

# पावर ट्रांसमिशन कारपोरेशन ऑफ उत्तराखण्ड लि०

(उत्तराखण्ड सरकार का उपक्रम)

## निदेशक (परियोजना) कार्यालय

विद्युत भवन, नजदीक-आई०एस०बी०टी० क्रासिंग, सहारनपुर रोड, माजरा, देहरादून-248002  
दूरभाष नं० 0135-2645753 फैक्स नं० 0135-2645753 ई-मेल shrawan\_k\_sharma@ptcul.org

No.1143 /Dir. (Projects)/PTCUL/

Date: 29 /11/2014

To,

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

Sub: Filing of Petition for True-up of FY 2013-14, Annual Performance Review (APR) for FY 2014-15 & Annual Revenue Requirement (ARR)/Tariff Petition for FY 2015-16 of Power Transmission Corporation of Uttarakhand Ltd.

Dear Sir,

In reference to above mentioned subject, the Petition for True-up of FY 2013-14, Annual Review Performance for FY 2014-15 & Annual Revenue Requirement (ARR)/Tariff Petition for FY 2015-16 of Power Transmission Corporation of Uttarakhand Ltd is being submitted herewith.

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

Encl:

1. Draft No. 550040 dated 22.11.2014, for Rs. 1.00 Lac.
2. Petition.

Thanking you,

Yours Faithfully,

(S.K. Sharma)

Director (Projects)

Cc:-

1. PS to MD, PTCUL for kind information of Managing Director, PTCUL.



उत्तराखण्ड UTTARAKHAND

L 374674

BEFORE UTTARAKHAND ELECTRICITY REGULATORY COMMISSION,  
DEHRADUN

FILE NO.  
CASE NO.

IN THE MATTER OF:

Filing of Petition for True-up of FY 2013-14, Annual Performance Review (APR) for FY 2014-15 & Annual Revenue Requirement (ARR)/Tariff Petition for FY 2015-16 of Power Transmission Corporation of Uttarakhand Ltd.

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, S.K Sharma, S/o Lt. Sh. C.D. Sharma aged about 58 years, 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:-

  
**SHRAWAN KUMAR SHARMA**  
DIRECTOR (PROJECTS)  
POWER TRANSMISSION CORPORATION  
OF UTTARAKHAND LTD., DEHRADUN

1. That the deponent is the Director who is authorized as per the resolution of the company (In case the Petitioner is a Company) dated 27.11.2014 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

  
(Deponent)

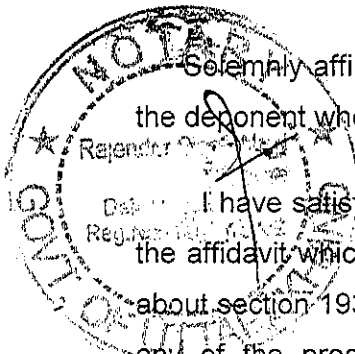
**SHRAWAN KUMAR SHARMA**  
**DIRECTOR (PROJECTS)**

I, Shankendra Pundir Advocate, Dehradun

**POWER TRANSMISSION CORPORATION**  
**OF UTTARANCHAL LTD., DEHRADUN**

declare that the person making this affidavit is known to me through the ~~deposited~~ <sup>original</sup> photos and I am satisfied that he is the same person alleging to be deponent himself.

  
Advocate

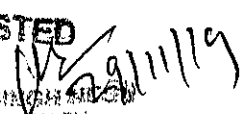


Solemnly affirmed before me on this 29 day of Nov 2014 at 11.00 a.m. / p.m. by the deponent who has been identified by the aforesaid Advocate.

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 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**

  
**(RAJENDER SINGH)**  
Advocate  
College Street Court Complex  
Dehradun

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

IN THE MATTER OF: Filing of Petition for True-up of FY 2013-14, Annual Performance Review (APR) for FY 2014-15 & Annual Revenue Requirement (ARR)/Tariff Petition for FY 2015-16 of Power Transmission Corporation of Uttarakhand Ltd.

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

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, 2004 and Regulation 13 of the Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 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 2013-14 based on the Audited annual accounts as per the UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011. Also, the petitioner has submitted for final truing-up for FY 2004-05 to FY 2012-13 as per the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004 and UERC (Terms and Conditions for Truing Up of Tariff) Regulations, 2008.

Further, the Petitioner has also submitted the Annual Performance Review for FY 2014-15 in line with the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 for approval of the Hon'ble Commission. In the APR, the Petitioner has requested revision of the estimates for FY 2015-16 based on the audited financial accounts of the past years as it would provide more realistic estimates for FY 2015-16. It is also submitted that the actual capitalization figures for FY 2012-13 & FY


**SHRAWAN KUMAR SHARMA**  
**DIRECTOR (PROJECTS)**  
**POWER TRANSMISSION CORPORATION**  
**OF UTTARAKHAND LTD., DEHRADUN**

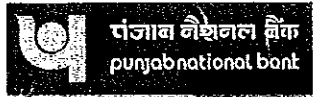
2013-14 is available which is required to be included in the estimate for opening Gross Fixed Assets approved in the MYT Order for FY 2015-16.

4. **Cause of Action:** The Petitioner has proposed true-up for the FY 2013-14 based on the audited annual accounts of PTCUL along with the review of Aggregate Revenue Requirement for FY 2015-16 and determination of transmission charges for FY 2015-16 for the kind approval of the Hon'ble Commission.
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 true-up of FY 2013-14 on audited accounts. Further, the Petitioner has proposed revision of ARR for FY 2015-16. The revenue gap on account of true-up of FY 2013-14 has been proposed to be recovered along with Annual Revenue Requirement of FY 2015-16 in the current Petition which is being submitted for approval of the Hon'ble Commission.
8. **Details of Tariff Filing Fees:** Enclosed Demand Draft of Rupees 100000.00 (Rs. One Lac) bearing number "550040." of PNB Bank, Dated 22.11.2014.

  
(Signature of the Petitioner)

I, S.K Sharma, S/o Lt. Sh. C.D Sharma aged about 58 years, Director (Projects) of Power Transmission Corporation of Uttarakhand Ltd., "Vidyut Bhawan", 132KV Substation, Maina, Sahaanpur Road, Near I.S.B.T. Crossing, Dehradun do verify that the contents of the above 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 on legal advice and that I have not suppressed any material fact.

  
(Signature of the Petitioner)  
**SHRAWAN KUMAR SHARMA**  
DIRECTOR (PROJECTS)  
POWER TRANSMISSION CORPORATION  
OF UTTARAKHAND LTD., DEHRADUN



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

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AUTHORISED SIGNATORY WITH GBPA No.

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AUTHORISED SIGNATORY WITH GBPA No.

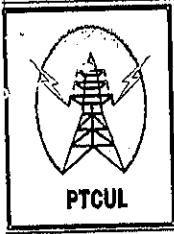
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SHRAWAN KUMAR SHARMA  
DIRECTOR (PROJECTS)  
POWER TRANSMISSION CORPORATION  
OF UTTARAKHAND LTD., DEHRADUN



# पावर ट्रांसमिशन कारपोरेशन ऑफ उत्तराखण्ड लि०

(उत्तराखण्ड सरकार का उपक्रम)

उपमहाप्रबन्धक (विधि) एव कम्पनी सचिव कार्यालय

विद्युत भवन, नजदीक-आई०एस०बी०टी० क्रॉसिंग, सहारनपुर रोड़, माजरा, देहरादून-248002

दूरभाष नं० 0135-2642796 email:- www.praveentandon@ptcul.org

No: 386 /DGM(L&CS)/PTCUL/

Dated 28.11.2014

**CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE MEETING OF THE BOARD OF DIRECTORS OF POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED HELD ON 27<sup>th</sup> NOVEMBER 2014 AT 11:30 A.M AT BOARD ROOM, UPCL, "GABAR SINGH BHAWAN" KANWALI ROAD, DEHRADUN.**

**"RESOLVED THAT** the Board be and hereby approves the True-up for FY 2013-14, Annual Performance Review (APR) of 2014-15 and Revised Annual Revenue Requirement (ARR) for FY 2015-16 for PTCUL as tabled before the meeting and initialed by C.E. (C&R) for the purpose of identification.

**"RESOLVED FURTHER THAT** Director (Project) of the Company be and is hereby individually authorized to sign the Application/Petition for the True-up for FY 2013-14, Annual Performance Review (APR) of 2014-15 and Revised Annual Revenue Requirement (ARR) for FY 2015-16 for PTCUL and submit the same to Hon'ble UERC for approval timely.

**"RESOLVED FURTHER THAT** C.E. (C&R) be and is hereby authorized to do all such acts, deeds and things as he may deem fit, expedient and necessary including signing of documents to get the ARR, True-up approved from the Hon'ble UERC."

**Certified to be true  
For Power Transmission Corporation of Uttarakhand Limited**


  
**(Praveen Tandon)  
DGM (Legal) & CS.**

**Date: 28-11-2014  
Place: Dehradun.**

  
**SHRAWAN KUMAR SHARMA  
DIRECTOR (PROJECTS)  
POWER TRANSMISSION CORPORATION  
OF UTTARAKHAND LTD., DEHRADUN**

## INDEX

<b>S.No.</b>	<b>Particular</b>	<b>Page No.</b>
<b>1.</b>	<b>Petition for True-up for FY 2013-14, Annual Performance Review for FY 2014-15 and Revised Aggregate Revenue Requirement for FY 2015-16 of PTCUL</b>	<b>1-42</b>
<b>2.</b>	<b>Formats</b>	<b>43-100</b>
<b>2.</b>	<b>Annexure-I</b>	<b>101-347</b>
<b>3.</b>	<b>Annexure-II</b>	<b>348-361</b>
<b>4.</b>	<b>Annexure-III</b>	<b>362-368</b>
<b>5.</b>	<b>Annexure-IV</b>	<b>369-376</b>
<b>6.</b>	<b>Annexure-V</b>	<b>377-380</b>
<b>7.</b>	<b>Annexure-VI</b>	<b>381-418</b>

  
**SHRAWAN KUMAR SHARMA**  
**DIRECTOR (PROJECTS)**  
**POWER TRANSMISSION CORPORATION**  
**OF UTTARAKHAND LTD., DEHRADUN**

# **Power Transmission Corporation of Uttarakhand Limited**



**Petition for  
True-up of FY 2013-14  
&  
Annual Performance Review for FY 2014-15  
&  
ARR for FY 2015-16**

Submitted to

**Hon'ble Uttarakhand Electricity  
Regulatory Commission**

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## Contents

<b>1. INTRODUCTION.....</b>	<b>7</b>
<b>2. FINAL TRUING-UP FOR PAST PERIOD.....</b>	<b>9</b>
2.1 <i>Background.....</i>	9
2.2 <i>Principles for True-up.....</i>	9
2.3 <i>Gross Fixed Assets .....</i>	10
2.4 <i>Depreciation.....</i>	11
2.5 <i>Advance Against Depreciation.....</i>	11
2.6 <i>O&amp;M Expenses .....</i>	12
2.7 <i>Interest on Working Capital.....</i>	13
2.1 <i>Interest and Finance Charges.....</i>	13
2.2 <i>Return on Equity .....</i>	14
2.3 <i>Non-Tariff Income .....</i>	15
2.4 <i>Summary of Year-Wise Gap.....</i>	15
2.5 <i>Carrying Cost on Under-Recovered Amounts.....</i>	16
2.6 <i>Summary of Final Truing Up from FY 2004-05 to 2011-12 .....</i>	16
<b>3. TRUE-UP FOR FY 2013-14.....</b>	<b>18</b>
2.7 <i>Background.....</i>	18
2.8 <i>Gross Fixed Assets .....</i>	18
2.9 <i>Depreciation.....</i>	19
2.10 <i>Interest and Finance Charges.....</i>	20
2.11 <i>Return on Equity .....</i>	21
2.12 <i>Income Tax.....</i>	22
2.13 <i>Non-Tariff Income .....</i>	22
2.14 <i>O&amp;M Expenses .....</i>	22
2.15 <i>Interest on Working Capital.....</i>	24
2.16 <i>Approved and Proposed ARR for True-up of FY 2013-14.....</i>	25
<b>4. ANNUAL PERFORMANCE REVIEW OF FY 2014-15 AND REVISED ARR FOR FY 2015-16. 27</b>	
3.1 <i>Background.....</i>	27
3.2 <i>Capital Expenditure and Capitalization for FY 2014-15 &amp; FY 2015-16 .....</i>	28
3.3 <i>Operation &amp; Maintenance Expenditure.....</i>	29
3.4 <i>Depreciation.....</i>	30
3.5 <i>Interest on Term Loans.....</i>	31
3.6 <i>Interest on Working Capital.....</i>	32
3.7 <i>Return on Equity .....</i>	34
3.8 <i>Non-Tariff Income.....</i>	35
3.9 <i>Aggregate Revenue Requirement.....</i>	35
3.10 <i>Revenue Gap and Carrying Cost.....</i>	36
3.11 <i>Annual Transmission charges for FY 2015-16.....</i>	37
<b>5. COMPLIANCE OF DIRECTIVES.....</b>	<b>38</b>

**6. PRAYER..... 41**

**7. ANNEXURES..... 42**

## List of Tables

Table 1: Capitalization of Various Schemes as per the Audited Accounts ( <i>Figures in Rs Crore</i> ) .....	10
Table 2: Proposed Depreciation for True-up ( <i>Figures in Rs Crore</i> ) .....	11
Table 3: Proposed Advance Against Depreciation for True-up ( <i>Figures in Rs Crore</i> ) .....	11
Table 4: Proposed O&M Expense for True-up ( <i>Figures in Rs Crore</i> ) .....	12
Table 5: Proposed Interest on Working Capital for True-up ( <i>Figures in Rs Crore</i> ) .....	13
Table 6: Proposed Interest & Finance Charges for True-up ( <i>Figures in Rs Crore</i> ) .....	13
Table 7: Equity Addition during the Period ( <i>Figures in Rs Crore</i> ) .....	14
Table 8: Proposed Return on Equity ( <i>Figures in Rs Crore</i> ) .....	14
Table 9: Proposed Non-tariff Income for true-up ( <i>Figures in Rs Crore</i> ) .....	15
Table 10: Revenue Gap for FY 2004-05 to FY 2012-13 for True-up ( <i>Figures in Rs Crore</i> ) .....	15
Table 11: Computation of Revenue Gap with Carrying Cost ( <i>Figures in Rs Crore</i> ) .....	16
Table 12: Summary of Revenue Gap ( <i>Figures in Rs Crore</i> ) .....	16
Table 13: Actual Scheme-wise Capitalization and funding for FY 2013-14 (Rs. Crore) .....	19
Table 14: Proposed Opening and Closing GFA for True-up of FY 2013-14 ( <i>Figures in Rs Crore</i> ) .....	19
Table 15: Proposed Depreciation for True-up of FY 2013-14 ( <i>Figures in Rs Crore</i> ) .....	20
Table 16: Proposed Interest Charges for True-up of FY 2013-14 ( <i>Figures in Rs Crore</i> ) .....	20
Table 17: Proposed Return on Equity for True-up of FY 2013-14 ( <i>Figures in Rs Crore</i> ) .....	21
Table 18: Proposed O&M Expense for True-up of FY 2013-14 ( <i>Figures in Rs Crore</i> ) .....	22
Table 19: Proposed R&M Expense for True-up of FY 2013-14 ( <i>Figures in Rs Crore</i> ) .....	23
Table 20: Gain / Loss on account of O&M for FY 2013-14 ( <i>Figures in Rs Crore</i> ) .....	23
Table 21: Proposed Interest on Working Capital for True-up ( <i>Figures in Rs Crore</i> ) .....	24
Table 22: Proposed Addition Interest on Working Capital on account of TDS Impact ( <i>Figures in Rs. Crore</i> ) .....	25
Table 23: Revenue Gap for FY 2013-14 for True-up ( <i>Figures in Rs Crore</i> ) .....	25
Table 24: Approved Capital Expenditure and Capitalization for the Control Period ( <i>Figures in Rs Crore</i> ) .....	28
Table 25: Works Estimates to be Completed during FY 2014-15 ( <i>Figures in Rs Crore</i> ) .....	28
Table 26: Actual O&M Expenses for 6 months of FY 2014-15 ( <i>Figures in Rs Crore</i> ) .....	29
Table 27: Revised O&M Expenditure Proposed for FY 2014-15 & FY 2015-16 ( <i>Figures in Rs Crore</i> ) .....	30
Table 28: Proposed Depreciation for FY 2012-13 ( <i>Figures in Rs Crore</i> ) .....	31
Table 29: Revised Interest on Term Loans for FY 2015-16 ( <i>Figures in Rs Crore</i> ) .....	32
Table 30: Interest on Working Capital ( <i>Figures in Rs Crore</i> ) .....	32
Table 31: Computation of Addition Interest on Working Capital on account of TDS Impact (Rs. Crore) .....	33
Table 32: Computation of Revised Opening Equity for the Control Period (Rs. Crore) .....	34
Table 33: Revised Computation of Reasonable Equity for FY 2015-16 ( <i>Figures in Rs Crore</i> ) .....	35
Table 34: Approved and Revised Estimated ARR for FY 2015-16 ( <i>Figures in Rs Crore</i> ) .....	35
Table 35: Proposed Revenue Gap for FY 2013-14 ( <i>Figures in Rs Crore</i> ) .....	36
Table 36: Computation of Carrying Cost on Proposed Revenue Gap ( <i>Figures in Rs Crore</i> ) .....	36

Table 37: Transmission Charges for Intra-State Transmission Network .....37

# 1. 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 Uttarakhand 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:

- 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 Dispatch w.e.f. 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 25<sup>th</sup> August 2004.

The Hon'ble Commission issued new tariff regulations i.e. UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations 2011 (hereinafter referred to as "UERC Tariff Regulations, 2011" or "MYT Regulations") which have been notified on December 19, 2011. As per the new tariff regulations, the transmission licensee was required to submit an MYT Petition for the three year Control Period i.e. FY 2013-14 to FY 2015-16. In compliance to the MYT Regulations, PTCUL submitted business plan and MYT petition for the Control Period on 31<sup>st</sup> December 2012. Based on the scrutiny and prudence check, the Hon'ble Commission issued the Tariff Order on approval of Business Plan and MYT Petition for PTCUL for First Control Period on 6<sup>th</sup> May, 2013.

Post the issuance of the MYT Order for the Control Period, in accordance with 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 truing-up of FY 2013-14 and Review of ARR for FY 2014-15 and Revised ARR for FY 2015-16 and approval of transmission charges for FY 2015-16. In the current petition PTCUL has proposed revision in the components of the ARR for the Control Period primarily based on change in opening gross fixed assets for the first year of the Control period (FY 2013-14) on basis of actual capitalization as per the books of accounts of PTCUL.

The Petitioner prays to the Hon'ble Commission to consider its submission for provisional true-up of FY 2013-14 as well as proposed revision in ARR for the FY 2015-16 and pass appropriate order in this regard. Additionally, PTCUL requests the Hon'ble Commission to finalize the truing up for past years i.e. FY 2004-05 to FY 2012-13 based on the audited accounts of respective years.

## 2. FINAL TRUING-UP FOR PAST PERIOD

### 2.1 BACKGROUND

In this section, PTCUL is submitting true-up for all the previous years starting from FY 2004-05 (i.e. post the separation of PTCUL from UPCL) to FY 2012-13. In its previous Orders, the Hon'ble Commission has undertaken provisional true-up for the period in absence of availability of audited accounts. The audited accounts for FY 2004-05 to FY 2012-13 are now available and PTCUL has accordingly filed for final true-up for FY 2004-05 to FY 2011-12 in the MYT Petition. However, the Hon'ble Commission had not undertaken final truing-up of the past years due to pending recommendations of Expert Committee Report at the time of issuance of MYT Order.

As per the UERC Tariff Regulations 2011, true-up / review of previous years prior to FY 2013-14 (i.e. up to FY 2012-13) for transmission licensee would be governed by UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004 and UERC (Terms and Conditions for Truing Up of Tariff) Regulations, 2008 as amended from time to time. The Petitioner has prepared the final true-up of FY 2004-05 to FY 2012-13.

### 2.2 PRINCIPLES FOR TRUE-UP

UERC (Terms and Conditions for Truing Up of Tariff) Regulations, 2008 provides that-

*“(1) The Commission shall undertake a review of actual levels of expenses, revenues and operational parameters in a financial year vis-à-vis the approved levels in the relevant Tariff Order for that financial year either on a Petition moved by the concerned licensee/generating company or suo-moto. While doing so, the Commission after considering the reasons for these variations may permit carrying forward of financial impact of the same to the extent approved by the Commission to the following year(s). This exercise shall be called truing up exercise.*

*(2) Truing up exercise for a financial year shall normally be carried out along with Tariff determination exercise(s) taken up after the close of that financial year.*

***(3) Truing up can be done either based on provisional or audited data and can also be taken up for one or more items separately as deemed necessary by the Commission. No further true up shall normally be done after a truing up exercise based on audited data has been carried out.”***

The Petitioner therefore seeks true-up of expenses for the financial years 2004-05 to 2011-12 as per the audited accounts as applicable for various heads of expenditure.

The accounts for all the financial years (from FY 2004-05 to FY 2012-13) have been enclosed as annexure to this petition.

### 2.3 GROSS FIXED ASSETS

In the previous Tariff Orders issued by the Hon'ble Commission, the higher capital cost with regard to the approved capital cost has been disallowance on account of time and cost over-runs. Therefore, the GFA considered for the purpose of determination of ARR of PTCUL in previous Orders are lower than the actual GFA. Further, an Expert Committee had been formed to evaluate the time and cost over-run for NABARD and REC old schemes in 2011. The Expert Committee had come out with its recommendations as per Report on NABARD Scheme and REC I & III (Old Schemes) of PTCUL wherein cost of Rs. 237.51 Crore has been recommended towards NABARD schemes and Rs. 143.71 Crore has been allowed towards REC old schemes.

PTCUL in its various submissions against the queries of the Expert Committee have provide requisite information and detailed explanation with regard to the time and cost overruns in each of the project which have been primarily uncontrollable. While the Expert Committee has considered various submissions of the petitioner in the report, it is observed that the time and cost overrun on account of uncontrollable parameters have not been completely allowed in the report i.e. delay in forest clearance, etc. It is submitted that the issue of RoW has been encountered at inter-state level as well and at many occasions the developer has been provided relief on this account due to its uncontrollable nature.

Further, it is submitted that the disallowance of capital cost shall result in non-recovery of the investment made by the Petitioner. It is humbly submitted that under the cost plus regime, the Petitioner is allowed only a marginal profit against the equity investment in form of RoE and the balance parameters are towards actual cost incurred by the licensee. Therefore, disallowance of the magnitude proposed in the Expert Committee report shall lead to financial hardships for PTCUL as the interest expense and loan repayment against the NABARD and REC Old schemes is being incurred by the Petitioner.

Therefore, PTCUL humbly requests the Hon'ble Commission to allow the capitalization as per audited accounts. For the purpose of truing-up as well PTCUL has considered actual capitalization as per audited accounts. However, the opening assets have considered as approved by the Hon'ble Commission in the MYT Order due to non-finalization of transfer scheme. The asset capitalization considered each year as per the audited accounts is provided in table below:

**Table 1: Capitalization of Various Schemes as per the Audited Accounts (Figures in Rs Crore)**

Scheme	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
NABARD			69.15	93.12	27.88	42.88	12.16	49.41	1.67
REC I & III	3.21	18.86		4.61		0.02	45.28	64.03	8.98
REC II				30.89	2.90	9.66	20.84	26.17	1.44
REC IV							20.67	22.64	22.85

Scheme	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
REC V								15.96	59.43
REC IX									4.48
REC XI									16.91
Deposit Work		8.92	28.31	2.09				38.76	1.47
Capital R&M Works								33.00	5.30
<b>Total Additions</b>	<b>3.21</b>	<b>27.78</b>	<b>97.46</b>	<b>130.71</b>	<b>30.78</b>	<b>52.57</b>	<b>98.96</b>	<b>249.97</b>	<b>122.53</b>

## 2.4 DEPRECIATION

The average depreciation rate of 3% has been considered as per the rates prescribed by the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations 2004. Its computation has been done on the opening value of gross fixed assets, while pro-rata depreciation has been computed on the assets capitalized during the year.

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 Regulation 18(1) (a) of UERC Tariff Regulations 2004. The depreciation expenses for the years FY 2004-05 to FY 2012-13 have been presented in the table below:

**Table 2: Proposed Depreciation for True-up (Figures in Rs Crore)**

Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
<b>GFA at beginning of year</b>	<b>146.14</b>	<b>149.32</b>	<b>167.11</b>	<b>234.90</b>	<b>363.36</b>	<b>394.14</b>	<b>446.48</b>	<b>522.40</b>	<b>717.21</b>
Addition (excluding deposit works)	3.21	18.86	69.15	128.62	30.78	52.57	98.96	211.21	121.06
Less: Deletion	0.03	1.07	1.36	0.16	-	0.23	23.03	16.40	3.45
<b>GFA at end of year</b>	<b>149.32</b>	<b>167.11</b>	<b>234.90</b>	<b>363.36</b>	<b>394.14</b>	<b>446.48</b>	<b>522.40</b>	<b>717.21</b>	<b>834.82</b>
Depreciation (@3.00%)	4.43	4.75	6.03	8.97	11.36	12.61	14.53	18.59	23.28

## 2.5 ADVANCE AGAINST DEPRECIATION

Advance against Depreciation for FY 2012-13 has been projected in accordance with Regulation 19 of the Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2004.

**Table 3: Proposed Advance Against Depreciation for True-up (Figures in Rs Crore)**

Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
1/10th of the Loan(s)	5.10	6.65	12.25	22.33	24.79	28.94	36.55	52.65	61.25
Repayment of the Loan(s) as considered for working out Interest on Loan	-	-	5.66	34.71	24.47	42.43	78.41	78.01	68.17
Minimum of the above	-	-	5.66	22.33	24.47	28.94	36.55	52.65	61.25

Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Less: Depreciation during the year	4.43	4.75	6.03	8.97	11.36	12.61	14.53	18.59	23.28
(A) =3-4	(4.43)	(4.75)	(0.37)	13.36	13.10	16.34	22.02	34.05	37.97
Cumulative repayment of the Loan(s) as considered for working out interest on Loan	-	-	5.66	40.38	64.84	107.27	185.68	263.69	331.86
Less: Cumulative depreciation	4.43	9.18	15.21	24.18	35.55	48.15	62.69	81.28	104.56
(B)=6-7	(4.43)	(9.18)	(9.55)	16.19	29.30	59.12	122.99	182.41	227.30
Advance Against Depreciation (Minimum of A & B)	-	-	-	13.36	13.10	16.34	22.02	34.05	37.97

## 2.6 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 Petitioner humbly submits that expenses under these heads have been largely uncontrollable in nature. In case of employee expense, it is submitted that the PTCUL is lacking adequate manpower and has been increasing its workforce in order to fill in the vacant posts. Further, dearness allowance is one of the primary factors which is dependent on government directives and thus is uncontrollable in nature.

In case of repairs and maintenance cost, it is submitted that the transmission assets transferred to PTCUL during unbundling were very old resulting in higher costs towards maintenance activities which cannot be determined with certainty and therefore should be classified under uncontrollable. Repair and maintenance activities are also largely dependent on external conditions in the State i.e. amount of snowfall, temperature, etc.

Thus the Petitioner humbly requests the Hon'ble Commission to allow the expenses under employee cost, A&G expense and R&M expense as per the audited accounts, which have been tabulated below:

**Table 4: Proposed O&M Expense for True-up (Figures in Rs Crore)**

	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Description	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals
Repair & Maintenance	5.84	6.17	8.39	7.81	9.91	12.25	11.75	18.03	20.51
Employees Cost	12.28	15.25	16.74	30.12	31.09	33.97	37.69	45.94	49.4
Admin & General Expenses	1.04	4.99	5.60	10.07	8.76	9.24	12.76	14.82	14.14
<b>O&amp;M Expense</b>	<b>19.16</b>	<b>26.41</b>	<b>30.74</b>	<b>48.00</b>	<b>49.76</b>	<b>55.46</b>	<b>62.20</b>	<b>78.79</b>	<b>84.05</b>

## 2.7 INTEREST ON WORKING CAPITAL

The working capital has been computed as per the stipulations of Regulation 21 of UERC (Terms & Conditions for determination of Transmission Tariff) Regulations, 2004 on the allowable cost for the purposes of true-up. This regulation states that

“Working Capital shall cover:

(a) Operation and Maintenance expenses for one month;

(b) Maintenance spares @ 1% of the historical cost escalated @ 6% per annum from the date of commercial operation (in case of PTCUL’s transmission system transferred from UPCL, historical cost shall be the cost as on the date of unbundling of UPSEB to be escalated @ 6% p.a. thereafter), and

(c) Receivables equivalent to two months of transmission charges calculated on target availability level.”

The rate of interest adopted for calculating the interest on working capital is the rate which the Hon’ble Commission had approved in the respective years’ tariff orders.

The table below depicts the year wise allowable interest on working capital:

**Table 5: Proposed Interest on Working Capital for True-up (Figures in Rs Crore)**

Particulars	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
1 Month O&M	1.60	2.20	2.56	4.00	4.15	4.62	5.18	6.57	7.00
2 Months Recievables	4.00	5.13	7.16	13.00	14.45	12.64	16.96	22.15	26.88
Maintenance & Spares	1.58	1.95	3.05	4.54	5.12	5.95	7.29	10.23	12.07
<b>Working Capital Requirement</b>	<b>7.18</b>	<b>9.28</b>	<b>12.77</b>	<b>21.54</b>	<b>23.71</b>	<b>23.20</b>	<b>29.43</b>	<b>38.95</b>	<b>45.95</b>
Rate of Interest	10.25%	10.25%	10.25%	10.25%	10.25%	12.25%	11.75%	13.25%	14.75%
<b>Interest on Working Capital</b>	<b>0.74</b>	<b>0.95</b>	<b>1.31</b>	<b>2.21</b>	<b>2.43</b>	<b>2.84</b>	<b>3.46</b>	<b>5.16</b>	<b>6.78</b>

## 2.1 INTEREST AND FINANCE CHARGES

The interest and finance charges have been provided as per actual expense incurred based on the audited accounts provided in table below:

**Table 6: Proposed Interest & Finance Charges for True-up (Figures in Rs Crore)**

Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY13
Interest and finance charges	0.00	0.00	10.38	16.08	22.25	27.83	30.57	35.58	42.69

## 2.2 RETURN ON EQUITY

The computation of Return on Equity (RoE) has been undertaken as per the stipulations of Regulation 20 of UERC (Terms & Conditions for determination of Transmission Tariff) Regulations, 2004 for the purposes of true-up. The Regulation states that:

*“Return on equity shall be computed on the equity base determined in accordance with regulation 15(5) and shall be @ 14% per annum”*

The equity base has been calculated on the basis of scheme-wise equity contributions. The same is provided in table below:

**Table 7: Equity Addition during the Period (Figures in Rs Crore)**

Opening balance	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
NABARD	-	-	13.14	17.69	5.30	8.15	2.31	9.39	0.32
REC I & III	0.58	3.39	-	0.83	-	0.00	8.15	11.53	1.62
REC II	-	-	-	9.27	0.87	2.90	6.25	7.85	0.43
REC IV	-	-	-	-	-	-	6.20	6.79	6.86
REC V	-	-	-	-	-	-	-	4.79	17.83
REC IX	-	-	-	-	-	-	-	-	1.34
REC XI	-	-	-	-	-	-	-	-	5.07
Deposit Work									
Capital R&M Works	-	-	-	-	-	-	-	9.90	1.59
<b>Equity Addition</b>	<b>0.58</b>	<b>3.39</b>	<b>13.14</b>	<b>27.79</b>	<b>6.17</b>	<b>11.05</b>	<b>22.92</b>	<b>50.24</b>	<b>35.06</b>

The average of opening and closing equity balance for a financial year has been considered for calculation of return on equity. Equity from PDF towards NABARD and REC Old schemes have been excluded for computing the return on equity. The table below shows the return on equity for FY 2004-05 to FY 2012-13.

**Table 8: Proposed Return on Equity (Figures in Rs Crore)**

Opening balance	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Equity Addition	-	-	-	9.27	0.87	2.90	12.45	29.33	33.12
REC -III Equity (other than PDF)							3.66	1.0	
<b>Equity Eligible for Return</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.27</b>	<b>10.14</b>	<b>13.04</b>	<b>29.15</b>	<b>59.48</b>	<b>92.60</b>
<b>Return on Equity @14%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.30</b>	<b>1.42</b>	<b>1.83</b>	<b>4.08</b>	<b>8.33</b>	<b>12.96</b>

### 2.3 NON-TARIFF INCOME

The Petitioner requests the Hon'ble Commission to allow the non-tariff income as per the audited accounts as tabulated below:

**Table 9: Proposed Non-tariff Income for true-up (Figures in Rs Crore)**

Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY13
Non-Tariff Income	0.79	2.30	1.79	2.70	0.51	2.87	1.09	2.35	1.51

### 2.4 SUMMARY OF YEAR-WISE GAP

Based on the parameters discussed above, revenue gap for each year from FY 2004-05 to FY 2012-13 have been computed as provided in table below:

**Table 10: Revenue Gap for FY 2004-05 to FY 2012-13 for True-up (Figures in Rs Crore)**

Description	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals
Repair & Maintenance	5.84	6.17	8.39	7.81	9.91	12.25	11.75	18.03	20.51
Employees Cost	12.28	15.25	16.74	30.12	31.09	33.97	37.69	45.94	49.4
Admin & General Expenses	1.04	4.99	5.60	10.07	8.76	9.24	12.76	14.82	14.14
<b>O&amp;M Expense</b>	<b>19.16</b>	<b>26.41</b>	<b>30.74</b>	<b>48.00</b>	<b>49.76</b>	<b>55.46</b>	<b>62.20</b>	<b>78.79</b>	<b>84.05</b>
Depreciation	4.43	4.75	6.03	8.97	11.36	12.61	14.53	18.59	23.28
Advance Against Depreciation	0.00	0.00	0.00	13.36	13.10	16.34	22.02	34.05	37.97
Interest & Finance Charges	0	0.00	10.38	16.08	22.25	27.83	30.57	35.58	42.69
Interest on Working Capital	0.74	0.95	1.31	2.21	2.43	2.84	3.46	5.16	6.78
Fringe Benefit Tax		0.05							
<b>Total Expenditure</b>	<b>24.33</b>	<b>32.15</b>	<b>48.46</b>	<b>88.63</b>	<b>98.90</b>	<b>115.08</b>	<b>132.77</b>	<b>172.17</b>	<b>194.77</b>
Statutory Return/ RoE	0.0	0.0	0.0	1.3	1.4	1.8	4.1	8.3	13.0
<b>Gross Revenue Requirement</b>	<b>24.33</b>	<b>32.15</b>	<b>48.46</b>	<b>89.92</b>	<b>100.32</b>	<b>116.90</b>	<b>136.85</b>	<b>180.50</b>	<b>207.73</b>
Non-Tariff Income	0.79	2.30	1.79	2.70	0.51	2.87	1.09	2.35	1.51
<b>Net Revenue Required</b>	<b>23.55</b>	<b>29.85</b>	<b>46.66</b>	<b>87.22</b>	<b>99.81</b>	<b>114.03</b>	<b>135.76</b>	<b>178.16</b>	<b>206.22</b>
Revenue from Wheeling	23.99	30.77	42.98	78.02	86.71	75.81	101.74	132.93	161.26
Approved in FY13-14									28.29
<b>Revenue Gap</b>	<b>(0.44)</b>	<b>(0.92)</b>	<b>3.68</b>	<b>9.20</b>	<b>13.10</b>	<b>38.22</b>	<b>34.02</b>	<b>45.23</b>	<b>16.67</b>
<b>Total Accumulated Losses Gap</b>									<b>158.77</b>

A comparison of the above actual expenditure against those approved by the Hon'ble Commission in its respective Tariff orders/ True-up Orders has been provided in Formats.

## 2.5 CARRYING COST ON UNDER-RECOVERED AMOUNTS

Carrying cost in its UERC (Terms and Conditions for Truing Up of Tariff) Regulations, 2008, which states that:

*“The Commission may allow carrying cost of such variations which shall be limited to the interest rate approved for working capital borrowings”*

Accordingly, the Petitioner submits that it has computed the carrying cost on the yearly under-recovered amount based on the applicable SBI PLR rate as approved by the Hon’ble Commission in the years FY 2004-05 to FY 2012-13 towards interest on working capital in the respective tariff orders.

The Petitioner requests the Hon’ble Commission to allow carrying cost to the tune of Rs. 64.46 Crore as per carrying cost computations shown in the Table below:

**Table 11: Computation of Revenue Gap with Carrying Cost (Figures in Rs Crore)**

Particular	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Revenue Gap each year	(0.44)	(0.92)	3.68	9.20	13.10	38.22	34.02	45.23	16.67
Interest Rates	10.25%	10.25%	10.25%	10.25%	10.25%	12.25%	11.75%	13.25%	14.75%
Opening Gap	-	(0.47)	(1.48)	2.24	12.14	27.16	71.04	115.42	178.93
Gap during the year	(0.44)	(0.92)	3.68	9.20	13.10	38.22	34.02	45.23	16.67
Carrying Cost	(0.02)	(0.09)	0.04	0.70	1.92	5.67	10.35	18.29	27.62
Closing Gap	(0.47)	(1.48)	2.24	12.14	27.16	71.04	115.42	178.93	223.23

## 2.6 SUMMARY OF FINAL TRUING UP FROM FY 2004-05 TO 2011-12

The summary of the final trued-up amount of Rs.161.58 Crore for the period FY 2004-05 to FY 2011-12 including carrying cost is shown in the Table below:

**Table 12: Summary of Revenue Gap (Figures in Rs Crore)**

Particulars	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	Total
Revenue Gap for respective year	(0.44)	(0.92)	3.68	9.20	13.10	38.22	34.02	45.23	16.67	158.77
Carrying Cost up to FY 2012-13										64.46
<b>Total Revenue Gap including carrying cost</b>										<b>223.23</b>

The Petitioner humbly requests the Hon'ble Commission to approve the revenue gap of Rs. 223.23 Crores (including carrying cost) and allow suitable mechanism for recovery of this amount in the transmission charges to be recovered from the beneficiary i.e. UPCL.

## 3. TRUE-UP FOR FY 2013-14

### 2.7 BACKGROUND

The Hon'ble Commission had issued the MYT Order for the Control Period FY 2013-14 to FY 2015-16 on 6<sup>th</sup> 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) *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 the sharing of gains and losses on account of controllable factors for the previous year.”*

Since FY 2013-14 is complete and audited accounts are available, PTCUL is submitting the truing-up for FY2013-14 as per the provisions of MYT Regulations, 2011.

The MYT Order of SLDC was issued in April, 2014 when the complete 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 2013-14 has been proposed for PTCUL as a whole.

### 2.8 GROSS FIXED ASSETS

PTCUL in the petition for APR of FY 2013-14 had considered the opening assets of FY 2013-14 as approved in the MYT Order. However, the Expert Committee in its report has recommended partial allowance of the time and cost overruns for schemes under NABARD and REC Old. PTCUL for reasons stated at Para 2.3 have requested the Hon'ble Commission to consider the capitalization as per audited

accounts. Therefore, for the opening GFA of FY 2013-14, PTCUL has considered the closing GFA as determined in trueing up for past years for FY 2012-13.

As per the Annual Audited accounts for FY 2013-14, the scheme-wise actual capitalization of PTCUL during FY 2013-14 is summarized in table below:

**Table 13: Actual Scheme-wise Capitalization and funding for FY 2013-14 (Rs. Crore)**

Capitalization	GFA	Debt %	Debt	Equity	Grant
REC Old Schemes	54.20	75.5%	40.92	13.28	
REC New	11.92	70%	8.34	3.57	
REC IV	50.59	70%	35.42	15.18	
REC V	0.00	70%	0.00	0.00	
REC IX	0.21	70%	0.15	0.06	
REC XI	1.62	70%	1.13	0.48	
PFC	0.00	70%	0.00	0.00	
NABARD	1.14	81%	0.92	0.22	
REC 6410	9.87	70%	6.91	2.96	
REC 4365	11.53	90%	10.38	1.15	
Capital R&M	1.20	70%	0.84	0.36	
Capital R&M (PFC)	0.15	70%	0.10	0.04	
Deposit Works	0.72	0%			0.72
Capital Works	1.19	70%	0.83	0.36	
<b>Total</b>	<b>144.33</b>		<b>105.94</b>	<b>37.67</b>	<b>0.72</b>

Based on the capitalization in GFA for FY 2013-14, the opening and closing GFA considered for true-up of FY 2013-14 is summarized in table below:

**Table 14: Proposed Opening and Closing GFA for True-up of FY 2013-14 (Figures in Rs Crore)**

S.NO.	Name of Scheme	Amount
1	Opening GFA for FY 2013-14	834.82*
2	Addition during the FY 2013-14	144.33
3	Closing GFA	979.15

\*Opening balance in FY05 as per MYT Order and asset addition & deletion each year as per audited accounts

## 2.9 DEPRECIATION

The depreciation has been calculated at the rates prescribed by the UERC MYT Regulations 2011. 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 2011. The proposed depreciation expenses for the years FY 2013-14 for true-up have been presented in the table below:

**Table 15: Proposed Depreciation for True-up of FY 2013-14 (Figures in Rs Crore)**

Particulars	True-up
Opening GFA	834.82
Less: Grants	79.55
Opening Depreciable GFA	755.28
Addition in GFA	144.33
Less: Grants	0.72
Depreciable assets of addition	898.89
<i>Depreciation Rate</i>	5.28%
<b>Depreciation</b>	<b>43.67</b>

The Petitioner seeks a depreciation expense of Rs. 43.67 Crore for the FY 2013-14 and requests the Hon'ble Commission to approve the same. It is submitted that the actual depreciation is higher than the approved depreciation primarily on account of non-consideration of actual capitalization for FY 2012-13 in the MYT Order.

## 2.10 INTEREST AND FINANCE CHARGES

For computation of interest and finance charges, the closing balance of loans on FY 2012-13 as computed in the previous section of true-up of previous years has been considered for the opening loan balance for FY 2013-14. As per the MYT Regulations 2011, the loan payment has been considered equal to the depreciation for FY 2013-14. The interest cost for FY 2013-14 has been computed considering the effective rate of interest of 11.85% on the gross loans as per the audited accounts. The computation of interest charges is provided in the table below:

**Table 16: Proposed Interest Charges for True-up of FY 2013-14 (Figures in Rs Crore)**

Particulars	Approved	Revised Proposed
Opening Balance of Loans	266.26	418.36
Addition in loans of capitalized assets during FY 2013-14	95.59	105.94
Repayment	34.37	43.67

Particulars	Approved	Revised Proposed
Closing Balance of Loans	327.48	480.63
<i>Effective Interest Rate</i>	10.06%	11.85%
<b>Interest</b>	<b>29.87</b>	<b>53.27</b>

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 trueing 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 2013-14 works out to be 11.85% as per the audited accounts which has been considered for the purpose of trueing-up. Also, due to not consideration of capitalization for FY 2012-13 in the MYT Order, the loan balances were not reflective of the actual loans for FY 2013-14. It is submitted that the increase in interest cost is towards uncontrollable factors and interest charge of Rs. 53.27 Crore as proposed for trueing-up of FY 2013-14 in the table above should be approved.

## 2.11 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 contribution 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. It is also submitted that in case of REC III schemes, the equity contribution is from budgetary allocation from GoU, and therefore the Hon'ble Commission is requested to consider the equity towards REC-III projects eligible for the computation of return on equity.

A return on equity of 15.5% has been considered as per the provisions of the UERC Tariff Regulations 2011. Opening equity for FY 2013-14 has been considered in line with the closing equity determined in the above section on trueing up for past years.

The table below shows the computation of return on equity being proposed for true-up for FY 2013-14.

**Table 17: Proposed Return on Equity for True-up of FY 2013-14 (Figures in Rs Crore)**

Particulars	Amount
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Particulars	Amount
Opening Equity base eligible for Return for FY 2013-14	92.60
Equity corresponding to the assets capitalized during FY 2013-14	37.67
<b>Closing Equity of FY 2013-14</b>	<b>130.28</b>
Rate of Return	15.5%
<b>Return on Equity</b>	<b>17.27</b>

The Petitioner prays to the Hon'ble Commission to approve the proposed ROE for FY 2013-14.

## 2.12 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 Rs. 1.25 Crore for the FY 2013-14. The same has been claimed as per audited accounts of FY 2013-14.

## 2.13 NON-TARIFF INCOME

As per audited annual accounts, the non-tariff income of Rs. 3.13 Crore has been considered for true-up as compared with the approved Rs. 1.30 Crore for FY 2013-14. The Hon'ble Commission is requested to approve the same.

## 2.14 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 18: Proposed O&M Expense for True-up of FY 2013-14 (Figures in Rs Crore)**

Particulars	Approved	Actual (Audited)
Employees Cost	54.19	50.61
Repair & Maintenance	22.45	18.67

Particulars	Approved	Actual (Audited)
Admin & General Expenses	11.25	11.82
<b>Total O&amp;M</b>	<b>87.89</b>	<b>81.10</b>

It is submitted that the R&M expense approved by the Hon'ble Commission for FY 2013-14 in the MYT Order was based on lower GFA as the capitalization of assets during FY 2012-13 was considered to be nil. PTCUL requests the Hon'ble Commission to revise the same as per the closing GFA for FY 2012-13 (considering the approved capitalization for FY 2012-13 as per the provisional true-up approved for FY 2012-13) and k factor approved in the APR Order, which is provided in table below:

**Table 19: Proposed R&M Expense for True-up of FY 2013-14 (Figures in Rs Crore)**

Particulars	Approved	Revised
Opening GFA	654.29	764.69
Closing GFA	772.27	882.68
K factor	3.18%	3.17%
<b>R&amp;M Expense</b>	<b>22.45</b>	<b>26.11</b>

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 20: Gain / Loss on account of O&M for FY 2013-14 (Figures in Rs Crore)**

Particulars	Amount
O&M to be approved (as per revision of R&M)	91.55
Actual O&M (as per audited accounts)	81.10
<b>Gain</b>	<b>10.46</b>
20% gain to be allowed in tariff	2.09
Balance 80% to be retained by PTCUL	8.36

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.

## 2.15 INTEREST ON WORKING CAPITAL

The Petitioner has considered working capital computation as per the provisions of UERC Tariff Regulations 2011. SBI PLR as on 1<sup>st</sup> April 2013 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 2013-14:

**Table 21: Proposed Interest on Working Capital for True-up (Figures in Rs Crore)**

Particulars	FY 2013-14
O & M Expenses for one month	7.63
Spare (1% of historical cost)	13.73
Receivable (2 months)	41.81
<b>Total Working Capital</b>	<b>63.17</b>
Interest rate for working capital	14.45%
<b>Working Capital Interest</b>	<b>9.13</b>

### Additional Working Capital Requirement towards TDS deductions by UPCL

Further, it is submitted that the payments received by PTCUL from UPCL are subject to the provisions of Tax Deducted at Source (TDS) under Section 194 J of the Income Tax Act as the payment for transmission and wheeling charges are considered as 'fees for technical services'. According to the current provisions of Section 194J, 10% TDS is applicable. In view of the fact that the transmission business is regulated and the tariff is determined based on cost plus regime, there is no scope for any margins for PTCUL for covering any shortfall in revenue collection and additional interest burden due to revenue deferment being implied due to the TDS deduction.

For FY 2012-13 and FY 2013-14, UPCL has deducted an amount of Rs. 15.13 Crore and Rs. 19.90 Crore towards TDS and deposited it with the tax authorities. Resultantly, PTCUL has been able to collect 90% of the invoice generated resulting in shortfall. In the APR Order for FY 2013-14, the Hon'ble Commission had stated the following:

*"The Commission has computed the Interest on Working Capital in accordance with the UERC Tariff Regulations, 2004. As regards the Petitioner's claim regarding the additional interest on*

*working capital on account of TDS deducted by UPCL, the Commission is of the view that the Petitioner should have taken appropriate steps with income tax authorities as provided under Section 197(1) (Certificate for deduction at lower rate) of the Income Tax Act, 1961 for obtaining the certificate towards lower tax deduction reproduced hereunder:”*

It is submitted that the PTCUL had submitted Form 13 (Application by a person for a certificate under section 197) for waiver of TDS amount to be deducted at source. However, the same has not been granted by the authorities. Therefore, PTCUL requests the Hon’ble Commission to allow additional interest on the amount deducted on account of TDS by the UPCL to enable it to tide over the working capital issues on this account. The computation of additional interest on account of TDS deduction is provided in table below:

**Table 22: Proposed Addition Interest on Working Capital on account of TDS Impact (Figures in Rs. Crore)**

Particulars	FY 2012-13	FY2013-14
Opening Outstanding of Transmission Charges	-	16.13
Addition during the Year	15.13	19.90
Closing Outstanding	15.13	20.90
Interest Rate on Short-term WC loans (SBI PLR)	14.75%	14.45%
Addition WC interest liability	1.12	<b>2.67</b>

The Petitioner prays to the Hon’ble Commission to approve the interest on Working Capital of Rs. 11.80 Crores for FY 2013-14, including additional interest on working capital on account of TDS incidence.

## 2.16 APPROVED AND PROPOSED ARR FOR TRUE-UP OF FY 2013-14

Based on the parameters discussed above, revenue gap for FY 2013-14 has been computed as provided in table below:

**Table 23: Revenue Gap for FY 2013-14 for True-up (Figures in Rs Crore)**

Particulars	Approved	Proposed for True-up
Net O&M expenses	87.90	91.55
Interest charges	29.87	53.27
Guarantee Fees	1.29	1.15
Depreciation	34.37	43.67
Interest on Working Capital	6.83	9.13

Particulars	Approved	Proposed for True-up
Interest on Additional WC due to TDS		2.67
Reasonable Return	0.56	17.27
Income Tax		1.25
Less: Gain/ loss to be allowed in tariff		(2.09)
<b>Gross Expenditure</b>	<b>160.81</b>	<b>217.87</b>
Less: Non-Tariff Income	1.30	3.13
<b>Net Expenditure</b>	<b>159.51</b>	<b>214.73</b>
Add : True up of previous years including carrying cost	36.11	36.11
<b>Aggregate Revenue Requirement</b>	<b>195.63</b>	<b>250.84</b>
Total Revenue from Transmission Charges		201.67
<b>Revenue Surplus/ (Gap)</b>		<b>49.17</b>

Based on the above comparison of approved and actual ARR parameters, a revenue gap of Rs. 49.17 Crore is computed for FY 2013-14 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.

## 4. ANNUAL PERFORMANCE REVIEW OF FY 2014-15 AND REVISED ARR FOR FY 2015-16

### 3.1 BACKGROUND

On 6<sup>th</sup> 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) 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 the sharing of gains and losses on account of controllable factors for the previous year.”*

In this section, the Petitioner has provided details of actual progress of FY 2014-15 during the six months (April to September) and has requested revision of the estimates for FY 2015-16 based on the audited financial accounts of previous years as it would provide more realistic estimates for the Control Period. Since the second year of the Control Period i.e. FY 2014-15 is under progress, therefore, the six month performance of PTCUL is also provided with respect to the approved parameters. However, no revision of estimates is proposed for FY 2014-15 in line with Commission's methodology of approving ARR only for ensuing years in the previous Orders. PTCUL shall submit information for true-up of ARR for FY 2014-15 as per audited accounts in the subsequent tariff filing.

### 3.2 CAPITAL EXPENDITURE AND CAPITALIZATION FOR FY 2014-15 & FY 2015-16

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

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

It is submitted that PTCUL has been able to capitalize Rs. 144.44 Crore in FY 2013-14 as against the target capitalization of Rs. 117.98 Crore as per the MYT Order. Further, based on the six month progress of FY 2014-15, and estimated works to be completed during balance months of FY 2014-15, PTCUL estimates that it would be able to achieve the capitalization targets approved for FY 2014-15. Therefore, PTCUL proposes to continue with the capital expenditure and capitalization approved for FY 2014-15 and FY 2015-16 in the Business Plan.

It is submitted that as per six months actual information, PTCUL has capitalized Rs. 30.53 Crore amount of assets in FY 2014-15. The details of the works estimated to be completed and capitalized during the balance six months is provided in the table below:

**Table 25: Works Estimates to be Completed during FY 2014-15 (Figures in Rs Crore)**

Particulars	Estimated Expenditure	Estimated date
RECIV – 132kV S/s Haridwar Rd Laatapppar, DDN	24.92	Dec-14
REC IV – LILO of 132kV Rishikesh Majra Line	1.74	Dec-14
REC-II – 132kV Srinagar Simli Line	89.51	Mar-15
132kV Switching S/s Srinagar	19.77	Mar-15
<b>Total Cost of CWIP to be completed during</b>	<b>135.94</b>	

Particulars	Estimated Expenditure	Estimated date
<b>FY15</b>		
Other O&M Works	42.67	During FY 2014-15
<b>Grand Total</b>	<b>178.61</b>	

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 2014-15.

### 3.3 OPERATION & MAINTENANCE EXPENDITURE

In the APR Order for FY 2013-14, Hon'ble Commission had marginally revised the O&M expense for FY 2014-15 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 2014-15 is provided in table below:

**Table 26: Actual O&M Expenses for 6 months of FY 2014-15 (Figures in Rs Crore)**

Particulars	Approved in APR	Actual (6 months)	Projected
Employee Cost	65.07	25.03	65.07
R&M	30.18	8.14	30.18
A&G	14.07	8.24	14.07
<b>Total</b>	<b>109.32</b>	<b>41.41</b>	<b>109.32</b>

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 2014-15 at same level as approved by the Hon'ble Commission in the APR Order for FY 2013-14. For FY 2015-16, PTCUL has revised the R&M expense to reflect the higher base of gross fixed assets as per the methodology adopted by the Hon'ble Commission for revising the R&M expense for FY 2014-15 in the APR Order of FY 2013-14. Additionally a provisional amount of Rs. 2 Crore has been provided towards insurance of transmission assets as approved by the Hon'ble Commission for FY 2014-15 in the previous APR Order.

The revised total O&M expense as proposed in this petition for FY 2014-15 and FY 2015-16 is summarized in table below:

**Table 27: Revised O&M Expenditure Proposed for FY 2014-15 & FY 2015-16 (Figures in Rs Crore)**

Particulars	2014-15		2015-16	
	Approved as per MYT Order	Revised Proposed	Approved as per MYT Order	Revised Proposed
Employee Expenses	65.07	65.07	75.22	75.22
R&M Expenses	30.18	30.18	32.26	38.41
A&G Expenses	14.07	14.07	12.96	14.96
<b>Operations and Maintenance Expenses</b>	<b>109.32</b>	<b>109.32</b>	<b>120.44</b>	<b>128.59</b>

The Hon'ble Commission is requested to approve the revised O&M expenses for FY 2015-16 as proposed above.

### 3.4 DEPRECIATION

As discussed in previous sections, PTCUL has considered the audited accounts for the purpose of true-up of past years and FY 2013-14. Accordingly, the closing balance of GFA as computed for FY 2013-14 has been considered for the purpose of projections for FY 2015-16 after including the approved capitalization for FY 2014-15 and FY 2015-16.

The actual depreciation approved for FY 2015-16 in the MYT Order was lower due to non-consideration of any capitalization for FY 2012-13 while determining the opening GFA for the Control period. Since the actual capitalization for FY 2012-13 and FY 2013-14 is available, the same has been included for arriving at the opening GFA for FY 2015-16.

The recomputed asset base has been considered for determination of various components of ARR i.e. depreciation, return of equity and interest on loan. An average depreciation rate of 5.28% as specified in the UERC MYT Regulations, 2011 has been considered. Also, for the purpose of projection, PTCUL has

considered full depreciation on opening GFA and depreciation for half year on additions during the year. However, no depreciation has been considered on assets created out of deposit works.

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 28: Proposed Depreciation for FY 2012-13 (Figures in Rs Crore)**

Particulars (Rs. Cr.)	FY 2014-15		FY 2015-16	
	As per APR Order	Revised	As Per MYT Order	Revised
Opening GFA	882.68	979.15	940.04	1146.92
Less: Grants	63.81	80.26	62.34	80.26
<b>Opening Depreciable GFA</b>	<b>818.87</b>	<b>898.89</b>	<b>877.70</b>	<b>1066.66</b>
Addition in GFA	167.77	167.77	130.89	130.89
Less: Grants	-	-	-	-
<b>Depreciable assets of addition</b>	<b>167.77</b>	<b>167.77</b>	<b>130.89</b>	<b>130.89</b>
Less: Deletion during the year	-	-	-	-
<i>Depreciation Rate (%)</i>	<i>5.28%</i>	<i>5.28%</i>	<i>5.28%</i>	<i>5.28%</i>
<b>Depreciation</b>	<b>47.67</b>	<b>51.89</b>	<b>49.80</b>	<b>59.78</b>

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

### 3.5 INTEREST ON TERM LOANS

For the purpose of projection of interest on term-loans for FY 2015-16, PTCUL has considered the closing loans for FY 2013-14 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 based on the actual effective weighted average interest rate of 11.85% as per audited accounts for FY 2013-14 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 29: Revised Interest on Term Loans for FY 2015-16 (Figures in Rs Crore)**

Particulars (Rs. Cr)	FY 2014-15		FY 2015-16	
	Approved in APR Order	Revised	Approved in MYT Order	Revised Proposed
Opening Loan	395.94	480.63	421.50	564.67
Addition	137.89	135.93	106.05	106.05
Repayment	47.67	51.89	49.80	59.78
Closing	486.16	564.67	477.75	610.95
<i>Effective Interest Rate</i>	<i>10.06%</i>	<i>11.85%</i>	<i>10.06%</i>	<i>11.85%</i>
<b>Interest Expense</b>	<b>44.37</b>	<b>61.93</b>	<b>45.24</b>	<b>69.66</b>

The Government Guarantee on loans has been considered to be at similar level as approved by the Hon'ble Commission in MYT Order. It is submitted that the actual amount would vary in line with the capitalization of the schemes on which government guarantee is applicable. Therefore, PTCUL requests the Hon'ble Commission to consider the actual amount at the time of truing-up for the respective year.

### 3.6 INTEREST ON WORKING CAPITAL

The interest on working capital is worked out on normative basis and is based on norms specified under the Regulation 34 (2) of Tariff Regulations, 2011. The rate of interest for calculation of interest on working capital has been considered at 14.75% i.e. SBI PLR as on 1<sup>st</sup> April 2014.

Accordingly the interest on working capital has been calculated as given below:

**Table 30: Interest on Working Capital (Figures in Rs Crore)**

Particulars	FY 2014-15	FY 2015-16
<b>Computation of Working Capital</b>		
O&M Expenses of one month	9.11	10.72
Maintenance spares	16.40	19.29
Two months receivables	45.20	60.15

Particulars	FY 2014-15	FY 2015-16
<b>Working Capital</b>	<b>70.71</b>	<b>90.15</b>
Rate of interest on working capital	14.75%	14.75%
<b>Interest on Working Capital</b>	<b>10.43</b>	<b>13.30</b>

Additional Working Capital Requirement towards TDS deductions by UPCL

Further, it is submitted that the payments received by PTCUL from UPCL are subject to the provisions of Tax Deducted at Source (TDS) under Section 194 J of the Income Tax Act as the payment for transmission and wheeling charges are considered as 'fees for technical services'. According to the current provisions of Section 194J, 10% TDS is applicable. This would lead to cash flow deferment as 10% of the invoice generated by PTCUL each month would be withheld by UPCL and deposited with the authorities. In view of the fact that the transmission business is regulated and the tariff is determined based on cost plus regime there is no scope for any margins for PTCUL for covering any shortfall in revenue collection and additional interest burden due to revenue deferment being implied due to the TDS deduction.

In the APR Order for FY 2013-14, the Hon'ble Commission had stated the following:

*"The Commission has computed the Interest on Working Capital in accordance with the UERC Tariff Regulations, 2004. As regards the Petitioner's claim regarding the additional interest on working capital on account of TDS deducted by UPCL, the Commission is of the view that the Petitioner should have taken appropriate steps with income tax authorities as provided under Section 197(1) (Certificate for deduction at lower rate) of the Income Tax Act, 1961 for obtaining the certificate towards lower tax deduction reproduced hereunder:"*

It is submitted that the PTCUL had submitted Form 13 (Application by a person for a certificate under section 197) for waiver of TDS amount to be deducted at source. However, the same has not been granted by the authorities.

Therefore, PTCUL requests the Hon'ble Commission to allow additional interest on the amount deducted on account of TDS by the UPCL to enable it to tide over the working capital issues on this account. The computation of additional interest on account of TDS deduction is provided in table below:

**Table 31: Computation of Addition Interest on Working Capital on account of TDS Impact (Rs. Crore)**

Particulars	2014-15	2015-16
Opening Outstanding of Transmission Charges	20.90	28.11
Addition during the Year	27.12	36.09

Particulars	2014-15	2015-16
Adjustment at the time of assessment	19.90	27.12
Closing Outstanding	28.11	37.09
<i>Interest Rate on Short-term WC loans</i>	14.75%	14.75%
Addition WC interest liability	3.61	4.81

The Petitioner prays to the Hon'ble Commission to approve the interest on Working Capital for FY 2015-16, including additional interest on working capital on account of TDS incidence, as proposed in the table above.

### 3.7 RETURN ON EQUITY

With reference subject of equity contribution being sourced from the PDF, it is submitted that the equity contribution other than REC Old schemes and NABARD schemes have been funded from budgetary allocation. Therefore, the equity attributable to these schemes are eligible for return on equity during FY 2012-13 and during the control period.

In the APR Order, the Hon'ble Commission had considered the equity from budgetary support of GoU eligible for return on equity. In line with the same methodology, PTCUL has segregated the equity from PDF and budgetary support for GoU and accordingly computed return on the equity received from budgetary support of GoU to be eligible for RoE.

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

**Table 32: Computation of Revised Opening Equity for the Control Period (Rs. Crore)**

Particulars	2013-14	2014-15	2015-16
Opening Level of Equity	92.60	130.28	162.12
Addition	37.67	31.84	24.84
Closing Equity	130.28	162.12	186.96

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

Particulars	2015-16
Opening Equity base eligible for Return	162.12
Addition	24.84
Closing Equity	186.96
Rate of Return	15.50%
<b>Return on Equity</b>	<b>27.05</b>

### 3.8 NON-TARIFF INCOME

The non-tariff income has been considered in line with the approved non-tariff income in the MYT Order of Rs. 1.44 Crore for FY 2015-16.

### 3.9 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 34: Approved and Revised Estimated ARR for FY 2015-16 (Figures in Rs Crore)**

Particulars	Approved	Revised Projected
Net O&M expenses	120.44	128.59
Interest charges	45.24	69.66
Guarantee Fees	2.19	2.19
Depreciation	49.80	59.78
Interest on Working Capital	9.57	13.30
Interest on Additional WC due to TDS		4.81
Reasonable Return	1.39	27.05
<b>Gross Expenditure</b>	<b>228.63</b>	<b>305.37</b>
Less: Non-Tariff Income	1.44	1.44
<b>Net Expenditure</b>	<b>227.19</b>	<b>303.93</b>
Less: SLDC ARR		7.99
<b>ARR for PTCUL</b>		<b>295.94</b>

The Petitioner requests the Hon'ble Commission to approve the Aggregate Revenue Requirement of PTCUL for FY 2014-15 as approved in the APR Order for FY 2013-14 and approve Revised ARR for FY 2015-16 as provided in the table above and allow recovery of the variation in the transmission charges for FY 2015-16.

### 3.10 REVENUE GAP AND CARRYING COST

Based on the true-up of FY 2013-14, the revenue gap computed for the respective year is provided in table below:

**Table 35: Proposed Revenue Gap for FY 2013-14 (Figures in Rs Crore)**

Financial Year	FY 2013-14
Revenue Surplus /(Gap)	(49.17)

The Petitioner requests the Hon'ble Commission to allow recovery of the revenue gap of FY 2013-14 in the transmission charges to be approved by the Hon'ble Commission for FY 2015-16 and also allow for carrying cost on the under-recovered amount during FY 2013-14.

Accordingly, the Petitioner has computed the carrying cost on the revenue gap for FY 2013-14 considering the applicable SBI PLR rate which is provided in the table below:

**Table 36: Computation of Carrying Cost on Proposed Revenue Gap (Figures in Rs Crore)**

Particulars	2013-14	2014-15	2015-16	Total
Opening Revenue Gap (including carrying cost)	0	52.73	60.50	
Addition	49.17	-	-	
Closing Revenue Gap	49.17	52.73	-	
Interest Rate	14.45%	14.75%	14.75%	
<b>Carrying Cost</b>	<b>3.55</b>	<b>7.78</b>	<b>4.46</b>	<b>15.79</b>

PTCUL requests the Hon'ble Commission to include the carrying cost of Rs. 15.79 Crore in the ARR for FY 2015-16 for recovery through transmission charges.

### 3.11 ANNUAL TRANSMISSION CHARGES FOR FY 2015-16

The annual transmission charges shall be determined as stated under Regulation 68 of the UERC Tariff Regulations 2011:

*“The Annual Transmission Charges for the Transmission Licensee shall be determined, based on the norms as specified in these Regulations and recovered on monthly basis as transmission charge from the users who shall share the Transmission Charge in proportion of the allotted transmission capacity.”*

Currently, UPCL is the sole beneficiary of the intra-state transmission network. Therefore, the total amount of aggregate revenue requirement determined above would be recovered in twelve monthly instalments from UPCL.

The details of the annual transmission charges are summarized in table below:

**Table 37: Transmission Charges for Intra-State Transmission Network**

<b>Particulars</b>	<b>Amount (Rs.Crore)</b>
Aggregate Revenue Requirement for FY 2015-16	295.94
Gap on account of True-up for FY 2013-14	49.17
Carrying Cost on Gap for FY 2013-14	15.79
<b>Adjusted ARR</b>	<b>360.90</b>
Monthly Transmission Tariff	30.08

In case of any addition of new beneficiary, the transmission charges would be charged in proportion of the allotted capacity. The computation of monthly transmission charge would be done as per the formula approved by the Hon’ble Commission in the UERC Tariff Regulations, 2011.

## 5. COMPLIANCE OF DIRECTIVES

In the APR Order for FY 2013-14, the Hon'ble Commission had issued certain directives to PTCUL. The table below provides the compliance against each of directive:

Directive	Status of Compliance
<b>EXISTING DIRECTIVES</b>	
<p>5.1.1 Electrical Inspector Certificate</p> <p>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>	<p>The Petitioner submits that it is undertaking all rigorous efforts for obtaining the clearance from the electrical inspector on time before energization/ capitalization of the asset.</p>
<p>5.1.3. Capital cost of transferred assets</p> <p>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 2014-15.</p>	<p>It is submitted that the consultancy work for determining the appropriate assets/ liabilities for finalization of transfer scheme pertaining to transmission business is under process. Due to issues and difficulties in reconciliation of old assets and liabilities pertaining to UPCL units.</p> <p>The report of the firm shall be submitted to the Government for notification on completion.</p>
<p>5.1.6 SLDC Charges</p> <p>The Commission directs PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2014-15.</p>	<p>As per the direction of the Hon'ble Commission, the Director (Projects) have 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.</p> <p>Compliance to this directive has been submitted vide letter no. 627/Dir. (projects)/ PTCUL/UERC dated 27/08/2014</p>
<p>5.1.12 Guarantee Fees</p> <p>The Commission directs the Petitioner to submit the response received from the financial institutions in this regard along with Petition for Annual Performance Review of FY 2014-15.</p>	<p>As per the directive of the Hon'ble Commission, PTCUL has already made request to the REC for vacating the Govt Guarantee and securing hypothecation of assets. REC has accepted the proposal of the PTCUL and the same has been placed to the BoD for approval. PTCUL is making all necessary efforts for compliance of the same. The relevant communication with REC, etc. is provided at annexure of the Petition.</p>

<p>5.1.17 Capitalization of partially completed schemes</p> <p>The Commission also directs the Petitioner to take appropriate action to capitalise the works in the books of accounts in the same 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>	<p>Compliance to the same has been submitted to the Hon'ble Commission vide letter no. 520/CE (C&amp;R)/PTCUL/UERC dated 02.09.2014</p>
<p><b>NEW DIRECTIVES</b></p>	
<p>5.2.1 Prior approval for Capital Investment</p> <p>The Petitioner is cautioned not to undertake any investment in future without seeking prior approval of the Commission as mandated by the Licensee Conditions and the Tariff Regulations notified by the Commission from time to time failing which the investment would be recognized only from the date on which the approval is accorded by the Commission.</p>	<p>The Petitioner is complying with the directive of the Hon'ble Commission and shall submit all schemes for investment approval before undertaking any investment.</p>
<p>5.2.2 System of cost capturing</p> <p>The Petitioner is directed to strengthen its system of cost capturing of expenses failing which the Commission would recognise the capitalisation of the project only when entire or substantial expenditure evidencing completion of work has been incurred</p>	<p>Compliance to the same has been submitted to the Hon'ble Commission vide letter no. 520/CE (C&amp;R)/PTCUL/UERC dated 02.09.2014</p>
<p>5.2.3 REC Old Scheme (132 kV S/s Satpuli)</p> <p>The Commission cautions the Petitioner to be careful in submitting factual information. The Commission directs the Petitioner to reconcile the capitalisation towards this project and submit the reasons for submitting the capitalisation twice, in the APR Petition for FY 2014-15.</p>	<p>It is submitted that there has been an inadvertent error due to which additional capitalization of Rs. 8.96 Cr is reflected under this scheme. However, the cumulative capitalization upto FY 2012-13 under this scheme was Rs. 8.96 Cr (i.e. an additional capitalization of Rs. 1.01 Crore during FY 2012-13).</p>
<p>5.2.4 REC IV Scheme</p> <p>The Commission directs the petitioner to furnish detailed write-up within one month of this order on their asset capitalisation, store accounting and cost capturing and changes they propose therein to weed out such faulty capitalisation.</p>	<p>Compliance to the same has been submitted to the Hon'ble Commission vide letter no. 520/CE (C&amp;R)/PTCUL/UERC dated 02.09.2014</p>
<p>5.2.5 Capitalisation of R&amp;M works</p> <p>Accordingly, PTCUL is directed to correct the treatment of such works and prepare a scheme and get the same approved by the Commission from the ensuing years.</p>	<p>PTCUL is sending all capital R&amp;M works for approval of the Commission.</p>
<p>5.2.6 Capital Expenditure and Capitalisation for FY 2013-14 and FY 2014-15</p>	<p>Compliance to the same has been submitted to the Hon'ble Commission vide letter no. 694/Dir</p>

The Commission directs the Petitioner to review the gamut of approaching bottlenecks resulting in delayed implementation vis-a-vis practices in other better performing transmission utilities and take required corrective actions to improve the pace of execution of the works.

The Petitioner is required to file with the Commission by 15th of month following the completion of quarter:-

- a. Actions taken to improve the pace of implementation pursuant to directions given above.
- b. Physical and financial progress of each of the ongoing works including deposit works, schedule thereof and reasons for delay where works have spilled over beyond the schedule.

(Projects)/PTCUL/UERC dated 06.09.2014 and progress report is being submitted to the Hon'ble Commission on quarterly basis for review.

## 6. PRAYER

The Petitioner respectfully prays the Hon'ble Commission to:

- a. Admit this Petition
- b. Grant an expeditious hearing of the Petition
- c. Allow true-up of past years i.e. FY 2004-05 to FY 2012-13 based on the audited annual accounts and provide a suitable mechanism for recovery of the revenue gap corresponding to the past years
- d. Approve determination of various parameters of ARR based on the capitalization of schemes as per the audited accounts of past years i.e. FY 2004-05 to FY 2012-13
- e. Approve Revision of Aggregate Revenue Requirement for FY 2015-16 based on audited financial accounts of previous year i.e. FY 2013-14
- f. Allow interest on additional working capital requirement due to the impact of TDS deductions undertaken by UPCL
- g. Allow recovery of the gap on account of truing up of FY 2013-14 along with ARR of FY 2015-16
- h. Allow carrying cost on the revenue gap amount as per the computations and rates provided by the Petitioner.
- i. 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
- j. 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.

## 7. ANNEXURES