Order

on

True up for FY 2019-20,

Annual Performance Review for

FY 2020-21

&

ARR for FY 2021-22

For

Power Transmission Corporation of

Uttarakhand Ltd.

April 26, 2021

Uttarakhand Electricity Regulatory Commission

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

Dehradun – 248171

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Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No.: 15 of 2021

In the Matter of:

Petition filed by Power Transmission Corporation of Uttarakhand Limited for True up for FY 2019-20, Annual Performance Review for FY 2020-21 and Revised Aggregate Revenue Requirement for FY 2021-22.

AND

In the Matter of:

Power Transmission Corporation of Uttarakhand Ltd.
Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT,
Dehradun-248001, Uttarakhand

…Petitioner

Coram

Shri D.P. Gairola Member (Law)
Shri M.K. Jain Member (Technical)

Date of Order: April 26, 2021

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 Multi Year Tariff

(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 Tariff Orders dated April 10, 2014, April 11, 2015 and April 5, 2016 respectively

Further, in accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2015 (hereinafter referred to as "UERC Tariff Regulations, 2015") for the second Control Period from FY 2016-17 to FY 2018-19 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the Order on approval of Business Plan and Multi Year Tariff dated April 5, 2016 for the second Control Period from FY 2016-17 to FY 2018-19. In accordance with the provisions of the UERC Tariff Regulations, 2015, the Commission had carried out the Annual Performance Review for FY 2016-17, FY 2017-18 and FY 2018-19 vide its Tariff Orders dated March 29, 2017, March 21, 2018 and February 27, 2019.

Further, in accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2018 (hereinafter referred to as "UERC Tariff Regulations, 2018") for the third Control Period from FY 2019-20 to FY 2021-22 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the Order dated February 27, 2019 on approval of Business Plan of PTCUL for the third Control period from FY 2019-20 to FY 2021-22. In the same Order the Commission had also approved the Multi Year Tariff for the third Control Period from FY 2019-20 to FY 2021-22. In accordance with the provisions of the UERC Tariff Regulations, 2018, the Commission had carried out the Annual Performance Review for FY 2019-20 vide its Tariff Order dated April 18, 2020.

In compliance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of UERC Tariff Regulations, 2018, Power Transmission Corporation of Uttarakhand Limited (hereinafter referred to as "PTCUL" or "Licensee" or "Petitioner") filed Application (Petition No. 15 of 2020 and hereinafter referred to as "Petition") on December 31, 2020 for approval of True-up for FY 2019-20, Annual Performance Review (APR) for FY 2020-21 and Revised Aggregate Requirement (ARR)/Tariff for FY 2021-22.

The Petition filed by PTCUL had certain infirmities/deficiencies which were informed to PTCUL vide Commission's letter no. UERC/7/CL/436/Misc. App. No. 52 of 2020/1136 dated January 12, 2021 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. 169/Dir. (Projects)/PTCUL/ARR dated January 21, 2021 and letter no. 242/Dir. (Projects)/PTCUL/ARR dated January 27, 2021 removed the critical deficiencies. Based on the submissions made by PTCUL, the Commission vide its Order dated February 9, 2021 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 2019-20, APR for FY 2020-21 and revised ARR for FY 2021-22 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 February 27, 2019 and APR Order dated April 18, 2020.

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 beneficiary(ies). It has been the endeavour of the Commission in past also, to issue Tariff Orders for PTCUL concurrently with the issue of Order on retail tariffs for Uttarakhand Power Corporation Limited (UPCL), so that UPCL is able to honour the payment liability towards transmission charges of PTCUL. For the sake of convenience and clarity, this Order has further been divided into following Chapters:

Chapter 1 – Background and Procedural History.

Chapter 2 – 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 2019-20.

Chapter 4 – Petitioner's Submissions, Commission's Analysis, Scrutiny & Conclusion on APR for FY 2020-21 and Revised ARR for FY 2021-22.

Chapter 5 – Commission's Directives.

1. Background and Procedural History

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

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

a) To undertake transmission of electricity through intra-State transmission system.

b) To discharge all functions of planning and co-ordination relating to intra-State transmission system.

c) To ensure development of an efficient, co-ordinated and economical system of intra-State transmission lines.

d) To provide open access.

A new company in the State was, thus, created to look after the functions of intra-State

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

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

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

The Commission vide its Order dated April 5, 2016 approved the Business Plan and Multi Year Tariff for PTCUL for the second Control Period from FY 2016-17 to FY 2018-19. Further, the Commission had carried out the Annual Performance Review for FY 2016-17, FY 2017-18 and FY 2018-19 vide its Orders dated March 29, 2017, March 21, 2018 and February 27, 2019 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, 2018 on September 14, 2018. These Regulations superseded the UERC Tariff Regulations, 2015.

The Commission vide its Order dated February 27, 2019 approved the Business Plan and Multi Year Tariff for PTCUL for the third Control Period from FY 2019-20 to FY 2021-22. In accordance with the provisions of the UERC Tariff Regulations, 2018, the Commission had carried out the Annual Performance Review for FY 2019-20 vide its Tariff Order dated April 18, 2020.

In compliance with the Regulations, PTCUL filed its Petition for Annual Performance Review for FY 2020-21 on December 31, 2020. Through the above Petition, PTCUL sought true up for FY 2019-20, review of ARR for FY 2020-21 and Revised Aggregate Revenue Requirement for FY 2021-22 based on the audited accounts for FY 2019-20. The above Petition was provisionally admitted by the Commission vide its Order dated February 9, 2021. The Commission, through its above Admittance Order dated February 9, 2021, to provide transparency to the process of tariff determination and give all stakeholders an opportunity to submit their objections/suggestions/

comments on the proposals of the Transmission Licensee, also directed PTCUL to publish the salient features of its proposals in the leading newspapers. The salient features of the proposals were published by the Petitioner in the following newspapers:

Table 1.1: Publication of Notice

S. No.	Newspaper Name	Date of Publication
1.	Hindustan Times, Delhi	February 11 & 12, 2021
2.	Amar Ujala, Uttarakhand	February 11 & 12, 2021
3.	Dainik Jagran, Uttarakhand	February 11 & 12, 2021

Through above notice, stakeholders were requested to submit their objections/suggestions /comments latest by March 31, 2021 (copy of the notice is enclosed as **Annexure 1**). The Commission received in all 3 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.	Nainital	April 06, 2021
2.	Dehradun	April 10, 2021

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 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 April 12, 2021, 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 the Petitioner's response thereon are detailed in Chapter 2 of this Order. In this context, it is also to underline that while finalizing this Order, the Commission has, as far as possible, tried to address the issues raised by the stakeholders.

Meanwhile, based on the scrutiny of the Petition filed by PTCUL, the Commission vide its letter no. UERC/7/CL/436/Misc. App. No. 52 of 2020/1245 dated February 08, 2021 pointed out certain data gaps in the Petition and sought following additional information/ clarifications from the Petitioner:

- Details of Tariff Formats which were not duly filled or were partially filled.
- Details regarding expected date of completion of proposed capitalisation in second half of FY 2020-21.
- Progress of recruitment process for FY 2020-21.
- Basis of computing capitalisation rate for Employee expenses and Administrative & General Expenses.
- Details such as Name of the scheme, proposed capitalisation, scheduled completion date, approved cost and preparedness for the schemes proposed to be capitalised in FY 2021-22.
- Details of cost overrun and time overrun along with the justification for the same for the actual capitalisation in FY 2019-20.
- Correspondence done with the Contractors along with documents pertaining to approvals of competent authorities of PTCUL for the schemes where time extensions had been allowed to the contractors.
- Form 9.5 and Form 9.6 for all the projects capitalised in FY 2019-20.
- Statement of Additional Capitalisation after CoD, De-Capitalisation, Depreciation, Capital Expenditure, Outstanding Loans and schedule of completion of New Schemes.
- Details of Interest on Working Capital, Interest on Loan and Finance Charge.
- Reconciliation of figures in case of discrepancies.
- Actual number of recruitment/retirement of employees for FY 2020-21 till 31st Jan, 2021 along with the expected recruitment/retirement of employees in March 2021.

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 March 04, 2021, 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/7/CL/436/Petition No. 15 of 2021/1356 dated March 05, 2021, for its response.

The Petitioner submitted the replies to data gaps vide its various letters dated January 21, 2021, January 27, 2021, February 24, 2021, March 17, 2021 and April 8, 2021. 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. Stakeholder's Objections/Suggestions, Petitioner's Responses and Commission's Views

The Commission has received suggestions and objections on PTCUL's Petition for True up for FY 2019-20, Annual Performance Review for FY 2020-21 and Determination of Aggregate Revenue Requirement for FY 2021-22. List of stakeholders who submitted their suggestions and objections in writing is given at **Annexure-2** and the list of Respondents who participated in the Public Hearings is enclosed at **Annexure-3**. The Commission also obtained responses from PTCUL on the 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 suggestions/objections/comments of the stakeholders and replies of the Petitioner while deciding the ARR for PTCUL.

2.1 System Strengthening

2.1.1 Stakeholder's Comments

Shri Vijay Singh Verma submitted that the Transmission Licensee should develop its network as per load growth.

2.1.2 Petitioner's Response

The Petitioner submitted that the system expansion plan has been prepared on the basis of the system existing capacity, loading and future demand projections and most of the system is already in place and augmentation is required for capacity enhancement. Further, the Petitioner submitted that the scheme for new system, which has to be designed and developed in phased manner was envisaged considering the coordinated planning.

2.1.3 Commission's Views

The Commission has taken note of the stakeholders' suggestions and the Petitioner's response. The Commission is of the view that PTCUL as a State Transmission Utility should carry out proper transmission planning and execute the schemes as per Transmission Plan without any delay.

2.2 Capitalisation of New Assets

2.2.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand requested the Commission to continue with the earlier Order of allowing only the minimum of approved project cost and the actual project cost as per audit report submitted by the Petitioner as there are no reasons submitted by PTCUL for cost overruns.

2.2.2 Petitioner's Response

The projects have been delayed in the past due to issues like Right of Way, forest clearances, floods, and landslides, etc., which are beyond the control of PTCUL. Therefore, the disallowance of the project cost on account of delay due to uncontrollable factors will cause financial crisis and would not be beneficial for the Petitioner as well as for the consumers of the State.

The Petitioner further submitted that the project gestation period is higher in Uttarakhand due to hilly terrain and above issues, which also results in change in costs for a few new projects.

2.2.3 Commission's Views

The Commission while carrying out the truing up for FY 2019-20 as discussed in Chapter 3 of this Order has carried out detailed analysis of time over-run and cost over-run of the projects completed during the year. The Commission has allowed the increase in Capital Cost only for the projects, in which the cost and/or time over-run is due to uncontrollable factors.

2.3 Return on Equity on account of Power Development Fund

2.3.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand requested the Commission not to allow return on equity on assets created out of PDF as was done by it in the past.

2.3.2 Petitioner's Response

The Petitioner submitted that the RoE on PDF has been considered, as the issue is under adjudication before the Hon'ble APTEL. It is submitted to the Commission to allow RoE on assets created from PDF.

2.3.3 Commission's Views

The Commission has dealt with the issue of allowing RoE on assets created from PDF in detail in Chapter 3 of this Order.

2.4 Project Completion

2.4.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand suggested that for faster completion of projects, all clearances should be taken by PTCUL and then only contract should be awarded so that projects can be completed in a timely manner and cost overrun of the projects can be avoided.

2.4.2 Petitioner's Response

The Petitioner submitted that the projects have been delayed in the past due to issues like Right of Way, forest clearances, floods, and landslides, etc., which are beyond the control of PTCUL. Therefore, the disallowance of the project cost on account of delay due to uncontrollable factors will cause financial crisis and would not be beneficial for the Petitioner as well as for the consumers of the State.

PTCUL puts its best efforts to carry out proper transmission planning and execute the schemes as per Transmission Plan and is trying to get all the clearances beforehand and without any delay, but as mentioned above, some of the issues are uncontrollable factors and beyond the control of the Petitioner.

The Petitioner further submitted that the project gestation period is higher in Uttarakhand due to hilly terrain and above issues, which also results in change in costs for few new projects.

2.4.3 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 2017-18 and FY 2018-19, the Commission had not allowed part capitalisation in accordance with the UERC Tariff Regulations, 2015 and UERC Tariff Regulations, 2018 and 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 capitalisation in accordance with the UERC Tariff Regulations, 2018. The detailed approach adopted by the Commission for approving the capitalisation for FY 2019-20 is elaborated in Chapter 3 of the Order. Further, the approach adopted by the Commission for the capitalisation considered for FY 2021-22 including the analysis of additional submissions made by the Petitioner are elaborated in Chapter 4 of this Order.

2.5 Rate of Interest

2.5.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the Commission must relook into the rate of interest allowed as rate of interest is showing downward trend.

2.5.2 Petitioner's Response

The Petitioner submitted that being public utility it can only take loans from nationalized banks. The Petitioner actively makes efforts to reduce the interest rates of loans and makes sure that it gets the best possible rate of interest from these banks.

2.5.3 Commission's Views

The Commission while carrying out the truing up for FY 2019-20 as discussed in Chapter 3 of this Order has carried out detailed computation of interest allowed as rate of interest to the Petitioner in accordance with the Regulations.

2.6 Overall Tariff Hike

2.6.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the Petitioner has been escalating the projected expenses to get the higher expense same approved from the Commission, which is not expected from a public utility.

2.6.2 *Petitioner's Response*

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

2.6.3 *Commission's Views*

The Commission has carried out the detailed analysis of all the actual expenses while carrying out truing up of expenses for FY 2019-20 as elaborated in Chapter 3 of this Order. Further, the Commission has worked out the sharing of gains and losses for FY 2019-20 in accordance with the provisions of the UERC Tariff Regulations, 2018 while carrying out the truing up of expenses and revenues for FY 2019-20. The Commission has carried out detailed analysis of all the expenses while approving the Annual Transmission Charges for FY 2021-22 as elaborated in Chapter 4 of this Order.

2.7 True Up of Previous Years

2.7.1 *Stakeholder's Comments*

Shri Pankaj Gupta of Industries Association of Uttarakhand requested the Commission to not allow PTCUL's claim as per their audited balance sheet as they have not submitted any justification for the difference between the approved and actual value.

2.7.2 *Petitioner's Response*

The Petitioner submitted that the cost approved in the MYT Orders and ARR Orders are based on projections. These projections are based on the actual expenses incurred in the past, which are audited by statutory auditors and prudent estimates of expected expenses in the future. Every effort is made to properly estimate expenses.

However, in the true up Petition, the cost is claimed on the basis of actual expenses. The actual cost incurred during the year may happen to be higher or lower than the estimated cost allowed. The Petitioner has tried to give proper justification if there is a significant increase or decrease in a particular expense through the Petition and through multiple replies to the queries raised by the Commission from time to time. The Petitioner requested the Commission to allow these expenses as claimed by the Petitioner.

2.7.3 Commission's Views

The Commission, in this regard, would like to clarify that the actual expenses, both of revenue and capital nature claimed by the Petitioner, are examined separately in detail while carrying out the truing up of expenses and revenues and only legitimate expenses are allowed in accordance with the UERC Tariff Regulations applicable from time to time. Further, the Commission has worked out the sharing of gains and losses for FY 2019-20 in accordance with the provisions of the UERC Tariff Regulations, 2018 while carrying out the truing up of expenses and revenues for FY 2019-20 as detailed in Chapter 3 of this Order.

2.8 Transmission Losses

2.8.1 Stakeholder's Comments

Shri Vijay Singh Verma submitted that losses indicated by PTCUL in its Tariff Petition are on the lower side in comparison to the actual field conditions.

2.8.2 Petitioner's Reply

The Petitioner submitted that losses indicated by PTCUL in the Petition is based on the trend of actual transmission losses in previous years. These losses are purely Technical losses of PTCUL, and different from AT&C losses of UPCL. PTCUL submitted the actual transmission loss for FY 2019-20 as 1.21%. For FY 2020-21, the losses projected are 1.34% which is tentative only and it may be higher or lower in actuals. Further, PTCUL also submitted that the details of losses provided are as per the actual values of Energy recorded in energy meters of sub-stations of PTCUL and are without any assumption or manipulation of data.

2.8.3 Commission's Views

The Commission while carrying out the truing up for FY 2019-20 has considered the actual transmission losses after prudence check as submitted by PTCUL.

2.9 Others

2.9.1 Stakeholder's Comments

Shri Sunil Gupta of Teesri Ankh ka Tehalka submitted that Transmission Line of 80 km has been constructed by PTCUL at a cost of Rs. 165 Crore for supply of power out of State from Hydro Power Plant of L&T located in Uttarakhand.

2.9.2 Commission's Views

On the issues raised by the stakeholder, no comments have been received by the Commission till the date of issue of this Order. In the matter, **the Commission directs the Petitioner to submit its comments on the issues raised by Shri Sunil Gupta of Teesri Ankh ka Tehalka within one month of date of the issue of this Order.**

2.10 Issues Raised During Meeting of State Advisory Committee

2.10.1 Stakeholder's Comments

During the State Advisory Committee meeting held on April 12, 2021, the Members made the following suggestions on the Petition filed by PTCUL for approval of True up for FY 2019-20, Annual Performance Review for FY 2020-21 and Aggregate Revenue Requirement for FY 2021-22:

- Shri Pankaj Gupta submitted that the PTCUL has again claimed Return on Equity on PDF amount, though this is settled issue as per Commission's Orders and is sub-judice before APTEL. As no stay has been granted by APTEL on Commission's Orders, RoE on PDF amount should not be allowed.
- Shri Pankaj Gupta submitted that PTCUL has also claimed huge amount of capital expenditure. In this regard, looking at the past performance, he requested the Commission to take an appropriate view while approving the capital expenditure plan.
- Shri Pankaj Gupta further submitted that PTCUL has proposed substantially higher capital expenditure in comparison to the actual capital expenditure in past years. He also submitted that PTCUL's projects are generally delayed and, hence, appropriate monitoring mechanism for monitoring the progress of the projects needs to be developed. He also submitted that PTCUL is generally over-estimating the Capital Expenditure at the time of preparation of DPR and this needs to be avoided by preparing estimates on realistic basis.

2.10.2 *Petitioner's Response*

The Petitioner submitted the following replies on the queries raised:

- The RoE on PDF is considered as the issue is pending in APTEL.
- With regard to justification for time overrun in the schemes, PTCUL submitted that majority of the schemes are delayed due to difficult hilly terrain, severe weather conditions and RoW issues, viz., delay in Forest Clearances, Land acquisition, crop compensation, etc. PTCUL further submitted that the execution of Projects is being monitored on a regular basis and efforts for completing the schemes within minimum time are made and the same has resulted in higher capitalisation in FY 2019-20 when compared to previous years.

2.10.3 *Commission's Views*

The issues raised by the Members of the Advisory Committee have been taken into consideration while deciding the Petitioner's claims in the Petition filed for approval of true up of FY 2019-20, APR for FY 2020-21 and revised ARR for FY 2021-22 as detailed in subsequent Chapters of this Order.

3. Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2019-20

3.1 Annual Performance Review

The Commission vide its MYT Order dated February 27, 2019 on approval of Business Plan and MYT for the third Control Period from FY 2019-20 to FY 2021-22, approved the ARR for the Control Period based on the audited accounts available till FY 2017-18. Regulation 12(1) of the UERC Tariff Regulations, 2018, 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 February 27, 2019 on approval of APR Petition for FY 2018-19 approved the ARR for FY 2019-20 considering the capitalisation approved by it till FY 2017-18 based on the audited accounts for FY 2017-18. The Commission vide its Order dated April 18, 2020 approved the truing up for FY 2018-19, APR for FY 2019-20 and revised ARR & Tariff for FY 2020-21.

The Petitioner, in this Petition, has claimed true up for FY 2019-20 based on the audited accounts. The Petitioner, based on the true up for FY 2019-20, has also proposed a revenue gap on account of truing up to be adjusted in FY 2021-22. In accordance with Regulation 12(3) of the UERC Tariff Regulations, 2018, the Commission has carried out the true up for FY 2019-20 based on the audited accounts for FY 2019-20. The approach adopted by the Commission in the approval of true up for FY 2019-20 is elaborated in the subsequent paragraphs.

3.2 Value of opening assets

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

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

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

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

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

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

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

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

The Commission vide its Tariff Order for FY 2019-20 dated February 27, 2019 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 2019-20. The Petitioner in the instant Petition submitted that various meetings and correspondence have been made between UPCL and PTCUL regarding finalization of Transfer Scheme. A Draft policy has also been submitted to UPCL for finalization. UPCL informed that the Transfer scheme between UPCL and PTCUL shall be finalized only after the finalization of Transfer Scheme between UPPCL and UPCL.

The Commission expresses its extreme displeasure in the lackadaisical approach of the Petitioner in not acting responsibly in finalizing 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 not allowed alongwith the 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 2018-19 as approved in its Tariff Order dated April 18, 2020 as the opening GFA for FY 2019-20 for the truing up purposes.

3.3 Additional capitalisation for FY 2019-20

The GFA addition in FY 2019-20 as per the audited accounts which is pertaining to the transmission business regulated by the Commission is Rs. 221.24 Crore which has been claimed by PTCUL for truing up of FY 2019-20. In addition, PTCUL has claimed GFA addition of Rs. 66.09 Crore which was disallowed by the Commission in the truing up of FY 2016-17.

The Commission has approved the scheme wise capitalisation for FY 2019-20. While approving the same, for capitalisation of any new project, the Commission has considered the allowable cost considering the delay in completion of the project, reasons for delay, cost overrun & reasons for cost overrun. Regarding the increase in project cost due to time overrun, Hon'ble ATE in its Judgment in Appeal No. 72 of 2010 clearly stipulated the treatment of extra IDC on account of delay under three cases, (i) due to factors entirely attributable to the Petitioner, (ii) due to factors beyond the control of the Petitioner, and (iii) situation not covered by (i) & (ii). The Commission for working out the excess IDC for the period of delay has first computed the Base Case IDC for the scenario if the project would have been completed on time as follows:

- IDC corresponding to Hard Cost as approved by the Commission = (actual IDC ÷ actual Hard Cost) x approved Hard Cost.

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

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

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

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

a) Undischarged liabilities;

b) Works deferred for execution;

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

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

b) Change in Law;

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

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

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

…"

Further, Regulation 3(19) of the UERC Tariff Regulations, 2018 defines cut-off date as under:

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

In the subsequent paras, the Commission has discussed the scheme wise capitalisation for FY 2019-20 claimed by the Petitioner and approved by the Commission.

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

The Petitioner claimed the capitalisation of Rs. 20.08 Crore in REC New Scheme for the project as shown in the Table below:

Table 3.1: Capitalisation claimed for REC II Scheme in FY 2019-20 (Rs. Crore)

Project	Year of first-time capitalisation	Amount
Construction of SLDC at Rishikesh and 2 No. Sub SLDC at Kashipur and Dehradun and its associated Communication Network (Phase-II of ULDC Projects)	FY 2018-19	20.08

3.3.1.1 Construction of SLDC at Rishikesh and 2 Nos Sub SLDC at Kashipur and Dehradun and its associated Communication Network

The Commission had approved the project cost of Rs. 51.92 Crore for "Construction of SLDC at Dehradun and 2 No. Sub-SLDC at Kashipur and Rishikesh" vide its Investment Approval Order dated October 23, 2007. Further, the Commission vide its Tariff Order dated April 18, 2020 while truing up of FY 2018-19, had approved the first time capitalisation of Rs. 0.54 Crore for "Construction of SLDC at Rishikesh and 2 No. of Sub-SLDC at Kashipur and Dehradun and its associated Communication Network" under Phase-II of ULDC Projects. In the true up for FY 2019-20, the Petitioner has claimed the capitalisation of Rs. 20.08 Crore towards 'Construction of SLDC at Rishikesh and 2 No. Sub SLDC at Kashipur and Dehradun and its associated Communication Network'. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works amounting to Rs. 31.21 Crore.

As the claimed capitalisation is lower than the Ordering Cost, and no IDC has been actually incurred/claimed, the Commission approves the capitalisation of Rs. 20.08 Crore towards the said project.

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

Table 3.2: Capitalisation approved for REC II Scheme in FY 2019-20 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Total capitalisation approved by the Commission up to FY 2018-19	Capitalisation claimed by PTCUL in FY 2019-20	Capitalisation approved for FY 2019-20	Total capitalisation approved till FY 2019-20
Construction of SLDC at Rishikesh and 2 No. Sub SLDC at Kashipur and Dehradun and its associated Communication Network	51.92	FY 2018-19	0.54	20.08	20.08	20.62
Total	**51.92**		**0.54**	**20.08**	**20.08**	**20.62**

3.3.2 REC XIV Scheme

The Petitioner has claimed the capitalisation of Rs. 49.66 Crore in REC XIV Scheme for the project as shown in the Table below:

Table 3.3: Capitalisation claimed for REC XIV Scheme in FY 2019-20 (Rs. Crore)

Project	Year of first-time capitalisation	Amount
132 kV S/C Ranikhet - Bageshwar Line	FY 2019-20	49.66
Total		**49.66**

3.3.2.1 132 kV S/C Ranikhet-Bageshwar Line

The Commission vide its Investment Approval Order dated April 28, 2015 had *inter-alia* provided in-principle approval for the revised DPR of the project and directed the Petitioner to submit the completed cost on the completion of the project. The Commission observed that the Petitioner submitted the the completed cost as Rs. 49.70 Crore for FY 2019-20 in Tariff Form 9.5 which provides the element/component wise breakup of cost & quantity of the project cost whereas amount capitalised in its accounts was Rs. 49.66 Crore inclusive of IDC amounting to Rs. 8.06 Crore and additional capitalisation of Rs. 0.68 Crore from CoD, i.e. January 8, 2020 to March 31, 2020. The Petitioner has claimed Rs. 49.66 Crore for FY 2019-20 in Tariff Form 9.A which is prepared based on the audited annual accounts for FY 2019-20.

Accordingly, for the purpose of determination of approved cost for the project, the Commission has relied on information provided in Tariff Form 9.5 and supply & erection contracts submitted by the Petitioner. The Petitioner submitted the copies of contracts placed for supply, erection, commissioning and civil works amounting to Rs. 30.59 Crore inclusive of quantity variation of 20%. The Petitioner submitted that there was an increase in the said cost due to change in tax regime sales/service Tax to GST and increase in number of towers due to change in route of line. Further, the Commission observed that the Overhead expenses amounting to Rs. 5.05 Crore, comprises of Establishment, Audit & Accounts and crop compensation which have also been incurred. Furthermore, Preliminary expenses amounting to Rs. 6.48 Crore have also been incurred by the Petitioner which comprises Preliminary investigation expenses, RoW related expenses, forest clearances etc. Accordingly, the Commission considers Rs. 42.12 Crore excluding IDC as the approved cost of the project.

The Commission observed that the actual completion period is 59 months as against the scheduled completion period of 15 months. Hence, there is a delay of 44 months in completion of the project. The reasons for the time over-run submitted by the Petitioner are as provided below:

- Diversion of route due to resistance from land owners

- Delay in felling of trees (3183) by forest department
- Adverse weather conditions from June to September month
- Initially there was RoW issues in 55 number of Tower locations which were reduced to 4 number of towers locations after deliberation with the locals.
- Resolution of RoW issues in 4 number of tower location as referred above took seven months
- Construction of line on new route

The Petitioner has claimed the actual IDC of Rs. 8.06 Crore. As discussed above, the actual completion period is 59 months as against the scheduled completion period of 15 months. In accordance with the principles approved in Para 3.3 of this Order, the Commission has computed the IDC corresponding to scheduled completion period as Rs. 2.06 Crore. Hence, the increase in IDC due to time overrun is Rs. 6.00 Crore.

The Commission observed that all the reasons for delay submitted by the Petitioner pertains to RoW issues, except weather conditions, and same were beyond the control of PTUCL. However, from the justification submitted by the Petitioner for delay in completion of the project, it appears that the actual initiation with regard to resolving the RoW issues started in October, 2018, i.e. after 28 months from the scheduled completion date, i.e. May 15, 2016. Further, no relevant document or any communication regarding follow-up to resolve the RoW issues from the scheduled completion date of the project till the date of meeting with DM Bageshwar in October, 2018 has been provided by the Petitioner.

Accordingly, the Commission, in accordance with the principles approved in Para 3.3 of this Order, disallows the delay of 14 months out of the delay of 28 months as mentioned in above Para. Based on the above, the Commission allows the total IDC for the period of 30 months out of the total delay of 44 months. Therefore, the allowable IDC works out to Rs. 6.08 Crore after deducting IDC of Rs. 1.98 Crore pertaining to disallowed delay period. As mentioned earlier, the Petitioner has claimed capitalisation amounting to Rs. 49.66 Crore inclusive of IDC amounting to Rs. 8.06 Crore for FY 2019-20 vide its Tariff Form 9.A which has been prepared based on the audited annual accounts for FY 2019-20. Accordingly, the Commission approves the total cost of Rs. 47.67 Crore which includes an additional capitalisation of Rs. 0.68 Crore after deducting the disallowed IDC of Rs. 1.98

Crore from the Petitioner's claim of Rs. 49.66 Crore towards '132 kV S/C Ranikhet-Bageshwar Line'.

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

Table 3.4: Capitalisation approved for REC XIV Scheme in FY 2019-20 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Capitalisation claimed by PTCUL in FY 2019-20	Capitalisation approved for FY 2019-20	Total capitalisation approved till FY 2019-20
132 kV S/C Ranikhet-Bagehwar Line'	48.20*	FY 2019-20	49.66	47.67	47.67
Total	**48.20**		**49.66**	**47.67**	**47.67**

**including allowable IDC of Rs. 6.08 Crore*

3.3.3 REC VI

The Petitioner has claimed the additional capitalisation of Rs. 2.34 Crore in REC VI Scheme for the project as shown in the Table below:

Table 3.5: Capitalisation claimed for REC VI Scheme in FY 2019-20 (Rs. Crore)

Project	Year of first-time capitalisation	Amount
(2X25 MVA) 220/33 kV Sub-station at Piran Kaliyar	FY 2018-19	2.34
Total		**2.34**

3.3.3.1 (2X25MVA) 220/33 kV Sub-station at Piran Kaliyar

The Commission had approved the project cost of Rs. 49.50 Crore for the project "(2X25 MVA) 220/33 kV Sub-station at Piran Kaliyar" vide its Investment Approval Order dated February 02, 2015. In the final True-up of FY 2019-20, the Petitioner has claimed the additional capitalisation of Rs. 2.34 Crore on account of payment against construction of residential colony and Other T&P parts.

The additional capitalisation claimed by PTCUL is within the cut-off date. Further, the Commission has already approved the capitalisation of Rs. 43.88 Crore upto FY 2018-19 for the said project. Considering the capitalisation claimed for FY 2019-20, i.e. Rs. 2.34 Crore, total capitalisation upto FY 2019-20 works out to Rs. 46.22 Crore for the project which is within the approved cost of Rs. 49.50 Crore. Hence, the Commission approves the additional capitalisation of Rs. 2.34 Crore towards

'(2X25 MVA) 220/33 kV Sub-station at Piran Kaliyar'.

The project's approved cost and the capitalisation claimed & approved by the Commission for truing up purposes is shown in the Table given below:

Table 3.6: Capitalisation approved for REC VI Scheme in FY 2019-20 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Total capitalisation approved by the Commission upto FY 2018-19	Capitalisation claimed by PTCUL in FY 2019-20	Capitalisation approved for FY 2019-20	Total capitalisation approved till FY 2019-20
(2X25 MVA) 220/33 kV Substation at Piran Kaliyar	49.50	FY 2018-19	43.88	2.34	2.34	46.22
Total	**49.50**			**2.34**	**2.34**	**46.22**

3.3.4 PFC (System Improvement)

The Petitioner has claimed the capitalisation of Rs. 57.49 Crore towards a mix of System Improvement works funded by PFC in FY 2019-20 as shown in the Table below:

Table 3.7: Capitalisation claimed for PFC (SI) in FY 2019-20 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Amount
220 kV S/s IIP Dehradun (Harrawala)	113.14	FY 2018-19	1.46
Construction of 132/33 kV GIS S/s at Bageshwar	70.95	FY 2019-20	56.03
Total	**184.09**		**57.49**

3.3.4.1 220 kV S/S IIP Dehradun (Harrawala)

The Commission vide its Investment Approval Order dated February 28, 2014, had approved the project cost of Rs. 113.14 Crore for the project '220 kV S/s IIP Dehradun (Harrawala)'. In the True-up of FY 2019-20, the Petitioner has claimed the additional capitalisation of Rs. 1.46 Crore on account of payment against construction of staff colony, tools & tackles etc.

The additional capitalisation claimed by PTCUL is within the cut-off date. Further, the Commission has already approved the capitalisation of Rs. 56.29 Crore upto FY 2018-19 for the said project. Considering the capitalisation claimed for FY 2019-20, i.e. Rs. 1.46 Crore, total capitalisation upto FY 2019-20 of Rs. 57.75 Crore for the scheme is within the total approved cost of Rs 113.14 Crore. Hence, the Commission approves the additional capitalisation of Rs. 1.46 Crore towards '220 kV S/S IIP Dehradun (Harrawala).

3.3.4.2 Construction of 132/33 kV GIS S/s at Bageshwar

The Commission had approved the project cost of Rs. 70.95 Crore for the project 'Construction of 132/33 kV GIS S/s at Bageshwar' vide its Investment Approval Order dated December 26, 2014. In the true-up of FY 2019-20, the Petitioner has claimed the capitalisation of Rs. 56.03 Crore which includes an additional capitalisation of Rs. 0.20 Crore from CoD, i.e. January 08, 2020 to March 31, 2020. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works for the above said project.

The actual completion period is 63 months as against the scheduled completion period of 18 months. Accordingly, there is delay of 3 years & 9 months and reasons for the same submitted by the Petitioner are as provided below:

- Hindrance during construction of approach road
- Lack of space for dumping of excavated soil
- Work stoppage due to blockage of access to site by District Court. Permission for access to site granted by Hon'ble High Court on 29.11.2017.
- Re-mobilization after permission of Hon'ble High Court
- Delay in supply of control cable due to strike of trucks
- Adverse weather conditions due to heavy rains and landslide at site
- Debris of slope stabilization work caused delay in testing of 132 kV switch yard
- Slope stabilization work
- Delay in charging of 132 kV Ranikhet-Bageshwar line

The Petitioner has claimed the actual IDC of Rs. 7.20 Crore. The actual completion period is 63 months as against the scheduled completion period of 18 months. In accordance with the principles approved in Para 3.3 of this Order, the Commission has computed the IDC corresponding to scheduled completion period as Rs. 2.05 Crore. Hence, the increase in IDC due to time overrun is Rs. 5.15 Crore.

With respect to the time overrun, the Commission directed the Petitioner to submit date wise activity schedule specifying the months for delayed period alongwith documentary proof. However, the Petitioner provided the activity schedule without specifying delayed period. Accordingly, the

Commission based on the available information observed that almost all the reasons for delay are beyond the control of PTCUL except few reasons like lack of space for dumping of excavated soil, delay in supply of control cable etc. which could have been managed with proper planning. The Commission observed that out of total delay of 45 months delay of 34 months are beyond the control of PTCUL. Based on the above discussions, the allowable IDC works out to Rs. 5.94 Crore. Accordingly, the Commission approves the total cost of Rs. 54.78 Crore which includes an additional capitalisation of Rs. 0.20 Crore towards 'Construction of 132/33 kV GIS S/s at Bageshwar'.

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

Table 3.8: Capitalisation approved f or PFC (SI) for FY 2019-20 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Total capitalisation approved by the Commission up to FY 2018-19	Capitalisation claimed by PTCUL in FY 2019-20	Capitalisation approved for FY 2019-20	Total capitalisation approved till FY 2019-20
220 kV S/s IIP Dehradun (Harrawala)	113.14	FY 2018-19	56.29	1.46	1.46	57.75
Construction of 132/33 kV GIS S/s at Bageshwar	70.95	FY 2019-20	0.00	56.03	54.78	54.78
Total	**184.09**		**56.29**	**57.49**	**56.24**	**112.53**

3.3.5 REC (System Improvement)

The Petitioner has claimed the net capitalisation of Rs. 9.72 Crore for REC (System Improvement) Projects as shown in the Table below:

Table 3.9: Capitalisation/De-capitalisation claimed for REC (SI) in FY 2019-20 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Amount
Supply, Erection & Testing and Commissioning of 220 kV Transformer bay and 33 kV feed bays including shifting, Erection & Testing and Commissioning of 25 MVA 220/33 kV Transformer at 220 kV Substation SIDCUL Haridwar	3.46	FY 2019-20	2.37
Supply, Erection and Testing and commissioning for	3.89	FY 2019-20	3.21

Table 3.9: Capitalisation/De-capitalisation claimed for REC (SI) in FY 2019-20
(Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Amount
Shifting of 132 kV lines in Dev Sanskriti Vishva vidhyalaya campus of Sri Ved Mata Gayatri trust Shantikunj Haridwar			
Stringing of Second Circuit of 132 kV D/C Satpuli-Kotdwar Transmission Line	9.97	FY 2019-20	4.15
Total	**17.32**		**9.72**

3.3.5.1 *Supply, Erection & Testing and Commissioning of 220 kV Transformer bay and 33 kV feed bays including shifting, Erection& Testing and Commissioning of 25 MVA 220/33 kV Transformer at 220 kV Sub-station SIDCUL Haridwar*

The Commission vide its Investment Approval Order dated June 29, 2017, had approved the project cost of Rs. 3.46 Crore for the project 'Supply, Erection & Testing and Commissioning of 220 kV Transformer bay and 33 kV feed bays including shifting, erection & testing and commissioning of 25 MVA 220/33 kV Transformer at 220 kV Substation SIDCUL Haridwar'. The Petitioner claimed the capitalisation of Rs. 2.37 Crore. The Petitioner submitted the copies of contracts placed for supply, erection, commissioning and civil works.

As the claimed capitalisation of Rs. 2.37 Crore for the said project is lower than the ordering cost of Rs. 2.96 Crore and no IDC has been actually incurred/claimed, the Commission approves the capitalisation of Rs. 2.37 Crore towards 'Supply, Erection & Testing and Commissioning of 220 kV Transformer bay and 33 kV feed bays including shifting, erection & testing and commissioning of 25 MVA 220/33 kV Transformer at 220 kV Substation SIDCUL Haridwar'.

3.3.5.2 *Supply, Erection and Testing and commissioning for "Shifting of 132 kV lines in Dev Sanskriti Vishva vidhyalaya campus of Sri Ved Mata Gayatri trust Shantikunj Haridwar*

The Commission vide its Investment Approval Order dated February 6, 2017 approved the project cost of Rs. 3.89 Crore for the project 'Supply, Erection and Testing and commissioning for shifting of 132 kV line in Dev Sanskriti Vishva vidhyalaya campus of Sri Ved Mata Gayatri trust Shantikunj Haridwar'. In the true-up of FY 2019-20, the Petitioner has claimed the capitalisation of Rs. 3.21 Crore only. The Petitioner submitted the copies of contracts placed for supply, erection, commissioning and civil works. As per the said contracts, the ordering cost is Rs. 3.25 Crore. The Petitioner has not claimed any IDC against the cost capitalised for the above said scheme.

As the claimed capitalisation is lower than the ordering cost and the approved cost, and no IDC has been actually claimed/incurred, the Commission approves the capitalisation of Rs. 3.21 Crore towards the said project.

3.3.5.3 Stringing of Second Circuit of 132 kV D/C Satpuli-Kotdwar Transmission Line

The Commission vide its Investment Approval Order dated March 01, 2017 approved the project cost of Rs. 9.97 Crore for the project 'Stringing of Second Circuit of 132 kV D/C Satpuli-Kotdwar Transmission Line'. In the final True-up for FY 2019-20, the Petitioner has claimed the capitalisation of Rs. 4.15 Crore which includes IDC of Rs. 0.27 Crore. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works. As per the said contracts, the ordering cost is Rs. 4.63 Crore against the executed cost of Rs. 5.42 Crore. With regard to increase in cost, the Petitioner submitted that the variation is on account of implementation of GST. Further, the Commission observed that there is no quantity variation and increase in cost is only on account of change in tax regime. Therefore, the Commission approves the executed cost of Rs. 5.42 Crore for the project.

Further, the Commission observed that the actual completion period is 35 months as against the scheduled completion period of 12 months. The reasons for the time over-run submitted by the Petitioner are as provided below:

- Implementation of GST: After implementation of GST on 1st July 2017 the firm had not supplied the material because billing and taxation were not clarified to the firm and required GST amendment was not issued by PTCUL against contract agreement.
- RoW issue at site (Private Land)
- RoW issues at site (forest land)
- Availability of Shutdown

The Petitioner has claimed the actual IDC of Rs. 0.27 Crore. The actual completion period is 35 months as against the scheduled completion period of 12 months. The Commission observed that the Petitioner has not provided the time duration (specific month) while providing the reasons for time overrun. Further, it is observed from the submission of the Petitioner that the contractor had requested the Petitioner seeking GST amendment/clarifications vide its letters dated August 10, 2017, September 30, 2017 and November 27, 2017. However, the Petitioner issued clarification on February 22, 2018. The Commission also observed from the correspondence done between the Petitioner and the contractor that there was also delay in issuance of road permit and inspection of conductors at the Petitioner's end.

In accordance with the principles approved in Para 3.3 of this Order, the Commission has computed the IDC corresponding to scheduled completion period as Rs. 0.09 Crore. Hence, the increase in IDC due to time overrun is Rs. 0.18 Crore based on the submission made by the Petitioner for time overrun. The Commission finds that the reasons for delay are partly attributable to PTCUL and partly beyond its control. The Commission approves 50% of the increase in IDC on account of time overrun. Therefore, the allowable IDC works out to Rs. 0.18 Crore. Accordingly, the Commission approves the total cost of Rs. 4.06 Crore towards 'Stringing of Second Circuit of 132 kV D/C Satpuli-Kotdwar Transmission Line'.

The project-wise approved cost and the actual cost claimed by the Petitioner and the capitalisation approved by the Commission for REC (SI) schemes for truing up purpose is shown in the Table given below:

Table 3.10: Capitalisation approved for REC (SI) for FY 2019-20 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Capitalisation claimed by PTCUL in FY 2019-20	Capitalisation approved for FY 2019-20	Total capitalisation approved till FY 2019-20
Supply, Erection & Testing and Commissioning of 220 kV Transformer bay and 33 kV feed bays including shifting, Erection& Testing and Commissioning of 25 MVA 220/33 kV Transformer at 220 kV Substation SIDCUL Haridwar	3.46	FY 2019-20	2.37	2.37	2.37
Supply, Erection and Testing and commissioning for Shifting of 132 kV lines in Dev Sanskriti Vishva vidhyalaya campus of Sri Ved Mata Gayatri trust Shantikunj Haridwar	3.89	FY 2019-20	3.21	3.21	3.21
Stringing of Second Circuit of 132 kV D/C Satpuli-Kotdwar Transmission Line	9.97	FY 2019-20	4.15	4.06	4.06
Total	**17.32**		**9.72**	**9.63**	**9.63**

3.3.6 Other Schemes (System Strengthening)

The Petitioner has claimed the capitalisation of Rs. 1.49 Crore for other (System Strengthening) projects as shown in the Table below:

Table 3.11: Capitalisation claimed for Others (System Strengthening) scheme in FY 2019-20 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Amount
Others	-	FY 2019-20	1.49
Total			**1.49**

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

The Petitioner has claimed the capitalisation of Rs. 1.49 Crore towards Others (System Strengthening Schemes funded by Internal Resources) Scheme. The Commission approves the capitalisation of Rs. 1.49 Crore, as claimed by the Petitioner. Details of the works are as follows:

Table 3.12: Works carried out from Others

S. No.	Particulars	FY 2019-20 (Rs. Crore)	
		Claimed by PTCUL	Allowable
1.	Extension work of office Building of CE (O&M) Kumaon Zone at 220 kV S/s Kamalwaganja, Haldwani	0.45	0.45
2.	Supply & Erection of 110 volt, 300 AH Battery set at 132 kV Substation Bhagwanpur	0.07	0.07
3.	Work of plinth of 400 kV Circuit Breaker stacking across chainling at 400 kV S/s Kashipur.	0.06	0.06
4.	Const. of security Hut at 132 kV Substation ELDECO Sitarganj	0.05	0.05
5.	Construction of Ladies Toilet at 132 kV S/s, Sitarganj	0.03	0.03
6.	Office Equipment	0.17	0.17
7.	Supply of Fresh Transformer Oil	0.09	0.09
8.	Supply, Erection, Testing & Commissioning of new under frequency relay panel for various locations	0.19	0.19
9.	Tools & Plants	0.06	0.06
10.	Supply & Installation of Batteries, UPS, DG Set	0.05	0.05
11.	Providing & Fixing of Air Conditioners	0.03	0.03
12.	Furniture & Fixtures	0.03	0.03
13.	IT Equipment, Computer & Printers	0.03	0.03
14.	Other O&M Works not under any Scheme	0.02	0.02
15.	Civil Work	0.01	0.01
16.	Mobile Phone	0.01	0.01
17.	Biometric Machine	0.003	0.003

Table 3.12: Works carried out from Others

S. No.	Particulars	FY 2019-20 (Rs. Crore)	
		Claimed by PTCUL	Allowable
18.	Stock Adjustment	0.003	0.003
19.	Equipments for Substation	0.001	0.001
20.	Erection & Commissioning of 20 MVA, 132/66 kV T/F with bay at 132 kV S/s, Roorkee	0.14	0.14
	Total	**1.49**	**1.49**

The approved cost and the capitalisation claimed by the Petitioner and the capitalisation approved by the Commission for Others (System Strengthening) Schemes for truing up purpose is shown in the Table given below:

Table 3.13: Capitalisation approved for Others Scheme for FY 2019-20 (Rs. Crore)

Project	Approved Cost	Year of first-time capitalisation	Capitalisation claimed by PTCUL in FY 2019-20	Capitalisation approved for FY 2019-20	Total capitalisation approved till FY 2019-20
Others (System Strengthening)	-	FY 2019-20	1.49	1.49	1.49
Total			**1.49**	**1.49**	**1.49**

Further, the Petitioner has claimed the capitalisation of Rs. 64.61 Crore towards works carried out from PSDF grants, Rs. 0.04 Crore towards LDCD fund and Rs. 18.51 Crore towards deposit works aggregating to Rs. 83.16 Crore. The Commission has considered the capitalisation of Rs. 83.16 Crore, as claimed by the Petitioner. Further, the Petitioner has deducted an amount of Rs. 2.70 Crore against material received back, the Commission has also considered the same under the head of 'Other Schemes' for working out the allowable additional capitalisation for FY 2019-20.

During the analysis of the capitalisation claimed for FY 2019-20, the Commission observed that in many schemes, the Petitioner has provided different capitalisation amount in different tariff forms for the same project. **In this regard, the Commission directs the Petitioner to refrain from such practice and provide firm capitalisation amount in the subsequent true-up tariff proceedings. Further, if any ambiguity remains in subsequent true-up Petitions, the Commission shall consider the amount capitalised based on its discretion after prudence analysis based on the available information.**

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

The Commission in the final true up of FY 2016-17 had disallowed some additional capitalisation based on the prudence check of the Petitioner's submissions. The Petitioner has sought the capitalisation of Rs. 66.09 Crore towards the same, in true up of FY 2019-20 and requested the Commission to allow the same, giving reasons for cost overrun for those projects. The Commission had approved the capitalisation in the true up of FY 2016-17 giving its detailed analysis thereon. The Petitioner has also filed Appeal No. 247 of 2018 before the Hon'ble APTEL on the disallowance of capitalisation for some of the projects and the matter is sub-judice before the Hon'ble APTEL. The request of the Petitioner to approve the capitalisation disallowed during the final true-up of 2016-17 cannot be considered on account of the fact that the matter is sub-judice and barring the issues raised by the Petitioner in the Appeal No. 247 of 2018, the other issues with respect to past trued up years, raised by the Petitioner in the instant Petition have attained finality. Therefore, the Commission has not gone into the merits of the Petitioner's submissions seeking approval of capitalisation of Rs. 66.09 Crore in FY 2019-20.

3.4 Gross Fixed Assets including additional capitalisation

Based on the above, the GFA considered by the Commission for FY 2019-20 is shown in the Table given below:

Table 3.14: Revised GFA approved by the Commission for FY 2019-20 (Rs. Crore)

S. No	Particulars	Approved in Tariff Order	Claimed	Approved
1.	Opening value	1454.11	1533.11*	1467.02
2.	**Addition**			
	REC II		20.08	20.08
	REC XIV	381.52	49.66	47.67
	REC VI		2.34	2.34
	System Improvement Works			
	REC		9.72	9.63
	PFC		57.49	56.24
	Grants & Deposit works		83.16	83.16
	System strengthening		1.49	1.49
	Others *(Material Received Back)*		(2.70)	(2.70)
3.	**Total addition during the year**	**381.52**	**221.24**	**217.92**
4.	Less: Deletions during the year	0.00	0.01	0.01
5.	**Closing value**	**1835.63**	**1754.34**	**1684.94**

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

3.5 Capital Structure

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

"(1) For a project declared under commercial operation on or after 1.4.2019, debt-equity ratio shall be 70:30. Where equity employed is more than 30%, the amount of equity for the purpose of tariff

shall be limited to 30% and the balance amount shall be considered as normative loan. Where actual equity employed is less than 30%, the actual equity would be used for determination of Return on Equity in tariff computations.

…

(6) In case of Generating Company, Transmission Licensee, Distribution Licensee, or SLDC where investments have been made prior to 1.4.2019, Debt: Equity Ratio shall be as approved by the Commission in the previous Orders."

For Schemes capitalised prior to FY 2019-20, 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 for the respective Scheme based on the actual funding. The capital structure considered by the Commission for true up for FY 2019-20 is shown in the Table given below:

Table 3.15: Approved Means of Finance for FY 2019-20

S. No.	Particulars	Grants	Debt	Equity	Total
1.	REC New (REC II Scheme)	0%	70%	30%	100%
2.	REC XIV	0%	70%	30%	100%
3.	REC VI	0%	70%	30%	100%
4.	System Improvement works	0%	70%	30%	100%
5.	Deposit Works & Grants	100%	0%	0%	100%
6.	System Strengthening	0%	70%	30%	100%

Based on the above, the Commission has determined the debt and equity components for FY 2019-20 which works out as given below:

Table 3.16: Details of financing for capitalisation for FY 2019-20 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1	Opening Value	78.99	119.29	972.49	296.25	1467.02
2	**Additions in the year**					
	REC New (REC II Scheme)		0.00	14.06	6.02	20.08
	REC XIV		0.00	33.37	14.30	47.67
	REC VI		0.00	1.64	0.70	2.34
	System Improvement Works					
	REC		0.00	6.74	2.89	9.63
	PFC		0.00	39.37	16.87	56.24
	Deposit Works & Grants		83.16	0.00	0.00	83.16
	System Strengthening		0.00	1.04	0.45	1.49
	Other (Material Received Back)		0.00	-1.89	-0.81	-2.70
3	**Total addition during the year**	**0.00**	**83.16**	**94.33**	**40.43**	**217.92**
4	Less Deletions during the year	0.01	0.00	0.00	0.00	0.01
5	**Closing Value**	**78.99**	**202.45**	**1066.82**	**336.67**	**1684.94**

3.6 Annual Transmission Charges

Regulation 57 of the UERC Tariff Regulations, 2018 specifies as follows:

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

The Annual Transmission Charges for each financial year of the Control Period shall provide for 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:

..."

3.6.1 O&M expenses

O&M expenses comprises of Employee Expenses, A&G Expenses and R&M Expenses, i.e. expenses on staff, administration and repairs & maintenance etc. For estimating the O&M expenses for the Control Period, Regulation 62 of UERC Tariff Regulations, 2018 specifies as follows:

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

(2) The O&M expenses for the nth year and also for the year immediately preceding the Control Period, i.e. 2017-18, shall be approved based on the formula given below:-

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

Where –

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

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

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

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

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

Where –

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

Licensee's filings, benchmarking and any other factor that the Commission feels appropriate:

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

3.6.1.1 Employee expenses

The Commission had approved the normative employee expenses of Rs. 102.73 Crore in the Tariff Order dated February 27, 2019 for FY 2019-20. As against the same, the Petitioner has claimed the normative employee expenses of Rs. 84.46 Crore in the true up of FY 2019-20.

The actual employee expenses (inclusive of training expenses) for FY 2019-20 are Rs. 85.80 Crore as against Rs. 84.85 Crore in FY 2018-19. The Petitioner submitted that employee expenses have increased mainly because of increase in number of employees and due to the impact of 7th Pay Commission. The Commission has approved the revised normative employee expenses for FY 2019-20 in accordance with the UERC Tariff Regulations, 2018. The Commission has revised the CPI Inflation based on the actual CPI Indices for the preceding 3 years for FY 2019-20. Accordingly, the Commission has computed the CPI Inflation of 4.22% for FY 2019-20. The Commission has observed that there has been recruitment of only 6 number of employees as against 173 number of employees considered in Tariff Order. Accordingly, the number of employees has increased to 808 in FY 2019-20 from 802 in FY 2018-19. Hence, the Commission has considered the Gn factor for FY 2019-20 as 0.75%.

The Commission finds that while the Petitioner has been submitting ambitious recruitment plans at the time of projections, however, in actual, the actual 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 till 2017-18. In year 2018-19 and 2019-20, the number of employees have increased but are still lower than the Petitioner's ambitious recruitment plan. The Commission finds that this is not a healthy practice on account of (1) the posts becoming vacant due to the retiring employees not being filled up and (2) the adequate number of employees required for construction and operation of the new assets being created is not maintained. The Petitioner is expected to maintain the adequate number of employees for its sustained operations.

The Commission in its Tariff Order dated February 27, 2019 had not approved any amount towards the impact of Seventh Pay Commission for FY 2019-20. However, the Petitioner has claimed an amount of Rs. 0.67 Crore towards impact of Seventh Pay Commission. In reply to the Commission's query, the Petitioner submitted that the amount of Rs. 0.67 Crore pertains to the arrear paid to the employees towards Seventh Pay Commission arrear paid to employees during FY 2019-20. The Commission has considered the same arrear on account of the impact of Seventh Pay Commission of Rs. 0.67 Crore claimed by the Petitioner in addition to the normative employee expenses computed in accordance with the UERC Tariff Regulations, 2018.

The actual employee expenses charged to P&L statement as per the audited accounts for FY 2019-20 are Rs. 85.80 Crore. The actual employee expenses for FY 2019-20 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual employee expenses attributable to UITP projects is Rs. 1.73 Crore. Therefore, the actual employee expense for non-UITP projects works out to Rs. 84.07 Crore. Further, the Commission observed that the actual employee expenses for FY 2019-20 are inclusive of a negative entry towards performance incentive of Rs. 0.09 Crore in the Trial Balance for FY 2019-20. The Commission directed the Petitioner to submit the nature of such performance incentive paid to its employees. During TVS session, the Petitioner clarified that an amount of Rs. 0.09 Crore has been recovered from the employees towards performance incentive.

In line with the approach adopted in the final true up of FY 2018-19, the Commission has computed the impact of advance increment allowed in FY 2015-16 for FY 2019-20 as Rs. 0.85 Crore. In accordance with the approach adopted in the true up of previous years, the impact of advance increment has been excluded from the actual employee expenses and since, there is no payment to employees towards performance incentive, hence, the same has not been considered by the Commission. The Commission also observed that Petitioner has claimed an amount of Rs. 1.38 Crore in Employee expenses against 'Staff Welfare against ECED'. The Commission has not considered these expenses as part of actual employee expenses as the expenditure is incurred towards supply of concessional supply of electricity to its staff, which cannot be passed on to the consumers. Hence, the apportioned aforesaid expenses namely advance increment and staff welfare expenses against ECED pertaining to Non-UITP projects works out to Rs. 2.18 Crore. Accordingly, the Commission has considered the actual employee expenses of Rs. 81.88 Crore for sharing of gains and losses.

With regard to capitalisation rate, the Commission observed that the Petitioner has considered the capitalisation rate of 27.20% for computing the employee expenses capitalised during FY 2019-20 based on the Employee expenses charged to Profit & Loss account and transferred to CWIP. The Commission has adopted the same methodology as followed in the previous tariff orders for the computation of capitalisation rate of employee expenses. The capitalisation rate works out to 27.72% against the claim of 27.20% of the Petitioner taking into cognizance staff welfare expenses against ECED and advance increment.

The employee expenses approved by the Commission for FY 2019-20 are shown in the Table given below:

Table 3.17: Employee expenses approved for FY 2019-20 (Rs. Crore)

Particulars	Approved in the Tariff Order	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	For Sharing
Employee expenses	**102.73**	**84.46**	**84.16**	**84.07**	**81.88**

As the employee expenses are controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2018 as elaborated below in Para 3.8 of this Order.

3.6.1.2 R&M expenses

The Commission had approved the normative R&M expenses of Rs. 34.91 Crore in the Tariff Order dated February 27, 2019 for FY 2019-20. As against the same, the Petitioner has claimed the normative R&M expenses of Rs. 37.73 Crore.

The Commission has approved the revised normative R&M expenses for FY 2019-20 in accordance with UERC Tariff Regulations, 2018. The K factor has been considered as 2.39%, the same as approved in the MYT Order dated February 27, 2019. The Petitioner has also considered the same K factor of 2.39% for computing the normative R&M expenses for FY 2019-20. In accordance with the UERC Tariff Regulations, 2018, the K factor shall be determined by the Commission in the MYT Order and shall remain constant for the entire Control Period. Therefore, the K factor for FY 2019-20 cannot be revised during the true up exercise. The Commission has revised the WPI Inflation for FY 2019-20 based on the WPI Indices for the preceding three years and, accordingly, approves the WPI Inflation of 2.98% for FY 2019-20.

The actual R&M expenses as per the audited accounts for FY 2019-20 are Rs. 29.44 Crore. The actual R&M expenses for FY 2019-20 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual R&M expenses attributable to UITP projects are Rs. 0.22 Crore. Therefore, the actual R&M expenses for non-UITP projects works out to Rs. 29.23 Crore.

The R&M expenses approved by the Commission for FY 2019-20 is shown in the Table below:

Table 3.18: R&M expenses approved for FY 2019-20 (Rs. Crore)

Particulars	Approved in the Tariff Order	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	For Sharing
R&M expenses	34.91	37.73	36.11	29.23	29.23

As R&M expenses are controllable in nature, the Commission has carried out sharing of losses in accordance with UERC Tariff Regulations, 2018 as elaborated in para 3.8 of this Order.

3.6.1.3 A&G expenses

The Commission had approved the normative A&G expenses of Rs. 23.02 Crore in the Tariff Order dated February 27, 2019 for FY 2019-20. As against the same, the Petitioner has claimed the normative A&G expenses of Rs. 25.22 Crore.

The Commission directed the Petitioner to submit the justification for increase in A&G expenses from Rs. 23.02 Crore to Rs. 25.22 Crore. The Petitioner submitted that the A&G expenses have increased on account of (1) higher Inflation rate and (2) low capitalisation rate.

In its Tariff Order dated February 27, 2019 and April 18, 2020, the Commission had considered the expenses towards the security personnel and increase in Licensee Fee being of uncontrollable nature as the said expenses towards security personnel have been increasing substantially in the recent years and, accordingly, had allowed the same at actuals. The Commission has adopted the same methodology in the present proceedings for true-up of FY 2019-20. 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 2.98% for FY 2019-20. The Commission has escalated the revised approved gross normative A&G expenses by the inflation factor of 2.98%.

The actual A&G expenses as per the audited accounts for FY 2019-20 are Rs. 30.44 Crore which are incurred for UITP projects and non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual A&G expenses attributable to UITP projects is Rs. 0.48 Crore. Further, the Commission observes that the actual A&G expenses for FY 2019-20 are inclusive of the amount of Rs. 0.89 Crore towards the CSR activities and Rs 0.005 Crore towards donation. The expenses towards the CSR and donation should be met from own resources/profits of the company and, hence, are reduced from the actual A&G expenses for the purpose of sharing of gains and losses. Accordingly, the Commission has considered the actual A&G expenses of Rs. 29.83 Crore.

The Commission has adopted the same methodology as adopted in the previous tariff orders for the purpose of computation of capitalisation of A&G expenses for FY 2019-20. Furthermore, the Commission during the TVS directed the Petitioner to submit the breakup of security expenses between UITP and Non-UITP. However, the Petitioner in reply to TVS provided the breakup of complete A&G expense charged to Profit & Loss account during FY 2019-20. Accordingly, the Commission examined the Trial Balances pertaining to UITP scheme and observes that security expenses amounting to Rs. 0.25 Crore pertains to UITP scheme. The Commission has approved the actual Licensee Fee and security expenses, pertaining to Non-UITP scheme, incurred in FY 2019-20 in addition to the normative A&G expenses.

The A&G expenses approved by the Commission for FY 2019-20 are shown in the Table below:

Table 3.19: A&G expenses approved for FY 2019-20 (Rs. Crore)

Particulars	Approved in the Tariff Order	Normative		Actual	
		Claimed by PTCUL	Approved	Claimed by PTCUL	For sharing
A&G expenses	23.02	25.22	23.51	30.71	29.83

As A&G expenses are controllable in nature, the Commission has carried out sharing of losses in accordance with UERC Tariff Regulations, 2018 as elaborated in Para 3.8 of this Order.

3.6.1.4 O&M expenses

Based on the above, the O&M expenses approved by the Commission for FY 2019-20 upon truing up are as shown in the Table given below:

Table 3.20: O&M expenses approved for FY 2019-20 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Normative		Actual	
			Claimed by PTCUL	Approved	Claimed by PTCUL	For sharing
1.	Employee expenses	102.73	84.46	84.16	84.07	81.88
2.	R&M expenses	34.91	37.73	36.11	29.23	29.23
3.	A&G expenses	23.02	25.22	23.51	30.71	29.83
	Total	**160.66**	**147.41**	**143.78**	**144.00**	**140.94**

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 Inflation, reduction in Gn factor of employees, reduction in the GFA base and variation in capitalisation rate of employee expenses and A&G expenses in comparison to that considered in Tariff Order dated February 27, 2019.

3.6.2 *Interest and Finance Charges*

Regulation 27 of the UERC Tariff Regulations, 2018 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 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the approved 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 of the previous year after providing appropriate accounting adjustment for interest capitalised:

…

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

…"

The Commission had approved the interest expenses of Rs. 63.31 Crore in the Tariff Order dated February 27, 2019 for FY 2019-20. As against the same, the Petitioner has claimed the interest expenses of Rs. 51.65 Crore in the true up of FY 2019-20. The Petitioner has considered the closing loan balance approved in true up of FY 2018-19 as the opening loan balance for FY 2019-20. 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 10.43% has been considered for computing the interest expenses.

The Commission has considered the approved closing loan balance for FY 2018-19 as the opening loan balance for FY 2019-20. The Commission has worked out the Interest Charges considering the loan amount corresponding to the assets capitalised in FY 2019-20 based on the approved means of finance. The repayment of loans has been considered as equivalent to the depreciation worked out by the Commission on the approved GFA for FY 2019-20. The actual weighted average interest rate of 9.42% has been considered based on the actual interest rate for the year considering total actual long-term borrowings and gross interest on long-term borrowings based on the audited books of accounts for FY 2019-20. The Petitioner has claimed weighted average interest rate of 10.43%. The reason for variation in interest rate as claimed by the Petitioner and as computed by the Commission is on account of total interest charged to P&L account, which is Rs. 34.54 Crore as per audited books of account for FY 2019-20 whereas the Petitioner has considered Rs. 40.71 Crore against the same. In reply to query raised by the Commission, the Petitioner has submitted that after reversal of old provisions amounting to Rs. 6.18 Crore, balance amount of Rs. 34.54 Crore was charged to Profit & Loss account for FY 2019-20. The Commission observed that in past the Commission had already considered the same for the computation of weighted average of interest on loan, therefore, the same has not been considered again in current year calculation. Accordingly, the actual weighted average interest rate of 9.42% has been considered for FY 2019-20.

With regard to the interest on the normative loan, the Commission observed that '132 kV S/C Ranikhet-Bageshwar Line' and '132/33 kV GIS S/s Bageshwar' were capitalised on 08.01.2020 whereas the Electrical Inspector Certificate for the same projects were issued on October 21, 2019 and October 22, 2019 respectively. Further, with regard to the works executed under PSDF scheme, the Petitioner submitted that the said works were commissioned prior to FY 2019-20, however, capitalised on March 31, 2020 after finalization of the material reconciliation.

As per the Rules no HT/EHT works can be charged without seeking clearances of such works from Electrical Inspector and without charging such works they cannot be capitalised in the accounts. Hence, as is evident from the above referred projects, there has been a delay in capitalisation of works in the books of accounts and it is a prudent accounting practice that till the asset is capitalised interest accrued thereon forms part of IDC. Accordingly, if the interest is allowed on the average basis as claimed by the Petitioner, the same will be inconsistent with the accounting principles. The delay in capitalisation of the projects in the accounts reflects towards the improper accounting treatment pertaining to capitalisation of projects which have been pointed out by the Commission to the Petitioner company in the past orders also. However, non-compliance of the same points out to the lackadaisical approach of the Petitioner in capitalizing the works in the books of accounts The reference made to the MYT Regulations is not correct as the Regulation says that interest shall be allowed on the normative average loan of the year. The words average loan of the year does not mean that it will be mere simple average of opening and closing loans but it implies the average loans corresponding to loans existing at the opening of the year and loans corresponding to assets capitalised during the year adjusted by repayment of loans during the year as the same shall also be consistent with the accounting principles as discussed above. Further, it is also pertinent to mention that the repayment of the normative loan is considered equivalent to the allowable depreciation which is calculated on pro rata basis for the projects put under commercial operation for part of the year.

The Commission in order to maintain consistency has adopted the same methodology for calculating the interest on normative loan as is done for calculating depreciation based on the capitalised works during the year.

The interest expense approved by the Commission for FY 2019-20 is as shown in the Table given below:

Table 3.21: Interest expenses approved for FY 2019-20 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
Opening Loan balance	461.00	439.98	439.98
Normative Loan Addition on account of capitalisation in FY 2016-17	-	46.26	-
Drawl during the year	267.06	96.67	94.33

Table 3.21: Interest expenses approved for FY 2019-20 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
Repayment during the year	78.90	78.70	70.48
Closing Loan balance	649.16	504.22	463.83
Interest Rate	**11.41%**	**10.43%**	**9.42%**
Interest	**63.31**	**51.65**	**40.58**

3.6.3 *Return on Equity*

Regulation 26 of the UERC Tariff Regulations, 2018 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 base rate of 15.5% for thermal generating stations, transmission licensee SLDC and…"

The Commission had approved the Return on Equity of Rs. 31.08 Crore in the Tariff Order dated February 27, 2019 for FY 2019-20. As against the same, the Petitioner has claimed the Return on Equity for FY 2019-20 as Rs. 43.04 Crore including Return on Equity invested from PDF. The Petitioner has claimed Return on Equity on the average of opening equity and closing equity at the rate of 15.50%.

With reference to "Return on Equity on opening Equity as on the date of creation of PTCUL", the Petitioner submitted that in the past Tariff Orders, the Commission had not allowed Return on Equity on entire equity base approved by the Commission in the respective Tariff Orders. The Return on Equity was disallowed to the extent of equity contributed by the Government of Uttarakhand from Power Development Fund, considering that the Power Development Fund was realized from the consumers in form of a cess.

The Petitioner further submitted that the Hon'ble Appellate Tribunal of Electricity (ATE) in Judgement dated May 15, 2015 in R.P. No. 2 of 2015 in appeal No. 163 of 2015 had issued directions to allow the RoE on the amount invested by the State Government, if the amount has not been provided as grant. The relevant extract from the Judgement is reproduced below:

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

In view of the same, the Petitioner requested the Commission to allow the Return on Equity on the equity contribution of Government of Uttarakhand. The Petitioner submitted that this disallowance is not only restricting the internal surplus generation but also adversely affecting the financial position of the Petitioner and the consequent development of transmission assets.

In line with the approach adopted by the Commission in the earlier Orders and as deliberated in earlier Orders, the Commission has not approved the RoE on Equity from PDF. The Commission has allowed the Return on Equity on the opening equity base excluding the equity from PDF at the rate of 15.50% in accordance with the Tariff Regulations. The Return on Equity approved by the Commission for FY 2019-20 is as shown in the Table given below:

Table 3.22: Return on Equity approved for FY 2019-20 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
Opening Equity	318.74	257.85	296.25
Addition during the year	114.46	41.43	40.43
Closing Equity	433.19	319.11	336.68
Eligible Equity for Return	200.53	277.68	178.04
Rate of Return on Equity	15.50%	15.50%	15.50%
Return on Equity	**31.08**	**43.04**	**27.60**

With regard to RoE on the opening equity, it is to be noted that the Commission vide its Tariff Order dated April 18, 2020 had already approved RoE on Equity portion of Opening Capital Reserve of an amount of Rs. 66.39 Crore from FY 2004-05 till FY 2018-19. The opening capital reserve for FY 2019-20 is considered same as the closing capital reserve of FY 2018-19. Hence, 30% of net unfunded assets/capital reserve has been considered by the Commission as equity eligible for return purposes for the respective year. In line with the Tariff Order dated April 18, 2020, the RoE on Opening Equity approved by the Commission for FY 2019-20 is shown in the Table given below:

Table 3.23: RoE on Opening Equity approved for FY 2019-20 (Rs. Crore)

Particulars	Opening unfunded assets/Capital Reserve	Deduction	Closing unfunded assets/Capital Reserve	Equity portion of opening unfunded assets/Capital Reserve	Rate of RoE	RoE
RoE on Opening Equity	78.99	0.01	78.99	23.70	15.50%	3.67

Based on the above discussion, the allowable Return on Equity works out to Rs. 31.27 Crore (Rs. 27.60 Crore *plus* Rs. 3.67 Crore) for FY 2019-20.

3.6.4 Depreciation

Regulation 28 of the UERC Tariff Regulations, 2018 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) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis…"

The Commission had approved the depreciation of Rs. 78.90 Crore in the Tariff Order dated February 27, 2019 for FY 2019-20. As against the same, the Petitioner has claimed depreciation of Rs. 78.70 Crore for true up of FY 2019-20.

The Commission has considered the closing GFA approved in the true up for FY 2018-19 as the opening GFA for FY 2019-20. The Commission has approved the asset class wise GFA by proportionately allocating the approved addition to GFA in FY 2019-20 in the same proportion as in the audited accounts for FY 2019-20 excluding additional capitalisation pertaining to UITP schemes. The Commission has approved the depreciation for FY 2019-20 by applying the depreciation rates specified in the UERC Tariff Regulations, 2018. The Commission has deducted the depreciation on assets created out of grants/deposits by applying the weighted average rate of depreciation for FY 2019-20. Accordingly, the depreciation approved by the Commission for FY 2019-20 is shown in the Table given below:

Table 3.24: Depreciation approved for FY 2019-20 (Rs. Crore)

Particulars	Approved in the Tariff Order	Claimed by PTCUL	Approved
Depreciation	78.90	78.70	70.48

3.6.5 Income Tax

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

"34. Tax on Income

Income Tax, if any, on the income stream of the regulated business of Generating Companies, Transmission Licensees, Distribution Licensees and SLDC shall be reimbursed to the Generating Companies, Transmission Licensees, Distribution Licensees and SLDC 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. 29.74 Crore for FY 2019-20. The Petitioner has submitted the supporting documents for the income tax claimed for FY 2019-20.

The Commission observed that as per ITR-V form submitted by the Petitioner for FY 2019-20, actual Income Tax paid by the Petitioner is Rs. 22.39 Crore only for FY 2019-20. However, the Petitioner has claimed the income tax of Rs. 29.74 Crore which includes Rs. 6.02 Crore against MAT credit and Rs. 1.33 Crore against deferred tax. With regard to MAT credit amounting to Rs. 6.02 Crore, the Petitioner submitted that the tax claimed during the year against the MAT paid in advance in previous years by PTCUL and was not claimed as a Tax expense in earlier years. The Commission directed the Petitioner to provide supporting documents duly substantiating that the Commission has not allowed the MAT amounting to Rs. 6.02 Crore in the past. In reply, the Petitioner reiterated its claim without submitted any supporting documents.

Accordingly, in the absence of any information submitted by the Petitioner regarding MAT credit, the Commission has relied on Regulations 34 of the UERC Tariff Regulations, 2018 which specifies that Income Tax will be considered 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. Accordingly, the Commission has considered the actual income tax paid by the Petitioner during FY 2019-20.

The Commission further observes that the total Revenue from operations for FY 2019-20 amounted to Rs. 312.66 Crore which included revenue of Rs. 36.92 Crore from 400 kV Srinagar S/s & Lines which are towards UITP Schemes. The income tax pertaining to revenue billed for UITP schemes needs to be reduced as the same cannot be loaded on to the intra-State transmission charges while allowing the Income Tax for FY 2019-20. Accordingly, the Commission has approved the income tax of Rs. 19.75 Crore in the ratio of actual revenue billed for Non-UITP projects to the total revenue billed for FY 2019-20.

3.6.6 Interest on Working Capital

The Commission had approved the Interest on Working Capital of Rs. 11.00 Crore in the Tariff Order dated February 27, 2019 for FY 2019-20. As against the same, the Petitioner has claimed the normative Interest on Working Capital of Rs. 9.83 Crore in the true up of FY 2019-20 and the actual interest on working capital as zero.

The Commission has determined the normative interest on working capital for FY 2019-20 in accordance with the UERC Tariff Regulations, 2018.

3.6.6.1 One Month O&M expenses

The annual O&M expenses approved by the Commission after sharing are Rs. 142.83 Crore for FY 2019-20. Based on the approved O&M expenses, one month's O&M expenses works out to Rs. 11.90 Crore for FY 2019-20.

3.6.6.2 Maintenance Spares

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2018, which works out to Rs. 21.42 Crore for FY 2019-20.

3.6.6.3 Receivables

The Commission has approved the receivables for two months based on the approved ATC of Rs. 224.74 Crore for FY 2019-20, which works out to Rs. 37.46 Crore for FY 2019-20.

Based on the above, the total working capital requirement of the Petitioner for FY 2019-20 works out to Rs. 70.78 Crore. The Commission has considered the rate of interest on working capital as 13.75% equal to State Bank Advance Rate (SBAR) of State Bank of India as on the date of filing of the Tariff Petition of FY 2019-20 and, accordingly, the interest on working capital works out to Rs. 9.73 Crore for FY 2019-20. The interest on working capital for FY 2019-20 approved by the Commission is as shown in the Table:

Table 3.25: Interest on working capital approved for FY 2019-20 (Rs. Crore)

Particulars	Approved in the Tariff Order	True-up	
		Claimed by PTCUL	Approved
O&M expenses for 1 month	13.39	12.23	11.90
Maintenance Spares	24.10	22.02	21.42
Receivables for 2 months	42.50	46.67	37.46
Working Capital	**79.99**	**80.92**	**70.78**
Rate of Interest on Working Capital	13.75%	12.15%	13.75%
Interest on Working Capital	**11.00**	**9.83**	**9.73**

The actual interest on working capital as per Audited Accounts for FY 2019-20 is nil. As interest on working capital is controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2018 as elaborated in Para 3.8 of this Order.

3.6.7 Non-Tariff Income

The Commission had approved the non-tariff Income of Rs. 10.00 Crore in the ARR Tariff Order for FY 2019-20 dated February 27, 2019. As against the same, the Petitioner has claimed the non-tariff Income of Rs. 7.79 Crore in the final true up of FY 2019-20. The actual 'other income' as per the audited accounts is Rs. 15.45 Crore. The Commission observes that the Petitioner has not considered the 'other income' pertaining to namely; (1) Interest on Investments in FDR and (2) O&M Charges from PGCIL for Bays at 400 kV S/s PTCUL, Kashipur.

The Commission observed that although the 'bays for PGCIL at 400 kV S/s PTCUL, Kashipur' were constructed under deposit scheme and the construction cost was borne by PGCIL, however, the O&M works for the said PGCIL's bays are being done by PTCUL. Accordingly, the Commission has considered the O&M charges which are reimbursed by PGCIL to PTCUL as Non-Tariff Income because the O&M expenses for operating and maintaining these bays are already part of O&M expenses claimed by PTCUL as per accounts and allowed by the Commission. Hence, this income earned by PTCUL towards O&M of these bays needs to be considered as Non-Tariff Income. Further, as per Regulation 63(2) of the UERC Tariff Regulations, 2018 stipulates that the interest earned from investments made out of Return on Equity corresponding to the regulated business of the transmission licensee shall not be included in the non-tariff income. The Commission directed the Petitioner to confirm if the FDR is made through its earning from RoE and submit the details to substantiate the same.

The Petitioner submitted the details of RoE approved by the Commission, Equity Portion used for asset creation, fixed deposits and interest from FY 2013-14 to FY 2019-20 is as follows:

Table 3.26: Details submitted by PTCUL to justify Interest on Fixed Deposits from RoE (Rs. Crore)

Particular	*FY 2013-14*	*FY 2014-15*	*FY 2015-16*	*FY 2016-17*	*FY 2017-18*	*FY 2018-19*	*FY 2019-20*
Return on ROE	*7.67*	*9.93*	*11.39*	*15.69*	*18.07*	*20.15*	*43.04**
Assets procured from Internal Accruals/Equity	*1.49*	*3.24*	*4.4*	*2.18*	*1.6*	*0.76*	*0.31*
Expenses towards CSR	*0*	*0.44*	*0.78*	*1.22*	*1.38*	*1.66*	*0.89*
Remaining RoE	*6.18*	*6.25*	*6.21*	*12.29*	*15.09*	*17.73*	*41.84*
Cumulative Remaining RoE	*6.18*	*12.43*	*18.64*	*30.93*	*46.02*	*63.75*	*105.59*
Fixed Deposit at the end of the respective year as per annual accounts	*-*	*-*	*-*	*52*	*59.37*	*84.83*	*13.23*
Interest on Investments	*-*	*-*	*-*	*2.75*	*2.9454*	*8.84*	*3.96*

**Including RoE on account of PDF.*

Based on the submissions made by the Petitioner it is observed that the Petitioner has included the RoE on PDF funds in FY 2019-20 which has not been allowed by the Commission in the previous tariff Orders. For FY 2019-20, the RoE allowed by the Commission in Tariff Order was Rs 31.08 Crore, while the Petitioner for justifying the Fixed Deposits amount has considered the RoE of Rs. 43.04 Crore. It is also observed that the actual interest on Working Capital for FY 2019-20 is nil as against the normative requirement of Rs. 70.99 Crore. If the Petitioner has invested the entire RoE in Fixed Deposits, it is not clear as to how the Petitioner has funded working capital. The Petitioner has not submitted the detailed fund flow statement for meeting the Working Capital requirements.

In the absence of any satisfactory evidence to substantiate that the investments were made out of Return on Equity, the Commission has considered the actual Interest Income of Rs. 3.96 Crore from FDR as Non-Tariff income. Accordingly, the Commission approves the Non-Tariff income of Rs. 15.45 Crore.

3.6.8 *Revenue from Short Term Open Access*

The Petitioner has claimed the revenue from Short Term Open Access as Rs. 3.43 Crore for FY 2019-20.

The Commission cross checked and observed that the revenue from Short Term Open Access is Rs. 3.43 Crore as per audited books of accounts for FY 2019-20, same as submitted by the Petitioner. The Commission does not do true-up of SLDC charges separately and it is done as part of overall true-up of STU/the Petitioner. Since, all the other income of SLDC like short term open access charges, registration charges, scheduling and operating charges, etc. are to be deposited into LDCD fund for the purpose as specified in Regulation 98 of UERC Tariff Regulations, 2018, the same has not been considered as part of revenue from short term open access. Accordingly, the Commission has considered revenue of Rs. 3.43 Crore and deducted the same from the ARR of the Petitioner in accordance with the UERC Tariff Regulations, 2018.

3.6.9 *Revenue from Natural ISTS Lines*

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

As per Tariff Order dated February 27, 2019, the Commission had directed PTCUL to adjust the Natural ISTS revenue (Rs. 104.66 Crore) from State ARR in three equal installments from the ARR of FY 2017-18 to FY 2019-20. Accordingly, the Petitioner has submitted an amount of Rs. 34.89 Crore as the third (last) installment for the ARR of FY 2019-20.

The Commission has gone through the submissions of the Petitioner and has approved the revenue from Natural ISTS Lines of Rs. 34.89 Crore for FY 2019-20, which is the last installment as per the tariff order dated February 27, 2019.

3.7 Transmission Availability Factor

The recovery of Annual Transmission Charges for the Transmission Licensee is linked to the Normative Transmission Availability Factor as specified in the UERC Tariff Regulations, 2018. The actual Transmission Availability Factor for FY 2019-20 was 99.23%. Regulation 65 of the UERC Tariff Regulations, 2018 specifies the methodology of billing of Transmission Charges by the Transmission Licensee.

From the audited accounts for FY 2019-20, the Commission observed that the Petitioner has received an incentive of Rs. 2.57 Crore on account of higher Transmission Availability Factor for FY

2019-20. As per UERC Tariff Regulations, 2018, 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. 2.57 Crore in accordance with the UERC Tariff Regulations, 2018.

3.8 Sharing of gains and losses

Regulation 12 of the UERC Tariff Regulations, 2018 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, 2018 specifies as under:

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

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

…"

Regulation 14 of the UERC Tariff Regulations, 2018 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, 2018, the O&M expenses, Interest on Working Capital and gain on efficiency in performance parameters (i.e., Availability) are controllable factors and any gain or loss on account of the controllable factors is to be dealt in accordance with the provisions of Regulation 14.

The sharing of gains and losses on account of controllable factors approved by the Commission for FY 2019-20 is as shown in the Table given below:

Table 3.27: Sharing of gains and losses on account of controllable factors approved by the Commission for FY 2019-20 (Rs. Crore)

Particulars	Actual	Trued up (Normative)	Aggregate gain/(loss)	Rebate in Tariff/(recovery through tariff)	Entitlement of the Petitioner
	A	B	C=B-A	D=1/3 x C	E=B-D
O&M expenses	140.94	143.78	2.84	0.95	142.83
Interest on Working Capital	0.00	9.73	9.73	3.24	6.49
Gain on Efficiency in Performance Parameter (Availability)	0.00	2.57	2.57	0.86	1.71

3.9 Aggregate Revenue Requirement

Based on the above, the Aggregate Revenue Requirement approved by the Commission for FY 2019-20 is as shown in the Table given below:

Table 3.28: Aggregate Revenue Requirement approved for FY 2019-20 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed for true up	Approved
O&M expenses	160.66	146.77	142.83
Interest on loan	63.31	51.66	40.58
Return on Equity	31.08	43.04	31.27
Income tax	0.00	29.74	19.75
Depreciation	78.90	78.70	70.48
Interest on working capital	11.00	6.55	6.49
Aggregate Revenue Requirement	**344.95**	**356.46**	**311.40**
Add:			
True up of previous years	-32.04	-32.04	-32.04
Minus:			
Non-Tariff Income	10.00	7.79	15.45
Revenue from STOA charges	1.65	3.43	3.43
Revenue from Natural ISTS Lines	34.89	34.89	34.89
Sharing of Availability incentive	0.00	0.86	0.86
Net ARR	**266.37**	**277.45**	**224.74**

3.10 Revenue gap/(surplus) for FY 2019-20

The revenue gap/(surplus) for FY 2019-20 after sharing of gains and losses is shown in the Table given below:

Table 3.29: Revenue gap/(surplus) for FY 2019-20 (Rs. Crore)

Particulars	Claimed by PTCUL	Approved
Trued up ATC after sharing of gains and losses (including SLDC Charges)	277.45	224.74
ATC approved in the Tariff Order (including SLDC Charges)	266.37	266.37
Revenue Gap/(Surplus)	**11.08**	**-41.63**

Hence, the Commission has approved the revenue surplus of Rs. 41.63 Crore as against the revenue gap of Rs. 11.08 Crore claimed by PTCUL.

3.11 Total revenue gap to be carried forward to FY 2020-21

The revenue surplus to be adjusted in the ATC of FY 2021-22 including carrying cost is as shown in the Table below:

Table 3.30: Total revenue surplus to be adjusted in FY 2021-22 approved by the Commission (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21
Opening Gap/(Surplus)	0.00	-44.14
Addition	-41.63	0.00
Closing Gap/(Surplus)	-41.63	-44.14
Interest rate	12.05%	12.05%
Carrying cost/(holding cost)	-2.51	-5.32
Cumulative Gap/(Surplus)	**-44.14**	**-49.46**

4. Petitioner's Submissions, Commission's Analysis, Scrutiny & Conclusion on APR for FY 2020-21 and ARR for FY 2021-22

4.1 Annual Performance Review

Regulation 12(1) of the UERC Tariff Regulations, 2018 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, 2018 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 MYT Order dated February 27, 2019 approved the MYT Petition of the Petitioner for the third Control Period from FY 2019-20 to FY 2021-22 based on the audited accounts available till FY 2017-18. The Commission vide its MYT Order dated February 27, 2019 approved the APR for FY 2018-19 and carried out the Truing up for FY 2017-18 based on the audited accounts. Further, the Commission vide its Tariff Order dated April 18, 2020 approved the APR for FY 2019-20 and carried out the Truing up for FY 2018-19 based on the audited accounts. The Petitioner, in this Petition has submitted the truing up for FY 2019-20 based on the audited accounts and proposed the revision of estimates for FY 2020-21 and FY 2021-22. The Petitioner, based on the final Truing up for FY 2019-20, also proposed the revenue gap for FY 2019-20 to be adjusted in FY 2021-22.

The Commission in this Tariff Order has carried out the Truing up for FY 2019-20 in accordance with UERC Tariff Regulations, 2018 as elaborated in the preceding Section. Further, in accordance with Regulation 12(3) of the UERC Tariff Regulations, 2018, 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, 2018 has revised the ARR for FY 2021-22 based on the approved capitalisation for FY 2019-20 and revised estimated capitalisation for FY 2020-21. The Commission has computed certain expenses for FY 2020-21 based on the revised GFA for FY 2019-20 and FY 2020-21 only to facilitate the computations for FY 2021-22. The approach adopted by the Commission in the approval of each element of ARR for FY 2021-22 is elaborated in the subsequent paragraphs.

4.2 Capitalisation for FY 2020-21

The Commission vide its MYT Order dated February 27, 2019 on approval of MYT for the third Control Period from FY 2019-20 to FY 2021-22 had approved capitalisation of Rs. 148.06 Crore for FY 2020-21. The Commission vide its Tariff Order dated April 18, 2020 on approval of ARR of FY 2020-21 had approved capitalisation of Rs. 274.63 Crore. As against the same, the Petitioner in the present Petition has proposed the revised capitalisation of Rs. 150.76 Crore and deduction of Rs. 0.20 Crore for FY 2020-21. The Petitioner in the Petition has submitted that the actual capitalisation during the period from April, 2020 to September 2020 is Rs. 13.20 Crore which includes an additional capitalisation of Rs. 10.94 Crore. Details of the same are shown in the Table below:

Table 4.1: Actual capitalisation during April 2020 to September, 2020 as submitted by PTCUL

S. No.	Name of the Work	Scheme	Amount capitalised till Sep'19 (Rs. Crore)	Date of Completion
Projects other than deposit work/Grant				
1.	Shifting of 40 MVA Transformer from 220 kV S/s, Jhajhra to 132 kV S/s Laksar and its erection, testing & commissioning	Others	1.73	July 31, 2020
2.	Providing & Fixing of Air Conditioners at 220 kV division Rishikesh	Others	0.06	July 01, 2020
3.	Civil Work	Others	0.01	April 25, 2020
4.	Office equipment	Others	0.01	April 01, 2020

Table 4.1: Actual capitalisation during April 2020 to September, 2020 as submitted by PTCUL

S. No.	Name of the Work	Scheme	Amount capitalised till Sep'19 (Rs. Crore)	Date of Completion
5.	O&M Works-Haridwar	Others	0.004	June 02, 2020
6.	O&M Works 220 kV - Roorkee	Others	0.06	April 22, 2020
7.	Furniture & Fixtures	Others	0.04	August 28, 2020
8.	IT Equipment, Computer & Printers	Others	0.00	August 17, 2020
9.	Mobile Phone	Others	0.04	July 15, 2020
10.	Others		0.06	
Sub-Total			**2.01**	
Projects through deposit work/Grant				
1	Const. of 01 no. 33 kV Bay for UPCL at 132 kV S/s Bazpur	Deposit	0.25	July 16, 2020
Sub-Total			**1.70**	
Additional Capitalisation				
Projects other than deposit work				
1.	220 kV S/s, Harrawala		1.81	
2.	132 kV S/s Bageshwar		9.16	
3.	132 kV D/C Ranikhet-Bageshwar Line		0.07	
4.	220 kV S/s, Pirankaliyar		1.34	
5.	LILO of 220 kV S/C Roshnabad (haridwar)-Puhana line at 220/33 kV substation PiranKaliyar		0.06	
6.	Stringing of second circuit of 132 kV D/C Satpuli-Kotdwar transmission Line		1.03*	
7.	Supply, Erection & Testing and Commissioning for " Shifting of 132 kV lines in Dev SanskritiVishvvidyalya campus of Sri Ved Mata Gayatri Trust Shantikunj Haridwar		0.25	
8.	Supply, Erection & Testing and Commissioning of 220 kV Transformer bay and 33 kV feed bays including shifting, Erection & Testing and Commissioning of 25 MVA 220/33 kV Transformer at 220 kV Substation SIDCUL Haridwar.		0.12*	
9.	Others (Materials Received Back)		(3.10)	
Sub-Total			**10.74**	
Projects under deposit work				
1.	Construction of 132 kV Overhead line from 132 kV S/s Jwalapur to 132 kV Railway S/s Jwalapur		0.20	
Sub-Total			**0.20**	
Total (Additional Capitalisation)			**10.94**	
Grand Total			**13.20**	

** In reply to data gaps the Petitioner revised the amount of Additional Capitalisation from Rs. 1.03 Crore to Rs. 1.54 Crore and Rs. 0.12 Crore to Rs. 0.56 Crore. The revised numbers have been considered by the Commission in finalization of capitalisation for FY 2020-21.*

The Petitioner in its Petition proposed the capitalisation of the following projects during the period from October, 2020 to March, 2021 which are shown in the Table below:

Table 4.2: Works proposed to be capitalised during October, 2020 to March, 2021 as submitted by PTCUL

S.No.	Name of the Scheme	Scheme	Proposed capitalisation (Rs. Crore)	Expected Date of Completion
Projects other than deposit work/Grant				
1.	Construction of 1 no. 220 kV Bay (Phase 1) at 220 kV S/s for 220 kV Pirankaliyar-Puhana (PGCIL) line	NABARD	1.77	Actual Date of Completion (September 18, 2020) Date of Capitalisation (October 01, 2020)
2.	"Construction of 01 No 132 kV bay and extension of bus for 132 kV, Bazpur Ckt-2 Transmission Line at 400 kV S/s Kashipur" against LOA No. 55/SE (C&P-II)/PTCUL/SS-16/2018/19 dated 28.01.2020	Others	1.53	March 31, 2021
3.	"Construction of 01 No 132 kV bay for 132 kV substation Bazpur" against LOA No. 88/SE (C&P-II)/PTCUL/SS-17/2018-19 Dated 25.02.2020	Others	0.58	March 31, 2021
4.	Construction of 132/33 kV S/s, Patanjali Padartha, Haridwar.	PFC	26.01	January 31, 2021
5.	Construction of 132 kV overhead line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur.	REC-9025	2.51	March 31, 2021
6.	Installation of Intra-State ABT Metering Scheme for On-Lining of ABT Meters to be installed at Interface Points for Energy Accounting & Transmission Level Energy Auditing at PTCUL.	REC-10952	6.63	March 31, 2021
7.	Supply, Erection, Testing and Commissioning of 01 no. 40 MVA 132/33 kV Power T/F at 132 kV S/s Kichha for augmentation of T/F capacity 2x40 MVA to 3x40 MVA.	PFC-09303037	3.87	March 31, 2021
8.	Augmentation of 132/33 kV Transformer capacity at 220 kV S/s Haldwani from 2x40 MVA to 3x40 MVA including construction of associated 01 no. 132 kV bay and 01 no. 33 kV bay and extension & bisection of 132 kV & 33 kV bus.	REC-10951	6.32	March 31, 2021
9.	Construction of 220/33 kV AIS S/s at Jafarpur	PFC-II	26.17	February 15, 2021
10.	LILO of 220 kV Kashipur-Pantnagar line at 220/33 kV S/s Jafarpur	PFC-II	5.70	January 31, 2021
11.	**(A)** Construction of LILO of 132 kV Bhagwanpur- Chudiyala line at 220 kV S/s Pirankaliyar **(B)** Underground Cable work for Construction of 132 kV LILO of Bhagwanpur -Chudiyala line at 220 kV S/s Pirankaliyar	UA-TD-TRM-118-2015-9218	10.53	March 31, 2021
12.	132 kV S/C link line between 132 kV S/s Purkul and Bindal	REC IV (C-10009)	14.07	May 2021 (Due to severe ROW issues created by M/S Himalayan Resort, it is difficult to complete the Line by March 2021)
13.	**(A)** Construction of 220 kV Pirankaliyar (220 kV S/s) to Puhana (400 kV S/s) PGCIL D/C transmission line on D/C Transmission Tower **(B)** Stringing of 2nd Circuit of 220 kV PiranKaliyar-Puhana (PGCIL) D/c line on D/c towers. **(C)**Laying of 220 kV Cable at Puhana (PGCIL) S/s end.	UA_-TD-TRM-118-2015-9290 & UA_-TD-TRM-118-18-13431-A1(Revised)	21.90	September 19, 2020 (Actual)
14.	Augmentation of 220 kV S/s Jhajra from 2X40 MVA to 2X80 MVA	UA-TD-TRM-118-2015-9666	5.80	July 17, 2020 (Actual)
15.	Shifting of 40 MVA Transformer 132/33 kV CGL make from 132 kV S/s Padartha to 132 kV Laltapppar and installation, testing and commissioning of 40 MVA Transformer 132/33 kV CGL make at 132 kV S/s Laltappar	Others	3.76	November 10, 2020 (Actual)
Sub-Total			**137.15**	
Projects under deposit work				
1.	Construction of 01 no. independent 33 kV bay for IIT Roorkee at 132 kV Substation, Roorkee	Deposit Work	0.41	September 27, 2020 (Actual)
Sub- Total			**0.41**	
Total			**137.56**	

The Commission observed that the Petitioner has claimed an actual capitalisation amount of Rs. 13.20 Crore only between April 2020 to September 2020 and a proposed amount of Rs. 137.56 Crore between October 2020 & March 2021 in Tariff Forms. However, in the Petition, the Petitioner has considered some of the projects in second half of FY 2020-21 which have already been completed prior to October 2020. From the submission of the Petitioner as referred above, the Commission observed that the projects amounting to Rs. 42.26 Crore have been completed (including additional capitalisation) till September 30, 2020 and projects amounting to Rs. 109.45 are expected to be completed in second half of the FY 2020-21. As per the submission of the Petitioner, the Commission observed that the amount claimed by the Petitioner for second half of FY 2020-21 is much higher than the actual capitalisation claimed in the first half of the financial year.

In view of the above, the Commission directed the Petitioner to submit the updated status of completed/anticipated capital works likely to be capitalised in second half of FY 2020-21. The Petitioner in its reply submitted the actual and revised expected date of completion for the projects proposed to be capitalised during second half of FY 2020-21 as shown in the Table below:

Table 4.3: Actual/ Revised expected date of completion of the Projects

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalised (Rs Crore)	Expected Date of Completion as submitted in Petition	Physical Progress in %	Financial Progress in %	Revised Expected Date of Completion as submitted by the Petitioner dated 17.03.2021
1.	Construction of 1 no. 220 kV Bay (Phase 1) at 220 kV S/s for 220 kV Pirankaliyar - Puhana (PGCIL) line	NABARD	1.77	Actual Date of Completion (September 18, 2020) Date of Capitalisation (October 01, 2020)	100%	100%	Actual Date of Completion (September 18, 2020) Date of Capitalisation (October 01, 2020)
2.	"Construction of 01 No 132 kV bay and extension of bus for 132 kV, Bazpur Ckt-2 Transmission Line at 400 kV S/s Kashipur" against LOA No. 55/SE (C&P-II)/PTCUL/SS-16/2018/19 Dated 28.01.2020	Others	1.53	March 31, 2021	0%	75%	April 30, 2021
3.	"Construction of 01 No 132 kV bay for 132 kV substation Bazpur" against LOA No. 88/SE (C&P-II)/PTCUL/SS-17/2018-19 Dated 25.02.2020	Others	0.58	March 31, 2021	0%	75%	April 30, 2021
4.	Construction of 132/33 kV S/s, Patanjali Padartha, Haridwar.	PFC	26.01	January 31, 2021	44.7%	96%	May 31, 2021
5.	Construction of 132 kV overhead line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur.	REC-9025	2.51	March 31, 2021	47%	70%	March 25, 2021

Table 4.3: Actual/ Revised expected date of completion of the Projects

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalised (Rs Crore)	Expected Date of Completion as submitted in Petition	Physical Progress in %	Financial Progress in %	Revised Expected Date of Completion as submitted by the Petitioner dated 17.03.2021
6.	Installation of Intra-State ABT Metering Scheme for On-Lining of ABT Meters to be installed at Interface Points for Energy Accounting & Transmission Level Energy Auditing at PTCUL.	REC-10952	6.63	March 31, 2021	28%	98%	February 14, 2021
7.	Supply, Erection, Testing and Commissioning of 01 no. 40 MVA 132/33 kV Power T/F at 132 kV S/s Kichha for augmentation of T/F capacity 2x40 MVA to 3x40 MVA.	PFC-09303037	3.87	March 31, 2021	Nil	Nil	May 31, 2021
8.	Augmentation of 132/33 kV Transformer capacity at 220 kV S/s Haldwani from 2x40 MVA to 3x40 MVA including construction of associated 01 no. 132 kV bay and 01 no. 33 kV bay and extension & bisection of 132 kV & 33 kV bus.	REC-10951	6.32	March 31, 2021	1.27%	35%	June 30, 2021
9.	Construction of 220/33 kV AIS S/s at Jafarpur	PFC-II	26.17	February 15, 2021	66.3%	100%	March 15, 2021
10.	LILO of 220 kV Kashipur-Pantnagar line at 220/33 kV S/s Jafarpur	PFC-II	5.7	January 31, 2021	100%	92%	March 15, 2021
11.	**(A)** Construction of LILO of 132 kV Bhagwanpur- Chudiyala line at 220 kV S/s Pirankaliyar	UA-TD-TRM-118-2015-9218	10.53	March 31, 2021	99%	97%	March 31, 2021
	(B) Underground Cable work for Construction of 132 kV LILO of Bhagwanpur -Chudiyala line at 220 kV S/s Pirankaliyar				90%	85%	
12.	132 kV S/C link line between 132 kV S/s Purkul and Bindal	REC IV (C-10009)	14.07	Previously Expected: March 31, 2021	100%	95%	May 31, 2021
13.	**(A)** Construction of 220 kV Pirankaliyar (220 kV S/s) to Puhana (400 kV S/s) PGCIL D/C transmission line on D/C Transmission Tower	UA_-TD-TRM-118-2015-9290 & UA_-TD-TRM-118-18-13431-A1(Revised)	21.9	September 19, 2020 (Actual)	100%	100%	September 19, 2020 (Actual)
	(B) Stringing of 2nd Circuit of 220 kV Pirankaliyar-Puhana (PGCIL) D/c line on D/c towers.						
	(C) Laying of 220 kV Cable at Puhana (PGCIL) S/s end.				100%	100%	
14.	Augmentation of 220 kV S/s Jhajra from 2X40 MVA to 2X80 MVA	UA-TD-TRM-118-2015-9666	5.8	July 17, 2020 (Actual)	90%	95%	July 17, 2020 (Actual)
15.	Shifting of 40 MVA Transformer 132/33 kV CGL make from 132 kV S/s Padartha to 132 kV Laltapppar and installation, testing and commissioning of 40 MVA Transformer 132/33 kV CGL make at 132 kV S/s Laltappar	Others	3.76	November 10, 2020 (Actual)	6%	100%	November 10, 2020 (Actual)
Sub-Total			**137.15**				
Projects under Deposit Work							

Table 4.3: Actual/ Revised expected date of completion of the Projects

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalised (Rs Crore)	Expected Date of Completion as submitted in Petition	Physical Progress in %	Financial Progress in %	Revised Expected Date of Completion as submitted by the Petitioner dated 17.03.2021
1.	Construction of 01 no. independent 33 kV bay for IIT Roorkee at 132 kV Substation, Roorkee	Deposit	0.41	September 27, 2020 (Actual)	100%	100%	September 27, 2020 (Actual)
Sub-Total			**0.41**				
Total			**137.56**				

After analyzing the revised data as submitted by the Petitioner, the Commission observed that for some of the projects, though PTCUL has submitted that the projects will get completed in FY 2020-21, but its anticipated commissioning date is beyond FY 2020-21. Accordingly, the Commission has considered capitalisation of only those works in FY 2020-21, which have either been completed or have attained substantial physical progress till March 31, 2021. The total amount of capitalisation for such schemes works out to Rs. 99.13 Crore. The capitalisation of balance projects for which the date of commissioning is either beyond March 31, 2021 or physical progress is on a lower side amounts to Rs. 52.38 Crore, have been carried forward and the capitalisation of such works has been considered in FY 2021-22. Details of such works are mentioned below:

Table 4.4 List of spill over projects/ Carry Forward Projects to FY 2021-22

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalised (Rs. Crore)	Expected Date of Completion	Revised Expected Date of Completion
1.	"Construction of 01 No 132 kV bay and extension of bus for 132 kV, Bazpur Ckt-2 Transmission Line at 400 kV s/s Kashipur" against LOA No. 55/SE (C&P-II)/PTCUL/SS-16/2018/19 Dated 28.01.2020	Others	1.53	March 31, 2021	April 30, 2021
2.	"Construction of 01 No 132 kV bay for 132 kV substation Bazpur" against LOA No. 88/SE (C&P-II)/PTCUL/SS-17/2018-19 Dated 25.02.2020	Others	0.58	March 31, 2021	April 30, 2021
3.	Construction of 132/33 kV S/s, Patanjali Padartha, Haridwar.	PFC	26.01	January 31, 2021	May 31, 2021
4.	Supply, Erection, Testing and Commissioning of 01 no. 40 MVA 132/33 kV Power T/F at 132 kV S/s Kichha for augmentation of T/F capacity 2x40 MVA to 3x40 MVA.	PFC-09303037	3.87	March 31, 2021	May 31, 2021
5.	Augmentation of 132/33 kV Transformer capacity at 220 kV S/s Haldwani from 2x40 MVA to 3x40 MVA including construction of	REC-10951	6.32	Match 31, 2021	June 30, 2021

Table 4.4 List of spill over projects/ Carry Forward Projects to FY 2021-22

S. No.	Name of the Scheme	Scheme	Amount proposed to be capitalised (Rs. Crore)	Expected Date of Completion	Revised Expected Date of Completion
	associated 01 no. 132 kV bay and 01 no. 33 kV bay and extension & bisection of 132 kV & 33 kV bus.				
6.	132 kV S/C link line between 132 kV S/s Purkul and Bindal	REC IV (C-10009)	14.07	Previously Expected: March 31, 2021	May 31, 2021
Total			**52.38**		

In view of the above, the Commission has considered the total capitalisation of Rs. 99.13 Crore for the projects which have been actually commissioned till February 2021 and for the projects which are expected to be commissioned till March 31, 2021, based on the physical and financial progress and revised status submitted by PTCUL dated March 5, 2021. The Commission has considered the capitalisation (second half of FY 2020-21) of the projects as mentioned below:

a) Construction of 1 no. 220 kV Bay (Phase 1) at 220 kV S/s for 220 kV Pirankaliyar-Puhana (PGCIL) line,

b) Construction of 132 kV overhead line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur,

c) Installation of Intra-State ABT Metering Scheme for On-Lining of ABT Meters to be installed at Interface Points for Energy Accounting & Transmission Level Energy Auditing at PTCUL,

d) Construction of 220/33 kV AIS S/s at Jafarpur,

e) LILO of 220 kV Kashipur-Pantnagar line at 220/33 kV S/s Jafarpur,

f) (A) Construction of LILO of 132 kV Bhagwanpur- Chudiyala line at 220 kV S/s Pirankaliyar & (B) Underground Cable work for Construction of 132 kV LILO of Bhagwanpur -Chudiyala line at 220 kV S/s Pirankaliyar,

g) (A) Construction of 220 kV Pirankaliyar (220 kV S/s) to Puhana (400 kV S/s) PGCIL D/C transmission line on D/C Transmission Tower & (B) Stringing of 2nd Circuit of 220 kV PiranKaliyar-Puhana (PGCIL) D/c line on D/c towers & (C) Laying of 220 kV Cable at Puhana (PGCIL) S/s end,

h) Augmentation of 220 kV S/s Jhajra from 2X40 MVA to 2X80 MVA,

i) Shifting of 40 MVA Transformer 132/33 kV CGL make from 132 kV S/s Padartha to 132 kV Laltapppar and installation, testing and commissioning of 40 MVA Transformer 132/33 kV CGL make at 132 kV S/s Laltappar,

j) Construction of 01 no. independent 33 kV bay for IIT Roorkee at 132 kV Substation, Roorkee.

Therefore, the amount to be capitalised in FY 2020-21 as considered by the Commission is Rs. 99.13 Crore (including actual capitalisation of Rs. 42.26 Crore in first half and proposed capitalisation of Rs. 57.07 Crore in second half of FY 2020-21 and deletion of 0.20 Crore). The balance capitalisation of Rs. 52.38 Crore which is proposed to be capitalised in FY 2020-21 by the Petitioner has been carried forward to FY 2021-22. Based on the above discussion, GFA claimed by the Petitioner and GFA approved by the Commission for FY 2020-21 is as follows:

Table 4.5: GFA base approved for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Approved in MYT Order	Claimed by PTCUL	Approved in APR
1.	Opening GFA	1835.63	1754.34	1684.94
2.	Capitalisation during the year	148.06	150.56	99.13
3.	Closing GFA	1983.68	1904.89	1784.06

In accordance with Regulation 12(3) of the UERC Tariff Regulations, 2018 the scope of annual performance review is limited to the revision of estimates for the ensuing year, if required, based on the audited financial results for the previous year and does not provide for the revision of estimates for the current year and give effect on this account in the estimates of the ensuing year. The Commission shall carry out the truing up of FY 2020-21 based on the audited accounts for FY 2020-21 and give effect on this account in the ARR of FY 2022-23 in accordance with Regulation 12(3) of the UERC Tariff Regulations, 2018. The Commission has computed certain expenses for FY 2020-21 based on the revised GFA for FY 2020-21 only to facilitate the computations of expenses for the ensuing FY 2021-22. The Commission at this stage has not carried out the detailed prudence check of capitalised works considered during FY 2020-21 including time over-run and cost over-run as the objective at this stage for carrying out Annual Performance Review for FY 2020-21 is to revise the estimates for current year, i.e. FY 2020-21, and give its effect while approving the ARR for FY 2021-22. The Commission will carry out the detailed prudence check of actual works capitalised during FY 2020-21 while carrying out the truing up for FY 2020-21 based on the audited accounts.

4.3 Capitalisation during FY 2021-22

The Commission, in the approval of Business Plan for the third Control Period from FY 2019-

20 to FY 2021-22 had approved the capitalisation of Rs. 179.51 Crore for FY 2021-22. As against the same, the Petitioner has proposed the revised capitalisation of Rs. 226.07 Crore for FY 2021-22.

The Commission observed that the Petitioner is adopting the practice of projecting a higher capitalisation in its Tariff Petitions while on the other side, the actual capitalisation is lower than the approved capitalisation as observed in truing up for FY 2019-20. This results in over-projection of ARR and Tariff at the time of approval of ARR for ensuing years and creates a situation of over-recovery by the Petitioner with surplus to be returned by the Petitioner along with the carrying cost.

In view of the above, the Commission vide its letter dated March 5, 2021, directed the Petitioner to submit the revised expected date of completion for the schemes proposed to be capitalised in FY 2021-22. In reply, the Petitioner submitted the revised scheduled date of completion for the projects proposed to be capitalised in FY 2021-22. The Commission based on the analysis of information submitted by the Petitioner has considered certain works to be capitalised in FY 2021-22. The details submitted by the Petitioner and the schemes considered by the Commission to be capitalised in FY 2021-22 are as shown in the Table below:

Table 4.6: Works proposed to be capitalised during FY 2021-22 as submitted by PTCUL

S. No.	Name of the Scheme	Proposed capitalisation in FY 2021-22 (Rs. Crore)	Scheduled Date of Completion	Revised Scheduled Date of Completion	Considered by the Commission (Rs. Crore)
1.	Supply and Installation of 01 no 160 MVA T/F and its associated 220 kV HV side & 132 kV LV side bay at 400 kV S/s Kashipur	18.39	Mar-22	Sep-21	18.39
2.	220 kV D/C Line on Twin Zebra conductor form Lakhwar to Dehradun & its LILO at Vyasi	65.00	Jun-21	Details not provided	-
3.	Cold galvanising on rusted towers of 220 kV Rishikesh-Chamba line, 220 kV Rishikesh-Dharasu line ckt. 1st and 220 kV Rishikesh-Dharasu line ckt. IInd	0.79	May-21	Feb-21	0.79
4.	Construction of 2x25 (MVA), 220/33 kV S/s Baram (Jauljivi)	55.90	May-21	Jun-21	55.90
5.	Construction of LILO line of one Circuit 220 kV Dhauliganga-Pithoragarh (PGCIL) line at proposed 2x25 MVA Baram	12.66		Dec-21	12.66
6.	LILO of 132 kV Chilla-Nazibabad line at 132/33 kV S/s Patanjali Padartha Haridwar	6.80	May-21	Details not provided	-
7.	Increasing Capacity of 132/33 kV S/s Jaspur from 2x40 MVA to 3x40 MVA including construction of associated 01 No. 132 kV bay and 01 No. 33 kV bay and bisection of 132 kV & 33 kV Bus	7.39	Jun-21	Jun-21	7.39
8.	Construction of 02 nos 132kV bay at 132 kV S/s Jaspur				

Table 4.6: Works proposed to be capitalised during FY 2021-22 as submitted by PTCUL

S. No.	Name of the Scheme	Proposed capitalisation in FY 2021-22 (Rs. Crore)	Scheduled Date of Completion	Revised Scheduled Date of Completion	Considered by the Commission (Rs. Crore)
9.	Augmentation of 132 kV S/s Bindal from 2x40 MVA (132/33 kV) to 3x40 MVA (132/33 kV) by Procurement, Installation & Commissioning of 132/33 kV, 40 MVA Transformer at 132 kV S/s Bindal, Dehradun	5.38	May-21	Details not provided	-
10.	Augmentation of Transformation capacity from 2x40 MVA (132/33 kV) to 3x40 MVA (132/33 kV) by Commissioning of 01 No. additional 132/33 kV 40 MVA T/F, HV & LV bay & oil pit for NIFPES & construction of 03 Nos. new 33 kV feeder Bays at 132 kV S/s Jashodharpur, Kotdwar (Pauri Garhwal)	5.70	Jun-21	Details not provided	-
11.	Procurement and Erection Commissioning of 01 No. 40 MVA, 132/33 kV T/F complete with 132 kV & 33 kV bay for increasing capacity of 132 kV S/s Laksar	4.81	Jun-21	Details not provided	-
12.	Construction of 66 kV D/C line for LILO of 66 kV Karanprayag-Kothiyalsain line at 132 kV Substation Simli	3.31	Mar-22	Mar-23	-
13.	Supply of line material for 66 kV Line	1.13	Mar-22	Mar-22	1.13
14.	Supply of T&P items for 66 kV lines	0.29	Mar-22	Dec-21	0.29
15.	Replacement and Erection of Damage tower and tower parts of 66 kV Lines	0.29	Mar-22	Mar-23	-
16.	Providing Retaining / Revetment wall for protection at different tower location of 66 kV lines	0.98	Mar-22	Jun-22	0.98
17.	Construction of 132 kV and 66 kV and 66 kV Bays and Installation of 3X20 MVA, 132/66 kV Transformer at 132 kV Substation Simli	13.21	Mar-22	Mar-23	-
18.	Construction and Strengthening of 66 kV and 33 kV Bays at 66 kV Substation Karanprayag	6.73	Mar-22	Sep-22	6.73
19.	Construction and Strengthening of 66 kV and 33 kV Bays at 66 kV Substation Kothiyalsain	6.67	Mar-22	Sep-22	6.67
20.	Construction and Strengthening of 66 kV and 33 kV Bays at 66 kV Substation Joshimath	6.03	Mar-22	Sep-22	6.03
21.	Supply of Substation T&P items for different 66 kV Substation	0.55	Mar-22	Dec-21	0.55
22.	Supply of Miscellaneous items for 66 kV Substations	0.42	Mar-22	Dec-21	0.42
Sub-Total		**222.43**			**117.93**
Projects under Deposit work					

Table 4.6: Works proposed to be capitalised during FY 2021-22 as submitted by PTCUL

S. No.	Name of the Scheme	Proposed capitalisation in FY 2021-22 (Rs. Crore)	Scheduled Date of Completion	Revised Scheduled Date of Completion	Considered by the Commission (Rs. Crore)
1.	Shifting of Tower no. 76 of 220 kV Rishikesh-Dharashu (I) Transmission Line from Land slide zone on National Highway - 94 (Deposit work)	0.86	May-21	Apr-21	0.86
2.	Diversion work of 220 kV Rishikesh-DharasuCkt.-Ist and Chamba-Dharasu Transmission line towers for the reconstruction activity for upgradation of Rishikesh-Dharasu road (Deposit work)	2.78	Sep-21	Dec-21	2.78
Sub-Total		**3.64**			**3.64**
Total		**226.07**			**121.57**

From the Table above, the Commission has considered capitalisation for those projects only whose details are provided by the Petitioner and which are expected to be completed during FY 2021-22. Further, the spill over proposed works amounting to Rs. 52.38 Crore from FY 2020-21 to FY 2021-22 have also been considered by the Commission. Accordingly, a total amount of Rs. 173.95 Crore (Rs. 121.57 Crore for FY 2021-22 and spill over projects of FY 2020-21 of Rs 52.38 Crore) has been considered by the Commission towards asset capitalisation for FY 2021-22. Accordingly, the GFA base claimed by the Petitioner and approved by the Commission for FY 2021-22 is as shown in the Table below:

Table 4.7: GFA base approved for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Approved in MYT Order	Claimed by PTCUL	Approved in ARR
1.	Opening GFA	1983.68	1904.89	1784.06
2.	Capitalisation during the year	179.51	226.07	173.95
3.	Closing GFA	2163.20	2130.97	1958.01

4.4 Means of Finance

The Commission in its MYT Order dated February 27, 2019 while approving the Business Plan for the third Control Period from FY 2019-20 to FY 2021-22 had considered the debt equity ratio of 70:30 as means of finance for capitalisation during the Control Period. Accordingly, the Commission at this stage has considered the debt equity ratio of 70:30 for capitalisation in FY 2020-21 and FY 2021-22. The Commission shall consider the actual means of finance for each scheme capitalised during the truing up for the respective year.

Based on the above and considering the closing balances for FY 2019-20, the Commission has determined the debt and equity components for FY 2020-21 and FY 2021-22 which works out as given below:

Table 4.8: Details of financing for capitalisation for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1.	Opening GFA	78.99	202.45	1066.82	336.67	1684.94
2.	**Total addition during the year**	**0.00**	**0.00**	**69.39**	**29.74**	**99.13**
3.	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
4.	**Closing GFA**	**78.99**	**202.45**	**1136.21**	**366.41**	**1784.06**

Table 4.9: Details of financing for capitalisation for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Cap. Res.	Grant	Loan	Equity	Total
1.	Opening GFA	78.99	202.45	1136.21	366.41	1784.06
2.	**Total addition during the year**	**0.00**	**0.00**	**121.77**	**52.19**	**173.95**
3.	Less Deletions during the year	0.00	0.00	0.00	0.00	0.00
4.	**Closing GFA**	**78.99**	**202.45**	**1257.98**	**418.60**	**1958.01**

4.5 Annual Transmission Charges

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

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

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

Aggregate Revenue Requirement, is the sum of:

(a) Operation and maintenance expenses;

(b) Lease Charges;

(c) Interest and Finance charges on loan capital;

(d) Return on equity capital;

(e) Income-tax;

(f) Depreciation;

(g) Interest on working capital and deposits from Transmission System Users; and Annual Transmission Charges of Transmission Licensee = Aggregate Revenue Requirement, as above,

Minus:

(h) Non-Tariff Income

(i) Short-Term Open Access Charges and

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

..."

The Commission in this Order has approved the Annual Transmission Charges for FY 2021-22 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, 2018 specifies as follows:

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

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

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

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

Where–

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

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

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

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

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

Where –

- *EMP_{n-1} – Employee Costs for the (n-1)th year;*
- *A&Gn-1 – Administrative and General Costs for the (n-1)th year;*

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

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

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

4.5.1.1 Employee expenses

The Commission had approved the employee expenses of Rs. 125.29 Crore for FY 2020-21 in its MYT Order dated February 27, 2019 on approval of MYT for FY 2019-20 to FY 2021-22. The Petitioner submitted that the actual employee expenses for the first six months of FY 2020-21 was Rs. 45.33 Crore. The Petitioner, in its Petition, proposed the employee expenses for FY 2020-21 as Rs. 99.57 Crore including the impact of Seventh Pay Commission of Rs. 0.20 Crore.

The Petitioner submitted that the employee expenses for FY 2020-21 and FY 2021-22 have been proposed as per the UERC Tariff Regulations, 2018 considering the actual employee expenses for FY 2017-18 to FY 2019-20. The Petitioner has escalated EMP_{n-1} for FY 2020-21 with average CPI inflation for last three years (FY 2017-18 to FY 2019-20) and multiplied the same by Growth Factor proposed for FY 2020-21 to arrive at the revised estimates of employee expenses. The Capitalisation rate has been considered as 27.20% as per the actual figures of FY 2019-20. Further, the impact of Seventh Pay Commission for prior Control Period has been added to compute the revised estimate for FY 2020-21. For the calculation of employee expenses of FY 2021-22, the Petitioner has escalated the employee expenses approved for FY 2020-21 with average CPI inflation for last 3 years (FY 2017-18 to FY 2019-20) and multiplied the same by Growth Factor proposed for FY 2021-22 to arrive at the revised estimates of employee expenses. Accordingly, the Petitioner has proposed the employee expenses of Rs. 99.57 Crore and Rs. 111.33 Crore for FY 2020-21 and FY 2021-22 respectively.

The Commission has computed the employee expenses in accordance with the UERC Tariff Regulations, 2018. In accordance with the UERC Tariff Regulations, 2018, 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 third Control Period from FY 2019-20 to FY 2021-22, based on the approved HR Plan computed the Gn factors of 16.89% and 9.96% for FY 2020-21 and FY 2021-22 respectively. As against the same, the Petitioner has proposed the Gn factors of 14.11% and 7.81% for FY 2020-21 and FY 2021-22 respectively.

The Commission has considered the closing no. of employees for FY 2019-20 as the opening no. of employees for FY 2020-21. In the MYT Order dated February 27, 2019, the Commission had approved the recruitment of 164 numbers of employees in FY 2020-21. As against the same, the Petitioner has proposed recruitment of 125 numbers of employees in FY 2020-21. In reply to the Commission's query dated March 5, 2021, the Petitioner vide its letter dated March 17, 2021 submitted that till 28th February, 2021 only 18 employees were recruited and 8 employees have retired. The Petitioner further submitted that in March 2021 the expected recruitment will be 27 numbers of employees and 2 retirement were expected. Out of 27, nine Technician Grade-II (Elec.) have joined till March 08, 2021 and time extension has been provided to one candidate till April, 2021 and document verification of 17 candidates are awaited.

Accordingly, based on the submission of the Petitioner and past performance of the Petitioner in meeting the recruitment targets, the Commission has considered the recruitment of 27 employees (18 employees till 28th February, 2021 + 9 employees in March 2021) and retirement of 10 employees (8 employees till 28th February + 2 employees in March 2021) in FY 2020-21.

Further, the Petitioner vide its submission dated March 17, 2021 proposed the revised recruitment of 162 (79 *plus* 83) and retirement of 8 number of employees in FY 2021-22. For the recruitment of 83 employees in FY 2021-22, the Petitioner has submitted that 83 number of employees were proposed during FY 2021-22 for the proposed '220 kV S/s Jafarpur', '220 kV S/s Baram and 132 kV S/s Padartha'. The recruitment for the said upcoming substation will be done after the approval of the Manpower Structure from BoD and subsequent approval from GoU.

The Commission observed that for the recruitment of 83 employees the approval for the Manpower Structure from BoD and subsequent approval from GoU is still required and, thereafter, the recruitment process will begin. Hence, the Commission is of the opinion that the same shall not materialize during FY 2021-22. Accordingly, the Commission at this stage has considered the recruitment of only 79 number of employees which are the spillover of balance employees of FY 2020-21 and retirement of 8 number of employees for FY 2021-22.

Accordingly, the Commission has approved the Gn factors of 2.10% for FY 2020-21 and 8.61% for FY 2021-22. However, if the actual addition to number of employees is lower or higher, as the case may be, 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 or increase in Employee expenses on account of controllable factors.

In accordance with UERC Tariff Regulations, 2018, 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 the average of preceding three full years upto FY 2019-20 as 5.35%.

The Commission has considered the employee expenses approved in the true up for FY 2019-20 for projecting the employee expense for FY 2020-21 and FY 2021-22 in accordance with the UERC Tariff Regulations, 2018. Further, the Commission has considered the capitalisation rate of employee expenses as 27.72% which is the actual capitalisation rate worked out for FY 2019-20. The Commission has considered the normative gross employee expenses approved in the true up of FY 2019-20 as the opening gross employee expenses for FY 2020-21. This normative opening gross employee expenses have been adjusted for the Gn factor approved for FY 2020-21 and escalated with CPI Inflation of 5.35% to arrive at the normative employee expenses for FY 2020-21. The gross employee expenses so arrived have been considered as the gross employee expenses (EMP_{n-1}) for FY 2021-22. The Commission has computed the normative employee expenses for FY 2021-22 in accordance with the Regulation 62(3) of UERC Tariff Regulations, 2018 considering the Gn factor approved for the corresponding year and the CPI inflation of 5.35%. Further, the Commission has considered the actual capitalisation rate of employee expenses for FY 2019-20 to be the capitalisation rate for FY 2021-22.

The Commission shall consider the arrear due to impact of Seventh Pay Commission, if any, during the true up of FY 2021-22 and no sharing of gains and losses on this amount would be allowed.

Accordingly, the normative employee expenses approved by the Commission for FY 2021-22 are as shown in the Table below:

Table 4.10: Employee expenses approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Approved in MYT Order	Claimed by PTCUL	Approved
Net Employee expenses	143.75	111.33	102.77

4.5.1.2 R&M expenses

The Commission had approved the R&M expenses of Rs. 44.07 Crore for FY 2020-21 and Rs. 47.62 Crore for FY 2021-22 in its MYT Order dated February 27, 2019 on approval of MYT for FY 2019-20 to FY 2021-22. The Petitioner submitted that the actual R&M expenses for the first six months of FY 2020-21 was Rs. 17.68 Crore. The Petitioner has proposed the R&M expenses for FY 2020-21 as Rs. 43.17 Crore and for FY 2021-22 as Rs. 46.87 Crore. The Petitioner submitted that R&M expenses have been computed as per UERC Tariff Regulations, 2018.

The Petitioner submitted that the R&M expenses for FY 2020-21 and FY 2021-22 has been proposed as per the UERC Tariff Regulations, 2018. The Petitioner has considered the K factor of 2.39%. Further, the Petitioner has considered the WPI inflation of 2.96% considering the average increase in the Wholesale Price Index (WPI) for FY 2017-18 to FY 2019-20. Accordingly, the Petitioner has proposed the R&M expenses of Rs. 43.17 Crore and Rs. 46.87 Crore for FY 2020-21 and FY 2021-22 respectively.

The Commission has determined the R&M expenses for FY 2020-21 and FY 2021-22 in accordance with UERC Tariff Regulations, 2018. The Commission has considered the K factor of

2.39% as approved in the MYT Order dated February 27, 2019. The Commission has considered the closing GFA of Rs. 1784.06 Crore for FY 2020-21 as opening GFA for FY 2021-22. The Commission has considered the WPI Inflation of 2.96% which is the average increase in the Wholesale Price Index (WPI) for FY 2017-18 to FY 2019-20.

The R&M expenses approved by the Commission for FY 2021-22 are shown in the Table below:

Table 4.11: R&M expenses approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Approved in MYT Order	Claimed by PTCUL	Approved
R&Mn	47.62	46.87	43.90

4.5.1.3 A&G expenses

The Commission had approved the A&G expenses of Rs. 26.45 Crore for FY 2020-21 and Rs. 28.57 for FY 2021-22 in its Order dated February 27, 2019 on approval of MYT for FY 2019-20 to FY 2021-22. The Petitioner submitted that the actual A&G expenses for the first six months of FY 2020-21 as Rs. 14.92 Crore. The Petitioner, in its Petition, has proposed the A&G expenses for FY 2020-21 as Rs. 25.44 Crore. The estimated A&G expenses of Rs. 25.44 Crore includes license fee of Rs. 8.20 Crore paid to the Commission and security expenditure of Rs. 9.56 Crore.

The Petitioner submitted that the A&G expenses for FY 2020-21 and FY 2021-22 has been proposed as per the UERC Tariff Regulations, 2018. Accordingly, the estimated A&G expenses for FY 2020-21, net of license fee & security expenses have been considered as '$A\&G_{n-1}$'. The '$A\&G_{n-1}$' has been escalated by WPI inflation of 2.96% to arrive at the expenses for FY 2021-22. Further, the license fee & security expenses have been added to arrive at total A&G expenses for FY 2021-22. Accordingly, the Petitioner has proposed the A&G expenses of Rs. 25.44 Crore and Rs. 25.66 Crore for FY 2020-21 and FY 2021-22 respectively.

The Commission has considered the normative gross A&G expenses (excluding the license fee and security expenses) approved in the true up of FY 2019-20 as the gross base A&G expenses for FY 2020-21. This normative opening gross A&G expenses have been escalated by the WPI inflation of 2.96% to arrive at the gross A&G expenses for FY 2020-21. The gross A&G expenses so arrived at have been considered as the gross A&G expenses ($A\&G_{n-1}$) for FY 2021-22. The Commission has computed the normative A&G expenses for FY 2021-22 in accordance with Regulation 62(3) of the UERC Tariff Regulations, 2018 considering the WPI inflation of 2.96%.

Further, the Commission has considered the actual capitalisation rate of A&G expenses for FY 2019-20 to be the capitalisation rate for FY 2020-21 and FY 2021-22. In addition, the Commission has considered the License Fee of Rs. 8.00 Crore for FY 2021-22.

The Commission in its MYT Order dated February 27, 2019 on approval of MYT for FY 2019-20 to FY 2021-22 had approved the security expenses of Rs. 11.69 Crore and Rs. 12.63 Crore for FY 2020-21 and FY 2021-22 respectively corresponding to non-UITP projects. In the present Petition, the Petitioner has claimed security expenses of Rs. 9.56 Crore each for FY 2020-21 and FY 2021-22. The Commission has considered the same for the respective years subject to truing up based on the actual expenses.

The normative A&G expenses approved by the Commission for FY 2021-22 are shown in the Table below:

Table 4.12: A&G expenses approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Approved in MYT Order	Claimed by PTCUL	Approved
Total A&G expenses	28.57	25.66	23.91

4.5.1.4 *O&M expenses*

The O&M expenses approved by the Commission for FY 2021-22 are as shown in the Table below:

Table 4.13: O&M expenses approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Approved in MYT Order	Claimed by PTCUL	Approved
Employee expenses	143.75	111.33	102.77
R&M expenses	47.62	46.87	43.90
A&G expenses	28.57	25.66	23.91
Total O&M expenses	**219.94**	**183.87**	**170.58**

The main reasons for reduction in O&M Expenses for FY 2021-22 as compared to that approved vide MYT Order February 27, 2019 is due to reduction in actual capitalisation during FY 2019-20, estimated capitalisation in FY 2020-21 as compared to that approved in MYT Order and substantial lesser number of employees recruited during FY 2019-20 & FY 2020-21 as compared to the recruitment figures approved in MYT Order.

4.5.2 *Interest on Loans*

The Petitioner has considered the loan addition during FY 2020-21 and FY 2021-22 equivalent to 70% of the proposed capitalisation for the respective year. The Petitioner has considered the normative repayment for each year equal to the depreciation for the respective year. The Petitioner has proposed the interest on loan by applying the interest rate of 10.43% which is the weighted average rate of interest for FY 2019-20. Accordingly, the Petitioner has proposed the interest on loan of Rs. 53.57 Crore and Rs. 57.65 Crore for FY 2020-21 and FY 2021-22 respectively.

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

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

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

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

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

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

…

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

…"

The Commission has considered the closing loan balance of FY 2019-20 as approved after truing up, as opening loan balance for FY 2020-21. The loan addition during FY 2020-21 has been considered as per the approved means of finance for FY 2020-21. The allowable depreciation for FY 2020-21 has been considered as the normative repayment for the year. The Commission has considered the closing loan balance of FY 2020-21 as the opening loan balance for FY 2021-22. The loan addition during the year has been considered as per the approved Financing Plan discussed in preceding paragraphs. The Commission has considered the normative repayment equivalent to the approved depreciation. The Commission has considered the interest rate of 9.42% which is the weighted average rate of interest for FY 2019-20 based on the interest expenses and long-term borrowing details as per Annual Accounts for FY 2019-20. The interest on loan has been determined by applying the interest rate of 9.42% on the average loan balance for the year. The interest on loan approved by the Commission for FY 2021-22 is as shown in the Table given below:

Table 4.14: Interest on Loan approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Approved in MYT Order	Claimed	Allowable
Opening Loan balance	659.94	522.77	456.91
Drawl during the year	125.66	155.70	121.77
Repayment during the year	101.50	95.99	83.11
Closing Loan balance	684.10	582.49	495.57
Interest Rate	11.41%	10.43%	9.42%
Interest	**76.64**	**57.65**	**44.88**

4.5.3 Return on Equity

The Petitioner has considered the opening Equity for FY 2021-22 as Rs. 397.23 Crore. The Petitioner has considered the equity addition for FY 2020-21 and FY 2021-22 equivalent to 30% of the proposed capitalisation for the respective year. The Petitioner has proposed the Return on Equity at the rate of 15.50% on the average equity for the year. Accordingly, the Petitioner has proposed the Return on Equity of Rs. 49.46 Crore and Rs. 56.42 Crore for FY 2020-21 and FY 2021-22 respectively. Further, the Petitioner has claimed RoE on PDF amounting to Rs. 357.36 Crore including the carrying cost.

The Commission as deliberated in earlier Orders has not approved the RoE on projects funded by PDF. On this issue of allowing RoE on PDF, the Petitioner has filed an Appeal before Hon'ble APTEL vide Appeal No. 187 of 2019 dated April 15, 2019, which is sub-judice. Though the matter is sub-judice, PTCUL has again claimed the RoE from PDF. As the matter is sub-judice, the Commission in line with the approach adopted in earlier Orders has not allowed any RoE on projects funded by PDF.

PTCUL has further claimed an amount of Rs. 189.08 Crore as RoE on the initial Equity considering the same to be 30% of the approved opening GFA for PTCUL as on the date of its creation, from FY 2005-06 to FY 2020-21. On this issue of RoE on Opening Equity, the Petitioner has filed an Appeal before Hon'ble APTEL vide Appeal No. 187 of 2019 dated April 15, 2019, which is sub-judice. Though the matter is sub-judice, PTCUL has again claimed the differential RoE on Opening Equity.

As discussed in Chapter 3, the Commission has approved the RoE on opening Equity as approved in the true up of FY 2019-20 in line with the approach adopted while carrying out the true up of FY 2018-19 in the Commission's Tariff Order dated April 18, 2020 as the matter is sub-judice.

Further, the Commission while computing the RoE for FY 2021-22 has included initial equity in the opening Equity for FY 2021-22. Therefore, the Commission has not separately approved any amount in this regard in FY 2021-22.

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

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

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

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

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

In accordance with the Regulations, Return on Equity is allowable on the opening equity for the year. Hence, the Commission has determined the Return on Equity for FY 2021-22 considering the eligible opening equity for return purposes for the respective year.

The Return on Equity approved by the Commission for FY 2021-22 is as shown in the Table below:

Table 4.15: Return on Equity approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Approved in MYT	Claimed by PTCUL	Approved
Opening Equity	477.61	364.02	366.41
Addition during the year	53.85	66.73	52.19
Closing Equity	531.46	430.75	418.60
Eligible Equity for return	359.40	364.02	271.90
Rate of Return	15.50%	15.50%	15.50%
Return on Equity	**55.71**	**56.42**	**42.14**

4.5.4 *Depreciation*

The Petitioner submitted that the asset class wise depreciation has been computed considering the proposed GFA for FY 2020-21 and FY 2021-22 and the rates of depreciation specified in the UERC Tariff Regulations, 2018. Accordingly, the Petitioner has proposed the depreciation of Rs. 86.23 Crore and Rs. 95.99 Crore for FY 2020-21 and FY 2021-22 respectively.

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

*"28. **Depreciation***

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

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

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

...

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

..."

The Commission has determined the depreciation for FY 2021-22 considering the approved GFA based on the additional capitalisation for FY 2020-21 and FY 2021-22 and actual weighted average rate of depreciation of FY 2019-20. Further, the Commission has computed the depreciation on assets created out of grants by applying the weighted average rate of depreciation for FY 2019-20 and deducted the same from the gross depreciation as depreciation is not allowed on assets funded through grants. The depreciation approved by the Commission for FY 2021-22 is as shown in the Table given below:

Table 4.16: Depreciation approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Approved in MYT Order	Claimed by PTCUL	Approved
Depreciation	101.50	95.99	83.11

4.5.5 *Income Tax*

The Petitioner has not claimed any Income Tax in its ARR proposal for FY 2021-22.

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

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

Income Tax, if any, on the income stream of the regulated business of Generating Companies, Transmission Licensees, Distribution Licensees and SLDC shall be reimbursed to the Generating

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

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

4.5.6 Interest on Working Capital

The Petitioner has submitted that the interest on working capital for FY 2020-21 and FY 2021-22 has been proposed in accordance with UERC Tariff Regulations, 2018. Accordingly, the Petitioner has proposed the IWC of Rs. 9.84 Crore and Rs. 13.21 Crore for FY 2020-21 and FY 2021-22 respectively.

The Commission has determined the interest on working capital for FY 2021-22 in accordance with the UERC Tariff Regulations, 2018.

4.5.6.1 One Month O&M Expenses

The annual O&M expenses approved by the Commission is Rs. 170.58 Crore for FY 2021-22. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 14.22 Crore for FY 2021-22.

4.5.6.2 Maintenance Spares

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2018, which work out to Rs. 25.59 Crore for FY 2021-22.

4.5.6.3 Receivables

The Commission has approved the receivables for two months based on the approved ATC of Rs. 273.65 Crore for FY 2021-22, which works out to Rs. 45.61 Crore.

Based on the above, the total working capital requirement of the Petitioner for FY 2021-22 works out to Rs. 85.41 Crore. The Commission has considered the rate of interest on working capital as 12.05% equal to State Bank Advance Rate (SBAR) of State Bank of India as on the date of filing of the Tariff Petition and, accordingly, the interest on working capital works out to Rs. 10.29 Crore for

FY 2021-22. The interest on working capital approved by the Commission for FY 2021-22 is as shown in the Table below:

Table 4.17: Interest on working capital approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Approved in MYT	Claimed by PTCUL	Approved
O&M expenses for 1 month	18.33	15.32	14.22
Maintenance Spares	32.99	27.58	25.59
Receivables equivalent to 2 months	72.43	65.79	45.61
Working Capital	**123.75**	**108.69**	**85.41**
Rate of Interest on Working Capital	13.75%	12.15%	12.05%
Interest on Working Capital	**17.02**	**13.21**	**10.29**

4.5.7 *Non-Tariff Income*

The Petitioner has considered the non-tariff income of Rs. 10.00 Crore same as approved in the MYT Order dated February 27, 2019 for FY 2021-22. The Commission has provisionally considered the non-tariff income of Rs. 10.00 Crore, same as claimed by the Petitioner and approved in MYT Order dated February 27, 2019. The same shall, however, be trued up based on the actual audited accounts for FY 2021-22.

4.5.8 *Revenue from STOA charges*

The Petitioner has proposed Revenue from Short Term Open Access Charges of Rs. 3.43 Crore for FY 2021-22.

In the absence of any yardstick for estimating the revenue from STOA of the Petitioner, the Commission provisionally accepts the same as proposed by the Petitioner. The same shall, however, be trued up based on the actual audited accounts for the year.

4.5.9 *Annual Transmission Charges*

Based on the above, the Annual Transmission Charges approved by the Commission for the FY 2021-22 is as shown in the Table below:

Table 4.18: Annual Transmission Charges approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Approved in MYT	Claimed by PTCUL	Approved
O&M expenses	219.94	183.87	170.58
Interest on loan	76.64	57.65	44.88
Return on Equity	55.71	56.42	42.14
Depreciation	101.50	95.99	83.11
Interest on working capital	17.02	13.21	10.29

Aggregate Revenue Requirement	**470.81**	**407.13**	**351.00**
Add:			
True up of previous years	-	**16.26**	**-49.46**
Minus:			
Non-Tariff Income	10.00	10.00	10.00
Revenue from STOA charges	1.82	3.43	3.43
Revenue from Natural ISTS Lines	0.00	0.00	0.00
SLDC Charges	24.42	15.24	14.46
Annual Transmission Charges	**434.57**	**394.72**	**273.65**
Provision for RoE on initial Equity		**189.08**	**-**
Provision for RoE on GoU contribution from PDF		**357.36**	**-**

4.6 ATC of Bhilangana III–Ghansali Line for FY 2021-22

The Petitioner has proposed the ARR for Bhilangana III–Ghansali Line for FY 2021-22 giving the computations of the components of ARR. The Petitioner has proposed the ARR of Rs. 1.62 Crore for FY 2021-22.

Before going into the components of ARR for Bhilangana III–Ghansali Line, the Commission deems fit to determine the issue of maintainability of the same.

The Hon'ble Supreme Court vide its Judgment dated May 10, 2018 in Civil Appeal No. 2368-2370 of 2015 ruled as under:

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

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

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

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

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

4.7 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 2021-22 from its beneficiaries in accordance with the provisions of the Regulations.
- The payments, however, shall be subject to adjustment, in case any new beneficiary (including long/medium term open access customer) is using the Petitioner's system, by an amount equal to the charges payable by that beneficiary in accordance with the UERC (Terms and Conditions of Intra-State Open Access) Regulations, 2015. In that case, the charges recoverable from the new beneficiary(ies), including long/medium term open access customers, shall be refunded to UPCL in accordance with the said Regulations.

4.8 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/(PLST 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 2021-22 is Rs. 273.65 Crore and the PLST during FY 2020-21 is 2,372 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 2021-22 shall be:

Table 4.19: Rate of Transmission Charges for open access approved for FY 2021-22

Description	Rs./MW/day
Transmission Charges	3,160.78

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 were carried shall be liable to pay these additional transmission charges.

The Annual Transmission Charges approved for FY 2021-22 will be applicable with effect from April 01, 2021 and shall continue to apply till further Orders of the Commission.

5. Commission's Directives

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

5.1 Compliance of Directives Issued in MYT Order dated April 18, 2020

5.1.1 Electrical Inspector Certificate

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

Petitioner's Submissions

The Electrical Inspector certificates for all completed projects/works claimed for capitalisation have been submitted. The certificates have been cross referenced as required by the Commission.

Fresh Directive

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

5.1.2 Capital cost of transferred assets

The Commission directed the Petitioner to get the Transfer Scheme finalised and submit the same to the Commission along with its Petition for Annual Performance Review of FY 2020-21.

Petitioner's Submissions

The Petitioner submitted that various meetings and correspondence have been taken place between UPCL and PTCUL regarding Transfer Scheme. A Draft policy after reconciliation between UPCL and PTCUL has also been submitted to Govt. of Uttarakhand for finalization and issuing of notification and the same is being rigorously perused.

Fresh Directive

The Commission express extreme displeasure in the lackadaisical approach of PTCUL/SLDC. **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 2021-22.**

5.1.3 SLDC Charges

The Commission directed PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2020-21.

Petitioner's Submissions

The compliance report on ring fencing of SLDC as per the directives issued in Tariff Order dated 18.04.2020 was submitted vide Letter No. 1294/Dir.(Projects)/PTCUL/UERC dated 29.07.2020.

In continuation to letter no. as mentioned above and letter no. 1597/HR&Admn./PTCUL/G-10 dated 03.12.2020, the Petitioner submitted the updated status of ring fencing of SLDC (letter no. 2070/HR&Admn./PTCUL/G-10 dated 28.12.2020) is given hereunder:-

- A separate portion on the third floor of PTCUL, Corporate Headquarter has been earmarked for SLDC to fulfil the requirements of the staff and smooth functioning of SLDC.
- Staff structure of 51 employees for SLDC was approved by 65th BoD held on 28.11.2018.
- Dedicated staff has been provided to the SLDC.
- Chief Engineer (L-1) has been posted in SLDC for proper supervision and smooth functioning of SLDC department.
- GoU vide letter no. 629 dated 03.07.2020 has approved 50 Junior Engineer (E&M) post. As soon as Junior Engineers (E&M) are recruited, some of them shall be posted in SLDC.

Fresh Directive

The Commission has noted the compliance submitted by the Petitioner. **The Commission**

directs PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2021-22.

5.1.4 Capitalisation of partially completed schemes

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-ordination 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.

Petitioner's Submissions

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

Fresh Directive

The Commission has noted the compliance submitted by the Petitioner. **The Petitioner is directed to 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 also.**

5.1.5 Additional Capitalisation beyond the cut-off date

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

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

Petitioner's Submissions

The detailed justification for additional capitalisation with documentary evidences for the same has been submitted in requisite formats.

Fresh Directive

The Commission has noted the compliance submitted by the Petitioner. **The Petitioner is directed to be vigilant in furnishing information to the Commission for future years also, taking cognizance of the earlier Tariff Orders of the Commission and its own submissions during various proceedings, for future years also.**

5.1.6 Frequent Grid Failures

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

Petitioner's Submissions

The details of any major incident are shared with the Commission on a regular basis. However, there were no major grid failures in FY 2019-20. In compliance, PTCUL submitted report vide letter 2735/Dir. (Projects)/PTCUL/UERC dated 18.12 2020 before the Commission.

Fresh Directive

The Commission has noted the compliance submitted by the Petitioner. **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.**

5.1.7 Transmission System Availability

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

Petitioner's Submissions

The Petitioner submitted that SLDC certificate for Transmission System Availability for FY 2019-20 has been submitted along with the Petition.

Fresh Directive

The Commission has noted the compliance submitted by the Petitioner. **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.**

5.1.8 Submission of Completed Cost

The Petitioner has not submitted any justification for the time period of 90 days sought for submission of Form 9.5 in respect of completed projects. The Commission once again directs the Petitioner to ensure timely submission of the completed cost of the project along with the scheduled CoD, actual date of commissioning and actual IDC incurred within 30 days of CoD of the projects/works failing which the Commission would be constrained to restrict the executed cost of the project equal to the approved cost and no true up of any cost/time overrun would be allowed. Further, with regard to capitalisation during FY 2019-20, the Petitioner is directed to submit project wise abovementioned details along with duly filled Form 9.5 prescribed in the UERC Tariff Regulations, 2018 having instances of time over run and/or cost over-run within 30 days from the date of issue of Order.

Petitioner's Submissions

The said information has been submitted in the requisite formats. The Petitioner further submitted that Form 9.5 and Form 9A may not match for some projects as Tariff Form 9.5 provides the details of the actual capital expenditure whereas Form 9A provides the details of the capitalisation for the year.

Fresh Directive

The Commission has noted the compliance submitted by the Petitioner. **The Commission once again directs the Petitioner to ensure timely submission of the completed cost of the project along with the scheduled CoD, actual date of commissioning and actual IDC incurred within 30 days of CoD of the projects/works failing which the Commission would be constrained to restrict the executed cost of the project equal to the approved cost and no true up of any cost/time overrun would be allowed. Further, with regard to capitalisation during FY 2020-21, the Petitioner is directed to submit project wise above-mentioned details along with duly filled Form 9.5 prescribed in the UERC Tariff Regulations, 2018 having instances of time over run and/or cost over-run within 30 days from the date of issue of Order.**

5.1.9 Submission of consistent information in proper format

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.

Petitioner's Submissions

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

Fresh Directive

The Commission has noted the compliance submitted by the Petitioner. **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.**

5.1.10 ATC of Natural ISTS lines of PTCUL

The Commission directs the Petitioner to submit quarterly progress report before the Commission regarding ATC of Natural ISTS lines of PTCUL and also book it separately in its accounts as and when, it receives the amount. The Commission also directs the Petitioner to expedite the reconciliation of revenue on account of Natural ISTS lines for FY 2018-19 and FY 2019-20 and submit the progress to the Commission within 3 months from the date of issuance of this Order.

Petitioner's Submissions

The Petitioner submitted that ATC of Natural ISTS Lines is booked separately. The reconciliation of amount received from PGCIL for FY 2018-19 and FY 2019-20 is under process. The reconciliation statement between PGCIL & PTCUL shall be signed shortly and submitted, thereafter, before the Commission.

Fresh Directive

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

5.1.11 Revenue from Natural ISTS lines and UITP Projects

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

Petitioner's Submissions

The details of revenue from Natural ISTS lines are maintained separately from revenue earned from UITP Projects and can be read in Note 24 of annual audited financial statements.

Fresh Directive

The Commission has noted the compliance submitted by the Petitioner. **The Petitioner is directed to maintain separate details of revenue from Natural ISTS lines separately from revenue earned from UITP Projects and submit the same along with the true up of respective year.**

5.1.12 Submission of duly filled in stipulated Formats

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

Petitioner's Submissions

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

Fresh Directive

The Commission has noted the compliance submitted by the Petitioner. **The Petitioner is further directed to submit duly filled in Form 9.5 (Element wise breakup of Project/Asset/Element Cost for Transmission System or Communicating System), Form 9.6 (break up of Construction/Supply/Service packages) and Form 9.7 (Details of element wise cost of the Project) while claiming the capitalisation of new projects in the true up for the respective year. The Petitioner is further directed to maintain uniformity in complying and furnishing the information regarding the actual capital expenditure of new projects in the stipulated formats.**

5.1.13 Legible Copies of Petition on the website

The Commission directs PTCUL to upload the legible copies of entire Petition including supporting documents in the form of Annexures for information of the stakeholders from the next

Tariff proceedings on its website.

Petitioner's Submissions

The Petitioner submitted that they shall adhere to Commission's directions.

5.1.14 Firm values of the capitalisation claimed

Fresh Directive

The Commission expresses extreme displeasure in the lackadaisical approach of the concerned Officers of the PTCUL for submissions of audited accounts information for computing the actual capitalisation rate of A&G expenses. The Commission directs the Petitioner to submit the financial information w.r.t. O&M expenses segregating the same between UITP and Non-UITP Schemes duly reconciled with audited books of accounts for the respective years while claiming true-up for subsequent years.

Petitioner's Submissions

The direction of the is being complied with the True-up of FY 2019-20 submitted in this petition.

Fresh Directive

The Commission has noted the compliance by the Petitioner. **The Commission directs the Petitioner to submit the financial information w.r.t. O&M expenses and Headquarter expenses segregating the same between UITP and Non-UITP Schemes duly reconciled with audited books of accounts for the respective years while claiming true-up for subsequent years.**

5.2 Fresh Directives

5.2.1 Reply on stakeholder's comment

Fresh Directive (Para 2.9.2)

On the issues raised by the stakeholder, no comments have been received by the Commission till the date of issue of this Order. **In the matter, the Commission directs the Petitioner to submit its comments on the issues raised by Shri Sunil Gupta of Teesri Ankh ka Tehalka within one month of the date of issue of this Order.**

The Annual Transmission Charges approved for FY 2021-22 will be applicable with effect from April 01, 2021 and shall continue to apply till further Orders of the Commission.

Shri M.K. Jain **Member (Technical)**	**Shri D.P. Gairola** **Member (Law)**

6. Annexures

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

POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.

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

PUBLIC NOTICE

Inviting Comments on the Petition filed by PTCUL for approval of the proposed Transmission Charges for FY 2021-22

Salient Points of the ARR/Tariff Petition

1. Power Transmission Corporation of Uttarakhand Limited (PTCUL), a Transmission Licensee in the State of Uttarakhand has filed a Petition before the Commission for approval of truing up of FY 2019-20 based on audited Accounts & Annual Performance Review (APR) for FY 2020-21 and the Revised ARR for FY 2021-22. The summary of the proposals of the Intra-State network for the aforesaid is given in the following Table:

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

S. No.	Particulars	FY 2019-20 (True Up)		FY 2020-21 (APR)		FY 2021-22 (ARR)	
		Approved (T.O. dt. 27.02.2019)	Claimed for true up	Approved (T.O. dt. 18.04.2020)	Revised Estimates	Approved (T.O. dt. 27.02.2019)	Proposed
1	Depreciation	78.90	78.70	85.11	86.23	101.50	95.99
2	Interest on Long Term Loans	63.31	51.66	55.07	53.57	76.64	57.65
3	Return on Equity	31.08	43.04	38.65	49.46	55.71	56.42
4	O&M Expenses	160.66	146.77	162.80	168.16	219.94	183.87
5	Interest on Working Capital	11.00	6.55	10.59	9.84	17.02	13.21
6	Income Tax	0.00	29.74	0.00	0.00	0.00	0.00
7	**Gross Expenditure**	**344.95**	**356.47**	**352.22**	**367.28**	**470.81**	**407.13**
8	Less: Non-Tariff Income	10.00	7.79	10.00	10.00	10.00	10.00
9	Add: Balance on account of Interest on Loan for FY 2018-19	-	2.57	-	-	-	-
10	Add: True up of previous years including carrying cost	(32.04)	(32.04)	(88.58)	(88.58)	-	16.26
11	Less: Sharing of Incentive due to higher availability	-	0.86	-	-	-	-
12	Less: Revenue from short term open access	1.65	3.43	4.07	3.43	1.82	3.43
13	Less: Revenue from Natural ISTS	34.89	34.89	-	-	-	-
14	Less: ARR for SLDC	11.35	-	13.83	14.95	24.42	15.24
15	**Net ARR**	**255.01**	**280.04**	**235.74**	**250.32**	**434.57**	**394.72**
16	Revenue (Surplus)/Gap	-	13.67	-	-	-	-
17	Provision for RoE on initial equity	-	-	-	-	-	189.08
18	Provision for RoE on equity contribution by GoU through PDF	-	-	-	-	-	357.36

2. PTCUL has proposed a total increase of 67.44% for FY 2021-22 (which includes the truing up impact of FY 2019-20 along with the carrying cost on the same) over the approved transmission charges for FY 2020-21. In addition, PTCUL has also claimed Rs. 546.44 Crore on account of Return on Equity on initial equity and equity contributed by Government of Uttarakhand through PDF and considering this claim, the total increase works out to 299%. In case, the entire claim of PTCUL including that of RoE on initial equity and equity contributed through PDF is also accepted by the Commission, additional increase of 8.50 % in consumer tariff shall be required over and above the hike proposed by UPCL. However, if the claim of PTCUL is considered without provisions, additional increase of only 0.80% in consumer tariff shall be required over and above the hike proposed by UPCL.
3. Detailed proposal 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 office of the Petitioner.
4. The proposal is 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 **31.03.2021.**

No. 104/HQPU/PTCUL Dt. 10/02/2021

Managing Director

"Save Electricity in the Interest of Nation"

6.2 Annexure-2 : List of Respondents

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	Mohabewala Industrial Area, Dehradun-248110
2.	Sh. Vijay Singh Verma	-	-	Village-Delna, P.O.-Jhabrera-247665, Distt. Haridwar
3.	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 Nainital on 06.04.2021

S.No.	Name of the Participants	Designation	Organization	Postal Address
1.	Sh. Sakeel Siddiqui	President	M/s Kashi Vishwanath Textile Mill (P) limited	(SPNG Group) 5th Km Stone, Ramnagar Road, Kashipur-244713 Uttarakhand
2.	Sh. R.K. Singh	-	M/s Tata Motors	Plot No. 1, Sec-11, 11 E, SIDCUL, Pant Nagar
3.	Sh. R.K. Gupta	-	I. Sitarganj Sidcul Industries Welfare Association II. KGCCI, Kashipur	C 50, ELDECO, SIDCUL Industrial Park, Sitarganj, Udham Singh Nagar
4.	Sh. Chandan Bhandari	-	-	BST Textile Mills Pvt. Ltd, Plot No. 9, Sector-09, SIDCUL, Rudrapur
5.	Sh. Madhup Misra	-	-	KGCCI, Head Admin/Account Indian Glycols Ltd. (IGL), Kashipur
6.	Sh. Manish Sah	-	-	Mill House, Tallital, Nainital
7.	Sh. Madan Lal Goel	-	M/s G.L.D. Agri Food	G.L.D. Agri Food, Sitarganj, Vill-Malpuri, P.O. Nakatpura, Sitarganj, Udham Singh Nagar
8.	Sh. Rajeev Gupta	DGM	M/s Kashi Vishwanath Steel Pvt. Ltd.	KVSL, Narayan Nagar, Bajpur Road, Kashipur, Udham Singh Nagar
9.	Sh. Dinesh Sah,	President	-	NIYRA, Ved Sah, Secretary India Hotel, Mall Road, Nainital
10.	Sh. Nishant Kumar	-	M/s Uttarakhand Steel Manufacturing Ass.	D-314, GF, Defence Colony, New Delhi-110024
11.	Sh. Maruti Nandan Shah	-	-	86, Ramsey Road, Tallital, Nainital
12.	Sh. Madan Mohan	-	-	Vill-Pathari, P.O. Simrar, Distt. Nainital
13.	Sh. Amandeep Singh	-	-	Aagyas 108, Tallital, Nainital
14.	Sh. Tribuwan Fartiyal	General Secretary	Vypar Mandal, Nainital	Vypar Mandal, Chat Park, Mallital, Nainital
15.	Sh. Ravi Pal	Dy. Manager (Electrical)	Govt. Medical College	Govt. Medical College, Rampur Road, Rampur, Haldwani, Uttarakhand 263129

List of Participants in Hearing at Dehradun on 10.04.2021

S.No.	Name of the Participants	Designation	Organization	Postal Address
1.	Sh. Pankaj Gupta,	President	M/s Industries Association of Uttarakhand	Mohabelwala Industrial Area Dehradun - 248 110 Uttarakhand
2.	Sh. Rajeev Agrawal	Sr. Vice President	M/s Industries Association of Uttarakhand	Industries Association of Uttarakhand Mohabelwala Industrial Area, Dehradun - 248 110 Uttarakhand
3.	Sh. Sanjeev Kumar	Sr. Office Executive	M/s Industries Association of Uttarakhand	Industries Association of Uttarakhand Mohabelwala Industrial Area, Dehradun - 248 110 Uttarakhand
4.	Sh. Harindra Garg	Chairman	M/s SIDCUL Infra Association Uttarakhand	Creative Industries Plot No. 5, Sector 3, IIE, SIDCUL, Haridwar, 249403
5.	Sh. R.K. Tyagi,	Sr. Vice Chairman	M/s SIDCUL Infra Association Uttarakhand	Creative Industries Plot no. 5, Sector 3, IIE, SIDCUL, Haridwar, 249403
6.	Sh. Rakesh Yadav	-	-	K-3, AIS Industrial Estate Latherdeva Hoon Manglour Jhabrera, Roorkee - 247667
7.	Sh. K.L. Sundariyal,	General Secretary	Prantiya Electrical Contractors Association Uttarakhand	2,(4/3) New Road, (1/1 Amrit Kaur Road), Near (Hotel Relax), Dehradun
8.	Sh. Naval Duseja	-	M/s FLEX Foods Ltd.,	Lal Tappad Industrial area Haridwar Road, Roorkee, P.O. Resham Majari
9.	Sh. Amit Verma,	Manager (Electrical Maintenance)	M/s Finolex Cables Ltd.,	K1+ K2, AIS Industrial Estate Village Latherdeva Hoon Manglour Jhabrera Road, Haridwar-247665
10.	Sh. Rakesh Bhatia,	State Chairman	M/s Indian Industries Association (IZA)	E-8, Govt. Industrial area Patelnagar, Dehradun
11.	Sh. Arvind Kr. Jain	Member of Tarun Kranti Manch	-	06-Ramleela Bazar, Dehradun
12.	Sh. Dhan Singh Bisht	-	-	S/o Ram Singh Bisht, A/1 Paniyalal Road, Subhash Nagar, Roorkee, Haridwar
13.	Sh. Brig. K.G. Behl	President	All India Consumer Council	8-Nemi Road, Dalanwala, Dehradun
14.	Ms. Gulista Khanam	-	Sravardhan Sadhbhwana Samiti.	Kargi Grant, Ward no. 42, Vigilance office, P.O. Banjarawala, Dehradun
15.	Sh. Sushil Tyagi	-	Sanyukt Nagrik Sangathan,	JY-THOC, Colony, Pathribagh, Dehradun
16.	Sh. Mukesh Naryan Sharma	-	Swatantrata senani Kalyan Samiti	24/1 Circular Road, Dehradun
17.	Sh. Biru Bisht	-	-	Mohanpur, P.O. Premnagar, Dehradun

18.	Sh. Arvind Kr. Gupta	Central President	Netaji Sangarsh Samiti.	18, Majari Road, Laxman Chowk, Dehradun,
19.	Sh. Vijay Singh Verma	-	-	Village-Delna, P.O. Jhabrera, Roorkee-247665, Haridwar
20.	Sh. Sunil Kr. Gupta	-	Teesre Aankh ka Tehelka	16-Chakrata Road (Tiptop Gali), Dehradun
21.	Sh. Sushil Saini	-	Sanyukt Nagrik Sangathan	JY-THOC, Colony, Pathribagh, Dehradun
22.	Sh. S.P. Chauhan	-	-	12/115, Tea State, Banjarawala, Dehradun
23.	Sh. Rajendra Chaudhary	Vice President,	Dist. Congress	35, Civil Lines, Roorkee, Haridwar
24.	Sh. Kamaldeep Kamboj	-	-	21-Teachers Colony, Govindgarh, Dehradun