FY 2017-18

&

ARR for FY 2018-19

For

Power Transmission Corporation of Uttarakhand Ltd.

March 21, 2018

Uttarakhand Electricity Regulatory Commission

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

Dehradun – 248171

Table of Contents

List of Tables

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No.: 51 of 2017

In the Matter of:

Petition filed by Power Transmission Corporation of Uttarakhand Limited for True up for FY 2016-17, Annual Performance Review for FY 2017-18 and Revised Aggregate Revenue Requirement for FY 2018-19.

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 21, 2018

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 first Control Period from FY 2013-14 to FY 2015-16. In accordance with the provisions of the UERC Tariff Regulations, 2011, the Commission had carried out the Annual Performance Review for FY 2013-14, FY 2014-15 and FY 2015-16 vide its Orders dated April 10, 2014, April 11, 2015 and April 5, 2016 respectively.

Further, in accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2015 (hereinafter referred to as "UERC Tariff Regulations, 2015") for the second Control Period from FY 2016-17 to FY 2018-19 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the Order on approval of Business Plan and Multi Year Tariff dated April 5, 2016 for the Control Period FY 2016-17 to FY 2018-19. In accordance with the provisions of the UERC Tariff Regulations, 2015, the Commission had carried out the Annual Performance Review for FY 2016-17 vide its Order dated March 29, 2017. As per the provisions of Regulation 12 of the UERC Tariff Regulations, 2015, PTCUL filed a Petition (Petition No. 51 of 2017 and hereinafter referred to as the "Petition"), giving details of its revised projections of Aggregate Revenue Requirement (ARR) for FY 2018-19, based on the true up for FY 2016-17 and Annual Performance Review for FY 2017-18 on November 29, 2017. Subsequently, PTCUL filed a revised Petition on December 19, 2017.

The Petition filed by PTCUL had certain infirmities/deficiencies which were informed to PTCUL vide Commission's letter no. UERC/6/TF-430/17-18/2017/1423 dated December 7, 2017 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. 2427/Dir. (Projects)/PTCUL/ARR dated December 15, 2017 removed the critical deficiencies. Based on the submissions made by PTCUL, the Commission vide its Order dated December 21, 2017 provisionally admitted the Petition for further processing subject to the condition that PTCUL shall furnish any further information/clarifications as deemed necessary by the Commission during the processing of the Petition and provide such information and clarifications to the satisfaction of the Commission within the time frame, as may be stipulated by the Commission, failing which the Commission may proceed to dispose of the matter as it deems fit based on the information available with it.

This Order, accordingly, relates to the APR Petition filed by PTCUL for true up for FY 2016-17, APR for FY 2017-18 and revised ARR for FY 2018-19 and is based on the original as well as all the subsequent submissions made by PTCUL during the course of the proceedings and the relevant findings contained in the MYT Order dated April 5, 2016 and the APR Order dated March 29, 2017.

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 2016-17.

Chapter 4 – Commission's Analysis, Scrutiny & Conclusion on APR for FY 2017-18 and Revised ARR for FY 2018-19.

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. Further the Commission had carried out the Annual Performance Review for FY 2016-17 vide its Order dated March 29, 2017. 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 2017-18 on November 29, 2017 and the revised Petition on December 19, 2017. Through the above Petition, PTCUL sought true up for FY 2016-17, review of ARR for FY 2017-18 and Revised Aggregate Revenue Requirement for FY 2018-19 based on the audited accounts for FY 2016-17. The above Petition was provisionally admitted by the Commission vide its Order dated December 21, 2017. The Commission, through its above Admittance Order dated December 21, 2017, 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 23, 2017
2	Dainik Jagran	December 23, 2017
3	Hindustan Times	December 24, 2017
4	Times of India	December 24, 2017

Through above notice, stakeholders were requested to submit their objections/suggestions /comments latest by January 31, 2018 (copy of the notice is enclosed as **Annexure 1**). The Commission received in all five 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	Bageshwar	February 20, 2018
2	Rudrapur	February 21,2018
3	Rudraprayag	February 27, 2018
4	Dehradun	February 28, 2018

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 5, 2018, 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.

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 4, 2018, 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-430/ 17-18/2018/1560 dated January 5, 2018, for its response.

The Petitioner submitted the replies to datagaps vide its letter no. 2427/Dir. (Projects)/ PTCUL/ARR dated December 15, 2017. The Petitioner submitted the replies to Minutes of TVS vide letter no. 130/Dir. (Projects)/PTCUL/ARR dated January 15, 2018. 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 Petition for True up for FY 2016-17, Annual Performance Review for FY 2017-18 and Revised Aggregate Revenue Requirement for FY 2018-19. 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 Capitalisation of New Assets

2.1.1 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 then only the contract for execution of works should be awarded to reduce the cost over-run.

Shri Pankaj Gupta and Shri Rajiv Agarwal 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.

Shri Vijay Singh Verma of Kisan Club submitted that capital investment should not be allowed to the Petitioner for procuring poor quality transformers from INP.

2.1.2 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 checking of clearances obtained. It also submitted that it is the constant endeavour of its officials to undertake projects within the stipulated estimates and timelines.

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.

The Petitioner further submitted that the procurement of equipment is done based on established standards and procedures which ensures transparency and quality of purchase. The Petitioner further submitted that Repair and Maintenance of equipment is an integral part of operations of any power utility that ensures the health of the power system. Further, all projects are approved by the Commission after a thorough prudence check which includes ensuring that the required clearances are in place. The submissions for capital expenditure incurred and capitalisation achieved is done strictly as per the UERC (Terms and Conditions of Multi-year Tariff) Regulations, 2015.

2.1.3 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 in the true up for FY 2015-16, the Commission had not allowed part capitalisations 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. The Commission in this Order has again not allowed part capitalisations in accordance with the UERC Tariff Regulations, 2015. The detailed approach adopted by the Commission for approving the capitalisation for FY 2016-17 including the analysis of additional submissions made by Petitioner while carrying out the truing up is elaborated in Chapter 3 of the Order. Further, the approach adopted by the Commission for the capitalisation considered for FY 2017-18 and FY 2018-19 including the analysis of additional submissions made by

Petitioner is elaborated in Chapter 4 of the Order.

2.2 Carrying Cost of Deficit

2.2.1 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.

2.2.2 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 and 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 is also submitted that the True-up for FY 2016-17 has been computed based on the audited accounts of FY 2016-17.

2.2.3 Commission's Views

The Commission has considered the carrying cost on revenue deficit/surplus while carrying out the truing up of FY 2016-17 in accordance with the the approach adopted by it in the truing up of previous years.

2.3 Annual Transmission Charges

2.3.1 Stakeholder's Comments

Shri Pankaj Gupta and Shri Rajiv Agarwal 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 and Shri Rajiv Agarwal of Industries Association of Uttarakhand submitted that PTCUL has claimed Rate of Interest as 10.10% in its Petition which is very high. They further submitted that PTCUL as a Government entity should look out for cheaper options available in the market.

Mr. Munish Talwar of M/s. Asahi India Glass Ltd submitted that the hike in consumer tariff for FY 2018-19 shall add major constraint for the Industrial consumers.

Dr. V. K. Garg of South Asia Forum for Energy Efficiency submitted that the proposed increase of expenditure for FY 2018-19 considering the Capitalisation, Capital Expenditure, Depreciation, RoE and Interest Rates on Debt is not justified.

2.3.2 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 the process of seeking clarification and getting the stay vacated on allowing return on equity on fund received through PDF.

As regards claim of higher rate of Interest, the Petitioner submitted that it is committed towards 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 decreased in comparison to previous years. The Petitioner also submitted that complete detail of the loans availed by it has been submitted to the Commission.

The Petitioner submitted that the ARR claimed for the years FY 2016-17, FY 2017-18 and FY 2018-19 are Rs. 273.64 Crore, Rs. 266.72 Crore and Rs. 342.79 Crore, respectively. The APR for FY 2017-18 and revised ARR for FY 2018-19 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.

2.3.3 Commission's Views

The Commission has approved the Annual Transmission Charges for FY 2017-18 and FY 2018-19 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 2017-18 and Revised ARR for FY 2018-19 as detailed in subsequent Chapters of this Order.

2.4 True-Up

2.4.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the Petitioner in true up Petition for FY 2016-17 has claimed 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.

2.4.2 Petitioner's Response

The Petitioner submitted that the details of the true-up claimed for FY 2016-17 have been provided in the Petition. Also, all the recording of expenses is being done in accordance with the standard accounting principles. It also submitted that expenses submitted by the Petitioner 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 in accordance with the UERC (Terms and Conditions of Multi-year Tariff) Regulations, 2015. Further, standard accounting principles are also followed while recording such R&M expenses.

2.4.3 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 2016-17 in accordance with the provisions of the UERC Tariff Regulations, 2015 while carrying out the Truing up of expenses and revenues for FY 2016-17.

2.5 Miscellaneous Comments

2.5.1 Stakeholder's Comments

Shri Sunil Gupta, Editor of "Teesri Aankh ka Tahalka" submitted that permanent employees of the Petitioner are benefitted by advance increment of 3% which is not legitimate. He also added that the Petitioner has incurred extra cost on solar project due to its inefficiency and, hence, such extra cost should not be passed on the consumers of Sate. During the hearing, Shri Gupta also objected towards the high rental charges being paid for hiring of taxies for PTCUL officials when as per GoU Order these officials should clam reimbursement as per entitlement which will result in substantial cost saving for the Corporation (PTCUL).

2.5.2 Petitioner's Response

The Petitioner submitted that the incentive provided to the permanent employees of PTCUL 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. The Petitioner further submitted that the incentive provided was approved considering the sustained efficiency of the organization 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%. The Petitioner further submitted that the availability of its Transmission System has been one of the most efficient amongst the utilities in the country. The Petitioner also submitted that its loss levels for the past years have consistently been below 2%. With regard to extra cost on solar project, the Petitioner submitted that it has not invested in any solar energy project wherein there has been a price escalation. The only solar project that has been undertaken by PTCUL is the off-grid 100 kW rooftop solar project installed at PTCUL HQ at Dehradun. The said project has been developed under the aegis of MNRE with funding support from UREDA.

2.5.3 *Commission's Views*

The Commission has dealt with the issue of advance increment while analysing the employee expenses for FY 2016-17 in Chapter 3 of the Order. **On the other issues regarding, prima facie, high cost of hiring of taxies vis-à-vis entitled reimbursement as per GoU Order, the Commission directs PTCUL to submit the details of vehicles taken on hire including the process of hiring the same along with the details of employees to whom such vehicles have been allotted within one month of the date of Order. PTCUL's BoD is also directed to explore as to why Government G.O. regarding conveyance is not adopted by it and submit the report within 3 months of the date of Order so as to ensure savings in overall costs.**

2.6 Issues Raised During Meeting of State Advisory Committee

2.6.1 *Stakeholder's Comments*

During the Advisory Committee meeting held on March 5, 2018, the Members made the following suggestions on the Petition for True up for FY 2016-17, Annual Performance Review for FY 2017-18 and Revised Aggregate Revenue Requirement FY 2018-19.

- 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 Rate of Interest of 10.10% in its petition which is very high considering the prevailing interest rates.
- PTCUL is taking abnormally high time for execution of capital works due to which entire power sector in Uttarakhand is affected. Further, two sub-stations namely Aaraghar and Selaqui are still not completed even after all the approvals and, therefore, the Petitioner should be directed to complete the Aaraghar and Selaqui Sub-stations at the earliest.

2.6.2 *Petitioner's Response*

The Petitioner submitted the following replies on the queries raised:

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

b) PTCUL is availing new loans at the rates prevalent in the market after following competitive bidding process and the interest rate of 10.10% claimed in the Petition is the weighted average of existing loans and new loans.

c) PTCUL informed about the current status of various projects and submitted that several projects are likely to be completed in FY 2018-19.

2.6.3 Commission's Views

The Commission has approved the Annual Transmission Charges for FY 2018-19 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 Members of the Advisory Committee have been addressed while approving the Revised ARR for FY 2018-19 as detailed in subsequent Chapters of this Order.

3 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2016-17

3.1 Annual Performance Review

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

The Petitioner, in this Petition, has claimed final true up for FY 2016-17 based on the audited accounts. The Petitioner, based on the final Truing up for FY 2016-17, has also proposed a revenue gap on account of truing up to be recovered in FY 2018-19. In accordance with Regulation 12(3) of the UERC Tariff Regulations, 2015 the Commission has carried out the final truing up for FY 2016-17 based on the audited accounts for FY 2016-17. The approach adopted by the Commission in the approval of true up for FY 2016-17 is elaborated in the subsequent paragraphs.

3.2 Value of opening assets and additional capitalisation

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

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

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

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

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

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

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

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

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

The Commission vide its Tariff Order for FY 2017-18 dated March 29, 2017 directed the Petitioner to get the Transfer Scheme finalized and to submit the same to the Commission along with its Petition for Annual Performance Review for FY 2017-18. The Petitioner in the instant Petition submitted that the draft report of transfer scheme submitted by its consultant M/s Prudential Project Syndicate, has been forwarded to UPCL for reconciliation. The reconciliation of opening balances is under finalization. The final report shall be submitted to the Commission in due course of time.

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

The Commission has considered the scheme wise closing GFA for FY 2015-16 as approved in the final truing up in its Tariff Order dated March 29, 2017 as the opening GFA for FY 2016-17.

The GFA addition in FY 2016-17 as per the Audited Accounts is Rs. 416.91 Crore. Out of the same, the GFA addition pertaining to UITP projects, which are not regulated by the Commission amount to Rs. 229.64 Crore. Accordingly, the GFA addition pertaining to the transmission business regulated by the Commission is Rs. 187.27 Crore. PTCUL has claimed GFA addition of Rs. 194.69 Crore for truing up of FY 2016-17. The GFA addition claimed by PTCUL for FY 2016-17 is inclusive of the GFA addition disallowed by the Commission in the truing up of FY 2015-16. Before going into the prudence check of GFA addition claimed by PTCUL in truing up for FY 2016-17, the Commission finds it appropriate to discuss on the submissions of PTCUL with regards to GFA addition.

The Commission, in its previous Orders, had repetitively emphasised and cautioned the Petitioner to rectify the lacunae in its accounting practices regarding the works capitalised in its audited accounts. Even after repeated directives, there appears to be no significant improvement in this regard which has been discussed in detail during the approval of scheme wise capitalisation for FY 2016-17.

While approving the scheme wise capitalisation for FY 2016-17, 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. 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 extra IDC on account of delay under three cases, (i) due to factors entirely attributable to the Petitioner, (ii) due to factors beyond the control of the Petitioner, and (iii) situation not covered by (i) & (ii). The Commission for working out the excess IDC for the period of delay has first computed the Base Case IDC for the scenario if the project would have been completed on time as follows:

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

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

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

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

a) Undischarged liabilities;

b) Works deferred for execution;

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

d) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and *e) On account of change in law.*

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

(2) The capital expenditure of the following nature actually incurred after the cut-off date may be admitted by the Commission, subject to prudence check:

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

b) Change in Law;

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

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

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

...”

In the subsequent Paras, the Commission has discussed the scheme wise capitalisation for FY 2016-17 claimed by the Petitioner and approved by the Commission.

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

The Petitioner has claimed the capitalisation of Rs. 135.79 Crore in REC Old Scheme for the projects as shown in the Table below:

Table 3.1: Capitalisation claimed for REC Old Scheme in FY 2016-17 (Rs. Crore)

Project	Year of first time capitalisation	Capitalisation claimed by PTCUL
132 kV Srinagar II-Satpuli Line	FY 2013-14	0.004
132 kV S/s Simli	FY 2016-17	13.07
132 kV Srinagar-Simli Line	FY 2016-17	122.72
Total		**135.79**

3.2.1.1 132 kV Srinagar II-Satpuli Line

The Petitioner has claimed the capitalisation of Rs. 0.004 Crore for 132 kV Srinagar II-Satpuli Line towards the legal charges regarding the hearing in National Green Tribunal and submitted the supporting documents for the same. These charges claimed by the Petitioner are not allowable as a part of capitalised expenses as the same has been incurred after commissioning of the project. Such expenses are of the nature of administrative & general expenses. Hence, the Commission has considered the same as a part of the actual A&G expenses for FY 2016-17.

3.2.1.2 132 kV S/s Simli

The Petitioner has claimed the capitalisation of Rs. 13.07 Crore for 132 kV S/s Simli. 132 kV S/s Simli was completed in FY 2011-12. The Petitioner had claimed the capitalisation of Rs. 9.40 Crore in its claims for final true-up of FY 2011-12. The Commission while carrying out the final true-up for FY 2011-12 had not allowed the capitalisation of 132 kV S/s Simli as the associated transmission line, i.e. 132 kV Srinagar-Simli Line was not completed and hence, the 132 kV S/s Simli, although completed was not put to use. As 132 kV Srinagar-Simli Line has been capitalised and put to use in FY 2016-17, the capitalisation of 132 kV S/s Simli is allowable in FY 2016-17. The Petitioner has claimed the capitalisation of Rs. 13.07 Crore in its claims for final true-up of FY 2016-17.

As regards the capitalisation of Rs. 13.07 Crore claimed by the Petitioner, the Commission sought the following information from the Petitioner: (1) reason for variation in the capitalisation amount that was claimed in final true-up of FY 2011-12, (2) whether this amount of Rs. 13.07 Crore is inclusive of Rs. 9.40 Crore claimed in the final true-up of FY 2011-12 and (3) whether any adjustment was carried out in the annual accounts of previous years for deducting the amount of Rs. 9.40 Crore capitalised in the annual accounts for FY 2011-12 . In its reply, the Petitioner submitted that the amount of Rs. 13.07 Crore claimed in FY 2016-17 is inclusive of Rs. 9.40 Crore claimed earlier and as the asset was not put to use, the IDC for the intermediary years was booked in the project cost. No adjustment was done in the annual accounts of previous years as the asset was capitalised in FY 2016-17 and not in FY 2011-12 and, accordingly, the amount of Rs. 13.07 Crore has been capitalised in the annual accounts of FY 2016-17.

The Petitioner in its claims for final true-up of FY 2011-12 had claimed that the capitalisation of Rs. 9.40 Crore for 132 kV S/s Simli was done after reconciling the total GFA addition as per the audited accounts for the respective year with each scheme and projects within each scheme. However, the Petitioner, during the present proceeding has now submitted that the asset was not capitalised in FY 2011-12. The Commission fails to understand the rationale behind such contradicting statements of the Petitioner. Nevertheless, as the Commission had not allowed any capitalisation towards 132 kV S/s Simli in final true-up of FY 2011-12, the Commission does not find it necessary to delve into such inappropriate statements of the Petitioner. The Commission has considered the same to be put to use and capitalised in FY 2016-17.

The Commission vide its Order dated April 11, 2015 on final true-up for FY 2011-12 had worked out the allowable executed cost of 132 kV S/s Simli as Rs. 12.71 Crore as against Rs. 13.39 Crore claimed by the Petitioner. The Commission, in this Order, has considered the same as the allowable cost. As against the allowable cost of Rs. 12.71 Crore, the Petitioner has now claimed the capital expenditure of Rs. 14.57 Crore (in Form 9.5) and capitalisation of Rs. 13.07 Crore. The Commission has approved the capitalisation of Rs. 12.71 Crore by limiting it to the allowable cost.

3.2.1.3 132 kV Srinagar-Simli Line

The original project cost of 132 kV Srinagar-Simli Line was Rs. 22.26 Crore which was exclusive of IDC. As against the same, the Petitioner has claimed the capital expenditure of Rs. 122.15 Crore (in Form 9.5) and capitalisation of Rs. 122.72 Crore in FY 2016-17. The claimed capitalisation of Rs. 122.72 Crore in FY 2016-17 is inclusive of the additional capitalisation during the year amounting to Rs. 22.24 Crore. The Petitioner submitted that this additional capitalisation pertains to expenditure incurred by units before formation of separate Project Wing and, thus, transferred by units to Project Wing.

The Commission has perused the documents/information submitted by the Petitioner regarding 132 kV Srinagar-Simli Line. The original Letter of Awards (LoAs) for supply and erection, testing & commissioning were placed on tendering basis in the year 2005 for 132 kV Srinagar-Simli Line alongwith LILO of 132 kV Rishikesh-Srinagar Line at 132 kV Substation Srinagar-II at the ordering cost of Rs. 23.67 Crore. As per the original LoAs, the total scheduled completion period was 18 months from date of LoA. The scheduled time for obtaining forest clearance was 6 months from date of LoA and the contracts provided for extension of completion date correspondingly in case of delay in obtaining forest clearance. Subsequently, the Petitioner issued 2 amendments to the LoAs, (i) contract price was increased for change in scope of work in the year 2011 and, the ordering cost was revised to Rs. 38.95 Crore, and (ii) price variation was allowed till the actual completion time in the year 2014. The actual commissioning date of the line was April 26, 2016 as against the original scheduled date of April 24, 2007.

As mentioned in the above Para, the LoAs for supply and erection, testing & commissioning of 132 kV Srinagar-Simli Line were placed alongwith LILO of 132 kV Rishikesh-Srinagar Line. In the absence of the ordering cost separately for each project, the Commission has worked out the ordering cost for each project separately based on the proportion of ckt. km. of each Line. The length of 132 kV Srinagar-Simli Line is 64.45 ckt. km. and that of LILO of 132 kV Rishikesh-Srinagar Line is 3.29 ckt. km, as submitted by the Petitioner in Form 3. Accordingly, the Commission has worked out the original ordering cost of Rs. 22.52 Crore (Year 2005) and revised ordering cost of Rs. 37.07 Crore (Year 2011) for 132 kV Srinagar-Simli Line.

The Commission has first dealt with the allowable Hard Cost based on the submissions of the Petitioner in Form 9.5. The Petitioner has claimed the Hard Cost of Rs. 104.35 Crore as shown in the Table below:

Table 3.2: Hard Cost of 132 kV Srinagar-Simli Line claimed by PTCUL (Rs. Crore)

Particulars	Original Ordering Cost	Revised Ordering Cost	Claimed by PTCUL (Form 9.5)
Preliminary works	-	-	28.49
Supply	8.73	11.68	15.03
Erection, Testing & Commissioning	13.80	25.39	26.67
Price Variation on Supply and Erection Testing & Commissioning	-	-	20.29
Taxes & Duties	-	-	3.86
Overheads	-	-	10.01
Total	**22.52**	**37.07**	**104.35**

The originally approved (Hard) cost for 132 kV Srinagar-Simli Line was Rs. 22.26 Crore. The claimed Hard Cost of Rs. 104.35 Crore is significantly higher than the original estimates due to various reasons, one being the significant change in the work estimates due to hilly terrain wherein the design and number of towers were also revised. Hence, comparison of the actual cost with the original estimates is not prudent. The Commission has approved the Hard Cost based on the prudence check of the actual Hard Cost claimed by the Petitioner as detailed below.

As regards the amount of Rs. 28.49 Crore claimed towards preliminary works, the Petitioner submitted the details of the same as shown in the Table below:

Table 3.3: Breakup of Preliminary Expenditure as submitted by the Petitioner (Rs. in Crore)

Particulars	Amount
NPV	12.70
Compensatory afforestation	4.46
Plantation of small variety trees	2.23
Land premium to DFO Gopeshwar (Chamoli)	1.40
Lease rent for 30 years to DFO Gopeshwar (Chamoli)	0.42
Land premium to DFO Rudraprayag	4.48
Lease rent for 30 years to DFO Rudraprayag	1.34
Land premium to DFO Pauri (Garhwal)	1.11
Lease rent for 30 years to DFO Pauri (Garhwal)	0.34
Total	**28.49**

The Petitioner submitted the supporting documents for the amount of Rs. 28.49 Crore claimed towards the preliminary works. The Commission finds that the actual amount claimed towards the preliminary works itself has exceeded the original approved cost. Such high expenditure on account of the preliminary works may have also been due to the inordinate delay in the project execution. The Commission observes from the submissions of the Petitioner that the initial progress of the project was very slow wherein significant time had lapsed between two activities of the Petitioner. For instance, with the LoAs for supply and erection, testing & commissioning placed on October 25, 2005, the forest case preparation started on June 7, 2006 and the case was submitted to Nodal Officer of Forest Department, Dehradun on April 22, 2009. Such inordinate delays cannot be completely ruled out as completely beyond the control of the Petitioner because the Petitioner has the expertise of implementing several other projects in the State.

As against the scheduled time period of 6 months for obtaining the forest clearance, the Petitioner started the forest case preparation after almost 7 months of issue of LoA and the actual time taken for obtaining the forest clearance is 92 months, thereby the delay is 86 months. The Commission has perused the chronological order of events submitted by the Petitioner. The Commission finds that the Petitioner has adopted a series manner of approach in the activities for obtaining the forest clearance instead of parallel manner of approach wherein the Petitioner commenced the activities in different Districts, one District after the other which appears to be irrational. Based on the details submitted, the Commission observed that some of the reasons for delay are uncontrollable and some of the reasons for delay are controllable. Hence, considering various reasons for delay of 86 months in obtaining the forest clearance, the Commission has condoned the delay of 29 months thereby arriving at the prudent completion time for obtaining the forest clearance as 35 (6+29) months and the prudent date for obtaining the forest clearance as

September, 2008 as against the original scheduled date of April 25, 2006 and the actual date of June 14, 2013.

The Commission attempted to ascertain the amount of preliminary works that would have incurred considering the allowable date of obtaining Forest Clearance, i.e. September, 2008. However, due to dearth of information, the Commission could not ascertain all the components of the preliminary works. The Commission has computed the amounts allowable under the heads of NPV, compensatory afforestation and plantation of small variety trees considering the rates applicable during the year 2008. The Commission has approved the actual amounts claimed by the Petitioner under the other heads of preliminary works. With this approach the amount of preliminary works approved by the Commission is as shown in the Table given below:

Table 3.4: Breakup of preliminary expenditure approved by the Commission (Rs. In Crore)

Particulars	Claimed	Approved
NPV	12.70	9.95
Compensatory afforestation	4.46	2.10
Plantation of small variety trees	2.23	1.05
Land premium to DFO Gopeshwar (Chamoli)	1.40	1.40
Lease rent for 30 years to DFO Gopeshwar (Chamoli)	0.42	0.42
Land premium to DFO Rudraprayag	4.48	4.48
Lease rent for 30 years to DFO Rudraprayag	1.34	1.34
Land premium to DFO Pauri (Garhwal)	1.11	1.11
Lease rent for 30 years to DFO Pauri (Garhwal)	0.34	0.34
Total	**28.49**	**22.21**

The original LoAs for supply and erection, testing & commissioning were placed for Rs. 22.52 Crore in the year 2005. Subsequently, the LoAs were revised to Rs. 37.07 Crore in the year 2011. As against the same, the Petitioner has claimed the actual cost of Rs. 41.70 Crore against supply and erection, testing & commissioning. It is pertinent to mention that the original LoAs placed in the year 2005 provided for contract price variation on account of quantity variation subject to the ceiling limit of 20% of the contract price. The revised ordering cost of Rs. 37.07 Crore is higher than 120% of the original ordering cost of Rs. 22.52 Crore. As against the revised ordering cost of Rs. 37.07 Crore, the Petitioner has claimed the actual cost of Rs. 41.70 Crore. The Commission does not find it appropriate to consider the revised ordering cost of Rs. 37.07 Crore as such price has not been discovered through competitive means more so when the original LoAs provided for quantity variation to the extent of 20% of the original ordering cost. Hence, the Commission has considered the original ordering cost of Rs. 22.52 Crore towards supply, erection, testing & commissioning with the allowable increase in cost to the tune of 20% on account of quantity variation. Accordingly, the

Commission has approved the cost of Rs. 27.03 Crore towards supply, erection, testing & commissioning as against Rs. 41.70 Crore claimed by the Petitioner.

The LoAs provided for contract price variation to account for the time lag between the placement of LoA and the actual payments. The Petitioner has submitted the details of actual price variation as shown in the Table below:

Table 3.5: Details of Price Variation (Rs. in Crore)

Particulars	Paid upto scheduled completion date	Total price variation paid
Price variation for Supply	4.62	4.62
Price variation for Erection, Testing & Commissioning	2.09	15.66
Total price variation	**6.71**	**20.29**

The total price variation of Rs. 20.29 Crore is 49% of the total cost claimed for supply and erection, testing & commissioning. It is pertinent to note that the Petitioner vide the second amendment to the LoA, provided that price variation shall be allowable till the actual completion time. The Commission does not find the decision of the Petitioner in allowing the price variation till the actual completion time as prudent as such a provision would absolve the contractor of any responsibility for timely completion of the project. Hence, the Commission has approved the price variation to the tune of 20% of the allowable cost for supply and erection, testing & commissioning. Accordingly, the Commission has approved the cost of Rs. 5.41 Crore towards price variation.

The Petitioner has claimed the amount of Rs. 3.86 Crore towards the taxes and duties. As the Commission has disallowed some portion of the supply and erection, testing & commissioning, the Commission has approved the taxes and duties considering the proportion of the taxes and duties to the total amount of supply and erection, testing & commissioning as claimed by the Petitioner to the approved amount of supply and erection, testing & commissioning. Accordingly, the Commission has approved the taxes and duties of Rs. 2.50 Crore.

The Petitioner has claimed the overheads of Rs. 10.01 Crore. The actual commissioning date of the line was April 26, 2016 as against the original scheduled date of April 24, 2007. The reasons for delay submitted by the Petitioner are as follows:

- The work of construction of 132 kV Srinagar-Simli Line was awarded on October 26, 2005. After finalization of route and survey of line, forest case preparation was started in April, 2006. The Line was passing through difficult hilly terrain of 3 Districts namely Pauri, Rudraprayag and Chamoli and about 22 nos. of Forester, 8 nos. of Rangers of

Forest Department and 12 nos. of Patwari, 8 nos. of Tehsildars of Revenue Department were involved in joint inspection. Due to their own departmental work, these employees of other departments have not given dates timely for joint inspection of route of Line for forest case preparation. Due to the delay in joint inspection by Revenue and Forest Departments, forest case preparation work has taken longer time.

- After submission, forest case was returned several times by the forest department. Forest clearance was obtained on June 14, 2013. Due to heavy natural disaster in June, 2013 in the Rudraprayag and Chamoli Districts, tree cutting work could not be started by the Forest Department due to deployment of officers for flood relief work. The process of tree cutting was started in January, 2014 and was completed in March, 2016.
- Due to severe RoW problems by the villagers/concerned land owners, construction work got interrupted. The route of Line is passing through very difficult hilly terrain and most of the Tower locations are about 3 to 5 km away from road site so tree cutting has taken longer time. Also due to difficult hilly terrain with rocks, tower foundation works have taken longer time. PTCUL also submitted the chronological order regarding reasons for delay.

The original scheduled time period for completion after the forest clearance is 12 months. As against the same, the actual time taken for completion of project after obtaining the forest clearance on June 14, 2013 is 35 months, thereby the delay is 23 months. The Commission does not find it appropriate to condone this delay as significant delay had already happened by the time of obtaining the forest clearance and further delay only indicates either erroneous planning of the Petitioner or unpreparedness for completion of the project.

Based on above, the prudent completion time for the project works out to 47 months as against the actual completion time of 127 months. For arriving at the prudent completion time of 47 months, the Commission has segregated the total execution period into two phases, viz. start date till obtaining the forest clearance (35 months including condonable delay) and the period from obtaining forest clearance till actual completion (12 months).

Hence, the Commission has arrived at the prudent completion period for completion after obtaining the forest clearance as 12 months and the prudent date for completion as September 25, 2009 as against the original scheduled date of April 24, 2007 and the actual date of April 26, 2016.

Therefore, the prudent completion time approved by the Commission with the start date of October 26, 2005 and the completion date of September 25, 2009 is 47 months.

As against the overheads of Rs. 10.01 Crore claimed by the Petitioner, considering the allowable completion time, the Commission has approved the overheads of Rs. 3.70 Crore.

Based on the above, the Hard Cost approved by the Commission is as shown in the Table below:

Table 3.6: Hard Cost of 132 kV Srinagar-Simli Line approved by the Commission (Rs. Crore)

Particulars	Claimed by PTCUL (Form 9.5)	Approved
Preliminary works	28.49	22.21
Supply	15.03	10.47
Erection, Testing & Commissioning	26.67	16.56
Price Variation on Supply & ETC	20.29	5.41
Taxes & Duties	3.86	2.50
Overheads	10.01	3.70
Hard Cost	**104.35**	**60.85**

The Petitioner has claimed the IDC of Rs. 17.80 Crore. In accordance with the Commission's analysis in approval of overheads, considering the allowable completion time, the Commission has approved the IDC of Rs. 3.84 Crore considering the approved hard cost and the approved completion time.

Based on the above, the total cost approved by the Commission for 132 kV Srinagar-Simli Line is as shown in the Table below:

Table 3.7: Total Cost of 132 kV Srinagar-Simli Line approved by the Commission (Rs. Crore)

Particulars	Claimed by PTCUL (Form 9.5)	Approved
Hard Cost	104.35	60.85
IDC	17.80	3.84
Total Cost	**122.15**	**64.69**

As is evident from the above discussions, route survey was carried out by PTCUL after the issue of LoA which should have infact been carried out before preparation of DPR and the estimates thereon should have been used to work out the DPR cost. Further, Section 68 of the Act requires prior approval of the State Government for installing a line exceeding 11 kV. In the instant case, the same was not available. Had prior approval of State Government been sought, such delays and problems in co-ordination with other Departments & RoW issues would not have arisen. This shows the laxity of the Petitioner's Company in executing the work which cannot be promoted.

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 below:

Table 3.8: Capitalisation Approved for REC Old Scheme in FY 2016-17 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2015-16	Capitalisation claimed by PTCUL in FY 2016-17	Capitalisation approved for FY 2016-17	Total capitalisation till FY 2016-17
132 kV Srinagar II-Satpuli Line	51.82	FY 2013-14	51.82	0.004	0.00	51.82
132 kV S/s Simli	12.71	FY 2016-17	0.00	13.07	12.71	12.71
132 kV Srinagar-Simli Line	64.69	FY 2016-17	0.00	122.72	64.69	64.69
Total	**129.22**		**51.82**	**135.79**	**77.40**	**129.22**

3.2.2 *REC New Scheme (Also referred to as REC II Scheme)*

The Petitioner has claimed the additional capitalisation of Rs. 4.87 Crore in REC New Scheme for the projects as shown in the Table below:

Table 3.9: Capitalisation claimed for REC New Scheme in FY 2016-17 (Rs. Crore)

Project	Year of first time capitalisation	Additional Capitalisation claimed by PTCUL in FY 2016-17
132 kV Sub-station Srinagar-II	FY 2015-16	0.42
LILO 132 kV Rishikesh-Srinagar Line at 132 kV Sub-station Srinagar-II	FY 2011-12	1.52
Construction of SLDC at Dehradun and Construction of 2 No. Sub LDC Kashipur and Rishikesh	-	0.14
LILO of 132 kV Almora-Pithoragarh Line for 220 kV S/s Pithoragarh (PGCIL)	FY 2014-15	2.79
Total		**4.87**

The capitalisation claimed by the Petitioner is additional capitalisation for the Projects capitalised in previous years. The Commission has allowed the additional capitalisation claimed in FY 2016-17 for the projects which were capitalised in previous years in accordance with the UERC Tariff Regulations, 2015 after prudence analysis of the capital expenditure incurred.

3.2.2.1 *132 kV Substation Srinagar-II*

The Petitioner has claimed the additional capitalisation of Rs. 0.42 Crore stating that this amount is towards the payment of bills that were submitted by the Contractor after COD. In accordance with Regulation 22(1) of the UERC Tariff Regulations, 2015, the Commission finds the claimed amount towards undischarged liabilities as allowable. Hence, the Commission approves the additional capitalisation of Rs. 0.42 Crore claimed towards 132 kV Substation Srinagar-II.

3.2.2.2 *LILO 132 kV Rishikesh-Srinagar Line at 132 kV Substation Srinagar-II*

The Petitioner while claiming the true-up for FY 2015-16 had claimed the additional capitalisation of Rs. 1.78 Crore towards LILO 132 kV Rishikesh-Srinagar Line at 132 kV Substation Srinagar-II. As against the same, the Commission had approved the amount of Rs. 0.27 Crore. While doing so, the Commission, had ruled as under:

> *"…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 submitted that such a disallowance has a recurring impact that is accumulating every year in terms of disallowed GFA and thus, it is severely impacting the financial health of the Petitioner. The Petitioner requested the Commission to condone this error and allow the capitalisation of Rs. 1.52 Crore that was earlier disallowed (Rs. 0.27 Crore allowed against Rs. 1.78 Crore claimed).

The Commission had given its detailed reasoning for disallowing the additional capitalisation of LILO 132 kV Rishikesh-Srinagar Line at 132 kV Substation Srinagar-II in the final true-up of FY 2015-16. The Commission does not find it prudent to allow the additional capitalisation of Rs. 1.52 Crore claimed by the Petitioner in FY 2016-17.

3.2.2.3 *Construction of SLDC at Dehradun and Construction of 2 No. Sub LDC Kashipur and Rishikesh*

The Petitioner has claimed an additional capitalisation of Rs. 0.14 Crore and submitted that this is an adjustment entry on account of inter unit transfers. This amount has been deducted from the GFA of SLDC in FY 2016-17. Hence, the Commission has approved the amount of Rs. 0.14 Crore towards payment of bills after COD for Construction of SLDC at Dehradun and Construction of 2 No. Sub LDC Kashipur and Rishikesh in FY 2016-17.

3.2.2.4 LILO of 132 kV Almora-Pithoragarh Line for 220 kV S/s Pithoragarh (PGCIL)

The Petitioner in its claim of final true-up for FY 2015-16 had claimed the additional capitalisation of Rs. 2.79 Crore towards LILO of 132 kV Almora-Pithoragarh Line for 220 kV S/s Pithoragarh (PGCIL). The Commission had not allowed the same in the final true-up for FY 2015-16. While doing so, the Commission ruled as under:

> *"…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 Petitioner submitted that the detailed reasons for cost variation along with the supporting documents have already been submitted to the Commission in the Review Petition dated April 5, 2016.

The Petitioner submitted that vide its submission dated January 20, 2016 it had furnished the reasons for the delay of the project which were attributable to: i) Severe Right of Way problem; ii) Re-routing of line due to ROW problems. The Petitioner further submitted that consequent to the District Magistrate letter dated August 13, 2010 directing it for shifting/re-routing of line after a joint meeting of all the stakeholders and consequently the resurvey work was conducted and the alternate route was adopted. The fresh forest clearance was granted vide letter dated April 15, 2011.

After the grant of forest clearance, the land transfer was informed for the said line vide letter dated February 29, 2012. Accordingly, the Petitioner submitted that the delay and resulting increase in cost due to price variation was not attributable to any fault within the reasonable control of PTCUL.

The Petitioner submitted that such a disallowance has a recurring impact that is accumulating every year in terms of disallowed GFA and thus it is severely impacting the financial health of the Petitioner. The Petitioner requested the Commission to allow the additional capitalisation of Rs. 2.79 Crore that was earlier disallowed.

The Commission had given its detailed reasoning for disallowing the additional capitalisation of LILO of 132 kV Almora-Pithoragarh Line for 220 kV S/s Pithoragarh (PGCIL) in the final true-up of FY 2015-16. Further, the Commission, taking cognizance of the submission of the Petitioner in Review Petition, had reviewed the capital cost of the asset and had approved Rs. 1.57 Crore on account of price variation vide Review Order dated 11.07.2016. Accordingly, the Commission does not find it prudent to allow the additional capitalisation of Rs. 2.79 Crore claimed by the Petitioner in FY 2016-17.

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 3.10: Capitalisation approved for REC New Scheme in FY 2016-17 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2015-16	Capitalisation claimed by PTCUL in FY 2016-17	Capitalisation approved for FY 2016-17	Total capitalisation till FY 2016-17
132 kV Substation Srinagar-II	21.69	FY 2015-16	14.96	0.42	0.42	15.38
LILO 132 kV Rishikesh-Srinagar Line at 132 kV Substation Srinagar-II	1.23	FY 2011-12	1.23	1.52	0.00	1.23
Construction of SLDC at Dehradun and Construction of 2 No. Sub LDC Kashipur and Rishikesh	51.92	-	12.97	0.14	0.14	13.11
LILO of 132 kV Almora-Pithoragarh Line for 220 kV S/s Pithoragarh (PGCIL)	6.64	FY 2014-15	6.64	2.79	0.00	6.64
Total	**81.48**		**35.80**	**4.87**	**0.56**	**36.36**

3.2.3 *REC IV Scheme*

The Petitioner has claimed the capitalisation of Rs. 9.16 Crore in REC IV Scheme for the projects as shown in the Table below:

Table 3.11: Capitalisation claimed for REC IV Scheme in FY 2016-17 (Rs. Crore)

Project	Year of first time capitalisation	Capitalisation claimed by PTCUL in FY 2016-17
220 kV S/s Dehradun	FY 2013-14	0.14
220 kV LILO line for Dehradun	FY 2013-14	1.13
132 kV Dhalipur- Purkul LILO Line for Dehradun	FY 2016-17	3.71
132 kV LILO Kulhal - Mazra LILO Line at Dehradun	FY 2015-16	3.35
132 kV S/s Haridwar Road Dehradun (80 MVA)	FY 2014-15	0.34
132 kV S/s Sitarganj (SIDCUL)	FY 2012-13	0.36
1 No. 132 kV Bay at 132 kV S/s Kichha	FY 2015-16	0.02
1 No. 220 kV Bay at 220 kV S/s Chamba	FY 2011-12	0.10
220 kV D/C Ghansali - Bhilangana III(Ghuttu) Line	-	0.02
Total		**9.16**

The capitalisation claimed by the Petitioner is a mix of projects which were first time capitalized in FY 2016-17 and additional capitalisation for the Projects capitalized in previous years. The Commission has allowed the additional capitalisation claimed in FY 2016-17 for the projects which were capitalised in previous years in accordance with the UERC Tariff Regulations, 2015 after prudence analysis of capital cost incurred. For the projects which were first time capitalised in FY 2016-17, the Commission has allowed the allowable cost in line with the methodology as elaborated above considering the reasons for cost and time over-run.

3.2.3.1 220 kV S/s Dehradun

The Petitioner has claimed the additional capitalisation of Rs. 0.14 Crore stating that this amount is towards the payment of bills that were submitted by the Contractor after COD. In accordance with Regulation 22(1) of the UERC Tariff Regulations, 2015, the Commission finds that the claimed amount towards undischarged liabilities is allowable. Hence, the Commission approves the additional capitalisation of Rs. 0.14 Crore claimed towards 220 kV S/s Dehradun.

3.2.3.2 220 kV LILO line for Dehradun (LILO of 220 kV Khodri-Rishikesh Line)

The Petitioner in its claim of final true-up for FY 2015-16 had claimed the additional capitalisation of Rs. 1.13 Crore towards 220 kV LILO line for Dehradun. The Commission had not allowed the same in the final true-up for FY 2015-16.

The Petitioner submitted that such a disallowance has a recurring impact that is accumulating every year in terms of disallowed GFA and thus it is severely impacting the financial health of the Petitioner. The Petitioner requested the Commission to allow the additional capitalisation of Rs. 1.13 Crore that was earlier disallowed. While issuing the Investment Approval vide Order dated November 24, 2011 the Commission had directed the Petitioner to submit the complete cost and financing of the said works. Further, the Project was completed in FY 2013-14, however, no compliance to the said order was done. Accordingly, the Commission does not find it prudent to allow the additional capitalisation of Rs. 1.13 Crore in FY 2016-17 that was disallowed in the final true-up for FY 2015-16.

3.2.3.3 132 kV Dhalipur-Purkul LILO Line for Dehradun

The original project cost of 132 kV Dhalipur- Purkul LILO Line for Dehradun was Rs. 1.28 Crore. As against the same, the Petitioner has claimed the capital expenditure of Rs. 3.78 Crore (in Form 9.5) and capitalisation of Rs. 3.71 Crore in FY 2016-17. It is to be noted that the Petitioner had submitted the revised DPR for investment approval due to cost variation of the aforesaid project vide its letter no 485/Dir. (Projects)/PTCUL/Investment approval dated March 25, 2015. Taking cognizance of the submission, the Commission issued the investment approval dated April 28, 2015, wherein the Commission had stated that the completed cost of the project shall be considered after Asset Capitalisation and prudence check. Hence, the Commission has worked out the allowable cost of 132 kV Dhalipur-Purkul LILO Line for Dehradun as detailed below.

The Commission has perused the documents/information submitted by the Petitioner regarding 132 kV Dhalipur-Purkul LILO Line. The original LoAs for supply and erection, testing & commissioning of 132 kV Dhalipur-Purkul LILO Line were placed in May, 2013 at the ordering cost of Rs. 1.67 Crore, on tendering basis. As per the original LoAs, the total scheduled completion period was 6 months from the date of LoA. The actual commissioning date of the line was February 25, 2017 as against the original scheduled date of November 10, 2013.

The Commission has first dealt with the allowable Hard Cost based on the submissions of the Petitioner in Form 9.5. The Petitioner has claimed the Hard Cost of Rs. 3.54 Crore as shown in the Table below:

Table 3.12: Hard Cost of 132 kV Dhalipur-Purkul LILO Line claimed by PTCUL (Rs. Crore)

Particulars	Ordering Cost	Claimed by PTCUL (Form 9.5)
Preliminary works	-	0.01
Supply	0.73	1.18
Erection, Testing & Commissioning	0.94	1.87
Overheads	-	0.47
Total	**1.67**	**3.54**

The Commission has approved the Hard Cost based on the prudence check of the actual

Hard Cost claimed by the Petitioner as detailed below.

The Petitioner has claimed the amount of Rs. 0.01 Crore towards the preliminary works. The Commission has approved the amount of Rs. 0.01 Crore towards preliminary works as claimed by the Petitioner.

As against the ordering cost of Rs. 1.67 Crore, the Petitioner has claimed the amount of Rs. 3.06 Crore towards supply and erection, testing & commissioning. With regard to cost overrun, the Petitioner submitted that DPR for the line was prepared taking into consideration of land for construction of Substation at Selaqui. However, the proposal of land at Selaqui was cancelled and new land for construction of Substation was proposed in Jhajra. The Petitioner also submitted that a preliminary walk over survey was carried out by it in the month of April 2010 for floating tender for construction of the above line. Further, as per above walk over survey, length of LILO of 132 kV Dhalipur-Purkul line was estimated 2.45 km. with 9 No. of towers. According to the Petitioner, the work of the line could only be commenced in year 2013 and during the intervening period heavy residential & commercial/institutional construction development took place in the area, because of which the earlier proposed corridor was not available for the construction of above LILO line. The Petitioner also submitted that for resolving severe RoW problems in another under-construction 220 kV LILO of Khodri-Rishikesh Line at 220 kV S/s Dehradun passing nearby, realignment of 132 kV Dhalipur-Purkul line was done and consequently total towers on said line increased to 11 Nos. The Firm started construction work of above line as per approved profile but the local Villagers stopped the work. They also approached Hon'ble Chief Minister for shifting of the line from proposed route and suggested alternate route. The Petitioner further submitted that as per consent of villagers and to resolve RoW issue the line route was changed and the line length increased to 2.654 km with 12 Nos. of Towers with 6 nos. towers falling in river bed which required extra concreting and M.S. bars for reinforcement. In contract there was no provision for extra concreting & M.S. bars in river bed foundation. Accordingly, as per the Petitioner, the actual cost incurred has increased to Rs. 3.06 Crore for supply and erection, testing & commissioning.

On the basis of the information furnished by the Petitioner, the Commission finds it prudent to allow the amount of Rs. 3.06 Crore towards the supply and erection, testing & commissioning.

The scheduled date of completion of the project was 6 months from the start date, i.e. May

10, 2013. As against the same the actual date of completion was February 25, 2017 thereby the delay in construction of the said line is 40 months. On perusal of the submissions of the Petitioner regarding the delay, the Commission finds that the reasons for delay are partly attributable to PTCUL and partly the reasons for delay are uncontrollable. Hence, only 50% of the additional cost of overheads and time overrun is allowed.

The Petitioner has claimed the overheads of Rs. 0.47 Crore. The Commission has approved the overheads of Rs. 0.27 Crore considering the condoned delay of 20 months out of the total delay of 40 months.

Based on the above, the Hard Cost approved by the Commission is as shown in the Table below:

Table 3.13: Hard Cost of 132 kV Dhalipur-Purkul LILO Line approved by the Commission

(Rs. Crore)

Particulars	Claimed by PTCUL (Form 9.5)	Approved
Preliminary works	0.01	0.01
Supply	1.18	1.18
Erection, Testing & Commissioning	1.87	1.87
Overheads	0.47	0.27
Hard Cost	**3.54**	**3.33**

The Petitioner has claimed the IDC of Rs. 0.24 Crore. The Commission has approved the IDC of Rs. 0.13 Crore considering the condoned delay of 20 months out of the total delay of 40 months.

The total cost approved by the Commission is as shown in the Table below:

Table 3.14: Total Cost of 132 kV Dhalipur-Purkul LILO Line approved by the Commission

(Rs. Crore)

Particulars	Claimed by PTCUL (Form 9.5)	Approved
Hard Cost	3.54	3.33
IDC	0.24	0.13
Total Cost	**3.78**	**3.46**

As against the allowable capital expenditure of Rs. 3.46 Crore, the Petitioner has claimed the capitalisation of Rs. 3.71 Crore. The Commission has approved the capitalisation of Rs. 3.46 Crore.

3.2.3.4 132 kV Kulhal - Mazra LILO Line at Dehradun

The Petitioner in its claim of final true-up for FY 2015-16 had claimed the additional capitalisation of Rs. 2.86 Crore towards 132 kV Kulhal-Mazra LILO Line at Dehradun. The Commission had approved the amount of Rs. 0.80 Crore towards the same in the final true-up for FY 2015-16. While doing so, the Commission ruled as under:

"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 has claimed the additional capitalisation of Rs. 3.35 Crore in FY 2016-17 which is inclusive of the amount of Rs. 2.06 Crore disallowed by the Commission in the final true-up for FY 2015-16 and additional capitalisation of Rs. 1.29 Crore in FY 2016-17. The additional capitalisation of Rs. 1.29 Crore claimed in FY 2016-17 is towards the civil works of wire mesh protection for the towers falling in the river bed. In light of the Commission's methodology on approval of the capitalisation of 132 kV Dhalipur-Purkul LILO Line, the Commission finds it prudent to approve the capitalisation of 132 kV Kulhal-Mazra LILO Line considering the cost overrun and time overrun impact. Accordingly, the Commission has approved the capitalisation of Rs. 3.10 Crore in FY 2016-17.

3.2.3.5 132 kV S/s Haridwar Road Dehradun

The Petitioner has claimed the additional capitalisation of Rs. 0.34 Crore stating that this amount is towards the payment of bills that were submitted by the Contractor after COD. In accordance with Regulation 22(1) of the UERC Tariff Regulations, 2015, the Commission finds the claimed amount towards undischarged liabilities is allowable. Hence, the Commission approves the additional capitalisation of Rs. 0.34 Crore claimed towards 132 kV S/s Haridwar Road Dehradun.

3.2.3.6 132 kV S/s Sitarganj (SIDCUL)

The Petitioner has claimed the additional capitalisation of Rs. 0.36 Crore stating that this amount is towards the payment of bills that were submitted by the Contractor after COD. In accordance with Regulation 22(1) of the UERC Tariff Regulations, 2015, the Commission finds the claimed amount towards undischarged liabilities is allowable. Hence, the Commission approves the additional capitalisation of Rs. 0.36 Crore claimed towards 132 kV S/s Sitarganj (SIDCUL).

3.2.3.7 1 No. 132 kV Bay at 132 kV S/s Kichha

The Petitioner has claimed the additional capitalisation of Rs. 0.02 Crore stating that this amount is towards the guarantee fee. This amount towards the guarantee fees is not admissible to be capitalized after COD. Hence, the Commission has disallowed the guarantee fees claimed by the Petitioner as capitalisation and approved the same separately in the interest and finance charges for FY 2016-17.

3.2.3.8 1 No. 220 kV Bay at 220 kV S/s Chamba

The Petitioner has claimed the additional capitalisation of Rs. 0.10 Crore stating that this amount is towards the guarantee fee. This amount towards the guarantee fees is not admissible to be capitalized after COD. Hence, the Commission has disallowed the guarantee fees claimed by the Petitioner as capitalisation and approved the same separately in the interest and finance charges for FY 2016-17.

3.2.3.9 220 kV D/C Ghansali - Bhilangana III(Ghuttu) Line

The Petitioner has claimed the additional capitalisation of Rs. 0.02 Crore. The Commission has dealt with the same separately at Para 4.6 of this Order.

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 3.15: Capitalisation approved for REC IV Scheme in FY 2016-17 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2015-16	Capitalisation claimed by PTCUL in FY 2016-17	Capitalisation approved for FY 2016-17	Total capitalisation approved till FY 2016-17
220 kV S/s Dehradun	85.73	FY 2013-14	51.12	0.14	0.14	51.26
220 kV LILO line for Dehradun	1.75	FY 2013-14	1.75	1.13	0.00	1.75
132 kV Dhalipur- Purkul LILO Line for Dehradun	3.46	FY 2016-17	0.00	3.71	3.46	3.46
132 kV Kulhal - Mazra LILO Line at Dehradun	3.90	FY 2015-16	0.80	3.35	3.10	3.90
132 kV S/s Haridwar Road Dehradun (80 MVA)	28.09	FY 2014-15	17.36	0.34	0.34	17.70
132 kV S/s Sitarganj (SIDCUL)	23.54	FY 2012-13	15.14	0.36	0.36	15.50
1 No. 132 kV Bay at 132 kV S/s Kichha	1.61	FY 2015-16	0.67	0.02	0.00	0.67
1 No. 220 kV Bay at 220 kV S/s Chamba	2.21	FY 2011-12	2.07	0.10	0.00	2.07
220 kV D/C Ghansali - Bhilangana III(Ghuttu) Line	21.91	-	10.90	0.02	0.00	10.90
Total	**177.32**		**99.81**	**9.16**	**7.40**	**107.21**

3.2.4 *REC V Scheme*

The Petitioner has claimed the capitalisation of Rs. 5.64 Crore in REC V Scheme for the projects as shown in the Table below:

Table 3.16: Capitalisation claimed for REC V Scheme in FY 2016-17 (Rs. Crore)

Project	Year of first time capitalisation	Capitalisation claimed by PTCUL in FY 2016-17
220/132 kV S/s Mahuakheraganj	FY 2011-12	5.64
Total		**5.64**

The Petitioner has claimed the additional capitalisation of Rs. 5.64 Crore towards the works of residences. The Commission has approved the additional capitalisation of Rs. 5.64 Crore, as the same is within the total approved cost.

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 3.17: Capitalisation approved for REC V Scheme in FY 2016-17 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2015-16	Capitalisation claimed by PTCUL in FY 2016-17	Capitalisation approved for FY 2016-17	Total capitalisation approved till FY 2016-17
220/132 kV S/s Mahuakheraganj	119.87	FY 2011-12	71.80	5.64	5.64	77.44
Total	**119.87**		**71.80**	**5.64**	**5.64**	**77.44**

3.2.5 *REC XII*

The Petitioner has claimed the capitalisation of Rs. 11.62 Crore in REC XII Scheme for the projects as shown in the Table below:

Table 3.18: Capitalisation claimed for REC XII Scheme in FY 2016-17 (Rs. Crore)

Project	Year of first time capitalisation	Capitalisation claimed by PTCUL in FY 2016-17
220 kV D/C twin Zebra line from 400 kV S/s PGCIL, Dehradun to 220 kV S/s PTCUL, Dehradun	FY 2016-17	11.62
Total		**11.62**

The approved cost as per the investment approval is Rs. 20.80 Crore. As against the same, the Petitioner has claimed the capitalisation of Rs. 11.62 Crore and stated that the physical status of works is 100% and the asset has been put to use. The Petitioner in Form 9.5 submitted that the total capital expenditure incurred for the said line was Rs. 17.97 Crore excluding preliminary works. The balance capital expenditure shall be capitalized in FY 2017-18.

The Commission has perused the documents/information submitted by the Petitioner regarding the 220 kV D/C twin Zebra line from 400 kV S/s PGCIL, Dehradun to 220 kV S/s PTCUL, Dehradun. The original LoAs for supply and erection, testing & commissioning were placed in the year 2014 at the ordering cost of Rs. 9.51 Crore, on tendering basis. As per the original LoAs, the total scheduled completion period was 12 months from date of LoA. The actual commissioning date of the line was December 31, 2016 as against the original scheduled date of February 28, 2015.

The Commission has first dealt with the allowable Hard Cost based on the submissions of the Petitioner in Form 9.5. The Petitioner has claimed the Hard Cost of Rs. 11.88 Crore as shown in in the Table below:

Table 3.19: Hard Cost of 220 kV D/C twin Zebra line from 400 kV S/s PGCIL, Dehradun to 220 kV S/s PTCUL, Dehradun (Rs. Crore)

Particulars	Original Ordering Cost	Claimed by PTCUL (Form 9.5)
Preliminary works	-	0.48
Supply	6.38	6.08
Erection, Testing & Commissioning	3.14	2.61
Overheads	-	2.72
Total	**9.51**	**11.88**

The Petitioner has claimed the amount of Rs. 0.48 Crore towards the preliminary works. The Commission has approved the amount of Rs. 0.48 Crore towards the preliminary works as claimed by the Petitioner.

As against the ordering cost of Rs. 9.51 Crore for supply and erection, testing & commissioning, the Petitioner has claimed the amount of Rs. 8.69 Crore. As the amount claimed by the Petitioner is lower than the ordering cost, the Commission has approved the amount of Rs. 8.69 Crore for supply and erection, testing & commissioning.

With regard to overheads, the Petitioner has submitted overheads amounting to Rs. 3.53 Crore in Form 9.5. It is pertinent to mention that the Petitioner has submitted combined Form 9.5 for '220 kV D/C twin Zebra line from 400 kV S/s PGCIL, Dehradun to 220 kV S/s PTCUL, Dehradun' and 'Construction of Well Foundation and Tower Protection work at different Locations of 220 kV D/C (Twin Zebra) Twin Zebra Transmission Line from 220 kV S/s Dehradun (PTCUL) to 400 kV S/s Sherpur, Dehradun of PGCIL' wherein the Petitioner has submitted Rs. 5.36 Crore for Well Foundation against the claimed capitalisation of Rs. 6.17 Crore for FY 2016-17. Accordingly, the balance amount, i.e. Rs. 0.81 Crore (Rs. 6.17 – Rs. 5.36) Crore has been considered as overhead for the work of well foundation in the absence of separate Form 9.5. Accordingly, overheads for 220 kV D/C twin Zebra line works out to Rs. 2.72 Crore (Rs. 3.53 - Rs. 0.81) Crore. The scheduled and the actual start date of the project was March 1, 2014. The scheduled completion period was 12 months and accordingly, the scheduled completion date is February 28, 2015. The actual completion date was December 31, 2016 thereby, the delay is 22 months. In light of the submissions made by the Petitioner, the Commission is of the view that the Petitioner was well aware of the locations of proposed towers from the time of survey for the route of the line and should have initiated the process for resolution of RoW issues parallely with the execution of the construction of the line. Accordingly, the Commission has not condoned the delay of 22 months and accordingly, corresponding IDC has not been allowed. The Commission has approved the overheads of Rs. 0.96 Crore for the scheduled completion period of 12 months.

The Hard Cost approved by the Commission is as shown in the Table given below:

Table 3.20: Hard Cost approved for 220 kV D/C twin Zebra line from 400 kV S/s PGCIL, Dehradun to 220 kV S/s PTCUL, Dehradun (Rs. Crore)

Particulars	Claimed by PTCUL	Approved
Preliminary works	0.48	0.48
Supply	6.08	6.08
Erection, Testing & Commissioning	2.61	2.61
Overheads	2.72	0.96
Total	**11.88**	**10.13**

The Petitioner has claimed the IDC of Rs. 0.39 Crore. In light of the decision of the

Commission in the approval of overheads, the Commission has approved the IDC of Rs. 0.12 Crore for the scheduled completion period of 12 months.

The total cost approved by the Commission is as shown in the Table given below:

Table 3.21: Total Cost of 220 kV D/C twin Zebra line from 400 kV S/s PGCIL, Dehradun to 220 kV S/s PTCUL, Dehradun (Rs. Crore)

Particulars	Claimed by PTCUL (Form 9.5)	Approved
Hard Cost	11.88	10.13
IDC	0.39	0.12
Total Cost	**12.27**	**10.24**

As against the capitalisation of Rs. 11.62 Crore claimed by the Petitioner, the Commission has approved the capitalisation of Rs. 10.24 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 3.22: Capitalisation approved for REC XII Scheme in FY 2016-17 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2015-16	Capitalisation claimed by PTCUL in FY 2016-17	Capitalisation approved for FY 2016-17	Total capitalisation approved till FY 2016-17
220 kV D/C twin Zebra line from 400 kV S/s PGCIL, Dehradun to 220 kV S/s PTCUL, Dehradun	20.80	FY 2016-17	0.00	11.62	10.24	10.24
Total	**20.80**		**0.00**	**11.62**	**10.24**	**10.24**

3.2.6 *REC (System Improvement)*

The Petitioner has claimed the capitalisation of Rs. 14.17 Crore towards a mix of System Improvement works funded by REC in FY 2016-17. For the schemes which have been approved by the Commission, the Commission has approved the capitalisation in FY 2016-17 except for "Installation of 220/33 kV 50 MVA Transformer and construction of 3 No. 33 kV bay at 220 kV SIDCUL S/s Haridwar" where the Petitioner has claimed Rs. 0.17 Crore as part capitalisation, in line with the practice followed by the Commission in previous Tariff Orders, part capitalisation has not been allowed.

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 3.23: Capitalisation approved for REC (SI) in FY 2016-17 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2015-16	Capitalisation claimed by PTCUL in FY 2016-17	Capitalisation allowable for FY 2016-17	Total capitalisation approved till FY 2016-17
Augmentation of 220 kV S/s Pantnagar alongwith construction of 2 No. 220 kV Bays and 2 No. 33 kV Bays	15.81	FY 2016-17	0.00	8.32	8.32	8.32
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	6.67	FY 2015-16	0.81	0.12	0.12	0.94
132 kV S/s Chudiyala and its LILO Line	14.06	FY 2015-16	9.40	0.19	0.19	9.60
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	FY 2016-17	0.00	0.17	0.00	0.00
Augmentation of 220 kV S/s Jhajjra, Dehradun	17.43	FY 2016-17	0.00	5.36	5.36	5.36
Total	**60.40**		**10.21**	**14.17**	**14.00**	**24.22**

3.2.7 *PFC (System Improvement)*

The Petitioner has claimed the capitalisation of Rs. 6.27 Crore towards a mix of System Improvement works funded by PFC in FY 2016-17. The said works are a mix of Commission approved schemes and works below Rs. 2.50 Crore.

For the schemes which have been approved by the Commission, the Commission has approved the completed cost in FY 2016-17. 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. Accordingly, the Commission has approved the capitalisation of Rs. 6.27 Crore as claimed by the Petitioner.

3.2.8 *Others (system strengthening through internal resources and deposit works)*

The Petitioner has claimed the capitalisation of Rs. 2.26 Crore towards System Strengthening Schemes funded by Internal Resources. As against the same, the Commission has approved the capitalisation of Rs. 2.18 Crore, after adjusting the asset deduction of Rs. 0.07 Crore, towards System Strengthening Schemes as submitted by the Petitioner as these are the minor works carried out by the Petitioner.

The Petitioner has claimed the capitalisation of Rs. 4.92 Crore towards deposit works. The Commission has considered the addition of deposit works in FY 2016-17 as claimed by the

Petitioner.

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 3.24: Revised GFA approved by the Commission for true up for FY 2016-17 (Rs. Crore)

S. No.	Particulars	Approved in MYT Order dt. 05.04.2016	Claimed	Allowable
1	Opening Value	1262.40	1111.12	1111.12
	Addition			
2	REC Old	115.69	135.79	77.40
3	REC New		4.87	0.56
4	REC IV		9.16	7.40
5	REC V		5.64	5.64
6	REC XII		11.62	10.24
7	System Improvement Works			
	REC		14.17	14.00
	PFC		6.27	6.27
8	Deposit works		4.92	4.92
9	System strengthening		2.26	2.18
10	**Total addition during the year**	**115.69**	**194.69**	**128.62**
11	**Closing value**	**1378.09**	**1305.81**	**1239.73**

3.4 Capital Structure

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

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

…

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

For Schemes capitalised prior to FY 2016-17, 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 2016-17 is as shown in the Table given below:

Table 3.25: Approved Means of Finance for FY 2016-17

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	PFC (Computer equipment)	0%	70%	30%	100%
8	REC IX	0%	70%	30%	100%
9	REC XI	0%	70%	30%	100%
10	REC XII	0%	70%	30%	100%
11	REC 5533	0%	70%	30%	100%
12	Deposit works	100%	0%	0%	100%
13	System strengthening	0%	70%	30%	100%

Based on the above, the Commission has determined the debt and equity components for FY 2016-17 which works out as given below:

Table 3.26: Details of financing for capitalisation for FY 2016-17 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	79.01	91.67	733.46	206.98	1111.12
2	**Additions in the year**					
	REC Old	0.00	0.00	63.47	13.93	77.40
	REC New	0.00	0.00	0.39	0.17	0.56
	REC IV	0.00	0.00	5.18	2.22	7.40
	REC V	0.00	0.00	3.95	1.69	5.64
	REC XII	0.00	0.00	7.17	3.07	10.24
	System Improvement Works					
	REC	0.00	0.00	9.80	4.20	14.00
	PFC	0.00	0.00	4.39	1.88	6.27
	Deposit works	0.00	4.92	0.00	0.00	4.92
	System strengthening	0.00	0.00	1.53	0.65	2.18
3	**Total addition during the year**	**0.00**	**4.92**	**95.88**	**27.82**	**128.62**
4	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
5	**Closing Value**	**79.01**	**96.59**	**829.34**	**234.80**	**1239.73**

3.5 Annual Transmission Charges

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

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

The Annual Transmission Charges for each financial year of the Control Period shall provide for recovery of the Aggregate Revenue Requirement of the Transmission Licensee for the respective financial year of the Control Period, as reduced by the amount of non-tariff income, income from

Other Business and short-term open access charges, as approved by the Commission and shall be computed in the following manner:-

Aggregate Revenue Requirement, is the sum of:

(a) Operation and maintenance expenses;

(b) Lease Charges;

(c) Interest and Finance Charges on Loan Capital;

(d) Return on equity capital;

(e) Income-tax;

(f) Depreciation;

(g) Interest on working capital and deposits from Transmission System Users; and

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

minus:

(h) Non-Tariff Income;

(i) Short-Term Open Access Charges; and

(j) Income from Other Business to the extent specified in these Regulations:

…."

3.5.1 O&M expenses

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

"…

(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:*

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."

3.5.2 Employee expenses

The Petitioner has claimed the normative employee expenses of Rs. 94.45 Crore for FY 2016-17, the same as approved by the Commission in the Tariff Order dated April 05, 2016. As against the same, the actual employee expenses for FY 2016-17 as per the audited accounts are Rs. 65.93 Crore.

The Commission has approved the revised normative employee expenses for FY 2016-17 in accordance with UERC Tariff Regulations, 2015. The Commission has revised the CPI Inflation based on the actual CPI Indices for the preceding 3 years for FY 2016-17. Accordingly, the Commission has computed the CPI Inflation of 7.21% for FY 2016-17. Thereafter, the Commission observed that there has been recruitment of 1 no. of employee as against 126 number of employees considered in MYT Order and retirement of 24 no. of employees in FY 2016-17. Accordingly, the no. of employees has reduced to 775 in FY 2016-17 from 798 in FY 2015-16. Hence, the Commission has considered the Gn factor as 0.00%.

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

The Petitioner vide its submissions dated January 15, 2018 submitted the actual capitalized employee expenses for FY 2016-17 as Rs. 18.18 Crore. Subsequently, when the Petitioner was directed to submit the break-up of actual capitalized employee expenses towards UITP and non-UITP projects, the actual capitalized employee expenses for FY 2016-17 have been submitted as 887.43 without indicating the units, vide the submissions dated February 8, 2018. As per the trial balance, the capitalized employee expenses for FY 2016-17 is Rs. 18.18 Crore. Accordingly, the Commission has considered the amount of Rs. 18.18 Crore as per the trial balance as employee expenses capitalised. The Commission expresses extreme displeasure in the lackadaisical manner of submissions of the Petitioner for computing the actual capitalisation rate of employee expenses.

Further, the Commission in its Tariff Order for FY 2016-17 had separately approved the impact of VII Pay Commission assuming the same to be effective from April 1, 2016. However, in actual, the Petitioner has not incurred any expenses on account of the implementation of the VII Pay Commission from April 1, 2016 in FY 2016-17. The Petitioner submitted that the arrears of VII Pay Commission for FY 2016-17 shall be paid in FY 2017-18. Hence, the Commission has not considered any expenses on account of VII Pay Commission in FY 2016-17.

Accordingly, the normative employee expenses approved by the Commission for FY 2016-17 is as shown in the Table given below:

Table 3.27: Employee expenses approved for FY 2016-17 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Actual as per Audited Accounts	Normative	
				Claimed by PTCUL	Approved
1	Employee expenses	94.45*	65.93	94.45	63.34

** including Rs. 15.74 Crore as impact of VII Pay Commission*

The actual employee expenses as per the audited accounts for FY 2016-17 are Rs. 65.93 Crore. The actual employee expenses for FY 2016-17 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Commission sought the breakup of the actual employee expenses towards the UITP and non-UITP projects separately to which the Petitioner did not submit the proper reply. Hence, the Commission has apportioned the actual employee expenses of Rs. 65.93 Crore towards UITP and non-UITP projects in the proportion of the actual number of employees deployed in UITP and non-UITP projects.

Further, the Commission observes that the actual employee expenses for FY 2016-17 are inclusive of the amounts of Rs. 2.85 Crore paid as incentive to the employees for FY 2016-17. The Commission directed the Petitioner to submit the corresponding amount due in FY 2016-17 for the advance increment allowed to the employees in FY 2015-16. In reply, instead of submitting the impact of the increment, the Petitioner submitted that the advance increment allowed to employees in FY 2015-16 is Rs. 0.83 Crore. Here it is pertinent to mention that during the ARR proceedings for FY 2017-18, the Petitioner had submitted that the advance increment allowed to the employees was Rs. 0.81 Crore. The Commission once again expresses extreme displeasure in the lackadaisical manner of submissions of the Petitioner. The Commission has worked out corresponding impact in FY 2016-17 of the advance increment allowed in FY 2015-16 amounting to Rs. 1.32 Crore considering the effect of annual increment and dearness allowances thereon. The Commission in the true-up for FY 2015-16 had deducted the amount of incentive paid to the employees from the actual employee expenses for the purpose of sharing of gains and losses. In line with the same, the incentive paid to the employees in FY 2016-17 need to be deducted from the actual employee expenses for the purpose of sharing of gains and losses. The Commission has computed the amount of incentive attributable to the non-UITP projects considering the proportion of the employee expenses attributable to UITP and non-UITP projects and, accordingly, deducted the same from the actual employee expenses for sharing of gains and losses. Accordingly, the Commission has computed the actual employee expenses of Rs. 60.73 Crore attributable to the non-UITP projects for sharing of gains and losses.

The Commission has observed that the Petitioner is not consistent with the figures submitted by it in the Petition. For instance, the Petitioner has submitted two different figures of capitalised employee expenses and incentive allowed for FY 2015-16. **The Commission directs the Petitioner to be consistent in the information to be submitted before the Commission otherwise the Commission shall take it as a deliberate attempt by the Petitioner to mislead the Commission and take action, accordingly, in accordance with the provisions of the Act. The Commission also directs the Petitioner to separately maintain the details of employee expenses for UITP & non-UITP projects.**

As the employee expenses are controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2015 as elaborated in Para 3.7 of this Order.

3.5.3 R&M expenses

The Petitioner has claimed the normative R&M expenses of Rs. 23.53 Crore for FY 2016-17 the same as approved by the Commission in the Tariff Order dated April 05, 2016. As against the same, the actual R&M expenses for FY 2016-17 as per the audited accounts are Rs. 23.94 Crore.

The Commission has approved the revised normative R&M expenses for FY 2016-17 in accordance with UERC Tariff Regulations, 2015. The k factor has been considered as 1.78%, the same as approved in the Tariff Order. The Commission has revised the WPI Inflation for FY 2016-17 based on the WPI Indices for the preceding three years and, accordingly, approved the WPI Inflation of 1.07% for FY 2016-17. Accordingly, the normative R&M expenses approved by the

Commission for FY 2016-17 are as shown in the Table given below:

Table 3.28: R&M expenses approved for FY 2016-17 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Actual	Normative	
				Claimed	Approved
1	R&M expenses	23.53	23.94	23.53	20.09

The actual R&M expenses as per the audited accounts for FY 2016-17 are Rs. 23.94 Crore. The actual R&M expenses for FY 2016-17 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. However, as the UITP projects have been capitalized in the first quarter of FY 2016-17 for the first time, the Commission does not find the need to attribute any actual R&M expenses towards the UITP projects as the projects have been just put into service. **However, the Petitioner is directed to separately maintain the details of R&M expenses for UITP & non-UITP projects.**

As R&M expenses are controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2015 as elaborated in Para 3.7 of this Order.

3.5.4 A&G expenses

The Petitioner has claimed the normative A&G expenses for FY 2016-17 as Rs. 14.42 Crore, the same as approved by the Commission in the Tariff Order dated April 05, 2016. As against the same, the actual A&G expenses for FY 2016-17 as per the audited accounts are Rs. 18.29 Crore.

The Petitioner vide its submissions dated January 15, 2018 submitted the actual capitalized A&G expenses for FY 2016-17 as Rs. 4.27 Crore. Subsequently, when the Petitioner was directed to submit the break-up of actual capitalized A&G expenses towards UITP and non-UITP projects, the actual capitalized A&G expenses for FY 2016-17 have been submitted as 208.32 without indicating the units, vide the submissions dated February 8, 2018. As per the trial balance, the capitalized A&G expenses for FY 2016-17 are Rs. 4.27 Crore. The Commission expresses extreme displeasure in the lackadaisical manner of submissions of the Petitioner. For computing the actual capitalisation rate of A&G expenses, the Commission has considered the amount of Rs. 4.27 Crore as per the trial balance.

The Commission has approved the revised normative A&G expenses for FY 2016-17 in accordance with UERC Tariff Regulations, 2015. The Commission in this Order has revised the WPI

Inflation based on the WPI Indices for the preceding three years and, accordingly, approves the WPI Inflation of 1.07% for FY 2016-17. The Commission has escalated the approved gross normative A&G expenses for FY 2015-16 by the inflation factor of 1.07%. Thereafter, the Commission has added the actual Licensee Fee paid for FY 2016-17 and deducted the capitalized expenses in FY 2016-17. Accordingly, the normative A&G expenses approved by the Commission for FY 2016-17 are as shown in the Table given below:

Table 3.29: A&G expenses approved for FY 2016-17 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Actual	Normative	
				Claimed by PTCUL	Approved
1	A&G expenses	14.42	18.29	14.42	10.90

The actual A&G expenses as per the audited accounts for FY 2016-17 are Rs. 18.29 Crore. The actual A&G expenses for FY 2016-17 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Commission sought the breakup of the actual A&G expenses towards the UITP and non-UITP projects separately to which the Petitioner did not submit the reply. Hence, the Commission has apportioned the actual A&G expenses of Rs. 18.29 Crore towards UITP and non-UITP projects in the proportion of the actual number of employees deployed in UITP and non-UITP projects.

Further, the Commission observes that the actual A&G expenses for FY 2016-17 are inclusive of the amount of Rs. 0.78 Crore towards the CSR activities. The expenses towards the CSR expenses should be met from the profits of the Company and hence, are reduced from the actual A&G expense for the purpose of sharing of gains and losses. The Commission has computed the amounts towards the CSR activities attributable to the non-UITP projects considering the proportion of the A&G expenses attributable to UITP and non-UITP projects and, accordingly, deducted the same from the actual A&G expenses for sharing of gains and losses. Accordingly, the Commission has computed the actual A&G expenses of Rs. 17.22 Crore attributable to the non-UITP projects for sharing of gains and losses. **The Commission directs the Petitioner to separately maintain the details of A&G expenses for UITP & non-UITP projects.**

As A&G expenses are controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2015 as elaborated in Para 3.7 of this Order.

3.5.5 *O&M expenses*

Based on the above, the normative O&M expenses approved by the Commission for FY 2016-17 upon truing up are as shown in the Table given below:

Table 3.30: O&M expenses approved for FY 2016-17 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Actual	Normative	
				Claimed by PTCUL	Approved
1	Employee expenses	94.45	65.92	94.45	63.34
2	R&M expenses	23.53	23.94	23.53	20.09
3	A&G expenses	14.42	18.29	14.42	10.90
	Total O&M expenses	**132.40**	**108.16**	**132.40**	**94.33**

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

3.5.6 *Interest and Finance Charges*

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

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

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

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

...

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

...

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

the weighted average rate of interest.

…"

The Petitioner has claimed the interest expenses of Rs. 64.14 Crore for FY 2016-17. The Petitioner has considered the opening loan balance for FY 2016-17 as approved by the Commission in the Tariff Order dated April 05, 2016. 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 10.10% has been considered for computing the interest expenses.

The Commission has considered the approved closing loan balance for FY 2015-16 as the opening loan balance for FY 2016-17. The Commission has worked out the Interest Charges considering the loan amount corresponding to the assets capitalised in FY 2016-17 based on the approved means of finance and date of commissioning of the respective asset. The repayment of loans has been considered as equivalent to the depreciation worked out by the Commission on the approved GFA for the Control Period. The actual weighted average interest rate of 10.08% has been considered based on the actual interest rate for the year. The interest expenses approved by the Commission for FY 2016-17 is as shown in the Table given below:

Table 3.31: Interest expenses approved for FY 2016-17 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
Opening Loan balance	519.54	519.54	406.85
Drawal during the year	80.98	132.84	95.88
Repayment during the year	62.49	55.94	56.00
Closing Loan balance	538.03	596.44	446.73
Interest Rate	12.13%	10.10%	10.08%
Interest	**64.14**	**56.34**	**42.52**

Further, as discussed above under capitalisation under REC IV Scheme a, guarantee fee has been approved as a part of finance charge on actual basis. Accordingly, the Commission approves the interest and finance charges of Rs. 42.64 Crore.

3.5.7 *Income Tax*

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

"34. Tax on Income

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

The Petitioner has claimed the income tax of Rs. 7.96 Crore for FY 2016-17. The Petitioner has submitted the supporting documents for the income tax claimed for FY 2016-17. Based on the scrutiny of the documentary evidence submitted by the Petitioner, the Commission has approved the actual income tax of Rs. 7.96 Crore for FY 2016-17.

3.5.8 Return on Equity

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

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

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

(2) Return on equity shall be computed on at the rate of 15.5% for 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 2016-17 as Rs. 37.69 Crore including Return on Equity invested from PDF. The Petitioner submitted that the Return on Equity has been claimed on the opening level of eligible equity for return for FY 2016-17 at the rate of 15.50%.

In line with the approach adopted by the Commission in the earlier Orders and as deliberated in earlier Orders, the Commission has not approved the RoE on Equity from PDF. The Commission has allowed the Return on Equity on the equity base excluding the equity from PDF at the rate of 15.50%. The Return on Equity approved by the Commission for FY 2016-17 is as shown in the Table given below:

Table 3.32: Return on Equity approved for FY 2016-17 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
Opening Equity	243.16	243.16	206.98
Addition during the year	34.71	56.93	27.82
Closing Equity	277.87	300.09	234.80
Eligible Equity for Return	96.62	243.16	101.20
Rate of Return on Equity	15.50%	15.50%	15.50%
Return on Equity	**14.98**	**37.69**	**15.69**

3.5.9 *Depreciation*

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

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

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

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

…

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

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

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

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

The Petitioner has claimed depreciation of Rs. 55.94 Crore for FY 2016-17.

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

Table 3.33: Depreciation approved for FY 2016-17 (Rs. Crore)

Particulars	Approved in the Tariff Order	Claimed by PTCUL	Approved
Depreciation	62.49	55.94	56.00

The depreciation approved by the Commission is higher than the depreciation claimed by the Petitioner as the Commission has computed the depreciation on additional capitalisation from the date of commissioning of respective assets whereas the Petitioner has claimed the depreciation considering the average GFA for the year.

3.5.10 Interest on Working Capital

The Petitioner has submitted that the interest on working capital for FY 2016-17 has been claimed in accordance with UERC Tariff Regulations, 2015. Accordingly, the Petitioner has claimed the IWC of Rs. 10.14 Crore for FY 2016-17.

The Commission has determined the interest on working capital for FY 2016-17 in accordance with the UERC Tariff Regulations, 2015.

3.5.10.1 One Month O&M Expenses

The annual O&M expenses approved by the Commission are Rs. 96.85 Crore for FY 2016-17. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 8.07 Crore for FY 2016-17.

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, 2015, which work out to Rs. 14.53 Crore for FY 2016-17.

3.5.10.3 Receivables

The Commission has approved the receivables for two months based on the approved ATC of Rs. 202.90 Crore for FY 2016-17, which works out to Rs. 33.82 Crore for FY 2016-17.

Based on the above, the total working capital requirement of the Petitioner for FY 2016-17 works out to Rs. 56.41 Crore. The Commission has considered the rate of interest on working capital as 13.70% 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. 7.73 Crore for FY 2016-17. The interest on working capital for FY 2016-17 approved by the Commission is as shown in the Table below:

Table 3.34: Interest on working capital approved for FY 2016-17 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
O&M expenses for 1 month	11.03	10.36	8.07
Maintenance Spares	19.86	18.65	14.53
Receivables for 2 months	43.51	45.04	33.82
Working Capital Requirement	**74.40**	**74.05**	**56.41**
Rate of Interest on Working Capital	14.05%	13.70%	13.70%
Interest on Working Capital	**10.45**	**10.14**	**7.73**

As per Regulations, interest on working capital works out to Rs. 7.73 Crore for FY 2016-17 against the same, the actual interest on working capital for FY 2016-17 is Zero.

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, 2015 as elaborated in Para 3.7 of this Order.

3.5.11 Prior period expenses/(income)

The net prior period expenses for FY 2016-17 as per the audited accounts is Rs. 11.65 Crore. The Petitioner has not claimed any prior period expenses/(income) in its Petition. Subsequently, when the Petitioner was directed to submit the justification for not considering any prior period expenses/(income), the Petitioner requested the Commission to approve the prior period expenses of Rs. 11.65 Crore as per the audited accounts. As against the net prior period expenses of Rs. 11.65 Crore as per the audited accounts, the Commission has approved the net prior period income of Rs. 0.39 Crore as shown in the Table given below:

Table 3.35: Prior period items for FY 2016-17 (Rs. Crore)

S. No.	Particulars	Claimed by PTCUL	Approved	Reasons for Allowance/disallowance
A	Prior period expenses			
1	Reversal of Regulatory assets	5.11	0.00	This amount pertains to the truing up of previous years approved by the Commission and, hence, not considered as the truing up had been done in accordance with the provisions of the Regulations.
2	Reversal of Lease Rent of Almora Line	0.46	0.46	Allowable as the amount pertains to the statutory payments for capital assets.
3	Prior period expenses against electricity charges of employees	7.90	0.00	The O&M expenses are approved on normative basis and hence not allowable. Besides electricity charges of employees will have to be borne by PTCUL and cannot be passed on to the consumers by the Commission which is consistent with the approach followed in case of UPCL's employees.
4	Reversal of IDC on Sitarganj-Kichha line & Bindal Purkul Line	0.59	0.00	This expense is of capital in nature and hence not allowable.
	Total prior period expenses	14.05	0.46	
B	Prior period income			
1	Reversal of excess provision in Fees & Subscriptions	0.85	0.85	Allowed as booked in excess earlier.
2	Incentive bills of previous year	1.55	0.00	This amount pertains to the incentive amount pertaining to FY 2006-07 to FY 2008-09 and hence not considered.
	Total prior period income	2.40	0.85	
C	Net prior period expenses/(income)	11.65	-0.39	

3.5.12 Non-Tariff Income

The Petitioner has claimed Non-Tariff Income of Rs. 6.31 Crore as per the audited accounts for FY 2016-17. However, it has been observed that the non-tariff income for FY 2016-17, includes SLDC share of operating charges amounting to Rs. 1.90 Crore, which as per the Regulations are to be kept in a separate LDCD Fund to be utilised for creation of new assets of SLDC. Hence, the same is excluded from the non-tariff income of PTCUL. Thus, the Commission has approved the actual non-tariff income of Rs. 4.41 Crore for FY 2016-17 as per the audited accounts.

3.5.13 Revenue from Short Term Open Access

The Petitioner has claimed the revenue from Short Term Open Access as Rs. 5.17 Crore as per the audited accounts for FY 2016-17. The Commission has considered the same and deducted from the ARR of the Petitioner in accordance with the UERC Tariff Regulations, 2015.

3.6 Transmission Availability Factor

The recovery of Annual Transmission Charges for the Transmission Licensee is linked to

Normative Transmission Availability Factor as specified in the UERC Tariff Regulations, 2015. The actual Transmission Availability Factor for FY 2016-17 was 99.33%. Regulation 65 of the UERC Tariff Regulations, 2015 specifies the methodology of billing of Transmission Charges by the Transmission Licensee.

From the audited accounts for FY 2016-17, the Commission observed that the Petitioner has received the incentive of Rs. 2.21 Crore on account of higher Transmission Availability Factor for FY 2016-17. As per UERC Tariff Regulations, 2015, the variation in performance parameters is a controllable factor and the gain on efficiency in performance parameters is to be shared with the consumers. Accordingly, the Commission has considered the sharing of the amount of Rs. 2.21 Crore in accordance with the UERC Tariff Regulations, 2015.

3.7 Sharing of gains and losses

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

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

…

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

…

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

…

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

…

d) Variations in working capital requirements;

…

h) Variation in operation & maintenance expenses

…

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

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

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

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

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

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

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

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

…"

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

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

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

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

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

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

The sharing of gains on account of controllable factors approved by the Commission for FY 2016-17 is as shown in the Table given below:

Table 3.36: Sharing of gains on account of controllable factors approved by the Commission for FY 2016-17 (Rs. Crore)

Particulars	Actual adjusted	Trued up (Normative)	Aggregate gain/ (loss)	Rebate in Tariff / (recovery through tariff)	Entitlement of the Petitioner
	A	B	C=B-A	D=1/3 x C	E=B-D
O&M expenses	101.90	94.33	(7.57)	(2.52)	96.85
Interest on Working Capital	0.00	7.73	7.73	2.58	5.15
Gain on Efficiency in Performance Parameter (Availability)	0.00	2.21	2.21	0.74	1.48

3.7.1 *Annual Transmission Charges*

Based on the above, the Annual Transmission Charges approved by the Commission for FY 2016-17 is as shown in the Table given below:

Table 3.37: Annual Transmission Charges approved for FY 2016-17 (Rs. Crore)

Particulars	Tariff Order	Claimed	Allowable
O&M expenses			
Employee expenses	94.45	84.94	62.47
R&M expenses	23.53	23.67	21.37
A&G expenses	14.42	15.71	13.01
Total O&M expenses	132.41	124.32	96.85
Interest on Loan	64.14	56.34	42.64
Return on Equity	14.98	37.69	15.69
Income Tax	0.00	7.96	7.96
Depreciation	62.49	55.94	56.00
Interest on Working Capital	10.45	10.14	5.15
Aggregate Revenue Requirement (including SLDC Charges)	**284.47**	**292.39**	**224.29**
Less: Non-Tariff Income	2.67	6.31	4.41
Less: Revenue from STOA charges	0.00	5.17	5.17
Less: SLDC Charges	0.00	0.00	0.00
Less: Sharing of incentive due to higher Availability	0.00	0.00	0.74
Add: True up of previous years	-6.52	-6.52	-6.52
Add: Impact of revised year wise capitalisation of REC II Scheme for previous years	-4.16	-4.16	-4.16
Add: Impact of Review Order	0.45		
Add: Prior period expenses/(income)			-0.39
Annual Transmission Charges	**271.57**	**270.23**	**202.89**

3.7.2 *Revenue gap/(surplus) for FY 2016-17*

The revenue gap/(surplus) for FY 2016-17 after sharing of gains and losses for FY 2016-17 is shown in the Table given below:

Table 3.38: Revenue gap/(surplus) for FY 2016-17 (Rs. Crore)

Particulars	Claimed	Allowable
Trued up ATC after sharing of gains and losses (including SLDC Charges)	270.23	202.89
ATC approved in the MYT Order (including SLDC Charges)	271.57	271.57
Revenue Gap/(Surplus)	**-1.34**	**-68.68**

Hence, the Commission has approved the revenue surplus of Rs. 68.68 Crore as against the revenue surplus of Rs. 1.34 Crore as claimed by PTCUL.

3.8 Total revenue surplus to be carried forward to FY 2018-19

The revenue surplus to be adjusted in the ATC of FY 2018-19 including carrying cost is as shown in the Table below:

Table 3.39: Total revenue surplus to be adjusted in FY 2018-19 as approved by the Commission (Rs. Crore)

Particulars	FY 2016-17	FY 2017-18
Opening Gap/(Surplus)	0.00	-73.38
Addition	-68.68	0.00
Closing Gap/(Surplus)	-68.68	-73.38
Interest rate	13.70%	13.70%
Carrying cost	-4.70	-10.05
Cumulative Gap/(Surplus)	-73.38	-83.43

4 Commission's Analysis, Scrutiny & Conclusion on APR for FY 2017-18 and Revised ARR for FY 2018-19

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 as under:

"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 from FY 2016-17 to FY 2018-19 based on the Audited Accounts available till FY 2014-15. The Commission vide its Order dated March 29, 2017 approved the APR for FY 2016-17 and carried out the final Truing up for FY 2015-16 based on the Audited Accounts. The Petitioner, in this Petition has submitted the truing up for FY 2016-17 based on the audited accounts and proposed the revision of estimates for FY 2017-18 and FY 2018-19. The Petitioner, based on the final Truing up for FY 2016-17, also proposed the revenue surplus for FY 2016-17 to be adjusted in FY 2018-19.

The Commission in this Order has carried out the final Truing up for FY 2016-17 in accordance with UERC Tariff Regulations, 2015 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 2018-19 based on the approved capitalisation for FY 2016-17 and revised estimated capitalisation for FY 2017-18. The Commission has computed certain expenses for FY 2017-18 based on the revised GFA for FY 2016-17 and FY 2017-18 only to facilitate the computations for FY 2018-19. The approach adopted by the Commission in the approval of each element of ARR for FY 2018-19 is elaborated in the subsequent paragraphs.

4.2 Capitalisation for FY 2017-18 and FY 2018-19

The Commission vide its Order dated April 5, 2016 on approval of Business Plan and MYT Petition of the Petitioner for the Control Period from FY 2016-17 to FY 2018-19, had approved the capitalisation for each year of the Control Period. In the stated Order, the Commission had approved the capitalisation of Rs. 137.82 Crore for FY 2017-18. Subsequently, the Commission in its Order dated March 29, 2017 on approval of APR for FY 2016-17 had again considered the capitalisation of Rs. 137.82 Crore for FY 2017-18. The Petitioner submitted that the actual capitalisation during the first 6 months of FY 2017-18 was Rs. 4.80 Crore and based on the progress of balance 6 months of FY 2017-18, the Petitioner has submitted that it is estimated to achieve the capitalisation of Rs. 143.12 Crore for FY 2017-18 as against the approved capitalisation of Rs. 137.82 Crore. The Table below shows the list of projects completed during first 6 months of FY 2017-18 as submitted by the Petitioner:

Table 4.1: Projects completed in first 6 months of FY 2017-18 as submitted by the Petitioner

Scheme	Project	Capitalisation (Rs. Crore)
REC-I & III	132 KV Double Circuit Srinagar-Simli Line.	-0.56
REC-XII	220 KV Twin Zebra line from 400 kV S/s Sherpur (PGCIL) to 220 KV S/s Dehradun.	0.08
REC-IV	220 KV S/s Dehradun (320 MVA)	3.51
REC-IV	132 KV S/s Sitarganj (SIDCUL)	1.08
PFC	Supply & Erection of DCDB at 132 kV S/s Haldwani	0.00
PFCCRM3005	Increasing Capacity at existing 132/33 kV Bhowali S/s from (6x5) MVA to (6x5)+(1x20) MVA (09303005)	0.05
Internal	Const. of 1 no. 220 kV Bus Coupler Bay at 220 kV Haldwani	0.07
Internal	Const. of 1 no. Incoming Bay at 132 kV S/s Bhowali	0.40
Internal	O&M Works 220 kV - Roorkee	-0.50
Internal	Miscellaneous	0.66
Total		**4.80**

The Table below shows the Scheme wise capitalisation claimed by the Petitioner for FY 2017-18:

Table 4.2: Capitalisation claimed for FY 2017-18 (Rs. Crore)

S. No	Name of Project	Scheme	Capitalisation claimed
1	132 kV Srinagar-Simli Line	REC-I & III	-0.56
2	220 kV D/C twin Zebra line from 400 kV S/s PGCIL, Dehradun to 220 kV S/s PTCUL, Dehradun	REC-XII (7367)	0.08
3	220 kV S/s Dehradun (320 MVA)	REC IV	3.51
4	132 kV S/s Sitarganj (SIDCUL)	REC IV	1.08
5	Increasing Capacity at existing 132/33 kV Bhowali S/s from (6x5) MVA to (6x5)+(1x20) MVA (09303005)	PFCCRM3005	0.05
6	Const. of 1 no. 220 kV Bus Coupler Bay at 220 kV Haldwani.	Internal	0.07
7	Const. of 1 no. Incoming Bay at 132 kV S/s Bhowali.	Internal	0.40
8	O&M Works 220 kV – Roorkee	Internal	-0.50
9	Miscellaneous	Internal	0.66
8	Construction of 132 kV underground line for 132 kV TSS Railway - Jwalapur, Haridwar.	Deposit work by Railway	8.00
10	LILO of 220 kV Roshanabad - Puhana Line at 220 kV S/s Piran Kaliyar	REC VI (5763)	5.92
11	220/33 kV S/s IIP, Harrawala, Dehradun	PFC 09303011	65.87
12	LILO of 220 kV S/c of Rishikesh - Dehradun line at 220 kV S/s IIP, Harrawala.	PFC 09303011	0.53
13	Increasing capacity of 220 kV Substation Chamba from 2x25 MVA (220/33 kV) to 1x50 MVA +1x25 MVA (220/33 kV).	PFC-09303015	5.71
15	Augmentation of 220/33 kV S/s to 220/132 kV S/s with additional 2X100 MVA transformers at Piran Kaliyar.	REC-9218	6.89
16	LILO of 132 kV Bhagwanpur- Chudiyala line at 220 kV S/s Piran Kaliyar.	REC-9218	5.92
17	Re-alignment of tower at loc. No. 30 to a safe place of 132 kV Kathgodam -Bhowali line.	Internal	0.50
18	220 kV bay at Pantnagar S/s	REC-7085	2.20
19	System strengthening of 132 kV Sub-station Kichha:		11.52
a	Augmentation of 132/33 kV transformer capacity at 132 kV S/s Kichha, including construction of associated 01 no. 132 kV bay and 01 no. 33 kV bay and dissection of 33 kV main bus.	REC-9796	
b	Construction of 01 nos. coupler bay using hybrid switchgear and bisection of existing 132 kV main line bus.	REC-9796	
c	Ampacity increment of 132 kV Pantnagar-Rudrapur circuit by replacing existing ACSR panther conductor with high capacity ACCC casallanca conductor.	REC-9796	
20	Construction of 1 no. 33 kV bay at 220 kV Jhajhra	REC-9665	0.24
21	Increasing capacity of 220 kV S/s SIDCUL, Haridwar from 2X80 MVA (132/33 kV) to 2X80 MVA (132/33 kV) + 1X50 MVA (220/33 kV).	RCRM-8851	8.39
22	Increasing capacity of 220 kV S/s Virbhadra Rishikesh from 2x160 MVA (220/132 kV) to 3x160 MVA (132/33 kV)	REC-9666	11.40
23	132 kV Bindal - Purkul Link Line	REC IV	5.24
Total			**143.12**

The Petitioner vide its revised submissions has withdrawn the claim of capitalisation of 132 kV Bindal-Purkul Link Line amounting to Rs. 5.24 Crore in FY 2017-18 and shifted the same to FY 2018-19. Accordingly, the claim of capitalisation for FY 2017-18 stands revised to Rs. 137.88 Crore. The Petitioner submitted the physical and financial progress as on January 31, 2018 for the works proposed to be capitalised in FY 2017-18.

Out of the total capitalisation of Rs. 137.88 Crore claimed by the Petitioner, the major capitalisation is towards 220/33 kV S/s IIP, Harrawala, Dehradun amounting to Rs. 65.87 Crore. The Petitioner submitted the physical progress of the same as 86% and the financial progress as 25.94%. The Petitioner submitted the details of pending works as (1) testing of cable termination kit and (2) testing and commissioning of S/s. After careful consideration of the Petitioner's submissions, the Commission does not find it prudent to allow the capitalisation of this project in FY 2017-18. On similar lines, after perusal of the submissions of the Petitioner, the Commission finds it prudent to allow the capitalisation of Rs. 44.79 Crore in FY 2017-18 as against the Petitioner's claim of Rs. 143.12 Crore, considering the projects with physical progress of 90% and above as on January 31, 2018. The Commission shall carry out the prudence check of actual capitalisation during FY 2017-18 at the time of truing up.

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. In the stated Order, the Commission had approved the capitalisation of Rs. 151.71 Crore for FY 2018-19. As against the same, the Petitioner has proposed the capitalisation of Rs. 365.23 Crore. The list of works proposed for capitalisation by the Petitioner is as shown in the Table below:

Table 4.3: Works proposed for capitalisation in FY 2018-19 (Rs. Crore)

S. No.	Name of Project	Scheme	Capitalisation claimed
1	Augmentation of Transformer from 2x40 MVA to 3x40 MVA at 220 kV Substation, Kamaluaganja (Haldwani)	REC 10951	6.70
2	Augmentation of 220 kV S/s Jaspur including construction of associated 01 no. 132 kV bay and 01 no. 33 kV bay and bisection of 132 kV & 33 kV main bus	REC 10950	7.66
3	Increasing capacity 2X40 MVA (132/33 kV) to 3X40 MVA (132/33 kV) at 132 kV S/s Laksar	REC 10760	8.19
4	132 kV Substation Patanjali at Padartha (Haridwar)	PFC 09303039	19.35
5	LILO of 132 kV Chilla –Nazibabad line at 132 kV S/s Patanjali, Haridwar	PFC 09303039	33.48
6	Construction of 132 kV (6X5 MVA) GIS S/s at Bageshwar	PFC 09303013	45.92
7	132 kV Single Circuit Line on Double Circuit Tower from Ranikhet to Bageshwar.	REC XIV (9030)	29.49
8	Construction of 220/33 kV Substation at Jafarpur (Capacity -2×100 MVA)	PFC 09303010	26.16
9	Construction of LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV substation at Jafarpur	PFC 09303010	5.70
10	LILO of 132 kV Kichha-Sitarganj Line at 132 kV S/s ELDECO & Stringing of 132 kV Kichha-Sitarganj Line	REC IV (C-10009)	2.30
11	Stringing of Second circuit of 132 kV Satpuli-Kotdwar Line with Single Panther conductor	REC 10952	4.63
12	Diversion of 220 kV Lines from submergence area of THDC dam	PFC-09303026	1.07
13	Augmentation of 132 kV S/s Bindal by 40 MVA T/F 132 kV/33 kV	PFC 09303030	8.61
14	Civil work, 132 kV S/s Bindal	work not started	1.12
15	Civil work, 132 kV S/s Purukul, Dehradun	work not started	0.33
16	Augmentation of 400 kV S/s Kashipur from 2X315 MVA to 3X315 MVA T/F capacity including construction of associated 400 kV and 220 kV bays.	PFC 09303038	19.34
17	Supply and Installation of 01 no. 160 MVA T/F and its associated 220 kV HV side & 132 kV LV side bay at 400 kV S/s Kashipur.	PFC 09303037	18.39
18	Stringing of second circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor alongwith construction of 132 kV bay at 132 kV S/s Bazpur.	PFC 09303043	14.08
19	I/C of 132 kV S/s, Kichha from 2X40 to 3x40 MVA alongwith construction of Bus Coupler bay at Kichha.	REC 9796	4.86
20	Construction of 02 nos. 132 kV bay at 132 kV S/s Jaspur	REC 10950	2.76
21	Augmentation of 132/33 kV T/F from 2X20 MVA +2x3x5 MVA to 1x20 MVA+2x3x5 MVA+1x40 MVA T/F at 132 kV S/s Pithoragarh	REC 10949	4.27
22	Construction of 220 kV Piran Kaliyar-Puhana (PGCIL) line	REC-9290	11.18
23	Construction of (2X50 MVA) 220/33 kV S/s at Imli Khera (Piran Kaliyar)	REC VI (5763)	49.5
24	ABT & Intra state onlining metering system	PSDF	40.14
	Total		**365.23**

The Commission finds that many of the works proposed for capitalisation in FY 2018-19 are towards augmentation works. Such augmentation works generally require shorter time span for completion and hence, may get capitalized in FY 2018-19 as proposed by the Petitioner. Further, the Petitioner during the SAC meeting submitted that some of the projects are in advanced stages of completion. Further, the Commission while approving the capitalisation for FY 2017-18 has only considered the projects with physical progress of 90% and above as on January 31, 2018. The projects which have been proposed for capitalisation in FY 2017-18 and not considered by the Commission based on physical progress may also get completed in FY 2018-19. One such major project is the GIS S/s at Harrawala with proposed capitalisation of Rs. 65.87 Crore. Considering the submissions made by PTCUL during SAC meeting and the progress of various works, the Commission has considered the capitalisation of following works in FY 2018-19.

Table 4.4: Capitalisation considered by the Commission for FY 2018-19

S. No.	Project	Cost (Rs. Crore)
1	220/33 kV S/s IIP, Harrawala, Dehradun	65.87
2	Augmentation of Transformer from 2x40 MVA to 3x40 MVA at 220 kV Substation, Kamaluaganja (Haldwani)	6.32
3	Augmentation of 220 kV S/s Jaspur including construction of associated 01 no. 132 kV bay and 01 no. 33 kV bay and bisection of 132 kV & 33 kV main bus	7.66
4	Increasing capacity 2X40 MVA (132/33 kV) to 3X40 MVA (132/33 kV) at 132 kV S/s Laksar	8.19
5	132 kV Substation Patanjali at Padartha (Haridwar)	19.35
6	LILO of 132 kV Chilla – Nazibabad line at 132 kV S/s Patanjali, Haridwar	33.48
7	Construction of 132 kV (6X5 MVA) GIS S/s at Bageshwar	45.92
8	132 kV Single Circuit Line on Double Circuit Tower from Ranikhet to Bageshwar.	29.49
9	Construction of 220/33 kV Substation at Jafarpur (Capacity -2×100 MVA)	26.16
10	Construction of LILO of 220 kV Kashipur-Pantnagar line at proposed 220 kV substation at Jafarpur	5.70
11	Stringing of Second circuit of 132 kV Satpuli-Kotdwar Line with Single Panther conductor	4.63
12	Augmentation of 132 kV S/s Bindal by 40 MVA T/F 132 kV/33 kV	8.61
13	Civil work, 132 kV S/s Bindal	1.12
14	Civil work, 132 kV S/s Purukul, Dehradun	0.33
15	Augmentation of 400 kV S/s Kashipur from 2X315 MVA to 3X315 MVA T/F capacity including construction of associated 400 kV and 220 kV bays.	19.34
16	Supply and Installation of 01 no. 160 MVA T/F and its associated 220 kV HV side & 132 kV LV side bay at 400 kV S/s Kashipur.	18.39
17	132 kV Bindal - Purkul Link Line	5.24
18	Stringing of second circuit of 132 kV S/C line on D/C tower between 400 kV S/s Kashipur to 132 kV Bazpur S/s on HTLS conductor alongwith construction of 132 kV bay at 132 kV S/s Bazpur.	14.08
19	I/C of 132 kV S/s, Kichha from 2X40 to 3x40 MVA alongwith construction of Bus Coupler bay at Kichha.	4.86
20	Construction of 02 nos. 132 kV bay at 132 kV S/s Jaspur	2.76
21	Augmentation of 132/33 kV T/F from 2X20MVA +2x3x5MVA to 1x20 MVA+2x3x5 MVA+1x40 MVA T/F at 132 kV S/s Pithoragarh	4.27
22	Construction of 220 kV Piran Kaliyar-Puhana (PGCIL) line	11.18
23	Construction of (2X50 MVA) 220/33 kV S/s at Imli Khera (Piran Kaliyar)	49.50
24	LILO of 220 kV Roshanabad - Puhana Line at 220 kV S/s Piran Kaliyar	5.92
25	Augmentation of 220/33 kV S/s to 220/132 kV S/s with additional 2X100 MVA transformers at Piran Kaliyar.	6.89
26	LILO of 132 kV Bhagwanpur - Chudiyala line at 220 kV S/s Piran Kaliyar.	5.92
27	Ampacity increment of 132 kV Pantnagar-Rudrapur circuit by replacing existing ACSR panther conductor with high capacity ACCC casallanca conductor.	8.55
	Total	**419.73**

Accordingly, the Commission has considered the capitalisation of Rs. 419.73 Crore for FY 2018-19 at this stage. The Commission will consider the actual capitalisation during FY 2018-19 at the time of truing up for FY 2018-19 subject to prudence check.

4.3 Gross Fixed Assets

The Commission has considered the closing GFA approved in the true up for FY 2016-17 as the opening GFA for FY 2017-18. The revised GFA approved by the Commission for FY 2017-18 and FY 2018-19 is as shown in the Table given below:

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

S. No.	Particulars	FY 2017-18			FY 2018-19		
		Approved in MYT Order	Claimed by PTCUL	Approved	Approved in MYT Order	Claimed by PTCUL	Approved
1	Opening Value	1378.09	1305.81	1239.73	1515.91	1448.93	1284.52
2	Addition during the year	137.82	143.12	44.79	151.71	365.23	419.73
3	**Closing value**	**1515.91**	**1448.93**	**1284.52**	**1667.62**	**1814.16**	**1704.25**

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

S. No.	Particulars	Grants	Debt	Equity	Total
1	MYT works	0%	70%	30%	100%

Based on the above and considering the closing balances for FY 2016-17, the Commission has determined the debt and equity components for FY 2017-18 and FY 2018-19 which works out as given below:

Table 4.7: Debt and Equity for FY 2017-18 and FY 2018-19 (Rs. Crore)

S. No.	Particulars	FY 2017-18					FY 2018-19				
		Cap. Res.	Grant	Loan	Equity	Total	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	79.01	96.59	829.34	234.80	1239.73	79.01	96.59	860.69	248.24	1284.52
2	Additions in the year										
	Approved capitalisation	0.00	0.00	31.35	13.44	44.79	0.00	0.00	293.81	125.92	419.73
3	**Total addition during the year**	**0.00**	**0.00**	**31.35**	**13.44**	**44.79**	**0.00**	**0.00**	**293.81**	**125.92**	**419.73**
4	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	**Closing Value**	**79.01**	**96.59**	**860.69**	**248.24**	**1284.52**	**79.01**	**96.59**	**1154.50**	**374.15**	**1704.25**

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 2018-19 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 includes 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 FY 2018-19 are detailed below.

4.5.1.1 Employee expenses

The Commission had approved the employee expenses of Rs. 114.91 Crore for FY 2018-19 in its MYT Order dated April 5, 2016. The Petitioner, in its Petition, has proposed the employee expenses for FY 2018-19 as Rs. 120.20 Crore as per the UERC Tariff Regulations, 2015 considering the actual employee expenses for FY 2016-17.

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 0.78% and 1.98% for FY 2017-18 and FY 2018-19 respectively. As against the same, the Petitioner has proposed the Gn factors of 30.84% and 18.84% for FY 2017-18 and FY 2018-19 respectively. The Commission has considered the closing no. of employees for FY 2016-17 as the opening no. of employees for FY 2017-18. In the MYT Order dated April 5, 2016, the Commission had approved the recruitment of 38 no. of employees in FY 2017-18. As against the same, the Petitioner has proposed recruitment of 267 no. of employees in FY 2017-18. During the TVS, the Petitioner submitted that the actual recruitment till September, 2017 was zero and the proposed recruitment is to be completed by March, 2018. 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 2017-18. Further, the Petitioner has proposed the recruitment of 208 no. of employees in FY 2018-19. The Commission at this stage has considered the recruitment of 208 no. of employees during FY 2018-19 as proposed by the Petitioner. The Commission has considered the retirement of employees in FY 2017-18 and FY 2018-19 as submitted by the Petitioner. Accordingly, the Commission has approved the Gn factors of 0% for FY 2017-18 and 25.57% for FY 2018-19. However, if the actual addition to number of employees is lower than the number of employee addition considered in this Order, the impact of the same shall be adjusted while carrying out the truing up and will not be considered as reduction in Employee expenses on account of controllable factors.

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 2016-17 as 5.35%.

The Commission has considered the employee expenses approved in the true up for FY 2016-17 for projecting the employee expense for FY 2017-18 and FY 2018-19 in accordance with the UERC Tariff Regulations, 2015. Further, the Commission has considered the capitalisation rate of employee expenses as 21.62% which is the actual capitalisation rate for FY 2016-17.

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. 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. Vide the submission dated March 7, 2018 the Petitioner submitted the actual impact of pay revision paid in FY 2017-18 and to be paid in FY 2018-19. Accordingly, while projecting the employee expenses for FY 2018-19, the Commission has considered Rs. 18.72 Crore as impact towards the VII Pay Commission for FY 2018-19, the same as submitted by the Petitioner. **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 2017-18 and FY 2018-19 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 2018-19 are as shown in the Table below:

Table 4.8: Employee expenses approved by the Commission for FY 2018-19 (Rs. Crore)

Particulars	MYT Order	Claimed by PTCUL	Approved
Net Employee expenses	95.76	106.59	88.27
Impact of Seventh Pay Commission	19.15	13.61	18.72
Total Employee expenses	**114.91**	**120.20**	**107.00**

4.5.1.2 R&M expenses

The Commission had approved the R&M expenses of Rs. 28.26 Crore for FY 2018-19 in its MYT Order dated April 5, 2016. As against the same, the Petitioner has proposed R&M expenses of Rs. 29.63 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 closing GFA of Rs. 1284.52 for FY 2017-18 as opening GFA for FY 2018-19. The Commission has considered the WP Iinflation of 1.07% which is the average increase in the Wholesale Price Index (WPI) for FY 2014-15 to FY 2016-17.

The R&M expenses approved by the Commission for FY 2018-19 as shown in the Table below:

Table 4.9: R&M expenses approved by the Commission for FY 2018-19 (Rs. Crore)

Particulars	MYT Order	Claimed by PTCUL	Approved
K	1.78%	2.02%	1.78%
GFAn-1	1514.35	1448.86	1284.52
WPIinflation	5.11%	1.07%	1.07%
R&Mn = K x (GFAn-1) x (1+WPIinflation)	**28.26**	**29.63**	**23.05**

4.5.1.3 A&G expenses

The Commission had approved the A&G expenses of Rs. 15.97 Crore for FY 2018-19 in its MYT Order dated April 5, 2016. The Petitioner, in its Petition, has proposed the A&G expenses for FY 2018-19 as Rs. 18.82 Crore as per the UERC Tariff Regulations, 2015 and considering the actual A&G expenses for FY 2016-17.

The Commission has considered the approved normative A&G expenses in the true up for FY 2016-17 for projecting the A&G expenses for FY 2017-18 and FY 2018-19. The Commission has considered the WPI inflation of 1.07% which is the average increase in the Wholesale Price Index (WPI) for FY 2014-15 to FY 2016-17. The Commission has considered the capitalisation rate of 18.93%, which is the actual capitalisation rate for FY 2016-17.

The Commission has considered the License Fee for FY 2018-19 considering UERC (Fees & Fines) (Second Amendment) Regulations, 2018.

The normative A&G expenses approved by the Commission for FY 2018-19 are as shown in the Table below:

Table 4.10: A&G expenses approved by the Commission for FY 2018-19 (Rs. Crore)

Particulars	MYT Order	Claimed by PTCUL	Approved
A&Gn-1	14.81	18.62	10.98
WPIinflation	5.11%	1.07%	1.07%
Gross A&G expenses	15.57	18.82	11.09
Capitalisation rate	11.91%	0.00%	18.93%
Less: A&G expenses capitalised	1.86	0.00	2.10
Net A&G expenses	**13.72**	**18.82**	**8.99**
Provision	0.00	0.00	0.00
A&Gn = A&Gn-1 x (1+WPIinflation) + Provision	**13.72**	**18.82**	**8.99**
Add: Licence Fee	2.26		7.10
Total A&G expenses	**15.97**	**18.82**	**16.09**

4.5.1.4 O&M expenses

The O&M expenses approved by the Commission for FY 2018-19 are as shown in the Table below:

Table 4.11: O&M expenses for FY 2018-19 (Rs. Crore)

Particulars	MYT Order	Claimed by PTCUL	Approved
Employee expenses	114.91	120.20	107.00
R&M expenses	28.26	29.63	23.05
A&G expenses	15.97	18.82	16.09
Total O&M expenses	**159.14**	**168.66**	**146.14**

4.5.2 Interest and Finance Charges

The Petitioner has considered the opening loan balance for FY 2018-19 as Rs. 576.27 Crore. The Petitioner has considered the loan addition to the year as equivalent to 70% of the proposed capitalisation and considered the normative repayment for the year equivalent to the depreciation claimed for FY 2018-19. The Petitioner has proposed the interest on loan by applying the interest rate of 10.10% on the average loan for the year. Accordingly, the Petitioner has proposed the interest on loan of Rs. 67.34 Crore for FY 2018-19.

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 observed computational error in the Petitioner's submissions wherein the average loan balance for FY 2017-18 was considered as the opening loan balance for FY 2018-19. The Commission has considered the closing loan balance of FY 2016-17 as approved after truing up as opening loan balance for FY 2017-18. The loan addition during FY 2017-18 has been considered as per the approved means of finance for FY 2017-18. The allowable depreciation for FY 2017-18 has been considered as the normative repayment for the year. The Commission has considered the closing loan balance for FY 2017-18 as the opening loan balance for FY 2018-19. 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 10.08% which is the weighted average rate of interest for FY 2016-17 based on the interest expenses and long term borrowing details as per Annual Accounts for FY 2016-17. The interest on loan has been determined by applying the interest rate of 10.08% on the average loan balance for the year. The interest on loan approved by the Commission for FY 2018-19 is as shown in the Table given below:

Table 4.12: Interest on Loan approved by the Commission for FY 2018-19 (Rs. Crore)

Particulars	MYT Order	Claimed	Allowable
Opening Loan balance	565.35	576.27	419.16
Drawl during the year	106.20	255.66	293.81
Repayment during the year	76.80	74.36	71.15
Closing Loan balance	594.75	757.57	641.82
Interest Rate	12.13%	10.10%	10.08%
Interest	**70.36**	**67.34**	**53.48**

4.5.3 *Return on Equity*

The Petitioner has considered the opening Equity for FY 2018-19 as Rs. 340.55 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. 52.79 Crore for FY 2018-19.

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 2018-19 is as shown in the Table below:

Table 4.13: Return on Equity approved by the Commission for FY 2018-19 (Rs. Crore)

Particulars	MYT Order	Claimed by PTCUL	Approved
Opening Equity	319.22	340.55	248.24
Addition during the year	45.51	97.53	125.92
Closing Equity	364.73	438.08	374.16
Eligible Equity for return	172.67	340.55	130.03
Rate of Return	15.50%	15.50%	15.50%
Return on Equity	**26.76**	**52.79**	**20.15**

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. 74.36 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 2018-19 considering the average GFA based on the opening approved GFA for FY 2018-19 and approved capitalisation by the Commission 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 2018-19 is as shown in the Table given below:

Table 4.14: Depreciation approved by the Commission for FY 2018-19 (Rs. Crore)

Particulars	MYT Order	Claimed by PTCUL	Approved
Depreciation	76.80	74.36	71.15

4.5.5 *Interest on Working Capital*

The Petitioner has submitted that the interest on working capital for FY 2018-19 has been proposed in accordance with UERC Tariff Regulations, 2015. Accordingly, the Petitioner has proposed the IWC of Rs. 13.11 Crore for FY 2018-19.

The Commission has determined the interest on working capital for FY 2018-19 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. 146.14 Crore for FY 2018-19. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 12.18 Crore for FY 2018-19.

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. 21.92 Crore for FY 2018-19.

4.5.5.3 *Receivables*

The Commission has approved the receivables for two months based on the approved ATC of Rs. 192.46 Crore for FY 2018-19, which works out to Rs. 32.08 Crore for FY 2018-19.

Based on the above, the total working capital requirement of the Petitioner for FY 2018-19 works out to Rs. 66.18 Crore. The Commission has considered the rate of interest on working capital as 13.70% 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. 9.07 Crore for FY 2018-19. The interest on working capital for FY 2018-19 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 2018-19 (Rs. Crore)

Particulars	MYT Order	Claimed	Approved
O&M expenses for 1 month	13.26	14.05	12.18
Maintenance Spares	23.87	25.30	21.92
Receivables equivalent to 2 months	53.90	56.32	32.08
Working Capital Requirement	**91.03**	**95.67**	**66.18**
Rate of Interest on Working Capital	14.05%	13.70%	13.70%
Interest on Working Capital	**12.79**	**13.11**	**9.07**

4.5.6 *Non-Tariff Income*

The Petitioner has proposed non-tariff income of Rs. 6.96 Crore for FY 2018-19. In the absence of any yardstick, the Commission has provisionally considered non-tariff income of Rs. 4.41 Crore as approved for FY 2016-17. 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. 2.84 Crore for FY 2018-19. 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 2018-19 is as shown in the Table below:

Table 4.16: Annual Transmission Charges approved by the Commission for FY 2018-19 (Rs. Crore)

Particulars	MYT Order	Claimed	Approved
O&M expenses			
Employee expenses	*114.91*	*120.20*	107.00
R&M expenses	*28.26*	*29.63*	23.05
A&G expenses	*15.97*	*18.82*	16.09
Total O&M expenses	159.14	168.66	146.14
Interest on Loan	70.36	67.34	53.48
Return on Equity	26.76	52.79	20.15
Depreciation	76.80	74.36	71.15
Interest on Working Capital	12.79	13.11	9.07
Aggregate Revenue Requirement (including SLDC Charges)	**345.85**	**376.25**	**299.99**
Less: Non-Tariff Income	2.94	6.96	4.41
Less: Revenue from STOA charges	0.00	2.84	2.84
Less: SLDC Charges	19.51	26.68	16.84
Add: True up of previous years	0.00	-1.85	-83.43
Annual Transmission Charges	**323.40**	**337.93**	**192.46**

4.6 Revised ARR for Bhilangana III – Ghansali Line

The Commission in its Order dated March 29, 2017 on approval of APR for FY 2016-17 had ruled as under:

"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."

The Petitioner in the instant Petition has sought the truing up of FY 2016-17 and the revised ARR for FY 2017-18 and FY 2018-19.

The Commission in its Order dated March 29, 2017 on approval of APR for FY 2016-17 had ruled as under:

"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 (FY 14 to FY 16) 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.

...

...

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."

In accordance with the decision of the Commission reproduced above, the Commission has not carried out the truing up for FY 2016-17 for Bhilangana III–Ghansali Line and has not considered the claims of revised ARR for FY 2018-19 submitted by the Petitioner.

4.7 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 on fund received through PDF also in this Petition. Accordingly, the Petitioner has claimed the amount of Rs. 215.61 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.

4.8 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 2018-19 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 2018-19 is Rs. 192.46 Crore and the PLST during FY 2017-18 is 2149 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 2018-19 (applicable upto 31st March, 2019) shall be:

Table 4.17: Rate of Transmission Charges for open access approved for FY 2018-19

Description	Rs./MW/day
Transmission Charges	2453.70

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

The Annual Transmission Charges approved for FY 2018-19 will be applicable with effect from April 01, 2018.

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 APR Order for FY 2016-17 dated March 29, 2017

5.1.1 Electrical Inspector Certificate

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.

Petitioner's Submissions

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

Fresh Directive

The Commission has noted the compliance by the Petitioner. The Petitioner is further 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.

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 2017-18.

Petitioner's Submissions

The draft report of transfer scheme submitted by the consultant M/s Prudential Project Syndicate, has been submitted to UPCL for reconciliation. The reconciliation of opening balances is under process of finalization. The Petitioner hopes to get it finalized at the earliest. The final report shall be submitted to the Commission.

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 2018-19.

The Commission holds that any consequential impact due to finalization of transfer scheme will be allowed without any carrying cost on the same as the delay is on the part of the Petitioner.

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 2017-18.

Petitioner's Submissions

In the meeting dated January 9, 2017 chaired by Principle Secretary (Energy), it was decided that in order to ensure independent functioning of SLDC, the office of the Commission shall submit manpower structure prevalent in SLDCs in other States alongwith proposed structure of Uttarakhand SLDC. The detailed proposed manpower structure of SLDC has been submitted vide letter number 183/SLDC dated May 29, 2017 to Director (HR) and Director (Project). Taking cognizance of the aforesaid letter, Director (HR), PTCUL formed a committee for finalization of the manpower structure vide letter number 833/HR and P.V./PTCUL/G-10 dated June 9, 2017. Meanwhile PTCUL is under process of preparing a report collecting information regarding staff structure from other SLDCs of the country. A suitable proposal shall be submitted to the Board of PTCUL once the committee finalizes its report.

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 2018-19.

5.1.4 Capitalisation of partially completed schemes

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.

Petitioner's Submissions

The details as required by the Commission are being submitted in the requisite formats for the perusal of the Hon'ble Commission.

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

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

5.1.5 Additional Capitalisation beyond the cutoff date

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 capitalizations 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.

Petitioner's Submissions

The detailed justification for additional capitalization, if any, are being submitted as part of the petition for the perusal of the Commission.

Fresh Directive

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 2016-17 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 the justification of claiming any additional capitalisation in accordance with the Regulations for FY 2017-18 onwards in the Petition, failing which any claim of the Petitioner towards the additional capitalisation will not be allowed.

The Commission 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 within 3 months from the date of this Order.

Petitioner's Submissions

The Fixed Assets Register for FY 2004-05 to FY 2011-12 has already been submitted and the treatment of utilization of AAD was intimated vide Letter No. 866/Dir. (Projects)/PTCUL/ARR dated April 25, 2017. The soft copy of Fixed Assets Register for FY 2012-13 alongwith this petition is being submitted for kind consideration of the Commission.

The Commission has noted the compliance by the Petitioner.

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 details of any major incident are submitted to the Commission on a regular basis. The latest reply has been submitted to the Commission vide Letter No. 796/Dir.(Projects)/PTCUL/ UERC dated April 19, 2017.

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 along with the SLDC Certification for the same, during the truing up exercise.

Petitioner's Submissions

The availability details as certified by SLDC are being submitted as a part of Form 5 as part of the petition for the perusal of the Hon'ble commission.

Fresh Directive

The Petitioner has not submitted the SLDC Certificate for the actual Availability in FY 2016-17. **The Commission directs the Petitioner to submit the Availability of its AC System along with the SLDC Certification for the same, during every truing up exercise.**

5.1.9 *Submission of Completed Cost*

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.

Petitioner's Submissions

The said information has already been submitted vide Letter No. 1531/Dir. (Projects)/ PTCUL/Tariff Orders dated August 2, 2017. Also, it is being ensured that henceforth the completed cost of the project along with the scheduled CoD, actual date of commissioning and actual IDC incurred be submitted within 30 days of CoD of the projects/works.

Fresh Directive

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 2017-18, 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 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 details as required by the Commission are being submitted in the requisite formats for the perusal of the Commission.

Fresh Directive (Para 3.5.2)

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

5.1.11 *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 directive is being complied with and there were no long term open access charges recovered during FY 2016-17 and FY 2017-18 (till September, 2017).

Fresh Directive

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.

5.1.12 *Estimates of Project Cost for Investment Approvals*

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

Petitioner's Submissions

The realistic estimates of project cost are prepared by the DPR and Costing wing of PTCUL and the directives of the Commission shall be complied with.

5.1.13 *Capitalisation of employee expenses*

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.

Petitioner's Submissions

The said information has been submitted vide Letter No. 1272 /Dir. (Projects)/PTCUL /UERC dated June 22, 2017.

The Commission has noted the compliance by the Petitioner.

5.1.14 Capitalisation of A&G expenses

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.

Petitioner's Submissions

The said information has been submitted vide Letter No. 1272 /Dir. (Projects) / PTCUL /UERC dated June 22, 2017.

The Commission has noted the compliance by the Petitioner.

5.1.15 Uniformity in Loan balances and interest in audited accounts and Loan MIS

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.

Petitioner's Submissions

The relevant details of loan repayment and interest amount paid as per the audited accounts is being submitted in Form 15.1 and Form 15.2 along with the Petition.

The Commission has noted the compliance by the Petitioner.

5.1.16 ATC of Natural ISTS lines of PTCUL

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.

Petitioner's Submissions

The Petitioner has submitted the technical and commercial data pertaining to the relevant natural ISTS lines to POSOCO on February 8, 2017. The Petitioner has also filed a Petition before CERC - 221/TT/2017 dated October 17, 2017 for determination of Annual Transmission Charges for FY 2014-15 to FY 2018-19. The said Petition is under scrutiny by CERC and the Petitioner hopes that the tariff for the same shall be determined soon. Once the tariff is determined by CERC and the Petitioner receives compensation against the same, the amount shall be reimbursed to UPCL.

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

5.1.17 Incentive paid to the employees

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.

Petitioner's Submissions

The directive is being complied with and the relevant details of incentive amount along with other employee cost details are being submitted as Format 8.1.

The Commission has noted the compliance by the Petitioner.

5.2 Fresh Directive

5.2.1 Hiring of taxies vis-à-vis entitled reimbursement

Fresh Directive (Para 2.5.3)

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

in overall costs.

5.2.2 *Employee expenses*

Fresh Directive (Para 3.5.2)

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

5.2.3 *R&M expenses*

Fresh Directive (Para 3.5.3)

However, the Petitioner is directed to separately maintain the details of R&M expenses for UITP & non-UITP projects.

5.2.4 *A&G expenses*

Fresh Directive (Para 3.5.4)

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

5.2.5 *Separate details paid as arrears of VII Pay Commission (Para 4.5.1.1)*

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.

(Subhash Kumar)
Chairman

6 Annexures

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

POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.
(A Govt. of Uttarakhand Undertaking)
Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT, Dehradun-248002
Corporate ID No. U40101UR2004GOI028675, Phone: 0135-2642006, Fax: 0135-2643460, Website : www.ptcul.org

PUBLIC NOTICE

Inviting Comments on the Petition filed by PTCUL for approval of the proposed Transmission Charges for FY 2018-19

Salient Points of the ARR/Tariff Petition

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 2016-17 based on audited Accounts & Annual Performance Review (APR) for FY 2017-18 and the Revised ARR for FY 2018-19. 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 (₹ in Crore)

S. No.	Particulars	UERC Tariff Regulations, 2015		UERC Tariff Regulations, 2015			
		FY 2016-17 (True up)		FY 2017-18 (APR)		FY 2018-19 (ARR)	
		Approved in MYT Order for FY 2016-17	Claimed for true up	Approved in Tariff Order for FY 2017-18	Revised Estimates	Approved in the MYT Order for FY 2018-19	Proposed
1.	Depreciation	62.49	55.94	64.34	63.62	76.80	74.36
2.	Interest on Long Term Loans	64.14	56.34	51.34	58.19	70.36	67.34
3.	Return on Equity	14.98	37.69	22.38	46.51	26.76	52.79
4.	O&M Expenses	132.41	124.32	144.75	142.68	159.14	168.66
5.	Interest on Working Capital	10.45	10.14	10.31	10.67	12.79	13.11
6.	Income Tax	0.00	7.96	0.00	0.00	0.00	0.00
7.	**Gross Expenditure**	284.47	292.39	293.11	321.67	345.85	376.26
8.	Less: Non-Tariff Income	2.67	6.31	6.74	6.63	2.94	6.96
9.	**Net Expenditure**	281.80	286.08	286.38	315.04	342.91	369.30
10.	**Add:** True up of previous years including carrying cost	– 6.52	– 6.52	– 29.70	– 29.70	0.00	– 1.85
11.	**Add:** Impact of revised year wise capitalization of REC-II Scheme for previous years	**– 4.16**	**– 4.16**	**0.00**	**0.00**	**0.00**	**0.00**
12.	Less: Revenue from short term open access		5.17	3.89	2.84	0.00	2.84
13.	Less: ARR for SLDC	10.08	0.00	15.15	14.96	19.51	26.68
14.	**Net ARR**	**261.04**	**270.23**	**237.63**	**267.54**	**323.40**	**337.93**
15.	**Provision for carrying cost on PDF**						**215.61**
16.	**Revenue (Surplus)/Gap**		**(1.34)**				

2. PTCUL has proposed a total hike of 42.22% for FY 2018-19 (which includes the truing up impact of FY 2016-17 alongwith the carrying cost on the same) over the approved transmission charges for FY 2017-18. In case, the entire claim (excluding provision for carrying cost on PDF) of PTCUL including that of truing up of FY 2016-17 is also accepted by the Commission, additional hike of 0.24% 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 31.01.2018.

पत्रांकः 1207/मु.मु.ई./पिटकुल/ए-2 **Managing Director**
दिनांक : 22.12.2017

"Save Electricity in the Interest of Nation"

6.2 Annexure-2 : List of Respondents

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Munish Talwar	-	M/s Asahi India Glass Ltd.	Integrated Glass Plant, Village-Latherdeva Hoon, Manglaur-Jhabrera Road, P.O. Jhabrera, Tehsil Roorkee, Distt. Haridwar, Uttarakhand
2.	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	Mohabewala Industrial Area, Dehradun-248110
3.	Dr. V.K. Garg	-	-	A-24/E, DDA Flats, Munirka, New Delhi-110067
4.	Sh. Katar Singh	President	Kisan Club	Village-Delna, P.O. Jhabrera-247667, Haridwar
5.	Sh. Sunil Kumar Gupta	Editor	Teesri Aankh ka Tehalka	16, Chakrata Road (Tiptop Gali), Dehradun-248001

6.3 Annexure-3 : List of Participants in Public Hearings

List of Participants in Hearing at Bageshwar on 20.02.2018

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Deewan Singh Danu	Chairman	Daanpur Sewa Samiti	Danu Niwas, Village-Mandal Sera, Near Peepal Chowk, Distt. Bageshwar-263642
2.	Heera Singh Takuli	Secretary	Daanpur Sewa Samiti	Village-Mandal Sera, Jeetnagar, Near Peepal Chowk, Distt. Bageshwar-263642
3.	Sh. Joga Singh Mehta	Member	Chetra Panchayat, Jakhadi	Village &Post-Jakhadi, Distt. Bageshwar-263640
4.	Sh. Hoshiyar Singh Mehra	-	-	Village-Lamjhigara, Post-Mahroori, Tehsil-Kanda, Distt. Bageshwar
5.	-	Convenor	Jan Kalyan Samiti	Mandalsera, Near Peepal Chowk, Distt. Bageshwar
6.	Sh. Pratap Singh Garia	-	-	Maziakhet, Tehsil Road, P.O.-Bageshwar, Distt. Bageshwar

List of Participants in Hearing at Rudrapur on 21.02.2018

Sl. No.	Name	Designation	Organization	Address
1.	Sh. R.S. Yadav	Vice President (HR & Admn.)	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar.
2.	Sh. B.S. Sehrawat	-	M/s ACME Cleantech Solutions Ltd.	Plot 3-8, 29-34, Sector-5, Integrated Industrial Estate Sidcul, Rudrapur, Distt. Udham Singh Nagar.
3.	Sh. Shakeel A. Siddiqui	Sr. General Manager (Commercial)	M/s Kashi Vishwanath Textile Mill (P) Ltd.	5th KM Stone, Ramnagar Road, Kashipur-244713, Distt. Udham Singh Nagar.
4.	Sh. Pankaj Bora	-	M/s Galwalia Ispat Udyog Ltd.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar.
5.	Sh. Pradeep Semwal	-	M/s Kashi Vishwanath Textile Mill (P) Ltd.	5th KM Stone, Ramnagar Road, Kashipur-244713, 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. P.K. Mishra	-	M/s BST Textile Mills Pvt. Ltd.	Plot 9, Sector 9, IIE, SIDCUL, Pantnagar, Distt. Udham Singh Nagar
8.	Sh. Sanjay Kumar	-	M/s Perfect Dynamics Auto Pvt. Ltd.	Sector 9, Sidcul, Rudrapur, Distt. Udham Singh Nagar
9.	Sh. Jagdish Singh	-	-	Village-Dharampur, P.O. Chattarpur, Distt. Udham Singh Nagar
10.	Sh. Akash Jain	-	M/s Roop Polymers Ltd.	Plot No. 19, Sector-9, IIE SIDCUL, Pantnagar, Distt. Udham Singh Nagar
11.	Sh. G.S. Sandhu	Managing Director	M/s Tarai Foods Ltd.	Sandhu Farms, P.O. Box No. 18, Rudrapur-263153, Distt. Udham Singh Nagar.
12.	Sh. R.P. Singh	Executive Director	M/s Tarai Foods Ltd.	Sandhu Farms, P.O. Box No. 18, Rudrapur-263153, Distt. Udham Singh Nagar.
13.	Sh. Gurdayal Singh	-	-	Village-Dharampur, P.O. Chattarpur, Distt. Udham Singh Nagar
14.	Sh. A.K. Singh	-	-	Village Fulsunga, Post Off.-Transit Camp, Rudrapur-263153, Distt. Udhamsingh Nagar.
15.	Sh. Prem Maurya	-	-	Village & P.O. Chattarpur, Rudrapur, Distt. Udham Singh Nagar-263153
16.	Sh. Harendra Singh	-	-	Fauji Matkota, Bhurarani, Rudrapur, Distt. Udham Singh Nagar
17.	Sh. Kunwar Pal Singh	-	-	Fauji Matkota, Bhurarani, Rudrapur, Distt. Udham Singh Nagar
18.	Sh. Deepak Kumar	-	M/s Nestle India Ltd.	Pantnagar, SIDCUL Industrial Area Road, Distt. Udham Singh Nagar-263153
19.	Sh. Umesh Sharma	-	M/s Voltas Ltd.	Plot No. 2-5, Sector-8, IIE, Pantnagar Industrial Area, Rudrapur, Distt. Udhamsingh Nagar-263153
20.	Sh. Sukha Singh	-	-	Village & P.O. Chattarpur, Distt. Udham Singh Nagar

Sl. No.	Name	Designation	Organization	Address
21.	Sh. Harpal Singh	-	-	Village & P.O. Chattarpur, Distt. Udham Singh Nagar
22.	Sh. Rohit Chopra	-	-	Village-Beria Daulat, Bazpur, Distt. Udhamsingh Nagar
23.	Sh. Bhaskar Joshi	-	M/s Titan Company Ltd.	Sector-2, Plot No. 10 A, Sidcul, Pantnagar, Rudrapur-263154, Distt. Udhamsingh Nagar
24.	Sh. Sanjay Adlakha	-	M/s Ambashakti Glass India Pvt. Ltd.	Plot. No. 41, Sector-3, SIDCUL, Pantnagar, Distt. Udham Singh Nagar
25.	Sh. Rajendra Singh Makkar	Block President	Bhartiya Kisan Union	Village-Alakhdeva, P.O.-Premnagar, Tehsil-Gadarpur, Distt. Udham Singh Nagar
26.	Sh. Lakhvinder Singh Mehta	-	-	Village-Beria Daulat, Bazpur, Distt. Udham Singh Nagar
27.	Col. Jitender Pal	-	M/s SETCO Automotive Ltd.	Plot No.-196A, Phase-I, Eldeco Sidcul Industrial Park, Village Lalarpatti, Sitarganj, Distt. Udham Singh Nagar
28.	Sh. Kuldeep Singh	-	Bhartiya Kisan Union	Village-Dakiya Kalan, Post Off.-Dakiya No.-I, Tehsil-Kashipur, Distt. Udhamsingh Nagar-244713
29.	Sh. Teeka Singh Saini	Former State General Secretary	Kisan Congress	33, Katoratal, Kashipur, Distt. Udham Singh Nagar
30.	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
31.	Sh. Parmeshwar Sharma	-	M/s Parle Biscuits Pvt. Ltd.	Plot No. D-10, Eldeco Sidcul Industrial Area, Sitarganj-262405, Distt. Udham Singh Nagar
32.	Sh. R.K. Maheshwari	-	M/s Mantri Metallics Ltd.	Plot No. 31, Sector-11, Sidcul, Pantnagar, Distt. Udham Singh Nagar
33.	Sh. Rajesh Kumar Mishra	-	M/s Sidcul Entrepreneur Welfare Society	Plot No. 1, Sector-9, IIE, SIDCUL Pantnagar, Distt. Udham Singh Nagar
34.	Sh. Harbhajan Singh	-	-	Bajar Patti, Gadarpur, Distt. Udham Singh Nagar
35.	Sh. Shyam Chandra Kamboj	-	-	Roshanpur, Totawala, P.O. Gularbhoj, Distt. Udham Singh Nagar
36.	Sh. Ashok Kumar	-	-	Mahaveer Nagar, Dr. Adarsh Nagar, Gadarpur, Distt. Udham Singh Nagar
37.	Sh. Tushar Agarwal	-	M/s BTC Industries Ltd.	Village-Kishanpur, P.O. Deooria, Tehsil-Kichha, Distt. Udhamsingh Nagar

List of Participants in Hearing at Rudraprayag on 27.02.2018

Sl. No.	Name	Designation	Organization	Address
1	Sh. Harshwardhan Benjwal	Former Sarpanch	-	Village & Post-Nakot, Nagar Panchayat-Augustmuni, Distt. Rudraprayag
2	Sh. Balbeer Lal	Former Pradhan	-	Village & Post-Nakot, Nagar Panchayat-Augustmuni, Distt. Rudraprayag

List of Participants in Hearing at Dehradun on 28.02.2018

Sl. No.	Name	Designation	Organization	Address
1	Sh. Devesh Pant	-	M/s Tata Motors Ltd.	Plot No. 1, Sector 11, Integrated Industrial Estate, SIDCUL, Pantnagar-263153, Distt. Udham Singh Nagar
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. Katar Singh	President	Kisan Club	Village-Sultanpur Sabatwali, P.O. Jhabrera-247667, Haridwar
5	Sh. Vijay Singh Verma	Secretary	Kisan Club	Village-Delna, P.O. Jhabrera, Haridwar-247665, Uttarakhand
6	Sh. Munish Talwar	-	M/s Asahi India Glass Ltd.	Integrated Glass Plant, Village-Latherdeva Hoon, Manglaur-Jhabrera Road, P.O. Jhabrera, Tehsil Roorkee, Haridwar
7	Sh. Arvind Jain	Member	Tarun Kranti Manch (Regd.)	6-Ramleela Bazaar, Dehradun
8	Sh. Gulshan Rai Khanduja	-	Sh. Ganesh Roller Floor Mills	Mohabbewala Industrial Area, Subhash Nagar, Dehradun-248001
9	Sh. K.L. Sundriyal	General Secretary	M/s Prantiya Electrical Contractors Association, Uttarakhand	4(4/3), New Road, Near Hotel Relax, (Amrit Kauri Road), Dehradun
10	Sh. Naval Duseja	DGM (Finance & Accounts)	M/s Flex Foods Ltd.	Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun-248140
11	Sh. S.C. Mittal	Director	M/s Instruments & System	30, Mohabbewala Industrial Area, Dehradun-248002
12	Sh. P.K. Rajput	Executive Director	M/s Vista Alps Industries Ltd.	Plot No. 1 B, Sector-10, Integrated Industrial Estate, SIDCUL, Distt. Haridwar
13	Sh. Chandra Mohan Goyal	-	M/s Manoj Floor Mill	Near Sahastradhara Bus Stand, Sahastradhara, Dehradun
14	Sh. Sunil Gupta	Editor	Teesri Aankh ka Tehalka	16, Chakrata Road (Tiptop Gali), Dehradun-248001
15	Sh. Man Singh	General Manager (Engg.)	M/s Alps Industries Ltd.	Plot No. 1A, Sector-10, Integrated Industrial Estate, SIDCUL, Roshnabad Road, Distt. Haridwar-249403
16	Sh. Vijay Verma	-	M/s Shiv Shakti Electricals	Sarrafa Bazaar, Kankhal, Distt. Haridwar, Uttarakhand
17	Sh. Viru Bisht		-	Mohanpur, Post Off.-Premnagar, Dehradun-248007
18	Sh. G.D. Madhok	-	-	146/1, Rajendra Nagar, Street

Sl. No.	Name	Designation	Organization	Address
				No. 9, Kaulagarh Road, Dehradun
19	Sh. Subodh Kumar	-	-	Village-Harbanswala, Near Seemadwar, Dehradun
20	Dr. H.S. Rawat	President	M/s Progressive Dairy Farmers Association Uttarakhand	S-1, D-6, Defence Colony, Dehradun.
21	Sh. Arvind Jain	Member	Tarun Kranti Manch (Regd.)	6-Ramleela Bazaar, Dehradun
22	Sh. Kamaldeep Kamboj	-	Parvatiya Saaptahik	G-3, Janpad Shopping Complex, Chakrata Road, Dehradun
23	Sh. Parshuram	-	-	Jagjeetpur, Haridwar
24	Ms. Rubi Goyal	-	-	Chaman Vihar, Phase-II, ITBP Road, Dehradun
25	Sh. Sudhir Goyal	-	-	Lane No. 11, Chaman Vihar, P.O. Majra, Dehradun.
26	Sh. Surya Prakash	-	-	153, 2nd Block, Dharampur, Dehradun
27	Sh. S.K. Yadav	-	-	Lane No. 11, Chaman Vihar, Near Niranjanpur, Dehradun
28	Sh. Deshraj	-	-	Sohta House, Lane No. 11, Chaman Vihar, Near Niranjanpur, Dehradun