

पावर ट्रांसमिशन कारपोरेशन ऑफ उत्तराखण्ड लि0
(उत्तराखण्ड सरकार का उपक्रम)
Power Transmission Corporation of Uttarakhand Ltd.
CIN: U40101UR2004GO1028675

कारपोरेट आफिस
CORPORATE OFFICE
प्रबन्ध निदेशक कार्यालय
Managing Director's Office

No. 1793/MD/PTCUL/UERC

Dated: 30/11/2015

To,

The Secretary
Uttarakhand Electricity Regulatory Commission
"Vidyut Niyamak Bhawan",
Near I.S.B.T., P.O. Majra
Dehradun (Uttarakhand)

Subject:- Filing of Petition for approval of Multi Year Tariff Petition for control period 2016-17 to 2018-19, determination of tariff for FY 2016-17, True-up of FY 2014-15 and Annual Performance Review for FY 2015-16 for PTCUL.

Sir,

In reference to above mentioned subject, Petition for Multi Year Tariff Petition for control period 2016-17 to 2018-19, determination of tariff for FY 2016-17, True-up of FY 2014-15 and Annual Performance Review for FY 2015-16 of Power Transmission Corporation of Uttarakhand Ltd is being submitted herewith.

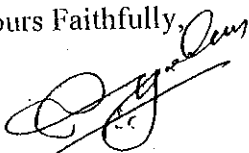
Submitted for kind consideration and approval of the Hon'ble Commission.

Encl:

1. Draft No. 287961 dated 20.11.2015, for Rs. 1.00 Lac.
2. Petition.

Thanking you,

Yours Faithfully,


(S.S. Yadav)
Managing Director



उत्तराखण्ड UTTARAKHAND

L 141803

BEFORE UTTARAKHAND ELECTRICITY REGULATORY COMMISSION,
DEHRADUN

IN THE MATTER OF:

Filing of Petition for approval of Multi Year Tariff Petition for control period 2016-17 to 2018-19, determination of tariff for FY 2016-17, True-up of FY 2014-15 and Annual Performance Review for FY 2015-16 for PTCUL

AND

IN THE MATTER OF:

Power Transmission Corporation of Uttarakhand Ltd.
"Vidyut Bhawan", 132KV Substation Majra, Saharanpur Road,
Near I.S.B.T. Crossing, Dehradun 248002.

.....Petitioner

Affidavit

I, Sumer Singh Yadav, S/o Sh. Ram Sukh Yadav aged about 60 years, Managing Director, Power Transmission Corporation of Uttarakhand Ltd., "Vidyut Bhawan", 132KV Substation Majra, Saharanpur Road, Near I.S.B.T. Crossing, Dehradun, the deponent named above do hereby solemnly affirm and state on oath as under:-

S.S. YADAV
MANAGING DIRECTOR
POWER TRANSMISSION CORPORATION
OF UTTARAKHAND LTD., DEHRADUN

1. That the deponent is the Managing Director who is authorized as per the resolution of the company (In case the Petitioner is a Company) dated 27.11.2015 and is acquainted with the facts deposed to below.
2. I, the deponent named above do hereby verify that the contents of the paragraph Nos. 1 of the affidavit and the statements made and data presented in the accompanying petition are true to my personal knowledge and are based on present information/ records of the Company and are based on estimation arising from present data/ records of the company which I believe to be true and verify that no part of this affidavit is false and nothing material has been concealed

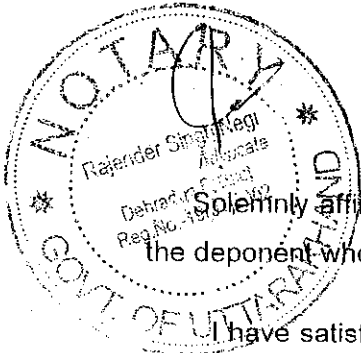
(Signature)
 (Deponent)

I, Shailendra Pundir Advocate, Dehradun

declare that the person making this affidavit is known to me through the perusal of records and I am satisfied that he is the same person alleging to be deponent himself.

(Signature)
 MANAGING DIRECTOR
 TRANSMISSION CORPORATION
 OF UTTARAKHAND LTD., DEHRADUN

(Signature)
 Advocate



Solemnly affirmed before me on this 30 day of 11, 2015 at 3 a.m. / p.m. by the deponent who has been identified by the aforesaid Advocate.

I have satisfied myself by examining the deponent that he understood the contents of the affidavit which has been read over and explained to him. He has also been explained about section 193 of Indian Penal Code that whoever intentionally gives false evidence in any of the proceedings of the Commission or fabricates evidence for purpose of being used in any of the proceedings shall be liable for punishment as per law.

(Notary Public)

ATTESTED
(Signature)
 (RAJENDER SINGH NEGI)
 Advocate & NOTARY
 Collectorate Court Compound
 Dehra Dur

(Signature)

**BEFORE THE UTTARAKHAND ELECTRICITY REGULATORY COMMISSION,
DEHRADUN**

In the matter of: Filing of Multi Year tariff petition for control period FY 2016-17 to FY 2018-19, determination of tariff for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 for PTCUL

AND

IN THE MATTER OF : Power Transmission Corporation of Uttarakhand Ltd.
VidyutBhawan", 132KV Substation Majra, Saharanpur Road,
Near I.S.B.T. Crossing, Dehradun 248002.

.....Petitioner

1. **Specific Legal Provisions under which the petition is being filed:** This petition is being filed under Section 64 (I) of the Electricity Act, 2003, Regulation 56 of UERC (Conduct of Business) Regulations, 2014, Regulation 10 of the Uttarakhand Electricity Regulatory Commission (Terms and Conditions for determination of Multi Year Tariff) Regulation 2015, Regulation 13 and Regulation 14 of Uttarakhand Electricity Regulatory Commission (Terms and Conditions for determination of Tariff) Regulation 2011.
2. **Limitation:** The Petitioner submits that due to non-finalization of Transfer Scheme, the petitioner has continued with the opening Gross Fixed Assets for FY 2004-05 as approved by the Commission in the Tariff Order on Approval of Business Plan and Multi Year Tariff Petition For Power Transmission Corporation of Uttarakhand Ltd. for First Control Period (FY 2013-14 to FY 2015-16).
3. **Facts of the Case:**
The Petitioner has submitted for true-up of ARR for FY 2014-15 based on the Audited annual accounts as per the UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011.
Further, the Petitioner has also submitted the Annual Performance Review for FY 2015-16 in line with the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 for approval of the Hon'ble Commission.
4. **Cause of Action:** The Petitioner has proposed true-up for the FY 2014-15 based on the audited annual accounts of PTCUL along with the review of Aggregate Revenue Requirement for FY 2015-16, determination of aggregate revenue requirement for each year of the control period FY 2016-17 to FY 2018-19 and determination of transmission charges for FY 2016-17 for the kind approval of the Hon'ble Commission.


S.S. YADAV
MANAGING DIRECTOR
POWER TRANSMISSION CORPORATION
OF UTTARAKHAND LTD., DEHRADUN

5. **Detail of Remedy Exhausted:** The petitioner declares that he has availed all the remedies available to him under the relevant provisions of applicable law and rules/regulations framed there under.
6. **Matter not previously filed or pending with any other court:** The Petitioner further declares that he has not previously filed any petition or writ petition or suit regarding the matter in respect of which this petition has been made, before the Hon'ble Commission, or any court or any other authority, nor any such writ petition or suit is pending before any of them.
7. **Relief Sought:** The Petitioner has sought recovery of the revenue gap based on the truing-up of FY 2014-15 on audited accounts. Further, the Petitioner has proposed approval of ARR for each year of the control period (FY 2016-17 to FY 2018-19) and determination of the Transmission Charges to be recovered from Intra-State Transmission beneficiaries. The Petitioner has also sought approval of transmission charges to be recovered for 220 kV DC Bhilangana III –Ghansali line from interstate beneficiary.
8. **Details of Tariff Filing Fees:** Enclosed Demand Draft of Rupees 100000.00 (Rs. One Lac) bearing number "287961" of PNB Bank, Dated 20.11.2015

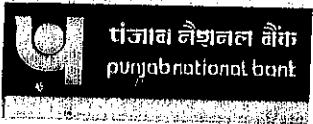
(Signature of the Petitioner)

S.S. YADAV
MANAGING DIRECTOR
POWER TRANSMISSION CORPORATION
OF UTTARAKHAND LTD., DEHRADUN

I, Sumer Singh Yadav S/o Sh. Ram Sukh Yadav aged about 60 years, working as Managing Director, Power Transmission Corporation of Uttarakhand Ltd., "Vidyut Bhawan", 132KV Substation Majra, Saharanpur Road, Near I.S.B.T. Crossing, Dehradun, do verify that the contents of the Para 1 to 8 are true to my personal knowledge and are derived from official records, which are true from record, and para 1 to 8 are believed to be true or legal advice and that I have not suppressed any material fact.

(Signature of the Petitioner)

S.S. YADAV
MANAGING DIRECTOR
POWER TRANSMISSION CORPORATION
OF UTTARAKHAND LTD., DEHRADUN



इन्दिरा नगर, देहरादून (उत्तराखण्ड) (1556)
Indira Nagar, DEHRADUN (Uttarakhand) - 248001

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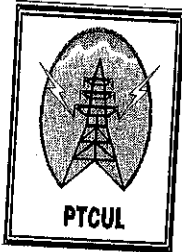
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S.S. YADAV
MANAGING DIRECTOR
POWER TRANSMISSION CORPORATION
OF UTTARAKHAND LTD., DEHRADUN



पावर ट्रांसमिशन कारपोरेशन ऑफ उत्तराखण्ड लि०
(उत्तराखण्ड सरकार का उपक्रम)

उपमहाप्रबन्धक (विधि) एव कम्पनी सचिव कार्यालय
विद्युत भवन, नजदीक-आई०एस०बी०टी० क्रॉसिंग, सहारनपुर रोड, माजरा, देहरादून-248002
दूरभाष नं० 0135-2642796 email:- praveentandon@ptcul.org

No: 489/DGM (L&CS)/PTCUL/

Dated 27.11.2015

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE MEETING OF THE BOARD OF DIRECTORS OF POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED HELD ON 27TH NOVEMBER, 2015 AT 12:00 P.M AT UPCL, BOARD ROOM, VICTORIA CROSS VIJETA, "GABAR SINGH BHAWAN", KANWALI ROAD, DEHRADUN.

"**RESOLVED THAT** the Board be and hereby approves the Multi Year Tariff petition for control period 2016-17 to 2018-19, determination of tariff for FY 2016-17, true up for FY 2014-15 and Annual Performance Review for FY 2015-16 for PTCUL and that the Managing Director/Director (Project), PTCUL be and is hereby authorized to sign the Application/Petition for Multi Year Tariff for control period 2016-17 to 2018-19, determination of tariff for FY 2016-17, true up for FY 2014-15 and Annual Performance Review for FY 2015-16 for PTCUL for submission to the Hon'ble UERC".

"**RESOLVED FURTHER THAT** the Managing Director be and is hereby authorized to do all such acts, deeds and things as he may deem fit, proper and expedient to give effect to the above resolution."


Certified to be true

For Power Transmission Corporation of Uttarakhand Limited


(Praveen Tandon)
DGM (Legal) & CS.

Date : 27-11-2015

Place: Dehradun.


S.S. YADAV
MANAGING DIRECTOR
POWER TRANSMISSION CORPORATION
OF UTTARAKHAND LTD., DEHRADUN

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POWERTRANSMISSION CORPORATION OF
UTTARAKHAND LIMITED



MULTI-YEAR TARIFF PETITION

FOR

THE CONTROL PERIOD FY 2016-17 TO FY 2018-19, ANNUAL
PERFORMANCE REVIEW FOR FY 2015-16

AND

TRUE-UP FOR FY 2014-15

SUBMITTED TO:

UTTARAKHAND ELECTRICITY REGULATORY
COMMISSION

Choose a building block.

Multi-Year Tariff Petition for the Control Period FY 2016-17 to FY 2018-19, Annual Performance Review for FY 2015-16 and True-Up for FY 2014-15

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Introduction

In accordance with the provisions of the Uttar Pradesh Reorganization Act 2000 (Act 29 of 2000), enacted by the Parliament of India on 25th August 2000, the State of Uttaranchal came into existence on 9th November 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 12th February 2001 and entrusted it with the business of transmission and distribution in the State. Subsequently, from 1st April 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 13th March 2001, signed between the Governments of Uttaranchal and Uttar Pradesh.

Meanwhile, Electricity Act 2003 was enacted by the Parliament of India on 10th June 2003, which mandated separate licenses for transmission and distribution activities. In exercise of powers conferred under sub-section 4 of Section 131 of the Electricity Act 2003, therefore, the Government of Uttaranchal through transfer scheme dated 31st May 2004 first vested all the interests, rights and liabilities related to Power Transmission and Load Dispatch 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 “Power Transmission Corporation of Uttarakhand Limited” (hereinafter referred to as ‘PTCUL’) after change of name of the State. The State Government, further vide another notification dated 31st May 2004 declared Power Transmission Corporation of Uttarakhand as the State Transmission Utility (STU) responsible for undertaking, amongst others, the following main functions:

- To undertake transmission of electricity through intra-state transmission system
- To discharge all functions of planning and co-ordination relating to intra-state transmission system
- To ensure development of an efficient, coordinated and economical system of intra-state transmission lines.
- To provide open access

A new company in the State was thus, created to look after the functions of Intra-State Transmission and Load Dispatch with effect from 31st May 2004. In view of re-structured function of UPCL and creation of a separate company for looking after the transmission related works, the Uttarakhand Electricity Regulatory Commission (hereinafter referred to as the ‘Hon’ble Commission’ or the ‘UERC’ or the ‘State Commission’ or the ‘Commission’) amended the earlier ‘Transmission and Bulk Supply License’ granted to UPCL and Transmission license was vested on PTCUL for carrying out transmission related works in the state vide Commission’s order dated June 9, 2004.

Post the formation of a separate transmission company, the Hon’ble Commission issued separate Tariff Orders for PTCUL in line with the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004 (hereinafter referred to as “UERC Tariff Regulations, 2004”) which was notified on 25th August 2004.

The Hon’ble Commission has issued new tariff regulations i.e. UERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations 2015 (hereinafter referred to as “UERC Tariff Regulations, 2015” or “MYT Regulations”). As per the new tariff regulations, the transmission licensee is required to submit an MYT Petition for the three year Control Period i.e. FY 2016-17-14 to FY 2018-19, accordingly Petitioner is filing the Multi-year Tariff petition for FY 2016-17 to FY 2018-19.

In accordance with regulation 12 of the UERC Tariff Regulations, 2015 and regulation 13 of the UERC Tariff Regulations, 2011, PTCUL is required to file each year an Annual Performance Review (APR) petition for true-up of past year and review of estimates for the ensuing year. Accordingly, the Petitioner is filing this APR Petition for true-up of FY 2014-15 and Review of ARR for FY 2015-16.

Choose a building block.

Multi-Year Tariff Petition for the Control Period FY 2016-17 to FY 2018-19, Annual Performance Review for FY 2015-16 and True-Up for FY 2014-15

The Petitioner prays to the Hon'ble Commission to consider its submission for true-up of FY 2014-15 as well as the MYT Petition for the next control period (FY 2016-17 to FY 2018-19) and pass appropriate order in this regard.

1. True-Up for FY 2014-15

1.1. Background

The Hon'ble Commission had issued the MYT Order for the Control Period FY 2013-14 to FY 2015-16 on 6th May 2013. In the MYT Order, the Commission had approved ARR for each year of the Control Period which is to be trued-up as part of Annual Performance Review (APR):

“The scope of the 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 following:

- *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;*
- *Categorization 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).*
- *Revision of estimates for the ensuing financial year, if required, based on audited financial results for the previous financial year;*
- *Computation of the sharing of gains and losses on account of controllable factors for the previous year.”*

Since FY 2014-15 is complete and audited accounts are available, PTCUL is submitting the truing-up for FY 2014-15 as per the provisions of MYT Regulations, 2011.

The MYT Order of SLDC was issued in April, 2014 when the year of FY 2013-14 was complete. Also, no separate audited accounts are available for SLDC and auditing of financial accounts has been undertaken for PTCUL including SLDC and SCADA units. Therefore, based on the audited accounts, the truing-up for FY 2014-15 has been proposed for PTCUL as a whole.

1.2. Gross Fixed Assets

For the opening GFA of FY 2014-15, PTCUL has considered the closing GFA as approved by the Commission for FY 2013-14. As per the Annual Audited accounts for FY 2014-15, the scheme-wise actual capitalization of PTCUL during FY 2014-15 is summarized in table below:

Table 1 : Actual Scheme-wise Capitalization and funding for FY 2014-15 (Rs. Crore)

Capitalization	GFA	Debt %	Debt	Equity	Grant
REC New	9.42	70%	6.59	2.83	
REC IV	22.14	70%	15.50	6.64	
REC V	19.65	70%	13.76	5.90	
PFC	10.82	70%	7.57	3.25	
PFC (Computer equipment)		70%	0.00	0.00	
REC IX	0.24	70%	0.17	0.07	
REC XI		70%	0.00	0.00	
PFC-Capital R&M works		70%	0.00	0.00	
REC 6410		70%	0.00	0.00	
REC 4365	0.1	70%	0.07	0.03	
REC 5533	1.32	70%	0.92	0.40	
REC 5763		70%	0.00	0.00	
REC 7085		70%	0.00	0.00	

Capitalization	GFA	Debt %	Debt	Equity	Grant
Deposit works	23.71	0%	0.00	0.00	23.71
System Strengthening	3.87	70%	2.71	1.16	
Total	91.27		47.29	20.27	23.71

Based on the capitalization in GFA for FY 2014-15, the opening and closing GFA considered for true-up of FY 2014-15 is summarized in table below:

Table 2 : Proposed Opening and Closing GFA for True-up of FY 2014-15 (Figures in Rs Crore)

S.No.	Particulars	Amount
1	Opening GFA for FY 2014-15	964.81*
2	Addition during the FY 2014-15	91.27
3	Deletion during the FY 2014-15	7.33
4	Closing GFA	1048.75

*Opening GFA as per as per approved closing GFA of FY 2013-14

1.3. Depreciation

The depreciation has been calculated at the rates prescribed by the UERC MYT Regulations 2015. The average depreciation of 5.28% has been applied on the opening and closing GFA determined above.

Further the depreciation towards assets created out of consumer contribution and grants, deposit works has not been considered for the computation of eligible depreciation for true-up purposes in accordance with the UERC MYT Regulations 2015. The proposed depreciation expenses for the years FY 2014-15 for true-up have been presented in the table below:

Table 3 : Proposed Depreciation for True-up of FY 2014-15 (Figures in Rs Crore)

Particulars	True-up
Opening GFA	964.81
Less: Grants	63.42
opening GFA eligible for depreciation	901.39
Addition	91.27
Less: Grants	23.71
Addition in GFA (net of deposit work)	67.56
Closing GFA eligible for depreciation	968.95
Rate of Depreciation	5.28%
Depreciation	49.38

The Petitioner seeks a depreciation expense of Rs. 49.38 Crore for the FY 2014-15 and requests the Hon'ble Commission to approve the same

1.4. Interest and Finance charges

For computation of interest and finance charges, the closing balance of loans for FY 2013-14 as approved by the Commission in its tariff order for true up of FY 2013-14 has been considered for the opening loan balance for FY 2014-15. As per the MYT Regulations 2011, the loan payment has been considered equal to the depreciation for FY 2014-15. The interest cost for FY 2014-15 has been computed considering the effective rate of interest of 12.13% on the gross loans as per the audited accounts. The computation of interest charges is provided in the table below:

Table 4 : Proposed Interest Charges for True-up of FY 2014-15 (Figures in Rs Crore)

Particulars	Approved	Revised Proposed
Opening Balance of Loans	395.94	410.31
Addition in loans of capitalized assets during FY 2014-15	137.89	47.29
Repayment	47.67	49.38
Closing Balance of Loans	486.16	408.23

Particulars	Approved	Revised Proposed
Effective Interest Rate	10.06%	12.13%
Interest	44.37	49.64

It is submitted that at the time of issuance of MYT Order, the Hon'ble Commission had considered the weighted average rate of interest on loan as 10.06% and had mentioned that any variation in the interest due to change in rate of interest shall be considered while undertaking true-up based on audited accounts of the respective financial year. The interest rates of REC and PFC have undergone revision in the past years, therefore, the actual weighted average interest rate for FY 2014-15 works out to be 12.13% as per the audited accounts which has been considered for the purpose of true-up. It is submitted that the increase in interest cost is towards uncontrollable factors and interest charge of Rs. 49.64 Crore as proposed for true-up of FY 2014-15 in the table above should be approved.

1.5. Return on equity

The computation of Return on Equity (RoE) has been undertaken as per the stipulations of UERC MYT Regulations, 2011 for the purposes of true-up. In the previous APR petition, PTCUL had submitted the details of various equity contributions received in the past years and had requested the Hon'ble Commission to allow RoE on the equity contribution from budgetary funds of Govt of Uttarakhand. The Hon'ble Commission after prudence check had allowed RoE on the same.

A return on equity of 15.5% has been considered as per the provisions of the UERC MYT Regulations 2011. Opening equity for FY 2014-15 has been considered in line with the closing equity approved by the commission in its past order on true-up of 2013-14. The table below shows the computation of return on equity being proposed for true-up for FY 2014-15.

Table 5 : Proposed Return on Equity for True-up of FY 2013-14 (Figures in Rs Crore)

Particulars	Amount
Opening Equity base eligible for Return for FY 2014-15 *	170.24
Equity corresponding to the assets capitalized during FY 2014-15*	20.27
Closing Equity of FY 2014-15*	190.51
Rate of Return	15.5%
Return on Equity	27.96

*Includes equity infused by GoU through PDF.

In the previous Tariff Orders issued by the Hon'ble Commission, the return on equity was not allowed to PTCUL on the ground that the equity provided by the Govt of Uttarakhand was out of Power Development Fund which was realized from the consumers in form of a cess.

As per the Hon'ble Appellate Tribunal of Electricity (ATE) dated 15th May 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015,

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

Hon'ble Supreme Court in its Order dated 12th Oct, 2015 has stayed the order of the Hon'ble ATE. The Petitioner is in process of seeking clarification and removing stay on allowing return on equity on fund received through PDF. The Petitioner is hopeful of receiving the clarification and removing the stay in the current financial year, hence the Petitioner has claimed return on equity of fund received through PDF also in this petition.

1.6. Income Tax

In the MYT Order, the Hon'ble Commission had not approved grossing up of Return on Equity in view of the losses of PTCUL in the past years. The UERC Tariff Regulations provide for recovery of actual income tax paid at the time of truing up of the respective year. Therefore, PTCUL requests the Hon'ble Commission to approve the actual income tax liability of Rs11.63 Crore for the FY 2014-15. The same has been claimed as per audited accounts of FY 2014-15.

1.7. Non-Tariff income

As per audited annual accounts, the non-tariff income of Rs 2.42 Crore has been considered for true-up as compared with the approved Rs.1.37 Crore for FY 2014-15. The Hon'ble Commission is requested to approve the same.

1.8. O&M Expenses

O&M expenses comprise of expenses towards Employee costs, Administrative and General (A&G) expenses and expenses towards Repairs and Maintenance (R&M).

The actual O&M expense under various heads as per audited accounts compared with the approved components of O&M expenses is summarized in table below:

Table 6 : Proposed O&M Expense for True-up of FY 2014-15 (Figures in Rs Crore)

Particulars	Approved	Revised Proposed
Employees Cost	65.07	51.85
Repair & Maintenance	30.18	16.56
Admin & General Expenses	14.07	14.21
Total O&M	109.32	82.62

Since O&M expense is a controllable parameter as per MYT Regulations, the gain or loss with regard to same is required to be shared with the consumers. The gain on account of difference between approved and actual O&M expense and sharing of the same is computed as per table below:

Table 7 : Gain / Loss on account of O&M for FY 2014-15 (Figures in Rs Crore)

Particulars	Amount
O&M to be approved (as per revision of R&M)	109.32
Actual O&M (as per audited accounts)	82.62
Gain (Employee cost and R&M)	26.84
Loss (A&G)	0.14
20% of gain (and 25% of loss) to be allowed in tariff	5.33
Balance to be retained by PTCUL	21.37

The Hon'ble Commission is requested to approve sharing of the gain as per the table above computed as per Regulation 15 (1) of the UERC Tariff Regulations 2011.

1.9. Interest on working capital

The Petitioner has considered working capital computation as per the provisions of UERC Tariff Regulations 2011. SBI PLR as on 1st April 2014 has been considered as the interest rate for computing the interest on working capital in line with the regulations. The table below depicts the proposed interest on working capital for FY 2014-15:

Table 8 : Proposed Interest on Working Capital for True-up (Figures in Rs Crore)

Particulars	Amount
O & M Expenses for one month	6.89

Maintenance & Spares (@ 1% of the historical cost escalated @ 6%)	14.76
Receivable (2 months)	43.19
Total Working Capital	64.84
Interest rate for working capital (in %)	14.75%
Working Capital Interest	9.56

1.10. Approved and Proposed ARR for True-up of FY 2014-15

Based on the parameters discussed above, revenue gap for FY 2014-15 has been computed as provided in table below:

Table 9 : Revenue Gap for FY 2014-15 for True-up (Figures in Rs Crore)

Particulars	Approved	Revised True-Up
Net O&M expenses	109.32	82.62
Interest charges	44.37	49.64
Guarantee Fees	1.74	0.12
Depreciation	47.67	49.38
Interest on Working Capital	9.06	9.56
Reasonable Return	10.92	27.96
Income Tax		11.63
Add : Gain/loss (on account of controllable items) of licensee		21.37
Gross Expenditure	223.08	252.28
Less: Non-Tariff Income	1.37	2.42
Net Expenditure	221.71	249.86
Add : True up of previous years including carrying cost	16.99	16.99
Less: SLDC related expense	6.02	7.70
Aggregate Revenue Requirement	232.68	259.15
Total Revenue from Transmission Charges		232.68
Revenue Surplus/ (Gap)		26.47

Based on the above comparison of approved and actual ARR parameters, a revenue gap of Rs. 26.47 Crore is computed for FY 2014-15 which is proposed to be carried forward. The Hon'ble Commission is requested to approve to same along with carrying cost which is computed in the subsequent chapter.

2. Annual Performance Review of FY 2015-16

2.1. Background

On 6th May, 2013, the Hon'ble Commission had issued the MYT Order for PTCUL for the Control Period FY 2013-14 to FY 2015-16. PTCUL is required to file for Annual Performance Review (APR) in line with Regulation 13 (1) of the MYT Regulations, 2011. The Clause (3) of Regulation 13 of MYT Regulations, 2011 states that:

“The scope of the 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 following:

- *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;*
- *Categorization 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).*
- *Revision of estimates for the ensuing financial year, if required, based on audited financial results for the previous financial year;*
- *Computation of the sharing of gains and losses on account of controllable factors for the previous year.”*

In this section, PTCUL has outlined its performance for FY 2015-16 for six months against the Tariff Order for FY 2015-16 issued by the Hon'ble Commission and has also proposed review of ARR for FY 2015-16. PTCUL submits that the six monthly figures are currently provisional and subject to change. Therefore, PTCUL is proposing the capital expenditure and capitalization for FY 2015-16 in line with the Business Plan projections which are as per realistic estimates for FY 2015-16.

The revised estimates for FY 2015-16 and actual six months (April-September 2015) expenditure as per provisional balance sheet for various parameters are discussed below:

2.2. Capital Expenditure and Capitalization

In the Tariff Order for the first Control Period, the Hon'ble Commission has approved the Business Plan and Multi Year Tariff Petition of PTCUL. Based on detailed analysis of the submission made by PTCUL in the Business Plan, the Hon'ble Commission has approved capital expenditure for each year of the Control Period against each scheme. Accordingly, capitalization for each year has been approved for the purpose of computation of various parameters of ARR.

The details of approved capital expenditure and capitalization for the Control Period are provided in the table below:

Table 10 : Approved Capital Expenditure and Capitalization for the Control Period (Figures in Rs Crore)

Particulars	2013-14	2014-15	2015-16
Capital Expenditure	183.54	265.16	58.76
Capitalization	117.98	167.77	130.89

During the first six months of the current financial year (FY 2015-16), PTCUL has capitalized assets of Rs 18.62. Based on the six month progress of the capital works in FY 2015-16 and estimated works to be completed during balance months of FY 2015-16, PTCUL estimates that it would be able to achieve the capitalization targets approved for FY 2015-16. The details of the works estimated to be completed and capitalized during the balance six months is provided in the table below:

Table 11 : Works Estimates to be completed during FY 2015-16 (Figures in Rs Crore)

Particulars	Approved	Revised Proposed
Construction of LILO of 132 KV Purkul-Dhalipur Line at 220 KV s/s Dehradun	3.46	31/01/2016
LILO of 132 KV Kulhal-Majra Line at 220 KV S/s Dehradun	1.71	29/07/2015
LILO of 132 KV Kulhal-Majra Line at 220 KV S/s Dehradun (Civil works) (additional capitalization)	1.68	31/03/2016
Civil work, Bairelly-Pantnagar 220 kv Line	0.83	31/12/2015
132 KV D/C Srinagar -Simli Line	118.52	31/01/2016
132 kv Simli S/s	12.67	31/01/2016
Civil work, Khatima- Sitarganj 132 kv Line	1.47	31/01/2016
Construction of 132 KV s/s Srinagar	19.77	31/12/2015
Increasing capacity of 132 KV S/S Kathgodam (Haldwani) form 40 MVA to 80 MVA	2.94	05/08/2015
Increasing capacity of 132 KV S/S Bhowali form 30 MVA to 50 MVA	2.36	05/08/2015
Increasing capacity of 132 KV S/S Almora form 40 MVA to 60 MVA	2.54	26/07/2015
Increasing capacity of 132 KV S/S Bazpur form 80 MVA to 120 MVA	5.22	28/09/2015
Civil work, 132 KV S/S Kashipur	1.55	31/07/2015
Augmentation of 220KV S/s Pantnagar alongwith construction of 02Nos 220 KV Bays and 02 Nos 33 KV Bays.(REC)	8.21	31/03/2016
Development of Switchyard including dismantling chain link fencing and re-erection for 2x50 MVA T/F at 220 KV S/s Pantnagar.(REC)	0.36	31/03/2016
Increasing capacity of 132 KV S/s Ranikhet (1*30 MVA to 1*50 MVA) (132/33)	0.50	29/07/2015
Installation of 220/33 KV 50 MVA transformer and construction of 3 Nos 33 KV bay at 220 KV Sidcul S/s Haridwar	9.20	16/03/2016
Construction of 132 KV S/C line from 220 KV Sidcul S/s to 132 KV Jwalapur S/s and 2 Nos associated bays.	6.77	16/03/2016
Increasing capacity 132 KV Jwalapur 2X40 MVA (132/33 KV) to 3X40 MVA (132/33 KV) at 132 KV S/S Jwalapur	4.33	31/01/2016
Increasing capacity 132 KV Bhupatwala 2X40 MVA (132/33 KV) to 3X40 MVA (132/33 KV) at 132 KV S/S Bhupatwala and 3 nos 33 KV bays.	9.54	31/01/2016
Replacement of 132/33 KV 40 MVA transformer at 132 KV S/s Roorkee	5.43	31/01/2016
Construction of 2X40 MVA 132/33 KV Chudiyala S/s and its LILO line	16.80	16/12/2015
Misc Equipment for 220 KV S/s Jhajra (Additional capitalisation)	0.10	30/09/2015
const of 01 no. of incoming bay at 132 KV Sitarganj from 220 KV S/s PGCIL Pantnagar	0.85	30/09/2015
132 kv S/s Laltappar (Additional capitalisation)	0.26	30/09/2015
220 KV S/s Dehradun (Jhajra) Line 220 kv (Additional capitalisation)	0.61	30/09/2015
LILO of 132 KV Majra Rishikesh at 132 KV Laltappar (Additional capitalisation)	0.00	30/09/2015
LILO of 220 KV Khodri Rishikesh at 220 KV Dehradun (Additional capitalisation)	0.03	30/09/2015
220 KV line from 400 KV Kashipur to 200 KV Mauakeraganj (Additional capitalisation)	0.03	30/09/2015

Particulars	Approved	Revised Proposed
132 kV Kashipur Bazpur line (Additional capitalisation)	0.14	30/09/2015
LILO of 132 KV Almora-Pithoragarh at 220 KV Pithoragarh (PGCIL) (Additional capitalisation)	0.23	30/09/2015
Miscellaneous	0.02	30/09/2015
Grand Total	238.13	

Considering the actual works capitalized during first six months of FY 2014-15 and the existing status of the above mentioned projects, PTCUL would be in a position to meet the capitalization planned for FY 2015-16.

2.3. Operation and Maintenance Expenditure

In the APR Order for FY 2014-15, Hon'ble Commission had marginally revised the O&M expense for FY 2015-16 in view of the revision of R&M expense and A&G expense on account of change in gross fixed assets and insurance towards transmission assets, respectively.

The details of actual six months O&M expense for FY 2015-16 is provided in table below:

Table 12 : Actual O&M Expenses for 6 months of FY 2015-16 (Figures in Rs Crore)

Particulars	Approved in APR	Actual 6 months	Revised Proposed
Employee Cost	68.08	27.68	68.08
R&M	35.50	8.16	35.50
A&G	13.57	8.33	13.57
Total	117.15	44.67	117.15

It is submitted that the expense under employee and R&M heads are lower due to the following reasons:

- Staff structural approval from the Government is awaited due to which PTCUL has not been able to recruit the employees as approved by the Hon'ble Commission in the MYT Order
- Works related to R&M expense are underway and expense against the same shall be recorded in the second half of the year

PTCUL has accordingly maintained the O&M expense for FY 2015-16 at same level as approved by the Hon'ble Commission in the APR Order for FY 2014-15. The Hon'ble Commission is requested to approve the revised O&M expenses for FY 2015-16 as proposed above.

2.4. Depreciation

The actual closing gross fixed asset at the end of FY 2014-15 has been provided in the chapter for True-up. Average depreciation rate of 5.28% for FY 2014-15 has been considered for the purpose of computing depreciation on the gross fixed assets at the beginning of the year for FY 2015-16. Also, pro-rata depreciation has been calculated for assets which are expected to be commissioned during FY 2015-16. The computation for revised depreciation is similar to that followed by the Hon'ble Commission in the MYT Order and is detailed in table below:

Table 13 : Proposed Depreciation for FY 2015-16 (Figures in Rs Crore)

Particulars	As per APR order	Revised
Opening GFA	1132.58	-
Less: Grants	63.26	-
Opening Depreciable GFA	1069.32	968.95
Addition in GFA	130.89	238.13
Less: Grants	-	

Particulars	As per APR order	Revised
Depreciable assets of addition	130.89	238.13
Closing GFA eligible for depreciation	-	1207.08
Depreciation Rate (%)	5.28%	5.28%
Depreciation	57.32	57.45

The Petitioner prays to the Hon'ble Commission to approve the revised depreciation charges for FY 2015-16, as proposed in the table above.

2.5. Interest on term loan

For the purpose of projection of interest on term-loans for FY 2015-16, PTCUL has considered the closing loans for FY 2014-15 based on the loan amount corresponding to the assets capitalised in each year considering the approved means of finance by the Hon'ble Commission in the MYT Order and additions during FY 2014-15 as per the approved loans.

The revised interest rates are based on the actual effective weighted average interest rate of 12.31% as per audited accounts for FY 2015-16 has been considered as against the approved 10.06% in the MYT Order. It is submitted that the new loans carry a higher rate of interest resulting in increase in effective interest rate for PTCUL. The Hon'ble Commission is requested to consider the incidental interest rate for approval of interest and finance charges for FY 2015-16.

Further, the repayment of loans for each year has been considered as equivalent to the depreciation computed above for FY 2015-16. The computation of interest for FY 2015-16 is summarized in table below:

Table 14 : Revised Interest on Term Loans for FY 2015-16 (Figures in Rs Crore)

Particulars	As per MYT order	Revised
Opening Loan	421.50	408.23
Addition	106.05	166.69
Repayment	49.80	57.45
Closing	477.75	517.47
Effective Interest Rate	10.06%	12.13%
Interest Expense	45.24	56.14

2.6. Interest on working capital

The Petitioner has considered working capital computation as per the provisions of UERC Tariff Regulations 2011. SBI PLR has been revised three times in FY 2015-16 and the petitioner has thus taken the weighted average of the same for the computation of working capital interest. The petitioner has accordingly taken an interest rate of 14.29%. Accordingly the interest on working capital has been calculated as given below:

Table 15 : Interest on Working Capital (Figures in Rs Crore)

Particulars	As per MYT order
O&M Expenses of one month	8.62
Maintenance spares	18.03
Two months receivables	51.11
Working Capital	77.76
Rate of interest on working capital	14.29%
Interest on Working Capital	11.11

The Petitioner prays to the Hon'ble Commission to approve the interest on Working Capital for FY 2015-16 as proposed.

2.7. Return on equity

The closing balance of equity for FY 2014-15 as computed in the true-up section has been considered as the opening for FY 2015-16 and equity portion of the capitalized assets have been considered as equity addition during FY 2015-16. .

The computation of opening equity has been provided in table below:

Table 16 : Computation of Revised Opening Equity for the Control Period (Rs. Crore)

Particulars	2014-15	2015-16
Opening Level of Equity	170.24	190.51
Addition	20.27	71.44
Closing Equity	190.51	261.95

Considering the revised opening equity base and in accordance with MYT Regulations, 2011, the revised RoE has been computed for the FY 2015-16. The computation of RoE for FY 2015-16 is summarized in table below:

Table 17 : Revised Computation of Reasonable Equity for FY 2015-16 (Figures in Rs Crore)

Particulars	2015-16
Opening Equity base eligible for Return*	190.51
Addition*	71.44
Closing Equity*	261.95
Rate of Return	15.50%
Return on Equity	35.07

*Includes equity infused by GoU through PDF.

In the previous Tariff Orders issued by the Hon'ble Commission, the return on equity was not allowed to PTCUL on the ground that the equity provided by the Govt of Uttarakhand was out of Power Development Fund which was realized from the consumers in form of a cess.

As per the Hon'ble Appellate Tribunal of Electricity (ATE) dated 15th May 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015,

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

Hon'ble Supreme Court in its Order dated 12th Oct, 2015 has stayed the order of the Hon'ble ATE. The Petitioner is in process of seeking clarification and removing stay on allowing return on equity on fund received through PDF. The Petitioner is hopeful of receiving the clarification and removing the stay in the current financial year, hence the Petitioner has claimed return on equity of fund received through PDF also in this petition.

2.8. Incentive for achieving target availability

In accordance with the Tariff Regulations 2011, Incentive depends on the actual availability at the end of the year. The Petitioner has billed the incentive amount on account of higher availability during FY 2013-14 and FY 2014-15 in the current year (FY 2015-16). For FY 2015-16, the Petitioner will bill for incentive at the end of the year.

2.9. Non-Tariff income

The non-tariff income has been estimated to increase by 5% from the actual non-tariff income of 2014-15 as determined in the true up. Hence the petitioner prays that the non-tariff income of Rs 2.54 be approved by the Hon'ble Commission.

2.10. Aggregate Revenue Requirement

As per the parameters discussed above, the revised ARR of PTCUL for FY 2015-16 is summarized in the table below:

Table 18 : Approved and Revised Estimated ARR for FY 2015-16 (Figures in Rs Crore)

Particulars	Approved in MYT	Approved in previous order	Revised
Net O&M expenses	120.44	117.15	117.15
Interest charges	45.24	61.55	56.14
Guarantee Fees	2.19	2.19	0.00
Depreciation	49.80	57.32	57.45
Interest on Working Capital	9.57	10.51	11.11
Reasonable Return	1.39	14.76	35.07
Gross Expenditure	228.63	263.48	276.92
Less: Non-Tariff Income	1.44	1.44	2.54
Net Expenditure	227.19	262.04	274.38
Add : True up of previous years including carrying cost		40.71	40.71
Less: SLDC related expense		7.45	8.42
Aggregate Revenue Requirement	227.19	295.30	306.67

The Petitioner requests the Hon'ble Commission to approve the Revised Aggregate Revenue Requirement of PTCUL for FY 2015-16 as estimated in the table above and allow recovery of the variation in the Aggregate Revenue Requirement of FY 2016-17.

3. Aggregate Revenue Requirement for the control period FY 2016-17 to FY 2018-19

3.1. MYT Framework

In line with the Electricity Act, 2003, the Hon'ble Commission has issued the (Terms and Conditions for Determination of Tariff) Regulations, 2015. In the Regulations, the Hon'ble Commission has approved a control period from April 1, 2016 onwards up to FY 2018-19 i.e. March 31, 2019 for the purpose of determination of Tariff for the transmission utility i.e. PTCUL.

Regulation 57 of UERC Tariff Regulations 2015 provide that

“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 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.”

PTCUL is submitting the projections for ARR for each of the years for the Control period FY 2016-17 to FY 2018-19 in line with the methodology defined in the UERC Tariff Regulations 2015.

Further, it is submitted PTCUL's revenue can be divided into two streams:

- Revenue from intra state transmission of energy which would be recoverable from the distribution utility i.e. UPCL (currently the sole beneficiary)

- Revenue from intra-state lines being used by generators for inter-state transfer of power and charges for the use of these lines to inter-state consumers through CTU in accordance with the PoC mechanism adopted by the Hon'ble CERC.

Details of the assumptions along with justification for arriving at the various parameters of the ARR are summarized in the sections below. The annual accounts of FY 2014-15 have been used as the basis for projections for the Control period. Also, the Petitioner has considered the capital expenditure for each year of the Control period in line with the detailed Business Plan for the control period submitted to the Hon'ble Commission for approval.

3.2. ARR for the control period FY 2016-17 to FY 2018-19 in respect of intra state transmission network

PTCUL is responsible for constructing and maintenance of the transmission infrastructure in the State after the unbundling of the transmission and distribution function of UPCL in on 31st May 2004. In compliance to the UERC Tariff Regulations 2015, PTCUL is required to file aggregate revenue requirement for the control period FY 2015-16 to FY 2018-19 with the Hon'ble Commission for approval.

In this section the Petitioner has outlined the broad details of the capital expenditure proposed to be undertaken during the control period i.e. FY 2016-17 to FY 2018-19 in line with the Business Plan submitted to the Hon'ble Commission for approval. Further, PTCUL has projected the aggregate revenue requirement for each year of the Control Period in this section. The approach and assumptions adopted by PTCUL for projection of each parameter for determination of aggregate revenue requirement during the period is detailed in paragraphs below.

3.3. System availability

The availability factor of the transmission network for the year 2014-15 was 99.33%. PTCUL's transmission network availability level has been one of the most efficient among utilities in the country. The availability of PTCUL has steadily been above 99% over the years. PTCUL was awarded the prestigious "Gold Shield" for the year 2009-10 in the "Transmission System Availability' category' by Ministry of Power, Govt. of India.

For the Control Period, PTCUL proposes to maintain the target availability above 99% which is above the norms specified by the Commission in the UERC Tariff Regulations, 2015% i.e. 98% for AC system.

3.4. Transmission losses

PTCUL is one of the most efficient transmission utilities in the country and has been able to consistently maintain transmission losses below 2%. The actual and projected transmission losses are summarized in table below:

Table 19 : Transmission losses

Financial year	Transmission loss
FY 2013-14 (Actual)	1.81%
FY 2014-15 (Actual)	1.78%
FY 2015-16	1.79%
FY 2016-17	1.78%
FY 2017-18	1.78%
FY 2018-19	1.78%

It is submitted that the transmission losses depend on:

- Real power loading of the lines - which depends on the extent of over-drawal by UPCL - which is recorded by the UI charges payable by the state of Uttarakhand - losses increase as a square of real power loading of its transmission lines;

- Reactive power that the lines carry - which is beyond the discretionary control of PTCUL because the same depends on the nature of demand drawn by UPCL

PTCUL proposes to continue to maintain low transmission loss levels i.e. below 2% during the control period as also indicated in the Business Plan. However, it is submitted that the loss reduction beyond the current level depends entirely on the users of the transmission network.

3.5. Capital expenditure for the control period

As submitted in the Business Plan for FY 2016-17 to FY 2018-19 for approval of the Hon'ble Commission, PTCUL is in the process of strengthening its Transmission System (132KV & above) to meet the load growth requirement of Uttarakhand & also for evacuation of power from various generators i.e. Hydro as well as gas based, which are coming up in Uttarakhand.

The physical targets to be achieved during the Control Period as highlighted in the Business Plan are reproduced below:

Table 20 : Physical Targets for Control Period

S. No	Item	Unit	Annual Plan 2016-17	Annual Plan 2017-18	Annual Plan 2018-19
1	400 kV	No/MVA	4/2445	4/2445	4/2445
2	220 kV	No/MVA	17/3850	17/3850	17/3850
3	132 kV	No/MVA	33/3407	35/3567	36/3647
4	400 kV	Ckt Km	974	974	974
5	220 kV	Ckt Km	1351	1351	1351
6	132 kV	Ckt Km	2033	2053	2113
	Total MVA		54/9702	56/9862	57/9942
	Total Ckt Km		4358	4378	4438

Scheme-wise detail of the various capital expenditure proposed by PTCUL to be incurred during the Control Period are provided in the Business Plan submitted to the Hon'ble Commission for approval. Based on the Business plan submitted to the Hon'ble Commission, the year wise phasing of the capital investment and corresponding capitalization during the Control Period FY 2016-17 to FY 2018-19 is provided in the table below.

Table 21 : Capital Expenditure and capitalization for control period (Figures in Rs Crore)

Planned Schemes	2016-17	2017-18	2018-19	Total
Capital Expenditure	758.08	1488.73	1426.47	3673.28
Capitalization	373.13	1111.93	1150.04	2635.10

3.6. Depreciation

The projected gross fixed asset has been provided in the foregoing section. Depreciation for the year has been calculated on the opening gross fixed asset base considering the rates prescribed by the Tariff Regulations, 2015. Pro-rata depreciation has been calculated for assets which are in operation for part of the year. Average rate of 5.28% has been considered for computing the depreciation.

The tables below indicate the Depreciation for each year of the Control Period:

Table 22 : Proposed Depreciation for FY 2016-17 to FY 2018-19 (Figures in Rs Crore)

Particulars	FY 17	FY 18	FY 19
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Particulars	FY 17	FY 18	FY 19
Opening Depreciable GFA	1207.08	1580.21	2692.14
Addition in GFA	373.13	1111.93	1150.04
Less: Grants			
Depreciable assets of addition	373.13	1111.93	1150.04
Closing GFA eligible for depreciation	1580.21	2692.14	3842.18
Depreciation Rate (%)	5.28%	5.28%	5.28%
Depreciation	73.58	112.79	172.51

3.7. Interest on loan

The interest expenditure on account of long-term loans depends on the outstanding loan, repayments, and prevailing interest rates on the outstanding loans. Further, the projected capital expenditure and the funding of the same also have a large bearing on the long-term interest expenditure.

The funding for new capital expenditure in the control period has been assumed to be undertaken at a normative debt: equity ratio of 70:30 in accordance with the Tariff Regulations, 2011 and accordingly the new loan additions during the year has been estimated. The revised interest rates based on the actual effective weighted average interest rate of 12.31% as per audited accounts for FY 2015-16 has been considered for calculation of interest charges for the control period. The Tariff Regulation, 2015 prescribe that the normative loan outstanding shall be worked out by deducting the cumulative repayment as admitted by the Commission from the gross normative loan. The normative repayment for each year has been considered equal to the depreciation for that year.

The interest on loans is projected in the table below:

Table 23 : Interest on loans projected in the plan period (Figures in Rs Crore)

Debt Profile	FY 17	FY 18	FY 19
Opening Loan	482.20	653.21	1257.82
Addition	261.19	778.35	805.03
Repayment	73.58	112.79	172.51
Closing	669.81	1318.77	1890.34
Effective Interest Rate	12.13%	12.13%	12.13%
Interest Expense	69.87	119.60	190.94

3.8. Return on equity

The petitioner has considered return on the equity portion of the capitalised assets. Considering the opening equity computed in aforementioned table, and considering the planned capitalisation, the computations in respect of equity eligible for return for the plan period and the corresponding RoE are provided in the tables below:

Table 24 : Computation of reasonable return for the control period (Figures in Rs Crore)

Equity Profile	FY 17	FY 18	FY 19
Opening Equity*	261.95	373.89	707.46
Addition*	111.94	333.58	345.01
Closing Equity*	373.89	707.46	1052.48

Equity Profile	FY 17	FY 18	FY 19
Return on equity rate	15.50%	15.50%	15.50%
RoE	49.28	83.80	136.40

*Includes equity infused by GoU through PDF.

In the previous Tariff Orders issued by the Hon'ble Commission, the return on equity was not allowed to PTCUL on the ground that the equity provided by the Govt of Uttarakhand was out of Power Development Fund which was realized from the consumers in form of a cess.

As per the Hon'ble Appellate Tribunal of Electricity (ATE) dated 15th May 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015,

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

Hon'ble Supreme Court in its Order dated 12th Oct, 2015 has stayed the order of the Hon'ble ATE. The Petitioner is in process of seeking clarification and removing stay on allowing return on equity on fund received through PDF. The Petitioner is hopeful of receiving the clarification and removing the stay in the current financial year, hence the Petitioner has claimed return on equity of fund received through PDF also in this petition.

The Petitioner submits that as per the provisions of the National Tariff Policy, 2006 notified by the Central Government, "The rate of return should be such that it allows generation of reasonable surplus for growth of the sector". In view of the same, the Petitioner submits to the Hon'ble Commission that due to non-consideration of equity infused by the GoU for the purpose of computation of return on equity in the Tariff Orders, the surplus allowed in the ARR for the respective years is negligible. This disallowance not only restricts internal surplus generation but also adversely impacts the financial position of the Petitioner. Therefore, PTCUL humbly requests the Hon'ble Commission to consider the proposal with regard to return on equity as submitted in this petition.

3.9. Revenue gap and carrying cost

Based on the true-up of FY 2014-15, the revenue gap computed for the respective year is provided in table below:

Table 25 : Proposed Revenue Gap for FY 2014-15 (Figures in Rs Crore)

Financial year	2014-15
Revenue Surplus /(Gap)	(26.47)

The Petitioner requests the Hon'ble Commission to allow recovery of the revenue gap of FY 2014-15 in the transmission charges to be approved by the Hon'ble Commission for FY 2016-17 and also allow for carrying cost on the under-recovered amount during FY 2015-16.

Accordingly, the Petitioner has computed the carrying cost on the revenue gap for FY 2014-15 considering the applicable SBI PLR rate which is provided in the table below:

Table 26 : Capital Expenditure and capitalization for control period (Figures in Rs Crore)

Particulars	2014-15	2015-16	2016-17	Total
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Particulars	2014-15	2015-16	2016-17	Total
Opening Revenue Gap (including carrying cost)		30.37	34.71	
Addition	26.47			
Closing Revenue Gap	26.47	30.37	0.00	
Interest Rate	14.75%	14.29%	14.05%	
Carrying Cost	3.90	4.34	2.44	10.68
Effective gap including carrying cost				37.15

PTCUL requests the Hon'ble Commission to include the effective gap (including carrying cost) of Rs. 37.15 Crore in the ARR for FY 2016-17 for recovery through transmission charges.

3.10. Return on equity on account of Power Development Fund

As per the Hon'ble Appellate Tribunal of Electricity (ATE) dated 15th May 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015,

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

It is submitted that the matter on Return on Equity on the PDF funds was discussed in detail as part of this judgment wherein the Hon'ble APTEL has viewed that Return on Equity should be allowed irrespective of the source of equity being invested in the company/ utility unless classified as grant.

Hon'ble Supreme Court in its Order dated 12th Oct, 2015 has stayed the order of the Hon'ble ATE. The Petitioner is in process of seeking clarification and removing stay on allowing return on equity on fund received through PDF. The Petitioner is hopeful of receiving the clarification and removing the stay in the current financial year, hence the Petitioner has claimed return on equity of fund received through PDF also in this petition.

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

Table 27 : Details of Capitalization as per Accounts of PTCUL (Rs. Cr.)

Capitalization as per Accounts	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Nabard Equity	-	-	69.14	93.12	27.87	42.89	12.17	49.42	1.67	1.14
REC Old Equity	3.21	18.86	-	4.61	-	0.02	45.27	64.03	8.98	54.20
REC IV	-	-	-	-	-	-	20.67	22.64	22.85	50.60

Table 28 : Equity Portion of the Schemes and Computation of RoE as per Regulations (Rs.Cr.)

Capitalization as per Accounts	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
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Capitalization as per Accounts	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Nabard Equity @19%	-	-	13.14	17.69	5.30	8.15	2.31	9.39	0.32	0.22
REC Old Equity @18%	0.58	3.39	-	0.83	-	0.00	8.15	11.53	1.62	9.76
REC IV @30%	-	-	-	-	-	-	2.93*	6.79	6.86	15.18
Total Equity	0.58	3.39	13.14	18.52	5.30	8.15	13.39	27.71	8.79	25.15
Opening Equity	0	0.58	3.97	17.11	35.63	40.93	49.08	62.47	90.18	98.97
Return	14.00 %	14.00 %	14.00 %	14.00 %	14.00 %	14.00 %	14.00 %	14.00 %	14.00 %	15.50 %
RoE	-	0.08	0.56	2.40	4.99	5.73	6.87	8.75	12.63	15.34

Further, PTCUL requests the Hon'ble Commission to approve appropriate carrying cost on the above computed return on equity as computed below:

Table 29 : Return on Equity including Carrying cost (Rs.Cr.)

Capitalization as per Accounts	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Opening	0.68	3.30	9.00	16.19	25.36	37.97	57.13	82.03	93.88	107.30
Addition	2.40	4.99	5.73	6.87	8.75	12.63	15.34			
Closing	3.07	8.29	14.73	23.06	34.11	50.60	72.47	82.03	93.88	-
Rate for Carrying Cost	12.25%	12.25%	12.25%	11.75%	13.00%	14.75%	14.75%	14.45%	14.29%	14.05%
Carrying Cost	0.23	0.71	1.45	2.31	3.87	6.53	9.56	11.85	13.42	7.54
Closing Bal including Carrying Cost	3.30	9.00	16.19	25.36	37.97	57.13	82.03	93.88	107.30	114.84

As computed above, the total impact of Rs. 114.84 Crore (including carrying cost) is required to be approved on account of the Return on Equity disallowed on the NABARD, REC Old and REC IV schemes to PTCUL.

3.11. Employee expenses

The Tariff Regulations provide that the Operation and Maintenance (O&M) expenses shall comprise of the following:-

- Salaries, wages, pension contribution and other employee costs;
- Administrative and general expenses including insurance charges if any;
- Repairs and maintenance expenses;

The Tariff Regulations provide that 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. In the Tariff Regulations the Base Year has been considered as FY 2014-15.

The Tariff Regulations further provide that the O&M expenses for the nth year and also for the year immediately preceding the Control Period, i.e. 2015-16, shall be approved based on the formula given below:-

$$\mathbf{O\&Mn = R\&Mn + EMPn + A\&Gn}$$

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;

Further the regulations provide that the employee expenses shall be computed in the manner specified below:

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

Where -

EMPn-1 – Employee Costs for the (n-1)th year;

CPI inflation – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years;

Gn is a growth factor for the nth year. Value of Gn shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on Transmission Licensee's filings, benchmarking and any other factor that the Commission feels appropriate:

The table below provides the Consumer Price Indices for the past few years.

Table 30 : Consumer Price Index

Year	Jan	Feb	Mar	April	May	June	July	August	Sept	Oct	Nov	Dec	Average
2007	127.00	128.00	127.00	128.00	129.00	130.00	132.0	133.00	133.00	134.0	134.0	134.00	125.00
2008	134.00	135.00	137.00	138.00	139.00	140.00	143.0	145.00	146.00	148.0	148.0	147.00	132.75
2009	148.00	148.00	148.00	150.00	151.00	153.00	160.0	162.00	163.00	165.0	168.0	169.00	144.83
2010	172.00	170.00	170.00	170.00	172.00	174.00	178.00	178.00	179.00	181.00	182.0	185.00	162.75
2011	188.00	185.00	185.00	186.00	187.00	189.00	193.0	194.00	197.00	198.0	199.0	197.00	179.75
2012	198.00	199.00	201.00	205.00	206.00	208.00	212.0	214.00	215.0	217.0	218.0	219.00	194.83
2013	221.00	223.00	224.0	226.00	228.00	231.00	235.0	237.00	238.0	241.0	243	239.0	215.17
2014	237.00	238.0	239.00	242.00	244.00	246.00	252.0	253.00	253.0	253.0	253.0	253.00	236.00
2015	254.00	253.00	254.00	256.00	258.00	261.00	263.0	264.00					250.83

The average increase in the CPI indices for immediately preceding three years is 8.80%. Further the PTCUL has prepared elaborate additional employee recruitment projections for the plan period. It has projected that the net additions to the employee work force would be 126 employees in FY 2016-17, 38 employees in FY 2017-18 and 35 employees in FY 2018-19.

Considering the above, the projected employee expenses in the control period are provided below:

Table 31 : Projected Employee Expenses in the Control Period (Figures in Rs. Crores)

Particulars	2016-17	2017-18	2018-19
Projected Employee Expenses	74.87	82.06	90.95

3.12. Repair & Maintenance (R&M) expenses

The tariff regulations provide that the repair and maintenance expenses shall be computed in the manner specified below:

$$R\&M_n = K \times (GFAn-1) \times (1+WPI_{inflation})$$

Where -

'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;

GFAn-1 - Gross Fixed Asset of the Transmission Licensee for the n-1th year;

WPIinflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three years;

The Wholesale Price Indices over the last few years is provided in the table below:

Table 32 : Wholesale Price Indices

Financial Year	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
WPI	177.4	181.2	177.6	167.6	156.1	143.3

The average increase in the WPI indices for immediately preceding three years is 5.11%.

The Petitioner has arrived at value of K by seeing the average value of K over last three years (FY 2012-13 – FY 2014-15) i.e. average of ratio of R&M expenses and GFA. As the K thus arrive will be representing the middle value i.e. value for FY 2013-14, this was increase by average WPI thrice to arrive at K factor for FY 2016-17. Value of 'K' thus arrived for FY 2016-17 is 2.55 %.

Table 33 : Projected R&M Expenses in the Control Period (Figures in Rs. Crores)

Particulars	2016-17	2017-18	2018-19
Opening GFA	1286.88	1660.01	2771.94
Closing GFA	1660.01	2771.94	3921.98
K factor	2.55%	2.68%	2.82%
R&M Expense	32.80	44.48	78.07

3.13. Administrative and General Expenses

The tariff regulations provide that the A&G expenses shall be computed in the manner specified below:

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

Where -

A&Gn-1 – Administrative and General Costs for the (n-1)th year;

WPI inflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three years;

Provision: Cost for initiatives or other one-time expenses as proposed by the Transmission Licensee and approved by the Commission after prudence check.

The A&G expenses have been projected considering Rs. 14.21 Crore in FY 2014-15 (which is the actual A&G expense) and thereafter escalated each year by the WPI index of 5.11%. A provision of Rs. 2.00 Crore has been considered from FY 2015-16 and onwards towards insurance of fixed assets.

Table 34 : Projected Administrative and General Expenses in the plan period (Figures in Rs Crore)

Particulars	2016-17	2017-18	2018-19
Projected A&G Expenses	17.70	18.50	19.35

3.14. Total operation and maintenance expenses

Considering the foregoing sections, the total Operation and Maintenance Expenses have been summarised in the table below:

Table 35 : Projected Operation and Maintenance Expenses in the control period (Figures in Rs Crore)

Particulars	2016-17	2017-18	2018-19
Employee Expenses	74.87	82.06	90.95
R&M Expenses	32.80	44.48	78.07
A&G Expenses	17.70	18.50	19.35
Total O&M Expenses	125.37	145.04	188.36

3.15. Non-tariff expenses

The actual non-tariff income of Rs. 2.42 Crore was recorded for FY 2014-15. For the purposes of projections for the MYT petition, PTCUL has considered a year on year increase of 5% in the non-tariff incomes for years FY 16 to FY 19.

3.16. Interest on working capital

The interest on working capital is worked out on normative basis and is based on norms specified under the Regulation 33 (1) of UERC MYT Regulations, 2015. Effective SBI PLR for respective years has been considered as the interest rate for computing the interest on working capital in line with the regulations. Accordingly the interest on working capital has been calculated as given below:

Table 36 : Interest on Working Capital (Figures in Rs Crore)

Particulars	2016-17	2017-18	2018-19
O&M for One month	10.45	12.09	15.70
maintenance @15% of O&M	18.81	21.76	28.25
2 months receivables	78.84	76.67	114.31
WC Requirement	108.09	110.51	158.26
SBI PLR	14.05%	14.05%	14.05%
Interest on WC	15.19	15.53	22.24

3.17. Income tax and other taxes

As per Regulation 34 of the Tariff Regulations, 2015; income tax payable for each year of the control period is based on the actual income tax paid. Any variation in income tax actually paid & approved shall be reimbursed at the time of truing up for each year of the control period. Taxes on incomes and other taxes would be recovered on actual basis as and when incurred.

3.18. Incentive for achieving target availability

In accordance with the Tariff Regulations 2015, Incentive depends on the actual availability at the end of the year, hence same shall be considered at the time of truing up.

3.19. Aggregate revenue requirement for FY 2016-17 and FY 2018-19

Based on the parameters discussed in the above paragraphs, the Projected Aggregate Revenue Requirement (ARR) of PTCUL for each year of the Control Period FY 2016-17 to FY 2018-19 is provided in table below:

Table 37 : ARR for Intra State Transmission for FY 2016-17 to FY 2018-19 (Figures in Rs Crore)

Particulars	2016-17	2017-18	2018-19
Net O&M expenses	125.37	145.04	188.36
Interest charges	69.87	119.60	190.94
Guarantee Fees	0.00	0.00	0.00
Depreciation	73.58	112.79	172.51
Interest on Working Capital	15.19	15.53	22.24
Reasonable Return	49.28	83.80	136.40
Gap from previous years (FY 14-15)			
Provision for carrying cost on PDF	114.84		
Gross Expenditure	448.13	476.76	710.44
Less: Non-Tariff Income	2.67	2.80	2.94
Net Expenditure	445.46	473.96	707.49
Add : True up of previous years including carrying cost (including gap from 14-15)	37.15	0.00	
Less: SLDC related expense	9.57	13.93	21.64
Aggregate Revenue Requirement	473.04	460.03	685.85

3.20. ARR for the control period FY 2016-17 to FY 2018-19 in respect of Bhilangana III (Ghuttu)- Ghansali line

Capitalisation and GFA

The actual expenditure of 220 kV Bhilangana-III – Ghansali Line as Rs. 21.80 Crore against the Commission approved cost of Rs. 21.91 Crore. In line with the hon'ble Commission's approach, the Petitioner has considered only 50% of capital cost incurred, i.e. Rs 10.90 Cr as GFA for calculation of tariff. The Petitioner also prays the Commission to allow for filing of the revised tariff on charging of the second circuit of this line.

Depreciation

The Petitioner has considered average depreciation rate of 5.28% for determining the depreciation for each year of the control period, which works out to be Rs. 0.58 Crore for each year of the Control Period.

Means of Finance

The Petitioner has considered Debt-Equity ratio of REC-IV Scheme of 70:30 as approved by the Commission for 220 kV D/C Bhilangana-III –Ghansali Line also. Accordingly, out of total project cost of Rs. 10.90 Crore, the Debt component works out to Rs. 7.63 Crore and Equity component works out to Rs. 3.27 Crore.

Interest on Loan

The Petitioner has claimed interest based on the interest rate of REC-IV @ 13.78%. Petitioner has considered closing loan for FY 2015-16 as approved by the Hon'ble Commission in its order dated 6th May, 2013 as opening loan for FY 2016-17. The Petitioner has considered the repayment equal to depreciation in accordance with UERC Tariff Regulations, 2015. The table below shows the interest charges claimed for each year of the Control Period:

Table 38 : Interest on loans projected for Control Period (Figures in Rs Crore)

Debt Profile	FY 17	FY 18	FY 19
Opening Loan	5.12	4.54	3.96
Normative Repayment (equal to depreciation)	0.58	0.58	0.58
Closing Loan	4.54	3.96	3.38
Average Loan	4.83	4.25	3.67
Interest Rate	13.78%	13.78%	13.78%
Interest on Loan	0.67	0.59	0.51

Return on Equity

The petitioner has considered return on the equity portion of the capitalised assets. The Petitioner has considering the opening equity as approved by the Hon'ble Commission in its order dated 6th May, 2013.

Table 39 : Computation of reasonable return for the control period (Figures in Rs Crore)

Equity Profile	FY 17	FY 18	FY 19
Opening Equity*	3.27	3.27	3.27
Addition	0.00	0.00	0.00
Closing Equity*	3.27	3.27	3.27
Return on equity rate	15.50%	15.50%	15.50%
RoE	0.51	0.51	0.51

*Includes equity infused by GoU through PDF.

In the previous Tariff Orders issued by the Hon'ble Commission, the return on equity was not allowed to PTCUL on the ground that the equity provided by the Govt of Uttarakhand was out of Power Development Fund which was realized from the consumers in form of a cess.

As per the Hon'ble Appellate Tribunal of Electricity (ATE) dated 15th May 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015,

“The Tribunal has upheld the findings of the State Commission in the impugned order but has not given any finding relating to disallowance of ROE on the funds deployed by the State Government from PDF towards capital cost of the project. We feel that the findings of this Tribunal in Appeal no. 189 of 2005 will be applicable to the present case. If the State Commission has not provided the amount as a grant and has

invested the amount as equity, **ROE has to be allowed as per the Regulations of the State Commission.** Accordingly this issue is decided in favour of the Petitioner.”

Hon'ble Supreme Court in its Order dated 12th Oct, 2015 has stayed the order of the Hon'ble ATE. The Petitioner is in process of seeking clarification and removing stay on allowing return on equity on fund received through PDF. The Petitioner is hopeful of receiving the clarification and removing the stay in the current financial year, hence the Petitioner has claimed return on equity of fund received through PDF also in this petition.

Operation & Maintenance (O&M) expenses

The Petitioner has considered the approved O&M expense for FY 2014-15 by the hon'ble Commission in its order dated 6th May, 2013 as base O&M expenses and escalated the same using average CPI and WPI (50% CPI and 50% WPI) for last three year, i.e. 7.16%.

Table 40 : Projected O&M Expenses in the Control Period (Figures in Rs. Crores)

Particulars	2016-17	2017-18	2018-19
O&M Expenses	0.23	0.25	0.26

Interest on Working Capital

The interest on working capital is worked out on normative basis and is based on norms specified under the Regulation 33 (1) of UERC MYT Regulations, 2015. Effective SBI PLR for respective years has been considered as the interest rate for computing the interest on working capital in line with the regulations. Accordingly the interest on working capital has been calculated as given below:

Table 41 : Interest on Working Capital (Figures in Rs Crore)

Particulars	2016-17	2017-18	2018-19
O&M for One month	0.02	12.09	15.70
maintenance @15% of O&M	0.03	21.76	28.25
2 months receivables	0.34	0.33	0.32
WC Requirement	0.39	0.38	0.37
SBI PLR	14.05%	14.05%	14.05%
Interest on WC	0.05	0.05	0.05

Non Tariff Income

The Petitioner has not proposed any Non Tariff income.

Annual Transmission Charges (ATC) of 220 kV D/C Bhilangana-III – Ghansali Line

Based on the parameters discussed in the above paragraphs, the Projected Aggregate Revenue Requirement (ARR) of 200kV D/C Bhilangana-II-Ghansali Line for each year of the Control Period FY 2016-17 to FY 2018-19 is provided in table below:

Table 42 : ARR for Bhilangana-III – Ghansali Line for FY 2016-17 to FY 2018-19 (In Rs Cr)

Particulars	2016-17	2017-18	2018-19
Net O&M expenses	0.23	0.25	0.26
Interest charges	0.67	0.59	0.51
Depreciation	0.58	0.58	0.58
Interest on Working Capital	0.05	0.05	0.05
Reasonable Return	0.51	0.51	0.51

Choose a building block.

Multi-Year Tariff Petition for the Control Period FY 2016-17 to FY 2018-19, Annual Performance Review for FY 2015-16 and True-Up for FY 2014-15

Particulars	2016-17	2017-18	2018-19
Net Expenditure	2.03	1.96	1.90
Aggregate Revenue Requirement	2.03	1.96	1.90

4. Prayer

The Petitioner respectfully prays the Hon'ble Commission to:

- a) Admit the accompanying MYT Petition
- b) Grant an expeditious hearing of the Petition
- c) Approve true-up of expenses and revenue for FY 2014-15 based on the audited accounts of the said year
- d) Approve Review of Aggregate Revenue Requirement for FY 2015-16
- e) Approve various controllable and uncontrollable parameters for the Control Period (FY17-FY19) along with ARR for FY 2016-17
- f) Approve the Annual Revenue Requirement for the Control Period FY 2013-14 to FY 2015-16 for 220 kV DC Bhilangana III – Ghansali line as detailed in this petition for recovery of charges from generators utilizing intrastate lines for inter-state sale of energy
- g) Allow recovery of the gap on account of trueing up of FY 2014-15 along with ARR of FY 2016-17
- h) Allow carrying cost on the revenue gap amount as per the computations and rates provided by the Petitioner.
- i) Permit recovery of expenses understated/ not considered in this Petition subsequent to the submission of this petition.
- j) Condone any inadvertent omissions / errors / short comings and permit the applicant to add/change /modify / alter this Petition and make further submissions as may be required at later stages
- k) Pass such orders as Hon'ble Commission may deem fit and proper and necessary in the facts and circumstances of the case, to grant relief to the petitioner.

5. Compliance of directives

In the APR Order for FY 2014-15, the Hon'ble Commission had issued certain directives to PTCUL. The table below provides the compliance against each of directive:

Table 43 : Compliance of the directives

Directive	Status of Compliance
<p>Capital cost of transferred assets: The Commission directs the Petitioner to get the Transfer Scheme finalised and submit the same to the Commission along with its Petition for Annual Performance Review of FY 2015-16.</p>	PTCUL has appointed consultant (M/s Prudential Project Syndicate) for finalization of transfer scheme. They have submitted the draft details and the same is under reconciliation with UPCL for authentication. It is requested to kindly give more time for finalization of transfer scheme, so that the same may be submitted to GoU for revised notification of Transfer scheme.
<p>Electrical Inspector Certificate The Petitioner is directed to energise/capitalise the HT/EHT works only after obtaining clearance by the Electrical Inspector failing which the Commission would not approve the capitalisation of those projects</p>	The Petitioner submits that it has submitted all electrical inspector certificates to the Hon'ble Commission and is undertaking all rigorous efforts for obtaining the clearance from the electrical inspector on time before energization of the asset.
<p>Capitalisation of partially completed schemes The Commission directs the Petitioner to take appropriate action to capitalise the works in the books of accounts in the year of commissioning. Further, the Commission also directs the Petitioner to submit the detailed reasons for any additional capitalisation claimed for future years in accordance with the applicable Tariff Regulations.</p>	As per the Hon'ble Commission directives, the works are being capitalized in the book of accounts in the year of commission. Further, as per directives, the detailed reasons for any additional capitalization shall be submitted on regular basis.
<p>Response on Committee's Report The Commission cautions the Petitioner that such casual and lackluster approach on issues which has substantial bearing on their revenue will be detrimental to its own financial health.</p>	The Hon'ble Commission's directives have been noted for future compliance as instructed in the committee's Report.
<p>SLDC Charges The Commission directs PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2015-16.</p>	As per the direction of the Hon'ble Commission, the Director (Projects) has been provided charge for undertaking ring-fencing of SLDC and SCADA. As a first step, employees of PTCUL have been allocated towards SLDC business and a separate requisition for approval of manpower has been submitted with the Govt of Uttarakhand. Also, as per the Hon'ble Commission directives, the compliance status report has been submitted to the Hon'ble UERC vide Letter No. 834/Dir(Project)/PTCUL/UERC dated 14.05.2015 for kind consideration of the Hon'ble Commission.
<p>Additional Capitalisation beyond the cutoff date The Commission directs the Petitioner to take appropriate action to capitalise the works in the books of accounts in the year of commissioning or within the cut-off date. Further, the Commission also directs the Petitioner to submit the detailed reasons for any additional capitalisation claimed for future years in accordance with the applicable Tariff Regulations.</p>	As per the Hon'ble Commission directives, the works are being capitalized in the book of accounts in the year of commission. Further, as per directives, the detailed reasons for any additional capitalization shall be submitted on regular basis.

Choose a building block.

Multi-Year Tariff Petition for the Control Period FY 2016-17 to FY 2018-19, Annual Performance Review for FY 2015-16 and True-Up for FY 2014-15

Directive	Status of Compliance
<p>Advance Against Depreciation The Commission directs the Petitioner to submit the fixed asset registers for FY 2004-05 to FY 2012-13 depicting the treatment of utilization of AAD approved by the Commission.</p>	<p>As per the Hon'ble Commission directives, the draft fixed asset register for FY 2012-13 is enclosed herewith (in soft copy) as submitted by the consultant.</p>